



Gresham Technologies plc is a leading software and services company that specialises in providing real-time transaction control and enterprise data integrity solutions.

Annual Highlights

- 01 Highlights
- 02 At a glance
- 04 Chairman's statement
- 06 CEO's statement
- 08 Business model
- 10 Innovative technology
- 11 Market
- 12 Strategy
- 14 Operational review
- 16 Sustainability
- 20 Locations

Highlights

Group revenues

£21.7m +26%



Clareti revenues

£11.1m +48%



Adjusted EBITDA

£5.1m +34%



Group annualised recurring revenues

£9.4m -14%



Clareti annualised recurring revenues

£5.7m +24%



Adjusted diluted EPS

6.5p +38%



Financial

- Group revenues up 26% to £21.7m (2016: £17.2m), of which:
 - Clareti revenues up 48% to £11.1m (2016: £7.5m), including £1.2m from C24 Technologies (2016: £0.3m);
 - Other revenues as planned and consistent year on year.
- Clareti software revenues up 74% to £8.2m (2016: £4.7m), of which Clareti software recurring revenues up 83% to £5.3m (2016: £2.9m).
- Clareti annualised recurring revenues (ARR) as at 31 December 2017 up 24% to £5.7m (2016: £4.6m).
- Group ARR as at 31 December 2017 down 14% resulting from the planned exit of a legacy partner arrangement.
- Adjusted EBITDA* up 34% to £5.1m (2016: £3.8m).
- Statutory profit before tax as reported up 41% to £3.1m (2016: £2.2m).
- Adjusted diluted earnings per share** up 38% to 6.5 pence (2016: 4.7 pence).
- Cash at 31 December 2017 of £8.5m including £0.2m short-term bank deposits and no debt (2016: £7.2m and no debt).
- Progressive dividend policy initiated. Final dividend proposed at 0.5 pence per share (2016: nil).

Operational

- Continued investment in 2017 and planned for 2018 to increase sales and distribution capacity.
- 15 new CTC clients in 2017 across the US, Canada, Australia, the UK and Europe.
- Strong performance from North America following direct sales investment in 2016 and 2017.
- C24 business integration completed and delivering planned benefits.
- Management confident about the prospects for the Group.

* 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.

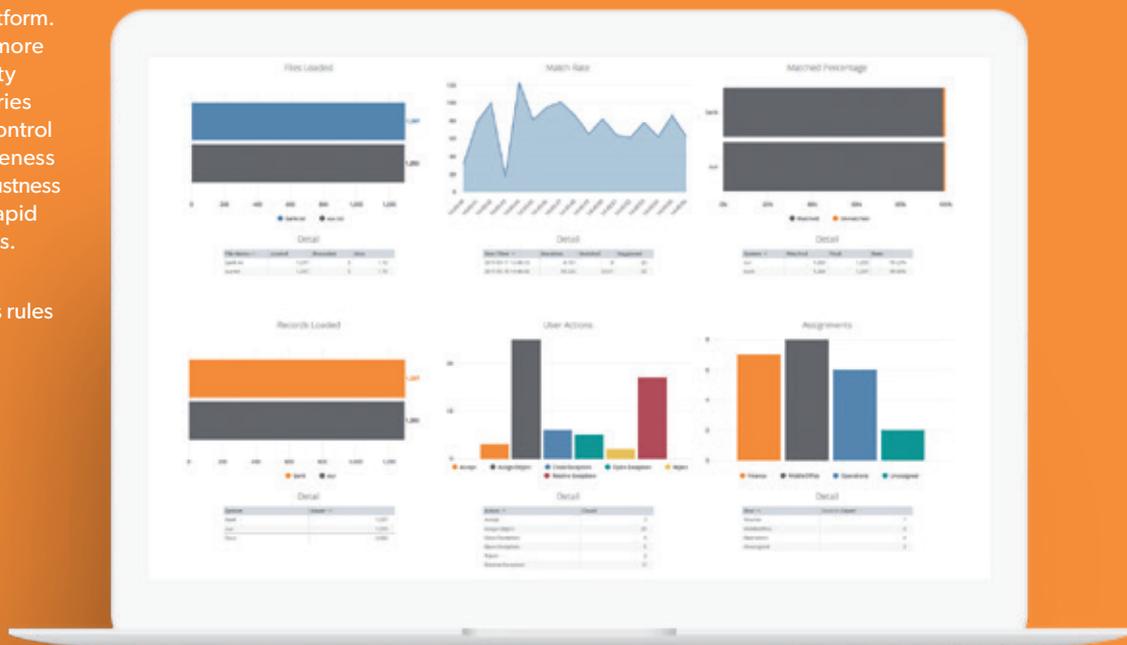
➤ **Strategy**
page 12

What we offer

We provide innovative technology designed to put financial institutions in control of their data and give complete certainty in their data processing activities.

At the heart of this is the Clareti platform. Clareti was designed as a faster, more agile, more visionary data integrity platform that pushes the boundaries of innovation. Clareti provides a control framework for accuracy, completeness and timeliness that guarantees robustness and accountability and enables rapid deployment of enterprise controls. Key features include:

- Flexible workflow and business rules
- Rapid onboarding
- Matching engine
- Cloud native
- In-memory data grid
- Machine learning
- Embedded analytics
- Integration adapters and APIs
- White label



Regulatory Compliance

Automating data verification and validation to deliver accurate reports to regulators, demonstrate regulatory compliance and avoid regulatory fines.



Risk Control

Assuring data integrity in real time across fragmented systems to mitigate operational and conduct risks.



Financial Control

Achieving full control of financial books and records to gain business efficiencies and ensure joined up and accurate reporting.



Data Management

Implementing high speed controls over data at massive scale to identify data quality issues and accelerate resolution processes.

> **Business model**
page 8

> **Innovative technology**
page 10

Where we operate

We have a global client base, served locally from offices in the UK, Europe, North America and Asia Pacific.



Our culture

We seek excellence in everything we do and we create a culture to foster and support this.

- We are growing faster than the competition and aim to dominate our chosen markets
- Customers and colleagues must feel that working with Gresham is awesome
- We deliver a high quality customer centric experience that delights
- We seek to hire and develop brilliant people
- Our products, processes and services will be the best in the industry
- Our office environment is flexible, open plan, collaborative and fun
- Our organisation is flat which empowers people to be agile and flexible
- We work on a range of cutting edge technologies and methodologies
- We share a passion for new technology and are inspired to explore new ideas



> **Sustainability**
page 16

Another very successful year



Ken Archer

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2017 has been a very successful year for the Group, which of course is made up of a great many team and individual successes. This is a testament to the hard work, expertise and professionalism of the Gresham team.

I am pleased to present this Annual Financial Report 2017 which records another very successful year for the Group.

All financial targets were met or exceeded following the continuing successful deployment of the Clareti platform across a variety of financial services sectors globally. The Group has achieved notable sales success in North America following its sales and marketing investment in the region.

This result stems from the effectiveness of the Group's ongoing investment in its core product for transaction data management and its successful implementation on behalf of our clients.

Overview

Gresham continued to build upon the previously stated strategic objectives (see Strategy, page 12) and I am delighted with our 26% top-line growth with total revenues for the Group rising to £21.7m. Importantly, we have continued to secure new, high-margin recurring Clareti revenues, which has resulted in Clareti annualised recurring revenues closing at £5.7m (up 24% over 2016) and associated growth in underlying profitability yielding an adjusted EBITDA for the Group of £5.1m (up 34% over 2016).

Our clients have been operating in a challenging market environment characterised by geo-political and legislative uncertainties as well as increased (and increasing) regulatory demands. These factors have given rise to client operating cost pressures, which have a constraining effect on IT investment. At the same time, these pressures drive demand for more effective IT solutions to improve internal efficiency. A critical factor in the efficient management and reporting of client processed transactions is the accuracy of the data received by, and contained within, these transaction flows. Clareti offers clients a strategic platform to address these challenges by better management of data, automation of transaction reconciliation and exception management thereby increasing efficiency of processing, improved risk management and compliant reporting. The increasing volume of transactions is a demand driver for our core solution Clareti Transaction Control (CTC).

As mentioned earlier, the Group has made substantial progress in expanding the adoption of Clareti solutions globally. The important North America market contributed 39% of new Clareti sales in 2017 following investment in the direct sales team. The North America market has the potential for much higher growth and the Board continues to support the ongoing investments in direct sales, in addition to forming strategic alliances to further expand distribution capacity.

Ongoing investments

The Board continues to believe there is a very significant market opportunity for data integrity and control solutions and that ongoing investment in key strategic areas is essential. Accordingly, the Company is making further investments in sales, marketing and implementation resources, in order to capitalise on the market opportunity and accelerate Clareti growth.

As noted above, regulatory reporting demands on our clients are increasing both in number and complexity. Technology will increasingly be used to respond to these demands and we believe our Clareti platform is well suited as a data framework for regulatory control. We are already working with several clients to develop our offerings and would expect strong sales demand to follow.

Board changes

In May 2017, Andy Balchin joined the Board as Independent Non-Executive Director and chair of the audit committee. Andy Balchin is currently Chief Financial Officer of the cyber division of RUAG Holding AG, a major Swiss organisation, which acquired Clearswift, a provider of cyber security solutions, in January 2017, where he was CFO, and brings significant financial experience in high-growth software companies. He replaced Chris Errington who left the Board after serving previously as CFO and CEO.

We welcome Tom Mullan to the Board as Chief Financial Officer, and we look forward to working with him as we continue the successful development of the Company. He replaces Rob Grubb who has made an outstanding contribution to the Group's development over the last nine years and who leaves with our very best wishes.

Shareholder value

Our share price has continued to experience a degree of volatility in the year which is common for the small cap market, but it is pleasing to note that the overall upward trend persists. Earnings per share increased to 6.5 pence on an adjusted and diluted basis (2016: 4.7 pence).

In light of the Company's increasing profitability and strong cash reserves, I am pleased to confirm that the Company will be commencing the payment of a progressive dividend. In respect of financial year 2017, the Board is proposing a final dividend of 0.5 pence per share for shareholder approval at the forthcoming Annual General Meeting.

The Gresham organisation and its employees are fully aligned to growing profitable revenue from Clareti sales globally. I remain confident that our investments in sales, marketing and client success provide the platform to deliver shareholder value from our ongoing investments.

In summary

With our continued investment in the Clareti portfolio and sales and marketing expansion, I anticipate further improvement in our market position as we respond to the growing demand for transparency and integrity over risk and financial data processing. 2017 has been a very successful year for the Group, which of course is made up of a great many team and individual successes. This is a testament to the hard work, expertise and professionalism of the Gresham team. I would like to thank the management and staff for their continued support and resolve to achieve success in our pursuit of market leadership in real-time transaction control and enterprise data integrity.

Ken Archer

Non-Executive Chairman

12 March 2018

Strong, profitable growth



Ian Manocha

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With Clareti sales now generating more than half of all Group sales and with the Group now generating surplus cash for the first time in many years, we are confident our strategy is on track and certain about our ability to deliver sustainable long-term profitable growth for our shareholders.

I am pleased to report another year of strong, profitable growth for the Group, driven by the continued success of the Clareti business.

In 2017, Clareti revenue growth was underpinned by high quality new customer wins in UK, Western Europe, the United States and Canada. It is pleasing to see wins in all our target geographic markets, particularly in North America and in continental Europe, following recent investments into local sales offices. New customer wins were represented across our targeted industry segments including asset managers, hedge funds, sell-side banks and brokerages, insurance broking, and our second win into the energy and commodities sector. A total of 15 new clients were won and, with growth from existing accounts during the year, high levels of customer retention, and the addition of annuities acquired with C24, we exited the year with a strong base of recurring revenues.

With the addition of related consulting and managed services, the Clareti business now accounts for more than half of all Group revenues and our dependency on legacy revenues continues to reduce.

Our Australian business saw a strong year of revenue growth with a deepening relationship with one of the region's leading banks. Our legacy business remained stable during the year with some changes in the mix as we proactively manage the portfolio to optimise returns.

During the year, we also strengthened our organisation with the addition of many excellent new hires. We have appointed regional sales leaders in both North America and in Europe, and have hired additional staff in direct sales, partner sales and pre-sales. We have brought our first full-time HR leader into the business, and we have scaled up resources in key technical disciplines such as software development, project management and consulting. The continued investment in sales and marketing, product and delivery resources, has been achieved whilst maintaining margins and improving earnings.

Financial year 2017 reflects yet another strong performance from a motivated global team and a further year of excellent progress for the Group, which is transforming into one of the UK's most exciting listed financial technology companies.

Strategy and opportunity

Our goal is to be recognised as a leading global provider of enterprise financial technology and deliver sustained profitable growth for the Group and long-term value for shareholders.

From a starting point as a newcomer and disruptive challenger in the matching and reconciliation space just a few years ago, Gresham is now regarded as the emerging champion and we are routinely included in vendor selections for new requirements as well as replacements. The core use case for Clareti Transaction Control continues to be that of addressing larger scale reconciliation and transaction data quality problems in financial markets and we intend to capitalise on this opportunity over the next few years.

We also see a broader market opportunity for our modern technology and we aim to establish Clareti within the financial industry as a “de-facto” standard platform for firms with complex data processing challenges who need to improve integrity and evidence control across their entire business. Regulatory drivers are increasingly behind this requirement and it was pleasing to see three RegTech deals signed in 2017.

In addition to our work in capital markets, the Clareti platform has found use cases in corporate banking and payments, securing white label and OEM agreements for CTC, Clareti ARM and Clareti 24. The transformation underway in transaction banking and industry initiatives such as open banking and faster payments is creating opportunities for more agile technologies and more innovative FinTech partnerships.

Finally, in the commercial real estate market, we see a longer-term opportunity to build on the Clareti Loan Control joint venture established at the end of 2016 now that the core product development work is substantially complete.

With a core business in next-generation reconciliation technology, a closely aligned business in regulatory solutions and complementary revenue streams in corporate banking and commercial lending solutions, the Group now has four engines to drive future growth. Thinking about the business in this way also provides a framework in which to consider future acquisitions and to optimise our use of capital. Ultimately, it is our intention to build a high-margin, recurring revenue business of substantial scale based on licence subscriptions and cloud services stemming from our investment into the Clareti platform and our deep knowledge of financial markets.

Outlook

We started 2018 with the Clareti annuity stream up 24% year-on-year and, in the first quarter of 2018 so far, we have signed a further insurance broking business for CTC, a Clareti Adapter sale and several professional services engagements for delivery of software contracts won in late 2017.

We will continue to focus our direct sales effort in the UK, Europe and North America and we are building partner relationships with major system integrators and consulting houses. In Asia Pacific, we will continue to expand our work directly with key accounts in Australia and Singapore, and we will look to resellers to provide a channel into other local markets.

CTC is expected to drive the majority of new wins, with Clareti-as-a-Service providing incremental hosting and managed service revenues. Clareti Analytics and Clareti Adapters are expected to provide upsell opportunity and we also expect to see revenue growing within the installed base. We will look for opportunity to broaden the appeal of our Clareti ARM offering with new capabilities.

The Group’s legacy portfolio of licences and sub-contracting is expected to decline in 2018, although we remain confident that our legacy business will be sustained for the medium term.

With Clareti sales now generating more than half of all Group sales and with the Group now generating surplus cash for the first time in many years, we are confident our strategy is on track and certain about our ability to deliver sustainable long-term profitable growth for our shareholders.

Thank you for your ongoing support.

Ian Manocha
Chief Executive

12 March 2018

Innovative software solutions

Our business model is to earn high-margin, recurring revenues by providing innovative software solutions to financial institutions in the field of data integrity and control

Our strengths

INNOVATIVE TECHNOLOGY

Our technology is built on robust, modern architecture using an agile methodology, and we have built a reputation for consistently delivering innovative solutions using the latest technologies. Our development ethos and commitment to innovation provides competitive differentiation.

> **Innovative technology**
page 10

MARKET

Financial institutions are subject to increasingly rigorous and complex data control and processing requirements. This has created a global addressable market for flexible and scalable technology that can be used to address data integrity problems that are endemic in the financial services sector.

> **Market**
page 11

TALENT

We have an exceptional pool of talent within the business who are committed to our culture of excellence, incorporating a vital balance of early career talent and seasoned industry practitioners. We benchmark ourselves against the best companies in our sector and we challenge ourselves to be an awesome place to work.

> **Sustainability**
page 16

MANAGEMENT

Our management team is highly motivated, energetic and includes well-respected business leaders with significant experience in high-growth financial technology businesses. The Board of Directors is fully aligned with the Company's vision and is committed to the Group's strategy for long-term profitable growth.

Our business



CLARETI

Clareti is a purpose-built, highly flexible and fully scalable platform for enterprise data integrity and control. Using Clareti, we have built a number of individual applications designed to address specific industry problems, providing enhanced value and greater marketability. The flexibility and scalability of Clareti also enables financial institutions to achieve long-term operational efficiencies. These characteristics give Clareti a competitive advantage over legacy vendors, whose systems are typically batch-based and incapable of adapting to today's range of data processing requirements without time-consuming and costly implementations.

Clareti recognised revenue



INVESTMENT IN DEVELOPMENT

Gresham invests significantly in product development, which is delivered from our Innovation Labs in Bristol. We adopt an agile development strategy and we operate a continuous programme of enhancements. This provides competitive differentiation, promotes deep and loyal relationships and ensures customer success over the long term. Wherever possible, new applications are developed in partnership with fee paying early adopters, and our Innovation Labs are designed precisely for such collaboration. We also develop chargeable upgrades to the platform to drive growth in existing accounts.

By industry



DISTRIBUTION CHANNELS

Our global team of sales professionals sells directly to customers in our chosen geographies, principally the UK, Europe and North America. In addition, our bank and technology partners provide indirect sales channels and new opportunities. We are developing a global alliances network with like-minded firms to build global distribution channels and enhance our addressable market. Our sales activities are supported by a global marketing team based primarily in London, UK.



CHARGING MODEL

Gresham's preferred charging model is to licence Clareti applications on a subscription basis, combining licensing and support and maintenance. This model generates higher levels of recurring revenue for the Group, which enhances long-term profitable growth and provides a platform for sound investment decisions. In some cases, a traditional fixed-term licence model is agreed. Software licences are typically limited by scope of use and volume limitations, aligning charges with the value being received by the customer, and providing opportunity for additional fees for higher usage or new use cases.

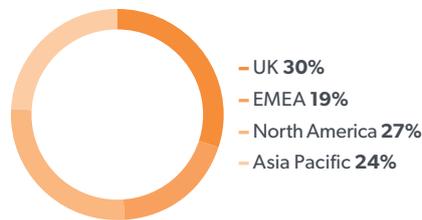
By charging model (excl. C24)



DEPLOYMENT

Our customer success team is made up of experienced professional services consultants and specialist support technicians. The team operates as a global function, which enables us to make optimal use of resources and expertise from all locations. Consulting is typically charged on a time and materials basis or at a fixed fee for a fixed scope of works. We provide bank-grade 24/7 support from our global hubs using a centralised service infrastructure. As well as supporting traditional on-premise deployment, our offering includes a fully hosted Clareti service, which enhances the value proposition and generates higher recurring revenues for Gresham.

By geography



BUSINESS PLATFORM

Our operations are underpinned by a global business platform and robust business processes, designed to enable and scale for rapid organic and inorganic growth whilst avoiding unnecessary administrative overheads. All of our global business functions are managed centrally from our headquarters in London, UK, including sales, marketing, professional services and customer support. Corporate and business support functions are also provided centrally via Group-wide IT systems.

Creating value

Our execution of the business model is generating profitable growth and building long-term shareholder value in line with Group strategy and no material business model changes are expected for the foreseeable future.

FOR INVESTORS

The model is designed to build long-term shareholder value. The Company has delivered significant capital growth over the last five years. In addition, cash generation is increasing and the Company is now commencing a progressive dividend.

180%

Total Shareholder Return achieved in the five years to 31 December 2017

FOR CUSTOMERS

Our solutions give customers control and certainty over data in an increasingly complex and regulatory environment. Our Clareti customer base continues to grow and this enables us to invest further and address additional industry problems.

80+

total customers

FOR EMPLOYEES

Successful execution of our business model will enable staff to be part of an engaging and rewarding business and will provide more opportunities to fulfil personal development targets and career aspirations at Gresham.

127

total employees

Innovative technology

Leading edge solutions

Clareti solutions are designed and developed at our Innovation Labs in Bristol, UK. We exploit the latest advances in technology to build leading edge solutions.

Our development philosophy of delighting customers through delivering innovative technology and services underpins all our product advances. We aim to be the best and we have moved from challenger to champion in many of the markets the Clareti platform serves. We foster a culture of co-innovation with our customers and partners and, throughout 2017, this was epitomised through the many customer workshops held at our flagship Innovation Labs in Bristol, UK.

The Clareti platform goes through continuous change as we embrace innovation in the wider technology industry and respond to the complex functionality demands of our customers. The platform is functionally rich, very stable and highly scalable. We have demonstrated through many customer implementations our ability to respond quickly and confidently to changing market requirements, competitive pressures and new opportunities. The C24 technology assets are now embedded deeply into the platform and play a pivotal role in many implementations.

CTC processes billions of transactions annually across the customer base and we estimate that Clareti technology is used by over one thousand end users as an essential component of the day to day controls environment. Our vision of providing truly exceptional capabilities to make sense of vast volumes of fast moving, complex data has been realised in these customers.

Clareti-as-a-Service (CaaS) is a stable offering and has delivered significant total cost of ownership reduction for our customers who have opted to deploy in Gresham's cloud. Our investments in the platform continue and we focus on new capabilities that provide benefit for both our CaaS and on-premise customers. All our new developments, whether for CaaS or on-premise, are designed to be "cloud ready" and many are "cloud native".

The Clareti portfolio continues to expand and, in 2017, we delivered new releases of Clareti ARM, Clareti Loan Control, Clareti Analytics and Clareti 24 Integration Objects against an innovation and market-driven agenda. We have a long track record of working with partner banks on innovation in cash management capabilities and we expect this to continue in 2018 with new capabilities to enhance Gresham's addressable market at the major transaction banks. Regulations such as MiFID II, OATS, CAT and H4 are all proving to be difficult for the financial services industry to respond to and we are adding new platform capabilities as part of our general enterprise data management solution to enable customers to address these regulatory challenges.

INNOVATION IN ACTION

RegTech

At a tier 1 North American bank the regulatory demands of OATS, H4 and MiFID I and II reporting obligations was a major cause of the compliance director's sleepless nights.

Producing a report of the bank's trading activity was easy but producing a report that is known to be timely, accurate and complete proved to be very difficult.

CTC was implemented to provide a database of verifiably timely, accurate and complete trading and position information that allows the bank to comply with its ongoing regulatory obligations.



INNOVATION IN ACTION

Financial Control

A major Asset Manager (AM) had outsourced many of its financial controls to a third party service provider. That service provider is utilising a legacy controls infrastructure that is not only costly but fails to deliver against current day demands.

The AM has now on-boarded CTC for a wide range of controls, including nostro reconciliations. CTC has enabled the reduction of costs compared to the third party but is also providing real-time accurate and complete control across their operations.

Significant market opportunity

There is a growing addressable market for flexible and scalable technology that can resolve complex data processing challenges.

Regulatory drivers

The aftermath of the global financial crisis continues to drive the prevailing regulatory landscape in all of our core markets. Regulations such as MiFID II, OATS, CAT and H4 include complex data processing and control requirements, with the very real risk of regulatory fines and reputational damage in the event of breaches.

The scale of the data volumes involved, the complexities of the regulations and the ongoing globalisation of financial services are increasing the regulatory burden and cost of compliance. This is driving financial institutions to invest in modern and flexible RegTech solutions to ensure compliance can be reliably achieved with respect to current regulations and potential future regulations alike.

Clareti's inherent data management capabilities and scalability have enabled us to win three RegTech deals in the year and we expect to win further RegTech deals as we add regulatory specific capabilities to the platform. We are also seeing opportunities to collaborate with clients or consulting firms to build out the platform's capabilities for specific regulatory use cases.

Geographies

In North America, we are seeing strong market demand for our Clareti solutions and our investments in 2018 are aligned to this market opportunity. The main drivers we see include modernisation and cost reduction requirements, regulatory compliance and the need to address new financial products. North America represents our single largest addressable market and we are achieving good returns from our investments in 2016 and 2017. Six out of our 15 new CTC clients won in 2017 are USA or Canada based, with Clareti revenues from North America contributing 39% out of all Clareti revenues in the year.

The UK remains a core market and we have built a strong and loyal list of well-served customers. Around half of our Clareti customers are based in the UK, a number of which are regular visitors to our Innovation Labs in Bristol, UK or participants at our industry events. Market demand drivers are similar to those driving demand in North America. Our view is that the UK Senior Managers' Regime has resulted in more extensive approval processes as data compliance attracts greater attention from the relevant senior decision-makers.

In Europe, we believe financial institutions are often under-served by existing legacy vendors and we see significant opportunity to capitalise on this. We won three new CTC clients in Europe in the year including the important win in the Nordics announced in December 2017. We continue to track Brexit developments closely and are ready to react to potential of threats to our business (in particular to our emerging European business) arising from prevailing uncertainties or unfavourable trading conditions. However, whilst our Clareti business remains weighted towards the UK and North America as it currently is, we do not foresee any material adverse impact from any of the realistic outcomes of Brexit negotiations.

In Asia Pacific, we continue to see opportunity in the key financial hubs in Singapore, Hong Kong and Australia, but our current resources in this region remain limited. Consequently, our focus remains deepening our engagements with existing clients, building alliances with distribution partners and targeting specific opportunities as they arise.



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The scale of the data volumes involved, the complexities of the regulations and the ongoing globalisation of financial services are increasing the regulatory burden and cost of compliance.

Route to long-term success

Our vision is to give financial institutions and their customers confidence in their data and certainty in their transaction processing. Our strategic plan is designed to drive profitable growth and create long-term shareholder value.

1

Build a high-margin, recurring revenue stream based on term licence sales, subscriptions and cloud services.

2

Create a valuable, global, enterprise financial technology business through Clareti-led growth and carefully selected acquisitions.

3

Establish Clareti as the enterprise data integrity platform “category leader”.

KEY ACHIEVEMENTS IN 2017

Our Clareti software sales grew to £8.2m (up 74%), with gross margins continuing to exceed 90%.

We won 15 new CTC software contracts in the year, contributing to our closing Clareti annualised recurring revenue of £5.7m (up 24%).

KEY ACHIEVEMENTS IN 2017

Our Clareti business performed strongly (up 48% to £11.1m), including an excellent contribution from our North America operations following investments in the region.

The acquisition of C24 Technologies in October 2016 was successfully integrated and is delivering the expected returns.

KEY ACHIEVEMENTS IN 2017

We have continued to focus our marketing activities and messaging on enterprise data integrity requirements.

We moved up seven places to 36th in the Chartis Global RiskTech100 2018 and were named Best Innovative Technology Provider at the HFM European Technology Awards 2017.

KEY PRIORITIES FOR 2018

Winning new Clareti software sales with significant recurring revenues attached remains our priority, and we are directing our efforts and investing in new sales and distribution capacity to enable this.

We are also developing strategies to build recurring services revenues.

KEY PRIORITIES FOR 2018

We will increase our sales and distribution capacity, particularly in North America, in order to target accelerated Clareti growth. This will be supported with new marketing initiatives.

We will continue to actively pursue appropriate acquisition opportunities for growth.

KEY PRIORITIES FOR 2018

We will develop our marketing strategy, brand management and communications programmes globally, supported by the appointment of a Chief Marketing Officer and other marketing investments.

We will improve on our position in the Global RiskTech100 register and seek other independent third party attestations.

4

Focus our product investment and sales efforts on Clareti solutions.

5

Leverage Clareti and Clareti-as-a-Service platform to bring new “control” applications to market.

6

Retain strategic non-Clareti revenues to support Clareti-led growth.

KEY ACHIEVEMENTS IN 2017

We continued to focus our product development and sales efforts on Clareti. We have released numerous Clareti enhancements in the year including Clareti Analytics as a chargeable add-on.

We expanded our sales capacity in North America with senior sales professionals and a new alliances director.

KEY ACHIEVEMENTS IN 2017

We won our first two regulatory control projects using Clareti in North America.

We launched Clareti Analytics which is driving incremental value for our installed base and is providing upsell opportunities.

KEY ACHIEVEMENTS IN 2017

Our declining non-Clareti revenues have been managed effectively and with limited overheads.

Non-Clareti revenues totalled £10.6m (up 9%) which has supported investments in Clareti.

KEY PRIORITIES FOR 2018

Significant investment in sales and distribution capacity is to continue, particularly in the US where there is significant potential for growth.

We will focus our product development activities on enhancements and new Clareti applications designed to address data integrity issues. We will expand marketing resources to support sales.

KEY PRIORITIES FOR 2018

We will work closely with new and existing clients to identify potential new use cases for Clareti. Where appropriate, we will collaborate in joint development projects with strategic partners.

Our marketing investments will help us focus our efforts for optimal return.

KEY PRIORITIES FOR 2018

The priority remains to manage the inevitable non-Clareti portfolio run-off profitably.

We will execute efficient contract management and seek to mitigate accelerated run-off risks.

15 new CTC customers



Ian Manocha

Introduction

The Group delivered another strong performance in 2017, once again underpinned by strong organic revenue growth from Clareti solutions. We won 15 new CTC customers and grew licence revenues from our existing Clareti base. In addition, during the year we successfully integrated the C24 Technologies business and grew the acquired annuity base. As a result, annualised recurring revenue from Clareti has grown 24% year on year. We now have more than 80 Clareti customers across financial services and global markets. In addition, many corporates are using Clareti technology in their business every day via our bank white labelling partners.

In 2016 and through 2017, we invested in new sales resources to focus on continental European sales and to expand our initial footprint in the United States. We now have experienced new business sales teams in the UK and Europe and in the US and it was pleasing to see strong success in those geographies.

UK and Europe

2017 started strongly for our new European office with an important new customer win, a regional bank in central Europe. The initial deployments are in support of the bank's treasury function and capital markets business covering foreign exchange, over-the-counter trading, exchange traded derivatives and inter-company transactions. Our European team also signed the Swiss subsidiary of a major Russian bank and finished the year with an important contract with a major bank in the Nordics to implement a strategic data integrity and control framework in its wholesale banking operations. All three contracts will see the deployment of CTC to replace local processes, legacy systems and user developed applications, with Clareti Adapters being used to integrate complex financial messaging data flows. All three clients selected CTC following robust tender processes where Gresham was pitched head-to-head with incumbents and other competitors.

Our UK team also had a positive year winning an important project with a large global asset manager to replace a legacy vendor reconciliation system. In common with many of our customer contracts, we also agreed

a framework for licence growth over time as more use cases are identified across their business. We also won two further UK-based hedge fund clients during the year and our recent recognition for being the "Most Innovative Technology Firm" in hedge funds by HFM in both their European and US awards is further evidence that our offering for alternative investment managers is particularly strong. Winning repeatable business in targeted industry niches is important for us to scale efficiently and it was pleasing to secure our second win in the energy and commodities market.

North America

During 2017, we were pleased to see the rewards coming through from our investment into the North American market and we continue to be positive about the market drivers and longer-term opportunity. In the US and Canada, financial firms need to transparently prove the integrity of the data that drives their regulatory reporting and risk management processes and the Clareti platform is ideally suited to these complex use cases.

One of Canada's largest banks selected CTC to provide assurance of their regulatory reporting of collateral across all markets and all asset classes. The system will also be extended to replace existing manually intensive reconciliation and control processes in their securities division. This customer is also deploying Clareti Analytics to provide deeper management insight into their data control operations.

In the second half of the year, the US capital markets division of one of Asia's largest financial services firms selected CTC to replace manual intensive data integrity checks and enable senior management to certify and be accountable for the quality of trading related data as it moves throughout the organisation.

A global sell-side bank selected the Clareti platform to support the implementation of a modern global regulatory control framework and prove the integrity of regulatory data and associated reporting processes. The initial implementation is within the customer's US capital markets business with the potential for deployment across other jurisdictions in the future.

Whilst regulatory use cases have been behind many of our new North America sales, there is ongoing demand for traditional reconciliation systems and the US market in particular is heavily dominated by inflexible old vendor systems.

In a relative short period, North America has grown to represent 25% of Clareti ARR and is also now pulling through demand for implementation services.

Asia Pacific

Our Asia Pacific focus in 2017 was primarily to develop our major accounts in this region. Our relationship with Australia and New Zealand Banking Group (ANZ) continues to grow and become increasingly strategic. Our long-standing relationship with ANZ was initiated in 2011 when Gresham was selected to build a bank-to-corporate receivable matching service for use by ANZ's institutional corporates, as a result of which ANZ became an early adopter of CTC.

In 2014, ANZ deployed CTC in its global markets business to enhance its pre and post trade controls. During 2017, we helped ANZ expand its portfolio of corporate cash management offerings with an innovative solution that brings the power of the Clareti platform to its mid-market business customers. This is an excellent example of an established bank partnering with an agile FinTech provider to deliver solutions rapidly. The relationship continues to deliver a steady beat-rate of professional service revenues, a growing Clareti subscription and further opportunities for 2018 and beyond.

In addition to our major account management activities, we were pleased to sign a further project licence with one of Australia's leading wealth management groups to use CTC to support a multi-year systems migration programme.

Partnering and alliances

We believe partners will increasingly drive incremental business and we invested during 2017 to build a global programme which we intend to scale in 2018.

Our long-standing white label agreements with two global banks in accounts receivables management continue to deliver a steadily growing recurring revenue stream. Our first US Clareti partner, a major financial services organisation which selected CTC as a white labelled offering in 2014 to upsell its asset management clients, won a third and fourth end customer in the US during the year.

The success of Clareti technology in the main financial markets has also come to the attention of the systems integrators and consulting firms. During the year, we signed multiple partner agreements with firms to introduce and/or implement our solutions and have run boot camp training and are building accreditation programmes. One major systems integrator has now delivered two successful projects and is embarking on its third.

In December, a leading provider of capital markets data, trade matching and regulatory reporting services to the global securities market, selected CTC to deliver a new regulatory service to its clients, for which a marketing launch is being planned. In 2018 we will continue to scale up our introducer, delivery partner and white label partnerships, and we will also intend to develop a reseller channel into the key Asian financial markets for CTC and C24.

Customer success and delivery

We aim to provide our customers with a differentiated experience compared to the long-established enterprise software players and have been scaling up our global delivery and customer support operation in line with business growth.

Our consulting operations work closely with the sales function to ensure that we secure rapid implementation success and reference ability across the customer base and to ensure that consulting is profitable on a standalone basis. Throughout 2017, we typically had around a dozen implementation projects and several pre-sale proofs of concept underway at any given point in time.

We offer customers a cloud or on-premise deployment option, although the majority still select to run their systems in-house. This flexibility means that we continue to win business against cloud-only SAAS competitors. During the year, one of our existing US hedge fund clients chose to upgrade their subscription and move to a fully managed Clareti-as-a-Service (CaaS) cloud deployment and one

of our larger insurance customers went live on CaaS delivering a very strong ROI back to the business.

In light of our success in North America, we are now investing into local delivery resources through secondments and full-time staff as well as partnerships.

Clareti product and innovation

During 2017, our Innovation Labs in Bristol hosted many client and prospect visits. Our ongoing commitment to innovation, our collaborative approach to working with customers, and our agile, high quality, software development processes are seen to be strong aspects of our overall value proposition in the market.

Clareti Transaction Control continues to be our flagship offering and is widely regarded as the best enterprise solution on the market. Its modern architecture and innovative features means we fare very well with prospects running formal evaluations and robust tender processes. During 2017, we delivered enhancements to the "on-boarding" data ingestion capability as well as improvements to ease of use and ease of maintenance. We have been building more sophisticated exception management capabilities and developing the platform's use of automation, natural language processing and machine learning technology.

During 2017, the C24 technology acquired in late 2016 was integrated into the Clareti platform and has been sold and deployed multiple times as part of new CTC projects in the form of Clareti Adapters, alongside several standalone sales. The C24 technology is delivering the expected benefits and provides competitive differentiation with prospects with significant and/or complex message transformation requirements.

In the first part of the year, we launched Clareti Analytics as an enhanced reporting and data visualisation capability for management. This has proved to be a strong sales differentiator and a key part of several deals in the second half of the year. We have also secured two up-sells into the existing CTC installed base.

Our joint venture with Mount Street Loan Solutions LLP, one of Europe's leading commercial real estate servicers, to develop Clareti Loan Control (CLC) has now delivered a market ready offering, and whilst no incremental sales were achieved in 2017, there is potential for additional revenues as Mount Street increases its usage of CLC and, more widely, we believe that there is a significant market opportunity to sell CLC into financial institutions.

Other business

The Clareti business is now larger than the Group's entire legacy licensing and services portfolio and our dependency on these various older businesses is now much reduced. Nevertheless, we continue to manage the portfolio carefully to optimise our returns. In 2017, our legacy portfolio performed broadly in line with our business plan. The Gresham owned EDT and VME software businesses remained relatively stable throughout the year and operated at high margins. Our third party software partner business was partially exited, which was planned for, and resulted in a lower contracted baseline. This reduction was offset by an increase in our lower margin contracting business in Australia.

Ian Manocha
Chief Executive
12 March 2018

Valued, engaging, responsible employer

Being a responsible business is not a ‘bolt on activity’, it is at the heart of what we believe in.



OUR PEOPLE



COMMUNITY



CHARITY



ENVIRONMENT



OUR POLICIES

PEOPLE



Great Place to Work®

The Group engages with the Great Place to Work® programme as a mechanism for measuring, on an annual basis, the Group’s performance as an employer, as perceived by staff. This has proved to be a very useful tool in gathering collective feedback and guiding investment decisions, and several new initiatives have been implemented as a result of this.

Our aim is to be a highly valued, engaging and responsible employer across the Group, where people are encouraged to excel. We benchmark ourselves against the best companies in our sector and we challenge ourselves to be an awesome place to work.

We know that people are key to our collective expertise and our growth plans. Our business model is to attract, retain and develop talented individuals to help us deliver our long-term objective of becoming one of the world’s leading providers of enterprise financial technology solutions. We seek to foster a culture of innovation and empowerment where talent, enterprise and collaboration is recognised and rewarded.

Attracting, retaining and developing our talent

We implement Group-wide strategies designed to attract, retain and develop our people that reflect the local geographic and industry economic climate. These strategies include competitive terms and conditions, a defined contribution pension scheme, consideration of family and personal needs, training and career development coaching, and a wide range of other flexible benefits designed to reflect the Group’s culture and values. Our performance-related pay structures include an annual bonus scheme, which is linked to personal objectives and wider team and Group objectives. The annual bonus scheme is complemented by our all-staff share scheme, established in 2017, which is designed to align employee incentives with shareholder interests through the award of shares.

Our hiring model is based on creating an agile, highly motivated and collaborative international workforce. Our strength comes from collaboration between seasoned professionals with deep client industry experience and some of the brightest technology talent on the market.

We also “hire for attitude”, placing great importance on our values, effective team working, and customer success.

PEOPLE continued



Graduate and apprenticeship programme

Our early in career entry programmes are one of the ways that we attract promising new colleagues into the business. Our graduate programmes within our professional services and development teams have been running for several years with minimal attrition. Within our IT support function, we have been successfully supporting IT apprentices. In 2017, we introduced an industrial placement programme which has proved successful and we are looking to expand this further during 2018.

Engaging with our people

Employees are invited to attend regular meetings within individual segments throughout the Group, in addition to regular Group-wide communications. Performance appraisals happen formally at mid and full year, but we encourage ongoing dialogue throughout the year to ensure that employees are getting sufficient support from the Group (including training needs) in order to be successful in their roles.

We believe that it is very important to achieve high levels of trust between individuals within the Group as this promotes high levels of staff engagement and helps to ensure that the working environment is pleasant, healthy and sustainable.



Our hiring model is based on creating an agile, highly motivated and collaborative international workforce.

COMMUNITY

As a company that uses the power of technology to improve the way organisations operate, we are committed to supporting, developing and helping to educate the future workforce about this sector.



We are proud to be Business Class members of The Prince's Responsible Business Network, through our partnership with Business In The Community (BITC). Initiatives and activities include:

- Working with computer science teachers to help their development and understanding of real-work application of IT through 1-2-1 coaching and workplace visits.
- Teacher workshops supported by our employees to help to embed sector employability skills into the curriculum.
- Developing young people's employability skills through Dragons' Den type activities.
- Raising awareness of career pathways in our sector through delivering "get into the sector" programmes in school and raising awareness of the career pathways.
- Mentoring programmes for girls undertaking their Computer Science GCSE.

We also proudly sponsor OCRFC – a youth rugby team in London that coaches and mentors disadvantaged young men. We share much of our ethos with that of a rugby team – doing the hard yards, respect, discipline, teamwork and enjoying the game.

CHARITY

We work with charities to responsibly recycle our old, used IT equipment. One of these charities is Jamie's Computers which refurbishes the equipment and uses it to provide work experience and hands-on training to hard-to-reach groups. Its aim is to help improve skills and increase employability. Anything that cannot be reused is recycled responsibly and all equipment is data destructed and certificated.

Each quarter we donate £1 to three local charities for each support call made into our customer support centres. These three charities are chosen by ballot by our global teams and often have a personal connection with employees. We are pleased to have been able to support charities such as BeyondBlue, an Australian charity offering support and raising awareness of mental health, and SMART, a North American charity started by a doctor whose son suffers from spinal muscular atrophy, known personally by one of our team.

Sustainability continued

ENVIRONMENT

Policy statement

Whilst the nature of our activities is such that the Group does not have a significant impact on the environment relative to other industries, we recognise that we have a duty to manage our business affairs and operations in a sustainable and responsible manner. This includes minimising the impact of our activities on the environment and to supporting environmental initiatives relevant to our industry. To achieve this, Gresham's environmental strategy consists of the following:

- minimising waste;
- minimising toxic emissions;
- actively promoting recycling in all of its locations;
- meet or exceed all applicable environmental legislation that relates to Gresham;
- support, adopt and/or promote industry initiatives designed to address environmental issues specific to Gresham's sector;
- where practical, seeking to purchase products that uphold industry leading environmental standards rather than ones that do not; and
- encouraging the adoption of similar principles by its suppliers.



We recognise that we have a duty to manage our business affairs and operations in a sustainable and responsible manner.

Carbon emissions

This section includes Gresham's mandatory reporting of greenhouse gas emissions pursuant to the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 ("Regulations").

Gresham's reporting year is the same as its fiscal year, being the year ended 31 December 2017. This greenhouse gas reporting year has been established to align with our financial reporting year.

Gresham reports emissions data using an operational control approach to define organisational boundary, which meets the definitional requirements of the Regulations in respect of those emissions for which it is responsible. Gresham has reported on all material emission sources which it deems itself to be responsible for. These sources align with Gresham's operational control and financial control boundaries. Gresham does not have responsibility for any emission sources that are beyond the boundary of Gresham's operational control. For example, business travel other than by car (including, for example, commercial flights or railways) and fully managed offices are not within Gresham's operational control and, therefore, are not considered to be its responsibility.

The methodology used to calculate Gresham's emissions is based on the "Environmental Reporting Guidelines: including mandatory greenhouse gas emissions reporting guidance" (June 2013) issued by the Department for Environment, Food and Rural Affairs (Defra). Gresham has also utilised Defra's 2016 conversion factors within the reporting methodology.

As regards global greenhouse gas emissions data, for the year ended 31 December 2017:

Emissions from	31 December 2017	31 December 2016
Electricity, heat, steam and cooling purchased for own use – tonnes of CO ₂ e	85	118
Group's chosen intensity measurement		
Emissions reported above normalised to tonnes of CO ₂ e per total £1,000,000 revenue	4.0	6.9

Emissions data has been reported for Gresham's operations in Australia and the UK, with locations in Malaysia, North America and Singapore considered not material to the scope of this reporting.

In order to express Gresham's annual emissions in relation to a quantifiable factor associated with the Group's activities, the Directors have used revenue as Gresham's intensity ratio as this is the most relevant indication of its growth and provides for the best comparative measure over time.

ETHICAL BUSINESS PRACTICES

We are committed to corporate sustainability and to an ethical and principled approach of doing business.

Human rights

This includes recognising and supporting the protection of human rights around the world. Gresham is guided by internationally proclaimed fundamental principles such as those set out in the United Nations Universal Declaration of Human Rights. Gresham’s key principles in relation to human rights are guided by the Ten Principles of the UN Global Compact.

Modern slavery

Modern slavery is a crime and a violation of fundamental human rights. We have a zero-tolerance approach to modern slavery and we are committed to acting ethically and with integrity in all our business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains.

We are also committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains, consistent with our disclosure obligations under the Modern Slavery Act 2015. We expect the same high standards from all of our contractors, suppliers and other business partners, and wherever possible as part of our contracting processes, we include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children, and we expect that our suppliers will hold their own suppliers to the same high standards.

Anti-corruption and bribery

The Company is committed to applying the highest standards of ethical conduct and integrity to its business activities in the UK and overseas. The Company does not tolerate any form of bribery, whether direct or indirect, by, or of, its employees, officers, agents or consultants or any persons or companies acting for it or on its behalf. The Directors and senior management are committed to implementing and enforcing effective systems throughout the Company to prevent, monitor and eliminate bribery, in accordance with its obligations under the Bribery Act 2010 and equivalent legislation overseas.

Equal opportunity

The Company is an equal opportunity employer. We are committed to ensuring that our workplaces are free from unlawful or unfair discrimination in accordance with applicable legislation. This includes upholding the following principles:

- recruitment and employment decisions are made on the basis of fair and objective criteria;
- person and job specifications are limited to those requirements which are necessary for the effective performance of the job. Specifically, full consideration is given to applications for employment from disabled persons where the candidate’s particular aptitudes and abilities are consistent with adequately meeting the requirements of the job;
- interviews are conducted on an objective basis; personal or home commitments will not form the basis of employment decisions except where necessary and relevant; and
- all employees have a right to equality of opportunity. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Group’s policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Gender analysis

At 31 December 2017 the Group had the following split of gender of staff:

	Female	Male	Total
Executive Directors	—	2	2
Senior managers	1	5	6
Staff	20	99	119
	21	106	127
Non-Executive Directors	1	2	3



Executive Directors

- Female 0
- Male 2

Senior managers

- Female 1
- Male 5

Staff

- Female 20
- Male 99

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