Gresham Technologies plc

Interim Report 2023

"We are pleased to have closed the first half in line with our plans following a strong June which reflects improving momentum in the financial services sectors.

This positive forward momentum coupled with a strong financial position underpins out continued Investment In our growth strategy, centred on building our high-quality recurring revenue business at scale. We enter the second half with excellent revenue visibility of almost £48 million and a strong pipeline of opportunities, giving us confidence in a successful outcome for the full year."

Ian Manocha, CEO, Gresham

Highlights

Clareti annualised recurring revenues

£28.6m

Group annualised recurring revenues

£31.8m

Group revenues

£23.9m

Clareti revenues

£18.0m

Clareti recurring software revenues

£13.8m

Group adjusted EBITDA

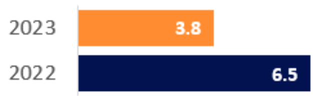
£4.6m

Group cash EBITDA

£1.7m

Cash

£3.8m



	HY 2023 £m	HY 2022 £m	Growth (Actual) %	Growth (constant currency) %
Group annualised recurring revenues	31.8	29.4	8%	10%
Clareti annualised recurring revenues	28.6	26.1	10%	12%
Group revenues	23.9	23.0	4%	5%
Clareti revenues	18.0	16.4	10%	11%
Clareti recurring software revenues	13.8	12.5	10%	11%
Group Adjusted EBITDA	4.6	4.5	2%	4%
Group cash EBITDA	1.7	1.8	(6)%	-
Cash	3.8	6.5	(42)%	(40)%

Adjusted EBITDA refers to earnings before interest, tax, depreciation and amortisation, adjusted for one-off exceptional items and share-based payments. Cash EBITDA refers to adjusted EBITDA less capitalised development spend and any IFRS 16 lease related cash payments.

By their nature, forward looking annualised recurring revenue metrics included 12 months impact in both reporting periods.

The Company believes that current market expectations for the year ending 31 December 2023 are revenues of £50.2m and adjusted EBITDA of £11.0m, with £53.9m and £13.5m; and £59.4m and £16.3m respectively for the years ending 31 December 2024 and 2025.

Operational highlights

- Strong H1 close, in line with market expectations for full year
- 5 new name Clareti contract wins
- 16 upgrade contracts with existing customers evidences our land and expand strategy
- Growth In existing customers driving expected Improvement in net ARR retention to 103% on a constant currency basis
- Senior leadership hires In North America and Marketing to drive go to market plans
- New product offering 'Floe' developed with ANZ Bank now ready for market launch
- Leading industry award recognition, including 'Best Sell-Side Reconciliation Platform', 'Best Regulatory Reporting Solution' and 'Best Institutional Investment Solution'.

Outlook

- 95% contracted revenue visibility at the half year over full-year market expectations for Group revenues
- Solid pipeline of new opportunities giving confidence the Company can meet full year market expectations.

Chief Executive Review

Introduction

We are pleased to report an encouraging performance for the six months ended 30 June 2023, In line with market expectations for the full year.

The Increasing need for efficiency, trust and competitiveness within the financial sector requires customers to engage with us in difficult times as well as positive ones. This Is amply evidenced by the good progress made during the period, including several new name contract wins, and serves to highlight the resilience of our business model and the ongoing demand for our services. As the momentum seen in the latter half of H1 continues Into H2 FY23, we have confidence in our near-term prospects as we work to become a leading technology partner to the financial services sector.

First Half Trading

In the six months to 30 June 2023, Clareti revenues increased by 11% and on an FX adjusted basis ARR increased by £1.1m (£0.5m on a reported basis). Whilst we continued to deliver high service levels to clients and engage with prospects, the first half was characterised by the impact of macro uncertainty on decision cycles. I am pleased to say this appears to have been fairly short-lived, and we have seen improving conditions in our markets reflected in stronger growth in the second quarter, a major contract win announced at the end of June and an encouraging pipeline of new business opportunities as we enter the second half.

During this period, we have remained very focused on controlling our costs and optimising our investments reflected in a small improvement in the gross margin and a solid increase in Clareti profitability.

Business Overview

Throughout the first half of FY23 we have continued to invest in our people and operations as we further consolidate our competitive position and drive greater market share in our core financial services sector. The repackaging of our platform capabilities, including Electra, into three Clareti product lines of Control, Data and Connect has continued to resonate well with customers, and as the structural market drivers necessitating financial institutions to invest in their processes, we expect this trend to build momentum in H2 and into FY24.

Clareti Control

- As our flagship solution, this Is a ready-to-use, high-quality business self-service platform designed for the efficient management, reconciliation, and control of all types of transaction data in financial markets.
- Our Clareti-as-a-Service cloud offering continues to gain traction in the market with further Investments Increasing our competitive advantage within the sector.
- We continue to Invest In cloud-native architectures, user-friendly thin-client Interfaces, and in empowering our users with seamless self-service capabilities.

Clareti Data and Connect

- With our Data and Connect solutions, customers can seamlessly engage in the complex and interconnected global financial system, free from concerns about third-party data access, Integration risks, expenses, and time required to enter the market.
- Our Data solution offers Investment managers and fund administrators a comprehensive cloud-based data collection and aggregation services, supporting over 2,500 data sources across our platform and addressing the Intricate data needs of clients; as evidenced by the average usage of 59 data feeds by a medium-sized buy-side firm In the US.
- Our Connect solutions empower customers with seamless Interactions with bank partners, facilitate straight-through processing to trading and regulatory reporting venues, ensure Interoperability with other Industry applications, and offer Intelligent control over complex real-time data flows.

Our Control platform has leveraged AI technology in data matching from its initial release and our use of AI has been broadened into other functional areas over the last few years. We now process more than 20bn client records per year in our cloud and see further opportunity to leverage AI and our data assets in the future.

Our strategic innovation partnership with ANZ has progressed well and I am pleased to report that the bank and their first end-customer has completed testing and all parties are preparing for market launch. ANZ remains committed to supporting product development efforts through a chargeable Innovation Service, and a collaborative roadmap has been established to unveil exciting future funded releases. We look forward to updating the market in the second half.

Operating Review

Contract wins

In the six months to 30 June 2023, we secured five new name clients. This strong momentum of pipeline conversion highlights the demand for our offering as contracts were successfully won following a competitive RFP process, showing the increasing value placed in our proven and highly differentiated solutions as well as our deep sector expertise.

In addition, we were pleased to add a new name Clareti contract win in the US investment management industry announced in July 2023. The agreement will see Gresham help automate and reduce costs in the customer's investment operations with a cloud solution covering data collection from custodians and brokers, data aggregation, reconciliation against internal books and records, and exception management processes.

Alongside these new business wins, we have achieved 16 incremental growth contracts during the period with existing customers, demonstrating the significant opportunity available through both our new client acquisition and land and expand strategies. This is further evidenced in our increasing Clareti ARR net retention of 103% on a constant currency basis, showing the stickiness of our installed customer base.

Strategic Investment to capitalise on significant market opportunity

Throughout the period we have remained committed to investing in our sales and marketing capabilities to further consolidate our market position and fully capitalise on the long-term opportunity.

We have strengthened our already industry-leading team with the recruitment of Dan Kennedy as Senior Vice President of Sales, North America; and Geneva Loader as Chief Marketing Officer. These appointments are expected to support the Company's continued expansion in the North American market and drive further improvements in the effectiveness of our go-to-market operations. In addition, we will be executing on a brand refresh and investing further in digital marketing in order to deliver on our mission to lead the global reconciliation and control market in financial services.

ESG

In line with our three-pillar ESG strategy, we remain committed to scaling up responsibly, and we are maintaining a strong focus on a range of initiatives within our ESG programme. We have made good progress on our TCFD programme roadmap, as disclosed in our FY22 annual report, and we are pleased to have scored higher than the average within the technology sector in an independent ESG benchmark analysis[1]. Our priority for the remainder of this year is to lay the groundwork for future Scope 3 emissions reporting and double materiality reporting.

Outlook

Good sales momentum has continued into the second half which has started positively, and we have a growing pipeline of opportunities with new and existing clients.

While the economic backdrop remains somewhat uncertain, there are a number of factors that give us confidence over second-half revenues and earnings. We expect the period to have the typical seasonal weighting of ARR recognised as revenue and collected as cash in relation to the varied contract terms and patterns across our client base. In total, we started the second half with 95% contracted revenue visibility of our expected full-year outturn. We also have a strong pipeline of new client discussions and upsells, which will further contribute to both ARR and recurring revenue recognised in the period. This visibility gives us the ability to maintain our investment in our products, colleagues and the addition of new key hires, and provides confidence for a good second half and strong FY24.

Thank you for your support.

Ian Manocha
Chief Executive Officer
26 July 2023

[1] Overall score of 64/100 in EthiFinance, a 53% increase on 2021.

Financial Review

Forward-looking annualised recurring revenue "ARR"

Our ARR is an aggregated value of all recurring revenues, both those recognised annually and those recognised monthly, that are either fully or partially contracted for the next twelve months and/or are highly expected to renew in the next twelve months. Future uplifts in variable usage or contingent recurring fees are not included in ARR, unless they are contractually certain with all deliverables having already been met. Our ARR from our strategic growth business, Clareti, is a critical KPI for the Group as it provides a forward-looking view of the minimum expected revenues in the next twelve months which gives confidence to business planning and investment decisions.

Annualised recurring revenue			H1 2023	H1 2022	Variance	
			£'m	£'m	£'m	%
Clareti ARR	Clareti ARR at start of period		28.1	24.0	4.1	17%
	Increase in ARR		1.1	1.1	-	-
	Currency impact		(0.6)	1.0	(1.9)	(160)%
	Clareti ARR at start of period	KPI	**28.6**	**26.1**	**2.5**	**10%**
Other ARR	Other ARR		3.2	3.3	(0.1)	(3)%
Group ARR	Group ARR		31.8	29.4	2.4	8%

Clareti ARR experienced growth of £2.5m or 10% (12% cc) over the previous 12 months. Excluding currency fluctuations growth over the same period in the previous year was £1.1m. On an actual currency basis Clareti ARR was significantly impacted by currency headwinds in the first half of 2023, whereas tailwinds assisted in 2022. Our retention and upsell measures remain strong, with the trailing 12 month net Clareti ARR retention rate being 103%; up from 102% at December 2022 and expected to increase further in the second half.

Clareti ARR consists of recurring revenues that are contracted to be recognised through the Income Statement both monthly £24.2m of current ARR Is recognised monthly with £4.4m recognised annually. As was the case in 2022, those contracts recognised annually are heavily second half weighted with recognition being aligned with the anniversary date of individual customer contracts. This weighting is even more pronounced in towards the second half in 2023 (68%) than 2022 (65%) which provides significant confidence in the full year Income Statement.

ARR from our Other businesses has decreased as planned, largely as a result of our decision to discontinue supporting the last remaining line from our own high-margin legacy solutions. It remains encouraging to see the ongoing longevity of the remaining non-Clareti recurring business line as it continues to provide predictability and further ability to invest with confidence in the Clareti business.

Year to date revenues, Group ARR and expected revenues from non-recurring contracts in place as at 30 June 2023 give near contractual certainty over almost £48.0m of revenue for 2023 before any new or incremental contracts are won.

Income Statement

Constant currency Income Statement headlines

The level of transactions occurring in currencies other than the Group's functional reporting currency of GBP, largely USD and AUD, have negatively impacted the Group in the first half of 2023, albeit not to a material degree. The table below shows HY 2023 performance if transactions had been reported on the same average exchange rates as the first half of 2022, the headlines of this being impacts to Group revenue of £0.3m and earnings less than £0.1m.

		H1 2023		H1 2022	Variance on constant currency basis	
		Actual basis	Constant currency basis			
		£'m	£'m	£'m	£'m	%
Group revenue	£m	23.9	24.2	23.0	1.2	5%
Group gross margin	£m	17.2	17.3	15.7	1.6	10%
Group gross margin %	%	72%	71%	68%	3%	
Group Adjusted EBITDA	£m	4.6	4.7	4.5	0.2	4%
Group Adjusted EBITDA %	%	19%	19%	20%	(1)%	
Cash adjusted EBITDA	£m	1.7	1.8	1.8	-	-%
Cash adjusted EBITDA %	%	7%	7%	8%	(1)%	

All further analysis Is on an actual currency exchange basis unless explicitly stated.

Revenue

Our income is analysed between revenues from Clareti Solutions and from our 'Other' non-strategic solutions and services, revenues from each of these business segments are then broken into:

- Recurring revenues: generated for software and software-related services such as support, maintenance, and other ongoing managed services; all of which are contracted or expected to continue for the foreseeable future.
- Non-recurring revenues: professional services, contracting, training and other services that are expected to be one-off or periodic in nature.

			H1 2023	H1 2022	Variance	
			£m	£m	£m	%
Clareti solutions	Recurring		13.8	12.5	1.3	10%
	Non-recurring		4.2	3.9	0.3	8%
	Total Clareti revenues	KPI	**18.0**	**16.4**	**1.6**	**10%**
Other solutions & services	Recurring		2.1	2.0	0.1	5%
	Non-recurring		3.8	4.6	(0.8)	(17)%
	Total		5.9	6.6	(0.7)	(11)%
Group	**Total**	KPI	**23.9**	**23.0**	**0.9**	**4%**

Clareti Solutions

Clareti recurring revenues increased by 10%, up from £12.5m to £13.8m on the first half of 2022. These increases were as a result of new recurring revenue sales and increased consumption of Clareti solutions from our existing customers, this increase is slightly offset by the foreign exchange headwinds experienced.

Clareti non-recurring revenues increased by 8%, up £0.3m on the prior first half. This increase is being driven by new implementations associated with the increase in Clareti recurring revenues and improved services efficiencies.

Other Solutions & Services

After the closure of our high margin, own IP 'EDT' business on 31 December 2022 which generated £0.2m revenue in its last year of operation, recurring revenues within the Other solutions and services portfolio now only includes revenues from a legacy partner relationship where we act as a reseller of third-party software. These remaining revenues experienced some growth which more than offset the EDT closure, resulting in recurring revenues from Other Solutions increasing by 5% to £2.1m.

Non-recurring revenues from Other Solutions and Services now include one off services in relation to the reselling business and our fixed margin contracting business with ANZ bank. These non-recurring revenues decreased by 17% from £4.6m to £3.8m as less demand occurred in both lines of non-core business.

The mix of revenues within the Other solutions and services portfolio continues to evolve, and we continue to manage the portfolio carefully benefitting from good visibility of customer intentions.

Earnings

				H1 2023	H1 2022	Variance	%
Clareti Solutions	Gross margin		£m	15.6	14.0	1.6	11%
	Gross margin – Electra		%	86%	85%	1%	N/a
Other solutions & services	Gross margin		£m	1.6	1.7	(0.1)	(6)%
	Gross margin		%	27%	26%	1%	N/a
Group	Gross margin		£m	17.2	15.7	1.5	10%
	Gross margin		%	72%	68%	4%	N/a
	Adjusted EBITDA	**KPI**	**£m**	**4.6**	**4.5**	**0.1**	**2%**
	Adjusted EBITDA	**KPI**	**%**	**19%**	**20%**	**(1)%**	**N/a**
	Cash Adjusted EBITDA	**KPI**	**£m**	**1.7**	**1.8**	**(0.1)**	**(6)%**
	Cash Adjusted EBITDA	**KPI**	**%**	**7%**	**8%**	**1%**	**N/a**
	Statutory profit after tax		£m	1.1	1.5	(0.4)	(27)%
	Adjusted diluted EPS	**KPI**	**pence**	**3.4**	**3.9**	**(0.5)**	**13%**

Gross margin

The Clareti gross margin has continued to improve, growing from 85% in the first half of 2022 to 86% in the first half of 2023. This is in line with our strategy to grow our high margin recurring revenues at a faster rate than our non-recurring services business. Whilst in absolute terms the gross margin from our legacy Other solutions & services business has reduced by £0.1m, in percentage term this has also improved due to the change in business mix described in the revenue section above. This combination of which has resulted in the Group gross profit improving by £1.5m, or as a percentage of sales, from 68% to 72%.

Adjusted EBITDA

Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) is analysed excluding exceptional items, share-based payment charges and amortisation from acquired intangible assets; which is consistent with the way in which the Board reviews the financial results of the Group.

Group adjusted EBITDA has improved by £0.1m, or 2%, since the first half of the prior year, however the margin has reduced by 1% to 19% versus the first half of 2022. This margin reduction is as a result of our already contracted Clareti ARR being increasingly second half weighted (as described in the ARR section above), there having been some delays in new Clareti contracts being signed, the impact of investments made over the last twelve months and currency movements. We have confidence that the operational leverage, generated by the scale and continued growth of the Clareti business, along with the second half weighting of revenue recognition from Clareti ARR and the strong pipeline will result in full year-on-year margin improvement as experienced in prior years.

Cash Adjusted EBITDA

Cash adjusted EBITDA refers to adjusted EBITDA reduced by the value of capitalised development spend and any IFRS 16 lease-related cash expenses classified as depreciation and interest. We consider this a good measure of cash profitability for a modern SaaS business that continues to invest in product development to ensure it remains market leading.

Group cash adjusted EBITDA has reduced by £0.1m since the first half in the prior year, the £0.1m improvement in Adjusted EBITDA mentioned above did not drop straight through to cash adjusted EBITDA due to offsetting increases in capitalised development spend and IFRS 16 lease-related cash expenses. This resulted in the cash EBITDA margin reducing from 8% in the first half of 2022 to 7% in the first half of 2023. Like adjusted EBITDA, we expect to see continued improvements in these margins in future years.

Statutory profit after tax and adjusted diluted EPS

There has been a decrease in statutory profit after tax of £1.1m from £1.5m in the prior year. In addition to the performance variances discussed in EBITDA narrative above, this is as a result of the reductions to UK government R&D tax incentives taking effect (£0.2m impact in H1 2023) and a £0.2m increase in the share-based payment charge as a result of ongoing share award grants.

Adjusted diluted EPS has reduced by 13% to 3.4 pence per share. Adjusted earnings used in this calculation adjust the statutory result after tax for exceptional items; amortisation of acquired intangibles and share-based payments. Exceptional expenses in the period were less than £0.1m, £0.1m lower than the prior first half; amortisation of acquired intangibles were consistent with the previous first half at £1.2m; and the share-based payment charges increased to £0.6m from £0.4m as a result of grants being made under the discretionary performance share plan in October 2022 and ongoing annual grants under the deferred annual bonus share plan.

Cashflow

		H1 2023	H1 2022	Variance	
		£'m	£'m	£'m	%
Opening cash & cash equivalents at 1 January		6.3	9.1	(2.8)	(31)%
Operating cashflow excluding exceptional items		4.5	4.5	-	-
Operating cashflow from exceptional items		-	(0.2)	0.2	100%
Total operating cash flow excluding working capital		4.5	4.3	0.2	5%
Movement in working capital		(2.3)	(3.2)	0.9	28%
Cash inflow from operations		2.2	1.1	1.1	100%
Capital expenditure - development costs		(2.5)	(2.4)	(0.1)	(4)%
Capital expenditure - other		(0.1)	(0.3)	0.2	66%
Principal paid on lease liabilities		(0.3)	(0.3)	-	-
Cash outflow from operations excluding tax		(0.7)	(1.9)	1.2	(63)%
Net tax payments		(1.1)	(0.1)	(1.0)	(1000)%
Inforalgo acquisition (contingent consideration)		-	(0.4)	0.4	100%
Dividend		(0.6)	(0.6)	-	-
Other		(0.1)	0.4	(0.5)	(125)%
Net decrease in cash and cash equivalents		(2.5)	(2.6)	0.1	4%
Closing cash & cash equivalents at 30 June	KPI	**3.8**	**6.5**	**(2.7)**	**(42)%**

The Group continues to be funded from operating cash and currently has no debt, with the cash performance of the business being aligned with management's expectations.

Operating cashflow remains reasonably consistent with the prior first half. The negative movement in working capital for the first half is aligned with the traditional half year working capital cycle due to the unwinding of the significant deferred revenue position that builds up during the fourth quarter each year.

Net tax payments of £1.1m were made during the first half (2022: net tax payments of £0.1m). Gross tax payments were made in the period of £1.1m (2022: £1.2m), there were not any gross tax receipts received in the first half in relation to the surrender of tax losses generated from R&D activity (2022: £1.1m) although a surrender may be made in the second half.

There were no contingent consideration payments made in the first half of 2023, whereas in the first half of 2022 the final payment of £0.4m was made in relation to the Inforalgo acquisition of July 2020.

At the time of the Electra acquisition, the Group established a USD 15m multi-currency revolving debt facility. As announced at the time this facility was put in place to satisfy contingent consideration payments in relation to the Electra acquisition totalling USD 9.6m. The first contingent consideration payment of USD 4.8m was made in full during the third quarter of 2022, with an equivalent amount expected to be paid in the third quarter of 2023. This payment coincides with our low cash point in our annual working capital cycle, therefore the facility is expected to be drawn upon to a limited extent, for a short period of time, to ensure sufficient currency holdings are maintained before the annual build-up of cash reserves occurs.

Capital expenditure in relation to development and tangible items reduced from £2.7m to £2.6m.

Other cashflow items in the prior period include a gain on currency revaluations of £0.4m.

Balance Sheet

The balance sheet remains strong and consistent with management expectations and the prior year. The significant year on year change is the contingent consideration in respect of the Electra acquisition of £3.8m (USD 4.8m). This movement was as a result of the first tranche being paid in full during the third quarter of 2022, with the remaining contingent consideration expected to be paid in the third quarter of 2023.

Financial Outlook

The strong finish to the first half, the second half weighting of recognition of contracted Clareti ARR and the strength of the Clareti pipeline all provide confidence in our ability to meet market expectations for Group performance for the year.

The Group's forward-looking ARR and to a lesser degree Revenues have been impacted by foreign exchange headwinds in the first half after a period of significant benefit from mid-2021 until the end of 2022. Within the Income Statement a level of natural foreign exchange hedging exists at earnings level due to the significant portion of the cost base being denominated in USD and AUD. The Group will monitor fluctuations and consider whether the use of hedging instruments may be appropriate.

We have invested and will continue to further invest for growth in the Clareti business. This investment will continue to be focused on distribution, product and customer success to ensure we are best placed to take advantage of the significant market opportunities. At a Group level we plan to continue to balance this investment with ongoing incremental improvements to all earnings margins, with our main focus being on the cash EBITDA margin. We look forward to providing further updates throughout the year and remain confident in our long-term strategy and outlook.

Tom Mullan
Chief Financial Officer
26 July 2023

Consolidated Income Statement

	Notes	6 months ended 30 June 2023 Unaudited £'000	6 months ended 30 June 2022 Unaudited £'000	12 months ended 31 December 2022 Audited £'000
Revenue	2	23.899	22,979	48,719
Cost of sales		(6,673)	(7,244)	(14,774)
Gross profit		17,226	15,735	33,945
Adjusted administrative expenses		(14,537)	(12,837)	(26,999)
Adjusted operating profit		2,689	2,898	6,946
Adjusting administrative items:				
Exceptional costs	2	(36)	(145)	(153)
Amortisation on acquired intangibles		(1,157)	(1,157)	(2,315)
Share-based payments		(598)	(436)	(1,027)
		(1,791)	(1,738)	(3,495)
Total administrative expenses		(16,328)	(14,575)	(30,494)
Operating profit		898	1,160	3,451
Finance revenue		1	3	6
Finance costs		(104)	(99)	(219)
Profit before taxation		795	1,064	3,238
Taxation	3	326	480	(356)
Profit after taxation - Attributable to owners of the Parent		1,121	1,544	2,882
Earnings per share				
Statutory				
Basic earnings per share – pence	4	1.34	1.85	3.46
Diluted earnings per share – pence	4	1.32	1.81	3.41
Adjusted				
Basic earnings per share – pence	4	3.49	3.94	7.65
Diluted earnings per share – pence	4	3.44	3.85	7.54

Consolidated Statement of Comprehensive Income

	6 months ended 30 June 2023 Unaudited £'000	6 months ended 30 June 2022 Unaudited £'000	12 months ended 31 December 2022 Audited £'000
Profit attributable to the Parent	**1,121**	1,544	2,882
Other comprehensive income			
Items that will or may be re-classified into profit or loss: Exchange differences on translating foreign operations	**171**	(907)	(937)
Total other comprehensive income	**171**	(907)	(937)
Total comprehensive income for the period	**1,292**	637	1,945

Consolidated Statement of Financial Position

	30 June 2023 Unaudited £'000	30 June 2022 Unaudited £'000	31 December 2022 Audited £'000
Assets			
Non-current assets			
Property, plant and equipment	843	415	899
Right-of-use assets	1,334	1,181	1,592
Intangible assets	62,724	62,356	62,788
Deferred tax assets	135	1,239	-
	65,036	65,191	65,279
Current assets			
Trade and other receivables	6,967	5,851	6,515
Contract assets	1,938	1,922	2,558
Income tax receivable	483	417	-
Cash and cash equivalents	3,801	6,504	6,280
	13,189	14,694	15,353
Total assets	78,225	79,885	80,632
Equity and liabilities			
Equity attributable to owners of the Parent			
Called up equity share capital	4,182	4,168	4,172
Share premium account	23,991	23,876	23,941
Own share reserve	(67)	(298)	(296)
Other reserves	536	536	536
Foreign currency translation reserve	(1,144)	(1,285)	(1,315)
Retained earnings	23,282	19,798	21,968
Total equity attributable to owners of the Parent	50,780	46,795	49,006
Non-current liabilities			
Contract liabilities	295	571	354
Lease liabilities	738	545	953
Deferred tax liability	5,408	6,639	6,067
Provisions	143	146	146
Contingent consideration	-	3,978	-
	6,584	11,879	7,520
Current liabilities			
Trade and other payables	16,406	16,619	19,166
Lease liabilities	632	614	709
Income tax payable	-	-	244
Contingent consideration	3,823	3,978	3,987
	20,861	21,211	24,108
Total liabilities	27,445	33,090	31,626
Total equity and liabilities	78,225	79,885	80,632

Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Own shares £'000	Other reserves £'000	Currency translation £'000	Retained earnings £'000	Total £'000
At 1 January 2022	4,168	23,876	(609)	536	(378)	18,288	45,881
Attributable loss for the period	-	-	-	-	-	1,544	1,544
Other comprehensive expense	-	-	-	-	(907)	-	(907)
Total comprehensive (expense)/income	-	-	-	-	(907)	1,544	637
Share-based payment expense	-	-	-	-	-	436	436
Issue of shares held by Employee Share Ownership Trust	-	-	311	-	-	152	463
Dividend	-	-	-	-	-	(622)	(622)
At 30 June 2022	4,168	23,876	(298)	536	(1,285)	19,798	46,795
At 1 January 2022	4,168	23,876	(609)	536	(378)	18,288	45,881
Attributable profit for the period	-	-	-	-	-	2,882	2,882
Other comprehensive expense	-	-	-	-	(937)	-	(937)
Total comprehensive expense	-	-	-	-	(937)	2,882	1,945
Exercise of share options	4	65	-	-	-	-	69
Share-based payment expense	-	-	-	-	-	1,027	1,027
Deferred tax movement in respect of share options	-	-	-	-	-	301	301
Issue of shares held by Employee Share Ownership Trust	-	-	313	-	-	92	405
Dividend	-	-	-	-	-	(622)	(622)
At 31 December 2022	4,172	23,941	(296)	536	(1,315)	21,968	49,006
Attributable profit for the period	-	-	-	-	-	1,121	1,121
Other comprehensive income	-	-	-	-	171	-	171
Total comprehensive income	-	-	-	-	171	1,121	1,292
Exercise of share options	10	50	-	-	-	-	60
Share-based payment expense	-	-	-	-	-	598	598
Issue of shares held by Employee Share Ownership Trust	-	-	229	-	-	221	450
Dividend	-	-	-	-	-	(626)	(626)
At 30 June 2023	**4,182**	**23,991**	**(67)**	**536**	**(1,144)**	**23,282**	**50,780**

Consolidated Statement of Cashflows

	6 months ended 30 June 2023 Unaudited	6 months ended 30 June 2022 Unaudited	12 months ended 31 December 2022 Audited
	£'000	£'000	£'000
Cashflows from operating activities			
Profit after taxation	1,121	1,544	2,882
Depreciation of property, plant and equipment	163	71	191
Amortisation of intangible assets	2,578	2,348	4,723
Amortisation of right-to-use assets	281	313	714
Share-based payments	598	436	1,027
(Increase)/decrease in trade and other receivables	(638)	68	(886)
Decrease/(increase) in contract assets	564	(139)	(775)
(Decrease)/increase in trade and other payables	(2,028)	(1,271)	1,560
Decrease in contract liabilities	(238)	(1,874)	(199)
Decrease in sales tax provision arising on acquisition	-	-	(496)
Taxation	(326)	(480)	356
Net finance costs	103	96	213
Cash inflow from operations	2,178	1,112	9,310
Income taxes received	3	1,103	2,473
Income taxes paid	(1,144)	(1,199)	(1,893)
Net cash inflow from operating activities	1,037	1,016	9,890
Cash flows from investing activities			
Interest received	1	3	6
Purchase of property, plant and equipment	(133)	(295)	(806)
Payments of contingent consideration	-	(369)	(4,356)
Payments to acquire intangible fixed assets	(2,521)	(2,392)	(5,195)
Net cash used in investing activities	(2,653)	(3,053)	(10,351)
Cash flows from financing activities			
Interest paid	(63)	(48)	(138)
Principal paid on lease liabilities	(309)	(329)	(645)
Dividends paid	(626)	(622)	(622)
Share issue proceeds (net of costs)	53	-	69
Net cash used in financing activities	(945)	(999)	(1,336)
Net decrease in cash and cash equivalents	(2,561)	(3,036)	(1,797)
Cash and cash equivalents at beginning of period	6,280	9,139	9,139
Exchange adjustments	82	401	(1,062)
Cash and cash equivalents at end of period	3,801	6,504	6,280

Notes to the Interim Report

1. Basis of preparation

Gresham Technologies plc (LSE: “GHT”, “Gresham” or the "Company" or the “Group” or the “Parent”) is a Public limited company and is listed on the London Stock Exchange. The Company’s registered address is Aldermary House, 10 – 15 Queen Street, London, EC4N 1TX and the Company’s registration number is 1072032.

These condensed interim financial statements are unaudited, have not been reviewed by the Group’s auditors, and do not constitute statutory accounts within the meaning of the Companies Act 2006.

These condensed interim financial statements have been prepared on a going concern basis and in accordance with IAS 34 'Interim Financial Reporting', the Disclosure and Transparency Rules and the Listing Rules of the Financial Conduct Authority, and were approved on behalf of the Board by the Chief Executive Officer Ian Manocha and Chief Financial Officer Tom Mullan on 26 July 2023.

The accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those applied in the Group's most recent annual financial statements for the year ended 31 December 2022.

The financial statements for the year ended 31 December 2022, which were prepared in accordance with UK adopted International Financial Reporting Standards (“IFRSs”). The auditors' opinion on those financial statements was unqualified and did not contain a statement made under s498(2) or (3) of the Companies Act 2006.

Copies of these condensed interim financial statements and the Group’s most recent annual financial statements are available from the Group’s website www.greshamtech.com or by writing to the Company Secretary at the Company’s registered office.

2. Segmental information

The segmental disclosures reflect the analysis presented on a monthly basis to the chief operating decision maker of the business, the Chief Executive and the Board of Directors.

For management purposes, the Group is organised into the following reportable segments:

- Clareti Solutions – supply of solutions predominantly to the finance and banking markets across Asia Pacific, EMEA and North America. Includes both software and services that can be accessed in the cloud, on-premise or deployed into hybrid environments. These primary offerings within this segment include:
    - Clareti Control products (including the acquired Electra ‘Reconciliation’ products)
    - Clareti Connect products (including the acquired Electra products except for ‘Reconciliation’)
- Other Solutions – supply of a range of well-established solutions to enterprise-level customers in a variety of end markets
- Contracting Services – supply of IT contracting services to one banking customer.

Transfer prices between segments are set on an arm’s length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated on consolidation.

6 months ended 30 June 2023 (unaudited) – Segmental Information

	Clareti Solutions	Other Solutions		Consolidated
		Software	Contracting Services	
	£'000	£'000	£'000	£'000
Revenue	18,028	2,419	3,452	**23,899**
Cost of sales	(2,457)	(1,183)	(3,033)	**(6.673)**
Gross profit	15,571	1,236	419	**17,226**
Gross profit %	*86%*	*51%*	*12%*	***72%***
Adjusted administrative expenses	(14,467)	(70)	-	**(14,537)**
Adjusted operating profit	1,104	1,166	419	**2,689**
Adjusted operating margin %	*6%*	*48%*	*12%*	***11%***
Adjusting items:				
Exceptional costs				**(36)**
Amortisation of acquired intangibles				**(1,157)**
Share-based payments				**(598)**
Adjusting administrative expenses				**(1,791)**
Operating profit				**898**
Finance revenue				**1**
Finance costs				**(104)**
Profit before taxation				**795**
Taxation				**325**
Profit after taxation				**1,121**

Adjusted operating profit	**2,689**
Amortisation of intangibles	**1,421**
Depreciation of property, plant and equipment	**163**
Amortisation of right-of-use assets	**281**
Adjusted EBITDA	**4,554**
Development costs capitalised	**(2,521)**
Principal paid on lease liabilities	**(309)**
Cash adjusted EBITDA	**1,724**

Segment assets	**78,225**
Segment liabilities	**(27,445)**

6 months ended 30 June 2022 (unaudited) – Segmental Information

	Clareti Solutions	Other Solutions: Software	Other Solutions: Contracting Services	**Consolidated**
	£'000	£'000	£'000	£'000
Revenue	16,381	2,430	4,168	22,979
Cost of sales	(2,381)	(1,218)	(3,645)	(7,244)
Gross profit	14,000	1,212	523	15,735
Gross profit %	*85%*	*50%*	*13%*	68%
Adjusted administrative expenses	(12,762)	(55)	-	(12,837)
Adjusted operating profit	1,218	1,157	523	2,898
Adjusted operating margin %	*7%*	*48%*	*13%*	13%
Adjusting items:				
Exceptional costs				(145)
Amortisation of acquired intangibles				(1,157)
Share-based payments				(436)
Adjusting administrative expenses				(1,738)
Operating profit				1,160
Finance revenue				3
Finance costs				(99)
Profit before taxation				1,064
Taxation				480
Profit after taxation				1,544
Adjusted operating profit				2,898
Amortisation of intangibles				1,191
Depreciation of property, plant and equipment				71
Amortisation of right-of-use assets				313
Adjusted EBITDA				4,473
Development costs capitalised				(2,392)
Principal paid on lease liabilities				(329)
Cash adjusted EBITDA				1,752
Segment assets				79,885
Segment liabilities				(33,090)

Adjusted EBITDA

Adjusted EBITDA is calculated as EBITDA excluding exceptional charges and share-based payments, reconciled as follows:

	6 months ended 30 June 2023 Unaudited £'000	6 months ended 30 June 2022 Unaudited £'000	12 months ended 31 December 2022 Audited £'000
Profit before taxation	795	1,064	3,238
Adjusting items:			
Amortisation of intangibles	2,578	2,348	4,723
Depreciation of property, plant and equipment	163	71	191
Amortisation of right-to-use assets	281	313	714
Notional interest on lease liabilities	23	20	45
Finance revenue	(1)	(3)	(6)
Interest payable	81	79	174
EBITDA	3,920	3,892	9,079
Exceptional items	36	145	153
Share-based payments	598	436	1,027
Adjusted EBITDA	4,554	4,473	10,259

Exceptional items

An analysis of exceptional items included within the Income statement is disclosed below:

	6 months ended 30 June 2023 Unaudited £'000	6 months ended 30 June 2022 Unaudited £'000	12 months ended 31 December 2022 Audited £'000
Acquisition and associated integration costs	-	145	153
Costs associated with the closure of EDT business	36	-	-
	36	145	153

3. Taxation

	6 months ended 30 June 2023 Unaudited £'000	6 months ended 30 June 2022 Unaudited £'000	12 months ended 31 December 2022 Audited £'000
Current income tax			
Overseas tax credit - adjustment to previous periods	-	-	45
Overseas tax charge - current period	743	719	1,570
UK corporation tax credit - adjustment to previous periods	-	-	(1,293)
Total current income tax	743	719	322
Deferred income tax			
(Recognition)/derecognition of deferred tax	(1,069)	(1,199)	34
Total deferred income tax	(1,069)	(1,199)	34
Total (credit)/charge in the income statement	(326)	(480)	356

The prior period UK corporation tax adjustment to prior periods relates to the cash credit received upon the surrender of losses.

4. Earnings per ordinary share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the earnings and share data used in the basic and diluted earnings per share computations:

	6 months ended 30 June 2023 Unaudited	6 months ended 30 June 2022 Unaudited	12 months ended 31 December 2022 Audited
Basic weighted average number of shares	83,549,651	83,364,458	83,393,061
Dilutive potential ordinary shares			
Employee share options - weighted	1,179,432	1,799,004	1,133,957
Diluted weighted average number of shares	84,729,083	85,163,462	84,527,018

	6 months ended 30 June 2023 Unaudited £'000	6 months ended 30 June 2022 Unaudited £'000	12 months ended 31 December 2022 Audited £'000
Adjusted earnings attributable to owners of the Parent	2,912	3,282	6,377
Adjusting items:			
Exceptional items	(36)	(145)	(153)
Amortisation of acquired intangibles	(1,157)	(1,157)	(2,315)
Share-based payments	(598)	(436)	(1,027)
Statutory earnings attributable to owners of the Parent	1,121	1,544	2,882

Earnings per share:			
Statutory			
Basic earnings per share - pence	**1.34**	1.85	3.46
Diluted earnings per share - pence	**1.32**	1.81	3.41
Adjusted			
Basic earnings per share - pence	**3.49**	3.94	7.65
Diluted earnings per share - pence	**3.44**	3.85	7.54

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of this interim statement.

5. Dividends paid and proposed

Amounts recognised as distributions to equity holders during the period:

	6 months ended 30 June 2023 Unaudited £'000	6 months ended 30 June 2022 Unaudited £'000	12 months ended 31 December 2022 Audited £'000
Final dividend			
Final dividend for the year ended 31 December 2022 of 0.75 pence per share	**626**	-	-
Final dividend for the year ended 31 December 2021 of 0.75 pence per share	**-**	622	622
	626	622	622

6. Statement of directors' responsibilities

The Directors are responsible for preparing the half-yearly financial report, in accordance with applicable law and regulations.

The Directors confirm, to the best of their knowledge, that this condensed set of financial statements:

- has been prepared in accordance with IAS 34; and
- includes a fair review of the information required by Rules 4.2.7 and 4.2.8 of the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority (as detailed in the Chief Executive review).

The principal risks and uncertainties facing the Group for the period ending 30 June 2023 and anticipated for the remainder of the year ended 31 December 2023 remain consistent with those disclosed in the Group's financial statements for the year ended 31 December 2022, which are available from www.greshamtech.com.

Specific consideration has been given to the risks due to the Covid crisis, for further details see Chief Executive Review.

7. Related party transactions

No related party transactions have taken place during the first six months of the year that have materially affected the financial position or performance of the Company.

Key Management Compensation

	6 months ended 30 June 2023 Unaudited £'000	6 months ended 30 June 2022 Unaudited £'000	12 months ended 31 December 2022 Audited £'000
Directors' emoluments			
Remuneration	**334**	326	652
Bonuses	**69**	129	298
Pension	**11**	11	22
Share-based payment charges	**296**	151	406
	710	617	1,376

Corporate Information

Registered Office

Aldermary House
10–15 Queen Street
London
EC4N 1TX

Financial Adviser

N+1 Singer Capital Markets Limited
One Bartholomew Lane
London
EC2N 2AX

Auditor

BDO LLP
Arcadia House
Maritime Walk
Ocean Village
Southampton
SO14 3TL

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Solicitors

Blake Morgan LLP
Tollgate
Chandler's Ford
Eastleigh
SO53 3LG

Bankers

HSBC Bank plc
55 Above Bar Street
Southampton
SO14 7DZ

Gresham

Gresham Technologies plc

Aldermary House

10-15 Queen Street

London

EC4N 1TX

investorrelations@greshamtech.com

greshamtech.com **@greshamtech**