Gresham

2023

ANNUAL FINANCIAL REPORT

CORPORATE STATEMENT

Gresham Technologies plc is a global leader in mission-critical software and automation solutions for financial services. Our award-winning Clareti platform helps firms operate efficiently, manage risk, stay compliant, and focus on their customers knowing that their data and digital processes are under control. Listed on the main market of the London Stock Exchange ("GHT.L") and headquartered in the City of London, our industry-recognised Connect and Control Solutions, Data and Managed Services are proven at nearly 300 organisations worldwide, including many of the world's largest banks, investment managers and corporates.

OUR VISION

To remove friction from today's data challenges to unlock tomorrow's business opportunities.

OUR MISSION

We empower businesses to simplify complexity and break down barriers to profitable growth.

OUR VALUES

EMBRACE LEARNING

Harness the value of different perspectives, backgrounds and experience. Everyone has the potential for extraordinary ideas and action.

CREATE TOGETHER

The sum is greater than its parts. Lean in and together we will find innovative solutions for today's problems and tomorrow's opportunities.

BE THE CHAMPION

Take ownership for delivering success, delighting our customers, and helping our business and our people to grow and flourish.

FIND THE FRICTION

We can always be better. Focus where it matters most and seek the 1% improvement every day – in the big things and the small things.

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REASONS TO INVEST IN GRESHAM

We are a global leader in mission-critical software and automation solutions for financial services. We have an enviable blue-chip customer list and an absolute commitment to market leadership through innovation. Supported by our global operating platform, our proven, scalable business model is consistently generating high levels of recurring revenues and delivering profitable growth.

GLOBAL FINTECH LEADER

We have deep domain expertise and support 270 customers across 30 countries, including several of the world's largest banks.

A CULTURE OF INNOVATION

Our 220 staff across ten offices are amongst the most talented in the world, with strong values and a commitment to innovation. This keeps us at the heart of customer workflows.

LONG-TERM MARKET DRIVERS

Our addressable market is expanding as systemic data challenges persist and firms increasingly turn to modern automation solutions to secure operational efficiencies, meet regulatory obligations and customer demands.

SCALABLE SAAS BUSINESS MODEL

Our best-in-class software subscriptions are delivering high-quality, high-growth recurring revenues and strong margins, with 21% organic ARR growth in the last five years.

AMBITIOUS

We are aiming to build a £100m+ ARR SaaS business through a five-pillar growth strategy. We have a highly experienced management team fully committed to delivering shareholder value.

20tn

In mission-critical data assets moved daily

4,500+

Unique and accessible data feeds

STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

10%

CLARETI REVENUE GROWTH[(1)]

8%

CLARETI ARR GROWTH[(2)]

21%

CASH ADJUSTED EBITDA GROWTH

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(1) Excluding abandoned operations.
(2) On a constant currency basis.

STRONG CLARETI RECURRING REVENUES DRIVING PROFITABLE GROWTH

Group revenue

£49.0m +2%

2023	49.0
2022	48.2
2021	37.0
2020	24.8
2019	25.0

Clareti revenue

£36.3m +10%

2023	36.3
2022	32.9
2021	23.4
2020	15.2
2019	15.5

Clareti recurring revenue

£29.6m +10%

2023	29.6
2022	26.9
2021	18.8
2020	11.5
2019	10.4

Adjusted EBITDA

£10.7m +9%

2023	10.7
2022	9.8
2021	7.2
2020	4.5
2019	4.1

Cash adjusted EBITDA

£4.7m +21%

2023	4.7
2022	3.9
2021	2.5
2020	0.3
2019	0.3

Adjusted diluted earnings per share

6.32p (10)%

2023	6.32
2022	7.03
2021	5.02
2020	3.96
2019	1.99

Clareti ARR

£29.5m +5%

2023	29.5
2022	28.1
2021	24.0
2020	12.3
2019	9.5

Clareti ARR net retention rate

105% +3%

2023	105
2022	102
2021	106

Cash

£4.8m (24)%

2023	4.8
2022	6.3
2021	9.1
2020	8.9
2019	9.6

(1) 2022 financials have been restated. Refer to Financial Review and to note 3 of the Group financial statements for full details.

(2) Adjusted EBITDA refers to earnings before interest, tax, depreciation and amortisation, adjusted for one-off exceptional charges, share-based payments and foreign exchange differences on intercompany balances (see note 5 of the Group financial statements).

(3) Adjusted EBITDA less capitalised development spend and any IFRS 16 lease-related cash payments.

(4) Diluted earnings per share, adjusted to add back share-based payment charges, exceptional items, amortisation from acquired intangible assets and foreign exchange differences on intercompany balances.

(5) Excludes any IFRS 16 lease-related payables.

(6) Percentage increases stated above are based on rounding to the nearest £'000 as disclosed at detailed level within this report.

FINANCIAL[1]

- Forward-looking Clareti Annualised Recurring Revenue ("ARR") up 5% to £29.5m (2022: £28.1m) as at 31 December 2023.
- Group revenues up 2% to £49.0m (2022: £48.2m).
- Clareti revenues up 10% to £36.3m (2022: £32.9m).
- Clareti recurring revenues up 10% to £29.6m (2022: £26.9m).
- Adjusted EBITDA[2] up 9% to £10.7m (2022: £9.8m).
- Cash adjusted EBITDA[3] of £4.7m, an increase of 21% on the prior year (2022: £3.9m).
- Profit before tax as reported up £2.2m to £4.1m (2022: £1.9m), including expenses adjusted in EBITDA metrics above of £2.4m (2022: £4.4m).
- Adjusted diluted earnings per share[4] at 6.3 pence (2022: 7.0 pence).
- Cash at 31 December 2023 of £4.8m and no debt after payment of £4.0m in contingent consideration for previous acquisitions (2022: £6.3m and no debt)[5].
- Interim dividend declared at 0.75 pence per share (2022: £nil).

OPERATIONAL

- Standalone Clareti business continuing to grow after becoming cash profitable for the first time in 2022, generating cash EBITDA[3] of £1.6m (2022: £0.6m), as growth, scale and operating leverage begin to take effect.
- Twelve new-name wins, including several global Tier 1 financial institutions, bringing total direct customers to 270 across 30 countries.
- Electra business integration completed and delivering initial cross-sells and operating synergies.
- Strong growth in Cloud and other recurring revenues.
- Net ARR retention for the year of 105% (2022: 102%), highlighting growth within existing customer base.
- Continued growth and development of key accounts.
- Excellent economic returns being realised by Tier 1 firms replacing legacy reconciliation software with Control.
- Digital corporate banking product developed with Australia and New Zealand Banking Group deployed into production use.

OUTLOOK

- Larger, more resilient Group, with more than £38m of FY24 revenues under contract upon entering the year, providing significant visibility and a robust platform to execute growth strategy.
- Management confident about the ongoing execution of its strategy for the Group and the potential for further value creation over the longer term.

RECOMMENDED OFFER

- On 9 April 2024, the Boards of Gresham and Alliance Bidco Ltd ("Bidco") announced the recommended acquisition of Gresham by Bidco at a price of 163 pence per Gresham share, plus the interim dividend of 0.75 pence per Gresham share declared today. The transaction is conditional on, amongst other things, the approval of Gresham shareholders by the requisite majorities of resolutions to be proposed at a Court Meeting and a General Meeting, both convened for 16 May 2024. The scheme document ("Scheme Document") and other documentation in this regard were published on 18 April 2024 and are available on the Investor Hub on the Gresham website.

A GLOBAL PLATFORM FOR GROWTH

We are building a global fintech champion.

105%
ARR NET RETENTION

32%
FIVE-YEAR ARR CAGR

We are made up of three regional hubs:

EMEA
- London
- Bristol
- Solihull
- Southampton
- Luxembourg

82
CONTRACTS

155
EMPLOYEES

AMERICAS
- New York
- Florida

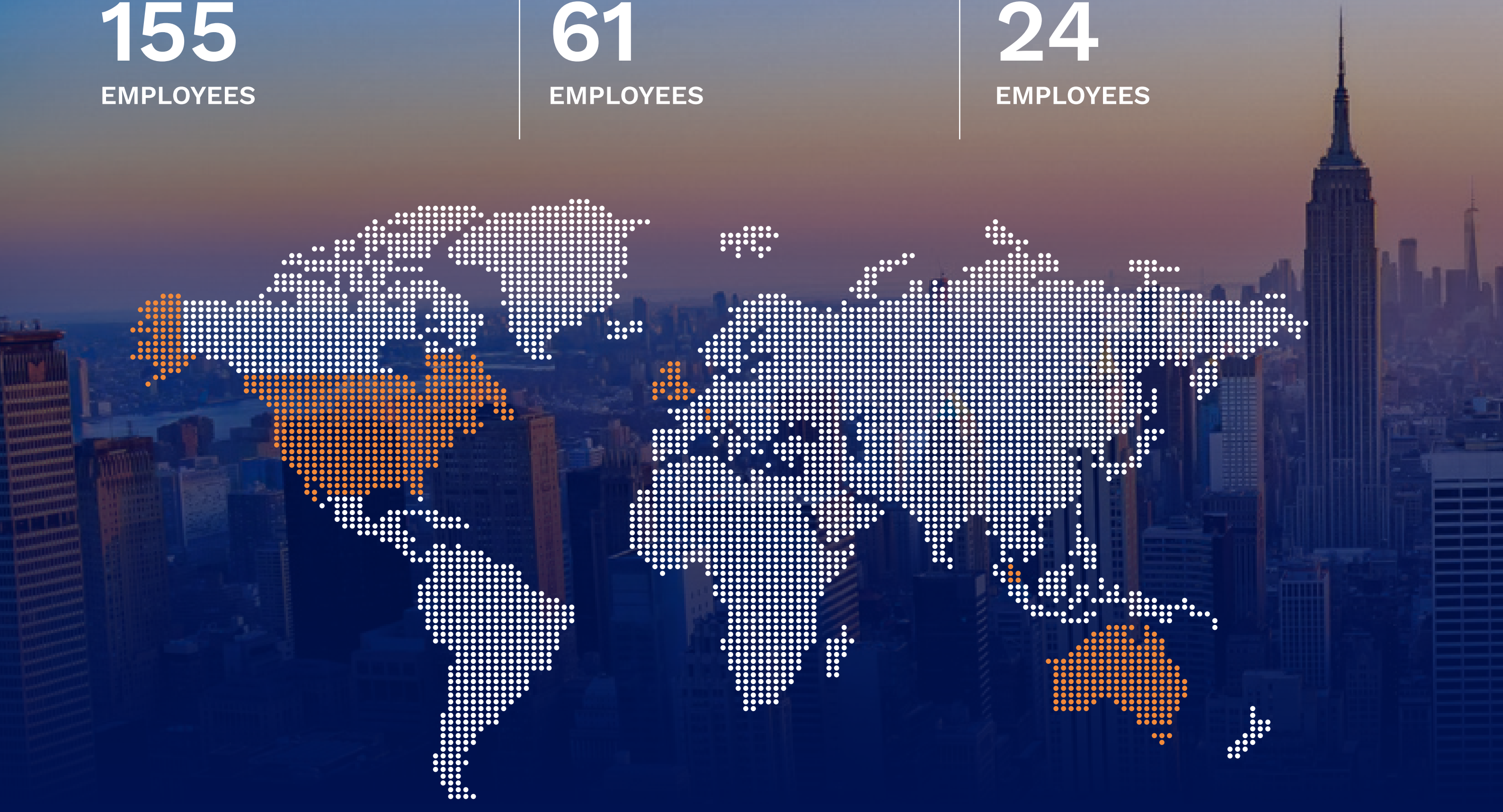
265
CONTRACTS

61
EMPLOYEES

ASIA PACIFIC
- Australia
- Singapore
- Malaysia

11
CONTRACTS

24
EMPLOYEES



TECHNOLOGY SOLUTIONS FOR CONTROL AND AUTOMATION IN FINANCIAL SERVICES

Our technology continuously ensures that customers' actions and decisions are based on data and trustworthy processes.

OUR PLATFORM

CLARETI IS OUR ENTERPRISE-GRADE SAAS PLATFORM TO CONNECT, RECONCILE AND CONTROL "ANY AND ALL" DATA AND PROCESSES.

OUR SOLUTIONS

RECONCILIATION

Simplify the complexity of buy-side and sell-side reconciliations and trade reporting to scale growth with end-to-end automation, intelligent matching, and accelerated onboarding.

REGULATORY REPORTING

Deliver accurate, on-time reports through connectivity with multiple trading and reporting venues, real-time matching, and consolidation across multiple regulatory regimes.

CLOUD CONNECTIVITY

Drag and drop canvas enabling customers to connect to all industry venues and regulatory end points. Operating pre-trade, post-trade and in payments, Connect offers in the cloud Connectivity to 350+ industry end points across North America, Europe and Asia.

DATA EXCHANGE

Post-trade data validated, transformed, and delivered through cloud-native APIs and Kafka, from over 3,500 data providers, the industry's largest provision and dissemination of critical financial information.

OUR INDUSTRIES

BANKING	BROKERS	INVESTMENT MANAGEMENT	PAYMENTS, FINTECH AND DIGITAL ASSETS
INSURANCE	ENERGY AND COMMODITIES	CORPORATES	GOVERNMENT

GROWTH STRATEGY

Our growth strategy is based on five pillars:

- **Cross-industry –** we have an immediate addressable market of 500 banks globally and over 1,000 buy-side firms. We are already regarded as an innovative partner to many of the world's largest financial institutions, coupled with incremental opportunity from new industry verticals.
- **Land and expand –** by delivering ROI every day we believe we can increase revenues with our existing clients as they roll out our solutions across business lines and geographies.
- **International –** we have grown organically and entered new international markets over the last decade. Through the acquisition of Electra in June 2021, we have a large footprint in North America which gives us an important platform for growth.
- **Cross-sell and solutions –** we have a continuous programme of re-investment into product innovation, providing incremental growth opportunities and ensuring our market leadership position is maintained.
- **M&A –** in addition to strong organic growth, we have made a number of successful acquisitions and have the financial strength and trusted partner relationships to engage in further consolidation.

WITH CLEAR OPPORTUNITY FOR OUR PRODUCTS AND A STRONG OPERATIONAL FOUNDATION, THE POTENTIAL FOR GRESHAM IS CLEAR

"It is a pleasure to be presenting my maiden results as Chair of Gresham, having been drawn to the business by the strength of our product set, highly skilled and motivated team, and a clear market opportunity to meet the need to digitise the operations of financial institutions, globally.

In spite of a turbulent financial services and banking environment in 2023, Gresham continued to make solid progress with that momentum continuing into the new year, supported by recurring revenue growth."

DEAR SHAREHOLDER

OVERVIEW

I am pleased to present my first annual results as Chair of Gresham, having joined the Group in October. At the time of my appointment, the Group was making good progress against its strategic objectives, and I am delighted to report that this has continued with the Group closing the year on a high. Alongside eight new customer wins and meaningful strategic progress, whilst navigating through a challenging market environment, the Group delivered a robust financial performance with increased recurring revenues, enhanced profitability and cash ahead of expectations.

A major development in the year was the accelerated transition of the Group to a pure-play SaaS business, a transformation the Board has led over the last decade, utilising the Group's cashflows to invest in its next generation Clareti platform. This journey culminated with a decision in the latter part of FY23 to discontinue the Group's legacy, non-core IT sub-contracting business, enabling the Group to intensify focus on the high-margin Clareti opportunity.

Over those ten years we have invested to evolve towards an own-IP pure-play software business model, characterised by higher margins, sustained growth, multi-year recurring revenue contracts and significantly reduced customer concentration, enhancing our position and resilience in the market.

Against the backdrop of a turbulent financial services and banking environment in the first half of 2023, this has been a busy and productive year for Gresham and is testament to the quality of our team. We remain focused on building a supportive and rewarding environment, ensuring we maintain our excellent culture as we scale. As such, we were pleased to see our Employee Engagement Survey producing an overall engagement score of 76% (2022: 82%), with our employee turnover rate of 15.3% (2022: 16.3%).

FIRST IMPRESSIONS

In taking up the position as Chair, there were a number of qualities that attracted me to the Group.

The first thing was the scale of the opportunity. The highly complex data landscape in financial markets means that generic, legacy IT systems that dominate the sector are not fit for purpose. This is exacerbated by accelerating growth in data volumes, predicted to increase 40% by 2025[1] in the financial services sector, along with changing regulation. The scope to drive efficiencies, improved resilience, adherence to compliance and improved decision-making through the application of automation and modern technology is substantial, and I believe we are only seeing the start of this journey in our target markets.

Furthermore, I have been impressed by the professionalism and dedication of our team. Our people exhibit a depth of expertise and a commitment to serving our clients and developing software that can genuinely make a difference to our clients' operations. The quality and reliability of our solutions and services has consistently been reflected in the year-on-year growth in our client numbers and ARR.

1 BFSI Security Market Size & Share Report, 2025

Finally, the evolution of the Group's financial profile and business model, following prior years of investment and M&A, mean we have the potential to realise the benefits of operational leverage.

OPERATING THE BUSINESS IN A SUSTAINABLE WAY

The Board remains focused on advancing the Group's Environmental, Social and Governance ("ESG") agenda. This includes managing our impact on the environment; our social responsibilities to our people and our communities; improving outcomes for our customers; having consideration for our suppliers; and operating as an ethical business.

To further our support of the Task Force on Climate-related Financial Disclosures ("TCFD"), we created a Sustainability Committee, and conducted our first climate-related scenario analysis.

DIVIDEND

Having considered the Group's financial performance for the year, together with the cash within the business and capital allocation priorities, and in light of the current offer for Gresham mentioned below, the Board is declaring an interim dividend of 0.75 pence per share (FY22: £nil) instead of a final dividend (2022: 0.75 pence). It is intended to pay the interim dividend on 10 June 2024 to all shareholders on the register at close of business on 10 May 2024. The ex-dividend date will be 9 May 2024.

OUTLOOK

We closed the financial year with good momentum, new customer wins adding to the Group's base of recurring revenues, and an improved pipeline. Despite a challenging macro environment, trading is in line with the Board's expectations.

We have a substantial opportunity to expand within our 270 clients, the market drivers for new companies to engage with us have never been more acute and the recent launch of Floe, the Group's smart bank account platform, highlights the new ideas and IP that sits within Gresham today.

On 9 April 2024, the Boards of Gresham and Alliance Bidco Ltd ("Bidco") announced the recommended acquisition of Gresham by Bidco at a price of 163 pence per Gresham share, plus the interim dividend of 0.75 pence per Gresham share declared today.

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RICHARD LAST
NON-EXECUTIVE CHAIR
29 APRIL 2024

DELIVERING MISSION-CRITICAL FINANCIAL TECHNOLOGY TO BUILD RECURRING REVENUES GLOBALLY

OUR STRENGTHS

GROWING MARKET OPPORTUNITY

The financial services industry is being re-imagined through digital transformation and regulatory changes, but firms are constrained by their legacy systems and manual processes. This creates growing demand for smarter data automation and technology controls.

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DISRUPTIVE TECHNOLOGY

Our Clareti platform is best-in-class, versatile, highly scalable and sits at the heart of customer workflows. We have an exceptional innovation engine and a proven track record of bringing disruptive solutions to market, offering fast time to value and low cost of ownership.

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PEOPLE AND CULTURE

We have an exceptional pool of talent that incorporates a vital blend of skills and experience. Our deep domain expertise and dynamic culture ensure we continuously develop and deliver effective solutions for our customers, establishing us as trusted advisers.

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OUR BUSINESS

SALES & MARKETING

Our direct sales team are based in major financial centres and focus on winning and growing customer accounts in our target markets. We run targeted marketing and business development initiatives to generate leads and drive demand whilst facing end market consolidation and lengthy sales cycles. We also generate indirect sales through our partner channels.

CHARGING MODEL

We operate a subscription model for software and cloud solutions. Subscriptions are typically limited by geography, business line, modules and/or volume to allow for future account expansion. Subscription and managed services fees are generally charged annually in advance; with one-off professional services normally charged on a time spent basis.

Our business model is to earn high-margin, recurring revenues by providing innovative and mission-critical data control and automation solutions for financial services.

CUSTOMER SUCCESS

Our customer success team are focused on delivering the best possible service and outcomes for our customers throughout the entire lifecycle, which promotes loyalty, advocacy and account growth. We have professional services consultants in all our key locations. Our global support and managed services teams are available 24/7.

OPERATIONS

We have a mature and highly effective global business platform, which supports our rapid growth and entrepreneurial decision-making within an appropriate governance framework. Our regional go-to-market teams are supported by centralised systems and processes for all key operational areas such as finance, people & culture, IT, information security, and legal.

CREATING VALUE

FOR INVESTORS

A trusted partner to build capital value through protected growth consistently over time in a sustainable manner.

FOR CUSTOMERS

Every action and decision can be based on data and processes which can be trusted. We will remove friction and provide data confidence and digital integrity.

FOR EMPLOYEES

A growth experience that is challenging, fulfilling, meaningful and where our people are appreciated and valued as individuals and as part of the team.

ACCELERATION OF STRATEGIC VISION AND ROBUST FINANCIAL PERFORMANCE

The Group has taken great strides towards achieving its strategic goal of creating a pure-play financial technology company, following the successfully managed exit from the legacy Australian sub-contracting business."

DEAR SHAREHOLDER

OVERVIEW: SIGNIFICANT MILESTONE IN OUR STRATEGIC JOURNEY

In 2023, Gresham achieved key milestones in its journey towards becoming a global leader in mission-critical data control and automation solutions for financial services. As a result of our strategic acquisition of Electra in the US in 2021 and subsequent efforts in defining our integrated technology roadmap, and executing on our sales plan and global marketing strategies, we have extended our position in the market.

This year marked an acceleration in this journey, with nearly 300 organisations globally trusting our solutions to drive their operations forward and our commitment to innovation evidenced by the successful launch of Floe, our new innovative banking platform. With our extended international reach and a firm foothold across banking, capital markets, insurance, and energy trading sectors, we are well positioned for continued growth and success.

As we reflect on our achievements, a number of contract wins helped validate our market standing. This included a Clareti contract win with a major US investment manager where our cloud solution is helping to automate and reduce costs in its operations. We also welcomed two new Tier 1 banking customers later in the year who are using our Control solutions across their business operations.

Our robust financial performance during a year of dramatic events in capital markets underscores our resilience, with Clareti Annualised Recurring Revenue reaching £29.5 million (up 5% on FY22) or £30.4 million on a constant currency basis (up 8% on FY22) by year-end. With EBITDA reaching £10.7 million and healthy cash reserves exceeding our expectations at £4.8 million, we started the new year with confidence and determination to drive further innovation and value for our clients and stakeholders.

MARKET: TRENDS OF DIGITAL TRANSFORMATION, REGULATION AND AI ARE ACCELERATING

2023 has been another challenging year for financial markets and the wider finance sector. With continued concerns over banking liquidity at the start of the year, the broader economic and geo-political challenges as well as the mixed benefits throughout the year of higher interest rates on Banks and Asset Managers, it has been a difficult market for organisations to navigate. More broadly, however, several asset classes performed much better than expected in the year which together with an expectation that monetary policy will normalise through 2024 should support increasing confidence for consumers, corporates and therefore our target clients. Importantly, all the drivers that create a need for banks, fund managers and other financial institutions to engage with us are key boardroom agenda items in both better and tougher years.

CONTINUING PACE OF REGULATORY CHANGES

The regulatory landscape does not stand still, and the last year has only reinforced the need for intra-day monitoring and rule-based reporting. Governments have the challenge of regulating traditional banks and engaging with emerging technologies, particularly in areas like fintech, digital payments, and cryptocurrencies. In Europe the new EMIR Refit reporting rules which go live during 2024 have focused attention on more accurate data for regulatory reporting. In the US, there is an ambitious agenda of change planned in the coming year, including significant proposed changes to capital, resolution planning, consumer compliance, and supervision, among many others. The move to T+1 settlement comes into effect in 2024 in the US, representing a substantial shift in the industry, with Europe and the UK currently debating the switch to a T+1 environment. For banks, these changes will further necessitate building and maintaining effective governance, risk management, and control frameworks, intra-day processing and particularly how they interact with consumers.

INNOVATION IN FINANCIAL SERVICES

Technology-led product and service innovation continues to have a transformative impact on financial services with generative AI, open data, APIs and embedded finance, the digitisation of money, digital identity and concerns over cyber security all likely to grow further in 2024.

The interest and adoption of blockchain technology, cryptocurrencies and other digital assets have been growing. Several US asset managers are planning to launch exchange traded funds ("ETFs") with leveraged bitcoin exposure and expand into bitcoin-based options and other cryptocurrencies after SEC approval. More broadly, financial institutions continue to explore how to integrate blockchain for secure and transparent transactions within their systems and specifically how they can reconcile and report transactions for digital asset classes. This is a good example of where it becomes harder for banks to stretch existing legacy IT systems and we are seeing some banking clients that have implemented our systems over the last five years are returning in a second wave of investment to remain competitive and compliant.

CONTROLLING ARTIFICIAL INTELLIGENCE AND MACHINE LEARNING IN THE FINANCIAL SERVICES SECTOR

The use of artificial intelligence ("AI") and machine learning ("ML") in the financial sector is increasing. These technologies have been deployed for a while for fraud detection, marketing and customer service and are becoming increasingly prevalent as applications are found across the entirety of a bank's internal and external operations. The priority for boards is to ensure automation tools, especially those which are AI driven, are used appropriately and the outputs and decisions taken are compliant, transparent, optimal and explainable. AI has always been a key component of our technology and roadmap but the rapid advances in the potential of the technology are providing us with a range of options to both improve our products, streamline our development cycles, and operate more efficiently as a business.

DIGITAL TRANSFORMATION

Fintech companies continue to challenge traditional banking models, and established financial institutions continually need to adapt, compete and adopt digital technologies to improve efficiency and enhance customer experiences. This includes investing in cloud computing, APIs, mobile applications, and other digital technologies that enable banks to deliver products and services to their customers in a fast, efficient, and seamless manner. This remains the over-arching main driver of our new business discussions.

> We remain focused on our ambition to build a substantial global SaaS business, delivering highly profitable and cash generative recurring cloud revenues."

CLARETI A LEADING SOLUTION IN THE SECTOR

Our conversations with banks, asset managers and a range of institutions encompass all these challenges. Our Data and Connect solutions provide a comprehensive suite for seamless integration into global financial systems, supporting third-party data access and lowering integration risks, costs, and saving time. The Data service offers a cloud-based aggregation platform collecting data from 2,500 sources, processing 14.5 billion records annually, and serving close to 300 clients. The goal is to become a leading independent provider of bank and custodian account data. Meanwhile, Connect solutions enable interaction with bank partners for payments and statements, streamline trading processes, ensuring regulatory compliance, and enhancing real-time data flows through a cloud platform.

Clareti is therefore a clear choice in supporting many companies in delivering optimised business processes, enhanced data accuracy, all while ensuring compliance with regulatory frameworks. Most importantly, our software and managed services enables customers to prioritise and focus on improving their own client service levels and propositions. This is why we grow our client numbers year-on-year and why many of our existing clients return each year to expand and upgrade their systems.

CLIENT WINS WITH MAJOR BANKS AND BUY-SIDE FIRMS

A good example of Clareti in action was our major win during the year with a major player in the US investment management industry. This contract was particularly pleasing because of the size and importance of the client but it also highlighted the end-to-end service and transformation we can deliver.

The firm, which offers active equity and fixed-income solutions to institutional and private clients, selected us to help automate and reduce costs in its 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. Following an extensive evaluation of market options, the firm selected Control for Investment Management delivered as a service in the Clareti Cloud.

The contract includes minimum subscription fees of $240k per annum over an initial five-year committed term, with potential for incremental subscription fees through optimal managed services and usage expansion and additional service income.

The Group also secured a number of wins to close the year. In December, contracts for initial deployments with two new Control customers were signed including a Tier 1 global investment bank and one of the world's largest sovereign wealth funds. In addition, an agreement was reached with two recently merged Tier 1 bank customers for the adoption of Control as standard across the combined business operations, providing a high level of certainty over existing recurring revenues.

INNOVATION: FLOE – OUR NEXT GENERATION BANK ACCOUNT PLATFORM

It is that focus on the end banking customer that has driven one of our most exciting innovation programmes over the last few years. In Q3 2023 after nearly four years of development funded by our partner, ANZ Bank, we launched our next generation banking platform, Floe.

The partnership, first announced in September 2019, has focused on developing next generation solutions for digital corporate banking and particularly targeting corporate cash management workflows and embedded bank account solutions. We have made remarkable progress over the past three and a half years and our collaboration with ANZ has been transformative in terms of the product and go-to-market plans we have today. From 2020 to 2021 we engaged in intensive design, development and deployment phases, culminating in early releases of our product. Through 2022 rigorous testing procedures led to the realisation of a product-grade solution, now actively deployed with ANZ Bank. As we enter the next phase, our focus now shifts towards monetisation.

At the core of Floe's mission lies our commitment to facilitating faster, more flexible, and frictionless corporate banking experiences. Floe is a cloud native, modular and configurable application that can build on existing legacy systems to provide a modern, real-time, digital banking platform. Future solutions included embedded bank accounts, in-house banking, and banking-as-a-service offerings, all enabled with a modern API centric and cloud-native architecture.

The cloud design makes it flexible for different banking environments, it is highly scalable and secure and is based on industry standards for communication, making it easy to connect to other systems, and therefore offer new services quickly.

We believe our target market encompasses approximately 250 to 300 middle-sized transaction banks globally, with a focus on those seeking innovative solutions without the need for extensive in-house development or core system replacements.

Financially, we expect scaling Floe to be broadly self-funding in the near term. Beyond that we believe Floe has the potential to extend our strategic importance in our target markets and become a material contributor to ARR.

ANZ SERVICES RELATIONSHIP

As the Floe programme has progressed, we have taken the opportunity to review our ongoing relationship. In consultation with ANZ, the Company agreed to exit the lower margin legacy sub-contracting business under which locally based freelance IT contractors are provided to the Bank on short-term agreements. We recognised £8.1m in revenue from these arrangement in FY23 with fixed margins of 13%, and the business was being abandoned from December 2023. In line with the Group's strategy, these changes will continue the Group's transformation to a pure-play SaaS company and lead to an immediate improvement in gross and adjusted EBITDA margins.

PEOPLE

In 2023, as we largely completed our transition to a pure fintech-focused software business, we have taken the opportunity to re-evaluate our marketing strategy. A key part of this new approach is the investment in our brand and our commitment to maintaining a challenger culture in product development and client interaction. In July we were therefore pleased to welcome Geneva Loader to our team, to lead the Group-wide marketing strategy.

Looking forward as we think about our technology roadmap over the next five years, post year-end we announced the appointment of Andrew Elmore as Chief Technology Officer. With his industry experience, he will not only add valued insight and knowledge into our R&D roadmap but also provides a fresh opportunity to look at our processes and how we best allocate product development capital.

Importantly, Neil Vernon, CTO from the start of our Clareti journey, has transitioned to the newly created role of Chief Product and Innovation Officer, with a focus on identifying and driving next generational product strategy; including artificial intelligence and machine learning to serve the evolving needs of the financial services data landscape.

CURRENT TRADING AND OUTLOOK: ENCOURAGING CLIENT INTERACTIONS IN Q1

We have had a positive start to 2024 and while sales cycles remain elongated and end markets are consolidating, there are some signs of improving trends across our clients which gives us confidence for the year ahead. The successful transformation of the Group presents us with opportunities to enhance efficiencies across the organisation while remaining steadfast in our roadmap and go-to-market strategy. This dual emphasis on growth and operational refinement positions us for sustained success and innovation in the marketplace, driven by our commitment to client success and our own operational excellence.

IAN MANOCHA
CHIEF EXECUTIVE
29 APRIL 2024

OUR KEY STRATEGIC OBJECTIVES FOR PROFITABLE GROWTH

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 CLARETI SOFTWARE AND CLOUD SERVICES.

2 CREATE A VALUABLE FINANCIAL TECHNOLOGY BUSINESS THROUGH CLARETI-LED GROWTH AND COMPLEMENTARY ACQUISITIONS.

3 ESTABLISH CLARETI AS THE ENTERPRISE DATA INTEGRITY PLATFORM “CATEGORY LEADER”.

4 FOCUS OUR PRODUCT INVESTMENT ON INNOVATIVE CLARETI SOLUTIONS FOR OUR CHOSEN MARKETS.

5 RETAIN STRATEGIC NON-CLARETI REVENUES TO SUPPORT CLARETI-LED GROWTH.

KEY ACHIEVEMENTS IN 2023	KEY PRIORITIES FOR 2024
We increased Clareti ARR by 5% (see KPIs, page 20). Clareti ARR now represents 90% of Group ARR (2022: 89%), and 59% of our Clareti ARR is generated from our cloud solutions (2022: 57%).	We will continue to invest in sales and marketing capacity generally. We will look for opportunities to strengthen our team. We will refine our strategies and processes and increase our focus on renewals management.
We have delivered Clareti revenue and profitability growth, with Clareti becoming increasingly cash positive, thereby increasing the inherent value of the Group.	Our aim is to increase Clareti ARR and profit margins by prioritising revenue-generating investments and implementing cost optimisations throughout the Group. We will continue to explore appropriate acquisition opportunities.
We won Best Regulatory Reporting Solution in the Financial Technologies Forum ("FTF") 2023 Tech Innovation Awards. We refreshed our corporate website and developed new collateral to support our credentials.	We will increase our focus on digital marketing initiatives to promote our brand and our solutions, and generate demand in a highly effective manner. We will host customer forums, provide thought leadership and strengthen our position as a category leader in data control.
We continued to invest in product improvements throughout 2024, with a number of new features released including API enhancements and natural language business rules. We delivered architectural changes to support platform optimisations and future product roadmap plans.	We plan to deliver major new features and functions in 2024 across our product sets that will increase the value of our propositions, including thin UIs and further APIs. We also intend to expand our use of AI in products to increase automation and useability.
Our non-Clareti business has operated strongly, and its contribution has supported Clareti investments. We decided to discontinue the contracting services business in Australia.	We will continue to operate the residual non-Clareti business as efficiently as possible, whilst minimising risk and operational complexity. We will keep legacy products under review and consider changes or discontinuations where appropriate.

PUTTING STAKEHOLDERS IN CONTROL OF THEIR DATA, OPERATIONS AND GROWTH

CONTROL

Control is the industry-leading solution for ensuring consistency of data within and across organisations. It is engineered to handle any type of data, of any complexity, and with support for the extreme volumes which are typical within the largest Tier 1 financial institutions.

Gresham's Control solution is already improving our control mechanisms while simultaneously allowing us to innovate and scale. This particular module was exactly suited to meet the challenges we're facing today, and Gresham's best-in-class technology stack is aligned with several of our future objectives. We're looking forward to expanding our relationship to leverage additional solutions and services such as securities reconciliation and other key functions which are essential to our long-term competitive advantage and business growth targets."

HEAD OF OPERATIONS
NEXT GENERATION PAYMENTS BANK

CONNECT

Fully managed intelligent connectivity, data migration and integration with trading partners, banks, clients, regulators and other venues across the financial services ecosystem.

We were struggling with in-house development resources, with even fewer understanding the differing types of Post Trade feeds across trading systems that our primary dealer business needed. Our main aim was to be up and running quickly so time-to-market was important, but as with any business scaling up, controlling operational connectivity and integration costs was also a factor – Gresham's Connect allowed us to do just that and we couldn't be happier!"

HEAD OF MIDDLE OFFICE
PRIMARY DEALER

50%
typical reduction in exception handling by firms using Control

97%
reduction in time to onboard new controls

42
countries using Connect and Control at one multi-national corporation

350+
adaptors and transformations, for out-of-the-box connectivity

DATA SERVICES

A fully managed cloud service that aggregates, normalises and delivers accurate, reliable data on securities, cash positions, transactions and investigations.

RECONCILIATION MANAGED SERVICES

Gresham's Managed Services provides flexible service options, cloud deployment, operations and technical services while supporting our Connect and Control Solutions, giving you the ability to simplify, streamline and scale multiple workflows and platforms through one trusted provider.

Gresham's Data Services saves an immeasurable amount of time each day in collecting data, checking and chasing down feeds, managing and adding accounts, and normalising and delivering the data to our reconciliation workflows, portfolio accounting systems, and wherever we need to drive back-office efficiencies."

MARLYN MORRIS
HEAD OF OPERATIONS
AXIOM INVESTORS

As our business underwent a period of significant growth, we found that the increased volume and complexity of data and reconciliations was putting more and more stress on our operations team which would have required adding headcount. Thanks to Gresham's Managed Services, we are actually predicting another 50% reduction in reconciliation time, down to 15 hours per week. This is all due to Gresham's team always finding more ways to improve our process even as we grow and expand into new markets."

JULIANNA JONES
OPERATIONS MANAGER
WCM INVESTMENT MANAGEMENT

1,600+
global data sources

1.2bn
The average number of records acquired each month on behalf of our customers

4,800
unique data feeds

£20tn
in assets moved daily by our solutions

£3m
in yearly savings delivered for a Tier 1 investment bank

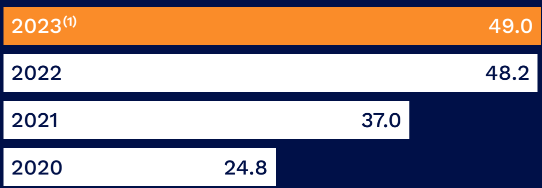
MEASURING OUR PROGRESS

FINANCIAL KPIS

The following key performance indicators ("KPIs") have been selected as the most appropriate financial measures of strategy execution for the Group. Performance of these KPIs has been discussed within the Chair's Statement, CEO's Statement and Financial Review.

Group revenue

£49.0m +2%



DESCRIPTION

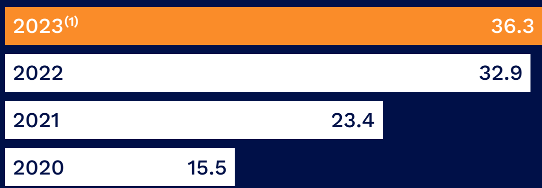
Total revenue generated and recognised in the year from all operations, including Clareti Solutions and Other Solutions.

WHY IS IT A KPI?

Measures the Group's overall performance at revenue level, which is an indicator of the Group's overall size and complexity.

Clareti revenue

£36.3m +10%



DESCRIPTION

Total revenue generated and recognised in the year from Clareti Solutions.

WHY IS IT A KPI?

Measures the Group's success in winning and retaining Clareti revenues, which is an indicator of the Group's progress in its Clareti-led strategy.

Clareti ARR

£29.5m +5%

DESCRIPTION

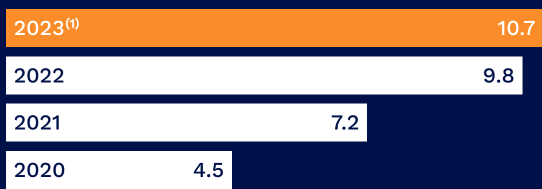
Aggregate value of all recurring revenues from Clareti Solutions that are either fully or partially contracted for the next twelve months and/or are highly expected to renew in the next twelve months. The value stated is as at 31 December 2023.

WHY IS IT A KPI?

Provides a forward-looking view of the minimum expected Clareti revenues in the next twelve months, which gives confidence to business planning and investment decisions.

Adjusted EBITDA[2]

£10.7m +9%



DESCRIPTION

Group earnings before interest, tax, depreciation and amortisation, adjusted for share-based payment charges and exceptional items.

WHY IS IT A KPI?

Key measure of the Group's effectiveness in converting revenue to earnings, excluding the effects of certain non-operational and/or exceptional transactions.

Notes

(1) All KPI data excludes abandoned operations, except for profit before tax which includes abandoned operations and exceptional items.

(2) The adjustments to earnings per share and EBITDA have been provided in order to present the underlying performance of the business on a comparable basis (see note 5).

Cash adjusted EBITDA[2]

£4.7m +21%

2023[1]	4.7
2022	3.9
2021	2.5
2020	0.3

DESCRIPTION

Adjusted EBITDA less capitalised development spend and any IFRS 16 lease-related cash payments.

WHY IS IT A KPI?

A reflection of cash generation in the year, reflecting the Group's effectiveness in converting revenue to cash generation.

Adjusted diluted earnings per share[2]

6.32p (10)%

2023[1]	6.32
2022	7.03
2021	5.02
2020	3.96

DESCRIPTION

Earnings per individual share, taking into account changes in capital structure and issued equity on a fully diluted basis, adjusted for share-based payment charges, deferred tax charge on inter-group sale of IP, exceptional items and amortisation from acquired intangible assets.

WHY IS IT A KPI?

Measure of Group profitability that identifies performance on a per share metric and enables comparisons against other companies.

Net cash

£4.8m (24)%

2023[1]	4.8
2022	6.3
2021	9.1
2020	8.9

DESCRIPTION

Aggregate net cash balance as at 31 December 2023 including bank deposits after operational, investing and financing activities during the financial year.

WHY IS IT A KPI?

Provides a measure of the Group's financial strength and self-sufficiency to support operations, make investments and withstand unexpected headwinds.

NON-FINANCIAL KPIS

The following KPIs have been selected as the most appropriate non-financial measures of strategy execution for the Group. Performance of these KPIs has been discussed within the Chair's Statement, CEO's Statement and Financial Review. The Group tracks a number of other non-financial performance indicators operationally that are not considered to be individually relevant as measures of overall strategy execution success. This is reviewed annually.

AVERAGE CLARETI ARR PER DIRECT CUSTOMERS

£117k (2022: £111k)

DESCRIPTION

Clareti ARR divided by number of direct Clareti customers.

WHY IS IT A KPI?

Growing the customer base, with higher value or potential value customers provides additional predictability and revenue as well as opportunities for future expansion.

CLARETI ARR NET RETENTION RATE

105% (2022: 102%)

DESCRIPTION

The rate of Clareti ARR growth in the previous twelve months based exclusively on contracts in place at the start of the twelve-month period. Includes annualised and apportioned rate from Electra since acquisition.

WHY IS IT A KPI?

This measure provides the Clareti ARR growth rate of a specific customer cohort from start to end of the year, which enables the Group to analyse and address causes of Clareti ARR attrition and plan more reliably.

PEOPLE ENGAGEMENT SCORE

76% (2022: 82%)

DESCRIPTION

The overall score derived from the Group's employee engagement survey.

WHY IS IT A KPI?

A highly engaged workforce tends to be more productive, so this measure provides an assessment of the overall engagement. The survey results enable the Group to take targeted action as appropriate.

SECTION 172(1) STATEMENT

Section 172(1) of the Companies Act 2006 provides that a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) the likely consequences of any decision in the long term;

(b) the interests of the company's employees;

(c) the need to foster the company's business relationships with suppliers, customers and others;

(d) the impact of the company's operations on the community and the environment;

(e) the desirability of the company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between members of the company.

This section describes how the Directors have had regard to the matters set out in section 172(1)(a)-(f) of the Companies Act 2006 and forms the Directors' statement required under section 414CZA of that Act. In making this statement, the Directors have focused on matters of strategic importance to the Group, having regard to the size and complexity of its business.

INVESTORS

WHY ENGAGEMENT IS IMPORTANT

To communicate our long-term strategic objectives effectively and promote long-term holdings.

To secure investor support for our strategic objectives and ensure access to capital to deliver on our execution plans.

HOW MANAGEMENT AND/OR DIRECTORS ENGAGE

AGM, analyst presentations, investor presentations, investor roadshows and, periodically, capital markets days.

Individual investor meetings with CEO, CFO, SID, Chair, and Committee Chairs.

Investor relations reports, including roadshow feedback, from broker and financial PR advisers.

STRATEGIC DECISIONS IN THE YEAR

We held an investor event in early 2023 for existing and prospective investors and analysts focused on FY22 results, strategic execution, and market opportunity; as well as an investor briefing in October 2023 focused on Floe.

We continued to enhance our investor communications, website and corporate materials in collaboration with our Financial PR advisers.

For further information, see Corporate Governance Report, starting page 48.

CUSTOMERS

WHY ENGAGEMENT IS IMPORTANT

To ensure we meet or exceed our customers' requirements and maintain competitive advantages.

To build a highly referenceable customer base with low attrition rates.

To identify and assess new market opportunities and collaborate with customers on high-value projects.

To promote brand loyalty and identify sales opportunities for other Gresham solutions.

HOW MANAGEMENT AND/OR DIRECTORS ENGAGE

Quarterly customer success meetings involving management representatives, and customer satisfaction surveys.

Executive sponsorship programme for key accounts.

Chairing industry roundtables and customer forums to communicate and consult on product development priorities and new features addressing emerging market requirements.

Webinars and market/sector specific reports and articles.

Monthly Board updates and twice-yearly deep-dive reports on Information and Cyber Security.

STRATEGIC DECISIONS IN THE YEAR

We made strategic product investments to enhance our value proposition for customers.

We committed further resources to cyber security to enhance our security posture and give our customers greater assurance around the security and resilience of our solutions and operations.

For further information, see CEO's statement, starting page 12 and ESG, starting page 25.

WORKFORCE

WHY ENGAGEMENT IS IMPORTANT

To retain talent, maintain high productivity rates and increase customer satisfaction.

To promote our positive organisational culture, purpose and values, foster a healthy working environment, support individual wellbeing, learning and development opportunities, and be a responsible business.

To maintain competitive advantage and deliver market-leading solutions.

HOW MANAGEMENT AND/OR DIRECTORS ENGAGE

Engagement surveys, all-company communications, and Executive and SMT visits to global offices.

Performance reviews and objective setting, with people policies and initiatives that support engagement, inclusion, professional development, and wellbeing.

Initiatives such as mental health awareness, charity fundraisers, and social events.

STRATEGIC DECISIONS IN THE YEAR

We continue to monitor the effectiveness and success of our hybrid working policy and our flexible approach, ensuring our people are able to drive results and benefit from an improved work-life balance.

Boosting engagement with our learning platform to ensure our people and teams have access to learning when they need it. We continued to enhance our investor communications, website and corporate materials in collaboration with our Financial PR advisers.

For further information, see ESG and People and Culture, starting page 25.

SUPPLIERS

WHY ENGAGEMENT IS IMPORTANT

To ensure we operate our business effectively and without disruption.

To act fairly and responsibly with respect to our suppliers.

To adhere to our contractual obligations to suppliers.

HOW MANAGEMENT AND/OR DIRECTORS ENGAGE

Quarterly customer success meetings, iKey supplier relationships are managed by the relevant members of the management team.

We participate in supplier reviews when requested.

STRATEGIC DECISIONS IN THE YEAR

No strategic decisions made in the year to alter our commitments made to date.

COMMUNITIES & ENVIRONMENT

WHY ENGAGEMENT IS IMPORTANT

Developing our reputation as a responsible and sustainable business.

Implementing strategies to support our communities and environment under threat from adverse effects of climate change.

HOW MANAGEMENT AND/OR DIRECTORS ENGAGE

Leadership of ESG, sustainability and climate-related matters through Risk Review Board and ESG Champions Network.

Twice-yearly reports to the Board on sustainability and climate-related matters.

Engagement with ratings agencies, customers and suppliers on ESG and climate-related matters.

STRATEGIC DECISIONS IN THE YEAR

Creation of a Sustainability Committee with executive sponsorship.

Investment in upskilling Company Secretariat skills and experience in ESG and wider sustainability measures and regulatory requirements.

SCALING UP RESPONSIBLY

SCALING UP RESPONSIBLY

As a Group we remain committed to our ESG strategy of "Scaling up responsibly". Built across three interwoven pillars, our strategy is underpinned by good culture and brilliant governance as the existing foundations for our success.

- Our Customers – leveraging our growth to improve sustainable customer outcomes.
- Our People – fostering positive, inclusive and productive communities in our business and our industry.
- Our World – managing our impact on the environment and being a force for good in our world.

ESG CHAMPIONS NETWORK

Engagement from our ESG Champions Network continued to support the implementation of the Group's ESG strategy; representing individuals, business functions and geographies passionate about ESG, accelerating positive impact for our people, our customers and our world, and championing ESG initiatives across the Group.

PEOPLE AND CULTURE

Our aim is to be a highly valued, engaging and responsible employer, where our people uphold our core values and are encouraged to excel. We challenge ourselves to be an inclusive and collaborative place to be successful.

Our people are key to our collective expertise and 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 are recognised and rewarded.

ATTRACTING, RETAINING AND DEVELOPING OUR TALENT

We implement Group-wide strategies designed to attract, retain and develop our people that reflect local geographic and industry economic climates. These 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, linked to personal objectives and wider team and Group objectives. The annual bonus scheme is complemented by our employee share scheme, designed to align employee incentives with shareholder interests through the award of shares.

Our hiring model is based on creating agile, highly motivated and collaborative teams. 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.

We operate leadership development programmes to equip our people leaders with the fundamental tools, techniques and resources to coach and mentor teams to deliver a winning performance. Alongside this we support personal and professional growth; encouraging our people to develop their technical competency as well as interpersonal skills and those related to our values-based behaviours.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE CONTINUED

ENGAGING WITH OUR PEOPLE

We have an "always on" approach to employee engagement and communications, including regular meetings within individual teams, Group-wide communications, confidential feedback mechanisms and engagement surveys. Performance appraisals happen formally at the end of each year, but we encourage ongoing dialogue and continuous performance management coaching conversations throughout the year to ensure our people receive support and feedback to be successful in their roles and continue to grow at Gresham.

Trust is vital in order to support and promote the exceptional levels of employee engagement we enjoy and helps ensure that the working environment balances wellbeing, provides motivating opportunities for growth, and operates with compassion.

EQUALITY, DIVERSITY AND INCLUSION

Gresham is an equal opportunity employer. We celebrate diversity and are committed to creating an inclusive environment for our people. We are committed to ensuring our workplaces remain free from unlawful or unfair discrimination in accordance with applicable legislation, as well as our values. We are determined to ensure that no applicant or employee receives less favourable treatment on the grounds of any difference in diversity; publishing a statement on equality, diversity and inclusion, which can be found at www.greshamtech.com/edi.

GENDER ANALYSIS

	Female			Male			Total		
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021
Executive Directors	**—**	—	—	**2**	2	2	**2**	2	2
Senior managers	**2**	2	2	**7**	6	6	**9**	8	8
Staff	**57**	51	42	**173**	155	156	**230**	206	198
Total	**59**	53	44	**182**	163	164	**241**	216	208
Non-Executive Directors	**1**	2	2	**2**	2	2	**3**	4	4

COMMUNITY

We are proud to be Business Class members of and advisers to The Prince's Responsible Business Network through our partnership with Business in the Community ("BITC"). BITC's vision is to make the UK the world leader at responsible business through inspiring, engaging and challenging businesses to tackle some of global society's biggest issues.

ETHICAL BUSINESS PRACTICES

We are committed to corporate sustainability and to a principled approach of doing business. We recognise that we have a duty to manage our business affairs and operations in a sustainable and responsible manner, and expect the highest standards of ethical conduct from our people and organisations we work with. We have a zero-tolerance approach to unethical activities such as corruption and bribery, as well as issues affecting fundamental human rights. Our annual statement on modern slavery can be found at www.greshamtech.com/modern-slavery.

ENVIRONMENT

POLICY STATEMENT

Gresham recognises its duty to manage its business affairs and operations in a sustainable and responsible manner. This includes minimising the impact of our activities on the environment and supporting environmental initiatives relevant to our industry. Our environmental policy sets out our responsibilities and actions that support our environmental strategy.

We strongly believe that urgent action is needed to combat climate change and support the Task Force on Climate-related Financial Disclosures ("TCFD") and the wider movement on climate change. Our TCFD Statement is available in this report, starting on page 28.

CARBON EMISSIONS

Gresham's mandatory reporting of greenhouse gas emissions is pursuant to the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the "Regulations"). Gresham's greenhouse gas reporting year is the year ended 31 December 2023, to align with our fiscal year and 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; not having responsibility for any emission sources that are beyond the boundary of Gresham's operational control.

The methodology used to calculate Gresham's emissions is based on the "Environmental Reporting Guidelines, including mandatory greenhouse gas emissions reporting guidance" (June 2013) and "The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018" issued by the Department for Environment, Food and Rural Affairs ("Defra"). Gresham has also utilised Defra's 2016 conversion factors within the reporting methodology.

Our UK and Group global greenhouse gas emissions disclosure for the year ended 31 December 2023 is made below.

		UK				Group				
Metric	Unit	2020	2021	2022	**2023**	2020	2021	2022	**2023**	Global % YoY change
Absolute Scope 1 & 2 emissions	tCO_2e	24	19	17	**23.1**	37	40	39	**48**	20-21: +8% 21-22: -3% 22-23: +23%
Absolute Scope 3 emissions	tCO_2e	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	**n/a**	n/a
Emissions intensity	tCO_2e per £1,000,000 revenue	2.3	1.8	1.4	**1.9**	1.5	1.1	0.8	**1.0**	20-21: -27% 21-22: -27% 22-23: +25%
Energy consumption	kWh	104,000	88,000	90,000	**110,000**	158,000	186,000	200,000	**230,000**	20-21: 18% 21-22: 7% 22-23: +15%

Emissions data has been reported for Gresham's operations in the UK, USA, Luxembourg and Australia. Locations in Malaysia and Singapore are not considered 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.

2023 TCFD COMPLIANCE

We recognise that changes to the climate present extensive risks and opportunities; with the TCFD recommendations representing a valuable and effective method of bringing about the systemic and permanent changes to business processes, practices and operations that are needed to accelerate the pace of change and protect our world; which is why we continued our support throughout 2023.

The Company's TCFD compliance statement for the year ended 31 December 2023 is set out in the following table.

RECOMMENDATION	DISCLOSURE	COMPLIANCE	SUMMARY OF PROGRESS
GOVERNANCE The organisation's governance around climate-related risks and opportunities.	a) Board's oversight of climate-related risks and opportunities b) Management's role in assessing and managing climate-related risks and opportunities	Fully compliant Fully compliant	• The Board has overall responsibility for risk management and internal control (including climate-related); formally reviewing climate-related matters twice-yearly, alongside updates on developments within the climate space, and monthly Board packs containing climate-related risk updates. • Chief Executive, Ian Manocha, has ultimate responsibility for oversight and monitoring of climate-related risks and opportunities and integrating these considerations into the Company's strategic response and decision-making. • The Risk Review Board, made up of departmental management and a Non-Executive Director, carries out quarterly reviews of Group-level risks; with a section specifically dedicated to climate-related risks. • Group COO, Jonathan Cathie, appointed to chair future Sustainability Committee meetings to aid in the governance around ESG, climate change and sustainability.
STRATEGY Actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	a) Climate-related risks and opportunities b) Impact on the organisation's businesses, strategy, and financial planning c) Resilience of the organisation's strategy	Fully compliant Fully compliant Fully compliant	• Climate-related risks and opportunities have the potential to affect our business over the short (0-3 years), medium (3-10 years) and long-term (10+ years). • We conduct annual Group-wide climate risk and opportunity evaluations (see heat map and table below). • Climate-related scenario analysis was undertaken in the year to develop a more comprehensive understanding of the Group's material climate-related risks (see page 30). Noting the IPCC's AR6 report, our scenario analysis models have been based on average global temperatures of 1.5°C, 2°C and 3+°C above pre-industrial levels.

RECOMMENDATION	DISCLOSURE	COMPLIANCE	SUMMARY OF PROGRESS
RISK MANAGEMENT How the organisation identifies, assesses, and manages climate-related risks.	a) Risk identification and assessment process	Fully compliant	• Our risk management framework ensures a dedicated climate risk and opportunity assessment; with any climate-related risks considered by the Risk Review Board having oversight before reporting to the Board of Directors. • A climate-related scenario analysis was carried out by the company secretariat with input from departmental managers. • For risks identified, assessments were carried out to determine potential impact to the business within various scenarios before considering financial impacts. • Where climate-related risks have a risk rating outside of tolerance, these were further considered as potential principal risks in the context of our business.
	b) Risk management process	Fully compliant	
	c) Integration into overall risk management	Fully compliant	
METRICS AND TARGETS The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process	Not compliant	• Following our climate-related scenario analysis, we plan to develop our climate-related metrics. • Our Scope 1 and 2 GHG emissions are disclosed in the table below. • In future we plan to collect and measure our Scope 3 GHG emissions, setting targets against metrics in our most relevant areas for reduction.
	b) Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas (“GHG”) emissions, and the related risks	Partially compliant	
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Not compliant	

CLIMATE-RELATED RISKS AND IMPACT

Based on our assessment to date, we have identified several potential climate-related risks, the key ones of which are outlined in the following table.

RISK	RISK DESCRIPTION	POTENTIAL FINANCIAL IMPACTS	TIME HORIZON	OUR RESPONSE/ MITIGATING ACTIONS
PHYSICAL RISKS				
DIGITAL INFRASTRUCTURE	Floods, storms, and extreme heat is testing the resilience of vital infrastructure including data centres and cloud stability which we rely on to deliver our core services.	• Any outages caused by damage to digital infrastructure could affect service delivery, affecting client relationships with negative impact on revenue and trust in Gresham's platform and products. • The business could face increased operating costs as data centre providers are forced to invest more in adaptation and resilience measures.	Medium-long	• We were not impacted by any data centre outages in the year that were due to climate-related incidents, as far as we are aware. • To date, we have not been notified of any current or future cost increases linked to climate-related adaptation and resilience, although we keep this under review.
FACILITIES AND WORKFORCE	Heatwaves, flooding, storms and drought have the potential to damage our facilities, local infrastructure and affect the physical safety, security, productivity and availability of our people.	• Lost revenue through impacts on business continuity. • Increased costs through reduced workforce productivity and absenteeism. • Damage to buildings and equipment could result in financial impact through uninsured losses and increased insurance premiums.	Short-medium	• Our hybrid working policy continues to enable our people to operate effectively from any location. • Our BCP provides guidance and structure in the event that our facilities and/or workforce are affected by climate-related incidents. • We occupy leased offices, meaning landlords take all buildings risks. Should costs increase materially, we would review our real estate footprint. • We maintain contents insurance, but should this not be available, we would consider self-insuring. • Consideration given to reducing our physical server footprint in our office locations.
TRANSITION RISKS				
COST PRESSURES	Climate-related operational cost pressures due to supplier energy price rises (due to increased energy costs, renewables investment and global conflicts) and increased costs of cloud computing.	• If increased operating costs could not be passed onto customers, margins and profitability could affect inward investment through perceived attractiveness to investors. • Subsequent cost increases to our services could impact customer relationships and ultimately revenue if customers decide to "shop around".	Short-medium	• By considering the reduction of our server footprint throughout our office locations, cost pressures would increase due to higher cloud-hosted costs. • Regularly review suppliers to ensure positive tackling of climate-related issues as well as best value for money.

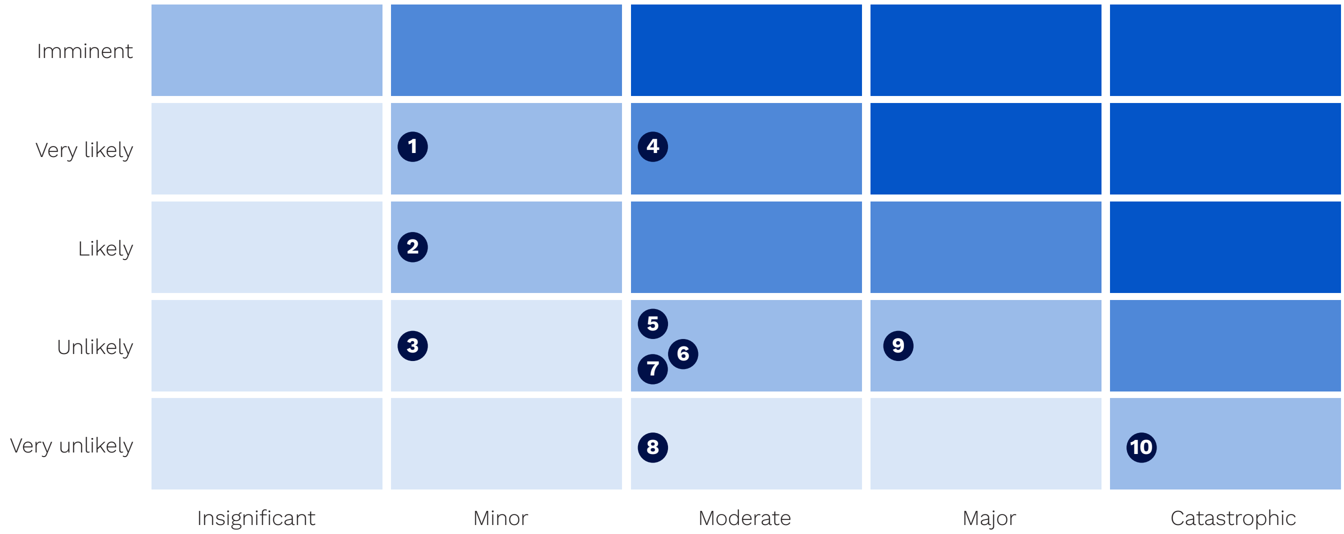
RISK	RISK DESCRIPTION	POTENTIAL FINANCIAL IMPACTS	TIME HORIZON	OUR RESPONSE/ MITIGATING ACTIONS
TRANSITION RISKS CONTINUED				
REPUTATION	Reputational risks if we are unable to fully understand, reduce or evidence our total carbon footprint in line with stakeholder expectations, or through our association with customers, suppliers and third parties.	• Reductions in revenue as a result of the impact of reputational damage on customer attraction and retention. • Increased expenditure on climate mitigation and adaptation including external support, and switching to more sustainable data service providers.	Medium	• Our newly created Sustainability Committee will focus on ESG, climate-related and sustainability matters to ensure consideration as part of key business decisions and strategy. • Our climate-related scenario analysis (see page 34) has enabled the business to understand its longer-term risks. • Board reviews of sustainability on a twice-yearly basis ensure matters are regularly considered in strategic decision-making. • Sustainability experience and knowledge within the company secretariat team has been expanded during the year.
PRODUCT AND COMPETITION	If our solutions are not successful in supporting our customers to achieve their climate change goals, there is a risk that they will look elsewhere; or that new operators will enter and disrupt the market.	• Reduced revenues through customer churn. • Increased expenditure on sustainability-related R&D.	Medium-long	• We are seeing very few product requests related to climate change.
CHANGES IN CONSUMER/ CLIENT PREFERENCES	Client preferences, exacerbated by climate policy, see their global supply chain focused only on those suppliers who are able to commit to, and deliver, net zero business operations, products and services.	• Reduced revenues through cost reduction pressures from customers and suppliers. • Reduced revenues through customer churn.	Medium-long	• We respond to all client and supplier procurement/sourcing requests related to climate change and sustainability. • Our climate change programme is designed to support a range of stakeholders, and customer requirements.
REGULATORY	We face an increasingly uncertain regulatory environment as a result of climate change that has the potential to change rapidly.	• Increased expenditure on resources (internal and external) to comply with increasing climate-related legislation and regulation reporting requirements. • Regulation and/or pricing of GHG emissions and policy could increase expenditure related to data centres, estate operations and supplier pricing. • Costs from any fines or penalties as a result of non-compliance.	Short-medium	• We continue to invest in our people to ensure our company secretariat team remain on top of legislation and regulatory changes, specifically climate-related. • We collaborate with a range of advisers to ensure we remain compliant with reporting requirements. • Climate change features on meeting agendas of our Board and Risk Review Board.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES CONTINUED

CLIMATE-RELATED RISKS AND IMPACT CONTINUED

RISK	RISK DESCRIPTION	POTENTIAL FINANCIAL IMPACTS	TIME HORIZON	OUR RESPONSE/ MITIGATING ACTIONS
TRANSITION RISKS CONTINUED				
INVESTMENT	Technology companies who use data centres, such as Gresham, becoming less attractive to investors; especially those with ESG and climate-change scoring matrixes within their investment decision-making frameworks, making the Group less attractive.	• Reduced external investment as a result of negative impacts on our attractiveness to investors.	Short-medium	• We continue to invest to support our climate change programme and broader ESG strategy. • We undertake externally facilitated assessments to consider areas of improvements to our ESG strategy and reporting. • We respond to investor enquiries on climate change and ESG matters.
PEOPLE	Our response to climate change has the potential to affect talent attraction and retention in an already competitive labour market.	• Increased expenditure on employees, including for example; recruitment costs, productivity losses and higher salaries to attract talent. • Reduced revenues through impact of resource challenges and talent gaps.	Medium-long	• Ensure the Group continues to address climate-related issues in accordance with regulation and legislation. • Strong engagement with our people on climate-related issues, including via our ESG Champions Network.
LIABILITY RISKS				
LITIGATION	Climate change litigation could manifest as a result of a perceived failure to consider, mitigate or adapt to risks associated with climate change.	• Increased legal costs to cover litigation; including those related to "greenwashing". • Reduced external investment if investors lose appetite to invest in the business. • Reduced revenues if brand equity is damaged, affecting customer attraction and retention.	Medium-long	• Ensuring climate-related, ESG and sustainability matters remain a focus for the Board of Directors in strategy setting and business reviews.
TRANSBOUNDARY RISKS				
FINANCIAL SYSTEM INSTABILITY	Financial stability is under threat from climate change and increased volatility in the market could affect our future ability to raise capital.	• Reduction in capital and financing affecting our ability to invest in future growth. • Reduced revenues if customers reduce or defer IT investments, or cease to trade. • Increased expenditure on data centres due to a higher level of customer transactions being processed by our software.	Medium-long	• Maintaining the stability of the financial system under close review. • Ensuring financial system risks are taken into account in major and strategic decisions. • Customer base predominantly made up of blue-chip financial services firms with significant financial resilience. • Monitoring customer and supplier base for exposure to financial stability risks.

CLIMATE-RELATED RISK MATRIX



1 Regularity
2 Market risk – reputation
3 Facilities & workforce
4 Cost pressures
5 Financial system instability
6 Investment
7 People
8 Litigation
9 Market risk – product & competition
10 Digital infrastructure

CLIMATE-RELATED OPPORTUNITIES

Based on our assessment to date, we have identified several potential climate-related opportunities, the key ones of which are outlined in the following table.

OPPORTUNITY	OPPORTUNITY DESCRIPTION	POTENTIAL FINANCIAL IMPACTS	TIME HORIZON
REPUTATION	Demonstrating a thorough understanding of climate-related risks, opportunities and impacts; with integration into business strategy; could strengthen our reputation with climate-conscious stakeholders.	• Increased revenue as result of company and product differentiation and our ability to attract and retain customers, and support their sustainability ambitions. • Increased reputation (and thereby increased revenue) by reducing carbon footprints of customers using on-premise solutions, by moving to the Cloud. • Lower recruitment costs due to increased ability to attract and retain talent.	Short
SERVICE OFFERINGS	Innovating, evolving or developing products and/or services that support climate mitigation or adaptation activities, or help facilitate a low carbon transition, for our customers.	• Increased revenue through new channels and product diversification.	Medium-long
COST EFFICIENCIES	Assessing our impacts and investing in new and improved ways of working that are more climate-friendly could lead to cost savings and increased resilience.	• Reduced operational costs through, for example, reduced travel, energy efficient measures, and reduced office estate costs. • Productivity and efficiency gains.	Short-medium
ENHANCED REPORTING INFRASTRUCTURE	Formulating and acting on a deliberate climate action and net zero strategy, supported by a robust governance and risk management reporting framework could enable better understanding and management of business performance.	• Potential to further understand the non-financial metrics that drive long-term stakeholder value; accessing an expanded pool of investors who are focused on ESG performance.	Medium

CLIMATE-RELATED SCENARIO ANALYSIS

The Group has chosen three climate scenarios with differing temperature models through to 2050 to run its first climate-related scenario analysis. Using the NGFS Climate Scenarios has enabled integrated assessment modelling, which has considered the inter-relationships between physical and transitional risks. Impact ranges are considered against FY23 Group revenue.

RISK	RISK DESCRIPTION	CURRENT POLICIES (3°C+ by 2050)	DELAYED TRANSITION (2°C by 2050)	NET ZERO 2050 (1.5°C by 2050)
ENERGY AND COMMODITY MARKET VOLATILITY	Increased uncertainty in financial planning and forecasting for key commodities, as well as higher costs associated with energy consumption and spend.	**LOW IMPACT** Costs remain steady with lack of investment in renewable sources, carbon pricing and net zero plans by energy and commodity markets.	**LOW IMPACT** Net zero plans, carbon pricing and renewable energy investment cause increases to energy and commodity costs.	**LOW IMPACT** Net zero plans, carbon pricing and renewable energy investment cause sharp and high rises to energy and commodity costs.
CLIMATE CHANGE RISKS TO DATA CENTRES	Inability of suppliers to cool data centres due to droughts and increased global temperatures, which Gresham relies on to deliver core services.	**HIGH IMPACT** Data centre costs increase as air and land temperatures increase, and cooling efficiencies require further investment.	**HIGH IMPACT** Data centre costs increase as air and land temperatures increase, and cooling efficiencies require further investment; as well as investment in renewables.	**LOW IMPACT** Data centre costs would increase due to a drive to ensure a net zero future, by investing in renewables.
CLIMATE CHANGE RISK TO BUSINESS OPERATIONS, OFFICE LOCATIONS AND PEOPLE	Increases in the frequency and/or severity of climate-related events affecting business operations, working locations and our people[1].	**HIGH IMPACT** Greater focus on cross-regional support required in regions susceptible to climate change; with their long-term viability of consideration.	**MEDIUM IMPACT** BCPs would plan for short-term interruptions in regions most susceptible to climate change to be accommodated across the wider Group.	**LOW IMPACT** Business interruptions which could not be managed in the short-term across the wider organisation would remain rare.
CARBON PRICES AND OFFSET COSTS	Financial costs of carbon prices and offsetting of carbon emissions (via voluntary removal) that cannot be reduced by the business or its supply chain.	**LOW IMPACT** Policy reaction remains low, with little appetite to increase offset costs or carbon pricing.	**LOW IMPACT** Policy reaction sees offset costs and carbon pricing increasing to ~$276 per t/$CO_2e$[2].	**LOW IMPACT** Greater policy reaction, resulting in rapid increases in offset costs and carbon pricing (significantly higher than ~$276 per t/$CO_2e$)[2].

Impact ranges

LOW	<1%-5% Group revenue
MEDIUM	5%-10% Group revenue
HIGH	+10% Group revenue

1 GDP impact data: Swiss Re Institute The economics of climate change: no action is not an option.
2 WorldBank State and Trends of Carbon Pricing 2023.

FURTHER CLARETI GROWTH AND DRIVING EFFICIENCIES WILL ENHANCE OUR PERFORMANCE MOVING FORWARD

"Having delivered another year of growth, and with cash ahead of expectations, we are confident in the robust foundations we have built across the Group which provide the platform from which we will further build our position in the market."

FORWARD-LOOKING ANNUALISED RECURRING REVENUE ("ARR")

Our ARR is an aggregated value of all recurring revenues 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.

				2023	2022	Variance	%
Clareti ARR	Clareti ARR at start of year		£m	**28.1**	24.0	n/a	
	Organic increase in ARR		£m	**2.2**	2.3	(0.1)	(4%)
	Foreign exchange movement		£m	**(0.8)**	1.8	(2.6)	(144%)
	Clareti ARR at end of year	**KPI**	**£m**	**29.5**	28.1	1.4	5%
Other ARR	Other ARR		£m	**3.2**	3.5	(0.3)	(9%)
Group ARR	Group ARR		£m	**32.7**	31.6	1.1	4%

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. The organic Clareti ARR growth in 2023 was £2.2m, an increase of 8% on the opening Clareti ARR position, and broadly aligned with the £2.3m organic growth achieved in the previous year, we were disappointed with the Clareti ARR growth performance in 2023 and confident in improving this in 2024. Foreign exchange movements in the opening ARR position, largely the strengthening of the GBP against the USD and AUD, were negative £0.8m, compared to the positive £1.8m experienced in 2022. Our retention and upsell measures improved on the previous year, with the trailing twelve-month net Clareti ARR retention rate being 105%, increasing from the 102% rate achieved in the prior year (both on a constant currency basis). We calculate our net ARR retention rate as ARR from the end of the period from customers' existing at the start of the period, divided by ARR at the start of the period. There remains a significant market opportunity to both upsell and cross-sell to our continually growing existing customer base that we are strategically investing in capturing. Going forward, we expect our net ARR retention rate to further improve in 2024.

ARR from our Other businesses have fallen by £0.3m to £3.2m in 2023. The significant majority of this ARR is denominated in AUD. Therefore the movement is largely due to the strengthening of the GBP against the AUD since the prior year. It remains encouraging to see the ongoing longevity of the remaining non-Clareti business line continuing to provide predictability and further ability to invest with confidence in the Clareti business.

In addition to Group ARR of £32.7m, expected revenues from non-recurring contracts in place as at 31 December 2023 provide visibility for over £38.0m of revenue for 2024 before any new or incremental contracts are won.

PRIOR YEAR RESTATEMENT

The Group identified two items requiring restatement in relation to a change in the treatment of non-Gresham hosted licence revenue and an error in the accounting for foreign exchange differences on the retranslation of intercompany trading and loan balances. Full details of these restatements are disclosed in full within note 3 to the financial statements. The financial statements and all commentary and references to the year's performance or year-end position of the Group for 2022 and 2023 are presented post the application of these changes, as has the opening balance sheet position at 1 January 2022. Where commentary and references are made to performance and positions prior to 1 January 2022, these are based upon the previously published results. A summary of these restatements for the year ended 31 December 2022 is as follows.

		2022 – as previously reported	Restatements	2022 - as restated
Group revenues	£m	**48.7**	(0.5)	**48.2**
Group gross profit	£m	**33.9**	(0.5)	**33.5**
Group adjusted EBITDA	£m	**10.3**	(0.5)	**9.8**
Group cash adjusted EBITDA	£m	**4.4**	(0.5)	**3.9**
Statutory profit after tax	£m	**2.9**	(1.3)	**1.6**

INCOME STATEMENT

ABANDONED OPERATIONS

During November we announced that in line with the Group's strategy to continue our transformation to a pure-play SaaS company, we were abandoning our Contracting Services business with ANZ bank; with all material operations ceasing before 31 December 2024. This business was the lower-margin legacy sub-contracting business under which locally based IT contractors were provided to the Bank on short-term agreements.

The majority of the sub-contracting business has been reported as its own contracting services business segment, with a smaller proportion being reported within Clareti non-recurring revenue where a small number of contractors have been provided specifically as part of the Floe project (now presented separately in note 5 to the financial statements). Revenues and profits from this operation have been disclosed below and are described separately to the ongoing operations of the Group. Revenues from this contract were £8.1m for the year, 22% lower than 2022, with the reduction being due to lower demand from ANZ for these non-strategic services. In addition to the transition away from these services, these revenues have also been impacted by foreign exchange differences due to the AUD weakness experienced throughout the year against the GBP.

			2023	2022	Variance	%
Abandoned operations						
Clareti revenues[1]	Non-recurring	£m	**1.5**	2.2	(0.7)	(32%)
Other services revenues[1]	Non-recurring	£m	**6.6**	8.2	(1.6)	(20%)
Group revenues		£m	**8.1**	10.4	(2.3)	(22%)
Group gross margin		£m	**1.1**	1.4	(0.3)	(22%)
		%	**13%**	13%	–	n/a
Group adjusted EBITDA		£m	**1.1**	1.4	(0.3)	(22%)
		%	**13%**	13%	—	n/a
Group cash adjusted EBITDA		£m	**1.1**	1.4	(0.3)	(22%)
		%	**13%**	13%	—	n/a

(1) Abandoned operations under both the Clareti and Non-Clareti business segments were performed under the same master contract and carried the same fixed margin.

CONSTANT CURRENCY INCOME STATEMENT HEADLINES

Due to the levels of transactions occurring in currencies other than the Company's functional reporting currency of GBP, largely USD and AUD, the Group suffered to a material degree from the strengthening of the GBP throughout the year. The table below shows 2023 performance if transactions had been reported on the same average exchange rates for the year as 2022.

		2023		2022		
		Actual basis	Constant currency basis		Variance on constant currency basis	%
Group revenue	£m	**49.0**	**50.2**	48.2	2.0	4%
Group gross margin	£m	**36.2**	**36.9**	33.5	3.4	10%
Group gross margin %	%	**74%**	**74%**	70%	4%	
Group adjusted EBITDA	£m	**10.7**	**11.0**	9.8	1.2	12%
Group adjusted EBITDA %	%	**22%**	**22%**	21%	1%	
Cash adjusted EBITDA	£m	**4.7**	**5.0**	3.9	1.1	28%
Cash adjusted EBITDA %	%	**10%**	**10%**	8%	1%	

REVENUES

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

- Recurring revenues – which are 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 – include professional services, contracting, training, and other services that are expected to be one-off or periodic in nature.

				2023	2022	Variance	%
Clareti solutions	**Recurring**	**KPI**	**£m**	**29.6**	26.9	2.7	10%
	Non-recurring			**6.6**	6.0	0.6	10%
	Total Clareti revenues	**KPI**	**£m**	**36.2**	32.9	3.3	9%
Other solutions & services	Recurring		£m	**4.2**	4.6	(0.4)	(9%)
	Non-recurring		£m	**0.5**	0.3	0.2	67%
	Total		**£m**	**4.7**	4.9	(0.2)	(4%)
Abandoned operations	Non-recurring		£m	**8.1**	10.4	(2.3)	(22%)
Group	**Total**	**KPI**	**£m**	**49.0**	48.2	0.8	2%

CLARETI SOLUTIONS

Clareti recurring revenues increased by 10%, up £2.7m on 2022 or 12% and £3.2m on a constant currency basis. These increases were as a result of both new recurring revenue sales and increased consumption of Clareti solutions from our existing customers.

Clareti non-recurring revenues increased by 10%, up £0.6m on the prior year. The increase driven by new implementations associated with the increase in Clareti recurring revenues and improved discipline in ensuring services work from the Electra business, acquired in 2021, is fully chargeable.

OTHER SOLUTIONS & SERVICES

The vast majority of the remaining and ongoing 'Other Solutions & Services' relate to a legacy partner relationship where we act as a reseller of third party software to a single customer. We continue to benefit from very good visibility of customer intentions in relation to this remaining product line.

Recurring revenues within the 'Other Solutions & Services' portfolio decreased by 9% to £4.2m as a result of the discontinuation of our own-IP software product (EDT) from 31 December 2022, and the weakening of the AUD, which the vast majority of the remaining recurring business is contracted in. Non-recurring Other revenues increased from £0.3m to £0.5m due to a one-off purchase of extended rights for unsupported source code usage of one of our legacy products.

FINANCIAL REVIEW CONTINUED

INCOME STATEMENT CONTINUED

EARNINGS

				2023	2022	Variance	%
Clareti Solutions	Gross margin		£m	**32.9**	29.7	3.2	11%
	Gross margin		%	**91%**	90%	1%	n/a
Other solutions & services	Gross margin		£m	**2.3**	2.5	(0.2)	(8%)
	Gross margin		%	**50%**	49%	1%	n/a
Abandoned operations	Gross margin		£m	**1.0**	1.3	(0.3)	(20%)
	Gross margin		%	**13%**	13%	—	n/a
Group	Gross margin		£m	**36.2**	33.5	2.7	8%
	Gross margin		%	**74%**	69%	5%	n/a
	Adjusted EBITDA	**KPI**	**£m**	**10.7**	9.8	0.9	9%
	Adjusted EBITDA	**KPI**	**%**	**22%**	20%	2%	n/a
	Cash Adjusted EBITDA	**KPI**	**£m**	**4.7**	3.9	0.8	21%
	Cash Adjusted EBITDA	**KPI**	**%**	**10%**	8%	2%	n/a
	Statutory profit after tax		£m	**3.1**	1.6	1.5	94%
	Adjusted diluted EPS	**KPI**	**Pence**	**6.32**	7.03	(0.71)	(10%)

GROSS MARGIN

The majority of our cost of sales within the Clareti business is made up of: (i) customer-specific third party costs incurred in providing our hosted cloud solutions; and (ii) third party contractor costs providing non-recurring services to customers. Gross margins achieved within the Clareti business segment have increased from 90% in 2022 to 91% in 2023 as high margin recurring revenues have increased as a proportion of total Clareti revenues.

Within the 'Other Solutions & Services' business segment, cost of sales are incurred in relation to the fees paid to the software IP owner at fixed margins under reselling contracts. Gross margins generated in this business segment for the year are 50%, relatively consistent with those in 2022 of 49%.

Group gross margins have improved from 69% to 74% as the mix of the Group's business has continued to move, in line with Group strategy, to the high-margin Clareti business.

ADJUSTED EBITDA

Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) is analysed excluding exceptional items, share-based payment charges and foreign exchange differences on intercompany balances; which is consistent with the way in which the Board reviews the financial results of the Group. We also consider this to be consistent with the manner in which similar small-cap LSE (or AIM) listed companies present their results, and how we understand the global investment community assesses performance, with this particularly being the case for growth shares in which recurring cash performance is considered important. However, whilst we consider them consistent and appropriate, this EBITDA measure and cash adjusted EBITDA measure below are not necessarily directly comparable to other companies as they are not strictly governed IFRS accounting measures, nor should they be considered as a substitute for, or superior to, any IFRS measures.

Group adjusted EBITDA has improved by £0.9m, or 9%, since the prior year with margins improving by 2% to 22% in 2023. This is as a result of the existing higher margin Clareti business continuing to grow and beginning to drive improved operational leverage as it scales. Whilst we will ensure that we maximise the current market opportunity through appropriate strategic investments, we do expect to continue to see improvements to these margins in future 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 who continue to invest in product development to ensure they remain market leading.

Cash adjusted EBITDA has also improved on the prior year, with £0.8m of the £0.9m improvement in adjusted EBITDA (mentioned above) dropping through to improvement cash EBITDA. This has resulted in a cash adjusted EBITDA margin of 10%, an improvement of 2% on the prior year. Like adjusted EBITDA, we expect to see continued improvements in these margins in future years.

The Clareti standalone business reached an important milestone in 2022, becoming cash adjusted EBITDA positive for the first time, generating a margin of 2%. As was anticipated, this margin further improved to 4% in 2023. As the Clareti business continues to scale this will continue to drive Group cash adjusted EBITDA improvements.

STATUTORY PROFIT AFTER TAX AND ADJUSTED DILUTED EPS

There has been an increase in statutory profit after tax of £1.5m to £3.1m due to the combination of improved adjusted operating profit of £0.4m as a result of the growth and improved profitability of the Group; offset by an increase in tax charge of £0.7m (see below).

Adjusted diluted EPS has reduced by 10% to 6.3 pence per share, the reduction is largely due to the increased taxation charge for the year (refer to taxation section below). Adjusted earnings used in this calculation adjust the statutory result after tax for exceptional items; amortisation of acquired intangibles, share-based payments and foreign exchange differences on intercompany balances.

EXCEPTIONAL ITEMS

During the year, the Group recognised exceptional costs of £0.1m in relation to the termination of supplier contracts following the closure of the EDT business in December 2022. In the prior year, £0.2m of exceptional costs were incurred in relation to the Electra acquisition and associated integration. The Group also received £0.1m of exceptional income in the year from a one-off tax credit in relation to the COVID-19 pandemic relief scheme; there was no such exceptional income in 2022.

TAXATION

For the year ended 31 December 2023, the Group has recorded a net tax charge of £1.0m (2022: £0.3m). This is made up of a current tax charge of £0.6m (2022: £0.3m) and deferred tax charge of £0.4m (2022: £nil).

The current tax charge increased by £0.3m, largely due to the credit generated upon the surrender of tax losses for a cash rebate related to the enhanced relief available from qualifying R&D activity being lower than the prior year as a result of their being fewer losses available.

The deferred tax charge increased by £0.4m as a result of: the recognition of tax asset due to losses generated being £0.4m lower than the prior year upon the reduction in rate of enhanced tax relief on qualifying R&D activity from 130% to 86%; and a £0.3m reduction in deferred tax asset due unexercised employee share awards, which are valued at the current share price for tax purposes which has reduced since the prior year.

CASHFLOW

The Group's financial position remained very strong throughout 2023. At a headline level, the cash balance at the year-end of £4.8m was behind that of the prior year-end of £6.3m. Whilst the final deferred consideration payments from 2021's Electra acquisition during the year of £4.0m explains much of this, there are also a number of other movements beneath the headline balances which are described below.

Operating cashflow, excluding working capital, abandoned and exceptional items, has increased by £0.8m to £9.7m in the year as a result of the improved cash EBITDA of the Group, particularly the strategic Clareti business.

Operating cash outflow from exceptional items has reduced from £0.2m to £nil, and operating cashflows from abandoned operations have reduced by £0.4m to £1.0m.

The movement in working capital, excluding the impact of the abandoned operations, has improved from negative £0.8m to a positive £1.3m; a trend which is expected to continue due to the 'paid annually in advance' commercial model in the Clareti business (this was after a number of one-off items caused the negative movement in the prior year). The movement in working capital from abandoned operations was a negative £1.9m, reflecting the quarterly advance payments model of the Contracting Services business.

The Group paid net tax of £0.6m in 2023, whereas £0.6m was received in 2022. Gross tax payments were made in the year of £1.9m (2022: £1.9m). During 2023 the Group received gross tax receipts of £1.3m as a result of research and development activities performed. During 2022, two years' worth of equivalent receipts were received relating to 2020 and 2021, totalling £2.5m.

The capitalised development expenditure of £5.2m is £0.2m higher than 2022 largely due to inflationary related salary increases.

During 2023 the Group spent £0.2m on other capital spend, a return to normal levels, after 2022 saw a one-off increase in relation to the complete refurbishment of our New York office.

During the prior year the Group paid the final contingent consideration payment of £0.4m in relation to the July 2020 Inforalgo acquisition. As such, there was no equivalent payment in the current year.

Upon meeting the success criteria measured on the second anniversary of the 2021 Electra acquisition, the second and final contingent consideration payment was made in full of £4.0m (2022: £4.0m).

The Group received £0.2m upon the exercise of share options during the year (2022: £0.1m).

Included within 'Other' is the recording of negative effect of foreign exchange rate changes of £0.1m, arising upon the revaluation of the Group's non-GBP entity opening balance sheets upon consolidation; the equivalent in the prior year was £1.1m.

As has been the strategy of the Group for a number of years, with increasing Clareti sales from the growing annuity base and new customer wins, coupled with carefully selected and controlled investments, we expect the cash-generation capacity of the business to continue and are looking at opportunities to best utilise excess cash generated. In order to maximise our returns, we plan to increase levels of investment in distribution and customer success, whilst continuing to invest excess cash efficiently in bank deposits and giving appropriate consideration to M&A opportunities.

			2023	2022	Variance	%
Opening cash and cash equivalents at 1 January		£m	**6.3**	9.1	(2.8)	(31%)
Operating cashflow excluding abandoned and exceptional items		£m	**9.7**	8.9	0.8	9%
Operating cashflow from abandoned operations		£m	**1.0**	1.4	(0.4)	(29%)
Operating cashflow from exceptional items		£m	**—**	(0.2)	0.2	(100%)
Total operating cashflow excluding working capital		£m	**10.7**	10.1	0.6	6%
Movement in working capital		£m	**1.0**	(0.8)	1.8	(225%)
Movement in working capital – abandoned operations		£m	**(1.6)**	—	(1.6)	n/a
Cash inflow from operations		£m	**10.1**	9.3	0.8	9%
Net tax (payments)/receipts		£m	**(0.6)**	0.6	(1.2)	(200%)
Capital expenditure – development costs		£m	**(5.4)**	(5.2)	(0.2)	4%
Capital expenditure – other		£m	**(0.2)**	(0.8)	0.6	(75%)
Principal paid on lease liabilities		£m	**(0.7)**	(0.6)	(0.1)	17%
Inforalgo acquisition (net of cash acquired)		£m	**—**	(0.4)	0.4	100%
Electra acquisition		£m	**(4.0)**	(4.0)	—	—
Shares issued – upon option exercises		£m	**0.2**	0.1	0.1	100%
Dividend		£m	**(0.6)**	(0.6)	—	—
Other		£m	**(0.3)**	(1.2)	0.9	(75%)
Net increase/(decrease) in cash and cash equivalents		£m	**(1.5)**	(2.8)	1.3	(46%)
Closing cash and cash equivalents at 31 December	**KPI**	**£m**	**4.8**	6.3	(1.5)	(24%)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Intangible fixed assets remain the largest item on the balance sheet at £62.9m (2022: £62.8m), consisting of software development assets of £25.9m (2022: £23.6m), separately identified assets acquired with previous acquisitions of £17.2m (2022: £19.5m), and goodwill of £19.6m (2022: £19.7m).

Trade receivables increased from £4.8m to £5.7m and accrued income (a contract asset) has reduced from £1.8m to £1.0m. The combined balance of trade receivables and accrued income remains fairly consistent year on year, however the balance between the two has shifted due to the timing of a single large customer invoice being raised.

Contract liabilities are split between non-current, £0.8m (2022: £0.4m) and current liabilities, £13.0m (2022: £13.5m). Non-current contract liabilities have increased by £0.4m due to two customers negotiating non-standard renewal terms under which they paid the full three-year renewal term upfront. Current contract liabilities have reduced by £0.5m due to the abandoning of the non-Clareti Contracting Services business, which is partially offset by the increase in Clareti ARR which is typically paid annually in advance.

Deferred tax liabilities, which are presented net of deferred tax assets, have increased from £5.7m to £6.5m as a result of research and development spend qualifying for enhanced tax relief being £0.4m lower than the prior year as a result of the rate reducing from 130% to 86%; offset by a reduction of £0.6m from the unwinding of timing difference arising on acquired intangibles, a £1.0m decrease in tax losses available and a £0.3m decrease in deferred tax on employee share awards.

Contingent consideration has reduced from £4.0m to £nil as a result of the final amount of $4.8m due on the Electra acquisition being paid during the third quarter of 2023.

Trade payables decreased from £1.5m to £1.0m, largely due to the Contracting Services business being abandoned. Accruals decreased to £3.6m (2022: £4.3m), largely in relation to a reduced bonus provision as 2023 performance was not as strong against set targets as it was in 2022.

FINANCIAL OUTLOOK

Management were pleased to deliver continued growth in 2023 in Clareti revenues, Group adjusted EBITDA and Group cash adjusted EBITDA against the continued turbulent economic environment in which our customers operate, and the foreign exchange headwinds experienced. Management are confident of the building blocks in place to drive expected improvements in Clareti growth rates; which will be achieved through new customer wins, expanding the existing ARR base from existing customers, and reducing losses and down-sells.

The decision with ANZ to abandon the non-core low-margin Contracting Services business simplifies the Group towards a pure-play SaaS company, generating Group margins expected of such a business.

We are also focused on improving our profit margins through targeted cost optimisations across the Group whilst prioritising investments that maximise growth generation.

TOM MULLAN
CHIEF FINANCIAL OFFICER
29 APRIL 2024

EFFECTIVE RISK MANAGEMENT SYSTEMS

Our aim is to recognise and address the key risks and uncertainties facing Gresham at all levels of the business.

There are a number of risk factors that could adversely affect the Group's execution of its strategic plan and, more generally, the Group's operations, business model, financial results, future performance, solvency, or the value or liquidity of its equities. The Board is committed to addressing these risks by implementing systems for effective risk management and internal control. A report on the Board's review of the effectiveness of the Group's risk management and internal control systems can be found in the Audit Committee Report, starting on page 51.

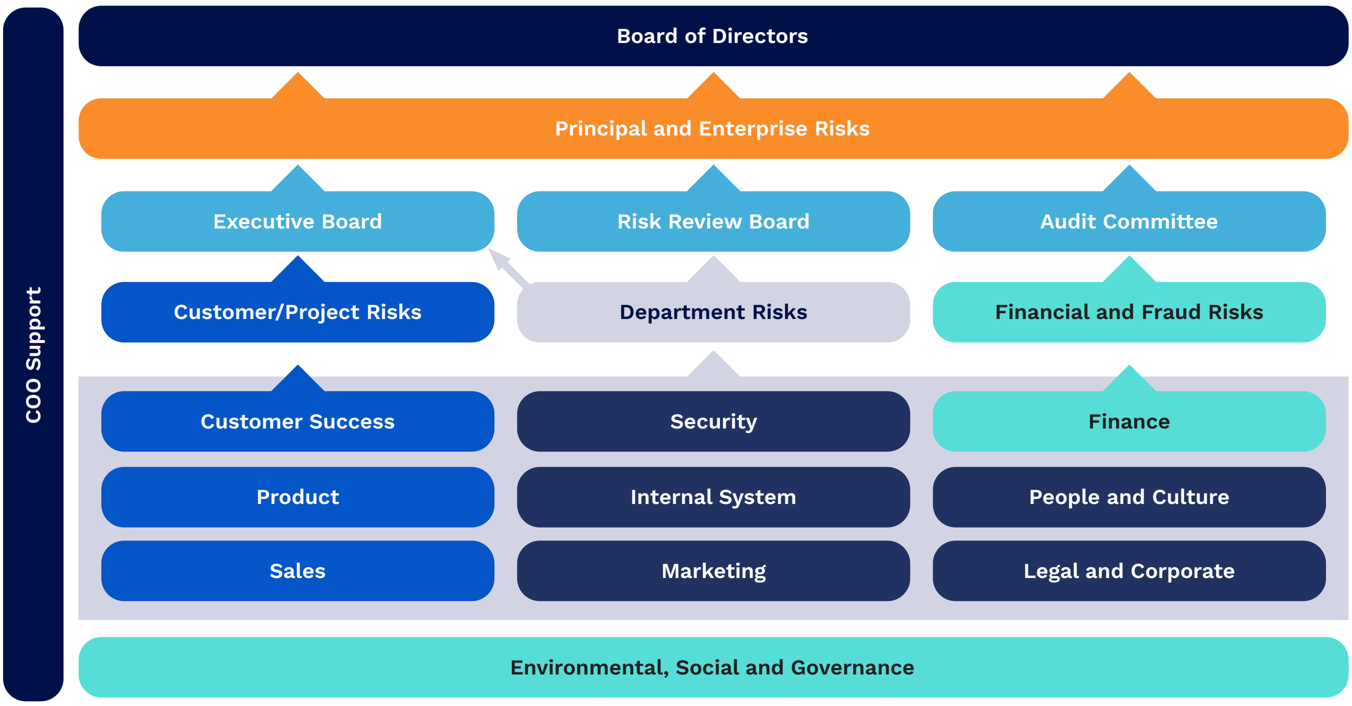
The Board has performed a robust assessment of the principal risks and uncertainties that could threaten Gresham's business, business model, strategies, financial results, future performance, solvency or liquidity. The items listed in the following table represent the known principal risks and uncertainties, but the table does not list all known or potential risks and uncertainties exhaustively. Where possible, mitigation steps are taken to safeguard against materialised risks.

RISK MANAGEMENT FRAMEWORK

The Group's risk management framework involves a Risk Review Board made up of senior management and an independent Non-Executive Director. The purpose of the Risk Review Board will be to formally oversee Group-level risks, major operational risks, cyber security risks, climate-related risks and any other material emerging risks, and to monitor the effectiveness of the Company's risk management systems generally, reporting to the Board of Directors. The Audit Committee remains responsible for financial control risks.

Identified risks are reported in the specified form (including, where applicable, details of existing risk controls and mitigation plan) and then reviewed by senior management. Depending on the classification and severity of risk, details are reported to the Risk Review Board, Audit Committee and/or the Board of Directors at the relevant time. On an ongoing basis, the COO is responsible for the Group risk register and supports risk management processes across the Group's various departments with reviews of current risks and identification of new risks.

The following diagram sets out the risk framework and reporting lines.



FAILURE TO WIN NEW CLARETI BUSINESS IN LINE WITH PLAN

LINKS TO STRATEGY

1 2 3

DESCRIPTION

Winning new Clareti business is central to our growth plan as it supports ARR and professional services backlog. Failure to do so would directly impact our strategic objectives. In particular, failure to win new Clareti contracts early enough in the year would impact annual growth and potentially jeopardise our ability to deliver the implementations and recognise the associated revenues in the year.

COMMENTARY

Market conditions continue to be challenging, with macro headwinds potentially affecting customer confidence which could materially impact sales. Furthermore, sales cycles remain long and unpredictable, often necessitating significant investments of time or expenditure. These factors collectively present unquantifiable risks to growth aspirations and business plan.

KEY CUSTOMER RISKS AND FAILURE TO MINIMISE CHURN RATES

LINKS TO STRATEGY

1 2 3

DESCRIPTION

A significant portion of our revenue is generated from a small number of key customer accounts. A cancellation of any one of these could have a material impact on Group revenues and, depending on the circumstances, potentially affect the Group's position in the market and its prospects. Furthermore, high churn rates in general would adversely affect the Group's growth.

COMMENTARY

Our overall gross retention rate for 2023 was 96% (2022: 91%). We have not suffered any key account losses in the year, although two key accounts announced a merger during the year, which presents a potential risk in the longer term. We endeavour to maintain strong relationships at all levels in our key accounts to promote customer success and mitigate cancellation risks.

MISDIRECTED PRODUCT, OPERATIONAL OR STRATEGIC INVESTMENTS

LINKS TO STRATEGY

2 4 5

DESCRIPTION

Our model is to invest in product development and other areas to support Clareti-led organic growth. Strategic investments such as acquisitions present opportunity for accelerated growth. Failing to achieve meaningful returns on investments would hinder the Group's strategic growth plan and potentially jeopardise the Group's position in the market and its prospects.

COMMENTARY

Our ongoing investments in product innovation are an essential part of our strategy. In 2023, we continued our significant investments in delivering production-ready market-differentiating features to enable us to target the large market currently dominated by legacy reconciliation providers. We also continued to invest in Floe, our strategic cash management solution with ANZ, which we believe has strong growth prospects over the medium to long-term.

PRODUCT AND SERVICE DELIVERY FAILURES

LINKS TO STRATEGY

1 2 3 4

DESCRIPTION

Issues or failures with our software products or services could lead to failed implementations, project delays, cost overruns, data loss, security issues, customer dissatisfaction, early termination, service level breaches and contractual claims, all of which could adversely impact the Group's revenues, earnings and reputation.

COMMENTARY

Our systems, processes and methodologies are designed to mitigate product and service delivery failures, although this is not guaranteed. Overall, our solutions and services were resilient and stable throughout 2023. Whilst there were no fundamental outages or service failures, certain projects or situations have necessitated ongoing investments to ensure successful project outcomes and customer satisfaction.

ACCELERATED DECLINE IN NON-CLARETI REVENUES

LINKS TO STRATEGY

4 5

DESCRIPTION

Non-Clareti revenues provide a strong contribution to revenues, earnings and cashflow and are key to short-term financial success and ongoing investments in Clareti. Whilst the Group expects these contributions to decline over time, an unexpected or accelerated decline could have an immediate and significant impact on financial KPIs due to short-term planning assumptions.

COMMENTARY

Risks in the non-Clareti portfolio have remained stable in 2023. We regularly review individual portfolio risks and will consider strategic options such as discontinuations or disposals in mitigation where risk reaches unacceptable levels. In 2023, we made the decision to discontinue the sub-contracting business in Australia which impacts revenues and earnings in 2024.

ECONOMIC, INTERNATIONAL TRADE AND MARKET CONDITIONS

LINKS TO STRATEGY

1 2 5

DESCRIPTION

The Group is generally exposed to political, economic, trade, market and public health risk factors, such as global or localised economic downturn, changing international trade relationships, foreign exchange fluctuations, consolidation or insolvency of existing or prospective customers, or competitor products, all of which could significantly threaten Gresham's performance and prospects.

COMMENTARY

Trading conditions were challenging in 2023, with some high-profile insolvency concerns affecting some major financial institutions, amidst a backdrop of geopolitical instability. These factors negatively affected the Group's performance, although the business remained resilient. We continue to manage our business, operations and investments prudently.

FOREIGN EXCHANGE AND INFLATION

LINKS TO STRATEGY

1 2 5

DESCRIPTION

The Group is significantly exposed to foreign exchange volatility. A weakening of GBP against other major currencies, particularly USD, could significantly impact the Group's financial performance and, therewith, its value and future prospects. Furthermore, high inflation rates can also impact financial performance as a result of cost increases.

COMMENTARY

The strengthening of GBP against USD in the year has negatively affected the Group's overall financial performance as reported. Inflation rates decreased in the year and are now more stable, although still impacted financial performance as revenue growth rates from inflationary price rises did not match salary/cost inflation in the year.

PEOPLE RISKS

LINKS TO STRATEGY

1 2 3 4 5

DESCRIPTION

A loss or material issue with key members of staff could cause material disruption and a skills shortage. Competitor poaching could result in intellectual property leakage. Staff misconduct, negligence or fraud could cause Gresham significant reputational damage and potential financial loss.

COMMENTARY

There were no major people issues in the year. The situation in 2023 was generally more stable than in 2022 when cost-of-living concerns were driving significant wage inflation and employee retention challenges. These risks reduced in the year and, whilst we remain exposed to a number of key person risks, our annual survey results confirm our staff remain highly engaged which is a mitigating factor.

IP, DATA AND CYBER RISKS

LINKS TO STRATEGY

2 3

DESCRIPTION

A significant IP loss, third party IP challenge, data loss, security breach or cyber-attack could significantly threaten Gresham's ability to do business, particularly in the short term, and could result in significant financial loss.

COMMENTARY

Like all businesses, Gresham is exposed to an increasing range of cyber-attacks. In the year we strengthened our security team and made further security improvements in various areas to mitigate risks. We successfully completed security re-certification audits. There were no major cyber incidents in the year.

GOVERNANCE, REGULATORY AND COMPLIANCE RISKS

LINKS TO STRATEGY

2

DESCRIPTION

The Group operates in several different jurisdictions and, additionally, is subject to additional governance and disclosure requirements as a listed company. Failing to comply with applicable laws, regulations and rules could lead to public censure, fines, or other governmental or regulatory enforcement, which could result in reputational damage and/or financial loss.

COMMENTARY

Governance, regulatory and compliance risks are generally overseen and managed by the Group's internal legal and corporate function, with the support of external advisers. A formal schedule of applicable laws and regulation is maintained to track existing and emerging requirements, which is reviewed on a quarterly basis. Specific risks arising are captured in the Group's risk register.

CLIMATE CHANGE

LINKS TO STRATEGY

1 2

DESCRIPTION

Climate-related events could affect the Group's ability to provide services to its customers, or to do so cost-effectively and/or reliably. Investors and customers have increasing expectations with regard to climate matters. Failing to appropriately deal with and plan for these matters could adversely impact the Group's value proposition and its long-term prospects.

COMMENTARY

The Group did not experience any direct impact of climate change in 2023, but is mindful of potential future risks. We have conducted a detailed examination of climate-related risks (and opportunities) in the year, which are set out starting on page 30. Climate risks are reviewed by the Group's Risk Review Board on a quarterly basis.

APPROVAL OF THE STRATEGIC REPORT

The Strategic Report was approved by the Board of Directors on 28 April 2024.

On behalf of the Board.

IAN MANOCHA
CHIEF EXECUTIVE
29 APRIL 2024

TOM MULLAN
CHIEF FINANCIAL OFFICER
29 APRIL 2024

CORPORATE GOVERNANCE OF THE HIGHEST STANDARDS IS AN INTEGRAL PILLAR IN THE GROUP'S MAKEUP

The Gresham Board is committed to setting and championing the highest standards of corporate governance across the Group to ensure a healthy corporate environment exists for our people and customers."

The Board is committed to upholding the highest of standards of corporate governance throughout the Group. As part of that, the Board acknowledges its role in setting the culture, values and ethics of the Group, and its collective responsibility in developing a healthy corporate culture and delivering long-term success for all stakeholders.

Specifically, the Board acknowledges its role in leading and overseeing the Group's environmental, social and governance ("ESG") strategy.

The Board's aim is to operate as effectively as possible, in line with the governing principles of the UK Corporate Governance Code 2018 (the "Code"). A description of the Group's application of the Code's principles for 2023 is set out in the Corporate Governance Report. A Board performance review was carried out in the year with further information available on page 49.

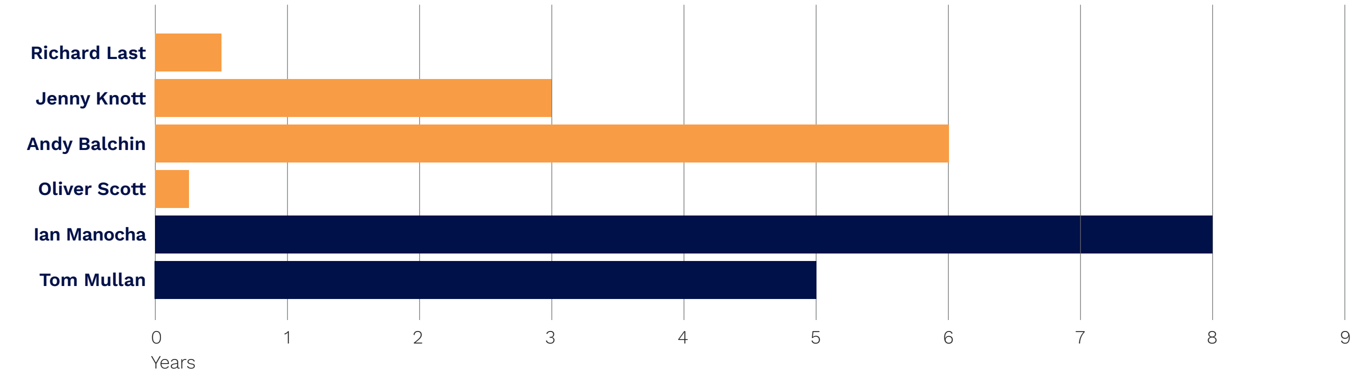
Board discussions are conducted openly and transparently, creating an environment for sustainable and robust debate. In the year, the Board constructively and proactively challenged management on Group strategies, proposals, operating performance and key decisions, as part of its ongoing work to assess and safeguard the position and prospects of the Group.

Key risks and uncertainties affecting the business are regularly assessed and updated. The Board has completed a full and specific review of the Group's key risks and uncertainties (see page 42) in light of the new and emerging risks or uncertainties arising from the Group's strategic growth plans and the economic, political and market conditions.

The Board continues to engage with shareholders and welcomes ongoing dialogue throughout the year, including at the forthcoming Annual General Meeting.

RICHARD LAST
NON-EXECUTIVE CHAIR
29 APRIL 2024

Board Tenure



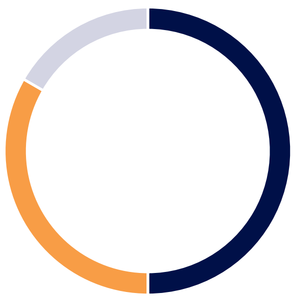
Board Independence

- Executive Directors
- Independent Non-Executive Directors
- Non-Executive Director
- Non-Executive Chair

Board Gender Mix

- Female NED
- Male NED
- Male ED

Board Tenure



- 0-3 years
- 4-6 years
- 7+ years

Board and Director skills table

Skill	Richard Last	Andy Balchin	Jenny Knott	Oliver Scott	Ian Manocha	Tom Mullan
International markets	●●●	●●●	●●●	●●○	●●●	●●○
Enterprise software sales	●●●	●●●	●●●	●○○	●●●	●●○
Product management	●●○	●○○	●●●	●○○	●○○	●○○
Software product development	●●○	●●○	●●●	●○○	●○○	●○○
Financial services industry	●●●	●●●	●●●	●●●	●●●	●●●
Talent management	●●○	●●●	●●●	●●○	●●○	●●○
Financial control and planning	●●●	●●●	●●●	●●●	●●○	●●●
Cyber security	●●○	●●●	●●○	●○○	●○○	●○○
Risk management	●●●	●●●	●●●	●●○	●●○	●●○
Governance, regulatory and compliance	●●●	●●●	●●●	●●○	●●○	●●○

KEY

●●● Experienced
●● Competent
● Familiar

OUR HIGHLY EXPERIENCED BOARD

N R

RICHARD LAST
NON-EXECUTIVE CHAIR

DATE OF APPOINTMENT:
Non-Executive Chair from October 2023.

BOARD TENURE:
0.5 years.

Richard joined Gresham as Chair in October 2023, bringing a wealth of public company experience and leadership to the Board. Richard also has experience leading privately-held companies, in both Chair and Non-Executive Director positions; as well as international experience from his time at CSE Global Limited, a Singapore listed company.

KEY EXTERNAL APPOINTMENTS AND CHANGES:
- Non-Executive Chair of Tribal Group plc
- Non-Executive Director of Corero Network Security plc

COMMITTEES:
- Nomination (Chair), Remuneration (member)

A N R

ANDY BALCHIN
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT:
Non-Executive Director since May 2017, and Senior Independent Non-Executive Director from October 2020.

BOARD TENURE:
6 years.

Andy has over 30 years of financial experience in high-growth software companies, including Smartstream, SeeBeyond, Documentum, and Clearswift. Until December 2018, he was Chief Financial Officer of the cyber division of RUAG Holding AG, a major Swiss organisation. Andy is a Chartered Accountant and has experience working in a private equity environment, in M&A and IPO transactions, as well as in external audit during his early career. As well as being a Non-Executive Director, he also mentors a number of CFOs and prospective CFOs in hi-tech businesses.

KEY EXTERNAL APPOINTMENTS AND CHANGES:
- None

COMMITTEES:
- Audit (Chair), Remuneration (member), Nomination (member)

A N R

JENNY KNOTT
NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT:
Non-Executive Director since October 2020.

BOARD TENURE:
3 years.

Jenny brings unparalleled experience from an executive career in financial services, including CEO of Standard Bank Intl, and, prior to that, senior roles at Nomura Securities and UBS; and was named one of the top 100 influencers by Financial Technologist in 2018. In addition to her non-executive roles at the British Business Bank and Simply Health, Jenny is a trustee for Domestic Abuse Volunteer Support Services and an adviser to many leaders, fintechs and other young businesses.

KEY EXTERNAL APPOINTMENTS AND CHANGES:
- Non-Executive Director of British Business Bank, Chair of Board Audit Committee
- Non-Executive Director of Simplyhealth Group, Chair of Risk and Capital Committee

COMMITTEES:
- Audit (Chair), Remuneration (member), Nomination (member)

COMMITTEE MEMBERSHIP

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- ☐ Committee chair

OLIVER SCOTT
NON-EXECUTIVE DIRECTOR

DATE OF APPOINTMENT:
Non-Executive Director since January 2024.

BOARD TENURE:
0 years.

Oliver is a managing partner of the Group's largest shareholder, Kestrel Partners LLP, and joined the Board in January 2024. Spending the first 20 years of his career advising smaller quoted and unquoted companies, latterly as a director of KBC Peel Hunt Corporate Finance, he co-founded Kestrel Partners in 2009. Kestrel specialises in investing in smaller quoted technology companies, and Oliver represents them as a non-executive director at K3 Business Technology PLC and Redcentric PLC. The Board does not consider Oliver to be an independent director.

COMMITTEES:
- N/A

IAN MANOCHA
CHIEF EXECUTIVE OFFICER

DATE OF APPOINTMENT:
Chief Executive Officer and member of the Board since June 2015.

BOARD TENURE:
8 years.

Ian has extensive experience in the business technology sector. He joined Gresham from SAS where he worked for over 15 years, most recently as Vice President of the EMEA and AP business units. Ian has worked extensively with many of the world's leading financial institutions and has been successful in growing enterprise software companies to significant scale and creating value for customers and other stakeholders.

COMMITTEES:
- N/A

TOM MULLAN
CHIEF FINANCIAL OFFICER

DATE OF APPOINTMENT:
Chief Financial Officer and member of the Board since March 2018.

BOARD TENURE:
5 years.

Tom spent seven years with Ernst & Young. After qualifying with them as a Chartered Accountant in Southampton, he spent time working in the Australian business before joining the London office managing a portfolio of clients. Tom then joined Guidewire Software, a Silicon Valley-based insuretech business, where he spent eight years scaling the finance and business operations of their EMEA region. Before joining Gresham, Tom spent two years as CFO at Fadata, a PE backed insuretech business.

COMMITTEES:
- N/A

CORPORATE GOVERNANCE REPORT

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Company has complied with the relevant provisions set out in the UK Corporate Governance Code 2018 (the "Code") throughout the year.

BOARD LEADERSHIP AND COMPANY PURPOSE

The Board of Gresham Technologies plc is the body responsible for the overall management and conduct of the Group's business, and for approving and overseeing the implementation of its strategy. Its role is to provide strategic leadership to the Group within a framework of effective controls; enabling risk to be anticipated, assessed and managed appropriately. The Board is responsible to the Group's shareholders for the long-term sustainable success of the Company, generating value and contributing to wider society, and in establishing the Company's purpose, values and strategy. In the performance of its duties, the Board considers the interests of a range of stakeholders and the matters set out in section 172 of the Companies Act 2006 (which can be found on page 22).

The Board is committed to maintaining a healthy corporate culture, recognising the importance of investing in and rewarding its workforce. As part of this, the Group has established clear values, has systems in place to promote wellbeing at work, seeks to create an environment where individuals are fulfilled, and operates a share incentive plan that ensures our people share in the success of the Group.

DIALOGUE WITH INSTITUTIONAL SHAREHOLDERS

The Board as a whole is responsible for ensuring that a dialogue is maintained with shareholders based on the mutual understanding of objectives. Members of the Board meet with major shareholders on a regular basis, including presentations after the Company's announcement of the half-year and year-end results.

The Board is kept informed of the views of shareholders at Board meetings following investor meetings through a report from the Chief Executive, together with formal feedback on shareholders' views gathered and supplied by the Company's advisers. The views of private and smaller shareholders, typically arising from the AGM or from direct contact with the Company, are also communicated to the Board on a regular basis.

Mr A Balchin, the Senior Independent Non-Executive Director, and Mr R Last, the Non-Executive Chair, are available to shareholders if they have concerns where contact through the normal channel of Chief Executive has failed to resolve, or for which such contact is inappropriate.

CONSTRUCTIVE USE OF THE AGM

The Company's 2023 AGM was open to shareholders attending in person, as well as broadcast to allow the meeting to be followed remotely. Details of resolutions to be proposed at the AGM can be found in the Notice of the Meeting. A separate resolution is proposed for each substantially separate issue including a separate resolution relating to the Annual Financial Report 2023.

ENGAGEMENT WITH THE WORKFORCE

The Group does not currently have a formal workforce advisory panel or designated Non-Executive Director responsible for workforce engagement, nor does it have a designated Director appointed to the Board from the workforce who is responsible for this. However, the Board has alternative arrangements in place for workforce engagement which it considers to be effective, including: employee engagement surveys; attendance by Board members at the Group's quarterly "all-hands" CEO calls; Board meetings held in UK offices to enable engagement with our people; Board presentations by the Group's Director of People & Culture and receipt of monthly Board reports on people and culture matters; and dialogue between the Director of People & Culture and Chair of the Remuneration Committee relating to remuneration arrangements affecting the workforce as a whole.

DIVISION OF RESPONSIBILITIES

BOARD MEMBERSHIP, ROLES AND RESPONSIBILITIES

As at 31 December 2023, the Board comprised of the Non-Executive Chair, one Senior Independent Non-Executive Director, one Non-Executive Director and two Executive Directors; details of which are set out on page 49. With Non-Executive Directors considered to be independent.

The roles of Chair and Chief Executive are distinct, set out in writing and agreed by the Board. The Chair is responsible for the effectiveness of the Board and ensuring communication with shareholders, with the Chief Executive accountable for the day-to-day management of the Group.

Non-Executive Directors constructively challenge and assist in the development of the Group's strategy, scrutinising the performance of management in meeting agreed goals and objectives, and monitoring the reporting of performance.

The Senior Independent Non-Executive Director, Mr A Balchin, acts as a sounding board for the Chair and serves as an intermediary for other Directors. He also provides an alternative channel of communication for shareholders if they have concerns which contact through the normal channels of Chair or Chief Executive has failed to resolve, or for which such contact is inappropriate. During the period of July to October, Mr A Balchin held the role of Interim Chair whilst the search for a permanent new Chair took place; with Mrs J Knott holding the interim position of Senior Independent Non-Executive Director.

The Company Secretary, Mr J Cathie, has been in position since March 2014; and is not a Director of the Company. The appointment and removal of the Company Secretary remains a matter for the Board as a whole.

OPERATION OF THE BOARD

The Board is responsible to shareholders for the proper management of the Group.

The Board normally convenes once per month and operates an annual cycle of matters for its consideration, supplemented with sector and strategic topics, and governance matters. The frequency and focus of meetings, agendas and presentations are kept under review to ensure best possible use of the time of the Board of Directors and to ensure effective business decisions are taken. A formal schedule of matters specifically reserved for the Board is in place.

Directors have access to the advice and services of the Company Secretary on matters related to their role on the Board, as well as access to independent professional advice at the Company's expense where they judge it necessary to discharge their duties. The Company Secretary is present at all Board and Committee meetings and is responsible for ensuring Board procedures are complied with.

The Company maintains appropriate insurance cover in respect of legal action against the Company's Directors and the Company Secretary, but no cover exists in the event that Directors are found to have acted fraudulently or dishonestly.

Where Directors have concerns which cannot be resolved about the running of the Company or a proposed action, these concerns are recorded in Board minutes. On resignation, a Non-Executive Director is required to provide a written statement to the Chair for circulation to the Board if there are any such concerns.

The Board has formed Audit, Remuneration and Nomination Committees in line with the UK Corporate Governance Code 2018, to deal with the specific aspects of the Group's affairs. Details of the Committees' constituent members and the roles, responsibilities and activities of each of the Committees are described in more detail starting from page 51.

MEETINGS AND ATTENDANCE

The following table summarises the number of Board, Audit Committee, Remuneration Committee and Nomination Committee meetings held during the year, and the attendance record of individual Directors at those meetings.

Number of meetings attended	Board	Audit	Remuneration	Nomination
P Simmonds*	6/16	—	5/8	1/5
R Last**	6/16	—	1/8	1/5
A Balchin***	16/16	2/2	8/8	5/5
J Knott	14/16	2/2	8/8	5/5
R Wandhöfer*	5/16	2/2	1/8	1/5
I Manocha	16/16	—	—	—
T Mullan	16/16	—	—	—

* P Simmonds and R Wandhöfer stepped down from the Board on 25 July 2023.

** R Last was appointed to the Board on 17 October 2023.

*** A Balchin held the position of Interim Chair from 25 July 2023 to 16 October 2023.

COMPOSITION, SUCCESSION AND EVALUATION

NOMINATION COMMITTEE

A report from the Chair of the Nomination Committee is provided, starting on page 55.

INDUCTION AND TRAINING

New Directors receive a tailored induction on their appointment to the Board, covering their duties as Directors and what is expected of them during their tenure, the activities of the Group and its key business and financial risks, the terms of reference of the Board and its Committees, and the latest financial information about the Group.

The Chair, with the support of the Company Secretary, ensures Directors update their skills, knowledge and familiarity with the Group required to fulfil their roles on the Board and Committees. Relevant training, advice and information is provided to Directors to enable the Board to function both effectively and efficiently. This is achieved through internal and external adviser presentations, papers and updates on legislative and regulatory changes, and updates from the Company Secretariat and senior management on sector-specific matters.

BOARD PERFORMANCE REVIEW

In accordance with the UK Corporate Governance Code, a performance review of the Board, Committees, Company Secretary, and Directors is carried out annually. The review carried out in the year was conducted internally by the Company Secretarial team. The objective and scope was to assess all aspects of the Board's performance and effectiveness; and agreed following discussions with the Chair. A high level summary of the 2023 results is set out below, which will be monitored in Nomination Committee meetings throughout 2024.

Division of responsibilities: feedback was positive on the appropriate and clear division of responsibilities between the Chair and Chief Executive.

Development, information and support: Executive Directors with internal and external Gresham focused knowledge, Non-Executive Directors with more diverse external market-facing knowledge, and a range of internal and external resources from advisers, and regular updates from the Company Secretarial team, collectively ensure the Board has a well-balanced set of information and support available to them.

Time and commitment: improvements had been made with Board members devoting adequate time to their responsibilities, with excellent attendance at Board and Committee meetings; although late notice availability continued to be a challenge. The 2022 concern with too much time spent on governance issues compared to strategic matters was addressed and reflected in more positive scores in 2023.

Risk management and control: there were marked improvements on the increased focus on risk; with mention given to the monthly updates to the Board on principal risks, and six-monthly updates on wider company risks and risk management framework.

Succession planning: the last formal succession planning exercise took place in 2020. Changes in Board composition during 2023 considered the skills and experience required to support the business; resulting in a new Chair and Non-Executive Director appointment (O Scott appointed in January 2024). However, it was noted that the diversity of the Board is lacking, and should be of focus when considering future changes to the Board.

RETIREMENT AND RE-ELECTION

All Directors are subject to election by shareholders at the first AGM immediately following their appointment. Thereafter, Directors are subject to annual re-election. All Non-Executive Directors are appointed for fixed terms in line with corporate governance requirements, subject to re-election.

AUDIT, RISK AND INTERNAL CONTROL

AUDIT COMMITTEE

A report from the Chair of the Audit Committee is provided, starting on page 51.

FINANCIAL REPORTING

The Board is responsible for presenting a balanced and understandable assessment of the Company's position and prospects, extending to interim reports and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements. A statement of the Directors' responsibilities is set out on page 74.

Management and specialists within the Group's finance department are responsible for ensuring the appropriate maintenance of financial records and processes that ensure all financial information is relevant, reliable, in accordance with applicable laws and regulations, and distributed both internally and externally in a timely manner. A review of the consolidation and financial statements is completed by management to ensure that the financial position and results of the Group are appropriately reported. All financial information published by the Group is subject to the approval of the Audit Committee.

AUDIT, RISK AND INTERNAL CONTROL CONTINUED

PRINCIPAL RISKS

A report on the principal risks and uncertainties affecting the Company is provided, starting on page 41.

GOING CONCERN

The Directors are required to report that the business is a going concern, with supporting assumptions and qualifications as necessary. The Directors have concluded that the business is a going concern as further explained in the Directors' Report starting on page 71.

VIABILITY STATEMENT

The Directors confirm that they have assessed the prospects of the Group over a three-year period commencing 1 January 2024 and that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due for that period.

The Directors have selected a period of three years, as they consider this to be a reasonable and appropriate duration on which to make the assessment, based on the following two factors: firstly, the Group operates rolling financial scenarios which extend for the current financial year and up to two subsequent financial years; and, secondly, the Directors' evaluation of the forward-looking order book, with Clareti software contracts typically being signed for three-year minimum contract terms, balanced against the likely attrition rate of other, non-Clareti, revenues.

In making this statement, the Directors have considered the Group's current position and the potential impact of the principal risks and uncertainties described on pages 41 to 43 on the Group's business model, future performance, solvency or liquidity, taking account of severe but reasonable scenarios and the effectiveness of any mitigating actions, and have performed stress test analyses based on likely outcomes.

CONTROL ENVIRONMENT

The Group operates within a control framework developed and strengthened over a number of years and communicated as appropriate by a series of written procedures. These lay down accounting policies and financial control procedures, in addition to controls of a more operational nature. The key procedures that the Directors have established with a view to providing internal control are as follows:

- establishment of the organisational structure and delegated responsibilities of operational management;
- definition of authorisation limits, including matters reserved for the Board;
- regular site visits by Executive Directors, with results reported to the Board of Directors;
- establishment of detailed operational plans and financial budgets for each financial year;
- establishment of a risk management framework, detailing risk metrics and risk appetite;
- maintenance of a register of principal risks, which is reviewed and updated at every Risk Review Board meeting;
- review of regular, detailed monthly management reporting provided for every Board meeting; which encompasses a review of operational activities and entries arising on consolidation;
- reporting and monitoring performance against budgets and rolling forecasts;
- security of physical property and computer information; and
- detailed due diligence on all acquisitions.

REMUNERATION

A report from the Chair of the Remuneration Committee is provided, starting on page 57.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

Members throughout 2023	Committee member since	Meeting attendance
Andy Balchin (Committee Chair)	May 2017	3/3**
Jenny Knott	October 2020	3/3**
Ruth Wandhöfer*	October 2020	2/2

* Ruth Wandhöfer stepped down from the Board and Committee on 25 July 2023.

** The November 2023 Audit Committee meeting was postponed until 18 January 2024 due to BDO's FRC review.

DEAR SHAREHOLDER

As Chair of the Audit Committee, I am pleased to present the Committee's report for the year ended 31 December 2023. The Committee's main role remains unchanged – to monitor the integrity of the Group's financial reporting, to assess the effectiveness of its internal controls and risk management processes and to ensure that our external auditor, BDO LLP, delivers a high-quality effective audit.

The Board considers that the Committee has recent and relevant financial experience, including competence in accounting, relevant to the sector in which we operate, as well as operational skills. I am satisfied that the Committee has appropriately discharged its duties in the year in accordance with its terms of reference, which are reviewed annually and available at www.greshamtech.com/investors.

In order for the Committee to properly discharge its role, it is critical that we have the opportunity to openly discuss with management any matter which falls within our remit, and probe and challenge where necessary. The Chief Executive Officer and Chief Financial Officer attend Committee meetings by invitation, and other senior managers (including the Director of Financial Operations and Control) are invited to provide financial, technical or business information as necessary. In addition, our meetings relevant to audit are attended by the lead audit partner from BDO and other representatives. Their attendance is important as it gives us the opportunity to seek their independent and objective views on matters which they encounter during their audit. At least once a year, we meet separately with the external auditor to discuss matters without executive management present. On a more frequent basis, I meet with the Chief Financial Officer and other senior management to ensure issues or concerns are raised at an early stage; allowing sufficient time to be devoted at subsequent meetings. There is an open and constructive communication between the Committee, management and external auditor.

In addition to the 2023 Committee meetings, there have been Board-level discussions involving all members of the Audit Committee as well as informal discussions between Committee members covering topics on the FRC's review of BDO's audit of the Group's 2022 accounts, R&D tax credits, and the Bank of Ireland RCF.

RESPONSIBILITIES

Our principal role is to assist the Board in performing its responsibilities in relation to financial reporting, internal controls and risk management, and in maintaining an appropriate relationship with our external auditor. The work of the Committee in discharging its responsibilities includes:

- monitoring the integrity of the reported financial statements of the Group, any formal announcements relating to the Group's financial performance, and reviewing significant financial issues and judgements contained in them;
- challenging and monitoring the appropriateness, relevance and integrity of the Group's alternative performance measures ("APMs"); including their selection, measurement and presentation;
- reviewing and assessing the process which management has put in place to support the Board when giving its assurance on annual financial reports;
- reviewing the Group's internal financial controls, and internal control and risk management systems;
- reviewing the Group's speak-up (whistleblowing) arrangements;
- reviewing the need for a separate internal audit function;
- making recommendations to the Board, for it to put to shareholders for their approval in a general meeting, in relation to the appointment, reappointment and removal of the external auditor; and to approve the remuneration and terms of engagement of the external auditor;
- ensuring an appropriate relationship with the external auditor to include the reviewing and monitoring of its independence and objectivity, and the effectiveness of the audit process, based on a sound plan to ensure it delivers a high-quality effective audit;
- developing and implementing policy on non-audit services; and
- reporting to the Board, identifying any matters for which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

AUDIT COMMITTEE REPORT CONTINUED

COMMITTEE EFFECTIVENESS

The Committee's performance and effectiveness was reviewed as part of the Board performance review undertaken during the year (see page 49). I am pleased to report that Committee continues to be seen to operate effectively and fulfilling its duties delegated to it by the Board of Directors.

AUDIT COMMITTEE ACTIVITY

Set out below are some of the key matters addressed by the Committee in the year.

FINANCIAL REPORTING

- Reviewed the integrity of financial announcements with input from the CFO, Company Secretariat, financial PR advisers and BDO, as appropriate.
- Reviewed the Group's integrated report and financial statements for tone and consistency, agreed the application of accounting policies and key judgements, and considered whether the report (as a whole) was fair, balanced and understandable.
- Reviewed and discussed BDO's reports to the Committee.
- Reviewed the going concern basis of accounting and the longer-term viability statement.

EXTERNAL AUDIT MATTERS

- Reviewed the external audit plan, taking account of the scope, timetable and fees.
- Reviewed the independence, objectivity and effectiveness of BDO.
- Recommended to the Board the reappointment of BDO as the Group's external auditors, to be put to shareholders at the Annual General Meeting.
- Held a meeting with BDO without management present.
- Reviewed the FRC's review of BDO's audit of the Group's 2022 financial statements.
- Considered the need for an audit tender process to be concluded before the end of financial year 2024.

RISK MANAGEMENT AND INTERNAL CONTROLS

- Paid attention to potential impact and risks to the Group arising from global economic, international trade and market conditions, and changes in FX.
- Reviewed the Group's risk management framework, processes and internal reporting structure.
- Reviewed internal and BDO reported fraud, financial control and audit risks; as well as material risks to the Group.
- Reviewed the size, capabilities and controls of the Finance team.

GOVERNANCE AND OTHER

- Reviewed the Group's whistleblowing policy.
- Reviewed the Committee's terms of reference.
- Considered the need for an internal audit function.
- Reviewed expenditure and matters of non-audit fees from external providers.
- Reviewed the Audit Committee section of the Annual Report and Accounts.

SIGNIFICANT JUDGEMENTS IN RELATION TO FINANCIAL STATEMENTS

Set out below are what the Committee considers to be the most significant accounting areas which required the exercise of judgement or a high degree of estimation during the year, together with details of how these were addressed. These are all considered to be recurring issues.

Significant issue and explanation	Work undertaken by the Committee in forming an opinion
CAPITALISED DEVELOPMENT COSTS	
Development costs are accounted for in accordance with IAS 38 "Intangible Assets", and costs that meet the qualifying criteria are capitalised and systematically amortised over the useful economic life of the intangible asset. Determining whether development costs qualify for capitalisation as intangible assets requires judgement, including estimates of the technical and commercial viability of the asset created and its applicable useful economic life. These estimates are continually reviewed and updated by management based on past experience and reviews of competitor products available in the market.	The Committee has reviewed reports from management identifying development costs capitalised, the technical and commercial feasibility of the product being produced and whether further costs continue to fulfil the required IAS 38 criteria. The Committee's review encompasses direct discussion with executive and operational management, in addition to reviewing monthly formal reporting to the Board on development and associated sales and implementation activity. The treatment of development costs is an area of focus for the external auditor, who reported findings to us. We concluded that management's key assumptions, judgements, estimates and disclosures were reasonable and appropriate.
REVENUE AND PROFIT RECOGNITION	
Revenue and associated profit are recognised from the sale of software licences, rendering of services, subscriptions and maintenance and solution sales. Whilst in most cases performance obligations clearly follow the commercial and contractual arrangement agreed with the customer, in some cases the revenue streams are combined within an overall commercial arrangement. Such bundling requires judgement to assess performance obligations associated with each revenue stream and further judgement as to when and how such performance obligations have been discharged in order to recognise associated revenue. The estimation of the stage of completion, along with the unbundling of multi-element solution sales, represents a risk of incorrect revenue recognition.	The Committee has reviewed and challenged management's papers re-assessing application of revenue recognition policies; and resulting conclusions, changes and prior year restatement of such. The Committee concurred with management's conclusions surrounding this. The Committee also challenged management's descriptions and status reports on material new deals and on project work-in-progress through the year, both through direct discussion and formal month-end reporting to the Board. The Committee has furthermore considered management's assessments made on percentage of completion of material work-in-progress, and other judgements such as bundling or unbundling of revenue streams, and the resulting impact on revenue and profit recognition. Revenue recognition is an area of focus for the external auditor, who reported its findings to us. We considered whether the accounting treatment for revenue and profit recognition was in accordance with agreed methodology, the Group's accounting policies and IFRS 15 "Revenue from Contracts with Customers" and concurred with management's opinion that it was.
IMPAIRMENT REVIEWS	
The Group is required to perform impairment reviews of goodwill annually at the reporting date and, in addition, performs impairment reviews of capitalised development costs to identify intangible assets that have a carrying value in excess of their recoverable value. Determining the recoverability of an intangible asset requires judgement in both the methodology applied and the key variables within that methodology. Where it is determined an intangible asset is impaired, its carrying value will be reduced to its recoverable value with the difference recorded as an impairment charge in the Income Statement.	The Committee has considered management's assessments of value in use of cash-generating units of intangible assets (principally goodwill and capitalised development costs) at the reporting date. This included specifically considering and subsequently approving business plans prepared by management supporting the future performance expectations used in the calculation of the value in use. Impairment reviews were also an area of focus for the external auditor, who reported its findings to us. We considered whether the accounting treatment performing impairment reviews was in accordance with agreed methodology, the Group's accounting policies and IAS 36 "Impairment of Assets". We concluded that management's key assumptions were reasonable.

INTERACTION WITH THE FINANCIAL REPORTING COUNCIL ("FRC")

An inspection of the audit of the Group for the year ended 31 December 2022 was undertaken by the FRC's Audit Quality Review team, as part of a sample of BDO LLP's external audits.

As part of the external audit plan, the Committee and CFO have reviewed and considered the findings of the FRC's Audit Quality Review inspection of BDO's audit for the year ended 31 December 2022, including actions taken by BDO to address the points raised, in particular BDO's quality control procedures and how these have been incorporated into the audit approach for the year ended 31 December 2023.

FAIR, BALANCED AND UNDERSTANDABLE

At the request of the Board, the Committee considered whether this Annual Report was a fair, balanced and understandable assessment of the Group's position and prospects. In reaching its conclusion, the following was considered:

- skills and experience of the team with responsibility for the preparation and review of the Annual Report;
- drafting stages of the report to ensure consistency of tone and message, with a balanced approach to the linkage of various statements and sections of the report;
- input of the Executive Directors and ultimately the Board of Directors on the layout, design and content of the Annual Report;

FAIR, BALANCED AND UNDERSTANDABLE CONTINUED

- review of applicable legislation and regulatory requirements to be incorporated into the Annual Report, by the Company Secretarial team;
- verification of financial numbers and commentary undertaken by the Executive Directors; and
- review by the Committee before the Annual Report is presented to the Board for approval.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board is responsible for maintaining a sound risk management and internal control system to safeguard shareholders' investment and Company assets. The Directors acknowledge their ultimate responsibility for ensuring that the Group has in place systems of controls, financial and otherwise, and for managing risk, that are appropriate to the business environment in which it operates and the risks to which it is exposed and for monitoring those systems.

The Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure of business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The Board of Directors and Risk Review Board consider risk management and the internal control environment to be areas for continuous improvement, commensurate with the growth and complexity of the Group. Ongoing discussions with, and challenge to, management aiming to further enhance the Group's internal control and risk management, occur through both formal and informal channels.

An embedded ongoing process for identifying, evaluating and managing the principal risks faced by the Group is regularly reviewed by the Board, and remains in place up to the date of the approval of the financial statements.

SPEAK-UP (WHISTLEBLOWING) ARRANGEMENTS

The Committee has reviewed arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters of concern and concluded that they remain appropriate.

COMPLIANCE POLICIES

The Group has a number of compliance policies including Whistleblowing, Data Protection, Share Dealing, and Anti-Bribery. Any breach of these policies is a disciplinary matter and dealt with accordingly.

INTERNAL AUDIT FUNCTION

During the year, the Committee considered the need for a separate internal audit function and its impact on the external audit; concluding that, based on the size of the Group, a separate internal audit function is not necessary at this stage of the Group's maturity. The need for an internal audit function continues to be reviewed at least annually.

EXTERNAL AUDITOR

The Committee reviews and makes recommendations with regard to the appointment of the external auditor. In making these recommendations, the Committee considers auditor effectiveness and independence, partner rotation and any other factors which may impact the external auditor's appointment.

In considering the effectiveness of BDO, the Committee discuss and approve the scope of and fees for the external audit plan and review the approach to the external audit, their assessment of the significant risks in the Group's financial statements and materiality levels, and associated work. In addition, the Committee consider the commercial experience and expertise of the auditor, particularly in the Group's industry sector; the fulfilment of the agreed audit plan and any variations from this plan; and the robustness of BDO in its handling of key accounting and audit judgements.

Following this internal evaluation, the Committee was satisfied that during the year the audit team demonstrated the necessary commitment and ability, had provided constructive challenge to management, with appropriate focus on primary areas of the audit.

A full tender for external audit services was last concluded in 2010, with a further tender process in 2020 curtailed due to all invited firms (bar BDO) withdrawing from the process due to resourcing challenges mainly brought about by COVID-19 lockdowns. A new full tender process will now be conducted and concluded before the end of the current financial year.

NON-AUDIT SERVICES

The Committee reviews and controls the manner in which non-audit services are awarded, especially to the external auditor, as per its Audit and Non-Audit Services policy. All non-audit work requires Audit Committee approval facilitated through the Chief Financial Officer; and will only be approved by the Committee if:

- there are no conflicts of interests between the external audit firm and the Group;
- services do not result in the external audit firm functioning in the role of management;
- services do not result in a fee which is material relative to the annual audit fee (70% of average audit fees over prior three financial years);
- services do not place the external audit firm in the position of auditing their own work; and/or
- services do not place the external audit firm in the position of being an advocate for the Group.

In the year, there were £3,000 of non-audit fees paid to the external auditor (2022: £3,000); in relation to the auditor sign-off of compliance certificates required under the terms of the Group's revolving credit facility.

ANDY BALCHIN
CHAIR OF THE AUDIT COMMITTEE
29 APRIL 2024

NOMINATION COMMITTEE MEMBERS AND ATTENDANCE

Members throughout 2023	Committee member since	Meeting attendance
Richard Last** (Committee Chair)	October 2023	1/1
Andy Balchin	May 2017	5/5
Jenny Knott	October 2020	5/5
Peter Simmonds*	August 2020	1/1
Ruth Wandhöfer*	October 2020	1/1

* Peter Simmonds and Ruth Wandhöfer stepped down from the Board and Committee on 25 July 2023.

** Richard Last was appointed to the Board on 17 October 2023.

DEAR SHAREHOLDER

I am pleased to present the report of the Nomination Committee for the year ended 31 December 2023.

The Committee keeps under review, and takes appropriate action to ensure, orderly succession for appointments to the Board and to senior management, so as to maintain an appropriate balance of skills and experience. As regards Non-Executive Directors, the Committee considers, amongst other factors, their other significant outside commitments prior to making recommendations, to ensure they have sufficient time to dedicate to their role. The Committee keeps any changes to these commitments under review.

The Board's policy is to ensure that all appointments are merit-based and based on objective criteria, giving due regard to equality of opportunity, and to promote inclusion and diversity. Achieving diversity in the technology sector is especially challenging due to the available pool of individuals with the right skills, experience and talent. During the year the Board failed to meet board diversity targets; however is committed to keeping this under review. Given the relatively small size of the Board and the Group, the Committee does not currently set any measurable objectives for implementing a diversity policy, but acknowledges the role of the Board in promoting diversity throughout the Group.

BOARD COMPOSITION

On 25 July 2023, Peter Simmonds, Independent Non-Executive Chair, and Ruth Wandhöfer, Non-Executive Director, resigned from the Board. The Committee approved the interim appointment of Andy Balchin as Interim Chair of the Board and Nomination Committee, who lead the search for a new Chair. Directorbank Executive Search were appointed to source a candidate with extensive and up-to-date fintech, Enterprise Software or SaaS experience; with commercial and marketing skills, and strategic insight in one or more of Gresham's key international markets. After a full and transparent process, the Committee proposed Richard Last to the Board, who was subsequently appointed on 17 October 2023.

NOMINATION COMMITTEE ACTIVITY

Set out below are some of the key matters addressed by the Committee in the year.

BOARD AND COMMITTEE COMPOSITION

- Completed the search for a new Independent Non-Executive Chair.
- Considered the diversity of the Board and Non-Executive Directors including in respect of gender and ethnicity.
- Performed a Director skills assessment to understand the Board's collective skills and experience related to the markets and sector the Group operates in.
- Reviewed the independence of each Non-Executive Director, their term in office, any conflicts of interest, and time commitments to the Group.

BOARD PERFORMANCE REVIEW

- Considered and agreed the process for the internal 2023 performance review of Directors, the Company Secretary, the Board and Committees.

CORPORATE GOVERNANCE AND OTHER

- Approved the updated induction programme for new Non-Executive Directors.
- Considered and recommended to the Board the election of Richard Last and Oliver Scott, and the re-election of all other Directors at the AGM.
- Reviewed the Committee's terms of reference.
- Reviewed the Group's statement of Equality, Diversity and Inclusion.

NOMINATION COMMITTEE REPORT CONTINUED

To comply with Listing Rule 9.8.6(9), as at 31 December 2023 (chosen reference date) the following data was collected via an anonymous e-survey from the Company Secretarial team for reporting purposes.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
Men	4	80%	4	6	75%
Women	1	20%	0	2	25%
Other	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

	Number of Board members	Percentage of the Board	Number of senior positions on the Board	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	6	100%	4	8	100%
Mixed/Multiple Ethnic Groups	0	0%	0	0	0%
Asian/Asian British	0	0%	0	0	0%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

In accordance with the UK Corporate Governance Code 2018, all Directors are subject to election or annual re-election (as the case may be). Having considered the contribution of individuals on the Board, it is apparent to me that each Director brings specific expertise to the Board and makes a valuable contribution to the Company's long-term success. I therefore have no hesitation in recommending them to shareholders.

RICHARD LAST
CHAIR OF THE NOMINATION COMMITTEE
29 APRIL 2024

INTRODUCTION TO THE REMUNERATION REPORT

REMUNERATION COMMITTEE MEMBERS AND ATTENDANCE

Members throughout 2023	Committee member since	Meeting attendance
Jenny Knott (Committee Chair)	October 2020	8/8
Andy Balchin	May 2017	8/8
Richard Last**	October 2023	1/1
Peter Simmonds*	August 2020	5/5

* Peter Simmonds stepped down from the Board and Committee on 25 July 2023.

** Richard Last was appointed to the Board on 17 October 2023.

DEAR SHAREHOLDER

I am pleased to introduce the Directors' Remuneration Report for the year ended 31 December 2023.

I hope this introduction provides an informative overview of the key activities of the Committee in the year, and that our formal Remuneration Report on the following pages demonstrates our ongoing commitment to ensuring that executive reward incentivises positive outcomes for shareholders, by reflecting strong linkage with strategy and a fair, transparent and collaborative corporate culture.

REMUNERATION COMMITTEE ACTIVITY

Set out below are some of the key matters addressed by the Committee in the year.

EXECUTIVE DIRECTOR REMUNERATION

- Determined the increases to basic pay for the year commencing 1 April 2023 in accordance with the Company's established methodology (6.5%).

NON-EXECUTIVE DIRECTOR FEES

- Determined the increases to basic pay for the year commencing 1 April 2023 in accordance with the Company's established methodology (5%).
- Amended contractual notice and pay in lieu of notice in the event of a corporate event in letters of appointment.
- Approved the base salary for new Independent Non-Executive Chair.
- Approved a premia for the role of Senior Independent Director.

ANNUAL BONUS SCHEME

- Set performance measures and targets for variable pay awards under the annual bonus scheme in respect of 2022.
- Assessed the performance of the Group and Executive Directors against pre-determined targets for 2023.
- Determined outcomes for the year under the annual bonus scheme.

SHARE AND INCENTIVE PLANS

- Set performance measures and targets for matching share awards under the LTIP in respect of financial years 2023 to 2025.
- Reviewed the grant of awards to certain individuals under the performance share plan.

WIDER WORKFORCE

- Confirmed the methodology for annual pay reviews; returning to those historically used prior to 2022 (cost-of-living).
- Approved all-employee bonus percentages (scale: 0% to 10%).
- Approved extended management and leadership team bonus pots and pools; retaining existing methodology, but with Executive discretion.
- Approved for Executive Directors to consider individual pay rise and/or bonus amounts for individuals with in-year market-levelling.
- Discussed the implementation of an Employee Benefit Trust quarterly mark-purchase mandate.

GOVERNANCE AND OTHER

- Reviewed the Committee's terms of reference.
- Agreed the Remuneration Policy did not require updating for shareholder vote at the 2024 AGM.
- Approved the Chief Technology Officer transitional arrangements and remuneration package.

Looking ahead to 2024, the Committee remains mindful of the inflationary environments in its operating territories, noting the steady decreases throughout 2023 which appear to be plateauing across the globe. The Committee is therefore carefully considering its application of the Company's established methodology for determining pay increases across the Group. As a result, the average pay rise across the global population is approximately 2.8%; with base pay increases for Chief Executive and Chief Financial Officer set at 2.8%.

Other information on how the Directors' Remuneration Policy is expected to be applied in 2024, including in relation to the Annual Bonus Scheme and LTIP, is set out in the following pages.

JENNY KNOTT
CHAIR OF THE REMUNERATION COMMITTEE
29 APRIL 2024

DIRECTORS' REMUNERATION POLICY

The Directors' Remuneration Policy (the "Policy") has been prepared in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2019, the provisions of the UK Corporate Governance Code (2018) and the Listing Rules.

The Policy sets out the Company's policy on remuneration for Executive and Non-Executive Directors and was approved by shareholders at the 2023 Annual General Meeting, taking effect from 1 January 2023 and lasting three years.

GENERAL PRINCIPLES

Our policy for Directors' remuneration arrangements and practices is based on certain general principles, which are that remuneration should:

- be sufficient to attract, motivate and retain Directors in order to deliver the Group's strategic and financial goals;
- support the Group's vision, purpose and values;
- align interests of Directors with those of shareholders and other key stakeholders;
- be simple and transparent; and
- for Executive Directors, ensure that an appropriate proportion of the overall remuneration package is incentive pay, determined by reference to individual performance, Group performance and market conditions.

The Committee has been careful to take full account of the remuneration-related provisions contained in the Code in our design considerations. With regard to the factors outlined in Provision 40 of the Code; these have been addressed as follows:

- **Clarity –** Our remuneration framework is structured to support financial delivery and the achievement of strategic objectives, aligning the interests of Executive Directors with those of our shareholders. Our Policy is transparent and well understood by our senior executive team. It has been clearly articulated herein for the benefit of our shareholders and representative bodies.
- **Simplicity –** Our remuneration framework is straightforward to communicate and operate. We have operated the same simple and transparent overarching structure for several years and applied it on a consistent basis.
- **Risk –** Our incentives have been structured to ensure that they are aligned with the Board's system of risk management and risk appetite. Inappropriate risk-taking is discouraged and mitigated through, for example (i) the operation of arrangements that provide an appropriate balance of fixed pay to short and long-term incentive pay and through multiple performance measures based on a blend of financial, non-financial and shareholder return targets; (ii) the deferral of a proportion of annual bonus into shares and the operation of a post-vesting holding period for the LTIP; (iii) the operation of significant in-employment and post-employment shareholding guidelines; and (iv) the operation of robust recovery and withholding provisions.
- **Predictability –** Our incentive plans are subject to individual caps, with our share plans also subject to dilution limits. The Committee has full discretion to alter the pay-out level or vesting outcome to ensure payments are appropriately aligned with the underlying performance of the Company.
- **Proportionality –** Ensuring Executive Directors are not rewarded for failure underscores our approach to remuneration. For example, the significant proportion of our packages is based on long-term performance targets linked to the KPIs of the Company, and through our ability and openness to the use of discretion to ensure appropriate outcomes. There is a clear link between individual awards, delivery of strategy and long-term performance. As mentioned above, formulaic incentive outcomes are reviewed by the Committee and may be adjusted having consideration to overall Group performance and wider workforce remuneration policies and practices.
- **Alignment to culture –** Our Policy is aligned to our culture and values. The Committee strives to instil a sustainable performance and continuous improvement of culture at the management level that can cascade down the Company. The Board sets the framework of KPIs against which we monitor the performance of the Company, and the Committee links the performance metrics of our incentive arrangements to those KPIs. We are also keen to foster a culture of share ownership, and operate all-employee share arrangements in pursuit of this objective.

REMUNERATION POLICY TABLE

The table below sets out the Directors' Remuneration Policy for each element of pay.

Element of remuneration and link to strategy	
BASE SALARY Supports the recruitment, motivation and retention of Directors of the calibre required to deliver the Group's strategy.	**Operation** Base salary is set on appointment, paid monthly and typically reviewed annually, with increases normally applying from 1 April.
	Framework Base salary and reviews are assessed by the Committee on both Group and individual performance and, in the case of new Directors, their prior experience and skills. Consideration is also given to pay increases for other employees in the Group and to comparable pay for similar roles at similar companies. Where appropriate, the Committee will engage external remuneration consultants for benchmarking.
	Maximum opportunity Salaries will be eligible for increases during the period that this policy operates. Executives' increases will take into consideration a number of factors including the wider workforce increase, country-specific inflation, and individual performance. Increases beyond workforce pay awards may be made, for example, where there is a change of incumbent, in responsibility, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group.
PENSION Supports the recruitment, motivation and retention of Directors of the calibre required to deliver the Group's strategy.	**Operation** Pension contributions are made by the Company to a defined contribution scheme operated by a third party provider or may be payable as a cash allowance in lieu of pension.
	Framework Directors are eligible to make pension contributions by utilising the Company's approved pension scheme arrangements from time to time. The Company will match the Director's pension contributions up to the specified maximum.
	Maximum opportunity The Company matches the Director's pension contribution up to a maximum of 5% of base salary, in line with the general UK employee population.
BENEFITS Supports the recruitment, motivation and retention of Directors of the calibre required to deliver the Group's strategy.	**Operation** Benefits include private healthcare/medical insurance, dental insurance and death in service insurance (life assurance cover equal to 4 times base salary). Executives will be eligible for any other benefits which are introduced for the wider workforce on similar terms. Any reasonable business-related expenses (and any tax thereon) can be reimbursed if determined to be a taxable benefit. For external and internal appointments or relocations, the Company may pay certain relocation and/or incidental expenses as appropriate.
	Framework Directors are eligible to subscribe for benefits by selecting their preferred benefits options via the Company's approved benefits provider from time to time.
	Maximum opportunity The value of benefits may vary from year to year depending on the cost of the Company from third party providers.

REMUNERATION POLICY TABLE CONTINUED

Element of remuneration and link to strategy	
ANNUAL BONUS Rewards and incentivises the Executive Directors to deliver annual strategic, financial and operational goals.	**Operation** The annual bonus is calculated after the end of the financial year based on predetermined targets. The annual bonus consists of a mix of cash and shares. The Committee retains discretion to determine the annual bonus split between cash and shares (which by default is 50:50) and to make appropriate adjustments having regard to the prevailing circumstances. The cash element of the bonus is normally paid at or after the time of release of the final audited results. The shares are deferred for two years and then released. Dividends or dividend equivalents may accrue on vested deferred bonus awards. The Committee has discretion to amend the pay-out should any formulaic outcome not reflect the Committee's assessment of overall business and/or individual performance.
	Framework The Committee determines the relevant performance targets at the start of each financial year. Targets are set predominantly (at least 75%) in relation to financial measures, with the balance based on non-financial objectives. Payments and awards are subject to malus and clawback.
	Maximum opportunity The maximum potential annual bonus is 100% of base salary.
LONG-TERM SHARE INCENTIVE PLAN Rewards and incentivises Executive Directors to deliver sustainable long-term financial growth and shareholder returns. Acts as a retention mechanism. Aligns Directors' interests with the long-term interests of shareholders and other key stakeholders.	**Operation** This plan is operated pursuant to the rules of the Deferred Share Bonus Plan 2017 and is linked to the Annual Bonus. At the time that the Annual Bonus is determined, an annual award of matching shares is granted under this plan, the quantum of which is linked to the number of deferred shares awarded in the Annual Bonus. Matching awards are subject to a three-year vesting period and will only vest if and to the extent that pre-determined targets are achieved over that period. Awards are subject to continuous employment, post-vesting holding and malus and clawback. Dividends or dividend equivalents may accrue on vested matching share awards. The Committee retains discretion to adjust vesting levels in exceptional circumstances, including but not limited to an assessment of the overall performance of the business or individual over the three-year period.
	Framework The Committee determines the relevant targets for growth and returns measures. The performance is assessed over three years.
	Maximum opportunity The maximum award in respect of a year is 4x the number of (gross of tax) deferred shares awarded under the Annual Bonus in the year of grant.

Element of remuneration and link to strategy	
PERFORMANCE SHARE PLAN 2020 Rewards and incentivises Executive Directors for creation of shareholder value. Acts as a retention mechanism. Directly aligns financial incentives with returns to shareholders.	**Operation** This plan is operated pursuant to the rules of the Performance Share Plan 2020. Share awards are made at the Committee's discretion. Awards are subject to performance conditions specified at the time of grant by the Committee and a three-year vesting period. Awards are subject to continuous employment, post-vesting holding and malus and clawback. Dividends or dividend equivalents may accrue on vested performance share awards. The Remuneration Committee retains discretion to adjust vesting levels in exceptional circumstances, including but not limited to an assessment of the overall performance of the business or individual over the three-year period.
	Framework Awards vest subject to the achievement of performance criteria. A material proportion of an award is linked to performance conditions directly aligned to shareholder value growth. An award will not vest unless and until the Company's share price has increased by at least 20% relative to the share price at the date of grant.
	Maximum opportunity The maximum award in respect of a year is 100% of base salary or up to 200% in exceptional circumstances.
CHAIR AND NON-EXECUTIVE DIRECTOR FEES Supports the recruitment and retention of individuals of the calibre required to constitute an effective Board and contribute to the Company's long-term success.	**Operation** Fees for Non-Executive Directors are set by the Board (excluding Non-Executive Directors) and paid monthly.
	Framework A basic fee is set for normal duties, commensurate with fees paid for similar roles in other similar companies, taking account of the time commitment and responsibilities. A supplemental fee is paid for the Chair role, SID role and for each Committee Chair role. Additional fees may be paid for services outside of the normal duties subject to prior agreement with the Company. Non-Executive Directors are not eligible for pensions, incentives, bonus or any similar payments other than normal out-of-pocket expenses incurred on behalf of the business. Compensation for loss of office is not payable to Non-Executive Directors.
	Maximum opportunity Fees for the Chair and Non-Executive Directors are reviewed annually. Current fees are set out in the Directors' Remuneration Report.

REMUNERATION POLICY CONSIDERATIONS

SELECTION OF PERFORMANCE MEASURES

The performance measures for the Annual Bonus and awards under the Long-Term Share Incentive Plan are selected to reflect the main KPIs and strategic priorities for the Group. The performance measures for awards under the Performance Share Plan are selected to directly align awards with shareholder value growth and to reflect key drivers of shareholder value growth. The Committee's policy is to set performance targets which are both challenging and achievable and that the maximum outcomes are only available for outstanding performance.

Performance conditions applying to subsisting awards may be amended or substituted by the Committee if an event occurs (such as a change in strategy, a material acquisition or divestment of a Group business or a change in prevailing market conditions) which causes the Committee to determine that the measures are no longer appropriate, and that amendment is required in order that they achieve their original purpose.

OPERATION OF SHARE PLANS AND EXERCISE OF DISCRETION

The Remuneration Committee operates the annual bonus, Long-Term Share Incentive Plan and Performance Share Plan according to the rules of each respective plan which, consistent with market practice, include certain discretions in relation to the operation of each plan, such as:

- who participates in the plan, the quantum of an award and/or payment and the timing of awards and/or payments;
- determining the extent of vesting;
- treatment of awards and/or payments on a change of control or restructuring of the Group;
- whether an Executive Director or a senior manager is a good/bad leaver for incentive plan purposes and whether the proportion of awards that vest do so at the time of leaving or at the normal vesting date(s);
- how and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or for special dividends);
- what the weighting, measures and targets should be for the annual bonus plan, matching and performance share plan awards from year to year;
- the Committee also retains the ability, within the policy, if events occur that cause it to determine that the conditions set in relation to an annual bonus plan, share matching plan or performance share plan award are no longer appropriate or unable to fulfil their original intended purpose, to adjust targets and/or set different measures or weightings for the applicable annual bonus plan, share matching plan and performance share plan awards with, in the case of share awards held by Executive Directors, adjusted performance conditions being not materially less difficult to satisfy than the original conditions would have been but for the relevant event(s); and
- the ability to override formulaic outcomes in line with policy.

All assessments of performance are ultimately subject to the Committee's judgement and discretion is retained to adjust payments in appropriate circumstances as outlined in this Policy. Any material discretion exercised (and the rationale) will be disclosed.

SHARE OWNERSHIP GUIDELINES

The Company expects Executive Directors to build up and maintain a shareholding in the Company of a market value equal to 200% of base salary or more, including beneficially owned shares and any fully vested share awards/options (after deducting any unpaid acquisition or exercise costs). Executive Directors are expected not to dispose of any shares acquired under any Company share plan until he or she meets the minimum share ownership guideline.

Shares acquired by Executive Directors pursuant to the Long-Term Share Incentive Plan and the Performance Share Plan are subject to a two-year post-vesting holding period during which acquired shares may not be disposed of, save in cases of hardship or other circumstances where the Committee considers it appropriate. Any shares that are sold to discharge the option holder's fiscal (including tax) obligations are not treated as having been acquired.

Post-employment, the Company expects Executive Directors to retain a shareholding valued at not less than 100% of base salary based on the share price at cessation (or, if lower, the value of shareholding upon cessation), for a period of one year following termination of employment, save in cases of hardship or other circumstances where the Committee considers it appropriate. Any shares disposed of during this period are required to be done in co-ordination with the Company and its brokers in order to ensure an orderly market is maintained.

MALUS AND CLAWBACK

In the event of gross misconduct, fraud, malpractice, a material misstatement of results, a material breach of risk management, error in assessing performance conditions, corporate failure or insolvency, or other circumstances that, in the opinion of the Committee, have a sufficiently serious impact on the reputation of any Group business, the Committee may:

- require repayment of some or all of any Annual Bonus payment (including by way of reduction in the number of deferred shares released) for up to three years following payment; and/or
- reduce or cancel a vested or unvested share award made under any Company plan or require the participant to make a payment to the Company at any time from the date of grant of the award until three years after vesting of the award.

LEGACY ARRANGEMENTS

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the Remuneration Policy, where the terms of the payment were agreed (i) before the policy came into effect or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes "payments" includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are "agreed" at the time the award is granted.

RECRUITMENT OF DIRECTORS

The Company's Nomination Committee is responsible for leading the process for Board appointments and making recommendations to the Board. Refer to the Nomination Committee Report for details.

New Directors will be offered remuneration packages in line with the Directors' Remuneration Policy in force at the time, with new appointments subject to the same remuneration principles as apply to incumbent Directors.

Individuals who are recruited or promoted to the Board may have their initial basic salary set at a lower level than would otherwise be the case, until they become established in their Board role. Subsequent increases in their salary may be higher than the average, subject to their ongoing performance and development.

Depending on the timing of the appointment, the Committee may deem it appropriate to set different annual bonus performance conditions for the first performance year of appointment. A Performance Share Plan award can be made shortly following an appointment (assuming the Company is not in a close period). In the case of an internal appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment.

In addition, the Committee may offer additional cash and/or share-based buy-out awards when it considers these to be in the best interests of the Company (and therefore shareholders) to take account of remuneration given up at the individual's former employer. This includes the use of awards made under 9.4.2 of the Listing Rules. Such awards would be capped at a reasonable estimate of the value foregone and would reflect, as far as possible, the delivery mechanism, time horizons and whether performance requirements are attached to that remuneration. Shareholders will be informed of any such payments at the time of appointment and/or in the next published Annual Report.

For the appointment of a new Chair or Non-Executive Director, the fee arrangement would be set in accordance with the approved Remuneration Policy.

SERVICE CONTRACTS, LETTERS OF APPOINTMENT

It is the Company's policy to offer Executive Directors service contracts terminable with a maximum of twelve months' rolling notice from either side.

None of the Non-Executive Directors have a service contract. Appointments are for three-year terms, which may be renewed by mutual agreement, subject always to termination by either party at any time on three months' notice. Chair and Non-Executive Director appointments are subject to Board approval and election by shareholders at each Annual General Meeting.

Copies of service contracts and letters of appointment are held at the Company's registered office.

LEAVERS AND POLICY ON PAYMENTS FOR LOSS OF OFFICE

The Company may terminate the contract with immediate effect with or without cause by making a payment in lieu of notice by monthly instalments of salary and benefits, with reductions for any amounts received from providing services to others during this period. There are no obligations to make payments beyond those disclosed elsewhere in this report.

The Remuneration Committee strongly endorses the obligation on an Executive Director to mitigate any loss on early termination and will seek to reduce the amount payable on termination where it is appropriate to do so. The Committee will also take care to ensure that, while meeting its contractual obligations, poor performance is not rewarded. The Executive Directors' contracts contain early termination provisions consistent with the Policy outlined above.

The Group may pay reasonable outplacement and professional legal fees incurred by Executives in finalising their termination arrangements, where considered appropriate, and may pay any statutory entitlements or settle compromise claims in connection with a termination of employment, where considered in the best interests of the Company. Outstanding savings/shares under all-employee share plans would be transferred in accordance with the terms of the plans.

A pro-rated bonus may be paid subject to performance, for the period of active service only. Outstanding share awards may vest in accordance with the provisions of the various scheme rules.

Deferred shares awarded under the Annual Bonus are beneficially owned by the Executive and will be available to them upon leaving, save for forfeiture for serious misconduct. Clawback and malus provisions will also apply.

Under the Long-Term Share Incentive Plan and PSP, any outstanding awards will ordinarily lapse, however in "good leaver" cases the default treatment is that awards will vest subject to the original performance condition and time proration and the holding period will normally continue to apply.

For added flexibility, the rules allow for the Committee to decide not to pro-rate (or pro-rate to a lesser extent) if it decides it is appropriate to do so, and to allow vesting to be triggered at the point of leaving by reference to performance to that date, rather than waiting until the end of the performance period. On a change of control, any vesting of awards will be subject to assessment of performance against the performance conditions and normally be pro-rated.

Where a buy-out award is made under the Listing Rules then the leaver provisions would be determined at the time of the award.

WIDER STAFF EMPLOYMENT CONDITIONS

The Committee considers pay and employment conditions of other staff members of the Group when designing and setting executive remuneration. Executive Directors are compensated following similar frameworks as the general employee population, although the quantum differs due to the responsibilities attached to such roles. Executive Director pay reviews are set within the context of employee increases, with changes reflecting not only performance (individual and Group) but relevant competence and skills as would be applied to any other employee, as well as country-specific inflationary rates. Underpinning all pay is an intention to be fair to all staff, taking into account the individual's seniority and local market practices.

CONSULTATION WITH SHAREHOLDERS

The Committee is committed to an ongoing dialogue with shareholders and seeks the views of significant shareholders when any major changes are being made to remuneration arrangements. The Committee takes into account the views of significant shareholders when formulating and implementing the policy. All shareholders are encouraged to attend the Company's AGM, and the Chair of the Remuneration Committee is available for meetings with shareholders should they have any concerns about remuneration matters.

CONSULTATION WITH EMPLOYEES AND CONSIDERATION OF EMPLOYMENT CONDITIONS

The Company does not consult directly with employees when formulating and implementing the Directors' Remuneration Policy. However, when making decisions in relation to Executive pay and structures, the Committee takes into consideration terms and conditions elsewhere in the Group and the results of engagement surveys. The Group's remuneration strategy and practices for the general employee population is determined in terms of best practice and ensuring that the Company is able to attract, motivate and retain the people with the necessary skills and experience to advance the Group's strategic, financial and operational objectives. All employees are eligible to share in the success of the Group through performance-related remuneration and share ownership through an annual bonus and annual share matching plan (operated pursuant to the Deferred Share Bonus Plan). At the recommendation of Executive Directors and discretion of the Committee, certain key employees also participate in the Performance Share Plan.

The Committee is kept updated throughout the year on general employment conditions and makes recommendations to the Board for the budget for annual salary increases. Furthermore, the Committee's oversight extends to the first level of management below Executive Directors, for which it approves and monitors the level and structure of remuneration. Where share awards are granted, the conditions are substantially the same for all participants, with the size of awards determined by seniority or other relevant factors.

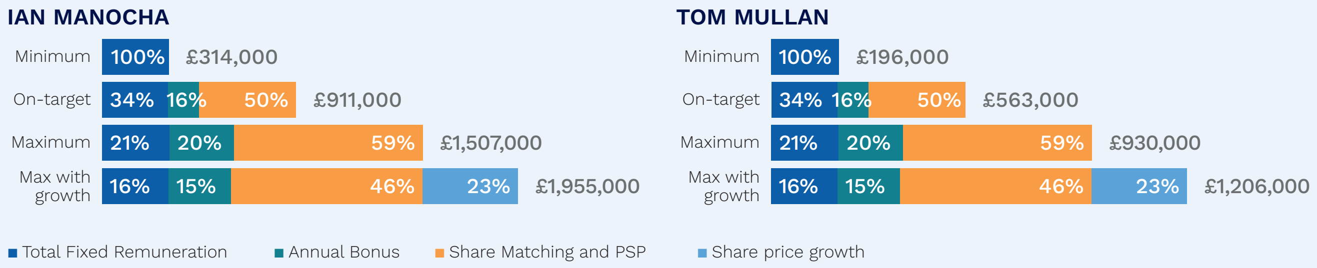
ILLUSTRATION OF REMUNERATION SCENARIOS

The following graphs set out an illustration of Executive Director pay for 2024. The potential reward opportunities for 2024 are based on the Remuneration Policy described herein. Projected values exclude the impact of share price movement (except in scenario 4) and the payment of dividends and actual outcomes may differ from those shown. Projected values also exclude any potential discretionary awards under the Performance Share Plan 2020.

Four different remuneration scenarios for 2024 are provided, as follows:

- the "minimum" scenario includes base salary, pension and benefits ("fixed remuneration") which are the elements of Executive Director pay that are not at risk;
- the "on-target" scenario includes fixed remuneration, plus an on-target bonus of 50% of base salary under the Annual Bonus (50% cash and 50% shares) and an assumption that related matching shares will vest three years later under the Long-Term Share Incentive Plan based on a 2x multiple of the shares awarded under the Annual Bonus, and PSP awards vesting at 50% of maximum;
- the "maximum" scenario includes fixed remuneration, plus a maximum bonus of 100% of base salary under the Annual Bonus (50% cash and 50% shares) and an assumption that matching shares will vest three years later under the Long-Term Share Incentive Plan based on a 4x multiple of the shares awarded under the Annual Bonus, and PSP awards vest at full on the basis of a 100% of salary grant; and
- the "maximum plus 50% share price increase" scenario, which includes the maximum scenario as described above plus the impact of a 50% increase to share price applied to matching and PSP share awards.

Illustration of the application of the Policy



ANNUAL REPORT ON REMUNERATION

The Committee's key role is to determine and operate a Remuneration Policy that supports the Company's strategy and promotes long-term sustainable success and aligns the interests of Directors and Senior Executives with those of shareholders.

The Committee's primary responsibilities include:

- setting remuneration incentives to attract, retain and motive Senior Executives and other key employees of the quality required to run the Company successfully and support its strategy and long-term success, without paying more than is necessary;
- approving the total individual remuneration package of each Executive Director and each member of the Senior Executive team;
- reviewing and setting performance targets for Executive Director and Senior Management incentive plans including annual bonus and long-term share plans;
- determining remuneration outcomes in relation to performance-related pay for Executive Directors and Senior Management;
- reviewing and approving equity awards under the Performance Share Plan for Executive Directors and Senior Management; and
- having oversight of pay across the wider workforce when making decisions on Senior Executive pay.

Details of the Committee's operation, roles and responsibilities are set out in terms of reference, which are available on the Company's website.

The Committee seeks professional advice where it considers it appropriate to do so. In 2022, the Committee engaged FIT Remuneration Consultants to carry out a review of the Directors' Remuneration Policy, which was approved by shareholders at the 2023 AGM. The final invoice of £6,791 was paid in January 2023 (2022: £4,800).

IMPLEMENTATION OF POLICY FOR 2024

- Base salary: base salary for the Executive Directors is increased by 2.8% effective 1 April 2024; with the average staff increase of 2.8%.
- Pension: a maximum matching contribution of 5% will be provided.
- Annual bonus: the annual bonus opportunity will be 100% of base salary, with target measures and weightings to be consistent with 2023 and the Remuneration Policy. In line with the Company's standard practice, details of the targets will be disclosed retrospectively in next year's report.
- Long-Term Share Incentive Plan: matching shares will be granted in 2024 based on the 2023 annual bonus outcome. The maximum matching awards will be 4x the value of the deferred bonus. These awards will vest after three years and are subject to the performance criteria for growth (Group revenue (excluding low fixed-margin contracting business)) and returns ("TSR"). The targets applying to each measure are not disclosed on the grounds of being commercially sensitive but retrospective disclosure of the targets and outcomes will be provided in the report for the year in which the award has vested.

- Performance Share Plan: the Committee retains discretion to make PSP awards in the year. Any awards granted to Directors will be disclosed through regulatory announcements and reported on in next year's report.
- Chair and NED fees: to be increased by 2.8% effective 1 April 2024.

SINGLE FIGURE FOR TOTAL REMUNERATION (AUDITED INFORMATION)

The following table sets out the single figure for total remuneration for Directors for the financial years ended 31 December 2023 and 2022:

31 December 2023	Base salary/fees £	Benefits in kind [3] £	Annual bonus [1] £	Pension £	Long-Term Share Incentive plan [2] £	Total fixed pay £	Total variable pay [4] £	Total 2023 £
Executive Directors								
I Manocha	**287,932**	**907**	**84,482**	**14,384**	**177,939**	**303,223**	**262,421**	**565,644**
T Mullan	**177,342**	**3,698**	**51,274**	**8,855**	**108,948**	**189,895**	**160,222**	**350,117**
Non-Executive Directors								
P Simmonds	**46,645**	—	—	—	—	**46,645**	—	**46,645**
A Balchin	**56,074**	—	—	—	—	**56,074**	—	**56,074**
J Knott	**46,688**	—	—	—	—	**46,688**	—	**46,688**
R Wandhöfer	**23,323**	—	—	—	—	**23,323**	—	**23,323**
R Last	**24,839**	—	—	—	—	**24,839**	—	**24,839**
	662,843	**4,605**	**135,756**	**23,239**	**286,887**	**690,687**	**422,643**	**1,113,330**

(1) Comprises the total value of bonus of which 50% is paid in shares.

(2) These figures represent the estimated value of Long Term Share Incentive Plan awards granted on 31 March 2021 based on the average share price for the three-month period ending 31 December 2023 of 129 pence.

(3) Benefits in kind include provision of private healthcare and death in service insurance.

(4) Mr I Manocha and Mr T Mullan received a base salary increase of 6.5% in 2023. The average increase across Group employees in 2023 was 6.6%.

31 December 2022	Base salary/fees [4] £	Benefits in kind [3] £	Annual bonus [1] £	Pension £	IFRS 2 share-based payment charge [2] £	Total fixed pay £	Total variable pay [5] £	Total 2022 £
Executive Directors								
I Manocha	274,057	1,166	156,467	13,691	160,172	288,914	331,639	620,553
T Mullan	168,610	3,374	94,363	8,418	103,999	180,402	230,362	410,764
Non-Executive Directors								
P Simmonds	80,000	—	—	—	—	80,000	—	80,000
A Balchin	45,000	—	—	—	—	45,000	—	45,000
J Knott	45,000	—	—	—	—	45,000	—	45,000
R Wandhöfer	40,000	—	—	—	—	40,000	—	40,000
	652,667	4,540	250,830	22,109	264,171	679,316	562,001	1,241,317

(1) Comprises the total value of bonus of which 50% is paid in shares.

(2) These figures represent the estimated value of Long Term Share Incentive Plan awards granted on 20 March 2020 based on the average share price for the three-month period ending 31 December 2022 of 154 pence.

(3) Benefits in kind include provision of private healthcare and death in service insurance.

(4) Mr I Manocha and Mr T Mullan received a base salary increase of 0.6% and 1.2% respectively in 2022. The average increase across Group employees in 2022 was 4.7%.

(5) Includes an additional bonus of £15,000 (CEO) and £32,000 (CFO), in line with disclosures made in 2021.

REMUNERATION REPORT CONTINUED

VARIABLE PAY OUTCOMES FOR 2023

The variable element of Director pay in 2023 comprises a performance-based bonus under the Annual Bonus Scheme and an equity award under the Long-Term Share Incentive Plan. In addition, details of the Directors' unvested and/or unexercised (as the case may be) awards under the Performance Share Plan and the Share Option Plan 2010 are included in this section.

PERFORMANCE-BASED BONUS UNDER THE ANNUAL BONUS SCHEME

The annual bonus awards in respect of 2023 for Executive Directors are set out in the table below. These awards have been initially assessed by the Committee by reference to predetermined annual performance targets linked to Group objectives and individual performance objectives.

Measure	Weighting	Threshold	Target (3)	Actual	% achieved (CEO) (3)	% achieved (CFO) (3)
Clareti ARR	33.75%	£30.0m	£32.9m	£30.3m (1)	27%	27%
Group revenue	11.25%	£39.9m	£50.2m	£49.0m	81%	81%
Group cash EBITDA	15%	£3.7m	£4.6m	£4.6m (2)	90%	90%
Group adjusted EBITDA	15%	£8.7m	£11.0m	£10.6m (2)	76%	76%
Personal objectives	25%	—	—	—	59%	56%
Bonus Payment outcome					**58%**	**57%**

(1) For the purposes of calculating bonus award, Clareti ARR constant currency was used, which was £30.3m. This resulted in an increase to the bonus outcome, being deemed appropriate by the Committee for this measure due to the significant impact of currency fluctuations on this measure.

(2) In line with normal practice, Group cash EBITDA and Group Adjusted EBITDA were normalised to £4.6m and £10.6m respectively for the purposes of calculating % achievement to align with on-target bonus accruals at start of year.

(3) Target figures shown represent the attainment required to achieve 100% of on-target bonus. The % achieved is a reference to the % of the target for that measure earned.

Each of the CEO and CFO were set personal objectives, the aggregate of which made up 25% of their respective bonus opportunity. For the CEO, these objectives included key account wins, Electra ARR and net retention growth, successful completion of certain strategic customer projects, execution of product strategy, improvement in sales metrics, employee engagement targets, and expansion of the institutional investor base. For the CFO, these objectives included management reporting enhancements, development of the FP&A function, realisation of investment synergies, as well as certain finance, and investor relations targets.

EQUITY AWARDS UNDER THE LONG-TERM SHARE INCENTIVE PLAN

Awards were made under the Long-Term Share Incentive Plan on 31 March 2021 and were granted in accordance with the rules of the plan and the Remuneration Policy.

These awards were subject to the following measures, calculated over the three financial years 2021, 2022 and 2023.

	Weighting	Threshold	Maximum	Actual performance	% vesting
TSR	50%	112%	140%	86%	0%
Group Revenue(1)	50%	116%	144%	145%	0%

(1) Excluding Electra.

The March 2021 awards lapsed on 31 March 2024 on the basis that the threshold performance requirement for the TSR performance condition was note achieved. Whilst the Group Revenue performance was above performance levels attaining maximum vest, both conditions needed to achieve a minimum of threshold performance for any vesting to occur.

EQUITY AWARDS GRANTED DURING 2023

The table below provides details of share awards made to I Manocha and T Mullan on 31 March 2023:

	Type of award	Basis of award	Number of shares under award	Face value of award (£'000)	% vesting at threshold	Vesting/end of performance period
I Manocha	Deferred bonus award	50% of 2022 bonus	49,296	£78,234	n/a	31 March 2026
	LTIP award	4x deferred bonus award	197,185	£312,936	0%	31 March 2026
	Nil cost option					
T Mullan	Deferred bonus award	50% of 2022 bonus	29,730	£47,182	n/a	31 March 2026
	LTIP award	4x deferred bonus award	118,919	£188,728	0%	31 March 2026
	Nil cost option					

The performance conditions applying to the LTIP awards are as follows:

Measure	Weighting	Threshold	Maximum
TSR	50%	20%	75%
Group Revenue	50%	10%	37%

INTERESTS IN OPTIONS AND CONDITIONAL SHARE AWARDS (AUDITED INFORMATION)

The Group operated the Long-Term Share Incentive Plan and the Performance Share Plan (as shown in the Remuneration Policy) during the year, as well as the Share Option Plan 2010 (which is closed for new awards). The interests of the Directors under those plans at the start and end of the year are as set out in the tables below. The interests of the Directors to subscribe for or acquire ordinary shares have not changed since the year end. Further details concerning the plans, including vesting conditions, can be found in note 23 of the Group financial statements.

LONG-TERM SHARE INCENTIVE PLAN

The following table sets out the outstanding awards to Directors pursuant to the Long-Term Share Incentive Plan. Vesting is subject to performance and retention conditions in accordance with the rules of the plan. No awards are made to Non-Executive Directors.

	Awards at 1 January 2023	Granted	Cancelled	Exercised	**Awards at 31 December 2023**	Date of grant	Exercise price	Date first exercisable	Expiry date
Executive Directors									
I Manocha[(1)]	104,008	—	—	—	**104,008**	20.03.20	nil	20.03.23	20.03.30
I Manocha[(1) (3)]	137,937	—	—	—	**137,937**	31.03.21	nil	31.03.24	31.03.31
I Manocha[(1) (2)]	174,944	—	—	—	**174,944**	31.03.22	nil	31.03.25	31.03.32
I Manocha[(1) (2)]	—	197,185			**197,185**	31.03.23	nil	31.03.26	31.03.33
T Mullan[(1)]	67,532	—	—	—	**67,532**	20.03.20	nil	20.03.23	20.03.30
T Mullan[(1) (3)]	84,456	—	—	—	**84,456**	31.03.21	nil	31.03.24	31.03.31
T Mullan[(1) (2)]	107,736	—	—	—	**107,736**	31.03.22	nil	31.03.25	31.03.32
T Mullan[(1) (2)]	—	118,919	—	—	**118,919**	31.03.23	nil	31.03.26	20.03.33
	676,613	316,104	—	—	**992,717**				

(1) Options over which the Director has agreed to pay any employer's National Insurance arising from the exercise of the options.

(2) Yet to vest.

(3) Awards lapsed on 31 March 2024 due to a performance condition not being met.

REMUNERATION REPORT CONTINUED

INTERESTS IN OPTIONS AND CONDITIONAL SHARE AWARDS (AUDITED INFORMATION) CONTINUED

PERFORMANCE SHARE PLAN 2020

The following table sets out the number of outstanding awards granted to Directors pursuant to the Performance Share Plan 2020. Vesting is subject to performance conditions in accordance with the rules of the plan. There are no outstanding awards to Non-Executive Directors.

	Awards at 1 January 2023	Granted	Cancelled	Exercised	**Awards at 31 December 2023**	Date of grant	Exercise price	Date first exercisable	Expiry date
Executive Directors									
I Manocha(1) (2) (3)	203,000	—	—	—	**203,000**	21.10.21	nil	21.10.24	21.10.31
T Mullan(3)	75,000	—	—	—	**75,000**	21.10.21	nil	21.10.24	21.10.31
	278,000	—	—	—	**278,000**				

(1) Awards over which the Director has agreed to pay any employer's National Insurance arising upon vesting.

(2) The share award includes a base award of 135,000 shares and an additional potential award of up to 68,000 shares in the event of exceptional performance.

(3) Yet to vest.

SHARE OPTION PLAN 2010

The following table sets out the number of outstanding options granted to Directors pursuant to the Share Option Plan 2010. Vesting is subject to performance conditions in accordance with the rules of the plan. There are no outstanding awards to Non-Executive Directors.

	Options at 1 January 2023	Granted	Cancelled	Exercised	**Options at 31 December 2023**	Date of grant	Exercise price	Date first exercisable	Expiry date
Executive Directors									
I Manocha(1) (2)	1,500,000	—	—	—	**1,500,000**	01.06.15	111p	01.06.18	01.06.25
T Mullan(2)	200,000	—	—	—	**200,000**	14.03.18	227p	14.03.21	14.03.28
T Mullan(2)	100,000	—	—	—	**100,000**	28.03.19	97p	28.03.22	28.03.29
	1,800,000	—	—	—	**1,800,000**				

(1) Options over which the Director has agreed to pay any employer's National Insurance arising from the exercise of the options.

(2) Vested.

DIRECTORS' SHAREHOLDING AND SHARE INTERESTS

Beneficial interests of Directors, their families and trusts in ordinary shares of the Company at 31 December 2023 were:

	No. of shares owned outright (inc. connected persons)	Unvested LTIP awards	Unvested PSP awards	Vested share option awards (subject to exercise)	Shareholding as a % of salary as at 31 Dec 2023(1)	Shareholding as a % of salary as at 31 Dec 2022(1)
I Manocha	166,640	614,074	203,000	1,500,000	71%	88%
T Mullan	76,054	378,643	75,000	300,000	50%	51%
P Simmonds(2)	—	—	—	—	n/a	n/a
A Balchin	17,608	—	—	—	n/a	n/a
J Knott	31,250	—	—	—	n/a	n/a
R Wandhöfer(2)	—	—	—	—	n/a	n/a
R Last(3)	—	—	—	—	n/a	n/a

(1) Based solely on number of shares owned outright, by reference to share price as at 31 December.

(2) P Simmonds and R Wandhöfer retired from the Board in July 2023.

(3) R Last joined the Board in October 2023.

PAYMENTS FOR LOSS OF OFFICE (AUDITED INFORMATION)

No payments for loss of office were made during the year ended 31 December 2023 (2022: £nil).

PERCENTAGE CHANGE IN DIRECTORS' REMUNERATION

The following table shows the percentage change in each Executive and Non-Executive Directors' remuneration compared with the average change for all employees of the Group for the year ended 31 December 2023. Prior year changes are shown, which will build up over time to cover a rolling five-year period.

	Salary/fee			Pension and other benefits			Annual bonus		
	2023	2022	2021	**2023**	2022	2021	**2023**	2022	2021
I Manocha	**+5%**	+1%	+2%	**+3%**	-4%	-1%	**-46%**	+16%	+21%
T Mullan	**+5%**	+1%	+2%	**+6%**	+3%	+4%	**-46%**	+13%	+22%
P Simmonds(2)	**n/a**	0%	n/a	**n/a**	n/a	n/a	**n/a**	n/a	n/a
A Balchin	**+25%**	0%	+9%	**n/a**	n/a	n/a	**n/a**	n/a	n/a
J Knott	**+4%**	0%	n/a	**n/a**	n/a	n/a	**n/a**	n/a	n/a
R Wandhöfer(2)	**n/a**	0%	n/a	**n/a**	n/a	n/a	**n/a**	n/a	n/a
R Last(3)	**n/a**	n/a	n/a	**n/a**	n/a	n/a	**n/a**	n/a	n/a
All employees(1)	**+9%**	+5%	+2%	**+9%**	+3%	+6%	**-31%**	+9%	+22%

(1) The comparative is all staff (c.228 people) because this group is considered to be the most relevant, due to the structure of total remuneration.

(2) P Simmonds and R Wandhöfer retired from the Board in July 2023.

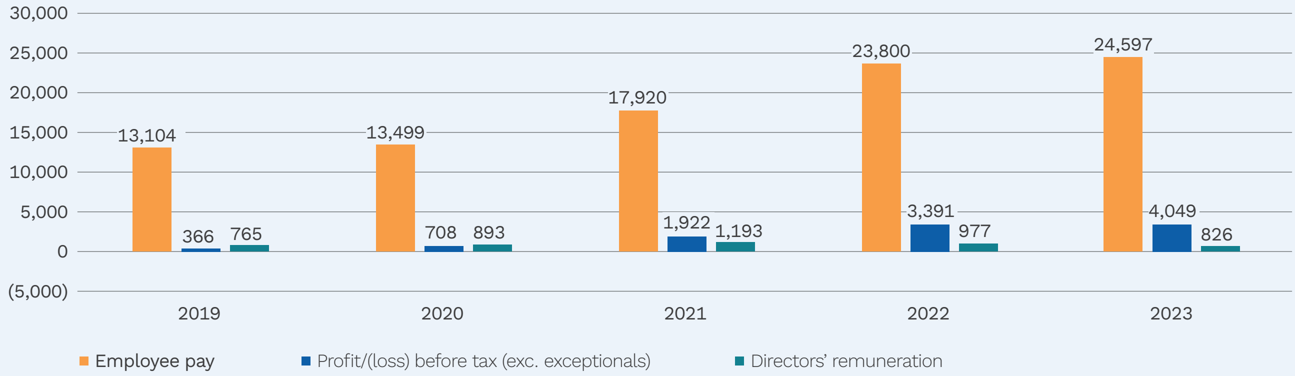
(3) R Last was appointed to the Board in October 2023.

The CEO to employee pay ratio disclosures have not been provided as the Group has fewer than 250 UK employees.

RELATIVE IMPORTANCE OF SPEND ON PAY

The chart below shows the total Directors' remuneration compared to total employee pay cost and profit before tax (for continuing operations and before exceptional items but including distributions) for the five years ended 31 December 2023. There were no share buy backs in the year.

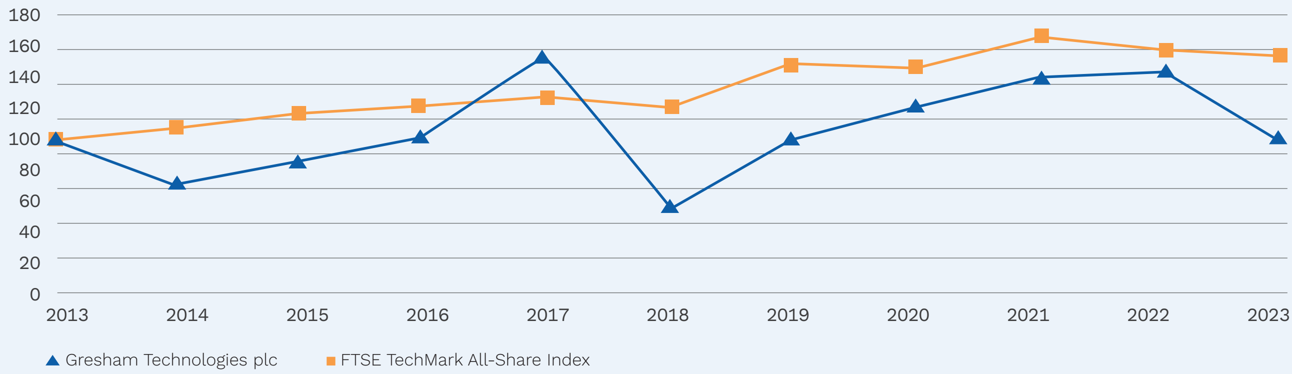
Total employee pay compared to profit before tax (£'000)



COMPARISON OF COMPANY PERFORMANCE

The graph below shows the Company's performance, as measured by total shareholder return, for each of the last six financial years in terms of the change in value (with dividends reinvested) of an initial investment of £100 on 31 December 2013 in a holding of the Company's shares against the corresponding total shareholder return in a hypothetical holding of shares in the FTSE TechMark All-Share Index. The FTSE TechMark All-Share Index was selected as it represents a broad equity market index in which the Company is a constituent member.

Total shareholder return including dividend reinvestment (£)



This graph shows the value, by the end of 2021, of £100 invested in Gresham Technologies plc on 31 December 2012 compared with the value of £100 invested in the FTSE TechMark All-Share Index. The other points are values at intervening financial year ends.

CEO REMUNERATION HISTORY

	2014	2015	2016	2017	2018	2019	2020	2021	2022	**2023**
CEO										
Bonus (% of maximum)	0%	0%	0%	8%	0%	22.5%	41.5%	49.7%	57%	**29%**
Pension	7,500	10,417	12,500	12,765	12,980	33,056	13,350	13,574	13,691	**14,384**
LTIs (% of maximum)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100%	**0%**
PSP (% of maximum)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**
Total	£158,834	£255,728	£399,924	£508,889	£349,446	£356,330	£420,377	£617,048	£620,553	**£565,644**

SERVICE CONTRACTS

The table below summarises key details in respect of each Executive Director's contract.

	Contract date	Company notice period	Executive notice period
I Manocha	15 February 2015	12 months	12 months
T Mullan	5 February 2018	6 months	6 months

The date of each Non-Executive appointment is set out below, together with the date of their last re-election by shareholders.

Each of the Non-Executive Directors has a letter of appointment. Appointments are for three-year terms, which may be renewed by mutual agreement, subject always to termination by either party at any time on three months' notice.

	Date of initial appointment	Date of last re-election
R Last	17 Oct 2023	Due at 2024 AGM
J Knott	12 Oct 2020	10 May 2022
A Balchin	15 May 2017	10 May 2022
P Simmonds*	1 Aug 2020	10 May 2022
R Wandhöfer*	12 Oct 2020	10 May 2022

* P Simmonds and R Wandhöfer retired from the Board on 25 July 2023.

All Director service contracts and letters of appointment are available for inspection by shareholders at the Company's registered office, Aldermary House, 10–15 Queen Street, London EC4N 1TX.

SHAREHOLDER VOTING ON REMUNERATION RESOLUTIONS

At the last AGM, held on 23 May 2023, the following resolutions were approved by shareholders:

Resolution	For (1)	Against	Withheld
Remuneration	55,858,432	4,999,981	3,565
Report	91.78%	8.21%	0.01%

(1) Includes votes giving the Chairman discretion.

Resolution	For (1)	Against	Withheld
Directors'	60,806,425	51,988	3,000
Remuneration Policy	99.91%	0.09%	0.01%

(1) Includes votes giving the Chairman discretion.

JENNY KNOTT
CHAIR OF THE REMUNERATION COMMITTEE
29 APRIL 2024

DIRECTORS' REPORT

Registered number 01072032

The Directors present their report and the Group financial statements for the year ended 31 December 2023.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out within the Strategic Report. Disclosures in respect of principal risks and uncertainties, people (including employees and disabled employees), global greenhouse gas emissions and product development (incorporating research and development activities) are included within the Strategic Report under section 414(c) of the Companies Act 2006. In addition, note 21 to the financial statements includes: the Group's objectives; policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and, if any, hedging activities; and its exposures to credit risk and liquidity risk. The Corporate Governance Report beginning on page 48 forms part of the Directors' Report.

DIRECTORS AND OFFICERS

The Directors who served on the Board during the year are set out on pages 46 and 47 (R Wandhofer and P Simmonds retired from the Board in July 2023; with R Last joining in October 2023 and O Scott in January 2024). Mr Jonathan Cathie served as Company Secretary throughout the year.

RESULTS AND DIVIDENDS

The Group's profit for the year, after taxation, attributable to equity shareholders amounted to £3,076,000 (2022: £1,590,000); and has been transferred to shares. An interim dividend of 0.75 pence per ordinary share (2022: £nil) has been declared by the Directors instead of a final dividend (2022: 0.75 pence).

It is intended to pay the interim dividend on 10 June 2024 to all shareholders on the register at close of business on 10 May 2024. The ex-dividend date will be 9 May 2024.

GOING CONCERN AND VIABILITY STATEMENT

The Group has sufficient financial resources together with good relationships with a number of customers and suppliers across different geographic areas and industries. The Group has access to a strong underlying cashflow arising from long-established businesses with long-standing blue-chip customers. The Group also benefits from high levels of contracted revenue providing predictability of future revenues.

The Directors have reviewed the profit and cashflow forecasts for the period to 30 June 2025 together with the assumptions used to support these forecasts and the expected impact of economic conditions on trading. Specific scenario stress testing based on the Group failing to win any new business in the period from 1 January 2024 have been performed to ensure that the Group continues to have sufficient resources to continue to operate within these scenarios.

The Directors have also considered the impact of the announcement made of 9 April 2024 of a recommended cash acquisition of Gresham by Alliance Bidco Ltd ("Bidco"), a company owned indirectly by funds managed or advised by STG Partners, LLC ("STG"). The Scheme Document in relation to the acquisition was subsequently published on 18 April 2024. The Directors note the intentions of Bidco, as set out in the Scheme Document, and they do not have any reason to believe that Bidco will not continue to support the Group or would materially change its activities in the next 12 months. Given this, the Directors consider that both Bidco's future intentions for the Group and available resources enable them to have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the Annual Financial Report 2023.

Refer to page 50 for the viability statement required pursuant to Provision C2.2 of the Code.

POST-BALANCE SHEET EVENTS

Events after the reporting date are set out in note 27 to the financial statements.

SIGNIFICANT RELATIONSHIPS

In 2023, the Group had one customer relationship considered to be individually significant to the Group. This relates to APAC operations and generates a mix of revenues from Clareti Solutions and Other Solutions, including strategic non-recurring revenues. Revenues from this customer relationship individually exceeded 10% of the Group's revenue in 2023. In the opinion of the Directors, the Group does not have any other individually significant relationships.

FOSTERING RELATIONSHIPS WITH STAKEHOLDERS

Refer to page 22 for details of the Company's engagement with stakeholders.

DIRECTORS AND THEIR INTERESTS

The Directors at 31 December 2023 and their connected persons' interests in the share capital of the Company (all beneficially held, other than with respect to options to acquire ordinary shares which are detailed in the analysis of options included in the Directors' Remuneration Report) are as follows:

	Ordinary shares of 5 pence each	
	31 Dec 2023	1 Jan 2023
P Simmonds[1]	**—**	92,500
R Last[2]	**—**	
A Balchin	**17,608**	17,608
J Knott	**31,250**	31,250
R Wandhöfer[1]	**—**	19,653
I Manocha	**166,640**	136,052
T Mullan	**76,054**	48,238

1 P Simmonds and R Wandhöfer resigned from the Board in July 2023
2 R Last joined the Board in October 2023

There have been no further changes in the Directors' interests disclosed above from 31 December 2023 to 24 April 2024.

DIRECTORS' LIABILITIES

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report. Directors' and officers' liability insurance with an indemnity limit of £10m has been purchased in order to minimise the potential impact of proceedings against Directors.

MAJOR INTERESTS IN SHARES

The Company has been notified, either directly or via RIS disclosures or in response to a section 793 request made on its behalf, of the following interests representing 3% or more of the issued ordinary share capital of the Company as at 26 April 2024:

	Ordinary shares of 5 pence each	Percentage held (%)
Kestrel Investment Partners	20,004,573	23.85
Briarwood Chase Management	8,211,279	9.79
Morgan Stanley	7,908,343	9.43
Samson Rock Capital	4,782,500	5.70
Jupiter Asset Management	4,707,648	5.61
Herald Investment Management	4,321,274	5.15
Caisse Fédérale de Crédit Mutuel	3,218,666	3.83
Mrs M A Green	3,073,290	3.66
Tellworth Investments	2,753,768	3.28

DIRECTORS' REPORT CONTINUED

Registered number 01072032

POLITICAL DONATIONS

No donations were made in 2023 or 2022.

SOCIAL AND COMMUNITY

No social or community review has been performed for 2023 or 2022.

SPECIAL BUSINESS AT THE ANNUAL GENERAL MEETING

The special business to be conducted at the AGM includes:

- the Directors' authority to allot shares and the partial disapplication of pre-emption rights. Resolutions will be proposed to renew the general authorities given to the Directors to allot and grant rights over the unissued share capital up to one-third of the issued ordinary share capital (and, in the case of an allotment of shares made pursuant to a rights issue (pre-emptive offer), up to two-thirds of the issued ordinary share capital), and to allot and grant rights over shares for cash up to 10% of the issued ordinary share capital, without first making a pro rata offer to all existing shareholders (plus up to an additional 10% where the share issue is proposed in connection with an acquisition or capital investment);
- the renewal of the authority of the Company to make market purchases of its own ordinary shares. The Company's authority will be limited to 10% of the issued ordinary share capital of the Company; and
- the authority to call meetings (other than Annual General Meetings) on not less than 14 clear days' notice.

In the opinion of the Directors, the passing of these resolutions is in the best interests of the shareholders.

ADDITIONAL INFORMATION FOR SHAREHOLDERS

At 31 December 2023, the Company's issued share capital comprised:

	Number	Nominal value £	% of total share capital
Ordinary shares of 5 pence each	83,874,458	4,193,722	100%

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and for voting rights.

During the year ended 31 December 2023, certain share options granted under the Share Option Scheme 2010 were exercised and as a result the Company issued 285,000 ordinary shares (2022: 85,000), such shares ranking pari passu with ordinary shares then in issue. There were no other issues of shares during the year ended 31 December 2023 (2022: 0).

See note 22 of the Group financial statements for further details.

ORDINARY SHARES

On a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held; on a show of hands at a general meeting of the Company, every holder of ordinary shares present in person and entitled to vote shall have one vote. The notice of the general meeting specifies deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at general meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the Annual General Meeting and published on the Group's website after the meeting.

There are no restrictions on the transfer of ordinary shares in the Company other than certain restrictions that may from time to time be imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods).

The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders. Directors are reappointed by ordinary resolution at a general meeting of the shareholders. The Board may appoint a Director, but anyone so appointed must be elected by an ordinary resolution at the next Annual General Meeting. Any Director who has held office for more than three years since their last appointment by shareholders at a general meeting must offer themselves up for re-election at the following Annual General Meeting.

SIGNIFICANT INTERESTS

Directors' interests in the share capital of the Company are shown in the table on page 71. Major interests (being those greater than 3%) of which the Company has been notified are shown on page 71.

CHANGE OF CONTROL

In the event of a change of control of the Company, employee share options granted under the Share Option Scheme 2010, the Deferred Share Bonus Plan 2017 and the Performance Share Plan 2020 will either accelerate vesting, will be rolled over to the acquiring company's shares or will lapse, depending on the circumstances of the change. Further details are provided in note 23 to the Group financial statements.

There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) because of a takeover bid.

POWER OF DIRECTORS TO ISSUE OR BUY BACK SHARES

The Directors' existing authorities to allot and grant rights over the unissued share capital, to allot and grant rights over the unissued share capital for cash without first making a pro rata offer to all existing shareholders and to make market purchases of shares in the issued share capital of the Company are due to expire at the upcoming AGM. Resolutions will be put to shareholders at the upcoming AGM of the Company to renew previous authorities granted.

INFORMATION TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT 2023

As part of our requirements under the FCA Listing Rules ("LR"), the information required to be disclosed by LR 9.8.4 R can be found in the following locations in this Annual Financial Report 2023.

LR 9.8.4 R	Topic	Location
(1)	Interest capitalised	Not applicable
(2)	Publication of unaudited financial information	Not applicable
(4)	Details of long-term incentive schemes	Not applicable
(5)	Waiver of emoluments by a director	Not applicable
(6)	Waiver of future emoluments by a director	Not applicable
(7)	Non-pre-emptive issues of equity for cash	Page 117
(8)	Paragraph (7) in relation to major subsidiary undertaking	Not applicable
(9)	Parent participation in a placing by a listed subsidiary	Not applicable
(10)	Contracts of significance	Page 71
(11)	Provision of services by a controlling shareholder	Not applicable
(12)	Shareholder waivers of dividends	Page 92
(13)	Shareholder waivers of future dividends	Page 92
(14)	Agreements with controlling shareholders	Not applicable

All the information cross-referenced above is hereby incorporated by reference into this Directors' Report.

AUDITOR

A resolution to reappoint BDO LLP as the Group's auditor will be put to the forthcoming Annual General Meeting.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 46 and 47. Having made enquiries of fellow Directors and of the Group's auditor, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Group's auditor in connection with preparing its report) of which the Group's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor is aware of that information.

By order of the Board

JONATHAN CATHIE
COMPANY SECRETARY
29 APRIL 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Financial Report 2023 in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with UK adopted international financial reporting standards and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework'; and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company, and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the group financial statements state whether they have been prepared in accordance with UK adopted international financial reporting standards, subject to any material departures disclosed and explained in the financial statements;
- for the company financial statements state whether they have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', subject to any material departures disclosed and explained in the financial statements; and
- prepare a Strategic Report, Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy, at any time, the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Financial Report 2023 is made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements; which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DIRECTORS' RESPONSIBILITIES PURSUANT TO DTR 4

The Directors confirm to the best of their knowledge:

- the Group financial statements have been prepared in accordance with UK adopted international accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the Annual Financial Report 2023 includes a fair review of the development and performance of the business and the financial position of the Group and the Parent Company, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board.

IAN MANOCHA
CHIEF EXECUTIVE
29 APRIL 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRESHAM TECHNOLOGIES PLC

OPINION ON THE FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Gresham Technologies Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cashflow, notes to the Consolidated financial statements, the Company Balance Sheet, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of material accounting policy information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards.

The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

INDEPENDENCE

Following the recommendation of the audit committee, we were appointed by the Directors on 9 October 2010 to audit the financial statements for the year ended 31 December 2010 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 14 years, covering the years ended 31 December 2010 to 31 December 2023. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the Directors' going concern assessment including challenging the relevance and reliability of underlying data used to make the assessment, and whether assumptions and changes to assumptions from prior years are appropriate and consistent with each other. This included assessing forecast results against actual results post year end. We also assessed the accuracy of previous forecasts by comparing to actual results for the current year.
- Reviewing the Directors' plans for future actions within their going concern assessment and considering whether such plans are feasible in the circumstances.
- Assessing the appropriateness of the Directors' stress-testing of the forecasts to the extent of reasonable worst-case scenarios and comparing them to our own sensitivity analysis performed also considering the likelihood of these scenarios occurring.
- Reviewing the adequacy and appropriateness of disclosures in the financial statements relative to the going concern statement.
- Challenging the Directors in respect of the potential impact of any future sale and plans of new owners if sale is to be approved.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT CONTINUED

OVERVIEW

Coverage	99% (2022: 100%) of Group revenue 98% (2022: 100%) of Group total assets		
Key audit matters		2023	2022
	Capitalisation of development costs	✓	✓
	Revenue recognition	✓	✓
	Goodwill and intangible asset impairment	X	✓
	Goodwill and intangible asset impairment is no longer considered to be a key audit matter because of the identified market capitalisation of the Group as at the year end, when considered against the carrying value of assets held by the Group.		
Materiality	Group financial statements as a whole £367,000 (2022: £365,000) based on 0.75% (2022: 0.75%) of revenue.		

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group engagement team performed full scope audits of the significant components in the UK and the Americas, comprising 63% of the Group revenue and 90% of Group total assets.

The full scope audit of the Asia Pacific region significant component, comprising of 36% of Group revenue and 8% of Group total assets, was performed by a BDO member firm in Australia.

In respect of non-significant components, the Group engagement team, carried out specified audit procedures in respect of the revenue as noted in the key audit matters section of this report.

OUR INVOLVEMENT WITH COMPONENT AUDITORS

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- The issuance of instructions that included materiality and detailed procedures to be performed on the significant risks of material misstatement;
- Further involvement in directing the audit strategy through remote meetings and a review of the component auditor's planning;
- Supervision of the audit process that included regular communication with the component auditor and a remote review of their audit files;
- Attending an audit close meeting.

CLIMATE CHANGE

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in other information may affect the financial statements and our audit.

We also assessed the consistency of managements disclosures included as 'Other Information' on page 29 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks and related commitments.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER		HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
CAPITALISATION OF DEVELOPMENT COSTS Refer to the accounting policies on page 90, and significant estimates and judgements on page 89.	During the year, development costs of £5,297k (2022: £5,195k) have been capitalised. Development costs are recognised as an intangible asset if the specific capitalisation criteria, as set out in the applicable accounting standards, is met. Significant management judgement is required to determine whether development costs are to be capitalised and therefore, we have identified a significant risk over the capitalisation of development costs. For these reasons, the capitalisation of development costs is considered to be a key audit matter.	We evaluated the Group's accounting policy in respect of development costs capitalised during the period, to check that their recognition and measurement principles adhere to the applicable accounting standards. We obtained a detailed understanding of the relevant controls and processes that management follow in assessing the costs which require recognition under the applicable accounting standards. With respect to the development costs capitalised, we obtained the relevant workings and details of the applicable judgements made and performed the following: ■ Tested the arithmetic accuracy of the calculations used by management to capitalise development costs during the period; ■ Corroborated a sample of capitalised costs to underlying supporting documentation which included: – obtaining a sample of employee contracts and agreeing their role description to be directly attributable to development activities; – agreeing a sample of non payroll related transactions to underlying documentation and challenging management as to the appropriateness of their capitalisation; – interviewing a sample of employees to check their involvement in respect of development projects throughout the year; and – challenging the associated amount of time spent on development activities. ■ Obtained an understanding of projects undertaken by the development team, as well as obtaining evidence of future economic benefits expected through corroborative supporting documentation, by inspecting customer contracts and pipeline opportunities. We held discussions with the Group's software developers and sales team to understand the roadmap for software products to which the development costs relate, and specifically where enhancements were made to existing products. **KEY OBSERVATIONS:** Based on the audit work performed we have not identified any material issues relating to development costs which have been capitalised.
REVENUE RECOGNITION Refer to the accounting policies on page 89, and significant estimates and judgements on page 93.	The Group generates revenue from the sale of software licenses. In line with the requirements of applicable accounting standards management exercise judgement in determining whether performance obligations of solution sales, such as software licences and support and maintenance contracts, are considered distinct; the level of consideration to be allocated to the performance obligations based on standalone selling prices; and whether the revenue in respect of the performance obligations is recognised at a point in time or over time. As such, a key audit matter has been identified in respect of new contracts entered into during the period and the appropriate application of the accounting standard in respect of the underlying terms of the contract.	Our audit work included the following procedures on the revenue recognition: ■ We challenged management's determination of whether the revenue generated is as a result of the satisfaction of a performance obligation at a point in time or over a contractual term through the consideration of the contract terms and the requirements of IFRS 15. This included the assessment of a sample of new or one-off transactions; ■ For a sample of new contracts entered into during the year, we agreed revenue recognised to supporting documentation to test: – proper identification of deliverables; – proper and consistent allocation of the contract price to the performance obligations; – appropriate recognition of revenue either over time or at a point in time; – consistent application of the revenue recognition policy, and – appropriate period of revenue recognition with reference to contractual documents and the satisfaction of the respective performance obligation. **KEY OBSERVATIONS:** Based on our procedures performed we did not identify any matters to suggest that in respect of new contracts entered into during the period and the application of the accounting standard in respect of the underlying terms of the contract was not appropriate.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Company financial statements	
	2023 £m	2022 £m	2023 £m	2022 £m
Materiality	367	365	105	160
Basis for determining materiality	0.75% of revenue		28% of Group materiality	44% of Group materiality
Rationale for the benchmark applied	As a growing technology business we consider revenue to be the key performance measure in driving the valuation of the Group and informing the economic decisions of the users of the financial statements. This is particularly in light of lower levels of profitability in the current environment and revenues being an increasing basis of business valuation in the sector.		The component materiality used is lower than the materiality we would otherwise have determined using a benchmark of 1% of total assets.	
Performance materiality	238	237	68	104
Basis for determining performance materiality	On the basis of our risk assessment, together with our assessment of the Group and Parent Company's control environment and a history of minimal errors, our judgement is that performance materiality for the financial statements should be 65% of financial statement materiality. (2022: 65%)			

COMPONENT MATERIALITY

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 28% (2022: 37%) and 75% (2022: 75%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £105,000 (2022: £135,000) to £270,000 (2022: £274,000). In the audit of each component, we further applied performance materiality levels of 65% (2022: 65%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

REPORTING THRESHOLD

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £14,600 (2022: £7,300). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual financial report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	■ The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 72; and ■ The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 72.
Other Code provisions	■ Directors' statement on fair, balanced and understandable set out on page 53 ■ Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 42; ■ The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 54; and ■ The section describing the work of the audit committee set out on page 52.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: ■ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and ■ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: ■ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or ■ the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or ■ certain disclosures of Directors' remuneration specified by law are not made; or ■ we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

EXTENT TO WHICH THE AUDIT WAS CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

NON-COMPLIANCE WITH LAWS AND REGULATIONS

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance and Audit Committee; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we identified that the principal risks of non-compliance with laws and regulations relate to The Corporate Governance Code, Corporate and VAT legislation, Employment Taxes and Health and Safety, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We also considered those laws and regulations which have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the applicable accounting frameworks.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

FRAUD

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Discussion with management and those charged with governance and Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to relate to revenue recognition and capitalisation of development costs.

Our procedures in respect of the above are included within the key audit matters outlined within this report.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DAVID BUTCHER (SENIOR STATUTORY AUDITOR)
FOR AND ON BEHALF OF BDO LLP, STATUTORY AUDITOR
LONDON, UK
29 APRIL 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 December 2023 £'000	As restated Year ended 31 December 2022 £'000
Revenue	4,5	**49,012**	48,238
Cost of sales		**(12,790)**	(14,774)
Gross profit		**36,222**	33,464
Adjusted administrative expenses		**(29,431)**	(27,027)
Adjusted operating profit		**6,791**	6,437
Adjusting administrative items:			
Exceptional costs	5	**(79)**	(153)
Exceptional income	5	**119**	—
Foreign exchange differences on retranslation of intercompany balances	5	**636**	(860)
Amortisation of acquired intangibles	14	**(2,315)**	(2,315)
Share-based payments	23	**(757)**	(1,027)
		(2,396)	(4,355)
Total administrative expenses		**(31,827)**	(31,382)
Operating profit	5,6	**4,395**	2,082
Finance revenue	9	**1**	6
Finance costs	9	**(307)**	(219)
Profit before taxation		**4,089**	1,869
Taxation	10	**(1,013)**	(279)
Profit after taxation attributable to the equity holders of the Parent		**3,076**	1,590
Earnings per share			
Statutory		**pence**	pence
Basic earnings per share	11	**3.68**	1.91
Diluted earnings per share	11	**3.55**	1.88

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2023 £'000	As restated Year ended 31 December 2022 £'000
Profit after taxation attributable to the equity holders of the Parent		**3,076**	1,590
Other comprehensive expenses			
Items that will or may be re-classified into profit or loss:			
Exchange differences on translating foreign operations	24	**(421)**	(77)
Total other comprehensive expenses		**(421)**	(77)
Total comprehensive income for the year		**2,655**	1,513

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December 2023 £'000	As restated At 31 December 2022 £'000	As restated At 1 January 2022 £'000
Assets				
Non-current assets				
Property, plant and equipment	13	**731**	899	218
Right-of-use assets	16	**1,574**	1,592	1,466
Intangible assets	14	**62,861**	62,788	62,267
Deferred tax assets	10	**137**	—	232
		65,303	65,279	64,183
Current assets				
Trade and other receivables	18	**7,175**	6,515	5,403
Contract assets	18	**1,871**	2,605	1,740
Income tax receivable		**—**	—	1,268
Cash and cash equivalents	19	**4,774**	6,280	9,139
		13,820	15,400	17,550
Total assets		**79,123**	80,679	81,733
Equity and liabilities				
Equity attributable to owners of the Parent				
Called up equity share capital	22	**4,194**	4,172	4,168
Share premium account	24	**24,232**	23,941	23,876
Own share reserve	22	**(44)**	(296)	(609)
Other reserves	24	**536**	536	536
Retained earnings	24	**21,550**	18,770	16,459
Total equity attributable to owners of the Parent		**50,468**	47,123	44,430
Non-current liabilities				
Contract liabilities	20	**796**	354	60
Lease liabilities	16	**867**	953	770
Deferred tax liability	10	**6,489**	5,712	6,566
Provisions	20	**183**	146	144
Contingent consideration		**—**	—	3,575
		8,335	7,165	11,115
Current liabilities				
Trade and other payables	20	**19,659**	21,633	21,602
Lease liabilities	16	**661**	709	642
Income tax payable	20	**—**	62	—
Contingent consideration	20	**—**	3,987	3,944
		20,320	26,391	26,188
Total liabilities		**28,655**	33,556	37,303
Total equity and liabilities		**79,123**	80,679	81,733

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2024.

On behalf of the Board

IAN MANOCHA
CHIEF EXECUTIVE
29 APRIL 2024

TOM MULLAN
CHIEF FINANCIAL OFFICER
29 APRIL 2024

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £'000	Share premium account £'000	Own share reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 January 2022 - as previously stated		4,168	23,876	(609)	536	17,910	45,881
Prior year adjustment	3	—	—	—	—	(1,451)	(1,451)
At 1 January 2022 - As restated		4,168	23,876	(609)	536	16,459	44,430
Attributable profit for the period - As restated		—	—	—	—	1,590	1,590
Other comprehensive expenses - As restated		—	—	—	—	(77)	(77)
Total comprehensive income - As restated		—	—	—	—	1,513	1,513
Exercise of share options	22	4	65	—	—	—	69
Transfer of own shares held by Employee Share Ownership Trust to employees	22	—	—	313	—	92	405
Deferred tax movement in respect of share options	10	—	—	—	—	301	301
Share-based payments	23	—	—	—	—	1,027	1,027
Dividend paid	12	—	—	—	—	(622)	(622)
At 31 December 2022 - As restated		4,172	23,941	(296)	536	18,770	47,123
Attributable profit for the period		—	—	—	—	3,076	3,076
Other comprehensive expenses		—	—	—	—	(421)	(421)
Total comprehensive income		—	—	—	—	2,655	2,655
Exercise of share options	22	15	291	—	—	—	306
Issue of shares to Employee Share Ownership Trust	22	7	—	(7)	—	—	—
Transfer of own shares held by Employee Share Ownership Trust to employees	22	—	—	259	—	223	482
Deferred tax movement in respect of share options	10	—	—	—	—	(229)	(229)
Share-based payments	23	—	—	—	—	757	757
Dividend paid	12	—	—	—	—	(626)	(626)
At 31 December 2023		**4,194**	**24,232**	**(44)**	**536**	**21,550**	**50,468**

CONSOLIDATED STATEMENT OF CASHFLOW

	Notes	Year ended 31 December 2023 £'000	As restated Year ended 31 December 2022 £'000
Cashflows from operating activities			
Profit after taxation		**3,076**	1,590
Depreciation of property, plant and equipment	13	**333**	191
Amortisation of intangible assets	14	**5,294**	4,723
Amortisation of right-of-use assets	16	**556**	714
Profit on disposal of fixed assets		**(11)**	—
Share-based payments	23	**757**	1,027
Increase in trade and other receivables		**(790)**	(886)
Decrease/(increase) in contract assets		**664**	(743)
(Decrease)/increase in trade and other payables		**(680)**	1,560
Increase in contract liabilities		**215**	278
Decrease in sales tax provision arising on acquisition		**—**	(496)
Taxation	10	**1,013**	279
Net finance costs	9	**306**	213
Cash inflow from operations		**10,733**	8,450
Income taxes received	10	**1,179**	2,473
Income taxes paid		**(1,833)**	(1,893)
Net cash inflow from operating activities		**10,079**	9,030
Cashflows from investing activities			
Interest received	9	**1**	6
Purchase of property, plant and equipment	13	**(191)**	(806)
Payment of contingent consideration on acquisition of Inforalgo	20	**—**	(369)
Payment of contingent consideration on acquisition of Electra	20	**(3,987)**	(3,987)
Payments to acquire intangible fixed assets	14	**(5,398)**	(5,195)
Net cash used in investing activities		**(9,575)**	(10,351)
Cashflows from financing activities			
Interest paid	9	**(209)**	(138)
Principal paid on lease liabilities	16	**(676)**	(645)
Dividends paid	12	**(626)**	(622)
Drawdown on RCF loan facility	21	**3,278**	—
Repayment of RCF loan facility	21	**(3,278)**	—
Share issue proceeds (net of costs)	22	**242**	69
Net cash used in financing activities		**(1,269)**	(1,336)
Net decrease in cash and cash equivalents		**(765)**	(2,657)
Cash and cash equivalents at beginning of year		**6,280**	9,139
Effect of foreign exchange rate changes		**(741)**	(202)
Cash and cash equivalents at end of year	19	**4,774**	6,280

NOTES TO FINANCIAL STATEMENTS

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Gresham Technologies plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded as a premium listing on the London Stock Exchange.

The financial statements of Gresham Technologies plc and its subsidiaries ("the Group") for the year ended 31 December 2023 were authorised for issue by the Board of Directors on 29 April 2024 and the Consolidated Statement of Financial Position was signed on the Board's behalf by Mr I Manocha and Mr T Mullan.

The Group's financial statements have been prepared in accordance with UK adopted International Financial Reporting Standards ("IFRSs") as they apply to the financial statements of the Group for the year ended 31 December 2023.

2. ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. We review our estimates and underlying assumptions on an ongoing basis and recognise revisions to accounting estimates in the period in which we revise the estimate and in any future periods affected. It is considered that all judgements have an element of estimation.

JUDGEMENTS

The key judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

REVENUE AND PROFIT RECOGNITION

Revenue and the associated profit are recognised from sale of software licences, rendering of services, subscriptions and maintenance and solution sales. When software licences are sold, we must exercise judgement to determine:

a) For software sold as part of a multi-element solution - whether the licence is a distinct performance obligation
b) For software that is determined to be a distinct performance obligation – as to when the appropriate point in time has passed at which all performance obligations for that software licence have been performed, at which point revenue in relation to the stand-alone sales price of the software licence is recognised.

Whilst in most cases performance obligations clearly follow the commercial and contractual arrangement we have agreed with the customer, in some cases the revenue streams are combined as within an overall commercial arrangement. Such combined circumstances require judgement to assess performance obligations associated with each revenue stream and further judgement as to when and how such performance obligations have been discharged in order to recognise the associated revenue. The determination of the distinct performance obligations of multi-element solution sales, represents a risk of incorrect revenue recognition.

In considering the distinct performance obligations of multi-element solutions, instances may arise whereby the substance of the performance obligations differs from the legal form of the contract. In such circumstances, judgement is required to assess the estimated stand-alone selling price of the constituent elements and recognise revenue accordingly. In such instances we must first determine whether:

1. the satisfaction of a performance obligation with a stand-alone selling price is operationally, technically, functionally separate, and deliverable separately, from other deliverables to the customer; or
2. the satisfaction of a performance obligation with a stand-alone selling price is not operationally, technically, functionally and deliverable separate from other deliverables to the customer.

If the agreement is determined to be under category 1 above, then the stand-alone sales price of each element of a typical software, support and maintenance is determined, unbundled and recognised appropriately for each element. If the agreement is determined to be under category 2 above then the bundled fee is recognised as the bundled services (including the software licence) are delivered over the term of the contract.

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

CAPITALISED DEVELOPMENT COSTS

The Group invests in the development of new and enhanced features to its products. Development costs are accounted for in accordance with IAS 38 "Intangible Assets" and costs that meet the qualifying criteria are capitalised and systematically amortised over the useful economic life of the intangible asset.

Determining whether development costs qualify for capitalisation as intangible assets requires judgement as to the technical and commercial viability of each asset created. These judgements are applied consistently year to year with the Group evaluating whether there are future economic benefits beyond the current period, the stage at which technical feasibility has been achieved, management's intention to use or sell the product, the likelihood of success of completion, the availability of technical resources to complete the development and the ability to measure reliably the expenditure attributed to each product.

The net carrying amount of development costs at 31 December is £25,912,000 (2022: £23,556,000).

The capitalised development cost is disclosed in note 14.

IMPAIRMENT REVIEWS

The Group performs impairment reviews at the reporting period end to identify any intangible assets that have a carrying value that is in excess of its recoverable value. Determining the recoverability of an intangible asset requires judgement in both the methodology applied and the key variables within that methodology. Where it is determined that an intangible asset is impaired, its carrying value will be reduced to its recoverable value with the difference recorded as an impairment charge in the income statement.

The intangible asset impairment reviews are disclosed in note 15.

Sensitivity analysis has been performed on the key assumptions for discount rate, growth rate and revenue growth rates to determine when impairment would occur these are disclosed in note 15.

2. ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY CONTINUED

JUDGEMENTS CONTINUED

USEFUL ECONOMIC LIFE OF CAPITALISED DEVELOPMENT COSTS

The assessment of the useful economic life of capitalised development costs is estimated by management based on past experience and reviews of competitor products available in the market.

Estimates are made to the applicable useful economic life of each asset created. The amortisation charge for the year ended 31 December 2023 was £2,934,000 (2022: £2,360,000). The impact of reducing the useful economic life by one year would increase the amortisation charge for the year by £370,000, if the useful economic life was increased by one year the amortisation charge is reduced by £300,000.

SHARED-BASED PAYMENTS

The fair value of share-based payments arising from the Performance Share Plan are estimated using a Monte Carlo option pricing model and is recognised in income from the date of grant over the vesting period with a corresponding entry to equity. The model projects and averages results for a range of potential outcomes for the vesting conditions, using assumptions on share price volatility.

DEFERRED TAX

The Group recognises deferred tax assets on carried forward tax losses to the extent that there are sufficient estimated future taxable profits which the tax losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised based on the likely timing and the level of future taxable profits.

3. ACCOUNTING POLICIES

BASIS OF PREPARATION

The Group's financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards and international accounting standards as issued by the International Accounting Standards Board ("IASB") and Interpretations (collectively "IFRSs"). The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2023.

The Group's financial statements have been prepared on a historical cost basis except contingent consideration.

The Group financial statements are presented in Sterling, which is also the Company's functional currency. All values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of Gresham Technologies plc and the entities it controls (its subsidiaries) drawn up to 31 December each year.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the reporting date. Investees are classified as subsidiaries where the Company has control, which is achieved where the Company has the power to govern the financial and operating policies of an investee entity, exposure to variable returns from the investee and the ability to use its power to affect those variable returns.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the Statement of Financial Position, the acquiree's identifiable assets and liabilities are initially recognised at their fair values at acquisition date. The results of acquired entities are included in the Consolidated Statement of Comprehensive Income from the date at which control is obtained and are deconsolidated from the date control ceases.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 43. The financial position of the Group and the principal risks and uncertainties are also described in the Strategic Report.

The Group has sufficient financial resources together with good relationships with a number of customers and suppliers across different geographic areas and industries. The Group has access to a strong underlying cashflow arising from long-established businesses with long-standing blue-chip customers. The Group also benefits from high levels of contracted revenue providing predictability of future revenues.

The Directors have reviewed the profit and cashflow forecasts for the period to 30 June 2025 together with the assumptions used to support these forecasts and the expected impact of economic conditions on trading. Specific scenario stress testing based on the Group failing to win any new business in the period from 1 January 2024 have been performed to ensure that the Group continues to have sufficient resources to continue to operate within these scenarios.

The Directors have also considered the impact of the announcement made of 9 April 2024 of a recommended cash acquisition of Gresham by Alliance Bidco Limited ("Bidco"), a company owned indirectly by funds managed or advised by STG Partners, LLC ("STG"). The Scheme Document in relation to the acquisition was subsequently published on 18 April 2024. The Directors note the intentions of Bidco as set out in the Scheme Document, and they do not have any reason to believe that Bidco will not continue to support the Group or would materially change its activities in the next 12 months. Given this, the Directors consider that both Bidco's future intentions for the Group and available resources enable them to have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements.

For this reason, they continue to adopt the going concern basis in preparing the Annual Financial Report 2023.

The principal accounting policies adopted by the Group are set out below.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

Items included within the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ("the functional currency"). The consolidated financial statements are prepared in Sterling, which is the Group's presentation currency.

3. ACCOUNTING POLICIES CONTINUED

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are initially recorded in the functional currency by applying an approximation of the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the Statement of Financial Position date. All differences are taken to the Income Statement; in the instance where the differences on monetary assets and liabilities form part of the Group's net investment in foreign operations, they are moved to the Statement of Other Comprehensive Income on consolidation and held in a separate component of equity until the disposal of the net investment, at which time they are recognised in profit or loss.

The assets and liabilities of foreign operations are translated into Sterling at the rate of exchange ruling at the Statement of Financial Position date. Income and expenses are translated at weighted average exchange rates for the year. The resulting exchange differences are taken to the Statement of Other Comprehensive Income. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Income Statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions, on consolidation; all assets and liabilities of overseas subsidiaries which report in a different functional currency are retranslated using the closing rate.

GOODWILL

Goodwill represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of acquisition. At the date of acquisition, goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill is recognised as an asset and assessed for impairment annually. Any impairment is recognised immediately in the Group Statement of Comprehensive Income. Once recognised, an impairment of goodwill is not reversed.

INTANGIBLE ASSETS

ACQUIRED INTANGIBLES

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are subject to the same recognition tests as development costs, and if met, they are capitalised.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that they may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement in the expense category consistent with the function of the intangible asset. The useful economic lives of separately acquired software is deemed to be ten years and the useful economic life of customer relations is between six and twelve years; the charge in the Income Statement is made within the amortisation for acquired intangibles.

INTERNALLY GENERATED INTANGIBLES

Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Capitalised product development expenditure is stated at cost less accumulated amortisation and impairment losses. Product development costs that have been capitalised are amortised from the time the product or related enhancement becomes available for use as part of a version release issued to customers on a straight-line basis over two to twelve years depending on the useful economic life of the asset assessed. During the period of development, the asset is tested for impairment annually.

The amortisation charge is recognised in the Income Statement.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Income Statement when the asset is derecognised.

OTHER INTANGIBLE ASSETS

Purchased intangibles with finite lives, including purchased patents, know-how, trademarks, licences and distribution rights, are capitalised at cost and amortised on a straight-line basis over their estimated useful lives. The estimated useful life of these intangible assets range between two and ten years depending on their nature. Amortisation charges in respect of other intangible assets are included in administrative expenses.

RESEARCH COSTS

Research costs are expensed as incurred.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment on a straight-line basis over its expected useful life as follows:

- Fixtures and fittings – over the term of the underlying property lease.
- Plant and equipment – over lives ranging between one and ten years to write down the assets to their residual value based on current prices for an asset of the age the plant and equipment is expected to be at the end of its useful life.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the Income Statement in the period of derecognition.

3. ACCOUNTING POLICIES CONTINUED

LEASES

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets; and leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes: amounts expected to be payable under any residual value guarantee; the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: lease payments made at or before commencement of the lease; initial direct costs incurred; and the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that any non-financial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used incorporating industry standard valuation multiples or other available fair value indicators. Impairment losses on continuing operations are recognised in the Income Statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. Impairment charges on goodwill are considered permanent and cannot be reversed. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The Group assesses at each reporting date whether there is an indication that contract assets may be impaired by applying the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision.

3. ACCOUNTING POLICIES CONTINUED

PROVISIONS

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cashflows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

FINANCIAL ASSETS

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

FINANCIAL ASSETS

The Group's financial assets are all classified within the amortised cost category. The Group's accounting policy for this category is as follows:

ASSETS CARRIED AT AMORTISED COST

These assets arise principally from the provision of sales and services of software and support and maintenance to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cashflows and the contractual cashflows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the Consolidated Statement of Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the Income Statement to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and – for the purpose of the Statement of Cashflows – bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the Consolidated Statement of Financial Position.

CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the Consolidated Statement of Cashflow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

INCOME TAXES

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the Statement of Financial Position date.

Research and development tax credits are recognised on an accruals basis and recorded as a credit in the taxation line of the Income Statement.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

The carrying amount of deferred income tax assets is reviewed at each Statement of Financial Position date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

Income tax is charged or credited to other comprehensive income or directly to equity if it relates to items that are credited or charged to other comprehensive income or directly to equity. Otherwise, income tax is recognised in the Income Statement.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

3. ACCOUNTING POLICIES CONTINUED

FINANCIAL LIABILITIES

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

The Group's accounting policy for other financial liabilities (which include trade payables and other short-term monetary liabilities), are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

OTHER FINANCIAL LIABILITIES INCLUDE THE FOLLOWING ITEMS:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Consolidated Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

PENSIONS

Contributions to defined contribution schemes are recognised in the Income Statement in the period in which they become payable.

DIVIDENDS

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the Directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

REVENUE RECOGNITION

Revenue, comprising sales of products and services to third parties, is recognised to the extent that satisfaction of contractual performance obligations has occurred, and it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the stand-alone selling price of the performance obligation delivered, excluding discounts, rebates, VAT and other sales taxes. To note there is no material impact of variable consideration or financing components across all revenue streams.

The following criteria must also be met before revenue is recognised:

SOFTWARE LICENCES

Where software licences are considered a distinct performance obligation, revenue is recognised when all of the following criteria are met:

- persuasive evidence of an arrangement exists, such as a signed contract or purchase order;
- satisfaction of the contracted performance obligations has been met, which in the case of software licences typically means delivery has occurred and no future elements to be delivered are essential to the functionality of the delivered element;
- a stand-alone selling price of the performance obligation can be measured; and
- collectability is probable.

PROVISION OF SERVICES

Revenue and profits from the provision of professional services, such as implementation, development, training and consultancy, are delivered under a time and materials type contract and are therefore recognised over time and based upon number of hours worked. On occasion fixed price services contracts are entered into, upon which revenue is recognised on a percentage-of-completion basis, as costs incurred relate to total costs for the contract, when the outcome of a contract can be estimated reliably. Determining whether a contract's outcome can be estimated reliably requires management to exercise judgement, whilst calculation of the contract's profit requires estimates of the total contract costs to completion. Cost estimates and judgements are continually reviewed and updated as determined by events or circumstances.

Revenue from this revenue stream creates contract assets through yet to be billed time input and expenses at the reporting date.

SUPPORT AND MAINTENANCE

Revenue from support and maintenance services is recognised rateably over the period of the contract. Revenue is recognised when the provision of support and maintenance and completion of the performance obligations are carried out which is deemed to be evenly throughout the term of the contract. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Revenue from this revenue stream creates contract liabilities through the invoicing of services prior to performance obligations being performed.

DATA SERVICES

Revenue related to providing data services is based on a consumption basis whereby revenue is recognised based on the customer utilisation of such services.

3. ACCOUNTING POLICIES CONTINUED

REVENUE RECOGNITION CONTINUED

SOLUTION SALES

Contracts for the delivery of solutions with multiple elements, typically involving software licences, rendering of services, support, maintenance and infrastructure are unbundled where possible and revenue is recognised based on the accounting policy applicable to each constituent part, for example the stand-alone selling price of the software licence is recognised at a point in time, upon satisfaction of the performance obligations as detailed above.

In the majority of our Clareti subscription software agreements unbundling is not possible, this is where a bundled element cannot technically or operationally be provided without another. This is due to the fact the customer cannot gain benefit from the software without the Group also providing, and continuing to provide, ongoing support and maintenance of that software and in instances where a hosted infrastructure is also subscribed to, also that hosted infrastructure. Where objective unbundling of a solution is not possible, revenue is recognised over the period of the contractual service provision.

SHARE-BASED PAYMENTS

EQUITY-SETTLED TRANSACTIONS

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value of awards with a market condition-based performance target is determined by an external valuer using a Monte Carlo simulation pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

Fair value of awards with a financial result-based performance target is determined by management using the Black Scholes pricing model.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other vesting conditions are satisfied.

At each Statement of Financial Position date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous Statement of Financial Position date is recognised in the Income Statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the profit and loss account for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Income Statement.

The share-based payment expense is recognised as a staff cost and the associated credit entry is made against equity.

EMPLOYEE SHARE OWNERSHIP TRUST ("ESOT")

The Company is deemed to have control of its ESOT therefore the trust is included within the consolidated financial statements. The ESOT investment in the Company's shares is deducted from equity in the Consolidated Statement of Financial Position. The shares are valued at the average purchase price. The ESOT has agreed to waive dividends with regards to any Company shares.

EXCEPTIONAL ITEMS

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are non-recurring items of income or expense that have been shown separately due to the significance of their nature or amount.

COST OF SALES

Costs of sales include costs incurred to achieve the financial year's revenue and are recognised within the Income Statement primarily consisting of the following costs:

- customer specific third party costs incurred in providing our cloud hosted cloud solutions;
- third party contractor costs incurred by our contracting services business; and
- payrolled employees that provide fixed margin contracting services.

ADMINISTRATIVE EXPENSES

Administrative expenses are recognised within the Income Statement in the period that they are incurred and primarily consist of the following costs:

- staff costs including salaries, bonuses and commissions excluding payrolled employees provided fixed margin contracting services which are within costs of sale;
- marketing costs including travel and entertainment costs;
- property costs excluding any costs disclosed as amortisation under IFRS 16;
- IT and communication costs;
- professional advisory fees and general administration costs; and
- depreciation and amortisation.

CHANGES IN ACCOUNTING POLICIES

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE FROM 1 JANUARY 2023

A number of new standards, interpretations and amendments are effective for the year ended 31 December 2023, which have been listed below, these have had no material impact on the Group's accounting policies and disclosures in these financial statements.

- IFRS 17 Insurance contracts
- Amendments to IAS 1 - Disclosure of Accounting policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities
- Amendments to IAS 12 - International Tax Reform

3. ACCOUNTING POLICIES CONTINUED

CHANGES IN ACCOUNTING POLICIES CONTINUED

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

At the date of approval of these Group financial statements, the Group has not applied the following new and revised Accounting standards, amendments and interpretations that have been issued by the IASB but that are not yet effective for and in some cases had not yet been updated by the UK Endorsement Board ("UKEB").

Effective 1 January 2024 – adopted by UKEB:

- IFRS 16 - Liability in a Sale and Leaseback
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current
- Amendments to IAS 1 - Non-current liabilities with Covenants
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements

The above standards, amendments and interpretations are not expected to have a significant impact on the Group's financial statements.

There are no new standards, and amendments to standards and interpretations which are effective for annual periods beginning after 1 January 2024 which have been adopted in these financial statements.

PRIOR YEAR RESTATEMENT

REVENUE RECOGNITION POLICY

Management changed their assessment as to whether software licensing, support and maintenance for non-Gresham-hosted deployments were distinct performance obligations and could therefore be unbundled. Management now consider that unbundling is not possible, largely due to changes in customer expectations, the maturity of subscription software selling, the pace of innovation in the fin-tech industry and precedents set over the decade plus life of the Clareti business to date. This change in assessment has resulted in a change in the accounting treatment for the recognition of revenue for on-premise license fees during the year. Previously this revenue was recognised at the point in time the license was delivered to the customer, following a review of customer contracts the revenue previously recognised was corrected to reflect the fact that performance obligations for the license fee were on-going through the contracted period and therefore these licenses should be treated as a right to access licence under IFRS 15 and not a right of use licence. Therefore, revenue should be recognised rateably over the contracted period. Administrative expenses have been adjusted for the amortisation of contracted sales commissions which has been recognised in line with revenue recognition in accordance with IFRS 15.

As result of this change revenue for the year ended 31 December 2022 has been restated, reducing revenue by £481,000 and increasing administrative expenses by £28,000. This adjustment has resulted in the restatement of the Group's opening reserves at 1 January 2022, its financial position as at 31 December 2022 and the results of the cashflows of the Group then ended. The impact of this change as at 1 January 2022 was to reduce the net assets by £1,911,000, increasing contract liabilities (current liabilities) by £1,986,000 and reducing contract assets by £75,000.

The impact of this adjustment has also reduced the taxation charge for the year ended 31 December 2022 by £77,000, with the deferred tax liability reducing by £90,000 and a £13,000 increase in corporation tax creditor. The impact of this change as at 1 January 2022 is to reduce the deferred tax liability by £265,000, the corporation creditor by £131,000 and increases income tax receivable by £64,000, with a corresponding increase of £460,000 to retained earnings.

FOREIGN EXCHANGE DIFFERENCES ON RETRANSLATION OF INTERCOMPANY BALANCES

Foreign exchange differences arising on intercompany trading balances have historically been recognised within Other Comprehensive Income within the consolidated financial statements and cumulatively recognised in the foreign currency translation reserve. In accordance with IAS21, exchange differences on intragroup balances should be recognised in the Income statement as they do not form part of Company's net investment in foreign operations.

As a result of the identification of this error, the Income statement has been restated to reflect the foreign exchange differences, with the impact increasing administrative expenses by £860,000 in the year ended 31 December 2022, with the corresponding correction recognised as a reduction within other comprehensive income. In addition, the previously separately recognised foreign currency translation reserve has been merged with the retained earnings reserve. This change has been applied retrospectively, restating the Group's opening reserves at 1 January 2022 and its financial position as at 31 December 2022. The impact of this change as at 1 January 2022 was to reduce retained earnings by £378,000 and to increase Foreign currency translation reserve by £378,000.

The combined impact of these changes are detailed below:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2022

Year ended 31 December 2022	As previously reported £'000	Change in revenue recognition £'000	Foreign exchange differences £'000	As restated £'000
Revenue	48,719	(481)	—	48,238
Gross profit	33,945	(481)	—	33,464
Administrative expenses	(30,494)	(28)	(860)	(31,382)
Profit before taxation	3,238	(509)	(860)	1,869
Taxation	(356)	77	—	(279)
Profit after taxation	2,882	(432)	(860)	1,590

NOTES TO FINANCIAL STATEMENTS CONTINUED

3. ACCOUNTING POLICIES CONTINUED

CHANGES IN ACCOUNTING POLICIES CONTINUED

PRIOR YEAR RESTATEMENT CONTINUED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 1 January 2022	As previously reported £'000	Change in revenue recognition £'000	Foreign exchange differences £'000	As restated £'000
Current assets				
Contract assets	1,665	75	—	1,740
Income tax receivable	1,204	64	—	1,268
Total current assets	17,411	139	—	17,550
Current liabilities				
Contract liabilities	(12,048)	(1,986)	—	(14,034)
Income tax payable	(131)	131	—	—
Total current liabilities	(24,333)	(1,855)	—	(26,188)
Non-current liabilities				
Deferred tax liability	(6,831)	265	—	(6,566)
Total liabilities	(35,713)	(1,590)	—	(37,303)
Equity				
Retained earnings	18,288	(1,451)	(378)	16,459
Foreign currency translation reserve	(378)	—	378	—
Total equity	45,881	(1,451)	—	44,430

At 31 December 2022	As previously reported £'000	Change in revenue recognition £'000	Foreign exchange differences £'000	As restated £'000
Current assets				
Contract assets	2,558	47	—	2,605
Current liabilities				
Contract liabilities	(11,070)	(2,467)	—	(13,537)
Income tax payable	(244)	182	—	(62)
Total current liabilities	(24,106)	(2,285)	—	(26,391)
Non-current liabilities				
Deferred tax liability	(6,067)	355	—	(5,712)
Total liabilities	(31,626)	(1,930)	—	(33,556)
Equity				
Retained earnings	21,968	(1,883)	(1,315)	18,770
Foreign currency translation reserve	(1,315)	—	1,315	—
Total equity	49,006	(1,883)	—	47,123

EARNINGS PER SHARE

For the year ended 31 December 2022 the impact has reduced basic and diluted earnings per share from 3.46 pence per share to 1.91 pence per share and from 3.41 pence per share to 1.88 pence respectively.

4. REVENUE

Revenue disclosed in the Income Statement is analysed as follows:

	2023 £'000	As restated 2022 £'000
Provision of software	**34,041**	31,400
Rendering of services	**14,971**	16,838
Total revenue	**49,012**	48,238

The Group has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cashflows are affected by economic data; and
- enable users to understand the relationship with the revenue segment information provided in note 5.

2023	Clareti Solutions £'000	Other Solutions £'000	Contracting Services £'000	Total £'000
Non-recurring software revenue (software licences)	**31**	**231**	**—**	**262**
Recurring software revenue (recurring software licences, support and maintenance and managed services)	**29,589**	**4,190**	**—**	**33,779**
Rendering of services	**8,162**	**232**	**6,577**	**14,971**
	37,782	**4,653**	**6,577**	**49,012**
Timing of revenue recognition	**£'000**	**£'000**	**£'000**	**£'000**
Non-annually recurring - at a point in time	**31**	**231**	**—**	**262**
Rateably recognised - over contract period	**37,751**	**4,422**	**6,577**	**48,750**
	37,782	**4,653**	**6,577**	**49,012**

2022 (as restated)	Clareti Solutions £'000	Other Solutions £'000	Contracting Services £'000	Total £'000
Non-recurring software revenue (software licences)	154	—	—	154
Recurring software revenue (recurring software licences, support and maintenance and managed services)	26,903	4,343	—	31,246
Rendering of services	7,981	633	8,224	16,838
	35,038	4,976	8,224	48,238
Timing of revenue recognition	£'000	£'000	£'000	£'000
Non-annually recurring - at a point in time	154	—	—	154
Rateably recognised - over contract period	34,884	4,976	8,224	48,084
	35,038	4,976	8,224	48,238

NOTES TO FINANCIAL STATEMENTS CONTINUED

4. REVENUE CONTINUED

CONTRACT BALANCES

	Contract assets 2023 £'000	As restated Contract assets 2022 £'000	Contract liabilities 2023 £'000	As restated Contract liabilities 2022 £'000
At 1 January	**7,370**	5,535	**(13,891)**	(14,094)
Amounts included in contract liabilities that were recognised as revenue during the period	**—**	—	**11,074**	11,567
Excess of revenue recognised over cash (or rights to cash) being recognised during the period	**176**	1,835	**—**	—
Cash received in advance of performance and not recognised as revenue during the period	**—**	—	**(10,940)**	(11,364)
At 31 December	**7,546**	7,370	**(13,757)**	(13,891)

In the table above, contract assets, relate to services performed but do not have an unconditional right to payment and trade receivables.

Contract liabilities relate to subscription, support and maintenance contracts invoiced with performance obligations yet to be satisfied and arise when the Group enters into a contract which results in cumulative payments received from customers at the Statement of Financial Position date which do not necessarily equal to the amount of revenue recognised on the contracts and relate to performance obligations yet to be satisfied. These are disclosed within trade and other payables.

Contract liabilities to be recognised in more than one year are £796,000 (2022: £354,000). Trade receivables included in the above as at 1 January 2022 were £3,795,000.

The Group applies the IFRS 9 simplified approach to measuring credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. The Group has provided for an impairment as at 31 December 2023 of £nil (2022: £15,000). See note 18 for further details.

5. SEGMENT INFORMATION

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

In addition, the split of revenues and non-current assets by the UK and overseas have been included as they are specifically required by IFRS 8 "Operating Segments".

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; and
  - Clareti Connect products.
- Other Solutions – supply of a range of well-established solutions to enterprise-level customers in a variety of end markets.
- Clareti Contracting Services - supply of IT contracting services to one banking customer. Services provided relate to Clareti products.
- Contracting Services – supply of IT contracting services to one banking customer, excluding Clareti Contracting Services.

The Clareti Solutions reportable segment has been analysed separated between Solutions and Contracting Services in the tables below. The separate analysis is provided following the announcement in November 2023 that the agreement for contracting services business was being terminated in 2024. This reflects how the business is reported to Management and the Board of Directors and how the business will be monitored going forward.

5. SEGMENT INFORMATION CONTINUED

The prior year segmental analysis has been updated to reflect this change.

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.

2023	Notes	Clareti Solutions £'000	Clareti Contracting Services £'000	Other Solutions £'000	Contracting Services £'000	Adjustments, central overheads and elimination £'000	Consolidated £'000
Revenue	4	36,281	1,501	4,653	6,577		49,012
Cost of sales		(3,415)	(1,301)	(2,320)	(5,754)		(12,790)
Gross profit		32,866	200	2,333	823		36,222
Gross profit %		91%	13%	50%	13%		74%
Adjusted administrative expenses		(29,363)	—	(68)	—		(29,431)
Adjusted operating profit		3,503	200	2,265	823		6,791
Adjusting administrative items:							
Exceptional items	5					40	40
Foreign exchange differences on retranslation of intercompany balances	6					636	636
Amortisation of acquired intangibles	14					(2,315)	(2,315)
Share-based payments	23					(757)	(757)
Adjusting administrative expenses						(2,396)	(2,396)
Operating profit							4,395
Finance revenue	9						1
Finance costs	9						(307)
Profit before taxation							4,089
Taxation	10						(1,013)
Profit after taxation							3,076
Adjusted operating profit							6,791
Amortisation of intangibles	14						2,979
Depreciation of property, plant and equipment	13						333
Amortisation of right-of-use assets	16						556
Adjusted EBITDA							10,659
Development costs capitalised	14						(5,297)
Principal paid on lease liabilities	16						(676)
Cash adjusted EBITDA							4,686
Segment assets							79,123
Segment liabilities							(28,655)

NOTES TO FINANCIAL STATEMENTS CONTINUED

5. SEGMENT INFORMATION CONTINUED

2022 (as restated)	Notes	Clareti Solutions £'000	Clareti Contracting Services £'000	Other Solutions £'000	Contracting Services £'000	Adjustments, central overheads and elimination £'000	Consolidated £'000
Revenue	4	32,888	2,150	4,976	8,224		48,238
Cost of sales		(3,164)	(1,868)	(2,546)	(7,196)		(14,774)
Gross profit		29,724	282	2,430	1,028		33,464
Gross profit %		90%	13%	49%	13%		69%
Adjusted administrative expenses		(26,926)	—	(101)	—		(27,027)
Adjusted operating profit		2,798	282	2,329	1,028		6,437
Adjusting administrative items:							
Exceptional costs	5					(153)	(153)
Foreign exchange differences on retranslation of intercompany balances	6					(860)	(860)
Amortisation of acquired intangibles	14					(2,315)	(2,315)
Share-based payments	23					(1,027)	(1,027)
Adjusting administrative expenses						(4,355)	(4,355)
Operating profit							2,082
Finance revenue	9						6
Finance costs	9						(219)
Profit before taxation							1,869
Taxation	10						(279)
Profit after taxation							1,590
Adjusted operating profit							6,437
Amortisation of intangibles	14						2,408
Depreciation of property, plant and equipment	13						191
Amortisation of right-of-use assets	16						714
Adjusted EBITDA							9,750
Development costs capitalised	14						(5,195)
Principal paid on lease liabilities	16						(645)
Cash adjusted EBITDA							3,910
Segment assets							80,679
Segment liabilities							(33,556)

The Group has a customer relationship with one banking customer which is considered by the Directors to be individually significant; revenue from this relationship exceeded 10% of the Group's revenue, totalling £17,589,000 (2022: £20,604,000) which includes contracting revenue of £8,078,000 (2022: £10,374,000).

5. SEGMENT INFORMATION CONTINUED

ADJUSTING ADMINISTRATIVE ITEMS

Operating performance is analysed excluding exceptional items, share-based payment charges and amortisation from acquired intangibles which is consistent in with the way in which the Board and most stakeholders review the financial performance of the Group. These adjusting items are all either non-cash or non-recurring IFRS expenses (or income) that do not reflect the underlying performance of the business. In the case of share-based payment charges, management acknowledge that these awards are potentially paid in "lieu" of cash salary or bonuses, however the actual charge represents a non-cash expense. Adjusting for these items is also consistent with the manner in which a number of similar small and mid-cap LSE (or AIM) listed present their results and how we understand the investment community to assess performance, where, for growth shares the recurring cash performance of the business is considered most important. In addition, these adjustments are also aligned with the performance methodology used by the panel of debt providers that tendered for the revolving credit facility established during the year in order to assess and continually monitor credit worthiness, risk and upon which covenants are set.

The adjusting administrative items are:	2023 £'000	As restated 2022 £'000
Acquisition and associated integration costs	—	153
Professional fees	79	—
Exceptional costs	79	153
Exceptional income	(119)	—
Total exceptional items	(40)	153
Foreign exchange differences on retranslation of intercompany balances	(636)	860
Amortisation on acquired intangibles	2,315	2,315
Share-based payments	757	1,027
Total adjusting administrative items	2,396	4,355

During the year the Group incurred £79,000 exceptional costs relating to termination costs of supplier contracts following the closure of the EDT business and one-off corporate costs including legal and professional fees.

The exceptional income related to payroll tax relief received from the Australian tax authorities as a result of a post-COVID-19 pandemic scheme.

In 2022 exceptional costs related to legal and professional fees for the integration of prior year acquisitions.

Due to the amount and nature of amortisation of acquired intangibles and share-based payments both costs were treated as an adjusting administrative item.

ADJUSTED EBITDA

Adjusted EBITDA is disclosed within the financial statements to show the underlying performance of the Group on a consistent basis and to aid understanding of the financial performance during the year.

	Notes	2023 £'000	As restated 2022 £'000
Profit before taxation		4,089	1,869
Adjusting items:			
Amortisation of intangibles	14	5,294	4,723
Depreciation of property, plant and equipment	13	333	191
Amortisation of right-to-use assets	16	556	714
Notional interest on lease liabilities	9	58	45
Finance revenue	9	(1)	(6)
Interest payable	9	249	174
EBITDA		10,578	7,710
Net exceptional items	5	(40)	153
Foreign exchange differences on retranslation of intercompany balances	5	(636)	860
Share-based payments	23	757	1,027
Adjusted EBITDA		10,578	9,750

Adjusted EBITDA is not an IFRS measure or not considered to be a substitute for or superior to any IFRS measures. It is not directly comparable to other companies.

NOTES TO FINANCIAL STATEMENTS CONTINUED

5. SEGMENT INFORMATION CONTINUED

GEOGRAPHIC INFORMATION

	2023 £'000	As restated 2022 £'000
Revenues from external customers (by destination)		
UK	**8,114**	6,832
EMEA	**4,635**	4,128
United States	**16,686**	14,568
Americas	**1,146**	1,307
Australia	**17,726**	20,851
Asia Pacific	**705**	552
	49,012	48,238

EMEA includes revenue from external customers located primarily in the Netherlands, Luxembourg, Switzerland, Sweden and South Africa. Americas includes revenue primarily from Canada. Asia Pacific includes revenue from external customers located primarily in Malaysia and Singapore.

	2023 £'000	2022 £'000
Non-current assets		
UK	**62,854**	63,077
EMEA	**454**	425
North America	**1,269**	740
Asia Pacific	**726**	1,037
	65,303	65,279

Non-current assets consist of property, plant and equipment, right-of-use assets, intangible assets and deferred tax assets.

6. GROUP OPERATING PROFIT

The Group operating profit is stated after charging:

	Notes	2023 £'000	As restated 2022 £'000
Research costs written off		**3,074**	2,616
Amortisation of capitalised development costs recognised in administration expenses	14	**2,934**	2,360
Total research and development costs		**6,008**	4,976
Depreciation of property, plant and equipment	13	**333**	191
Amortisation of right to use assets	16	**556**	714
Amortisation of intangible assets (excluding development costs)	14	**2,360**	2,363
Total depreciation, impairment and amortisation expense		**3,249**	3,268
Employee benefit expenses	8	**27,510**	27,570
Net foreign currency differences (gains)/losses		**(510)**	860

7. AUDITOR'S REMUNERATION

The Group paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Group.

	2023 £'000	2022 £'000
Audit fees		
Audit of the Group financial statements and associated company	**150**	32
Other fees to the auditor		
– auditing the accounts of subsidiaries	**200**	190
	350	222
Non-audit fees		
Audit of bank covenant certificates	**3**	3
	3	3

8. STAFF COSTS AND DIRECTORS' EMOLUMENTS

STAFF AND DIRECTOR COSTS

2023	Income Statement £'000	Capitalised development costs £'000	Total excluding contracting £'000	Contracting costs expensed £'000	Total £'000
Wages and salaries	**17,841**	**4,208**	**22,049**	**2,451**	**24,500**
Social security costs	**1,412**	**362**	**1,774**	**202**	**1,976**
Other pension costs	**626**	**148**	**774**	**260**	**1,034**
	19,879	**4,718**	**24,597**	**2,913**	**27,510**

2022	Income Statement £'000	Capitalised development £'000	Total excluding contracting £'000	Contracting costs expensed £'000	Total £'000
Wages and salaries	17,556	3,974	21,530	3,228	24,758
Social security costs	1,272	372	1,644	212	1,856
Other pension costs	518	108	626	330	956
	19,346	4,454	23,800	3,770	27,570

Included in wages and salaries is a total expense of share-based payments of £757,000 (2022: £1,027,000) all of which arises from transactions accounted for as equity-settled share-based payment transactions.

The average monthly number of employees during the year was made up as follows:

	2023	2022
Management	**12**	14
Sales and administration	**47**	48
Technical	**164**	160
Total	**223**	222
Contracting services	**26**	37

Details of Directors' compensation are included in the Directors' Remuneration Report.

9. FINANCE REVENUE AND COSTS

	2023 £'000	2022 £'000
Finance revenue		
Bank interest receivable	**1**	6
Finance costs		
Notional interest on lease liabilities	**58**	45
Bank interest payable	**91**	19
Other interest payable	**7**	6
Other bank charges	**151**	149
Total finance costs	**307**	219

NOTES TO FINANCIAL STATEMENTS CONTINUED

10. TAXATION

TAX ON PROFIT ON ORDINARY ACTIVITIES

TAX CHARGE IN THE INCOME STATEMENT

	2023 £'000	As restated 2022 £'000
Current income tax		
Overseas tax charge - adjustment to prior years	**41**	45
Overseas tax charge - current year	**1,503**	1,583
UK corporation tax credit - adjustment to prior years	**(949)**	(1,293)
Total current income tax	**595**	335
Deferred income tax		
Movement in net deferred tax liability	**418**	(56)
Total deferred income tax	**418**	(56)
Total charge in the Income Statement	**1,013**	279

The UK corporation tax credit included £1,162,000 (2022: £1,273,000) relating to the surrender of prior year tax losses under the HMRC R&D tax credit scheme.

RECONCILIATION OF THE TOTAL TAX CHARGE

The tax charge in the Income Statement for the year is higher (2022: lower) than the standard rate of UK corporation tax for the period of 23.5% (2022: 19.0%). The differences are reconciled below:

	2023 £'000	As restated 2022 £'000
Profit before taxation	**4,089**	1,869
Profit before taxation multiplied by the UK standard rate of corporation tax for the period of 23.5% (2022: 19.0%)	**961**	355
Effects of:		
Expenses not deductible for tax purposes	**460**	573
Impact of tax rate change on timing differences	**—**	139
Difference in overseas tax rates	**194**	375
Movement in unprovided deferred tax losses	**545**	97
Adjustments to prior years in respect of current tax	**(908)**	(1,248)
Adjustments to prior years in respect of deferred tax	**2,150**	2,165
Research and development enhanced relief claim	**(2,389)**	(2,177)
Total tax charge reported in the Income Statement	**1,013**	279

TAX CREDIT RECOGNISED IN EQUITY

	2023 £'000	2022 £'000
Deferred tax (charge)/credit recognised directly in equity	**(229)**	301
Total tax (charge)/credit recognised directly in equity	**(229)**	301

DEFERRED TAX

DEFERRED TAX LIABILITIES

The movement on the net deferred tax liability is shown below:

	2023 £'000	As restated 2022 £'000
At 1 January	**(5,712)**	(6,334)
Recognised in income	**(418)**	56
Recognised in equity	**(229)**	301
Foreign exchange	**7**	265
At 31 December	**(6,352)**	(5,712)

10. TAXATION CONTINUED

DEFERRED TAX CONTINUED

DEFERRED TAX LIABILITIES CONTINUED

Deferred tax recognised relates to the following:

	2023 £'000	As restated 2022 £'000
Tax losses available for offset against future taxable income	**3,550**	4,334
Employee share award schemes	**503**	766
Capitalised development costs	**(5,843)**	(5,577)
Accelerated depreciation for tax purposes on fixed assets	**333**	540
Other timing differences	**403**	379
Inter-group sale of intellectual property	**(988)**	(1,300)
Acquired intangibles – software and customer relationships	**(4,310)**	(4,854)
31 December	**(6,352)**	(5,712)
Comprising:		
Asset	**137**	—
Liability	**(6,489)**	(5,712)
31 December	**(6,352)**	(5,712)

UNRECOGNISED TAX LOSSES

The Group has tax losses that are available indefinitely for offset against future taxable profits of the companies in which the losses arose as analysed below. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries that have been loss making for some time.

The tax effect of exchange differences recorded within the Consolidated Statement of Comprehensive Income is a credit of £99,000 (2022: credit £15,000).

TEMPORARY DIFFERENCES ASSOCIATED WITH GROUP INVESTMENTS

At 31 December 2023, there was no recognised deferred tax liability (2022: £nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

UNRECOGNISED POTENTIAL DEFERRED TAX ASSETS

The deferred tax not recognised in the Consolidated Statement of Financial Position is as follows:

	2023 £'000	2022 £'000
Gresham Technologies (Luxembourg) S.A.	**665**	793
Gresham Technologies (Holdings) SARL	**128**	109
Gresham Technologies (Singapore) Limited	**235**	137
Gresham Technologies (TDI) Limited	**73**	119
Tax losses	**1,101**	1,158
Gross tax losses unrecognised	**4,859**	5,155

FUTURE TAX RATES

The main UK corporation tax rate increased from 19% to 25% from 1 April 2023 as substantively enacted by the Finance Act 2021. Therefore, the rate used to calculate deferred tax balances at 31 December 2023 is 25%.

The Group's recognised and unrecognised deferred tax assets in the UK, Luxembourg, Australian, Singapore and US subsidiaries have been shown at the rates in the following table, being the substantively enacted rates in these countries.

	2023 %	2022 %
UK	**25**	25
Luxembourg	**25**	25
Australia	**30**	30
Singapore	**17**	17
US	**27**	27

NOTES TO FINANCIAL STATEMENTS CONTINUED

11. EARNINGS

EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit or loss for the year attributable to owners of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit or loss attributable to owners of the Parent by the weighted average number of ordinary shares outstanding during the year 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 except when such dilutive instruments would reduce the loss per share.

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

	2023	2022
Basic weighted average number of shares	**83,669,390**	83,393,061
Employee share options - weighted (note 23)	**2,917,224**	1,133,957
Diluted weighted average number of shares	**86,586,614**	84,527,018

	Notes	**2023 £'000**	As restated 2022 £'000
Adjusted earnings attributable to owners of the Parent		**5,472**	5,945
Adjusting items:			
Exceptional items	5	**40**	(153)
Foreign exchange differences on retranslation of intercompany balances	5	**636**	(860)
Amortisation of acquired intangibles	14	**(2,315)**	(2,315)
Share-based payments	23	**(757)**	(1,027)
Statutory earnings attributable to owners of the Parent		**3,076**	1,590

Earnings per share

Statutory	**Pence**	As restated Pence
Basic earnings per share	**3.68**	1.91
Diluted earnings per share	**3.55**	1.88
Adjusted		
Basic earnings per share	**6.54**	7.13
Diluted earnings per share	**6.32**	7.03

During the year ended 31 December 2023, share options granted under share option schemes were exercised and the Group issued 285,000 (2022: 85,000) ordinary shares accordingly (ranking pari passu with existing shares in issue). Shares totalling 140,000 were issued and transferred to the Employee Share Ownership Trust during the year. See note 22 for further details.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of this Annual Financial Report 2023.

12. DIVIDENDS PAID AND PROPOSED

The final dividend for the year ended 31 December 2022 was approved at the Company Annual General Meeting on 23 May 2023 and paid on 26 May 2023 of 0.75 pence per share, equating to a total of £626,000. The Board has declared an interim dividend of 0.75 pence per share (2022: £nil) instead of a final dividend (2022: 0.75 pence).

13. PROPERTY, PLANT AND EQUIPMENT

2023	Fixtures and fittings £'000	Property, plant and equipment £'000	Total £'000
Cost			
At 1 January	1,271	1,144	2,415
Additions	44	147	191
Disposals	(23)	(101)	(124)
Exchange adjustment	(36)	(5)	(41)
At 31 December	1,256	1,185	2,441
Depreciation and impairment			
At 1 January	(768)	(748)	(1,516)
Charge for year	(115)	(218)	(333)
Disposals	23	101	124
Exchange adjustment	15	—	15
At 31 December	(845)	(865)	(1,710)
Net carrying amount			
At 31 December	411	320	731
At 1 January	503	396	899

2022	Fixtures and fittings £'000	Property, plant and equipment £'000	Total £'000
Cost			
At 1 January	745	1,073	1,818
Additions	463	343	806
Disposals	—	(293)	(293)
Exchange adjustment	63	21	84
At 31 December	1,271	1,144	2,415
Depreciation and impairment			
At 1 January	(723)	(877)	(1,600)
Charge for year	(33)	(158)	(191)
Disposals	—	293	293
Exchange adjustment	(12)	(6)	(18)
At 31 December	(768)	(748)	(1,516)
Net carrying amount			
At 31 December	503	396	899
At 1 January	22	196	218

NOTES TO FINANCIAL STATEMENTS CONTINUED

14. INTANGIBLE ASSETS

2023	Development costs £'000	Patents and licences £'000	Separately identified intangibles on acquisition: Software £'000	Separately identified intangibles on acquisition: Customer relationships £'000	Goodwill £'000	Total £'000
Cost						
At 1 January	36,301	777	12,120	14,210	19,903	83,311
Additions	5,297	101	—	—	—	5,398
Disposals	—	(85)	—	—	—	(85)
Exchange adjustment	(41)	(4)	—	—	(60)	(105)
At 31 December	41,557	789	12,120	14,210	19,843	88,519
At 1 January	(12,745)	(730)	(4,317)	(2,481)	(250)	(20,523)
Charge for year	(2,934)	(45)	(1,212)	(1,103)	—	(5,294)
Eliminated on disposal	—	85	—	—	—	85
Exchange adjustment	34	4	—	—	36	74
At 31 December	(15,645)	(686)	(5,529)	(3,584)	(214)	(25,658)
Net carrying amount						
At 31 December	25,912	103	6,591	10,626	19,629	62,861
At 1 January	23,556	47	7,803	11,729	19,653	62,788

2022	Development costs £'000	Patents and licences £'000	Separately identified intangibles on acquisition: Software £'000	Separately identified intangibles on acquisition: Customer relationships £'000	Goodwill £'000	Total £'000
Cost						
At 1 January	31,072	858	12,120	14,210	19,848	78,108
Additions	5,195	—	—	—	—	5,195
Disposals	—	(91)	—	—	—	(91)
Exchange adjustment	34	10	—	—	55	99
At 31 December	36,301	777	12,120	14,210	19,903	83,311
At 1 January	(10,378)	(763)	(3,105)	(1,378)	(217)	(15,841)
Charge for year	(2,360)	(48)	(1,212)	(1,103)	—	(4,723)
Eliminated on disposal	—	91	—	—	—	91
Exchange adjustment	(7)	(10)	—	—	(33)	(50)
At 31 December	(12,745)	(730)	(4,317)	(2,481)	(250)	(20,523)
Net carrying amount						
At 31 December	23,556	47	7,803	11,729	19,653	62,788
At 1 January	20,694	95	9,015	12,832	19,631	62,267

DEVELOPMENT COSTS

Development costs are internally generated and are capitalised at cost. These intangible assets have been assessed as having a finite life and are amortised on a straight-line basis over their useful lives of two to ten years. These assets are tested for impairment where an indicator of impairment arises and on an annual basis.

For the years ended 31 December 2023 and 31 December 2022 the Group has capitalised development costs in respect of individual Clareti applications which have been individually assessed against the required capitalisation criteria and been individually assigned useful economic lives reflecting the maturity and availability of comparable applications in our markets. These useful economic lives are assessed to be between two and ten years.

No changes have been made to development costs capitalised in prior years in respect of the Clareti platform, which continue to be amortised on a systematic basis over the existing useful economic life of ten years.

PATENTS AND LICENCES

Patents and licences are the third party costs incurred in seeking and obtaining protection for certain of the Group's products and services. These intangible assets have been assessed as having a finite life and are being amortised evenly over their useful economic life, to a maximum of ten years. Patents have a remaining life of three years and licences have a remaining life of one to ten years.

14. INTANGIBLE ASSETS CONTINUED

SEPARATELY IDENTIFIED ACQUIRED INTANGIBLES

Separately identified intangibles acquired through business combinations represent software and customer relationships which arose through the acquisitions of C24 Technologies, B2 Group, Inforalgo and Electra Information Systems.

Software is amortised over its useful economic life, which is deemed to be ten years.

Customer relationships are amortised over their useful economic life, which is deemed to be twelve years for the Electra acquisition, eight years for the Inforalgo and C24 Technologies acquisitions and six years for B2 Group.

GOODWILL

Goodwill arose on the acquisition of our Asia Pacific real-time financial solutions business, C24 Technologies, B2 Group, Inforalgo and Electra Information Systems. It is assessed as having an indefinite life and is assessed for impairment at least annually.

15. IMPAIRMENT OF INTANGIBLE ASSETS

The Group performs impairment reviews at the reporting period end for all intangible assets to identify any intangible assets that have a carrying value that is in excess of its recoverable amount.

GOODWILL

Goodwill acquired through business combinations has been allocated to one individual cash-generating unit ("CGU"), the lowest level at which goodwill is monitored for internal management purposes, for impairment testing.

CARRYING AMOUNT OF GOODWILL

	2023 £'000	2022 £'000
Clareti Solutions CGU	**19,629**	19,653

SEPARATELY IDENTIFIED ACQUIRED INTANGIBLES

Intangibles assets acquired through business combinations are reviewed for impairment on an annual basis. The following table summarises the net book value of separately identified acquired intangibles:

	2023 £'000	2022 £'000
Software	**6,591**	7,803
Customer relationships	**10,626**	11,729
	17,217	19,532

DEVELOPMENT COSTS (FINITE LIFE)

Development costs are reviewed for impairment on an annual basis prior to being made available for use, or sooner where an indicator of impairment exists. The following table summarises the net book value of development costs:

	2023 £'000	2022 £'000
Clareti Solutions CGU	**25,912**	23,556

CLARETI SOLUTIONS CASH-GENERATING UNIT

The recoverable amount of this CGU has been determined based on a value-in-use calculation. The cashflow projections are based on the 2024 financial budget, as approved by the Board, which are extrapolated for five years and extended beyond five years using a long-term growth rate. The Board considers this approach appropriate given the long-term opportunities that exist in the Asia Pacific, EMEA and North American regions.

The discount rate applied to cashflow projections is 17.5% (2022: 17.0%) and cashflows beyond the five-year period are extrapolated using a 2% growth rate (2022: 2%) that is a prudent approximation to the long-term average growth rate for the region in which the CGU operates. The recoverable amount of the Clareti Solutions CGU supports the value of goodwill on the Statement of Financial Position.

KEY ASSUMPTIONS USED IN THE VALUE-IN-USE CALCULATIONS

Key assumptions are made by management based on past experience taking into account external sources of information around gross margins, growth rates and discount rates for similar businesses.

The calculation of value in use is most sensitive to assumptions around:

- operating cashflows, based on financial budgets for 2024 approved by the Board;
- growth rates, based on internally estimated growth rates for the market and business offerings; and
- the discount rate, based on the pre-tax weighted average cost of capital of the Group.

SENSITIVITY TO CHANGES IN ASSUMPTIONS

A change in our key assumption in respect of operating cashflows could cause the carrying value of the goodwill or development costs to exceed the recoverable amount, resulting in an impairment charge.

If any one of the following changes were made to the above key assumptions, the carrying amount and recoverable amount would be equal.

Pre-tax discount rate	Increase from 17.5% to 21.5%
Growth rate beyond year 5	Reduction from 2% to -25%
Revenue growth	Reduction from 15% average over five years to 12% average

15. IMPAIRMENT OF INTANGIBLE ASSETS CONTINUED

DEVELOPMENT COSTS (FINITE LIFE) CONTINUED

SENSITIVITY TO CHANGES IN ASSUMPTIONS CONTINUED

We are confident the assumptions in respect of operating cashflows remain appropriate. Where the operating cashflows incorporate products or solutions that will be sold in an existing known market, past experience is used as a guide to the level of sales achievable, growth rates and associated margins. Where the operating cashflows relate to products or solutions that will be sold into a new or emerging market, past experience with similar products or solutions is combined with relevant information from external market sources, such as competitor pricing and discussions with potential customers, in arriving at the level of sales achievable, growth rates and associated margins.

IMPAIRMENT CHARGE

No impairment charge was recognised in the year (2022: £nil).

The Group performed its annual test for impairment as at 31 December 2023. The recoverable amount exceeded the carrying value for each CGU, accordingly no impairment charge has been recognised in the year.

16. LEASES

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets or leases with a duration of twelve months or less. The expense relating to short-term leases of twelve months or less was £nil (2022: £nil). The Group held no low value asset leases.

Right-of-use assets are initially measured at the amount of lease liability reduced for any lease incentives received and increased for initial direct costs incurred and any provision contractually required. Right-of-use assets are amortised on a straight-line basis over the period of the lease.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term with the discount rate determined by reference to the interest rate inherent in the lease and where that is not readily determinable the incremental borrowing rate between 3.1% and 8.0%. Subsequent to the initial measurement lease liabilities are increased as a result of interest charged and reduced for lease payments made.

The Group leases a number of office buildings where payments are fixed until the contracts expire. The average lease term is 3.3 years (2022: 2.4 years).

During the year, the Group has modified the lease term for two leases, with the original lease term extended by a further period. One lease was extended for a five year period which resulted in an addition to right-of-use assets of £708,000. In addition, an office lease that was due to expire during the year was extended by a further 21-month period, resulting in addition of £205,000.

During the year ended 31 December 2022 the Group entered into a rent review for one of its office leases. The rent review was concluded during 2023; as a result an adjustment of £139,000 was made to reduce the right-of-use asset.

In the year ended 31 December 2022 the Group agreed to extend an office lease for a further five years with the lease commencing in 2023. In 2023 the Group agreed a lease incentive which resulted in a reduction in the right-of-use asset of £184,000.

There are no other extension or termination options on the lease arrangements.

RIGHT-OF-USE ASSETS

2023	Property £’000
Cost	
At 1 January	**3,305**
Additions	**913**
Disposals	**(482)**
Adjustments	**(323)**
Exchange adjustment	**(56)**
At 31 December	**3,357**
Amortisation	
At 1 January	**(1,713)**
Charge for year	**(556)**
Disposals	**464**
Exchange adjustment	**22**
At 31 December	**(1,783)**
Net carrying amount	
At 31 December	**1,574**
At 1 January	**1,592**

16. LEASES CONTINUED

RIGHT-OF-USE ASSETS CONTINUED

2022	Property £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January	2,846	62	2,908
Additions	808	—	808
Disposals	(439)	(62)	(501)
Exchange adjustment	90	—	90
At 31 December	3,305	—	3,305
Amortisation			
At 1 January	(1,384)	(58)	(1,442)
Charge for year	(710)	(4)	(714)
Disposals	439	62	501
Exchange adjustment	(58)	—	(58)
At 31 December	(1,713)	—	(1,713)
Net carrying amount			
At 31 December	1,592	—	1,592
At 1 January	1,462	33	1,466

LEASE LIABILITIES

	Property £'000
At 1 January 2023	**1,662**
Cash items:	
Lease payments	**(676)**
Non-cash items:	
Additions	**874**
Adjustments	**(323)**
Disposals	**(29)**
Interest expense	**58**
Foreign exchange movements	**(38)**
At 31 December 2023	**1,528**

	Land and buildings £'000	Motor vehicles £'000	Total £'000
At 1 January 2022	1,406	6	1,412
Cash items:			
Lease payments	(639)	(6)	(645)
Non-cash items:			
Additions	808	—	808
Interest expense	45	—	45
Foreign exchange movements	42	—	42
At 31 December 2022	1,662	—	1,662

	2023 £'000	2022 £'000
Due between 0-3 months	**165**	194
Due between 3-12 months	**496**	515
Due less than one year	**661**	709
Due more than one year	**867**	953
Lease liabilities	**1,528**	1,662

17. INVESTMENTS

DETAILS OF GROUP UNDERTAKINGS

Details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital are as follows:

Name of subsidiary company	Registered address	Holding (shares)	Proportion of voting rights and shares held	Nature of business
Gresham Technologies (UK) Limited[4]	Aldermary House, London, England	Ordinary	100%	Software solutions
Gresham Technologies (Solutions) Limited[4]	Aldermary House, London, England	Ordinary	100%	Software solutions
C24 Technologies Limited[4]	Aldermary House, London, England	Ordinary	100%	Software solutions
Gresham Technologies (Australia) Pty Limited[3]	Level 6, 1 Pacific Highway, North Sydney, Australia	Ordinary	100%	Software solutions
Gresham Technologies (TDI) Limited[1,4]	Aldermary House, London, England	Ordinary	100%	Software solutions
Gresham Technologies (Canada) Inc[3]	400 Granville Street, Vancouver, BC, Canada	Ordinary	100%	Software solutions
Gresham Technologies (Malaysia) SDN BHD[1]	Level 7, Menara Milenium, Jalan Damanlela, Malaysia	Ordinary	100%	Software solutions
Gresham Technologies (Singapore) Pte. Limited	138 Cecil Street, Cecil Court, Singapore	Ordinary	100%	Software solutions
Gresham Technologies (US) Inc.[1,3]	381 Park Ave S, New York, US	Ordinary	100%	Software solutions
Gresham Enterprise Storage Inc.[1,3]	381 Park Ave S, New York, US	Ordinary	100%	Software solutions
Electra Information Systems Inc.[1,3]	381 Park Ave S, New York, US	Ordinary	100%	Software solutions
Electra Solutions Inc.[1,3]	381 Park Ave S, New York, US	Ordinary	100%	Dormant
Electra Information Systems Limited[1,4]	Aldermary House, London, England	Ordinary	100%	Dormant
Floe Technologies Limited[2]	Aldermary House, London, England	Ordinary	100%	Dormant
Gresham Technologies (International) Limited[4]	Aldermary House, London, England	Ordinary	100%	Holding company
Gresham Technologies (Holdings) SARL[3]	6E route de Treves, L-2633, Luxembourg	Ordinary	100%	Holding company
Gresham Technologies (Luxembourg) S.A.[1]	6E route de Treves, L-2633, Luxembourg	Ordinary	100%	Software solutions
GMS Loan Technologies Limited[4]	Aldermary House, London, England	Ordinary	100%	Dormant
Inforalgo Information Technology Limited[4]	Aldermary House, London, England	Ordinary	100%	Software solutions
Clareti Technologies Limited[2]	Aldermary House, London, England	Ordinary	100%	Dormant
Gresham Tech Limited[2]	Aldermary House, London, England	Ordinary	100%	Dormant
Gresham Telecomputing Limited[2]	Aldermary House, London, England	Ordinary	100%	Dormant
Circa Business Systems Limited[2]	Aldermary House, London, England	Ordinary	100%	Dormant
Cheerkeep Limited[2]	Aldermary House, London, England	Ordinary	100%	Dormant

(1) Held by a subsidiary undertaking.
(2) Subsidiary exempt from UK audit under section 480a of the Companies Act 2006.
(3) Subsidiary has no requirement for a local statutory audit.
(4) Subsidiary exempt from UK audit under section 479a of the Companies Act 2006.

18. CURRENT ASSETS

	2023 £'000	As restated 2022 £'000
Trade receivables	**5,675**	4,765
Prepayments	**1,125**	1,213
Other receivables	**375**	537
Trade and other receivables	**7,175**	6,515
Accrued income	**985**	1,822
Prepaid commission	**886**	783
Contract assets	**1,871**	2,605

18. CURRENT ASSETS CONTINUED

Trade receivables are denominated in the following currencies:

	2023 £'000	2022 £'000
Sterling	**1,903**	1,034
Euro	**693**	718
US Dollar	**2,134**	1,863
Canadian Dollar	**15**	22
Australian Dollar	**765**	1,098
Malaysian Ringgit	**5**	5
Singapore Dollar	**160**	—
South African Rand	**—**	25
Total trade receivables	**5,675**	4,765

Trade receivables are non-interest bearing and are generally on 30 to 60-day terms and are shown net of a provision for impairment.

At 31 December, the analysis of trade receivables that were past due but not impaired is as follows:

			Past due but not impaired				
	Total £'000	Due not impaired £'000	<30 days £'000	30–60 days £'000	60–90 days £'000	90–120 days £'000	>120 days £'000
2023	**5,675**	**1,791**	**2,721**	**282**	**532**	**74**	**275**
2022	4,765	2,849	1,524	161	75	—	156

The Group's customers primarily comprise national and international banks, Government bodies and substantial private and public companies. As a result, the credit quality of trade receivables that are neither past due nor impaired has been assessed by the Directors to be relatively high, taking account of a low historical experience of bad debts and relatively good ageing profiles.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers, such factors include but are not limited to gross domestic product ("GDP"), unemployment rate and inflation rates.

19. CASH AND CASH EQUIVALENTS

	2023 £'000	2022 £'000
Cash at bank and in hand	**4,774**	6,280

Cash at bank earns interest at both fixed-term rates and floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is the same as stated above.

For the purpose of the Consolidated Statement of Cashflow, cash and cash equivalents comprises cash at bank and in hand and short-term deposits.

20. TRADE, OTHER PAYABLES, PROVISIONS AND FINANCIAL LIABILITIES

TRADE AND OTHER PAYABLES

Trade payables, other payables and contract liabilities are non-interest bearing.

CURRENT

	2023 £'000	As restated 2022 £'000
Trade payables	**989**	1,536
Accruals	**3,606**	4,252
Social security and other taxes	**539**	618
Other payables	**1,564**	1,690
Contract liabilities	**12,961**	13,537
	19,659	21,633

Accruals include £1,740,000 (2022: £1,886,000) which are considered to be payable in respect of services received up to the Balance Sheet date as well as employee related liabilities such as sales commissions and bonuses of £1,866,000 (2022: £2,366,000).

	2023 £'000	2022 £'000
Income tax payable	**—**	62

NOTES TO FINANCIAL STATEMENTS CONTINUED

20. TRADE, OTHER PAYABLES, PROVISIONS AND FINANCIAL LIABILITIES CONTINUED

TRADE AND OTHER PAYABLES CONTINUED

NON-CURRENT

	2023 £'000	2022 £'000
Contract liabilities	**796**	354

PROVISIONS

	Property provisions	
	2023 £'000	2022 £'000
At 1 January		
– Current	**—**	—
– Non-current	**146**	144
	146	144
Foreign exchange movements	**—**	2
Additions	**37**	—
At 31 December		
– Current	**—**	—
– Non-current	**183**	146
	183	146

The provisions relate to the Group's property portfolio and the resulting lease liabilities, comprising end-of-lease dilapidation costs and empty property costs.

CONTINGENT CONSIDERATION

	2023 £'000	2022 £'000
At 1 January		
– Current	**3,987**	3,944
– Non-current	**—**	3,575
	3,987	7,519
Payments made during the year	**(3,987)**	(4,356)
Foreign exchange movements	**—**	824
At 31 December	**—**	3,987
– Current	**—**	3,987
– Non-current	**—**	—
	—	3,987

21. FINANCIAL INSTRUMENTS

The Group is exposed through its operations to credit risk, interest rate risk, capital risk, liquidity risk and currency risk.

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

21. FINANCIAL INSTRUMENTS CONTINUED

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

Set out below is an analysis by category of the Group's financial assets and liabilities that are carried in the financial statements (there is no material difference between the carrying amounts and fair values):

2023	Fair value through profit and loss £'000	Amortised cost £'000	Total carrying amount £'000
Financial assets			
Trade receivables	**—**	**5,675**	**5,675**
Cash and cash equivalents	**—**	**4,774**	**4,774**
	—	**10,449**	**10,449**
Financial liabilities			
Trade payables	**—**	**989**	**989**
Accruals	**—**	**3,606**	**3,606**
Other payables	**—**	**1,564**	**1,564**
	—	**6,159**	**6,159**

2022	Fair value through profit and loss £'000	Amortised cost £'000	Total carrying amount £'000
Financial assets			
Trade receivables	—	4,765	4,765
Cash and cash equivalents	—	6,280	6,280
	—	11,045	11,045
Financial liabilities			
Trade payables	—	1,536	1,536
Contingent consideration	3,987	—	3,987
Accruals	—	4,252	4,252
Other payables	—	1,690	1,690
	3,987	7,478	11,465

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

As at 31 December 2023 and 31 December 2022 the Group held no foreign exchange instruments.

NOTES TO FINANCIAL STATEMENTS CONTINUED

21. FINANCIAL INSTRUMENTS CONTINUED

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES CONTINUED

Reconciliation of financial liabilities and related cashflows are shown below:

2023	At 1 January £'000	Cashflows £'000	New leases £'000	Adjustments £'000	Interest £'000	Foreign exchange movements £'000	At 31 December £'000
Bank loans	—	—	—	—	—	—	—
Lease liabilities	1,662	(676)	874	(352)	58	(38)	1,528
Contingent consideration	3,987	(3,987)	—	—	—	—	—
Total liabilities from financing activities	5,649	(4,663)	874	(352)	58	(38)	1,528

During the year $4.0m was drawn down from the Group's $10m bank facility with the Bank of Ireland. The amount was repaid in full during the year.

2022	At 1 January £'000	Cashflows £'000	New leases £'000	Interest £'000	Foreign exchange movements £'000	At 31 December £'000
Bank loans	—	—	—	—	—	—
Lease liabilities	1,412	(645)	808	45	42	1,662
Contingent consideration	7,519	(4,356)	—	—	824	3,987
Total liabilities from financing activities	8,931	(5,001)	808	45	866	5,649

OBJECTIVES, POLICIES AND STRATEGIES

The Group's objective is to finance the business through management of existing liquidity, focusing on working capital acceleration to cash and converting illiquid assets to liquid assets and, ultimately, cash. Investments in non-current assets have been made with the benefit of research and development tax credits taken as cash.

The Group's policy towards using financial instruments is to manage credit, liquidity and currency exposure risk without exposing the Group to undue risk or speculation. The policy is kept under review by the Directors according to the Group's foreign exchange and treasury policy.

RISK MANAGEMENT

The risks arising from the Group's operations and financial instruments are explained below.

CREDIT MANAGEMENT

The Group monitors exposure to credit risk on an ongoing basis. The risk of financial loss due to a counterparty failure to honour its obligations arises principally in relation to transactions where the Group provides solutions and services on deferred terms and where it invests or deposits surplus cash.

Group policies are aimed at minimising such losses, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored to ensure that the Group's exposure to provisions for bad debts is not significant. Solutions and services may be sold on a cash-with-order basis to mitigate credit risk. Bad debt provision insurance is not carried.

Performance of individual businesses is monitored at both operating unit and Group level allowing the early identification of major risks and reducing the likelihood of an unmanaged concentration of credit risk.

Cash investments are only allowed in liquid securities with major financial institutions that satisfy specific criteria. The maximum credit risk exposure at the Statement of Financial Position date is represented by the carrying value of financial assets. There are no significant concentrations of credit risk.

INTEREST RATE RISK

The Group has limited exposure to interest rate risk since it has no bank borrowings and interest receivable on cash deposits does not form a material part of Group income.

CAPITAL RISK

The Group defines its capital as the Group's total equity and manages capital based on the level of net cash held. Its objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, to provide an adequate return to investors based upon the level of risk undertaken, to have available the necessary financial resources to allow the Group to invest in areas that may deliver future benefit to investors and to maintain sufficient financial resources to mitigate risks and unforeseen events.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to provide additional capital.

21. FINANCIAL INSTRUMENTS CONTINUED

LIQUIDITY RISK

The Group's liquidity risk falls within the following main categories:

- Trade receivables – a significant element of the Group's liquidity is tied up in working capital, which primarily comprises trade receivables. The settlement risk associated with these assets comprises both credit risk (the risk that the counterparty will not settle at all) and liquidity risk (the risk that the counterparty will not settle on time).
- Non-current assets – a significant element of the Group's liquidity is tied up in intangible and tangible fixed assets. For those assets required in the business for day-to-day operations, the Group considers the use of finance lease arrangements to reduce the amount of liquidity tied up in such assets. The Group keeps its investment in fixed assets under review and actively considers converting such assets to more liquid assets.
- Other payables – the Group's liquidity depends on the ability to fund future operating activities, the Group believes that there is sufficient cash reserves to cover any short and long-term requirements.
- Currency risk – this risk is discussed below.

The table below summarises the remaining contractual maturity for the Group's financial liabilities, based on contractual undiscounted payments:

2023	**Between 0 and 3 months £'000**	**Between 3 and 12 months £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**
Trade payables	**989**	**—**	**—**	**—**
Accruals	**3,606**	**—**	**—**	**—**
Other payables	**1,564**	**—**	**—**	**—**
Lease liabilities	**165**	**496**	**429**	**438**
	6,324	**496**	**429**	**438**

2022	Between 0 and 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000
Trade payables	1,536	—	—	—
Accruals	4,252	—	—	—
Other payables	1,690	—	—	—
Contingent consideration	—	3,987	—	—
Lease liabilities	194	515	766	187
	7,672	4,502	766	187

All current liabilities are expected to fall due within one year of the Statement of Financial Position date at their carrying amount.

The Group monitors and controls liquidity through the following key controls:

- weekly cash and overdue trade receivables are reported to the Executive Board;
- cash forecasts are maintained;
- foreign exchange risks are hedged where significant; and
- credit control is operated locally with Group oversight.

Where appropriate, discounts are offered for early payment by customers and finance lease and deferred payment arrangements are considered to retain or improve liquidity.

In June 2021 the Group arranged a three-year $10m revolving credit facility with the Bank of Ireland. This facility was extended in 2023 for a further two years with the facility now expiring in May 26. There was no outstanding liability as at 31 December 2023.

Liquidity risk is not considered as a significant risk to the Group.

21. FINANCIAL INSTRUMENTS CONTINUED

CURRENCY RISK

The Group has significant exposures to the following currencies: US Dollar, Australian Dollar, Euro, Malaysian Ringgit, Singapore Dollar, South African Rand and Canadian Dollar.

Currency exposure arises through intra-group loans and trading balances throughout all Group locations. Natural hedging is employed, to the extent possible, to minimise net exposures; however, where significant exposures arise outside of intra-group trading, it is Group policy to enter into formal hedging arrangements where these can be shown to be effective.

At 31 December 2023, the Group had no foreign currency forward contracts (2022: none).

Currency exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the functional currency of the operating unit involved. In general, all overseas operating units trade and hold assets and liabilities in their functional currency.

An analysis of trade receivables by currency is included in note 18.

SENSITIVITIES

The following table details the Group's sensitivities to a change in Sterling exchange rates against the respective foreign currencies. The sensitivities represent management's assessment of the effect on monetary assets of the possible changes in foreign exchange rates, which for 2023 and 2022 take account of the potential fluctuations seen in the most recent periods. The sensitivity analysis of the Group's exposure to foreign currency risk at the year end has been determined based on the assumption that the change is effective throughout the financial year and all other variables remain constant. The impact of translating the net assets of foreign operations into Sterling is excluded from the sensitivity analysis.

A positive number indicates an increase in profit after taxation and other components of equity where Sterling weakens against the respective currencies.

2023	**Net foreign currency financial assets £'000**	**Increase/decrease in exchange rates**	**Effect on profit before tax £'000**
Euro	**1,098**	**+20%**	**(183)**
		-20%	**275**
Australian Dollar	**3,197**	**+20%**	**(533)**
		-20%	**799**
US Dollar	**2,823**	**+20%**	**(471)**
		-20%	**706**
Malaysian Ringgit	**143**	**+20%**	**(24)**
		-20%	**36**
Singapore Dollar	**220**	**+20%**	**(37)**
		-20%	**55**
Canadian Dollar	**112**	**+20%**	**(19)**
		-20%	**28**

2022	Net foreign currency financial assets £'000	Increase/decrease in exchange rates	Effect on profit before tax £'000
Euro	1,251	+20%	(208)
		-20%	313
Australian Dollar	4,451	+20%	(742)
		-20%	1,113
US Dollar	2,365	+20%	(394)
		-20%	591
Malaysian Ringgit	35	+20%	(6)
		-20%	9
Singapore Dollar	52	+20%	(9)
		-20%	13
South African Rand	25	+20%	(4)
		-20%	6

The Group has no material exposure to interest rate sensitivities; however, in addition to the year-end risk quantified we remain susceptible to the changes on foreign exchange rates on our future currency cash inflows and outflows which although are notable, are mitigated through the use of forward exchange contracts from time to time and are not anticipated to materially affect the earnings in the future periods.

22. ISSUED SHARE CAPITAL

ORDINARY SHARES ALLOTTED, CALLED UP AND FULLY PAID

	Number	Nominal value £'000
At 1 January 2022	83,364,458	4,168
Exercise of share options (note 23)	85,000	4
At 31 December 2022	83,449,458	4,172
Transfer of shares to ESOT	140,000	7
Exercise of share options (note 23)	285,000	15
At 31 December 2023	**83,874,458**	**4,194**

The Company's ordinary share capital consists of individual shares having a nominal value of 5 pence each.

During the year ended 31 December 2023, share options granted under share option schemes were exercised at a price between 96.3 and 132.3 pence with the Group issuing 285,000 (2022: 85,000) ordinary shares accordingly (ranking pari passu with existing shares in issue). Share premium of £291,000 (2022: £65,000) was recognised as a result. Shares totalling 140,000 were issued and transferred to the Employee Share Ownership Trust during the year.

At 31 December 2023 and 2022 there were outstanding options granted to acquire ordinary shares in the Company. See note 23 for further details.

There are no preference shares in issue (2022: none).

An explanation of the Group's capital management process and objectives is set out in the discussion of capital management in the Strategic Report and capital risk disclosures in note 21.

SHARES HELD BY EMPLOYEE SHARE OWNERSHIP TRUST ("ESOT")

	£'000	Number
At 1 January 2022	609	629,308
Issue of shares	(313)	(323,761)
At 31 December 2022	296	305,547
Issue of shares	(259)	(393,758)
Subscription of new shares	7	140,000
At 31 December 2023	**44**	**51,789**

The shares held by the ESOT are expected to be issued under share option contracts. 140,000 shares at nominal value of 5 pence were issued by the Company and transferred to the Employee Share Ownership Trust during the year. The shares are held at the average purchase price.

23. SHARE-BASED PAYMENTS

The following disclosures are in respect of both the Company and the Group.

The grant of all options and awards is made by the Remuneration Committee and such grants involve equity settlement. In granting executive share options the Remuneration Committee has regard to both the participant's level of responsibility within the Group and to individual and Group performance.

SHARE OPTION SCHEMES

PERFORMANCE SHARE PLAN 2020

The Performance Share Plan 2020, was approved by shareholders in December 2020. The plan enables the Remuneration Committee to grant share options to key employees following the expiry of the Share Option Plan 2010 in 2020. Any conditional share award is granted on an ad hoc discretionary basis at nil cost to the participant. The share award will vest on the later of a three-year vesting period and the achievement of objective performance targets which will be specified by the Remuneration Committee.

124,000 (2022: 332,750) share options have been awarded in the year to 31 December 2023 under the 2020 share option scheme.

SHARE OPTION PLAN 2010

The Share Option Schemes 2010 were approved by shareholders on 30 December 2010, with amendments subsequently approved by shareholders on May 2012 and February 2015. The scheme was created for a ten-year period and expired in December 2020 replaced by the Performance Share Plan 2020.

No share options have been granted under the 2010 scheme during the year and no options will be granted in the future.

23. SHARE-BASED PAYMENTS CONTINUED

SHARE OPTION SCHEMES CONTINUED

DEFERRED SHARE BONUS PLAN 2017

The Deferred Share Bonus Plan operates in conjunction with the annual cash bonus scheme, a percentage of each participating employee's net annual bonus entitlement will continue to be paid in cash with the remaining amount of the bonus being paid to the trustee of an Employee Benefit Trust, which has been constituted to acquire existing issued ordinary shares and facilitate the Deferred Share Bonus Plan. These bonus-related shares will be beneficially owned by each participant but held by the trustee as its nominee.

At the same time, a corresponding matching award will be made by the Company, entitling the participant to receive, at nil cost, an entitlement to further ordinary shares. These awards will vest subject to the following conditions:

- the related bonus shares being retained for a specified period;
- any relevant performance targets being met; and
- the participant remaining in employment with the Gresham Group until the end of the specified retention period.

The matching awards granted to Senior Management are subject to a multiple of a maximum of four-times the bonus shares awarded. These awards are subject to a three-year vesting period and are subject to performance criteria in each year of the vesting period.

In March 2023 1,036,465 share options were granted at nil cost with two-year and three-year vesting periods; the options expire March 2033.

In previous years vested awards under the Deferred Share Bonus Plan were settled using existing ordinary shares held by the Employee Benefit Trust.

For each of the share schemes exercise is permitted in conjunction with a takeover or similar transaction and in such circumstances the vesting period does not apply. In the event of a takeover, an option holder may, by agreement with the acquirer, exchange their options for options over shares in the acquiring Company.

At 31 December 2023, 194 participants held awards under the share option schemes (2022: 166).

Outstanding options to subscribe for ordinary shares of 5 pence at 31 December 2023, including those noted in the Directors' Remuneration Report, are as follows:

	2023 Number	WAEP pence	2022 Number	WAEP pence
Outstanding at 1 January	5,210,432	61	3,455,500	92
Deferred bonus shares awarded in prior years	—	—	815,336	5
Granted during the year	1,160,465	—	1,077,798	5
Forfeited during the year	(126,332)	—	(53,202)	5
Exercised during the year:				
– Share option scheme 2010	(285,000)	(102)	(85,000)	(77)
– Deferred share bonus plan	(80,778)	—	—	—
Outstanding at 31 December	5,878,787	47	5,210,432	61
Exercisable at 31 December	2,495,034	110	2,438,309	121
Weighted average remaining contractual life (years)	6.0		6.5	

During the year 285,000 options were exercised under during the period when the Company share price was between 138.5 pence and 155.0 pence and 80,778 shares were exercised during the year in the Deferred Share Bonus Plan using the Employee Benefit Trust.

No price is payable on award of share options.

23. SHARE-BASED PAYMENTS CONTINUED

SHARE OPTION SCHEMES CONTINUED

DEFERRED SHARE BONUS PLAN 2017 CONTINUED

Outstanding options and awards to subscribe for ordinary shares of 5 pence at 31 December 2023, including those noted in the Directors' Remuneration Report showing the range of exercise prices and dates, are as follows:

	Number of share options	Date of grant	Exercise price £	Date first exercisable	Expiry date	Cash receivable if exercised £
Share Option Schemes 2010						
	1,500,000	01-Jun-15	1.1057	01-Jun-18	01-Jun-25	1,658,550
	50,000	21-Jun-16	1.0945	21-Jun-19	21-Jun-26	54,725
	140,000	20-Mar-17	1.7352	20-Mar-20	20-Mar-27	242,928
	45,000	28-Nov-17	2.1505	28-Nov-20	28-Nov-27	96,773
	200,000	14-Mar-18	2.2715	14-Mar-21	14-Mar-28	454,300
	100,000	28-Mar-19	0.9720	28-Mar-22	28-Mar-29	97,200
	25,000	25-Oct-19	1.2210	25-Oct-22	25-Oct-29	30,525
	75,000	24-Dec-20	1.5180	24-Dec-23	24-Dec-30	113,850
Performance Share Plan 2020						
	908,000	21-Oct-21	0.0500	21-Oct-24	21-Oct-31	45,400
	289,750	08-Nov-22	0.0500	08-Nov-25	08-Nov-32	14,488
	124,000	30-Sep-23	0.0500	30-Sep-26	30-Sep-33	6,200
Deferred Share Bonus Plan						
	29,317	27-Mar-19	—	27-Mar-21	27-Mar-29	—
	34,089	18-Mar-20	—	18-Mar-22	18-Mar-30	—
	262,622	18-Mar-20	—	18-Mar-23	18-Mar-30	—
	34,006	31-Mar-21	—	31-Mar-23	31-Mar-31	—
	371,468	31-Mar-21	—	31-Mar-24	31-Mar-31	—
	152,753	31-Mar-22	—	31-Mar-24	31-Mar-32	—
	530,204	31-Mar-22	—	31-Mar-25	31-Mar-32	—
	197,838	31-Mar-23	—	31-Mar-25	31-Mar-33	—
	809,740	31-Mar-23	—	31-Mar-26	31-Mar-33	—
	5,878,787					**2,814,939**

NOTES TO FINANCIAL STATEMENTS CONTINUED

23. SHARE-BASED PAYMENTS CONTINUED

SHARE OPTION SCHEMES CONTINUED

DEFERRED SHARE BONUS PLAN 2017 CONTINUED

Outstanding options to subscribe for ordinary shares of 5 pence at 31 December 2022, including those noted in the Directors' Remuneration Report showing the range of exercise prices and dates, are as follows:

	Number of share options	Date of grant	Exercise price £	Date first exercisable	Expiry date	Cash receivable if exercised £
Share Option Schemes 2010						
	185,000	01-Aug-13	0.9630	01-Aug-16	01-Aug-23	178,155
	50,000	07-Oct-13	1.3230	07-Oct-16	07-Oct-23	66,150
	1,500,000	01-Jun-15	1.1057	01-Jun-18	01-Jun-25	1,658,550
	50,000	21-Jun-16	1.0945	21-Jun-19	21-Jun-26	54,725
	140,000	20-Mar-17	1.7352	20-Mar-20	20-Mar-27	242,928
	45,000	28-Nov-17	2.1505	28-Nov-20	28-Nov-27	96,773
	200,000	14-Mar-18	2.2715	14-Mar-21	14-Mar-28	454,300
	100,000	28-Mar-19	0.9720	28-Mar-22	28-Mar-29	97,200
	75,000	25-Oct-19	1.2210	25-Oct-22	25-Oct-29	91,575
	75,000	24-Dec-20	1.5180	24-Dec-23	24-Dec-30	113,850
Performance Share Plan 2020						
	943,000	21-Oct-21	0.0500	21-Oct-24	21-Oct-31	4,715
	327,250	08-Nov-22	0.0500	08-Nov-25	08-Nov-32	1,636
Deferred Share Bonus Plan						
	38,668	27-Mar-19	0.0500	27-Mar-21	27 Mar-29	1,933
	54,641	18-Mar-20	0.0500	18-Mar-22	18 Mar-30	2,732
	267,834	18-Mar-20	0.0500	18-Mar-23	18 Mar-30	13,392
	67,373	31-Mar-21	0.0500	31-Mar-23	31 Mar 31	3,369
	386,820	31 Mar 21	0.0500	31 Mar 24	31 Mar 31	19,341
	183,452	31 Mar 22	0.0500	31 Mar 24	31 Mar 32	9,173
	521,394	31 Mar 22	0.0500	31 Mar 25	31 Mar 32	26,070
	5,210,432					**3,136,567**

The fair value of equity-settled share options granted by the Share Option Schemes are estimated as at the date of grant. The share options granted under the Performance Share Plan 2020 are valued using a Monte Carlo simulation model, taking into account the terms and conditions upon which the options were granted. The share options granted under the Deferred Bonus scheme were valued using a Black Scholes model.

The following table lists the range of inputs to the model used for the grants made during the year:

	Deferred Share Bonus scheme		Performance Share Plan 2020
Vesting date	31-Mar-25	31-Mar-26	30-Sep-26
Expiry date (number of years after grant)	10	10	10
Vested options expected life	5.8 years	5.8 years	2.9 years
Exercise price	nil	nil	nil
Share price at valuation	£1.55	£1.55	£1.415
Volatility	22%	22%	22%
Dividend yield	0%	0%	0.53%
Risk free rate	4.4%	4.4%	4.4%
Impact of continued employment conditions	0%	0%	0%

Vesting of options is reliant on achievement of any relevant performance conditions set by the Remuneration Committee, which typically take the form of sales-based targets and share price growth.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

23. SHARE-BASED PAYMENTS CONTINUED

SHARE-BASED PAYMENTS

The expense recognised in the Income Statement for all equity-settled share-based payments in respect of employee services received is as follows:

	2023 £'000	2022 £'000
Expense recognised in respect of share-based payments	**757**	1,027

24. RESERVES

SHARE CAPITAL

The balance classified as share capital represents the nominal value arising from the issue of the Company's equity share capital, comprising 5 pence ordinary shares.

During the year ended 31 December 2023, share options granted under the 2010 Share Option Plans were exercised and the Group issued 285,000 (2022: 85,000) ordinary shares accordingly (ranking pari passu with existing shares in issue). See note 22 for further details. Shares totalling 140,000 were issued and transferred to the Employee Share Ownership Trust.

SHARE PREMIUM ACCOUNT

The balance classified as share premium represents the premium arising from the issue of the Company's equity share capital, comprising 5 pence ordinary shares, net of share issue expenses. There are restrictions on the use of the share premium account. It can only be used for bonus issues, to provide for the premium payable on redemption of debentures, or to write off preliminary expenses, or expenses of, or commissions paid on, or discounts allowed on, the same issues of shares or debentures of the Company.

OWN SHARE RESERVE

Weighted average cost of own shares held in trust by the ESOT.

OTHER RESERVES

The balance classified as other reserves comprises a special reserve of £536,000. The special reserve arose on the cancellation of deferred ordinary shares in June 1992. In 2018, 134,440 shares were issued as part consideration for the acquisition of B2 Group at a placing price of £1.71. The excess over the nominal value of the shares issued has been credited to other reserves (merger reserve) in compliance with s612 and s613 of the Companies Act 2006.

RETAINED EARNINGS

All other net gains and losses and transactions with owners (e.g. dividends) that are not recognised elsewhere.

25. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2023 (2022: none).

26. RELATED PARTY TRANSACTIONS

KEY MANAGEMENT COMPENSATION (INCLUDING DIRECTORS)

	2023 £'000	2022 £'000
Directors' emoluments		
Remuneration	**662**	652
Social security costs	**102**	137
Bonuses	**136**	298
Pension	**23**	22
Share-based payments	**175**	406
	1,098	1,515

Details of Directors' compensation are included in the Directors' Remuneration Report.

There is no single party known that the Directors consider to be a controlling shareholder or ultimate parent undertaking. Refer to page 71 for details of all significant shareholders that the Company has been notified of.

27. EVENTS AFTER THE REPORTING DATE

An interim dividend of 0.75 pence per share has been declared by the Board (2022: £nil) instead of a final dividend (2022: 0.75 pence).

On 9 April 2024, the Boards of Gresham and Bidco announced the recommended acquisition of Gresham by Bidco at a price of 163 pence per Gresham share, plus the interim dividend of 0.75 pence per Gresham share declared today. The transaction is conditional on, amongst other things, the approval of Gresham Shareholders shareholders by the requisite majorities of resolutions to be proposed at a Court Meeting and a General Meeting, both convened for 16 May 2024. The Scheme Document and other documentation in relation to the acquisition were published on 18 April 2024 and are available on the Investor Hub on the Gresham website.

COMPANY BALANCE SHEET

	Notes	At 31 December 2023 £'000	As restated At 31 December 2022 £'000
Fixed assets			
Investments	5	**43,422**	42,665
Current assets			
Lease receivable	8	**579**	781
Debtors	6	**41,561**	38,372
Cash at bank and in hand		**208**	419
		42,348	39,572
Creditors: amounts falling due within one year	7	**(46,459)**	(42,823)
Net current liabilities		**(4,111)**	(3,251)
Total assets less current liabilities		**39,311**	39,414
Creditors: amounts falling due more than one year	7	**(210)**	(473)
Total assets less liabilities		**39,101**	38,941
Capital and reserves			
Called up share capital	9	**4,194**	4,172
Share premium	10	**24,232**	23,941
Own share reserve	9	**(44)**	(296)
Special reserve	10	**313**	313
Merger reserve	10	**1,583**	1,583
Profit and loss account	10	**8,823**	9,228
Shareholders' funds - equity interests		**39,101**	38,941

The Company made a retained loss in the year of £713,000 (2022: £1,319,000).

The financial statements were approved by the Board of Directors and authorised for issue on 29 April 2024.

On behalf of the Board.

IAN MANOCHA
CHIEF EXECUTIVE
29 APRIL 2024

TOM MULLAN
CHIEF FINANCIAL OFFICER
29 APRIL 2024

COMPANY STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital £'000	Share premium £'000	Own shares £'000	Special reserve £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2022		4,168	23,876	(609)	313	1,583	10,089	39,420
Exercise of share options	9	4	65	—	—	—	—	69
Share-based payments	13	—	—	—	—	—	1,027	1,027
Transfer of own shares held by Employee Share Ownership Trust to employees	9	—	—	313	—	—	53	366
Dividend paid	4	—	—	—	—	—	(622)	(622)
Retained loss for the year		—	—	—	—	—	(1,319)	(1,319)
At 31 December 2022		4,172	23,941	(296)	313	1,583	9,228	38,941
Exercise of share options	9	15	291	—	—	—	—	306
Issue of shares to Employee Share Ownership Trust	9	7	—	(7)	—	—	—	—
Share-based payments	13	—	—	—	—	—	757	757
Transfer of own shares held by Employee Share Ownership Trust to employees	9	—	—	259	—	—	177	436
Dividend paid	4	—	—	—	—	—	(626)	(626)
Retained loss for the year		—	—	—	—	—	(713)	(713)
At 31 December 2023		**4,194**	**24,232**	**(44)**	**313**	**1,583**	**8,823**	**39,101**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

The Company financial statements of Gresham Technologies plc (the "Company") have been prepared in accordance with Financial Reporting Standard 100 "Application of Financial Reporting Requirements" and Financial Reporting Standard 101 "Reduced Disclosure Framework" and as required by the Companies Act 2006.

The financial statements are prepared under the historical cost convention and were approved for issue on 29 April 2024.

No Income Statement is presented by the Company as permitted by section 408 of the Companies Act 2006. For the year ended 31 December 2023, the Company recorded a retained loss of £713,000 (2022: £1,319,000).

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 43. The financial position of the Group and the principal risks and uncertainties are also described in the Strategic Report.

The Group has sufficient financial resources together with good relationships with a number of customers and suppliers across different geographic areas and industries. The Group has access to a strong underlying cashflow arising from long-established businesses with long-standing blue-chip customers. The Group also benefits from high levels of contracted revenue providing predictability of future revenues.

The Directors have reviewed the profit and cashflow forecasts for the period to 30 June 2025 together with the assumptions used to support these forecasts and the expected impact of economic conditions on trading. Specific scenario stress testing based on the Group failing to win any new business in the period from 1 January 2024 have been performed to ensure that the Group continues to have sufficient resources to continue to operate within these scenarios.

The Directors have also considered the impact of the announcement made of 9 April 2024 of a recommended cash acquisition of Gresham by Alliance Bidco Limited ("Bidco"), a company owned indirectly by funds managed or advised by STG Partners, LLC. The Scheme Document in relation to the acquisition was subsequently published on 18 April 2024. The Directors note the intentions of Bidco, as set out in the Scheme Document, and they do not have any reason to believe that Bidco, will not continue to support the Group or would materially change its activities in the next 12 months. Given this, the Directors consider that both STG's future intentions for the Group and available resources enable them to have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the Annual Financial Report 2023.

DISCLOSURE EXEMPTIONS ADOPTED

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by adopted IFRSs;
- certain disclosures regarding the Company's capital;
- a statement of Cashflows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the Gresham Technologies plc Group.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- share-based payments;
- business combinations;
- assets held for sale and discontinued operations; and
- impairment of assets.

INVESTMENTS

Investments are recorded at cost less provision for impairment.

FINANCIAL ASSETS

IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

ASSETS CARRIED AT AMORTISED COST

These assets arise principally from the provision of services to the Company's subsidiary, but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cashflows and the contractual cashflows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost comprise intercompany receivables and cash and cash equivalents in the Consolidated Statement of Financial Position.

Cash and cash equivalents include cash in hand for the purpose of the Statement of Cashflows – bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the Consolidated Statement of Financial Position.

1. ACCOUNTING POLICIES CONTINUED

TAXATION

INCOME TAXES

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the Statement of Financial Position date.

Research and development tax credits are recognised on an accruals basis and recorded as a credit in the taxation line of the Income Statement.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

The carrying amount of deferred income tax assets is reviewed at each Statement of Financial Position date. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

Income tax is charged or credited to other comprehensive income or directly to equity if it relates to items that are credited or charged to other comprehensive income or directly to equity. Otherwise, income tax is recognised in the Income Statement.

FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated at an approximation of the exchange rate ruling on the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling on the balance sheet date. Resulting exchange gains and losses are taken to the Income Statement.

RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under FRS 101 from disclosing related party transactions with entities that are wholly owned subsidiary undertakings of the Gresham Technologies plc Group.

SHARE-BASED PAYMENTS – EQUITY-SETTLED TRANSACTIONS

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised in the Company financial statements as a capital contribution to the subsidiaries for whom the employees perform services, with the credit entry being made to reserves, over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value of awards with a market condition-based performance target is determined by an external valuer using a Monte Carlo simulation pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions). Fair value of awards with a financial result-based performance target is determined by management using the Black Scholes pricing model.

No capital contribution is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other vesting conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised as a capital contribution, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised as a capital contribution over the original vesting period. In addition, an expense is recognised as a capital contribution over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the Income Statement for the award is recorded as a capital contribution immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as a capital contribution in the balance sheet.

EMPLOYEE SHARE OWNERSHIP TRUST ("ESOT")

The Company is deemed to have control of its ESOT therefore the investment in the Company's shares is deducted from equity. The shares are valued at the average purchase price. The ESOT has agreed to waive dividends with regards to any Company shares.

LEASES

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets; and leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

1. ACCOUNTING POLICIES CONTINUED

LEASES CONTINUED

On initial recognition, the carrying value of the lease liability also includes: amounts expected to be payable under any residual value guarantee; the exercise price of any purchase option granted in favour of the Company if it is reasonably certain to assess that option; and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: lease payments made at or before commencement of the lease; initial direct costs incurred; and the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

PRIOR PERIOD RESTATEMENT

During 2023, the Directors identified that the lease receivable, previously been disclosed as a fixed asset, did not meet the definition to be classified as such under the requirements of the Companies Act 2006 Statutory format. Therefore, the lease receivable which had previously been disclosed within fixed assets, are now disclosed within current assets. This change in disclosure has been applied retrospectively restating the Balance Sheet at 31 December 2022. The impact of this change is to reduce fixed assets by £781,000 and to increase current assets by £781,000. There is no impact to the retained loss for the year ended 31 December 2022, or retained earnings.

2. AUDITOR'S REMUNERATION

The figures within the auditor's remuneration note in the Gresham consolidated financial statements include fees charged by the Company's auditor to Gresham Technologies plc in respect of audit and non-audit services. As such, no separate disclosure has been given above.

3. DIRECTORS' REMUNERATION

Information concerning Directors' remuneration and gains on exercise of share options can be found in the Directors' Remuneration Report beginning on page 57. There are no staff employed or costs recognised in relation to the Parent Company.

4. DIVIDENDS PAID AND PROPOSED

The final dividend for the year ended 31 December 2022 was approved at the Company Annual General Meeting on 23 May 2023 and paid on 26 May 2023 of 0.75 pence per share, equating to a total of £626,000. The Board has declared an interim dividend for approval at the AGM for the year ended 31 December 2023 of 0.75 pence per share (2022: £nil) instead of a final dividend (2022: 0.75 pence).

5. INVESTMENTS

Investment in subsidiaries	2023 £'000	2022 £'000
Cost		
At 1 January	**56,257**	55,230
Capital contribution – share-based payments	**757**	1,027
At 31 December	**57,014**	56,257
Impairment provisions		
At 1 January	**13,592**	13,592
At 31 December	**13,592**	13,592
Net book value		
At 31 December	**43,422**	42,665

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are included within note 17 to the Group financial statements.

6. DEBTORS

	2023 £'000	2022 £'000
Amounts owed by subsidiary undertakings	**41,413**	38,311
Prepayments and accrued income	**80**	61
Other receivables	**68**	—
	41,561	38,372

All amounts that fall due for repayment within one year and are presented within current assets as required by the Companies Act. The loans to Group companies are repayable on demand with no fixed repayment date although it is noted that a significant proportion of the amounts may not be sought for repayment within one year depending on activity in the Group companies.

The amounts owed by subsidiary undertakings are net of a provision for expected credit losses of £1,315,000 (2022: £1,315,000). The expected credit losses are assessed following a review of the recoverability of amounts owed by Group undertakings. Where these arrangements are on-demand and non-interest bearing, we consider the subsidiary undertakings ability to pay as at 31 December 2023 as well as alternative recovery scenarios.

7. CREDITORS

Amounts falling due within one year	2023 £'000	2022 £'000
Amounts owed to subsidiary undertakings	**46,045**	42,425
Lease liabilities	**338**	338
Trade creditors	**34**	34
Other creditors and accruals	**42**	26
	46,459	42,823

Amounts falling due more than one year	2023 £'000	2022 £'000
Lease liabilities	**210**	473

8. LEASES

The Company holds a number of leases in respect of office buildings which are utilised by subsidiary companies. These leases are disclosed within the Company as a lease receivable, representing the amounts due from the subsidiaries in respect of these leases.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term with the discount rate determined by reference to the Group's incremental external borrowing rate, between 3.1% and 5.8%. Subsequent to the initial measurement, lease liabilities are increased as a result of interest charged and reduced for lease payments made.

The table below represents the maturity of the lease receivable:

	2023 £'000	2022 £'000
Less than 3 months	**76**	89
3 to 12 months	**229**	194
1 to 2 years	**199**	209
2 to 5 years	**75**	289
Total	**579**	781

LEASE LIABILITIES

	Total £'000
At 1 January 2022	866
Cash items:	
Lease payments	(312)
Non-cash items:	
Additions	224
Interest expense	33
At 31 December 2022	811
Cash items:	
Lease payments	(340)
Non-cash items:	
Additions	60
Interest expense	17
At 31 December 2023	**548**

	2023 £'000	2022 £'000
Due between 0-3 months	**85**	80
Due between 3-12 months	**253**	258
Due less than one year	**338**	338
Due more than one year	**210**	473
Lease liabilities	**548**	811

9. ISSUED SHARE CAPITAL

ORDINARY SHARES ALLOTTED, CALLED UP AND FULLY PAID

	Number	Nominal value £'000
At 1 January 2022	83,364,458	4,168
Exercise of share options	85,000	4
At 31 December 2022	83,449,458	4,172
Exercise of share options	285,000	15
Issue of shares to Employee Share Ownership Trust	140,000	7
At 31 December 2023	**83,874,458**	**4,194**

The Company's ordinary share capital consists of individual shares having a nominal value of 5 pence each.

During the year ended 31 December 2022, share options granted under the 2010 Share Option Plans were exercised and the Group issued 255,000 (2022: 85,000) ordinary shares accordingly (ranking pari passu with existing shares in issue). See note 22 of the Group financial statements for further details.

At 31 December 2023 and 2022 there were outstanding options granted to acquire ordinary shares in the Company. See note 22 of the Group financial statements for further details.

There are no preference shares in issue (2022: none).

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

9. ISSUED SHARE CAPITAL CONTINUED

SHARES HELD BY EMPLOYEE SHARE OWNERSHIP TRUST ("ESOT")

	£'000	Number
At 1 January 2022	609	629,308
Issue of shares	(313)	(323,761)
At 31 December 2022	296	305,547
Issue of shares	(259)	(393,758)
Subscription of new shares	7	140,000
At 31 December 2023	**44**	**51,789**

The shares held by the ESOT are expected to be issued under share option contracts. The shares are held at the average purchase price.

10. RESERVES

SHARE CAPITAL

The balance classified as share capital represents the nominal value arising from the issue of the Company's equity share capital, comprising 5 pence ordinary shares.

During the year ended 31 December 2023, share options granted under the 2010 Share Option Plans were exercised and the Group issued 285,000 (2022: 85,000) ordinary shares accordingly (ranking pari passu with existing shares in issue). Shares of 140,000 were issued and transferred to the Employee Share Ownership Trust. See note 22 of the Group financial statements for further details.

SHARE PREMIUM

The balance classified as share premium represents the premium arising from the issue of the Company's equity share capital, comprising 5 pence ordinary shares, net of share issue expenses. There are restrictions on the use of the share premium account. It can only be used for bonus issues, to provide for the premium payable on redemption of debentures, or to write off preliminary expenses, or expenses of, or commissions paid on, or discounts allowed on, the same issues of shares or debentures of the Company.

OWN SHARE RESERVE

Weighted average cost of shares held in trust by the ESOT.

SPECIAL RESERVE

The special reserve arose on the cancellation of deferred ordinary shares in June 1992.

MERGER RESERVE

The merger reserve arose on issue of shares in respect of acquisitions and mergers in the period 1992 to 1999 and in 2018.

PROFIT AND LOSS ACCOUNT

All other net gains and losses and transactions with owners (e.g. dividends) that are not recognised elsewhere.

11. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2023 (2022: none).

12. CONTINGENT LIABILITIES

In the normal course of business, the Company has issued general guarantees in respect of the contractual obligations of certain subsidiary undertakings. The Company has assessed the risk of defaults by subsidiary undertakings and should Gresham Technologies plc have to assume the debt and make settlement, the appropriate provisioning would be provided for within the Company.

13. SHARE-BASED PAYMENTS

Share-based payments in respect of both the Company and the Group are disclosed in note 23 of the consolidated financial statements.

14. RELATED PARTY TRANSACTIONS

The Company is exempt from disclosing transactions within the wholly owned subsidiaries in the Group. Other related party transactions are included within those given in note 26 of the Group financial statements.

15. EVENTS AFTER THE REPORTING DATE

An interim dividend of 0.75 pence per share has been declared by the Board (2022: £nil) instead of a final dividend (2022: 0.75 pence).

On 9 April 2024, the boards of Gresham and Bidco announced the recommended acquisition of Gresham by Bidco at a price of 163 pence per Gresham share, plus the interim dividend of 0.75 pence per Gresham share declared today. The transaction is conditional on, amongst other things, the approval of Gresham shareholders by the requisite majorities of resolutions to be proposed at a court meeting and a general meeting, both convened for 16 May 2024. The scheme document and other documentation in relation to the acquisition were published on 18 April 2024 and are available on the investor hub on the Gresham website.

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ANNUAL GENERAL MEETING

18 June 2024

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Gresham Technologies plc's commitment to environmental issues is reflected in this Annual Report, which has been printed on UPM Finesse Silk, an FSC® certified material. This document was printed by Opal X using its environmental print technology, which minimises the impact of printing on the environment, with 99% of dry waste diverted from landfill. Both the printer and the paper mill are registered to ISO 14001.

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