

Interim Statement 9M/2021

GFT Technologies SE | 11 November 2021

Growth is accelerating further

Outlook raised again on 21 October



Highlights

- Structurally higher interest in new digitization solutions
- High demand enables focus on projects with higher margins
- Active cost containment curbs increase in administrative expenses
- High orders received lift confidence for 2021 and 2022
- For 2022 further high market dynamics and very positive business development expected (Revenue: approx. +20%, EBITDA adj. margin: approx. 11.5%, EBT margin: approx. 7.5%)

9M/2021	FY 2021e
Revenue €405.39m (+24%) ↑	Revenue €560m (+26%) ↑
EBT €28.13m (+211%) ↑↑	EBT €40m (+184%) ↑↑

Key figures – significant revenue growth, surge in earnings

in €m	9M/2021	9M/2020	Δ%
Revenue	405.39	327.04	24%
Order backlog	214.70	145.38	48%
EBITDA adjusted*	46.13	30.81	50%
EBITDA	44.19	27.80	59%
EBIT	28.87	10.74	>100%
EBT	28.13	9.05	>100%
Net income	21.09	6.38	>100%
Earnings per share (in €)	0.80	0.24	>100%
Earnings per share adjusted (in €)*	0.98	0.47	>100%
Employees (in FTE)	7,286	5,754	27%

*Adjusted for non-operational effects from M&A activities (EBITDA) plus applicable tax effects

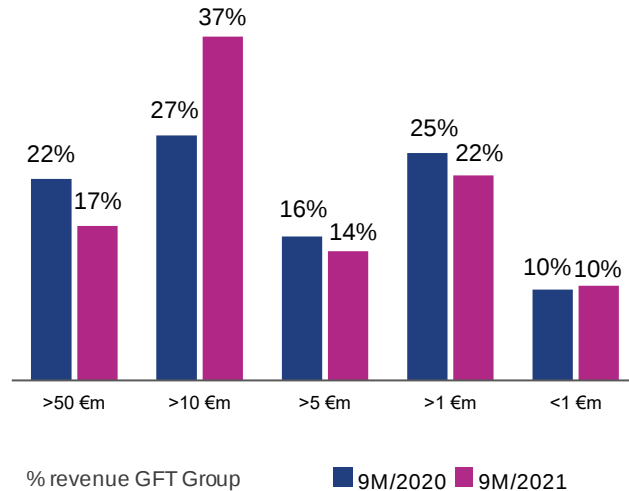
- **Revenue growth** by 24%
- **Order backlog** significant above prior-year
- Strong increase in **EBITDA adjusted** by 50%
 - Utilisation back to normal
Underutilisation at €0.00m
(9M/2020: €-4.30m)
 - Restructuring measures amounted to
€-1.81m (9M/2020: €-6.01m)
 - FX effects of €-1.38m
(9M/2020: €-0.44m)
- **EBT** more than tripled
- **EBT margin** rose to 6.9% (9M/2020: 2.8%)
- Tax ratio below prior-year
25% (9M/2020: 29%)

Diversification improved further



Broad client diversification*

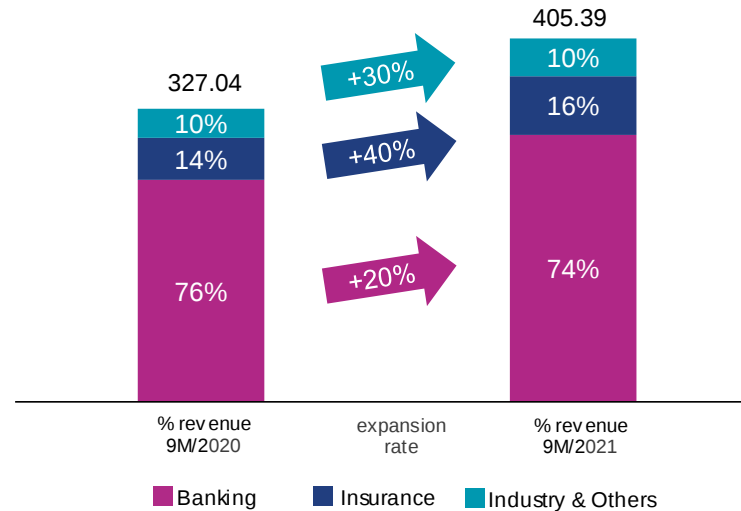
Client concentration risk further reduced



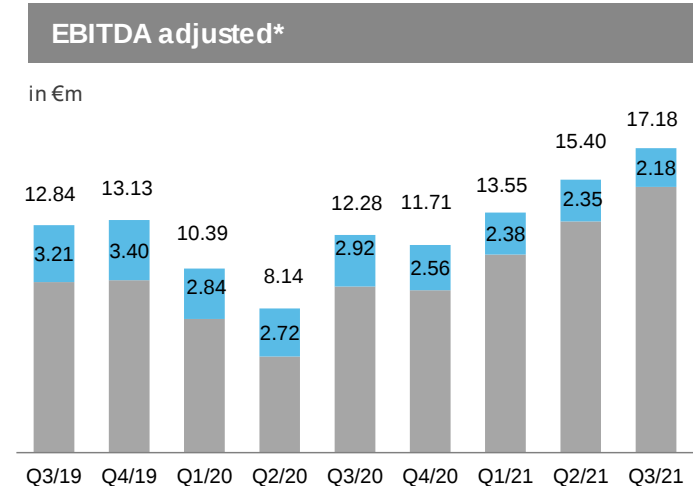
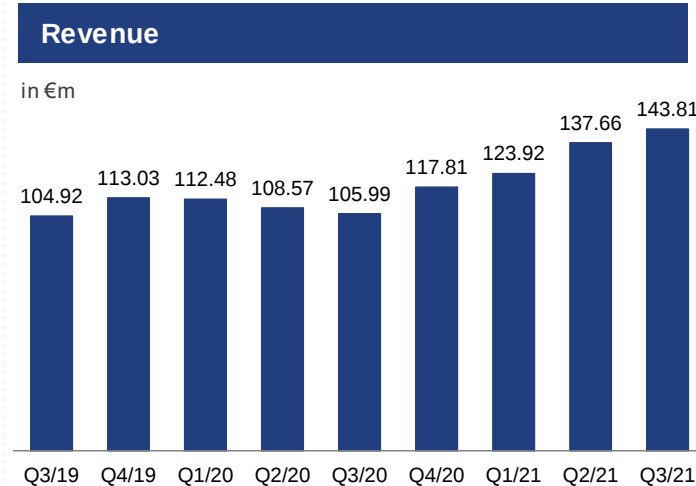
*Annualised extrapolation based on the past three quarters

All sectors with nominal growth

Sector split with further improvement



Revenue and EBITDA adjusted by quarter



Effects from IFRS 16

- **Q3/2021 vs. Q2/2021:** continued revenue growth (+4%) in all areas
Rise in earnings (+12%) e.g. due to focus on high-margin projects as well as active cost containment
- **Q3/2021 vs. Q3/2020:** strong revenue growth (+36%) and improvement in EBITDA adjusted (+40%), prior-year burdened by Covid-19

*Adjusted for non-operational effects from M&A activities

Revenue by segment (I)



in €m	Revenue		Growth rates			
	9M/2021	9M/2020	Organic	M&A	FX	Total
Americas, UK & APAC	223.09	157.39	45%	n/a	-3%	42%
Continental Europe	182.14	169.39	8%	n/a	0%	8%
Others	0.16	0.26	n/a	n/a	n/a	n/a
GFT Group	405.39	327.04	26%	n/a	-2%	24%

- **Americas, UK & APAC:** consistently high revenue growth despite slight currency headwinds, dynamics esp. in Canada, Brazil, APAC, UK and USA
- **Continental Europe:** revenue increase accelerates slightly vs. prior-year, positive business development in Italy und Germany compensates for decrease with top-2 clients

Revenue by segment (II)



in €m		Revenue		Δ%
		9M/2021	9M/2020	9M/2021 vs. 9M/2020
Americas, UK & APAC	Top-2 clients	31.43	32.75	-4%
	Other clients	191.66	124.64	54%
	Total	223.09	157.39	42%
Continental Europe	Top-2 clients	36.72	39.38	-7%
	Other clients	145.42	130.01	12%
	Total	182.14	169.39	8%
GFT Group*	Top-2 clients	68.15	72.13	-6%
	Other clients	337.08	254.65	32%
	Total	405.23	326.78	24%
*w/o segment "Others"				

- **Continuing decrease in client concentration:** revenue share top-2 clients now at 17% (9M/2020: 22%)
- **Revenue top-2 clients:** merely slight decrease esp. in UK (Americas, UK & APAC) and Spain (Continental Europe)
- Growth trend with **other clients** remains dynamic

Earnings by segment

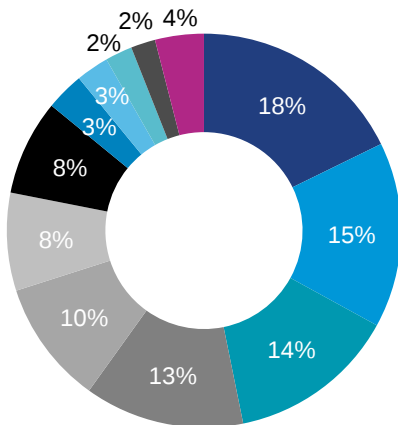


in €m	EBITDA adjusted*			EBITDA			EBT		
	9M/2021	9M/2020	Δ%	9M/2021	9M/2020	Δ%	9M/2021	9M/2020	Δ%
Americas, UK & APAC	25.05	15.21	65%	23.12	13.14	76%	16.91	5.91	>100%
Continental Europe	24.68	15.78	56%	24.67	14.84	66%	15.82	4.61	>100%
Others	-3.60	-0.18	< -100%	-3.60	-0.18	< -100%	-4.60	-1.47	< -100%
GFT Group	46.13	30.81	50%	44.19	27.80	59%	28.13	9.05	>100%

- **Americas, UK & APAC:** revenue increase leads to higher earnings contribution and utilisation, strong margin improvement
- **Continental Europe:** profitable revenue growth, significant margin improvement due to 2020's efficiency enhancements; prior-year esp. burdened by underutilisation and restructuring

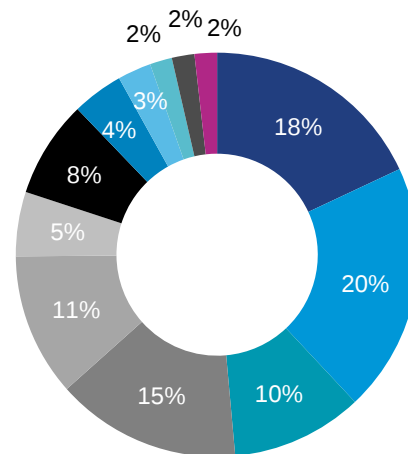
*Adjusted for non-operational effects from M&A activities

Revenue by markets – Brazil as third largest market for the first time



9M / 2021 Δ% 9M / 2020

7197	UK	23%	58.40
6176	Spain	-4%	64.62
56.02	Brazil	64%	34.22
53.09	Italy	10%	48.10
41.19	Germany	1%	37.05
32.57	Canada	95%	16.71
3177	USA	26%	25.18
12.72	France	-4%	13.28
10.90	Mexico	-9%	12.00
9.04	Switzerland	57%	5.77
8.14	Hong Kong (SAR)	38%	5.88
16.22	Other countries	>100%	5.83
405.39	Total	24%	327.04



30 biggest clients 9M/2021 – four new entries vs. prior year



Not disclosed



P&L – revenue growth, disproportionate earnings increase

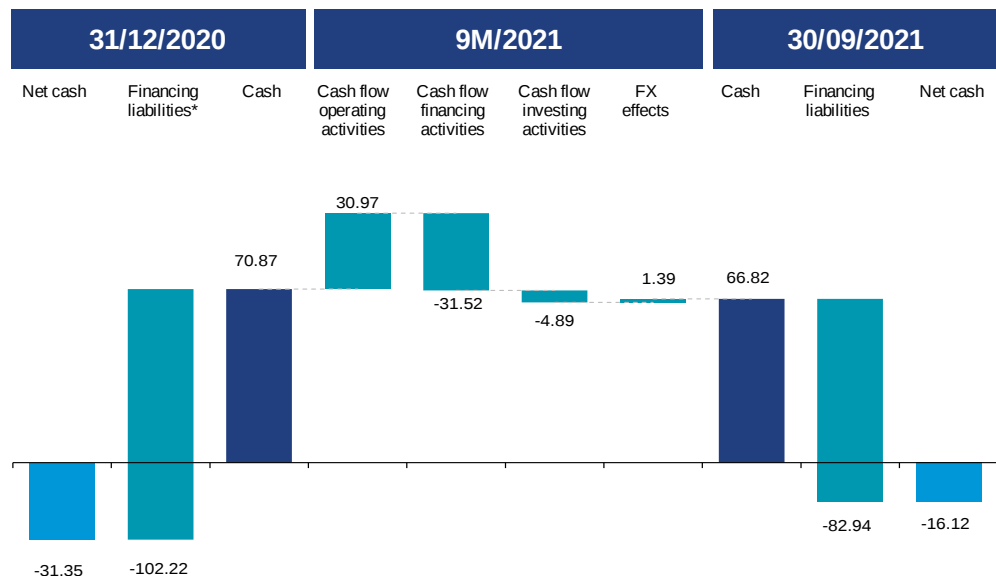


in €m	9M/2021	9M/2020	Δ%
Revenue	405.39	327.04	24%
Other operating income	8.13	9.68	-16%
Cost of purchased services	-56.79	-35.05	62%
Personnel expenses	-276.16	-237.44	16%
Other operating expenses*	-36.38	-36.43	0%
EBITDA	44.19	27.80	59%
Depreciation and amortisation	-15.32	-17.06	-10%
EBIT	28.87	10.74	>100%
Interest income/expenses	-0.74	-1.69	-56%
EBT	28.13	9.05	>100%
Income taxes	-7.04	-2.67	>100%
Net income	21.09	6.38	>100%
Earnings per share (in €)	0.80	0.24	>100%

*incl. results of investments accounted for using the equity method

- Continued and dynamic **revenue growth** attributed to higher demand for high-margin digitisation solutions
- Decrease in **other operating income** mainly characterised by lower foreign exchange gains
- Ratio **cost of purchased services** to revenue of 14% above prior-year level (9M/2020: 11%)
- Increase **personnel expenses** caused by higher average headcount, esp. in Brazil. Ratio of personnel expenses w/o restructuring costs plus purchased services to revenue at 82% (9M/2020: 83%)
- **Other operating expenses** unchanged compared to prior year due to active cost containment
- Effective **tax ratio** at 25% below prior-year level as a result of changed profit or loss distribution across affiliates (9M/2020: 29%)

Cash flow analysis (€m) – OCF on a high level



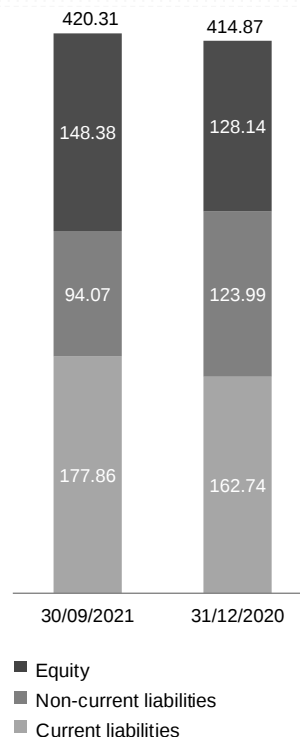
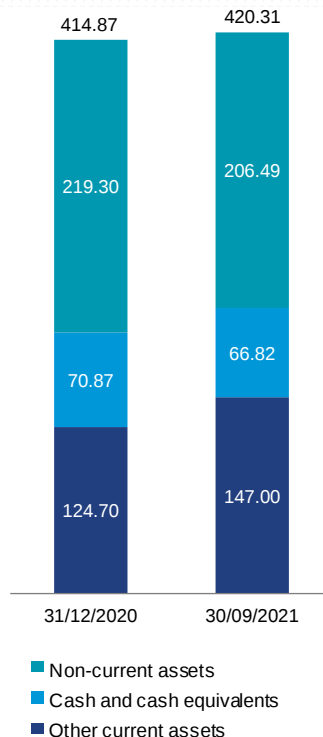
*Financing liabilities include liabilities to banks

- **Financing structure** still very solid. Unused credit facilities of €51.09m (31/12/2020: €56.10m). Improved net cash €-16.12m (31/12/2020: €-31.35m)
- Decrease in **group cash** to €66.82m (31/12/2020: €70.87m) mainly due to redemption of loans from operating cash flow
- **Operating cash flow** of €30.97m at consistently high level (9M/2020: €31.19m)
- **Cash flow from financing activities** mainly influenced by net redemption of loans amounting to €19.24m (9M/2020: €5.23m).
- **Cash flow from investing** largely characterised by investments in property, plant and equipment €4.82m (9M/2020: €3.06m)

Balance sheet (€m) – equity ratio increased

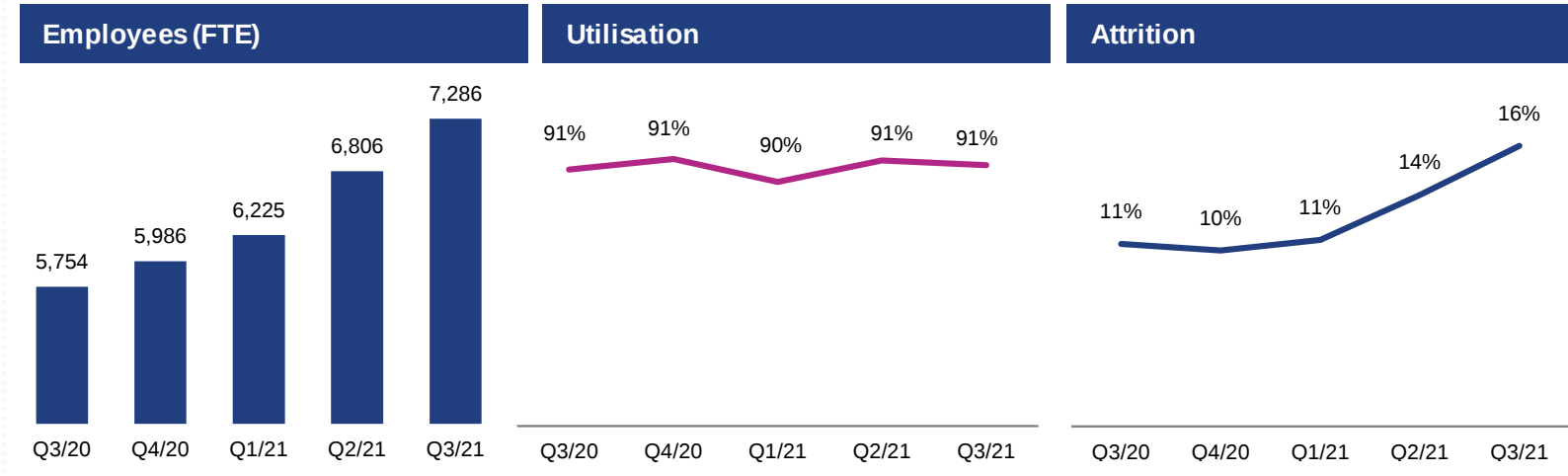


- **Balance sheet total** largely unchanged from end of previous year. Slight rise (+1%) due to increased receivables from contracts with clients. Opposing effect mainly from decline in property, plant and equipment
- Decrease in **non-current assets** of €12.81m primarily driven by lower right-of-use assets due to term-related adjustment of leases. Non-current assets account for 49% (31/12/2020: 53%) of balance sheet total
- Decline in **cash and cash equivalents** of 6% following redemption of bank loans
- Increase in **other current assets** of €22.30m to €147.00m esp. due to higher contract assets in connection with positive business trend



- **Equity** currency-adjusted up by €15.82m; net income of €21.09m exceeds dividend to shareholders of €5.27m. Equity ratio improved by 4 percentage points to 35% (31/12/2020: 31%)
- Decline in **non-current liabilities** of €29.92m to €94.07m mainly due to redemption of bank loans. Furthermore, decrease of other financial liabilities of €13.29m resulting from reduction in lease liabilities acc. to IFRS 16
- **Current liabilities** of €177.86m up €15.12m on prior-year level. Increase primarily driven by higher personnel-related obligations as well as outstanding supplier invoices. Opposing effect from lower contract liabilities from fixed-price contracts with clients

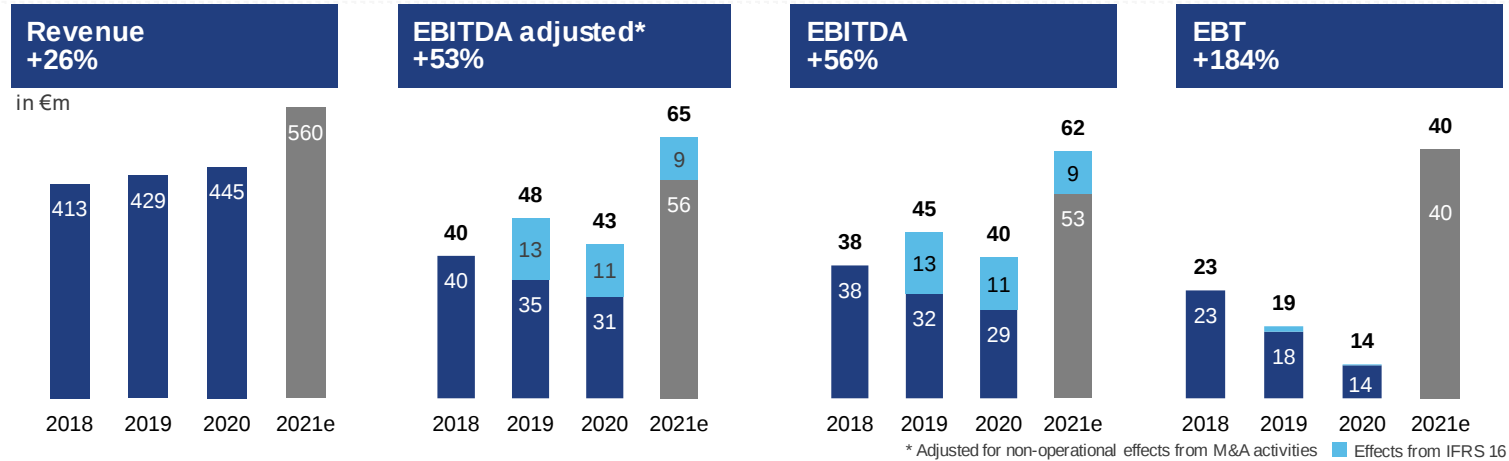
Employees – staff expansion keeps pace with growth



- Number of employees grew by 27% to new record high
- Strong rise esp. in Brazil
- Utilisation in third quarter at 91% on par with prior year (Q3/2020: 91%)
- Increase in attrition as expected, prior-year figures below long-term average due to Covid-19
- In addition: external contractors with strong rise to 1,160 (9M/2020: 698) (headcount, not reflected in figures above)

Outlook 2021 – higher growth, strong rise in earnings

For 2022 further positive business development expected



- REVENUE 2021e** ■ Accelerated revenue growth due to structural higher demand for digitisation solutions
- EARNINGS 2021e** ■ Strong rise driven by increased revenue contribution, focus on projects with higher margins, raised utilisation as well as active cost containment. Focus on revenue growth requires continued high spending for sales activities and technological expertise
- OUTLOOK 2022e** ■ Further high market dynamics and very positive business development in 2022: revenue increase of approx. 20%, EBITDA adjusted margin of approx. 11.5% as well as EBT margin of approx. 7.5% expected.

Shaping the future of digital business

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Backup

Results at a glance per quarter



in €m	Q1/2020	Q2/2020	Q3/2020	Q4/2020	FY 2020	Q1/2021	Q2/2021	Q3/2021
Revenue	112.48	108.57	105.99	117.81	444.85	123.92	137.66	143.81
EBITDA adjusted*	10.39	8.14	12.28	11.71	42.52	13.55	15.40	17.18
EBITDA	9.26	7.20	11.34	11.90	39.70	12.90	14.73	16.56
EBIT	3.61	1.56	5.57	5.59	16.33	7.37	9.83	11.67
EBT	3.02	1.02	5.01	5.06	14.11	7.01	9.61	11.51
Net income	2.28	0.53	3.57	3.56	9.94	5.16	6.93	9.00
Net income adjusted*	4.33	2.55	5.53	4.73	17.14	6.82	4.42	14.46
Earnings per share adj. (in €)*	0.16	0.10	0.21	0.18	0.65	0.26	0.17	0.55
Earnings per share (in €)	0.09	0.02	0.13	0.14	0.38	0.20	0.26	0.34
Employees (in FTE)	5,460	5,585	5,754	5,986	5,986	6,225	6,806	7,286

*Adjusted for non-operational effects from M&A activities (EBITDA) plus applicable tax effects (net income and EPS)

Consolidated income statement



in €	9M/2021	9M/2020	Δ%
Revenue	405,392,662.24	327,043,832.13	24%
Other operating income	8,134,752.86	9,677,262.76	-16%
Cost of purchased services	56,787,837.48	35,050,721.46	62%
Personnel expenses	276,159,101.62	237,444,843.20	16%
Other operating expenses	36,344,783.36	36,422,655.38	0%
Result from operating activities before depreciation and amortisation	44,235,692.64	27,802,874.85	59%
Depreciation and amortisation of intangible assets and property, plant and equipment	15,323,985.33	17,066,486.79	-10%
Result from operating activities	28,911,707.31	10,736,388.06	>100%
Result of investments accounted for using the equity method	-39,999.00	0.00	n/a
Interest income	372,722.56	210,371.61	77%
Interest expenses	1,116,052.68	1,901,378.42	-41%
Financial result	-783,329.12	-1,691,006.81	54%
Earnings before taxes	28,128,378.19	9,045,381.25	>100%
Income taxes	7,039,756.66	2,661,099.73	>100%
Net income for the period	21,088,621.53	6,384,281.52	>100%
Earnings per share – basic	0.80	0.24	>100%

Consolidated cash flow statement



in €	9 M / 2021	9 M / 2020	Δ%
Net income for the period	21,088,621.53	6,384,281.52	>100%
Income taxes	7,039,756.66	2,661,099.73	>100%
Interest result	783,329.12	1,691,006.81	-54%
Income taxes paid	-4,392,690.41	-4,937,011.54	11%
Income taxes received	2,041,732.22	1,985,168.49	3%
Interest paid	-498,961.42	-758,527.89	34%
Interest received	327,974.67	197,297.04	66%
Depreciation and amortisation of intangible assets and property, plant and equipment	15,323,985.33	17,066,486.79	-10%
Net proceeds on disposal of intangible assets and property, plant and equipment	131,741.21	211,644.74	-38%
Net proceeds on disposal of financial assets	-97,820.82	-433,059.99	77%
Other non-cash expenses and income	-2,545,982.71	-1,732,709.29	-47%
Change in trade receivables	542,719.95	32,563,990.55	-98%
Change in contract assets	-24,629,084.57	-9,110,282.97	< -100%
Change in other assets	821,898.99	-3,669,483.25	>100%
Change in provisions	18,795,248.46	2,541,700.43	>100%
Change in trade payables	-2,339,440.78	-3,841,050.90	39%
Change in contract liabilities	-8,139,301.28	-12,672,884.99	36%
Change in other liabilities	6,714,613.73	3,039,988.61	>100%
Cash flow from operating activities	30,968,339.88	31,187,653.89	-1%
Proceeds from disposal of property, plant and equipment	70,745.82	16,557.12	>100%
Proceeds from disposal of financial assets	97,820.82	433,059.99	-77%
Capital expenditure for intangible assets	-200,665.64	-338,694.34	41%
Capital expenditure for property, plant and equipment	-4,815,712.53	-3,063,069.88	-57%
Capital expenditure for financial investments	-40,000.00	0.00	n/a
Cash outflows for acquisitions of consolidated companies net of cash and cash equivalents acquired	0.00	-5,976,613.29	100%
Cash flow from investing activities	-4,887,811.53	-8,928,760.40	45%
Proceeds from borrowing	8,000,000.00	3,321,918.65	>100%
Cash outflows from loan repayments	-27,235,344.92	-8,551,356.71	< -100%
Cash outflows from repayment of lease liabilities	-7,021,889.05	-8,318,921.92	16%
Dividends to shareholders	-5,265,189.20	-5,265,189.20	0%
Cash flow from financing activities	-31,522,423.17	-18,813,549.18	-68%
Effect of foreign exchange rate changes on cash and cash equivalents	1,390,619.79	-3,655,906.11	>100%
Net increase in cash and cash equivalents	-4,051,275.04	-210,561.80	< -100%
Cash and cash equivalents at beginning of period	70,872,920.04	56,143,932.27	26%
Cash and cash equivalents at end of period	66,821,645.00	55,933,370.47	19%

Consolidated balance sheet



Assets			
in €	30/09/2021	31/12/2020	Δ%
Non-current assets			
Goodwill	122,582,984.49	120,013,331.55	2%
Other intangible assets	11,706,449.87	15,734,379.74	-26%
Property, plant and equipment	54,534,574.75	67,542,952.10	-19%
Financial investments	264,950.28	10,000.00	>100%
Other financial assets	1,547,473.92	1,441,660.63	7%
Deferred tax assets	11,634,436.72	9,904,178.28	17%
Income tax assets	346,088.39	383,839.71	-10%
Other assets	3,889,712.77	4,270,727.75	-9%
	206,486,671.19	219,301,069.76	-6%
Current assets			
Inventories	20,861.91	29,782.59	-30%
Trade receivables	92,561,647.92	93,104,367.87	-1%
Contract assets	34,458,386.34	9,829,301.77	>100%
Cash and cash equivalents	66,821,645.00	70,872,920.04	-6%
Other financial assets	2,690,662.09	2,405,191.03	12%
Income tax assets	6,028,681.84	7,266,062.00	-17%
Other assets	11,237,524.20	12,060,771.88	-7%
	213,819,409.30	195,568,397.18	9%
	420,306,080.49	414,869,466.94	1%

Equity and liabilities			
in €	30/09/2021	31/12/2020	Δ%
Shareholders' equity			
Share capital	26,325,946.00	26,325,946.00	0%
Capital reserve	42,147,782.15	42,147,782.15	0%
Retained earnings	88,309,708.12	72,486,275.79	22%
Other reserves	-8,404,992.71	-12,823,318.77	34%
	148,378,443.56	128,136,685.17	16%
Non-current liabilities			
Financing liabilities	47,581,532.80	67,822,936.64	-30%
Other financial liabilities	25,149,880.19	38,443,861.35	-35%
Provisions for pensions	9,316,141.18	9,227,304.35	1%
Other provisions	5,763,189.34	2,467,048.25	>100%
Deferred tax liabilities	3,251,369.51	4,122,662.74	-21%
Other liabilities	3,004,306.37	1,909,429.46	57%
	94,066,419.39	123,993,242.79	-24%
Current liabilities			
Trade payables	7,536,281.92	9,875,722.70	-24%
Financing liabilities	35,356,210.24	34,396,394.01	3%
Other financial liabilities	16,180,100.19	13,523,893.84	20%
Other provisions	56,324,405.60	40,618,259.97	39%
Income tax liabilities	6,656,521.42	3,071,078.70	>100%
Contract liabilities	29,096,927.48	37,236,228.76	-22%
Other liabilities	26,710,770.69	24,017,961.00	11%
	177,861,217.54	162,739,538.98	9%
	420,306,080.49	414,869,466.94	1%

Consolidated statement of comprehensive income



in €	9M/2021	9M/2020	Δ%
Net income for the period	21,088,621.53	6,384,281.52	>100%
Items that will not be reclassified to the income statement			
Remeasurement of defined benefit plans	0.00	118,448.95	-100%
Income taxes on remeasurement of defined benefit plans	0.00	-27,334.37	100%
Items that may be reclassified to the income statement			
Currency translation	4,418,326.06	-11,245,698.12	>100%
Other comprehensive income	4,418,326.06	-11,154,583.54	>100%
Total comprehensive income	25,506,947.59	-4,770,302.02	>100%

Consolidated statement of changes in equity



	Share capital	Capital reserve	Retained earnings ¹	Other reserves	Total equity
in €				Currency translation	
Balance at 1 January 2020	26,325,946.00	42,147,782.15	67,590,439.82	-2,922,395.55	133,141,772.42
Net income for the period	--	--	6,384,281.52	--	6,384,281.52
Other comprehensive income	--	--	91,114.58	-11,245,698.12	-11,154,583.54
Total comprehensive income	--	--	6,475,396.10	-11,245,698.12	-4,770,302.02
Dividends to shareholders	--	--	-5,265,189.20	--	-5,265,189.20
Balance at 30 September 2020	26,325,946.00	42,147,782.15	68,800,646.72	-14,168,093.67	123,106,281.20
Balance at 1 January 2021	26,325,946.00	42,147,782.15	72,486,275.79	-12,823,318.77	128,136,685.17
Net income for the period	--	--	21,088,621.53	--	21,088,621.53
Other comprehensive income	--	--	0.00	4,418,326.06	4,418,326.06
Total comprehensive income	--	--	21,088,621.53	4,418,326.06	25,506,947.59
Dividends to shareholders	--	--	-5,265,189.20	--	-5,265,189.20
Balance at 30 September 2021	26,325,946.00	42,147,782.15	88,309,708.12	-8,404,992.71	148,378,443.56

¹ Retained earnings also include items that will not be reclassified to the consolidated income statement. Actuarial gains/losses from the remeasurement of defined benefit plans amounted to 0.00 € net of tax in the first nine months of 2021 (9M/2020: 91,114.58 €).

Segment report



	Americas, UK & APAC		Continental Europe		Total segments		Reconciliation		GFT Group	
in € thsd.	9M / 2021	9M / 2020	9M / 2021	9M / 2020	9M / 2021	9M / 2020	9M / 2021	9M / 2020	9M / 2021	9M / 2020
External revenue	223,097	157,387	182,138	169,396	405,235	326,783	158	261	405,393	327,043
Intersegment revenue	6,165	7,846	54,470	41,922	60,635	49,768	-60,635	-49,768	0	0
Total revenue	229,262	165,233	236,608	211,318	465,870	376,551	-60,477	-49,507	405,393	327,043
Segment result (EBT)	16,908	5,909	15,817	4,604	32,725	10,513	-4,597	-1,468	28,128	9,045
thereof depreciation and amortisation	-5,815	-6,380	-8,358	-9,148	-14,173	-15,528	-151	-1,538	-15,324	-17,066
thereof interest income	372	178	67	32	439	210	-66	0	373	210
thereof interest expenses	-765	-1,027	-567	-1,123	-1,332	-2,150	216	249	-1,116	-1,901