

# Investor presentation

GFT Technologies SE | May 2023



We believe in a digital world in which the intelligent use of IT is a key success factor. Our vision is to simplify this world for our clients.

We work side by side with our clients on digital transformation, enabling them to stay ahead of the competition and making change easy.



# Agenda

1. **GFT at a glance**
2. GFT growth path
3. Financial results Q1/2023
4. Outlook



# GFT at a glance FY 2022



## GLOBAL WORKFORCE FY 2022

**8,842** FTE  
plus 1,275 contractors

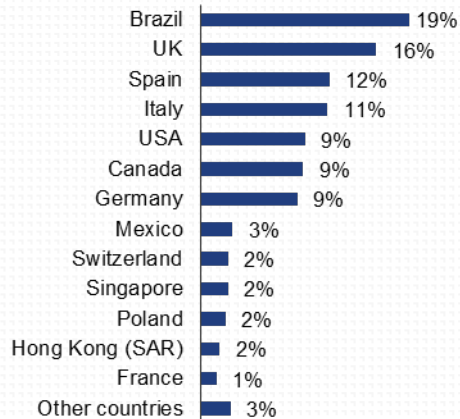
## REVENUE FY 2022

**€ 730** million

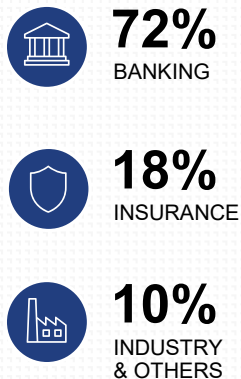
## ADJ. EBITDA FY 2022

**€ 86** million

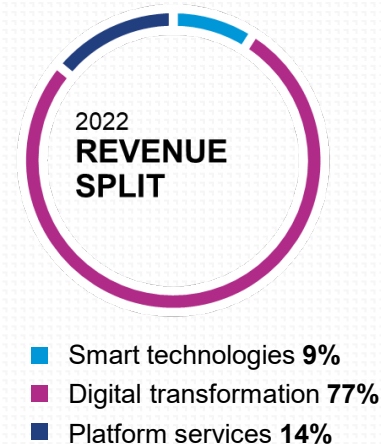
## REVENUE BY MARKET FY 2022



## REVENUE BY SECTOR FY 2022

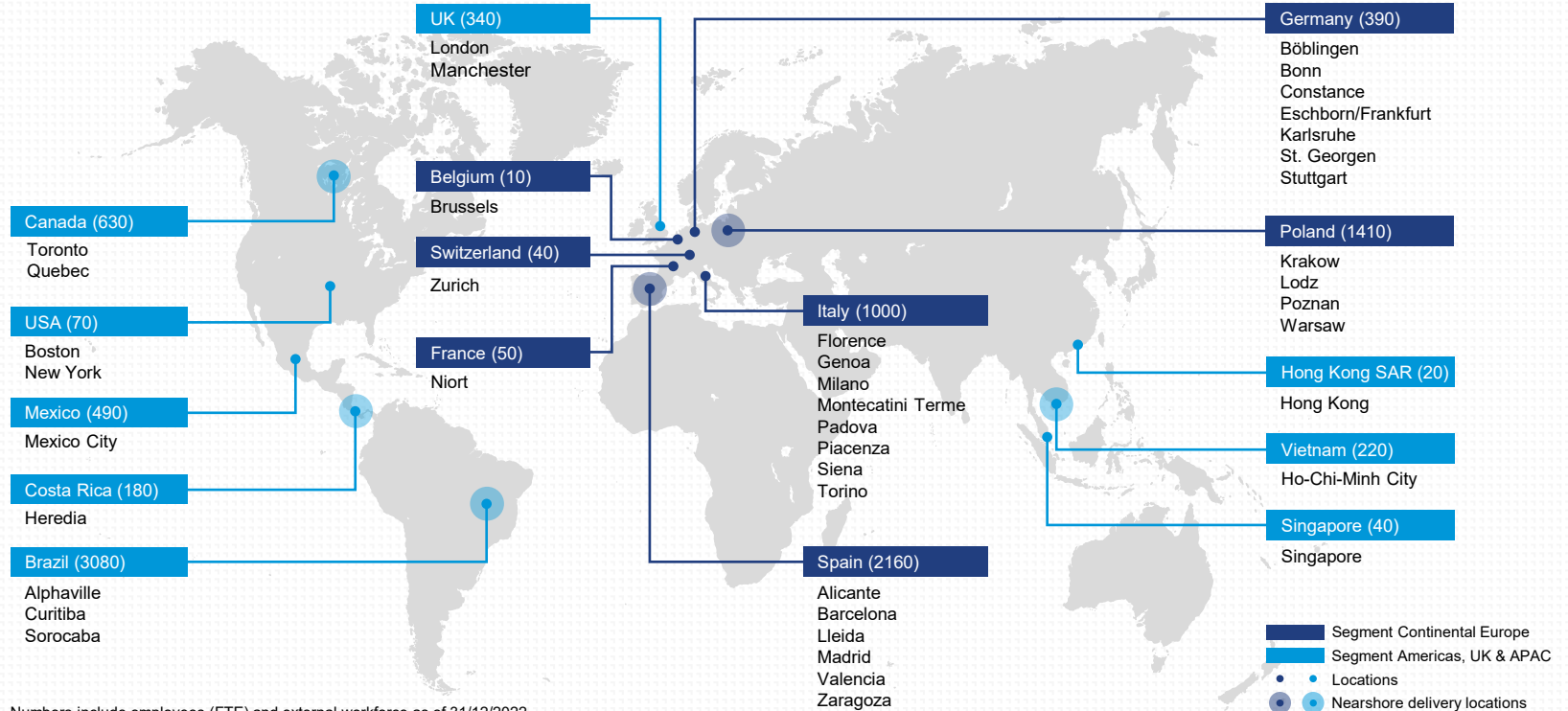


## REVENUE BY SERVICE FY 2022

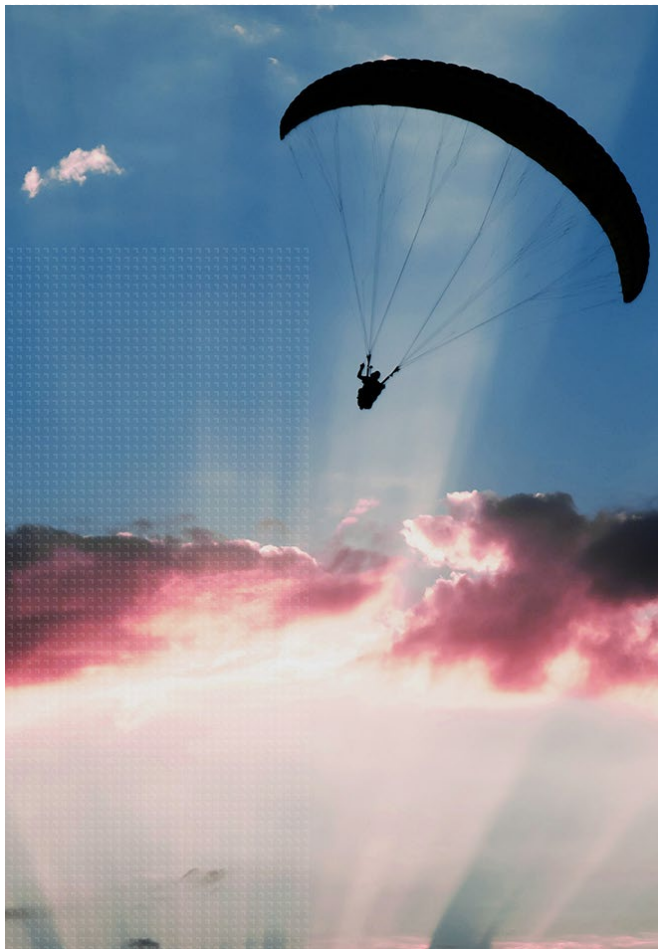


# Proven onshore-/nearshore delivery model with 10,000+ talents

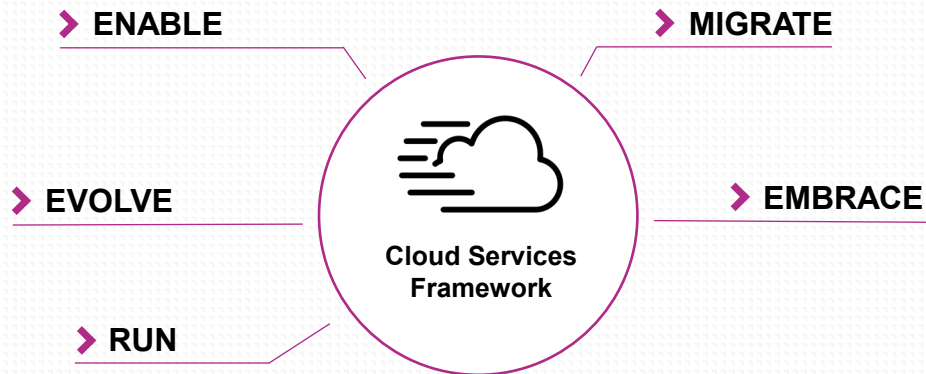
Over 40% of revenues generated nearshore | Headcount 8,842 and 1,275 contractors



Numbers include employees (FTE) and external workforce as of 31/12/2022



## Strong partnerships with global leading cloud service providers



**Delivering innovative products to solve complex problems**

- 2,100+ experienced engineers
- 1200+ certifications
- 300+ active engagements

# Leading from the front



## Next generation banking with Thought Machine & GFT

- No 1 point of contact worldwide for next generation banking
- Most certified experts worldwide
- 4 centres of excellence globally
- Experience in Asia, transferred to Europe, proceeded to the US



# Our understanding of sustainability



## ENVIRONMENT

### Sustainability by design

1000+ GreenCoding certificates

4tCO<sub>2</sub>e footprint per person



2030 GHG emission reduction targets approved by the SBTi\*



## SOCIAL

### Grow tech talent worldwide

34 training hours per employee

18% female leaders



Best Place to Code (Mexico)



## GOVERNANCE

### Professional integrity

€0.00 legal costs for anticompetitive behaviour

83% top managers ESG-incentivised



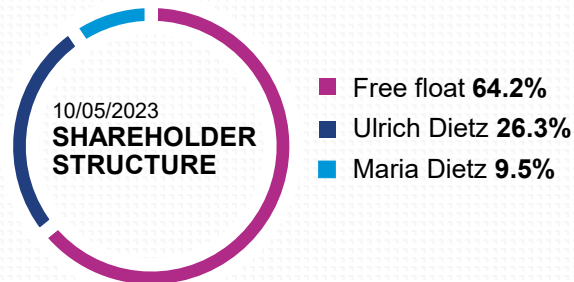
signatory to UN Global Compact

\* GFT commits to reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2020 base year and reduce scope 3 GHG emissions 60% per euro value added within the same timeframe.

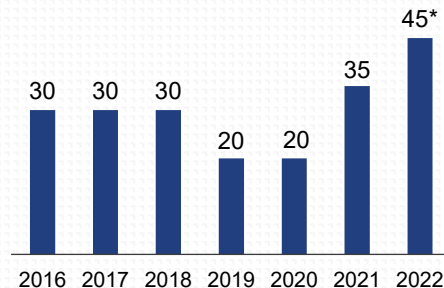
# GFT share – Increased dividend proposal



## GFT SHARE INDEXED



## DIVIDEND PER SHARE IN €CENT



\*Dividend proposal

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# Cloud business drives digital transformation revenues



## SMART TECHNOLOGIES

Enabling and boosting transformation

- Highly innovative solutions with smaller project sizes
- Includes: AI, DLT/Blockchain, AR/VR, Robotic Process Automation (RPA), Bots/virtual assistants and Data Engineering

## PLATFORM SERVICES

Managing IT environments

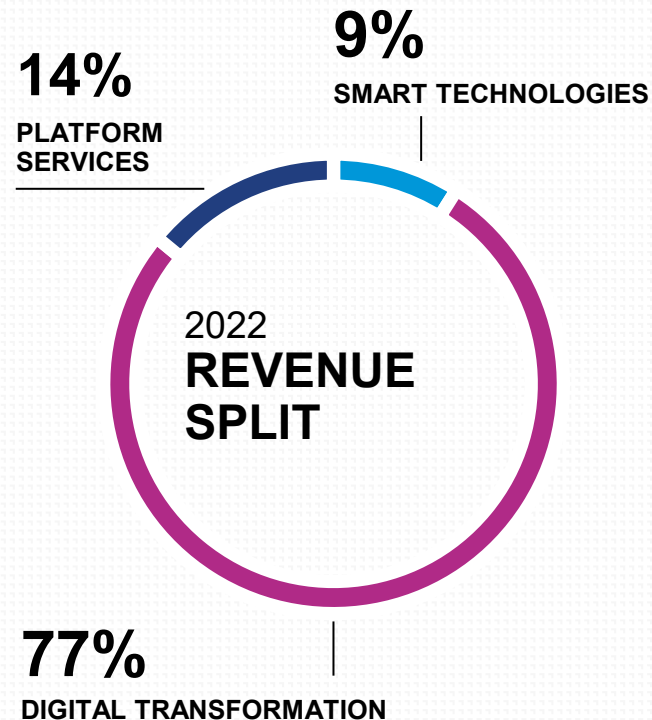
- Stable business with high amount of recurring revenues
- Includes: Core Platform Management, Replatforming, Regulatory, Risk and Compliance services

### MEGATREND

## DIGITAL TRANSFORMATION

Vital elements for new ecosystems

- Almost 80% of GFT total revenues in 2022
- Dynamic growth: 45% in 2022 (38% in 2021)
- Includes: Cloud, Agile and DevOps, Customer Centricity and Collaboration Solutions



# Growth momentum in every vertical



## Banking – momentum in cloud and platforms

- Strategic investments in cloud partnerships paying off
- Post pandemic digitising trend ongoing
- New core banking platforms (smart contracts) picking up speed



## Insurance – traction with Guidewire

- Demand for cloud-based Guidewire solutions increases with GFT as mayor deployment partner for Americas and Europe
- Ongoing demand for Insurances to further digitise and reinvent themselves (accelerated by the pandemic)



## Industry – IoT market

- High traction of Sphinx and weblet projects - 15,000 active users for one client alone
- Supporting multi- and hybrid-cloud strategies for Industry applications in all our markets
- New SMARAGD compliance solution offers further opportunities

## Banking growth

**GFT: +27%**     **Market: ~ +6%**

## Insurance growth

**GFT: +44%**     **Market: ~ +8%**

## Industry & Others growth

**GFT: +21%**     **Market: ~ +4%**

[ GFT data 2022, Market data for annual growth 2022 from Gartner (updated 12/22) ]

# Investment case in detail



## Unique technology and sector expertise

- Longstanding expertise in digital transformation for financial institutions
- Strong focus on latest technologies: AI, Cloud, Blockchain, Data Analytics, DevOps
- GFT positioned as leader in analyst quadrants
- Partnerships with market leaders: AWS, Azure, Google, Guidewire, Thought Machine, Mambu
- Technology-driven diversification into IoT
- Proven client-focused onshore / nearshore delivery model



## Highly attractive sales and earnings potential

- Accelerated growth due to high structural demand
- Increasing profit margins
- Attractive free cash flow generation with low capex (approx. 2 % of sales)
- Shareholder-friendly dividend policy at 20-50 % of net profit



## Strong demand for digital transformation

- Digital transformation is a megatrend
- Cloud business to grow dynamically
- Large IT budgets to innovate banking
- On-going industrial automation



## Sustainability and commitment

- CEO & CFO more than ten years with GFT
- Two anchor shareholders own 36 % of shares
- Commitment to grow IT talent worldwide, with Great Place to Work certification
- GreenCoding initiatives

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## Highlights Q1 2023



- › Solid growth in our key markets driven by continuing digitisation pressure
- › Revenue **+10%** y-o-y
- › Adjusted EBIT **+17%** y-o-y
- › US revenue **+62%**
- › ESG ratings improved (CDP: D→C; S&P: 35→49)
- › Guidance 2023 confirmed

### REVENUE

€ **191** million

### ADJ. EBIT

€ **16** million

### REVENUE BY SECTORS



- Banking **72%**
- Insurance **18%**
- Industry & Others **10%**

### GUIDANCE 2023

#### REVENUE

€ **850** million

#### Adj. EBIT

€ **80** million

# targens is a perfect strategic fit for GFT



REVENUE CONTRIBUTION  
FY 2023e

€~30 million

EXPERTS

~300

PRODUCT PORTFOLIO ENHANCED WITH LEADING COMPLIANCE SOFTWARE

## ‘SMARAGD Compliance Suite’

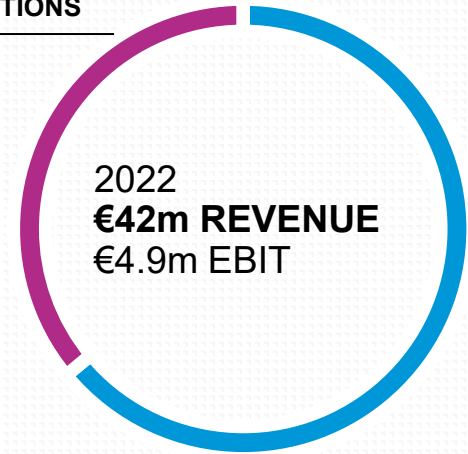
- Used by 7 out of 10 German biggest banks
- Installed in 56 countries

## Strategic benefits

- Enhanced expertise in the areas of consulting and compliance solutions
- Doubling of market share in the German financial industry
- Improved economies of scale and diversification

36%

SOFTWARE  
SOLUTIONS



64%

CONSULTING

Transaction details: 100% acquisition closed on Apr 3, 2023 | cash deal, financed via liquidity & existing credit lines

# Q1 key figures – double-digit sales and earnings growth



in €m	Q1/2023	Q1/2022	Δ
Revenue	190.67	173.35	10%
Order backlog	355.72	366.94	-3%
EBITDA	19.89	18.52	7%
EBIT adjusted*	16.28	13.91	17%
<i>EBIT adjusted margin</i>	8.5%	8.0%	
EBIT	14.83	13.45	10%
EBT	15.04	13.42	12%
<i>EBT margin</i>	7.9%	7.7%	
Net income	10.54	9.58	10%
Earnings per share (in €)	0.40	0.36	10%
Employees (in FTE)	8,792	8,120	8%

- **Revenue:** +10% (thereof FX effects: +1%)
- **Order backlog** slightly lower than previous year
- **Adjusted EBIT** increased disproportionately by 17%
  - Capacity adjustments: €-1.5m (Q1/2022: €-0.9m)
  - FX effects of €-0.5m (Q1/2022: €0.3m)
- **Adjusted EBIT margin** rose to 8.5% (Q1/2022: 8.0%)
- Increase in **EBT** by 12% to €15.0m
- Stable **tax rate** at 30% (Q1/2022: 29%)

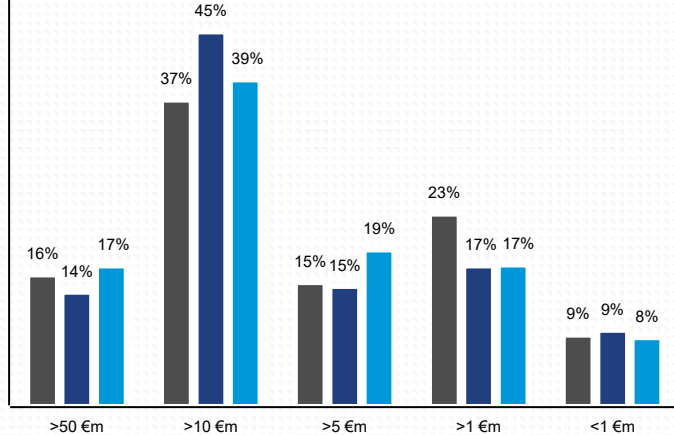
\* Adjusted for non-operational effects from M&A activities and share-price-based effects in the valuation of management remuneration; for details, see [key performance indicators \(gft.com\)](https://www.gft.com/key-performance-indicators)

# Growth in all key markets



## Well-balanced client portfolio

Largest client with temporarily higher portion

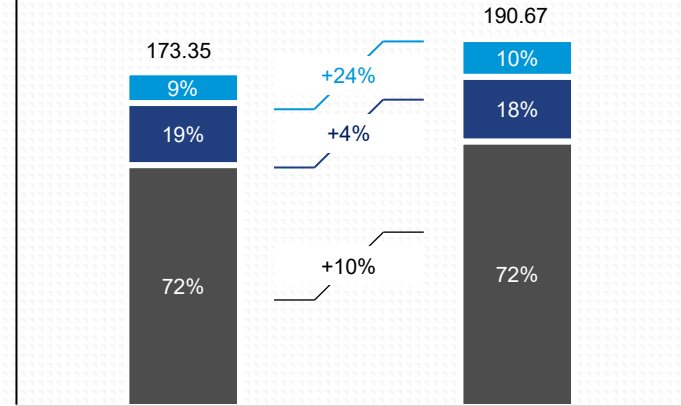


% revenue GFT Group      ■ 2021   ■ 2022   ■ Q1/2023\*

\*Revenue portion Q1

## Solid growth in key markets

Banking +10%



■ Banking   ■ Insurance   ■ Industry & Others

\*\* Prior-year figures restated

# Revenue and earnings by segment



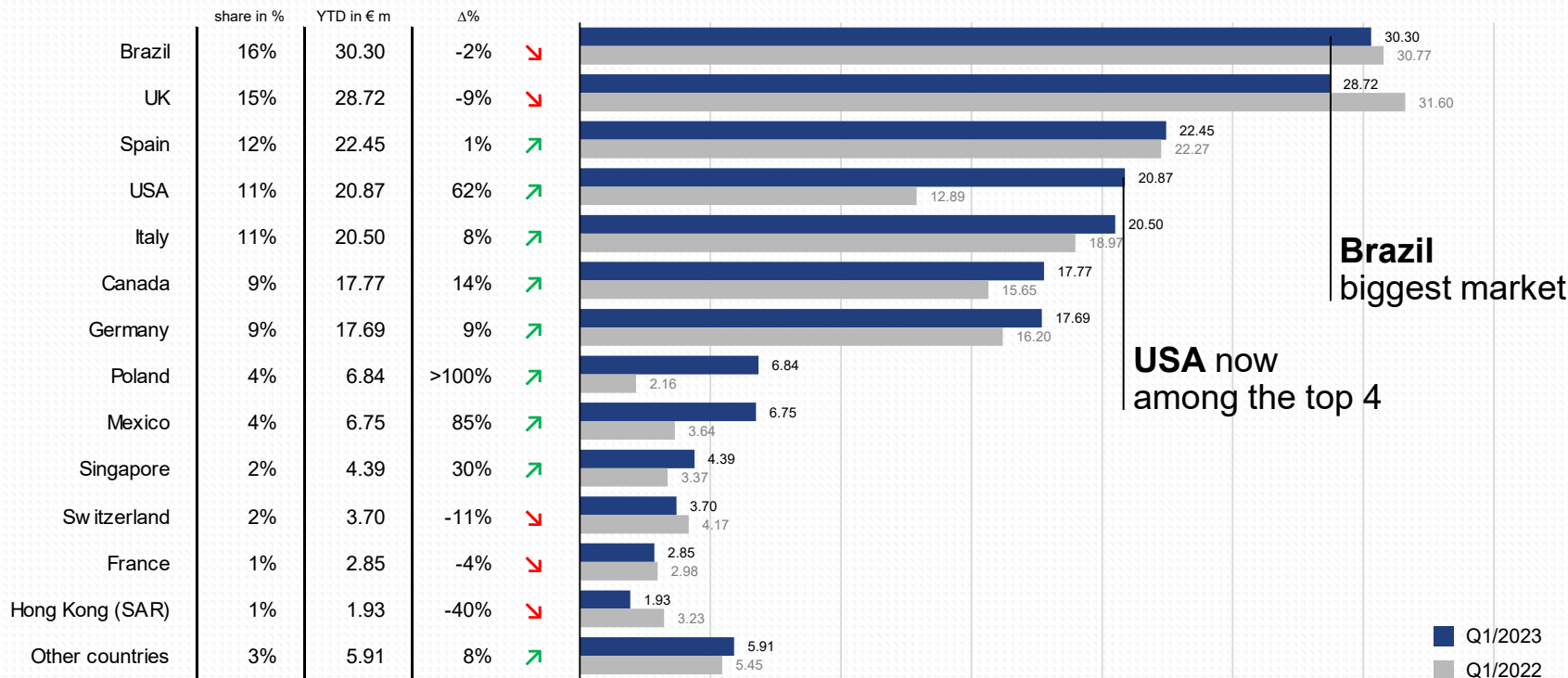
in €m	Revenue		Growth rates			EBIT adjusted*		
	Q1/2023	Q1/2022	Organic	FX	Total	Q1/2023	Q1/2022	Δ%
Americas, UK & APAC	116.56	106.59	8%	1%	9%	10.62	7.96	33%
Continental Europe	73.93	66.69	11%	0%	11%	8.43	7.68	10%
Others	0.18	0.07	n/a	n/a	n/a	-2.77	-1.73	-60%
<b>GFT Group</b>	<b>190.67</b>	<b>173.35</b>	<b>9%</b>	<b>1%</b>	<b>10%</b>	<b>16.28</b>	<b>13.91</b>	<b>17%</b>

- Strong market position in **Americas, UK & APAC** further expanded with growth of 9%, significant growth in USA (+62%) and Mexico (+85%), both significantly driven by the banking sector
- In **Continental Europe** sustained growth (+11%); strongest growth in Poland (>100%) due to revenue shifts from UK
- **GFT Group**: Organic revenue growth of 9%, disproportionately high increase in adjusted EBIT of 17%

\*Adjusted for non-operational effects from M&A activities and share-price-based effects in the valuation of management remuneration; for details, see [key performance indicators](#) (gft.com)

# Revenue by markets

US business expanded by more than 60%



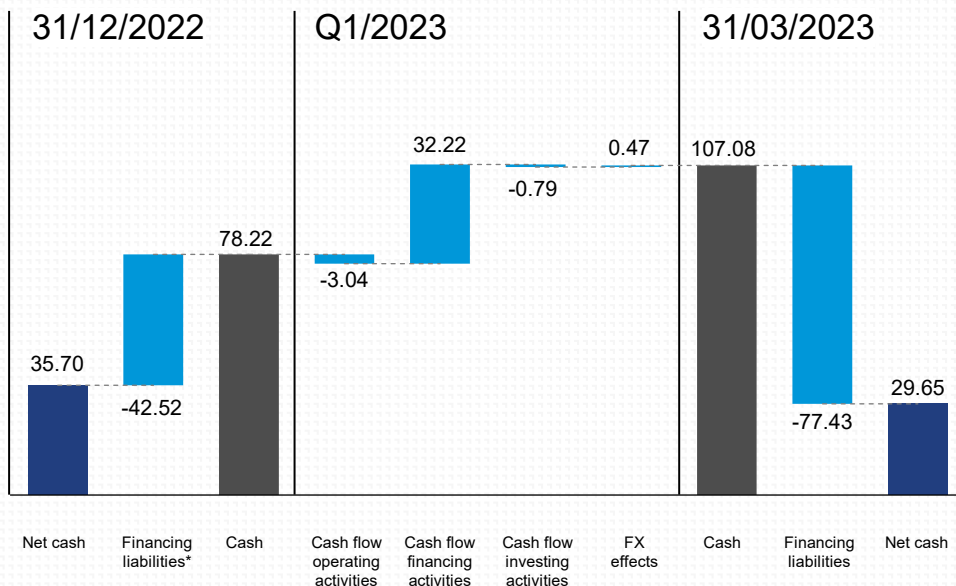
# Income statement – increasing operating profitability



in €m	Q1/2023	Q1/2022	Δ%
<b>Revenue</b>	<b>190.67</b>	<b>173.35</b>	<b>10%</b>
Other operating income	3.00	5.22	-43%
Cost of purchased services	-25.59	-27.35	-6%
Personnel expenses	-128.07	-114.26	12%
Other operating expenses	-20.12	-18.44	9%
<b>EBITDA</b>	<b>19.89</b>	<b>18.52</b>	<b>7%</b>
Depreciation and amortisation	-5.06	-5.07	0%
<b>EBIT</b>	<b>14.83</b>	<b>13.45</b>	<b>10%</b>
Interest income/expenses	0.21	-0.03	>100%
<b>EBT</b>	<b>15.04</b>	<b>13.42</b>	<b>12%</b>
Income taxes	-4.50	-3.84	17%
<b>Net income</b>	<b>10.54</b>	<b>9.58</b>	<b>10%</b>
Earnings per share (in €)	0.40	0.36	10%

- As expected, **revenue growth** boosted by ongoing digitisation pressure from customers
- Decline in **other operating income** mainly due to lower foreign exchange gains
- Ratio of **cost of purchased services** to revenue of 13% significantly below previous year's level (Q1/2022: 16%)
- Increase in **personnel costs** in essence due to higher average number of employees in operating business. Ratio of personnel expense excluding capacity adjustments plus purchased services to revenue below previous year's level at 80% (Q1/2022: 81%)
- **Other operating expenses** increased mainly due to personnel-related expense – primarily travel expenses. This was partly offset by minor foreign currency losses.
- Increase in **income taxes** as a result of higher pre-tax profit. Effective tax rate at 30% (Q1/2022: 29%)

## Cash flow analysis (€m) – Solid net cash position



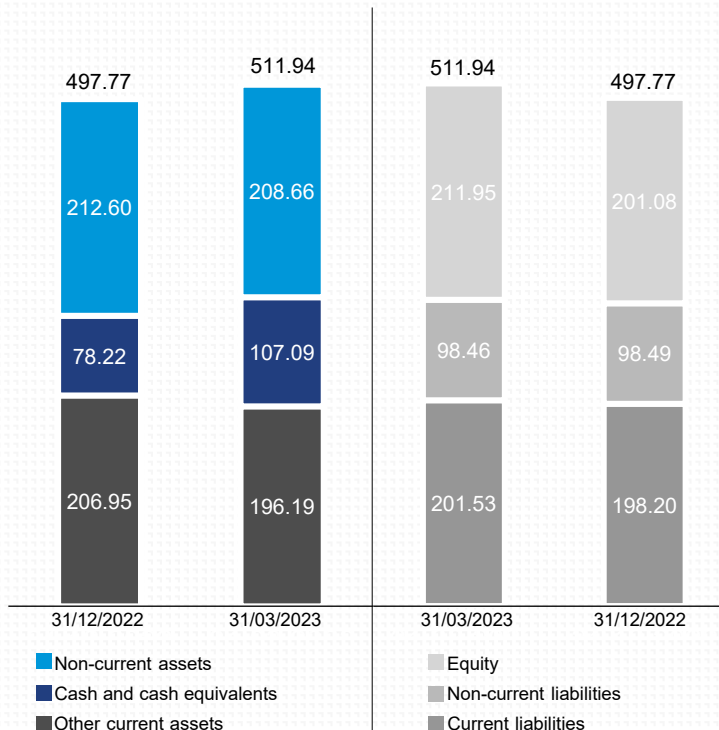
- **Net cash** stable at €29.65m (31/12/2022: €35.70m) | Solid financing structure; undrawn credit lines of €25.30m (31/12/2022: €51.31m)
- Increase of **Group cash** to €107.08m (31/12/2022: €78.22m) mainly due to borrowing for finance targets acquisition
- **Cash flow from operating activities** of €-3.04m (Q1/2022: €3.62m) significantly impacted by the transfer of grants received for third-party account amounting to €14.34m
- **Cash flow from financing activities** of €32.22m (Q1/2022: €-12.93m) characterised by net bank borrowings of €34.92m (Q1/2022: net repayment of €10.58m)
- **Cash flow from investing activities** primarily influenced by investments in property, plant and equipment of €0.84m (Q1/2022: €1.80m)

\*Financing liabilities include liabilities to banks

## Balance sheet (€m) – Stable asset structure

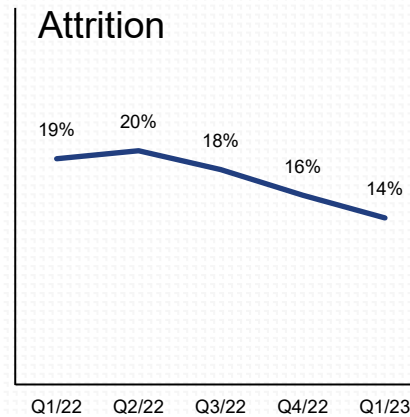
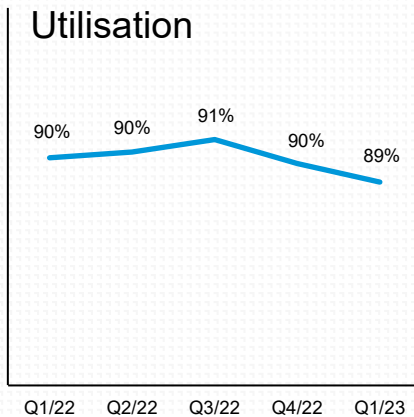
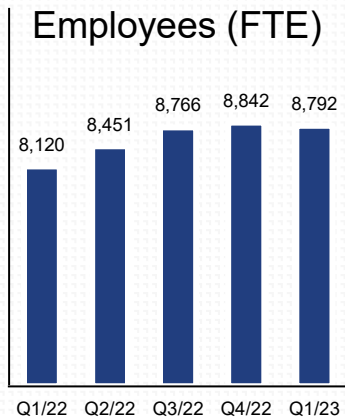


- **Balance sheet total** essentially unchanged. Slight increase of 3% mainly due to pre-financing of targets acquisition
- **Non-current assets** stable at €208.66m (31/12/2022: €212.60m). Decrease of 2% characterised by various offsetting effects. Non-current assets as a proportion of total assets at 41% (31/12/2022: 43%)
- Increase in **cash and cash equivalents** by €28.87m to €107.09m as a result of borrowing to finance the purchase price payment for the targets acquisition
- Decrease in **other current assets** by €10.76m to €196.19m (31/12/2022: €206.95m) due to lower receivables from contracts with customers and income tax refund claims



- **Equity** increased in essence by amount of net profit for the period of €10.54 m; currency effects marginal | equity ratio improved by 1 percentage point to 41% (31/12/2022: 40%).
- **Non-current liabilities** of €98.46 million essentially at the level at the end of the previous year (31/12/2022: €98.49m)
- Increase in **current liabilities** by €3.33m to €201.53m (31/12/2022: €198.20m) as a result of bank borrowings of €35.00m to finance the targets acquisition. This was mainly offset by the decrease in other liabilities (€-14.51m) due to the transfer of grants received for third-party accounts; in addition, contract liabilities from fixed-price contracts with customers decreased by €9.87m as of the reporting date

# Attrition further reduced



- More than 10,000 experts worldwide
- Number of employees up by 8% y-o-y, new hires particularly in Italy and Spain
- Number of external contractors down to 1,158 (Q1/2022: 1,301)
- Utilisation at 89% around 1% below previous year's level, based on lower call-offs especially in Jan. + Feb. 2023
- Attrition further reduced to 14% (Q1/2022: 19%)

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## Continued solid growth in 2023



### Growth remains our mission

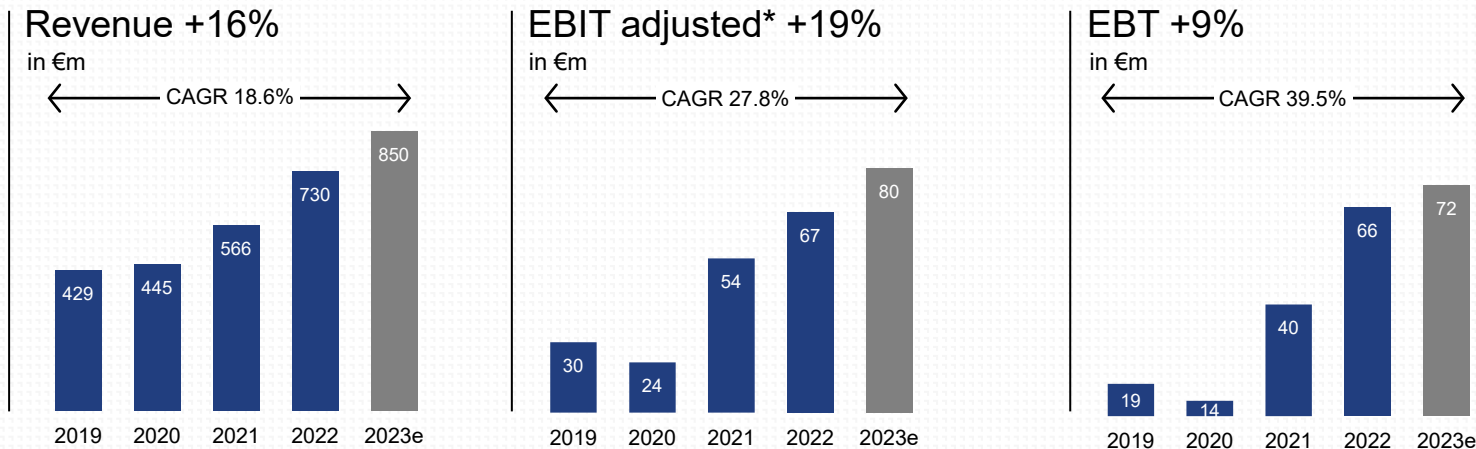
- Cloud technologies with biggest growth; AI, DLT/Blockchain rising
- Clients' requests for digital transformation is increasing
- GFT anticipates growth in every sector



### Resilience through diversification & focus

- Diversified client structure increases stability
- Regional diversification compensates for local variation
- agility@scale through global delivery centres
- Leading position for next gen. banking and insurance solutions
- Sustainable and shareholder value driven strategy
- Growth ambition: twice as fast as the market

# Outlook FY 2023 confirmed



\* Adjusted for non-operational effects from M&A activities and share price-based effects in the valuation of management remuneration – see details: <https://www.gft.com/int/en/about-us/investor-relations/key-performance-measures>

- Revenue 2023e**
  - Revenue expected at €850m (including €30m from targens acquisition) – at constant currency rate: +18%
  - Solid growth trend due to unique position in new technologies and structural strong demand for digital transformation
  - Growth in every segment and across all sectors
- Earnings 2023e**
  - EBIT adjusted to grow to €80m (including €2.6m from targens acquisition)
  - Development in line with revenue growth, supported by economies of scale
  - EBT expected to rise to €72m (including €-1m from targens acquisition due to usual M&A effects)

# Backup

## Clients in 2022 – 44 new qualified clients

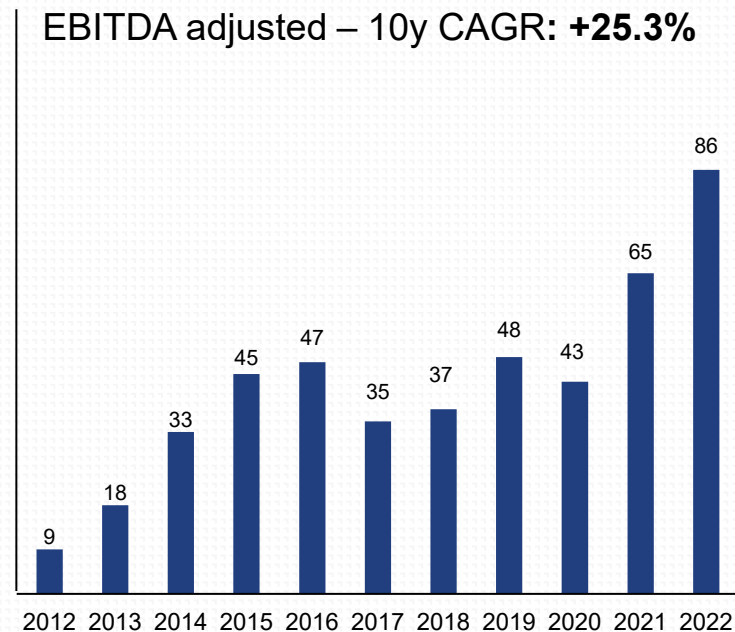
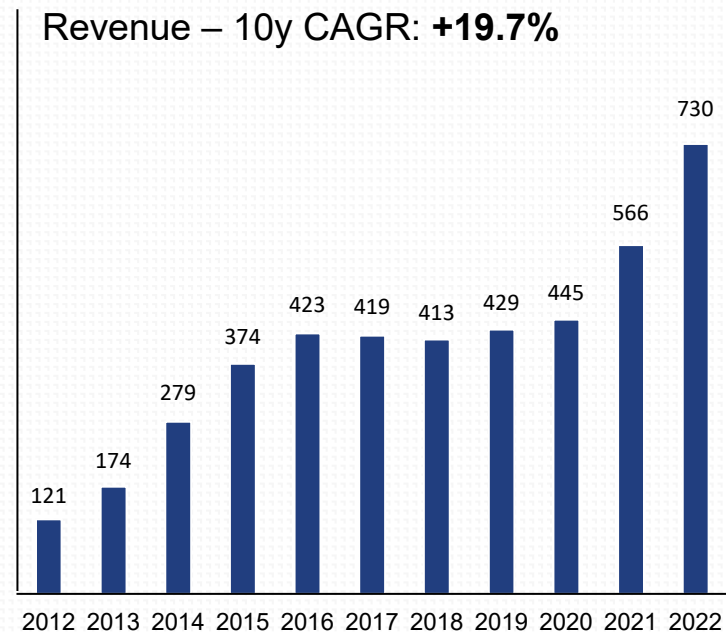


Revenue	2016	2017	2018	2019	2020	2021	2022
< €1.0m	252	258	263	232	345	371	366
> €1.0m	38	35	48	52	45	56	55
> €5.0m	3	7	5	7	13	11	15
> €10.0m	6	5	5	7	7	12	21
<b>Total</b>	<b>299</b>	<b>305</b>	<b>321</b>	<b>298</b>	<b>410</b>	<b>450</b>	<b>457</b>

- Further increase of clients above €5.0m and €10m annual revenue – proving ‘land & expand’ strategy and reflect the high level of trust and competence
- 44 new qualified clients\* added, improving client diversification

\* New qualified clients per GFT’s definition: customers with a revenue runrate >€100k annually and w/o GFT revenues in the previous year

# 10-year development



# Consolidated income statement



in €	2022	2021	Δ%
Revenue	730,135,860.22	566,193,853.26	29%
Other operating income	16,343,726.48	12,057,729.06	36%
Cost of purchased services	105,082,742.59	82,709,825.41	27%
Personnel expenses	478,966,235.22	380,390,036.54	26%
Other operating expenses	76,390,216.50	54,357,341.35	41%
<b>Result from operating activities before depreciation and amortisation</b>	<b>86,040,392.39</b>	<b>60,794,379.02</b>	<b>42%</b>
Depreciation and amortisation of intangible assets and property, plant and equipment	20,493,947.29	19,874,427.02	3%
<b>Result from operating activities</b>	<b>65,546,445.10</b>	<b>40,919,952.00</b>	<b>60%</b>
Result of investments accounted for using the equity method	0.00	-39,999.00	100%
Interest income	1,860,544.29	592,422.01	>100%
Interest expenses	1,359,654.77	1,444,941.40	-6%
<b>Financial result</b>	<b>500,889.52</b>	<b>-892,518.39</b>	<b>&gt;100%</b>
<b>Earnings before taxes</b>	<b>66,047,334.62</b>	<b>40,027,433.61</b>	<b>65%</b>
Income taxes	19,796,121.01	10,141,900.44	95%
<b>Net income for the year</b>	<b>46,251,213.61</b>	<b>29,885,533.17</b>	<b>55%</b>
Earnings per share – basic	1.76	1.14	55%

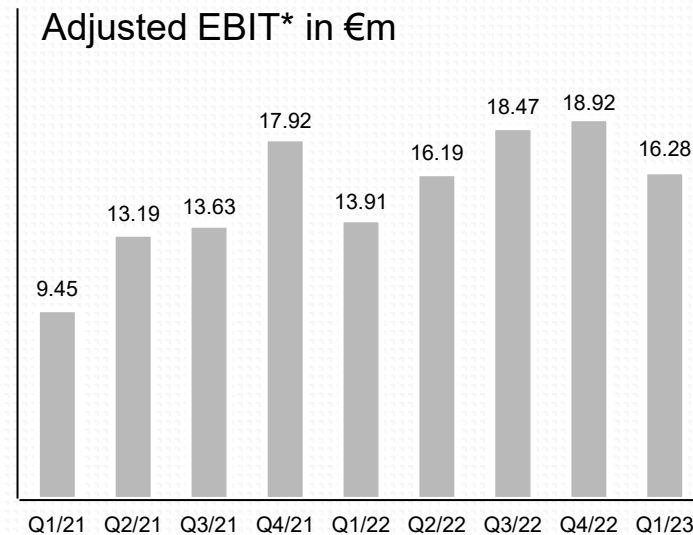
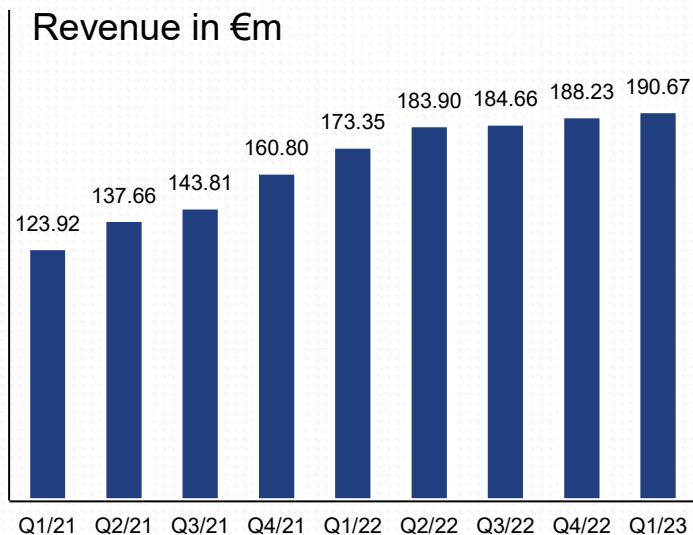
# Consolidated balance sheet



<b>Assets</b>			
in €	31/12/2022	31/12/2021	Δ%
<b>Non-current assets</b>			
Goodwill	123,968,225.19	124,422,830.73	0%
Other intangible assets	5,914,809.30	10,645,292.80	-44%
Property, plant and equipment	63,577,276.37	56,339,245.17	13%
Financial investments	696,217.60	706,217.60	-1%
Other financial assets	1,907,834.26	1,805,716.61	6%
Deferred tax assets	12,040,713.13	12,526,370.47	-4%
Income tax assets	385,190.60	342,210.60	13%
Other assets	4,109,110.88	4,732,078.43	-13%
	<b>212,599,377.33</b>	<b>211,519,962.41</b>	<b>1%</b>
<b>Current assets</b>			
Inventories	13,848.32	17,108.73	-19%
Trade receivables	152,560,851.68	131,502,768.19	16%
Contract assets	21,731,617.03	16,122,040.09	35%
Cash and cash equivalents	78,222,547.05	70,770,150.46	11%
Other financial assets	4,902,675.35	3,284,856.74	49%
Income tax assets	10,182,222.91	6,852,662.11	49%
Other assets	17,557,484.81	11,701,642.93	50%
	<b>285,171,247.15</b>	<b>240,251,229.25</b>	<b>19%</b>
	<b>497,770,624.48</b>	<b>451,771,191.66</b>	<b>10%</b>

<b>Equity and liabilities</b>			
in €	31/12/2022	31/12/2021	Δ%
<b>Shareholders' equity</b>			
Share capital	26,325,946.00	26,325,946.00	0%
Capital reserve	42,147,782.15	42,147,782.15	0%
Retained earnings	137,572,498.80	98,024,103.12	40%
Other reserves	-4,964,588.78	-5,833,109.53	15%
	<b>201,081,638.17</b>	<b>160,664,721.74</b>	<b>25%</b>
<b>Non-current liabilities</b>			
Financing liabilities	42,168,443.39	47,500,036.71	-11%
Other financial liabilities	31,163,462.72	26,181,320.11	19%
Provisions for pensions	5,388,399.91	7,706,961.38	-30%
Other provisions	7,553,890.33	7,511,993.05	1%
Deferred tax liabilities	3,990,744.41	3,242,324.71	23%
Other liabilities	8,225,973.37	3,969,073.51	>100%
	<b>98,490,914.13</b>	<b>96,111,709.47</b>	<b>2%</b>
<b>Current liabilities</b>			
Trade payables	11,798,941.74	11,776,342.02	0%
Financing liabilities	350,591.12	21,340,812.15	-98%
Other financial liabilities	18,387,520.68	18,620,663.31	-1%
Other provisions	48,173,128.91	43,571,292.07	11%
Income tax liabilities	8,614,151.55	4,475,947.52	92%
Contract liabilities	39,596,844.80	46,119,807.79	-14%
Other liabilities	71,276,893.38	49,089,895.59	45%
	<b>198,198,072.18</b>	<b>194,994,760.45</b>	<b>2%</b>
	<b>497,770,624.48</b>	<b>451,771,191.66</b>	<b>10%</b>

# Revenue and adjusted EBIT by quarter



- **Q1/2023 vs. Q1/2022:** Solid revenue growth (+10%) and significant increase in adjusted EBIT (+17%)
- **Q1/2023 vs. Q4/2022:** Revenue slightly up by 1.3%, adjusted EBIT down 14%, mainly due to negative FX effects and higher expenses for capacity adjustments

\*Adjusted for non-operational effects from M&A activities and share-price-based effects in the valuation of management remuneration; for details, see [key performance indicators](#) (gft.com)

# Calculation adjusted EBIT Q1/2023



in thsd. €	Q1/2023	Q1/2022
<b>Revenue</b>	<b>190,672</b>	<b>173,355</b>
<b>EBIT adjusted</b>	<b>16,279</b>	<b>13,910</b>
M&A Earn-out	0	0
M&A Acquisition related costs	-323	0
M&A Amortisation PPA	-878	-1,161
Share-price related effects from valuation of management remuneration	-253	702
<b>EBIT</b>	<b>14,825</b>	<b>13,451</b>
Interest	212	-33
<b>EBT</b>	<b>15,037</b>	<b>13,418</b>
<b>EBIT adjusted margin</b>	<b>8.5%</b>	<b>8.0%</b>
<b>EBT margin</b>	<b>7.9%</b>	<b>7.7%</b>

# Shaping the future of digital business

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