Investor Presentation

GFT Technologies SE | August 2021

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GFT

We believe in a **digital world** where using **IT** smartly is a **key driver of success.**

With GFT, technology delivers **clear business value**, empowering clients to be **leaders** in their markets.

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Agenda

01. GFT at a glance
02. GFT growth path
03. Financial results H1/2021
04. Outlook FY 2021e

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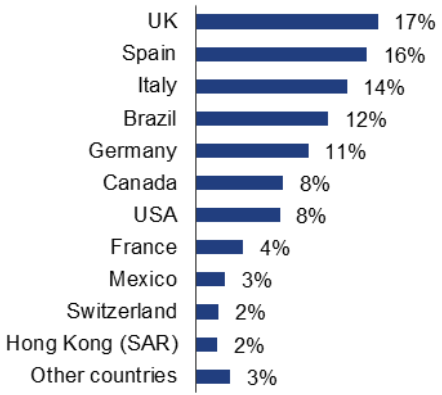
GFT at a glance

GLOBAL WORKFORCE H1/2021
6,806 FTE

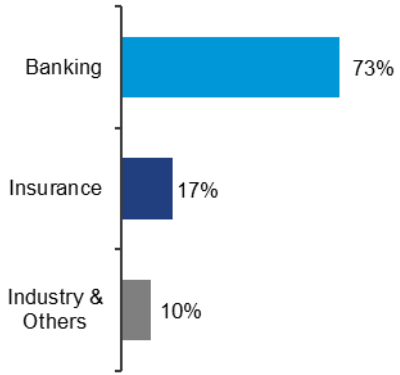
REVENUE FY 2021e
€ 550 million

Adj. EBITDA FY 2021e
€ 62 million

REVENUE BY MARKET H1/2021



REVENUE BY SECTOR H1/2021



CONSULTING

DIGITAL SOLUTIONS

APPLICATION MANAGEMENT

Investment case

Unique technology and sector expertise

- Longstanding expertise in digital transformation for financial institutions
- Strong focus on growth-potential technologies: AI, Cloud, Blockchain, Data Analytics, DevOps
- Partnerships with market leaders: AWS, Google, Guidewire, Thought Machine, Vodeno, Mambu
- Technology-driven diversification into IoT
- Proven client-focused onshore/ nearshore staffing model

Highly attractive sales and earnings potential

- Accelerated growth due to high structural demand
- Profit margins expected to improve considerably
- 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

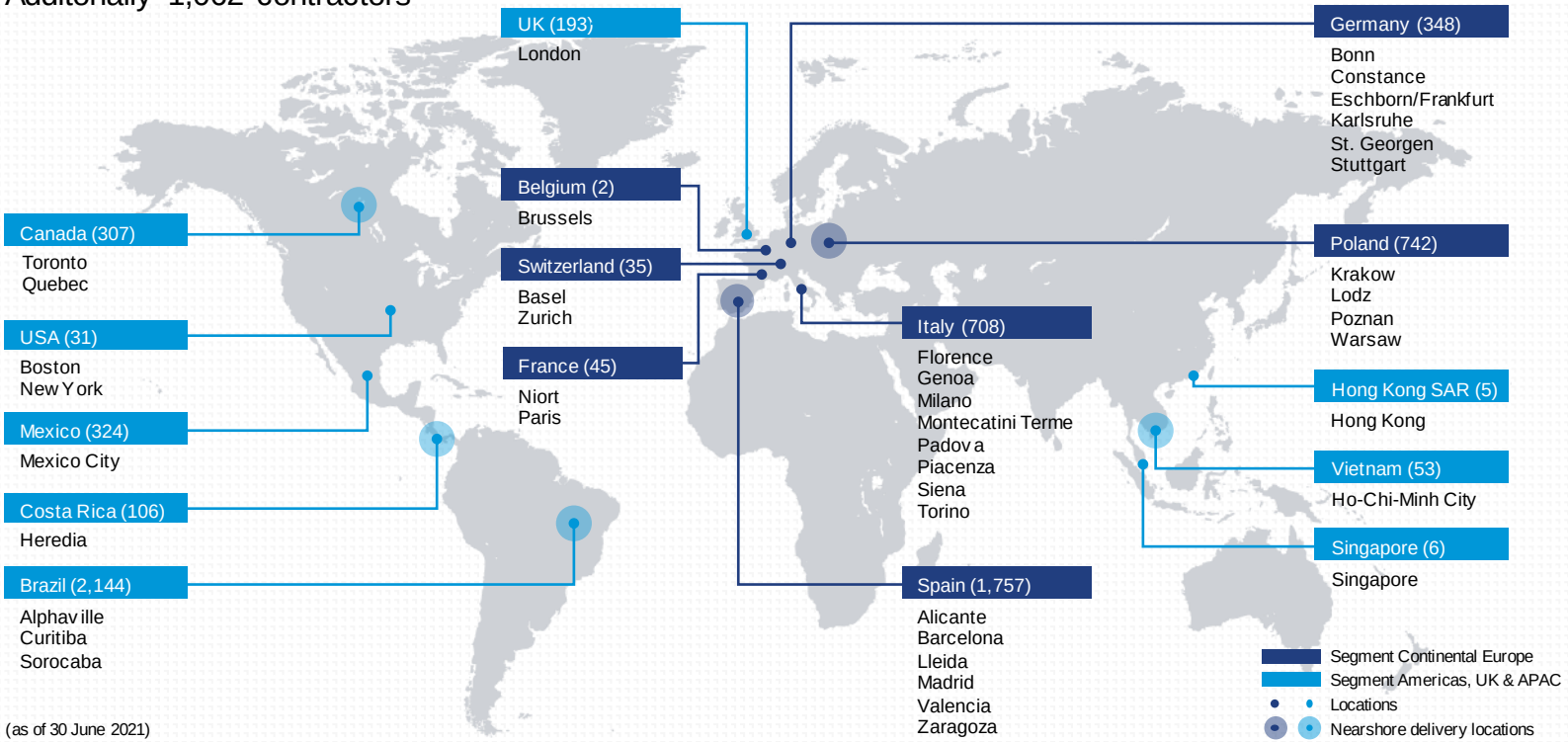
- Digital transformation is a megatrend
- Cloud business to grow dynamically
- Rising IT budgets to innovate banking
- On-going industrial automation

Sustainability and commitment

- CEO & CFO more than ten years with GFT
- Two anchor shareholders own 36 % of shares
- Commitment to grow IT talent worldwide
- Greencoding initiatives

Proven onshore-/nearshore delivery model (6,806 FTE)

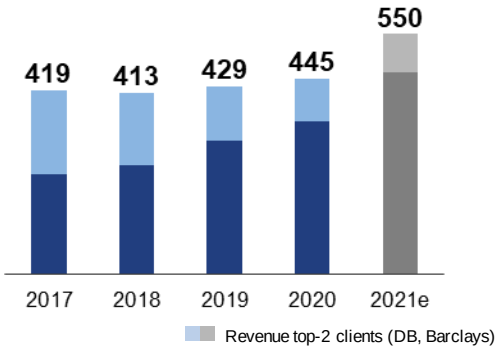
Approx. half of revenues generated nearshore
Additonally 1,062 contractors



(as of 30 June 2021)

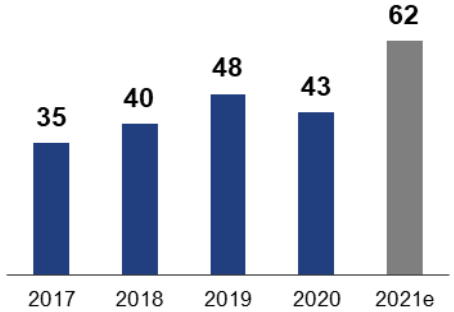
Key figures – significant improvement

Revenue (€m)



- 10-year CAGR: 18.3%
- 5-year CAGR ex top-2: 19.3%

EBITDA adjusted (€m)*

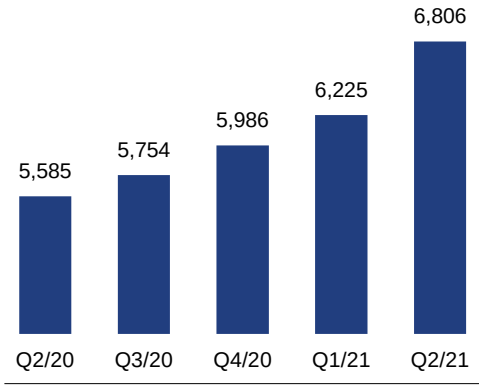


- 10-year CAGR without IFRS 16: 21.8%
- 5-year CAGR without IFRS 16: 10.9%
- IFRS 16 effect 2021: €9m

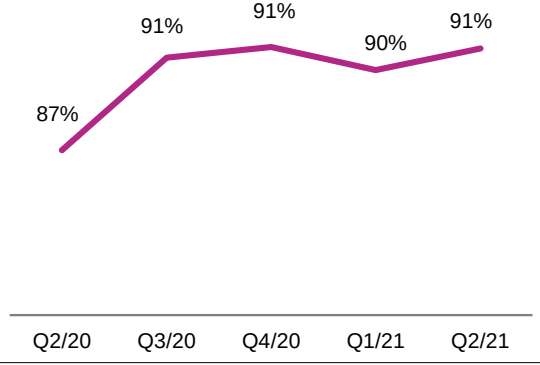
*Adjusted for non-operational effects from M&A activities (EBITDA) plus applicable tax effects (net income and EPS)

Employees – FTE at record high, utilisation significantly up

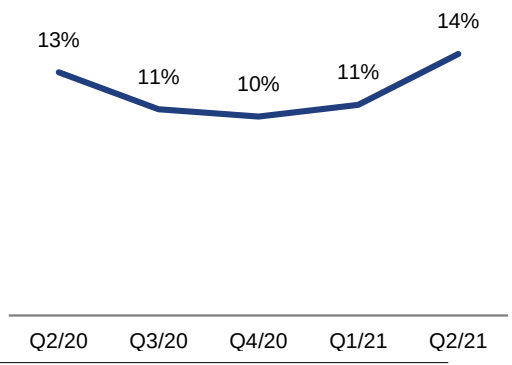
GFT Employees (FTE)



Utilisation



Attrition

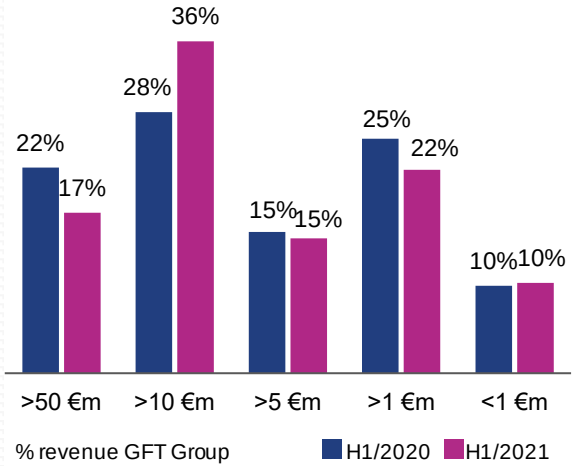


- Continuous growth in employees esp. in Brazil
- Utilisation in the second quarter at 91%, significantly above Covid-19 burdened prior year (Q2/2020: 87%)
- Attrition increased again as expected. Figures during 2020 were below long-term average due to Covid-19
- In addition, external contractors amounted to 1,062 (H1/2020: 623) (headcount, not reflected in the figures above)

Diversification improves further

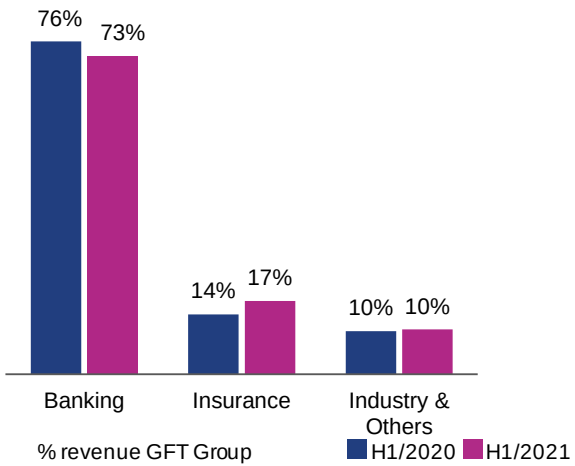
Broad client diversification*

Client concentration risk further reduced



All sectors with nominal growth

Banking	+13%
Insurance	+45%
Industry & Others	+23%



*Annualised extrapolation based on respective first half-year

30 biggest clients H1/2021 – seven new entries vs. prior year

Banking

- B3 Brasil Bolsa Balcão
- HSBC
- Not disclosed
- BBVA
- iberCaja
- Sabadell
- NEW
- Intesa Sanpaolo
- Santander
- citi
- Itaú
- Schroders
- NEW CUSTODIGIT
- NEW London Stock Exchange Group
- serasa experian
- Deutsche Bank
- Monte dei Paschi di Siena Bank since 1472
- Standard Chartered
- NEW HarbourVest
- nexi

Insurance

- NEW beneva
- Desjardins
- iA Groupe financier
- MACIF
- MAPFRE
- SulAmérica
- UnipolSai Assicurazioni
- NEW wsib Ontario

Industy & Others

- NEW Google
- TRUMPF

ESG performance 2020

Environmental

GHG emissions* in tCO2e

3,047 total
9.1 per million € revenue
0.7 per FTE

* FY 2019, scope 1+2 acc. to GHG Protocol, market-based, coverage >80% of total workforce

Sustainability by design

Climate change is one of the greatest challenges humanity will face in the coming decades; ICT can make a difference with **GreenCoding**.

Social

Grow tech talent

18,752 trainings

194,731 hours of training

40+ tech-related external corporate volunteering initiatives supported

Brazil: **Great Place to Work**
Mexico: **Best Place to Code**
Germany: **Best employers for women**

GFT's female share

24% of total workforce

18% of our IT experts (and 65% of all women at GFT work in IT professions)

17% management positions

Ratio female:male leaders **1:1.5**

Governance

Professional integrity (SASB*)

€0.00 Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations

* Sustainability Accounting Standards Board SV-PS-510a.2

Tax ratio

30%

Board

Independency: **4/7**

Managing Directors incentivised for CSR

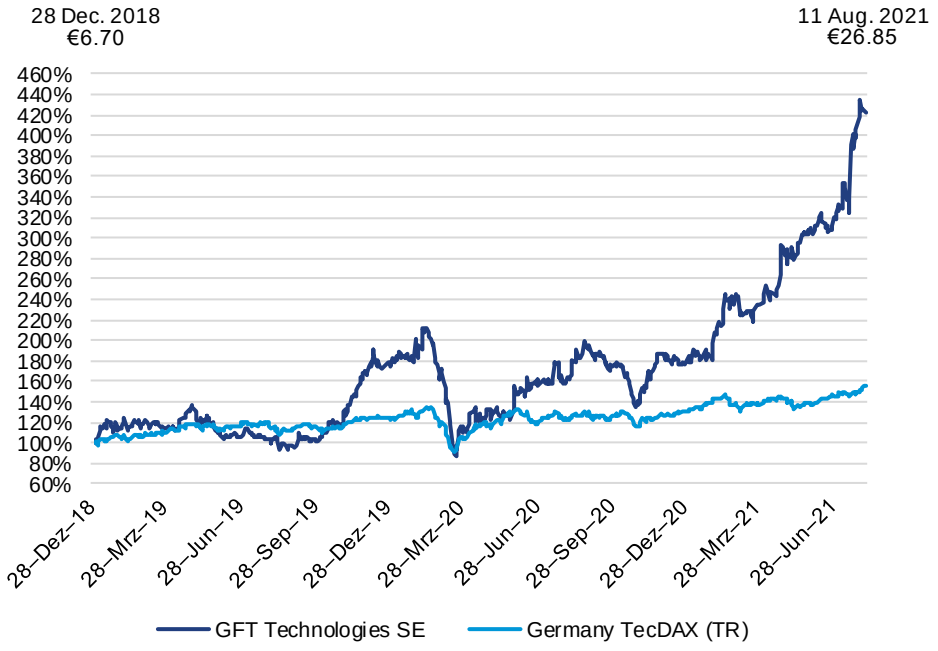
WE SUPPORT UN GLOBAL COMPACT

ISO 27001 (certified for a dedicated client)

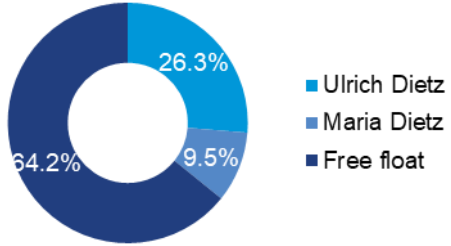
CMMI L3 certified

GFT share and shareholder structure

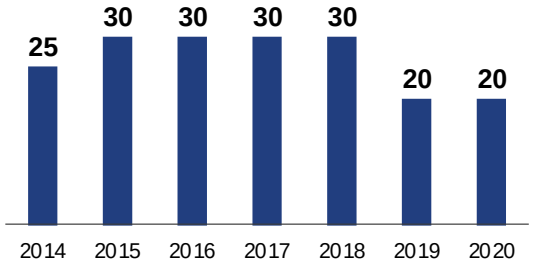
GFT share indexed



Shareholder structure



Dividend per share in Cent (for FY)



02.

GFT growth path

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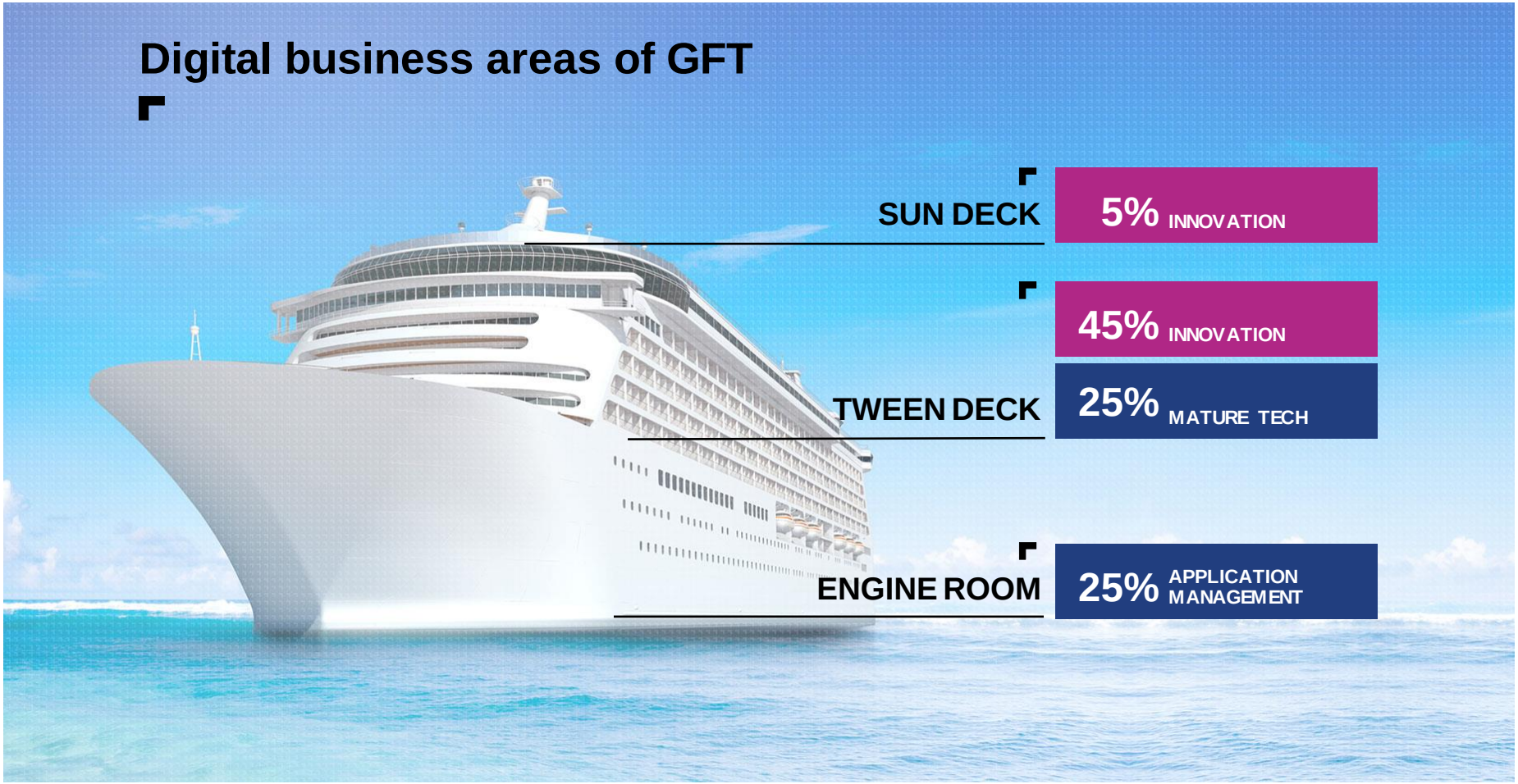
Digital business areas of GFT



Banking growth momentum

Capitalising on strong demand for cloud services

- Strategic investments in cloud partnerships
- Digital banking on new core banking platforms (smart contracts)

Recognitions

- Star Performer for Open Banking IT Services
  - Highlighted in Everest Group PEAK Matrix® Assessment 2020
- IT Industry Awards Services Company of the Year, UK
  - Awarded by British Computer Society & Computing Magazine

Proofpoints

- Built fully virtual new bank MOX (Hong Kong), using AWS cloud infrastructure and next-generation core banking system from Thought Machine
- Over 900 cloud engineers and deep expertise with disruptive features
  - Google award in 2020 'Breakthrough Partner of the year 2019'

GFT's Banking growth

+13.0%

H1/2021

Outlook growth in Banking IT for Solutions

+12.2%

Source: Gartner July 2021

Predicted growth in Banking IT for Services

+8.7%

Source: Gartner July 2021

Insurance growth momentum

Increasing traction with Guidewire

- Capitalising on strong business demand, Insurances reinvent themselves
- Demand for cloud-based Guidewire solutions increases

Recognitions

- Major Contender and Star Performer
  - Awarded in PEAK Matrix® Assessment by Everest Group
- Innovation Award won by Guidewire for Aviva Italy

Proofpoints

- First European full suite Guidewire implementation on cloud for La Macif
- Further Guidewire implementation projects for P&C in North America and Europe realized

GFT's Insurance growth

+44.5%

H1/2021

Outlook for growth in Insurance IT for Solutions

+12.9%

Source: Gartner July 2021

Predicted growth in Insurance IT for Services

+8.1%

Source: Gartner July 2021

Industry growth momentum

Addressing IoT market with complete offering

- GFT's Sphinx Open IoT platform for Digital Twins in combination with strong AI competencies matches market demand
- High interest in multi- and hybrid-cloud strategies for Industry applications
- GFT expands business development in EMEA and the Americas

Recognitions

- Invited by Google to jointly present at Hannover Messe on Industry solutions
- Offering gained international quality standard DIN EN ISO 9001

Proofpoints

- Predictive maintenance for US oil rig project
- AI and connectivity solutions for big American OEM

GFT's Industry & Others growth

+23.0%

H1/2021

Outlook for growth in Industry IT for Solutions

+7.2%

Source: Gartner July 2021

Predicted growth in Industry IT for Services

+4.1%

Source: Gartner July 2021

Growth technologies at GFT – selected projects & data

Virtual Bank & Cloud

- MOX: fully virtual Hong Kong bank using AWS cloud infrastructure and core banking
- Partnerships with three major providers of next generation core banking solutions: Thought Machine, Mambu, Vodeno

GFT Cloud Academy

- Google Cloud Program offers courses, labs, projects and professional certification for juniors joining GFT Spain

IoT & Cloud

- High sensibility for multi cloud and hybrid cloud strategies
- GFT's cloud agnostic approach and years of experience in combination of edge, on premises and cloud strategies meet market needs directly
- Partnership with T-Systems to combine GFT's solution with 5G networks, edge computing and cloud

Estimated global cloud market growth

+23.1%

Source: Gartner, April 2021

03.

Financial results H1/2021

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GFT rising fast on digitisation trend

Outlook upgraded again on 20 July

Highlights

- Catch-up effects on top of already high digitisation demand
- Revenue with strong rise in the first half
- Orders received indicate strong second half
- Utilisation significantly above prior-year
- EBT more than quadrupled
- Operating cashflow und cash position on high level
- Employee growth is keeping pace

Revenue H1/2021 €262m (+18%)

EBT H1/2021 €17m (+312%)

Revenue FY 2021e €550m (+24%)

EBT FY 2021e €36m (+155%)

Key figures – revenue up, strong rise in earnings

in €m	H1/2021	H1/2020	Δ%
Revenue	261.58	221.05	18%
Order backlog	217.14	177.32	22%
EBITDA adjusted*	28.95	18.53	56%
EBITDA	27.63	16.46	68%
EBIT	17.20	5.17	>100%
EBT	16.62	4.04	>100%
Net income	12.09	2.81	>100%
Earnings per share (in €)	0.46	0.11	>100%
Earnings per share adjusted (in €)*	0.43	0.26	63%
Employees (in FTE)	6,806	5,585	22%

- **Revenue** growth by 18%
- **Order backlog** significantly above prior-year
- Strong increase in **EBITDA adjusted** by 56%
  - Restructuring measures amounted to €-1.12m (H1/2020: €-5.74m)
  - Underutilization at €0.00m (H1/2020: -€3.80m)
  - FX effects of €-1.10m (H1/2020: €-0.35m)
- **EBT** more than quadrupled
- **EBT margin** rose to 6.4% (H1/2020: 1.8%)
- Tax ratio below prior-year 27.2% (H1/2020: 30.3%)

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

Revenue by segment (I)

in €m	Revenue		Growth rates			
	H1/2021	H1/2020	Organic	M&A	FX	Total
Americas, UK & APAC	137.68	104.00	38%	n/a	-6%	32%
Continental Europe	123.82	116.90	6%	n/a	0%	6%
Others	0.08	0.15	n/a	n/a	n/a	n/a
GFT Group	**261.58**	**221.05**	**22%**	**n/a**	**-4%**	**18%**

- **Americas, UK & APAC:** unbroken growth trend despite currency headwinds; dynamics esp. in Brazil, USA, Hong Kong and UK as well as Canada
- **Continental Europe:** Good development in Italy and Switzerland overcompensates decrease with top-2 clients esp. in Spain

Revenue by segment (II)

in €m		Revenue		Δ%
		H1/2021	H1/2020	H1/2021 vs. H1/2020
Americas, UK & APAC	Top-2 clients	20.72	22.38	-7%
	Other clients	116.96	81.62	43%
	Total	137.68	104.00	32%
Continental Europe	Top-2 clients	24.83	27.24	-9%
	Other clients	98.99	89.66	10%
	Total	123.82	116.90	6%
GFT Group*	**Top-2 clients**	**45.55**	**49.62**	**-8%**
	Other clients	**215.95**	**171.28**	**26%**
* w/o segment „Others“	**Total**	**261.50**	**220.90**	**18%**

- **Client concentration improved further:** revenue share with top-2 clients now at 17% (H1/2020: 22%)
- **Revenue top-2 clients:** decrease in UK (Americas, UK & APAC) and esp. in Spain (Continental Europe)
- Growth with **other clients** accelerates further (Q2/2021 vs Q1/2021: 13% | Q1/2021 vs. Q4/2020: 8%)

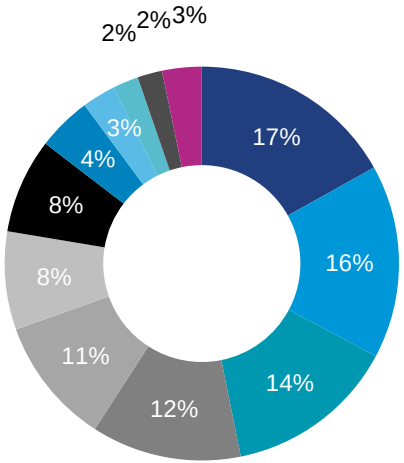
Earnings by segment

in €m	EBITDA adjusted*			EBITDA			EBT		
	H1/2021	H1/2020	Δ%	H1/2021	H1/2020	Δ%	H1/2021	H1/2020	Δ%
Americas, UK & APAC	14.66	10.19	44%	13.35	8.75	53%	9.14	3.88	>100%
Continental Europe	16.90	8.18	>100%	16.89	7.55	>100%	10.77	0.83	>100%
Others	-2.61	0.16	< -100%	-2.61	0.16	< -100%	-3.29	-0.67	>100%
GFT Group	**28.95**	**18.53**	**56%**	**27.63**	**16.46**	**68%**	**16.62**	**4.04**	**>100%**

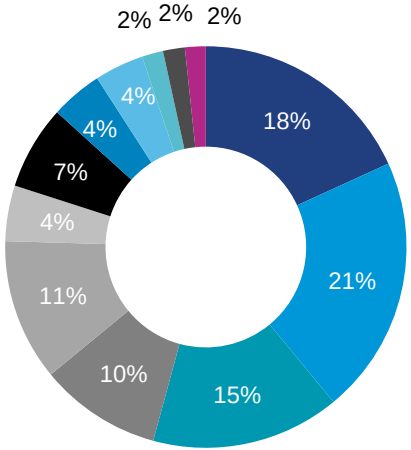
- **Americas, UK & APAC:** revenue increase led to higher earnings contribution and utilisation
- **Continental Europe:** profitable revenue growth and utilisation increase, significant margin improvement due to 2020's efficiency enhancements; prior year esp. burdened by underutilisation and restructuring
- **Others:** higher non-allocated overhead costs for business segments and increased accruals for variable & share based compensation

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

Revenue by markets – revenue in Canada more than doubled



H1/2021		Δ%	H1/2020
44.62	UK	12%	39.78
42.00	Spain	-8%	45.62
37.09	Italy	12%	33.27
32.48	Brazil	51%	21.50
27.61	Germany	10%	24.98
21.29	Canada	>100%	9.82
20.60	USA	21%	16.99
9.11	France	0%	9.15
7.24	Mexico	-17%	8.69
5.61	Switzerland	50%	3.74
5.37	Hong Kong (SAR)	39%	3.86
8.56	Other countries	>100%	3.65
261.58	Total	18%	221.05



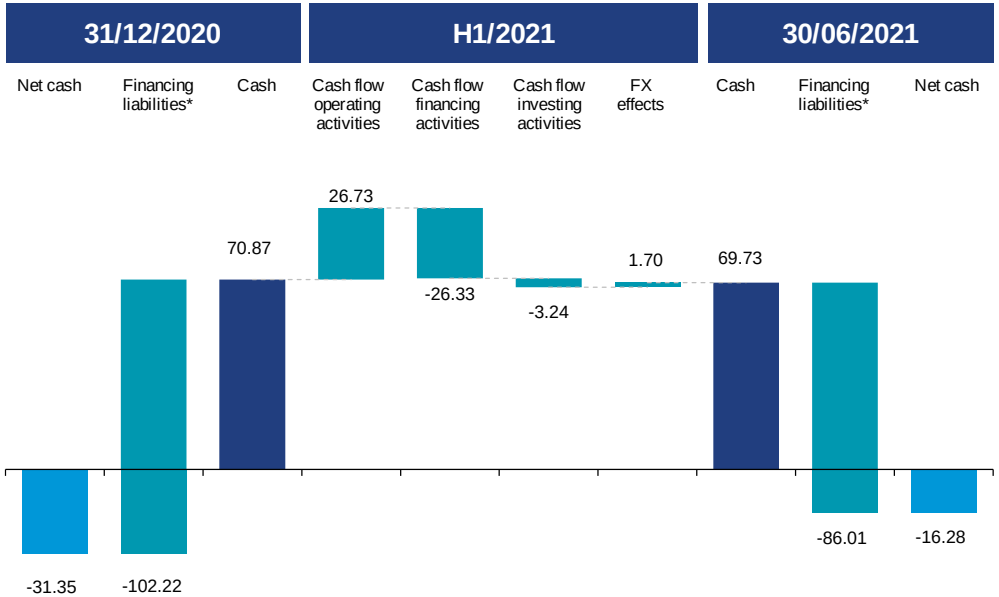
P&L – revenue growth, disproportionate earnings increase

in €m	H1/2021	H1/2020	Δ%
Revenue	**261.58**	**221.05**	**18%**
Other operating income	4.97	7.65	-35%
Cost of purchased services	-34.94	-22.92	52%
Personnel expenses	-181.79	-163.66	11%
Other operating expenses*	-22.19	-25.66	-14%
EBITDA	**27.63**	**16.46**	**68%**
Depreciation and amortisation	-10.43	-11.29	-8%
EBIT	**17.20**	**5.17**	**>100%**
Interest income/expenses	-0.58	-1.13	-49%
EBT	**16.62**	**4.04**	**>100%**
Income taxes	-4.53	-1.23	>100%
Net income	**12.09**	**2.81**	**>100%**
Earnings per share (in €)	0.46	0.11	>100%

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

- Continued and dynamic **revenue** growth attributed to higher demand for digitisation solutions
- Decrease in **other operating income** mainly characterised by lower foreign exchange gains and the absence of one-off gains
- Ratio **cost of purchased services** to revenue with 13% above prior-year (H1/2020: 10%)
- Increase of **personnel expenses** caused by higher average headcount, esp. in Brazil. Ratio of personnel expenses w/o restructuring costs plus purchased services to revenue with 82% on par with last year
- Reduced **other operating expenses** primarily due to lower travel costs as well as foreign exchange losses
- Increase of **income taxes** as a result of higher EBT. Effective tax ratio of 27% below prior year's level (H1/2020: 30%) due to changed profit or loss distribution across countries

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

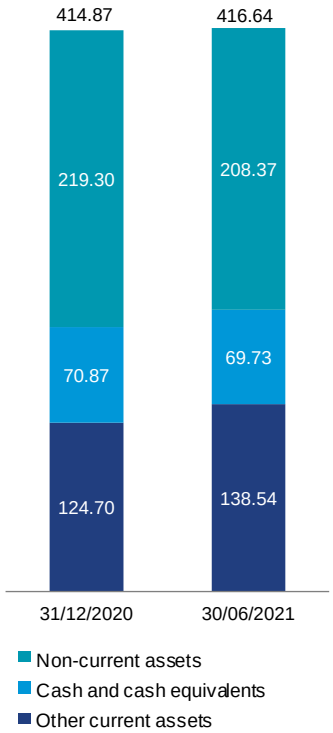


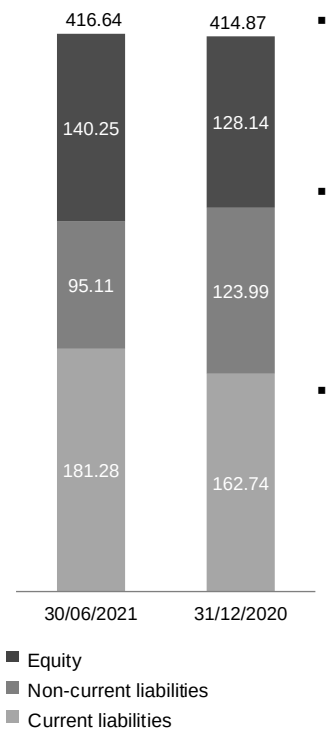
*Financing liabilities include liabilities to banks

- Solid **financing structure**
  Unused credit facilities of €47.09m (31/12/2020: €56.10m).
  Improved net cash €-16.28m (31/12/2020: €-31.35m)
- Slight decrease in **Group's liquidity** to €69.73m (31/12/2020: €70.87m) after loan redemption and dividend payment to shareholders
- **Operating cash flow** with €26.73m remained on a high level (H1/2020: €28.66m)
- **Cash flow from financing activities** esp. attributed to redemption of loans (net) amounting to €16.16m (H1/2020: €1.65m). Cash outflow also includes shareholder dividend of €5.27m (H1/2020: €5.27m)
- **Cash flow from investing activities** characterised by investments in property, plant and equipment €3.27m (H1/2020: €2.51m)

Balance sheet (€m) – equity ratio increased

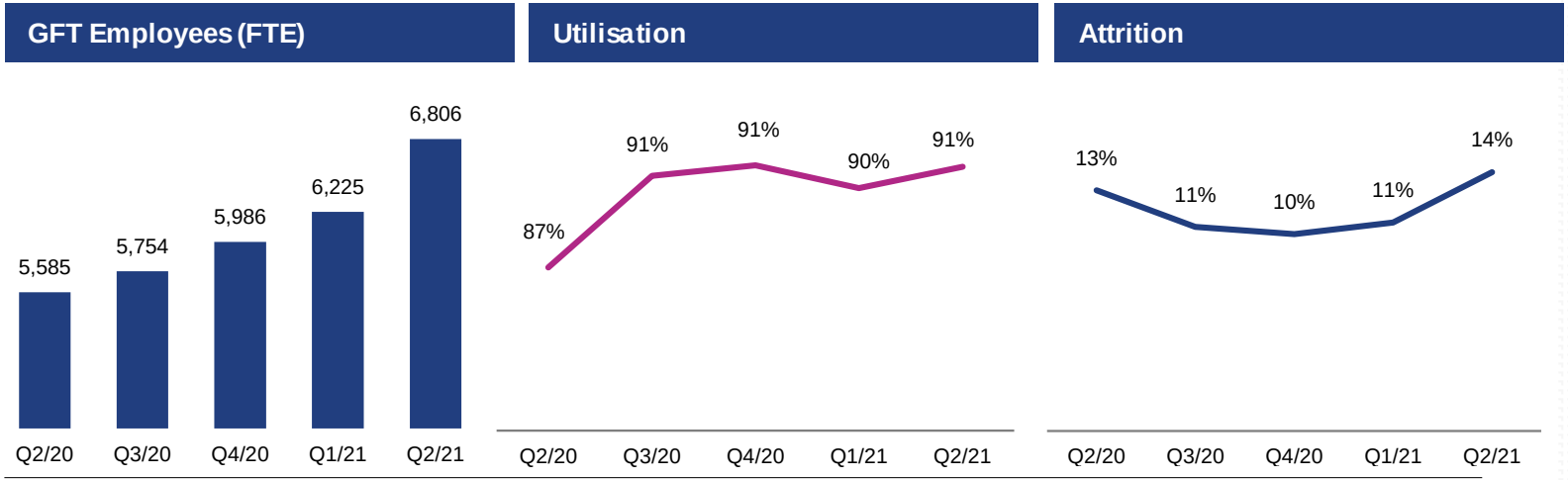
- **Balance sheet total** with €416.64m essentially on prior-year end level (31/12/2020: €414.87m). Slight increase attributed to receivables from contracts with clients. Opposite effect from decline in property, plant and equipment
- Decrease in **non-current assets** by €10.93m primarily driven by reduced property, plant and equipment resulting from adjustments to the term of office leases. Non-current assets at 50% of balance sheet total (31/12/2020: 53%)
- Decline in **cash and cash equivalents** by 2% to €69.73m impacted by repayment of bank loans and dividend payment to shareholders
- **Other current assets** up by €13.84m to €138.54m in particular due to increased contract assets associated with positive business trend





- Currency-adjusted increase in **equity** of €6.82m due to net income exceeding dividend payment to shareholders. Equity ratio improved by 3 percentage points to 34% (31/12/2020: 31%)
- Decline of **non-current liabilities** by €28.88m to €95.11m primarily following redemption of bank loans amounting to €20.16m. Furthermore, decrease in other financial liabilities by €4.91m resulting from declining volume of real estate lease liabilities
- **Current liabilities** at €181.28m, rise by €18.54m mainly attributable to increased personnel related obligations as well as income and other taxes opposed by closing date related lower contract liabilities

Employees – FTE at record high, utilisation significantly up



- Continuous growth in employees esp. in Brazil
- Utilisation in the second quarter at 91%, significantly above Covid-19 burdened prior year (Q2/2020: 87%)
- Attrition increased again as expected. Figures during 2020 were below long-term average due to Covid-19
- In addition, external contractors amounted to 1,062 (H1/2020: 623) (headcount, not reflected in the figures above)

04.

Outlook FY 2021e

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The way forward for 2021

Megatrend digitisation drives growth

- High growth dynamic in Americas, UK & APAC
- Expected comeback in Continental Europe
- Banking sector sees new digital banking concepts
- **Insurance sector** with high demand in Canada, France & UK
- **Industry sector** will pick up
- Continued focus on **fast-growing technologies**
- Further reduction of **top-2 client concentration**

Targets 2021

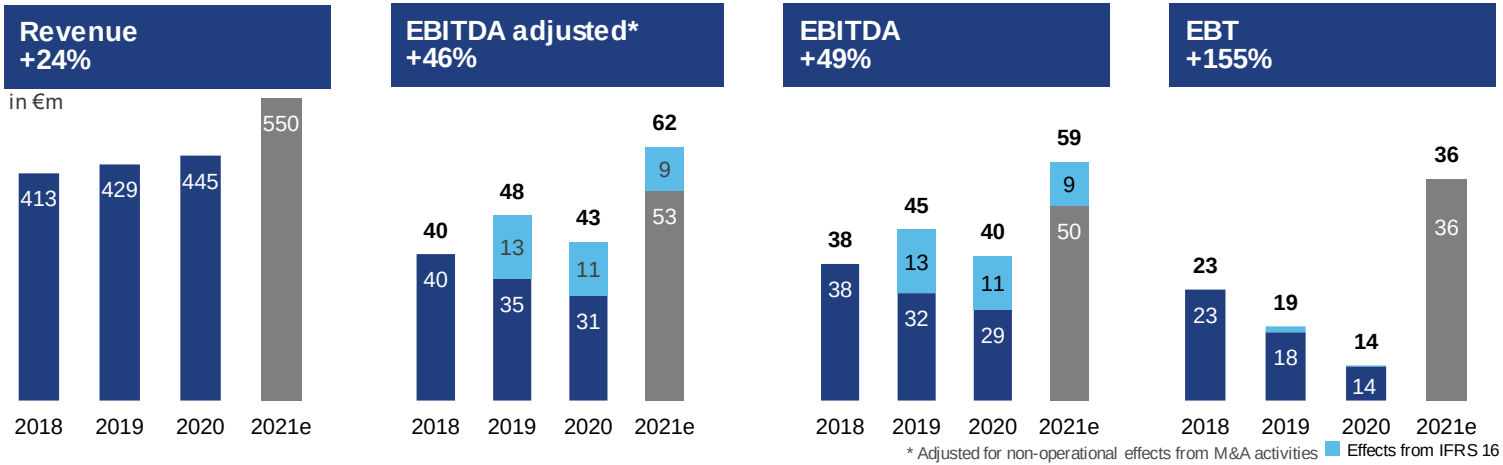
- » Growth: Insurance > Banking
- » Growth: Industry& Others > Banking
- » Revenue share 50% (2020: 42%)
- » Down to 16% (2020: 21%)

GFT key fundamentals

- Focus on double-digit revenue growth while improving earnings yoy
- Maintain solid balance sheet and cash position
- Seize bolt-on acquisition opportunities
- Shareholder friendly dividend policy with 20-50% net profit

*incl. Others

Outlook 2021 – accelerated growth, disproportionate rise in earnings



REVENUE

- Accelerated growth through Covid-19 related catch-up effects and high demand for digitisation solutions
- Sector and client diversification will improve; higher expected share of fast-growing technologies

EARNINGS

- Disproportionate increase driven by growth, margin improvements, efficiency gains and travel expense savings
- Focus on revenue growth requires continued high spending for sales activities and technological expertise

Backup

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Clients in 2020 – 54 new qualified clients

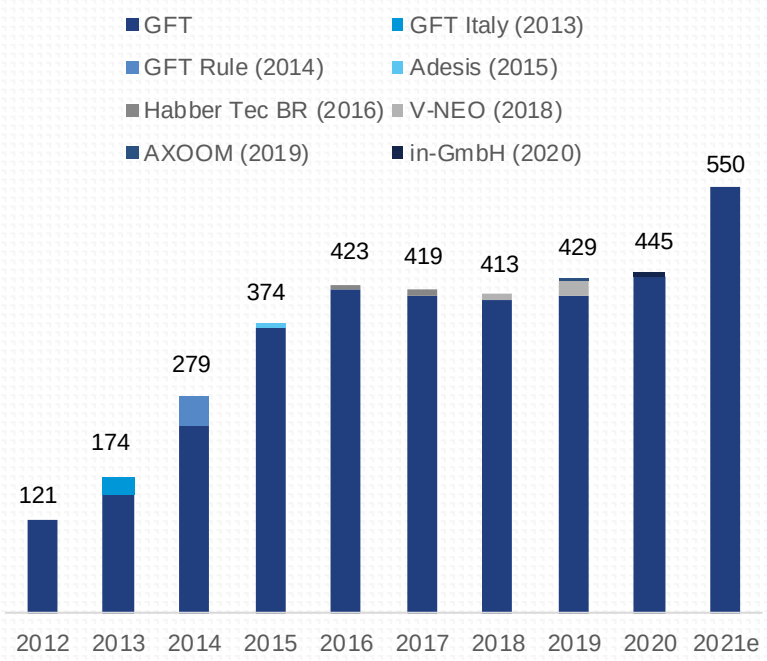
Revenue	2014	2015	2016	2017	2018	2019	2020*
< €1.0m	205	255	252	258	263	232	345
> €1.0m	20	30	38	35	48	52	45
> €5.0m	5	4	3	7	5	7	13
> €10.0m	3	5	6	5	5	7	7
Total	**233**	**294**	**299**	**305**	**321**	**298**	**410**

- Strong increase with clients below €1.0m annual revenue – securing 'land & expand' growth opportunities
- 54 new qualified clients added*

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

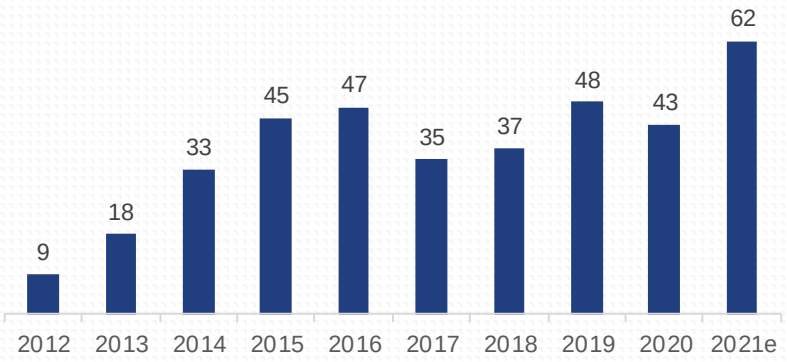
10-year development

REVENUE – 10y CAGR: 18.3%



EBITDA adjusted – 10y CAGR w/o IFRS 16: 21.8%

IFRS 16 effect 2021: €9m



Shaping the future of digital business

GFT Technologies SE

Marika Lulay
CEO

Schelmenwasenstraße 34
70567 Stuttgart

T +49 711 62042-429

marika.lulay@gft.com

GFT Technologies SE

Dr Jochen Ruetz
CFO

Schelmenwasenstraße 34
70567 Stuttgart

T +49 711 62042-422

jochen.ruetz@gft.com

GFT Technologies SE

Karl Kompe
Senior Investor Relations Manager

Schelmenwasenstraße 34
70567 Stuttgart

T +49 711 62042-323

karl.kompe@gft.com

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