

Investor presentation



GFT Technologies SE

March 2024

Our vision



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.



Always at the forefront



Technology evolves constantly.
We catch the most promising
waves and work with the best
partners to use this technology
profitably for our clients.

NextGen
Finance

Enterprise
AI & Data

Platform
Modernisation

Engineering Services
& Regulatory

Agenda



GFT at a glance

Growth path & Outlook

Financials

GFT at a glance



GLOBAL WORKFORCE (31/12/2023)

9,134 FTE
plus 1,140 contractors

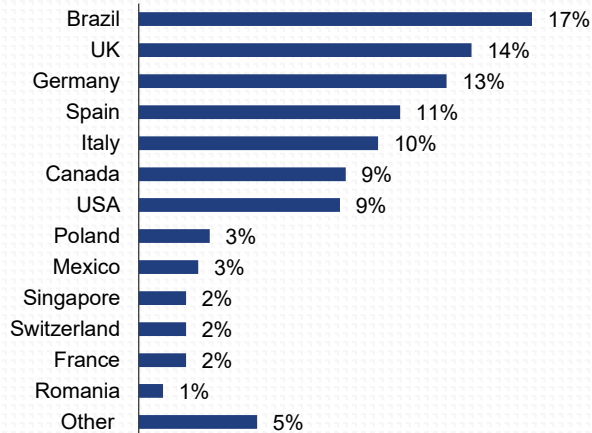
REVENUE 2023

€ 802m

ADJ. EBIT 2023

€ 73m

REVENUE BY MARKET (2023)



REVENUE BY SECTOR (2023)



73%
BANKING

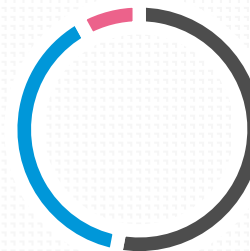


16%
INSURANCE



11%
INDUSTRY
& OTHERS

REVENUE BY SERVICES (2023)



■ Platform Modernisation **53%**
■ Engineering Services & Regulatory **39%**
■ AI & Data **8%**

We support our clients with tailor-made future solutions



2023
REVENUE
SPLIT

53%

PLATFORM MODERNISATION

Cloud migration, Mainframe
Modernisation, Open
API, Customer Centricity,
Digital Assets ...

Business in real-time

39%

ENGINEERING SERVICES & REGULATORY

Managed Services,
Engineering Services,
Regulatory Services,
Risk and Compliance services
...

License to operate

8%

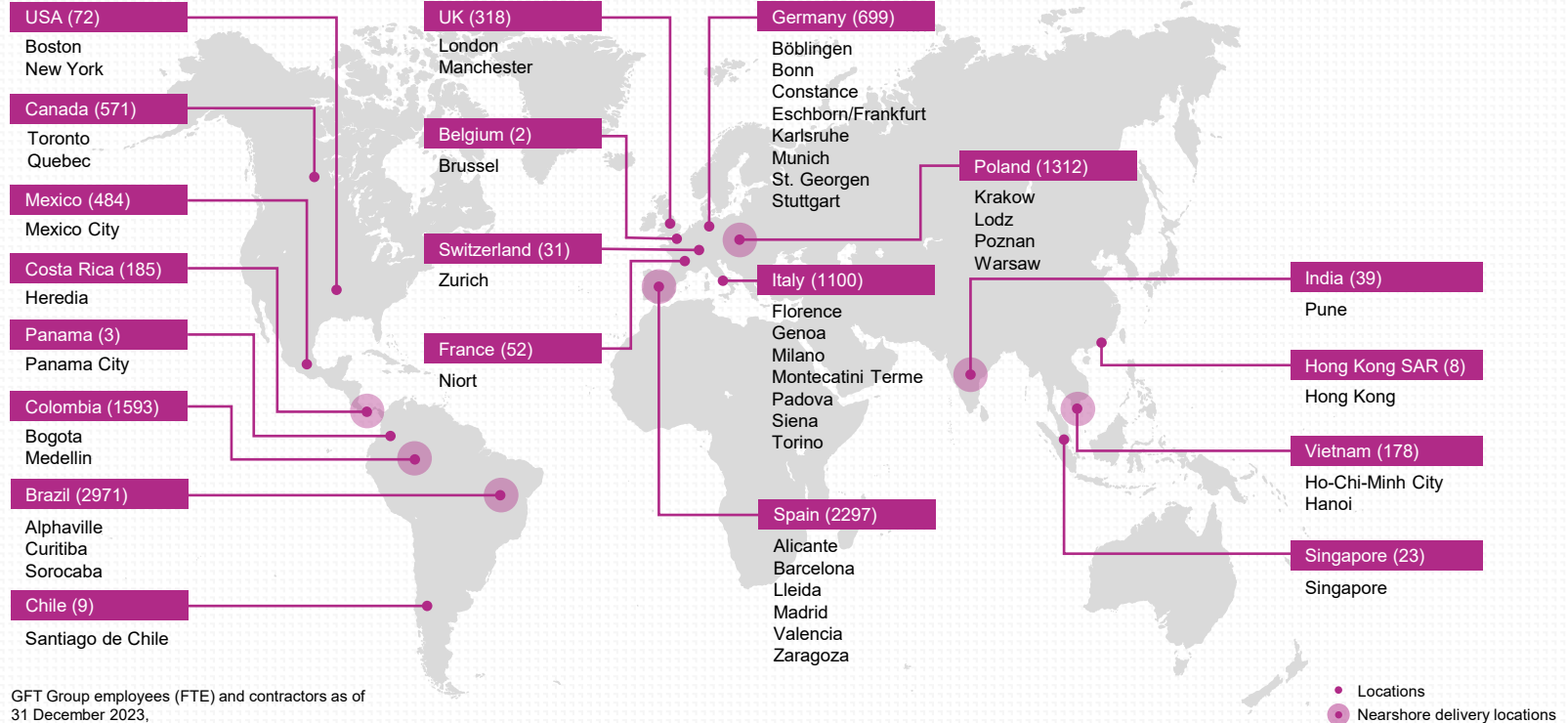
AI & DATA

Predictive and Generative
AI, AR/VR, Robotic Process
Automation (RPA), Bots/virtual
assistants, Data Engineering
...

Fast track to AI

BANKING, INSURANCE AND SELECTED INDUSTRIES

Proximity to clients: ~12,000 talents



GFT Group employees (FTE) and contractors as of 31 December 2023.
New Sophos employees included as preliminary headcount figures as of 29 February 2024

The GFT DNA



Catching the right tech waves



Working with strong partners



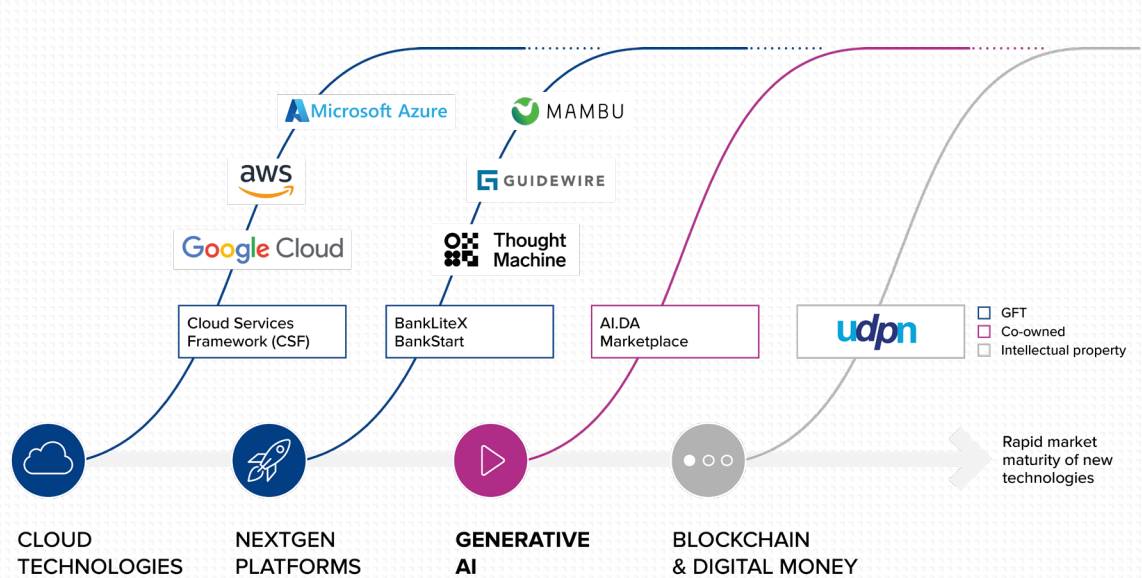
Ruthless focus on delivery



Agile@scale company culture



Programmatic M&A approach



Awards and recognitions



LEADER
Digital Banking

WINNER
Guidewire Award

STAR PERFORMER
Guidewire services

WINNER
Banking tech award

SERVICE PROVIDER
of the year

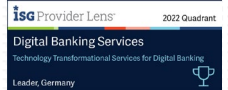
LEADER
Google Cloud



WINNER
Services Company of the Year



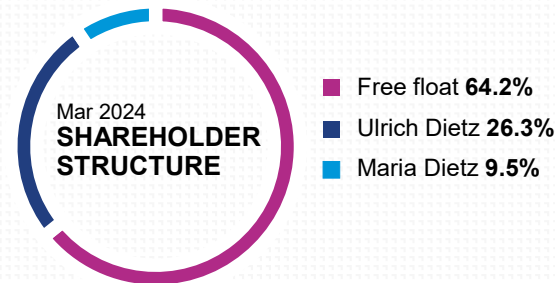
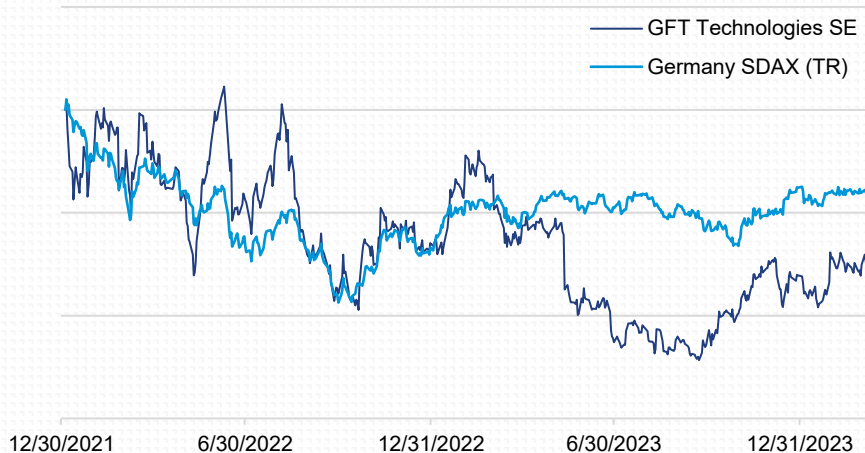
2023 IDC FinTech Rankings
Top 50 and Fast Track FinTech



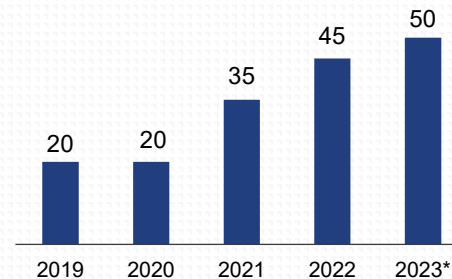
GFT share



- 6/6 analysts with BUY recommendation
- Average target price €45.00
- Share price as of 07/03/2024: 29.40 € (XETRA), upside potential: ~50%
- Attractive dividend policy



DIVIDEND PER SHARE IN €CENT



*Dividend proposal

Recognition for sustainability



Improving ESG performance



First time assessment **60**

Recognitions & commitments

WE SUPPORT



2019 signed UN Global Compact



2030 emissions reduction targets approved by the independent SBTi



In 2023, almost all GFT national companies certified

Our goals



Sustainability by design

We drive new solutions and services to support sustainability aspects like energy efficiency, privacy and digital inclusion.



Grow tech talent worldwide

People are at the heart of the digital transformation. We create & empower talent for the IT industry.

Agenda



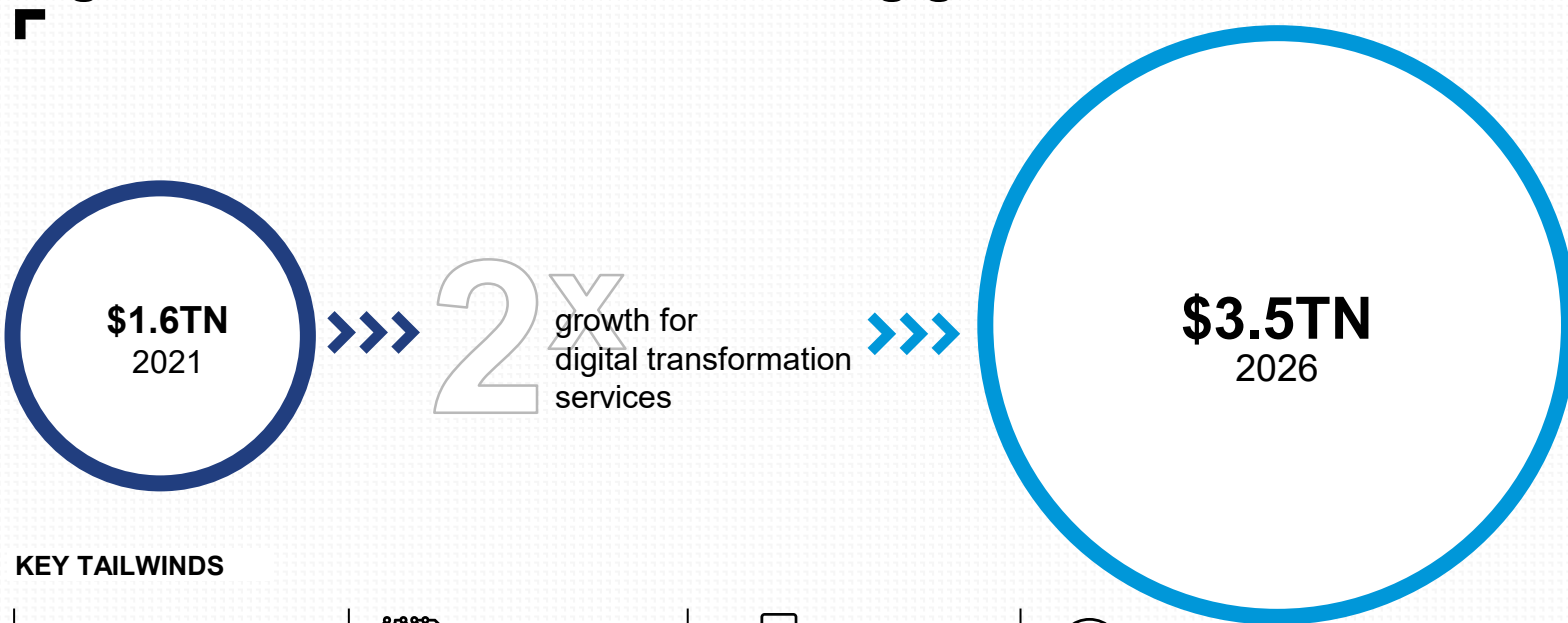
GFT at a glance

Growth path & Outlook


Financials




Digital transformation is our strong growth driver



KEY TAILWINDS


Cloud computing, digital platforms and IoT


Rapid advancement of AI


Customer experience at the forefront of growth

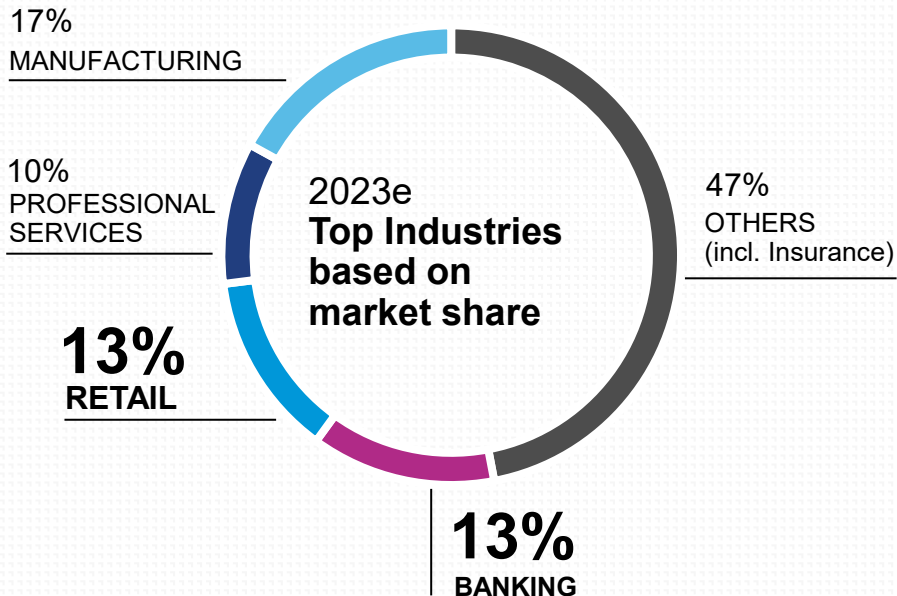

Continued digital IT adoption

Source: IDC Worldwide Digital Transformation Spending Guide, Feb. 2023

Global spending on AI is accelerating fast

Banking and Retail delivering highest AI investments in 2023

FORECAST GLOBAL AI SPENDINGS 2023



SPENDING ON AI CAGR 2022-2026E

+ 27%

SPENDING ON AI-CENTRIC SYSTEMS 2026E

> \$300 BILLION

Source: IDC Worldwide AI Spending Guide – Forecast 2023, Feb. 2023

Next Generation Platform: 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



GFT AI+DA Marketplace



USE CASE LIBRARY

- Visual Inspection
- Predictive Maintenance
- Customer Service
- Fraud Detection
- AI Engineering
- Shopfloor Management
- Knowledge Acquisition
- Manufacturing Analytics
- Project Portfolio Management
- Energy Management
- Software Development
- Voice-assisted Workflows

AI JOURNEY

Assessment & Strategy

- Domain expertise
- Innovation lab
- Fast prototyping

Implementation

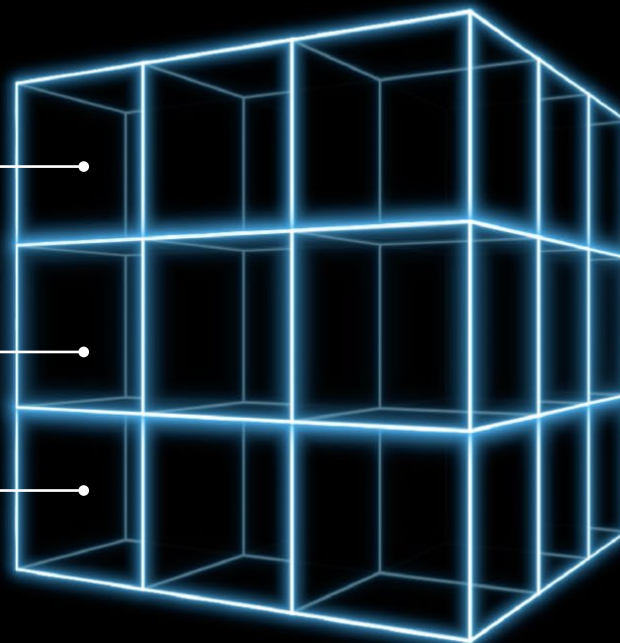
- Reference & security architectures
- Methodologies & accelerators
- Partner ecosystem

Operation

- Monitoring
- Retraining
- Adaption

MODERN DATA PLATFORM

- Integration
- Lake Engineering
- Data Modelling
- Distribution
- Governance



USE CASE #01

GFT Banking Agent



Connected to the core banking system the Generative AI-based agent answers queries and even executes transactions.

Delight customers | Cut costs | Demonstrate leadership in digital banking



USE CASE #02

GFT AI Impact Beta



Generative AI-based, engine-agnostic SW-development orchestration.

Enhances productivity up to 25% thanks to automated prompt generation, code suggestions, vulnerability checks, fixes and detailed logs.

Simplify onboarding | Accelerate digital transformation | Reduce technical debt



USE CASE #03

Visual inspection



AI used to monitor quality. Detect production irregularities more quickly, precisely and reliably for minimised rejects.

Decrease cost | Increase customer satisfaction



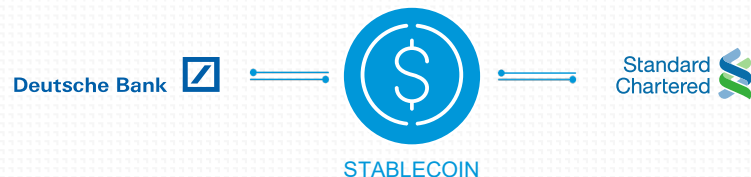
The Universal Digital Payments Network



- › UDPN is the payment infrastructure for the future of finance
- › Supports regulated fiat-backed stablecoins and CBDCs (Central Bank Digital Currency)
- › Leverages DLT to drive efficiency and transparency in digital payments while lowering the costs

FIRST TRANSACTION COMPLETED!

Real-time on-chain transfer and swap test transactions between USDC and EURS stablecoins on the infrastructure



KEY FEATURES



Interoperability

Seamless cross-border transactions using multiple technologies



Regulation

Focused on privacy and compliance supporting regulated digital currencies



Integration

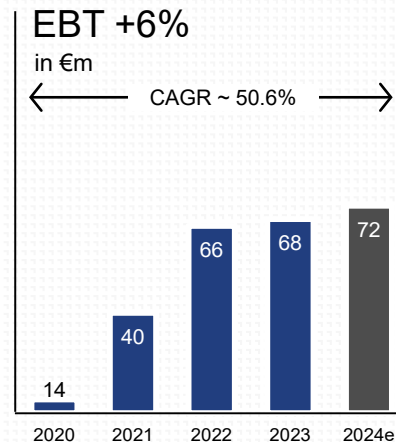
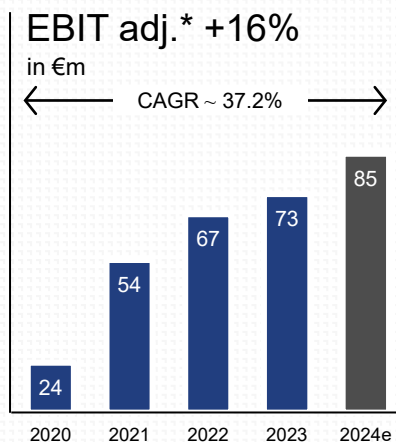
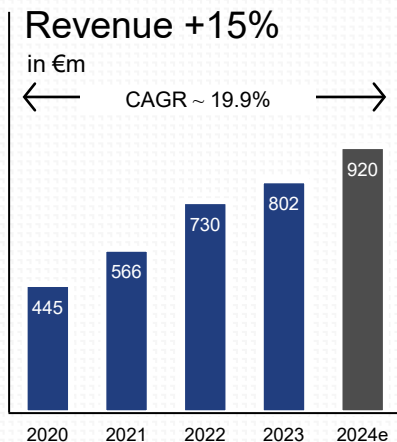
Easy integration with multiple existing IT systems of different enterprises



Decentralisation

Governance structure by an alliance of several geographically distributed entities

Outlook 2024: Revenue €920m – EBIT adj. +16%



* Adjusted for non-operational effects from M&A activities and share price-based effects in the valuation of management remuneration – see [key performance indicators \(gft.com\)](https://www.gft.com/key-performance-indicators), EBIT adj. and EBT are not proportionally depicted.

Revenue 2024e

- Revenue expected to rise to €920m (incl. €60m from Sophos acquisition)
- Still solid organic growth trend due to unique position in new technologies and structural strong demand for digital transformation
- Growth expected in every segment and across all sectors

Earnings 2024e

- EBIT adjusted expected to grow to €85m (incl. €8.0m from Sophos acquisition)
- Development above revenue growth due to overall better margin
- EBT expected to rise to €72m (€-9.5m effects from Sophos acquisition due to M&A effects and interest expenses)

Sophos M&A – GFT under top 3 providers across LATAM



STRATEGIC BENEFITS

- New hub for core banking solutions, AI and cloud modernisation in Americas
- Expanded delivery capacity and talent pool with excellent know-how
- Access to additional clients (Tier 1+2 financial institutions) in LATAM and new partners with impressive references
- Leverage Sophos nearshore capacity for clients in Latin America, other Spanish-speaking countries and the US
- Economies of scale

Largest M&A in our history!

Transaction details: 100% acquisition closed on Feb 1st, 2024 | cash deal, financed via own funds & extended credit lines

SOPHOS CONTRIBUTION
FY 2024e

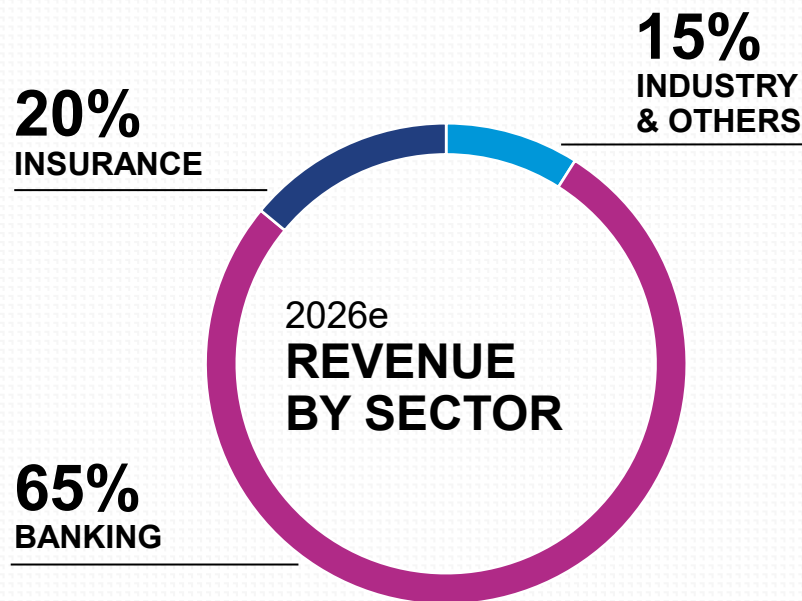
€~60_m REVENUE

€~8_m ADJ. EBIT

~1,700 EXPERTS

GFT will stay on its sustainable and profitable growth path benefiting from AI market trends

MILESTONES 2026



REVENUE GROWTH

> **2x market**

ADJ. EBIT MARGIN

> **10%**

UTILISATION

~ **91%**

CLIENTS > 5 m€ p.a.

> **50**

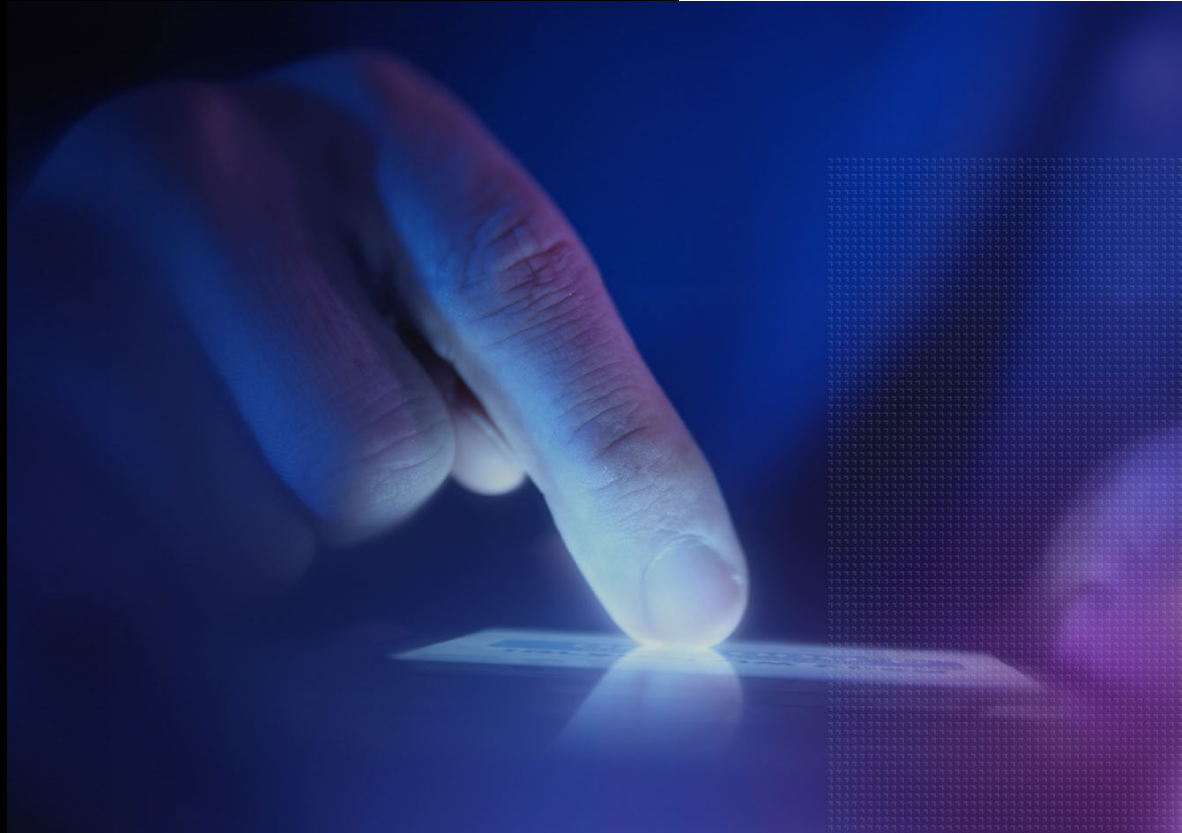
Agenda



GFT at a glance

Growth path & Outlook

Financials



GFT at a glance



- › Revenue growth +10%
- › Adj. EBIT +14% (excl. FX)
- › Higher dividend proposal of €0.50 (for FY 2022: € 0.45)
- › Smooth targens integration
- › Various ESG ratings improved (Ecovadis, CDP, S&P)
- › Launch AI.DA marketplace is paying off
- › Footprint in Americas strengthened via Sophos acquisition
- › All growth drivers intact

REVENUE 2023: +10%

€ 802_m

REVENUE BY SECTORS



- Banking 73%
- Insurance 16%
- Industry & Others 11%

ADJ. EBIT 2023: +9% (EXCL. FX +14%)

€ 73_m

OUTLOOK 2024

REVENUE

€ ~920_m

Adj. EBIT

€ ~85_m

2023 key figures – Solid growth of revenues and earnings



in €m	2023	2022	Δ
Revenue	801.74	730.14	10%
Order backlog	386.07	361.45	7%
EBITDA	89.76	86.04	4%
EBIT adjusted*	73.33	67.48	9%
<i>EBIT adjusted margin</i>	<i>9.1%</i>	<i>9.2%</i>	
EBIT	68.40	65.55	4%
EBT	68.00	66.05	3%
<i>EBT margin</i>	<i>8.5%</i>	<i>9.0%</i>	
Net income	48.36	46.25	5%
Earnings per share (in €)	1.84	1.76	5%
Employees (in FTE)	9,134	8,842	3%

- **Revenue:** +10% (FX effect: 0%)
- **Order backlog** above previous year, supported by first time integration of targets (€17.8m) - despite shorter order cycles
- **Adjusted EBIT*** increased by 9%, including
 - Capacity adjustments: €-5.0m (2022: €-2.7m)
 - FX effects of €-1.2m (2022: €+2.1m)
 - Excluding FX effects: +14%
- **Adjusted EBIT* margin almost stable** at 9.1% (2022: 9.2%)
- **EBT** up by 3% to €68.0m (2022: €66.1m)
- **Slightly reduced tax rate** of 29% (2022: 30%)

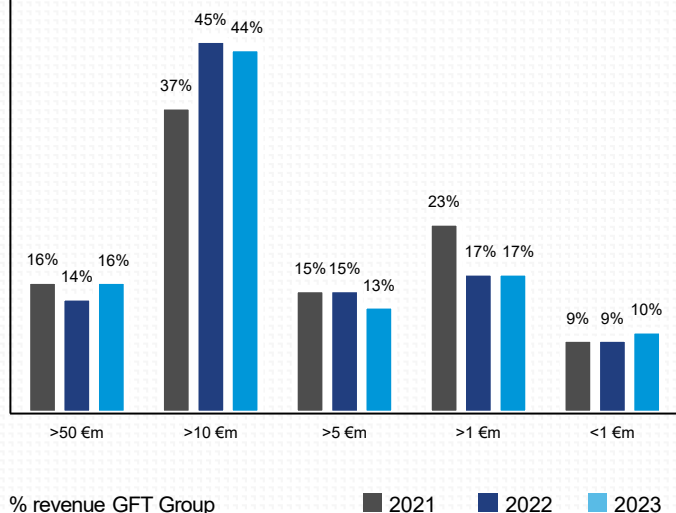
*Adjusted for non-operational effects from M&A activities and share-price-based effects in the valuation of management remuneration; for details, see [key performance indicators](#) (gft.com)

Disproportionate growth of Banking and Industry business

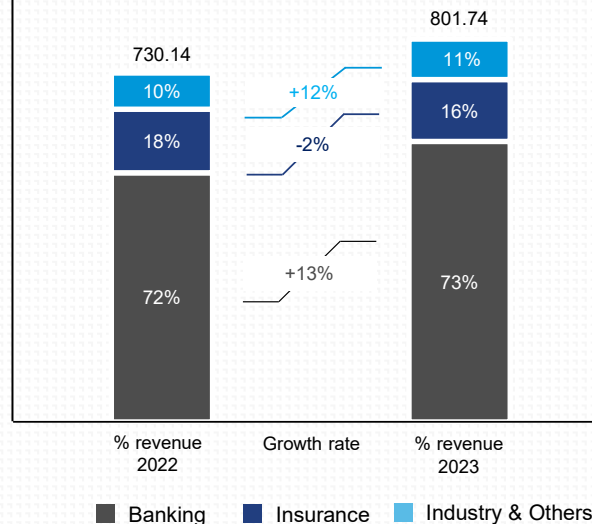


Well-balanced client portfolio

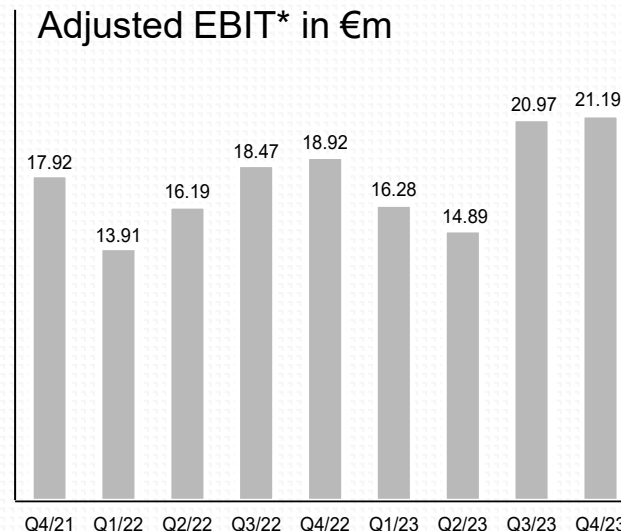
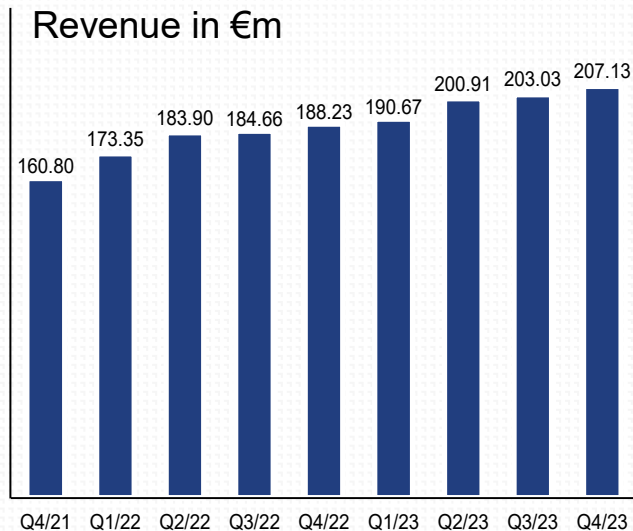
Largest client with 16% of total revenue



Disproportionate growth of Banking and Industry & Others



Steady revenue growth despite high market uncertainties



- **Q4/2023 vs. Q4/2022:** Solid revenue growth (+10%) and significant increase of adjusted EBIT* (+12%) despite FX headwinds, mainly driven by top line growth and improved utilisation
- **Q4/2023 vs. Q3/2023:** Moderate revenue growth (+2%); adjusted EBIT* remained on high level (+1%) mainly reflecting high utilisation rate, reduced negative FX impacts and turn-around of Brazilian business

*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 and earnings by segment



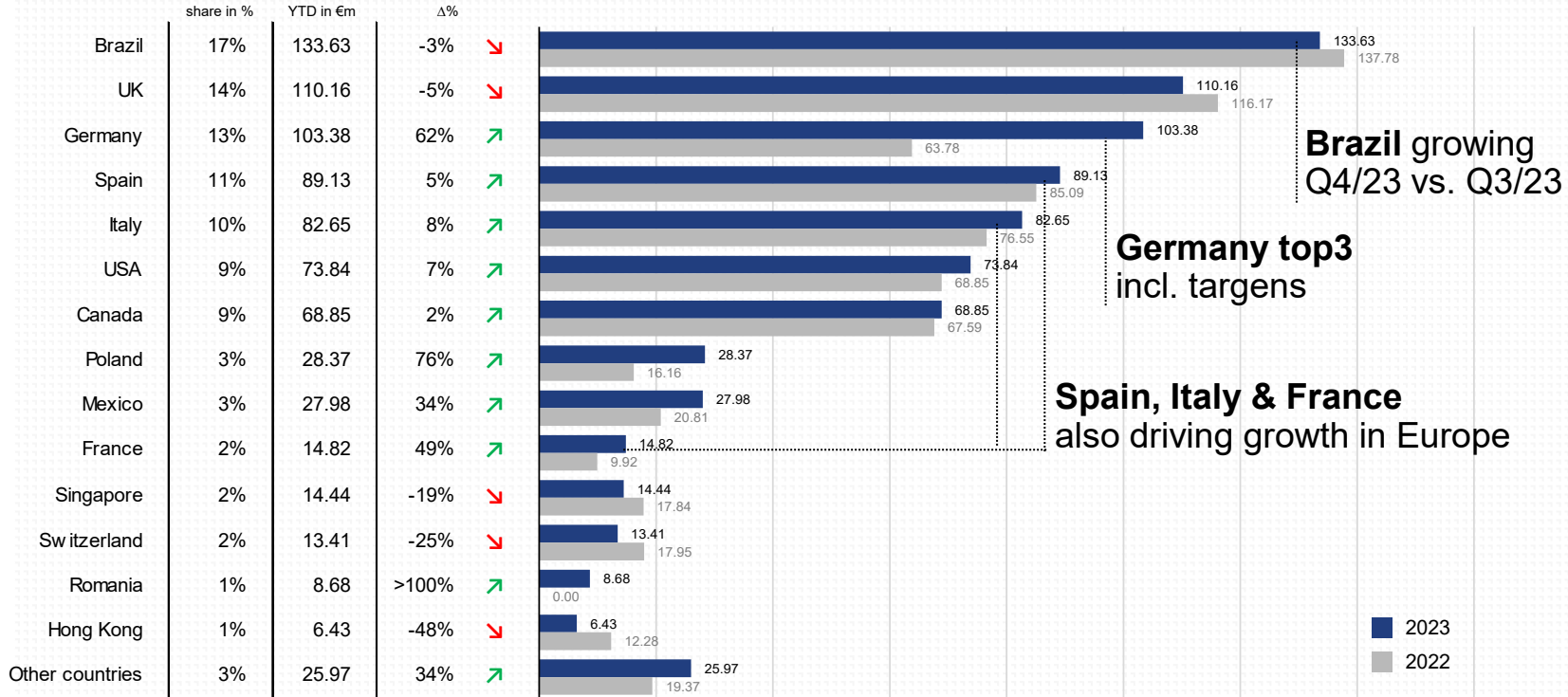
in €m	Revenue		Growth rates				EBIT adjusted*		
	2023	2022	Organic	M&A	FX	Total	2023	2022	Δ%
Americas, UK & APAC	467.77	459.52	3%	0%	-1%	2%	47.04	47.51	-1%
Continental Europe	333.05	269.90	11%	12%	0%	23%	34.19	26.69	28%
Others	0.92	0.72	n/a	n/a	n/a	n/a	-7.90	-6.72	-18%
GFT Group	801.74	730.14	6%	4%	0%	10%	73.33	67.48	9%

- Market position in **Americas, UK & APAC** slightly improved by 2% revenue growth. Strong growth in USA and Mexico, both mainly driven by the banking sector; adjusted EBIT burdened by weaker performance in Brazil, shift of profitable projects from UK to Poland and negative FX effects
- Dynamic growth in **Continental Europe** (+23%) mainly supported by first-time consolidation of acquired targens in Germany; main drivers: France, Italy and Spain as well as strong increase in Poland mainly due to the project shifts from UK; significant growth in adjusted EBIT by 28% supported by first time targens contribution and project shifts
- **GFT Group**: Organic revenue growth of 6% (excluding targens); improvement in adjusted EBIT of 9% due to higher utilisation – despite burdens from FX effects and 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](https://www.gft.com/key-performance-indicators)

Revenue by markets

Turn-around in Brazil solidified in Q4



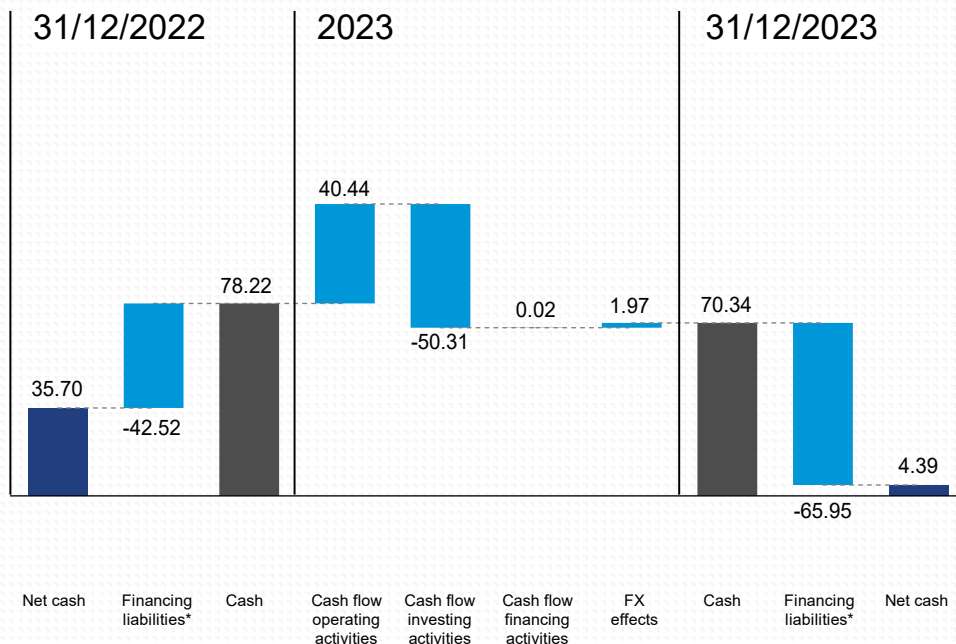
Income statement – Positive earnings performance



in €m	2023	2022	Δ%
Revenue	801.74	730.14	10%
Other operating income	16.27	16.34	0%
Cost of purchased services	-106.21	-105.08	1%
Personnel expenses	-541.66	-478.97	13%
Other operating expenses	-80.38	-76.39	5%
EBITDA	89.76	86.04	4%
Depreciation and amortisation	-21.36	-20.49	4%
EBIT	68.40	65.55	4%
Interest income/expenses	-0.40	0.50	< -100%
EBT	68.00	66.05	3%
Income taxes	-19.64	-19.80	-1%
Net income	48.36	46.25	5%
Earnings per share (in €)	1.84	1.76	5%

- **Revenue** growth primarily attributed to increased sales and price enforcement in the banking sector – boosted by persistent digitisation pressure of customers
- **Other operating income** essentially at previous year's level
- Ratio of **cost of purchased services** to revenue down to 13% (2022: 14%)
- Increase in **personnel costs** predominantly due to larger workforce in Germany (acquisition related), Spain and Italy. Ratio of personnel expense excluding capacity adjustments plus purchased services to revenue increased to 80% (2022: 80%)
- **Other operating expenses** increased mainly due to increased costs for IT licenses, marketing and sales as well as higher personnel-related expenses
- **Income taxes** slightly below prior year's level. Effective tax rate at 28.9% (2022: 30.0%) due to lower non-deductible operating expenses

Cash flow analysis (€m) – Resilient funding structure



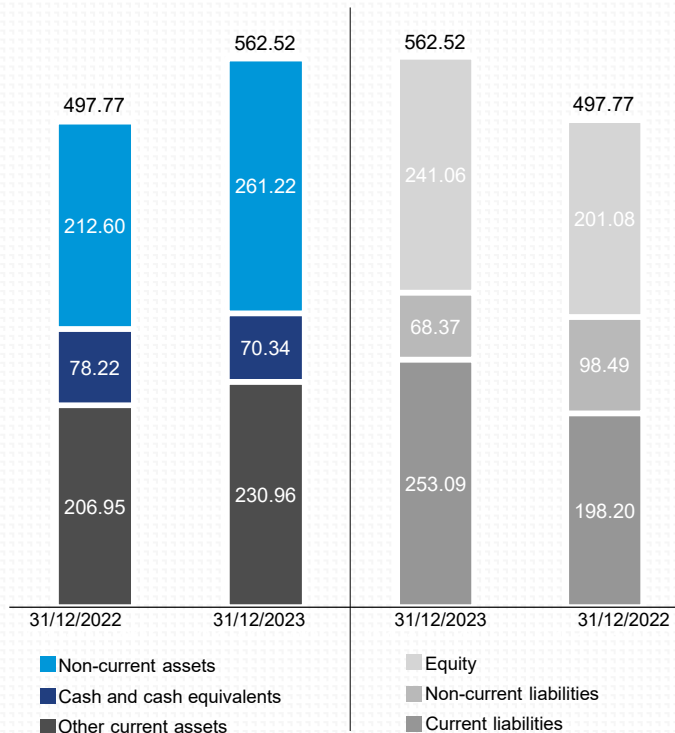
- **Net cash** down at €4.39m (31/12/2022: €35.70m) | Despite targens acquisition, financing structure remains robust and represents economic solidity; undrawn credit lines of €46.35m (31/12/2022: €51.31m)
- Decline of **Group cash** to €70.34m (31/12/2022: €78.22m) mainly resulting from investing activities and a negative one-off effect in the operating cash flow
- **Cash flow from operating activities** of €40.44m (2022: €57.49m) burdened by transfer of grants received for third-party account of €14.34m. Positive working capital trend in the second half of the year
- **Cash flow from financing activities** of €0.02m (2022: €-44.94m) primarily impacted by net bank borrowings of €23.43m (2022: net repayment of €26.32m) due to the partial debt financing of the targens purchase
- **Cash flow from investing activities** of €-50.31m (2022: €-7.68m) substantially driven by cash outflows related to the targens acquisition amounting to €46.25m

*Financing liabilities include liabilities to banks

Balance sheet (€m) – Equity ratio improved

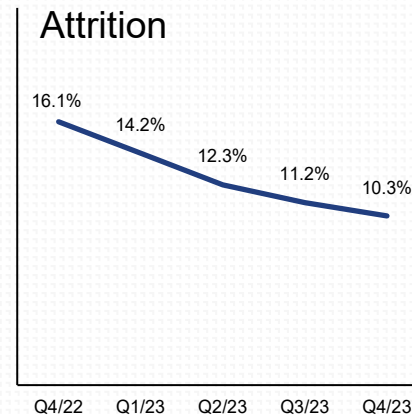
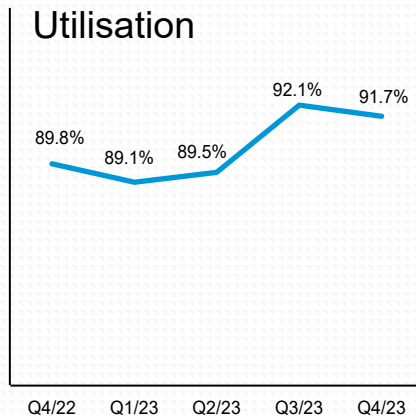
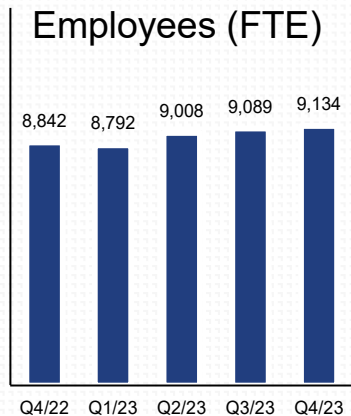


- Rise in **balance sheet total** by 13% to €562.52m essentially attributed to targens acquisition
- **Non-current assets** up by 23% to €261.22m (31/12/2022: €212.60m). Increase mainly due to the purchase price allocation for targens, whereof €37.70m relate to goodwill. Non-current assets as a proportion of total assets rose to 46% (31/12/2022: 43%)
- Decline in **cash and cash equivalents** by €7.88m to €70.34m primarily due to the self-financed proportion of the targens purchase price, the evolution of operating cash flow and the dividend to shareholders
- **Other current assets** up by €24.01m to €230.96m (31/12/2022: €206.95m) resulting from increased (conditional) trade receivables and prepaid expenses, particularly for IT licenses, as well as increased government grants



- **Equity** currency-adjusted up by €36.49m (+18%); net income of €48.36m primarily exceeds dividend to shareholders of €11.85m | equity ratio improved by three percentage points to 43% (31/12/2022: 40%)
- **Non-current liabilities** down at €68.37m (31/12/2022: €98.49m). Decrease largely attributed to term related reclassifications of bank liabilities (€22.17m) and payroll tax related liabilities (€7.40m) to short-term debt
- Increase of **current liabilities** to €253.09m (31/12/2022: €198.20m) mainly due to additional bank borrowings of €35.00m to finance the targens acquisition, term-related reclassifications from non-current liabilities (see above) and higher income taxes. Effects partly offset by decreased other liabilities (€-8.41m) associated with lower deferred income

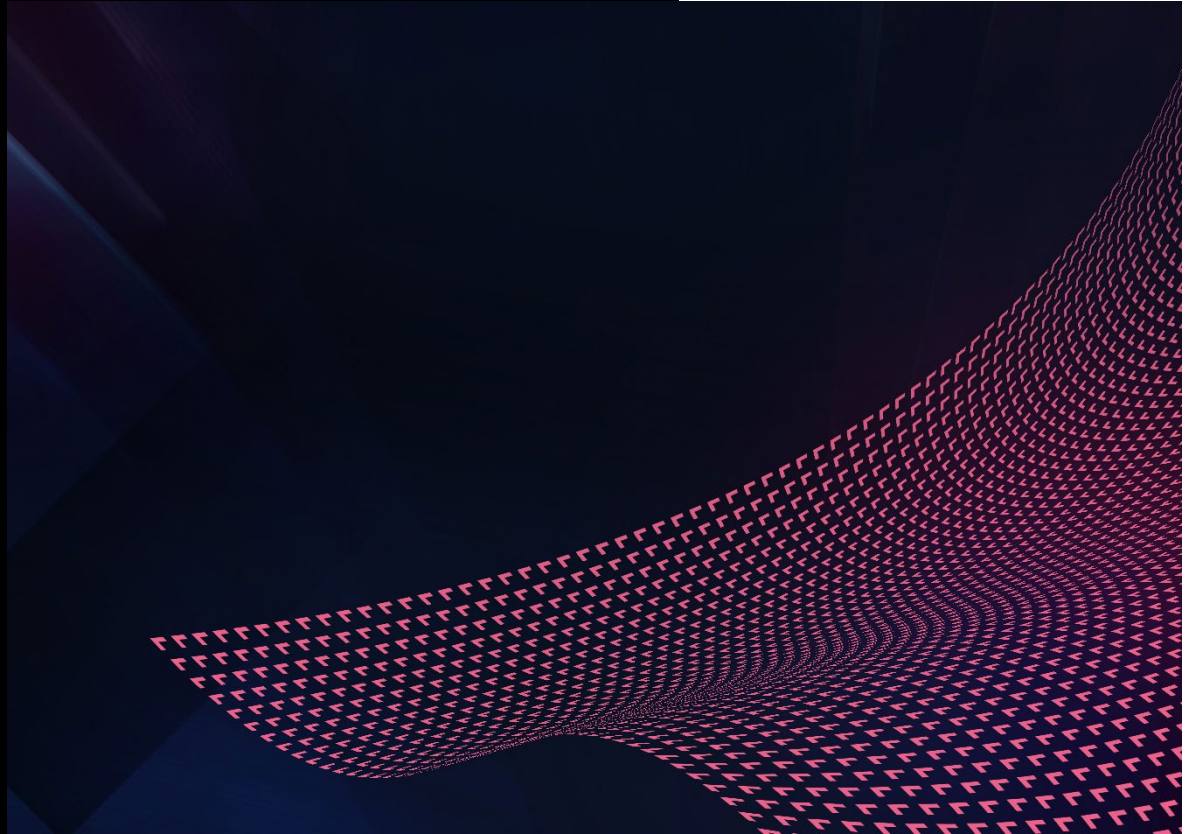
Moderate employee growth, Attrition significantly reduced



- Workforce up by 3% compared to year end 2022:
 - ↑ Costa Rica, France, Germany (mainly related to targens acquisition), Italy, Spain
 - ↓ Brazil, Canada, Mexico, Poland, Vietnam
- Number of external contractors excl. targens 13% down to 1,108 (1,140 incl. targens) compared to year-end 2022 with 1,275 (excl. targens)
- Utilisation rate about 2 percentage points up to 92% (Q4/2022: 90%)
- Attrition: average of last 12 months significantly reduced to 10% (Q4/2022: 16%)

Backup

┌



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



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



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



Sustainability and commitment

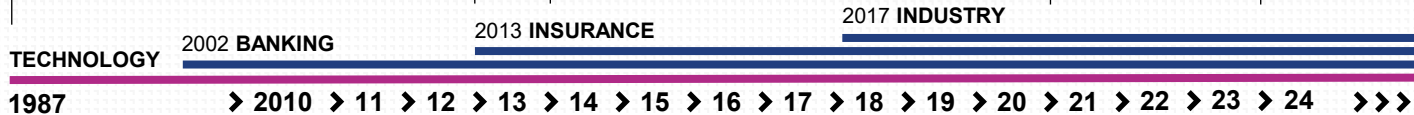
- CEO & CFO more than ten years with GFT
- Two anchor shareholders own 36 % of shares
- Commitment to grow IT talent worldwide, with Great Place to Work certification
- GreenCoding initiatives

35+ years of strategic expansion



GLOBALISATION

- 1987 founded by Ulrich Dietz
- 1997 Switzerland
- 2001 Spain and UK
- 2005 Brazil
- 2008 USA



MILESTONES

- 1990 Major project: GRIT (Object-oriented environment for graphical user interfaces)
- 1999 IPO
GFT being listed on the German stock exchange
- 2001 Large IT-outsourcing Deutsche Bank (DE, ES)
- 2002 Nearshore development centre (ES)
- 2004 CMMI® Certification



As of 1 February 2024

High level of trust reflected by 57 new qualified clients



Revenue	2023	2022	2021	2020	2019
< €1.0m	436	364	370	344	231
> €1.0m	61	55	54	44	51
> €5.0m	14	13	12	13	7
> €10.0m	22	22	12	7	7
Total	533	454	448	408	296

- Large client accounts above €5.0m or €10m annual revenue remained stable – high level of trust in our services and expertise in challenging times
- Increase of smaller accounts (below €1.0m) driven by targens acquisition & AI projects
- ‘land & expand’ strategy still paying off
- 57 (2022: 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

Results at a glance per quarter



in €m	Q1/2022	Q2/2022	Q3/2022	Q4/2022	FY2022	Q1/2023	Q2/2023	Q3/2023	Q4/2023	FY2023
Revenue	173.35	183.90	184.66	188.23	730.14	190.67	200.91	203.03	207.13	801.74
EBITDA	18.52	20.86	23.84	22.82	86.04	19.89	20.66	24.94	24.27	89.76
EBIT adjusted*	13.91	16.19	18.47	18.92	67.48	16.28	14.89	20.97	21.19	73.33
EBIT	13.45	15.57	18.63	17.90	65.55	14.83	15.11	19.63	18.83	68.40
EBT	13.42	15.74	18.75	18.14	66.05	15.04	15.00	19.34	18.62	68.00
Net income	9.58	11.11	13.09	12.47	46.25	10.54	10.43	13.87	13.52	48.36
Earnings per share (in €)	0.36	0.43	0.49	0.48	1.76	0.40	0.40	0.52	0.52	1.84
Employees (in FTE)	8,120	8,451	8,766	8,842	8,842	8,792	9,008	9,089	9,134	9,134

*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)

Segment report



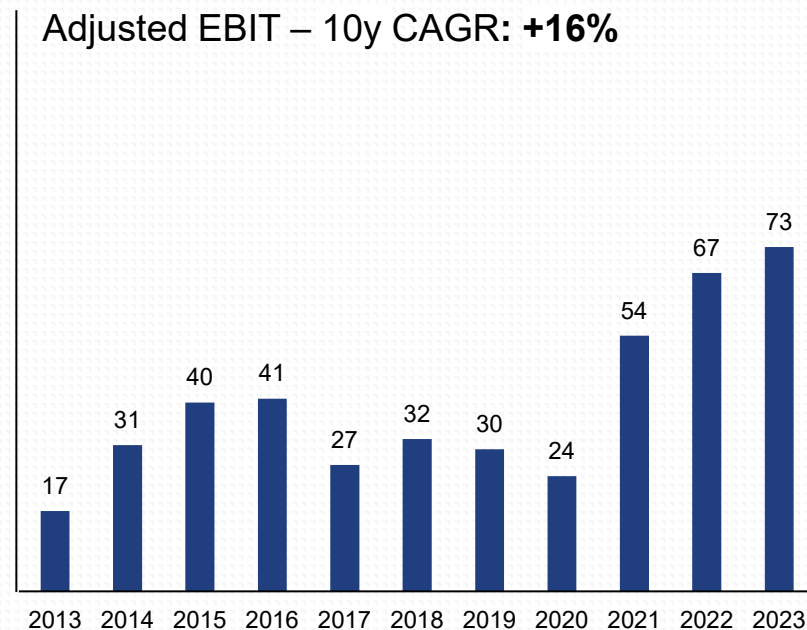
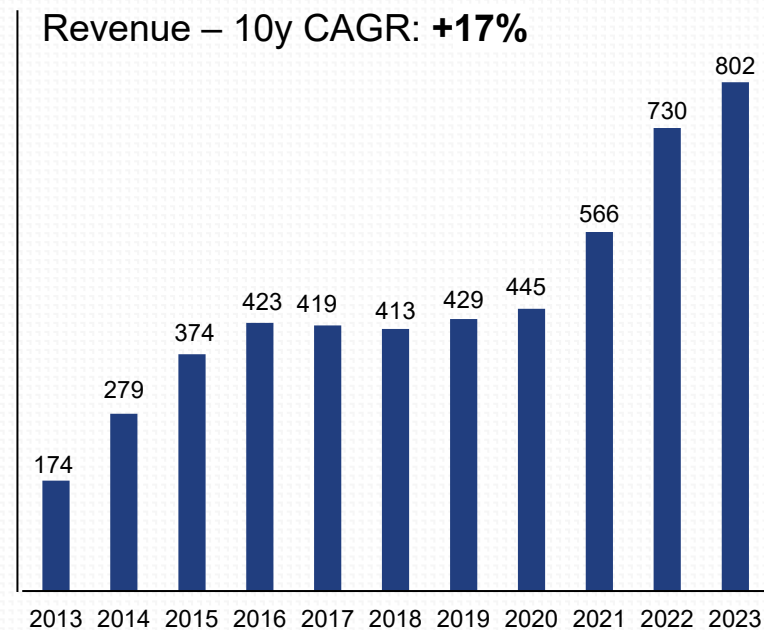
in € thsd.	Americas, UK & APAC		Continental Europe		Total segments		Reconciliation		GFT Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External revenue	467,767	459,520	333,054	269,900	800,821	729,420	916	716	801,737	730,136
Intersegment revenue	4,817	6,135	92,749	90,794	97,566	96,929	-97,566	-96,929	0	0
Total revenue	472,584	465,655	425,803	360,694	898,387	826,349	-96,650	-96,213	801,737	730,136
Segment result (EBT)	45,456	44,635	31,429	26,535	76,885	71,170	-8,883	-5,123	68,002	66,047
thereof depreciation and amortisation	-6,999	-8,285	-12,972	-10,436	-19,971	-18,721	-1,388	-1,773	-21,359	-20,494
thereof interest income	3,286	1,996	1,099	453	4,385	2,449	-1,279	-588	3,106	1,861
thereof interest expenses	-2,343	-1,949	-1,133	-528	-3,476	-2,477	-25	1,117	-3,501	-1,360

Calculation adjusted EBIT 2023



in thsd. €	2023	2022
Revenue	801,737	730,136
EBIT adjusted	73,329	67,482
M&A Amortisation PPA	-5,155	-4,177
M&A Acquisition related costs	-469	0
Share-price related effects from valuation of management remuneration	692	2,241
EBIT	68,397	65,546
Interest	-395	501
EBT	68,002	66,047
EBIT adjusted margin	9.1%	9.2%
EBT margin	8.5%	9.0%

10-year development



Shaping the future of digital business



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