

Interim Statement 9M/2022

GFT Technologies SE | 10 November 2022

Agenda

1. **Highlights 9M/2022**
2. Results 9M/2022
3. Outlook 2022

Continued growth in the first nine months of 2022

Further upgrade in earnings outlook



Strong demand for digital transformation projects remains unchanged

- Growth through new clients and sustained digitalisation pressure in our core markets
- Growth driver: complex and long-term modernisation and transformation projects
- More than 10,000 experts at work for clients
- Successful price and cost management

› Outlook for 2022 raised once again

- Revenue: €730m (+29% compared to previous year)
- EBITDA adj.: €87m (+34% compared to previous year)
- EBT: €66m (+65% compared to previous year)



Performance 9M/2022

- › **+34%** revenue
- › **+70%** EBT
- › **+51%** in Insurance sector
- › **+51%** in Industry & Others sector
- › **+27%** in Banking sector
- › **+20%** employees
- › **39%** equity ratio

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Strong growth in all key figures, especially EBT



in €m	9M/2022	9M/2021	Δ%
Revenue	541.91	405.39	34%
Order backlog	264.46	214.70	23%
EBITDA adjusted*	63.22	46.13	37%
EBITDA	63.22	44.19	43%
EBIT	47.65	28.87	65%
EBT	47.91	28.13	70%
Net income	33.78	21.09	60%
Earnings per share (in €)	1.28	0.80	60%
Earnings per share adjusted (in €)*	1.40	0.98	43%
Employees (in FTE)	8,766	7,286	20%

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

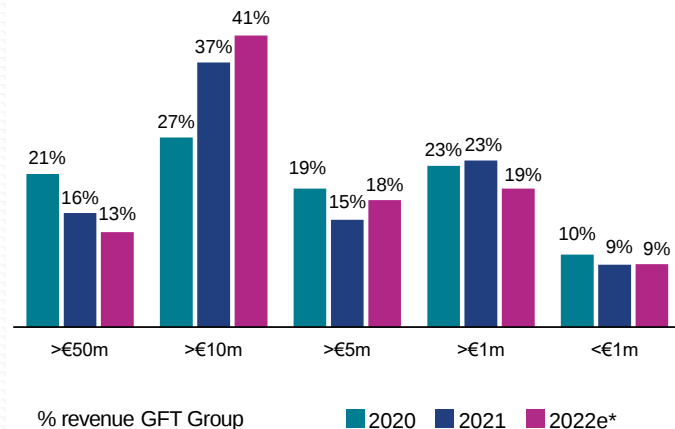
- **Revenue:** plus 34% (thereof plus 8% FX effects)
- **Order backlog** again significantly above previous year
- **Adjusted EBITDA** grows by 37%
 - Utilisation 9M/2022 stable at 90.2% (Q3/2022: 91%)
 - Capacity adjustments of €-2.23m (9M/2021: €-1.81m)
 - FX effects of €2.09m (9M/2021: €-1.38m)
 - Share price-based effects in the valuation of management remuneration amounting to €2.36m (9M/2021: €-1.45m)
- Disproportionately strong increase in **EBT**
- **EBT margin** rises to 8.8% (9M/2021: 6.9%)
- **Tax ratio** above previous year at 29% (9M/2021: 25%)

Diversification further improved



Well-balanced client portfolio

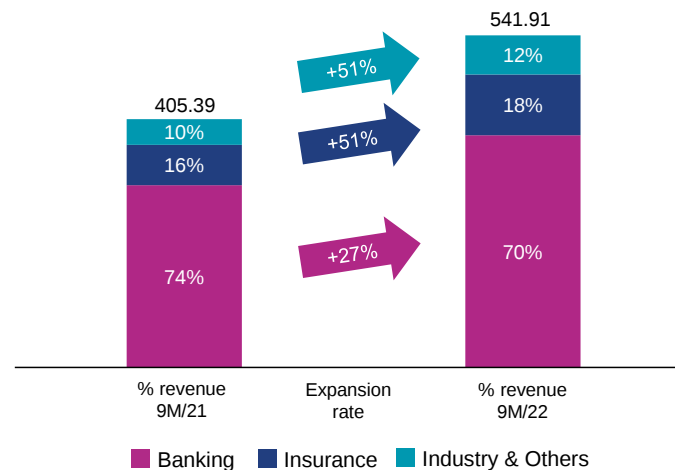
Largest client with approx. 13% of total revenue*



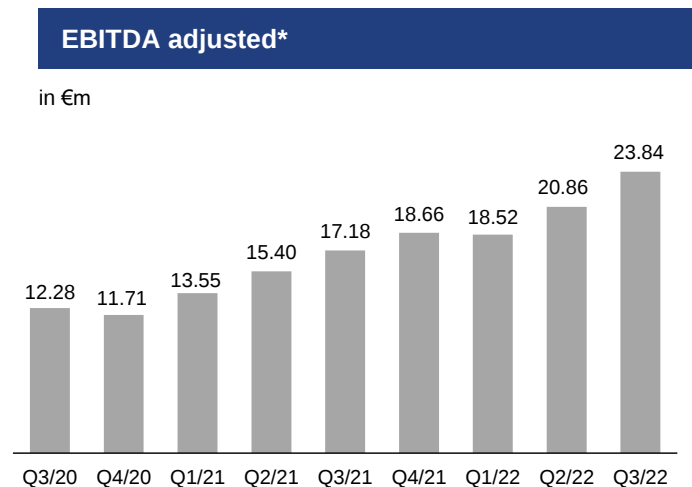
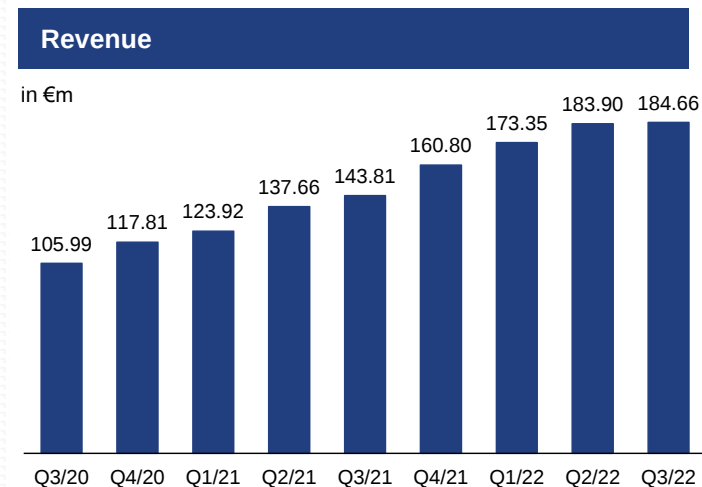
*Annualised extrapolation for 2022 based on the past three quarters

All sectors with strong growth

Insurance and Industry & Others grow by more than 50%



Revenue and EBITDA adjusted by quarter



- **Q3/2022 vs. Q2/2022:** slight revenue growth of 0.4%, EBITDA adjusted rises 14%
- **Q3/2022 vs. Q3/2021:** revenue plus 28%; EBITDA adjusted increases by 39%

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

Revenue by segment



in €m	Revenue		Growth rates			
	9M/2022	9M/2021	Organic	M&A	FX	Total
Americas, UK & APAC	342.25	223.09	40%	0%	13%	53%
Continental Europe	199.16	182.14	9%	0%	0%	9%
Others	0.50	0.16	n/a	n/a	n/a	n/a
GFT Group	541.91	405.39	26%	0%	8%	34%

- **Americas, UK & APAC:** Strong market position further extended with growth of more than 50%. Strong growth especially in Brazil (+84%), Mexico (+31%), USA (+54%) and UK (+23%), each significantly driven by the banking sector, and Canada (+54%) with strong growth in insurance
- **Continental Europe:** Continued growth (+9%); strongest growth in Switzerland (+49%)
- **GFT Group:** Organic revenue growth of 26%, FX effects of +8%. Total revenue growth of 34%

Earnings by segment



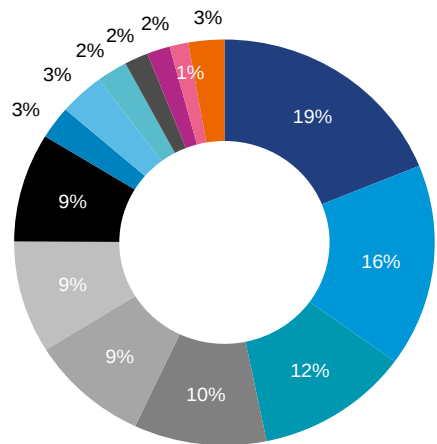
in €m	EBITDA adjusted*			EBITDA			EBT		
	9M/2022	9M/2021	Δ%	9M/2022	9M/2021	Δ%	9M/2022	9M/2021	Δ%
Americas, UK & APAC	38.72	25.05	55%	38.72	23.12	67%	32.26	16.91	91%
Continental Europe	26.90	24.68	9%	26.90	24.67	9%	18.82	15.82	19%
Others	-2.40	-3.60	33%	-2.40	-3.60	33%	-3.17	-4.60	31%
GFT Group	63.22	46.13	37%	63.22	44.19	43%	47.91	28.13	70%

- **Americas, UK & APAC:** Significant EBT increase of 91%. Client demand for complex digitalisation solutions remains high. Earnings influenced by positive FX effects (21 percentage points of EBT growth)
- **Continental Europe:** High customer demand and strong brand are reflected in EBT growth of 19%
- **GFT Group:** EBT growth of 70%, thereof 13 percentage points from FX effects

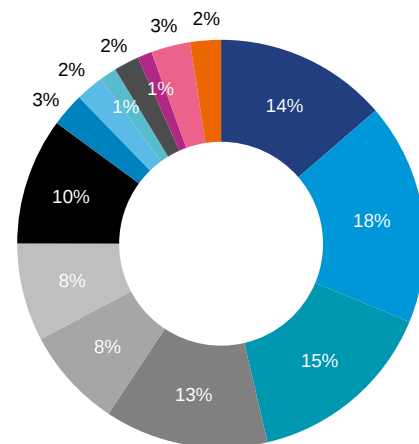
*Adjusted for non-operational effects from M&A activities; Adjustments only in prior year

Revenue by markets

Seven individual markets with growth of >30%



9M/2022	in m€	Δ%	9M/2021
103.14	Brazil	84%	56.02
88.27	UK	23%	7197
64.64	Spain	5%	6176
55.84	Italy	5%	53.09
50.06	Canada	54%	32.57
48.97	USA	54%	3177
47.48	Germany	15%	4119
14.30	Mexico	31%	10.90
13.49	Switzerland	49%	9.04
13.00	Singapore	>100%	5.56
10.03	Hong Kong (SAR)	23%	8.14
9.68	Poland	>100%	4.74
7.93	France	-38%	12.72
15.08	Other countries	>100%	5.92
541.91	Total	34%	405.39



Income statement – disproportionate earnings improvements

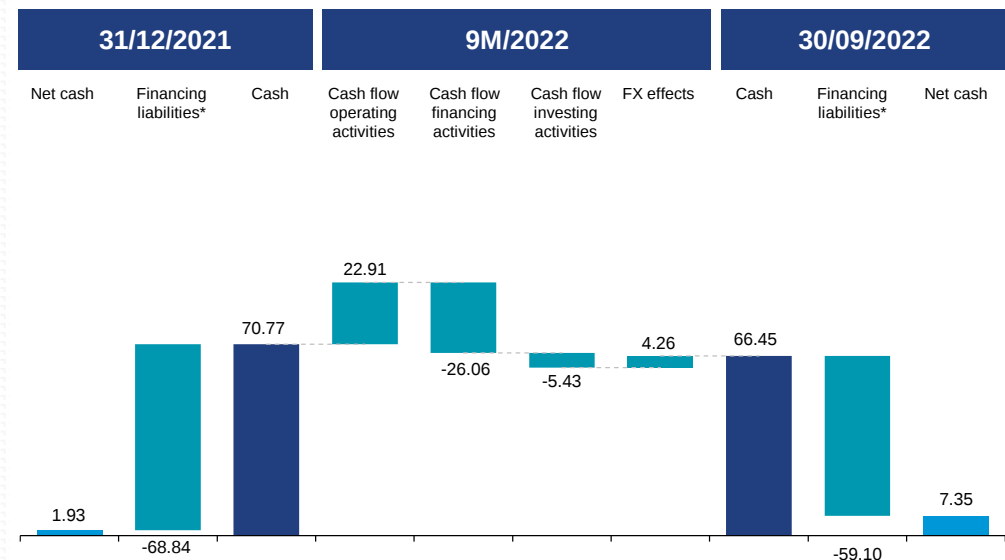


in €m	9M/2022	9M/2021	Δ%
Revenue	541.91	405.39	34%
Other operating income	11.86	8.13	46%
Cost of purchased services	-79.78	-56.79	40%
Personnel expenses	-355.57	-276.16	29%
Other operating expenses*	-55.20	-36.38	52%
EBITDA	63.22	44.19	43%
Depreciation and amortisation	-15.57	-15.32	2%
EBIT	47.65	28.87	65%
Interest income/expenses	0.26	-0.74	>100%
EBT	47.91	28.13	70%
Income taxes	-14.13	-7.04	>100%
Net income	33.78	21.09	60%
Earnings per share (in €)	1.28	0.80	60%

- Profitable **revenue growth** due to sustained demand for long-term and complex digitalisation solutions
- Increase in **other operating income** mainly driven by higher foreign exchange gains
- Ratio **cost of purchased services** to revenue of 15% slightly above prior-year level (9M/2021: 14%)
- Increased **personnel expenses** caused by higher average headcount, esp. in Brazil. Ratio of personnel expenses w/o capacity adjustments plus purchased services to revenue of 80% (9M/2021: 82%)
- Disproportionate strong increase in **other operating expenses** primarily due to higher personnel-related expenses and costs for IT licenses
- Increase in **effective tax rate** of 4 percentage points to 29% (9M/2021: 25%) mainly as a result of EBT improvements in countries with higher tax rates

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

Cash flow analysis (€m) – increased net cash



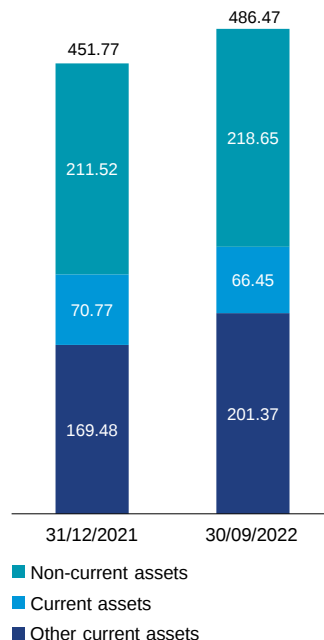
*Financing liabilities include liabilities to banks

- Unchanged solid **financing structure** with unused credit lines of €43.81m (31/12/2021: €35.08m) and improved net liquidity of €7.35m (31/12/2021: €1.93m)
- Slight decrease in **group cash** to €66.45m (31/12/2021: €70.77m) mainly due to increased funds tied up in trade receivables from customers and repayment of bank loans
- **Operating cash flow** of €22.91m below prior-year level (9M/2021: €30.97m) predominantly due to negative working capital effects
- **Cash flow from financing activities** of €-26.06m (9M/2021: €-31.52m) mainly influenced by redemption of bank loans amounting to €9.74m (9M/2021: €19.24m) as well as shareholder dividend of €9.21m (9M/2021: €5.27m)
- **Cash flow from investing activities** of €-5.43m (9M/2021: €-4.89m) primarily characterised by capital expenditures in property, plant and equipment

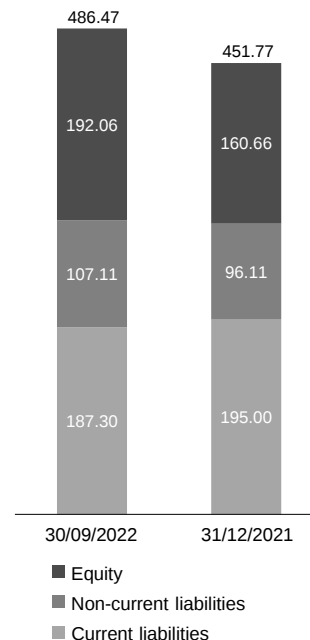
Balance sheet (€m) – improved equity ratio



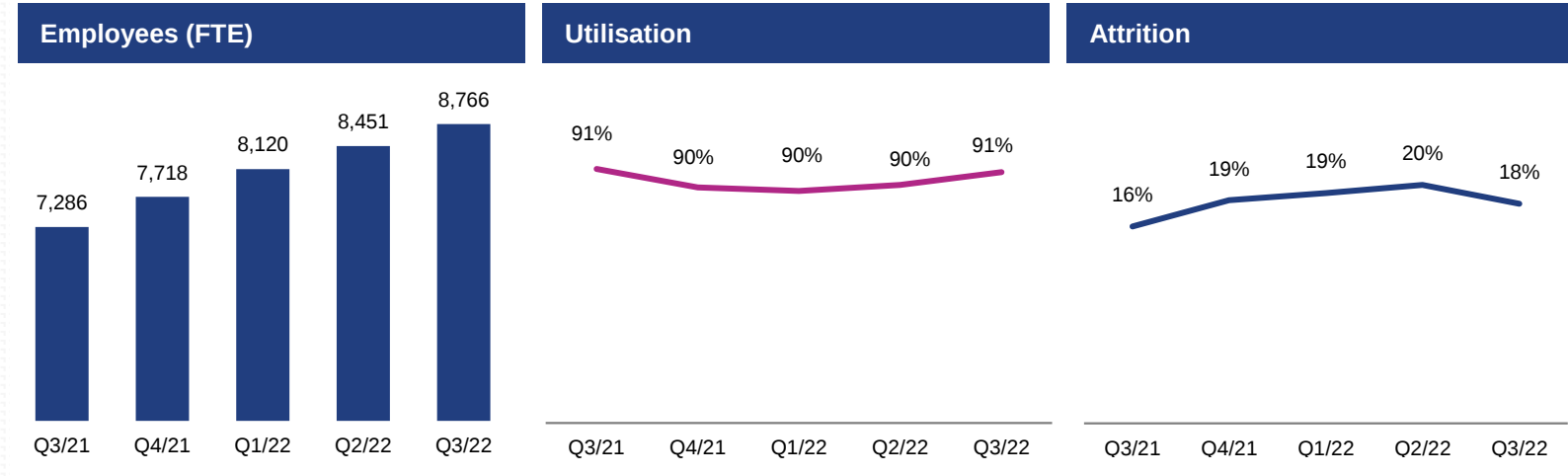
- **Balance sheet total** expanded by 8% due to increased claims to customers and investments for real estate leasing
- Rise of **non-current assets** by 3% to €218.65m mainly driven by follow-on investments for real estate leasing. Non-current assets account for 45% of balance sheet total (31/12/2021: 47%)
- Decrease in **cash and cash equivalents** of €4.32m to €66.45m mainly due to funds tied-up in receivables from customers and bank loan repayments
- Increase in **other current assets** of €31.89m to €201.37m (31/12/2021: €169.48m) attributed to higher (conditional) receivables from contracts with clients, tax prepayments as well as increased prepaid expenses



- With a net income of €33.78m (9M/2021: €21.09m), **equity** currency-adjusted up by €24.35m; Equity ratio of 39% improved by 3 percentage points (31/12/2021: 36%)
- Increase of **non-current liabilities** by €11.00m to €107.11 (31/12/2021: €96.11m) mainly due to increased liabilities for leasing and personnel
- **Current liabilities** of €187.30m by €7.70m below prior year's level (31/12/2021: €195.00m). Decrease primarily influenced by lower contract liabilities (€-20.13m) and liabilities to banks (€-9.49m). Main opposing effect from increased personnel related other provisions (€+16.47m)



Team expansion to more than 10,000 experts

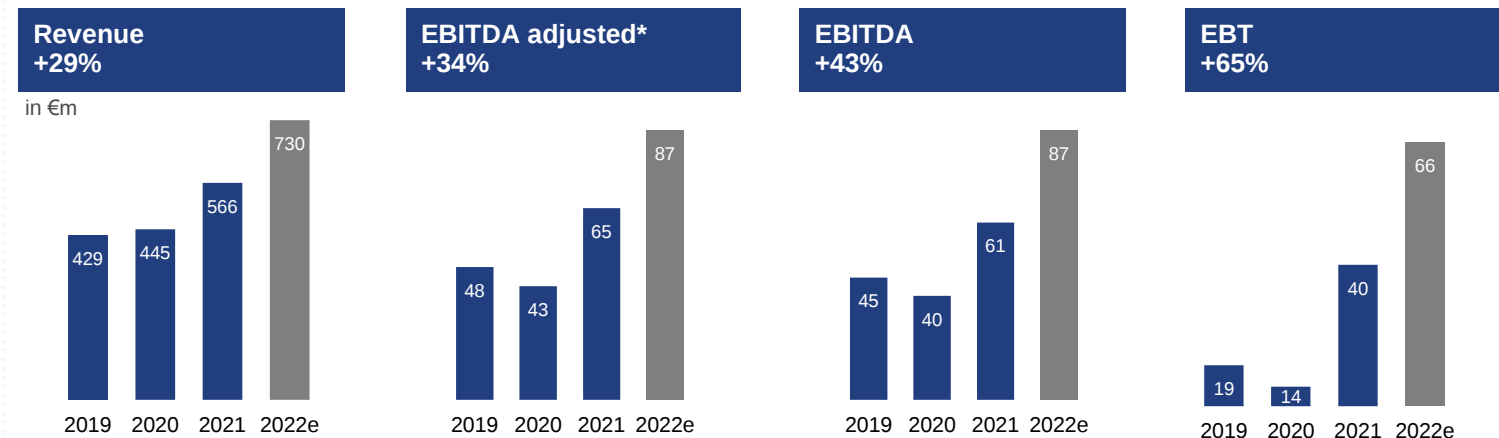


- More than 10,000 experts worldwide
- Employees (FTE): plus 20% year-on-year, growth especially in Brazil and Poland
- Number of external contractors increased from 1,160 to 1,281
- Stable utilisation of 91% in Q3 at very high level (9M/2022: 90.2%)
- Attrition decreases to 18%, prior-year figure influenced by Covid-19

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Outlook 2022 – Raised in October for the third time



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

Revenue 2022e

- Revenue expected at €730m (after €680m in March and €720m in May).
- Sustained growth due to megatrend of digitisation, cost pressure on clients leading to further orders
- Growth in all segments, disproportionately strong in Industry & Others and Insurance sectors

Earnings 2022e

- Adjusted EBITDA of €87m (after €75.5m in March, €79m in May and €81m in August).
- EBT of €66m now expected (after €54.5m in March and €58m in May and €60m in August)
- Influencing factors: persistently high utilisation rate, FX effects and share price-based effects in the valuation of management remuneration

Shaping the future of digital business

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Backup

Results at a glance per quarter



in €m	Q1/2021	Q2/2021	Q3/2021	Q4/2021	FY2021	Q1/2022	Q2/2022	Q3/2022
Revenue	123.92	137.66	143.81	160.80	566.19	173.35	183.90	184.66
EBITDA adjusted*	13.55	15.40	17.18	18.66	64.79	18.52	20.86	23.84
EBITDA	12.90	14.73	16.56	16.56	60.75	18.52	20.86	23.84
EBIT	7.37	9.83	11.67	12.01	40.88	13.45	15.57	18.63
EBT	7.01	9.61	11.51	11.90	40.03	13.42	15.74	18.75
Net income	5.16	6.93	9.00	8.80	29.89	9.58	11.11	13.09
Net income adjusted*	6.82	4.42	14.46	11.35	37.05	10.50	12.18	14.17
Earnings per share adj. (in €)*	0.26	0.17	0.55	0.43	1.41	0.40	0.46	0.54
Earnings per share (in €)	0.20	0.26	0.34	0.34	1.14	0.36	0.43	0.49
Employees (in FTE)	6,225	6,806	7,286	7,718	7,718	8,120	8,451	8,766

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

Consolidated income statement



in €	9M/2022	9M/2021	Δ%
Revenue	541,912,750.74	405,392,662.24	34%
Other operating income	11,855,462.41	8,134,752.86	46%
Cost of purchased services	79,781,405.43	56,787,837.48	40%
Personnel expenses	355,568,994.53	276,159,101.62	29%
Other operating expenses	55,195,119.43	36,344,783.36	52%
Result from operating activities before depreciation and amortisation	63,222,693.76	44,235,692.64	43%
Depreciation and amortisation of intangible assets and property, plant and equipment	15,574,824.89	15,323,985.33	2%
Result from operating activities	47,647,868.87	28,911,707.31	65%
Result of investments accounted for using the equity method	0.00	-39,999.00	100%
Interest income	1,241,250.09	372,722.56	>100%
Interest expenses	977,371.59	1,116,052.68	-12%
Financial result	263,878.50	-783,329.12	>100%
Earnings before taxes	47,911,747.37	28,128,378.19	70%
Income taxes	14,127,080.65	7,039,756.66	>100%
Net income for the period	33,784,666.72	21,088,621.53	60%
Earnings per share – basic	1.28	0.80	60%

Consolidated cash flow statement



in €	9 M / 2022	9 M / 2021	Δ%
Net income for the period	33,784,666.72	21,088,621.53	60%
Income taxes	14,127,080.65	7,039,756.66	>100%
Interest result	-263,878.50	783,329.12	< -100%
Income taxes paid	-10,071,473.21	-4,392,690.41	< -100%
Income taxes received	805,930.17	2,041,732.22	-61%
Interest paid	-548,961.42	-498,961.42	-10%
Interest received	1227,899.45	327,974.67	>100%
Depreciation and amortisation of intangible assets and property, plant and equipment	15,574,824.89	15,323,985.33	2%
Net proceeds on disposal of intangible assets and property, plant and equipment	339,428.53	131,741.21	>100%
Net proceeds on disposal of financial assets	-59,957.07	-97,820.82	39%
Other non-cash expenses and income	-2,353,742.14	-2,545,982.71	8%
Change in trade receivables	4,287,501.02	542,719.95	>100%
Change in contract assets	-27,106,646.36	-24,629,084.57	-10%
Change in other assets	-7,270,396.43	821,898.99	< -100%
Change in provisions	17,533,955.28	18,795,248.46	-7%
Change in trade payables	-5,198,141.40	-2,339,440.78	< -100%
Change in contract liabilities	-20,125,197.54	-8,139,301.28	< -100%
Change in other liabilities	8,227,494.50	6,714,613.73	23%
Cash flow from operating activities	22,910,387.14	30,968,339.88	-26%
Proceeds from disposal of property, plant and equipment	80,734.66	70,745.82	14%
Proceeds from disposal of financial assets	69,957.07	97,820.82	-28%
Capital expenditure for intangible assets	-25,239.31	-200,665.64	87%
Capital expenditure for property, plant and equipment	-5,553,382.25	-4,815,712.53	-15%
Capital expenditure for financial investments	0.00	-40,000.00	100%
Cash flow from investing activities	-5,427,929.83	-4,887,811.53	-11%
Proceeds from borrowing	19,500,000.00	8,000,000.00	>100%
Cash outflows from loan repayments	-29,241,403.85	-27,235,344.92	-7%
Cash outflows from repayment of lease liabilities	-7,107,548.89	-7,021,889.05	-1%
Dividends to shareholders	-9,214,081.10	-5,265,189.20	-75%
Cash flow from financing activities	-26,063,033.84	-31,522,423.17	17%
Effect of foreign exchange rate changes on cash and cash equivalents	4,263,988.01	1,390,619.79	>100%
Net increase in cash and cash equivalents	-4,316,588.52	-4,051,275.04	-7%
Cash and cash equivalents at beginning of period	70,770,150.46	70,872,920.04	0%
Cash and cash equivalents at end of period	66,453,561.94	66,821,645.00	-1%

Consolidated balance sheet



Assets			
in €	30/09/2022	31/12/2021	Δ%
Non-current assets			
Goodwill	126,457,770.85	124,422,830.73	2%
Other intangible assets	7,195,939.18	10,645,292.80	-32%
Property, plant and equipment	64,763,534.27	56,339,245.17	15%
Financial investments	696,217.60	706,217.60	-1%
Other financial assets	2,035,537.47	1,805,716.61	13%
Deferred tax assets	13,420,702.14	12,526,370.47	7%
Income tax assets	341,850.26	342,210.60	0%
Other assets	3,741,771.44	4,732,078.43	-21%
	218,653,323.21	211,519,962.41	3%
Current assets			
Inventories	12,072.89	17,108.73	-29%
Trade receivables	127,215,267.17	131,502,768.19	-3%
Contract assets	43,228,686.45	16,122,040.09	>100%
Cash and cash equivalents	66,453,561.94	70,770,150.46	-6%
Other financial assets	4,399,811.32	3,284,856.74	34%
Income tax assets	9,921,025.78	6,852,662.11	45%
Other assets	16,587,666.63	11,701,642.93	42%
	267,818,092.18	240,251,229.25	11%
	486,471,415.39	451,771,191.66	8%

Equity and liabilities			
in €	30/09/2022	31/12/2021	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	122,378,261.41	98,024,103.12	25%
Other reserves	1,208,731.32	-5,833,109.53	>100%
	192,060,720.88	160,664,721.74	20%
Non-current liabilities			
Financing liabilities	47,252,040.01	47,500,036.71	-1%
Other financial liabilities	32,160,996.41	26,181,320.11	23%
Provisions for pensions	9,553,237.36	7,706,961.38	24%
Other provisions	6,908,030.25	7,511,993.05	-8%
Deferred tax liabilities	4,218,373.84	3,242,324.71	30%
Other liabilities	7,012,699.88	3,969,073.51	77%
	107,105,377.75	96,111,709.47	11%
Current liabilities			
Trade payables	6,578,200.62	11,776,342.02	-44%
Financing liabilities	11,847,405.00	21,340,812.15	-44%
Other financial liabilities	19,789,426.73	18,620,663.31	6%
Other provisions	74,094,712.47	57,628,451.39	29%
Income tax liabilities	8,626,330.14	4,475,947.52	93%
Contract liabilities	25,994,610.25	46,119,807.79	-44%
Other liabilities	40,374,631.55	35,032,736.27	15%
	187,305,316.76	194,994,760.45	-4%
	486,471,415.39	451,771,191.66	8%

Consolidated statement of comprehensive income



in €	9M/2022	9M/2021	Δ%
Net income for the period	33,784,666.72	21,088,621.53	60%
Items that will not be reclassified to the income statement			
Actuarial gains/losses from pensions (before taxes)	-277,471.16	0.00	n/a
Income taxes on actuarial gains/losses from pensions	61,043.83	0.00	n/a
Actuarial gains/losses from pensions (after taxes)	-216,427.33	0.00	n/a
Items that may be reclassified to the income statement			
Currency translation	7,041,840.85	4,418,326.06	59%
Other comprehensive income	6,825,413.52	4,418,326.06	54%
Total comprehensive income	40,610,080.24	25,506,947.59	59%

Consolidated statement of changes in equity



	Share capital	Capital reserve	Retained earnings ¹	Other reserves Currency translation	Total equity
in €					
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
Balance at 1 January 2022	26,325,946.00	42,147,782.15	98,024,103.12	-5,833,109.53	160,664,721.74
Net income for the period	--	--	33,784,666.72	--	33,784,666.72
Other comprehensive income	--	--	-216,427.33	7,041,840.85	6,825,413.52
Total comprehensive income	--	--	33,568,239.39	7,041,840.85	40,610,080.24
Dividends to shareholders	--	--	-9,214,081.10	--	-9,214,081.10
Balance at 30 September 2022	26,325,946.00	42,147,782.15	122,378,261.41	1,208,731.32	192,060,720.88

¹ Retained earnings also include items that will not be reclassified to the consolidated income statement.

Segment report



	Americas, UK & APAC		Continental Europe		Total segments		Reconciliation		GFT Group	
in € thsd.	9M/2022	9M/2021	9M/2022	9M/2021	9M/2022	9M/2021	9M/2022	9M/2021	9M/2022	9M/2021
External revenue	342,256	223,097	199,159	182,138	541,415	405,235	498	158	541,913	405,393
Intersegment revenue	4,895	6,165	68,108	54,470	73,003	60,635	-73,003	-60,635	0	0
Total revenue	347,151	229,262	267,267	236,608	614,418	465,870	-72,505	-60,477	541,913	405,393
Segment result (EBT)	32,257	16,908	18,823	15,817	51,080	32,725	-3,168	-4,597	47,912	28,128
thereof depreciation and amortisation	-6,301	-5,815	-8,053	-8,358	-14,354	-14,173	-1221	-1,151	-15,575	-15,324
thereof interest income	1311	372	347	67	1658	439	-417	-66	1241	373
thereof interest expenses	-1477	-765	-366	-567	-1843	-1,332	866	216	-977	-1,116