

Financial Results H1/2022

GFT Technologies SE | 11 August 2022

Agenda

1. **Highlights H1 2022**
2. Figures H1 2022
3. Outlook 2022

Dynamic growth continues in H1 2022

Revenue and earnings outlook further upgraded for full year 2022



Strong demand: digital transformation

- Structurally strong demand for digital transformation from all sectors
- Market influencers recognise GFT as a leader
- Great Place To Work for >10k talents
- Active price and cost management

› Further upgrade of outlook 2022

- Revenue: €730m (+29% yoy)
- EBITDA adj. €81m (+25% yoy)
- EBT: €60m (+50% yoy)



Performance H1 2022

- › **+37%** revenue
- › **+75%** EBT
- › **+50%** in Insurance sector
- › **+48%** in Industry & Others sector
- › **+24%** employees
- › **37%** equity ratio

Market influencers recognise GFT as a leader

Proofpoint that helps drive demand

GFT “Leader in Data Analytics and Machine Learning in the Google Cloud partner ecosystem”

[ISG](#) praises GFT for:

- Strong industry traction and expertise in computer vision technology
- Extensive, attractive product and service portfolio and strong market and competitive position
- Extensive expertise in visual quality control based on computer vision technologies
- Strong market presence in Europa and abroad



ISG Provider Lens™ Google Cloud
Partner Ecosystem - Europe 2022

GFT “Leader for Digital Banking Services by Quadrant Knowledge Solutions”

[Quadrant](#) highlights GFT for:

- Strong ratings across the parameters of service excellence and customer impact
- GFT’s BankLiteX is a unified solution for developing a cloud-based digital bank entity with short time to market
- Enabling rapid development and deployment of a cloud-based, digital banking entity
- Reduced time to market for new banking features



SPARK Matrix™: Digital
Banking Platform, 2022

We are a Great Place To Work for >10k talents!

Proofpoint that helps employee growth and to keep up with demand



Agenda

1. Highlights H1 2022
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Key figures – strong growth and improved EBT margin



in €m	H1/2022	H1/2021	Δ%
Revenue	357.25	261.58	37%
Order backlog	358.23	217.14	65%
EBITDA adjusted*	39.38	28.95	36%
EBITDA	39.38	27.63	43%
EBIT	29.02	17.20	69%
EBT	29.16	16.62	75%
Net income	20.69	12.09	71%
Earnings per share (in €)	0.79	0.46	71%
Earnings per share adjusted (in €)*	0.86	0.43	>100%
Employees (in FTE)	8,451	6,806	24%

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

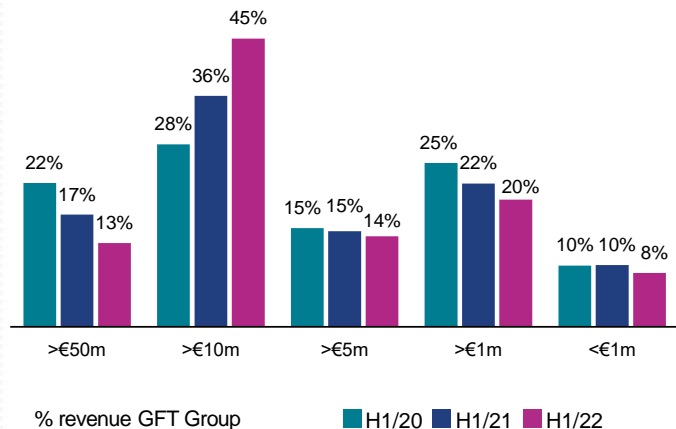
- **Revenue growth** of 37%
- **Order backlog** significantly above prior-year figure
- Strong increase in **EBITDA adjusted** of 36%
 - Utilisation at normal level
 - Restructuring measures amounted to €-1.42m (H1/2021: €-1.12m)
 - FX effects (from balance sheet evaluation) of €1.12m (H1/2021: €-1.10m)
- Disproportionately strong **EBT** growth of 75%
- Significant increase in **EBT margin** to 8.2% (H1/2021: 6.4%)
- **Tax ratio** above previous year at 29% (H1/2021: 27%)

Diversification improved further



Well-balanced client portfolio*

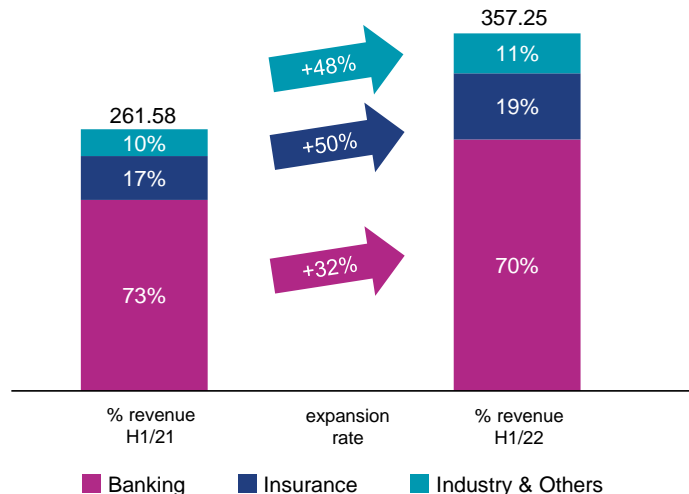
Largest client with approx. 13% of total revenue



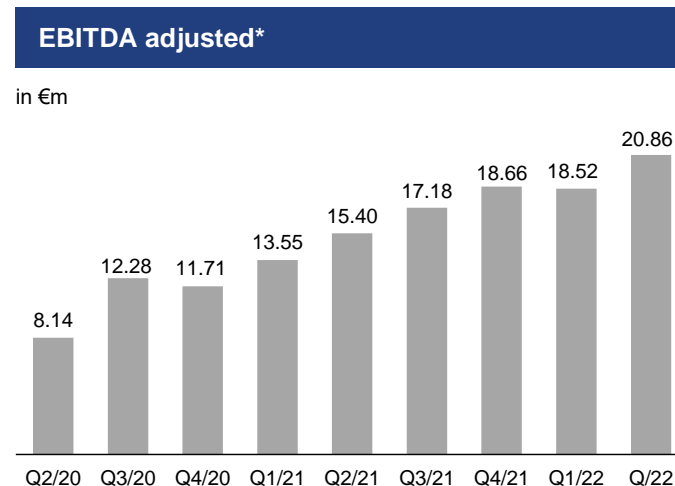
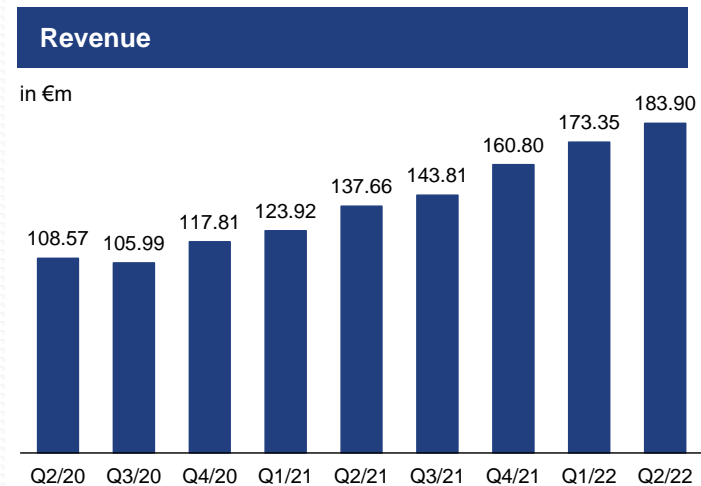
*Annualised extrapolation based on respective first half-year

All sectors with strong growth

in €m



Revenue and EBITDA adjusted by quarter



- **Q2/2022 vs. Q1/2022:** revenue growth of 6% and EBITDA adjusted up 13% quarter-on-quarter
- **Q2/2022 vs. Q2/2021:** revenue growth of 34% and EBITDA adjusted up 35% quarter-on-quarter

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

Revenue by segment



in €m	Revenue		Growth rates			
	H1/2022	H1/2021	Organic	M&A	FX	Total
Americas, UK & APAC	222.58	137.68	48%	0%	14%	62%
Continental Europe	134.38	123.82	9%	0%	0%	9%
Others	0.29	0.08	n/a	n/a	n/a	n/a
GFT Group	357.25	261.58	30%	0%	7%	37%

- **Americas, UK & APAC:** Strong growth with positive impulses especially by business with banks in Brazil, the USA and the UK, and by the insurance business in Canada. Revenues favored by foreign exchange tailwind of €19m (14%-points of the +62% Revenue increase), particularly BRL, CAD, USD and GBP
- **Continental Europe:** Stable growth driven in particular by banking business in Germany and Switzerland
- **GFT Group:** Revenue FX tailwind of €19m (7%-points of the +37% Revenue increase)

Earnings by segment



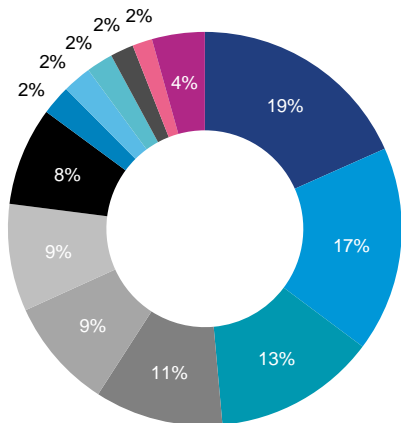
in €m	EBITDA adjusted*			EBITDA			EBT		
	H1/2022	H1/2021	Δ%	H1/2022	H1/2021	Δ%	H1/2022	H1/2021	Δ%
Americas, UK & APAC	22.31	14.66	52%	22.31	13.35	67%	17.94	9.14	96%
Continental Europe	18.73	16.90	11%	18.73	16.89	11%	13.29	10.77	23%
Others	-1.66	-2.61	36%	-1.66	-2.61	36%	-2.07	-3.29	37%
GFT Group	39.38	28.95	36%	39.38	27.63	43%	29.16	16.62	75%

- **Americas, UK & APAC:** Sustained demand for profitable digitisation solutions as well as economies of scale led to improved margins – despite investments in business development. Earnings favored by foreign exchange tailwind of €2m (22%-points of the +96% EBT increase), particularly BRL
- **Continental Europe:** Likewise improved margin as a result of high demand for complex digitisation projects and due to enhanced operational efficiency
- **GFT Group:** EBT FX tailwind of €2m (12%-points of the +75% EBT increase)

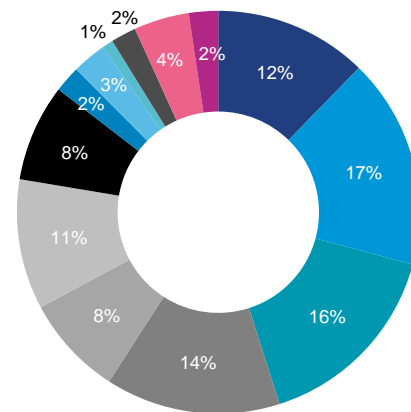
*Adjusted for non-operational effects from M&A activities; adjustments occurred only in prior year

Revenue by markets

6 markets with revenue growth >30%



H1/2022	in €m	Δ%	H1/2021
66.16	Brazil	>100%	32.48
60.91	UK	36%	44.62
44.62	Spain	6%	42.00
38.03	Italy	3%	37.09
32.82	Canada	54%	21.29
31.81	Germany	15%	27.61
29.18	USA	42%	20.60
8.83	Switzerland	57%	5.61
8.52	Mexico	18%	7.24
7.93	Singapore	>100%	2.35
6.90	Hong Kong (SAR)	29%	5.37
5.90	France	-35%	9.11
15.64	Other countries	>100%	6.21
357.25	Total	37%	261.58



Income statement: significant earnings improvement

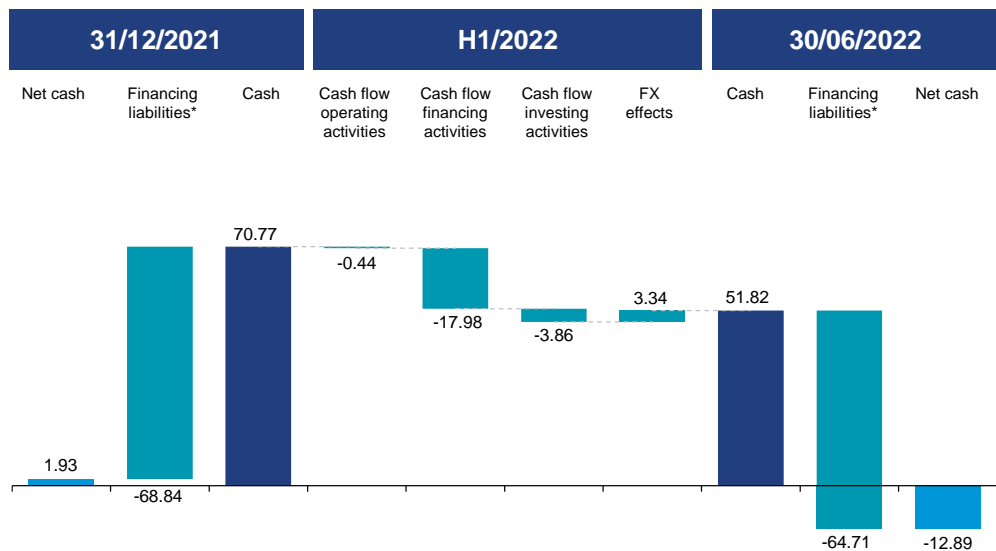


in €m	H1/2022	H1/2021	Δ%
Revenue	357.25	261.58	37%
Other operating income	7.20	4.97	45%
Cost of purchased services	-54.11	-34.94	55%
Personnel expenses	-235.78	-181.79	30%
Other operating expenses*	-35.18	-22.19	59%
EBITDA	39.38	27.63	42%
Depreciation and amortisation	-10.36	-10.43	-1%
EBIT	29.02	17.20	68%
Interest income/expenses	0.14	-0.58	-76%
EBT	29.16	16.62	75%
Income taxes	-8.47	-4.53	87%
Net income	20.69	12.09	71%
Earnings per share (in €)	0.79	0.46	71%

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

- Profitable **revenue growth** due to sustained demand for long-term and complex digitisation solutions
- Increase in **other operating income** mainly driven by higher foreign exchange gains and government grants
- Ratio **cost of purchased services** to revenue of 15% above prior-year level (H1/2021: 13%)
- Increased **personnel expenses** caused by higher average headcount, esp. in Brazil, as a result of dynamic business development. Ratio of personnel expenses w/o restructuring costs plus purchased services to revenue of 81% below prior-year level (H1/2021: 82%)
- Disproportionate increase in **other operating expenses** primarily due to expenses for IT leases, business development and recruiting
- Increase in **income taxes** mainly as a result of higher EBT. Effective tax ratio at 29% (H1/2021: 27%)

Cash flow analysis (€m) – slightly declining net cash



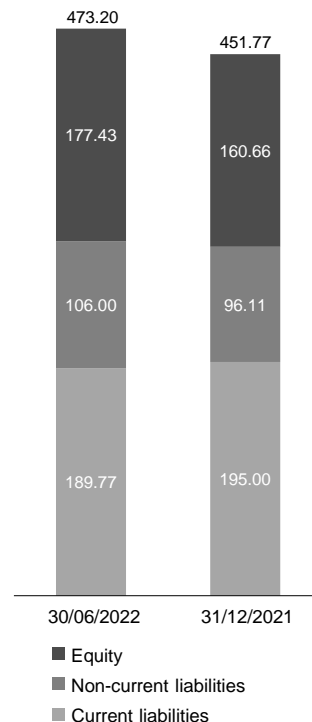
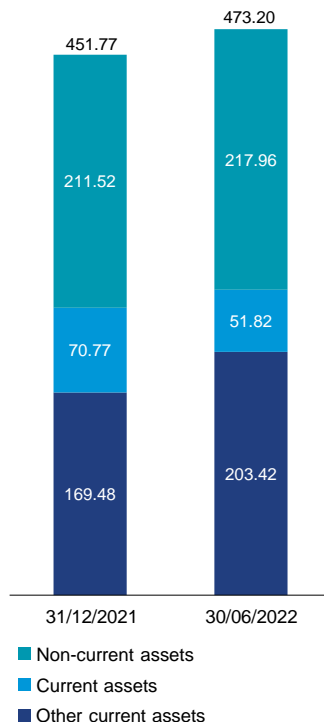
*Financing liabilities include liabilities to banks

- **Financing structure** remains highly solid. Unused credit facilities of €38.31m (31/12/2021: €35.08m). Net cash at €-12.89m (31/12/2021: €1.93m)
- Decrease in **group cash** of €18.95m to €51.82m (31/12/2021: €70.77m) mainly due to declining operating cash flow and shareholders' dividend
- Development **operating cash flow** of €-0.44m (H1/2021: €26.73m) primarily as a result of unfavourable working capital effects
- Reduced **cash flow from financing activities** of €17.98m (H1/2021: 26.33m) associated with lower net redemption of bank loans amounting to €4.16m (H1/2021: €16.16m). Opposing effect from shareholders' dividend amounting to €9.21m (H1/2021: €5.27m)
- **Cash flow from investing activities** primarily characterised by capital expenditures in property, plant and equipment of €3.86m (H1/2021: €3.24m)

Balance sheet (€m) – slight increase in balance sheet total

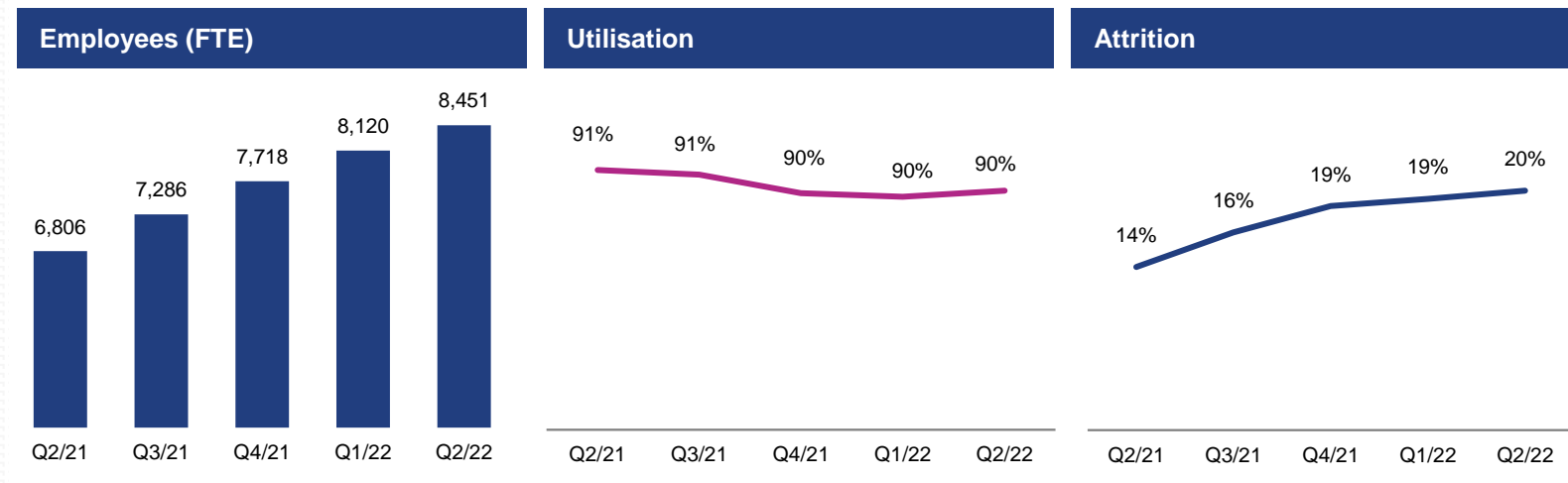


- Increase **balance sheet total** of 5% to €473.20m (31/12/2021: €451.77m) mainly attributed to working capital evolution and follow-on investments for real estate leasing
- Rise of **non-current assets** by 3% mainly driven by follow-on investments for real estate leasing. Non-current assets account for 46% of balance sheet total (31/12/2021: 47%)
- Decrease in **cash and cash equivalents** of €18.95m to €51.82m primarily due to negative working capital effects and dividend payment to shareholders
- Increase in **other current assets** of €33.94m to €203.42m (31/12/2021: €169.48m) primarily attributed to higher (conditional) receivables from contracts with clients as well as increased prepaid expenses and claims for government grants



- **Equity** currency-adjusted up by €11.26m mainly due to net income of €20.69m (H1/2021: €12.09m) exceeding shareholders' dividend of €9.21m (H1/2021: €5.27m). Equity ratio improved by 1 percentage point to 37% (31/12/2021: 36%)
- Increase in **non-current liabilities** of €9.89m to €106.00m primarily due to higher lease liabilities amounting to €32.15m (31/12/2021: €26.18m) associated with the conclusion of new real estate leasing contracts and higher personnel-related provisions and liabilities
- **Current liabilities** of €189.77m below prior-year level (31/12/2021: €195.00m) primarily as a result of decreased contract liabilities of €34.48m (31/12/2021: €46.12m) and redemption of bank loans by €3.96m to €17.38m (31/12/2021: €21.34m). Main opposing effect from increased other provisions and liabilities due to rise in personnel and lease related obligations

Successful expansion of global team to >10,000 talents

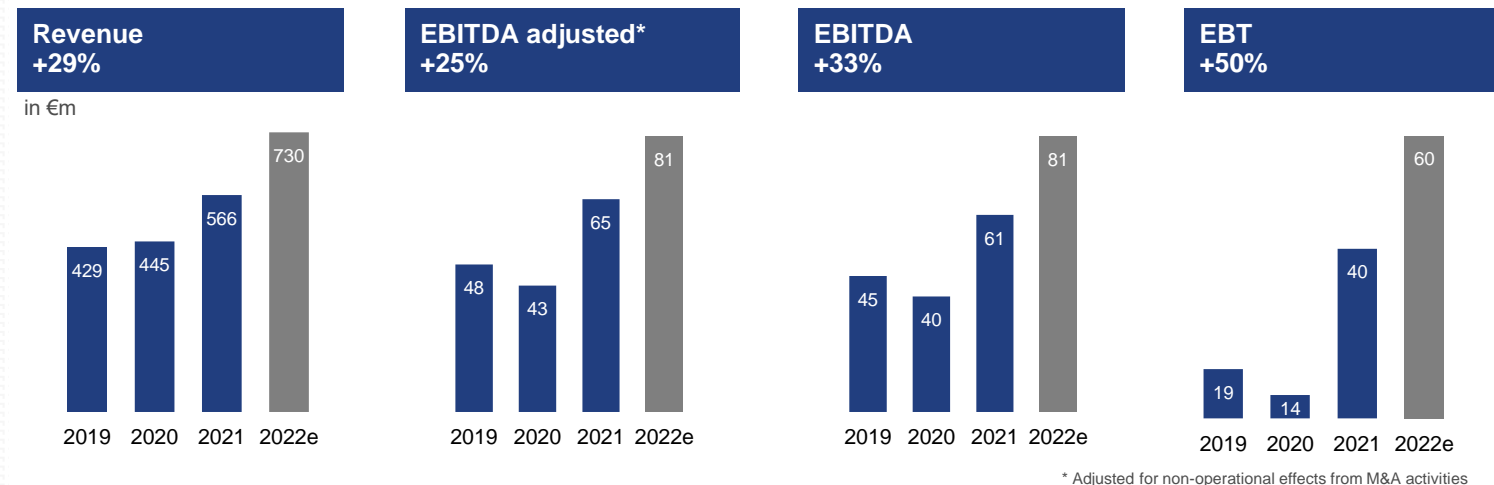


- Global headcount of GFT team surpasses 10,000 mark (headcount GFT: 8,700 – headcount contractors: 1,357)
- Number of employees (calculated in FTE) grew by 24% compared to previous year – strong increase esp. in Brazil
- Utilisation of 90% in H1 slightly below prior-year level
- Attrition as expected, prior-year figures below long-term average due to Covid-19
- External contractors with strong rise to 1,357 (H1/2021: 1,062); (headcount, not reflected in charts above)

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2. Figures H1 2022
3. **Outlook 2022**

Outlook 2022 – strong growth, increased EBT margin



- REVENUE 2022e**
- Revenue outlook further upgraded to €730m (after €680m in March and €720m in May)
 - Sustained growth trend due to structurally strong demand for digital transformation supported by FX tailwind
 - Growth in all sectors expected; disproportionately strong growth for Industry & Other and Insurance
- EARNINGS 2022e**
- EBITDA guidance further upgraded to €81m (after €75.5m in March and €79m in May)
 - EBT guidance further upgraded to €60m (after €54.5m in March and €58m in May)
 - Driven by economies of scale as well as active price & cost management and FX tailwind

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

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

Consolidated income statement



in €	H1/2022	H1/2021	Δ%
Revenue	357,254,180.80	261,582,811.69	37%
Other operating income	7,203,280.56	4,967,167.84	45%
Cost of purchased services	54,110,952.14	34,937,802.87	55%
Personnel expenses	235,781,149.30	181,792,855.88	30%
Other operating expenses	35,184,050.32	22,146,449.25	59%
Result from operating activities before depreciation and amortisation	39,381,309.60	27,672,871.53	42%
Depreciation and amortisation of intangible assets and property, plant and equipment	10,359,309.89	10,429,682.58	-1%
Result from operating activities	29,021,999.71	17,243,188.95	68%
Result of investments accounted for using the equity method	0.00	-39,999.00	100%
Interest income	715,593.66	214,861.37	>100%
Interest expenses	580,889.88	795,473.59	-27%
Financial result	134,703.78	-620,611.22	>100%
Earnings before taxes	29,156,703.49	16,622,577.73	75%
Income taxes	8,470,586.87	4,528,418.96	87%
Net income for the period	20,686,116.62	12,094,158.77	71%
Earnings per share – basic	0.79	0.46	71%

Consolidated cash flow statement



in €	H1/2022	H1/2021	Δ%
Net income for the period	20,686,116.62	12,094,158.77	71%
Income taxes	8,470,586.87	4,528,418.96	87%
Interest result	-134,703.78	620,611.22	< -100%
Income taxes paid	-6,315,827.29	-3,008,762.13	< -100%
Income taxes received	805,978.84	1,726,954.88	-53%
Interest paid	-308,947.52	-390,208.04	21%
Interest received	693,602.40	179,984.64	>100%
Depreciation and amortisation of intangible assets and property, plant and equipment	10,359,309.89	10,429,682.58	-1%
Net proceeds on disposal of intangible assets and property, plant and equipment	262,416.08	45,560.01	>100%
Net proceeds on disposal of financial assets	-59,957.07	-97,820.82	39%
Other non-cash expenses and income	-679,101.79	76,432.70	< -100%
Change in trade receivables	3,506,292.86	4,249,169.46	-17%
Change in contract assets	-29,362,849.03	-17,440,385.83	-68%
Change in other assets	-6,901,469.78	-1,309,613.64	< -100%
Change in provisions	9,344,571.02	13,473,242.99	-31%
Change in trade payables	-2,928,278.55	-64,187.66	< -100%
Change in contract liabilities	-11,638,274.13	-8,412,416.03	-38%
Change in other liabilities	3,757,850.25	10,033,650.57	-63%
Cash flow from operating activities	-442,684.11	26,734,472.62	< -100%
Proceeds from disposal of property, plant and equipment	42,639.90	59,950.41	-29%
Proceeds from disposal of financial assets	69,957.07	97,820.82	-28%
Capital expenditure for intangible assets	-12,103.98	-86,274.59	86%
Capital expenditure for property, plant and equipment	-3,960,820.06	-3,271,155.62	-21%
Capital expenditure for financial investments	0.00	-40,000.00	100%
Cash flow from investing activities	-3,860,327.07	-3,239,658.98	-19%
Proceeds from borrowing	19,500,000.00	8,000,000.00	>100%
Cash outflows from loan repayments	-23,660,424.01	-24,156,397.57	2%
Cash outflows from repayment of lease liabilities	-4,609,239.34	-4,907,139.94	6%
Dividends to shareholders	-9,214,081.10	-5,265,189.20	-75%
Cash flow from financing activities	-17,983,744.45	-26,328,726.71	32%
Effect of foreign exchange rate changes on cash and cash equivalents	3,340,371.20	1,694,087.74	97%
Net increase in cash and cash equivalents	-18,946,384.43	-1,139,825.33	< -100%
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	51,823,766.03	69,733,094.71	-26%

Consolidated balance sheet



Assets			
in €	30/06/2022	31/12/2021	Δ%
Non-current assets			
Goodwill	126,150,733.97	124,422,830.73	1%
Other intangible assets	8,299,822.06	10,645,292.80	-22%
Property, plant and equipment	63,916,815.06	56,339,245.17	13%
Financial investments	696,217.60	706,217.60	-1%
Other financial assets	1,941,428.61	1,805,716.61	8%
Deferred tax assets	13,286,292.65	12,526,370.47	6%
Income tax assets	34,1850.26	342,210.60	0%
Other assets	3,324,212.53	4,732,078.43	-30%
	217,957,372.74	211,519,962.41	3%
Current assets			
Inventories	19,175.28	17,108.73	12%
Trade receivables	127,996,475.33	131,502,768.19	-3%
Contract assets	45,484,889.12	16,122,040.09	>100%
Cash and cash equivalents	51,823,766.03	70,770,150.46	-27%
Other financial assets	3,994,726.82	3,284,856.74	22%
Income tax assets	8,490,828.17	6,852,662.11	24%
Other assets	17,435,426.74	11,701,642.93	49%
	255,245,287.49	240,251,229.25	6%
	473,202,660.23	451,771,191.66	5%

Equity and liabilities			
in €	30/06/2022	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	109,279,711.31	98,024,103.12	11%
Other reserves	-319,262.11	-5,833,109.53	95%
	177,434,177.35	160,664,721.74	10%
Non-current liabilities			
Financing liabilities	47,335,482.60	47,500,036.71	0%
Other financial liabilities	32,167,210.47	26,181,320.11	23%
Provisions for pensions	9,325,593.52	7,706,961.38	21%
Other provisions	7,337,431.71	7,511,993.05	-2%
Deferred tax liabilities	3,757,448.83	3,242,324.71	16%
Other liabilities	6,077,048.45	3,969,073.51	53%
	106,000,215.58	96,111,709.47	10%
Current liabilities			
Trade payables	8,848,063.47	11,776,342.02	-25%
Financing liabilities	17,375,736.63	21,340,812.15	-19%
Other financial liabilities	21,196,426.85	18,620,663.31	14%
Other provisions	65,644,564.99	57,628,451.39	14%
Income tax liabilities	7,265,694.38	4,475,947.52	62%
Contract liabilities	34,481,533.66	46,119,807.79	-25%
Other liabilities	34,956,247.32	35,032,736.27	0%
	189,768,267.30	194,994,760.45	-3%
	473,202,660.23	451,771,191.66	5%

Consolidated statement of comprehensive income



in €	H1/2022	H1/2021	Δ%
Net income for the period	20,686,116.62	12,094,158.77	71%
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	5,513,847.42	5,288,580.53	4%
Other comprehensive income	5,297,420.09	5,288,580.53	0%
Total comprehensive income	25,983,536.71	17,382,739.30	49%

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	--	--	12,094,158.77	--	12,094,158.77
Other comprehensive income	--	--	0.00	5,288,580.53	5,288,580.53
Total comprehensive income	--	--	12,094,158.77	5,288,580.53	17,382,739.30
Dividends to shareholders	--	--	-5,265,189.20	--	-5,265,189.20
Balance at 30 June 2021	26,325,946.00	42,147,782.15	79,315,245.36	-7,534,738.24	140,254,235.27
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	--	--	20,686,116.62	--	20,686,116.62
Other comprehensive income	--	--	-216,427.33	5,513,847.42	5,297,420.09
Total comprehensive income	--	--	20,469,689.29	5,513,847.42	25,983,536.71
Dividends to shareholders	--	--	-9,214,081.10	--	-9,214,081.10
Balance at 30 June 2022	26,325,946.00	42,147,782.15	109,279,711.31	-319,262.11	177,434,177.35

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

Segment report



in € thsd.	Americas, UK & APAC		Continental Europe		Total segments		Reconciliation		GFT Group	
	H 1/2022	H 1/2021	H 1/2022	H 1/2021	H 1/2022	H 1/2021	H 1/2022	H 1/2021	H 1/2022	H 1/2021
External revenue	222,579	137,684	134,386	123,819	356,965	261,503	289	80	357,254	261,583
Intersegment revenue	3,344	4,372	46,833	34,612	50,177	38,984	-50,177	-38,984	0	0
Total revenue	225,923	142,056	181,219	158,431	407,142	300,487	-49,888	-38,904	357,254	261,583
Segment result (EBT)	17,941	9,139	13,287	10,769	31,228	19,908	-2,071	-3,285	29,157	16,623
thereof depreciation and amortisation	-4,246	-3,919	-5,299	-5,758	-9,545	-9,677	-814	-753	-10,359	-10,430
thereof interest income	738	214	179	51	917	265	-201	-50	716	215
thereof interest expenses	-861	-507	-326	-413	-1,187	-920	606	125	-581	-795