

Interim Statement 9M/2020

GFT Technologies SE
12 November 2020

GFT grows despite Covid-19



- Total revenue increase of 4% in the first nine months
 - On-going dynamic revenue growth of 15% without top-2 clients¹⁾
 - 38% revenue share with fast-growing technologies²⁾
 - EBT in third quarter significantly above first half
 - Outlook for revenue and EBT confirmed once again
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- Insurance business rose strongly by 34% to revenue share of 14%
 - Business with cloud solutions grew by 52% to 8% revenue share
 - Strong operating cash-flow driven by positive working capital effects
 - Cash and cash equivalents at prior-year level, net debt position improved

1) GFT's top-2 clients are defined as Deutsche Bank and Barclays.

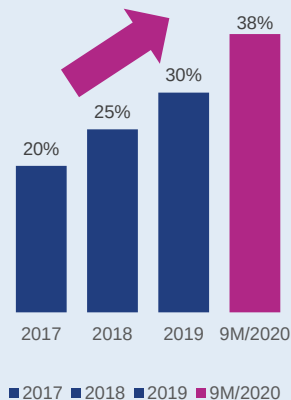
2) Fast-growing technologies per GFT's definition: DLT/blockchain, artificial intelligence, data analytics, cloud and DevOps.

Diversification successfully continued



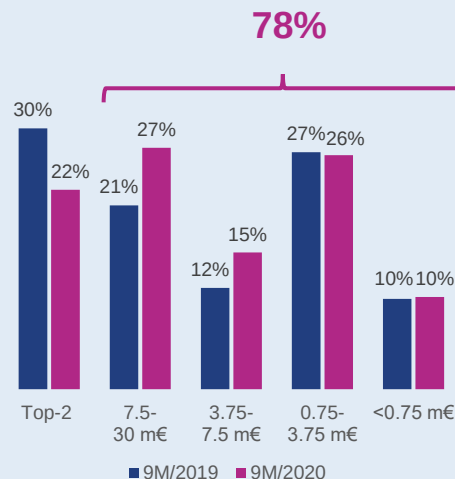
➤ Fast-growing technologies¹⁾ on the rise

Revenue share after nine months increased to 38%



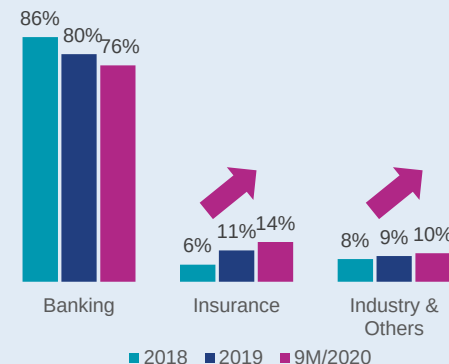
➤ Client concentration decreased further

Diversification successfully continued



➤ Sector split expanded

Dynamic growth in insurance of 34%



¹⁾ Fast-growing technologies per GFT's definition: DLT/blockchain, artificial intelligence, data analytics, cloud and DevOps.

Key figures



in €m	9M/2020	9M/2019	Δ%
Revenue	327.04	315.95	4%
Revenue w/o in-GmbH	323.55	315.95	2%
EBITDA adjusted*	30.81	34.78	-11%
EBITDA	27.80	32.20	-14%
EBIT	10.74	14.30	-25%
EBT	9.05	12.34	-27%
Net income	6.38	10.08	-37%
Earnings per share (in €)	0.24	0.38	-37%
Earnings per share adjusted (in €)*	0.47	0.59	-20%
Employees (in FTE)	5,754	5,173	11%

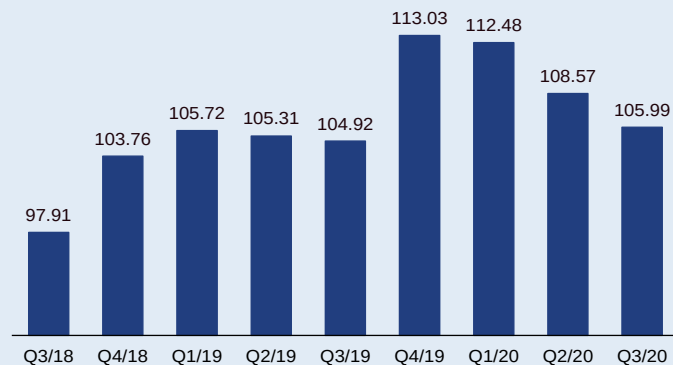
- **Revenue** increase of 4% (organic 2%), revenue contribution of in-GmbH (€3.49m)
- Decline of 11% in **EBITDA adjusted** mainly due to:
 - Operational margin improvement (esp. Americas, UK & APAC) €2.0m
 - Underutilisation (esp. Continental Europe) €-4.30m (9M/2019: €-1.40m)
 - Restructuring measures amounting to €-6.01m (9M/2019: €-3.48m)
 - FX effects amounting to €-0.44m (9M/2019: €-0.79m)
 - IFRS 16 effects €8.48m (9M/2019: €9.37m)
- **EBITDA** burdened by M&A-effects (in-GmbH) in the amount of €-0.94m
- **EBT-margin** at 2.8% (9M/2019: 3.9%)
- Tax ratio at 29.4% (9M/2019: 18.3%)

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

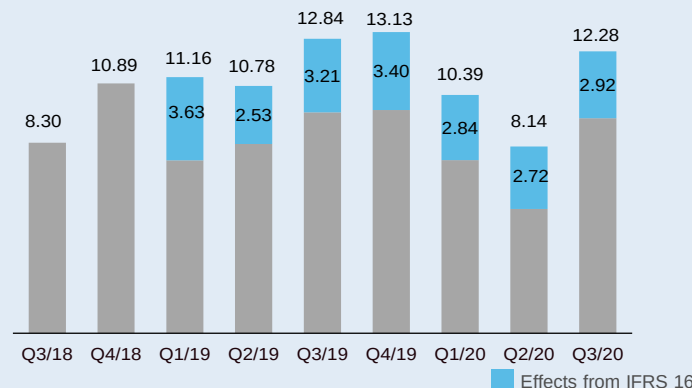
Revenue and EBITDA adjusted by quarter (in €m)



Revenue



EBITDA adjusted*



- **Q3/2020 vs. Q2/2020:** Revenue impact due to COVID and summer holiday season as expected; burdens in earnings from Covid-19 were reduced as forecasted: higher capacity utilisation and lower restructuring expenses
- **Q3/2020 vs. Q3/2019:** Revenue and EBITDA adjusted at prior-year level

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

Revenue by segment (I)



in €m	Revenue		Growth rates			
	9M/2020	9M/2019	Organic	M&A	FX	Total
Americas, UK & APAC	157.39	147.30	14%	0%	-7%	7%
Continental Europe	169.39	168.24	-1%	2%	0%	1%
Others	0.26	0.41	n/a	n/a	n/a	n/a
GFT Group	327.04	315.95	6%	1%	-3%	4%

- **Americas, UK & APAC:** positive trend esp. with retail banks in Brazil and Hong Kong as well as with insurance companies in Canada
- **Continental Europe:** anticipated revenue decline with top-2 clients compensated by growth with other clients; esp. dynamic growth in insurance in France
- **M&A effects:** acquisition of in-GmbH with effect from 1 January 2020 (revenue contribution of €3.49m)

Revenue by segment (II)



in €m		Revenue		Δ%
		9M/2020	9M/2019	9M/2020 vs. 9M/2019
Americas, UK & APAC	Top-2 clients	32.75	45.35	-28%
	Other clients	124.64	101.94	22%
	Total	157.39	147.30	7%
Continental Europe	Top-2 clients	39.38	49.09	-20%
	Other clients	130.01	119.16	9%
	Total	169.39	168.24	1%
GFT Group*	Top-2 clients	72.13	94.44	-24%
	Other clients	254.65	221.10	15%
	Total	326.78	315.54	4%

* w/o segment „Others“

- **Further decrease in client concentration:** revenue share with top-2 clients at 22% (9M/2019: 30%)
- **Top-2 clients:** revenue decrease as anticipated in UK (Americas, UK & APAC) and in Germany (Continental Europe)
- Unbroken growth trend with **other clients** in both segments with an overall increase of 15%

EBITDA adjusted, EBITDA and EBT by segment

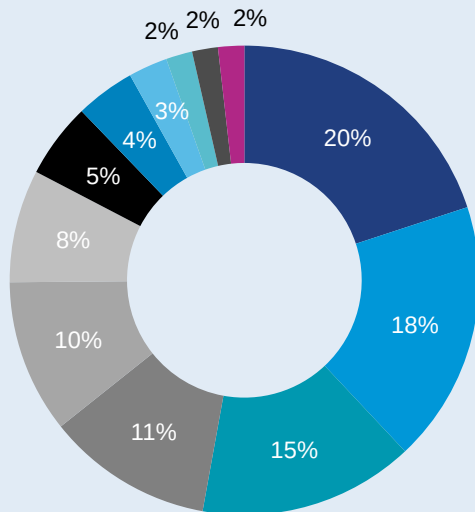


in €m	EBITDA adjusted*			EBITDA			EBT		
	9M/2020	9M/2019	Δ%	9M/2020	9M/2019	Δ%	9M/2020	9M/2019	Δ%
Americas, UK & APAC	15.21	12.64	20%	13.14	10.40	26%	5.91	2.13	>100%
Continental Europe	15.78	23.85	-34%	14.84	23.51	-37%	4.61	12.52	-63%
Others	-0.18	-1.71	-90%	-0.18	-1.71	-90%	-1.47	-2.31	-37%
GFT Group	30.81	34.78	-11%	27.80	32.20	-14%	9.05	12.34	-27%

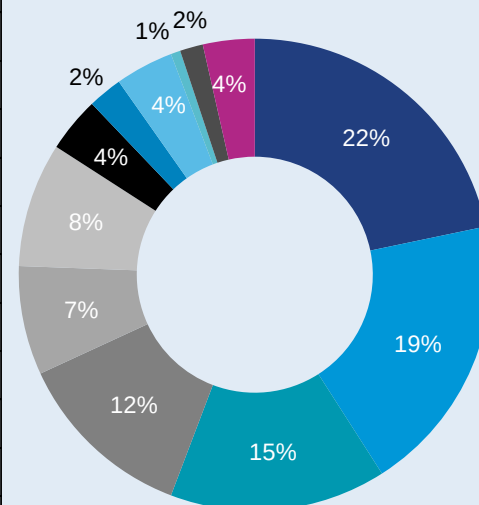
- **Americas, UK & APAC:** revenue growth led to good utilisation, increased earnings contribution and margin improvement
- **Continental Europe:** restructuring costs as well as underutilisation in Germany and Spain – mainly as a result of the Covid-19 pandemic

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

Revenue by country (in €m)

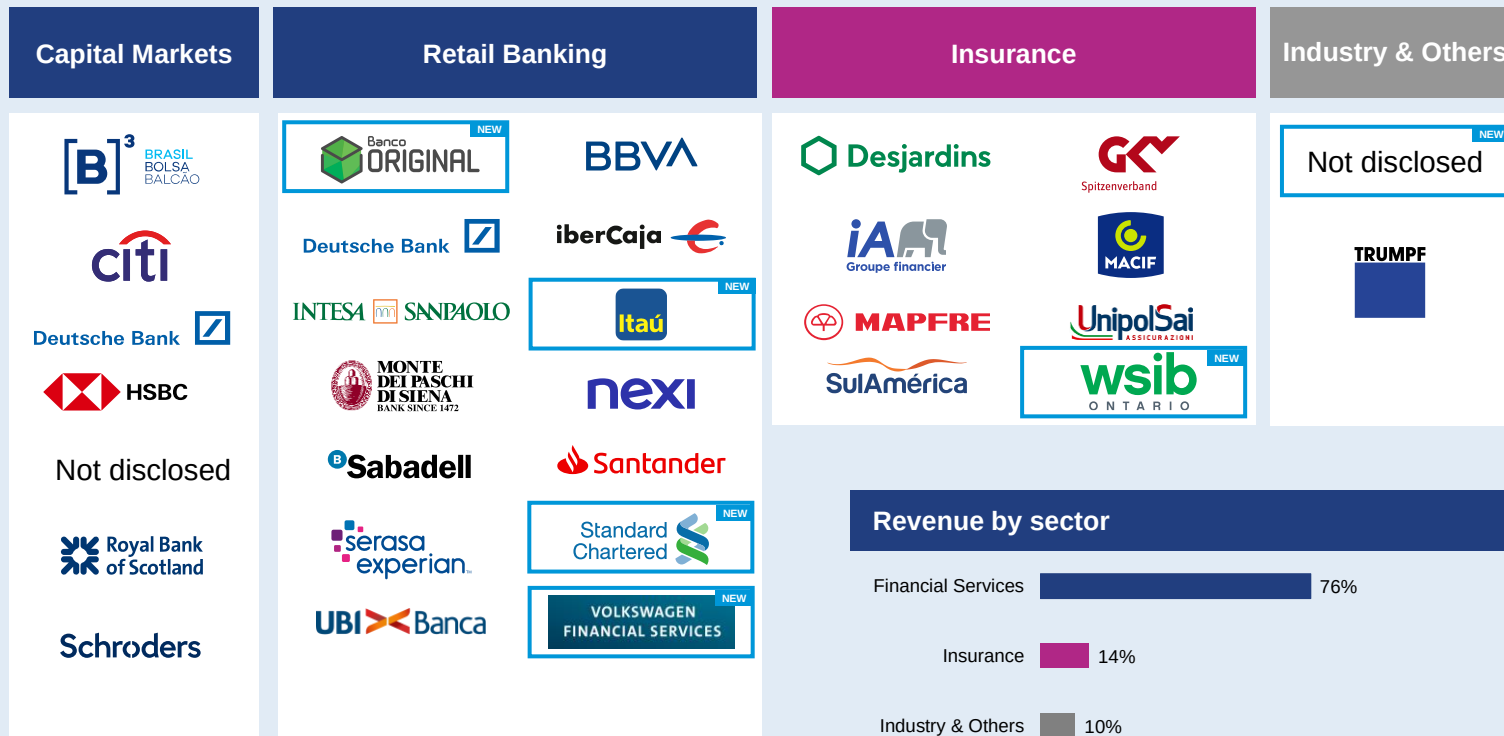


9M/2020		Δ%	9M/2019
64,62	Spain	-5%	67,95
58,40	UK	-3%	60,12
48,10	Italy	4%	46,41
37,05	Germany	-4%	38,61
34,22	Brazil	47%	23,35
25,18	USA	-6%	26,66
16,71	Canada	42%	11,79
13,28	France	80%	7,36
12,00	Mexico	-4%	12,47
5,88	Hong Kong*	>100%	2,06
5,77	Switzerland	17%	4,94
5,83	Other countries	-59%	14,23
327,04	Total	4%	315,95



* SAR

30 biggest clients 2020 – six new entries



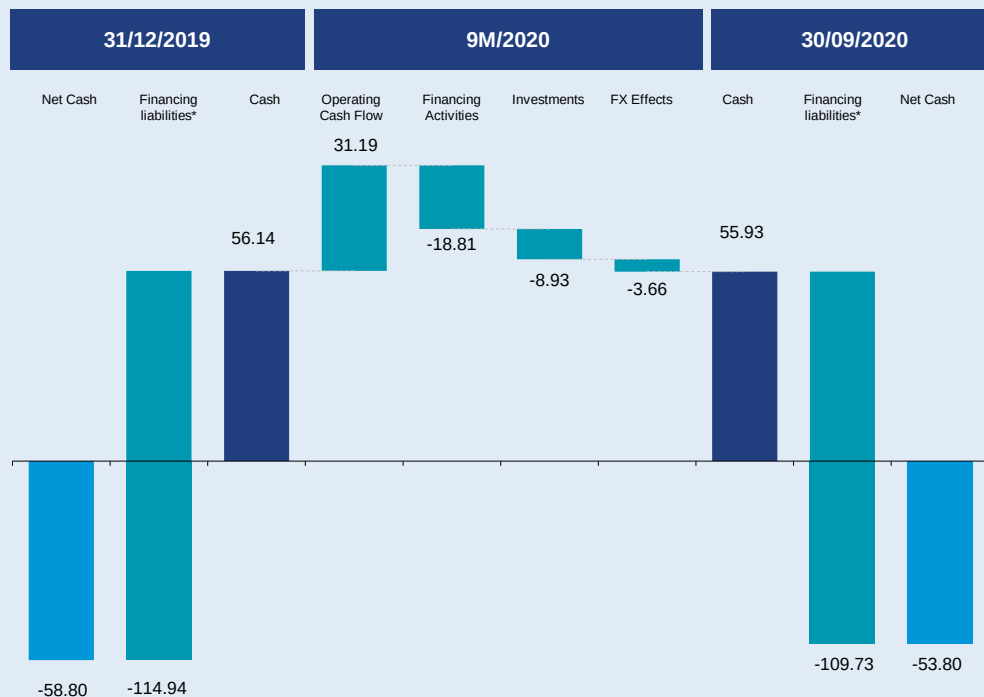
Detailed profit & loss statement



in €m	9M/2020	9M/2019	Δ%
Revenue	327.04	315.95	4%
Other operating income	9.68	6.31	53%
Cost of purchased services	-35.05	-35.22	0%
Personnel expenses	-237.44	-219.11	8%
Other operating expenses	-36.43	-35.73	2%
EBITDA	27.80	32.20	-14%
Depreciation and amortisation	-17.06	-17.90	-5%
EBIT	10.74	14.30	-25%
Interest income/expenses	-1.69	-1.96	-14%
EBT	9.05	12.34	-27%
Income taxes	-2.67	-2.26	18%
Net income	6.38	10.08	-37%
Earnings per share (in €)	0.24	0.38	-37%

- Further solid **revenue** growth
- Increased **other operating income** mainly due to government grants and foreign exchange gains
- **Cost of purchased services** to revenue ratio with 11% at prior-year level
- Increased **personnel expenses** mainly due to higher average headcount as well as restructuring costs primarily as a result of the Covid-19 pandemic. Ratio of personnel expenses excluding restructuring costs plus purchased services to revenue of 83% (9M/2019: 79%)
- **EBITDA** down by 14% mainly due to increased personnel expenses
- Decrease in **depreciation and amortisation** of €0.84m largely attributable to lower depreciation of right-of-use assets according to IFRS 16
- **Net income** burdened by increased income taxes. Effective tax ratio up to 29% (9M/2019: 18%) due to the earnings distribution among national companies

Cash flow analysis (in €m)



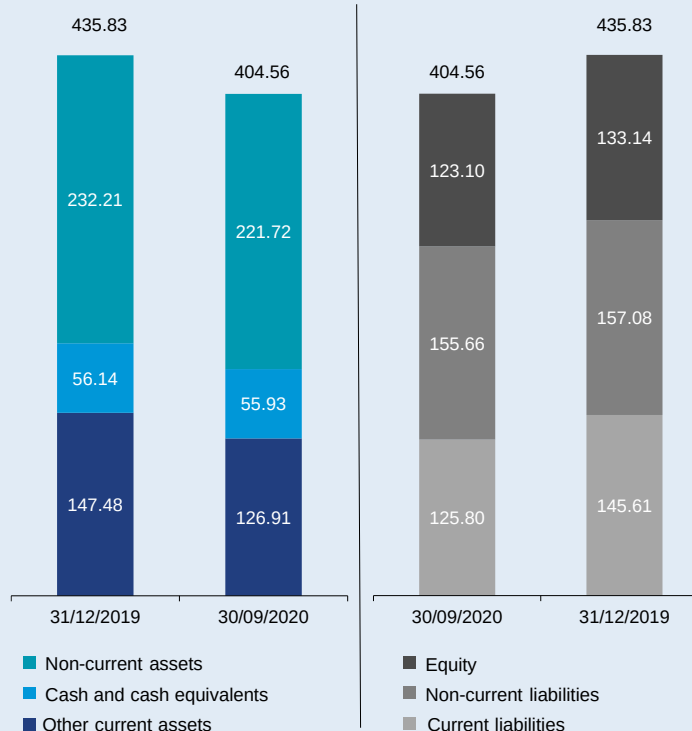
*Financing liabilities include liabilities to banks

- **Financing structure** remains solid. Unused credit facilities of €56.09m (31/12/2019: €52.84m). Net cash at €-53.80m (31/12/2019: €-58.80m)
- Despite the Covid-19 crisis **cash** with €55.93m at prior-year level (9M/2019: €56.14m) due to positive working capital effects
- Increase in **operating cash flow** primarily because of cash-effective decline in working capital, esp. trade receivables to €31.19m (9M/2019: €22.27m). Generated funds were used to reduce financial debt
- **Cash flow from financing activities** influenced by dividend payment to shareholders in the amount of €5.27m (9M/2019: €7.90m) and net redemption of loans of €5.23m (9M/2019: net borrowing of €14.49m)
- **Cash flow from investing activities** mainly characterised by cash outflows of €5.97m from the acquisition of in-GmbH

Balance sheet (in €m)

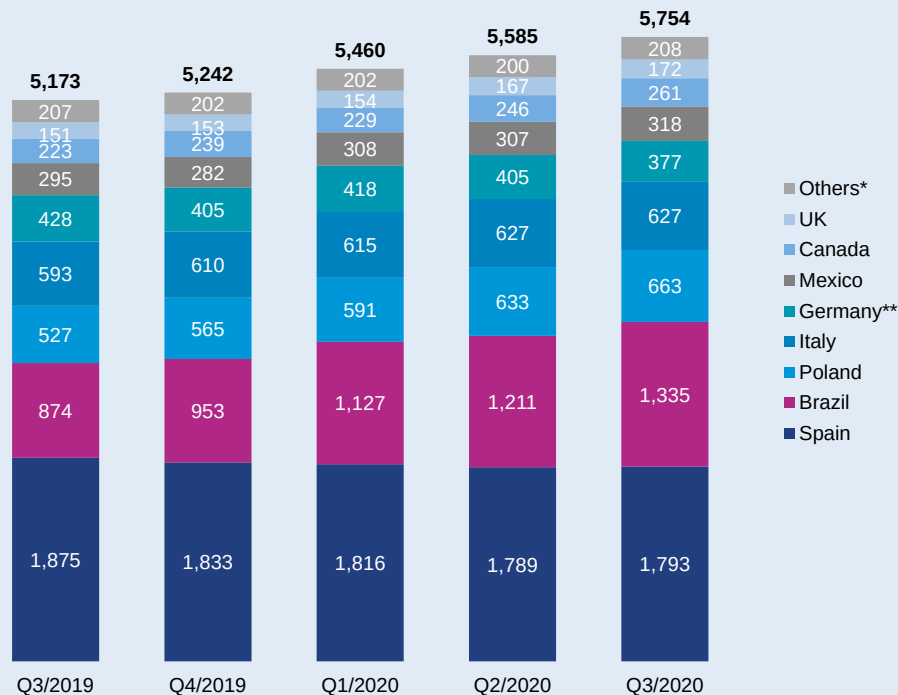


- Decrease in **balance sheet total** of €31.27m mainly associated with decline of customer receivables and property, plant and equipment
- €10.49m decrease in **non-current assets** primarily due to depreciation of right-of-use assets acc. to IFRS 16. Non-current assets account for 55% of balance sheet total (31/12/2019: 53%)
- Cash and cash equivalents** with €55.93m in essence at level of previous year-end
- Decrease in **other current assets** of €20.57m primarily due to decline in trade receivables from customers



- Currency-adjusted increase in **equity** by €1.21m. Net income of €6.38m was opposed by dividend payment to shareholders of €5.27m. Equity ratio of 30% (31/12/2019: 31%) or adjusted for IFRS 16 effects of 35% (31/12/2019: 35%)
- Decrease in **non-current liabilities** results from reduction in lease liabilities acc. to IFRS 16 of €3.13m
- €19.81m decline in **current liabilities** mainly attributable to closing-date effects in contract liabilities amounting to €12.67m. In addition, reduction of financing liabilities by €4.98m from the redemption of bank loans.

Employees by country (FTE)

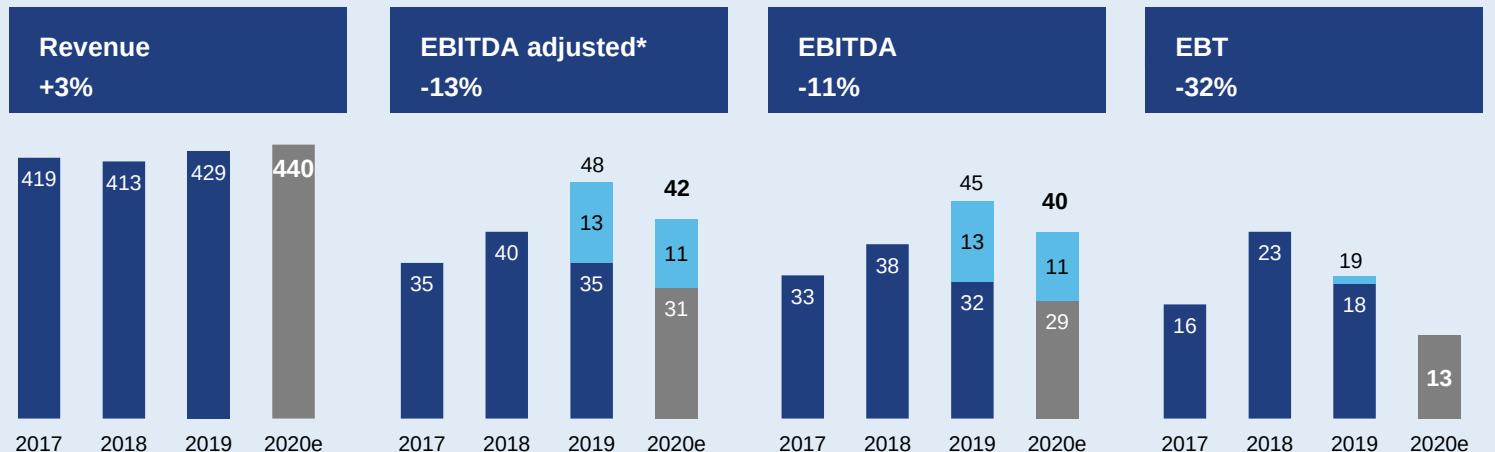


- Increase vs. Q2/2020 due to staff expansion esp. in Brazil and Poland
- Decrease in Germany vs. Q2/2020 esp. caused by restructuring measures
- Corporate functions with 116 employees (Q3/2019: 116)
- Utilisation rate with 89% at prior-year level (9M/2019: 89%) and with slight improvement vs. prior-quarter (H1/2020: 88%)

*Other countries: Costa Rica, Switzerland, USA, France, Hong Kong, Belgium, Singapore

**36 employees of in-GmbH in Germany included (in-GmbH since Q1/2020)

Outlook FY 2020 (in €m)



Revenue

- Decrease in revenue with top-2 clients of around 26%
- In contrast, 14% growth expected outside the top-2 clients; client and sector diversification continues to improve, expansion of industrial business deferred by Covid-19

Earnings

- Burdens from Covid-19 due to underutilisation and restructuring measures
- Focus on revenue growth requires higher spending for sales activities and technological expertise
- Savings on future rental costs lead to lower IFRS 16 effect of €11m (old: €13m)

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

Backup

Results at a glance per quarter



in €m

	Q1/2019	Q2/2019	Q3/2019	Q4/2019	TY 2019	Q1/2020	Q2/2020	Q3/2020	9M/2020
Revenue	105.72	105.31	104.92	113.03	428.98	112.48	108.57	105.99	327.04
EBITDA adjusted*	11.16	10.78	12.84	13.13	47.91	10.39	8.14	12.28	30.81
EBITDA	10.28	9.94	11.98	12.69	44.89	9.26	7.20	11.34	27.80
EBIT	3.87	4.48	5.95	7.03	21.33	3.61	1.56	5.57	10.74
EBT	3.18	3.97	5.19	6.39	18.73	3.02	1.02	5.01	9.05
Net income	2.71	3.36	4.01	3.58	13.66	2.28	0.53	3.57	6.38
Net income adjusted*	4.55	5.17	5.70	4.65	20.07	4.33	2.55	5.53	12.41
Earnings per share adj. (in €)*	0.17	0.20	0.22	0.17	0.76	0.16	0.10	0.21	0.47
Earnings per share (in €)	0.10	0.13	0.15	0.14	0.52	0.09	0.02	0.13	0.24
Employees (in FTE)	4,910	4,892	5,173	5,242	5,242	5,460	5,585	5,754	5,754

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

Split of operative and M&A Effects



in €m	9M/2020			9M/2019	
	GFT stand alone	in-GmbH	GFT Total	GFT stand alone	GFT Total
EBITDA adjusted	29.42	1.39	30.81	34.78	34.78
M&A earn-out & retention	-1.94	-0.89	-2.83	-2.11	-2.11
M&A consult & integrate	0.00	-0.02	-0.02	-0.13	-0.13
M&A amortisation orderbook	-0.12	-0.04	-0.16	-0.34	-0.34
EBITDA	27.36	0.44	27.80	32.20	32.20
Depreciation & amortisation	-12.47	-0.09	-12.56	-14.68	-14.68
M&A amortisation	-4.18	-0.32	-4.50	-3.22	-3.22
EBIT	10.71	0.03	10.74	14.30	14.30
Interest	-1.69	0.00	-1.69	-1.96	-1.96
M&A interest	0.00	0.00	0.00	0.00	0.00
EBT	9.02	0.03	9.05	12.34	12.34
Income taxes	-2.67	0.00	-2.67	-2.26	-2.26
Net income	6.35	0.03	6.38	10.08	10.08
Net income adjusted	11.12	1.30	12.41	15.42	15.42
Shares outstanding (m.)	26.33	26.33	26.33	26.33	26.33
EPS basic (€)	0.24	0.00	0.24	0.38	0.38
EPS adjusted (€)	0.42	0.05	0.47	0.59	0.59

Consolidated income statement



in €	9M/2020	9M/2019	Δ%
Revenue	327,043,832.13	315,952,133.84	4%
Other operating income	9,677,262.76	6,313,812.45	53%
Cost of purchased services	35,050,721.46	35,224,412.84	0%
Personnel expenses	237,444,843.20	219,105,147.80	8%
Other operating expenses	36,422,655.38	35,732,777.75	2%
Result from operating activities before depreciation and amortisation	27,802,874.85	32,203,607.89	-14%
Depreciation and amortisation of intangible assets and property, plant and equipment	17,066,486.79	17,902,231.34	-5%
Result from operating activities	10,736,388.06	14,301,376.55	-25%
Interest income	210,371.61	464,133.22	-55%
Interest expenses	1,901,378.42	2,426,695.04	-22%
Financial result	-1,691,006.81	-1,962,561.81	-14%
Earnings before taxes	9,045,381.25	12,338,814.74	-27%
Income taxes	2,661,099.73	2,259,589.85	18%
Net income for the period	6,384,281.52	10,079,224.89	-37%
Earnings per share – basic	0.24	0.38	-37%

Consolidated cash flow statement



in €	9M/2020	9M/2019	Δ%
Net income for the period	6,384,281.52	10,079,224.89	-37%
Income taxes	2,661,099.73	2,259,589.85	18%
Interest result	1,691,006.81	1,962,561.80	-14%
Income taxes paid	-4,937,011.54	-850,277.19	>100%
Income taxes received	1,985,168.49	0.00	n.a.
Interest paid	-758,527.89	-758,469.17	0%
Interest received	197,297.04	233,173.59	-15%
Depreciation and amortisation of intangible assets and property, plant and equipment	17,066,486.79	17,902,231.34	-5%
Net proceeds on disposal of intangible assets and property, plant and equipment	211,644.74	12,066.64	>100%
Net proceeds on disposal of financial assets	-433,059.99	0.00	n.a.
Other non-cash expenses and income	-1,732,709.29	360,731.72	<-100%
Change in trade receivables	32,563,990.55	13,891,675.48	>100%
Change in contract assets	-9,110,282.97	-18,922,257.39	-52%
Change in other assets	-3,669,483.25	4,608,924.30	<-100%
Change in provisions	2,541,700.43	-755,775.21	<-100%
Change in trade payables	-3,841,050.90	-7,102,618.90	-46%
Change in contract liabilities	-12,672,884.99	-6,775,441.51	87%
Change in other liabilities	3,039,988.61	6,123,861.31	-50%
Cash flow from operating activities	31,187,653.89	22,269,201.55	40%
Proceeds from disposal of property, plant and equipment	16,557.12	5,830.67	>100%
Proceeds from disposal of financial assets	433,059.99	0.00	n.a.
Capital expenditure for intangible assets	-338,694.34	-1,722,485.95	-80%
Capital expenditure for property, plant and equipment	-3,063,069.88	-2,544,664.79	20%
Cash outflows for acquisitions of affiliates net of cash and cash equivalents acquired	-5,976,613.29	-5,533,891.88	8%
Cash flow from investing activities	-8,928,760.40	-9,795,211.96	-9%
Proceeds from borrowing	3,321,918.65	14,712,133.92	-77%
Cash outflows from loan repayments	-8,551,356.71	-223,704.02	>100%
Cash outflows from repayment of lease liabilities	-8,318,921.92	-9,365,254.53	-11%
Dividends to shareholders	-5,265,189.20	-7,897,783.80	-33%
Cash flow from financing activities	-18,813,549.18	-2,774,608.43	>100%
Effect of foreign exchange rate changes on cash and cash equivalents	-3,655,906.11	320,930.01	<-100%
Net increase in cash and cash equivalents	-210,561.80	10,020,311.18	<-100%
Cash and cash equivalents at beginning of period	56,143,932.27	61,569,726.64	-9%
Cash and cash equivalents at end of period	55,933,370.47	71,590,037.82	-22%

Consolidated balance sheet



Assets			
in €	30/09/2020	31/12/2019	Δ%
Non-current assets			
Goodwill	118,199,670.89	118,659,143.65	0%
Other intangible assets	18,276,164.30	22,126,664.83	-17%
Property, plant and equipment	70,818,380.53	76,779,652.91	-8%
Financial investments	10,000.00	0.00	n.a.
Other financial assets	905,630.55	955,531.60	-5%
Deferred tax assets	9,745,320.01	9,241,308.85	5%
Income tax assets	441,085.60	441,085.60	0%
Other assets	3,324,879.91	4,012,128.46	-17%
	221,721,131.79	232,215,515.90	-5%
Inventories	43,826.50	171,676.80	-74%
Trade receivables	81,456,497.03	114,020,487.58	-29%
Contract assets	24,842,223.34	15,731,940.37	58%
Cash and cash equivalents	55,933,370.47	56,143,932.27	0%
Other financial assets	2,978,374.02	1,841,853.84	62%
Income tax assets	5,573,719.02	7,093,039.20	-21%
Other assets	12,015,292.24	8,617,329.27	39%
	182,843,302.62	203,620,259.33	-10%
	404,564,434.41	435,835,775.23	-7%

Equity and liabilities			
in €	30/09/2020	31/12/2019	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	68,800,646.72	67,590,439.82	2%
Other reserves	-14,168,093.67	-2,922,395.55	>100%
	123,106,281.20	133,141,772.42	-8%
Non-current liabilities			
Financing liabilities	98,209,188.73	98,444,626.79	0%
Other financial liabilities	40,338,797.46	43,470,371.89	-7%
Provisions for pensions	9,748,458.43	9,494,464.32	3%
Other provisions	1,522,812.82	1,332,487.21	14%
Deferred tax liabilities	3,886,431.20	4,342,460.83	-11%
Other liabilities	1,951,051.55	0.00	n.a.
	155,656,740.19	157,084,411.04	-1%
Current liabilities			
Trade payables	5,658,470.85	9,499,521.75	-40%
Financing liabilities	11,524,224.20	16,500,000.00	-30%
Other financial liabilities	15,864,832.27	14,074,187.51	13%
Other provisions	39,014,401.09	36,357,594.23	7%
Income tax liabilities	4,118,296.41	4,532,531.35	-9%
Contract liabilities	26,167,268.84	38,840,153.83	-33%
Other liabilities	23,453,919.36	25,805,603.10	-9%
	125,801,413.02	145,609,591.77	-14%
	404,564,434.41	435,835,775.23	-7%

Consolidated statement of comprehensive income



in €	9M/2020	9M/2019	Δ%
Net income for the period	6,384,281.52	10,079,224.89	-37%
Items that will not be reclassified to the income statement			
Remeasurement of defined benefit plans	118,448.95	-33,479.02	>100%
Income taxes on remeasurement of defined benefit plans	-27,334.37	6,277.32	<-100%
Items that may be reclassified to the income statement			
Currency translation	-11,245,698.12	2,017,401.74	<-100%
Other comprehensive income	-11,154,583.54	1,990,200.04	<-100%
Total comprehensive income	-4,770,302.02	12,069,424.93	<-100%

Consolidated statement of changes in equity

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	Share capital	Capital reserve	Retained earnings ¹	Other reserves Currency translation	Total equity
in €					
Balance at 1 January 2019²	26,325,946.00	42,147,782.15	65,544,266.23	-6,903,723.71	127,114,270.67
Effect from adoption of IFRS 16	--	--	-2,343,079.35	--	-2,343,079.35
Balance at 1 January 2019 adjusted	26,325,946.00	42,147,782.15	63,201,186.88	-6,903,723.71	124,771,191.32
Net income for the period	--	--	10,079,224.89	--	10,079,224.89
Other comprehensive income	--	--	-27,201.70	2,017,401.74	1,990,200.04
Total comprehensive income	--	--	10,052,023.19	2,017,401.74	12,069,424.93
Dividends to shareholders	--	--	-7,897,783.80	--	-7,897,783.80
Balance at 30 September 2019	26,325,946.00	42,147,782.15	65,355,426.27	-4,886,321.97	128,942,832.45
Balance at 1 January 2020	26,325,946.00	42,147,782.15	67,590,439.82	-2,922,395.55	133,141,772.42
Net income for the period	--	--	6,384,281.52	--	6,384,281.52
Other comprehensive income	--	--	91,114.58	-11,245,698.12	-11,154,583.54
Total comprehensive income	--	--	6,475,396.10	-11,245,698.12	-4,770,302.02
Dividends to shareholders	--	--	-5,265,189.20	--	-5,265,189.20
Balance at 30 September 2020	26,325,946.00	42,147,782.15	68,800,646.72	-14,168,093.67	123,106,281.20

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

Actuarial gains/losses from the remeasurement of defined benefit plans amounted to 91,114.58 € net of tax in the first nine months 2020 (9M/2019: -27,201.70 €).

² The GFT Group has initially applied IFRS 16 at 1 January 2019. Under the modified retrospective transition method chosen, comparative information is not restated.

Segment report



	Americas, UK & APAC		Continental Europe		Total segments		Reconciliation		GFT Group	
in € thousand	9M/2020	9M/2019	9M/2020	9M/2019	9M/2020	9M/2019	9M/2020	9M/2019	9M/2020	9M/2019
External revenue	157,387	147,296	169,396	168,245	326,783	315,541	261	411	327,044	315,952
Intersegment revenue	7,846	3,336	41,922	44,259	49,768	47,595	-49,768	-47,595	0	0
Total revenue	165,233	150,632	211,318	212,504	376,551	363,136	-49,507	-47,184	327,044	315,952
Segment result (EBT)	5,909	2,133	4,604	12,519	10,513	14,652	-1,468	-2,314	9,045	12,338
thereof depreciation and amortisation	-6,380	-7,428 ¹	-9,148	-9,712 ¹	-15,528	-17,140	-1,538	-762	-17,066	-17,902
thereof interest income	178	445	32	112	210	557	0	-93	210	464
thereof interest expenses	-1,027	-1,283 ¹	-1,123	-1,393 ¹	-2,150	-2,676	249	249	-1,901	-2,427

¹ Adjusted

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