

# Interim Statement Q1/2022

GFT Technologies SE | 12 May 2022

# Dynamic growth continues in Q1 2022

Revenue and earnings outlook upgraded for full year 2022



## Strong demand: digital transformation

- Structurally strong demand for digital transformation from all client sectors
- Additional scaling from diversification
- Active price and cost management
- Employee growth is keeping pace
- Liquidity remains high

## → Outlook 2022 upgrade

- Revenue: €720m
- EBITDA adj. €79m
- EBT: €58m



## Performance Q1 2022

- ▶ **+40%** revenue
- ▶ **+91%** EBT
- ▶ **+67%** in the Insurance sector
- ▶ **+59%** in Industry & Others sector
- ▶ **+30%** employees
- ▶ **39%** equity ratio

## Key figures – strong growth in revenue and earnings



in €m	Q1/2022	Q1/2021	Δ%
Revenue	173.35	123.92	40%
Order backlog	366.94	231.28	59%
EBITDA adjusted*	18.52	13.55	37%
EBITDA	18.52	12.90	44%
EBIT	13.45	7.37	82%
EBT	13.42	7.01	91%
Net income	9.58	5.16	86%
Earnings per share (in €)	0.36	0.20	86%
Earnings per share adjusted (in €)*	0.40	0.26	54%
Employees (in FTE)	8,120	6,225	30%

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

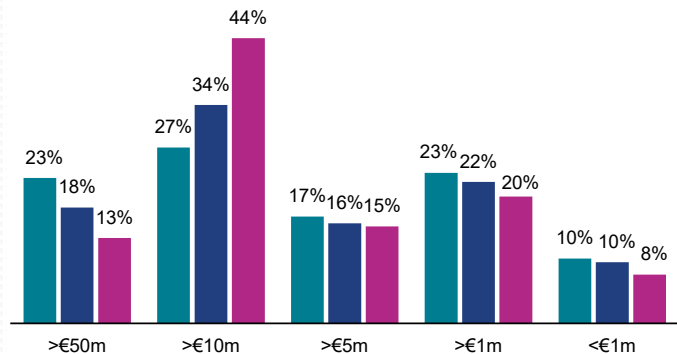
- **Revenue growth** of 40%
- **Order backlog** significantly above prior-year figure
- Strong increase in **EBITDA adjusted** of 37%
  - Utilisation at normal level
  - Restructuring measures amounted to €-0.93m (Q1/2021: €-0.97m)
  - FX effects of €0.28m (Q1/2021: €-0.17m)
- Disproportionately strong **EBT** growth of 91%
- Significant increase in **EBT margin** to 7.7% (Q1/2021: 5.7%)
- **Tax ratio** above previous year at 29% (Q1/2021: 26%)

# Diversification improved further



## Well-balanced client portfolio\*

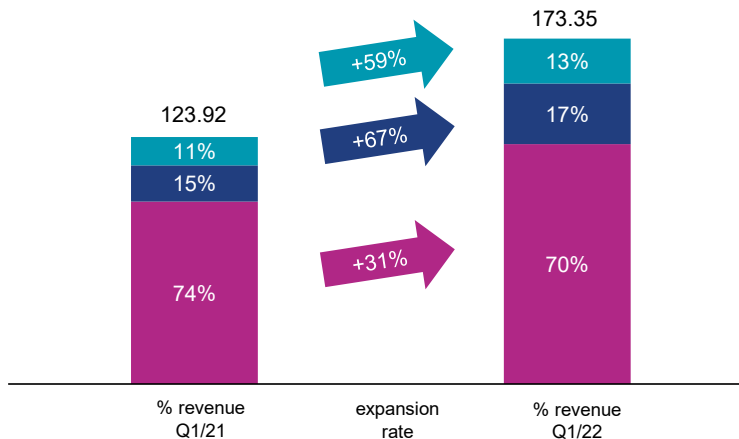
Largest client with approx. 13% of total revenue



% revenue GFT Group Q1/20 Q1/21 Q1/22

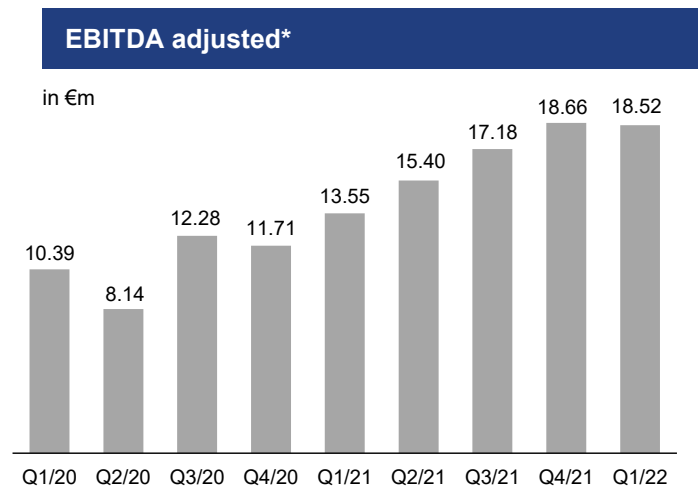
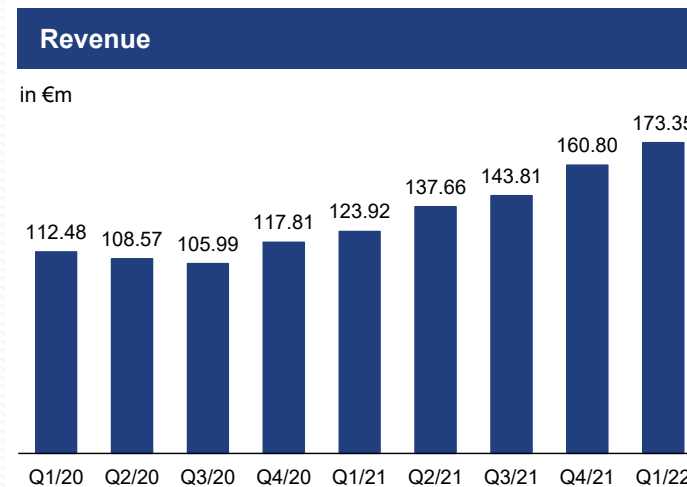
\* Annualised extrapolation based on respective first quarter

## All sectors with strong growth



% revenue Q1/21 expansion rate % revenue Q1/22 Banking Insurance Industry & Others

# Revenue and EBITDA adjusted by quarter



- **Q1/2022 vs. Q4/2021:** revenue growth of 8% and almost stable EBITDA adjusted compared to strong Q4/2021
- **Q1/2022 vs. Q1/2021:** strong increase in revenue and earnings

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

# Revenue by segment



in €m	Revenue		Growth rates			
	Q1/2022	Q1/2021	Organic	M&A	FX	Total
Americas, UK & APAC	106.59	63.45	60%	n/a	8%	68%
Continental Europe	66.69	60.44	10%	n/a	0%	10%
Others	0.07	0.03	n/a	n/a	n/a	n/a
<b>GFT Group</b>	<b>173.35</b>	<b>123.92</b>	<b>35%</b>	<b>n/a</b>	<b>5%</b>	<b>40%</b>

- **Americas, UK & APAC:** further strong revenue growth, especially in Canada, Brazil, APAC, UK and USA
- **Continental Europe:** slightly faster revenue growth than previous year, positive trend in Germany, Spain and Switzerland

# Earnings by segment



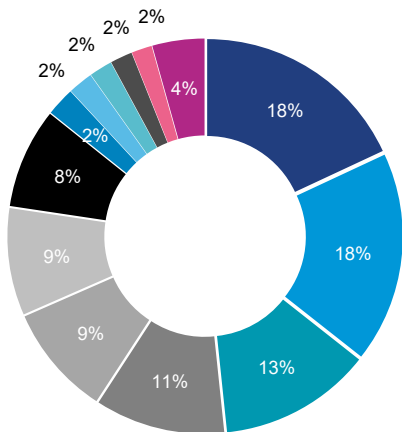
in €m	EBITDA adjusted*			EBITDA			EBT		
	Q1/2022	Q1/2021	Δ%	Q1/2022	Q1/2021	Δ%	Q1/2022	Q1/2021	Δ%
Americas, UK & APAC	9.21	6.93	33%	9.21	6.28	47%	7.06	4.17	69%
Continental Europe	10.29	7.09	45%	10.29	7.09	45%	7.58	3.65	>100%
Others	-0.98	-0.47	< -100%	-0.98	-0.47	< -100%	-1.22	-0.81	-50%
<b>GFT Group</b>	<b>18.52</b>	<b>13.55</b>	<b>37%</b>	<b>18.52</b>	<b>12.90</b>	<b>44%</b>	<b>13.42</b>	<b>7.01</b>	<b>91%</b>

- **Americas, UK & APAC:** stable EBT margin despite increased Sales and Business Development investments as well as special M&A effects (earn-out)
- **Continental Europe:** significant margin improvement – limited to Q1 – due to increased transfer prices for internal nearshore services as of 1 January 2022 (salary increases only due in Q2)

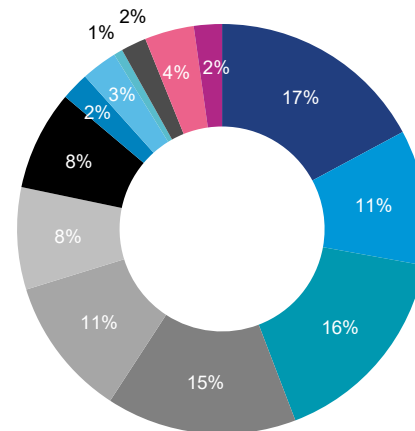
\*Adjusted for non-operational effects from M&A activities

# Revenue by markets

## Brazil now second largest market

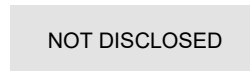
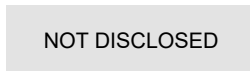


Q1/2022		Δ%	Q1/2021
31.60	UK	50%	21.04
30.77	Brazil	>100%	14.35
22.27	Spain	11%	20.05
18.97	Italy	3%	18.41
16.20	Germany	20%	13.54
15.65	Canada	58%	9.88
12.89	USA	34%	9.65
4.17	Switzerland	54%	2.71
3.64	Mexico	5%	3.47
3.37	Singapore	>100%	0.87
3.23	Hong Kong (SAR)	32%	2.45
2.98	France	-38%	4.78
7.61	Other countries	>100%	2.72
173.35	Total	40%	123.92





# 30 biggest clients Q1/2022 – five new entries



# Income statement: disproportionately improved earnings

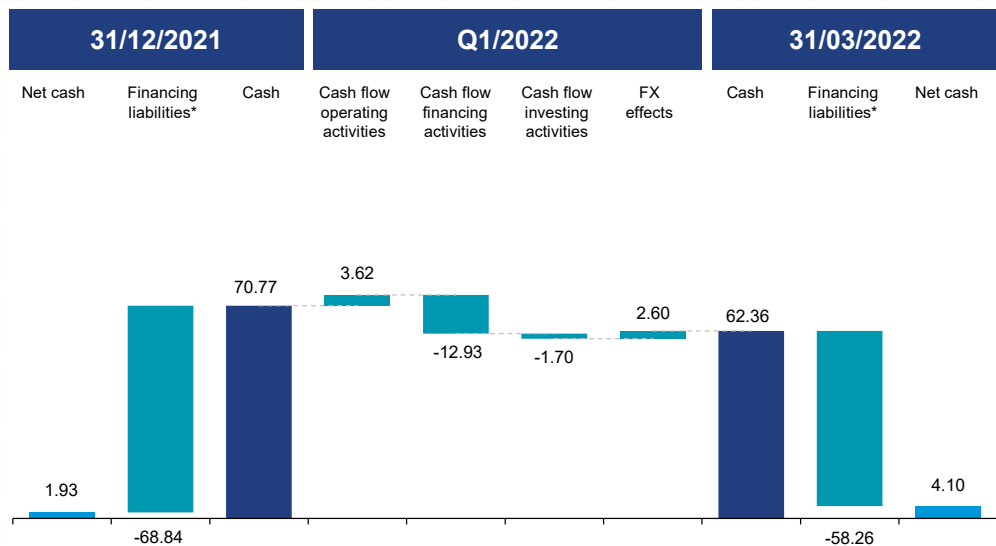


in €m	Q1/2022	Q1/2021	Δ%
<b>Revenue</b>	<b>173.35</b>	<b>123.92</b>	<b>40%</b>
Other operating income	5.22	2.54	>100%
Cost of purchased services	-27.35	-15.93	72%
Personnel expenses	-114.26	-87.30	31%
Other operating expenses*	-18.44	-10.33	79%
<b>EBITDA</b>	<b>18.52</b>	<b>12.90</b>	<b>43%</b>
Depreciation and amortisation	-5.07	-5.53	-8%
<b>EBIT</b>	<b>13.45</b>	<b>7.37</b>	<b>81%</b>
Interest income/expenses	-0.03	-0.36	-92%
<b>EBT</b>	<b>13.42</b>	<b>7.01</b>	<b>91%</b>
Income taxes	-3.84	-1.85	>100%
<b>Net income</b>	<b>9.58</b>	<b>5.16</b>	<b>86%</b>
Earnings per share (in €)	0.36	0.20	86%

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

- Profitable **revenue growth** due to sustained demand for digital transformation
- Increase in **other operating income** mainly driven by higher foreign exchange gains (gross)
- Ratio **cost of purchased services** to revenue of 16% significantly above prior-year level (Q1/2021: 13%)
- Increased **personnel expenses** caused by higher average headcount, esp. in Brazil. Ratio of personnel expenses w/o restructuring costs plus purchased services to revenue of 81% below prior-year level (Q1/2021: 83%)
- Disproportionate increase in **other operating expenses** primarily due to expenses for recruiting and business development
- Increase in **income taxes** mainly as a result of higher EBT. Effective tax ratio at 29% (Q1/2021: 26%)

# Cash flow analysis (€m) – net cash improved



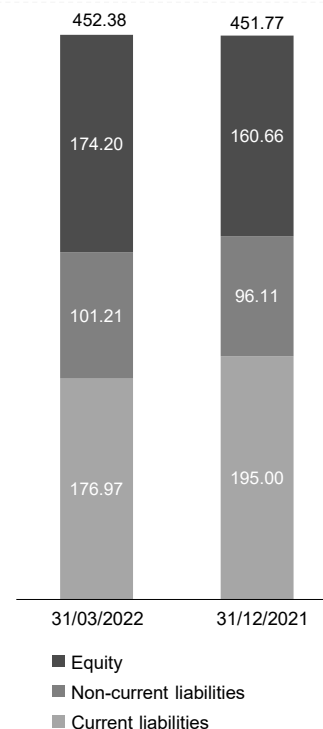
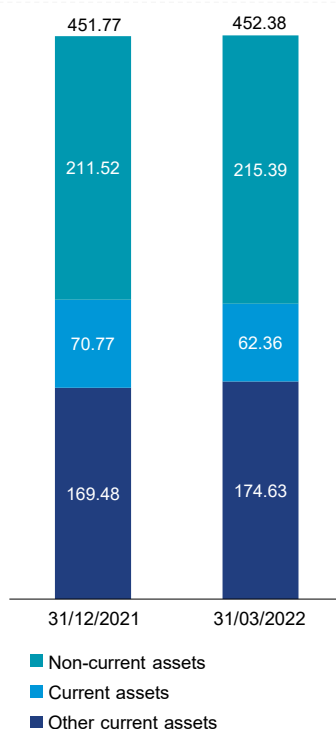
\* Financing liabilities include liabilities to banks

- **Financing structure** improved further. Unused credit facilities of €43.61m (31/12/2021: €35.08m). Net cash at €4.10m (31/12/2021: €1.93m)
- Decrease in **group cash** of €8.41m to €62.36m (31/12/2021: €70.77m) mainly due to bank loan redemption
- **Operating cash flow** of €3.62m below prior-year figure (Q1/2021: €15.12m) due to payment of tax and personnel liabilities; also more unfavourable working capital effects
- **Cash flow from financing activities** characterised by net redemption of bank loans amounting to €10.58m (Q1/2021: €20.07m)
- **Cash flow from investing activities** primarily influenced by capital expenditures in property, plant and equipment of €1.80m (Q1/2021: €1.53m)

## Balance sheet (€m) – stable asset structure

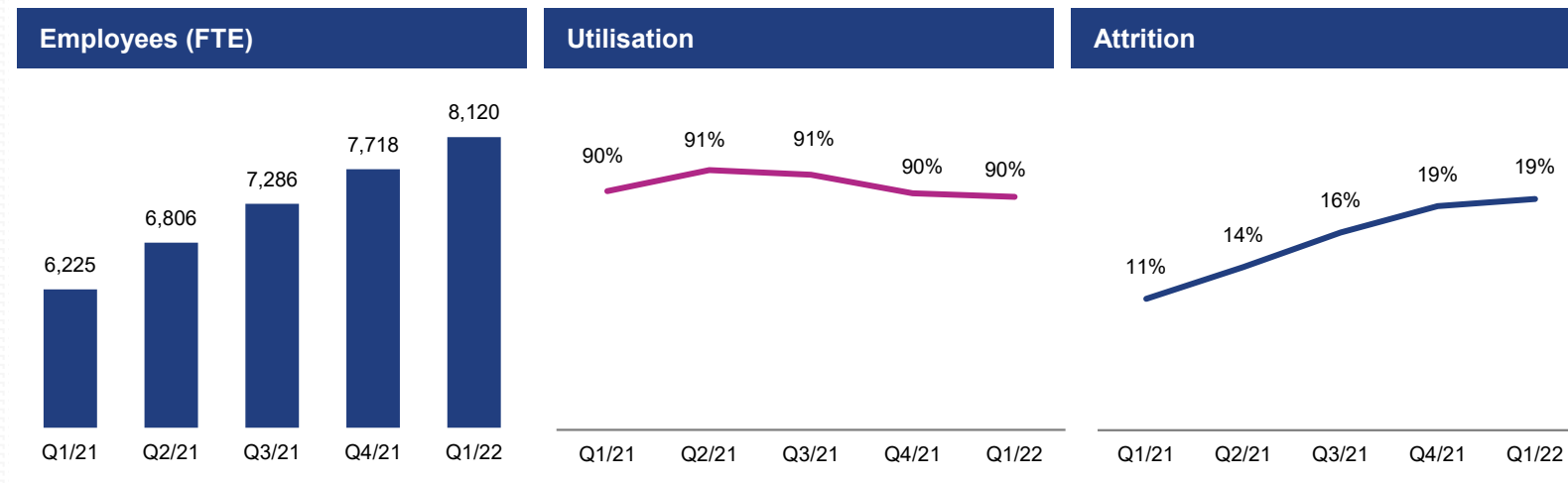


- **Balance sheet total** remained stable (+/- 0%) at €452.33m (31/12/2021: €451.77m)
- Increase in **non-current assets** of €3.87m mainly driven by replacement/follow-on investments for real estate leasing. Non-current assets account for 48% of balance sheet total (31/12/2021: 47%)
- Decrease in **cash and cash equivalents** of €8.41m to €62.36m primarily due to redemption of bank loans
- Increase in **other current assets** of €5.15m to €174.63m (31/12/2021: €169.48m) mainly due to prepaid expenses and tax payments, as well as higher (conditional) receivables from contracts with clients



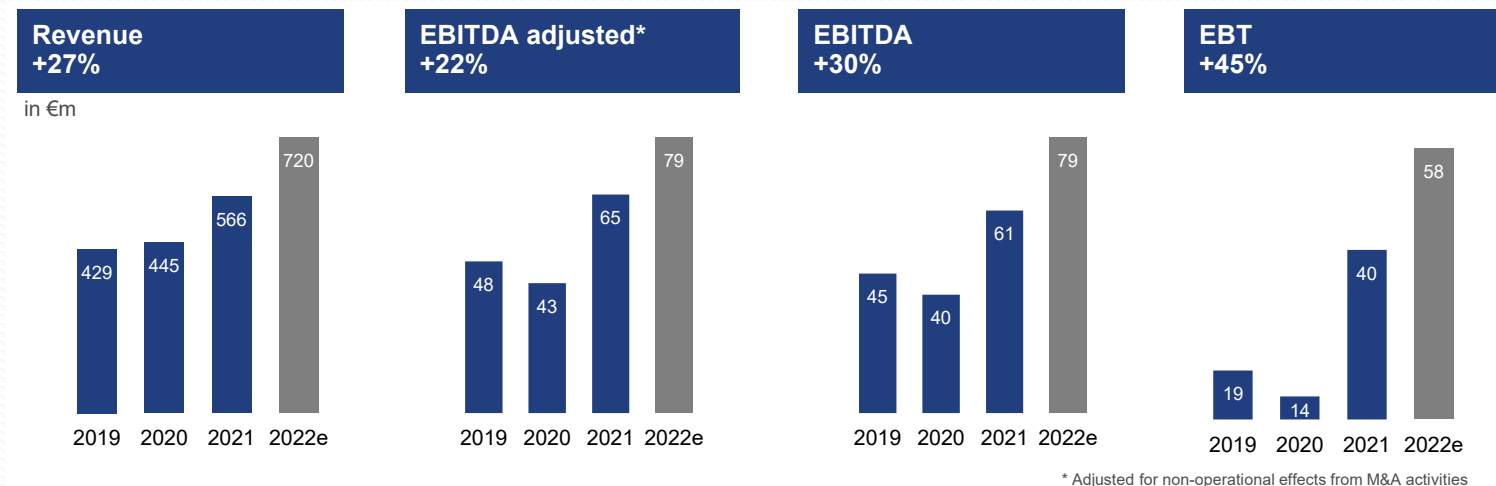
- **Equity** currency-adjusted up by €9.37m with net income of €9.58m (Q1/2021: €5.16m); equity ratio improved by 3 percentage points to 39% (31/12/2021: 36%)
- Increase in **non-current liabilities** of €5.10m to €101.21m primarily due to higher lease liabilities
- Decline in **current liabilities** of €18.03m to €176.97m due to redemption of bank loans totalling €10.50m and lower client contract liabilities (€-6.68m) as well as trade payables (€-4,51m). Main opposing effect from increased other provisions due to rise in personnel-related obligations

# Employees – successful staff expansion



- Number of employees grew by 30% compared to previous year
- Strong increase esp. in Brazil
- Utilisation of 90% in first quarter at prior-year level
- Attrition as expected, prior-year figures below long-term average due to Covid-19
- In addition: external contractors with strong rise to 1,301 (Q1/2021: 828); (headcount, not reflected in figures above)

# Outlook 2022 – sustained growth, increased EBT margin



- REVENUE 2022e**
- Revenue outlook upgraded from €680m to €720m
  - Sustained growth trend due to structurally strong demand for digital transformation
  - Growth in all sectors expected; disproportionately strong growth for Industry & Other and Insurance
- EARNINGS 2022e**
- Outlook for EBITDA upgraded from €75.5m to €79m and for EBT from €54.5m to €58m
  - Driven by economies of scale as well as active price and cost management

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

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

# Consolidated income statement



in €	Q1/2022	Q1/2021	Δ%
Revenue	173,354,983.10	123,917,023.75	40%
Other operating income	5,223,415.65	2,545,585.75	>100%
Cost of purchased services	27,351,006.70	15,934,609.06	72%
Personnel expenses	114,261,733.87	87,303,004.33	31%
Other operating expenses	18,447,948.57	10,283,696.73	79%
<b>Result from operating activities before depreciation and amortisation</b>	<b>18,517,709.61</b>	<b>12,941,299.38</b>	<b>43%</b>
Depreciation and amortisation of intangible assets and property, plant and equipment	5,066,601.36	5,529,592.45	-8%
<b>Result from operating activities</b>	<b>13,451,108.25</b>	<b>7,411,706.93</b>	<b>81%</b>
Result of investments accounted for using the equity method	0.00	-39,999.00	100%
Interest income	280,216.24	79,572.68	>100%
Interest expenses	313,098.81	440,815.66	-29%
<b>Financial result</b>	<b>-32,882.57</b>	<b>-401,241.98</b>	<b>92%</b>
<b>Earnings before taxes</b>	<b>13,418,225.68</b>	<b>7,010,464.95</b>	<b>91%</b>
Income taxes	3,838,355.61	1,849,095.46	>100%
<b>Net income for the period</b>	<b>9,579,870.07</b>	<b>5,161,369.49</b>	<b>86%</b>
Earnings per share – basic	0.36	0.20	86%

# Consolidated cash flow statement



in €	Q1/2022	Q1/2021	Δ%
Net income for the period	9,579,870.07	5,161,369.49	86%
Income taxes	3,838,355.61	1,849,095.46	>100%
Interest result	32,882.57	401,241.98	-92%
Income taxes paid	-2,280,285.24	-1,776,426.63	-28%
Income taxes received	596,655.00	1,282,291.78	-53%
Interest paid	-130,287.31	-214,615.20	39%
Interest received	251,167.1	39,983.89	>100%
Depreciation and amortisation of intangible assets and property, plant and equipment	5,066,601.36	5,529,592.45	-8%
Net proceeds on disposal of intangible assets and property, plant and equipment	260,926.98	46,979.21	>100%
Net proceeds on disposal of financial assets	-59,957.07	-97,820.82	39%
Other non-cash expenses and income	-1,818,440.28	535,400.55	<-100%
Change in trade receivables	18,826,574.06	9,355,416.89	>100%
Change in contract assets	-19,975,690.04	-12,679,062.97	-58%
Change in other assets	-3,219,080.42	2,105,314.22	<-100%
Change in provisions	6,651,574.05	4,799,705.24	39%
Change in trade payables	-4,511,636.41	-1,102,919.66	<-100%
Change in contract liabilities	-6,684,052.00	-6,156,932.66	-9%
Change in other liabilities	-2,806,526.66	6,037,246.36	<-100%
<b>Cash flow from operating activities</b>	<b>3,618,651.38</b>	<b>15,115,859.58</b>	<b>-76%</b>
Proceeds from disposal of property, plant and equipment	32,324.39	37,429.32	-14%
Proceeds from disposal of financial assets	69,957.07	97,820.82	-28%
Capital expenditure for intangible assets	-3,013.07	-97,894.55	97%
Capital expenditure for property, plant and equipment	-1,797,818.68	-1,527,388.74	-18%
Capital expenditure for financial investments	0.00	-40,000.00	100%
<b>Cash flow from investing activities</b>	<b>-1,698,550.29</b>	<b>-1,530,033.15</b>	<b>-11%</b>
Proceeds from borrowing	5,500,000.00	2,000,000.00	>100%
Cash outflows from loan repayments	-16,079,957.14	-22,077,950.32	27%
Cash outflows from repayment of lease liabilities	-2,351,823.55	-2,410,655.31	2%
<b>Cash flow from financing activities</b>	<b>-12,931,780.69</b>	<b>-22,488,605.63</b>	<b>42%</b>
Effect of foreign exchange rate changes on cash and cash equivalents	2,599,434.01	147,916.28	>100%
<b>Net increase in cash and cash equivalents</b>	<b>-8,412,245.59</b>	<b>-8,754,862.92</b>	<b>4%</b>
Cash and cash equivalents at beginning of period	70,770,150.46	70,872,920.04	0%
<b>Cash and cash equivalents at end of period</b>	<b>62,357,904.87</b>	<b>62,118,057.12</b>	<b>0%</b>

# Consolidated balance sheet



Assets	31/03/2022	31/12/2021	Δ%
in €			
<b>Non-current assets</b>			
Goodwill	125,260,130.43	124,422,830.73	1%
Other intangible assets	9,536,561.68	10,645,292.80	-10%
Property, plant and equipment	61,012,224.53	56,339,245.17	8%
Financial investments	696,217.60	706,217.60	-1%
Other financial assets	1,886,491.98	1,805,716.61	4%
Deferred tax assets	13,375,734.26	12,526,370.47	7%
Income tax assets	341,850.26	342,210.60	0%
Other assets	3,279,977.62	4,732,078.43	-31%
	<b>215,389,188.36</b>	<b>211,519,962.41</b>	<b>2%</b>
<b>Current assets</b>			
Inventories	19,984.40	17,108.73	17%
Trade receivables	112,676,194.13	131,502,768.19	-14%
Contract assets	36,097,730.13	16,122,040.09	>100%
Cash and cash equivalents	62,357,904.87	70,770,150.46	-12%
Other financial assets	3,991,397.86	3,284,856.74	22%
Income tax assets	7,098,098.99	6,852,662.11	4%
Other assets	14,745,332.30	11,701,642.93	26%
	<b>236,986,642.68</b>	<b>240,251,229.25</b>	<b>-1%</b>
	<b>452,375,831.04</b>	<b>451,771,191.66</b>	<b>0%</b>

Equity and liabilities	31/03/2022	31/12/2021	Δ%
in €			
<b>Shareholders' equity</b>			
Share capital	26,325,946.00	26,325,946.00	0%
Capital reserve	42,147,782.15	42,147,782.15	0%
Retained earnings	107,387,545.86	98,024,103.12	10%
Other reserves	-1,667,074.52	-5,833,109.53	71%
	<b>174,194,199.49</b>	<b>160,664,721.74</b>	<b>8%</b>
<b>Non-current liabilities</b>			
Financing liabilities	47,418,021.08	47,500,036.71	0%
Other financial liabilities	29,901,137.30	26,181,320.11	14%
Provisions for pensions	8,073,984.26	7,706,961.38	5%
Other provisions	7,567,758.00	7,511,993.05	1%
Deferred tax liabilities	2,976,500.09	3,242,324.71	-8%
Other liabilities	5,275,494.57	3,969,073.51	33%
	<b>101,212,895.30</b>	<b>96,111,709.47</b>	<b>5%</b>
<b>Current liabilities</b>			
Trade payables	7,264,705.61	11,776,342.02	-38%
Financing liabilities	10,842,870.65	21,340,812.15	-49%
Other financial liabilities	17,807,976.12	18,620,663.31	-4%
Other provisions	63,947,203.72	57,628,451.39	11%
Income tax liabilities	5,444,599.42	4,475,947.52	22%
Contract liabilities	39,435,755.79	46,119,807.79	-14%
Other liabilities	32,225,624.94	35,032,736.27	-8%
	<b>176,968,736.25</b>	<b>194,994,760.45</b>	<b>-9%</b>
	<b>452,375,831.04</b>	<b>451,771,191.66</b>	<b>0%</b>

# Consolidated statement of comprehensive income



in €	Q1/2022	Q1/2021	Δ%
<b>Net income for the period</b>	<b>9,579,870.07</b>	<b>5,161,369.49</b>	<b>86%</b>
<b>Items that will not be reclassified to the income statement</b>			
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
<b>Items that may be reclassified to the income statement</b>			
Currency translation	4,166,035.01	3,351,799.92	24%
<b>Other comprehensive income</b>	<b>3,949,607.68</b>	<b>3,351,799.92</b>	<b>18%</b>
<b>Total comprehensive income</b>	<b>13,529,477.75</b>	<b>8,513,169.41</b>	<b>59%</b>

# Consolidated statement of changes in equity



	Share capital	Capital reserve	Retained earnings <sup>1</sup>	Other reserves Currency translation	Total equity
in €					
<b>Balance at 1 January 2021</b>	<b>26,325,946.00</b>	<b>42,147,782.15</b>	<b>72,486,275.79</b>	<b>-12,823,318.77</b>	<b>128,136,685.17</b>
Net income for the period	--	--	5,161,369.49	--	5,161,369.49
Other comprehensive income	--	--	0.00	3,351,799.92	3,351,799.92
<b>Total comprehensive income</b>	<b>--</b>	<b>--</b>	<b>5,161,369.49</b>	<b>3,351,799.92</b>	<b>8,513,169.41</b>
<b>Balance at 31 March 2021</b>	<b>26,325,946.00</b>	<b>42,147,782.15</b>	<b>77,647,645.28</b>	<b>-9,471,518.85</b>	<b>136,649,854.58</b>
<b>Balance at 1 January 2022</b>	<b>26,325,946.00</b>	<b>42,147,782.15</b>	<b>98,024,103.12</b>	<b>-5,833,109.53</b>	<b>160,664,721.74</b>
Net income for the period	--	--	9,579,870.07	--	9,579,870.07
Other comprehensive income	--	--	-216,427.33	4,166,035.01	3,949,607.68
<b>Total comprehensive income</b>	<b>--</b>	<b>--</b>	<b>9,363,442.74</b>	<b>4,166,035.01</b>	<b>13,529,477.75</b>
<b>Balance at 31 March 2022</b>	<b>26,325,946.00</b>	<b>42,147,782.15</b>	<b>107,387,545.86</b>	<b>-1,667,074.52</b>	<b>174,194,199.49</b>

<sup>1</sup> 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	
	Q1/2022	Q1/2021	Q1/2022	Q1/2021	Q1/2022	Q1/2021	Q1/2022	Q1/2021	Q1/2022	Q1/2021
External revenue	106,591	63,452	66,696	60,436	173,287	123,888	68	29	173,355	123,917
Intersegment revenue	1,556	2,286	23,857	16,189	25,413	18,475	-25,413	-18,475	0	0
<b>Total revenue</b>	<b>108,147</b>	<b>65,738</b>	<b>90,553</b>	<b>76,625</b>	<b>198,700</b>	<b>142,363</b>	<b>-25,345</b>	<b>-18,446</b>	<b>173,355</b>	<b>123,917</b>
<b>Segment result (EBT)</b>	<b>7,054</b>	<b>4,171</b>	<b>7,581</b>	<b>3,653</b>	<b>14,635</b>	<b>7,824</b>	<b>-1,217</b>	<b>-814</b>	<b>13,418</b>	<b>7,010</b>
thereof depreciation and amortisation	-2,056	-1,930	-2,605	-3,225	-4,661	-5,155	-406	-375	-5,067	-5,530
thereof interest income	258	79	26	26	284	105	-4	-25	280	80
thereof interest expenses	-357	-258	-131	-242	-488	-500	175	59	-313	-441