

PRESS RELEASE

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## GFT continues to grow, upgrades earnings guidance

Consistently high demand due to megatrend digitalisation

- **Revenue** in first nine months **raised significantly**: +34 percent
- **Disproportionately strong EBT growth**: +70 percent, **adjusted EBITDA** +37 percent
- **Diversification continues**: Insurance sector +51 percent, Industry & Others +51 percent; **further growth in core market Banking**: +27 percent
- **Position in global labour market strengthened**: further headcount growth (+19 percent), more than 10,000 experts active around the world
- **Revenue guidance 2022 confirmed**: EUR 730 million, **earnings guidance 2022 upgraded**: EBT EUR 66 million, adjusted EBITDA EUR 87 million

Stuttgart, 10 November 2022 – Taking the UK as an example, GFT's latest [Banking Disruption Index](#) illustrates just how high the pressure is on banks to offer cutting-edge digital services: **67 percent of customers prefer to use digital channels** rather than visiting a branch in person. However, many banks are still working with **IT systems that are decades old** and incapable of helping them meet customer expectations. Consequently, the entire financial sector is investing huge sums in IT.

Against this backdrop, **GFT Technologies SE (GFT) continued its dynamic growth in the third quarter of 2022**. Overall, the company increased revenue by 34 percent in the first nine months; EBT rose even faster by 70 percent compared to the same period last year, and adjusted EBITDA by 37 percent. This **growth continues to be driven by high demand from all sectors for digitalisation solutions based on new technologies**. GFT was able to further expand its market position, especially in the Americas and the Asia-Pacific region. GFT also provided support for transformation projects in Europe, such as the French mutual insurer [Macif's migration of its largest business line to Guidewire InsuranceSuite on the cloud](#).

"Modern IT systems are an important competitive factor for banks, insurers and industrial companies. This is why digitalisation projects are being implemented even during such difficult economic times," says Dr Jochen Ruetz, CFO. "GFT has firmly established itself as a competent technology partner for complex transformation projects. Our excellent order position enables us to focus on high-margin projects. We expect our business to make further strong progress, especially with fast-growing new technologies."

On 20 October 2022, GFT **raised its forecast for the current financial year**. **Earnings before taxes** are expected to rise to **EUR 66 million** (previously EUR 60 million, previous year EUR 40 million) and **adjusted EBITDA** to **EUR 87 million** (previously EUR 81 million, previous year EUR 65 million). The revenue forecast remained unchanged at EUR 730 million.

### Growth trend continues across all sectors

In the first nine months of 2022, the GFT Group generated **revenue of EUR 541.91 million**. As a result, the company exceeded its prior-year figure of EUR 405.39 million by 34 percent. The diversification strategy once again proved to be a key driver of this growth: in the **Insurance** sector, revenue **was raised by 51 percent**, as it was in the **Industry & Others** sector (+**51 percent**). In the **Banking** sector, revenue was **27 percent higher** than in the same period last year.

Business made particularly strong progress in the Americas, UK & APAC segment with an increase in revenue of **53 percent**. This growth was driven above all by **complex modernisation and transformation projects of banks and insurers**.

### Disproportionately strong EBT growth

There was disproportionately strong growth in earnings during the first nine months. This was due to structurally strong demand for digitalisation solutions, positive currency effects, successful price and cost management as well as lower expenses for the share-based component of management compensation. Compared to the previous year, **EBT rose by 70 percent to EUR 47.91 million** (previous year: EUR 28.13 million). **Adjusted EBITDA** increased by **37 percent to EUR 63.22 million** (previous year: EUR 46.13 million); **EBIT** improved by **65 percent to EUR 47.65 million** (previous year: EUR 28.87 million). The **EBT margin** rose to **8.8 percent** (previous year: 6.9 percent).

### Global team expanded to more than 10,000 experts

Despite fierce global competition, GFT achieved significant success in attracting the best specialists: as of 30 September 2022, the Group employed a total of **8,766 people** (full-time employees, FTE). This represents **growth of 20 percent** compared to the end of the same period last year (7,286 employees). Based on the total number of people employed by the company, including part-time employees and external contractors, this means that GFT has passed the **10,000-talents** mark. This increase resulted mainly from strong expansion in Brazil. In mid-2022, all GFT's national companies with more than a minimum of 10 employees received the globally recognised **"Great Place to Work"** certification.

### Financial stability and flexibility remain high

In the first nine months of 2022, **cash flow from operating activities** amounted to **EUR 22.91 million** (9M/2021: EUR 30.97 million). The decline was mainly due to unfavourable working capital effects, especially in connection with fixed-price projects. **Net liquidity** increased to **EUR 7.35 million** (31 December 2021: EUR 1.93 million). Due to the increase in equity capital, the **equity ratio of 39 percent** was three percentage points up on the year-end figure (31 December 2021: 36 percent).

### Revenue guidance 2022 confirmed, earnings guidance upgraded

With its sector and technology expertise, as well as its attractive portfolio of digitalisation solutions, GFT is excellently positioned to benefit from the megatrend digitalisation as well as from the growing pressure on costs and the need to modernise in all client sectors. The company therefore expects to grow in all segments during 2022 and to achieve a **significant increase in revenue and earnings** in its financial year 2022. On 20 October 2022, the revenue guidance for 2022 was confirmed and the earnings guidance was upgraded:

Compared to 2021, revenue is expected to **grow by 29 percent** to around **EUR 730 million**.

**Earnings before taxes** are expected to reach around **EUR 66 million** for the full year (previously: EUR 60 million), corresponding to year-on-year growth of **65 percent**. The GFT Group expects **adjusted EBITDA** to increase to around **EUR 87 million** (previously: EUR 81 million), **34 percent more** than in 2021. The upgrade in earnings guidance is due to lower provisions for the share-based component of management compensation, continued positive currency effects and higher than

previously assumed capacity utilisation. Russia's war against Ukraine and its consequences have had no negative impact on GFT's business so far.

### Key figures (IFRS)

(Deviations possible due to rounding differences)

In EUR million	9M/2022	9M/2021	Δ
Revenue	541.91	405.39	34%
Adjusted EBITDA <sup>1)</sup>	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 EUR	1.28	0.80	60%
Operating cash flow	22.91	30.97	-26%
Employees (FTE, as of 30 September)	8,766	7,286	20%
In EUR million	30/09/2022	31/12/2021	Δ
Net liquidity	7.35	1.93	281%
Equity ratio (in percent)	39	36	3

<sup>1)</sup> Adjusted for special items from M&A activities in the comparative period 9M/2021.

Further information on the definition of alternative performance measures is provided [here](#) on the GFT website.



Dr Jochen Ruetz, CFO of GFT

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## About GFT – Shaping the future of digital business

As a pioneer for digital transformation GFT develops sustainable solutions across new technologies – from cloud engineering and artificial intelligence to blockchain/DLT.

With its deep technological expertise, strong partnerships and comprehensive market know-how GFT offers advice to the financial and insurance sectors, as well as in the manufacturing industry. Through the intelligent use of IT solutions GFT increases productivity and creates added value for clients. Companies gain easy and safe access to scalable IT-applications and innovative business models.

Founded in 1987 and located in more than 15 markets to ensure proximity to clients, the GFT team consists of over 10,000 determined talents. GFT provides them with career opportunities in all areas of software engineering and innovation. The GFT Technologies SE share is listed in the SDAX index of the German Stock Exchange (ticker: GFT-XE).

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