

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)

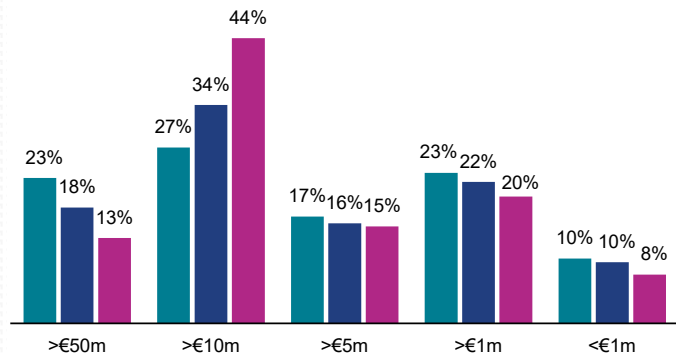
- **Revenue growth** of 40%
- **Order backlog** significantly above prior-year figure
- Strong increase in **EBITDA adjusted** of 37%
 - Utilisation at normal level
 - Restructuring measures amounted to €-0.93m (Q1/2021: €-0.97m)
 - FX effects of €0.28m (Q1/2021: €-0.17m)
- Disproportionately strong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



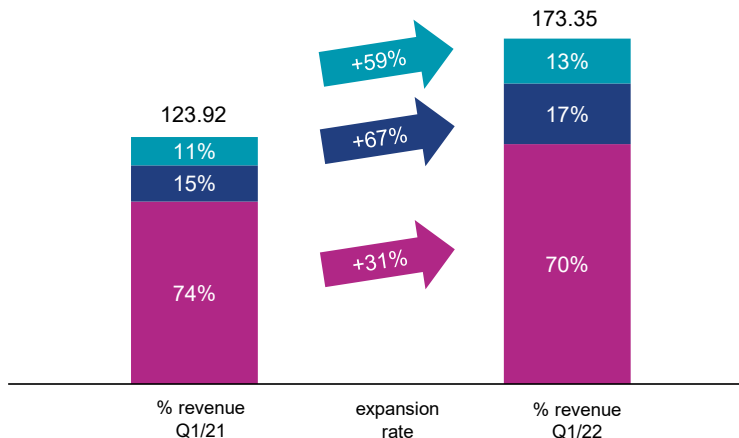
Well-balanced client portfolio*

Largest client with approx. 13% of total revenue



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

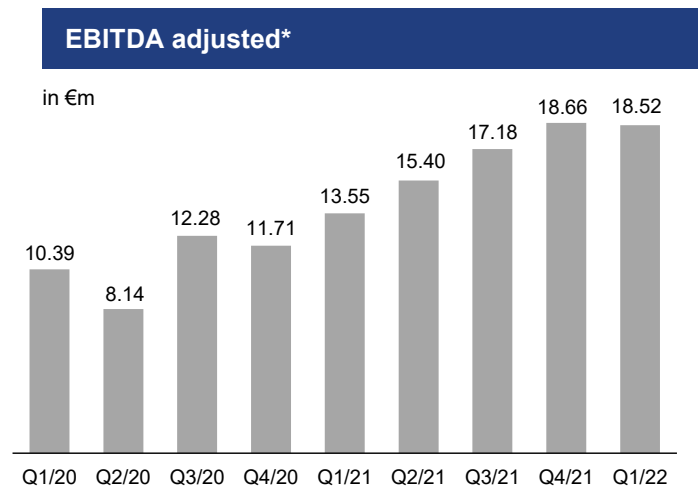
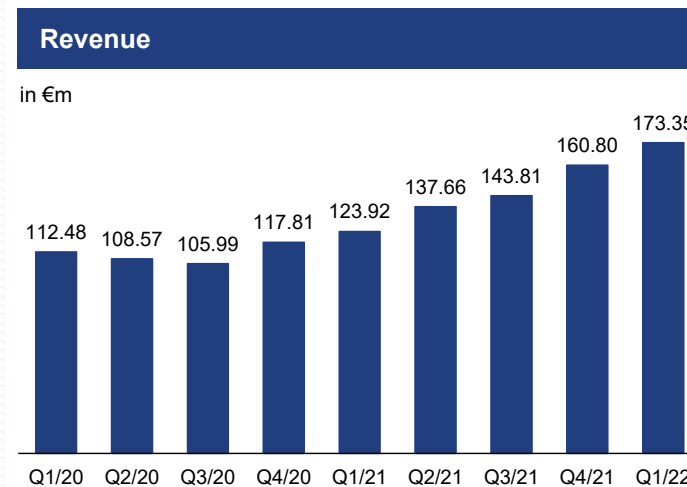
All sectors with strong growth



■ Banking ■ Insurance ■ Industry & Others

* Annualised extrapolation based on respective first quarter

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
GFT Group	173.35	123.92	35%	n/a	5%	40%

- **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



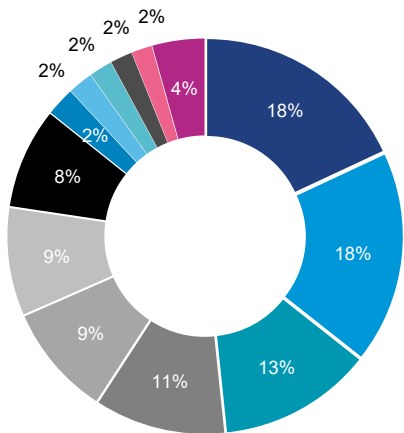
in €m	EBITDA adjusted*			EBITDA			EBT		
	Q1/2022	Q1/2021	Δ%	Q1/2022	Q1/2021	Δ%	Q1/2022	Q1/2021	Δ%
Americas, UK & APAC	9.21	6.93	33%	9.21	6.28	47%	7.06	4.17	69%
Continental Europe	10.29	7.09	45%	10.29	7.09	45%	7.58	3.65	>100%
Others	-0.98	-0.47	< -100%	-0.98	-0.47	< -100%	-1.22	-0.81	-50%
GFT Group	18.52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

- **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)

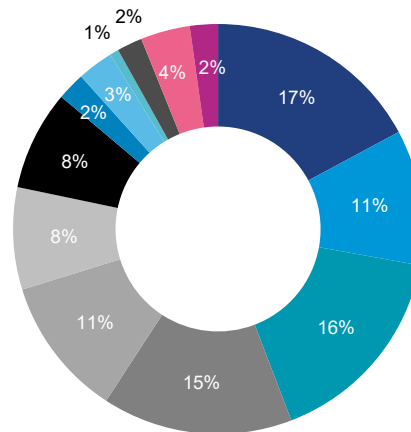
*Adjusted for non-operational effects from M&A activities

Revenue by markets

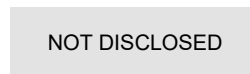
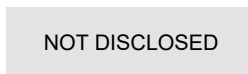
Brazil now second largest market



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

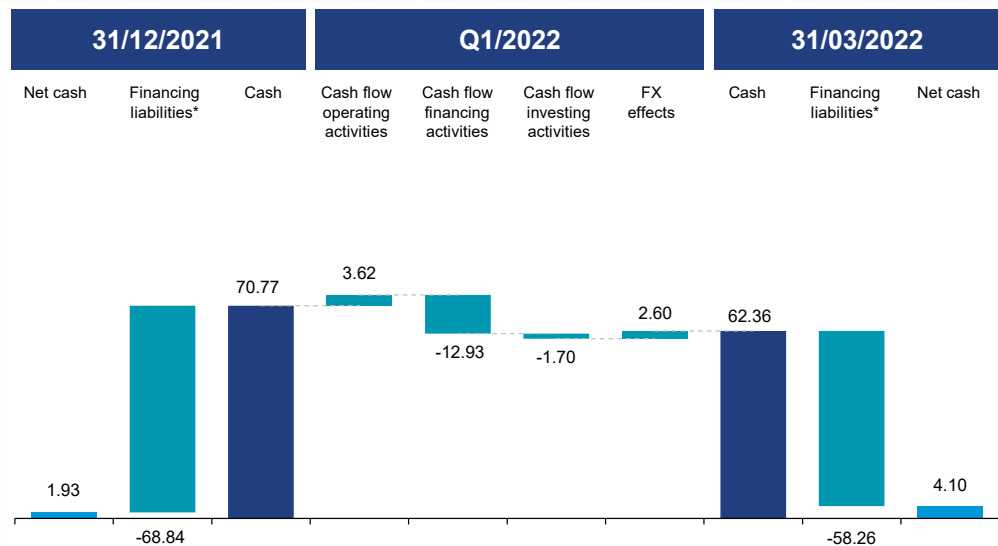


in €m	Q1/2022	Q1/2021	Δ%
Revenue	173.35	123.92	40%
Other operating income	5.22	2.54	>100%
Cost of purchased services	-27.35	-15.93	72%
Personnel expenses	-114.26	-87.30	31%
Other operating expenses*	-18.44	-10.33	79%
EBITDA	18.52	12.90	43%
Depreciation and amortisation	-5.07	-5.53	-8%
EBIT	13.45	7.37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



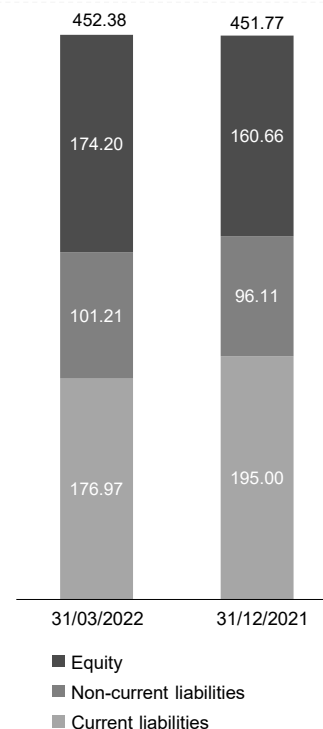
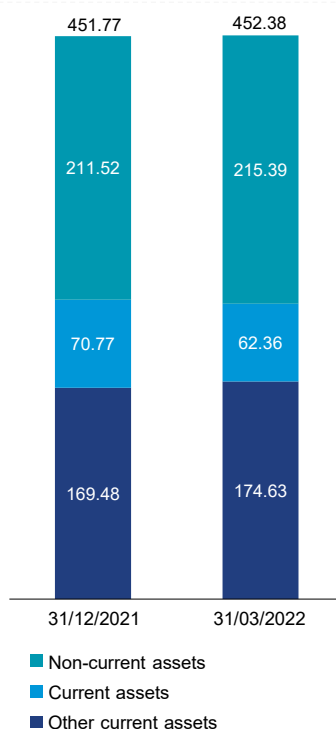
* Financing liabilities include liabilities to banks

- **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

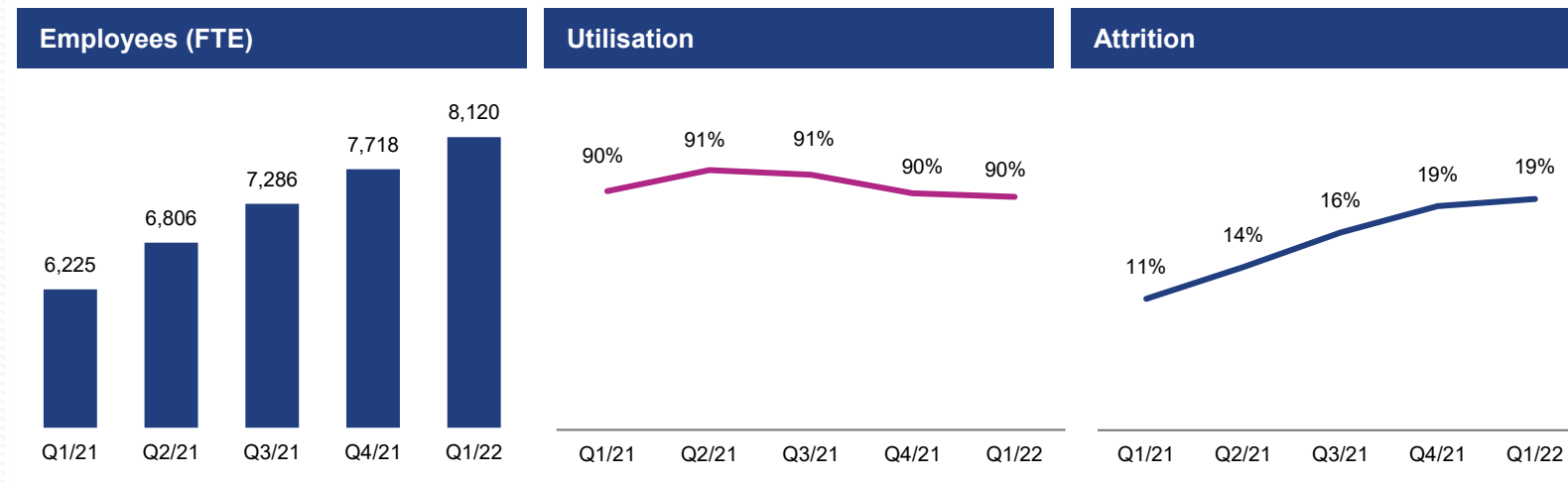


- **Balance sheet total** remained stable (+/- 0%) at €452.33m (31/12/2021: €451.77m)
- Increase in **non-current assets** of €3.87m mainly driven by replacement/follow-on investments for real estate leasing. Non-current assets account for 48% of balance sheet total (31/12/2021: 47%)
- Decrease in **cash 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



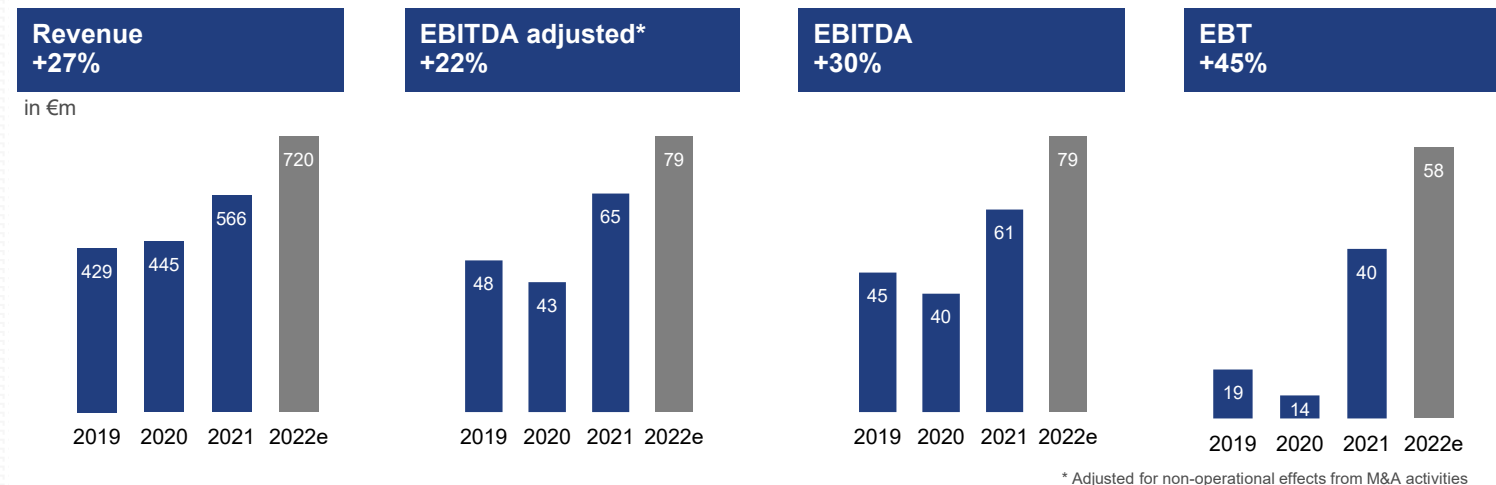
- **Equity** currency-adjusted up by €9.37m with net income of €9.58m (Q1/2021: €5.16m); equity ratio improved by 3 percentage points to 39% (31/12/2021: 36%)
- Increase in **non-current liabilities** of €5.10m to €101.21m primarily due to higher lease liabilities
- Decline in **current liabilities** 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

GFT Technologies SE

Dr Jochen Ruetz
CFO

Schelmenwasenstr. 34
70567 Stuttgart

T +49 711 62042-422

jochen.ruetz@gft.com

GFT Technologies SE

Jens Hecht, CFA (external)
Investor Relations

Schelmenwasenstr. 34
70567 Stuttgart

T +49 711 62042-323

IR@gft.com

Backup

Results at a glance per quarter



in €m	Q1/2021	Q2/2021	Q3/2021	Q4/2021	FY2021	Q1/2022
Revenue	123.92	137.66	143.81	160.80	566.19	173.35
EBITDA adjusted*	13.55	15.40	17.18	18.66	64.79	18.52
EBITDA	12.90	14.73	16.56	16.56	60.75	18.52
EBIT	7.37	9.83	11.67	12.01	40.88	13.45
EBT	7.01	9.61	11.51	11.90	40.03	13.42
Net income	5.16	6.93	9.00	8.80	29.89	9.58
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
Earnings per share (in €)	0.20	0.26	0.34	0.34	1.14	0.36
Employees (in FTE)	6,225	6,806	7,286	7,718	7,718	8,120

*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%
Result from operating activities before depreciation and amortisation	18,517,709.61	12,941,299.38	43%
Depreciation and amortisation of intangible assets and property, plant and equipment	5,066,601.36	5,529,592.45	-8%
Result from operating activities	13,451,108.25	7,411,706.93	81%
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%
Financial result	-32,882.57	-401,241.98	92%
Earnings before taxes	13,418,225.68	7,010,464.95	91%
Income taxes	3,838,355.61	1,849,095.46	>100%
Net income for the period	9,579,870.07	5,161,369.49	86%
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%
Cash flow from operating activities	3,618,651.38	15,115,859.58	-76%
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%
Cash flow from investing activities	-1,698,550.29	-1,530,033.15	-11%
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%
Cash flow from financing activities	-12,931,780.69	-22,488,605.63	42%
Effect of foreign exchange rate changes on cash and cash equivalents	2,599,434.01	147,916.28	>100%
Net increase in cash and cash equivalents	-8,412,245.59	-8,754,862.92	4%
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	62,357,904.87	62,118,057.12	0%

Consolidated balance sheet



Assets	31/03/2022	31/12/2021	Δ%
in €			
Non-current assets			
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%
	215,389,188.36	211,519,962.41	2%
Current assets			
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%
	236,986,642.68	240,251,229.25	-1%
	452,375,831.04	451,771,191.66	0%

Equity and liabilities	31/03/2022	31/12/2021	Δ%
in €			
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	107,387,545.86	98,024,103.12	10%
Other reserves	-1,667,074.52	-5,833,109.53	71%
	174,194,199.49	160,664,721.74	8%
Non-current liabilities			
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%
	101,212,895.30	96,111,709.47	5%
Current liabilities			
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%
	176,968,736.25	194,994,760.45	-9%
	452,375,831.04	451,771,191.66	0%

Consolidated statement of comprehensive income



in €	Q1/2022	Q1/2021	Δ%
Net income for the period	9,579,870.07	5,161,369.49	86%
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	4,166,035.01	3,351,799.92	24%
Other comprehensive income	3,949,607.68	3,351,799.92	18%
Total comprehensive income	13,529,477.75	8,513,169.41	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	--	--	5,161,369.49	--	5,161,369.49
Other comprehensive income	--	--	0.00	3,351,799.92	3,351,799.92
Total comprehensive income	--	--	5,161,369.49	3,351,799.92	8,513,169.41
Balance at 31 March 2021	26,325,946.00	42,147,782.15	77,647,645.28	-9,471,518.85	136,649,854.58
Balance at 1 January 2022					
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	--	--	9,579,870.07	--	9,579,870.07
Other comprehensive income	--	--	-216,427.33	4,166,035.01	3,949,607.68
Total comprehensive income	--	--	9,363,442.74	4,166,035.01	13,529,477.75
Balance at 31 March 2022	26,325,946.00	42,147,782.15	107,387,545.86	-1,667,074.52	174,194,199.49

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	
	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
Total revenue	108,147	65,738	90,553	76,625	198,700	142,363	-25,345	-18,446	173,355	123,917
Segment result (EBT)	7,054	4,171	7,581	3,653	14,635	7,824	-1,217	-814	13,418	7,010
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