Half-year Financial Report

1 January to 30 June 2018

GFT Technologies SE

Key figures (IFRS, unaudited)

GFT Group

in € million	H1/2018	H1/2017	Δ %	Q2/2018	Q2/2017	Δ %
Income statement						
Revenue	211.16	217.77	–3%	104.17	106.67	–2%
EBITDA adjusted	20.49	18.89	9%	10.44	8.69	20%
EBITDA	20.12	18.34	10%	10.07	8.42	20%
EBIT	13.79	10.27	34%	6.92	3.32	>100%
EBT	12.54	9.01	39%	6.29	2.64	>100%
Net income	11.79	7.60	55%	7.10	2.86	>100%
Segments						
Revenue *Americas & UK*	92.60	105.77	–12%	44.70	50.91	–12%
Revenue *Continental Europe*	118.26	111.55	6%	59.27	55.47	7%
Revenue *Others*	0.30	0.45		0.20	0.29	
Earnings before taxes (EBT) *Americas & UK*	3.03	–6.33	>100%	1.13	–4.05	28%
Earnings before taxes (EBT) *Continental Europe*	9.59	14.41	–33%	4.96	6.22	–20%
Earnings before taxes (EBT) *Others*	–0.08	0.93		0.20	0.47	
Share						
Basic earnings per share	€0.45	€0.29	55%	€0.27	€0.11	>100%
Average number of shares outstanding	26,325,946	26,325,946	0%	26,325,946	26,325,946	0%
Balance sheet						
Non-current assets	161.45	166.66	–3%			
Cash and cash equivalents	63.56	41.41	53%			
Other current assets	139.88	135.26	3%			
Total assets	**364.89**	**343.33**	**6%**			
Non-current liabilities	120.58	90.95	33%			
Current liabilities	126.64	138.10	–8%			
Shareholders' equity	117.67	114.28	3%			
Total shareholders' equity and liabilities	**364.89**	**343.33**	**6%**			
Equity ratio	32%	33%				
Cash flow statement						
Cash flow from operating activities	7.82	–8.43				
Cash flow from investing activities	–3.25	–3.06				
Cash flow from financing activities	–13.04	–9.26				
Employees						
Number of employees (as of 30 June)	4,697	4,739	–1%			
Weighted utilisation rate	89.3%	88.6%				
Operating margin	**5.9%**	**4.1%**	**44%**	**6.0%**	**2.5%**	**>100%**
Tax rate	**5.9%**	**15.7%**	**–62%**	**12.8%**	**–8.7%**	**>100%**

Further explanations on the key performance measures can be found at *www.gft.com/performancemeasures*.

CONTENTS

INTERIM GROUP MANAGEMENT REPORT

1 Basic principles of the Group

1.1 Management system

For internal management purposes and as an additional indicator of the GFT Group's sustainable profitability, a new key performance indicator (KPI) has been introduced with the publication of these half-year results for 2018: in addition to the previously reported earnings before interest, taxes, depreciation and amortisation (EBITDA), the new KPI EBITDA adjusted is adjusted for non-operating effects from corporate transactions. In view of the planned acquisitions to achieve the GFT Group's medium-term objectives, this KPI is better suited to depicting the Group's normalised profitability and will thus improve comparability across different time periods.

EBITDA adjusted neutralises the following effects from the acquisition and sale of companies:

- Profits/losses from the sale of company shares
- Acquisition-related reductions in current assets
- Acquisition-related compensation for employees or selling shareholders
- Transaction and integration expenses with an effect on earnings

The unadjusted EBITDA continues to stand for earnings from operating activities before scheduled depreciation, impairment and impairment reversal of non-current assets and property, plant and equipment plus earnings from financial assets carried according to the equity method.

EBITDA adjusted is not a KPI defined by the International Financial Reporting Standards (IFRS). The GFT Group's definition of EBITDA adjusted may not be comparable with similarly named KPIs and disclosures of other companies.

Further explanations on the key performance measures used by the GFT Group can be found at *www.gft.com/performancemeasures*.

2 Economic report

2.1 General information

In the course of adopting the new regulations of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers", the GFT Group amended some of its accounting and valuation methods as of 1 January 2018. A detailed explanation of these changes is provided in the notes to these half-year consolidated financial statements (see section 1.4 Accounting and valuation methods). In accordance with our decision to apply the modified retrospective transitional method, the figures for previous periods have not been adjusted.

Initial application of the new IFRS pronouncements had no significant impact on the financial position and performance of the GFT Group as of 30 June 2018.

2.2 General economic and sector-specific conditions

Expected economic growth for 2018

Country/ region	30/06/2018	31/12/2017	Δ %
Global economy	3.9%	3.9%	■ Growth prospects becoming less widespread ■ Downside risks increasing
Eurozone	2.1%	2.3%	■ Decline due in particular to weaker first quarter
Germany	2.0%	2.5%	■ Upside opportunities from more expansionary fiscal policy ■ Shortage of skilled workers increasingly restricting growth ■ Downside risks in foreign trade

Sources: IMF, ECB, Bundesbank

Global economic growth is largely in line with the expectations of the International Monetary Fund (IMF). Nevertheless, the growth momentum is becoming less widespread and the risks are rising. Although the beginning of the year was weaker than expected, the European Central Bank (ECB) believes that growth in the eurozone will remain robust. The German central bank (Bundesbank) anticipates a sustained economic upturn in Germany, albeit with risks from the ongoing shortage of skilled workers and from foreign trade.

Sector-specific conditions – market expectations for 2018

Industry/ sector	30/06/2018	31/12/2017	Δ %
Global IT spending (currency adjusted)[1]	4.5%	4.5%	■ Growth impetus mainly from cloud-based technologies ■ Digital transformation of processes with client-centric solutions ■ Growing importance of artificial intelligence
Global IT spending of retail banks[1]	3.1%	3.5%	■ Investment focused on maintaining and modernising existing core banking systems
Global IT spending of investment banks[1]	2.6%	2.8%	■ Investment focused on maintaining and modernising existing core banking systems
IT and telecommunications sector Germany[2]	1.7%	1.7%	■ Increase in growth expectations compared to prior-year period ■ Greater interest in blockchain and artificial intelligence ■ Shortage of skilled workers as greatest challenge
IT sector Germany[2]	3.1%	3.1%	see above
IT services Germany[2]	2.6%	2.6%	see above

Sources: [1] Gartner, [2] Bitkom

The strong growth in global IT spending continued as expected in 2018. Gartner's market experts confirm the growth momentum, which is primarily being generated by cloud-based technologies. According to the digital industry association Bitkom, the information and telecommunications industry in Germany is set for further growth. Industry sentiment is better than it has been for a long time. Nevertheless, the challenges presented by a shortage of skilled workers are also being felt in this sector.

2.3 Business development

Overview of business development

The ongoing budget restrictions of two investment banking clients continued to burden revenue in the *Americas & UK* business division in the first half of 2018. The year-on-year decline in the first six months amounted to 12%, whereby – as expected – the second quarter of 2018 was weaker than the first. By contrast, the measures introduced to diversify our client base are beginning to take effect; the contribution to revenue from other new and existing clients was raised slightly to 2% in the first half of the year.

Revenue of the *Continental Europe* business division rose year on year by 6% in the first six months. The second quarter was up both on the previous year and on the first quarter of 2018. There was particularly strong year-on-year growth of 20% in Germany during the first half of 2018. Italy and Spain also reported dynamic growth of 5% and 6%, respectively.

All in all, the GFT Group posted a slight year-on-year decline in revenue of 3% to €211.16 million in the first half of 2018 (H1/2017: €217.77 million), whereby the second quarter was 2% below the prior-year quarter (Q2/2017: €106.67 million) and the first quarter of 2018 (Q1/2018: €106.99 million). Whereas revenue from the two investment banking clients fell by 10%, business generated with other clients was raised by 3%.

EBITDA adjusted for effects from corporate transactions of €20.49 million in the first half of 2018 was slightly up on the previous year (H1/2017: €18.89 million). The GFT Group achieved an EBITDA result of €20.12 million in the reporting period and was thus 10% above the corresponding prior-year figure (H1/2017: €18.34 million). The second quarter was therefore on a par with the first quarter of 2018.

Pre-tax earnings (EBT) of €12.54 million for the first six months of 2018 were 39% up on the previous year (H1/2017: €9.01 million). In the first half of 2017, EBT was burdened by an impairment charge on goodwill. In addition, the absence of restructuring charges played a significant role in improving earnings of the *Americas & UK* segment. By contrast, earnings of the *Continental Europe* segment were burdened by lower capacity utilisation in the first half of the year.

Net income of €11.79 million for the first six months was 55% higher than in the same period last year (H1/2017: €7.60 million). The second quarter of 2018 was much stronger than the first quarter.

Cash flow from operating activities was increased by €16.25 million to €7.82 million in the reporting period.

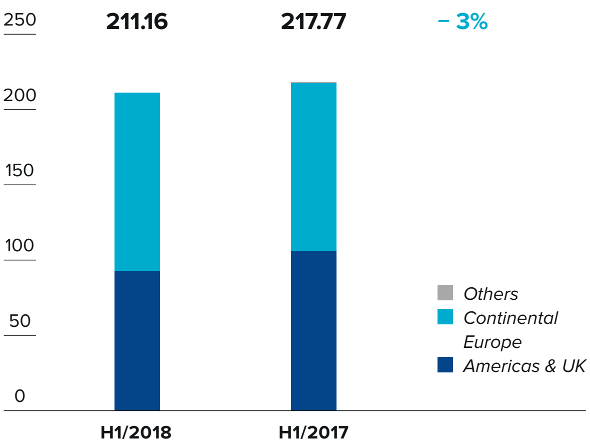
2.4 Development of revenue

Development of consolidated revenue in the first half of 2018
In the first half of 2018, revenue fell slightly by 3% to €211.16 million (H1/2017: €217.77 million). At €104.17 million, revenue in the second quarter was 2% down on the same quarter last year (Q2/2017: €106.67 million) and on the first quarter of 2018.

In the *Americas & UK* segment, the ongoing budget restrictions of two investment banking clients continued to impact the revenue trend in the first half of 2018. This was only partially offset by the expansion of business with new and existing clients. Revenue in the first six months fell by 12% to €92.60 million (H1/2017: €105.77 million). As expected, the second quarter was weaker with a decline of 12% to €44.70 million (Q2/2017: €50.91 million)

The *Continental Europe* segment achieved revenue growth of 6% to €118.26 million in the first half of 2018 (H1/2017: €111.55 million). This segment's share of consolidated revenue rose to 56% (H1/2017: 51%). Growth was generated in particular by the growing demand from retail banking clients in Germany.

Consolidated revenue in the first half of 2018
in € million



Consolidated revenue in the first half of 2018

	H1/2018		H1/2017		Δ %
	€ million	Share in %	€ million	Share in %	
Americas & UK	92.60	44%	105.77	49%	−12%
Continental Europe	118.26	56%	111.55	51%	6%
Others	0.30	0%	0.45	0%	−32%
GFT Group	**211.16**	**100%**	**217.77**	**100%**	**−3%**

Consolidated revenue in the second quarter of 2018

	Q2/2018		Q2/2017		Δ %
	€ million	Share in %	€ million	Share in %	
Americas & UK	44.70	43%	50.91	48%	−12%
Continental Europe	59.27	57%	55.47	52%	7%
Others	0.20	0%	0.29	0%	−31%
GFT Group	**104.17**	**100%**	**106.67**	**100%**	**−2%**

Revenue by country in the first half of 2018

Due to the above mentioned budget restrictions of two investment banking clients, revenue in the **UK** fell by 14% to €54.46 million in the first six months (H1/2017: €63.49 million). As a result, its share of consolidated revenue decreased to 26% (H1/2017: 29%). Nevertheless, the UK remains the GFT Group's largest sales market.

Revenue generated with clients in **Spain** rose by 6% to €47.59 million in the first six months (H1/2017: €44.94 million). The country's share of consolidated revenue rose slightly from 21% to 22%.

Business with clients in **Germany** increased by 20% to €31.52 million in the first six months (H1/2017: €26.21 million). There was a positive effect from growing demand in the retail banking sector. Germany accounted for 15% (H1/2017: 12%) of total Group revenue.

Revenue in **Italy** rose by 5% to €29.02 million (H1/2017: €27.52 million). This resulted in an increased share of consolidated revenue of 14% (H1/2017: 13%).

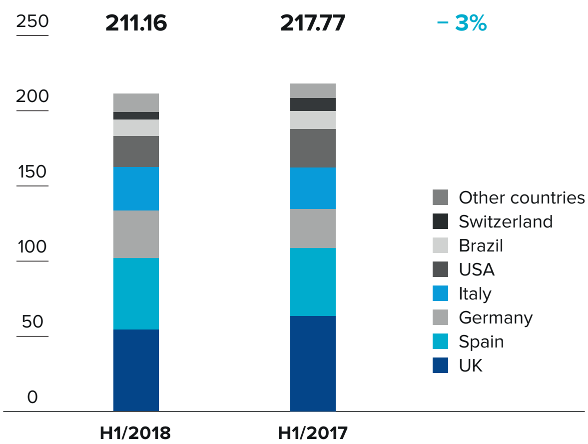
In the **USA**, the revenue trend continued to be dominated by budget restrictions. In the reporting period, revenue fell by 19% to €20.58 million (H1/2017: €25.42 million). The share of consolidated revenue amounted to 10% (H1/2017: 12%).

In **Brazil**, revenue in the first half of 2018 fell to €10.80 million (H1/2017: €11.89 million) – corresponding to a decline of 9%. Brazil is a nearshore location for the US and UK markets and thus affected by the revenue declines in these countries. It continues to account for 5% of consolidated revenue.

As expected, business in **Switzerland** decreased by 42% to €5.15 million (H1/2017: €8.84 million). This was due to the scheduled completion of projects to implement a core banking solution in the previous year. Switzerland accounted for 2% of total revenue in the first six months (H1/2017: 4%).

Revenue in the category **Other countries** rose by 27% to €12.04 million (H1/2017: €9.46 million) and accounted for 6% of consolidated revenue (H1/2017: 4%). Other countries mostly comprise revenue generated with clients in Costa Rica, Canada, Luxembourg, Mexico, Poland and Portugal. The year-on-year increase resulted mainly from higher revenue generated with clients in Luxembourg and Mexico.

Revenue of the GFT Group by country in the first half of 2018
in € million



Revenue of the GFT Group by country in the first half of 2018

	H1/2018		H1/2017		Δ %
	€ million	Share in %	€ million	Share in %	
UK	54.46	26%	63.49	29%	−14%
Spain	47.59	22%	44.94	21%	6%
Germany	31.52	15%	26.21	12%	20%
Italy	29.02	14%	27.52	13%	5%
USA	20.58	10%	25.42	12%	−19%
Brazil	10.80	5%	11.89	5%	−9%
Switzerland	5.15	2%	8.84	4%	−42%
Other countries	12.04	6%	9.46	4%	27%
GFT Group	**211.16**	**100%**	**217.77**	**100%**	**−3%**

Revenue of the GFT Group by country in the second quarter of 2018

	Q2/2018		Q2/2017		Δ %
	€ million	Share in %	€ million	Share in %	
UK	26.33	25%	30.91	29%	−15%
Spain	23.76	23%	21.96	21%	8%
Germany	15.54	15%	13.01	12%	19%
Italy	14.72	14%	13.94	13%	6%
USA	9.30	9%	11.49	11%	−19%
Brazil	5.37	5%	5.79	5%	−7%
Switzerland	2.46	2%	4.28	4%	−42%
Other countries	6.69	7%	5.29	5%	26%
GFT Group	**104.17**	**100%**	**106.67**	**100%**	**−2%**

2.5 Earnings position

Earnings position of the GFT Group in the first half of 2018
Earnings of the GFT Group were generally in line with expectations in the first half of 2018. At €20.12 million, **earnings before interest, taxes, depreciation and amortisation (EBITDA)** were up 10% on the previous year (H1/2017: €18.34 million). The main reason for the improvement were negative special items for the restructuring of the *Americas & UK* segment in the previous year.

Adjusted for effects from corporate transactions, **adjusted earnings before interest, taxes, depreciation and amortisation (EBITDA adjusted)** of €20.49 million for the first half of 2018 were slightly up on the previous year (H1/2017: €18.89 million). Background information and a definition of this newly introduced KPI are provided in section 1.1 Management system.

Due mainly to the absence of negative special items, **earnings before interest and taxes (EBIT)** improved by 34% to €13.79 million in the first six months of 2018 (H1/2017: €10.27 million). EBIT in the first half of 2017 was burdened by an impairment charge of €2.00 million on the goodwill of the *Americas & UK* segment.

Earnings before taxes (EBT) of the GFT Group amounted to €12.54 million and rose year on year by 39% (H1/2017: €9.01 million). The operating margin of 5.9% in the first half of 2018 was well above the prior-year level (H1/2017: 4.1%).

In the first half of 2018, the GFT Group generated **net income** (earnings after taxes) of €11.79 million, which was 55% above the prior-year figure of €7.60 million. The main reason for the increase was a significantly lower relative tax burden, as well as negative special items in the previous year.

Earnings per share increased to €0.45 (H1/2017: €0.29), based on 26,325,946 outstanding shares.

Earnings (EBT) by segment in the first half of 2018
Pre-tax earnings (EBT) of the *Americas & UK* segment reached €3.03 million and improved strongly by €9.36 million compared to the previous year (H1/2017: €−6.33 million). The operating margin – based on external revenue – amounted to 3.3% as opposed to −6.0% in the first half of 2017. In addition to lower negative exchange rate effects of €0.57 million (H1/2017: €2.13 million), there was a particularly positive effect on segment earnings from efficiency gains as a consequence of restructuring in the financial year 2017. Moreover, segment earnings in the previous year were also burdened by an impairment charge for goodwill of €2.00 million, expenses in connection with the above mentioned restructuring of €1.40 million and earn-out payments of €0.55 million.

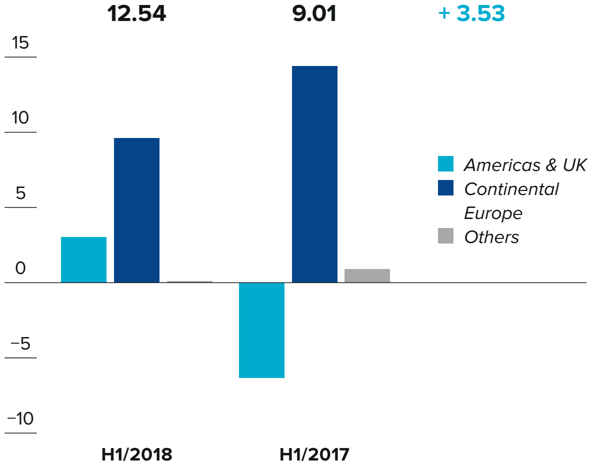
In the *Continental Europe* segment, pre-tax earnings (EBT) of €9.59 million in the first half of 2018 were €4.82 million below the prior-year figure of €14.41 million. The operating margin – based on external revenue – amounted to 8.1% (H1/2017: 12.9%). The main reason for the decline in segment earnings was the reduced capacity utilisation of staff.

Earnings of the *Others* category fell by €1.01 million to €−0.08 million in the first half of 2018 (H1/2017: €0.93 million), due primarily to lower Group allocations for the two operating segments.

The *Others* category – presented as a reconciliation column in segment reporting – comprises items which by definition are not included in the segments. It also includes elements of the Group headquarters which are not allocated, e.g. items or revenue relating to corporate activities only occasionally incurred or generated. Moreover, the reconciliation comprises expenses for the Group's headquarters in Stuttgart.

Earnings (EBT) by segment in the first half of 2018

in € million



Earnings (EBT) by segment in the first half of 2018

	H1/2018		H1/2017		Δ in € million
	in € million	Margin %	in € million	Margin %	
Americas & UK	3.03	3%	–6.33	–6%	9.36
Continental Europe	9.59	8%	14.41	13%	–4.82
Others	–0.08	–	0.93	–	–1.01
GFT Group	**12.54**	**6%**	**9.01**	**4%**	**3.53**

Earnings (EBT) by segment in the second quarter of 2018

	Q2/2018		Q2/2017		Δ in € million
	in € million	Margin %	in € million	Margin %	
Americas & UK	1.13	3%	–4.05	–8%	5.18
Continental Europe	4.96	8%	6.22	11%	–1.26
Others	0.20	–	0.47	–	–0.27
GFT Group	**6.29**	**6%**	**2.64**	**2%**	**3.65**

Consolidated earnings position by income and expense items in the first half of 2018

Other operating income rose by €0.66 million to €1.73 million in the first half of 2018 (H1/2017: €1.07 million), due mainly to research and development grants received in the UK.

The **cost of purchased services** increased year on year by 5% to €28.39 million (H1/2017: €27.12 million). The rise during the reporting period was caused by the increased purchase of external services. The ratio of revenue to cost of purchased services was one percentage point up on the previous year at 13% (H1/2017: 12%).

In the first half of 2018, **personnel expenses** of €135.33 million were down by €6.22 million or 4% (H1/2017: €141.55 million). The decrease in staffing costs is mainly in connection with the restructuring of the *Americas & UK* segment in the financial year 2017, which reduced the average headcount. The proportion of revenue to personnel expenses (the personnel cost ratio) fell slightly year on year from 65% to 64%.

Scheduled **depreciation and amortisation** of non-current intangible assets and property, plant and equipment rose by 4% to €6.33 million in the first six months of 2018 (H1/2017: €6.07 million). There were no **impairment charges on goodwill** in the reporting period (H1/2017: €2.00 million).

Other operating expenses were reduced by 9% to €28.98 million in the first half of 2018 (H1/2017: €31.82 million). The main cost elements were still operating, administrative and selling expenses, which totalled €27.15 million in the first half of 2018 (H1/2017: €29.20 million). The decline in other operating expenses was also influenced by lower negative exchange rate effects of €0.83 million, compared to €2.23 million in the first half of 2017.

The **financial result** in the first six months of 2018 amounted to €−1.33 million and was slightly above the prior-year figure (H1/2017: €−1.27 million).

The **income tax expense** totalled €0.75 million (H1/2017: €1.41 million). In the first half of 2018, the effective tax rate of 6% was below the prior-year figure (H1/2017: 16%). The decrease in the effective tax rate is mainly due to aperiodic subsidies for research and development expenses in Spain.

2.6 Financial position

As the parent company of the GFT Group, GFT Technologies SE has concluded a syndicated loan agreement and several promissory note agreements to secure the long-term funding of the Group. The syndicated loan agreement with an amount of up to €80.00 million comprises two tranches: a Facility A credit line of up to €40.00 million and a Facility B revolving credit line of up to €40.00 million. As of 30 June 2018, €40.00 million of Facility A and €0.00 million of Facility B had been drawn. A total of €59.50 million had been drawn on the promissory note agreements as of 30 June 2018.

In the first half of 2018, **cash and cash equivalents** fell by €8.68 million to €63.56 million (31 December 2017: €72.24 million). The decrease in Group liquidity as of 30 June 2018 was influenced by opposing effects. The increase in cash from operating activities in the first half of 2018 was offset in particular by the dividend payment to shareholders and the redemption of financial loans.

As of 30 June 2018, the GFT Group had unused credit lines of €73.32 million. The **net liquidity** of the GFT Group – calculated as the stock of disclosed cash and cash equivalents less financial liabilities – decreased from €−39.29 million as of 31 December 2017 to €−42.83 million on 30 June 2018.

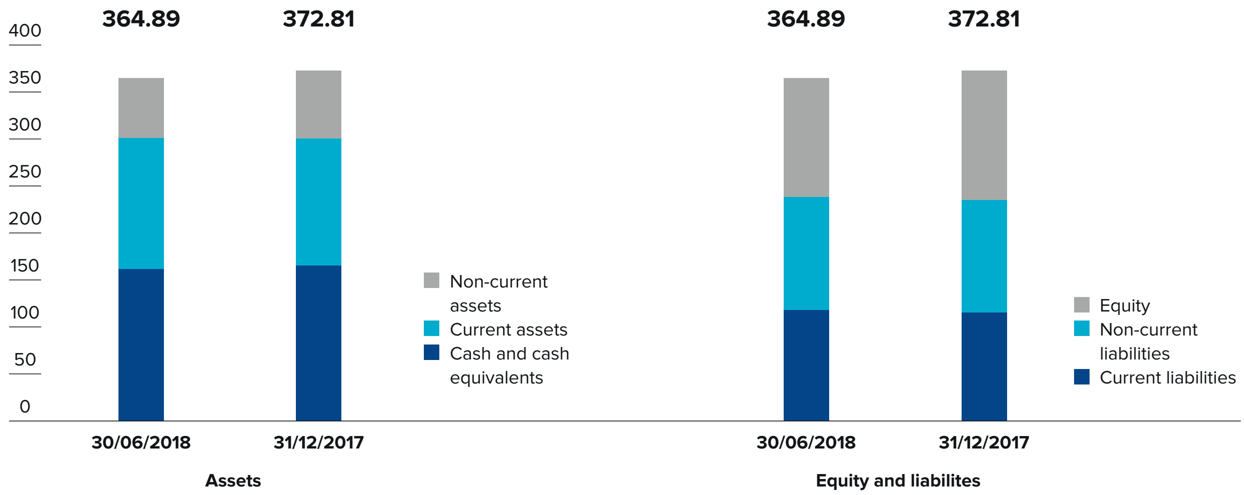
In the first six months of the financial year, **cash flow from operating activities** resulted in a cash inflow of €7.82 million (H1/2017: cash outflow of €8.43 million). Cash flow from the operating activities of the GFT Group is generally weaker in the first part of the year. The positive year-on-year difference of €16.25 million is mainly due to the decline in trade receivables, as well as the change in trade payables and other liabilities. The decrease in trade receivables resulted mainly from a settlement payment made by a client in connection with a legal dispute.

Cash flow from investing activities in the first half of 2018 resulted in a cash outflow of €3.25 million, which was largely unchanged from the previous year (H1/2017: €3.06 million).

Cash flow from financing activities in the first half of 2018 led to a net outflow of €13.04 million (H1/2017: €9.26 million). The additional outflow of €3.78 million compared to the previous year was due in particular to payments for the redemption of loans totalling €5.14 million (H1/2017: €0.16 million). Cash flow from financing activities in the first half of 2018 is dominated by the dividend payment to shareholders of €7.90 million (H1/2017: €7.90 million).

2.7 Asset position

Structure of the consolidated balance sheet as of 30 June 2018
in € million



Assets

in € million	30/06/2018	31/12/2017
Non-current assets	161.45	165.14
Other current assets	139.88	135.43
Cash and cash equivalents	63.56	72.24
	364.89	**372.81**

Equity and liabilites

in € million	30/06/2018	31/12/2017
Equity capital	117.67	115.32
Non-current liabilities	120.58	119.60
Current liabilities	126.64	137.89
	364.89	**372.81**

Compared to 31 December 2017, the **balance sheet total** of the GFT Group fell from €372.81 million to €364.89 million. The decline in the balance sheet total of €7.92 million was mainly due to reduced cash and cash equivalents due to the redemption of bank liabilities and the payment of dividends.

At €161.45 million, **non-current assets** of the GFT Group were below the level at the end of financial year 2017 (31 December 2017: €165.14 million), due mainly to lower other intangible assets. Non-current assets continued to account for 44% of the balance sheet total (31 December 2017: 44%). The decline in other intangible assets to €20.92 million (31 December 2017: €23.28 million) resulted above all from currency translation and scheduled amortisation. Moreover, there was a decrease in property, plant and equipment to €27.64 million (31 December 2017: €29.42 million) due to scheduled depreciation and lower capital expenditure than in the previous year.

As of 30 June 2018, **current assets** stood at €203.45 million and were thus €4.23 million below the figure on 31 December 2017 (€207.68 million). Within current assets, there was a particularly strong decline in cash and cash equivalents of €8.68 million, from €72.24 million to €63.56 million. This decrease was mainly due to the reduction of financial liabilities and the dividend payment. This was opposed by a moderate increase in trade receivables and contract assets of €3.08 million in total to €116.56 million as of 30 June 2018 (31 December 2017: €113.48 million). The newly created item contract assets results from the initial application of IFRS 15 "Revenue from Contracts with Customers" and recognises claims arising from contract obligations already fulfilled for which the customer's consideration has not yet been paid and is still subject to certain conditions. Contract assets as of 30 June 2018 amounted to €28.93 million (31 December 2017: –).

Compared to 31 December 2017, the **equity capital** of the GFT Group rose by €2.35 million to €117.67 million (31 December 2017: €115.32 million). Net income generated in the first half of 2018 amounting to €11.79 million (H1/2017: €7.60 million) was offset in particular by the dividend paid to shareholders in June 2018 of €7.90 million (H1/2017: €7.90 million).

The **equity ratio** of 32% on 30 June 2018 was slightly higher than at the end of the previous year (31 December 2017: 31%) with a simultaneous two percentage points decline in the balance sheet total.

Non-current liabilities of €120.58 million as of 30 June 2018 were slightly up on the previous year (31 December 2017: €119.60 million).

Current liabilities fell by €11.25 million to €126.64 million (31 December 2017: €137.89 million). Within the current liabilities, there was a particularly strong decline of €5.02 million in financial liabilities to €0.28 million as of 30 June 2018 (31 December 2017: €5.29 million) due to the redemption of bank loans. Moreover, trade payables fell by €3.79 million to €10.68 million as of 30 June 2018 (31 December 2017: €14.47 million). The reduction of trade payables was due to the slight decline in business volume and closing-date effects on working capital.

As of 30 June 2018, the GFT Group's **debt ratio** fell by one percentage point to 68% (31 December 2017: 69%).

2.8 Overall assessment of the development of business and the economic position

The first six months of 2018 were in line with expectations. Although the cost containment measures of two clients continued to hamper growth prospects in the *Americas & UK* segment, the growing demand from retail banking clients led to revenue growth in *Continental Europe*. By expanding business with existing customers and gaining new clients, further diversification in the client structure was achieved. The implementation of measures to raise operating efficiency and the absence of impairment charges on goodwill resulted in an expected year-on-year improvement in EBITDA and EBT.

As of 30 June 2018, the equity ratio of 32% was slightly above the level at year-end 2017 (31%). The capital and balance sheet structure of the GFT Group therefore remains solid.

2.9 Non-financial performance indicators

Employees

As of 30 June 2018, the GFT Group employed a total of 4,697 people – calculated on the basis of full-time employees (FTE). This figure was 1% down on both 31 March 2018 (4,735) and the previous year (30 June 2017: 4,739).

There were 1,158 full-time employees in the *Americas & UK* business division as of 30 June 2018, corresponding to a year-on-year decline of 5% (30 June 2017: 1,222) and a 1% decrease on the previous quarter (31 March 2018: 1,169). Restructuring measures in the UK and the USA led to a year-on-year decrease of 30% to 182 employees. As a nearshore location for the USA, headcount in Brazil also decreased by 6% or 44 full-time employees to 644. By contrast, the number of employees in Mexico rose by 48% to 218 full-time employees.

In the *Continental Europe* business division, headcount as of 30 June 2018 was 1% up on the previous year at 3,418 full-time employees (30 June 2017: 3,398). On 31 March 2018, headcount was still at 3,447 and thus declined by 1% over the past three months.

As a result of increasing revenue, the number of employees in Germany rose year on year by 12% to 365 as of 30 June 2018 (30 June 2017: 325). As of 31 March 2018, the figure stood at 356.

As of 30 June 2018, 121 people were employed in holding functions of the GFT Group – two full-time employees more than on the same date last year and on 31 March 2018.

The productive utilisation rate, based on the use of production staff in client projects, amounted to 89% as of 30 June 2018 and was thus unchanged from the previous year (H1/2017: 89%).

Employees by segment H1/2018 compared to H1/2017

	H1/2018	H1/2017	Δ FTE	Δ %
Americas & UK	1,158	1,222	−64	−5%
Continental Europe	3,418	3,398	20	+1%
Others	121	119	2	+2%
Total	**4,697**	**4,739**	**−42**	**−1%**

Employees by segment H1/2018 compared to Q1/2018

	H1/2018	Q1/2018	Δ FTE	Δ %
Americas & UK	1,158	1,169	−11	−1%
Continental Europe	3,418	3,447	−29	−1%
Others	121	119	2	+2%
Total	**4,697**	**4,735**	**−38**	**−1%**

Employees by country H1/2018 compared to H1/2017

	H1/2018	H1/2017	Δ FTE	Δ %
Spain	1,975	2,032	−57	−3%
Brazil	644	688	−44	−6%
Poland	579	532	47	9%
Italy	577	571	6	1%
Germany	365	325	40	12%
Mexico	218	147	71	48%
UK	141	201	−60	−30%
Costa Rica	108	124	−16	−13%
Switzerland	43	57	−14	−25%
USA	41	58	−17	−29%
Canada	6	4	2	50%
Total	**4,697**	**4,739**	**−42**	**−1%**

Employees by country H1/2018 compared to Q1/2018

	H1/2018	Q1/2018	Δ FTE	Δ %
Spain	1,975	2,064	−89	−4%
Brazil	644	678	−34	−5%
Poland	579	530	49	9%
Italy	577	567	10	2%
Germany	365	356	9	3%
Mexico	218	186	32	17%
UK	141	146	−5	−3%
Costa Rica	108	110	−2	−2%
Switzerland	43	49	−6	−12%
USA	41	43	−2	−5%
Canada	6	6	0	0%
Total	**4,697**	**4,735**	**−38**	**−1%**

Headcount is calculated on the basis of full-time employees (FTE); part-time employees are included pro rata. Changes in headcount are presented in comparison to the reporting dates of the corresponding prior-year period and additionally in comparison to the reporting date figures at the end of the past financial year.

Research and development
A total of €1.71 million was invested in research and development in the first half of 2018 (H1/2017: €3.18 million). At €1.24 million or 72%, personnel expenses accounted for the largest share of this total (H1/2017: €2.04 million or 64%). Expenses for outside services amounted to €0.06 million (H1/2017: €0.05 million), corresponding to 3% (H1/2017: 2%) of total research and development costs. The year-on-year decline is mainly due to the reduction in expenses for the Digital Innovation Lab in Barcelona, which was newly equipped in the previous year.

3 Risk and opportunity report

There were no material changes in the first half of 2018 with regard to the comprehensive discussion of risks and opportunities provided in the management report of the consolidated financial statements for 2017.

Overall risk assessment

At the time of preparing this report, there are therefore no recognisable risks that might jeopardise the existence of GFT Group. No permanent or substantial impairment of the company's financial position and performance is expected. The early warning system for the detection of risks implemented by GFT is being permanently refined.

4 Forecast report

4.1 Development of the general economy and the sector

Significant assumptions and the expected economic conditions are presented in the Forecast Report of the annual report 2017 and in the section general economic and sector-specific conditions (H1/2018) of this half-year financial report.

4.2 Expected development of the GFT Group

Operating targets of the GFT Group for the financial year 2018
Business with digitalisation projects for retail banks continues to make good progress. The client group of investment banks and asset managers is also making encouraging progress with digital topics, such as data analytics and cloud computing. However, the uncertainties surrounding business with two investment banking clients in the *Americas & UK* segment remain. Despite extremely close client proximity, a sudden and unexpected increase in the cost containment measures of these clients cannot be ruled out. The GFT Group continues to expect revenue before acquisition effects in the middle range of €400 million to €420 million. In addition, the acquisition of V-NEO in the third quarter is likely to contribute approximately €7 million to revenue in 2018.

Due to the first-time valuation in earnings of a variable purchase price liability in 2018 and expenses for the acquisition of V-NEO, the earnings forecast for the financial year 2018 has been slightly adjusted. EBITDA adjusted – previously not included in the forecast for financial year 2018 – is expected to reach €40 million (previously: €39 million). We now expect EBITDA of €39 million (previously: at least €39 million) and EBT of €23.5 million (previously: at least €25 million).

Medium-term prospects
The acquisition of V-NEO supports the GFT Group's international growth strategy and medium-term forecast for 2022. GFT Group continues to anticipate revenue of €800 million and an EBITDA margin of 12% in 2022 by means of organic growth and acquisitions.

Assumptions for the forecasts
Our forecasts are based on the assumptions stated in the annual report 2017 regarding overall economic development and the development of the financial services sector and IT industry. These forecasts take account of all events known at the time of preparing this report that might have an impact on the performance of the GFT Group.

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

Consolidated Balance Sheet (IFRS, unaudited)

as at 30 June 2018, GFT Technologies SE

Assets

in €	30/06/2018	31/12/2017[1]
Non-current assets		
Goodwill	102,329,007.08	101,709,105.01
Other intangible assets	20,916,967.99	23,279,752.19
Property, plant and equipment	27,641,899.37	29,418,506.27
Investments accounted for using the equity method	1,699.33	75,000.00
Other financial assets	3,446,537.98	3,572,177.17
Tax assets	762,197.66	995,380.31
Deferred tax assets	6,347,492.14	6,086,700.31
	161,445,801.55	**165,136,621.26**
Current assets		
Inventories	41,580.47	22,294.17
Contract assets	28,930,233.59	–
Trade receivables	87,628,193.35	113,481,229.02
Tax assets	9,676,849.00	7,978,786.34
Cash and cash equivalents	63,561,685.50	72,246,225.54
Other financial assets	1,922,529.26	2,201,561.29
Other assets	11,684,543.75	11,747,139.72
	203,445,614.92	**207,677,236.08**
	364,891,416.47	**372,813,857.34**

[1] The GFT Group has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the modified retrospective transition method chosen, comparative information is not restated.

[2] Adjusted, refer to note 1.5

Equity and liabilities

in €	30/06/2018	31/12/2017[1]
Shareholders' equity		
Share capital	26,325,946.00	26,325,946.00
Capital reserve	42,147,782.15	42,147,782.15
Retained earnings		
Other retained earnings	22,243,349.97	22,243,349.97
Changes not affecting net income	−5,550,591.36	−5,130,993.24[2]
Other comprehensive income		
Actuarial gains/losses	−2,689,149.43	−2,670,281.68
Currency translation differences	−6,936,543.25	−6,010,354.83
Consolidated net profit	42,127,232.62	38,416,773.14[2]
	117,668,026.70	**115,322,221.51**
Non-current liabilities		
Financial liabilities	106,113,946.25	106,243,843.28
Provisions for pensions	8,797,054.53	8,573,473.57
Other provisions	1,606,066.60	1,586,594.52
Deferred tax liabilities	4,061,040.57	3,199,680.73
	120,578,107.95	**119,603,592.10**
Current liabilities		
Other provisions	35,518,569.40	37,718,328.73
Tax liabilities	1,431,013.33	1,301,986.41
Contract liabilities	20,036,327.80	–
Financial liabilities	276,196.28	5,291,219.39
Trade payables	10,679,453.82	14,469,618.07
Other financial liabilities	36,890,417.23	34,732,187.82
Other liabilities	21,813,303.95	44,374,703.31
	126,645,281.82	**137,888,043.73**
	364,891,416.47	**372,813,857.34**

Consolidated Income Statement (IFRS, unaudited)

for the period from 1 January to 30 June 2018, GFT Technologies SE

in €	H1/2018	H1/2017[1]	Q2/2018	Q2/2017[1]
Revenue	211,160,470.61	217,769,008.00	104,172,915.06	106,668,790.40
Other operating income	1,733,266.15	1,073,802.35	1,069,962.99	389,096.73
	212,893,736.76	**218,842,810.35**	**105,242,878.05**	**107,057,887.13**
Cost of purchased services	28,392,945.38	27,117,563.96	14,009,331.37	13,329,353.50
Personnel expenses				
Wages and salaries	111,392,567.56	117,883,276.39	55,402,355.67	57,368,315.84
Social security contributions and expenditures	23,933,234.90	23,666,614.43	11,866,182.52	11,779,781.37
	135,325,802.47	**141,549,890.82**	**67,268,538.20**	**69,148,097.21**
Depreciation and amortisation of intangible assets and property, plant and equipment	6,329,582.95	6,074,868.49	3,148,120.97	3,106,026.45
Goodwill impairment	0.00	2,000,000.00	0.00	2,000,000.00
Other operating expenses	28,977,532.79	31,823,040.64	13,860,709.34	16,150,733.45
Result from operating activities	**13,867,873.18**	**10,277,446.44**	**6,956,178.18**	**3,323,676.52**
Other interest and similar income	66,766.98	138,795.71	19,757.44	26,614.72
Result of investments accounted for using the equity method	–73,300.67	–9,485.14	–34,909.86	–4,693.58
Interest and similar expenses	1,323,369.65	1,396,125.57[2]	647,767.66	707,326.33[2]
Financial result	**–1,329,903.34**	**–1,266,815.00**[2]	**–662,920.08**	**–685,405.19**[2]
Earnings before taxes	**12,537,969.84**	**9,010,631.44**[2]	**6,293,258.10**	**2,638,271.33**[2]
Income taxes	745,677.19	1,410,995.10	–807,753.42	–229,344.54
Net income for the period	**11,792,292.65**	**7,599,636.34**[2]	**7,101,011.52**	**2,867,615.87**[2]
Earnings per share – basic	0.45	0.29[2]	0.27	0.11[2]

[1] The GFT Group has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the modified retrospective transition method chosen, comparative information is not restated.
[2] Adjusted, refer to note 1.5

Consolidated Statement of Comprehensive Income (IFRS, unaudited)

for the period from 1 January to 30 June 2018, GFT Technologies SE

in €	H1/2018	H1/2017[1]	Q2/2018	Q2/2017[1]
Net income for the period	**11,792,292.65**	**7,599,636.34[2]**	**7,101,011.52**	**2,867,615.87[2]**
Items that will not be reclassified to the income statement				
Actuarial gains/losses	−24,185.75	51,995.31	−36,954.54	60,356.11
Income taxes on items in the other comprehensive income	5,317.99	−14,327.16	8,127.76	−16,595.91
Items that may be reclassified to the income statement				
Currency translation of net investments in foreign business operations	−550,672.80	0.00	−571,015.67	0.00
Gains/losses from currency translation of foreign subsidiaries	−375,515.62	−2,645,785.51	−468,713.86	−2,443,747.10
Other comprehensive income	−945,056.18	−2,608,117.36	−1,068,556.31	−2,399,986.90
Total comprehensive income	**10,847,236.47**	**4,991,518.98[2]**	**6,032,455.21**	**467,628.97[2]**

[1] The GFT Group has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the modified retrospective transition method chosen, comparative information is not restated.
[2] Adjustet, refer to note 1.5

Consolidated Statement of Changes in Equity (IFRS, unaudited)

as at 30 June 2018, GFT Technologies SE

in €	Share capital	Capital reserve
Balance at 1 January 2017 as reported	**26,325,946.00**	**42,147,782.15**
Adaption from error correction		
Adjusted balance at 1 January 2017	**26,325,946.00**	**42,147,782.15**
Dividends to shareholders		
Total comprehensive income for the period 1 January to 30 June 2017		
Balance at 30 June 2017	**26,325,946.00**	**42,147,782.15**
Balance at 1 January 2018[3]	**26,325,946.00**	**42,147,782.15**
Effects from the initial application of IFRS 9		
Effects from the initial application of IFRS 15		
Adjusted balance at 1 January 2018	**26,325,946.00**	**42,147,782.15**
Dividends to shareholders		
Dividends to non-controlling interests		
Total comprehensive income for the period 1 January to 30 June 2018		
Balance at 30 June 2018	**26,325,946.00**	**42,147,782.15**

[1] Adjusted, refer to note 1.5
[2] Net income for the period
[3] The GFT Group has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the modified retrospective transition method chosen, comparative information is not restated.

	Retained earnings		Other comprehensive income		Consolidated net profit/loss	Total equity
	Other retained earnings	Changes not affecting net income	Actuarial gains/losses	Currency translation differences		
	22,243,349.97	**−20,296,182.84**	**−2,764,248.94**	**2,215,605.09**	**47,311,135.14**	**117,183,386.57**
		16,759,305.97[1]			−16,759,305.97[1]	0.00
	22,243,349.97	**−3,536,876.87[1]**	**−2,764,248.94**	**2,215,605.09**	**30,551,829.17[1]**	**117,183,386.57**
					−7,897,783.80	−7,897,783.80
			37,668.15	−2,645,785.51	7,599,636.34[1]	4,991,518.98[1]
	22,243,349.97	**−3,536,876.87**	**−2,726,580.79**	**−430,180.42**	**30,253,681.71**	**114,277,121.75**
	22,243,349.97	**−5,130,993.24[1]**	**−2,670,281.68**	**−6,010,354.83**	**38,416,773.14[1]**	**115,322,221.51**
					−184,049.37	−184,049.37
					0.00	0.00
	22,243,349.97	**−5,130,993.24**	**−2,670,281.68**	**−6,010,354.83**	**38,232,723.77**	**115,138,172.14**
					−7,897,783.80	−7,897,783.80
		−419,598.12				−419,598.12
			−18,867.75	−926,188.42	11,792,292.65[2]	10,847,236.48
	22,243,349.97	**−5,550,591.36**	**−2,689,149.43**	**−6,936,543.25**	**42,127,232.62**	**117,668,026.70**

Consolidated Cash Flow Statement (IFRS, unaudited)

for the period from 1 January to 30 June 2018, GFT Technologies SE

in €	H1/2018	H1/2017[1]
Net income for the period	11,792,292.65	7,599,636.34[2]
Income taxes	745,677.19	1,410,995.10
Interest income	1,256,602.67	1,257,329.86[2]
Interest paid	–431,608.39	–540,164.34
Interest received[3]	61,741.80	53,158.16
Income taxes paid	–94,447.64	–1,878,662.24
Depreciation and amortisation of intangible assets and property, plant and equipment	6,329,582.95	8,074,868.49
Changes in provisions	–1,635,323.92	–743,397.27
Other non-cash expenses and income	–903,044.43	–1,512,201.43
Net proceeds on disposal of intangible assets and property, plant and equipment	43,999.73	4,397.45
Changes in contract assets	–13,195,489.95	–
Changes in trade receivables	10,155,677.56	–3,863,419.20
Changes in other assets	–521,338.14	–5,205,074.52
Changes in contract liabilities	–4,244,629.81	–
Changes in trade payables and other liabilities	–1,542,203.59	–13,091,052.88
Cash flow from operating activities	**7,817,488.68**	**–8,433,586.48[2]**
Proceeds from disposal of property, plant and equipment	22,216.69	11,786.00
Capital expenditure for intangible assets	–1,136,570.07	–294,955.67
Capital expenditure for property, plant and equipment	–1,583,529.82	–3,054,648.93
Proceeds for loans granted to third parties	0.00	619,755.00
Cash outflows for acquisitions of consolidated companies net of cash and cash equivalents acquired	–552,727.51	–338,519.11
Cash flow from investing activities	**–3,250,610.71**	**–3,056,582.71**
Proceeds from borrowing	0.00	1,000,544.85
Cash outflows from loan repayments	–5,144,920.14	–164,730.08
Dividends to shareholders	–7,897,783.80	–7,897,783.80
Dividend to non-controlling interests[4]	0.00	–2,200,000.00
Cash flow from financing activities	**–13,042,703.94**	**–9,261,969.03**
Effect of foreign exchange rate changes on cash and cash equivalents	–208,714.07	–125,524.06
Net increase in cash and cash equivalents	–8,684,540.04	–20,877,662.28
Cash and cash equivalents at beginning of period	72,246,225.54	62,290,469.48
Cash and cash equivalents at end of period	**63,561,685.50**	**41,412,807.20**

[1] The GFT Group has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the modified retrospective transition method chosen, comparative information is not restated.
[2] Adjusted, refer to note 1.5
[3] In prior period shown under cash flow from investing activities
[4] Redemption of dividend liability

Notes to the Half-year Consolidated Financial Statements

1 January to 30 June 2018, GFT Technologies SE

1 Principles and methods

1.1 General information

These condensed and unaudited half-year consolidated financial statements of GFT Technologies SE and its subsidiaries were prepared in accordance with section 115 of the German Securities Trading Act (WpHG) and International Accounting Standard (IAS) 34 Interim Financial Reporting. The half-year consolidated financial statements comply with International Financial Reporting Standards (IFRS) as adopted by the European Union.

GFT Technologies SE is a European public limited company (Societas Europea, SE) with headquarters in Germany. The company is registered in the Commercial Register of the District Court of Stuttgart under number HRB 753709 with its registered offices at Schelmenwasenstrasse 34, 70567 Stuttgart. The financial year corresponds to the calendar year.

The half-year consolidated financial statements of GFT Technologies SE have been prepared in euro (€), the functional currency of the company. Unless stated otherwise, amounts are stated in million euros (€ million). Amounts are rounded using standard commercial methods.

These condensed and unaudited half-year consolidated financial statements are to be read in conjunction with the audited and published IFRS consolidated financial statements as of 31 December 2017 and the notes contained therein.

The half-year consolidated financial statements were prepared by the Managing Directors of GFT Technologies SE on 6 August 2018 and released for publication by the Administrative Board.

1.2 Consolidation principles

All significant intercompany accounts and transactions were eliminated.

In the opinion of the company's management, the half-year consolidated financial statements reflect all posting entries (i.e. normal recurring postings) necessary for a fair presentation of the Group's financial position and performance. Results presented for interim periods are not necessarily indicative of results that may be expected in future periods or for the full financial year.

1.3 Consolidated group

The changes to the consolidated group in the first half of 2018 were not significant for the half-year consolidated financial statements of the GFT Group.

1.4 Accounting and valuation methods

General

The half-year consolidated financial statements were prepared using the same accounting and valuation methods as those on which the consolidated financial statements as of 31 December 2017 were based and which are described in detail in the notes contained therein.

Changes to the accounting and valuation methods in these interim financial statements result from the initial application of new accounting regulations, as described below, and from the implementation of an error finding of the German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung e.V. – DPR) (see 1.5 Correction of an error finding of the German Financial Reporting Enforcement Panel – DPR).

New accounting regulations

The IFRS pronouncements to be applied mandatorily for the first time as of 1 January 2018 – and their impact on the financial position and performance of the GFT Group – are described below.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board (IASB) published IFRS 9 Financial Instruments, which replaces the existing guidance contained in IAS 39. IFRS 9 includes a uniform model for classification and measurement methods (including impairments) for financial instruments. IFRS 9 also includes regulations for general hedge accounting. IFRS 9 requires additional notes disclosure resulting from the amendment to IFRS 7 Disclosure Initiative.

The GFT Group applied IFRS 9 for the first time in the financial year beginning on 1 January 2018. Initial application was made according to the modified retrospective method, which requires that the cumulative effect is recognised as an adjustment to the opening balance sheet amount for retained earnings. In accordance with the transitional provisions, the GFT Group has opted not to adjust comparative information and to continue to disclose according to IAS 39.

The initial application of IFRS 9 resulted in the following changes for the GFT Group.

Impairment model based on expected credit losses
IFRS 9 introduces an impairment model based on expected credit losses which is to be applied to all financial assets measured either at amortised cost or at fair value through other comprehensive income. While under IAS 39 only incurred losses are recognised as an impairment of financial assets, the new approach takes future expectations into consideration. The expected credit-loss approach uses three stages for allocating impairment losses.

Stage 1: expected credit losses within the next twelve months:

Stage 1 includes all contracts with no significant increase in credit risk since initial recognition and regularly includes new contracts and those whose payments are less than 31 days overdue. The portion of the expected credit losses over the lifetime of the instrument resulting from a default within the next twelve months is recognised as an expense.

Stage 2: expected credit losses over the entire lifetime – not credit-impaired:

If a financial asset experiences a significant increase in credit risk but is not yet credit-impaired, it is allocated to Stage 2. The expected credit losses over the entire lifetime are recognised as a value adjustment.

Stage 3: expected credit losses over the entire lifetime – credit-impaired:

If a financial asset is credit-impaired or in default, it is allocated to Stage 3. The expected credit losses over the entire lifetime are recognised as a value adjustment. Objective indications of a credit-impaired financial asset include 181 days past due date and other information about significant financial difficulties of the borrower.

The determination of whether a financial asset has experienced a significant increase in credit risk is based on an assessment of the probability of default, which is made at least half-yearly, incorporating external credit rating information as well as internal information on the credit quality of the financial asset. In the case of trade receivables, a significant increase in credit risk is assessed mainly using past-due information.

A financial asset is transferred to Stage 2, if the credit risk has increased significantly compared to its credit risk at initial recognition. The credit risk is assessed on the basis of the probability of default. For contract assets and trade receivables, the simplified approach is applied whereby these assets are allocated to Stage 2 on initial recognition. No determination of a significant increase in credit risk is therefore necessary.

Measurement of expected credit losses
Expected credit losses will generally be measured on the basis of the following factors:

- the unbiased and probability-weighted amount,
- the time value of money,
- reasonable and supportable information as of the reporting date about past events, current conditions and forecasts of future economic conditions, insofar as this is available without undue cost or time effort.

The time value of money is neglected in the case of current assets without any significant underlying financing component.

The estimation of these risk parameters incorporates all available relevant information. In addition to historical and current loss data, reasonable and supportable forward-looking information about factors is also included.

The measurement of expected credit losses is of particular significance for the GFT Group with regard to contract assets and trade receivables. The concept of lifelong default is applied, which takes into account all possible default events during the expected lifetime of the financial instruments. The GFT Group has decided to apply the concept of lifelong default for contract assets and trade receivables with a significant financing component.

When measuring expected credit losses, the GFT Group distinguishes between contract assets and trade receivables due from major clients and other clients. Major clients are determined on the basis of their share of total consolidated revenue.

The measurement of expected losses relating to financial assets from business transactions with major clients is based on a probability-weighted default rate. The default rate uses an average external credit rating. In order to calculate impairment, the probability-weighted default rate as a percentage is multiplied with the nominal value of the financial assets.

In the case of contract assets and trade receivables due from other clients, the expected loss over the lifetime is determined as a lump-sum percentage based on the overdue period. The default rate based on the overdue period is calculated using historical data and adjusted on the closing date according to current information and expectations.

A financial instrument is written off when there is no reasonable expectation of full or partial recovery, e.g. before or after insolvency proceedings or court decisions.

Application of the new IFRS 9 classification rules for financial assets and the new regulations relating to derivative financial instruments and hedge accounting has not had any significant impact on the GFT Group.

The effects from initial application of IFRS 9 on components of Group equity as of 1 January 2018 are presented in the consolidated statement of changes in equity on page 20 et seq.

The following table shows the effects on the consolidated balance sheet as of 30 June 2018 from the application of IFRS 9.

Effects on the consolidated balance sheet from the application of IFRS 9

in €	30/06/2018 as reported	Adjustment	30/06/2018 without application of IFRS 9
Deferred tax assets	6,347,492.14	33,571.57	6,381,063.71
Non-current assets	161,445,801.55	33,571.57	161,479,373.12
Contract assets	28,930,233.59	32,587.60	28,962,821.19
Trade receivables	87,628,193.35	135,270.23	87,796,051.18
Current assets	**203,445,614.92**	**167,857.83**	**203,613,472.75**
Consolidated balance sheet profit	42,127,232.62	167,857.83	42,295,090.45
Equity	**117,668,026.70**	**167,857.83**	**117,835,884.53**

The effects on items of the consolidated income statement for the first half of 2018 are shown in the following table.

Effects on the consolidated income statement from the application of IFRS 9

in €	30/06/2018 as reported	Adjustment	30/06/2018 without application of IFRS 9
Other operating expenses	28,977,532.79	−167,857.83	28,809,674.96
Result from operating activities	**13,867,873.18**	**167,857.83**	**14,035,731.01**
Earnings before taxes	**12,537,969.84**	**167,857.83**	**12,705,827.67**
Income taxes	745,677.19	33,571.57	779,248.76
Net income for the period	**11,792,292.65**	**−33,571.57**	**11,758,721.08**
Earnings per share – basic	0.45	0.00	0.45

The initial application of IFRS 9 had no impact on the total amount of cash flow from operating activities.

IFRS 15 Revenue from Contracts with Customers

The IASB published IFRS 15 in May 2014. It replaces existing guidance for revenue recognition, including IAS 18 Revenue and IAS 11 Construction Contracts. The new standard lays down a comprehensive framework for determining in which amount and on which date revenue is recognised. IFRS 15 specifies a uniform, five-step model for revenue recognition which is to be applied to all contracts with customers.

The GFT Group applied IFRS 15 for the first time in the financial year beginning on 1 January 2018. Initial application was made according to the modified retrospective method, which requires that the cumulative effect is recognised as an adjustment to the opening balance sheet amount for retained earnings. There was no adjustment to the opening balance sheet amounts as of 1 January 2018 as there were no cumulative effects from the initial application of the IFRS 15 regulations. Comparative information was not adjusted and continues to be disclosed according to IAS 18 Revenue and IAS 11 Construction Contracts.

The initial application of IFRS 15 by the GFT Group resulted in the following changes in particular.

Contract assets/contract liabilities

IFRS 15 includes guidance on the disclosure of contract fulfilment and contract obligations. These are assets and liabilities from contracts with customers which arise dependent on the relationship between the entity's performance and the customer's payment. In accordance with this guidance, claims arising from contract obligations already fulfilled for which the customer's consideration has not yet been paid are carried as a contract asset if the claim to consideration is still subject to certain conditions. However, if the claim to consideration from the customer is unconditional and only dependent on the passage of time, the item is carried as a trade receivable. If the customer has paid the consideration or part of it before the delivery or service has been provided, a contract liability is recognised. Such items were also recognised as liabilities in the past and carried as other liabilities.

In the case of the GFT Group, contract assets and contract liabilities result in particular from work contracts in connection with the development of customer-specific IT solutions and fixed-price service contracts in connection with IT maintenance projects.

The initial application of the new IFRS 15 provisions did not result in any changes for the GFT Group with regard to the amount and timing of revenue recognition.

The following table shows the effects on the consolidated balance sheet as of 30 June 2018 from the application of IFRS 15.

Effects on the consolidated balance sheet from the change to IFRS 15

in €	30/06/2018 as reported	Adjustment	30/06/2018 without application of IFRS 9
Contract assets	28,930,233.59	−28,930,233.59	–
Trade receivables	87,628,193.35	29,330,207.59	116,958,400.94
Current assets	**203,445,614.92**	**399,974.00**	**203,845,588.92**
Contract liabilities	20,036,327.80	−20,036,327.80	–
Other liabilities	21,813,303.95	20,436,301.80	42,249,605.75
Current liabilities	**126,645,281.82**	**399,974.00**	**127,045,255.82**

The initial application of IFRS 15 had no impact on items of the consolidated income statement (including earnings per share), the consolidated statement of comprehensive income or the total amount of cash flow from operating activities.

Other accounting regulations to be applied for the first time in the financial year

Other new IFRS pronouncements (endorsed by the EU) to be applied for the first time as of 1 January 2018 (amendments to IFRS 2, amendments to IFRS 4, amendments to IFRS 1 and IAS 28 as part of the Annual Improvements 2014 – 2016) had no, or no significant, effect on the financial position and performance of the GFT Group as of 30 June 2018.

Discretionary decisions, estimates and estimate uncertainties
In preparing the interim consolidated financial statements according to IFRS, estimates, judgements and assumptions must be made to a certain extent that may effect the amount and the presentation of reported assets and liabilities, disclosures on contingent receivables and liabilities on the reporting date, as well as income and expenses for the reporting period. Actual amounts may vary from these estimates. Changes in these estimates, judgements and assumptions can have a significant impact on the half-year consolidated financial statements.

1.5 Correction of an error finding of the German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung e.V. – DPR)

In 2013, GFT Technologies SE acquired 80% of shares in GFT Italia S.r.l. (formerly Sempla S.r.l.). At the same time, put/call options were agreed for the remaining 20% of shares. In the balance sheet, the acquisition of all shares was assumed and the so-called anticipated acquisition method was applied. Non-controlling interests were not reported in the balance sheet or in relation to the consolidated result. As of 2013, the increase in the value of the variable purchase price liability was offset against changes within retained earnings of Group equity without affecting income. The purchase price liability to be settled upon exercising the options depends on the future earnings situation of the acquired company. Consideration not only includes the purchase price for the 20% stake, but also the change in value of the 80% stake already acquired.

In the course of a spot check performed by DPR pursuant to section 342b (2) sentence 3 no. 3 German Commercial Code (HGB), DPR criticised the fact that the increase in value of a variable purchase price liability was recognised in equity rather than through profit or loss in the 2016 financial year. As a result, the net income reported for 2016 was €15.7 million higher than it should have been. GFT Technologies SE concurs with the legal opinion of DPR and has retroactively changed its accounting practice in the half-year consolidated financial statements as of 30 June 2018. The total effect of the retroactive correction based on the consolidated balance sheet profit as of 31 December 2017 amounted to €18.8 million, as of 1 January: €16.8 million. All comparative information (prior-year amounts) has been adjusted. The adjusted figures are marked accordingly.

The valuation of the purchase price liability as of 30 June 2018 resulted in discounting effects of €0.6 million which, contrary to the previous accounting practice, are not offset against equity, but are recognised in profit or loss under interest and similar expenses.

The effects of the corrections for the previous year and the comparative period are shown below:

Consolidated balance sheet as of 31 December 2017

in €	31/12/2017 as previously reported	Correction	31/12/2017 adjusted
Retained earnings			
Changes not affecting net income	–23,936,399.37	18,805,406.13	–5,130,993.24
Balance sheet profit	57,222,179.27	–18,805,406.13	38,416,773.14

Consolidated income statement for the first half of 2017

in €	H1/2017 as previously reported	Correction	H1/2017 adjusted
Interest and similar expenses	885,395.10	510,730.47	1,396,125.57
Financial result	**–756,084.53**	**–510,730.47**	**–1,266,815.00**
Earnings before taxes	**9,521,361.91**	**–510,730.47**	**9,010,631.44**
Net income for the period	**8,110,366.81**	**–510,730.47**	**7,599,636.34**
Earnings per share – basic	**0.31**	**–0.02**	**0.29**

The implementation of the DPR error finding resulted in an adjustment to net income for the period of €–0.3 million in the second quarter of 2018.

2 Explanations on items of the consolidated balance sheet

2.1 Intangible assets

The carrying amounts of goodwill – as assigned to the cash generating units, CGUs – developed as follows:

Carrying amounts of goodwill

in € thsd.	30/06/2018	31/12/2017
CGU		
Americas & UK	34,172	34,719
Continental Europe	68,157	66,990
	102,329	**101,709**

In the first six months of 2018, the GFT Group invested €1.14 million (H1/2017: €0.29 million) in other non-current intangible assets. As of 30 June 2018, order commitments for intangible assets amounted to €0.46 million (30 June 2017: €0.03 million).

2.2 Property, plant and equipment

In the first six months of 2018, the GFT Group invested €1.58 million in non-current property, plant and equipment (H1/2017: €3.05 million).

As of 30 June 2018, order commitments for property, plant and equipment amounted to €0.46 million (30 June 2017: €0.24 million).

2.3 Contract assets, trade receivables, contract liabilities

For further information on the development of contract assets and liabilities resulting from the initial application of IFRS 15, please refer to section 1.4 of the notes.

Trade receivables as of 30 June 2018 were as follows:

Trade receivables

in € thsd.	30/06/2018	31/12/2017[1]
Trade receivables	88,352	98,143
Revenue recognised from unfinished projects, in accordance with IAS 11	–	25,034
Less prepayments received	–	–6,253
Carrying amount (gross)	**88,352**	**116,924**
Value adjustments	–724	–3,443
Carrying amount (net)	**87,628**	**113,481**

[1] In accordance with the modified retrospective transitional method selected for initial application of IFRS 15, the prior-year figures have not been adjusted.

2.4 Equity

Please refer to the separately presented consolidated statement of changes in equity for the development of equity during the first half of financial year 2018. In the reporting period, there were no changes with regard to subscribed capital, both authorised and conditional.

The Annual General Meeting of 21 June 2018 resolved to distribute a dividend of €7.90 million to shareholders (€0.30 per no-par share with dividend rights) from the balance sheet profit of GFT Technologies SE (separate financial statements) for the financial year 2017 (H1/2017: €7.90 million and €0.30 per no-par share with dividend rights). The dividend was distributed on 22 June 2018.

2.5 Other financial liabilities

As of 30 June 2018, other financial obligations of €36.89 million mainly comprise the purchase price obligation due to the original shareholders of GFT Italia S.r.l., Milan, Italy (formerly Sempla S.r.l.), amounting to €29.51 million. The development of the purchase price obligation as of 30 June 2018 is presented below:

Purchase price obligation GFT Italia S.r.l.

in € million	2018
Carrying amount 1 January	28.95
Interest effects	0.56
Carrying amount 30 June	**29.51**

3 Explanations on items of the consolidated income statement

3.1 Revenue

Revenue from contracts with customers (revenue acc. to IFRS 15) is divided into the two categories "geographic region" and "type of contract for the service or sale of goods" and is presented in the following table.

Revenue

in € million	*Americas & UK*		*Continental Europe*		Reconciliation		Total	
	H1/2018	H1/2017[1]	H1/2018	H1/2017[1]	H1/2018	H1/2017[1]	H1/2018	H1/2017[1]
Geographic region								
UK	54.27		0.19		0.00		54.46	63.49
Italy	0.00		29.02		0.00		29.02	27.52
Spain	0.00		47.59		0.00		47.59	45.61
Germany	0.10		31.42		0.30		31.82	26.23
USA	20.42		0.17		0.00		20.58	25.42
Switzerland	0.00		5.15		0.00		5.15	8.84
Brazil	10.80		0.00		0.00		10.80	11.99
Poland	0.00		0.17		0.00		0.17	0.00
Other	7.02		4.55		0.00		11.57	8.66
Total	**92.60**	**105.77**	**118.26**	**111.55**	**0.30**	**0.45**	**211.16**	**217.76**
Type of contract								
Service contract	51.04		27.36		0.00		78.41	0.00
Work contract	28.82		80.03		0.00		108.85	0.00
Fixed-price service contract	12.74		10.86		0.00		23.60	0.00
Other	0.00		0.00		0.30		0.30	0.00
Total	**92.60**	**105.77**	**118.26**	**111.55**	**0.30**	**0.45**	**211.16**	**217.76**
Time of transfer of goods or services								
Transfer at a specific point in time	0.00		0.00		0.17		0.17	0.00
Transfer over a specific period of time	92.60		118.26		0.13		118.39	0.00
Total	**92.60**	**105.77**	**118.26**	**111.55**	**0.30**	**0.45**	**118.56**	**217.76**

[1] In accordance with the modified retrospective transitional method selected for initial application of IFRS 15, the prior-year figures have not been adjusted

Other revenue mostly refers to activities in connection with Group HQ.

3.2 Income taxes

The disclosed tax expense of €0.75 million (H1/2017: €1.41 million) corresponds to a tax rate of 6% (H1/2017: 16%). The tax rate for the first six months of 2018 is mainly influenced by tax income for previous years, especially tax credits for research and development costs in Spain.

4 Other disclosures

4.1 Segment and geographic information

General
The GFT Group has two segments which form the basis for a regular assessment of business activities by the Managing Directors, who are responsible as the main decision-making persons for monitoring the profitability of the company and allocating resources. Segment reporting complies with the accounting principles specified in IFRS 8 and is based on the internal controlling and reporting of the GFT Group.

Please refer to page 32 et seq. for details on individual items of the business segments for the first half-years 2018 and 2017.

The Managing Directors do not receive regular information on segment assets, segment liabilities or the capital expenditure of each segment.

Reconciliation
The following table shows the reconciliation of consolidated revenue and the reconciliation of total segment earnings (EBT) with earnings before taxes.

Reconciliation of segment figures

in € million	H1/2018	H1/2017
Total segment revenue	247.01	259.81
Elimination of inter-segment revenue	−36.15	−42.49
Occasionally occurring revenue	0.30	0.45
Group revenue	**211.16**	**217.77**
Total segment results (EBT)	12.62	8.08[1]
Non-attributed expenses/income of Group HQ	0.15	1.66
Other	−0.23	−0.73
Group result before taxes	**12.54**	**9.01**[1]

[1] Correction after error finding of the German Financial Reporting Enforcement Panel (DPR), see also note 1.5

The reconciliation discloses items which per definition are not components of the segments. In addition, non-attributed amounts of Group HQ are also contained, e.g. from centrally managed items, or revenue which only occasionally occurs for company activities. The reconciliation also contains expenses for activities in connection with Group HQ in Stuttgart. Business transactions between the segments are eliminated in the reconciliation.

Geographic disclosures
The following table shows the Group's revenue, as well as other non-current assets and property, plant and equipment, broken down by the country in which the company is based. For the presentation of this information on a geographic basis, segment revenue is based on the geographic location of clients and segment assets on the geographic location of the assets.

Revenue and other non-current intangible and tangible assets by country

in € thsd.	Revenue from sales to external clients[1] H1/2018	Revenue from sales to external clients[1] H1/2017	Non-current intangible and tangible assets 30/06/2018	Non-current intangible and tangible assets 30/06/2017
UK	54.46	63.49	45.33	50.54
Spain	47.59	44.94	21.22	21.50
Germany	31.52	26.21	43.96	42.48
Italy	29.02	27.52	26.10	27.61
USA	20.58	25.42	5.67	5.88
Brazil	10.80	11.89	6.53	8.99
Switzerland	5.15	8.84	0.08	0.13
Poland	0.00	0.00	0.98	1.43
Other	12.04	9.46	1.03	1.21
Total	**211.16**	**217.77**	**150.89**	**159.77**

[1] According to location of client's registered offices

Revenue from sales to external clients accounting for over 10% of consolidated revenue developed as follows:

Clients accounting for over 10% of revenue

in € thsd.	Revenue H1/2018	Revenue H1/2017	Segments in which this revenue is generated H1/2018	Segments in which this revenue is generated H1/2017
Client 1	85.93	88.56	*Americas & UK, Continental Europe*	*Americas & UK, Continental Europe*

Revenue is generated from the provision of services.

Information on Business Segments (IFRS, unaudited)
for the period from 1 January to 30 Juni 2018, GFT Technologies SE

	GFT Group			
	Americas & UK		*Continental Europe*	
in € thsd.	H1/2018	H1/2017	H1/2018	H1/2017
External revenue	92,598	105,773	118,258	111,549
Inter-segment revenue	1,729	2,842	34,421	39,648
Total revenue	**94,327**	**108,615**	**152,679**	**151,197**
Scheduled depreciation and amortisation	−2,387	−4,604	−3,517	−2,976
Other material non-cash items	−351	68	2	62
Interest income	56	213	228	278
Interest expenses	−649	−892	−905	−943[1]
Result of investments accounted for using the equity method	0	0	0	0
Segment result (EBT)	**3,030**	**−6,331**	**9,587**	**14,409**[1]

[1] Adjusted, refer to note 1.5

4.2 Reporting on financial instruments

The table on page 34 et seq. shows the carrying amounts and the fair value of the individual financial assets and liabilities for each individual class of financial instruments of the GFT Group (as of 30 June 2018 according to IFRS 9 and as of 31 December 2017 according to IAS 39) and reconciles them with the corresponding balance sheet items.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Given the varying influencing factors, the reported fair values can only be assumed to be indicators of the prices that may actually be achieved in the market.

The fair values of financial instruments are calculated on the basis of market information available on the reporting date. The fair value of financial assets and liabilities is determined as the present value of future cash inflows or outflows, discounted at a current interest rate at the end of the reporting period, taking into account the respective due date of the asset or the residual term of the liability.

Financial instruments stated in the balance sheet at fair value can be classified according to the following measurement hierarchies which reflect to which extent the fair value is observable:

Level 1: market measurement is based on quoted, unadjusted prices in active markets for these or identical assets and liabilities.

Level 2: market measurement is based on parameters for which either directly or indirectly derived prices in an active market are available.

Level 3: market measurement is based on parameters for which no observable market data is available.

Level 2 fair values were measured by the participating financial institutions on the basis of market data on the measurement date and using generally accepted valuation models.

Level 3 fair values were measured using the following valuation model. The valuation model takes into account the present value of the expected payment, discounted using a risk-adjusted discount rate. The expected payment is calculated taking account of the possible scenarios of predicted EBITDA, the amount to be paid in each of these scenarios, and the probability of each of these scenarios.

The main parameters or input factors not observable in the market include the expected development of revenue and earnings.

	Total		Reconciliation		GFT Group	
	H1/2018	H1/2017	H1/2018	H1/2017	H1/2018	H1/2017
	210,856	217,322	304	447	211,160	217,769
	36,150	42,490	−36,150	−42,490	0	0
	247,006	**259,812**	**−35,845**	**−42,043**	**211,160**	**217,769**
	−5,904	−7,580	−426	−495	−6,330	−8,075
	−349	130	1,252	1,382	903	1,512
	284	491	−218	−352	67	139
	−1,554	−1,835[1]	231	440	−1,323	−1,396[1]
	0	0	−73	−11	−73	−11
	12,617	**8,078[1]**	**−79**	**933**	**12,538**	**9,011[1]**

Due to the predominantly short maturities for contract assets, trade receivables and payables, other assets and liabilities, contract liabilities, as well as cash and cash equivalents, the carrying amounts on the reporting date do not differ significantly from the fair values.

The table presented on page 34 et seq. shows in which measurement hierarchies (according to IFRS 13) the financial assets and liabilities measured at fair value were classified as of 30 June 2018 (according to IFRS 9) and as of 31 December 2017 (according to IAS 39).

The movement of financial instruments to different measurement hierarchies at the end of the reporting period was not necessary.

Information on financial instruments according to class

in € thsd.	Measurement category acc. to IAS 39/ IFRS 9	30/06/2018 Not measured at fair value Carrying amount	Not measured at fair value Fair value	Measured at fair value Carrying amount	Measured at fair value Fair value Level 1[1]	Fair value Level 2[2]	Fair value Level 3[3]	Total
Financial assets								
Not measured at fair value								
Trade reiceivables	LaR	87,628	87,628					87,628
Contract assets	LaR	28,930	28,930					28,930
Cash and cash equivalents	LaR	63,562	63,562					63,562
Other long-term financial assets[5]	LaR	3,443	3,443					3,443
Other short-term financial assets	LaR	2,202	2,202					2,202
Measured at fair value								
Interest rate cap designated as hedging instrument[6]	n.a.			4		4		4
Total financial assets		**185,765**	**185,765**	**4**		**4**		**185,769**
Financial liabilities								
Not measured at fair value								
Trade payables	FLAC	10,679	10,679					10,679
Other short-term liabilities[4]	FLAC	4,032	4,032					4,032
Other long-term financial liabilities	FLAC	0	0					0
Financial liabilities	FLAC	106,390	110,645					106,390
Measured at fair value								
Financial liabilities from subsequent purchase price payments[4]	FvtPL		32,858				32,858	32,858
Total financial liabilities		**121,101**	**158,214**	**0**			**32,858**	**153,959**
Thereof aggregated acc. to the measurement categories IAS 39/IFRS 9:								
Loans and receivables (LaR)		185,765	185,765					185,765
Available-for-sale financial assets (AfS)								0
Financial liabilities measured at amortised cost (FLAC)		121,101	158,214					121,101
Financial liabilities at fair value through profit or loss (FvtPL)				0			32,858	0

[1] Fair values were measured on the basis of quoted prices (unadjusted) in active markets for indentical assets or liabilities.
[2] Fair value were measured on the basis of either directly (as prices) or indirectly (derived from proces) obervable input data for the asset which are not quoted prices according to level 1.
[3] Fair values were measured on the basis of inputs for the asset or liability thar are not based on obversable market data (unobservable inputs).
[4] The balance sheet item other short-term financial liabilities comprises the total of other short-term financial liabilities and financial liabilities from subsequent purchase price payments.
[5] Other long-term financial assets and interest cap form together other financial assets acc. to balance sheet disclosure.
[6] The interest cap was designated as a hedging instrument with regards ot ist intrinsic value within the context of hedge accounting while its fair value is separate.
[7] The GFT Group has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the modified retrospective transition method chosen, comparative information is not restated.

	31/12/2017[7]						
	Not measured at fair value		Measured at fair value				Total
	Carrying amount	Fair value	Carrying amount	Fair value			
				Level 1[1]	Level 2[2]	Level 3[3]	
	94,699	94,699					94,699
	18,782	18,782					18,782
	72,246	72,246					72,246
	3,553	3,553					3,553
	2,202	2,202					2,202
			19		19		19
	191,482	**191,482**	**19**		**19**		**191,501**
	14,469	14,469					14,469
	2,850	2,850					2,850
	0	0					0
	111,535	115,426					111,535
			31,882			31,882	31,882
	128,854	**132,745**	**31,882**			**31,882**	**160,736**
	191,482	191,482					191,482
							0
	128,854	132,745					128,854
			31,882			31,882	31,882

4.3 Related party disclosures

Related parties are associated companies and subsidiaries, as well as persons exercising significant influence over the GFT Group's financial and business policy. The latter include all persons in key positions as well as their close family members. For the GFT Group, this comprises the members of the Administrative Board and the Managing Directors of GFT Technologies SE.

There were no transactions with related parties during the reporting period which had a significant impact on the financial position and performance during this period.

4.4 Events after the reporting date

Acquisition of V-NEO Inc.
On 3 July 2018, the GFT Group signed an agreement to acquire all shares in V-NEO Inc., based in Québec, Canada. The deal was closed with the transfer of all shares on 1 August 2018. V-NEO is an experienced supplier of integrated IT solutions for the insurance industry. Founded in 2011, the company employs 160 people at its three sites in Québec, Toronto and Brussels. The acquisition strengthens the GFT Group's expertise in the insurance sector and enhances its market position in North America.

An amount of can$30 million (€19.6 million) was paid in cash as consideration for the acquisition of the shares in V-NEO Inc..

The GFT Group expects a contribution to revenue of around €7 million in the financial year 2018. If the acquisition had made on 1 January 2018, consolidated revenue in the financial year 2018 would have been around €15 million higher.

Due to purchase price allocations and integration costs, the company will not yet make any significant contribution to earnings in 2018. In view of the short period of time between the acquisition and the preparation of these financial statements, not all information was available for the disclosures pursuant to IFRS 3.B64 in conjunction with IFRS 3.B66.

Acquisition of minority shares in GFT Italia S.r.l.
With effect from 10 July 2018, the GFT Group acquired the remaining 20% of shares in GFT Italia S.r.l. (formerly Sempla S.r.l.) via GFT Holding Italy S.r.l., Milan, Italy, and is obliged to pay the purchase price liability. The valuation of the purchase price liability as of 30 June 2018 resulted in discounting effects of €0.6 million which were recognised in profit or loss (please also refer to section 1.5 of the notes). The acquisition of the minority stake in GFT Italia S.r.l. had no impact on the financial position and performance of the GFT Group as of 30 June 2018.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable accounting principles for half-yearly financial reporting, the half-year consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining financial year.

Stuttgart, 6 August 2018

GFT Technologies SE
Managing Directors

Marika Lulay
CEO

Dr Jochen Ruetz
CFO

Review Report

To GFT Technologies SE, Stuttgart

We have reviewed the half-year consolidated financial statements of the GFT Technologies SE, Stuttgart – comprising the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and the notes to the half-year consolidated financial statements – together with the interim group management report of the GFT Technologies SE, Stuttgart, for the period from 1 January to 30 June, 2018 that are part of the half-year financial report according to §115 WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the half-year consolidated financial statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the half-year consolidated financial statements and on the interim group management report based on our review.

We performed our review of the half-year consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the half-year consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the half-year consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Stuttgart, 6 August 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Schwebler	Stratmann
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Financial Calendar 2018

8 November 2018
Quarterly Statement as of 30 September 2018

Service

Further information

Write to us or call us if you have any questions. Our Investor Relations team will be happy to answer them for you. Or visit our website at *www.gft.com/ir*. There you can find further information on our company and the GFT Technologies SE share.

The Half-year Financial Report is also available in German. The online versions of the German and English Reports are available on *www.gft.com/ir*.

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