

Half-year Financial Report

1 January to 30 June 2019

GFT Technologies SE



Key figures (IFRS, unaudited)

GFT Group

in € million	H1/2019	H1/2018	Δ %	Q2/2019	Q2/2018	Δ %
Income statement						
Revenue	211.03	211.16	0%	105.31	104.17	1%
EBITDA adjusted	21.94	20.49	7%	10.78	10.44	3%
EBITDA	20.22	20.12	0%	9.94	10.07	-1%
EBIT	8.35	13.79	-39%	4.48	6.92	-35%
EBT	7.15	12.54	-43%	3.97	6.29	-37%
Net income	6.07	11.79	-49%	3.36	7.10	-53%
Segments						
Revenue <i>Americas & UK</i>	97.61	92.60	5%	47.73	44.70	7%
Revenue <i>Continental Europe</i>	113.16	118.26	-4%	57.44	59.27	-3%
Revenue <i>Others</i>	0.26	0.30		0.14	0.20	
Earnings before taxes (EBT) <i>Americas & UK</i>	-0.20	3.03	<-100%	0.10	1.13	-91%
Earnings before taxes (EBT) <i>Continental Europe</i>	8.93	9.59	-7%	4.80	4.96	-3%
Earnings before taxes (EBT) <i>Others</i>	-1.58	-0.08		-0.93	0.20	
Share						
Basic earnings per share	0.23 €	0.45 €	-49%	0.13 €	0.27 €	-53%
Average number of shares outstanding	26,325,946	26,325,946	0%	26,325,946	26,325,946	0%
Balance sheet						
Non-current assets	235.44	161.45	46%			
Cash and cash equivalents	57.02	63.56	-10%			
Other current assets	129.47	139.88	-7%			
Total assets	421.93	364.89	16%			
Non-current liabilities	177.03	120.58	47%			
Current liabilities	121.29	126.65	-4%			
Shareholders' equity	123.61	117.67	5%			
Total shareholders' equity and liabilities	421.93	364.89	16%			
Equity ratio	29%	32%				
Cash flow statement						
Cash flow from operating activities	6.33	7.82				
Cash flow from investing activities	-3.02	-3.25				
Cash flow from financing activities	-8.17	-13.04				
Employees						
Number of employees (FTE, as of 30 June)	4,892	4,697	4%			
Weighted utilisation rate	89.1%	89.3%				
Operating margin	3.4%	5.9%	-43%	3.8%	6.0%	-38%
Tax rate	15.1%	5.9%	>100%	15.3%	-12.8%	119%

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

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Consolidated interim management report

1 Economic report

1.1 General comments

The financial position and performance of the GFT Group has been influenced by the newly adopted accounting standard IFRS 16 *Leases*. Payment obligations from leases previously classified as operating leases are now discounted at the corresponding incremental borrowing rate and recognised as a lease liability; an opposing asset is capitalised for the right of use (right-of-use asset).

The modified retrospective method was adopted on initial application of IFRS 16. In accordance with these transitional provisions, prior-year figures have not been restated.

For further information, please refer to note 2.2 of the half-year consolidated financial statements.

For information in regard to related parties, please refer to note 7.2 of the half-year consolidated financial statements.

1.2 General economic and sector-specific conditions

Expected economic growth for 2019

Country / region	30/06/2019	31/12/2018
Global economy	3.2%	3.5%
Eurozone	1.2%	1.7%
Germany	0.6%	1.6%

Sources: IMF, ECB, Bundesbank

According to the International Monetary Fund (IMF), global economic growth has been dampened by the growing number of trade barriers. In particular, the risks are growing as a result of political conflicts and rising debt. In view of the ongoing uncertainties in connection with geopolitical factors and the dangers of protectionism, the European Central Bank (ECB) believes that the downside risks

for the eurozone outweigh the positive factors, such as favourable financing conditions and a healthy labour market. According to the German central bank (Bundesbank), the sustained economic boom in Germany is coming to an end as the country's export industry is losing momentum. In the medium term, however, the economists expect slightly better growth rates than in 2019.

Sector-specific conditions – market expectations for 2019

Industry / sector	30/06/2019	31/12/2018
Global IT spending (currency adjusted) ¹	0.6%	3.2%
Retail banks ¹	4.2%	4.4%
Investment banks ¹	3.4%	3.5%
IT and telecommunications sector Germany ²	Not available	1.5%

Sources: ¹ Gartner, ² Bitkom

Due to economic risks, such as Brexit, trade barriers and a possible recession, Gartner's market experts have downgraded their growth forecasts for 2019. Within the IT sector, the strongest growth rates are expected in the areas of software and services – due in part to the growing importance of cloud technologies. The digital industry association Bitkom is upbeat about the economic situation of the German information technology and telecommunications (ICT) market. Although expectations for the coming months have been downgraded, the ICT sector is generally more confident about its business prospects than the German economy as a whole, as the general cyclical risks for this sector are lower.

1.3 Business development

Overview of business development

The first half of 2019 developed in line with expectations. The steps taken to diversify clients and sectors led to revenue growth of 20% outside the top-2 clients¹ and were able to successfully compensate for the decline in revenue with these two clients. As forecast, earnings in the first half of 2019 were burdened by expenses for capacity adjustments and underutilisation as well as increased expenses for the development of sales and technology expertise.

At €211.03 million, revenue of the GFT Group in the first half of 2019 was nearly on a par with the previous year (H1/2018: €211.16 million). On a quarterly basis, there was a slight decline of 1% to €105.72 million in the first quarter of 2019 (Q1/2018: €106.99 million) and a slight increase of 1% to €105.31 million in the second quarter (Q2/2018: €104.17 million) compared with the respective prior-year quarters. As a result of the continuing growth in revenue generated with new and existing clients of 20%, the revenue share of the top-2 clients was reduced to 32% (H1/2018: 43%).

Revenue in the *Americas & UK* segment grew by 5% in the first six months and by 7% in the second quarter, compared to the respective prior-year periods. The proportion of business with new and existing clients was raised by 51% in the first six months, while revenue with the top-2 clients in the UK and USA declined further in line with expectations. There were positive growth contributions from Canada, Mexico and Brazil in particular.

In the *Continental Europe* segment, revenue fell year on year by 4% in the first six months and by 3% in the second quarter. Due to weaker business with the top-2 clients, the revenue decline was particularly strong in Germany. By contrast, business without the top-2 clients was up slightly by 2% in the first six months.

Adjusted EBITDA² in the first half of 2019 rose by 7% year on year to €21.94 million (H1/2018: €20.49 million). With an EBITDA result of €20.22 million for the reporting period, the GFT Group achieved the same level as in the previous year (H1/2018: €20.12 million). As a result of expenses for capacity adjustments, underutilisation as well as increased sales expenses, EBT fell by 43% to €7.15 million in the first half of 2019 (H1/2018: €12.54 million). In the second quarter of 2019, there was a decline of 37% to €3.97 million (Q2/2018: €6.29 million). Net income of €6.07 million for the first six months was 49% below the prior-year figure (H1/2018: €11.79 million); in the second quarter, there was a decline of 53% to €3.36 million (Q2/2018: €7.10 million).

Cash flow from operating activities of €6.33 million in the first six months was 19% lower than in the previous year (H1/2018: €7.82 million).

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

² Adjusted for acquisition-related special items.

1.4 Development of revenue

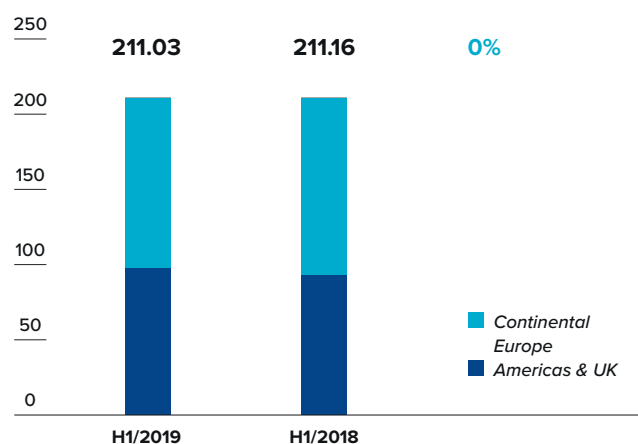
Development of revenue in the first half of 2019

Revenue of €211.03 million in the first half of 2019 was on a par with the previous year (H1/2018: €211.16 million). The second quarter of 2019 was up 1% year on year at €105.31 million (Q2/2018: €104.17 million).

In the *Americas & UK* segment there were positive contributions in particular from Brazil, Mexico and Canada, the latter due to the acquisition of V-NEO. Whereas business in the UK and USA was dominated by falling revenue with the top-2 clients, segment revenue with other clients was increased by 51%. Segment revenue in the first six months rose by 5% year on year to €97.61 million (H1/2018: €92.60 million) and by 7% to €47.73 million in the second quarter (Q2/2018: €44.70 million).

In the first half of 2019, revenue of the *Continental Europe* segment declined by 4% to €113.16 million (H1/2018: €118.26 million), due in particular to falling revenue with the top-2 clients in Germany. Without these two clients, segment revenue rose by 2% in the first six months. In the second quarter of 2019, revenue fell slightly by 3% to €57.44 million (Q2/2018: €59.27 million).

Revenue in the first half of 2019
in € million



Revenue in the first half of 2019

	H1/2019		H1/2018		Δ %
	€ million	Share in %	€ million	Share in %	
Americas & UK	97.61	46%	92.60	44%	5%
Continental Europe	113.16	54%	118.26	56%	-4%
Others	0.26	0%	0.30	0%	-13%
GFT Group	211.03	100%	211.16	100%	0%

Revenue in the second quarter of 2019

	Q2/2019		Q2/2018		Δ %
	€ million	Share in %	€ million	Share in %	
Americas & UK	47.73	45%	44.70	43%	7%
Continental Europe	57.44	55%	59.27	57%	-3%
Others	0.14	0%	0.20	0%	-31%
GFT Group	105.31	100%	104.17	100%	1%

Revenue by country in the first half of 2019

Revenue generated with clients in **Spain** decreased by 1% to €46.88 million in the first six months (H1/2018: €47.59 million). The country's share of revenue came in at 22% (H1/2018: 23%).

Revenue in the **UK** fell by 23% to €41.84 million in the first six months (H1/2018: €54.46 million) due to the decline in business with the top-2 clients. As a result, the share of total revenue decreased to 20% (H1/2018: 26%).

In **Italy**, revenue grew by 10% to €31.83 million (H1/2018: €29.02 million). This resulted in an increased share of total revenue of 15% (H1/2018: 14%).

Business with clients in **Germany** fell by 18% to €26.06 million in the first six months (H1/2018: €31.82 million). There was a negative effect from the falling proportion of business with the top-2 clients. The country's revenue share declined to 11% (H1/2018: 15%).

In the **USA**, the revenue trend continues to be dominated by the decline in business with the top-2 clients. In the reporting period, revenue fell by 12% to €18.05 million (H1/2018: €20.58 million). The share of revenue amounted to 9% (H1/2018: 10%).

In **Brazil**, revenue of €14.28 million in the first six months (H1/2018: €10.80 million) represented growth of 32%. This market now accounts for 7% of total revenue (H1/2018: 5%).

As a result of growing demand from the retail banking sector, revenue in **Mexico** doubled to €7.79 million (H1/2018: €3.93 million) and contributed 4% to revenue.

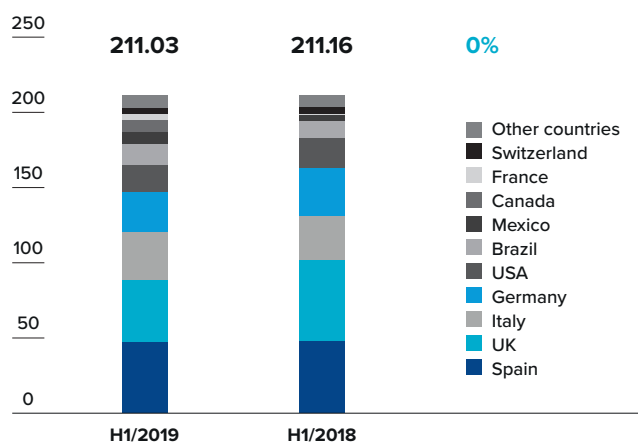
The acquisition of V-NEO and its initial consolidation in August 2018 boosted revenue with insurance clients in **Canada** to €7.78 million (H1/2018: €0.53 million). The revenue share amounts to 4% (H1/2018: 0%).

As part of the expansion of GFT's insurance business in Europe, a new market was established in **France**. Revenue in the first six months reached €4.49 million (H1/2018: €0.34 million) and accounted for 2% of total revenue.

Business in **Switzerland** decreased by 35% to €3.33 million (H1/2018: €5.15 million). Switzerland accounted for 2% of total revenue in the first six months (H1/2018: 2%).

Revenue in the **Other countries** category rose by 25% to €8.70 million (H1/2018: €6.94 million) and accounted for 4% of consolidated revenue (H1/2018: 3%). Other countries mostly comprise revenue generated with clients in Ireland, Luxembourg, Belgium, Poland and Portugal. The year-on-year increase resulted mainly from higher revenue generated with clients in Ireland and Belgium.

Revenue of the GFT Group by country in the first half of 2019 in € million



Revenue of the GFT Group by country in the first half of 2019

	H1/2019		H1/2018		Δ %
	€ million	Share in %	€ million	Share in %	
Spain	46.88	22%	47.59	23%	-1%
UK	41.84	20%	54.46	26%	-23%
Italy	31.83	15%	29.02	14%	10%
Germany	26.06	11%	31.82	15%	-18%
USA	18.05	9%	20.58	10%	-12%
Brazil	14.28	7%	10.80	5%	32%
Mexico	7.79	4%	3.93	2%	98%
Canada	7.78	4%	0.53	0%	>100%
France	4.49	2%	0.34	0%	>100%
Switzerland	3.33	2%	5.15	2%	-35%
Other countries	8.70	4%	6.94	3%	25%
GFT Group	211.03	100%	211.16	100%	0%

Revenue of the GFT Group by country in the second quarter of 2019

	Q2/2019		Q2/2018		Δ %
	€ million	Share in %	€ million	Share in %	
Spain	22.87	22%	23.76	23%	-4%
UK	20.14	19%	26.33	25%	-24%
Italy	16.33	16%	14.72	14%	11%
Germany	12.69	12%	15.54	15%	-18%
USA	8.85	8%	9.30	9%	-5%
Brazil	7.18	7%	5.37	5%	34%
Mexico	4.30	4%	2.08	2%	>100%
Canada	3.88	4%	0.27	0%	>100%
France	2.79	3%	0.08	0%	>100%
Switzerland	1.54	1%	2.46	2%	-37%
Other countries	4.74	4%	4.26	5%	11%
GFT Group	105.31	100%	104.17	100%	1%

1.5 Earnings position

Earnings position of the GFT Group in the first half of 2019

In the first half of 2019, the GFT Group's earnings as a whole were in line with expectations. **EBITDA** of €20.22 million was on a par with the previous year (H1/2018: €20.12 million). During the reporting period, EBITDA was significantly influenced by positive effects of €6.16 million from the change to lease accounting pursuant to IFRS 16 (H1/2018: €0.00 million). Earnings were burdened in particular by capacity adjustments to raise operating profitability amounting to €2.89 million (H1/2018: €0.33 million), as well as by personnel expenses in connection with the expansion of sales and technology expertise, and the underutilisation of capacity. There was also a negative effect on EBITDA from the further decline in revenue contributed by the top-2 clients.

In the reporting period, EBITDA included specials items from M&A activities of €1.72 million from the purchase of GFT Technologies Canada Inc. (formerly V-NEO Inc.) in the previous year (H1/2018: €0.37 million). **Adjusted EBITDA** in the first half of 2019 amounted to €21.94 million (H1/2018: €20.49 million).

EBIT of €8.35 million was €5.44 million below the prior-year figure (H1/2018: €13.79 million). In the first half of 2019, earnings before interest and taxes benefited from positive IFRS 16 effects totalling €0.53 million (H1/2018: €0.00 million).

At €7.15 million, **EBT** in the first half of 2019 was down €5.39 million on the previous year (H1/2018: €12.54 million). The operating margin fell to 3.4% (H1/2018: 5.9%).

Net income in the first half of 2019 amounted to €6.07 million, compared to €11.79 million in the same period last year. The **tax expense** disclosed under income taxes amounted to €1.08 million (H1/2018: €0.75 million).

Due to the decline in net income, **earnings per share** in the first half of 2019 decreased to €0.23 (H1/2018: €0.45), based on 26,325,946 outstanding shares.

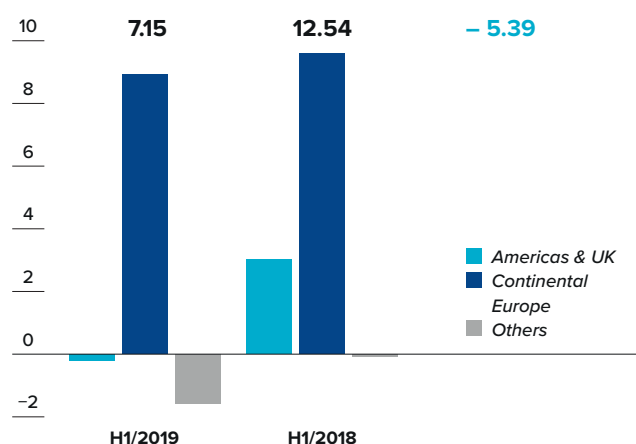
Earnings (EBT) by segment in the first half of 2019

In the *Americas & UK* segment, EBT fell year on year by €3.23 million to €-0.20 million (H1/2018: €3.03 million). The decline is mainly due to falling revenue with the top-2 clients and increased selling expenses for other clients in the UK and USA. Moreover, the segment was burdened by acquisition-related special items. There were positive effects on segment earnings from the Group's companies in Brazil and Mexico, due in particular to an increase in business volume. The operating margin – based on external revenue – fell to -0.2% (H1/2018: 3.3%).

EBT of €8.93 million in the *Continental Europe* segment for the first half of 2019 was down 7% on the previous year (H1/2018: €9.59 million). The decline was mainly due to capacity adjustments to raise operating profitability, which burdened segment earnings by €1.78 million in the first half of 2019 (H1/2018: €0.15 million). The operating margin of 7.9% – based on external revenue – was slightly below the prior-year figure (H1/2018: 8.1%).

Earnings of the *Others* category decreased by €1.50 million to €-1.58 million in the first six months of 2019 (H1/2018: €-0.08 million). This was primarily due to one-off effects from capacity adjustments as well as lower group allocations to the benefit of both 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.

Earnings (EBT) by segment in the first half of 2019
in € million



Earnings (EBT) by segment in the first half of 2019

	H1/2019		H1/2018		Δ € million
	€ million	Margin in %	€ million	Margin in %	
<i>Americas & UK</i>	-0.20	0%	3.03	3%	-3.23
<i>Continental Europe</i>	8.93	8%	9.59	8%	-0.66
<i>Others</i>	-1.58	-	-0.08	-	-1.50
GFT Group	7.15	3%	12.54	6%	-5.39

Earnings (EBT) by segment in the second quarter of 2019

	Q2/2019		Q2/2018		Δ € million
	€ million	Margin in %	€ million	Margin in %	
<i>Americas & UK</i>	0.10	0%	1.13	3%	-1.03
<i>Continental Europe</i>	4.80	8%	4.96	8%	-0.16
<i>Others</i>	-0.93	-	0.20	-	-1.13
GFT Group	3.97	4%	6.29	6%	-2.32

Earnings position of the GFT Group by income and expense items in the first half of 2019

Other operating income rose by €0.95 million to €3.67 million (H1/2018: €2.72 million). The increase was mainly due to government grants in Canada of €0.74 million (H1/2018: €0.00 million) for the development of electronic business transactions. Other operating income includes gains from currency translation of €0.81 million (H1/2018: €1.11 million).

The **cost of purchased services** amounted to €23.40 million and was thus 18% or €4.99 million below the prior-year figure (H1/2018: €28.39 million). This item includes the purchase of external services, which in the reporting period were provided increasingly by the Group's own employees. The ratio of cost of purchased services to revenue amounted to 11% (H1/2018: 13%).

In the first six months, **personnel expenses** of €147.72 million were up 9% or by €12.39 million (H1/2018: €135.33 million). This was mainly due to the increase in average headcount and capacity adjustments to raise operating profitability of €2.89 million (H1/2018: €0.33 million). In addition, personnel expenses were increased by the fall in purchases of external services as well as wage increases. The increase in average headcount is mainly due to the acquisition of GFT Technologies Canada Inc. as of 1 August 2018. The proportion of revenue to personnel expenses (the personnel cost ratio) rose to 70% (H1/2018: 64%). The personnel cost ratio without capacity adjustments and plus the purchase of external services amounted to 80% (H1/2018: 78%).

Scheduled **depreciation and amortisation** of non-current intangible assets and property, plant and equipment amounted to €11.87 million (H1/2018: €6.33 million) and included depreciation of right-of-use assets pursuant to IFRS 16 of €5.63 million in the first half of 2019 (H1/2018: €0.00 million).

Other operating expenses decreased by €6.61 million to €23.36 million in the first six months of 2019 (H1/2018: €29.97 million). The main cost elements were still operating, administrative and selling expenses, which totalled €20.02 million in the first half of 2019 (H1/2018: €28.98 million). The decrease in other operating expenses during the reporting period was mainly attributable to the change in accounting with the adoption of IFRS 16, resulting in a decline of €6.16 million in this item. Other operating expenses include currency losses of €1.52 million (H1/2018: €2.37 million).

There was a slight year-on-year improvement in the **financial result** (including earnings contributions of financial investments valued at equity) to €-1.20 million (H1/2018: €-1.33 million).

The tax expense disclosed under **income taxes** amounted to €1.08 million (H1/2018: €0.75 million). The effective tax rate increased to 15% (H1/2018: 6%). The lower tax rate in the previous year was mainly due to aperiodic income, especially credits for research and development.

1.6 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 2019, the full amount of Facility A and €13.00 million of Facility B had been drawn. At the end of the reporting period, promissory note agreements totalling €59.50 million were drawn in full.

The GFT Group continues to have a sound financial structure. As of 30 June 2019, the GFT Group had unused credit lines of €40.58 million. The **net liquidity** of the GFT Group – calculated as the stock of disclosed cash and cash equivalents less financial liabilities – declined from €-59.67 million as of 31 December 2018 to €-70.11 million as of 30 June 2019.

In the first half of 2019, **cash flow from operating activities** resulted in a cash inflow of €6.33 million (H1/2018: €7.82 million). Cash flow from the operating activities of the GFT Group generally grows stronger over the course of the year. The year-on-year decline in cash flow from operating activities of 19% resulted mainly from the fall in net income as well as the development of working capital. Apart from the general business trend, there were also positive effects on cash flow from operating activities in the reporting period from higher depreciation charges as a result of the initial application of IFRS 16.

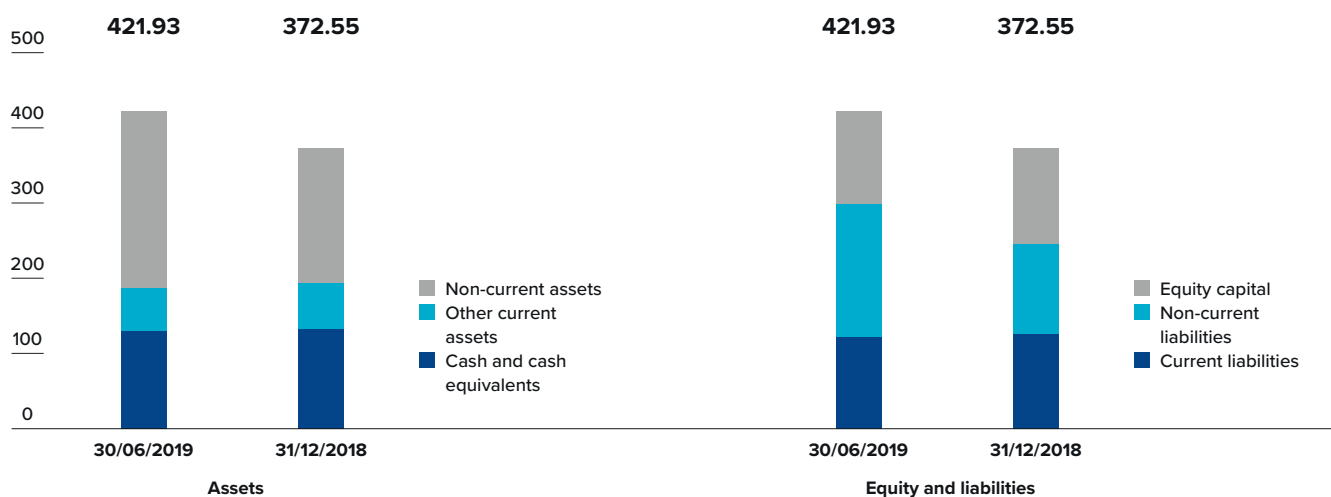
Cash flow from investing activities of €3.02 million in the first half of 2019 was largely unchanged from the previous year (H1/2018: €3.25 million). The higher cash outflow in the previous year was influenced by net payments of €0.55 million for the acquisition of companies – of which there were none in the reporting period.

Cash flow from financing activities in the first half of 2019 led to a net outflow of €8.17 million (H1/2018: €13.04 million). The decrease is mainly influenced by net borrowing of €5.89 million; in the prior-year period, there were net loan repayments of €5.14 million. Cash flow from financing activities in the first half of 2019 was dominated by the dividend payment to shareholders of €7.90 million (H1/2018: €7.90 million). Cash flow from financing activities includes outflows of €6.16 million for the payment of lease liabilities under IFRS 16 (H1/2018: €0.00 million).

Including currency effects, cash and cash equivalents fell by €4.55 million to €57.02 million in the first six months (31 December 2018: €61.57 million).

1.7 Asset position

Structure of the consolidated balance sheet as of 30 June 2019 in € million



Assets

in € million	30/06/2019	31/12/2018
Non-current assets	235.44	179.02
Cash and cash equivalents	57.02	61.57
Other current assets	129.47	131.96
	421.93	372.55

Equity and liabilities

in € million	30/06/2019	31/12/2018
Equity capital	123.61	127.11
Non-current liabilities	177.03	119.61
Current liabilities	121.29	125.83
	421.93	372.55

Compared to 31 December 2018, the **balance sheet total** of the GFT Group grew by €49.38 million from €372.55 million to €421.93 million. The increase is mainly due to the growth in property, plant and equipment from the disclosure of right-of-use assets resulting from changes in lease accounting (see note 2.2 of the condensed half-year consolidated financial statements). There was an opposing effect in particular from the decline in the Group's liquidity caused by dividend payments to shareholders and working capital effects.

At €235.44 million, **non-current assets** of the GFT Group were up €56.42 million on the previous year (31 December 2018: €179.02 million). As of 30 June 2019, non-current assets accounted for 56% of the balance sheet total, compared to 48% at the end of the previous year.

Non-current assets mainly comprise **goodwill** of €114.03 million (31 December 2018: €112.99 million), other **intangible assets** of €24.49 million (31 December 2018: €26.70 million) and **property, plant and equipment** of €85.46 million (31 December 2018: €26.59 million). In the course of adopting lease accounting pursuant to IFRS 16 as of 1 January 2019, right-of-use assets for land and buildings, car parks and vehicles amounting to €59.88 million were disclosed in property, plant and equipment. Capital expenditure (without right-of-use assets) of €1.64 million was on a par with the previous year (H1/2018: €1.58 million).

As of 30 June 2019, **current assets** decreased to €186.49 million (31 December 2018: €193.53 million). The decline of €7.04 million was mainly due to the reduction in **cash and cash equivalents** to €57.02 million (31 December 2018: €61.57 million) caused by dividend payments to shareholders and working capital effects. **Trade receivables** fell from €95.39 million to €77.19 million, while **contract assets** rose to €34.30 million (31 December 2018: €14.08 million) as a result of increased business volume. The item **contract assets** recognises the GFT Group's claims for consideration resulting from services from fixed-price contracts in connection with the development of customer-specific IT solutions and the implementation of bank-specific standard software that have been rendered but not yet invoiced as of the reporting date.

Compared to 31 December 2018, the **equity capital** of the GFT Group fell by €3.50 million from €127.11 million to €123.61 million – adjusted for currency effects, the decline amounted to €4.18 million. Net income of €6.07 million (H1/2018: €11.79 million) and positive currency effects of €0.68 million (H1/2018: €-0.93 million) were offset in particular by the dividend paid to shareholders of €7.90 million (H1/2018: €7.90 million). The initial application of IFRS 16 regulations using the modified retrospective method resulted in negative transition effects of €2.34 million. The transition effects were reported cumulatively in the consolidated balance sheet profit.

As a result of the 13% increase in the balance sheet total, the **equity ratio** of 29% was 5 percentage points below the prior-year figure (31 December 2018: 34%); this was due to the change in accounting pursuant to IFRS 16. Adjusted for these effects, the equity ratio as of 30 June 2019 amounted to 35%.

Non-current liabilities rose to €177.03 million (31 December 2018: €119.61 million). This increase of €57.42 million was mainly due to other financial liabilities of €58.04 million (31 December 2018: €0.00 million). **Other financial liabilities** include the full amount of lease liabilities in connection with the introduction of lease accounting pursuant to IFRS 16.

Current liabilities of €121.29 million were down on the year-end figure (31 December 2018: €125.83 million). The decrease in current liabilities as of 30 June 2019 was mainly due to contract liabilities of €21.64 million (31 December 2018: €32.58 million) and trade payables of €8.29 million (31 December 2018: €13.70 million), as well as closing-date effects on working capital. **Contract liabilities** comprise unrealised revenue from work contracts in connection with the development of customer-specific IT solutions, as well as fixed-price service agreements in connection with IT maintenance projects within the scope of IFRS 15. There was an opposing effect in particular from other financial liabilities of €11.26 million (31 December 2018: €3.20 million) and financial liabilities of €21.89 million (31 December 2018: €15.30 million). The increase of €6.59 million in **financial liabilities** is due to the rise in bank liabilities. The growth in **other financial liabilities** of €8.06 million mainly results from lease liabilities of €4.67 million due to the introduction of lease accounting pursuant to IFRS 16.

As of 30 June 2019, the GFT Group's **debt ratio** increased by five percentage points to 71% (31 December 2018: 66%). Adjusted for effects from the change in accounting pursuant to IFRS 16, the debt ratio as of 30 June 2019 amounted to 65%.

Further information on the GFT Group's assets, equity and liabilities is provided in the consolidated balance sheet, the consolidated statement of changes in equity and the respective notes to the half-year consolidated financial statements.

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

The first half of 2019 developed in line with expectations. The anticipated decline in revenue with the top-2 clients was offset by the steps taken to diversify business, which resulted in revenue growth of 20% with other new and existing clients. As forecast, earnings in the first half of 2019 were burdened by expenses for capacity adjustments and underutilisation, as well as expenses for the development of sales and technology expertise.

As of 30 June 2019, the equity ratio of 29% was slightly below the level at year-end 2018 (34%), due mainly to IFRS 16 effects. The capital and balance sheet structure of the GFT Group therefore remains solid.

1.9 Non-financial performance indicators

Employees

As of 30 June 2019, the GFT Group employed a total of 4,892 people. Compared to the previous quarter, total Group headcount was thus almost unchanged (31 March 2019: 4,910). Compared to the same period last year, the number of employees rose by 4% (30 June 2018: 4,697).

There were 1,577 full-time employees in the *Americas & UK* segment as of 30 June 2019, corresponding to an increase of 3% over the previous quarter (31 March 2019: 1,529). The year-on-year increase of 36% is due to the acquisition of V-NEO in Canada and the dynamic trend in Brazil and Mexico (30 June 2018: 1,158).

In the *Continental Europe* segment, headcount of 3,199 as of 30 June 2019 was down 2% on the previous quarter (31 March 2019: 3,266). This was due in part to capacity adjustments in Germany, Spain and Poland in connection with declining business with the top-2 clients. Compared to the same period last year, the number of employees fell by 6% (30 June 2018: 3,418). The decreases were particularly strong in Spain and Poland.

As a result of the above mentioned capacity adjustments, headcount in Germany fell quarter on quarter to 366 full-time employees (31 March 2019: 385). Compared to the same period last year, the number of employees was virtually unchanged (30 June 2018: 365).

As of 30 June 2019, 116 people were employed in holding functions of the GFT Group – one full-time employee more than in the preceding quarter (31 March 2019: 115). Compared to the same date last year, there was a decrease of five employees (30 June 2018: 121).

The productive utilisation rate, based on the use of production staff in client projects, amounted to 89% as of 30 June 2019 and was thus unchanged from the previous year (30 June 2018: 89%).

Employees by segment H1/2019 compared to H1/2018

	H1/2019	H1/2018	Δ FTE	Δ %
Americas & UK	1,577	1,158	419	+36%
Continental Europe	3,199	3,418	-219	-6%
Others	116	121	-5	-4%
GFT Group	4,892	4,697	195	4%

Employees by segment H1/2019 compared to Q1/2019

	H1/2019	Q1/2019	Δ FTE	Δ %
Americas & UK	1,577	1,529	48	+3%
Continental Europe	3,199	3,266	-67	-2%
Others	116	115	1	+1%
GFT Group	4,892	4,910	18	+0%

Employees by country H1/2019 compared to H1/2018

	H1/2019	H1/2018	Δ FTE	Δ %
Spain	1,827	1,975	-148	-7%
Brazil	778	644	134	21%
Italy	579	577	2	0%
Poland	477	579	-102	-18%
Germany	366	365	1	0%
Mexico	321	218	103	47%
Canada	195	6	189	>100%
UK	142	141	1	1%
Costa Rica	109	108	1	1%
Switzerland	43	43	0	0%
USA	32	41	-9	-22%
France	18	0	18	-
Belgium	5	0	5	-
Total	4,892	4,697	195	4%

Employees by country H1/2019 compared to Q1/2019

	H1/2019	Q1/2019	Δ FTE	Δ %
Spain	1,827	1,869	-42	-2%
Brazil	778	781	-3	0%
Italy	579	567	12	2%
Poland	477	501	-24	-5%
Germany	366	385	-19	-5%
Mexico	321	279	42	15%
Canada	195	185	10	5%
UK	142	141	1	1%
Costa Rica	109	107	2	2%
Switzerland	43	44	-1	-2%
USA	32	36	-4	-11%
France	18	13	5	38%
Belgium	5	2	3	>100%
Total	4,892	4,910	-18	0%

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 €1.65 million was invested in research and development in the first half of 2019 (H1/2018: €1.41 million). Personnel expenses accounted for €0.71 million or 43% of this total (H1/2018: €0.87 million or 62%). Expenses for external services amounted to €0.17 million (H1/2018: €0.06 million), corresponding to 10% (H1/2018: 3%) of total research and development costs.

2 Risk and opportunity report

There were no material changes in the first half of 2019 with regard to the comprehensive discussion of risks and opportunities provided in the management report of the consolidated financial statements for 2018.

2.1 Overall risk assessment

At the time of preparing this report, there are therefore no recognisable risks that might jeopardise the existence of the 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.

3 Forecast report

3.1 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 2018 and in "General economic and sector-specific conditions (H1/2019)" of this half-year financial report.

3.2 Expected development of the GFT Group

Operating targets of the GFT Group for the financial year 2019

The GFT Group confirms its guidance for the financial year 2019. The general industry trends with regard to the digitalisation of business processes and the increased use of exponential technologies, such as data analytics and cloud computing, continue to gain momentum and will enable high double-digit growth rates. This is partly overshadowed by investment uncertainties of the top-2 clients and a potential economic slowdown.

The GFT Group anticipates an unbroken growth trend outside of its top-2 clients in the financial year 2019. The steps taken to diversify clients and sectors, as well as the expansion of sales and technology expertise, will lead to expected revenue growth of over 20% outside the top-2 clients. We expect the share of business generated with the top-2 clients to fall below 30% (2018: 40%). This corresponds to an anticipated decline in revenue from the top-2 clients of around 30%.

The GFT Group continues to forecast an increase in revenue of 2% across all clients to €420 million for 2019 (2018: €412.83 million). Adjusted EBITDA before effects from IFRS 16 is likely to reach €35 million (2018: €39.68 million) and adjusted EBITDA including effects from IFRS 16 is expected to reach €48 million (no prior-year figure). The GFT Group anticipates an EBT result of €18 million (2018: €22.64 million), with negligible effects from IFRS 16.

The GFT Group will continue to drive its client and sector diversification strategy. The insurance business will be expanded to a revenue share of over 10% in the financial year 2019 and the revenue share of exponential technologies (distributed ledger technology / blockchain, artificial intelligence, data analytics, cloud and DevOps) is expected to rise further from 25% to 30%.

Assumptions for the forecasts

Our forecasts are based on the assumptions stated in the annual report 2018 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.

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Consolidated Balance Sheet (IFRS, unaudited)

as at 30 June 2019, GFT Technologies SE

Assets

in €	30/06/2019	31/12/2018 ¹
Non-current assets		
Goodwill	114,027,987.20	112,994,212.45
Other intangible assets	24,490,812.39	26,697,279.93
Property, plant and equipment	85,457,639.18	26,585,119.74
Other financial assets	1,355,763.72	754,985.33
Tax assets	16,085.54	1,037,926.35
Deferred tax assets	8,752,607.48	8,152,157.82
Other assets	1,336,150.20	2,798,337.65
	235,437,045.71	179,020,019.27
Current assets		
Inventories	73,266.75	159,549.22
Trade receivables	77,194,416.49	95,390,886.70
Contract assets	34,301,239.09	14,083,478.02
Cash and cash equivalents	57,019,682.72	61,569,726.64
Other financial assets	3,925,968.19	1,068,826.39
Tax assets	2,123,565.57	6,756,612.89
Other assets	11,855,650.64	14,502,998.57
	186,493,789.45	193,532,078.43
	421,930,835.16	372,552,097.70

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

Equity and liabilities

in €	30/06/2019	31/12/2018 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	-5,550,591.36
Other comprehensive income		
Actuarial gains/losses	-1,469,311.30	-1,459,016.99
Currency translation differences	-6,222,143.50	-6,903,723.71
Consolidated net profit	46,136,723.97	50,310,524.61
	123,611,755.93	127,114,270.67
Non-current liabilities		
Financial liabilities	105,236,937.38	105,944,626.79
Other financial liabilities	58,035,451.71	0.00
Provisions for pensions	7,072,261.93	6,952,004.11
Other provisions	1,686,212.39	1,694,524.00
Deferred tax liabilities	4,996,670.21	5,017,851.70
	177,027,533.62	119,609,006.60
Current liabilities		
Trade payables	8,289,484.21	13,701,878.77
Financial liabilities	21,893,482.83	15,299,216.49
Other financial liabilities	11,262,256.90	3,197,493.83
Other provisions	33,598,012.22	35,895,512.80
Tax liabilities	2,120,322.13	3,471,409.54
Contract liabilities	21,641,517.17	32,577,950.12
Other liabilities	22,486,470.16	21,685,358.88
	121,291,545.61	125,828,820.43
	421,930,835.16	372,552,097.70

Consolidated Income Statement (IFRS, unaudited)

for the period from 1 January to 30 June 2019, GFT Technologies SE

in €	H1/2019	H1/2018 ¹	Q2/2019	Q2/2018 ¹
Revenue	211,032,024.31	211,160,470.61	105,311,459.31	104,172,915.06
Other operating income	3,667,364.45	2,724,409.22 ²	1,707,195.34	1,856,934.88 ²
	214,699,388.76	213,884,879.83²	107,018,654.65	106,029,849.94²
Cost of purchased services	23,403,491.73	28,392,945.38	11,352,738.33	14,009,331.37
Personnel expenses				
Wages and salaries	124,088,003.73	111,392,567.56	62,037,755.10	55,402,355.67
Social security contributions and expenditures	23,632,920.96	23,933,234.90	11,971,263.00	11,866,182.52
	147,720,924.69	135,325,802.46	74,009,018.10	67,268,538.19
Depreciation and amortisation of intangible assets and property, plant and equipment	11,868,596.78	6,329,582.95	5,456,360.36	3,148,120.97
Other operating expenses	23,357,728.97	29,968,675.86 ²	11,721,183.81	14,647,681.23 ²
Result from operating activities	8,348,646.59	13,867,873.18	4,479,354.05	6,956,178.18
Other interest and similar income	242,985.78	66,766.98	195,287.15	19,757.44
Result of investments accounted for using the equity method	0.00	-73,300.67	0.00	-34,909.86
Interest and similar expenses	1,444,575.34	1,323,369.65	707,479.65	647,767.66
Financial result	-1,201,589.56	-1,329,903.34	-512,192.50	-662,920.08
Earnings before taxes	7,147,057.03	12,537,969.84	3,967,161.55	6,293,258.10
Income taxes	1,079,994.52	745,677.19	605,979.34	-807,753.42
Net income for the period	6,067,062.51	11,792,292.65	3,361,182.21	7,101,011.52
Earnings per share – basic	0.23	0.45	0.13	0.27

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

² Adjusted, refer to note 2.2

Consolidated Statement of Comprehensive Income (IFRS, unaudited)

for the period from 1 January to 30 June 2019, GFT Technologies SE

in €	H1/2019	H1/2018 ¹	Q2/2019	Q2/2018 ¹
Net income for the period	6,067,062.51	11,792,292.65	3,361,182.21	7,101,011.52
Items that will not be reclassified to the income statement				
Actuarial gains/losses	-13,176.71	-24,185.75	-6,134.44	-36,954.54
Income taxes on items in the other comprehensive income	2,882.40	5,317.99	1,333.08	8,127.76
Items that may be reclassified to the income statement				
Currency translation of net investments in foreign business operations	-529,624.21	-550,672.80	686,356.24	-571,015.67
Gains/losses from currency translation of foreign subsidiaries	1,211,204.42	-375,515.62	-3,335,862.80	-468,713.86
Other comprehensive income	671,285.90	-945,056.18	-2,654,307.92	-1,068,556.31
Total comprehensive income	6,738,348.41	10,847,236.47	706,874.29	6,032,455.21

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

Consolidated Statement of Changes in Equity (IFRS, unaudited)

as at 30 June 2019, GFT Technologies SE

	Share capital	Capital reserve
in €		
Balance at 1 January 2018 ¹	26,325,946.00	42,147,782.15
Effects from the initial application of IFRS 9		
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
Balance at 1 January 2019 ³	26,325,946.00	42,147,782.15
Effects from the initial application of IFRS 16		
Adjusted balance at 1 January 2019	26,325,946.00	42,147,782.15
Dividends to shareholders		
Total comprehensive income for the period 1 January to 30 June 2019		
Balance at 30 June 2019	26,325,946.00	42,147,782.15

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

² Net income for the period

³ The GFT Group has initially applied IFRS 16 at 1 January 2019. Under the modified retrospective transition method chosen, comparativ 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	-5,130,993.24	-2,670,281.68	-6,010,354.83	38,416,773.14	115,322,221.51
				-184,049.37	-184,049.37
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
22,243,349.97	-5,550,591.36	-1,459,016.99	-6,903,723.71	50,310,524.61	127,114,270.67
				-2,343,079.35	-2,343,079.35
22,243,349.97	-5,550,591.36	-1,459,016.99	-6,903,723.71	47,967,445.26	124,771,191.32
				-7,897,783.80	-7,897,783.80
		-10,294.31	681,580.21	6,067,062.51 ²	6,738,348.41
22,243,349.97	-5,550,591.36	-1,469,311.30	-6,222,143.50	46,136,723.97	123,611,755.93

Consolidated Cash Flow Statement (IFRS, unaudited)

for the period from 1 January to 30 June 2019, GFT Technologies SE

in €	H1 / 2019	H1 / 2018 ¹
Net income for the period	6,067,062.51	11,792,292.65
Income taxes	1,079,994.52	745,677.19
Interest income	1,201,589.55	1,256,602.67
Interest paid	-439,375.04	-431,608.39
Interest received	230,584.98	61,741.80
Income taxes paid	-1,033,879.33	-94,447.64
Depreciation and amortisation of intangible assets and property, plant and equipment	11,868,596.78	6,329,582.95
Changes in provisions	-2,686,275.61	-1,635,323.92
Other non-cash expenses and income	2,604,849.67	-903,044.43
Net proceeds on disposal of intangible assets and property, plant and equipment	12,066.64	43,999.73
Changes in contract assets	-19,926,606.44	-13,195,489.95
Changes in trade receivables	16,787,874.93	10,155,677.56
Changes in other assets	7,012,683.13	-521,338.14
Changes in contract liabilities	-10,936,432.95	-4,244,629.81
Changes in trade payables and other liabilities	-5,516,380.05	-1,542,203.59
Cash flow from operating activities	6,326,353.30	7,817,488.68
Proceeds from disposal of property, plant and equipment	1,714.68	22,216.69
Capital expenditure for intangible assets	-1,388,261.32	-1,136,570.07
Capital expenditure for property, plant and equipment	-1,636,489.55	-1,583,529.82
Cash outflows for acquisitions of consolidated companies net of cash and cash equivalents acquired	0.00	-552,727.51
Cash flow from investing activities	-3,023,036.19	-3,250,610.71
Proceeds from borrowing	6,036,175.09	0.00
Cash outflows from loan repayments	-149,598.16	-5,144,920.14
Cash outflows from repayment of lease liabilities	-6,163,397.05	0.00
Dividends to shareholders	-7,897,783.80	-7,897,783.80
Cash flow from financing activities	-8,174,603.92	-13,042,703.94
Effect of foreign exchange rate changes on cash and cash equivalents	321,242.89	-208,714.07
Net increase in cash and cash equivalents	-4,550,043.92	-8,684,540.04
Cash and cash equivalents at beginning of period	61,569,726.64	72,246,225.54
Cash and cash equivalents at end of period	57,019,682.72	63,561,685.50

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

Notes to the Half-year Consolidated Financial Statements

1 January to 30 June 2019, GFT Technologies SE

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 Stuttgart, 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 GFT Technologies SE share is listed in the Prime Standard segment of the Frankfurt Stock Exchange and is publicly traded. GFT Technologies SE is the ultimate parent company of the GFT Group, an international technology partner for digital transformation in the banking, insurance and industrial sectors. Its range of services includes consulting for the development and implementation of innovative IT strategies, the development of customer-specific solutions, the implementation of industry-specific standard software and the maintenance and further development of business-critical IT solutions.

The half-year consolidated financial statements of GFT Technologies SE have been prepared in euro (€), the functional currency of the company. Unless noted 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 2018 and the notes contained therein.

The half-year consolidated financial statements were prepared by the Managing Directors of GFT Technologies SE on 5 August 2019 and released for publication by the Administrative Board. The half-year consolidated financial statements were reviewed by the group's independent auditors.

2 Accounting methods

2.1 Basis of preparation of the financial statements

All significant intercompany accounts and transactions were eliminated.

In the opinion of the company's management, the half-year consolidated financial statements reflect all accounting entries (i.e. normal recurring entries) 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.

In preparing the half-year consolidated financial statements according to IFRS, discretionary decisions, estimates and assumptions must be made by management 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 and assumptions; changes can have a significant impact on the half-year consolidated financial statements.

These interim financial statements were prepared using the same accounting and valuation methods as those on which the consolidated financial statements as of 31 December 2018 were based and which are described in detail in the notes contained therein. Accounting methods which were changed for the first time in the course of preparing these interim financial statements are described in note 2.2 below.

2.2 Changes in accounting methods

Changes to the accounting methods in these half-year consolidated financial statements result from the initial application of new accounting regulations and the disclosure of foreign currency gains and losses.

New accounting regulations

As of 1 January 2019, the GFT Group applied IFRS 16 *Leases* for the first time. The nature and effects of the changes resulting from the initial adoption of this new accounting standard are described below.

The other new IFRS pronouncements (endorsed by the EU) to be applied for the first time as of 1 January 2019 (IFRIC 23 *Uncertainty over Income Tax Treatments*, amendments to IFRS 9 *Prepayment Features with Negative Compensation*) had no or only an insignificant impact on the financial position and performance of the GFT Group as of 30 June 2019.

IFRS 16 Leases

In January 2016, the IASB issued the new standard IFRS 16 *Leases*, which supersedes IAS 17 *Leases* and the related interpretations IFRIC 4 *Determining Whether an Arrangement Contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*. IFRS 16 abolishes the previous classification of leases as operating and finance leases for lessees. Instead, IFRS 16 introduces a uniform accounting model under which lessees are required to recognise an asset for the right of use (right-of-use asset) and a lease liability for the outstanding rental payments in the balance sheet for all leases. As a result, previously unrecognised leases will in future have to be recognised in the balance sheet – largely in the same way as finance leases today.

IFRS 16 grants an option not to recognise right-of-use assets and lease liabilities for leases with a term of up to twelve months (short-term leases) and for leases of low-value assets (so-called small ticket leases). The GFT Group exercises these options. The lease payments associated with these leases are recognised as an expense either on a straight-line basis over the lease term or on another systematic basis.

Right-of-use assets disclosed in property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. The cost of the right-of-use asset is measured as the present value of all future lease payments plus any lease payments made at or before the inception of the lease, contract signing costs and the estimated cost of restoring the leased asset. All leasing incentives received are deducted. In this connection, the GFT Group exercises the option to regard payments for non-leasing components, e. g. for service, as lease payments. If the lease payments to be taken into account also include the transfer of ownership of the underlying asset at the end of the lease term, including the exercise of a purchase option, the asset is depreciated over its useful economic life. Otherwise, the right-of-use asset is depreciated over the term of the lease.

Initial recognition of lease liabilities allocated to financial liabilities is determined as the present value of the lease payments to be made less advance payments made. In subsequent measurement, the carrying amount of the lease liability is increased by accrued interest and decreased by the lease payments made without affecting income.

Depreciation of the right-of-use asset is disclosed as depreciation on property, plant and equipment in the consolidated income statement. Interest accrued on the lease liability is disclosed under “Interest and similar expenses”. Expenses incurred by leases classified as operating leases were previously disclosed in full under other operating expenses in accordance with IAS 17.

The lessor's accounting treatment remains essentially unchanged; the previous regulations pursuant to IAS 17 were adopted almost unchanged by IFRS 16.

The GFT Group applied IFRS 16 for the first time as of 1 January 2019. The modified retrospective method was adopted on initial application, whereby the cumulative effect is recognised as an adjustment to equity in the opening balance sheet. The transition effects of €2.34 million were reported cumulatively in the consolidated balance sheet profit. In accordance with the transitional provisions, prior-year figures have not been restated.

The GFT Group applied the following practical expedients for the lessee permitted by IFRS 16 on transition to the new standard:

- For leases previously classified as operating leases pursuant to IAS 17, the lease liability is recognised at the present value of the outstanding lease payments, discounted at the incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate was 1.83%.
- No impairment test is conducted. Temporary adjustments to right-of-use assets at the time of initial application by the amount recognised as a provision for encumbered leases as at 31 December 2018 were not necessary as they did not exist.
- Leases which expire no later than 31 December 2019 are recognised as short-term leases, irrespective of the original contract term.
- The initial direct costs are disregarded when measuring the right-of-use asset at the time of initial application.
- When determining the term of a contract with extension or termination options, current knowledge is taken into account.

In the course of the transition to IFRS 16, right-of-use assets for leased items of €63.70 million and lease liabilities of €66.45 million were recognised as of 1 January 2019. The right-of-use assets comprise land and buildings, office premises, car parks and vehicles. Based on the other financial obligations from rental and lease agreements as of 31 December 2018, the following reconciliation to the opening balance sheet amounts of lease liabilities as at 1 January 2019 was made.

Reconciliation to lease liabilities pursuant to IFRS 16

in € million	
Other financial obligations from rental and lease agreements pursuant to IAS 17 as of 31 December 2018	67.05
Practical expedient for short-term leases	-0.03
Practical expedient for leases of low-value assets	-0.29
Payments for non-leasing components	4.95
Obligations from operating leases (not discounted)	71.68
Effect from discounting	-5.23
Carrying amount of lease liabilities pursuant to IFRS 16 as of 1 January 2019	66.45

There were no leases carried until 31 December 2018 as finance leases pursuant to IAS 17.

As a result of the initial application of IFRS 16, the GFT Group recognised right-of-use assets of €59.88 million and lease liabilities of €62.70 million as of 30 June 2019 for those leases previously classified as operating leases. Also in connection with these leases, the GFT Group recognised depreciation and interest expenses pursuant to IFRS 16 instead of expenses for operating leases. In the first six months of the financial year 2019, this resulted in depreciation of property, plant and equipment of €5.63 million and interest expenses of €0.60 million.

Disclosure of currency gains / losses

In the current half-year consolidated financial statements, the GFT Group adjusted its method of reporting income and expenses from currency translation recognised in profit or loss. Effects from currency translation affecting profit or loss were previously reported at the level of the respective Group company, depending on the overhang. A positive overhang of currency translation differences per Group company was disclosed under "Other operating income" and a negative overhang under "Other operating expenses".

The GFT Group decided to change its accounting policy for the recognition of currency gains and losses with effect from 30 June 2019. From now on, realised and unrealised gains and losses from currency translation are stated at their gross value and thus not offset at the level of the respective Group company in the consolidated income statement. The GFT Group believes that the non-netted disclosure of currency effects provides more relevant information for the reader of these financial statements and is more in line with the accounting methods of its competitors. The change has not impact on EBITDA and EBT.

The GFT Group has applied this change to its accounting policy retrospectively. The corresponding comparative figures in the consolidated income statement were restated. The adjustment of comparative figures in the consolidated income statement resulted in an increase in other operating income, as well as in other operating expenses, of €991,143.07 each.

3 Composition of the Group

There were no significant changes to the consolidated group in the first half of 2019.

4 Notes on items of the consolidated balance sheet

4.1 Intangible assets

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

Goodwill

in € million	30/06/2019	31/12/2018
CGU		
<i>Americas & UK</i>	43.20	42.58
<i>Continental Europe</i>	70.83	70.41
	114.03	112.99

The increase in goodwill of €1.04 million as of 30 June 2019 resulted from subsequent purchase price adjustments relating to the acquisition of GFT Technologies Canada Inc., Québec, Canada (formerly V-NEO Inc., Québec, Canada) in the previous year and to opposing currency effects.

Other intangible assets as of 30 June 2019 amounted to €24.49 million (31 December 2018: €26.70 million) and continued to relate mainly to customer relationships (€20.81 million; 31 December 2018: €23.38 million). In the first six months of 2019, the GFT Group invested €1.39 million (H1/2018: €1.14 million) in other non-current intangible assets.

4.2 Property, plant and equipment

Property, plant and equipment disclosed in the consolidated balance sheet with a carrying amount of €85.46 million also includes right-of-use assets in connection with lessee accounting pursuant to IFRS 16.

The following table presents the composition of property, plant and equipment without right-of-use assets:

Property, plant and equipment (without right-of-use assets)

in € million	30/06/2019	31/12/2018
Land, leasehold rights and buildings, including buildings on third-party land	12.34	12.18
Other equipment, factory and office equipment	13.15	14.41
Advance payments and assets under construction	0.09	0.00
	25.58	26.59

In the first six months of the financial year 2019, the GFT Group invested €1.64 million (H1/2018: €1.58 million) in non-current property, plant and equipment (without right-of-use assets).

The composition of right-of-use assets from operating leases to be disclosed for the first time as of 1 January 2019 pursuant to IFRS 16 is shown below. As of the reporting date, there were no finance leases.

Right-of-use assets

in € million	30/06/2019
Land, leasehold rights and buildings	56.97
Other equipment, factory and office equipment	2.91
	59.88

The rights to use land, leasehold rights and buildings relate to land and buildings, office premises and car parks. The rights to use other equipment, factory and office equipment relate mainly to vehicles.

4.3 Contract balances

Receivables, contract assets and contract liabilities arising from contracts with clients are shown below:

Contract balances

in € million	30/06/2019	31/12/2018
Receivables included in trade receivables	77.19	95.39
Contract assets	34.30	14.08
Contract liabilities	21.64	32.58

Contract assets mainly refer to the GFT Group's claims for consideration resulting from services from fixed-price contracts in connection with the development of customer-specific IT solutions and the implementation of bank-specific standard software that have been rendered but not yet invoiced as of the reporting date. Contract assets are current in the full amount. Contract assets are reclassified as receivables when the rights become unconditional. This usually happens when the GFT Group issues an invoice to the client. The amount of contract assets as of 30 June 2019 is affected by an impairment of €10 thousand (31 December 2018: €5 thousand).

Contract liabilities mainly relate to advance payments received from clients for construction contracts for which revenue is recognised over a specified period. Contract liabilities have a remaining term of up to one year.

4.4 Trade receivables

Trade receivables result from customer contracts within the scope of IFRS 15 and comprise the following:

Trade receivables

in € million	30/06/2019	31/12/2018
Receivables from customer contracts (gross carrying amount)	77.29	95.90
Value adjustments	-0.10	-0.51
Carrying amount (net)	77.19	95.39

Trade receivables have a remaining term of up to one year.

4.5 Equity capital

Please refer to the separately presented consolidated statement of changes in equity for the development of equity during the first half of financial year 2019. In the reporting period, there were no changes with regard to subscribed capital, authorised and conditional capital, or capital reserves.

Dividend

The Annual General Meeting of 4 June 2019 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 2018 (H1/2018: €7.90 million and €0.30 per no-par share with dividend rights). The dividend was distributed on 7 June 2019.

4.6 Other provisions

Other provisions comprise the following:

Other provisions

in € million	30/06/2019	31/12/2018
Non-current		
Performance-based remuneration	0.70	0.54
Anniversary payments	0.48	0.46
Other	0.51	0.69
	1.69	1.69
Current		
Performance-based remuneration	13.20	20.59
Holiday obligations	10.50	6.70
Outstanding purchase invoices	5.67	4.63
Other	4.23	3.98
	33.60	35.90
	35.29	37.59

4.7 Financial liabilities

The following table shows the composition of financial liabilities by remaining term.

Financial liabilities

in € million	30/06/2019	31/12/2018
Non-current		
Bank liabilities	105.24	105.94
Current		
Bank liabilities	21.89	15.30
	127.13	121.24

4.8 Other financial liabilities

Other financial liabilities comprise the following:

Other financial liabilities

in € million	30/06/2019	31/12/2018
Non-current		
Lease liabilities ¹	58.04	0.00
Current		
Liabilities to employees	5.07	2.89
Lease liabilities ¹	4.67	0.00
Other	1.52	0.31
	11.26	3.20
	69.30	3.20

¹ Lease liabilities as of 30 June 2019 include the effects from initial application of IFRS 16. Information on the adjustments is provided in note 2.2.

5 Notes on items of the consolidated income statement

5.1 Revenue

The revenue presented in the consolidated income statement includes both revenue from contracts with customers and other revenue not within the scope of IFRS 15.

In the following table, revenue from contracts with customers (revenue pursuant to IFRS 15) is divided into the two categories: geographical region and type of contract for the provision of services or sale of goods.

Other revenue mainly includes revenue from activities in connection with the Group headquarters in Stuttgart.

Revenue

in € million	<i>Americas & UK</i>		<i>Continental Europe</i>		<i>Reconciliation</i>		<i>Total</i>	
	H1/2019	H1/2018	H1/2019	H1/2018	H1/2019	H1/2018	H1/2019	H1/2018
Geographical regions								
Belgium	1.09	0.00	0.06	0.56	0.00	0.00	1.15	0.56
Brazil	14.28	10.80	0.00	0.00	0.00	0.00	14.28	10.80
Germany	0.06	0.10	25.74	31.42	0.26	0.30	26.06	31.82
France	4.31	0.15	0.18	0.19	0.00	0.00	4.49	0.34
UK	41.61	54.27	0.23	0.19	0.00	0.00	41.84	54.46
Italy	0.00	0.00	31.83	29.02	0.00	0.00	31.83	29.02
Canada	7.78	0.53	0.00	0.00	0.00	0.00	7.78	0.53
Mexico	7.79	3.93	0.00	0.00	0.00	0.00	7.79	3.93
Poland	0.93	0.36	0.11	0.17	0.00	0.00	1.04	0.53
Switzerland	0.00	0.00	3.33	5.15	0.00	0.00	3.33	5.15
Spain	0.00	0.00	46.88	47.59	0.00	0.00	46.88	47.59
USA	18.04	20.42	0.01	0.17	0.00	0.00	18.05	20.59
Other countries	1.74	2.04	4.77	3.80	0.00	0.00	6.51	5.84
	97.63	92.60	113.14	118.26	0.26	0.30	211.03	211.16
Type of contract								
Service contract	57.09	51.04	22.38	27.37	0.00	0.00	79.47	78.41
Fixed-price contract	32.93	28.82	77.57	80.03	0.00	0.00	110.50	108.85
Maintenance contract	7.61	12.74	13.19	10.86	0.00	0.00	20.80	23.60
Other	0.00	0.00	0.00	0.00	0.26	0.30	0.26	0.30
	97.63	92.60	113.14	118.26	0.26	0.30	211.03	211.16
Time of transfer of goods or services								
Transfer over a certain period	97.63	92.60	113.14	118.26	0.13	0.13	210.90	210.99
Transfer at a certain time	0.00	0.00	0.00	0.00	0.13	0.17	0.13	0.17
	97.63	92.60	113.14	118.26	0.26	0.30	211.03	211.16

5.2 Cost of purchased services

The cost of services purchased by the GFT Group amounted to €11.35 million in the second quarter of 2019 (Q2/2018: €14.01 million) and to €23.40 million in the first half-year 2019 (H1/2018: €28.39 million). The cost relates to external services provided by freelancers and subcontractors in connection with the core operating business.

5.3 Personnel expenses

Personnel expenses amounted to €74.01 million in the second quarter of 2019 (Q2/2018: €67.27 million) and to €147.72 million in the first six months of 2019 (H1/2018: €135.33 million). Personnel expenses comprise wages and salaries, as well as social security contributions and expenses for employees.

5.4 Income taxes

The income tax expense is recognised based on management's estimate of the weighted average annual income tax rate for the full financial year, adjusted for effects realised in the reporting period. The effective tax rate in the first half of 2019 was 15% (H1/2018: 6%). The lower tax rate in the prior-year period was the result of lower aperiodic income, in particular relating to credit notes for research and development.

Due to the UK government's request to withdraw from the EU on 29 March 2017 (Brexit), there is currently considerable uncertainty as to the timing of the exit, the exit process itself and the outcome of exit negotiations between the EU and the UK. In addition, UK tax status may change, with potential consequences for the GFT Group. However, the current uncertainties are too great to assess whether, how and when there may be income tax effects for the GFT Group.

6 Segment-related and geographic information

6.1 Information on business segments

Information on the business segments for the first half of 2019 and 2018 is presented on page 30 et seq.

The reconciliation of consolidated revenue and total segment earnings (EBT) with earnings before taxes is presented in the table below.

The reconciliation discloses items which per definition are not components of the segments. It also includes non-allocated items of Group HQ, e.g. from centrally managed issues, or revenue which only occasionally occurs for company activities. Business transactions between the segments are also eliminated in the reconciliation.

Reconciliation of segment figures

in € million	H1/2019	H1/2018
Total segment revenue	241.72	247.01
Elimination of inter-segment revenue	-30.95	-36.15
Occasionally occurring revenue	0.26	0.30
Group revenue	211.03	211.16
Total segment earnings (EBT)	8.73	12.62
Non-allocated expenses/income of Group HQ	-1.36	0.15
Other	-0.22	-0.23
Group net income before taxes	7.15	12.54

6.2 Geographical information

The following table shows the revenue of the GFT Group as well as other non-current assets and property, plant and equipment (including right-of-use assets), broken down by the company's country of domicile. This geographical information discloses segment revenue based on customer location and segment assets based on the locations of assets.

Revenue and non-current intangible and tangible assets by country

in € million	Revenue from sales to external clients ¹		Non-current intangible and tangible assets	
	H1 / 2019	H1 / 2018	30/06/2019	30/06/2018 ²
Belgium	1.15	0.56	4.40	4.07
Brazil	14.28	10.80	7.17	6.41
Germany	26.06	31.82	51.87	43.90
France	4.49	0.34	0.00	0.00
UK	41.84	54.46	53.55	43.54
Italy	31.83	29.02	34.91	25.92
Canada	7.78	0.53	19.25	14.90
Mexico	7.79	3.93	1.06	0.68
Poland	1.04	0.53	7.80	1.04
Switzerland	3.33	5.15	0.56	0.06
Spain	46.88	47.59	35.18	19.55
USA	18.05	20.59	6.80	5.82
Other countries	6.51	5.84	1.43	0.47
	211.03	211.16	223.98	166.36

¹ By client location

² The GFT Group applied IFRS 16 for the first time as of 1 January 2019. In accordance with the chosen modified retrospective transition method, prior-year figures were not restated.

Revenue from sales to external clients which account for more than 10% of consolidated revenue developed as follows in the first half of 2019:

Clients accounting for over 10% of revenue

in € million	Revenue		Segments in which this revenue is generated	
	H1 / 2019	H1 / 2018	H1 / 2019	H1 / 2018
Client 1	65.50	85.93	Americas & UK, Continental Europe	Americas & UK, Continental Europe

As in the previous year, revenue was generated from the provision of services.

Information on Business Segments (IFRS, unaudited)

in € thsd.	GFT Group			
	Americas & UK		Continental Europe	
	H1 / 2019	H1 / 2018 ¹	H1 / 2019	H1 / 2018 ¹
External revenue	97,612	92,598	113,155	118,258
Inter-segment revenue	1,655	1,729	29,294	34,421
Total revenue	99,267	94,327	142,449	152,679
Scheduled depreciation and amortisation	-3,200	-2,387	-8,159	-3,517
Other material non-cash items	61	-351	-1,797	2
Interest income	239	56	67	228
Interest expenses	-1,009	-649	-693	-905
Result of investments accounted for using the equity method	0	0	0	0
Segment result (EBT)	-199	3,030	8,932	9,587

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

7 Other disclosures

7.1 Financial instruments

The table on page 32 et seq. shows the carrying amounts and fair values of financial instruments of the GFT Group in accordance with IFRS 9 and reconciles these to 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 at the measurement date. In view of the varying influencing factors, the reported fair values can only be regarded as indicators of the prices that may actually be achieved on the market.

The fair values of financial instruments were determined on the basis of the market information available on the reporting date; the following methods and premises were applied:

Contract assets, trade receivables and cash and cash equivalents

Due to the short terms and the generally low credit risk of these financial instruments, it is assumed that their fair values correspond to the carrying amounts.

Other financial assets

Other financial assets relate to derivative financial instruments included in hedge accounting and measured at fair value through profit or loss, as well as other financial assets.

Derivative financial instruments comprise interest rate hedging contracts (e.g. interest rate caps) whose fair values are determined on the basis of discounted expected future cash flows. The market interest rates applicable for the remaining terms of the financial instruments were used.

The remaining financial assets are measured at amortised cost. Amortised cost is determined on the basis of the present value of

future cash inflows, discounted at an interest rate prevailing at the end of the reporting period, taking into account the respective maturities of the financial assets. Due to the predominantly short terms of these financial instruments, it is assumed that their fair values correspond to the carrying amounts.

Financial liabilities

The fair values of loans or other financial liabilities are determined as the present values of expected future cash flows. Market interest rates for the appropriate terms are used for discounting.

Trade payables

Due to their short maturities, it is assumed that the fair values correspond to the carrying amounts of these financial instruments.

Other financial liabilities

Other financial liabilities mainly comprise lease liabilities and the remaining financial liabilities.

Other financial liabilities are measured at amortised cost. The fair values of lease liabilities are determined as the present values of expected future cash flows. The incremental borrowing rates for the appropriate terms are used for discounting.

The remaining financial liabilities are measured at amortised cost. Due to the predominantly short maturities of these financial instruments, it is assumed that their fair values correspond to the carrying amounts.

The table on page 32 et seq. shows which measurement hierarchies (in accordance with IFRS 13) the financial assets and liabilities measured at fair value are classified to. There were no reclassifications between assessment hierarchies as at the end of the reporting period.

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

Total		Reconciliation		GFT Group	
H1/2019	H1/2018 ¹	H1/2019	H1/2018 ¹	H1/2019	H1/2018 ¹
210,767	210,856	264	304	211,032	211,160
30,949	36,150	-30,949	-36,150	0	0
241,716	247,006	-30,685	-35,846	211,032	211,160
-11,360	-5,904	-509	-426	-11,869	-6,330
-1,736	-349	-869	1,252	-2,605	903
305	284	-62	-218	243	67
-1,702	-1,554	258	231	-1,445	-1,323
0	0	0	-73	0	-73
8,733	12,617	-1,586	-79	7,147	12,538

Information on financial instruments according to class (IFRS, unaudited)

in € thsd.	Meas- urement category acc. to IFRS 9	30/06/2019						Total
		Not measured at fair value		Measured at fair value				
		Carrying amount	Fair value	Carrying amount	Fair value			
				Level 1 ¹	Level 2 ²	Level 3 ³		
Financial assets								
Not measured at fair value								
Trade receivables	AC	77,194	77,194				77,194	
Contract assets	AC	34,301	34,301				34,301	
Cash and cash equivalents	AC	57,020	57,020				57,020	
Other financial assets ⁴	AC	3,295	3,295				3,295	
Measured at fair value								
Interest rate cap designated as hedging instrument ⁵	–			0	0		0	
Total financial assets		171,810	171,810	0	0		171,810	
Financial liabilities								
Not measured at fair value								
Financial liabilities	AC	127,130	132,307				127,130	
Other financial liabilities ⁶	AC	69,297	69,297				69,297	
Trade payables	AC	8,289	8,289				8,289	
Total financial liabilities		204,716	209,893	0		0	204,716	
Thereof aggregated acc. to the measurement categories IFRS 9								
Financial assets measured at amortised costs (AC)		171,810	171,810				171,810	
Financial liabilities measured at amortised cost (AC)		204,716	209,893				204,716	

¹ 1 Fair values were measured on the basis of quoted prices (unadjusted) in active markets for these or identical assets or liabilities.

² 2 Fair values were measured on the basis of inputs that are observable on active markets either directly (i. e. as prices) or indirectly (i. e. derived from prices).

³ 3 Fair values were measured on the basis of inputs for which no observable market data is available.

⁴ 4 The financial instruments and the interest rate cap form together the total non-current and current other financial assets according to balance sheet disclosure.

⁵ 5 The interest rate cap was designated as a hedging instrument with regards to its intrinsic value within the context of hedge accounting, while its fair value is separate.

⁶ 6 The financial instruments comprise the non-current and current other financial liabilities according to balance sheet disclosure.

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

31/12/2018⁷

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	
95,390	95,390					95,390
14,083	14,083					14,083
61,570	61,570					61,570
1,824	1,824					1,824
		0		0		0
172,867	172,867	0		0		172,867
121,244	124,320					121,244
16,899	16,899					16,899
13,702	13,702					13,702
151,845	154,921	0			0	151,845
172,867	172,867					172,867
151,845	154,921					151,845

7.2 Related party disclosures

Related parties are associated companies and non-consolidated 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.

A number of related parties conducted business with the GFT Group in the first half of the financial year 2019. The terms and conditions of these transactions were customary in the market.

Associated companies

In the first half of 2019, GFT Technologies SE received services totalling €125 thousand from CODE_n GmbH (H1/2018: €129 thousand). As of 30 June 2019, liabilities due to CODE_n GmbH amounted to €0 thousand (31 December 2018: €1 thousand).

Other related companies

RB Capital GmbH, whose sole shareholder and managing director is Ulrich Dietz, rendered consulting services to GFT Technologies SE amounting to €126 thousand in the first half of 2019 (H1/2018: €0 thousand). As of 30 June 2019, provisions of €126 thousand (31 December 2018: €84 thousand) were recognised for outstanding purchase invoices.

Executive bodies

Maria Dietz, member of the Administrative Board, provided consultancy services to GFT Technologies SE amounting to €21 thousand in the first six months of 2019 (H1/2018: €0 thousand).

There are also service agreements with the Managing Directors, who are also members of the Administrative Board. There were no other business relationships with members of the executive bodies.

In the first half of 2019, no advances or loans to members of the Administrative Board of GFT Technologies SE were either granted or waived.

7.3 Events after the reporting date

On 28 June 2019, the GFT Group – via GFT Technologies SE – concluded an agreement concerning the complete takeover of shares in GFT Smart Technology Solutions GmbH (until 23 July 2019: AXOOM GmbH), a company with cross-segment IT and industry expertise based in Karlsruhe, Germany. The shares were transferred with economic effect on 1 July 2019. The acquisition represents an acceleration of the GFT Group's industry drive and an expansion of its industrial expertise. In addition to Stuttgart, the new location in Karlsruhe will also provide a further foothold with close customer proximity in the south of Germany. The long-standing cooperation with the selling company, TRUMPF GmbH + Co. KG, Ditzingen, Germany, has also been strengthened by the acquisition.

An amount of €7.04 million was paid in cash as preliminary consideration for the acquisition of the shares in GFT Smart Technology Solutions GmbH. Due to the acquisition date of 1 July 2019, the transaction was not yet included in the current half-year financial report. Together with its assets and liabilities, the company's operating results will be recognised in the next interim report as of 30 September 2019.

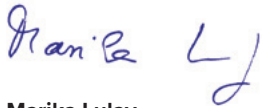
The GFT Group expects a contribution to revenue of around €3.00 million in the financial year 2019. If the acquisition had made on 1 January 2019, consolidated revenue in the financial year 2019 would have been around €3.60 million higher. The company is expected to make a slightly negative contribution to earnings in 2019. In view of the short period of time between the acquisition and the preparation of these financial statements, it is not yet possible to provide further information on the business combination.

Responsibility Statement


To the best of our knowledge, and in accordance with the applicable accounting principles for half-year 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, 5 August 2019

GFT Technologies SE
The Managing Directors



Marika Lulay
CEO



Dr Jochen Ruetz
CFO

Review Report

To GFT Technologies SE

We have reviewed the condensed 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, 2019, that are part of the half-year financial report according to §115 WpHG [“Wertpapierhandelsgesetz“: “German Securities Trading Act”]. The preparation of the condensed 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 condensed half-year consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed 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 condensed 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 condensed 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, 5 August 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft

Stratmann
Wirtschaftsprüfer
[German Public Auditor]

Herrmann
Wirtschaftsprüferin
[German Public Auditor]

Financial Calendar 2019

7 November 2019

Quarterly Statement as
of 30 September 2019

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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Creative concept, design and setting

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