

Half-year Financial Report

1 January to 30 June 2020

GFT Technologies SE



Key figures (IFRS, unaudited)

GFT Group

in € million	H1/2020	H1/2019	Δ %	Q2/2020	Q2/2019	Δ %
Income statement						
Revenue	221.05	211.03	5%	108.57	105.31	3%
EBITDA adjusted	18.53	21.94	-16%	8.14	10.78	-24%
EBITDA	16.46	20.22	-19%	7.20	9.94	-27%
EBIT	5.17	8.35	-38%	1.56	4.48	-65%
EBT	4.04	7.15	-44%	1.02	3.97	-74%
Net income	2.81	6.07	-54%	0.53	3.36	-84%
Segments						
Revenue Americas, UK & APAC	104.00	97.61	7%	51.50	47.73	8%
Revenue Continental Europe	116.90	113.16	3%	57.00	57.44	-1%
Revenue Others	0.15	0.26	-42%	0.07	0.14	-48%
Earnings before taxes (EBT) Americas, UK & APAC	3.88	-0.20	>100%	2.81	0.10	>100%
Earnings before taxes (EBT) Continental Europe	0.83	8.93	-91%	-1.10	4.80	<-100%
Earnings before taxes (EBT) Others	-0.67	-1.58	58%	-0.69	-0.93	-74%
Share						
Basic earnings per share	0.11 €	0.23 €	-54%	0.02 €	0.13 €	-84%
Average number of shares outstanding	26,325,946	26,325,946	0%	26,325,946	26,325,946	0%
Balance sheet						
Non-current assets	221.82	235.44	-6%			
Cash and cash equivalents	61.46	57.02	8%			
Other current assets	127.29	129.47	-2%			
Total assets	410.57	421.93	-3%			
Shareholders' equity	121.58	123.61	-2%			
Non-current liabilities	153.92	177.03	-13%			
Current liabilities	135.07	121.29	11%			
Total shareholders' equity and liabilities	410.57	421.93	-3%			
Equity ratio	30%	29%				
Cash flow statement						
Cash flow from operating activities	28.66	6.33	>100%			
Cash flow from investing activities	-8.24	-3.02	<-100%			
Cash flow from financing activities	-12.39	-8.17	-52%			
Employees						
Number of employees (FTE, as of 30 June)	5,585	4,892	14%			
Weighted utilisation rate	88.0%	89.1%				
Operating margin	1.8%	3.4%				
Tax rate	30.3%	15.1%				

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 economic and sector-specific conditions

Expected economic growth for 2020

Country/region	30/06/2020	31/12/2019
Global economy	-4.9%	3.3%
Eurozone	-4.0%	1.1%
Germany	-7.1%	0.6%

Sources: IMF· ECB· Bundesbank

According to the International Monetary Fund (IMF), global economic growth was severely impaired by the Covid-19 pandemic. Due to the length and scope of the lockdown, the impact on economic activity, supply chains and consumption was stronger than had been anticipated in April. The economists of the European Central Bank (ECB) also observed severe impairments in the eurozone's service sector, production capacity, domestic demand and labour market. However, economic indicators suggest that the trend may have bottomed out in May, as some sectors of the economy are now gradually reopening. The economists of Germany's central bank (Bundesbank) recorded historic slumps in their economic indicators in March and especially in April. As the economic stimulus programmes only began to take effect in June, the second quarter is still likely to be very weak. Consumer-facing service sectors and car manufacturing were particularly hard hit, accompanied by weak consumer spending.

Sector-specific conditions – market expectations for 2020

Industry/sector	30/06/2020	31/12/2019	
Global IT spending (currency adjusted) ¹	-7.3%	3.4%	<ul style="list-style-type: none"> ■ Faster recovery expected than for economy as a whole ■ Highest IT growth rates for software and infrastructure
Retail banks ¹	-0.6%	5.0%	<ul style="list-style-type: none"> ■ IT budgets temporarily smaller ■ stronger digitisation trend expected in medium term
Investment banks ¹	3.2%	5.2%	<ul style="list-style-type: none"> ■ IT budgets temporarily smaller ■ stronger digitisation trend expected in medium term
Business situation in IT and telecommunications sector Germany ²	-3.3%	1.5%	<ul style="list-style-type: none"> ■ ICT companies regard business situation as better again at end of 2nd quarter ■ Catch-up effects expected for following year

Sources: ¹ Gartner, ² Bitkom

The development of global IT spending has been severely impacted by the Covid-19 pandemic and this has prompted market research institutes to retract their previously positive growth forecasts. According to Gartner, companies are postponing their IT projects and focusing their spending in 2020 on infrastructure-as-a-service and cloud applications. Following the "corona shock", the digital industry association Bitkom is now more upbeat about the economic situation of the German information and telecommunications industry (ICT). In June, ICT companies regarded their business prospects as significantly better than in April and May, which raises hopes that the digital economy has now passed its lowest point.

1.2 Business development

Overview of business development

Business developed well in the first half of 2020. Revenue rose in total by 5% during this period (organic growth 4%). Outside the top-2 clients¹, the dynamic growth continued with an increase in revenue of 19%. As expected, the key earnings figures for the first half of 2020 were negatively impacted and were thus below the respective prior-year figures.

At €221.05 million, revenue of the GFT Group in the reporting period was 5% up on the comparative period (H1/2019: €211.03 million). As a result of the continuing growth in revenue generated outside the top-2 clients of 19%, the revenue share of the top-2 clients was reduced to 22% (H1/2019: 32%). Compared to the first two quarters of the previous year, there was growth of 6% to €112.48 million in the first quarter of 2020 (Q1/2019: €105.72 million) and growth of 3% to €108.57 million in the second quarter (Q2/2019: €105.31 million). The acquired company in-Integrierte Informationssysteme GmbH (in-GmbH) was initially consolidated on 1 January 2020. With its expertise in the field of shopfloor transparency and process integration, it has greatly expanded the GFT Group's portfolio of products and services for its industrial clients. Its contribution to revenue in the first six months amounted to €2.20 million (for further information see section 3.1 of the condensed notes to the consolidated financial statements).

Compared to the respective prior-year periods, revenue of the *Americas, UK & APAC* business division grew by 7% in the first six months and by 8% in the second quarter. The proportion of business outside the top-2 clients was raised by 24% 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* business division, revenue rose year on year by 3% in the first six months and fell slightly by 1% in the second quarter. Due to weaker business with the top-2 clients, revenue in Germany declined while revenue in Spain also fell as a result of weaker business with local retail banks on the whole and the reduced capital spending of one larger Spanish bank in particular. All in all, business without the top-2 clients remained positive with growth of 14% in the first six months.

Key earnings figures were significantly burdened in the first six months. Capacity underutilisation caused by the Covid-19 pandemic was mitigated by restructuring measures, among other things. Expenses already planned for the expansion of sales activities and technology expertise in order to prioritise revenue growth led to additional burdens on earnings. As a result, adjusted EBITDA² of €18.53 million for the first six months of 2020 was 16% below the prior-year figure (H1/2019: €21.94 million). EBITDA was down 19% at €16.46 million (H1/2019: €20.22 million) while EBT fell 44% to €4.04 million (H1/2019: €7.15 million). Net income of €2.81 million for the first six months was 54% below the prior-year figure (H1/2019: €6.07 million).

Cash flow from operating activities in the first half of 2020 led to a cash inflow of €28.66 million (H1/2019: €6.33 million). This increase was mainly due to positive working capital effects which do not usually emerge until the end of the financial year.

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

² Adjusted for acquisition-related special items

1.3 Development of revenue

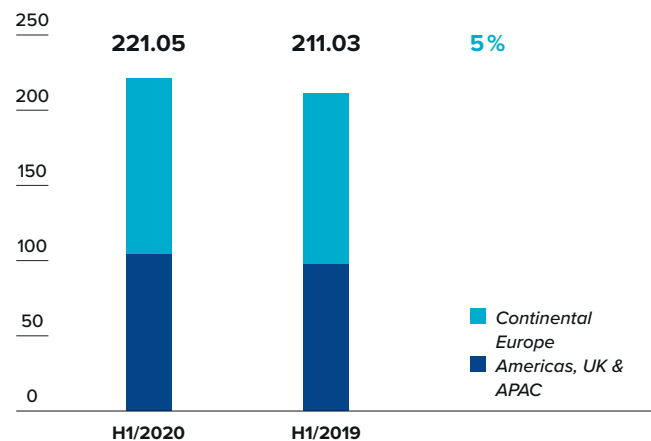
Development of revenue in the first half of 2020

In the first half of 2020, revenue was raised by 5% year on year to €221.05 million (H1/2019: €211.03 million). Despite Covid-19, revenue in the second quarter of 2020 was also up 3% on the previous year at €108.57 million (Q2/2019: €105.31 million).

In the *Americas, UK & APAC* segment there were positive contributions in particular from business with banks in Brazil and Mexico, as well as from insurance business in Canada. Whereas the revenue trend in the UK and USA was dominated by a further decline in business activity with the top-2 clients, segment revenue with other clients was increased by 24%. Segment revenue in the first six months rose by 7% to €104.00 million (H1/2019: €97.61 million) while revenue of €51.50 million in the second quarter was 8% above the same quarter last year (Q2/2019: €47.73 million).

In the first half of 2020, revenue of the *Continental Europe* segment was raised by 3% to €116.90 million (H1/2019: €113.16 million). The decline in revenue with the top-2 clients was more than offset by growth of 14% with other clients in the first six months. In the second quarter of 2020, revenue fell slightly by 1% to €57.00 million (Q2/2019: €57.44 million).

Revenue in the first half of 2020
in € million



Revenue in the first half of 2020

	H1 / 2020		H1 / 2019		Δ %
	€ million	Share in %	€ million	Share in %	
Americas, UK & APAC	104.00	47%	97.61	47%	7%
Continental Europe	116.90	53%	113.16	53%	3%
Others	0.15	0%	0.26	0%	-42%
GFT Group	221.05	100%	211.03	100%	5%

Revenue in the second quarter of 2020

	Q2 / 2020		Q2 / 2019		Δ %
	€ million	Share in %	€ million	Share in %	
Americas, UK & APAC	51.50	48%	47.73	45%	8%
Continental Europe	57.00	52%	57.44	55%	-1%
Others	0.07	0%	0.14	0%	-48%
GFT Group	108.57	100%	105.31	100%	3%

Revenue by country in the first half of 2020

Revenue generated in **Spain** decreased by 3% to €45.62 million in the first half of 2020 (H1/2019: €46.88 million). This was due to weaker business with Spanish retail banks and the reduced capital spending of a larger Spanish client. The country's share of total revenue amounted to 21% (H1/2019: 22%).

Revenue in the **UK** fell by 5% to €39.78 million in the first six months (H1/2019: €41.84 million) due to the falling share of business with the top-2 clients. As a result, the proportion of total revenue has now fallen to 18% (H1/2019: 20%).

In **Italy**, revenue grew by 5% to €33.27 million (H1/2019: €31.83 million). The country's share of total revenue was unchanged at 15% (H1/2019: 15%).

Business with clients in **Germany** fell by 4% to €24.98 million in the first six months (H1/2019: €26.06 million). There was a negative effect from the decline in business with the top-2 clients. The revenue share decreased to 11% (H1/2019: 12%).

In the **USA**, reduced business with the top-2 clients led to a fall in revenue of 6% to €16.99 million in the reporting period (H1/2019: €18.05 million). The revenue share stands at 7% (H1/2019: 8%).

Activities in **Brazil** resulted in dynamic revenue growth of 51% to €21.50 million (H1/2019: €14.28 million). This is reflected in the country's increased share of total revenue of 10% (H1/2019: 7%).

As a result of successful business with insurance companies, revenue in **Canada** rose by 26% to €9.82 million (H1/2019: €7.78 million). The country's revenue share was unchanged at 4% (H1/2019: 4%).

The expansion of insurance business in Europe also led to growth in **France**, where revenue more than doubled to €9.15 million (H1/2019: €4.49 million). This corresponds to a total revenue share of 4% (H1/2019: 2%).

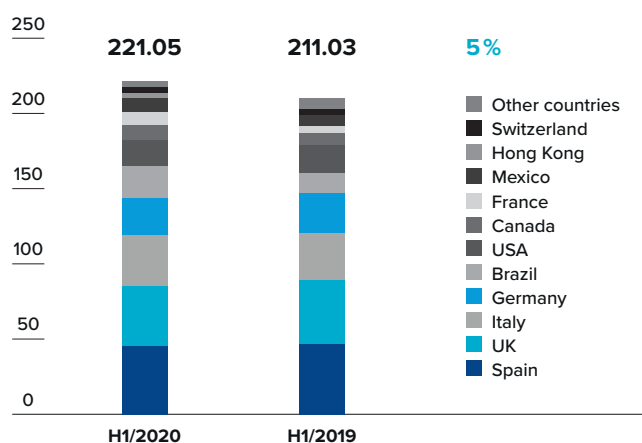
Strong demand from the retail banking sector resulted in renewed growth of 12% to €8.69 million in **Mexico** (H1/2019: €7.79 million). The country's share of total revenue remained constant at 4% (H1/2019: 4%).

Business in **Switzerland** rose by 12% to €3.74 million (H1/2019: €3.33 million). As a result, Switzerland accounted for 2% of total revenue in the first six months (H1/2019: 2%).

Following the expansion of business activities with an innovative banking project in **Hong Kong** in the previous year, revenue in the first six months made dynamic progress and reached €3.86 million (H1/2019: €0.85 million). The proportion of total revenue amounted to 2% (H1/2019: 0%).

Revenue in the **Other countries** category fell by 53% to €3.65 million (H1/2019: €7.85 million) and accounted for 2% of consolidated revenue (H1/2019: 4%). Other countries mostly comprise revenue generated with clients in Luxembourg, Poland and Singapore. The year-on-year decline resulted mainly from lower revenue generated with clients in Portugal, Poland and Luxembourg.

Revenue of the GFT Group by country in the first half of 2020 in € million



Revenue of the GFT Group by country in the first half of 2020

	H1 / 2020		H1 / 2019		Δ %
	€ million	Share in %	€ million	Share in %	
Spain	45.62	21%	46.88	22%	-3%
UK	39.78	18%	41.84	20%	-5%
Italy	33.27	15%	31.83	15%	5%
Germany	24.98	11%	26.06	12%	-4%
Brazil	21.50	10%	14.28	7%	51%
USA	16.99	7%	18.05	8%	-6%
Canada	9.82	4%	7.78	4%	26%
France	9.15	4%	4.49	2%	>100%
Mexico	8.69	4%	7.79	4%	12%
Hong Kong	3.86	2%	0.85	0%	>100%
Switzerland	3.74	2%	3.33	2%	12%
Other countries	3.65	2%	7.85	4%	-53%
GFT Group	221.05	100%	211.03	100%	5%

Revenue of the GFT Group by country in the second quarter of 2020

	Q2 / 2020		Q2 / 2019		Δ %
	€ million	Share in %	€ million	Share in %	
Spain	21.72	20%	22.87	22%	-5%
UK	19.27	18%	20.14	19%	-4%
Italy	16.35	15%	16.33	15%	0%
Germany	12.07	11%	12.69	12%	-5%
Brazil	10.50	10%	7.18	7%	46%
USA	8.37	8%	8.85	8%	-5%
Canada	5.31	5%	3.88	4%	37%
France	4.63	4%	2.79	3%	66%
Mexico	4.24	4%	4.30	4%	-1%
Hong Kong	2.24	2%	0.56	1%	>100%
Switzerland	2.06	2%	1.54	1%	34%
Other countries	1.81	1%	4.18	4%	-57%
GFT Group	108.57	100%	105.31	100%	3%

1.4 Earnings position

Earnings position of the GFT Group in the first half of 2020

Despite a positive revenue trend with growth of 5%, earnings of the GFT Group deteriorated significantly in the first half of 2020. **EBITDA** amounted to €16.46 million and was thus 19% below the prior-year figure (H1/2019: €20.22 million). In addition to the planned expenses for the expansion of sales activities and technology expertise in order to prioritise revenue growth, earnings were burdened in particular by restructuring measures totalling €5.74 million (H1/2019: €2.89 million) as well as by capacity underutilisation – primarily as a result of the Covid-19 pandemic. In addition to severance pay and leave compensation for staff, expenses for restructuring measures also include costs for legal advice.

In the reporting period, EBITDA was burdened by M&A transaction and integration cost amounting to €2.07 million (H1/2019: €1.72 million). Of this total, the acquisition of in-Integrierte Informationssysteme GmbH (in-GmbH) as of 1 January 2020 accounted for expenses of €0.63 million (H1/2019: €0.00 million). **Adjusted EBITDA** for the first half of 2020 amounted to €18.53 million (H1/2019: €21.94 million).

EBIT of €5.17 million (H1/2019: €8.35 million) was down year on year by €3.18 million. In the first half of 2020, earnings before interest and taxes benefited from positive IFRS 16 effects totalling €0.59 million (H1/2019: €0.53 million).

Due in particular to the special items explained above, **EBT** fell by €3.11 million and amounted to €4.04 million in the reporting period (H1/2019: €7.15 million). The operating margin decreased to 1.8%, compared to 3.4% in the previous year.

Net income of €2.81 million for the first half-year 2020 was €3.26 million below the prior-year level (H1/2019: €6.07 million). The **tax expense** in the reporting period of €1.22 million (H1/2019: €1.08 million) corresponds to an imputed tax ratio of 30% (H1/2019: 15%).

As a consequence of the decrease in net income, **earnings per share** in the first half of 2020 amounted to €0.11 (H1/2019: €0.23), based on an unchanged volume of 26,325,946 outstanding shares.

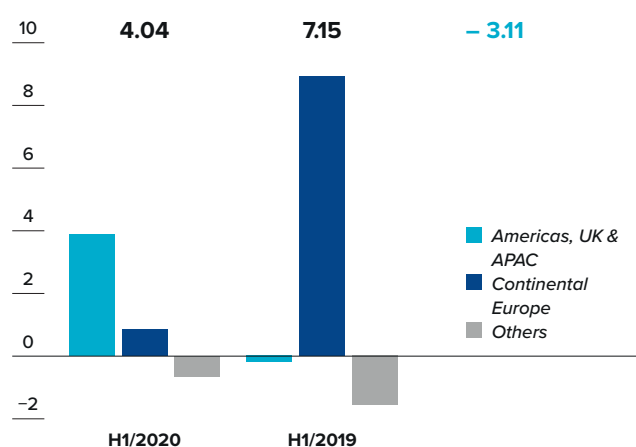
Earnings (EBT) by segment in the first half of 2020

In the *Americas, UK & APAC* segment, EBT improved year on year by €4.08 million to €3.88 million (H1/2019: €-0.20 million). The high sales expenses of the previous year in the UK and the USA had a positive impact on orders from other clients. As a result of the expansion of business with other clients, group companies in the UK and Brazil in particular made significant contributions to consolidated earnings. The operating margin – based on external revenue – increased to 3.7% (H1/2019: -0.2%). There were no major effects from the Covid-19 pandemic in the *Americas, UK & APAC* segment.

EBT in the *Continental Europe* segment amounted to €0.83 million in the first half of 2020 and was thus €8.10 million down on the previous year (H1/2019: €8.93 million). Segment earnings in the first six months were strongly impacted by restructuring cost of €5.44 million (H1/2019: €1.78 million) as well as by capacity underutilisation in Germany and Spain – mainly as a result of the Covid-19 pandemic. The operating margin – based on external revenue – fell to 0.7% and was thus well below the prior-year level (H1/2019: 7.9%).

Earnings of the *Others* category improved by €0.91 million to €-0.67 million in the first six months of 2020 (H1/2019: €-1.58 million), primarily as a result of increased group allocations to the detriment 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 costs of the group headquarters which are not allocated, e.g. items relating to corporate activities, or revenue which is only generated occasionally for group activities.

Earnings (EBT) by segment in the first half of 2020
in € million



Earnings (EBT) by segment in the first half of 2020

	H1 / 2020		H1 / 2019		Δ € million
	€ million	Margin in %	€ million	Margin in %	
<i>Americas, UK & APAC</i>	3.88	3.7%	-0.20	-0.2%	4.08
<i>Continental Europe</i>	0.83	0.7%	8.93	7.9%	-8.10
<i>Others</i>	-0.67	-	-1.58	-	0.91
GFT Group	4.04	1.8%	7.15	3.4%	-3.11

Earnings (EBT) by segment in the second quarter of 2020

	Q2 / 2020		Q2 / 2019		Δ € million
	€ million	Margin in %	€ million	Margin in %	
<i>Americas, UK & APAC</i>	2.81	5.5%	0.10	0.2%	2.71
<i>Continental Europe</i>	-1.10	-1.9%	4.80	8.4%	-5.90
<i>Others</i>	-0.69	-	-0.93	-	0.24
GFT Group	1.02	0.9%	3.97	3.8%	-2.95

Earnings position of the GFT Group by income and expense items in the first half of 2020

Other operating income rose by €3.98 million to €7.65 million (H1/2019: €3.67 million). The increase was due in large part to government grants in the UK, Canada and Italy totalling €3.95 million (H1/2019: €1.54 million). These subsidies were mainly granted for research and development activities in the first six months as well as in previous years. Compared to the same period last year, there was also a particularly strong effect from currency gains of €2.68 million (H1/2019: €0.81 million).

The **cost of purchased services** amounted to €22.92 million and was thus slightly below the prior-year figure (H1/2019: €23.40 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 10% (H1/2019: 11%).

Personnel expenses rose by 11% or €15.94 million to €163.66 million in the first half of 2020 (H1/2019: €147.72 million). This was mainly due to the increase in average headcount as well as to restructuring cost. The latter burdened personnel expenses by a total of €5.30 million (H1/2019: €2.89 million) and mainly concerned Germany and Spain. The increase in average headcount is primarily a result of the regional expansion of sales activities and technology expertise. The proportion of personnel expenses to revenue (personnel cost ratio) rose to 74% (H1/2019: 70%). The personnel cost ratio without capacity adjustments and plus the cost of purchased services amounted to 82% (H1/2019: 80%).

Other operating expenses increased by 10% or €2.29 million to €25.65 million in the first half of 2020 (H1/2019: €23.36 million). The main cost elements were once again operating, administrative and selling expenses, which totalled €19.72 million in the first six months (H1/2019: €20.02 million). Other operating expenses include currency losses of €3.04 million (H1/2019: €1.52 million).

Scheduled depreciation and amortisation of non-current intangible assets and property, plant and equipment amounted to €11.29 million (H1/2019: €11.87 million) and included depreciation of right-of-use assets pursuant to IFRS 16 of €4.97 million in the reporting period (H1/2019: €5.63 million).

Due mainly to reduced interest payments, there was a slight year-on-year improvement in the **financial result** (including earnings contributions of financial investments valued at equity) to €-1.13 million (H1/2019: €-1.20 million).

Despite the significant decline in pre-tax earnings, the tax expense disclosed under **income taxes** rose by 13% to €1.22 million (H1/2019: €1.08 million). The effective tax rate in the first half of 2020 amounted to 30% (H1/2019: 15%). The higher tax rate compared to the previous year was mainly due to the distribution of earnings among the national companies. In the previous year, the imputed tax rate also benefited from higher aperiodic income.

1.5 Financial position

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 2020, the full amount of Facility A and €2.50 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 2020, the GFT Group had unused credit lines of €54.39 million. The **net liquidity** of the GFT Group – calculated as the stock of disclosed cash and cash equivalents less financing liabilities – improved from €-58.80 million as of 31 December 2019 to €-51.82 million as of 30 June 2020.

Including currency effects, **cash and cash equivalents** increased by €5.32 million to €61.46 million in the first six months of 2020 (31 December 2019: €56.14 million). The rise in group liquidity during the reporting period is mainly due to working capital effects. The increased funds were used in particular to reduce financial debt. The development of net liquidity confirms that the payment behaviour of clients remained stable despite the Covid-19 crisis and that the trend even improved slightly.

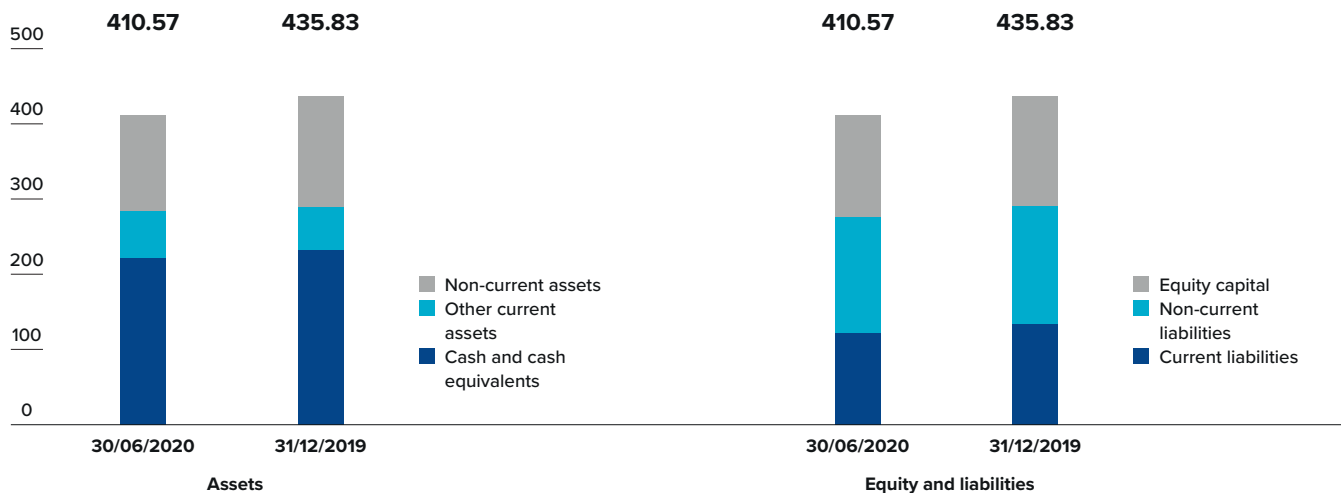
In the first half of 2020, **cash flow from operating activities** resulted in a cash inflow of €28.66 million (H1/2019: €6.33 million). The increase in cash flow from operating activities of €22.33 million resulted mainly from the cash-effective decline in working capital. Within working capital, there was a particularly noticeable decline in trade receivables of €32.47 million. This is due in part to the solid business performance, but also to high payments from larger clients during the reporting period which in the past were generally not made until the end of a financial year.

With a cash outflow of €8.24 million (H1/2019: €3.02 million), there was a year-on-year decrease in **cash flow from investing activities** in the first half of 2020. The €5.22 million rise in cash outflow during the reporting period was mainly influenced by net payments of €5.97 million for the acquisition of in-GmbH as of 1 January 2020.

Cash flow from financing activities in the first half of 2020 led to a net outflow of €12.39 million (H1/2019: €8.17 million). Cash flow from financing activities in the first six months was dominated by the dividend payment to shareholders of €5.27 million (H1/2019: €7.90 million). The increased cash outflow was also influenced by a net redemption of loans amounting to €1.65 million; in the prior-year period there was net borrowing of €5.89 million. Cash flow from financing activities includes outflows of €5.48 million for the payment of lease liabilities under IFRS 16 (H1/2016: €6.16 million).

1.6 Asset position

Structure of the consolidated balance sheet as of 30 June 2020 in € million



Assets

in € million	30/06/2020	31/12/2019
Non-current assets	221.82	232.21
Cash and cash equivalents	61.46	56.14
Other current assets	127.29	147.48
Total	410.57	435.83

Equity and liabilities

in € million	30/06/2020	31/12/2019
Equity capital	121.58	133.14
Non-current liabilities	153.92	157.08
Current liabilities	135.07	145.61
Total	410.57	435.83

Compared to 31 December 2019, the **balance sheet total** of the GFT Group declined by €25.26 million from €435.83 million to €410.57 million. The decrease is mainly due to lower receivables from client contracts, as well as reduced property, plant and equipment.

At €221.82 million, **non-current assets** of the GFT Group were €10.39 million below the prior-year level (31 December 2019: €232.21 million). As of 30 June 2020, non-current assets accounted for 54% of the balance sheet total, compared to 53% at the end of last year. Non-current assets mainly comprise **goodwill** of €118.20 million (31 December 2019: €118.66 million), other **intangible assets** of €19.83 million (31 December 2019: €22.13 million) and **property, plant and equipment** of €70.20 million (31 December 2019: €76.78 million).

In accordance with IFRS 16, right-of-use assets for land and buildings, as well as car parks and vehicles, amounting to €45.60 million as of 30 June 2020 (31 December 2019: €51.16 million) were disclosed in **property, plant and equipment**. The decline in right-of-use assets compared to year-end 2019 is mainly due to scheduled depreciation. Capital expenditure (without right-of-use assets) of €2.51 million in the first half of 2020 was in excess of the previous year (H1/2019: €1.64 million).

As of 30 June 2020, **current assets** decreased by €14.88 million to €188.74 million (31 December 2019: €203.62 million). This was mainly due to a decline in **trade receivables** of €32.47 million to €81.55 million as a result of closing-date effects (31 December 2019: €114.02 million). This was offset in particular by the increase in contract assets of €7.61 million to €23.34 million due to increased business (31 December 2019: €15.73 million). The item **contract assets** recognises the GFT Group's claims for consideration resulting from services from fixed-price contracts for 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. There was also a strong increase in **cash and cash equivalents** of €5.32 million to €61.46 million (31 December 2019: €56.14 million) and **other assets** of €3.61 million to €12.23 million (31 December 2019: €8.62 million). **Other assets** mainly comprise prepaid expenses, as well as VAT and other tax refund claims.

Compared to 31 December 2019, the **equity capital** of the GFT Group decreased by €11.56 million from €133.14 million to €121.58 million – adjusted for currency effects, the decline amounted to €2.45 million. Net income of €2.81 million (H1/2019: €6.07 million) was offset in particular by negative currency effects

of €-9.11 million (H1/2019: €0.68 million) and the dividend paid to shareholders of €5.27 million (H1/2019: €7.90 million). The negative currency effects resulted mainly from the devaluation of the Brazilian real and the Canadian dollar.

Despite a 6% decline in total assets, the **equity ratio** of 30% was one percentage point below the previous year (31 December 2019: 31%). Adjusted for effects from lessee accounting pursuant to IFRS 16, the equity ratio as of 30 June 2020 amounted to 34% (31 December 2019: 35%).

As of 30 June 2020, **non-current liabilities** declined to €153.92 million (31 December 2019: €157.08 million). This decrease in long-term debt is mainly due to reduced other financial liabilities of €38.64 million (31 December 2019: €43.47 million). **Other financial liabilities** include liabilities from operating leases.

Current liabilities of €135.07 million were down on the prior year-end figure (31 December 2019: €145.61 million). The €10.54 million decrease in current liabilities as of 30 June 2020 was mainly due to **contract liabilities** of €25.95 million (31 December 2019: €38.84 million) and **trade payables** of €5.86 million (31 December 2019: €9.50 million), and was dominated by closing-date effects on working capital. **Contract liabilities** comprise unrealised revenue as well as prepayments received, especially for fixed-price agreements to develop tailored IT solutions and implement sector-specific standard software, as well as for service agreements for the further development of business-critical IT solutions. There was an opposing effect in particular from **other provisions**, which rose by €5.32 million to €41.68 million (31 December 2019: €36.36 million). The increase in other provisions is directly related to restructuring measures.

As of 30 June 2020, the GFT Group's **debt ratio** increased by one percentage point to 70% (31 December 2019: 69%). Adjusted for effects from lessee accounting pursuant to IFRS 16, the debt ratio as of 30 June 2020 amounted to 66% (31 December 2019: 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 condensed notes to the half-year consolidated financial statements.

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

Business developed well in the first half of 2020. The anticipated decline in revenue from business with the top-2 clients was successfully offset by steps introduced in the preceding years to diversify business and clients. Due to growth of 19% outside the top-2 clients, revenue in the first half-year was increased in total by 5%. Key earnings figures were significantly depressed in the first six months. Capacity underutilisation caused by the Covid-19 pandemic was mitigated in part by restructuring measures. Expenses already planned for the expansion of sales activities and technology expertise in order to prioritise revenue growth led to additional burdens on adjusted EBITDA and EBT.

As of 30 June 2020, the equity ratio of 30% was slightly below the level at year-end 2019 (31%). The capital and balance sheet structure of the GFT Group therefore remains solid.

1.8 Non-financial performance indicators

Employees

As of 30 June 2020, the GFT Group employed a total of 5,585 people¹. Compared to the previous quarter, total group headcount was therefore up by 2% (Q1/2020: 5,460). Compared to the same period last year, the number of employees rose by 14% (H1/2019: 4,892).

There were 2,068 full-time employees in the *Americas, UK & APAC* business division as of 30 June 2020, corresponding to an increase of 6% over the previous quarter (Q1/2020: 1,954). The year-on-year increase amounted to 31% (H1/2019: 1,577). In both comparative periods, these increases are due in particular to the dynamic development in Brazil.

In the *Continental Europe* business division, headcount as of 30 June 2020 was virtually unchanged from the previous quarter at 3,403 (Q1/2020: 3,393). Compared to the same period last year, the number of employees rose by 6% (H1/2019: 3,199). Whereas headcount rose in Poland and Italy in particular during the two comparative periods, there was a decline in Spain due in part to restructuring measures.

Headcount in Germany fell quarter on quarter to 405 (Q1/2020: 418). Compared to the same period last year, the number of employees increased (H1/2019: 366).

As of 30 June 2020, 114 people were employed in holding functions of the GFT Group – one person more than in the preceding quarter (Q1/2020: 113). Compared to the same date last year, there was a decrease of two employees (H1/2019: 116).

The productive utilisation rate, based on the use of production staff in client projects, amounted to 88% as of 30 June 2020 and was thus slightly below the prior-year level (H1/2019: 89%).

Employees by segment H1/2020 compared to H1/2019

	H1/2020	H1/2019	Δ FTE	Δ %
Americas, UK & APAC	2,068	1,577	491	31%
Continental Europe	3,403	3,199	204	6%
Others	114	116	-2	-2%
GFT Group	5,585	4,892	693	14%

Employees by segment H1/2020 compared to Q1/2020

	H1/2020	Q1/2020	Δ FTE	Δ %
Americas, UK & APAC	2,068	1,954	114	6%
Continental Europe	3,403	3,393	10	0%
Others	114	113	1	1%
GFT Group	5,585	5,460	125	2%

Employees by country H1/2020 compared to H1/2019

	H1/2020	H1/2019	Δ FTE	Δ %
Spain	1,789	1,827	-38	-2%
Brazil	1,211	778	433	56%
Poland	633	477	156	33%
Italy	627	579	48	8%
Germany	405	366	39	11%
Mexico	307	321	-14	-4%
Canada	246	195	51	26%
UK	167	142	25	18%
Costa Rica	92	109	-17	-16%
Switzerland	39	43	-4	-9%
USA	38	32	6	19%
France	20	18	2	11%
Belgium	4	5	-1	-20%
Hong Kong	6	0	6	n. a.
Singapore	1	0	1	n. a.
	5,585	4,892	693	14%

Employees by country H1/2020 compared to Q1/2020

	H1/2020	Q1/2020	Δ FTE	Δ %
Spain	1,789	1,816	-27	-1%
Brazil	1,211	1,127	84	7%
Poland	633	591	42	7%
Italy	627	615	12	2%
Germany	405	418	-13	-3%
Mexico	307	308	-1	0%
Canada	246	229	17	7%
UK	167	154	13	8%
Costa Rica	92	96	-4	-4%
Switzerland	39	40	-1	-3%
USA	38	38	0	0%
France	20	22	-2	-9%
Belgium	4	4	0	0%
Hong Kong	6	1	5	>100%
Singapore	1	1	0	0%
	5,585	5,460	125	2%

¹ Headcount is calculated on the basis of full-time employees (FTE); part-time employees are included pro rata.

Research and development

A total of €2.65 million was invested in research and development in the first half of 2020 (H1/2019: €1.65 million). Personnel expenses accounted for €2.34 million or 88% of this total (H1/2019: €0.71 million or 43%). Expenses for external services amounted to €0.02 million (H1/2019: €0.17 million), corresponding to 1% (H1/2019: 10%) of total research and development costs.

2 Risk and opportunity report

The risks and opportunities which may have a material impact on the financial position and performance of the GFT Group were presented – together with detailed information on the risk and opportunity management system – in the combined management report 2019 (see sections 3 and 4). Since publication of the consolidated financial statements 2019, and in view of the further development of the Covid-19 pandemic, the assessment of risks and opportunities for the financial year 2020 has changed as follows:

Since the onset of the pandemic, the GFT Group has been closely monitoring and evaluating the progress of business in its various national markets and took timely steps to counter its effects. This included setting up an operational crisis management team, developing and implementing a risk plan and enabling a “working from home” concept across the group. Thanks to the timely measures taken to cushion the impact of the Covid-19 pandemic, GFT was able to maintain its delivery capacity. Sales activities were also less restricted than expected. Since the beginning of the pandemic, new insights have also been gained into the various crisis reactions of countries, sectors and individual clients, as well as into the economic impact.

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

As a result of the Covid-19 pandemic and its economic impact, economists at the IMF, ECB and Bundesbank have all drastically downgraded their forecasts for 2020 and also highlighted major uncertainties in the published forecasts (see section 1.2).

According to the IMF, economies with declining infection rates can expect a slow recovery. This is due to ongoing social distancing measures, reorganised supply chains and extensive costs to ensure safe workplaces and the requisite hygiene measures. Countries in which the infection rate is still rising face further severe restrictions due to lockdown measures and will have to wait even longer for economic recovery. The ECB expects economic activity in the eurozone to pick up again in the second half of the year as containment measures are further eased. This trend will be aided by favourable financing conditions, an expansionary fiscal policy and an emerging recovery in parts of the global economy. According to the Bundesbank's economists, the German economy will only recover

slowly. The negative effects of the Covid-19 pandemic will only gradually diminish, even though extensive aid measures are expected to make a significant contribution to the stabilisation process.

The market experts at Gartner have drastically reduced their growth outlook for 2020. Although many companies had planned extensive IT projects, their IT budgets are now considerably smaller. As a consequence, companies are now increasingly using these funds for infrastructure-as-a-service and cloud applications. According to Gartner, as soon as companies have more planning certainty again, IT spending will rise sharply in the years ahead. This view is shared by the market researchers of the digital association Bitkom. Following a decrease in revenue in 2020, catch-up effects are now expected for the following year. It is also assumed that the medium-term digitisation trend will be stronger than expected at the beginning of the year.

3.2 Expected development of the GFT Group

Operating targets of the GFT Group for the financial year 2020

The GFT Group is upholding its guidance for the financial year 2020 as announced on 19 June 2020. Although revenue growth will be dampened by the ongoing Covid-19 pandemic, GFT expects an increase in revenue for the current financial year due to its successful market positioning and the continuing trend towards digitisation. However, adjusted EBITDA and EBT are likely to be lower than in the previous year. The underutilisation of capacity caused by the Covid-19 pandemic will be mitigated by restructuring measures. In addition, earnings will be further burdened by planned expenses for expanding sales activities and technology expertise in order to prioritise revenue growth.

The GFT Group anticipates an unbroken growth trend outside its top-2 clients in the financial year 2020. The steps taken to diversify clients and sectors, the group's outstanding technological and sector expertise, and its proven partnerships with leading platform suppliers will lead to expected revenue growth of around 14% outside the top-2 clients. GFT expects the share of revenue generated with the top-2 clients to fall to around 20% (2019: 28%), corresponding to a decline of around 26% with these clients.

The sector diversification strategy will continue to be successfully expanded. In the financial year 2020, business with insurance companies is expected to account for around 15% of revenue (2019: 11%) while the expected revenue contribution of business with cloud applications will rise to around €40 to €50 million (2019: €27 million).

The GFT Group forecasts an increase in revenue of 3% across all clients to €440 million in 2020 (2019: €428.98 million). Adjusted EBITDA including effects from IFRS 16 is expected to decline by 8% to €44 million (2019: €47.91 million). In addition, the GFT Group anticipates EBT of €13 million, corresponding to a year-on-year decrease of 32% (2019: €18.73 million).

With its resilient business model, solid balance sheet and strong cash position, GFT believes it is well equipped to successfully manage the further course of the Covid-19 crisis. GFT anticipates that the digitisation trend will intensify in the wake of the Covid-19 pandemic and that the group will therefore benefit in the medium term from its successful positioning in the field of new technologies, such as cloud solutions.

Assumptions for the forecasts

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.

Stuttgart, 3 August 2020

GFT Technologies SE
The Managing Directors

Marika Lulay
Chief Executive
Officer

Dr Jochen Ruetz
Chief Financial
Officer

Jens-Thorsten Rauer
Group Chief Executive –
Central & Western Europe

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Consolidated balance sheet (IFRS, unaudited)

as at 30 June 2020, GFT Technologies SE

Assets

in €	30/06/2020	31/12/2019
Non-current assets		
Goodwill	118,196,346.48	118,659,143.65
Other intangible assets	19,830,429.88	22,126,664.83
Property, plant and equipment	70,197,344.97	76,779,652.91
Other financial assets	924,429.71	955,531.60
Deferred tax assets	9,449,472.77	9,241,308.85
Income tax assets	441,085.59	441,085.60
Other assets	2,782,903.01	4,012,128.46
	221,822,012.41	232,215,515.90
Current assets		
Inventories	57,830.67	171,676.80
Trade receivables	81,554,675.51	114,020,487.58
Contract assets	23,337,991.40	15,731,940.37
Cash and cash equivalents	61,459,295.61	56,143,932.27
Other financial assets	4,276,357.66	1,841,853.84
Income tax assets	5,824,597.87	7,093,039.20
Other assets	12,233,524.98	8,617,329.27
	188,744,273.70	203,620,259.33
	410,566,286.11	435,835,775.23

Equity and liabilities

in €	30/06/2020	31/12/2019
Shareholders' equity		
Share capital	26,325,946.00	26,325,946.00
Capital reserve	42,147,782.15	42,147,782.15
Retained earnings	65,138,566.92	67,590,439.82
Other reserves	-12,032,257.35	-2,922,395.55
	121,580,037.72	133,141,772.42
Non-current liabilities		
Financing liabilities	98,276,322.34	98,444,626.79
Other financial liabilities	38,642,506.16	43,470,371.89
Provisions for pensions	9,750,257.86	9,494,464.32
Other provisions	1,443,277.90	1,332,487.21
Deferred tax liabilities	4,168,950.41	4,342,460.83
Other liabilities	1,637,798.48	0.00
	153,919,113.15	157,084,411.04
Current liabilities		
Trade payables	5,857,720.64	9,499,521.75
Financing liabilities	15,000,000.00	16,500,000.00
Other financial liabilities	16,766,257.54	14,074,187.51
Other provisions	41,678,114.04	36,357,594.23
Income tax liabilities	3,667,869.03	4,532,531.35
Contract liabilities	25,954,054.77	38,840,153.83
Other liabilities	26,143,119.22	25,805,603.10
	135,067,135.24	145,609,591.77
	410,566,286.11	435,835,775.23

Consolidated income statement (IFRS, unaudited)

for the period from 1 January to 30 June 2020, GFT Technologies SE

in €	H1 / 2020	H1 / 2019	Q2 / 2020	Q2 / 2019
Revenue	221,045,543.79	211,032,024.31	108,566,713.88	105,311,459.31
Other operating income	7,648,169.63	3,667,364.45	3,375,725.98	1,707,195.34
Cost of purchased services	22,919,612.78	23,403,491.73	10,950,980.59	11,352,738.33
Personnel expenses	163,661,069.96	147,720,924.69	82,144,421.61	74,009,018.10
Other operating expenses	25,653,281.52	23,357,728.97	11,642,474.54	11,721,183.81
Result from operating activities before depreciation and amortisation	16,459,749.16	20,217,243.37	7,204,563.12	9,935,714.41
Depreciation and amortisation of intangible assets and property, plant and equipment	11,289,164.87	11,868,596.78	5,639,899.90	5,456,360.36
Result from operating activities	5,170,584.29	8,348,646.59	1,564,663.22	4,479,354.05
Interest income	132,906.11	242,985.78	80,424.92	195,287.15
Interest expenses	1,266,678.58	1,444,575.34	625,926.46	707,479.65
Financial result	-1,133,772.47	-1,201,589.56	-545,501.54	-512,192.50
Earnings before taxes	4,036,811.82	7,147,057.03	1,019,161.68	3,967,161.55
Income taxes	1,223,495.52	1,079,994.52	485,858.48	605,979.34
Net income for the period	2,813,316.30	6,067,062.51	533,303.20	3,361,182.21
Earnings per share – basic	0.11	0.23	0.02	0.13

Consolidated statement of comprehensive income (IFRS, unaudited)

for the period from 1 January to 30 June 2020, GFT Technologies SE

in €	H1 / 2020	H1 / 2019	Q2 / 2020	Q2 / 2019
Net income for the period	2,813,316.30	6,067,062.51	533,303.20	3,361,182.21
Items that will not be reclassified to the income statement				
Remeasurement of defined benefit plans	0.00	-13,176.71	0.00	-6,134.44
Income taxes on remeasurement of defined benefit plans	0.00	2,882.40	0.00	1,333.08
Items that may be reclassified to the income statement				
Currency translation	-9,109,861.80	681,580.21	-2,069,557.88	-2,649,506.56
Other comprehensive income	-9,109,861.80	671,285.90	-2,069,557.88	-2,654,307.92
Total comprehensive income	-6,296,545.50	6,738,348.41	-1,536,254.68	706,874.29

Consolidated statement of changes in equity (IFRS, unaudited)

as at 30 June 2020, GFT Technologies SE

in €	Share capital	Capital reserve	Retained earnings ¹	Other reserves	Total equity
				Currency translation	
Balance at 1 January 2019²	26,325,946.00	42,147,782.15	65,544,266.23	-6,903,723.71	127,114,270.67
Effect from adoption of IFRS 16			-2,343,079.35		-2,343,079.35
Balance at 1 January 2019 adjusted	26,325,946.00	42,147,782.15	63,201,186.88	-6,903,723.71	124,771,191.32
Net income for the period			6,067,062.51		6,067,062.51
Other comprehensive income			-10,294.31	681,580.21	671,285.90
Total comprehensive income			6,056,768.20	681,580.21	6,738,348.41
Dividends to shareholders			-7,897,783.80		-7,897,783.80
Balance at 30 June 2019	26,325,946.00	42,147,782.15	61,360,171.28	-6,222,143.50	123,611,755.93
Balance at 1 January 2020	26,325,946.00	42,147,782.15	67,590,439.82	-2,922,395.55	133,141,772.42
Net income for the period			2,813,316.30		2,813,316.30
Other comprehensive income			0.00	-9,109,861.80	-9,109,861.80
Total comprehensive income			2,813,316.30	-9,109,861.80	-6,296,545.50
Dividends to shareholders			-5,265,189.20		-5,265,189.20
Balance at 30 June 2020	26,325,946.00	42,147,782.15	65,138,566.92	-12,032,257.35	121,580,037.72

¹ Retained earnings also include items that will not be reclassified to the consolidated income statement. Actuarial gains/losses from the remeasurement of defined benefit plans amounted to €0.00 net of tax in the first six months 2020 (H1/2019: -€10,294.31).

² The GFT Group has initially applied IFRS 16 at 1 January 2019. Under the modified retrospective transition method chosen, comparative information is not restated.

Consolidated cash flow statement (IFRS, unaudited)

for the period from 1 January to 30 June 2020, GFT Technologies SE

in €	H1 / 2020	H1 / 2019
Net income for the period	2,813,316.30	6,067,062.51
Income taxes	1,223,495.52	1,079,994.52
Interest result	1,133,772.47	1,201,589.56
Income taxes paid	-3,479,632.78	-1,033,879.33
Income taxes received	3,311,562.52	0.00
Interest paid	-562,106.78	-439,375.04
Interest received	123,090.95	230,584.98
Depreciation and amortisation of intangible assets and property, plant and equipment	11,289,164.87	11,868,596.78
Net proceeds on disposal of intangible assets and property, plant and equipment	71,959.09	12,066.64
Net proceeds on disposal of financial assets	-433,059.99	0.00
Other non-cash expenses and income	-1,514,942.41	2,604,849.67
Change in trade receivables	32,465,812.07	16,787,874.93
Change in contract assets	-7,606,051.03	-19,926,606.44
Change in other assets	-3,616,248.64	7,012,683.13
Change in provisions	5,687,104.04	-2,686,275.61
Change in trade payables	-3,641,801.11	-5,412,394.56
Change in contract liabilities	-12,886,099.06	-10,936,432.95
Change in other liabilities	4,277,166.14	-103,985.49
Cash flow from operating activities	28,656,502.17	6,326,353.30
Proceeds from disposal of property, plant and equipment	9,652.03	1,714.68
Proceeds from disposal of financial assets	433,059.99	0.00
Capital expenditure for intangible assets	-213,665.46	-1,388,261.32
Capital expenditure for property, plant and equipment	-2,505,626.85	-1,636,489.55
Cash outflows for acquisitions of consolidated companies net of cash and cash equivalents acquired	-5,967,000.00	0.00
Cash flow from investing activities	-8,243,580.29	-3,023,036.19
Proceeds from borrowing	3,321,918.65	6,036,175.09
Cash outflows from loan repayments	-4,974,390.84	-149,598.16
Cash outflows from repayment of lease liabilities	-5,475,819.98	-6,163,397.05
Dividends to shareholders	-5,265,189.20	-7,897,783.80
Cash flow from financing activities	-12,393,481.37	-8,174,603.92
Effect of foreign exchange rate changes on cash and cash equivalents	-2,704,077.17	321,242.89
Net increase in cash and cash equivalents	5,315,363.34	-4,550,043.92
Cash and cash equivalents at beginning of period	56,143,932.27	61,569,726.64
Cash and cash equivalents at end of period	61,459,295.61	57,019,682.72

Condensed notes to the half-year consolidated financial statements

1 January to 30 June 2020, 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 (Wertpapierhandelsgesetz, 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 thousands of euros (€ thousand). 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 2019 and the notes contained therein.

The half-year consolidated financial statements were prepared by the Managing Directors of GFT Technologies SE on 3 August 2020 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 (in other words, 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, management must make discretionary decisions, estimates and assumptions to a certain extent. These may affect the amount and presentation of assets and liabilities recognised in the balance sheet, disclosures of contingent assets and liabilities as of the reporting date, as well as disclosed income and expenses for the reporting period. Due to the currently unforeseeable global consequences of the Covid-19 pandemic, these estimates and discretionary decisions are subject to increased uncertainty. 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 2019 were based and which are described in detail in the notes contained therein.

2.2 Changes in accounting methods

The initial application of new accounting regulations did not result in any material changes to the accounting methods in these half-year consolidated financial statements. The new IFRS pronouncements to be applied in the EU for the first time as of 1 January 2020 (revision of the framework concept *Amendments to references to the conceptual framework in IFRS standards*, amendments to IAS 1 and IAS 8 *Definition of material*, amendments to IFRS 3 *Definition of a business*, amendments to IFRS 9, IAS 39 and IFRS 7 *IBOR reform*) had no or only an insignificant impact on the financial position and performance of the GFT Group as of 30 June 2020.

No use was made of the practical expedients of IFRS 16 *Leases* for the recognition of rent concessions in connection with the Covid-19 pandemic.

3 Composition of the group

3.1 Business combination

With economic effect as of 1 January 2020, the GFT Group acquired 100% of shares in the company in-Integrierte Informationssysteme GmbH (in-GmbH) via GFT Technologies SE. Based in Konstanz, Germany, in-GmbH has expertise in the field of shop floor transparency and process integration for industrial clients. By acquiring the company, the GFT Group is accelerating its current industrial offensive, expanding its expertise and adding innovative IoT and Industry 4.0 solutions to its portfolio of products and services.

In the period from 1 January to 30 June 2020, in-GmbH employed an average of 33 people and contributed revenue of €2,200 thousand and a profit of €22 thousand to consolidated pre-tax earnings (EBT). Due in particular to depreciation and amortisation on purchase price allocations, as well as integration costs, in-GmbH is not expected to make any significant contribution to consolidated earnings in the financial year 2020.

An amount of €5,205 thousand was paid as consideration for the acquisition of the in-GmbH shares, subject to the usual subsequent adjustments. In the course of preliminary purchase price allocation, the intangible assets recognised mainly relate to software and client relationships. Non-tax-deductible goodwill amounts to €2,850 thousand and comprises non-separable intangible assets, such as employee expertise, and expected synergies.

The GFT Group incurred costs of €18 thousand in connection with the business combination for legal advice, due diligence and purchase price allocations. The costs were recognised in other operating expenses.

The table below shows the preliminary fair values of assets and liabilities as of the acquisition date:

Fair values on the acquisition date

in € thousand	30/06/2020
Other intangible assets	2,242
Property, plant and equipment	63
Inventories	62
Trade receivables	982
Cash and cash equivalents	33
Other financial assets	144
Other assets	239
Total assets	3,765
Deferred tax liabilities	650
Trade payables	7
Other provisions	343
Other liabilities	410
Total liabilities	1,410
Net assets	2,355

Trade receivables measured at fair value include gross amounts which were estimated to be recoverable in full as of the acquisition date.

3.2 Other changes in the consolidated group

In addition, GFT Holding Italy S.r.l., Milan, Italy, was retroactively merged with GFT Italia S.r.l., Milan, Italy, as of 1 January 2020. The merger had no impact on the financial position and performance of the GFT Group.

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 € thousand	30/06/2020	31/12/2019
CGU		
<i>Americas, UK & APAC</i>	42,320	44,109
<i>Continental Europe</i>	75,876	74,550
	118,196	118,659

The decrease in goodwill of €463 thousand as of 30 June 2020 resulted mainly from foreign currency effects. The goodwill resulting from initial consolidation of in-GmbH (see section 3.1) amounting to €2,850 thousand was allocated to the CGU *Continental Europe*.

Other intangible assets as of 30 June 2020 amounted to €19,830 thousand (31 December 2019: €22,127 thousand) and continued to relate mainly to customer relationships (€15,691 thousand; 31 December 2019: €18,306 thousand). In the first six months of 2020, the GFT Group invested €214 thousand (H1/2019: €1,388 thousand) 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 €70,197 thousand (31 December 2019: €76,780 thousand) 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 € thousand	30/06/2020	31/12/2019
Land, leasehold rights and buildings	13,848	14,611 ¹
Other equipment, factory and office equipment	10,738	11,006 ¹
Advance payments and assets under construction	8	0
	24,594	25,617

¹ Adjusted due to a change in the allocation of technical building equipment under "Land, leasehold rights and buildings" in the amount of €3,464 thousand, previously under "Other equipment, factory and office equipment".

In the first six months of the financial year 2020, the GFT Group invested €2,506 thousand (H1/2019: €1,636 thousand) in non-current property, plant and equipment (without right-of-use assets).

The composition of right-of-use assets from operating leases is shown below. As of the reporting date, there were no finance leases.

Right-of-use assets

in € thousand	30/06/2020	31/12/2019
Land, leasehold rights and buildings	43,030	48,229
Other equipment, factory and office equipment	2,573	2,934
	45,603	51,163

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 Trade receivables

Trade receivables result from current business and refer to customer contracts within the scope of IFRS 15.

Trade receivables

in € thousand	30/06/2020	31/12/2019
Receivables from customer contracts (gross carrying amount)	82,401	115,924
Value adjustments	-846	-1,904
Carrying amount (net)	81,555	114,020

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

4.4 Contract balances

The following table provides information on receivables, contract assets and contract liabilities arising from contracts with clients:

Contract Balances

in € thousand	30/06/2020	31/12/2019
Receivables included in trade receivables	81,555	114,020
Contract assets	23,338	15,732
Contract liabilities	25,954	38,840

Contract assets mainly refer to the GFT Group's claims for consideration resulting from services from fixed-price contracts for the development of customer-specific IT solutions and the implementation of sector-specific standard software that have been rendered but not yet invoiced as of the reporting date. Contract assets are reclassified as receivables when the rights become unconditional. This usually happens when the GFT Group issues an invoice to the client. Contract assets are current in the full amount. The amount of contract assets as of 30 June 2020 is affected by an impairment of €7 thousand (31 December 2019: €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.

4.5 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 2020 (see annex 1.4). 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 24 June 2020 resolved to distribute a dividend of €5,265 thousand to shareholders (€0.20 per no-par share with dividend rights) from the balance sheet profit of GFT Technologies SE (separate financial statements) for the financial year 2019 (H1/2019: €7,898 thousand and €0.30 per no-par share with dividend rights). The dividend was distributed on 29 June 2020.

4.6 Financing liabilities

The following table shows the composition of financing liabilities by remaining term:

Financing liabilities

in € thousand	30/06/2020	31/12/2019
Non-current		
Bank liabilities	98,276	98,445
Current		
Bank liabilities	15,000	16,500
	113,276	114,945

4.7 Other liabilities

The following table shows the composition of other liabilities – divided into financial and non-financial liabilities:

Other liabilities

in € thousand	30/06/2020	31/12/2019
Non-current other financial liabilities		
Lease liabilities	38,643	43,470
Subtotal	38,643	43,470
Non-current other liabilities		
Deferred income	1,638	0
Subtotal	1,638	0
Current other financial liabilities		
Lease liabilities	9,001	9,937
Payroll liabilities	7,765	4,091
Debtors with credit balances	0	46
Subtotal	16,766	14,074
Current other liabilities		
Wage tax, VAT and other tax liabilities	11,819	13,000
Liabilities to social security institutions	8,032	6,840
Deferred income	715	839
Other	5,577	5,127
Subtotal	26,143	25,806
Total	83,190	83,350

Lease liabilities refer in full to liabilities from operating leases.

4.8 Other provisions

Other provisions comprise the following:

Other provisions

in € thousand	30/06/2020	31/12/2019
Non-current		
Performance-based remuneration	861	673
Employee social benefits	497	432
Other	85	227
Subtotal	1,443	1,332
Current		
Performance-based remuneration	11,901	17,218
Holiday obligations	12,810	8,686
Obligations from restructuring measures	4,112	168 ¹
Outstanding supplier invoices	4,101	2,483 ¹
Employee social benefits	2,281	2,519 ¹
Other	6,473	5,284 ¹
Subtotal	41,678	36,358
Total	43,121	37,690

¹ Allocation adjusted to aid clarity

Obligations from restructuring measures mainly comprise severance payments and expenses for the release of employees.

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.

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

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

Revenue

in € thousand	<i>Americas, UK & APAC</i>		<i>Continental Europe</i>		<i>Reconciliation</i>		<i>Total</i>	
	H1/2020	H1/2019	H1/2020	H1/2019	H1/2020	H1/2019	H1/2020	H1/2019
Geographical regions								
Brazil	21,499	14,282	0	0	0	0	21,499	14,282
Germany	479	64	24,352	25,725	153	265	24,984	26,054
France	68	4,312	9,085	180	0	0	9,153	4,492
UK	39,486	41,614	299	229	0	0	39,785	41,843
Italy	0	0	33,265	31,830	0	0	33,265	31,830
Canada	9,816	7,780	0	0	0	0	9,816	7,780
Mexico	8,689	7,789	0	0	0	0	8,689	7,789
Poland	593	933	23	112	0	0	616	1,045
Switzerland	0	0	3,745	3,329	0	0	3,745	3,329
Spain	28	0	45,593	46,883	0	0	45,621	46,883
USA	16,980	18,041	10	10	0	0	16,990	18,051
Other countries	6,360	2,797	523	4,857	0	0	6,883	7,654
	103,998	97,612	116,895	113,155	153	265	221,046	211,032
Type of contract								
Service contract	61,494	57,091	29,413	22,379	0	0	90,907	79,470
Fixed-price contract	36,185	32,927	75,537	77,569	0	0	111,722	110,496
Maintenance contract	6,319	7,594	11,903	13,207	0	0	18,222	20,801
Other	0	0	42	0	153	265	195	265
	103,998	97,612	116,895	113,155	153	265	221,046	211,032
Time of transfer of goods or services								
Transfer at a certain time	0	0	0	0	66	128	66	128
Transfer over a certain period	103,998	97,612	116,895	113,155	87	137	220,980	210,904
	103,998	97,612	116,895	113,155	153	265	221,046	211,032

5.2 Cost of purchased services

The cost of services purchased in the second quarter of 2020 totalled €10,951 thousand (Q2/2019: €11,353 thousand) and in the first six months of 2020 amounted to €22,920 thousand (H1/2019: €23,403 thousand). 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 €82,144 thousand in the second quarter of 2020 (Q2/2019: €74,009 thousand) and to €163,661 thousand in the first six months of 2020 (H1/2019: €147,721 thousand). Personnel expenses comprise wages and salaries, as well as social security contributions and expenses for employees.

In the first six months of 2020, personnel expenses included an amount of €5,303 thousand for restructuring measures (H1/2019: €2,890 thousand).

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 2020 was 30% (H1/2019: 15%). The higher tax rate compared to the prior-year period was mainly due to the distribution of earnings among individual national subsidiaries. In the previous year, the tax rate also benefited from higher aperiodic income.

Following the UK's withdrawal from the European Union (EU) on 31 January 2020 (Brexit) and the associated exit treaty, the risk of a 'no-deal Brexit' was eliminated. The continuing uncertainty has now shifted to negotiations about the future relationship between the UK and the EU. This may involve a change in the UK's tax status with possible consequences for the GFT Group. The current uncertainties are still 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 2020 and the first half of 2019 is presented on page 28 f.

The reconciliation of consolidated revenue and total segment earnings (EBT) with consolidated 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 headquarter, for example 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 € thousand	H1 / 2020	H1 / 2019
Total segment revenue	254,251	241,716
Elimination of inter-segment revenue	-33,358	-30,949
Occasionally occurring revenue	153	265
Group revenue	221,046	211,032
Total segment earnings (EBT)	4,707	8,733
Non-allocated expenses /income of group headquarter	-399	-1,360
Other	-271	-226
Group net income before taxes	4,037	7,147

6.2 Geographical information

The following table shows the revenue of the GFT Group as well as non-current intangible assets and property, plant and equipment (including right-of-use assets), broken down by the company's country of domicile. In this presentation, segment revenue is based on the client's geographical locations and segment assets based on their respective geographical locations.

Revenue and non-current intangible and tangible assets by country

in € thousand	Revenue from sales to external clients ¹		Non-current intangible and tangible assets	
	H1 / 2020	H1 / 2019	30/06/2020	30/06/2019
Brazil	21,499	14,282	4,610	6,486
Germany	24,984	26,054	58,662	54,467
France	9,153	4,492	95	112
UK	39,785	41,843	40,027	43,668
Italy	33,265	31,830	34,901	34,685
Canada	9,816	7,780	21,864	23,816
Mexico	8,689	7,789	1,027	1,443
Poland	616	1,045	5,865	8,936
Switzerland	3,745	3,329	422	530
Spain	45,621	46,883	31,375	33,462
USA	16,990	18,051	8,654	8,802
Other countries	6,883	7,654	722	1,158
	221,046	211,032	208,224	217,565

¹ By client location

Revenue from sales to external clients which account for more than 10% of consolidated revenue developed as follows in the first half of 2020:

Clients accounting for over 10% of revenue

in € thousand	Revenue		Segments in which this revenue is generated	
	H1 / 2020	H1 / 2019	H1 / 2020	H1 / 2019
Client 1	49,350	65,501	Americas, UK & APAC, Continental Europe	Americas, UK & APAC, Continental Europe

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

Information on business segments (IFRS, unaudited)

in € thousand	<i>Americas, UK & APAC</i>		<i>Continental Europe</i>	
	H1 / 2020	H1 / 2019	H1 / 2020	H1 / 2019
External revenue	103,998	97,612	116,895	113,155
Intersegment revenue	5,423	1,655	27,935	29,294
Total revenue	109,421	99,267	144,830	142,449
Segment result (EBT)	3,879	-199	828	8,932
thereof depreciation and amortisation	-4,273	-5,190 ¹	-5,975	-6,169 ¹
thereof interest income	101	239	32	67
thereof interest expenses	-699	-790 ¹	-782	-912 ¹

¹ Adjusted

7 Other disclosures

7.1 Financial instruments

The table on page 30 f. shows the carrying amounts and fair values for the individual classes of financial instruments of the GFT Group 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.

Trade receivables, contract assets 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 (such as 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.

Other 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.

Financing liabilities

Financing liabilities refer to liabilities owed to banks. The fair values of loans or other financing 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 comprise liabilities from leases, payroll liabilities due to employees and other liabilities.

The fair values of liabilities from leases are determined as the present value of expected cash flows, discounted using an interest rate in line with the corresponding terms.

Total segments		Reconciliation		GFT Group	
H1 / 2020	H1 / 2019	H1 / 2020	H1 / 2019	H1 / 2020	H1 / 2019
220,893	210,767	153	265	221,046	211,032
33,358	30,949	-33,358	-30,949	0	0
254,251	241,716	-33,205	-30,684	221,046	211,032
4,707	8,733	-670	-1,586	4,037	7,147
-10,248	-11,359	-1,041	-509	-11,289	-11,868
133	306	0	-63	133	243
-1,481	-1,702	214	258	-1,267	-1,444

Payroll liabilities due to employees and other 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 30 f. 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.

Information on financial instruments according to measurement categorie and measurement hierarchy (IFRS, unaudited)

in € thousand	Meas- urement category acc. to IFRS 9	30/06/2020						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	81,555	81,555	–	–	–	–	81,555
Contract assets	AC	23,338	23,338	–	–	–	–	23,338
Cash and cash equivalents	AC	61,459	61,459	–	–	–	–	61,459
Other financial assets ⁴	AC	5,201	5,201	–	–	–	–	5,201
Measured at fair value								
Interest rate cap designated as hedging instrument ^{4,5}	–	–	–	0	–	0	–	0
Total financial assets		171,553	171,553	0	–	0	–	171,553
Financial liabilities								
Not measured at fair value								
Financial liabilities	AC	113,276	117,175	–	–	–	–	113,276
Other financial liabilities ⁶	AC	55,409	55,409	–	–	–	–	55,409
Trade payables	AC	5,858	5,858	–	–	–	–	5,858
Total financial liabilities		174,543	178,442	–	–	–	–	174,543
Thereof aggregated acc. to the measurement categories IFRS 9								
Financial assets measured at amortised costs (AC)		171,553	171,553	–	–	–	–	171,553
Financial liabilities measured at amortised cost (AC)		174,543	178,442	–	–	–	–	174,543

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

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

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

31/12/2019

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		
114,020	114,020	-	-	-	-		114,020
15,732	15,732	-	-	-	-		15,732
56,144	56,144	-	-	-	-		56,144
2,797	2,797	-	-	-	-		2,797
-	-	0	-	0	-		0
188,694	188,694	0	-	0	-		188,694
114,945	119,263	-	-	-	-		114,945
57,545	57,545	-	-	-	-		57,545
9,500	9,500	-	-	-	-		9,500
181,989	186,307	-	-	-	-		181,989
188,694	188,694	-	-	-	-		188,694
181,989	186,307	-	-	-	-		181,989

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.

Some of these related parties conducted business with the GFT Group in the first half of the financial year 2020. The terms and conditions of these transactions were customary in the market.

Associated companies

In the first half of 2020, GFT Technologies SE received services totalling €126 thousand from CODE_n GmbH (H1/2019: €125 thousand). As of 30 June 2020, there were no liabilities due to CODE_n GmbH (31 December 2019: €0 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 €125 thousand in the first half of 2020 (H1/2019: €126 thousand). As of 30 June 2020, provisions of €63 thousand (31 December 2019: €63 thousand) were recognised for outstanding purchase invoices.

Executive bodies

There are 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 six months of 2020. In the prior-year period, Maria Dietz, member of the Administrative Board, provided consultancy services to GFT Technologies SE amounting to €21 thousand.

In the first half of 2020, no advances or loans to members of the Administrative Board of GFT Technologies SE were either granted or waived.

Stuttgart, 3 August 2020

GFT Technologies SE
The Managing Directors

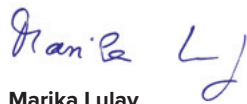
Marika Lulay	Dr Jochen Ruetz	Jens-Thorsten Rauer
Chief Executive Officer	Chief Financial Officer	Group Chief Executive – Central & Western Europe

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 profit and loss, financial, assets and liabilities position 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, 3 August 2020

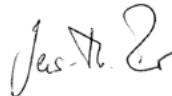
GFT Technologies SE
The Managing Directors



Marika Lulay
Chief Executive Officer



Dr Jochen Ruetz
Chief Financial Officer



Jens-Thorsten Rauer
Group Chief Executive –
Central & Western Europe

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 condensed notes to the half-year consolidated financial statement – together with the interim group management report of the GFT Technologies SE, Stuttgart, for the period from 1 January to 30 June, 2020, 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 on 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 conduct 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, 3 August 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft

Stratmann
Wirtschaftsprüfer
[German Public Auditor]

Wacker
Wirtschaftsprüferin
[German Public Auditor]

Financial calendar 2020

12 November 2020

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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sam waikiki GbR, Hamburg, Germany
www.samwaikiki.de

GFT Technologies SE
Investor Relations
Karl Kompe
Schelmenwasenstr. 34
70567 Stuttgart
Germany

T +49 711 62042-323
F +49 711 62042-101

ir@gft.com
www.gft.com/ir