

Group Quarterly Statement

as of 30 September 2018
of GFT Technologies SE

Key figures (IFRS, unaudited)

GFT Group

in € million	9M/2018	9M/2017	Δ %	Q3/2018	Q3/2017	Δ %
Income statement						
Revenue	309.07	316.52	-2%	97.91	98.75	-1%
Adjusted earnings before interest, tax, depreciation, amortisation and impairments losses/reversals (EBITDA adjusted)	28.79	29.91	-4%	8.30	11.02	-25%
Earnings before interest, tax, depreciation, amortisation and impairment losses/reversals (EBITDA)	28.03	29.10	-4%	7.91	10.76	-26%
Earnings before interest and taxes (EBIT)	18.51	17.85	4%	4.72	7.58	-38%
Earnings before taxes (EBT)	16.92	15.91	6%	4.39	6.90	-36%
Net income	16.61	13.42	24%	4.82	5.82	-17%
Segments						
Revenue <i>Americas & UK</i>	137.10	151.65	-10%	44.51	45.88	-3%
Revenue <i>Continental Europe</i>	171.54	164.19	4%	53.28	52.64	1%
Revenue <i>Others</i>	0.43	0.68		0.12	0.23	
Earnings before taxes (EBT) <i>Americas & UK</i>	3.90	-7.49	>100%	0.88	-1.16	76%
Earnings before taxes (EBT) <i>Continental Europe</i>	13.02	20.52	-37%	3.43	6.11	-44%
Earnings before taxes (EBT) <i>Others</i>	0.00	2.88		0.08	1.95	
Share						
Basic earnings per share	€0.63	€0.51	24%	€0.18	€0.22	-17%
Average number of shares outstanding	26,325,946	26,325,946	0%	26,325,946	26,325,946	0%
Balance sheet						
Non-current assets	178.70	165.01	8%			
Cash and cash equivalents	44.71	46.86	-5%			
Other current assets	139.40	134.82	3%			
Total assets	362.81	346.69	5%			
Non-current liabilities	122.03	93.83	30%			
Current liabilities	117.95	134.68	-12%			
Shareholders' equity	122.83	118.18	4%			
Total shareholders' equity and liabilities	362.81	346.69	5%			
Equity ratio	34%	34%				
Cash flow statement						
Cash flow from operating activities	15.14	2.45				
Cash flow from investing activities	-52.15	-5.86				
Cash flow from financing activities	9.60	-11.07				
Employees						
Number of employees (as of 30 September)	4,860	4,666	4%			
Weighted utilisation rate	89.2%	88.8%				
Operating margin	5.5%	5.0%	9%	4.5%	7.0%	-36%
Tax rate	1.8%	15.7%	-88%	9.7%	15.7%	-38%

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

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1 Overview of business development

Takeover and initial consolidation of IT specialist in the third quarter of 2018

In early July 2018, GFT acquired all shares in V-NEO Inc. (V-NEO), an IT specialist for the insurance industry based in Canada. The company provides support for the digital transformation process of insurance companies, offering everything from solution design to product implementation. At the time of acquisition, the dynamically growing company had 160 employees and generated revenue of around €15.48 million with EBT of €2.56 million in the past financial year. It was first consolidated within the GFT Group on 1 August 2018. In the third quarter, V-NEO contributed €3.15 million to consolidated revenue and is expected to generate revenue of €7 million for the year as a whole. Due to acquisition-related expenses, V-NEO's contribution to consolidated net income in the third quarter was slightly negative and is expected to be slightly negative for 2018 as a whole.

Business development in the first nine months of 2018

The business trend in the first nine months of 2018 was held back by the ongoing budget restrictions of two investment banking clients. However, these revenue shortfalls were almost offset in full. New solution offerings helped gain new clients while business with other existing clients – also in investment banking – was successfully expanded. The acquisition of V-NEO also made a positive contribution to the revenue trend.

Compared to the previous year, the GFT Group's revenue fell slightly by 2% to €309.07 million in the first nine months (9M/2017: €316.52 million). Although demand for digitalisation solutions led to revenue growth in the *Continental Europe* segment, the ongoing budget restrictions of two investment banking clients in the *Americas & UK* segment continued to

impact consolidated revenue – also in the third quarter of 2018. However, due to the above mentioned positive effects, the quarterly revenue of the GFT Group fell by just 1% on the preceding quarter to €97.91 million (Q3/2017: €98.75 million).

Adjusted EBITDA for the first nine months amounted to €28.79 million; this corresponds to a slight decline of 4% on the same period last year (9M/2017: €29.91 million). At €28.03 million, EBITDA was 4% down on the previous year (9M/2017: €29.10 million). By contrast, there was a 6% improvement in EBT to €16.92 million (9M/2017: €15.91 million). The main drivers were cost reductions in the *Americas & UK* segment as well as positive margin contributions from new solution offerings and the absence of negative special items.

The expansion of expertise in new technologies, such as cloud, was stepped up further during the third quarter. This involved increased sales expenditure and thus burdened earnings in the third quarter: adjusted EBITDA was 25% down on the third quarter of 2017 at €8.30 million (Q3/2017: €11.02 million). There was a similar decline in EBITDA of 26% to €7.91 million (Q3/2017: €10.76 million) and in EBT of 36% to €4.39 million in the third quarter (Q3/2017: €6.90 million).

2 Development of revenue

Development of consolidated revenue in the first nine months of 2018

In the first nine months of 2018, the GFT Group generated revenue of EUR 309.07 million, corresponding to a year-on-year decline of 2% (9M/2017: €316.52 million). Adjusted for the revenue contribution of the V-NEO acquisition, revenue was 3% down on the same period last year. In the third quarter of 2018, the GFT Group achieved revenue of €97.91 million; this represents a decline of 1% on the same quarter last year (Q3/2017: €98.75 million). Adjusted for the revenue contribution of V-NEO, revenue in the third quarter was down 4%.

	9M/2018		9M/2017		Δ %
	€ million	Share in %	€ million	Share in %	
GFT organic	305.92	99%	316.52	100%	-3%
V-NEO	3.15	1%	0.00	0%	n.a.
GFT Group	309.07	100%	316.52	100%	-2%

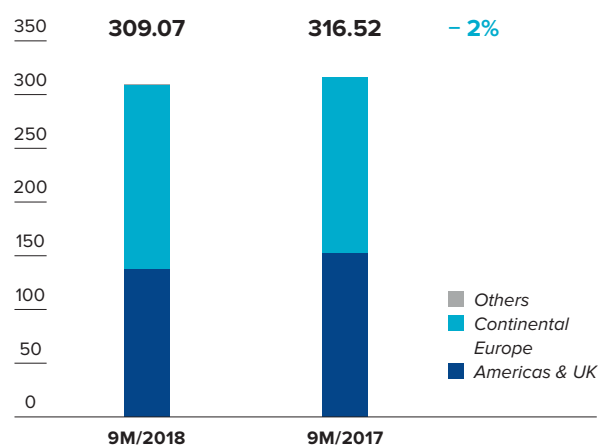
	Q3/2018		Q3/2017		Δ %
	€ million	Share in %	€ million	Share in %	
GFT organic	94.76	97%	98.75	100%	-4%
V-NEO	3.15	3%	0.00	0%	n.a.
GFT Group	97.91	100%	98.75	100%	-1%

Revenue by segment in the first nine months of 2018

In the *Continental Europe* segment, consistently high demand for digitalisation solutions in the retail banking sector resulted in an increase in revenue of 4% to €171.54 million (9M/2017: €164.19 million). This segment's share of consolidated revenue rose to 56% (9M/2017: 52%).

Adjusted for the revenue contributions of two investment banking clients who continue to impose budget restrictions, the *Americas & UK* segment was able to grow revenue by 10% as a result of increased business with new and existing clients and the V-NEO acquisition. However, these gains could only partially offset the revenue shortfall. As a consequence, revenue in the *Americas & UK* segment fell by 10% to €137.10 million in the first nine months of 2018 (9M/2017: €151.65 million). The segment's share of consolidated revenue decreased to 44% (9M/2017: 48%).

Revenue by segment in the first nine months of 2018
in € million



Revenue by segment in the first nine months of 2018

	9M/2018		9M/2017		Δ %
	€ million	Share in %	€ million	Share in %	
<i>Americas & UK</i>	137.10	44%	151.65	48%	-10%
<i>Continental Europe</i>	171.54	56%	164.19	52%	4%
<i>Others</i>	0.43	0%	0.68	0%	-37%
GFT Group	309.07	100%	316.52	100%	-2%

Revenue by segment in the third quarter of 2018

	Q3/2018		Q3/2017		Δ %
	€ million	Share in %	€ million	Share in %	
<i>Americas & UK</i>	44.51	46%	45.88	47%	-3%
<i>Continental Europe</i>	53.28	54%	52.64	53%	1%
<i>Others</i>	0.12	0%	0.23	0%	-46%
GFT Group	97.91	100%	98.75	100%	-1%

Revenue by country

In the first nine months of 2018, revenue in the **UK** fell by 13% to €77.68 million (9M/2017: €89.35 million). Due to the ongoing budget restrictions of two investment banking clients, the country's share of consolidated revenue decreased to 25% (9M/2017: 28%). Nevertheless, the UK remained the GFT Group's largest sales market in the first nine months.

Revenue in **Spain** grew by 5% to €67.91 million (9M/2017: €64.96 million). The country's share of consolidated revenue rose to 22% (9M/2017: 21%).

The GFT Group achieved strong revenue growth of 13% to €46.44 million in **Germany** (9M/2017: €41.14 million). The main revenue drivers were digitalisation projects in the retail banking sector. Compared to the previous year, the contribution to consolidated revenue increased to 15% (9M/2017: 13%).

Business with clients in **Italy** expanded by 6% to €42.10 million (€39.86 million), corresponding to 14% of consolidated revenue (9M/2017: 13%).

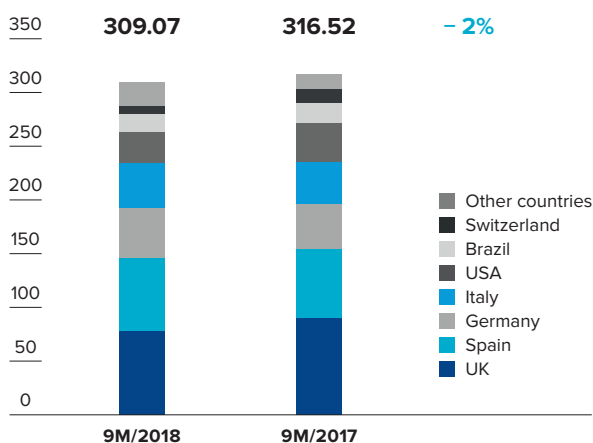
As in the UK, the revenue trend in the **USA** was still burdened by the budget restrictions of two investment banking clients. As a result, revenue fell by 20% to €28.97 million (9M/2017: €36.24 million) and accounted for 9% of consolidated revenue (9M/2017: 11%).

Revenue in **Brazil** amounted to €16.35 million. The year-on-year decline of 11% was largely the result of currency effects (9M/2017: €18.40 million). Brazil contributed 5% to consolidated revenue (9M/2017: 6%).

In **Switzerland**, revenue was down 42% to €7.37 million (9M/2017: €12.62 million). The decrease was mainly due to the scheduled completion of projects to implement a core banking solution in the previous year. The country accounted for 3% of consolidated revenue (9M/2017: 4%).

Other countries mostly comprise revenue generated with clients in Costa Rica, Canada, Luxembourg, Mexico, Poland and Portugal. Revenue growth of 59% to €22.25 million (9M/2017: €13.96 million) resulted mainly from increased revenue in Luxembourg and Mexico, as well as from the acquisition of the Canadian company V-NEO.

Revenue by country in the first nine months of 2018
in € million



Revenue by country in the first nine months of 2018

	9M/2018		9M/2017		Δ %
	€ million	Share in %	€ million	Share in %	
UK	77.68	25%	89.35	28%	-13%
Spain	67.91	22%	64.96	21%	5%
Germany	46.44	15%	41.14	13%	13%
Italy	42.10	14%	39.86	13%	6%
USA	28.97	9%	36.24	11%	-20%
Brazil	16.35	5%	18.40	6%	-11%
Switzerland	7.37	3%	12.62	4%	-42%
Other countries	22.25	7%	13.95	4%	59%
GFT Group	309.07	100%	316.52	100%	-2%

Revenue by country in the third quarter of 2018

	Q3/2018		Q3/2017		Δ %
	€ million	Share in %	€ million	Share in %	
UK	23.22	24%	25.86	26%	-10%
Spain	20.32	21%	20.02	20%	2%
Germany	14.93	15%	14.92	15%	0%
Italy	13.08	13%	12.32	12%	6%
USA	8.38	9%	10.82	11%	-23%
Brazil	5.55	6%	6.51	7%	-15%
Switzerland	2.22	2%	3.78	4%	-41%
Other countries	10.21	10%	4.52	5%	126%
GFT Group	97.91	100%	98.75	100%	-1%

3 Earnings position

Earnings position of the GFT Group

In the first nine months of 2018, EBITDA included special items from M&A activities of €-0.76 million, compared to €-0.81 million in the same period last year. Adjusted for these special items from M&A activities, **adjusted earnings before interest, taxes, depreciation and amortisation (adjusted EBITDA)** of €28.79 million were down on the previous year (9M/2017: €29.91 million).

The GFT Group achieved **earnings before interest, taxes, depreciation and amortisation (EBITDA)** of €28.03 million in the first nine months of 2018 and thus fell short of the prior-year figure (9M/2017: €29.10 million). Foreign exchange effects of €-0.87 million (9M/2017: €-2.15 million) had a negative impact on earnings.

Earnings before interest and taxes (EBIT) for the first nine months of 2018 amounted to €18.51 million and were thus slightly higher than in the same period last year (9M/2017: €17.85 million). This was mainly due to the absence of negative special items. In the previous year, EBIT was burdened by an impairment charge of €2.00 million on the goodwill of the *Americas & UK* segment.

In the first nine months of 2018, the GFT Group generated **earnings before taxes (EBT)** of €16.92 million. Despite the slight decline in revenue, this represents a year-on-year increase of €1.01 million or 6% (9M/2017: €15.91 million). The operating margin of 5.5% was up on the previous year (9M/2017: 5.0%).

There was a strong improvement in **earnings after taxes (net income)** of €3.19 million, or 24%, to €16.61 million (9M/2017: €13.42 million). The main reasons for the increase were a significantly lower relative tax burden, as well as a reduction in negative special items.

In the first nine months, **earnings per share** improved by €0.12 to €0.63 (9M/2017: €0.51), based on 26,325,946 outstanding shares.

Earnings (EBT) by segment in the first nine months of 2018

Pre-tax earnings (EBT) in the *Americas & UK* segment amounted to €3.90 million and thus improved significantly by €11.39 million compared to the same period last year (9M/2017: €-7.49 million). The operating margin – based on external revenue – amounted to 2.8%, as opposed to -4.9% in the previous year. In addition to lower negative exchange rate effects of €0.77 million (9M/2017: €2.71 million), there was a particularly positive effect on segment earnings from efficiency gains as a consequence of restructuring measures in the financial year 2017. Moreover, segment earnings in the previous year were burdened by an impairment charge for goodwill of €2.00 million, expenses in connection with the above mentioned restructuring of €2.30 million and earn-out payments of €0.81 million.

In the *Continental Europe* segment, pre-tax earnings (EBT) in the first nine months of 2018 fell by €7.50 million to €13.02 million (9M/2017: €20.52 million). The operating margin – based on external revenue – amounted to 7.6% (9M/2017: 12.5%). The decline in segment earnings was mainly due to reduced revenue and the intensified efforts to expand expertise, as well as to a slight decline in the utilisation of staff – partly as a result of project postponements.

Earnings of the *Others* category fell by €2.88 million to €0.00 million in the reporting period (9M/2017: €2.88 million), due primarily to increased standard IT expenditure and lower Group allocations for the two operating segments. The *Others* category – presented as a reconciliation column in segment reporting – comprises items which by definition are not included in the segments. It also includes elements of the Group headquarters which are not allocated, e.g. items or revenue relating to corporate activities only occasionally incurred or generated. Moreover, the reconciliation comprises expenses for the Group's headquarters in Stuttgart.

Earnings (EBT) by segment in the first nine months of 2018

in € million



Earnings (EBT) by segment in the first nine months of 2018

	9M/2018		9M/2017		Δ € million
	€ million	Margin %	€ million	Margin %	
Americas & UK	3.90	3%	-7.49	-5%	11.39
Continental Europe	13.02	8%	20.52	12%	-7.50
Others	0.00	-	2.88	-	-2.88
GFT Group	16.92	5%	15.91	5%	1.01

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

	Q3/2018		Q3/2017		Δ € million
	€ million	Margin %	€ million	Margin %	
Americas & UK	0.88	2%	-1.16	-3%	2.04
Continental Europe	3.43	6%	6.11	12%	-2.68
Others	0.08	-	1.95	-	-1.87
GFT Group	4.39	4%	6.90	7%	-2.51

Consolidated earnings position by income and expense items

Other operating income in the first nine months of 2018 amounted to €3.61 million and was thus €2.29 million higher than in the same period last year (9M/2017: €1.32 million). This was mainly due to research and development grants received in the UK.

Despite reduced revenue, the **cost of purchased services** increased year on year by 2% to €41.34 million (9M/2017: €40.59 million). The rise during the first nine months of 2018 was caused by the increased purchase of external services. Compared to the same period last year, the ratio of revenue to cost of purchased services was unchanged at 13% (9M/2017: 13%).

In the first nine months of 2018, **personnel expenses** of the GFT Group fell by €2.94 million to €199.59 million (9M/2017: €202.53 million) – largely due to the restructuring of the *Americas & UK* segment in the financial year 2017. Following the acquisition of V-NEO on 1 August 2018, the average headcount of the GFT Group increased during the third quarter of 2018. The proportion of revenue to personnel expenses (the personnel cost ratio) increased slightly year on year from 64% to 65% in the first nine months of 2018.

Scheduled **depreciation and amortisation of non-current intangible assets and property, plant and equipment** amounted to €9.51 million and was thus slightly up on the previous year (9M/2017: €9.24 million). The 3% increase was largely due to scheduled writedowns from purchase price allocations relating

to the acquisition of the Spanish company Mecanización de Empresas, S.A. in the financial year 2017. There were no **impairment charges on goodwill** in the reporting period (9M/2017: €2.00 million).

Other operating expenses fell by 4% to €43.65 million in the reporting period (9M/2017: €45.62 million). The main cost elements were still operating, administrative and selling expenses, which totalled €40.40 million in the first nine months of 2018 (9M/2017: €41.50 million). The decline in other operating expenses was mainly due to lower negative exchange rate effects of €1.15 million, compared to €2.25 million in the previous year.

The **financial result** improved slightly to €-1.67 million in the first nine months of 2018 (9M/2017: €-1.95 million).

The **income tax expense** of €0.31 million for the reporting period (9M/2017: €2.49 million) was strongly disproportionate to the change in pre-tax earnings. The effective tax rate fell from 16% in the previous year to 2%. This was mainly due to tax income for previous years, and in particular to tax credits for research and development costs.

4 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 September 2018, €40.00 million of Facility A and €25.00 million of Facility B had been drawn. A total of €59.50 million had been drawn on the promissory note agreements as of 30 September 2018.

In the reporting period, **cash and cash equivalents** fell by €27.53 million to €44.71 million (31 December 2017: €72.24 million). The decline in Group liquidity as of 30 September 2018 was influenced by various opposing effects. The increase in cash from operating activities in the reporting period was offset in particular by purchase price payments for the acquisition of V-NEO and the minority shareholdings of GFT Italia S.r.l. (formerly Sempla S.r.l.).

As of 30 September 2018, the GFT Group had unused credit lines of €25.01 million. The net liquidity of the GFT Group – calculated as the stock of disclosed cash and cash equivalents less financial liabilities – decreased from €-39.29 million as of 31 December 2017 to €-87.70 million on 30 September 2018.

In the first nine months of the financial year 2018, **cash flow from operating activities** resulted in a cash inflow of €15.14 million (9M/2017: €2.45 million). Cash flow from the operating activities

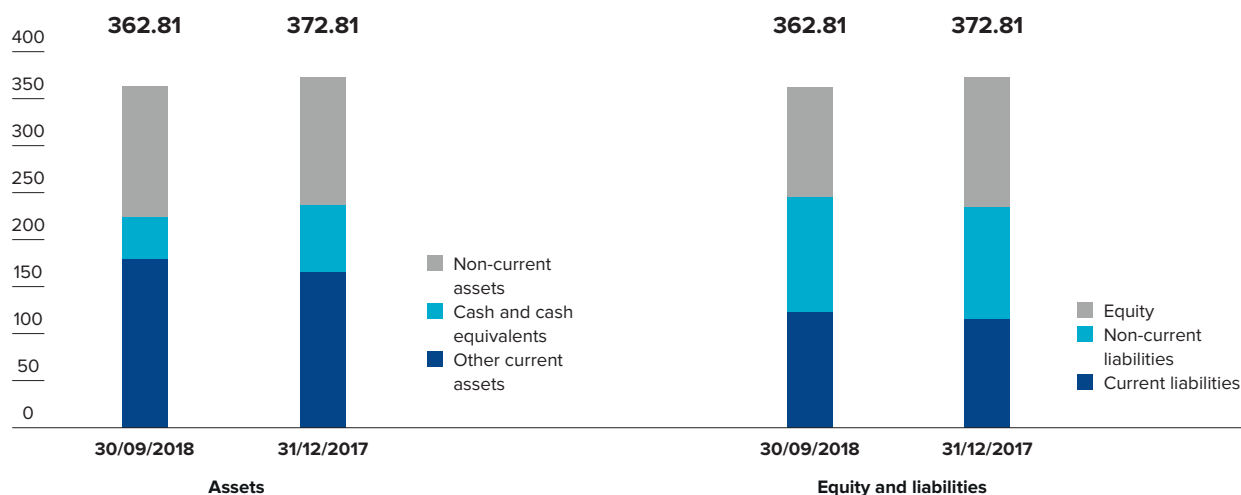
of the GFT Group generally increases over the course of the year. The year-on-year rise in cash inflow of €12.69 million resulted mainly from the development of working capital and the general course of business. A major factor was the release of funds from other assets and trade receivables – including contract assets; in the previous year, there was a commitment of funds.

Cash flow from investing activities resulted in a cash outflow of €52.15 million in the reporting period (9M/2017: €5.86 million). The year-on-year change of €46.29 million was largely due to net outgoings for the purchase of V-NEO and the minority shareholdings of GFT Italia S.r.l. (GFT Italia) in the third quarter of 2018. By contrast, there was a positive effect from reduced capital expenditure.

In the first nine months of 2018, **cash flow from financing activities** resulted in a cash outflow of €9.60 million (9M/2017: cash outflow €11.07 million). The improvement was mainly the result of increased net borrowing to finance company acquisitions. By contrast, the dividend payment to shareholders of €7.90 million (9M/2017: €7.90 million) resulted in a cash outflow.

5 Asset position

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



Assets

in € million	30/09/2018	31/12/2017
Non-current assets	178.70	165.14
Cash and cash equivalents	44.71	72.24
Other current assets	139.40	135.43
	362.81	372.81

Equity and liabilities

in € million	30/09/2018	31/12/2017
Equity	122.83	115.32
Non-current liabilities	122.03	119.60
Current liabilities	117.95	137.89
	362.81	372.81

Compared to 31 December 2017, the **balance sheet total** of the GFT Group fell from €372.81 million to €362.81 million. The decline in the balance sheet total is primarily due to reduced cash and cash equivalents following the purchase of the minority shareholdings in GFT Italia.

As 30 September 2018, **non-current assets** of the GFT Group were up €13.56 million to €178.70 million as a result of acquisitions (31 December 2017: €165.14 million). Non-current assets mainly comprise goodwill of €112.48 million (31 December 2017: €101.71 million), other intangible assets of €28.53 million (31 December 2017: €23.28 million) and property, plant and equipment of €27.10 million (31 December 2017: €29.42 million). The increase in goodwill of €10.77 million and in other intangible assets of €5.25 million resulted mainly from purchase price allocations on initial consolidation of V-NEO. Non-current assets accounted for 49% of the balance sheet total as of 30 September 2018 – an increase of 5 percentage points over the end of the previous year (31 December 2017: 44%).

There was a decrease in **current assets** of €23.57 million to €184.11 million as of 30 September 2018 (31 December 2017: €207.68 million). This was mainly due to the decline in cash and cash equivalents to €44.71 million (31 December 2017: €72.24 million) following purchase price allocations for the acquisition of V-NEO and minority shareholdings in GFT Italia in the third quarter of 2018. This was opposed by a slight net increase in trade receivables and contract assets of €1.47 million to €114.95 million as of 30 September 2018 (31 December 2017: €113.48 million). The newly created item contract assets results from the initial application of IFRS 15 “Revenue from Contracts with Customers” and recognises claims arising from contract obligations already fulfilled for which the customer’s consideration has not yet been paid and is still subject to certain conditions. Contract assets as of 30 September 2018 amounted to €32.99 million (31 December 2017: –).

Compared to 31 December 2017, the **equity capital** of the GFT Group rose by €7.51 million to €122.83 million – mainly due to net income of €16.61 million generated in the reporting period (9M/2017: €13.42 million). This positive consolidated result was offset in particular by the dividend paid to shareholders in June 2018 of €7.90 million (9M/2017: €7.90 million).

As a result of the reduced balance sheet total, the **equity ratio** of 34% on 30 September 2018 was three percentage points higher than at the end of the previous year (31 December 2017: 31%).

Non-current liabilities of €122.03 million as of 30 September 2018 were slightly up on the previous year (31 December 2017: €119.60 million).

Current liabilities of €117.94 million were €19.95 million down on the past year (31 December 2017: €137.89 million). This decline was largely due to a decrease in other financial liabilities of €31.96 million to €2.78 million, resulting mainly from the payment of variable purchase price liabilities for the acquisition of the minority shareholdings in GFT Italia. Moreover, other liabilities – including contract liabilities – fell by €5.67 million to €38.70 million (31 December 2017: €44.37 million) and trade payables by €6.21 million to €8.26 million (31 December 2017: €14.47 million). Contract liabilities include performance obligations from work contracts in connection with the development of customer-specific IT solutions and fixed-price service contracts in connection with IT maintenance projects. The net decline in other liabilities and contract liabilities, as well as the decrease in trade payables, was due to the slight decline in business volume and closing-date effects on working capital. There was an opposing rise in financial liabilities of €21.08 million to €26.37 million (31 December 2017: €5.29 million). This resulted from borrowing to finance the purchase of the remaining shares in GFT Italia and the acquisition of V-NEO.

As of 30 September 2018, the GFT Group's **debt ratio** fell by three percentage points to 66% (31 December 2017: 69%).

6 Non-financial performance indicators

As of 30 September 2018, the GFT Group employed 4,860 people (full-time employees). This corresponds to a year-on-year increase of 4% (30 September 2017: 4,666). Compared to the end of the previous quarter, headcount rose by 3% (30 June 2018: 4,697).

Headcount of 1,335 full-time employees in the *Americas & UK* segment as of 30 September 2018 was 15% up on the previous year (30 September 2017: 1,158). Compared to 30 June 2018 (1,158), headcount in this segment rose by 15%. This was due to the acquisition of V-NEO.

In the *Continental Europe* segment, headcount of 3,405 for the first nine months was largely unchanged with an increase of just 1% (30 September 2017: 3,388). Compared to 30 June 2018 (3,418), headcount was down slightly.

The holding company employed 120 people at the end of the reporting period, corresponding to the same level as on 30 September 2017 (120). The figure was slightly higher in the previous quarter (30 June 2018: 121).

In Germany, headcount of 365 as of 30 September 2018 was 6% up on the previous year (30 September 2017: 343), but unchanged on the previous quarter (30 June 2018: 365).

The productive utilisation rate based on the use of production staff in client projects was unchanged at 89% (9M/2017: 89%).

Employees by segment Q3/2018 compared to Q3/2017

	30/09/2018	30/09/2017	Δ %
<i>Americas & UK</i>	1,335	1,158	+15%
<i>Continental Europe</i>	3,405	3,388	1%
<i>Others</i>	120	120	0%
Total	4,860	4,666	+4%

Employees by segment Q3/2018 compared to Q2/2018

	30/09/2018	30/06/2018	Δ %
<i>Americas & UK</i>	1,335	1,158	+15%
<i>Continental Europe</i>	3,405	3,418	0%
<i>Others</i>	120	121	-1%
Total	4,860	4,697	+3%

Employees by country Q3/2018 compared to Q3/2017

	30/09/2018	30/09/2017	Δ %
Spain	1,936	2,048	-5%
Brazil	668	675	-1%
Italy	592	561	6%
Poland	576	500	15%
Germany	365	343	6%
Mexico	221	137	61%
Canada	164	4	>100%
UK	142	182	-22%
Costa Rica	99	115	-14%
Switzerland	43	56	-23%
USA	41	45	-9%
France	7	0	-
Belgium	6	0	-
Total	4,860	4,666	4%

Employees by country Q3/2018 compared to Q2/2018

	30/09/2018	30/06/2018	Δ %
Spain	1,936	1,975	-2%
Brazil	668	644	4%
Italy	592	577	3%
Poland	576	579	-1%
Germany	365	365	0%
Mexico	221	218	1%
Canada	164	6	>100%
UK	142	141	1%
Costa Rica	99	108	-8%
Switzerland	43	43	0%
USA	41	41	0%
France	7	0	-
Belgium	6	0	-
Total	4,860	4,697	3%

Headcount is calculated on the basis of full-time employees; 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.

7 Forecast report

The underlying growth trends for the increased use of new technologies, such as data analytics and cloud computing, remain unchanged. For our clients in the finance sector, these positive trends are currently overshadowed by investment uncertainty in connection with Brexit and budget restrictions. We expect projects to be postponed from the financial year 2018 to the following year, resulting in underutilisation of capacity in the fourth quarter of 2018. Revenue growth in 2018 from new and other existing clients is within expectations. However, sales expenses and intensified expansion of expertise will lead to slightly lower earnings.

The budget restrictions of two investment banking clients continue unchanged; a sudden and unexpected increase in their cost containment measures still cannot be ruled out.

Operating targets of the GFT Group for 2018

The GFT Group expects organic revenue in the lower range of €400 million to €420 million. In addition, the acquisition of V-NEO in the third quarter will contribute around €7 million to revenue in 2018. Adjusted EBITDA for 2018 is expected to reach €40 million. EBITDA of €39 million and EBT of €23.5 million are anticipated. Potential further short-term cost savings measures and project postponements of our clients in the last four weeks of the financial year may have a negative impact on our earnings performance.

Medium-term prospects of the GFT Group

In view of the volatile market trend, the medium-term forecast for 2022 of €800 million in revenue with an EBITDA margin of 12% is being carefully reviewed. The result of this review will be announced on publication of the preliminary figures for 2018 in February 2019.

Assumptions for the forecasts

These forecasts are based on the assumptions stated 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.

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

This document is a quarterly statement pursuant to Sec. 53 of the Exchange Rules for the Frankfurt Stock Exchange.

8 Consolidated Balance Sheet (IFRS, unaudited)

as at 30 September 2018, GFT Technologies SE

Assets

in €	30/09/2018	31/12/2017 ¹
Non-current assets		
Goodwill	112,480,386.94	101,709,105.01
Other intangible assets	28,527,146.94	23,279,752.19
Property, plant and equipment	27,099,061.62	29,418,506.27
Investments accounted for using the equity method	0.00	75,000.00
Other financial assets	3,476,127.59	3,572,177.17
Tax assets	769,329.35	995,380.31
Deferred tax assets	6,348,127.05	6,086,700.31
	178,700,179.49	165,136,621.26
Current assets		
Inventories	370,382.37	22,294.17
Contract assets	32,985,865.59	–
Trade receivables	81,965,271.10	113,481,229.02
Tax assets	9,124,849.84	7,978,786.34
Cash and cash equivalents	44,708,763.66	72,246,225.54
Other financial assets	3,382,334.33	2,201,561.29
Other assets	11,571,478.47	11,747,139.72
	184,108,945.36	207,677,236.08
	362,809,124.85	372,813,857.34

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

Equity and liabilities

in €	30/09/2018	31/12/2017 ¹
Shareholders' equity		
Share capital	26,325,946.00	26,325,946.00
Capital reserve	42,147,782.15	42,147,782.15
Retained earnings		
Other retained earnings	22,243,349.97	22,243,349.97
Changes not affecting net income	-5,550,591.36	-5,130,993.24
Other comprehensive income		
Actuarial gains/losses	-2,733,313.33	-2,670,281.68
Currency translation differences	-6,547,360.90	-6,010,354.83
Consolidated net profit	46,946,029.96	38,416,773.14
	122,831,842.49	115,322,221.51
Non-current liabilities		
Financial liabilities	106,040,304.50	106,243,843.28
Provisions for pensions	9,026,795.55	8,573,473.57
Other provisions	1,695,297.54	1,586,594.52
Deferred tax liabilities	5,270,258.11	3,199,680.73
	122,032,655.70	119,603,592.10
Current liabilities		
Other provisions	39,107,277.58	37,718,328.73
Tax liabilities	2,739,020.39	1,301,986.41
Contract liabilities	20,474,427.58	–
Financial liabilities	26,366,236.72	5,291,219.39
Trade payables	8,258,089.18	14,469,618.07
Other financial liabilities	2,775,009.87	34,732,187.82
Other liabilities	18,224,565.34	44,374,703.31
	117,944,626.66	137,888,043.73
	362,809,124.85	372,813,857.34

9 Consolidated Income Statement (IFRS, unaudited)

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

in €	9M/2018	9M/2017 ¹	Q3/2018	Q3/2017 ¹
Revenue	309,067,866.55	316,524,082.96	97,907,395.94	98,755,074.96
Other operating income	3,612,903.21	1,323,627.99	1,879,637.06	249,825.64
	312,680,769.76	317,847,710.95	99,787,033.00	99,004,900.60
Cost of purchased services	41,338,135.85	40,588,511.45	12,945,190.47	13,470,947.49
Personnel expenses				
Wages and salaries	164,488,805.42	167,790,176.93	53,096,237.86	49,906,900.54
Social security contributions and expenditures	35,100,758.11	34,743,414.78	11,167,523.21	11,076,800.35
	199,589,563.53	202,533,591.71	64,263,761.07	60,983,700.89
Depreciation and amortisation of intangible assets and property, plant and equipment	9,514,828.09	9,244,521.65	3,185,245.14	3,169,653.16
Goodwill impairment	0.00	2,000,000.00	0.00	0.00
Other operating expenses	43,650,363.85	45,616,573.51	14,672,831.06	13,793,532.88
Result from operating activities	18,587,878.45	17,864,512.63	4,720,005.27	7,587,066.18
Other interest and similar income	142,570.53	160,034.12	75,803.55	21,238.41
Result of investments accounted for using the equity method	-75,000.00	-11,664.09	-1,699.33	-2,178.95
Interest and similar expenses	1,735,528.86	2,101,683.74	412,159.21	705,558.17
Financial result	-1,667,958.33	-1,953,313.71	-338,054.99	-686,498.71
Earnings before taxes	16,919,920.12	15,911,198.92	4,381,950.28	6,900,567.47
Income taxes	308,829.84	2,491,721.63	-436,847.35	1,080,726.53
Net income for the period	16,611,090.28	13,419,477.29	4,818,797.63	5,819,840.94
Earnings per share – basic	0.63	0.51	0.18	0.22

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

10 Consolidated Statement of Comprehensive Income (IFRS, unaudited)

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

in €	9M/2018	9M/2017 ¹	Q3/2018	Q3/2017 ¹
Net income for the period	16,611,090.28	13,419,477.29	4,818,797.63	5,819,840.94
Items that will not be reclassified to the income statement				
Actuarial gains/losses	-80,807.96	167,924.72	-56,622.21	130,256.57
Income taxes on items in the other comprehensive income	17,776.31	-46,194.85	12,458.32	-46,194.85
Items that may be reclassified to the income statement				
Currency translation of net investments in foreign business operations	-538,035.53	-621,084.17	12,637.27	-621,084.17
Gains/losses from currency translation of foreign subsidiaries	1,029.46	-4,026,539.39	376,545.08	-1,380,753.88
Other comprehensive income	-600,037.72	-4,525,893.69	345,018.46	-1,917,776.33
Total comprehensive income	16,011,052.56	8,893,583.60	5,163,816.09	3,902,064.61

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

11 Consolidated Statement of Changes in Equity (IFRS, unaudited)

as at 30 September 2018, GFT Technologies SE

	Share capital	Capital reserve
in €		
Balance at 1 January 2017 as reported	26,325,946.00	42,147,782.15
Adaption from error correction		
Adjusted balance at 1 January 2017	26,325,946.00	42,147,782.15
Dividends to shareholders		
Total comprehensive income for the period 1 January to 30 September 2017		
Balance at 30 September 2017	26,325,946.00	42,147,782.15
Balance at 1 January 2018²	26,325,946.00	42,147,782.15
Effects from the initial application of IFRS 9		
Effects from the initial application of IFRS 15		
Adjusted balance at 1 January 2018	26,325,946.00	42,147,782.15
Dividends to shareholders		
Dividends to non-controlling interests		
Total comprehensive income for the period 1 January to 30 September 2018		
Balance at 30 September 2018	26,325,946.00	42,147,782.15

¹ Net income for the period

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

Retained earnings		Other comprehensive income		Consolidated net profit/loss	Total equity
Other retained earnings	Changes not affecting net income	Actuarial gains/losses	Currency translation differences		
22,243,349.97	-20,296,182.84	-2,764,248.94	2,215,605.09	47,311,135.14	117,183,386.57
	16,759,305.97			-16,759,305.97	0.00
22,243,349.97	-3,536,876.87	-2,764,248.94	2,215,605.09	30,551,829.17	117,183,386.57
				-7,897,783.80	-7,897,783.80
		121,729.87	-4,647,623.56	13,419,477.28 ¹	8,893,583.59
22,243,349.97	-3,536,876.87	-2,642,519.07	-2,432,018.47	36,073,522.65 ²	118,179,186.36
22,243,349.97	-5,130,993.24	-2,670,281.68	-6,010,354.83	38,416,773.14	115,322,221.51
				-184,049.66	-184,049.66
				0.00	0.00
22,243,349.97	-5,130,993.24	-2,670,281.68	-6,010,354.83	38,232,723.48	115,138,171.85
				-7,897,783.80	-7,897,783.80
	-419,598.12				-419,598.12
		-63,031.65	-537,006.07	16,611,090.28 ¹	16,011,052.56
22,243,349.97	-5,550,591.36	-2,733,313.33	-6,547,360.90	46,946,029.96 ²	122,831,842.49

12 Consolidated Cash Flow Statement (IFRS, unaudited)

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

in €	9M/2018	9M/2017 ¹
Net income for the period	16,611,090.28	13,419,477.28
Income taxes	308,829.83	2,491,721.63
Interest income	1,592,958.06	1,941,649.64
Interest paid	-580,087.69	-808,788.37
Interest received ²	108,397.22	75,437.27
Income taxes paid	1,829,346.19	-3,807,519.90
Depreciation and amortisation of intangible assets and property, plant and equipment	9,514,828.09	11,244,521.66
Changes in provisions	-2,260,392.48	-703,886.09
Other non-cash expenses and income	-962,220.84	-1,511,727.82
Net proceeds on disposal of intangible assets and property, plant and equipment	56,921.15	34,461.89
Changes in contract assets	-17,251,121.95	
Changes in trade receivables	18,615,516.96	-497,116.75
Changes in other assets	-355,286.71	-9,184,777.30
Changes in contract liabilities	-3,806,530.03	
Changes in trade payables and other liabilities	-8,281,636.23	-10,246,482.17
Cash flow from operating activities	15,140,611.85	2,446,970.97
Proceeds from disposal of property, plant and equipment	25,886.86	24,077.00
Capital expenditure for intangible assets	-1,358,422.65	-2,076,865.53
Capital expenditure for property, plant and equipment	-2,332,654.36	-4,088,086.95
Proceeds for loans granted to third parties	0.00	619,755.00
Cash outflows for acquisitions of consolidated companies net of cash and cash equivalents acquired	-48,487,252.06	-338,519.11
Cash flow from investing activities	-52,152,442.21	-5,859,639.59

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

² In prior period shown under cash flow from investing activities

³ Redemption of dividend liability

in €	9M/2018	9M/2017 ¹
Proceeds from borrowing	26,064,649.25	268,761.69
Cash outflows from loan repayments	-5,218,561.89	-1,236,552.98
Dividends to shareholders	-7,897,783.80	-7,897,783.80
Dividend to non-controlling interests ³	-3,350,591.37	-2,200,000.00
Cash flow from financing activities	9,597,712.19	-11,065,575.09
Effect of foreign exchange rate changes on cash and cash equivalents	-123,343.71	-950,949.46
Net increase in cash and cash equivalents	-27,537,461.88	-15,429,193.17
Cash and cash equivalents at beginning of period	72,246,225.54	62,290,469.48
Cash and cash equivalents at end of period	44,708,763.66	46,861,276.31

13 Information on Business Segments (IFRS, unaudited)

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

in € thsd.	GFT Group			
	Americas & UK		Continental Europe	
	9M/2018	9M/2017	9M/2018	9M/2017
External revenue	137,102	151,654	171,538	164,194
Inter-segment revenue	2,132	4,054	49,624	56,514
Total revenue	139,234	155,708	221,162	220,708
Scheduled depreciation and amortisation	-3,808	-5,835	-5,077	-4,707
Other material non-cash items	-462	26	-53	10
Interest income	133	273	340	425
Interest expenses	-1,024	-1,377	-1,195	-1,387
Result of investments accounted for using the equity method	0	0	0	0
Segment result (EBT)	3,901	-7,492	13,021	20,520

Total		Reconciliation		GFT Group	
9M/2018	9M/2017	9M/2018	9M/2017	9M/2018	9M/2017
308,640	315,848	428	676	309,068	316,524
51,756	60,568	-51,756	-60,568	0	0
360,396	376,416	-51,328	-59,892	309,068	316,524
-8,885	-10,542	-630	-703	-9,515	-11,245
-515	36	1,477	1,476	962	1,512
473	698	-330	-538	143	160
-2,219	-2,764	485	662	-1,735	-2,102
0	0	-75	-12	-75	-12
16,922	13,028	-2	2,883	16,920	15,911

Financial calendar 2019

28 February 2019 Preliminary Results for the financial year 2018	29 March 2019 Publication of the Annual Report for the financial year 2018	9 May 2019 Quarterly Statement as of 31 March 2019	4 June 2019 Annual General Meeting
8 August 2019 Interim Financial Report as of 30 June 2019	7 November 2019 Quarterly Statement as of 30 September 2019		

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