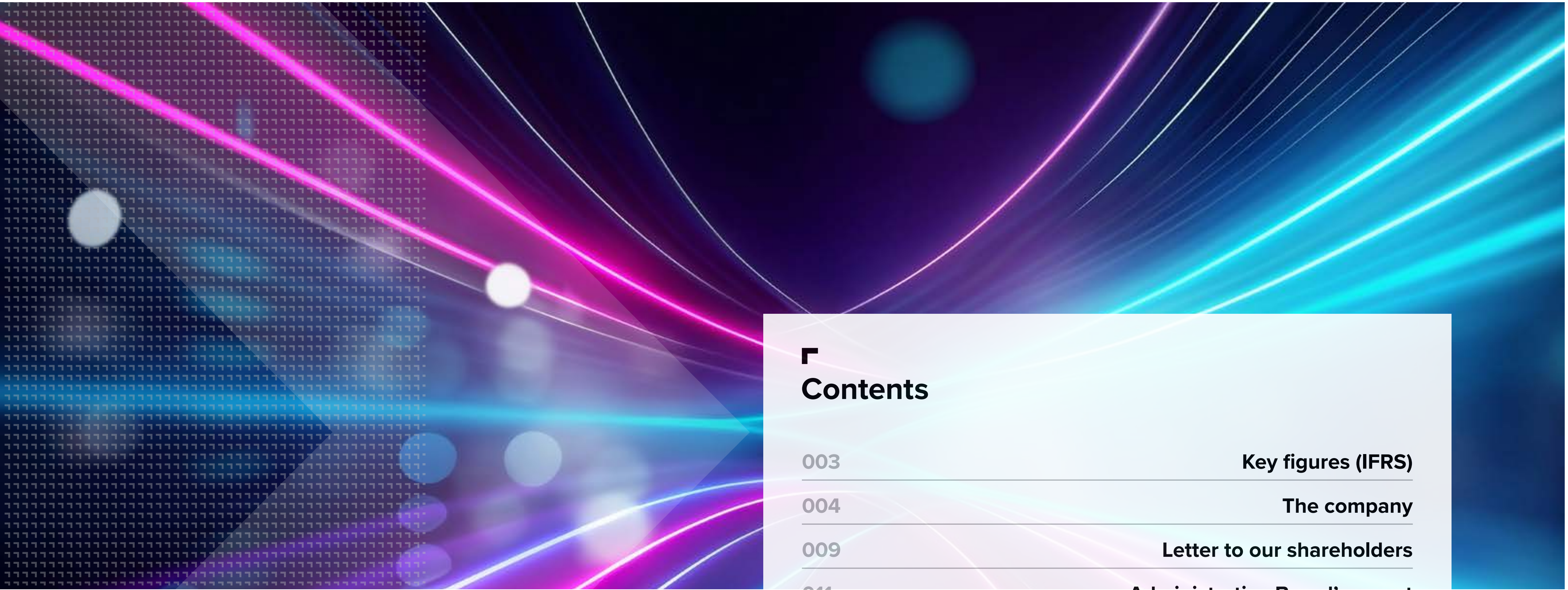
Shaping
the future
of digital
business

GFT

ANNUAL REPORT 2023

Company



Contents

Content
Next page
Previous page
Top of chapter

References to persons are to be understood as gender neutral. For ease of readability, we refrain from using multiple mentions or paraphrases in certain passages – this does not imply any judgement.

Company

Key figures (IFRS)

GFT Group

in € million	2023	2022	Δ	Δ %	Q4/2023	Q4/2022	Δ	Δ %
Income statement								
Revenue	801.74	730.14	71.60	10%	207.13	188.23	18.90	10%
EBITDA	89.76	86.04	3.72	4%	24.27	22.82	1.45	6%
EBIT adj.	73.33	67.48	5.85	9%	21.19	18.92	2.27	12%
EBIT	68.40	65.55	2.85	4%	18.83	17.90	0.93	5%
EBT	68.00	66.05	1.95	3%	18.62	18.14	0.48	3%
EBT-Marge	8.5%	9.0%			9.0%	9.6%		
Tax rate	28.9%	30.0%			27.4%	31.3%		
Net income	48.36	46.25	2.11	5%	13.52	12.47	1.05	8%
Segments								
Revenue *Americas, UK & APAC*	467.77	459.52	8.25	2%	116.49	117.27	−0.78	−1%
Revenue *Continental Europe*	333.05	269.90	63.15	23%	90.39	70.74	19.65	28%
Revenue *Others*	0.92	0.72	0.20	28%	0.25	0.22	0.03	15%
Earnings before taxes (EBT) *Americas, UK & APAC*	45.45	44.64	0.81	2%	14.84	12.38	2.46	20%
Earnings before taxes (EBT) *Continental Europe*	31.43	26.54	4.89	18%	7.10	7.72	−0.62	−8%
Earnings before taxes (EBT) *Others*	−8.88	−5.13	−3.75	−73%	−3.32	−1.96	−1.36	−70%
Share								
Basic earnings per share (in €)	1.84	1.76	0.08	5%	0.52	0.48	0.04	8%
Cashflow per share (in €)	1.54	2.18	−0.64	−30%	1.04	1.31	−0.27	−21%
Average number of shares outstanding	26,325,946	26,325,946	0	0%	26,325,946	26,325,946	0	0%
Cash flow statement								
Cash flow from operating activities	40.44	57.49	−17.05	−30%	27.27	34.58	−7.31	−21%
Cash flow from investing activities	−50.31	−7.68	−42.63	<−100%	−1.17	−2.25	1.08	48%
Cash flow from financing activities	0.02	−44.94	44.96	>100%	−13.57	−18.88	5.31	28%

in € million	31/12/2023	31/12/2022	Δ	Δ %
Balance sheet				
Non-current assets	261.22	212.60	48.62	23%
Cash and cash equivalents	70.34	78.22	−7.88	−10%
Other current assets	230.96	206.95	24.01	12%
Total assets	**562.52**	**497.77**	**64.75**	**13%**
Equity	241.06	201.08	39.98	20%
Non-current liabilities	68.37	98.49	−30.12	−31%
Current liabilities	253.09	198.20	54.89	28%
Total equity and liabilities	**562.52**	**497.77**	**64.75**	**13%**
Equity ratio	43%	40%		
Employees				
Number of employees (FTE)	9,134	8,842	292	3%
Weighted utilisation rate	90.6%	90.1%		

Interactive analysis tool
Our current key financial figures can be found on our website.

Company

The company

GFT is a digital transformation pioneer. By leveraging next-generation technologies, we enable clients to boost their productivity with intelligent software solutions. We focus on Digital Finance, Enterprise AI & Data Solutions, and Platform Modernisation.

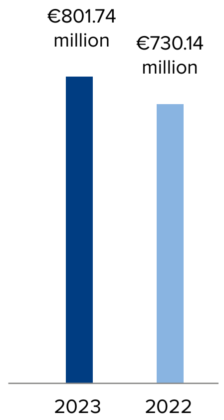
GFT's strengths include deep technological excellence, a strong ecosystem of partners, and industry expertise. We are agile@scale and boost digital transformation for clients from the finance and insurance sectors, as well as the manufacturing industry. GFT talents create, implement, and manage software applications to enable innovative businesses while complying with regulations.

With locations in more than 20 markets around the globe, GFT ensures proximity to its clients. We draw on over 35 years of experience and a global team of over 12,000 determined talents. GFT provides them with career opportunities in the most innovative areas of software engineering.

Read more at www.gft.com

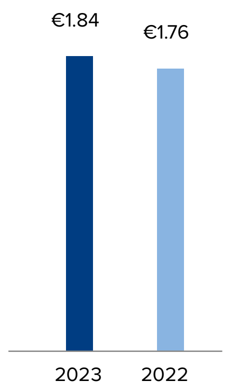
€73.33 million

EBIT adjusted



€801.74 million

Revenue



€1.84

Earnings per share

Our future-orientated service portfolio *

Together with strong partners we drive the digital transformation of our clients.

53 %

Platform Modernisation

Cloud Migration, Mainframe Modernisation, Open API, Customer Centricity, Digital Assets, ...

39 %

Engineering Services & Regulatory

Managed Services, Engineering Services, Regulatory Services, Risk and Compliance Services, ...

8 %

AI & Data

Predictive und Generative AI, AR / VR, Robotic Process Automation (RPA), Bots / Virtual Assistants, Data Engineering, ...

* Revenue split 2023

Company – Artificial Intelligence

Catching the right waves

We recognise the trends of tomorrow.
We have supplemented our “follow the client” expansion strategy with “follow the partner”. This allows us to scale our business faster and on a broader basis. In 2023, we stepped up our initiatives and launched the AI.DA Marketplace in the fourth quarter. This is where we pool all our cross-sector solutions in the field of Enterprise AI & Data.

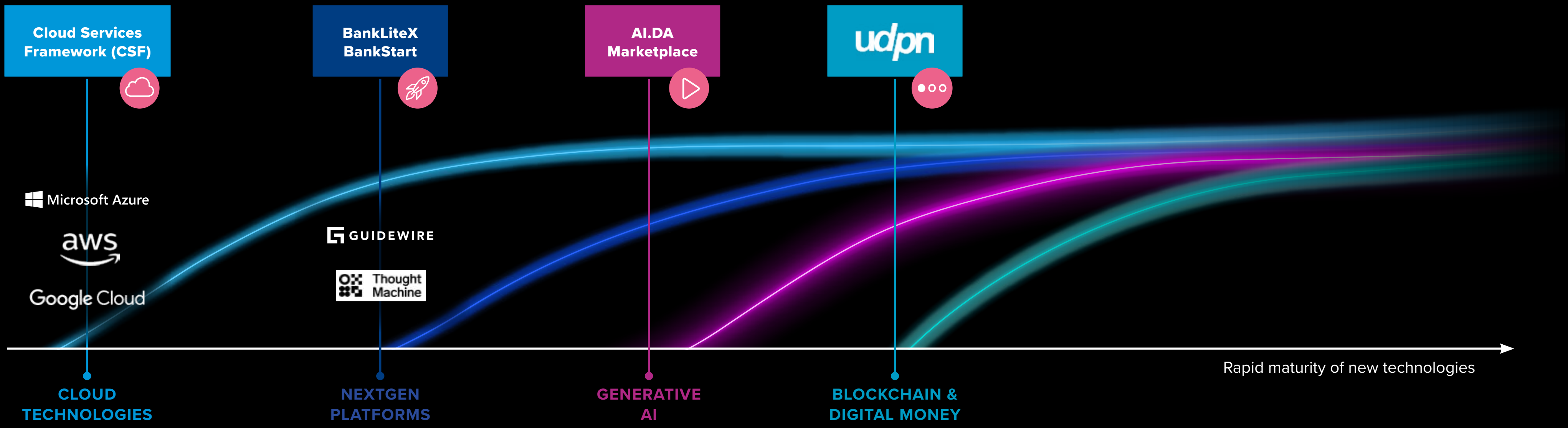
Technologies are constantly evolving. We pick up on the most promising trends and work with strong partners to utilise technologies profitably for our clients – regardless of where they are in the world.

Cloud technologies, next-generation platforms, generative AI or blockchain solutions – technology trends are like waves that rise and fall, driven by factors such as innovation, adoption, competition and regulation. For us, it’s about identifying the right waves and making investments to drive them forward – timing is everything.

And we are already working on the next wave – digital finance. We have launched UDPN (Universal Digital Payment Network), a global data exchange network that supports government-regulated digital currencies. With the aid of UDPN, stablecoins and central bank digital currencies can be transferred efficiently across national borders, currency areas and systems.

We are ready to catch the next wave and already helping to shape the future.

Our vision
In a digital world, the intelligent use of IT is a critical success factor.



Company – Artificial Intelligence

AI.DA Marketplace

Implementing new AI and data solutions must be fast, while mitigating risks and ensuring scalability, reliability, security and compliance.

To simplify this, we are pooling our AI and data expertise as well as our solutions on the GFT AI.DA Marketplace.

Read more at www.gft.com/AI

USE CASE LIBRARY

- Visual Inspection
- Predictive Maintenance
- Customer Service
- Fraud Detection
- AI Engineering
- Shopfloor Management
- Knowledge Acquisition
- Manufacturing Analytics
- Project Portfolio Management
- Energy Management
- Software Development
- Voice-assisted Workflows

AI JOURNEY

Assessment & Strategy

- Domain Expertise
- Innovation Lab
- Fast Prototyping

Implementation

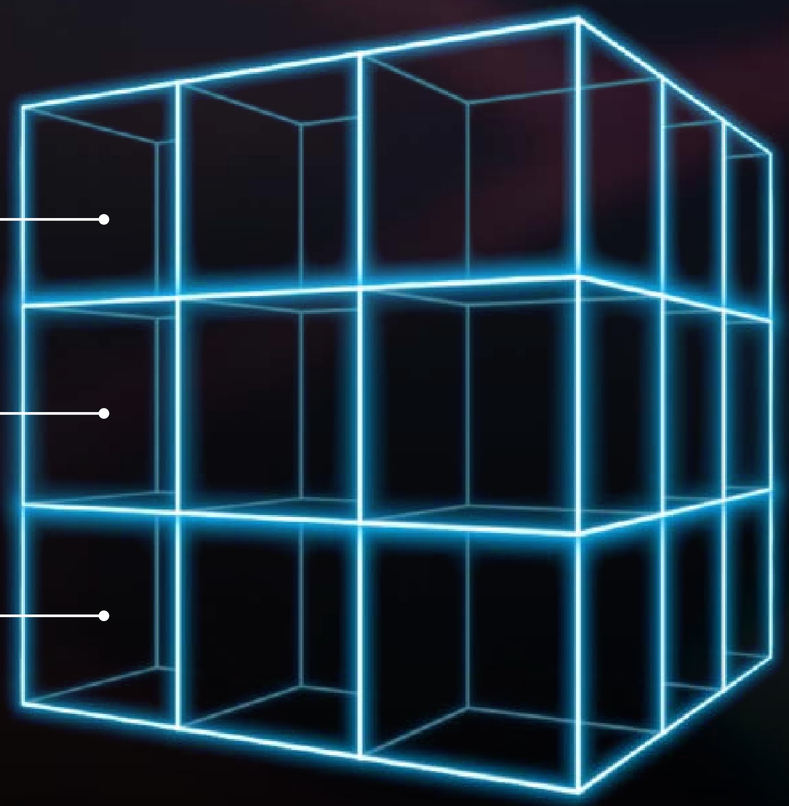
- Reference & Security Architectures
- Methodologies & Accelerators
- Partner Ecosystem

Operation

- Monitoring
- Retraining
- Adaption

MODERN DATA PLATFORM

- Integration
- Lake Engineering
- Data Modelling
- Distribution
- Governance



Company – Artificial Intelligence

Creating real business value

Every AI initiative starts with the right use case. Data plays a crucial role and must be accessible, correctly structured and transparently integrated. We support our clients with future-oriented solutions.

Read more at www.gft.com/AI

GFT AI IMPACT BETA

This integrated generative AI solution orchestrates the Software Development Life Cycle (SDLC). It streamlines and accelerates the overall process by integrating leading software development products. A connected set of tools supports developers end to end: assisted coding, automated documentation, vulnerability assessment and test case generation. GFT AI Impact Beta automates prompt generation, allows easy onboarding of developers, maintains the history and knowledge, and avoids building technical debt. Speed up platform modernisation and shift gears for the digital transformation of our clients.

Read more

Read more

The Banking Agent is a new generation of virtual assistants. It can process complex, even multilingual enquiries in seconds. This allows employees in first-level support to concentrate on more value-adding tasks.

GFT BANKING AGENT

VISUAL INSPECTION

High-resolution cameras capture detailed images of machines and products in the manufacturing process. These images are then analysed by image processing algorithms, based on artificial intelligence (AI) and machine learning (ML), to detect the smallest errors or deviations with extreme precision. This data-driven approach, hosted on a cloud platform, provides real-time insights and ensures accurate quality control.

Read more

Company

Sustainability by design

Knowledge leads to responsibility. This is why we are committed to the responsible development and use of technology. Our software solutions are designed to promote the climate-friendly use of technology. Our GreenCoding initiative helps companies to code and run software more sustainably. Our “Privacy by design” approach integrates all data protection requirements into the design process right from the start.

Grow tech talent

People are at the heart of the digital transformation. We promote IT talent and want to inspire and attract more people to the tech sector. As an employer, we are committed to fair, safe and healthy working conditions as well as to equal opportunities at all levels. Beyond the company, we are committed to various target groups within the global tech community. We want to help people enhance their technology skills and improve their future opportunities.

Read more at: www.gft.com/sustainability

ESG ratings

For a holistic picture, we participate in various external ratings:

CDP	**Score:** B, 06/02/2024
EcoVadis	**Score:** 60/100 (Silver), 25/10/2023
ISS ESG	**Score:** C (Prime), 25/05/2023
MSCI	**Score:** BB, 26/12/2023
S&P	**Score:** 51/100, 24/11/2023

Awards & recognitions

ISG
ISG Provider Lens™ comparative study – Google Cloud Partner Ecosystem ranks GFT as a leading provider for data analytics and machine learning

Quadrant
GFT positioned as a Leader in the 2023 SPARK Matrix™ for Digital Banking Services by Quadrant Knowledge Solutions

Read more at www.gft.com/awards

Commitments

The independent Science Based Target Initiative (SBTi) has validated our science-based 2030 emissions reduction targets. Read more: www.gft.com/sustainability

In 2023, almost all GFT national companies received the globally recognised “Great Place to Work” certification. We are proud of this award and at the same time see it as an incentive to continue on our path.

Letter to our shareholders

“GFT is excellently positioned. We secure our lead by identifying future trends at an early stage and maintain our solid and profitable growth even in uncertain times.”

— Marika Lulay, CEO of GFT Technologies SE

Dear shareholders,

2023 was a year in which we clearly demonstrated that GFT is securely positioned and boasts innovative strength and operational excellence across all sectors. Despite considerable market volatility due to inflation and geopolitical tensions, we succeeded in maintaining our stable growth trajectory.

Our strong performance once again demonstrates the resilience of our business model: 10% revenue growth to around €802 million and a 9% improvement in adjusted EBIT to €73 million are impressive achievements in the current environment.

Increase of adjusted EBIT to

€73 million

At the same time, we laid important foundations for our future growth. With the acquisition of targens GmbH – a specialist for efficient banking compliance solutions – and the launch of the AI.DA Marketplace, we made valuable strategic progress and expanded our leading position in the IT services market. Our restructured service portfolio offers a broad range of solutions tailored to the needs of our clients – taking them to the next level of digitalisation.

These successes are based above all on the team spirit and commitment of our employees. With their expertise, creativity and motivation, they achieve outstanding results on a daily basis in collaboration with our partners and clients. This is something I am particularly proud of and I would therefore like to express my sincere gratitude to the entire GFT team.

Our technological expertise is also widely acknowledged by the market. Over the past year, renowned research institutes such as Quadrant Knowledge Solutions once again honoured GFT as a technology leader, ranking it among the world’s leading companies for IT services. GFT is firmly established as a strong partner for digitalisation projects.

Demand from our clients for innovative technologies and, above all, for reliable and secure project implementation continued to grow in 2023: as at year-end, sales generated in the field of cloud, data engineering and other new technologies accounted for almost half our total revenue.

2023 was shaped in particular by rapid developments in the field of artificial intelligence (AI). The use of generative AI technologies has become a critical

Letter to our shareholders

2023 greenhouse gas emissions have been reduced by **10%**

Dividend increased to **0.50 €**

success factor for financial service providers. Chatbots are now an integral part of retail banking, while AI is being used to automate insurance processes. AI solutions have also become an indispensable tool in the industrial sector. We already have a comprehensive use case library with use cases across all sectors – and demand for consulting and implementation is constantly growing. AI will play a key role in the ongoing digitalisation of our clients and make a significant contribution to our future revenue. We see it as an opportunity to establish ourselves in new sectors.

One example of how we entered a new growth market at an early stage is our strategic project Universal Digital Payments Network (UDPN), a platform for digital payments based on blockchain technology. It enables users to exchange digital central bank currencies and regulated stablecoins. We aim to use this platform in future to generate new transaction-based revenue streams.

These and other examples demonstrate how rapidly sectors are being transformed by new technologies. The key question for us is: How can we remain successful as an IT company if we cannot know today what will happen tomorrow? Two factors are equally crucial here: innovative strength and consistency.

We need to identify the right technology trends at the right time and harness them for the success of our business and that of our clients – we call this 'catching the right waves' – with strong international partners such as Microsoft, Google and Thought Machine so we can scale our business even faster and on a broader base.

One of the ways we achieve consistency is by systematically implementing our ESG objectives. We promote the recruitment and retention of highly skilled employees with initiatives such as 'Grow tech talent'. Above all, we want to encourage more women to pursue a career in technology. Being honoured once again as a 'Great Place To Work' on a global scale is a major success story for us. Our environmental efforts are also making progress: in 2023, our greenhouse gas emissions fell year on year by 10%. We have also improved our CDP rating in the Climate Change category from C to B. Sustainability remains an integral part of our corporate strategy.

2023 was a volatile year on the stock markets and a roller-coaster ride for technology stocks in particular. Unfortunately, our share performance did not reflect the company's positive development. This makes it all the more important for us to let you, our shareholders, share in our success. The Administrative Board has therefore proposed an increase in our dividend from €0.45 to €0.50 per share.

Looking ahead, we plan to maintain our solid growth trend in 2024 and have set ourselves the following targets: we expect revenue to be around €920 million in the financial year 2024. Adjusted EBIT is expected to increase by 16 % to around €85 million.

We focus on the successful implementation of our core competencies while at the same time identifying the right trends at an early stage in order to fully leverage the potential of new technologies. We scale our business within a strong ecosystem of partners, which enables us to drive the digitalisation of banks, insurers and industrial companies with customised solutions. Moreover, we consistently pursue our programmatic M&A approach and make acquisitions where it makes sense – in terms of serving our clients or developing new technologies. With our strong balance sheet, we are ideally positioned to achieve this.

With the acquisition of the Colombian core banking expert Sophos Solutions – GFT's largest M&A transaction to date – completed in February 2024, we have become one of the top three providers of IT services for banks in Latin America. And we see attractive growth potential beyond this market. The integration of the company and its highly skilled talents is already in full swing.

Dear shareholders, I would like to conclude by thanking you for your trust in our company. I look back on 2023 and more than 20 years I spent at GFT with pride and gratitude. We have achieved outstanding things together. A small local IT company has become one of the world's esteemed IT service providers with revenue of over €800 million and over 12,000 talents. It is hard for me to say goodbye to this unique company and my wonderful colleagues. But I am convinced that GFT's success story will continue.

Best regards,

Marika Lulay

Marika Lulay
CEO of GFT Technologies SE

Administrative Board's report

"Artificial intelligence is rapidly accelerating the digital transformation of companies. GFT is creating value for its clients from this trend as well as benefiting from it itself."

— Ulrich Dietz, Chairman of the Administrative Board of GFT Technologies SE

In the financial year 2023, the Administrative Board of GFT Technologies SE managed the company, determined the parameters of its business activities and supervised their implementation by the Managing Directors. It held a total of eight meetings in the financial year 2023, during which the Managing Directors informed the Administrative Board in verbal form – on the basis of written reports provided well in advance – about the current state of business, the earnings trend, major projects and any deviations from planned developments. The Administrative Board discussed these reports in detail. Moreover, all transactions and measures requiring its approval were submitted to the Administrative Board for inspection. These were examined in detail on the basis of the documents and oral explanations provided. Following detailed discussion, the Administrative Board adopted the necessary resolutions.

Between meetings, the Chairman of the Administrative Board was in regular contact with the Managing Directors. He reported these discussions to the Administrative Board no later than at the next meeting.

With the aforementioned measures, the Administrative Board ensured that it was able to fulfil the duties assigned to it by law, the Articles of Association and its Rules of Procedure diligently and promptly at all times and to perform the tasks incumbent upon it in accordance with its duties.

The following is a detailed report on the work of the Administrative Board during the financial year 2023:

At its meeting on **21 February 2023**, the Administrative Board considered the acquisition of all shares in targens GmbH and voted in favour of this move following detailed deliberations.

At the meeting on **1 March 2023**, the Managing Directors informed the Administrative Board about the preliminary results of the financial year 2022. The Administrative Board also discussed the proposal for the appropriation of the distributable profit for the financial year 2022.

The **balance-sheet meeting** was held on **22 March 2023**. The Administrative Board conclusively examined in detail the annual financial statements, the consolidated financial statements and the combined management report of GFT Technologies SE – which each contained an unqualified audit opinion – as well as the proposal for appropriating the distributable profit on the basis of the documents provided well in advance and in particular the audit reports prepared by Deloitte Wirtschaftsprüfungsgesellschaft, Munich, (Deloitte). After the Managing Directors had explained the documents prepared by the company in detail during this meeting, there was an in-depth discussion of the documents in the presence of the chief auditor. The chief auditor then presented the details of the audit results – especially those in connection with the key audit matters – and went on to explain the audit procedures and answer at length the many questions posed by members of the Administrative Board. As a result, the Administrative Board was able to satisfy itself that the audit process and audit report had been executed in an orderly and proper manner. The Administrative Board had no objections to make and concurred with the audit result on the basis of its own review. It adopted a resolution to approve the annual financial statements 2022 of GFT Technologies SE and the consolidated financial statements 2022 as prepared by the Managing Directors. The annual financial statements 2022 of GFT Technologies SE were thus formally adopted.

At the same meeting, the Administrative Board also reviewed the implementation status of the GFT Group's CSR strategy. It examined in detail the separate non-financial group report. There were no objections to the report.

In addition, the Administrative Board approved the Remuneration Report it had prepared for the financial year 2022.

The Administrative Board also met without the presence of the Managing Directors and decided on the target achievement of the Managing Directors for the financial year 2022 in respect of their variable compensation.

The agenda for the meeting on **8 May 2023** included the results of the first quarter of 2023 and the development of business in those markets in which the GFT Group operates.

At the meeting on **21 June 2023**, the Administrative Board was informed about the integration status of targens GmbH. Moreover, it discussed the further development of the GFT Group's strategy.

On **7 August 2023**, the Administrative Board meeting dealt with the GFT Group's results for the first six months of 2023 and the half-year financial report. The members of the Administrative Board also considered the composition of the Audit Committee as of the financial year 2024 and elected Dr Annette Beller to the Audit Committee and as its Chairwoman with effect from 1 January 2024.

At its meeting on **6 November 2023**, the Administrative Board discussed the results for the first nine months of the financial year 2023.

At the two-day strategy meeting held on **5 and 6 December 2023**, the topics included the strategy of the GFT Group, the business performance of the GFT Group and its national subsidiaries, the CSR strategy and the budget proposal for the financial year 2024, including financial, investment and personnel planning. The Administrative Board discussed the budget proposal in detail and subsequently adopted the Budget 2024. The Administrative Board also issued the Declaration of Compliance with the German Corporate Governance Code ('the Code') according to section 22 (6) SEAG in conjunction with section 161 AktG.

Following the announcement of Marika Lulay on 5 December 2023 that she would not extend her service agreement when it expires at the end of 2024, the Administrative Board immediately began the search for a successor.

On **8 December 2023**, the Administrative Board adopted by written circulation the sustainability targets of the Managing Directors for the financial year 2024.

Work in the Committees

In the financial year 2023, the Administrative Board set up two committees: an audit committee and a committee to decide on matters concerning a consultancy agreement between GFT Technologies SE and RB Capital GmbH.

The **Audit Committee** complies with the legal requirements as well as the recommendations of the Code. In the financial year 2023, it consisted of three members: Prof Dr Andreas Wiedemann (Chairman), Maria Dietz and Dr Paul Lerbinger. As of 1 January 2024, Dr Annette Beller joined the Audit Committee and became its Chairwoman. Dr Paul Lerbinger retired from the Audit Committee at the end of 2023. As of 1 January 2024, the Audit Committee therefore comprises Dr Annette Beller (Chairwoman), Maria Dietz and Prof Dr Andreas Wiedemann.

The Audit Committee held four meetings in the financial year 2023. At its meetings on 6 March 2023, 8 May 2023, 7 August 2023 and 6 November 2023, it discussed the consolidated financial statements and annual financial statements, the half-year financial report and the quarterly statements. In the reporting period, it also dealt with the internal control system and the risk management system, including the compliance management system, as well as the internal audit system and the key audit matters for the auditing of the annual financial statements 2023. It monitored the independence, qualifications and rotation of the auditors, as well as the services they provided, and examined the quality of the audit.

The **committee** to decide on matters concerning a **consultancy agreement** between GFT Technologies SE and RB Capital GmbH was set up in view of the fact that the Chairman of the Administrative Board, Ulrich Dietz, is the sole managing director of this company. The exclusive purpose of the committee is to exclude potential conflicts of interest from the outset when deliberating on and adopting resolutions in connection with the execution of the agreement. Until 21 June 2023, it consisted of three Administrative Board members: Prof Dr Andreas Wiedemann (Chairman), Dr-Ing Andreas Bereczky and Dr Paul Lerbinger. The committee was not convened during this period as GFT Technologies SE did not receive any corresponding consulting services. In view of the fact that no such consulting services are expected to be received in the foreseeable future, the committee was disbanded on 21 June 2023. The Administrative Board intends to re-establish the committee insofar as it is foreseeable that the corresponding consulting services may be required once again.

Type of meeting and individualised disclosure of participation

The overall attendance rate of members for the meetings of the Administrative Board and its committees was 97%. Of the eight Administrative Board meetings, four were held in person and four were held via video conference. There were no telephone conferences. Half of the four meetings of the Audit Committee were held in person and the other half were held via video conference.

The table below provides an individualised overview of the participation of Administrative Board members in meetings of the Administrative Board and its committees:

	Meetings of the full Administrative Board	Meetings of the Audit Committee
Ulrich Dietz (Chairman)	8/8 (100%)	
Dr Paul Lerbinger (Deputy Chairman)	8/8 (100%)	4/4 (100%)
Dr Annette Beller (member since 22 June 2023)	2/3 (66.67%)	
Dr-Ing Andreas Bereczky (member until 22 June 2023)	5/5 (100%)	
Maria Dietz	8/8 (100%)	4/4 (100%)
Marika Lulay	8/8 (100%)	
Dr Jochen Ruetz	8/8 (100%)	
Prof Dr Andreas Wiedemann	8/8 (100%)	4/4 (100%)

Corporate Governance and Declaration of Compliance

The Administrative Board regularly discusses the rules of good corporate governance and their application within the GFT Group. This was also the case in the financial year 2023. Detailed information on the corporate governance principles and their implementation within the GFT Group is presented in the Corporate Governance Statement for the GFT Group and GFT Technologies SE. This is contained in the Annual Report 2023 as part of the combined management report.

The Administrative Board issued the scheduled Declaration of Compliance at its meeting on 5 December 2023. The document is published on the company's website at www.gft.com/governance.

Conflicts of interest and their treatment

The members of the Administrative Board and the Managing Directors are required by law and the Code to immediately disclose any conflicts of interest that may arise. In the past financial year, there were no conflicts of interest pertaining to members of the Administrative Board or the Managing Directors that would have needed to be immediately disclosed to the Administrative Board.

Moreover, Administrative Board members do not participate in discussions or the adoption of resolutions on transactions between themselves and GFT Technologies SE, or companies belonging to the GFT Group, in order to avoid any suspicion of a conflict of interest. The same procedure applies if the contractual partner is not a member of the Administrative Board but a company for which the Administrative Board member works or in which the member holds a controlling interest.

More information
you will find on
www.gft.com/governance

Members of the Administrative Board who are also appointed as Managing Directors do not participate in deliberations and resolutions in connection with all matters relating to the service agreements of Managing Directors.

The Administrative Board has set up the above-mentioned committee to deal with the consultancy agreement with RB Capital GmbH. In view of the fact that no corresponding consulting services are expected to be received in the foreseeable future, this committee has been disbanded.

Education and training activities

The members of the Administrative Board are responsible themselves for the education and training measures required for the performance of their duties. The company provides appropriate support for the members in this respect, in particular by means of presentations on specialist topics during meetings of the Administrative Board. In the reporting period the company informed all Administrative Board members about strategically relevant technologies, in particular generative artificial intelligence and its use cases, as well as the corresponding services which the company currently offers or plans to offer its clients in future.

Support for new members (onboarding)

The company provides comprehensive support for new members of the Administrative Board. They receive an extensive information pack to familiarise themselves with the company, its business activities, key financial figures and organisational structure, as well as other relevant topics. In addition, the Chairman of the Administrative Board and the Managing Directors provide a detailed overview of the relevant topics and are available to answer questions during a full-day meeting at the company.

In the reporting period, Dr Annette Beller, who was elected to the Administrative Board by the Annual General Meeting on 22 June 2023, initially received comprehensive written documentation. This was followed by a full-day onboarding session at the company's premises.

Self-assessment

The Administrative Board and its committees last carried out their biennial self-assessment on the basis of comprehensive company-specific questionnaires in the financial year 2022. During the process, the respective members assessed, among other things, how effectively they fulfilled their tasks.

The next self-assessment will be conducted in the financial year 2024.

Annual financial statements and consolidated financial statements 2023

The annual financial statements of GFT Technologies SE as at 31 December 2023, the consolidated financial statements as at 31 December 2023, and the combined management report for the GFT Group and GFT Technologies SE were audited by Deloitte, which awarded an unqualified audit opinion in each case. As part of the audit remit, the auditors also concluded that the Administrative Board had taken appropriate steps to fulfil its tasks pursuant to section 22 (3) sentence 2 SEAG, in particular to establish a monitoring system, and concluded that this monitoring system was suitable for the early detection of developments which might jeopardise the continued existence of the company.

Deloitte has been the auditing company elected for the auditing of GFT Technologies SE and the GFT Group since the financial year 2022. Marco Koch is primarily responsible for the audit. Anja Lustig is the second signatory. Both signed the independent auditor's report for the annual financial statements and the consolidated financial statements for the second time.

The annual financial statements of GFT Technologies SE and the combined management report for GFT Technologies SE and the GFT Group were prepared in accordance with German legal requirements. The consolidated financial statements were drawn up in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the European Union (EU), and the additional requirements of German commercial law pursuant to section 315e (1) of the German Commercial Code (HGB). The independent auditors conducted their audit in accordance with section 317 HGB and the EU Audit Regulation in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (IDW) and additional observance of the International Standards on Auditing (ISA).

The annual financial statements, the consolidated financial statements and the combined management report, as well as the proposal for the appropriation of the distributable profit, were discussed in detail at the Audit Committee's meeting on 12 March 2024, which was attended by representatives of the auditor. In particular, the Audit Committee dealt with the key audit matters described in the respective audit opinion, including the audit procedures performed. The Audit Committee's review also included the separate non-financial report for the Group.

Each member of the Administrative Board received in good time: the annual financial statements, the consolidated financial statements and the combined management report as at 31 December 2023, the audit reports of the auditors, the other documents to be examined – including the separate non-financial group report – and the proposal of the Managing Directors for the allocation of net income. All of the aforementioned documents prepared by the company were explained in detail by the Managing Directors at the Administrative Board meeting of 19 March 2024. In particular, the Administrative Board discussed the key audit matters described in the audit certificates, as well as the audit procedures performed. The meeting was attended by representatives of the chief auditor. They reported on the priorities and the results of the audit and explained the audit reports. Moreover, they answered in detail all questions relating to the key audit matters and the audit procedures performed. They also stated that the chief auditor was convinced that there had been no material weaknesses in the internal control system and risk management system in relation to the financial reporting process.

Both the Administrative Board and the Audit Committee examined all documents submitted on the annual and consolidated financial statements, including the audit reports of the auditors, and discussed any issues – especially with regard to the key audit matters– at length with the Managing Directors and the chief auditor. The Audit Committee members reported in detail on the results of the preliminary audit at the Administrative Board meeting. It is the firm belief of the Administrative Board that the documents presented were prepared in an orderly manner and comply with statutory requirements. The Administrative Board has no objections and, on the basis of its own review, concurs with the findings of the audit. With a corresponding resolution at its meeting on 19 March 2024, the Administrative Board approved the annual financial statements for 2023 of GFT Technologies SE and the consolidated financial statements of the GFT Group for 2023, as prepared by the Managing Directors. The annual financial statements of GFT Technologies SE for 2023 were thus adopted. On the basis of its own review of the company's economic situation, the Administrative Board believes that the proposal of the Managing Directors regarding the allocation of net income and the payment of a dividend of € 0.50 per ordinary share entitled to dividends is reasonable and appropriate and therefore concurs with this proposal and the proposal for the appropriation of distributable profit as a whole.

The Administrative Board reviewed the separate non-financial group report and raised no objections.

Change in the Administrative Board

Andreas Bereczky stepped down from the Administrative Board at his own request with effect from the end of the Annual General Meeting on 22 June 2023. The Administrative Board would like to thank him for his many years of close cooperation as well as his professional dedication and contribution to the company's success. For many years, he played an active role in shaping the activities of both the Administrative Board and – prior to the company's change in legal form to that of an SE – the Supervisory Board.

On 22 June 2023, the Annual General Meeting elected Dr Annette Beller as a new member of the Administrative Board for a term of three years. As the successor to Dr Andreas Bereczky, she was elected for the remainder of the term of office of the departing member in accordance with the Articles of Association.

Thank you

The Administrative Board would like to thank all shareholders for their trust, as well as the Managing Directors and all employees of the GFT Group for their commitment and hard work over the past financial year.

Stuttgart, 19 March 2024

For the Administrative Board

Ulrich Dietz
Chairman

Members of the Administrative Board

Name	Profession	Year of birth	Member since	Appointed until[2]	Seats held on mandatory supervisory boards or comparable committees in Germany and abroad (as of 31/12/2023)
Ulrich Dietz (Chairman)	Chairman of the Administrative Board of GFT Technologies SE	1958	18/08/2015	2027	Festo SE & Co.KG, Esslingen, Germany (Member of the Supervisory Board)
Dr Paul Lerbinger (Deputy Chairman)	Deputy Chairman of the Administrative Board of GFT Technologies SE, Former CEO of HSH Nordbank AG	1955	14/01/2011[1]	2027	Minimax GmbH, Bad Oldesloe, Germany (Chairman of the Supervisory Board)
Dr Annette Beller	Member of the Management Board of B. Braun SE, responsible for Finance/Taxes and Controlling, IT, Logistics and Purchasing	1960	22/06/2023	2027	Landesbak Hessen-Thüringen Girozentrale, Frankfurt am Main, Germany (Member of the Administrative Board) B. Braun Melsungen Aktiengesellschaft, Melsungen, Germany (Chairwoman of the Supervisory Board)
Maria Dietz	Member of the Administrative Board of GFT Technologies SE, Former Head of Purchasing for the GFT Group	1962	18/08/2015	2027	Drägerwerk AG & Co. KGaA, Lübeck, Germany (Member of the Supervisory Board)[3] Drägerwerk Verwaltungs AG, Lübeck, Germany (Member of the Supervisory Board) Dräger Safety AG & Co. KGaA, Lübeck, Germany (Member of the Supervisory Board) Ernst Klett Aktiengesellschaft, Stuttgart, Germany (Member of the Supervisory Board) LBBW Asset Management Investmentgesellschaft mbh, Stuttgart, Germany (Member of the Supervisory Board)
Marika Lulay	Chairwoman of the Managing Directors of GFT Technologies SE, CEO Responsible for Strategy and Business Development, Markets, Communication, Marketing, Technology and Innovation	1962	18/08/2015	2027	EnBW Energie Baden-Württemberg AG, Karlsruhe, Germany (Member of the Supervisory Board)[3] Aareal Bank AG, Wiesbaden, Germany (Member of the Supervisory Board)
Dr Jochen Ruetz	Managing Director of GFT Technologies SE, Responsible for IT Infrastructures, Human Resources, Finance, Investor Relations, Legal Affairs, Internal Audit and Mergers & Acquisitions	1968	18/08/2015	2027	Progress-Werk Oberkirch AG, Oberkirch, Germany (Member of the Supervisory Board)[3]
Prof Dr Andreas Wiedemann	Lawyer and partner of the law firm Hennerkes, Kirchdörfer & Lorz	1968	18/08/2015	2027	Georg Nordmann Holding AG, Hamburg, Germany (Chairman of the Supervisory Board) Jowat SE, Detmold, Germany (Chairman of the Supervisory Board) Mack & Schühle AG, Owen/Teck, Germany (Chairman of the Supervisory Board)

1 Member of the Supervisory Board of GFT Technologies SE until 18/08/2015; Member of the Administrative Board of GFT Technologies SE since 18/08/2015.
2 The term of office ends on expiry of the Annual General Meeting of the year stated.
3 Publicly listed company

Investor Relations

GFT in the capital market

The stock market year 2023

The financial markets can look back on a successful 2023. Following the weak performance of 2022, stock markets around the world recorded strong gains in the reporting period.

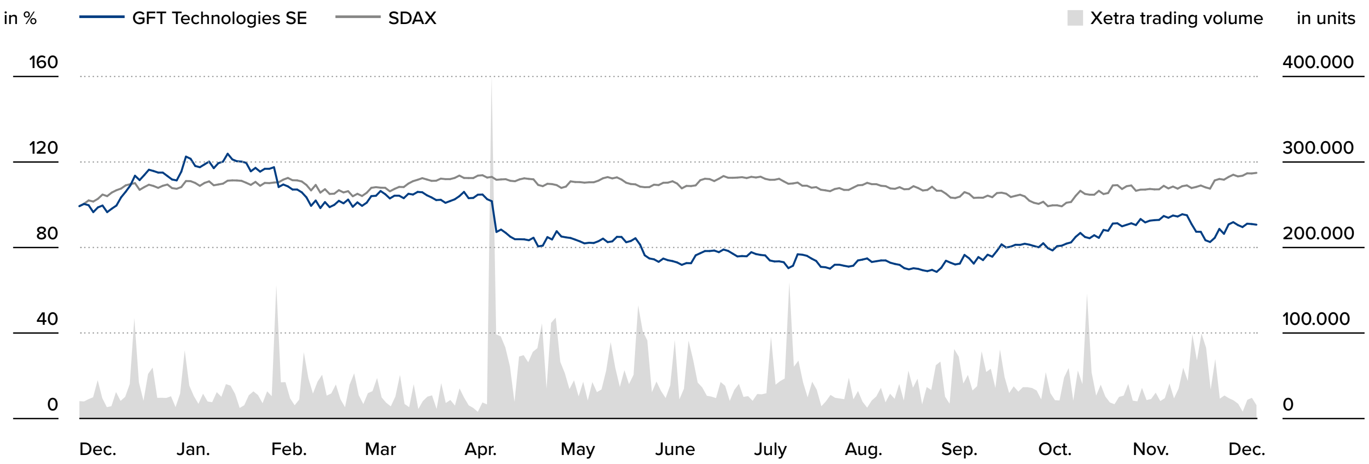
Inflation and a potential economic slowdown continued to be the dominant issues. At times, the focus also shifted to geopolitical flashpoints, as well as the crisis among US regional banks and the collapse of the major Swiss bank Credit Suisse. Irrespective of these events, the German benchmark index DAX reached a provisional year-high in late July.

Investors subsequently began to focus more strongly on the monetary policy of global central banks, above all that of the US Fed. Bond markets reacted to these interest rate decisions with a high degree of volatility. As the cycle of interest rate hikes continued, bonds offered an attractive alternative to equities and, coupled with the debt crisis in the USA, stock markets weakened between August and October.

As hopes of an interest rate cut gathered momentum, the tide turned and bond yields fell sharply from their highs. Investors switched their focus to equities and kick-started a dynamic year-end rally on the stock exchanges.

By the end of the year, the DAX had risen by over 20% to 16,751 points, while the Dow Jones Industrial was up 14%. The SDAX and TecDax also recorded gains, rising by 17% and 14%, respectively. They were inspired in part by the US tech stock index Nasdaq Composite, which rose by more than 43%.

Share performance and Xetra trading volume in 2023



Start: 31 December 2022 (GFT closing rate Xetra €33.95)

End: 31 December 2023 (GFT closing rate Xetra €31.20)

GFT share performance

2023 was an eventful year for the GFT share. Buoyed by upbeat stock market sentiment, the share price year got off to a strong start, reaching a year-high of €43.00 in mid-February. The announcement of the 2022 results and the forecast for 2023 subsequently triggered a wave of profit-taking, which dragged the share price down to €32.55 by mid-March.

Despite compelling figures for the first quarter, the share price fell again from the beginning of May. Many competitors had already downgraded their full-year guidance during this period. This was further exacerbated by the weak stock market environment in summer and the adjustment of guidance for the financial year 2023 in early August. In September, the share price bottomed out at €23.56. The subsequent recovery was interrupted in early December by CEO Marika Lulay's decision not to extend her service agreement, which expires at the end of 2024, for personal reasons. However, the share price managed to recover by the end of the year. Supported by strong year-end trading on the stock markets, the GFT share ultimately ended the year at €31.20 (−8%).

Shareholder structure

The free float portion (according to the Deutsche Börse definition) amounted to 64.2% at the end of 2023. With stakes of 26.3% and 9.5%, respectively, company founder Ulrich Dietz and Maria Dietz are long-standing shareholders of GFT Technologies SE. Within the free float portion, Smallcap World Fund Inc. (Capital Group Inc.) increased its shareholding to 5.01% and Norges Bank expanded its stake in GFT to 3.01% in 2023.

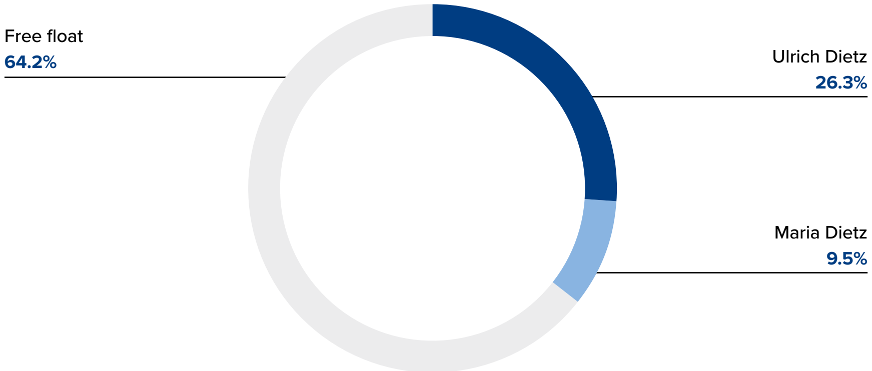
Dividend

As well as investing in future growth, GFT wants its shareholders to participate appropriately in the company's success. Sustainability and continuity are the guiding principles of GFT's dividend policy. The company aims to distribute between 20% and 50% of its annual net income. The dividend for the financial year 2022 amounted €0.45 per share. The Administrative Board intends to propose a dividend of €0.50 for the financial year 2023 at the Annual General Meeting. This corresponds to a dividend ratio of 27% (2022: 26%) and a total dividend payout of €13.2 million (2022: €11.8 million).

Annual General Meeting

The Annual General Meeting was held virtually on 22 June 2023. Shareholders taking part in the Annual General Meeting had the possibility to follow the meeting live online and to address the Administrative Board with comments and questions. By holding the event virtually, shareholders can participate without having to be present. All resolutions proposed by the company's management were adopted with large majorities. A total of 67.22% of the share capital with voting rights was represented, compared to 68.43% in the previous year and 60.05% in 2021.

Shareholder structure on 31 December 2023
in %



Capital market communication

Providing comprehensive, timely and transparent information about the Group's strategy and current development is the primary objective of GFT's capital market communication. At the same time, we strive to ensure that all stakeholders receive equally open and up-to-date information. The CEO, CFO and Investor Relations team are in constant dialogue with national and international investors, analysts and private shareholders, to explain the GFT Group's business model and current performance – in 2023, for example, GFT spoke with well over 400 national and international investors and analysts.

In addition, we succeeded in raising the number of analysts covering the company. Renowned firms such as Berenberg, Hauck Aufhäuser, Kepler Cheuvreux, Pareto Securities, Quirin Bank and Warburg Research now prepare and publish reports on our company. In addition to Germany, we attended roadshows and conferences in England, France and Spain.

In the past year, GFT once again held a very successful Capital Markets Day, where we were able to welcome national and international investors and present our AI.DA Marketplace, among other things. This marketplace offers a wide range of solutions for the design and implementation of AI-based applications and enables us to get both AI and data platform projects off the ground quickly, globally and in a structured manner.

A comprehensive range of information on GFT is available on the Investor Relations website www.gft.com/ir. This provides analytical tools, quarterly and annual reports, presentations, conference call recordings and analyst reports to aid investment decisions.

Information on the GFT share

	2023	2022
Year-closing quotation (Xetra closing price on the last trading day)	€31.20	€33.95
Percentage change at year-end	–8%	–26%
Year-high (daily closing prices Xetra)	€43.00 16/02/2023	€48.25 08/06/2022
Year-low (daily closing prices Xetra)	€23.48 21/09/2023	€28.20 19/10/2022
Number of shares on 31 December	26,325,946	26,325,946
Market capitalisation on 31 December	€821 million	€894 million
Average daily trading volume in shares (Xetra)	43,315	68,662
Earnings per share	€1.84	€1.76
Operative cash flow per share	€1.54	€2.18
Dividend per share	€0.50[1]	€0.45

1 Dividend proposed to the Annual General Meeting

Source: Nasdaq
Initial stock market quotation: 28/06/1999
ISIN: DE0005800601
Deutsche Börse segment: Prime Standard
Index listings: SDAX, MSCI Global Small Cap indices

Your contact to GFT

GFT Technologies SE
Investor Relations
Andreas Herzog
Schelmenwasenstr. 34
70567 Stuttgart
Germany

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

ir@gft.com

Combined management report

"In 2023, we once again significantly increased sales and earnings, despite numerous uncertainties in the market. At the same time, our business performance was very solid."

— Dr Jochen Ruetz, CFO of GFT Technologies SE

Combined management report

1 About this report

This combined management report for the GFT Group and GFT Technologies SE was prepared in accordance with section 315 (5) of the German Commercial Code (Handelsgesetzbuch – HGB), in conjunction with section 289 HGB, and in compliance with section 315a HGB. Unless stated otherwise, the following information applies to the GFT Group and to GFT Technologies SE. All amounts are rounded in accordance with standard commercial practice.

The German Corporate Governance Code ('the Code') stipulates that companies provide information on the internal control and risk management system that goes beyond the statutory requirements for the management report and is therefore excluded from the audit of the management report by the external auditor (non-management report disclosures). These are thematically assigned to the corporate governance statement below and are labelled accordingly with a footnote.

2 Basic principles of the Group

2.1 Business model

Business operations

The GFT Group (GFT) is a globally aligned technology provider and pioneer of the digital transformation. With next-generation technologies, we enable our clients to boost their productivity through smart IT solutions. Our focus areas are digital finance, AI and data solutions for companies, as well as platform modernisation. The portfolio of services ranges from the modernisation of core systems to the migration to open cloud platforms using energy-efficient programming (GreenCoding). The main focus is on future technologies such as distributed ledger technology (DLT), artificial intelligence (AI), data analytics, the Internet of Things (IoT) and, in particular, cloud applications. GFT has deep technological expertise, comprehensive market know-how and strong partnerships as an implementation partner for cloud solutions from Amazon Web Services (AWS), Google Cloud, Salesforce, Thought Machine, Guidewire and Engine by Starling. Its clients include leading banks and insurance companies in Europe, the Americas and the Asia-Pacific region, as well as industrial companies, especially in Germany and the USA.

In the field of banking, growth continues to be driven by the need to optimise business processes, reduce operating costs and offer innovative client solutions in order to counter rising competitive pressure. GFT Technologies SE not only has expertise in these future technologies, but also many years of experience and extensive sector-specific knowledge. This applies in particular to application development for major banks with legacy IT infrastructures. GFT supports the digitalisation process of banks with technologies and solutions, as well as extensive expertise along the entire value chain. This expertise comprises both the transformation of the application landscape for institutes with legacy IT infrastructures and the implementation of standardised solutions, such as the latest generation of cloud-based core banking systems and software solutions for compliance and regulation. Innovative client services include, for example, customised custody solutions for digital assets and tokenisation solutions.

The digital transformation of value chains in the insurance sector is a further growth market for GFT. In the fields of property, accident, life and health insurance, the insurance companies we serve have a strong demand for flexible and efficient processes in order to improve their cost structures, client experience and ultimately their own competitive position. In addition to the development of bespoke IT solutions, GFT also offers the implementation of standard software, especially Guidewire in the field of composite insurance. The portfolio is rounded off by strategy development and consulting on all aspects of the digital transformation.

GFT's range of services for industrial clients includes digital transformation consulting, the implementation of bespoke IT solutions and proprietary software-based solutions such as a cloud-capable IoT platform and a real-time project management solution. With custom-fit consulting and its own solutions, for example for process and project management, GFT enables industrial companies to produce more sustainably and efficiently. AI solutions developed by GFT are also increasingly helping to boost the efficiency of production processes. GFT helps companies integrate sustainability into their corporate strategy by adopting intelligent energy management and its GreenCoding approach. The cloud-capable IoT platform is being successfully used in the field of shop floor transparency, process integration and sustainable energy management.

Regional segmentation
Among other things, GFT's strategy includes regional growth targets. In accordance with its internal management system, operating activities are managed in the two segments *Americas*, *UK&APAC* and *Continental Europe*. Both segments serve clients in the investment banking, retail banking, insurance, and other industrial sectors.

Global Delivery Model
The GFT Group supplies its range of solutions to the core markets of Europe, the *Americas* and the Asia-Pacific region in accordance with its long-standing Global Delivery Model. The company's consultants and sales staff are generally in direct contact with clients (onshore) to provide advice on the digital transformation and the coordination of complex projects. Development services are provided together with our development centres in other countries (nearshore). This long-standing delivery model combines customer proximity and quality with cost benefits and global access to IT experts – a huge benefit especially in markets with a lack of skilled workers. Depending on the preferences, cost sensitivity and experience of the client, GFT can flexibly adapt the proportion of its onshore / nearshore services. The nearshore development centres for the banking sector are located in Brazil, Costa Rica, Mexico, Poland, Spain and Vietnam. For the insurance sector, nearshore services are mainly provided from Costa Rica, Poland and Spain.

Market and competitive environment
Global demand for IT services continued to grow in 2023. According to the research institute Gartner, the market volume grew by 6.8% to 700 billion US dollars. The need for digitalisation in the financial services sector, which includes both banking and insurance, also remained high. Market volume in this sector rose by 7.6% to 198 billion US dollars in 2023.

The market for IT services is highly competitive and fragmented. According to Gartner, the 20 largest companies together only have a market share of 51%. There is no consolidation in sight. Services are offered by both large multinational corporations and small specialised firms.

In this fiercely competitive environment, GFT is well placed to capitalise on growth opportunities. According to the research report '2023 SPARK Matrix™ for Digital Banking Services' published by global strategy consultancy Quadrant Knowledge Solutions, GFT holds a leading position and is ranked in the top quadrant alongside other well-known companies such as Accenture, Cognizant, Infosys and NTT Data. This recognition reflects performance in the areas of customer impact and service excellence.

Group structure and management
As the strategic management holding company, GFT Technologies SE, domiciled in Stuttgart, Germany, is responsible for the management and control of all legally independent companies of the GFT Group. In addition to defining the corporate targets and strategy, its key responsibilities include steering the Group's risk and financial management system. Moreover, GFT Technologies SE provides Group-wide administrative services and manages global corporate communications. In addition, GFT Technologies SE acts as a separate legal entity for operating business in Germany. In accordance with its one-tier management and supervision structure, the Administrative Board of GFT Technologies SE is responsible for the management and control of the Group: it sets the Group-wide strategic alignment and supervises its operational implementation by the Managing Directors.

In the reporting period, the Administrative Board comprised the following members: Ulrich Dietz (Chairman), Dr Paul Lerbinger (Deputy Chairman), Dr-Ing Andreas Bereczky (until 22 June 2023), Maria Dietz, Marika Lulay (CEO), Dr Jochen Ruetz (CFO), and Prof Dr Andreas Wiedemann. On 22 June 2023, the Annual General Meeting elected Dr Annette Beller, Chief Financial Officer of B. Braun SE, Melsungen, Germany, as a new member of the Administrative Board. Andreas Bereczky stepped down from his position with effect from the end of the Annual General Meeting on 22 June 2023.

The Administrative Board appointed Marika Lulay, Dr Jochen Ruetz and Jens-Thorsten Rauer as Managing Directors.

As of 31 December 2023, the GFT Group was represented in over 15 countries and controlled 28 companies either directly or indirectly via the parent company (31 December 2022: 27). targens GmbH, based in Stuttgart (hereinafter: targens), was acquired with effect from 3 April 2023 (acquisition date) and was renamed GFT Deutschland GmbH following its entry in the Commercial Register on 11 January 2024. Please refer to section 3 of the notes to the consolidated financial statements for a full list of subsidiaries and other investments.

Structure of the GFT Group with the most important Group companies

GFT Technologie SE

Business division *Americas, UK & APAC*

- **Brazil** – GFT Brasil Consultoria Informática Ltda.
- **Costa Rica** – GFT Costa Rica S.A.
- **UK** – GFT Financial Limited
- **Hong Kong**[1] – GFT Technologies Hong Kong Ltd.
- **Canada** – GFT Technologies Canada Inc.
- **Mexico** – GFT México S.A. de C.V.
- **Singapore** – GFT Technologies Singapore Pte. Ltd.
- **USA** – GFT USA Inc.
- **Vietnam** – GFT Technologies Vietnam Limited

Business division *Continental Europe*

- **Germany** – GFT Technologies SE, targens GmbH
- **France** – GFT France S.A.S
- **Italiy** – GFT Italia S.r.l.
- **Poland** – GFT Poland Sp. z o.o.
- **Switzerland** – GFT Schweiz AG
- **Spain** – GFT IT Consulting S.L.U.

1 Special Administrative Region Hong Kong of the People's Republic of China (hereinafter for short: 'Hong Kong')

2.2 Management system

The primary strategic objective of the GFT Group is to achieve a sustainable increase in enterprise value by continuously expanding competitive advantages. As part of its strategic planning, measures to achieve this objective in the respective countries and market segments are discussed and implemented. The internal management system comprises regulations and measures for the organisational implementation of management decisions and the permanent monitoring of their effectiveness. All Group executives are involved in this management process. This includes the Administrative Board, the Managing Directors, the managing directors of the Group's subsidiaries, and the managers responsible for Group-wide administrative functions. The Managing Directors are also supported by the other members of the Group Executive Board, whose tasks include providing advice and preparing decisions.

The country organisations provide the Group Executive Board with regular reports on the course of business and the implementation of management decisions, while analysing the opportunities and risks for future development. The development of key performance indicators compared to the respective budgets is monitored via monthly reports provided by the country organisations.

Key performance measures for the GFT Group

As of 1 January 2023, the key performance indicators (KPIs) used to measure the success of strategy implementation in the GFT Group are revenue, adjusted EBIT (earnings before interest and taxes; previously adjusted EBITDA) and EBT (earnings before taxes). The change from adjusted EBITDA to adjusted EBIT, which is now the primary measure of earnings, is designed to provide a more accurate picture of the Group's operating performance and to enhance comparability with peer group companies. Adjusted EBIT presents the operating result without share price-related effects from the valuation of compensation agreements and the impact of M&A transactions. Other performance measures are also used for the internal management process: these include revenue by country, market segment and sector, as well as contribution margins and account collection targets. The success of the two segments is measured using the segment performance indicators revenue and EBT, amongst others. Segment revenue and segment earnings also include transactions between the business segments.

A non-financial performance indicator for the GFT Group is the productive utilisation rate. It is based solely on the use of staff in client projects and does not include any sales activities or involvement in internal projects. An explanation of further key non-financial performance indicators which play an important role for the company's successful development but are not used to steer all areas of the company is provided in chapters 1.5 and 1.6. These include measures for attracting and retaining skilled employees, as well as quality management during the processing of client projects.

A key component of the internal management process is the Group's systematic opportunity and risk management. This enables management to identify, assess and steer the opportunities and risks which may lead to positive or negative deviations from targets. For further information, please refer to the chapters 4 'Risk report' and 5 'Opportunity report'.

The segments are not managed separately according to segment-specific key performance measures.

Key performance measures for GFT Technologies SE

The KPIs used to measure the business success of GFT Technologies SE are revenue and EBT. The financial performance measure adjusted EBIT used by the GFT Group is not among the internal KPIs used by GFT Technologies SE.

Further information

Further explanations of the key performance measures used in the annual report (unaudited) can be found on the GFT website at www.gft.com/key-performance-measures.

2.3 Research and development

The GFT Group's research and development activities continue to focus on the application possibilities of high-growth technologies such as artificial intelligence, DLT / blockchain, automation (RPA), data analytics and, above all, the cloud. Research and development (R&D) expenses rose by 11% to €18.19 million in the reporting period (2022: €16.46 million). This increase was mainly due to expenses in Germany, particularly for the newly acquired targens, as well as the intensification of our activities in Brazil, the UK and Hong Kong.

At €16.29 million or 90%, personnel expenses accounted for the major share of R&D expenses (2022: €11.53 million or 70%). Expenses for external services totalled €0.98 million and accounted for 5% of total expenses in the reporting period (2022: €1.76 million or 11%).

2.4 Employees

The performance, skills and motivation of our employees are vital for the success of GFT as a technology partner for digital transformation. HR strategy and the HR division therefore focus on attracting, developing and retaining highly skilled and motivated experts.

In 2023, GFT was once again honoured as a 'Great Place to Work' by the international research and consulting institute of the same name – demonstrating the successful alignment of our corporate and working culture.

The HR organisation is globally aligned. There are common Group-wide standards for HR activities and measures, such as work-from-home regulations. These measures are implemented by the HR departments of the respective countries.

Headcount development

As of 31 December 2023, the GFT Group employed a total of 9,134 people, and thus 3% more than in the previous year (31 December 2022: 8,842). In the *Americas*, *UK&APAC* segment, headcount decreased by 4% to 4,528 (31 December 2022: 4,698). This was mainly due to the decline in business and the associated headcount reduction in Brazil. Due to the slower pace of business in Latin America and Asia, headcount also fell at the nearshore locations in Mexico and Vietnam.

In the *Continental Europe* segment, year-end headcount rose by 11% to 4,492 (31 December 2022: 4,041). This trend primarily reflects the significant growth in Germany following the acquisition of targens with 247 employees, as well as the increase in headcount in Italy, Spain and France as a result of the positive business development in almost all of GFT's European target markets.

Basic principles of the Group

Employees by segment

	31/12/2023	31/12/2022	Δ FTE	Δ %
Americas, UK&APAC	4,528	4,698	−170	−4%
Continental Europe	4,492	4,041	451	11%
Others	114	103	11	11%
GFT Group	**9,134**	**8,842**	**292**	**3%**

Employees by country

	31/12/2023	31/12/2022	Δ FTE	Δ %
Brazil	2,964	3,068	−104	−3%
Spain	2,136	1,971	165	8%
Italy	892	797	95	12%
Poland	882	949	−67	−7%
Germany	613	341	272	80%
Mexico	446	480	−34	−7%
Canada	401	426	−25	−6%
UK	295	270	25	9%
Costa Rica	180	172	8	5%
Vietnam	178	215	−37	−17%
France	52	48	4	8%
USA	46	49	−3	−6%
Switzerland	29	36	−7	−19%
Singapore	11	10	1	10%
Hong Kong (SEZ)	7	8	−1	−13%
Belgium	2	2	0	0%
GFT Group	**9,134**	**8,842**	**292**	**3%**

The holding company of the GFT Group employed 114 people at the end of the reporting period, 11% more than in the previous year (31 December 2022: 103).

Due in particular to the targens acquisition, headcount in Germany rose to 613 employees as of 31 December 2023 (31 December 2022: 341).

The productive utilisation rate of 91% for the reporting period – based on the use of staff in client projects – was slightly up on the previous year (2022: 90%).

The figures displayed here are calculated on the basis of full-time employees; part-time staff are included on a prorated basis (FTE = full-time equivalents).

2.5 Quality management

GFT continuously develops its quality management system and applies strict standards to the services it offers. The company has been using the CMMI® (Capability Maturity Model Integration) reference model since 2005. Following a scheduled audit, Level 3 certification was once again confirmed in 2023. This certification level is awarded as GFT projects are conducted according to an adapted standard process with constant Group-wide process optimisation in order to guarantee top-quality and efficient implementation.

2.6 Information security and data protection

The global Information Security Management System (ISMS) of the GFT Group complies with the ISO/IEC 27001 standard.

GFT's Chief Privacy Officer (CPO) heads a Group Data Protection Network, comprising contact persons for data privacy in the individual national subsidiaries and relevant Group functions. The aim of this data privacy organisation is to guarantee standard data privacy practices throughout the Group, as well as at the interfaces with clients, partners and suppliers. GFT has a Group-wide data privacy framework, based on a global data privacy policy. The local contact persons for data privacy are responsible for its implementation in accordance with the country-specific requirements.

2.7 Separate non-financial report for the Group

The separate non-financial report for the Group (unaudited) pursuant to section 315b (3) number 2b HGB will be available online as of the end of March 2024 at www.gft.com/sustainability.

Economic report

3 Economic report

3.1 General conditions

Macroeconomic conditions
Despite numerous adverse factors, the global economy proved to be resilient in the reporting period. In its latest outlook, the International Monetary Fund (IMF) calculated global growth of 3.1% and confirmed that the economies of several industrialised and emerging countries performed better than expected. According to the IMF experts, the economic trend was bolstered by higher private and public spending, robust labour markets and an easing of the disruptions to global supply chains. Meanwhile, restrictive financing conditions and geopolitical uncertainties continued to have the opposite effect. The global inflation rate reached 6.8% in the reporting period.

Economic output in the eurozone was subdued in 2023. According to the European Central Bank (ECB), real gross domestic product (GDP) grew by 0.6% in the reporting period. Tense monetary conditions and weak domestic demand dampened economic activity in the eurozone. Moreover, a loss of competitiveness as a result of energy price and exchange rate developments had a negative impact on exports. The inflation rate for 2023 was 5.4%.

The German economy failed to sustain its recovery in the past year. After economic output stagnated in the first three quarters of 2023, a decline was recorded in the fourth quarter. According to Germany's central bank (Deutsche Bundesbank), GDP shrank by 0.1% in the reporting period. The reasons included higher financing costs as a result of monetary tightening and weak domestic and foreign demand. The inflation rate in Germany was 6.1%.

Sector-specific conditions
Demand for IT solutions to implement the digital transformation remained strong in 2023. According to the market research institute Gartner, the global IT market achieved growth of 3.3% in the reporting period and thus performed better than expected at the beginning of the year. The market experts identified software as the main driver with growth of 12.4%. Sales of data centre systems rose by 7.1%. Global spending on IT services, which also includes IT consulting, increased by 5.8%. Demand for cloud computing stayed strong with growth of 17.9% and total revenue of around 564 billion US dollars in the reporting period. According to analysts at IDC (International Data Corporation), global sales of artificial intelligence (AI) in the application areas hardware, software and IT services increased by 27% to a total volume of 154 billion US dollars in 2023.

Gartner estimates that financial institutions worldwide invested 7.1% more in their IT systems in 2023 than in the previous year. There were increased IT budgets in both retail banking (6.9%) and investment banking (7.3%). The insurance sector increased its IT spending by 7.3%. In the industrial sector, Gartner recorded an increase of 5.8%.

According to the digital association BITKOM, the German market for information and communication technology (ICT) made good progress in the reporting period, despite a difficult economic environment, and achieved revenue growth of 2.0%. Sales in the information technology market increased by 2.2%. The strongest growth was recorded in the software sector with 9.6% and double-digit growth rates in certain software segments. Revenue in the IT services sector rose by 5.1%. The more favourable business climate in the German digital economy compared to the economy as a whole was also reflected in the Bitkom-ifo Digital Index, which outperformed the ifo Business Climate Index for Germany throughout the year. While the growth trend continued and headcount in the ICT sector increased in the reporting period (2.1%), the shortage of skilled labour became even more acute. According to Bitkom, there were 149,000 vacant IT positions at the end of the year.

Impact on the GFT Group
In GFT's main target markets – the banking, insurance and industrial sectors – the digital transformation continues to gather pace. The technologies, partnerships and benchmark projects focused on by GFT play an important role in this trend and are proving to be growth drivers. As an industry specialist and technology partner, GFT integrates new technologies into the business models of its clients and has thus established itself as a cross-industry partner for the digital transformation.

3.2 Development of business

Overview of business development

In its financial year 2023, the GFT Group once again improved on the good results of the previous year. Despite challenging market conditions, GFT achieved solid growth in both revenue and earnings. The adjusted EBIT margin of 9.1% was almost on a par with the previous year (2022: 9.2%). While the earnings margin benefited from currency effects and special items from a virtual stock option programme in the previous year, currency effects had a negative impact on earnings in the reporting period and the positive contribution from a virtual stock option programme was significantly smaller.

Although the situation in our core markets had not changed structurally – due to the unchanged pressure to digitalise and the associated need for increased investment – clients were already reluctant to sign new project contracts in the first few months of the past financial year. In our largest local market, Brazil, this resulted in a significant decline in revenue with an associated adjustment to capacity. At the same time, business in the USA in particular made excellent progress at the beginning of the year.

Against this backdrop, the GFT Group published a positive outlook for 2023 in early March. The bankruptcy of Silicon Valley Bank in the same month was one of the most significant financial institution crashes in the USA since the 2008 financial crisis and had a far-reaching impact on the technology sector and the financial world in general. This also influenced the demand behaviour of our clients in the USA.

The subsequent increase in market uncertainties hampered the investment decisions of our clients. In light of weaker growth momentum and unexpected order postponements, our guidance for revenue and earnings in the financial year 2023 was downgraded slightly on publication of the half-year results in August 2023.

Persistently high market uncertainty and restrictive capital expenditure decisions combined to inhibit any increase in growth momentum over the remainder of the year. This led to another slight adjustment to our revenue guidance for the financial year 2023 in November. The outlook for earnings remained unchanged compared to the previous guidance.

In the financial year 2023, the GFT Group's revenue increased by 10% to €801.74 million (2022: €730.14 million) and was thus in line with the guidance update of 9 November 2023 (for details, see table 'Performance compared to guidance'). The acquisition of targens made a significant contribution to revenue growth, as did persistently high demand for extensive and complex digitalisation projects. With regard to its sectors, GFT achieved excellent growth of 13% in its business with Banks, while the Industry & Other sector grew by 12%. By contrast, Insurance activities were down 2% on the previous year due to the expiry of major projects. The proportion of total revenue generated with the largest client increased to 16% (2022: 14%).

The GFT Group succeeded in raising its key earnings figures once again in 2023. Adjusted EBIT rose by 9% to €73.33 million in the financial year 2023 (2022: €67.48 million) and thus fell just short of expectations. EBT improved in line with guidance by 3% to €68.00 million (2022: €66.05 million).

Economic report

Cash flow from operating activities resulted in a cash inflow of €40.44 million in 2023 (2022: €57.49 million). The decline was mainly due to a negative one-off effect from the transfer of subsidies in the first quarter of 2023 amounting to €14.34 million. The subsidies were received at the end of the financial year 2022 in connection with EU projects in Italy for third-party account and had significantly boosted operating cash flow in the prior-year period. At the end of the year, net liquidity fell to €4.39 million (31 December 2022: €35.70 million). This was primarily due to payments in connection with the targens acquisition amounting to €46.05 million. The GFT Group continues to have a solid capital and balance sheet structure. At 43% as of 31 December 2023, the equity ratio was significantly higher than in the previous year (31 December 2022: 40%).

On 3 April 2023 (acquisition date), the acquisition of targens from Landesbank Baden-Württemberg (LBBW), as announced on 23 February 2023, was successfully completed. With effect from this acquisition date, the GFT Group acquired 100% of shares in the company via GFT Technologies SE. targens has expertise in the field of digital solutions for the banking sector with a focus on compliance applications. As a result of the acquisition, GFT has strengthened its client base in Germany and acquired additional expertise in the areas of consulting and compliance solutions.

Performance compared to guidance

in € million	Guidance FY 2023 (02/03/2023)	Guidance FY 2023 (10/08/2023)	Guidance FY 2023 (09/11/2023)	Results FY 2023	Δ % (02/03/2023)	Δ % (10/08/2023)[1]	Δ % (09/11/2023)[1]
Revenue	850	810–820	800–810	801.74	–6%	–2%	0%
Adjusted EBIT	80	74–76	74–76	73.33	–8%	–2%	0%
EBT	72	68–70	68–70	68.0	–6%	–1%	–1%

1 Calculated with the mean value of the forecast range

Key figures by quarter

in € million	Q1 2023[2]	Q2 2023[2]	Q3 2023[2]	Q4 2023[2]	FY 2023
Revenue	190.67	200.91	203.03	207.13	801.74
Adjusted EBIT	16.28	14.89	20.97	21.19	73.33
EBT	15.04	15.00	19.34	18.62	68.00

2 unaudited

Economic report

3.3 Development of revenue

Significant growth in the banking and industrial sectors continues

The GFT Group continued its growth strategy during the reporting period and achieved significant revenue growth in its banking and industrial sectors. Business with banks grew by 13% due to persistently high demand for digitalisation solutions from almost all client groups and regions. The relatively new business with industrial clients, summarised here under Industry & Other, also made strong progress in the reporting period with revenue growth of 12%. This trend was driven by broad diversification across various industrial groups. In the Insurance sector, business was somewhat slower with a slight decline in revenue of 2%. This was due in particular to the expiry of major cloud migration projects at the beginning of the year.

The order backlog as at 31 December 2023 increased by 5% to €386.08 million (2022: €361.45 million) due to consistently high demand for digitalisation solutions.

Client diversification

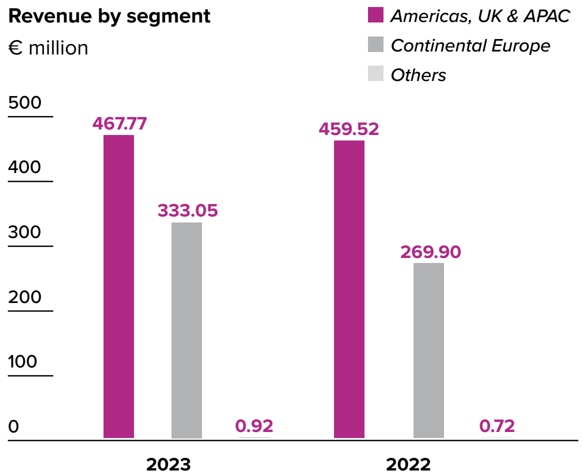
In order to further reduce our dependence on individual clients, we continued to focus on customer diversification in the past financial year. The ten largest customers accounted for around 43% of total sales (2022: 40%). The share of total revenue attributable to the largest client reached 16% in the financial year 2023 (2022: 14%).

Revenue by segment

The strongest growth was achieved by the *Continental Europe* segment with an increase of 23% to €333.05 million (2022: €269.90 million, +9%). This figure was boosted by the positive revenue contribution of €31.3 million from targens, acquired in 2023. In addition to business with cloud-enabled solutions for banks in Germany and Italy, the increase in revenue also resulted from the positive development of business with industrial clients in Spain, Germany and Italy, as well as with insurance clients in France. A shift in revenue from the UK to Poland, totalling €11.39 million, also had a positive impact. The revenue shift resulted from a change in project invoicing with a client. Adjusted for this effect, growth amounted to 19%.

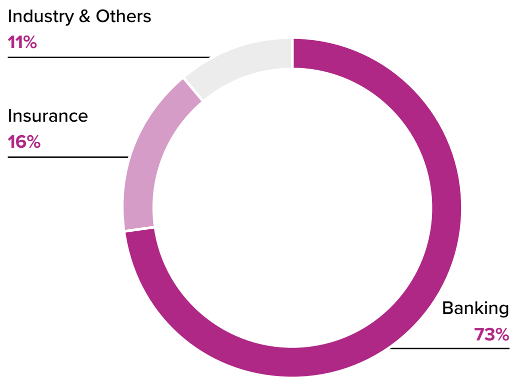
Revenue in the *Americas, UK&APAC* segment grew by 2% to €467.77 million (2022: €459.52 million, +44%). There was strong momentum from business with banks and insurers in the USA and Mexico, particularly with cloud-enabled solutions for financial institutions. The aforementioned shift in revenue to the *Continental Europe* segment served to reduce growth in this segment. Adjusted for this effect, *Americas, UK & APAC* grew by 4%. A downturn in Brazil, GFT's largest market, was offset by a continuation of the excellent trend in the USA, Mexico and Canada. Revenue growth in the innovative Asia-Pacific banking market was less dynamic, however, as the market environment for digital banks deteriorated during the reporting period.

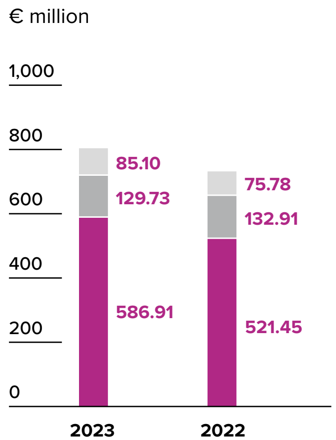
Revenue by segment



	2023		2022		
	€ million	share in %	€ million	share in %	Δ%
Americas, UK & APAC	467.77	58%	459.52	63%	2%
Continental Europe	333.05	42%	269.90	37%	23%
Others	0.92	0%	0.72	0%	28%
GFT Group	**801.74**	**100%**	**730.14**	**100%**	**10%**

Revenue by sector



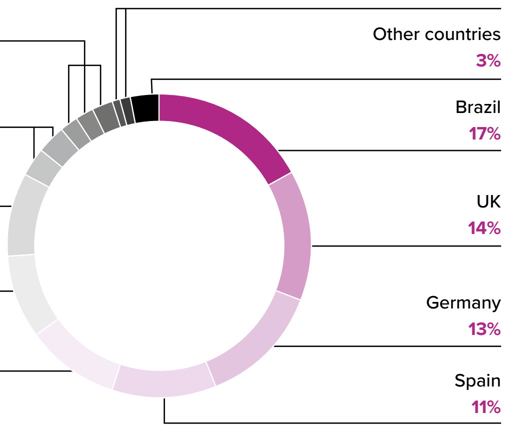


	2023		2022[1]		
	€ million	share in %	€ million	share in %	Δ%
Banking	586.91	73%	521.45	72%	13%
Insurance	129.73	16%	132.91	18%	−2%
Industry & Others	85.10	11%	75.78	10%	12%
GFT Group	**801.74**	**100%**	**730.14**	**100%**	**10%**

1 Prior-year figures adjusted to correctly reflect client allocation.

Economic report

Revenue by country



	2023		2022		
	€ million	share in %	€ million	share in %	Δ %
Brazil	133.63	17%	137.78	19%	–3%
UK	110.16	14%	116.17	16%	–5%
Germany	103.38	13%	63.78	9%	62%
Spain	89.13	11%	85.09	12%	5%
Italy	82.65	10%	76.55	11%	8%
USA	73.84	9%	68.85	9%	7%
Canada	68.85	9%	67.59	9%	2%
Poland	28.37	3%	16.16	2%	76%
Mexico	27.98	3%	20.81	3%	34%
France	14.82	2%	9.92	1%	49%
Singapore	14.44	2%	17.84	2%	–19%
Switzerland	13.41	2%	17.95	2%	–25%
Romania	8.68	1%	0.00	0%	n,a
Hong Kong	6.43	1%	12.28	2%	–48%
Other countries	25.97	3%	19.37	3%	34%
GFT Group	**801.74**	**100%**	**730.14**	**100%**	**10%**

3.4 Earnings position

The GFT Group closed the financial year 2023 with good results once again. Despite a more restrained propensity to invest among our clients, **revenue** rose by 10% to €801.74 million (2022: €730.14 million). There were no significant currency translation effects in the financial year 2023. The year-on-year increase in revenue is due in particular to improved price penetration and sales growth in the banking sector – boosted by the ongoing pressure on clients to digitalise their business. targens, which was acquired on 3 April 2023, contributed €31.31 million to revenue. Adjusted for this acquisition-related effect, organic revenue growth amounted to 6% in the financial year 2023.

Other operating income of €16.27 million was virtually unchanged from the previous year (2022: €16.34 million). This trend was heavily influenced on the one hand by lower currency gains of €3.44 million (2022: €6.30 million) and on the other by increased government grants (especially for R&D activities) of €11.23 million (2022: €8.38 million).

The **cost of purchased services** amounted to €106.21 million and was thus marginally above the prior-year figure (2022: €105.08 million). This item includes the purchase of external services in connection with the core operating business. The ratio of cost of purchased services to revenue decreased to 13% in the financial year 2023 (2022: 14%).

Personnel expenses rose more strongly than revenue in the reporting period by 13% to €541.66 million (2022: €478.97 million). This development was primarily attributable to the increase in average headcount, especially in Germany, Spain and Italy. The increase in Germany is predominantly a result of the targens acquisition. In addition, capacity adjustments of €5.01 million (2022: €2.72 million) contributed to the rise in personnel expenses. However, there were positive effects from the valuation of the share-based component of management remuneration amounting to €0.69 million, compared to €2.24 million in the previous year. The ratio of personnel expenses to revenue (the personnel cost ratio) rose to 68% (2022: 66%). At 80%, the personnel cost ratio without capacity adjustments plus the purchase of external services to revenue was on a par with the previous year.

Other operating expenses rose more slowly than revenue by 5% and amounted to €80.37 million (2022: €76.39 million). The main cost elements were still operating, administrative and selling expenses, which totalled €60.95 million (2022: €57.17 million). The rise in other operating expenses in the financial year 2023 is mainly due to increased expenses for IT licences and higher marketing and selling expenses, as well as personnel-related expenses, above all for business trips. Currency losses included in other operating expenses amounted to €4.61 million, compared to €4.23 million in the previous year.

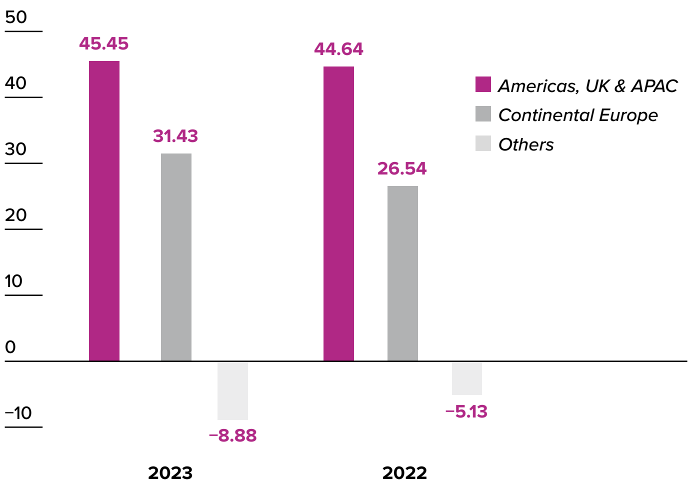
The GFT Group's **EBITDA** amounted to €89.76 million and was thus 4% up on the previous year (2022: €86.04 million). EBITDA is defined as earnings before interest, taxes, depreciation and amortisation.

Depreciation and amortisation of intangible assets and property, plant and equipment totalled €21.36 million (2022: €20.49 million). Right-of-use assets in connection with leases accounted for €10.62 million (2022: €9.45 million) of this amount. There were no impairment expenses in the financial year 2023 (2022: €0.19 million).

Earnings before interest and taxes (EBIT) amounted to €68.40 million and were thus also 4% above the prior-year figure (2022: €65.55 million). There were special items in connection with M&A transactions and share price-related effects from the valuation of compensation agreements amounting to

Economic report

Earnings (EBT) by segment
in € million



	2023		2022			
	€ million	margin in %	€ million	margin in %	Δ% € million	Δ%
Americas, UK & APAC	45.45	9.7%	44.64	9.7%	0.81	2%
Continental Europe	31.43	9.4%	26.54	9.8%	4.89	18%
Others	–8.88	n.a	–5.13	n.a	–3.75	–73%
GFT Group	**68.00**	**8.5%**	**66.05**	**9.0%**	**1.95**	**3%**

€–4.93 million (2022: €–1.93 million). **Adjusted EBIT** amounted to €73.33 million and was thus 9% up on the previous year (2022: €67.48 million). Effects from M&A transactions in the financial year 2023 include an amount of €1.93 million from the acquisition of targens. On the whole, the development of earnings was bolstered by the expected solid growth of revenue. The operating result was burdened in particular by personnel capacity adjustments of €5.01 million (2022: €2.72 million) and net currency effects of €–1.17 million (2022: €2.07 million), resulting in slower growth than in the previous year.

Due mainly to increased interest expenses, the **financial result** of €–0.39 million for the financial year 2023 was below the prior-year figure (2022: €0.50 million). The rise in interest expenses is primarily related to the targens acquisition, which was funded in part by borrowing.

Earnings before taxes (EBT) improved by 3% to €68.00 million (2022: €66.05 million). The **EBT margin** decreased to 8.5% compared to 9.0% in the previous year.

The tax expense disclosed under **income taxes** declined slightly to €19.64 million (2022: €19.80 million). The imputed tax rate decreased from 30.0% to 28.9%. This decline in the tax rate is primarily due to lower non-deductible operating expenses in Germany and the fall in pre-tax earnings in Brazil. Section 5.9 of the notes to the consolidated financial statements contains more detailed information on factors affecting the tax rate.

Net income for the financial year 2023 amounted to €48.36 million and was thus 5% above the corresponding prior-year figure (2022: €46.25 million). As a consequence of the increase in net income, **earnings per share** rose to €1.84 (2022: €1.76), based on an unchanged volume of 26,325,946 outstanding shares.

Earnings (EBT) by segment
In the *Americas*, *UK&APAC* segment, EBT amounted to €45.46 million and was thus 2% above the prior-year level (2022: €44.64 million). This modest year-on-year improvement in earnings was driven in particular by a significant increase in revenue generated with banks in Mexico and the USA. Earnings were mainly burdened by capacity adjustments of €3.33 million (2022: €1.51 million) and currency translation effects of €–0.60 million (2022: €1.41 million). In addition, segment earnings were negatively impacted by the transfer of profitable projects from the UK to Poland, i.e. to the *Continental Europe* segment. The largest contributions to earnings were generated once again by the Group's subsidiaries in Brazil, the UK, the USA and Canada. The EBT margin, based on external revenue, was unchanged at 9.7%.

EBT in the *Continental Europe* segment amounted to €31.43 million in the financial year 2023 and was thus 18% or €4.89 million up on the previous year (2022: €26.54 million). The rise in segment earnings is primarily attributable to profitable revenue growth in connection with complex digitalisation projects as well as revenue shifts from the UK to Poland. Earnings in the past financial year were burdened by amortisation of €1.93 million on purchase price allocations in the course of the targens acquisition. Personnel capacity adjustments of €1.68 million (2022: €1.19 million) also negatively impacted earnings. The largest contributions to earnings were generated by the Group's subsidiaries in Spain, Italy, Germany and Poland. The EBT margin, based on external revenue, fell from 9.8% to 9.4%.

Earnings of the *Others* category deteriorated year on year by €3.75 million to €–8.88 million (2022: €–5.13 million), mainly due to higher borrowing costs

Economic report

as a result of the targens acquisition, increased costs for IT infrastructure and currency losses in connection with the central clearing system. 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.

Dividend
The GFT Group's dividend policy aims to ensure a regular payout to shareholders so that they can participate directly in the company's success. The dividend amount is based on a payout ratio of between 20% and 50% of the Group's net income attributable to shareholders.

The Administrative Board will recommend to the Annual General Meeting on 20 June 2024 the distribution of a dividend of €0.50 per no-par share for the financial year 2023 (2022: €0.45). This corresponds to a payout of €13.16 million to shareholders (2022: €11.85 million) and a payout ratio of 27% (2022: 26%) based on net income.

3.5 Financial position

The GFT Group's central financial management aims to ensure the permanent liquidity of all Group companies. The Treasury division implements financial policy and risk management on the basis of the agreed guidelines and permanently monitors both existing and potential financial risks. The GFT Group uses derivative financial instruments to hedge against currency and interest rate risks as required. The GFT Group pursues a prudent financial policy with short-term investment horizons. A detailed presentation on the assessment of liquidity risks and risks from fluctuations in currencies and interest rates, including the countermeasures taken, is provided in chapter 5 'Risk report'.

The GFT Group has concluded a syndicated loan agreement and two promissory note agreements to secure its long-term funding. Originally concluded in the financial year 2015, the syndicated loan agreement was adjusted and extended in December 2021. The syndicated loan agreement has a basic term of three years with the option to extend it. The option to extend the term by two years was exercised in the financial year 2023, thus extending the term until the end of 2026. The loan amount of €60.00 million (31 December 2022: €60.00 million) comprises two tranches, a Facility A credit line of up to €20.00 million and a Facility B revolving credit line of up to €40.00 million. At the end of the reporting period, Facility A had been drawn in full and Facility B had been drawn by €13.76 million. The interest rate of the syndicated loan is variable: for both facilities it is set per calendar year depending on the GFT Group's level of debt with a fixed premium on the respective chosen Euribor rate – one, three or six months.

The promissory note agreements have a remaining term of one year. At the end of the reporting period, promissory note agreements totalling €17.00 million (31 December 2022: €17.00 million) were drawn in full. Of this amount, €13.00 million are fixed-interest and the remaining €4.00 million variable-interest loans.

During the term of the loan agreements, the GFT Group is subject to specific financial covenants, mainly ancillary loans conditions. These mostly refer to specific financial covenants which must be met. Moreover, the assumption of financial liabilities and the provision of collateral is also restricted. If specific financial covenants and other rules of conduct are not met, this may lead to the immediate termination of the loan agreements.

In spite of the targens acquisition, the financial structure of the GFT Group remains robust and stands for economic solidity and financial independence. As of 31 December 2023, there were unused credit lines of €46.35 million (31 December 2022: €51.31 million). The **net liquidity** of the GFT Group – calculated as the stock of disclosed cash and cash equivalents less financing liabilities – decreased from €35.70 million at the end of the past year to €4.39 million as of 31 December 2023.

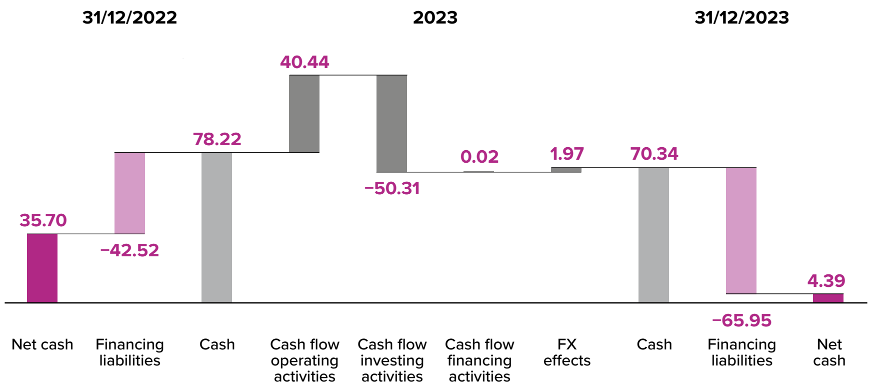
Change in net liquidity
Cash flow from operating activities resulted in a net cash inflow of €40.44 million in the financial year 2023 (2022: €57.49 million). This decline in operating cash flow – despite the increase in net income – was mainly due to a negative one-off effect from the transfer of grants received in the first quarter of 2023 amounting to €14.34 million. The grants were received at the end of the previous financial year in connection with EU projects in Italy for third-party account and had significantly boosted operating cash flow and the cash-related change in other liabilities in the prior-year period. There was a further cash outflow from income tax payments less refunds of €–16.46 million (2022: €–14.45 million) resulting from the extremely dynamic development of earnings in the previous year. Due to the solid business performance and lower funds tied up in working capital during the second half of the year, cash flow made very good overall progress in 2023 as a whole.

With a cash outflow of €50.31 million (2022: €7.68 million), **cash flow from investing activities** in the financial year 2023 was dominated by the payment of €46.25 million in connection with the targens acquisition. At the same time, the cash outflow from investment in property, plant and equipment decreased to €4.19 million (2022: €7.83 million) due to lower capital expenditure for business premises and IT equipment.

Economic report

Cash flow from financing activities in the reporting period led to a net cash inflow of €0.02 million (2022: net cash outflow of €44.95 million). This year-on-year development is mainly due to a higher net assumption of bank loans amounting to €23.43 million (2022: net redemption of €26.32 million), resulting primarily from the partially debt-financed (€35.00 million) acquisition of targens. By contrast, the dividend payment to shareholders of €11.85 million (2022: €9.21 million) and the redemption of lease liabilities totalling €11.57 million (2022: €9.41 million) resulted in a year-on-year increase in cash outflow.

Change in net liquidity
€ million



All in all, and including currency effects, these developments led to a decline in liquid funds as of 31 December 2023 of €7.88 million to €70.34 million (31 December 2022: €78.22 million).

3.6 Asset position

In the financial year 2023, **the balance sheet total** of the GFT Group rose to €562.52 million (31 December 2022: €497.77 million). This corresponds to an increase of 13%, which was predominantly a result of the targens acquisition. The proportion of non-current assets rose to 46% as of 31 December 2023, compared to 43% at the end of the previous year.

At €261.22 million, **non-current assets** of the GFT Group were €48.62 million or 23% above the prior-year figure (31 December 2022: €212.60 million). Non-current assets mainly comprise **goodwill** of €162.79 million (31 December 2022: €123.97 million), other **intangible assets** of €19.50 million (31 December 2022: €5.91 million) and **property, plant and equipment** of €60.31 million (31 December 2022: €63.58 million). The increase in goodwill and intangible assets is mainly due to the acquisition of targens and the purchase price allocation recognised in the course of first-time consolidation. Of the purchase price of €54.48 million for the targens shares, €37.70 million was attributable to goodwill and €18.47 million to customer relationships, software and trademark rights at the time of first-time consolidation.

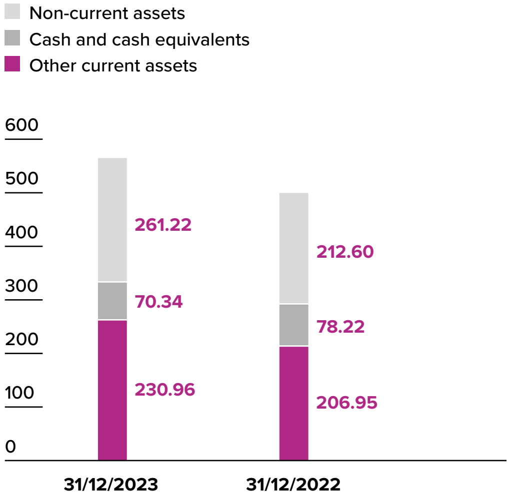
In accordance with IFRS 16, right-of-use assets for land and buildings, as well as car parks and vehicles, amounting to €35.91 million as of 31 December 2023 (31 December 2022: €37.75 million) were disclosed in **property, plant and equipment**. The decrease in right-of-use assets is mainly due to the optimisation of business premises in Italy and Poland. Capital expenditure (without right-of-use assets) amounted to €4.19 million in the reporting period and was thus below the prior-year level (2022: €7.83 million).

Compared to 31 December 2022, **cash and cash equivalents** were down €7.88 million to €70.34 million (31 December 2022: €78.22 million). This decrease is mainly due to the partial financing of the targens acquisition from company funds, a negative one-off effect in operating cash flow and the dividend payment to the shareholders of GFT Technologies SE.

As of 31 December 2023, **other current assets** increased to €230.96 million (31 December 2022: €206.95 million), mainly as a result of the rise in receivables from client contracts. These receivables from client contracts comprise **trade receivables** as well as **contract assets** and totalled €191.56 million as of 31 December 2023 (31 December 2022: €174.29 million). The development of receivables from client contracts is primarily attributable to increased business volume in the second half of the year. In addition, **other assets** (mainly comprising prepaid expenses and government grants) rose by €5.76 million to €23.32 million (31 December 2022: €17.56 million).

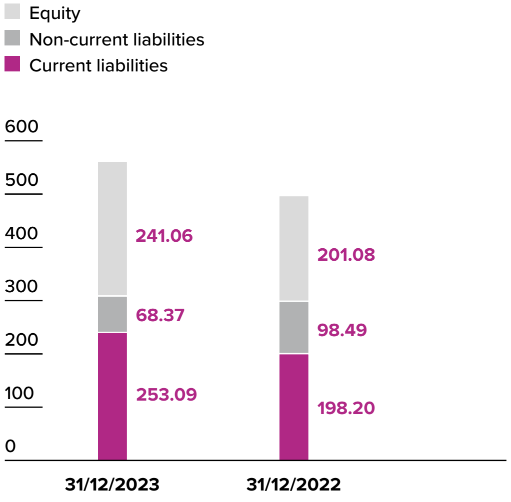
Mainly as a consequence of solid earnings growth, shareholders' **equity** of the GFT Group rose by 20% or €39.98 million from €201.08 million to €241.06 million; adjusted for currency effects, the year-on-year increase was 18%. Net income of €48.36 million (2022: €46.25 million) was mainly opposed by the dividend paid to shareholders of €11.85 million (2022: €9.21 million). Positive currency translation effects of €3.50 million (2022: €0.87 million) resulted predominantly from the revaluation of the Brazilian real, the Swiss franc and the Polish złoty.

Structure of the consolidated balance sheet – assets
in € million



Assets in € million	31/12/ 2023	31/12/ 2022	Δ	Δ %
Non-current assets	261.22	212.60	48.62	23%
Cash and cash equivalents	70.34	78.22	−7.88	−10%
Other current assets	230.96	206.95	24.01	12%
	562.52	**497.77**	**64.75**	**13%**

Structure of the consolidated balance sheet – equity and liabilities
in € million



Equity and liabilities in € million	31/12/ 2023	31/12/ 2022	Δ	Δ %
Equity	241.06	201.08	39.98	20%
Non-current liabilities	68.37	98.49	−30.12	−31%
Current liabilities	253.09	198.20	54.89	28%
	562.52	**497.77**	**64.75**	**13%**

As the rise in shareholders' equity was stronger than that of the balance sheet total, there was a corresponding increase in the **equity ratio** to 43% – significantly above the prior-year figure of 40%.

As of 31 December 2023, **non-current liabilities** decreased by €30.12 million to €68.37 million (31 December 2022: €98.49 million). This decline mainly reflects the reclassification of bank loans totalling €22.17 million to current **financing liabilities** due to their remaining terms. In addition, other liabilities fell by €7.40 million to €0.82 million (31 December 2022: €8.22 million) – also based on a change in remaining term. At the same time, **deferred tax liabilities** increased by €3.98 million to €7.97 million (31 December 2022: €3.99 million), mainly due to the purchase price allocation of targens.

Current liabilities amounted to €253.09 million as of the reporting date, compared to €198.20 million on 31 December 2022. The increase in current liabilities resulted primarily from the rise of €45.60 million in **financing liabilities** to €45.95 million (31 December 2022: €0.35 million). The increase in financing liabilities resulted on the one hand from the reclassification of long-term bank loans of €22.17 million due to their remaining terms, and on the other hand from the assumption of loans totalling €35.00 million to finance the targens acquisition. The financial debt could be partially reduced as of the end of the reporting period from free cash flow. In addition, there was a rise in other provisions to €55.39 million (31 December 2022: €48.17 million) due to increased personnel and social obligations as well as in **current income tax liabilities** – as a result of the positive trend in pre-tax earnings of certain national subsidiaries – to €14.23 million (31 December 2022: €8.61 million). By contrast, **other liabilities** in particular fell to €62.87 million (31 December 2022: €71.28 million). The item other liabilities mainly comprises other taxes, holiday obligations and social security, as well as deferred income. The decrease in other liabilities as of 31 December 2023 was mainly due to lower deferred income, primarily for transitory items.

At 57%, the GFT Group's **debt ratio** was below the prior-year figure (31 December 2022: 60%). During the financial year 2023, the ratio of net financial debt to equity **(gearing)** deteriorated to −2% as a result of investments (31 December 2022: −18%). Net financial debt comprises disclosed cash and cash equivalents less bank liabilities.

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

3.7 Overall assessment

On the whole, the GFT Group can look back on a successful financial year 2023. Despite the challenging market conditions and the resulting decrease in the propensity of our clients to invest, GFT was able to increase its revenue and earnings once again and stabilise its adjusted EBIT margin at the high prior-year level. The fundamental need for digital transformation and the associated pressure on banks and insurers, as well as industrial clients, to digitalise their operations remained high.

The capital and financing structure of the GFT Group stands for economic solidity. The equity ratio once again increased significantly year on year and amounted to 43% as of 31 December 2023 (31 December 2022: 40%). There are sufficient financial resources available to continue to grow both organically and through acquisitions.

3.8 Subsequent events

Information on events after the end of the financial year 2023 can be found in section 9.9 of the notes to the consolidated financial statements.

4 Forecast report

4.1 Macroeconomic and sector development

Macroeconomic development

The IMF forecasts an increase in global economic output of 3.1% for the current year, putting expected growth below the historical average (2000 to 2019: 3.8%). The reasons cited by the IMF include high central bank interest rates, the rollback of fiscal support measures in the face of high debt levels and low productivity growth. Overall, the IMF's experts consider the risks for the global economy to be largely balanced. Growth may be higher if inflation falls more quickly and financing conditions improve. On the other hand, a sharp rise in commodity prices triggered by geopolitical tensions, stubborn inflation or a worsening of China's property sector problems would have a negative impact. Global headline inflation is expected to reach 5.8% in 2024.

For the eurozone, the ECB expects GDP growth to stabilise in the medium term and reach levels that are broadly in line with pre-pandemic averages. Against a backdrop of falling inflation, rising real wages and an upturn in foreign demand, the eurozone economy is likely to grow by 0.8% in the current year. However, geopolitical tensions and the effects of a restrictive monetary policy may continue to have a dampening effect. Inflation is set to gradually decrease over the coming years and reach 2.7% in the current financial year.

The Bundesbank expects the German economy to slowly gather momentum again in 2024, but believes that a full recovery will take some time. For the current year, the German central bank forecasts GDP growth of 0.4%. This moderate growth is expected to be supported by two main pillars: firstly, exports are picking up as foreign sales markets recover, and secondly consumer spending is increasing as real incomes rise. Inflation is expected to be less than half the rate of the previous year at 2.7% in 2024.

Sector development

The market research institute Gartner has observed growing momentum in global IT spending and forecasts an increase of 6.8% in 2024. However, growth remains restrained as companies are still reluctant to take risks and cautious about awarding new or long-term projects. In the current financial year, the highest growth rates are expected for software (+12.7%) and data centre systems (+7.5%). Growth of 8.7% is expected for IT services, making it the largest segment within IT spending for the first time. The reason is that companies are investing in organisational efficiency and optimisation projects, which are particularly relevant in times of economic uncertainty.

Digitalisation remains a high priority for the financial sector. According to Gartner, banks will increase their IT spending by 8.3% this year. Investment banks are expected to invest 8.4% more in IT, while growth of 8.2% is forecast for retail banks. The insurance sector is stepping up the pace of its business process digitalisation and is set to raise spending by 9.0% according to Gartner. In the industrial sector, IT expenditure is likely to increase by 7.3%.

With regard to the development of individual technologies, the market research institutes make the following forecasts:

Global spending on cloud services will continue to increase. According to Gartner, companies are investing in cloud technologies that have the potential to promote innovation, disrupt the market and increase customer loyalty. In 2024, global end-user spending on public cloud services is expected to reach 679 billion US dollars – an increase of 20%. The analysts anticipate the strongest growth in Infrastructure-as-a-Service (IaaS), which is set to increase by 27%. Global spending on cloud services is likely to exceed 1 trillion US dollars in 2027. According to the market experts, cloud computing will evolve from a disruptive technology to a necessary component for companies to remain competitive by 2028.

Analysts at IDC predict that global spending on AI solutions will grow to more than 500 billion US dollars by 2027 and anticipate a shift in technology spending towards AI implementation and the adoption of AI-enhanced services and products. The market research institute Forrester forecasts average annual growth rates of 36% for generative AI up to 2030, accounting for 55% of the AI software market. Gartner assumes that AI will not have a significant impact on IT spending in the short term. Instead, companies will invest more in planning the use of generative AI in the current financial year. Gartner sees a large number of potential use cases for banks, for example in customer-facing activities, risk management or hyperautomation projects.

Gartner cites sustainable technologies as one of the most important strategic technology trends for 2024. Establishing a framework of digital solutions to make IT use more efficient, circular and sustainable while enabling companies to achieve their ESG targets is becoming increasingly important.

According to the industry association Bitkom, the German ICT market will continue to grow in 2024. Spending on information technology, telecommunications and consumer electronics is expected to increase by 4.4% in the current year. Within the IT market (+6.1%), IT services are expected to grow by 4.8%. According to Bitkom, cloud-related services will achieve particularly strong growth of 17%. Spending on software is likely to grow by 9.4%. Above-average growth is expected for revenue generated by platforms for the development, testing and provision of software (12.3%). Growth of 38% is expected for AI platforms.

4.2 Expected development of the GFT Group

in € million	Financial year 2023	Guidance financial year 2024	Δ
Revenue	801.74	920	15%
Adjusted EBIT	73.33	85	16%
EBT	68.00	72	6%

The pressure on companies to digitalise and the resulting strong demand for cloud solutions as part of the digital transformation will continue to accelerate the growth of GFT's business. The GFT Group's management team expects significant growth for the financial year 2024, driven above all by the acquisition of Sophos Solutions S.A.S. (Sophos) completed in February 2024.

For the current financial year, GFT anticipates a significant increase in revenue of 15% to around €920 million [1]. The revenue contribution of Sophos included in this figure amounts to €60 million. GFT anticipates an increase in adjusted EBIT of 16% to around €85 million (Sophos contribution: €8 million). EBT is likely to grow by 6% to around €72 million (Sophos contribution: €–1.5 million). This figure includes balance sheet-related acquisition effects from the Sophos takeover of €–9.5 million, most of which are usually incurred during the first year of an acquisition.

GFT has targeted a productive utilisation rate of over 90%. This non-financial performance indicator refers solely to the use of staff in client projects.

The high stability of the business model continues to be underpinned by an extremely solid capital and balance sheet structure. In addition to increasing the key performance indicators of revenue, adjusted EBIT and EBT, GFT also aims to maintain the equity ratio at the high level of at least 40% in financial year 2024, subject to further acquisitions. In addition, the net debt to EBITDA ratio is to remain at a self-imposed target value of maximum 2. Together with a persistently positive development of operating cash flow, GFT continues to have sufficient scope to finance growth targets and acquisitions if attractive market opportunities arise.

The medium-term target of the GFT Group remains unchanged: GFT aims to grow twice as fast as the market in terms of revenue and to steadily improve profitability. All targeted sectors are expected to contribute to this growth. GFT plans to maintain its balanced diversification in terms of clients and countries. Together with the two pillars Insurance and Industry & Other, the clear focus will continue to be on Banking. Total revenue is expected to be distributed proportionately between banks (65%) and the other two

1 Based on average exchange rates in January 2024

sectors (35%). Moreover, GFT aims to scale its business in other sectors in order to benefit from digitalisation trends, particularly in the field of artificial intelligence.

Overall statement

The fundamental digitalisation trends in GFT's markets remain intact and the Group is excellently positioned to benefit from market opportunities due to its extensive sector and technology expertise. Against the backdrop of the macroeconomic outlook described above, as well as acquisition-related effects, GFT expects a continuation of its positive business development in the financial year 2024. Provided that no unforeseeable exogenous events occur, GFT expects year-on-year growth in revenue and earnings.

5 Risk report

5.1 Principles

Aims of the risk management system

The main objective of the GFT Group's risk management system is to identify developments at an early stage that may have a negative impact on the Group's sustainable growth or a direct impact on its financial position and performance. The GFT Group defines negative deviations from its guidance or medium-term planning as risks. The focus is on avoidance of all risks that might endanger the company's continued existence. Insofar as risks cannot be avoided, the assessment of their impact on the GFT Group and the likelihood of occurrence is an integral part of the risk management system in order to evaluate risks and derive appropriate measures to minimise them – taking into account the associated opportunities. Sustainability aspects are also included in the risk management system. The Group Risk Committee (GRC), comprising the global risk officers, plays a key role for risk management.

Internal control and risk management organisation

The risk management system of GFT Technologies SE is embedded in the risk management organisation of the GFT Group. As an internationally operating company, the GFT Group is continually exposed to internal and external risks which need to be monitored and limited. To this end, a Group-wide risk management system has been established in order to identify and analyse risks at an early stage and take appropriate counter-measures. The system serves to recognise potential occurrences that might lead to a lasting or significant impairment of the company's financial position and performance. The GFT Group employs suitable controlling instruments to monitor the risks.

The implemented risk management system ensures compliance with the relevant legislation as well as the effective management of risks. In order to guarantee the effectiveness of the GFT Group's global risk management system and enable the aggregation of risks and transparent reporting, a consistent, integrated approach to the management of corporate risks has been implemented.

The risk management system comprises a variety of control processes and control mechanisms and represents an essential element of the corporate decision-making process. It has therefore been implemented throughout the GFT Group as a fundamental component of the business processes. The main principles and the organisational structures, measurement and monitoring processes are defined in a risk management guideline.

The Group-wide risk management function (headed by Group Controlling) and the risk owners of the various departments are charged with updating and implementing the risk management guideline. At the same time, the risk inventory is regularly updated and risks assessed at least once a year. Within the central risk management system of the GFT Group, each employee has the opportunity to report escalations in risk categories, which are then measured by the risk category owners.

All managers of the GFT Group are involved in the Group-wide risk policy and associated reporting processes. This includes the risk owners of the various departments at a global level, the Managing Directors and the legal representatives of Group subsidiaries, as well as those managers responsible for processes and projects.

The internal control system and the risk management system are dynamic systems that are continuously adapted to changes in the business model, the type and scope of business transactions, or responsibilities. As a result, internal and external audits may reveal potential for improvement in individual cases with regard to the appropriateness and effectiveness of controls. The Administrative Board is not aware of any findings with regard to the assessment of these management systems which indicate that the systems as a whole are inadequate or ineffective.[2]

2 Unaudited disclosure in this section (a so-called non-management report disclosure required by the German Corporate Governance Code with regard to the internal control system and risk management system).

Risk management system and risk management organisation

The risk management guideline regulates the handling of risks within the GFT Group and defines a uniform methodology valid across the entire Group. The guideline is regularly reviewed and adjusted as required, but at least once a year. The effectiveness of the risk management system and internal control system (ICS) is monitored by regular audits of the Corporate Audit division.

The GFT Group's risk management system is integrated into its business processes and decisions and thus embedded into Group-wide planning and controlling processes. Risk management and control mechanisms are precisely coordinated with each other. They ensure that relevant risks for the company are recognised and assessed as early as possible.

The centrally organised GRC, headed by the Chief Financial Officer (CFO), is at the heart of the standardised risk reporting process. It coordinates the various management bodies and ensures they are provided with swift and continual information. The GRC is also responsible for the continual analysis of GFT's risk profile, for initiating measures to prevent risks and for the corresponding control instruments. In addition, the GFT Group's management bodies hold regular meetings in dedicated groups (mainly Group Management Board and GRC) in order to exchange risk-relevant information between the operative and central divisions across all levels, locations and countries.

Description of the accounting-related internal control and risk management system acc. to sections 289 (4) and 315 (4) HGB

The internal control and risk management system for the accounting of the GFT Group and the annual financial statements of GFT Technologies SE is linked with the company-wide risk management system. It includes organisational and monitoring structures to ensure that business items are recorded, processed and analysed in accordance with statutory regulations and are subsequently incorporated into the consolidated financial statements according to IFRS and the annual financial statements of GFT Technologies SE pursuant to the German Commercial Code (Handelsgesetzbuch, HGB) in a compliant manner.

The accounting process of the GFT Group (including GFT Technologies SE) ensures that the full and correct amounts and disclosures are included in the instruments of financial reporting (accounting, components of the financial statements, the combined management report) and that the relevant legal and statutory requirements are fulfilled. The respective structures and processes also comprise the risk management system and internal control measures in relation to the accounting process.

Key elements of risk management and control in the accounting process include a clear allocation of responsibilities and controls in the preparation of annual financial statements, as well as transparent regulations in the form of accounting guidelines. Further important control principles in the accounting process include the four-eye principle and a clear separation of functions.

The Group Accounting department transfers all relevant changes in the accounting and measurement policies to the Group-wide guidelines on accounting and revenue recognition. Together with the financial reporting calendar, these guidelines form the basis for the financial reporting process. The subsidiaries of GFT Technologies SE are responsible for compliance with Group-wide accounting standards in their financial statements and are supported and monitored to this end by the Group Accounting department. External service providers with the corresponding expertise are used for the valuation of pension obligations, purchase price allocations in the course of company acquisitions or other complex accounting transactions. The consolidation is performed globally by the Group Accounting department. Corporate Audit performs regular audits of the accounts prepared by the consolidated companies.

Risk analysis

The identification of risks takes place at different levels of the company. This is to ensure that risk tendencies are recognised at an early stage and consistent risk management is practised across all departments. Moreover, each employee is called upon to inform their superiors about foreseeable risks.

The identification and assessment of internal and external risks is carried out jointly by the risk category owners and the business units or national companies. Risks are assessed according to their estimated probability of occurrence and potential risk impact on business, as well as on financial position and performance.

Risks are validated from a risk-bearing capacity perspective, in particular to limit or completely avoid risks that could jeopardise the continuation of the business model.

Risks are monitored in close cooperation between the global risk owners and the department managers in the operational areas. They also jointly ensure the implementation of effective strategies to minimise risks. Risks can either be reduced by taking pro-active countermeasures or consciously accepted. The department managers are responsible for continuously monitoring the risks and the effectiveness of countermeasures. Where possible, risks are hedged against by taking out insurance cover if this is considered useful with regard to the economic benefits.

The GRC receives regular reports on the status of the risk management system and its implementation in the Group's various divisions. Moreover, it is informed about the financial outlook, risk-relevant KPIs and the current risk status of operational projects during its regular meetings.

Risk assessment
As part of the risk management system, risks are classified as 'very high', 'high', 'medium' or 'low' according to the estimated probability of occurrence and their potential impact on business targets. The scales used to measure these indicators are presented in the tables below:

Probability of occurrence	Description
< 10%	unlikely
10 to 25%	rather unlikely
> 25 to 50%	rather likely
> 50%	likely

According to this classification, the risk owners define an 'unlikely' risk as one whose probability of occurrence is very low, and a 'likely' risk as one whose occurrence can be expected within a given period of time.

The effects of these risks are classified in the groups 'insignificant', 'moderate', 'significant' or 'substantial'. This is based on the risk owner's assessment of the expected financial impact should the risk materialise. Risks are assessed taking into account both planned and already effective risk-reducing measures (net assessment) and, unless otherwise stated, are considered in relation to equity and liquidity.

Risk impact	Description
insignificant	limited negative impact on business, as well as on financial position and performance < €3,000k extent of individual risk's impact on equity and liquidity
moderate	negative impact on business, as well as on financial position and performance ≥ €3,000k and < €5,000k extent of individual risk's impact on equity and liquidity
significant	increased negative impact on business, as well as on financial position and performance ≥ €5,000k and < €10,000k extent of individual risk's impact on equity and liquidity
substantial	considerable negative impact on business, as well as on financial position and performance ≥ €10,000k extent of individual risk's impact on equity and liquidity

GFT risk rating
Risks are classified as 'very high', 'high', 'medium' or 'low' according to the estimated probability of occurrence and their impact based on business, company reputation, and the financial position and performance. In the past financial year, a fourth category ('very high') was added to the risk portfolio and the expected values were adjusted.

In addition to the individual assessment of risks, the aggregation of risks is of particular importance, as this is not merely the sum of the individual risks but must be considered separately due to the correlation of individual risks. Risks that are considered more likely to occur are also allocated a larger share in the aggregation of risks.

The risk significance of the risk categories results from the risk aggregation, in which the extent of the individual risk category is set in relation to the probability of occurrence.

GFT risk rating	Expected value
low	< €3.0 million
medium	≥ €3.0 million
high	≥ €5.0 million
very high	≥ €10.0 million

Risk-bearing capacity

The risk-bearing capacity concept ensures that there is sufficient risk coverage potential for the existing risks at all times. Both equity and liquidity are considered as part of the risk-bearing capacity concept.

At the time of preparing the Risk Report, there is sufficient coverage potential from both a liquidity and equity perspective to cover the risks presented. The risks do not pose a threat to the existence of the Group, neither individually nor in aggregate.

Risk factors

The risk positions listed below are those which the GFT Group identifies and monitors as part of its risk management system. The risk positions were maintained in the past financial year and are broken down into five main risk categories: (1) economic, political and regulatory risks; (2) strategic risks; (3) personnel risks; (4) operating risks; and (5) financial risks. These are subdivided into further risk positions.

The common factor for all risks described in this report is that their occurrence may have a critical impact on the GFT Group's business, financial position and performance. At the same time, they may increase other risks and result in a negative deviation from current revenue and earnings targets. Each risk is classified on a scale of low, medium, high or very high.

Risk positions and expected value

Risk position	GFT risk rating	Year-on-year change
Economic, political and regulatory risks		
Economic and political environment	medium	unchanged
Regulatory environment, legal requirements and behavioural risks	low	unchanged
Environment and diseases	low	unchanged
Information security and data privacy	high	unchanged
Strategic risks		
Sector and market risks	low	unchanged
Strategic business model	low	unchanged
Acquisition and integration risks	low	unchanged
Innovation and technological know-how	low	unchanged
Personnel risks		
International HR management	low	unchanged
Recruitment, retention and development of employees	medium	unchanged
Operating risks		
Sales risks	high	unchanged
Project risks	medium	unchanged
Liability risks	medium	unchanged
IT risks and client compliance	low	unchanged
Financial risks		
Liquidity risks	low	unchanged
Exchange rate and interest rate fluctuation risks	medium	unchanged
Accounting risks	low	unchanged
Tax risks	medium	unchanged

5.2 Economic, political and regulatory risks

Economic and political environment
The main macroeconomic risks of the GFT Group include the overall economic situation, the general propensity to invest and price developments on the IT market. The political and economic development of the economies in core markets has an impact on the investment behaviour of customers.

Events such as a regional or global economic crisis, military conflicts, terrorist attacks, fluctuations in national currencies or the creation of trade barriers can have a lasting impact on demand for GFT's solutions and services, for example due to delays in project contracts, rising credit risks of customers, changed refinancing costs or other restrictions of competition.

The GFT Group prepares for the occurrence of such macroeconomic risks by taking appropriate measures such as changing its investment priorities, adjusting the portfolio of services, making organisational changes or hedging.

Regulatory environment, legal requirements and behavioural risks
The legal requirements to be observed by the GFT Group have intensified significantly over the past years. Even if GFT does not infringe any laws, an alleged violation of laws or an accusation brought forward can have a seriously negative impact on its reputation and thus on its share price.

The wide variety of relevant legal regulations makes it difficult to assess such legal risks. If the relevant laws are not observed or the requirements of customers are not sufficiently met, this might lead to investigations by the supervisory authorities, liability claims, fines and the loss of customers and thus affect the business and economic success of the GFT Group.

The Group Legal department regularly reviews new legal requirements in the business and corporate environment of the GFT Group. Based on this latest information, internal legal processes and corporate guidelines are continuously kept up to date. The GFT Group takes particular care to ensure that all employees are familiar with, and comply with, its code of conduct (Code of Ethics & Code of Conduct), the data protection rules and the regulations on information security.

Environment and diseases
The environmental risk for GFT arises from the possibility that services cannot be provided due to short-term or long-term environmental disruptions.

Catastrophes (such as earthquakes, floods, forest fires) can have a direct impact on GFT's ability to deliver; management of this risk is short-term and organised by a local Operational Emergency Risk Team (OERT) appointed by local country management. Long-term environmental changes (such as effects due to climate change, including rising sea levels and extreme weather events) are included in the GRC's risk assessment.

GFT's obligations, responsibilities and tasks are described in the 'GFT Environmental Policy'.

The risk of disease or pandemic for GFT is reflected in the possibility that services cannot be provided due to illness of GFT employees and freelancers. Local disease risks are managed by a local OERT team. Global disease risks are managed by a cascade of OERTs appointed and headed at Group level by the GRC and at country level by the management of the respective country.

Information security and data privacy
As a result of the advancing digitalisation of business processes, risks in the field of information security and data privacy continue to increase significantly. Information technology and data privacy are a key driver for the GFT Group and an integral part of its daily business operations.

The GFT Group has a global Information Security Management System (ISMS), headed by the Chief Information Security Officer (CISO). GFT's established global ISMS provides a framework for security policies and procedures and is binding for all business units.

Risk assessments are conducted on a regular basis and risks are evaluated and addressed at periodic meetings of the GFT Privacy and Security Steering Committee. The Committee is chaired by the Chief Financial Officer (CFO).

In addition to the ISMS, the GFT Group has established global privacy policies, which are represented by the Chief Privacy Officer (CPO). This maintains a comprehensive and consistent level of data privacy within the GFT Group and at the interfaces with clients, suppliers and partners. The GFT Group's privacy policy is particularly relevant for those countries where there is no data privacy legislation and / or acceptable levels of data privacy.

With the global increase in cyberattacks, there has been a further significant rise in security breaches, particularly ransomware, which can lead to operational or financial damage, as well as damage to the company's reputation.

The GFT Group has already taken measures to reduce the impact of ransomware by adopting a holistic approach. This approach includes ransomware prevention, cyber security insurance assessment, response plans, damage detection and minimisation, early response, environment recovery and return to normal.

Risk report

5.3 Strategic risks

Sector and market risks
The GFT Group has a strong focus on the financial services sector. In the financial year 2023, 89% of revenue (2022: 90%) was generated with clients in this sector. There are risks, for example, in the form of regional or global financial and economic crises, inadequate or excessive regulation of financial service providers and normal demand cycles in the markets of GFT. In addition, there are political risks, such as an increase in trade barriers around the world, which could impair economic activity in the Group's target markets.

In order to minimise the dominant market risks, the GFT Group is continuously diversifying both its client base and service portfolio in the area of its core competencies.

Further measures include the conclusion of long-term contracts, intensive customer support at the level of top management, the strengthening of strategic partnerships and collaborations with platform providers (such as Amazon – Amazon Web Services, Google – Google Cloud Platform, Microsoft – Azure) and tech companies and start-ups (such as Digital Assets – support for DAML Smart Contracts, Thought Machine and Mambu – cloud-based core banking solutions or One Creation – integrated data protection).

Strategic business model
Risks arising from the strategic business model or from grasping strategic opportunities are integrated into the strategic planning process. Strategic risks (including risks from the client portfolio) are given priority in their analysis by top management.

As the long-term impact of strategic risks and their impact on the financial position and performance is difficult to quantify, such qualitative factors as economic and technology trends, compliance requirements and competition are included in risk assessment as strategic factors.

The country managers and risk officers of the individual departments evaluate potential strategic risks in their areas of responsibility and regularly report identified risks at the highest management level (Managing Directors and GRC). There is a particular focus on strategic risks during the annual budget process: risks are evaluated and assessed, and corrective measures introduced if necessary in order to avoid or at least minimise the risk.

Acquisition and integration risks
Inorganic growth is a component of the GFT Group's strategy. Targeted acquisitions minimise risks in various areas, expand the range of existing solutions, expand the customer portfolio and reduce dependence on markets. The risks in this field include false assessments regarding the integration concept, potential customers, staff qualifications, management skills, or legal and warranty risks.

The acquisition process is supported by the Mergers & Acquisitions team based on standardised structures, processes and templates. Experience gained from previous acquisitions is used to optimise standards.

These risks are dealt with by commissioning external experts in advance of any acquisition to assess the legal and commercial risks and the quality of the customer relationships (due diligence). Moreover, a qualitative evaluation of the employees and managers of the target company is made prior to acquisition. The integration concept is also prepared in detail prior to any corporate acquisition on the basis of experience from previous takeovers.

Acquisitions help to minimise risks, for example by increasing sector diversification and reducing client dependence.

Various risks arise during integration into the GFT Group's existing structures and corporate philosophy. A post-merger integration (PMI) process has been established across the Group and is headed by the Group Chief Operating Officer (COO). It is based on a multi-level and standardised integration process that balances risk and effort and decides between various stages of integration. The COO is responsible for Group-wide compliance with standards and has a coordinating role in local PMIs.

Innovation and technological know-how
The demand for the IT solutions offered by GFT depends heavily on market and sector trends in the financial services sector and, in particular, on the strategic alignment of its main clients. The GFT Group safeguards its future market success as a leader in technology and innovation by identifying technological trends early on and introducing corresponding measures to quickly implement suitable technologies. The short life cycles of IT systems, technologies and software solutions are a key element of the business environment. There is a risk that major developments may not be recognised quickly enough, or underestimated and not applied or implemented. This may have a negative impact on the development of business and revenue.

The risks that can arise from changing demand for GFT's solution offerings are difficult to quantify in terms of impact and probability of occurrence. In order to minimise the risk, GFT's strategic business model is based on a wide range of services and solutions.

GFT works with strategic technology partners to identify changes in demand trends as soon as possible. As one of the few IT service experts in the banking environment, GFT actively engages in strategic partnerships with Amazon, Google and Microsoft, three of the largest cloud providers world-wide during the past financial year. In the insurance sector, there is a partnership and close cooperation with Guidewire (software solution for damage and accident insurers). In addition, GFT's technology experts regularly take part in congresses and panel discussions, particularly in the fields of digitalisation, DLT / blockchain, cloud, DevOps, data analytics, artificial intelligence and Industry 4.0 (IoT). Innovation enjoys a high priority at GFT, which is why we continuously invest in research and development.

New technologies are evaluated internally according to their maturity and relevance to GFT's core business. In the case of relevant technology trends, measures are taken to ensure that strategic partnerships are reviewed, adapted as necessary or expanded, and that investments are made in prototypes.

5.4 Personnel risks

International HR management
Highly skilled and motivated employees at our international development centres are a key success factor for the GFT Group. Risks arise if the employees required for the implementation of the acquired projects are not available, if the technological skills of employees do not (or no longer) satisfy market needs, or if team sizes are reduced by above-average staff turnover. The current changes in geopolitical conditions (for example protectionism), or restrictions caused by pandemics (for example COVID-19), may limit the global mobility of employees.

These risks may lead to inadequate utilisation of the Group's own employees and thus result in fixed costs not being covered. Staff departures may incur additional costs for personnel recruitment measures and overload the remaining employees, which may reduce quality and customer satisfaction.

The GFT Group counters these risks by positioning itself as an attractive and globally operating employer which seeks to retain its specialists and executives. The respective HR policy measures include attractive working conditions, flexible working time models to improve the work-life balance of employees, attractive remuneration systems, tailored career models and extensive training. With the aid of targeted marketing measures, the Group strives to attract new talent in order to enhance its positive image on the job market. There is an increasing focus on social media, which are being used more and more.

Insofar as customer requirements cannot be met by our own staff, mainly due to capacity bottlenecks or a lack of specialist skills on the part of our staff, targeted external resources are used.

Recruitment, retention and development of employees
In connection with the current shortage of specialist staff, particularly in the IT sector, the recruitment of skilled employees is hampered by the ongoing rise in demand. The same applies to the retention of existing employees. Unless the GFT Group is able to find suitable employees or to retain them, there is a risk that it will no longer be able to implement operating activities as effectively and successfully, or that it will not be able to develop the service portfolio and technological know-how as planned.

Since employees are at the heart of our business model and make an essential contribution to the company's success, GFT attaches great importance to the issue of employee retention. For this reason, trends in the world of work are observed and appropriate measures are taken to continuously develop and increase the attractiveness of the company for employees.

GFT attaches great importance to the work-life balance of its employees and has therefore established measures to support and promote its employees. These measures include a regular review of local working time and salary models, the further development of our career model, the performance assessment of employees, and the promotion of employees via internally initiated talent development programmes.

5.5 Operating risks

Sales risks
The core business of the GFT Group comprises consulting, the development of software solutions, and the implementation of international IT projects. Depending on the complexity of the project, the type of order or solution offered, this may involve contractual, technological and economic risks.

In order to keep these project risks at a manageable level, the GFT Group employs a standardised and computer-aided bidding process which makes the calculated margins and potential risks transparent for all employees. Offers are released by defined specialists and managers at all levels of the hierarchy depending on the economic size and risk profile of the project.

As a further risk-reducing measure, the Company's own legal department provides master contracts for operating activities. The legal department or external law firms review contract proposals from clients and support the negotiation of sales contracts with the aim of clearly and transparently regulating the possible liability risks associated with contractual obligations (for example, warranties or industrial property rights) and limiting them to a reasonable amount. Contractual provisions that go beyond the specific fundamental specification of the GFT Group (such as the assumption of unlimited liability or the agreement of excessive penalties) also require the express approval of local management or the Managing Directors.

Coordination between the sales organisation and the development departments is essential. The focus here is on what the sales organisation sells and what the development departments can deliver. This is a key element of performance as an IT service provider. If the dynamics of supply and demand are not properly assessed and managed, this can have a significant impact not only on GFT's costs, but also on its reputation among clients and employees. Due to the increased risks in this environment, the sales process has been further optimised in order to be able to detect developments and trends from sales activities at an even earlier stage.

Project risks

The implementation of IT projects, especially at fixed prices, is associated with technological and economic risks. Project delays, insufficient quality or lack of resources may lead to economic losses, compensation claims, lack of repeat business and damage to the Group's reputation.

Project processing includes a risk management system integrated into project management methods, which safeguards the implementation or provision of services. The internationally recognised Capability Maturity Model Integration (CMMI®) process model is used. Application of the CMMI® process ensures that technical problems are significantly reduced and minimizes the danger of projects going over budget or deadlines not being met. Project and quality management have been optimised with the successfully certified further development of internal processes according to CMMI® Level 3. The corporate division Risk & Quality Management examines Group-wide compliance with the CMMI® model and the implementation of risk management requirements, and reports any deviations to the responsible managers and the Managing Directors.

The staff required for the completion of contracted projects are coordinated by the local staffing managers. The required manpower capacities and technological knowledge for the project are continuously planned. The resulting utilisation in the following months is defined on the basis of the in-house workforce and project utilisation. Any lack of capacity is offset by hiring new staff or purchasing external services. Foreseeable surplus capacities are counteracted by early communication to the sales department, which then steps up its sales activities accordingly.

The relevant project risks of the GFT Group are made transparent for the manager responsible by means of standardised escalations of the respective departments (Risk & Quality Management, Controlling). In the course of standardised monthly reporting, the main project risks are communicated to the Managing Directors who initiate additional countermeasures where appropriate.

The project business of the GFT Group is not possible without project risks – which are generally offset by project opportunities.

Liability risks

The possible economic harm caused by the infringement of third-party property rights, and in particular rights to software, may lead to considerable damage. Due to the necessary use of open source software in many projects, the GFT Group has established mechanisms for the preparation of bids to customers which are designed to reduce legal risks and potential damages claims from the use of open-source components.

A technical and legal process has been introduced which accompanies the use of open source components during bid preparation and throughout the project activities. During the bid preparation stage, any open source components which are used are checked by the project managers with regard to licensing using a matrix system; technical alternatives are discussed – where necessary – with the project managers. On the basis of this review, the use of specific open source software is either possible, possible only to a limited extent, or not possible at all.

IT risks and client compliance

Handling sensitive information on a daily basis is an integral part of the GFT Group's daily operations. Confidential personal or company data may be accidentally deleted, damaged or altered by a person with extensive access rights (IT administrator or business power user).

The risk of data loss is mitigated by minimising permissions according to the least-privilege principle and by taking organisational security measures. Backups are performed wherever possible. In the case of certain cloud services and the data stored there, this may not be the case or only to a limited extent.

All business-critical data is backed up offline or the cloud provider's tamper-proof backup services are used to ensure its use even in the event of cyber incidents.

Risk report

5.6 Financial risks

Liquidity risks
The liquidity of the GFT Group ensures its ability to conduct business. Local or global turbulence among banks, customers or capital markets can result in risks for investments made and receivables due and thus adversely affect the liquidity position. Such risks may arise, for example, from delayed receipt of receivables or the partial or complete loss of receivables from customers. On the investment side, capital market turbulence, rating downgrades and bank failures may lead to write-downs on investments made with an impact on earnings.

The GFT Group has a centralised financial management system with daily financial status reporting. The most important objective is to ensure sufficient liquidity for the Group. Outstanding receivables are analysed as part of the monthly consolidated reporting process so that countermeasures can be initiated at an early stage. In the case of new customers, credit checks are carried out during the bidding process. On the investment side, the GFT Group pursues a conservative investment policy with an exclusively short-term focus at present.

In addition to a syndicated loan agreement, GFT Technologies SE has taken out several promissory note loans to secure its long-term funding. There are certain rules of conduct for the GFT Group during the term of the loan agreement. These mainly refer to specific financial covenants which must be met and the assumption of financial liabilities and the provision of collateral is limited. If specific financial covenants and other rules of conduct are not met, this may lead to the immediate termination of the syndicated loan agreement. From the current perspective, there are no significant risks relating to the non-achievement of financial covenants or non-compliance with the other rules of conduct which are known.

Exchange rate and interest rate fluctuation risks
As an internationally operating company which prepares its accounts in euro, the GFT Group is subject to various financial risks from fluctuations in interest and exchange rates which may have a negative impact on its financial position and performance.

Periodic fluctuations in currencies entail considerable risks for the financial position and performance, in particular due to the mandatory currency translation into euros. As the GFT Group conducts its business around the globe, a significant proportion of its invoicing is in foreign currencies. In the financial year 2023, transactions in foreign currencies which were then translated into the Group's reporting currency, the euro, accounted for around 53% of consolidated revenue (2022: 59%). Exchange rate risks resulting from the appreciation or depreciation of currencies arise in the Group's operating business primarily when revenue is generated in a currency other than that used for the related costs.

The financial structure, investments and other balance sheet items of the GFT Group are subject to interest rate fluctuations on the capital markets which may have a negative impact on earnings, and especially on the interest result and other items of the income statement subject to discounting.

The Treasury department continuously monitors the existing and potential currency risks for revenue, earnings and balance sheet items. Where required, the GFT Group uses financial instruments to hedge against exchange rate fluctuations. In particular, the exchange rates of the Brazilian real, the US dollar, the British pound, the Canadian dollar and the Polish złoty are closely observed as they are of particular importance for the Group.

Interest rate risks are managed by the Group's treasury management. Interest rate changes may result in risks for the operating business as well as for financial transactions. Interest rate risks arise when fixed-interest periods on the asset and liability sides of the balance sheet are not matched. The risk of mismatched maturities is minimised from both an interest rate and liquidity perspective by means of refinancing aligned with the maturities of the financial contracts. Capital procurement measures are centrally coordinated within the GFT Group. Remaining interest rate risks are managed by using derivative financial instruments. There were no further significant financial instruments used for risk management purposes in the financial year 2023. For a more detailed presentation of financial instruments, see section 9.1 of the notes to the consolidated financial statements.

Accounting risks
The GFT Group's accounts are prepared according to the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU). Current and future pronouncements on accounting policies and other accounting standards may have a negative impact on the published financial results. Risks arise in particular from delays in adjusting current methods to the new pronouncements on accounting methods and accounting standards as well as unforeseeable changes with regard to the interpretation of standards.

Accounting in accordance with IFRS requires management to make extensive assumptions, estimates and discretionary decisions which may have an impact on the financial figures of the GFT Group. Risks may arise in such a way that facts and assumptions on which the estimates and discretionary decisions of the management are based, as well as the assessment of these facts change over the course of time. This can lead to significant changes in estimates and judgments and consequently to changes in the financial figures and to negative reactions on the capital market.

The GFT Group regularly monitors compliance with the applicable and relevant accounting regulations and reviews new relevant pronouncements or drafts and their interpretation in order to identify and implement any necessary changes to the Group-wide accounting methods at an early stage.

Risks arising from the use of estimates and judgments are countered by established control mechanisms, for example by applying the dual control principle. In addition, forecasts based on assumptions and estimates, as well as their impact on financial figures, are regularly reviewed and analysed.

Tax risks
The GFT Group operates in many countries around the world and is therefore subject to numerous different tax regulations and tax audits. Any changes in legislation and jurisdiction or different legal interpretations by the tax authorities – in particular in the area of cross-border transactions – may involve considerable uncertainties. It is therefore possible that provisions formed may prove to be insufficient and thus lead to a negative impact on the Group's net income and cash flow.

Any changes, complaints or findings by the tax authorities are continuously monitored by the Group Tax department and the corresponding measures are taken where necessary.

5.7 Overall risk assessment

The overall risk assessment is the result of a consolidated examination of the individual risks explained in this chapter and the aggregated risk exposure, which in relation to the risk-bearing capacity at the time of preparing this report do not indicate any threat to the GFT Group as a going concern. No permanent or substantial impairment of the financial position and performance of the company is expected. The early warning system for the detection of risks implemented by the GFT Group is constantly evolving and will be reviewed by the external auditor in accordance with the statutory requirements according to section 317 (4) HGB.

6 Opportunity report

Opportunity management
Opportunities are defined as possible positive deviations from guidance for the financial year 2024 and medium-term planning. The GFT Group's opportunity management systematically records possible developments and events with a positive direct impact on its financial position and performance. Opportunities are identified on the basis of market and competition analyses, sector studies and regular customer contact.

Developments, trends or events which could have a positive impact on the financial position and performance in the financial year 2024 and medium-term planning, should they occur, are explained in the following sections.

Economic and political opportunities
Macroeconomic opportunities arise when political and economic developments in national economies are better than expected and can influence the investment behaviour of clients as well as price developments in the core markets. These include events such as investment facilitation, public sector investment programmes or trade facilitation. Reduced uncertainty following political decisions taken over a longer period of time may also have a positive impact on client investment behaviour.

Opportunities from the regulatory environment and legal regulations
Regulatory amendments or changes to legal requirements may force the targeted client groups to update their IT systems, resulting in additional demand and thus positively impacting GFT's business activities.

Strategic opportunities
Should the strategic external conditions listed below develop better than assumed, this could prompt additional demand and have a positive impact on business activities, the financial position and performance.

Sector and market opportunities
The need to digitalise business processes in all sectors has increased further in terms of urgency, especially with regard to securing our strengthening the competitive standing of our clients. This might result in a further increase in demand.

GFT Technologies SE has a stable and diversified business model in order to further reduce its dependence on individual clients, sectors and regions. This gives it the opportunity to offset economic fluctuations and revenue shortfalls with individual clients by means of revenue growth in other target markets. Acquisitions and investments have expanded the client base, as well as GFT's portfolio of technologies and services. Geographic expansion is also being pursued in order to strengthen the global delivery model and also enter new markets. Further opportunities arise from indirect sales by GFT partners, such as Google, Amazon Web Services, Microsoft, Guidewire, Thought Machine or Mambu.

Opportunity report

Opportunities from acquisition and integration
Identifying and exploiting value-enhancing acquisition opportunities is part of the GFT Group's corporate strategy. Potential acquisitions offer opportunities to increase revenue, profitability and diversification in the coming years. GFT has many years of experience in integrating new companies, business models and technologies into the Group, whereby high demands are placed on the target company. With the aid of targeted company acquisitions, GFT can participate in growth and technology trends in the selected sectors and regions.

Opportunities from innovation and technological know-how
Opportunities for business activities arise from GFT's range of solutions based on innovative strength and technological expertise. If technological trends develop more dynamically than expected, this can have a positive impact on the financial position and performance.

By means of acquisition-based and organic growth, the GFT Group has steadily expanded the expertise it can offer insurers. In order to meet the increasing demand for implementation projects of Guidewire's standard solution for property insurers, expert teams were established in Poland and Spain in the past to accompany this growth from nearshore locations. Opportunities may arise from stronger than expected growth of the partner Guidewire.

The transfer of IT systems to the cloud offers customers in the banking, insurance and industrial sectors more flexible and cost-effective solutions based on new technologies. GFT helps clients transfer their systems to the cloud and provides support for the subsequent implementation and further development of cloud applications. Thanks to its strategic partnerships with Google, Microsoft and Amazon Web Services, the GFT Group is well positioned to benefit from the dynamic cloud trend. Should the market and the business of our partners develop better than expected, opportunities may arise for the GFT Group.

The field of Industry 4.0 offers further potential. The successful development of IoT applications requires comprehensive technological expertise relating to DLT / blockchain, cloud engineering, data analytics and artificial intelligence – technologies that the GFT Group is proficient in and is continuously expanding. Further opportunities for business in the industrial sector may arise if the targeted clients increase their IoT budgets.

Opportunities from research and development
The GFT Group's research and development activities are aimed at identifying or anticipating sector trends and customer needs at an early stage and using these to derive the appropriate solutions. Activities focus in particular on high-growth technologies such as cloud, DLT / blockchain, data analytics and AI. Opportunities may arise from shorter innovation cycles, faster achievement of market-ready offerings, and subsequent increased scaling. The field of generative AI in particular – with its rapidly accelerating market maturity processes – offers opportunities for GFT to drive the development of its business.

Opportunities in HR from international development centres
With its international development centres, the GFT Group's Delivery Model combines customer proximity and quality with attractive cost benefits and the global utilisation of technological expertise. Strategy concept work and consultation are generally conducted in direct contact with clients (onshore). Services are subsequently provided both onshore and at our nearshore development centres. This alignment not only offers cost advantages, but also gives GFT's customers access to capacities, as well as sector and technological expertise, in times when the supply of skilled workers is scarce.

The global establishment of remote and hybrid working models offers the opportunity that client acceptance of nearshore development will rise even further. In addition, the flexibilisation of working conditions opens up further opportunities for GFT to recruit employees from within its global network of locations. Should the demand for nearshore services increase, this could have a positive impact on GFT's business activities.

Opportunities from currency and interest rate fluctuations
Currency opportunities arise from transactions that are not conducted in the reporting currency (euro). In a similar way to the risks explained in the risk report, exchange rate trends also offer translation and transaction opportunities. Market-related fluctuations in the general level of interest rates can also result in opportunities that mirror the interest rate risk. The opportunities listed here can have a positive impact on the financial position and performance.

7 Explanations on the annual financial statements of GFT Technologies SE (HGB)

7.1 General

In addition to the above reporting on the GFT Group, the following section presents the development of GFT Technologies SE.

The annual financial statements of GFT Technologies SE were prepared in accordance with the regulations of the German Commercial Code (HGB) – in contrast to the consolidated financial statements – taking into account the supplementary provisions of the German Stock Corporation Act (AktG). They are published electronically in the Company Register and are available online at www.gft.com/financialreports.

In accordance with section 315 (5) HGB in conjunction with section 298 HGB, the management report of GFT Technologies SE has been combined with the management report of the GFT Group as the development of business, economic position and future opportunities and risks of GFT Technologies SE are closely linked with the Group due to common activities in their core operating business.

GFT Technologies SE is the parent company of the GFT Group and is domiciled in Stuttgart, Germany. As the parent company, GFT Technologies SE is responsible for managing the GFT Group. Its results thus also include expenses for the Group's headquarters with the central functions for Corporate Development, Finance, Communications, Public Affairs, Human Resources, Legal Affairs and Compliance, as well as Data Protection and Procurement. In addition, GFT Technologies SE has operating activities in Germany. The results of GFT Technologies SE are also influenced to a significant extent by its directly and indirectly held subsidiaries and investments.

The economic conditions of GFT Technologies SE are largely identical to those of the Group as described in detail in chapter 3.1 'General conditions'.

7.2 Earnings position

Condensed income statement

in € million	2023	2022
Revenue	97.77	89.45
Changes in inventories of work in process	–1.22	–0.07
Other operating income	8.57	8.34
Total performance	**105.12**	**97.72**
Cost of purchased services	37.40	30.49
Personnel expenses	36.01	34.58
Amortisation and depreciation	1.09	1.43
Other operating expenses	34.83	32.09
Result from operating activities	**–4.21**	**–0.87**
Financial result	**24.85**	**20.41**
Earnings before taxes (EBT)	**20.64**	**19.54**
Taxes	2.78	3.08
Net income for the year	**17.86**	**16.46**
Profit brought forward from the previous year	22.50	17.88
Distributable profit	**40.36**	**34.34**

In the financial year 2023, **earnings** of GFT Technologies SE were dominated by the significant improvement in the financial result, due to the increase in investment income. This was offset in the company's operating business by a decline in profit margins – despite the growth in revenue. The main reason for this development were higher procurement costs for subcontractors, most of which could not be passed on to clients.

Explanations on the annual financial statements of GFT Technologies SE (HGB)

In its financial year 2023, GFT Technologies SE generated **revenue** of €97.77 million (2022: €89.45 million), representing year-on-year growth of €8.32 million or 9%. Revenue was thus well in excess of the expectation stated in the previous year's forecast report, which anticipated a slight decline. Revenue mainly comprises income from the provision of customer-specific IT services, rendered predominantly in Germany, and from Group-wide service functions for the subsidiaries. The latter involve sales-related license fees, management fees, central support services and other cost allocations. **Revenue adjusted** for revenue from Group-wide services rose by 14% to €66.31 million in the financial year 2023 (2022: €58.55 million). This growth was driven in particular by cloud-enabled solutions for banks and broad diversification across various industrial groups. **Income from corporate services** for subsidiaries included in total revenue amounted to €31.46 million in the reporting period (2022: €30.90 million).

Taking into account the change in work in progress and other operating income, **total performance** amounted to €105.12 million (2022: €97.72 million), corresponding to a year-on-year improvement of 8%. The increase in total performance mainly reflects the positive development of business. The **changes in inventories of work in process** amounted to €–1.22 million, compared to €–0.07 million in the previous year, and results from closing-date effects from projects not yet completed or not yet accepted by the client.

The **cost of purchased services** rose more strongly than revenue by €6.91 million to €37.40 million (2022: €30.49 million), due in part to price increases. This item contains the purchase of external services in connection with the core operating business. The ratio of cost of purchased services to revenue increased accordingly to 38%, compared to 34% in the previous year.

Personnel expenses of €36.01 million were 4% up on the previous year (2022: €34.58 million). This moderate year-on-year increase is mainly due to the rise in average headcount, as well as salary increases. By contrast, lower variable remuneration served to reduce personnel expenses. Moreover, personnel expenses in the previous year benefited significantly from positive effects relating to the valuation of the share-based component of management remuneration. The **productive utilisation rate** of operating business (without holding activities) of GFT Technologies SE improved by two percentage points from 81% to 83%. The productive utilisation rate is a non-financial performance indicator. It refers solely to the use of production staff in client projects and does not include any sales activities or internal projects.

In the reporting period, **other operating expenses** of GFT Technologies SE increased in line with revenue by 9% to €34.83 million (2022: €32.09 million). They mainly comprise IT licence costs, rent and maintenance expenses, selling expenses and legal and consulting costs.

The **financial result** improved by €4.44 million to €24.85 million (2022: €20.41 million). This significant increase is primarily attributable to increased investment income of €24.85 million (2022: €19.07 million). In the financial year 2023, investment income resulted mainly from dividend payments from the Spanish subsidiary of €23.00 million. There was an opposing effect from increased interest expenses in connection with the funding of the targens acquisition.

In the financial year 2023, **earnings before taxes** (EBT) of GFT Technologies SE amounted to €20.64 million (2022: €19.54 million). With year-on-year growth of around 6%, EBT was well above the expectations stated in the forecast report of the previous year, which predicted a slight decline.

Income taxes amounted to €2.78 million (2022: €3.08 million). The decrease is mainly due to the decline in taxable operating income. After deducting taxes, **net income** for the financial year 2023 totalled €17.86 million and was thus slightly up on the previous year by €1.40 million (2022: €16.46 million).

The **economic position** of GFT Technologies SE is mainly shaped by its own operating activities and those of its subsidiaries. GFT Technologies SE participates in the operating results of its subsidiaries via dividends and profit transfers. Consequently, the economic position of GFT Technologies SE is fundamentally that of the GFT Group, which is explained in chapter 3.7 'Overall assessment'.

7.3 Financial position

Together with its subsidiary GFT Treasury Services GmbH (Treasury Services), GFT Technologies SE plays the central role in the Group's financial activities. Financial management includes the clearing of receivables and liabilities from intra-Group transactions and ensures the permanent liquidity of all Group companies. Please refer to chapter 3.5 'Financial position' for a more detailed description of the GFT Group's financial structure.

As of 31 December 2023, **cash and cash equivalents** of GFT Technologies SE were down €1.74 million to €1.19 million (31 December 2022: €2.93 million). This decrease in liquidity is in direct connection with the central Group clearing system introduced in the previous year. The development of liquidity is indirectly attributable to the targens acquisition, which was financed via Treasury Services and partially settled from the free cash flow of GFT Technologies SE. With the partial repayment of the external bank loan by Treasury Services at the end of 2023, surplus funds of GFT Technologies SE were also used to repay debt within the Group. Moreover, the increased dividend payment to the shareholders of GFT Technologies SE led to a decrease in cash and cash equivalents.

The **net liquidity** of GFT Technologies SE – a product of cash and cash equivalents disclosed in the balance sheet less bank borrowing – fell slightly from €–34.09 million in the previous year to €–35.83 million as of 31 December 2023.

7.4 Asset position

Condensed balance sheet

in € million	31/12/2023	31/12/2022
Assets		
Intangible assets	0.18	0.66
Property, plant and equipment	3.75	4.13
Financial assets	137.41	99.54
Non-current assets	**141.34**	**104.33**
Inventories	6.46	7.68
Receivables and other assets	17.78	33.68
Cash and cash equivalents	1.18	2.92
Current assets	**25.42**	**44.28**
Prepaid expenses	6.29	4.83
Total assets	**173.05**	**153.44**
Equity and liabilities		
Shareholders' equity	91.58	85.57
Provisions	18.10	16.31
Liabilities to banks	37.02	37.02
Other liabilities	25.93	14.05
Deferred income	0.42	0.49
Total equity and liabilities	**173.05**	**153.44**

As of 31 December 2023, the **balance sheet total** of GFT Technologies SE was 13% up on the previous year at €173.05 million (31 December 2022: €153.44 million). The main changes compared to the previous year are presented below.

Non-current assets as of 31 December 2023 increased by €37.01 million to €141.34 million (31 December 2022: €104.33 million), due to the rise in **financial assets** to €137.41 million (31 December 2022: €99.54 million). This increase was largely attributable to the acquisition of targens on 4 April 2023, which led to an addition of shares in affiliated companies of €54.79 million. There was an opposing effect within financial assets from the decrease in loans to affiliated companies of €16.91 million due to the repayment of intercompany loans.

Current assets of €25.42 million were down €18.86 million on the previous year (31 December 2022: €44.28 million). This decrease was shaped by a significantly lower level of **receivables and other assets** amounting to €17.78 million (31 December 2022: €33.68 million). This was mainly the result of a change in the balance of the Group clearing system in the course of the year. Whereas there was a receivable of €16.05 million at the end of the previous year, there was a liability of €9.46 million as of 31 December 2023. In the same context, **cash and cash equivalents** decreased by €1.74 million to €1.18 million (31 December 2022: €2.92 million). For a more detailed description of the factors that influenced the development of cash and cash equivalents, please refer to section 7.3 'Financial position'. **Inventories** and work in progress amounted to €6.46 million and thus declined by €1.22 million over the course of the year (31 December 2022: €7.68 million) – despite the increase in business volume.

Shareholders' equity of GFT Technologies SE increased in the reporting period by 7% or €6.01 million to €91.58 million (31 December 2022: €85.57 million). Net income of €17.86 million (31 December 2022: €16.46 million) was opposed by the dividend payment to shareholders of €11.85 million (31 December 2022: €9.21 million). Due to the disproportionately strong increase in the balance sheet total, the **equity ratio** at the end of the reporting period fell by 3 percentage points to 53% (31 December 2022: 56%).

Over the course of the year, **provisions** increased by €1.79 million to €18.10 million (31 December 2022: €16.31 million), due in particular to a rise in **tax provisions**. Tax provisions increased in line with income taxes for the financial year 2023 by €2.44 million to €5.51 million (31 December 2022: €3.07 million).

At €37.02 million, **liabilities to banks** were unchanged from the previous year (31 December 2022: €37.02 million).

Other liabilities increased by €11.88 million to €25.93 million (31 December 2022: €14.05 million). This increase resulted mainly from a rise in **liabilities owing to affiliated companies** as well as from Group clearing, leading to a liability of €9.46 million as of 31 December 2023, compared to a receivable of €16.05 million at the end of the previous year.

7.5 Risk and opportunity report

The business development of GFT Technologies SE is mainly subject to the same risks and opportunities as the GFT Group. In principle, GFT Technologies SE participates in the risks of its investments and subsidiaries in proportion to its respective shareholding. The risks and opportunities are described in chapters 5 'Risk report' and 6 'Opportunity report'. In addition, legal or contractual contingencies, in particular financing, charges and write-downs on shares in affiliated companies may result from relationships with the company's investments.

7.6 Forecast report

Due to the close ties of GFT Technologies SE with the Group companies and its weight within the Group, reference is made to the statements in chapter 4 'Forecast report', which also reflects expectations for the parent company. The future financial position and performance of GF Technologies SE mainly depends on the performance and success of its subsidiaries. GFT Technologies SE participates in the development of its subsidiaries via profit transfer agreements and dividends.

For the financial year 2024, GFT Technologies SE anticipates stable revenue in its operating business. Falling revenue with one major client is to be offset by the expansion of existing business with banks and the acquisition of new clients in the industrial sector. Additional growth impetus may be generated by synergies from targens, acquired in 2023. In view of rising income from the offsetting of intra-group holding activities, GFT Technologies SE expects moderate revenue growth in the single-digit percentage range compared to the previous year on the whole for the financial year 2024.

In terms of earnings, GFT Technologies SE expects EBT to be significantly higher than in 2023, mainly due to revenue growth and an increase in the profitability of its operating business.

8 Takeover-relevant information

Disclosures pursuant to section 289a and section 315a German Commercial Code (HGB) and explanatory report of the Administrative Board according to section 48 (2) sentence 2 SE-Implementation Act (SEAG) in conjunction with section 176 (1) sentence 1 German Stock Corporation Act (AktG)

Structure of the share capital
At the end of the reporting period, the issued share capital of GFT Technologies SE amounted to €26,325,946.00. It is divided into 26,325,946 shares. The proportionate amount of share capital allocated to each share totals €1.00. All shares of GFT Technologies SE were issued as ordinary bearer shares without nominal value (no-par shares). The shares are fully paid up. All shares have the same rights and obligations arising from the statutory provisions. Each share grants one vote at the Annual General Meeting.

Restrictions on voting rights or the transfer of shares
Legal regulations, in particular section 136 AktG and section 44 German Securities Trading Act (WpHG), exclude voting rights for the affected shares in the respective specified cases. The existence of such cases is not known. We are also not otherwise aware of any restrictions affecting voting rights or the transfer of shares.

Shareholdings exceeding 10 percent of the voting rights
GFT Technologies SE is aware of the following shareholding that exceed 10 percent of the voting rights: as at 31 December 2023, Ulrich Dietz (Chairman of the Administrative Board of GFT Technologies SE), Germany, held 26.3% of total voting rights.

Shares with special control rights
There are no shares with special rights conferring control.

System of control over voting rights when employees own shares and their control rights are not exercised directly
We are not aware of any employees who hold shares and do not exercise their control rights.

Legal regulations and provisions in the articles of association governing the appointment and replacement of executive board members
As a company with a one-tier management and control structure, GFT Technologies SE applies the disclosure obligations of section 289a (1) number 6 HGB and section 315a (1) number 6 HGB on the appointment and dismissal of executive board members to the Managing Directors. Their appointment and dismissal is governed by article 43 SE-VO (Council Regulation (EC) number 2157/2001 on the Statute for a European Company (SE)) and section 40 SEAG. Reference is made to these regulations. Pursuant to section 16 of the Articles of Association of GFT Technologies SE, the Administrative Board appoints one or more Managing Directors. The Administrative Board can appoint one of these Managing Directors as Chief Executive Officer and one as Deputy Chief Executive Officer. In each case, the appointment and dismissal of Managing Directors requires a majority of two thirds of votes cast by the Administrative Board, whereby abstentions or invalid votes are deemed to be votes not cast. The Articles of Association of GFT Technologies SE do not contain any further regulations on the appointment and dismissal of Managing Directors. Should one of the required Managing Directors be missing, section 45 SEAG states that a

Takeover-relevant information

court may appoint a Managing Director on application of one of the persons involved.

Rules governing amendments to the articles of association

The requirements for amendments to the articles of association are regulated in particular in article 59 SE-VO and section 51 SEAG. Reference is made to these provisions. According to section 51 SEAG, the articles of association may determine, unless binding statutory regulations state otherwise, that a simple majority of votes cast is sufficient for a resolution of the Annual General Meeting to amend the articles of association, providing that at least half of share capital is represented. The Articles of Association of GFT Technologies SE make use of this provision in section 23 (4). A larger majority is required for an amendment to the company's object, for a resolution on relocating the registered offices of the SE to a different EU member state, and for other legally binding cases (section 51 sentence 2 SEAG). The Annual General Meeting can assign the authority to amend the Articles of Association to the Administrative Board insofar as such amendments merely relate to the wording. This is permitted for GFT Technologies SE by the provisions in section 21 (1) of the Articles of Association. Moreover, the Administrative Board is authorised by a resolution of the Annual General Meeting to amend the wording of section 4 (1) and (7) of the Articles of Association in accordance with the respective use of Authorised Capital 2022 and after expiry of the utilisation and authorisation period. Moreover, in the case of a cancellation of shares, the Administrative Board is authorised to amend the disclosure on the number of shares in the Articles of Association.

Executive board authorities, particularly the issuing and buy-back of shares

As a company with a one-tier management and control structure, GFT Technologies SE applies the disclosure obligations of section 289a sentence 1, number 7 HGB and section 315a sentence 1, number 7 HGB to the Administrative Board.

Authorised capital

The Administrative Board is authorised until 9 June 2026 to increase the Company's share capital by up to €10,000,000.00 through a one-time-only or repeated partial issuance of bearer shares (no-par shares) against cash contributions and / or contributions in kind (Authorised Capital 2021).

The sum of shares issued under Authorised Capital 2021 and the shares that may be issued or are to be issued to service conversion and / or option rights or to fulfil conversion or option obligations from bonds with option and / or conversion rights or obligations (or a combination of these instruments) issued during the term of this authorisation may not exceed a total amount of the share capital of €13,162,973.00 (corresponding to 50% of the share capital).

The new shares must generally be offered to the shareholders for subscription (directly or in whole or in part also by way of indirect subscription pursuant to section 186 (5) sentence 1 AktG). However, the Administrative Board is authorised to exclude the statutory subscription right of shareholders,

- insofar as it is necessary for fractional amounts resulting from the subscription ratio,
- in the event of capital increases in return for contributions in kind for the purpose of issuing shares for the (also indirect) acquisition of companies, parts of companies, investments in companies or other assets in connection with the aforementioned company acquisitions (even if a purchase price component is paid in cash in addition to the shares);
- in the event of a capital increase in return for contributions in cash, provided that the issue price of the new shares is not significantly lower than the stock market price and the total pro rata amount of the share capital attributable to the new shares for which the subscription right is excluded does not exceed 10% of the share capital, either at the time this authorisation comes into effect or at the time it is exercised. This limit shall include those shares which are issued during the term of this authorisation using an authorisation to sell repurchased treasury shares in accordance with section 186 (3) sentence 4 AktG under exclusion of subscription rights which is valid at the time this authorisation takes effect. Shares issued or to be issued to service convertible bonds or bonds with warrants shall also be included in the calculation to the extent that these bonds are issued during the validity of this authorisation in accordance with section 186 (3) sentence 4 AktG; and
- in order to grant the company's Managing Directors, members of the representative body of any of the company's affiliated companies or employees of the company and its affiliated companies new shares in connection with share participation programmes or other share-based programmes if the total pro rata amount of the share capital attributable to the new shares for which the subscription right is excluded does not exceed 5% of the share capital, either at the time this authorisation comes into effect or at the time it is exercised. To the extent permitted by law, the new shares may also be issued in such a manner that the contribution to be paid on such shares is covered by that part of the annual net income which the Managing Directors and the Administrative Board can allocate to other retained earnings under section 58 (2) AktG.

The sum of shares issued on the basis of Authorised Capital 2021 under exclusion of shareholders' subscription rights must not exceed a proportional amount of 20% of the share capital – taking into

Takeover-relevant information

account other shares of the company which, during the term of Authorised Capital 2021, are sold or issued under exclusion of subscription rights or are to be issued under bonds issued after 10 June 2021 under exclusion of the subscription right – neither at the time this authorisation comes into effect nor at the time it is exercised.

The Administrative Board is authorised to determine the further details of a capital increase and its implementation.

Conditional capital

Conditional Capital 2022 (sections 192 et seq. AktG) is regulated in section 4 (7) of the Articles of Association of GFT Technologies SE:

A conditional increase in the company's share capital (Conditional Capital 2022) of up to €10,000,000.00 is authorised through the issue of a maximum of 10,000,000 new bearer shares. A conditional increase in share capital is only implemented if the bearers of conversion or warrant rights from convertible or warrant bonds (or a combination of these instrument), which were issued by GFT Technologies SE or a domestic or foreign company in which GFT Technologies SE directly or indirectly holds a majority of voting rights and capital, on the basis of the authorisation adopted by the Annual General Meeting of 1 June 2022 agenda item 7, exercise their conversion or warrant rights or fulfil their conversion or warrant obligations from such convertible or warrant bonds, and insofar as the conversion or warrant rights or conversion or warrant obligations are not settled via treasury shares, nor shares from authorised capital, nor by other consideration.

The new shares participate in the profit from the beginning of the financial year in which they are issued; by way of derogation, the Administrative Board may, to the extent legally permissible, stipulate that the new shares participate in the profit from the beginning of a previous financial year for which no resolution of the Annual General Meeting regarding appropriation of profit has been taken at the time of their issue. The Administrative Board is authorised to determine the further specifics in connection with the issue of shares under this contingency.

Purchase of treasury shares

With a resolution adopted by the Annual General Meeting of 24 June 2020, GFT Technologies SE is authorised to purchase treasury shares up to a total of 10% of share capital as at the time of the Annual General Meeting resolution or – if this amount is lower – at the time the authorisation is exercised. The authorisation may be exercised once or several times and in full or in partial amounts. However, the treasury shares purchased on the basis of this authorisation, together with those treasury shares which the company has already purchased and still holds, or which are attributed to it pursuant to sections 71d and 71e AktG, may at no time exceed 10% of the respective share capital.

The purchase of treasury shares is made via the stock exchange or as part of a public purchase offer made to all shareholders by GFT Technologies SE. If shares are bought via the stock exchange, the purchase price per share paid by GFT Technologies SE (exclusive of any ancillary costs) may not exceed, or fall below, the price determined by the opening auction in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the trading day by more than 10%. In the case of a public offer, the purchase price per share paid by the company (exclusive of any ancillary costs) may not exceed, or fall below, the non-weighted average closing price of the GFT Technologies SE share in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last three trading days prior to the day of the final decision by the Administrative Board on the offer by more than 10%.

In the case of a public offer, the volume of the offer may be limited. If there are not insignificant deviations in the relevant stock exchange price after the publication of the public offer, the offer may be adjusted. In this case, the stock exchange price on the last stock exchange trading day prior to the final decision of the Administrative Board on the public announcement of any adjustment shall be used as a basis. The volume of the offer may be limited. If the total subscription of the offer exceeds the fixed volume, the acceptance must be made on a quota basis. Preferential acceptance of small numbers of up to 100 tendered shares per shareholder may be provided for. The public offer may provide for further conditions.

The authorisation was granted for every legally permissible purpose, and in particular for the following purposes:

- to use the treasury shares as an acquisition currency for the acquisition of companies or company divisions by GFT Technologies SE;
- to cancel shares;
- for use in the context of share-based remuneration or employee share programmes of GFT Technologies SE or its affiliated companies to persons who are or were employed by GFT Technologies SE or one of its affiliated companies, as well as to Managing Directors of GFT Technologies SE or members of executive bodies of affiliated companies of GFT Technologies SE. They may be offered, granted and transferred to the aforementioned persons, in particular for consideration or free of charge, whereby the employment or service relationship, or the relationship to the executive body, must exist at the time of the offer, the grant or the transfer;

- to sell the shares with the exclusion of shareholder subscription rights while meeting the requirements of section 186 (3) sentence 4 AktG.

The sale of purchased treasury shares must always be made via the stock exchange or by means of a public offer made to all shareholders.

GFT Technologies SE was authorised, however, to employ a different selling method, with the exclusion of shareholder subscription rights, should this be necessary in the interests of GFT Technologies SE, in order to use the shares as follows:

- to use the treasury shares as an acquisition currency for the acquisition of companies or company divisions by GFT Technologies SE;

- for use in the context of share-based remuneration or employee share programmes of GFT Technologies SE or its affiliated companies to persons who are or were employed by GFT Technologies SE or one of its affiliated companies, as well as to Managing Directors of GFT Technologies SE or members of executive bodies of affiliated companies of GFT Technologies SE. They may be offered, granted and transferred to the aforementioned persons, in particular for consideration or free of charge, whereby the employment or service relationship, or the relationship to the executive body, must exist at the time of the offer, the grant or the transfer.

The Administrative Board was also authorised, with the exclusion of shareholder subscription rights, to sell the acquired treasury shares in ways other than via the stock exchange or by way of a public offer to all shareholders, provided that the shares issued with the exclusion of shareholder subscription rights pursuant to section 186 (3) sentence 4 AktG do not exceed 10% in total of share capital, neither at the time this authorisation becomes effective nor at the time when this authorisation is exercised, and the sale price is not significantly lower than the stock market price of the GFT Technologies SE shares at the time of the sale. Those shares issued during the term of this authorisation, utilising an authorisation to issue new shares from Authorised Capital pursuant to section 186 (3) sentence 4 AktG with the exclusion of shareholder subscription rights valid at the time this authorisation became effective, are to be included in this limitation. Also to be included are those shares issued, or still to be issued, for the settlement of warrant/convertible bonds, providing such bonds were issued during the effective term of this authorisation pursuant to section 186 (3) sentence 4 AktG.

The authorisations to sell may be exercised separately or together, in whole or in part. If exercised in part, the authorisation may be utilised on several occasions. The authorisation applies to shares of GFT Technologies SE already held by GFT Technologies SE at the time this authorisation was granted.

The Administrative Board was also authorised to cancel treasury shares without any further resolution of the Annual General Meeting. The authorisation to cancel shares may be exercised in whole or in part. If exercised in part, the authorisation may be utilised on several occasions. The authorisation applies to shares of GFT Technologies SE already held by GFT Technologies SE at the time this authorisation was granted. Cancellation results in a capital reduction. Contrary to the aforementioned, the Administrative Board may determine that share capital is not reduced, but that the proportion of the remaining shares in the share capital is increased pursuant to section 8 (3) AktG. In this case, the Administrative Board is authorised to adjust the number of shares stated in the Articles of Association.

The authorisation to purchase treasury shares became effective on expiry of the virtual Annual General Meeting of 24 June 2020 and is valid until 23 June 2025. No use has been made of this authorisation to date. For further information, please refer to note 4.10 'Shareholders' equity'.

Material agreements of the parent company conditional to a change of control following a takeover bid

The material agreements of GFT Technologies SE, which contain a clause for the event of a change of control at GFT Technologies SE, concern loan agreements. In the event of a change of control, the respective lenders have the right to terminate the loan agreements and make them due.

A banking syndicate has provided GFT Technologies SE with a syndicated, partially revolving credit line for a total amount of up to €55 million, of which €13 million had been drawn at the end of the reporting period. The syndicate members were granted the right to terminate their portion if a person or a group of people who have coordinated their actions pursuant to section 2 (5) German Takeover Act (Wertpapiererwerbs und Übernahmegesetz, WpÜG), or persons acting on behalf of such persons (with the exception of Ulrich Dietz and/or Maria Dietz and/or their offspring) directly or indirectly acquire, at any time, control of more than 50% of the voting capital of GFT Technologies SE.

GFT Technologies SE has signed several promissory note agreements totalling €17 million which grant the respective lenders the right to demand the premature repayment of the loans in the event that a person or a number of people acting in unison as defined by section 2 (5) WpÜG (in each case with the exception of Ulrich Dietz and Maria Dietz, as well as their offspring or persons acting on behalf of one or more of the aforementioned persons) acquire the majority of voting rights of GFT Technologies SE.

Moreover, GFT Technologies SE has concluded a loan agreement with a bank regarding a credit facility of up to €15 million which grants termination rights to the lender in the event that, without prior consent of the respective lender, a person or a number of people acting in unison as defined by section 2 (5) WpÜG, or persons acting on behalf of such persons (with the exception of those defined 'Permitted Owners' defined below) directly or indirectly acquire, at any time, control of more than 50% of the voting capital of GFT Technologies SE. The term 'Permitted Owners' refers to (i) Ulrich Dietz, Maria Dietz and their offspring, as well as (ii) persons acting on behalf of one or more of the aforementioned persons.

Compensation agreements with executive board members and employees in the event of a change of control

As a company with a one-tier management and control structure, GFT Technologies SE exclusively applies the disclosure obligations of section 289a sentence 1, number 9 HGB and section 315a sentence 1, number 9 HGB, regarding compensation agreements made with executive board members for the case of a takeover offer, to its Managing Directors.

There are no corresponding severance pay agreements with Managing Directors and employees for the event of a change of control.

9 Corporate Governance Statement (unaudited)

In accordance with sections 289 f, 315 d HGB and as provided for in Principle 23 of the German Corporate Governance Code, the Administrative Board and the Managing Directors submit the following report on corporate governance in the financial year 2023.

Declaration of Compliance of GFT Technologies SE

'Declaration of Compliance of the Administrative Board of GFT Technologies SE concerning the recommendations of the Government Commission on the German Corporate Governance Code pursuant to section 161 AktG (German Stock Corporation Act)'
(as at: 5 December 2023)

GFT Technologies SE has complied with the recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on 28 April 2022, announced in the German Federal Gazette (Bundesanzeiger) on 27 July 2022 (hereinafter referred to as the 'Code') subject to the special features of the monistic system of the GFT Technologies SE as outlined in its Declaration of Conformity of December 7, 2022, and with exception of the deviations explained there.

It complies and will comply with the recommendations of the Code with exception of the deviations explained in section III.

The principles for transferring the recommendations of the Code based on a dual management system to the one-tier management system of GFT Technologies SE are presented in section II.

__I. Preliminary remark__

As stated in paragraph 3 of its foreword, the objective of the Code is to make the dual German corporate governance system transparent and understandable.

Pursuant to section 5 (1) of its Articles of Incorporation, GFT Technologies SE has a one-tier management and control structure. According to article 43 to 45 Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute of the European Company (SE) in conjunction with sections 20 et seq. SE Implementation Act (hereinafter referred to as the 'SEAG'), the one-tier system is characterised by the fact that a single governance body, the Administrative Board, is responsible for the management of the company. The Administrative Board manages the company, determines the basic policies of its activity and supervises their implementation by the Managing Directors. The Managing Directors conduct the business of the company and represent the company in and out of court. They are bound by instructions of the Administrative Board.

The principles and recommendations contained in the Code with regard to the dual German corporate governance system are only directly applicable to a one-tier SE to a limited extent. In particular, as is the case for listed credit institutions and insurance undertakings (see paragraph 8 sentence 2 of the foreword to the Code), the principles and recommendations of the Code can only be applied to the extent that they do not contradict any legal stipulations. The transfer of the principles, recommendations and suggestions of the Code to the one-tier structure of GFT Technologies SE is explained below in section II.

II. Transfer of the principles, recommendations and suggestions of the Code to the one-tier structure of GFT Technologies SE

GFT Technologies SE transfers the principles, recommendations and suggestions of the Code for the supervisory board to its Administrative Board and for the management board to its Managing Directors.

The following exceptions apply:

1. *The governance tasks of the management board set forth in Principles 1 to 5 are the responsibility of the Administrative Board pursuant to section 22 (1) of the SEAG, or section 22 (3) sentence 3 of the SEAG. These include managing and developing the company's strategic alignment, setting targets for the proportion of women in the two management levels below the Administrative Board, establishing an internal control system and risk management system and compliance.*

2. *The Recommendations A.1 and A.3 in connection with the ecological and social impacts of the enterprise's activities and sustainability-related objectives as well as the Recommendations A.2 (consideration of diversity when making appointments to executive positions), A.4 (establishment of a whistle-blower system) and A.5 (comment upon the appropriateness and effectiveness of the internal control system and risk management system) addressed to the management board are addressed to the Administrative Board in the one-tier structure based on section 22 (1) of the SEAG.*

3. *According to Principle 6 (paragraph 1), the supervisory board appoints and discharges the members of the management board, supervises and advises the management board in the management of the enterprise and has to be involved in decisions of fundamental importance to the enterprise. The Administrative Board of a one-tier SE combines the management and control.*

4. *In derogation from Suggestion A.8, the Administrative Board is responsible for convening the General Meeting.*

5. *According to Recommendation B.3, the first-time appointment of management board members of a stock corporation shall be for a period of no more than three years. Recommendation B.4 further states that any re-appointment prior to one year before the end of an appointment period at the same time as termination of the current appointment shall only happen if special circumstances apply. These recommendations should be viewed against the background that, pursuant to section 84 (3) AktG, members of the management board of a stock corporation may only be removed if there is good cause.*

   Pursuant to section 40 (5) SEAG, Managing Directors may be dismissed at any time even without good cause. Against this background, Recommendations B.3 and B.4 are not transferred to the one-tier SE.

6. *Recommendations C.6 to C.12 concerning the independence of supervisory board members refer only to those members of the Administrative Board who are not appointed as Managing Directors.*

III. Deviations from the recommendations of the Code

Recommendation C.7 sentence 1 'More than half of the shareholder representatives shall be independent from the company and the Management Board.'

Recommendation C.7, as well as recommendations C.6 and C.8 to C.12, only applies to those members of the Administrative Board who are not appointed as Managing Directors.

If the indicators mentioned in Recommendation C.7 are used as the sole and strict basis, less than half of the relevant members of the Administrative Board are to be classified as independent, namely two out of five.

In contrast, the Administrative Board is of the opinion that four out of five of its relevant members, i.e. more than half, are independent. The indicators mentioned in recommendation C.7 were included in the overall assessment. If an indicator is met and the member of the Administrative Board in question is nevertheless considered independent, this is explained in the Corporate Governance Statement in accordance with recommendation C.8.

Recommendation C.10 sentence 1 'The Chair of the Supervisory Board, the Chair of the Audit Committee, as well as the Chair of the committee that addresses Management Board remuneration, shall be independent from the company and the Management Board.'

The Chair of the Audit Committee is independent from the Company and from the Managing Directors. To this extent, this recommendation has been complied with.

The recommendation that also the Chair of the Administrative Board be independent from the Company and from the Managing Directors is not complied with. Immediately prior to taking office, the Chair of the Administrative Board was Chair of the Managing Directors and Deputy Chair of the Administrative Board. Pursuant to the criteria set forth in Recommendation C.7, he is not deemed to be independent from the company. Given the desire for personnel continuity in the management of the Company, the

Administrative Board resolved that the former Chair of the Managing Directors should become the Chair of the Administrative Board.

Recommendation D.4 'The Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which names suitable candidates to the Supervisory Board for its proposals to the General Meeting.'

The Administrative Board has waived the establishment of a Nomination Committee. The Administrative Board as a whole comprises seven members and thus has a manageable size. All members are representatives of the shareholders. In view of this fact, the Administrative Board considers it appropriate that the full Administrative Board does not transfer the task to a Nomination Committee.

Recommendation G.6 'The share of variable remuneration achieved as a result of reaching long-term targets shall exceed the share from short-term targets.'

The company does not comply with this recommendation. Its remuneration system is geared towards long-term and sustainable development. The Administrative Board does not believe that this requires variable remuneration from the achievement of long-term targets to exceed the portion from short-term targets.

The remuneration components with a one-year assessment basis are already designed to promote the long-term and sustainable development of the company. For example, one variable remuneration component is linked to the development of revenue in the respective financial year compared with the previous year. This means that two financial years are taken into account and not just one financial year. By defining the performance criteria at the beginning of the term of the respective employment contract without annual adjustments, this ensures that a permanent increase in revenue must be achieved in order to earn the respective variable compensation.

Moreover, the remuneration system stipulates that the total short-term variable remuneration should not be paid out immediately, but that a share of one third to one half should be converted to the respective long-term variable remuneration (LTI). The development of the respective LTI is determined by the performance of the GFT share price. Payment is made after three years. By linking to the weighted average price of GFT shares in the financial year prior to conversion and the weighted average price of GFT shares in the financial year prior to payment, a four-year assessment period was chosen. This also ensures that short-term developments, and in particular fluctuations in the share price, have no effect on long-term variable remuneration.

Recommendation G.7 sentence 1 'Referring to the forthcoming financial year, the Supervisory Board shall establish performance criteria for each Management Board member covering all variable remuneration components; besides operating targets, such performance criteria shall be geared mainly to strategic goals.'

Prior to the respective financial year, the Administrative Board sets the performance criteria for each Managing Director covering all variable remuneration components; besides operational targets, these performance criteria are geared mainly to strategic goals. However, not all performance criteria for variable remuneration components are set for the forthcoming financial year, but also for the conclusion of the respective service agreement. Only one remuneration component is set for the forthcoming financial year.

The Administrative Board is of the opinion that this procedure is appropriate within the framework of the existing remuneration system, which is geared to a long-term and consistent approach.

Recommendation G.10 'Taking the respective tax burden into consideration, Management Board members' variable remuneration shall be predominantly invested in company shares by the respective Management Board member or shall be granted predominantly as share-based remuneration. Granted long-term variable remuneration components shall be accessible to Management Board members only after a period of four years.'

The company does not comply with this recommendation. The company's remuneration system stipulates that one third to one half of the total short-term variable remuneration is converted to the respective long-term variable remuneration (LTI) after the end of the financial year in question. The development of the LTI is determined by the performance of the GFT share price. However, the variable remuneration granted is not predominantly invested in shares in the company or granted on a share-based basis.

Payment of the LTI is made after three years. By linking to the weighted average price of GFT shares in the financial year prior to conversion and the weighted average price of GFT shares in the financial year prior to payment, a four-year assessment period was chosen.

The Administrative Board believes that the provisions of the remuneration system are suitable for encouraging the Managing Directors to focus their efforts on promoting the long-term well-being of the company and ensuring sustainable and long-term corporate success. This is all the more true as the variable remuneration components with a one-year assessment *basis are already geared to sustainable and long-term corporate development.*

Recommendation G.11 'The Supervisory Board shall have the possibility to account for extraordinary developments to an appropriate extent. It shall be permitted to retain or reclaim variable remuneration, if justified.'

No agreement has been made with the Managing Directors to retain or reclaim variable remuneration in specific cases. The Administrative Board believes that the legal claims and rights, in particular the assertion of claims for enrichment and damages as well as rights of retention, are sufficient to protect the interests of the company.

Stuttgart, 5 December 2023

GFT Technologies SE
The Administrative Board'

Remuneration system and remuneration report
The current remuneration system according to section 87a (1) and (2) sentence 1 AktG and the last remuneration resolution according to section 113 (3) AktG are available online at www.gft.com/governance.

The remuneration report on the last financial year and the auditor's report according to section 162 AktG are also available at www.gft.com/governance.

Corporate governance practices
GFT Technologies SE is a European Company (SE) listed in Germany. It is primarily subject to the guidelines of Regulation (EC) number 2157/2001 of 8 October 2001 on the Statute for a European Company (SE Regulation) and the German Act Implementing Regulation (EC) number 2157/2001 on the Statute for a European Company ('SE-Ausführungsgesetz' – SEAG). Insofar as the SE Regulation and the SEAG do not contain more specific regulations, the German Stock Corporation Act ('Aktiengesetz' – AktG) also applies, among others. Further elements of corporate governance are the Articles of Association of GFT Technologies SE and the Rules of Procedure for the Administrative Board, the Audit Committee and the Managing Directors.

GFT Technologies SE has a one-tier management and control structure in which a single governance body, the Administrative Board, is responsible for managing and monitoring the company. The Managing Directors are responsible for the operating business. Information on the working practices of the Administrative Board and the Managing Directors is presented in the corresponding section.

The following corporate governance practices are applied:

Code of Conduct
It is an overriding principle that all employees of the GFT Group, as well as subcontractors, comply with legally and ethically correct procedures in their daily business. The most important principles of the GFT Group on this matter are summarised and made binding by the 'Code of Ethics & Code of Conduct', which can be viewed online at www.gft.com/compliance. Subcontractors are obliged to comply with these principles of behaviour.

Description of the working practices of the Administrative Board, the composition and working practices of its committees, as well as the working practices of the Managing Directors
The company applies the disclosure obligations of section 289f (2) number 3 of the German Commercial Code (HGB) and section 315d in conjunction with section 289f (2) number 3 HGB to the Administrative Board, wherever the supervisory board is mentioned, and to the Managing Directors, wherever they apply to the management board.

Administrative Board
Pursuant to section 22 (1) SEAG, the Administrative Board manages the company, defines the principles of its activities and supervises their implementation. It acts in compliance with the legal regulations, the Articles of Association and the Rules of Procedure for the Administrative Board, which can be viewed at www.gft.com/governance. It also observes the recommendations of the German Corporate Governance Code (hereinafter referred to as the 'Code') taking into account the company's one-tier structure and the latest Declaration of Compliance it has issued.

The Administrative Board currently consists of seven members. They have the same rights and duties and are not bound by instructions. The Administrative Board comprises leading business figures with detailed knowledge and international experience of the IT sector, the banking, finance and industrial sectors, as well as law. The Administrative Board consists exclusively of shareholder representatives. The CVs of the Administrative Board members, which are updated annually, are available online at www.gft.com/administrative-board. For further information, please refer to the section 'Skills profile and targets for the composition of the Administrative Board'.

The principles of cooperation and the decision processes within the Administrative Board are defined in the Articles of Association of GFT Technologies SE and the Rules of Procedure for the Administrative Board. The Administrative Board is regularly convened six times per financial year (meetings in person and videoconferences). In addition, meetings may be held if it is in the company's best interests or so requested by a member of the Administrative Board. The meetings are convened by the Chairman, who also sends notification of the agenda items. The Administrative Board constitutes a quorum if at least half of all members take part in the adoption of resolutions. Members also take part in the adoption of a resolution if they abstain from voting. Should the vote be tied, the Chairman of the Administrative Board shall have two votes in accordance with legal regulations. In the case of instructions for the Managing Directors as a whole, or for individual Managing Directors, a qualified majority of two thirds of the votes cast by the Administrative Board is required. Resolutions are generally adopted during the meetings. Resolutions on urgent business transactions can also be adopted by written circulation. Minutes are taken of the meetings, of decisions in the meetings and of any resolutions adopted outside meetings.

The Administrative Board also regularly holds meetings in whole or in part without the presence of the Managing Directors.

Members of the Administrative Board do not participate in discussions or the adoption of resolutions on transactions between themselves and GFT Technologies SE, or companies belonging to the GFT Group. This also applies if the contractual partner is not the member of the Administrative Board himself but a company for which the Administrative Board member works or in which he holds a controlling interest. This is to avoid any suspicion of a conflict of interest.

The Administrative Board is directly involved in all fundamental decisions of the company and its affiliates. It receives swift, regular and comprehensive information from the Managing Directors – also on the basis of the information regulations contained in the Rules of Procedure for the Managing Directors (see also section 'Managing Directors') – on all significant decisions and all relevant questions concerning planning, business development, risks, the implementation of risk management and compliance. The Managing Directors also report on deviations in the course of business from the stated plans and targets, stating the reasons for such deviations. The Managing Directors inform the Administrative Board immediately about exceptional events of particular importance. As a result, the Administrative Board is able to evaluate current business progress, any deviations from plans and forecasts, individual significant transactions and the company's strategic alignment, and discuss the respective topics in detail with the Managing Directors. The Administrative Board also systematically identifies and discusses the risks and opportunities for the company and the Group associated with social and environmental factors, as well as the environmental and social impact of the company's activities. It takes the results into account in corporate strategy and planning.

The Administrative Board appoints the Managing Directors, regulates the service relationship by means of the service contract and ensures long-term succession planning. It determines the remuneration system for the Managing Directors, regularly reviews it, and sets the individual total remuneration of the individual Managing Directors. In doing so, it takes care that the remuneration contributes to the promotion of business strategy and the sustainable and long-term development of the company. It takes into account whether the remuneration of the Managing Directors is in line with the remuneration of senior managers and the workforce as a whole and how remuneration has developed over time. Details on the remuneration of the Managing Directors are provided in the remuneration report.

The Administrative Board, and the committees it formed, conduct a self-evaluation every two years. The last review was conducted in the financial year 2022. Among other things, the respective members assess how effectively they fulfil their tasks. This self-evaluation is made on the basis of an extensive company-specific questionnaires.

Administrative Board committees

The Administrative Board has set up two committees: an audit committee and a committee to decide on matters concerning a consultancy agreement which GFT Technologies SE concluded with a company whose sole managing director is the Chairman of the Administrative Board, Ulrich Dietz.

The Audit Committee consists of three members: Prof Dr Andreas Wiedemann (Chairman in the financial year 2023), Dr Paul Lerbinger and Maria Dietz. With effect from 1 January 2024, Dr Annette Beller was elected as a member of the Audit Committee and as its Chairwoman. Dr Paul Lerbinger stepped down from the Audit Committee at the end of 31 December 2023. The Chairman of the Administrative Board is not a member of the Audit Committee.

In the financial year 2023, the members in office as a whole had the necessary knowledge, skills and professional experience to properly perform the tasks of the Committee.

Prof Dr Andreas Wiedemann (Chairman until 31 December 2023) has special knowledge and experience in auditing (including the auditing of sustainability reports). He is independent of the company and the Managing Directors and has been a member or chairman of the supervisory boards of several companies for many years. He has acquired the corresponding specialist knowledge and experience especially in the course of these activities.

Dr Paul Lerbinger has special knowledge and experience in the application of accounting principles and internal control and risk management systems (including those relating to sustainability reports and their auditing) which he gained in particular during many years as a manager and director, and later as a managing director and board chairman of international credit institutions.

Maria Dietz has special knowledge and experience in the application of accounting principles and internal control and risk management systems, as well as auditing (in each case including those relating to sustainability reports and their auditing), which she gained during her many years of service at GFT Technologies SE and her supervisory board mandates, in particular at LBBW Asset Management Investmentgesellschaft mbh.

The tasks of the Audit Committee comprise:

- Preparation of the deliberations and resolutions of the Administrative Board for the approval of the annual financial statements and consolidated financial statements, as well as the combined management report including sustainability reporting;
- Discussion of the quarterly statements and the half-yearly financial report with the Managing Directors prior to their publication;
- Monitoring of the accounting process, the audit of the financial statements, the effectiveness and functionality of the internal control system, the risk management system, the internal audit system and the compliance management system, in each case including the processes and systems for collecting and processing sustainability-related data;
- Preparation of the Administrative Board's proposal to the Annual General Meeting for the election of the auditor;
- Monitoring the independence of the auditor;
- Agreeing the auditor's fee and determining the main focus areas of the audit together with the auditor;
- Assessing the quality of the audit;
- Resolution on the conditions for the provision of non-audit services by the auditor;
- Discussion with the auditor on the assessment of the audit risk, the audit strategy and audit planning as well as the audit results;
- Monitoring the internal procedure for recording related party transactions;
- Preparation of the Administrative Board Report to the Annual General Meeting.

The Audit Committee meets at least four times per financial year (in person and via videoconferencing). It is entitled to obtain any information it deems necessary from the auditors and the Managing Directors. The Audit Committee may also call upon consultants and experts appointed by them. In addition, each member of the Audit Committee may, through the Chair of the Committee, obtain information directly from the heads of those corporate departments of the company responsible within the company for the tasks which concern the Audit Committee. The Chair of the Committee shall communicate the information obtained to all members of the Audit Committee. If such information is obtained, the Managing Directors shall be informed thereof without delay.

The meetings of the Audit Committee shall be attended by the auditor and the Managing Directors unless otherwise determined by the Committee. In particular when the auditor is in attendance, the Audit Committee also meets regularly without the Managing Directors.

The Chairman of the Audit Committee regularly discusses the progress of the audit with the auditor and reports to the Committee.

The Administrative Board had also set up a committee to decide on matters concerning a consultancy agreement which GFT Technologies SE concluded with a company whose sole managing director is the Chairman of the Administrative Board, Ulrich Dietz. Until the departure of Dr-Ing Andreas Bereczky in June 2023, the exclusive purpose of the committee was to exclude potential conflicts of interest from the outset when deliberating on and adopting resolutions. In addition to Dr-Ing Andreas Bereczky, the committee consisted of the Administrative Board members Prof Dr Andreas Wiedemann (Chair) and Dr Paul Lerbinger. As no advisory services were provided by RB Capital GmbH in the financial year 2023, the Administrative Board decided to dissolve the committee and only reinstate it when such advisory services are likely to be required again.

Following their meetings, the committees report in detail on their work to the Administrative Board. In the event of material occurrences and findings of the Audit Committee, the Chair of the Committee informs the Chairman of the Administrative Board without delay.

Managing Directors

GFT Technologies SE has three Managing Directors. Two of the three Managing Directors are also members of the Administrative Board. GFT Technologies SE has thus made use of the authorisation in section 40 (1) sentence 2 SEAG to appoint members of the Administrative Board as Managing Directors provided that the majority of the Administrative Board's members are non-executive members. Moreover, the Administrative Board has appointed one Managing Director to be the Chief Executive Officer (CEO) pursuant to section 16 (1) sentence 2 of the Articles of Association. Information on the individual Managing Directors and their areas of responsibility is available online at www.gft.com/management.

In accordance with section 10 (2) of the Articles of Association of GFT Technologies SE, the Administrative Board has issued Rules of Procedure for the

Managing Directors, which are regularly reviewed and adapted wherever necessary. The Rules of Procedure also include the information regulations, which specify the information and reporting obligations of the Managing Directors.

The Managing Directors act in accordance with legal regulations, the Articles of Association and the Rules of Procedure for the Managing Directors. In addition, they observe the Code within the framework of the Declaration of Compliance most recently issued by the Administrative Board. The Managing Directors are obliged to pursue the company's interests and its strategic principles. As described above, they report to the Administrative Board regularly. Moreover, the CEO is in regular contact with the Chairman of the Administrative Board.

The Managing Directors take joint responsibility for the company's business. The main tasks include the implementation of strategy, the operational management of the company, controlling, and the implementation of the risk management system adopted by the Administrative Board. In the case of certain transactions specified in the Articles of Association and the Rules of Procedure, they must obtain the prior consent of the Administrative Board.

The resolutions of the Managing Directors are always adopted at meetings (in person or via videoconferencing). These are generally held monthly. In urgent cases, resolutions are also adopted by written circulation, or by e-mail. The CEO is responsible for scheduling and convening the meetings, setting their agenda, chairing the meetings and taking minutes. The Managing Directors only constitute a quorum if at least half of all members take part in the vote. The Managing Directors should adopt resolutions unanimously. If there is no unanimity in a decision to be taken, the CEO decides whether to vote again immediately or to suspend the adoption of the resolution. In the event of suspension, a resolution on the agenda item must be adopted at the next meeting. In the case of a directly repeated vote or after suspension, a simple majority of those Managing Directors taking part in the vote is sufficient. In the event of a tie, the CEO shall have the casting vote.

The Managing Directors have not formed any committees.

Targets for the share of women on the Administrative Board and on the two management levels below the Administrative Board

At its meeting on 9 May 2022, the Administrative Board of GFT Technologies SE resolved that by 30 April 2027 the proportion of women should amount to

1. 2/7 of the Administrative Board,
2. 1/4 of the first management level, comprising the Managing Directors of GFT Technologies SE, and
3. 1/6 of the second management level of GFT Technologies SE, comprising Executive Directors of GFT Technologies SE.

Skills profile and targets for the composition of the Administrative Board, diversity concept for the Administrative Board, implementation status

GFT Technologies SE applies the disclosure obligations pursuant to section 289f (2) number 6 HGB and section 315d in conjunction with section 289f (2) number 6 HGB relating to the executive body authorised to represent the company to the Managing Directors, and those relating to the supervisory board to the Administrative Board.

Skills profile, composition targets and diversity concept for the Administrative Board

The Administrative Board has adopted a skills profile with the aim of ensuring that its members as a whole have the skills and experience required for the management and supervision of the GFT Group. This is supported by ensuring appropriate diversity in terms of age, gender, education and international experience.

The members of the Administrative Board should have different professional experience and, as a whole, have the essential skills required in view of the GFT Group's activities. From the point of view of the Administrative Board, these include in-depth experience and knowledge in the following areas:

- Information technology, including digitalisation,
- Innovations and innovation management,
- Sectors in which clients of the GFT Group operate,
- Management and supervision of a capital market-oriented, internationally operating group, including corporate strategy and M&A,
- Finance, in particular general business administration, controlling, accounting and auditing
- Internal control and risk management systems,
- Legal and compliance issues and
- Sustainability issues of importance to the company.

The Administrative Board of GFT Technologies SE should also be composed in such a way that – from the point of view of the Administrative Board – more than half the members not appointed as Managing Directors are independent from the company and its Managing Directors, as well as from any future controlling shareholder. The ownership structure is to be taken into account.

Moreover, an appropriate level of diversity on the Administrative Board is to be taken into account. The Administrative Board should aim to achieve a balanced age structure among its members. Both sexes should be represented, and the proportion of women should be at least two sevenths (see also the targets stated above for the share of women on the Administrative Board). Candidates for the Administrative Board shall not be younger than 30 years of age nor older than 75 years of age when they take up their duties. Taking into account the maximum term of office of six years, the age limit for members of the Administrative Board is therefore 81 years.

The Administrative Board believes that its current composition meets the defined objectives as well as the skills profile. The diversity concept is adequately taken into account.

More than half of its members not appointed as Managing Directors are independent (see section below 'Independence of the Administrative Board members') and the ownership structure is taken into account. The age profile is appropriate. The defined proportion of women has been observed. The requirements regarding a suitable skills profile are all met. The members of the Administrative Board offer different professional and international experience. As a whole, its members have skills and experience that are essential for the management and supervision of the GFT Group. Collectively, they are familiar with the information technology industry as well as with those sectors in which the company's clients operate. Several members have specialist knowledge and experience in the areas of accounting, auditing, internal control systems and risk management systems, including sustainability reporting and auditing. They also have in-depth experience and knowledge in the management and supervision of a capital market-oriented, internationally active group, in the area of corporate strategy and in the areas of law and compliance. For details, please refer to the skills matrix for the Administrative Board in the financial year 2023 presented below.

A new member was elected to the Administrative Board in the financial year 2023. In its election proposal to the Annual General Meeting, the Administrative Board ensured that the current targets for its composition, the diversity concept and the skills profile were considered in full. This was achieved with the election of Dr Annette Beller (see also the qualification matrix for the Administrative Board below).

Independence of the Administrative Board members

The Administrative Board only applies the relevant recommendations of the Code with regard to the independence of supervisory board members, in accordance with the recommendation of the EU Commission of 15 February 2005 on the duties of non-executive directors / supervisory board members / listed companies as well as on committees of the administrative board / supervisory board (section 4), to those members of the Administrative Board who are not appointed as Managing Directors. The following statements do not therefore contain any information about those members of the Administrative Board appointed as Managing Directors.

The Administrative Board regards one of its members as independent if (1) he / she is independent from any controlling shareholder and (2) is independent from the company and the Managing Directors.

The Administrative Board believes that at all times during the financial year 2023 four of its members were independent, namely Dr Paul Lerbinger, Dr-Ing Andreas Bereczky (member until 22 June 2023) and Dr Annette Beller (member as of 22 June 2023), Maria Dietz and Prof Dr Andreas Wiedemann.

No controlling shareholder

The company has no controlling shareholder. Ulrich Dietz holds approx. 26% of shares in the company and does therefore not have an absolute voting majority. There is no control agreement with Ulrich Dietz. He does not have a majority at shareholders' meetings. There is no allocation of voting rights of other persons to Ulrich Dietz as defined by section 34 German Securities Trading Act (WpHG).

Corporate Governance Statement (unaudited)

Independence from the company and the Managing Directors

A member of the Administrative Board is considered independent from the company and the Managing Directors if he / she has no personal or business relationship with the company or its Managing Directors that may cause a substantial – and not merely temporary – conflict of interest.

When assessing the independence of its members from the company and the Managing Directors, the Administrative Board takes into consideration in particular the following aspects; whether the respective member – or a close family member

- was a Managing Director of the company in the two years up to his / her election to the Administrative Board, or before the change to a European Company was a member of the Executive Board in the two years up to his / her election to the Supervisory Board,
- has (or has had) a material business relationship with the company or one of the entities dependent upon the company at present or in the year up to his / her election to the Administrative Board, directly or as a shareholder, or in a leading position of a non-group entity,
- is a close family member of a Managing Director or
- has been a member of the Administrative Board (or Supervisory Board before the change to a European Company) for more than 12 years.

The members of the Administrative Board Dr-Ing Andreas Bereczky (member until 22 June 2023) and Dr Annette Beller (member as of 22 June 2023), as well as Prof Dr Andreas Wiedemann, are independent according to the aforementioned indicators. Although Maria Dietz and Dr Paul Lerbinger each fulfil one of the indicators directly or indirectly, they are still considered independent of the Administrative Board:

As the wife of Ulrich Dietz, Maria Dietz is his close family member. In the opinion of the Administrative Board, she is nevertheless to be regarded as independent of the company and the Managing Directors. There is no danger that the family connection could constitute a material and not merely temporary conflict of interest, as the family connection cannot lead to dependency of any kind. Maria Dietz holds seats on the supervisory boards of several other companies, is financially independent and herself holds almost 10% of the shares and voting rights in the company, whereby the voting rights of other persons are not attributed pursuant to section 34 of the German Securities Trading Act (WpHG). Moreover, and as was the case for all members of the Administrative Board, Maria Dietz did not have any material and not merely temporary conflicts of interest in the financial year 2023.

Dr Paul Lerbinger has been a member of the Administrative Board (and of the Supervisory Board prior to the company's conversion to an SE) since January 2011. Despite being a board member for more than 12 years, the Administrative Board considers him to be independent. Dr Lerbinger is personally and financially independent in every respect. His numerous, often critical questions and comments at meetings clearly demonstrate that Dr Lerbinger has the necessary detachment from the company and the Managing Directors to perform his duties independently and conscientiously.

Skills profile for the Administrative Board as of 31 December 2023

	Ulrich Dietz (Chairman)	Dr Paul Lerbinger (Deputy Chairman)	Dr Annette Beller	Maria Dietz	Marika Lulay[1]	Dr Jochen Ruetz[1]	Prof Dr Andreas Wiedemann
Member since	**18/08/2015**	**14/01/2011**	**22/06/2023**	**18/08/2015**	**18/08/2015**	**18/08/2015**	**18/08/2015**
Independence							
acc. to GCGC indicators			X		n,a,[2]	n,a,[2]	X
acc. to reasoned assessment of the Administrative Board		X	X	X	n,a,[2]	n,a,[2]	X
Diversity							
Year of birth	1958	1955	1960	1962	1962	1968	1968
Gender	male	male	female	female	female	male	male
Nationality	DE	DE	DE	DE	DE	DE	DE
International experience	yes	yes	yes	yes	yes	yes	yes
Profession	Chairman of the Administrative Board of GFT Technologies SE	Deputy Chairman of the Administrative Board of GFT Technologies SE and former Chairman of the Executive Board of HSH Nordbank AG	Chief Financial Officer of B. Braun SE Responsible for Finance/Taxes and Controlling, IT, Logistics and Purchasing	Member of the Administrative Board of GFT Technologies SE and former Head of Purchasing of the GFT Group	Chairwoman of the Managing Directors of GFT Technologies SE, CEO Responsible for Strategy and Business Development, Markets, Communication, Marketing, Technology and Innovation	Managing Director of GFT Technologies SE, CFO Responsible for IT Infrastructure, Human Resources, Finance, Investor Relations, Legal Affairs, Auditing and Mergers & Acquisitions	Lawyer and general partner in the law firm Hennerkes, Kirchdörfer & Lorz
Educational background	Engineering	Business management	Business management	Business management	Computer science	Business management	Law
Skills							
Information technology, digitalisation	X	X	X	X	X	X	
Innovation management	X			X	X		
Banking and insurance sector		X	X		X		
Industry (plant and mechanical engineering, automotive industry)	X	X	X				
Corporate management and control, incl. strategy and M&A	X	X	X	X	X	X	X
Finance		X	X	X		X	X
Risk management and internal control systems		X	X	X		X	X
Financial expert		X	X			X	X
Law/compliance			X	X		X	X
Sustainability		X	X	X	X	X	X

1 Marika Lulay and Dr Jochen Ruetz are also appointed as Managing Directors of the company.

2 In accordance with the EU Commission Recommendation of 15 February 2005 on the duties of non-executive directors/supervisory board members of listed companies and on the committees of the administrative/supervisory board (section 4), an assessment of independence is only made for those members of the Administrative Board who are not appointed as Managing Directors.

Diversity concept for the Managing Directors

In view of the fact that GFT Technologies SE currently has merely three Managing Directors, no diversity concept is being pursued. For the appointment of new Managing Directors, the Administrative Board will take into account the currently valid target share for women of one quarter.

The service agreements with all Managing Directors provide that they will end no later than at the end of the year in which the Managing Director reaches the age of 65.

Long-term succession planning for the Managing Directors

Together with the Managing Directors, the Administrative Board is responsible for the long-term succession planning of the Managing Directors. To this end, the members of the Administrative Board regularly exchange views with the Managing Directors, who also present suitable internal candidates to the Administrative Board. In addition, executives of the GFT Group regularly present topics at meetings of the Administrative Board. This enables the latter to form its own opinion of their personal and professional suitability as Managing Directors. Furthermore, the Administrative Board makes its own considerations regarding suitable internal candidates and, if necessary, also evaluates external candidates.

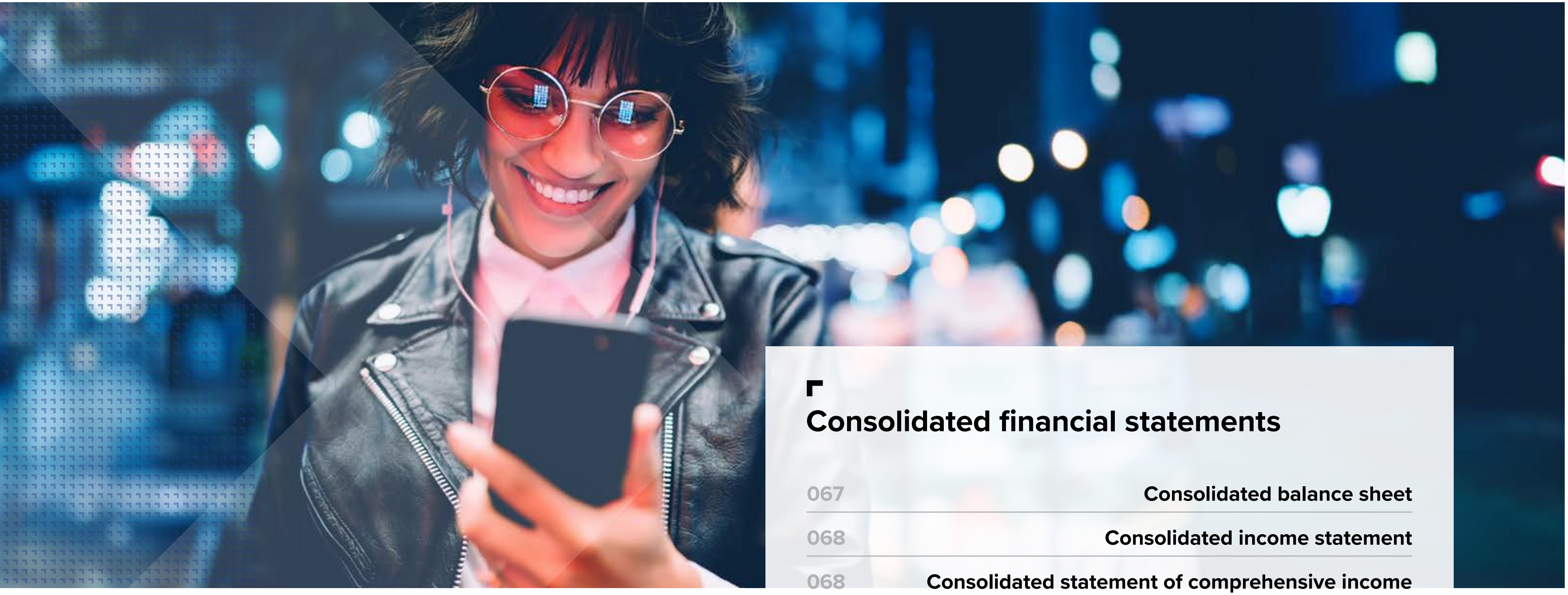
Stuttgart, 19 March 2024

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



Consolidated financial statements

Our key figures

Our current key financial figures can be found on our website.

Consolidated balance sheet

Consolidated balance sheet

as at 31 December 2023, GFT Technologies SE

Assets

in €	Note	31/12/2023	31/12/2022
Non-current assets			
Goodwill	4.1	162,791,888.17	123,968,225.19
Other intangible assets	4.2	19,502,531.44	5,914,809.30
Property, plant and equipment	4.3	60,308,581.14	63,577,276.37
Financial investments	4.4	696,217.60	696,217.60
Other financial assets	4.5	1,165,739.26	1,907,834.26
Deferred tax assets	4.6	12,406,726.52	12,040,713.13
Income tax assets	4.6	8,796.00	385,190.60
Other assets	4.5	4,336,665.82	4,109,110.88
		261,217,145.95	**212,599,377.33**
Current assets			
Inventories	4.7	93,867.50	13,848.32
Trade receivables	4.8	166,535,917.19	152,560,851.68
Contract assets	4.9	25,025,719.14	21,731,617.03
Cash and cash equivalents	7	70,340,638.75	78,222,547.05
Other financial assets	4.5	5,610,121.96	4,902,675.35
Income tax assets	4.6	10,373,312.21	10,182,222.91
Other assets	4.5	23,321,351.43	17,557,484.81
		301,300,928.18	**285,171,247.15**
		562,518,074.13	**497,770,624.48**

Equity and liabilities

in €	Note	31/12/2023	31/12/2022
Shareholders' equity			
Share capital	4.10	26,325,946.00	26,325,946.00
Capital reserve	4.10	42,147,782.15	42,147,782.15
Retained earnings	4.10	174,059,064.95	137,572,498.80
Other reserves	4.10	−1,468,946.26	−4,964,588.78
		241,063,846.84	**201,081,638.17**
Non-current liabilities			
Financing liabilities	4.13	20,000,000.00	42,168,443.39
Other financial liabilities	4.14	28,410,575.18	31,163,462.72
Provisions for pensions	4.11	5,652,464.73	5,388,399.91
Other provisions	4.12	5,516,208.26	7,553,890.33
Deferred tax liabilities	4.6	7,972,962.39	3,990,744.41
Other liabilities	4.14	821,346.68	8,225,973.37
		68,373,557.24	**98,490,914.13**
Current liabilities			
Trade payables	4.13	13,571,088.78	11,798,941.74
Financing liabilities	4.13	45,947,997.19	350,591.12
Other financial liabilities	4.14	20,245,544.44	18,387,520.68
Other provisions	4.12	55,389,804.85	48,173,128.91
Income tax liabilities	4.6	14,227,129.55	8,614,151.55
Contract liabilities	4.9	40,833,020.84	39,596,844.80
Other liabilities	4.14	62,866,084.38	71,276,893.38
		253,080,670.05	**198,198,072.18**
		562,518,074.13	**497,770,624.48**

Consolidated income statement

Consolidated income statement

for the financial year 2023, GFT Technologies SE

in €	Note	2023	2022
Revenue	5.1	801,736,538.44	730,135,860.22
Other operating income	5.2	16,266,122.00	16,343,726.48
Cost of purchased services	5.3	106,210,782.59	105,082,742.59
Personnel expenses	5.4	541,661,456.67	478,966,235.22
Other operating expenses	5.5	80,373,773.15	76,390,216.50
Result from operating activities before depreciation and amortisation		**89,756,648.03**	**86,040,392.39**
Depreciation and amortisation of intangible assets and property, plant and equipment	5.7	21,359,405.34	20,493,947.29
Result from operating activities		**68,397,242.69**	**65,546,445.10**
Interest income		3,105,841.77	1,860,544.29
Interest expenses		3,500,781.11	1,359,654.77
Financial result	5.8	**−394,939.34**	**500,889.52**
Earnings before taxes		**68,002,303.35**	**66,047,334.62**
Income taxes	5.9	19,637,767.65	19,796,121.01
Net income for the year		**48,364,535.70**	**46,251,213.61**
Earnings per share – basic	5.10	1.84	1.76

Consolidated statement of comprehensive income

for the financial year 2023, GFT Technologies SE

in €	Note	2023	2022
Net income for the year		**48,364,535.70**	**46,251,213.61**
Items that will not be reclassified to the income statement			
Actuarial gains/losses from pensions (before taxes) [1]	4.11	−32,861.20	3,249,775.48
Income taxes on actuarial gains/losses from pensions		1,567.35	−738,512.31
Actuarial gains/losses from pensions (after taxes)		−31,293.85	2,511,263.17
Items that may be reclassified to the income statement			
Currency translation	6	3,495,642.52	868,520.75
Other comprehensive income		**3,464,348.67**	**3,379,783.92**
Total comprehensive income		**51,828,884.37**	**49,630,997.53**

1 Actuarial gains/losses are generally recognised at year-end based on corresponding expert reports.

Consolidated statement of changes in equity

Consolidated statement of changes in equity

for the financial year 2023, GFT Technologies SE

in €	Note	Share capital	Capital reserve	Retained earnings[1]	Other reserves	Total equity
					Currency translation	
Balance at 1 January2022		**26,325,946,00**	**42,147,782,15**	**98,024,103,12**	**−5,833,109,53**	**160,664,721,74**
Net income for the year		–	–	46,251,213,61	–	46,251,213,61
Other comprehensive income		–	–	2,511,263,17	868,520,75	3,379,783,92
Total comprehensive income		**–**	**–**	**48,762,476,78**	**868,520,75**	**49,630,997,53**
Dividends to shareholders		–	–	−9,214,081,10	–	−9,214,081,10
Balance at 31 December 2022		**26,325,946,00**	**42,147,782,15**	**137,572,498,80**	**−4,964,588,78**	**201,081,638,17**
Balance at 1 January 2023		**26,325,946,00**	**42,147,782,15**	**137,572,498,80**	**−4,964,588,78**	**201,081,638,17**
Net income for the year		–	–	48,364,535,70	–	48,364,535,70
Other comprehensive income		–	–	−31,293,85	3,495,642,52	3,464,348,67
Total comprehensive income		**–**	**–**	**48,333,241,85**	**3,495,642,52**	**51,828,884,37**
Dividends to shareholders	4.10	–	–	−11,846,675,70	–	−11,846,675,70
Balance at 31 December 2023		**26,325,946,00**	**42,147,782,15**	**174,059,064,95**	**−1,468,946,26**	**241,063,846,84**

1 Retained earnings also include items that will not be reclassified to the consolidated income statement.

Consolidated cash flow statement

Consolidated cash flow statement

for the financial year 2023, GFT Technologies SE

in €	Note	2023	2022
Net income for the year		48,364,535.70	46,251,213.61
Income taxes	5.9	19,637,767.65	19,796,121.01
Interest result	5.8	394,939.34	−500,889.52
Income taxes paid		−19,143,431.61	−15,385,012.57
Income taxes received		2,683,578.86	933,460.70
Interest paid		−2,733,037.18	−1,078,254.44
Interest received		3,051,470.32	1,854,487.11
Depreciation and amortisation of intangible assets and property, plant and equipment	5.7. 9.2	21,359,405.34	20,493,947.29
Net proceeds on disposal of intangible assets and property, plant and equipment		241,924.63	354,505.22
Net proceeds on disposal of financial assets		0.00	−59,957.07
Other non-cash expenses and income		−750,451.27	193,329.60
Change in trade receivables		−9,072,690.09	−21,058,083.49
Change in contract assets		−2,736,004.80	−5,609,576.94
Change in other assets		−4,395,737.25	−6,211,037.87
Change in provisions		1,952,779.14	−956,966.21
Change in trade payables		1,354,056.01	22,599.72
Change in contract liabilities		−2,819,412.66	−6,522,962.99
Change in other liabilities		−16,946,708.22	24,972,787.83
Cash flow from operating activities		**40,442,983.91**	**57,489,710.99**

in €	Note	2023	2022
Proceeds from disposal of property, plant and equipment		147,715.39	92,232.27
Proceeds from disposal of financial assets		0.00	69,957.07
Capital expenditure for intangible assets	4.2	−11,049.60	−20,846.76
Capital expenditure for property, plant and equipment	4.3	−4,192,394.30	−7,826,259.37
Cash outflows for acquisitions of consolidated companies net of cash and cash equivalents acquired	3.2. 7	−46,250,366.54	0.00
Cash flow from investing activities		**−50,306,095.05**	**−7,684,916.79**
Proceeds from borrowing	7	57,344,192.82	19,500,000.00
Cash outflows from loan repayments	7	−33,914,636.92	−45,822,899.94
Cash outflows from repayment of lease liabilities	9.2	−11,567,765.76	−9,407,775.63
Dividends to shareholders	4.10	−11,846,675.70	−9,214,081.10
Cash flow from financing activities		**15,114.44**	**−44,944,756.67**
Effect of foreign exchange rate changes on cash and cash equivalents		1,966,088.40	2,592,359.06
Net increase in cash and cash equivalents		**−7,881,908.30**	**7,452,396.59**
Cash and cash equivalents at beginning of period		78,222,547.05	70,770,150.46
Cash and cash equivalents at end of period	**7**	**70,340,638.75**	**78,222,547.05**

1 General information

The consolidated financial statements of GFT Technologies SE and its subsidiaries for the financial year ending 31 December 2023 have been drawn up in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the European Union (EU), and the additional requirements of German commercial law pursuant to section 315e (1) of the German Commercial Code (HGB).

GFT Technologies SE is a European company (Societas Europaea, 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 provider and pioneer of the digital transformation in the banking, insurance and industrial sectors. Its services range from the modernisation of core systems to the migration to open cloud platforms with the use of energy-efficient programming (GreenCoding).

The consolidated financial statements for the year ending 31 December 2023 were approved and released for publication by the Administrative Board on 19 March 2024.

2 Accounting methods

2.1 Basis of preparation of the financial statements

The consolidated financial statements of GFT Technologies SE are prepared in euros (€). Unless stated otherwise, figures are stated in thousands of euros (€ thousand). Amounts are rounded using standard commercial methods.

The GFT Group has prepared its financial statements on the assumption that it will be able to continue as a going concern.

With the exception of certain items, such as financial assets at fair value through profit or loss, derivative financial instruments or hedged items, contingent consideration from business combinations, as well as pensions and similar obligations, the consolidated financial statements have been prepared in accordance with the principle of historical cost. The valuation methods applied for the exceptions are described below.

The presentation of the consolidated balance sheet distinguishes between current and non-current assets and liabilities. Assets and liabilities are classified as current if they fall due within one year or within a longer normal business cycle. Deferred tax assets and liabilities, as well as assets and provisions for pensions and similar obligations are presented as non-current items. The consolidated income statement has been prepared using the nature of expense method.

The GFT Group has consistently applied the following accounting methods to all periods presented in these consolidated financial statements unless otherwise stated. Changes in accounting methods in these consolidated financial statements are described in note 2.2.

The consolidated financial statements contain comparative information for the previous reporting period. In addition, the GFT Group reports an additional balance sheet at the beginning of the previous reporting period if an accounting method is applied retrospectively or items in the financial statements are adjusted or reclassified retroactively and this has a material effect on the information in the balance sheet.

2.2 Changes in accounting methods

New IFRS pronouncements

The IASB has published the following standards and interpretations, as well as amendments to standards and interpretations, which have been endorsed by the EU and whose application is mandatory for financial years beginning on 1 January 2023:

New IFRS pronouncements requiring mandatory application in the financial year

IFRS pronouncement	
IFRS 17 and amendments to IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Guideline Document 2	Disclosure of Accounting Methods
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

In May 2023, the IASB adopted amendments to IAS 12 *Income Taxes* in connection with global minimum taxation under the Pillar 2 rules. The amendments introduce a temporary exemption from the recognition of deferred taxes in IAS 12, meaning that the recognition of deferred taxes is excluded from the scope of the standard due to the structure of supplementary taxes under the Pillar 2 minimum taxation regime. Moreover, additional disclosures in the notes are required, depending on the status of implementation of the minimum taxation provisions in the respective national tax law.

The other new IFRS pronouncements had no or only an insignificant impact on the accounting methods or the financial position and performance of the GFT Group in the financial year 2023.

The GFT Group has not prematurely applied any new or amended IFRS standards or interpretations which have been published but not yet come into force (see note 2.7).

2.3 Consolidation principles

Subsidiaries

The consolidated financial statements comprise the financial statements of GFT Technologies SE and the financial statements of all subsidiaries over which GFT Technologies SE can exercise direct or indirect control. Control exists when the parent company has decision-making power over the subsidiary based on voting rights or other rights, participates in variable positive and negative returns of the subsidiary and can influence these returns through its decision-making power.

The consolidation of a subsidiary begins on the day on which the GFT Group gains control of the subsidiary. It ends when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the reporting period are recognised in the consolidated financial statements from the date on which the Group gains control of the subsidiary until the date on which control ceases.

Changes in shares in subsidiaries that decrease or increase the shareholding of the GFT Group without a change in control are shown as transactions between equity providers with no effect on income.

If the GFT Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and all related non-controlling interests and other equity components. Any resulting gain or loss is recognised in the income statement. Any retained interest in the former subsidiary is measured at fair value as of the date on which control is lost.

The financial statements of the consolidated subsidiaries included in the consolidated financial statements are prepared as of the balance sheet date of the consolidated financial statements. The financial statements of GFT Technologies SE and its subsidiaries included in the consolidated financial statements are prepared in accordance with uniform recognition and measurement principles. All intragroup assets and liabilities, equity, income and expenses and cash flows from transactions between the companies included in the consolidated financial statements are eliminated in full on consolidation. Income tax consequences during consolidation are taken into account by recognising deferred taxes.

Non-controlling interests in equity and total comprehensive income for the period are disclosed separately from the proportion attributable to shareholders of GFT Technologies SE.

Shares in associated companies

Shares in associated companies are accounted for using the equity method. Associated companies are companies in which the GFT Group has a significant influence but not control or joint control over the financial and operating policies. As a rule, significant influence is exerted when the company holds direct or indirect voting rights of between 20% and 50%.

Investments in financial assets accounted for using the equity method are initially recognised at cost, which includes transaction costs. After initial recognition, the consolidated financial statements include the Group's share of the comprehensive income of financial assets accounted for using the equity method until the date on which significant influence or joint control ceases.

The financial statements of associated companies are prepared as of the same reporting date as the consolidated financial statements. Where necessary, adjustments are made to uniform Group accounting methods. Unrealised profits and losses from transactions between the GFT Group and associated companies are eliminated according to the share in the associated company.

2.4 Currency translation

Business transactions in foreign currency

Foreign currency transactions in the separate financial statements of Group companies are translated into the functional currency – if different from the local currency in the country of domicile – at the relevant mean spot exchange rates at the time of the transaction. Exchange rate gains or losses from the measurement of monetary items in foreign currency at the closing rate in the period up to the balance sheet date are recognised in profit or loss under other operating income or other operating expenses.

Currency differences from foreign currency loans are excluded from recognition in profit or loss if they are designated as part of a net investment in a foreign operation, in other words if repayment is neither planned nor likely to occur in the foreseeable future. Such currency differences are recognised directly in equity under other comprehensive income and only reclassified to the income statement on a cumulative basis when the loan is redeemed or on disposal of the operating business.

Non-monetary items in a foreign currency are carried at historical exchange rates.

Group companies

The separate financial statements of foreign Group companies are translated into euros in accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates* using the functional currency concept. The functional currency of the operating companies is generally the respective local currency, as the foreign companies operate their business independently in financial, economic and organisational terms. Assets and liabilities are translated at the closing rate on the balance sheet date, while equity is carried at historical exchange rates. The income statements are translated into euros at the corresponding average exchange rates for the period. The resulting translation differences are recognised in other comprehensive income and reported in other reserves in equity. On disposal of a foreign subsidiary, the corresponding amount accumulated in equity up to that date is reclassified to profit or loss as part of the gain or loss on disposal. A prorated reclassification to profit or loss is also made in the event of a capital repayment without reducing the stake. The share of equity in foreign associated companies is translated in accordance with the procedure described for subsidiaries.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation and translated at the spot rate on the reporting date.

The following table shows the most important foreign exchange rates used to translate the separate financial statements in foreign currencies.

Foreign exchange rates

		Rate on reporting date		Average rate	
in €		31/12/2023	31/12/2022	2023	2022
BRL	Brazil	5.3618	5.6386	5.4010	5.4399
CAD	Canada	1.4642	1.4440	1.4595	1.3695
CHF	Switzerland	0.9260	0.9847	0.9718	1.0047
GBP	UK	0.8691	0.8869	0.8698	0.8528
HKD	Hong Kong	8.6314	8.3163	8.4650	8.2451
MXN	Mexico	18.7231	20.8560	19.1830	21.1869
PLN	Poland	4.3395	4.6808	4.5420	4.6861
SGD	Singapore	1.4591	1.4300	1.4523	1.4512
USD	USA	1.1050	1.0666	1.0813	1.0530

2.5 Significant accounting and valuation methods

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Every contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration that is not classified as equity is measured at fair value through profit or loss at each subsequent reporting date.

Goodwill

The goodwill resulting from a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed (purchase price allocation). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. Goodwill at subsidiaries is carried in their functional currency.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not subject to scheduled amortisation, but is tested for impairment annually. A review is also performed when events or circumstances arise that indicate that the carrying amount may not be recoverable. Goodwill is tested for impairment at the level of a cash-generating unit, which is generally represented by a segment. The cash-generating unit is the lowest level at which goodwill is monitored for internal management purposes.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash-generating unit that is expected to benefit from the synergies of the business combination. If the carrying amount of the cash-generating unit to which the goodwill was allocated exceeds its recoverable amount, an impairment loss is recognised for the goodwill allocated to this cash-generating unit. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the cash-generating unit. Fair value is the recoverable amount from the sale at market conditions. The value in use is determined by discounting future cash flows after taxes with a risk-adjusted discount rate (weighted average cost of capital - WACC) after taxes. Specific peer group information for beta factors, capital structure data and the cost of borrowing are used to determine the risk-adjusted interest rate for impairment test purposes. Periods not included in the planning calculations are considered by recognising a terminal value. Various sensitivity analyses are also conducted. These show that there is no need for impairment even if the assumptions for key influencing factors are less favourable than the original planning. If value in use is lower than the carrying amount, fair value less disposal costs is also to determine the recoverable amount.

The determination of the recoverable amount of a cash-generating unit to which goodwill has been allocated involves estimates by management. The earnings forecast on the basis of these estimates is influenced, for example, by the successful integration of acquired companies, volatility on the capital markets, interest rate developments, fluctuations in exchange rates or expected economic developments. The discounted cash flow valuations used to determine the recoverable amount are subject to five-year projections based on financial forecasts. The cash flow forecasts take past experience into account and are based on management's best estimate of future developments. Cash flows beyond the planning period are extrapolated using individual growth rates. The key assumptions on which the calculation of fair value less costs to sell and value in use is based include estimated growth rates and weighted average cost of capital. These estimates and the underlying methodology can have a significant impact on the respective values and ultimately on the amount of a possible impairment of goodwill.

There are no reversals of impairment losses on amortised goodwill.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Other intangible assets

Intangible assets are measured at cost less accumulated amortisation. If necessary, accumulated impairment losses are recognised.

Subsequent expenses are only capitalised if they increase the future economic benefit of the asset to which they relate.

Intangible assets with a finite useful life are amortised on a straight-line basis over their expected useful lives. The expected useful life for licenses and similar rights is generally three to five years, except for intangible assets with finite useful lives acquired in business combinations. These consist in particular of customer relationships with useful lives of between four-and-a-half and ten years for certain transactions.

Development costs for software are capitalised if the recognition criteria of IAS 38 *Intangible Assets* are met. After initial recognition, the asset is carried at cost less cumulative amortisation and cumulative impairment losses. Capitalised development costs include all directly attributable direct costs as well as prorated attributable overheads and are amortised on a straight-line basis over the planned product life (maximum five years).

The amortisation period for other intangible assets with finite useful lives is reviewed at least at the end of each financial year. Changes in the expected useful life are treated as a change in estimates.

The GFT Group reviews at each balance sheet date whether there are any indications of impairment or impairment reversal of other intangible assets. If such indications exist, the GFT Group makes an estimate of the recoverable amount of the asset. The recoverable amount is determined for each individual asset, unless the asset generates cash flows that are not largely independent of those of other assets or groups of assets (cash-generating units). Other intangible assets with indefinite useful lives are tested for impairment at least once a year at the level of the cash-generating units. If the carrying amount of an asset or cash-generating unit exceeds the recoverable amount, an impairment loss is recognised for the difference. For details on impairment testing, please see the comments in the above subsection on goodwill.

On each balance sheet date, an assessment is made as to whether an impairment loss recognised in prior periods no longer exists or may have decreased. If this is the case, the GFT Group reverses the impairment in part or in full, increasing the carrying amount to the recoverable amount. However, the increased carrying amount may not exceed the carrying amount that would have been determined (net of scheduled amortisation) had no impairment loss been recognised in prior years.

Research and non-capitalised development costs

Research and development expenses that do not have to be capitalised under IAS 38 *Intangible Assets* are recognised in the income statement at the time they are incurred.

Borrowing costs

Borrowing costs are expensed as incurred unless they are directly attributable to the acquisition or production of a qualifying asset and are therefore included in the cost of that asset.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses.

Subsequent expenditure incurred after the property, plant and equipment has been put into operation is only capitalised if it is probable that the future economic benefits associated with the expenditure will flow to the GFT Group. Maintenance and repair costs for property, plant and equipment are generally expensed in the period in which they are incurred.

The GFT Group applies the straight-line method of depreciation. Scheduled depreciation of property, plant and equipment is based on the following useful lives of assets.

Useful lives of property, plant and equipment

	Years
Buildings	40–50
Improvements in buildings/leasehold improvements	5–15
Operating and office equipment	3–25

The depreciation methods, useful lives and residual values of property, plant and equipment are reviewed at least at the end of each financial year and adjusted prospectively if necessary.

Property, plant and equipment are derecognised either on disposal (in other words at the time when the recipient obtains control) or when no further economic benefit is expected from the continued use or disposal of the recognised asset. The gains or losses resulting from the derecognition of the asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in profit or loss in the period in which the asset is derecognised.

Leases

Lease agreements include all arrangements that transfer the right to use or control a specific asset for a specified period in return for a payment, even if the right to use such asset is not explicitly described in the arrangement. In order to assess whether an agreement contains the right to control an identified asset, the GFT Group uses the definition of a lease as defined by IFRS 16.

The GFT Group is a lessee in particular of real estate and vehicles and a lessor – to an insignificant extent – of real estate.

GFT Group as lessee

The GFT Group applies the standard recognition and measurement approach of IFRS 16 for all leases (with the exception of short-term leases and leases of low-value assets). It recognises lease liabilities for lease payments and right-of-use assets for the right to use the underlying assets.

The GFT Group recognises right-of-use assets at the commencement date of the lease, in other words the date on which the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The acquisition cost of the right-of-use asset is measured as the present value of all future lease payments plus any lease payments made at or before the inception of the lease, contract signing costs and the estimated cost of restoring the leased asset. All leasing incentives received are deducted. In determining the cost of the right-of-use asset, the GFT Group has elected to consider payments for non-lease components, such as service, as lease payments.

Right-of-use assets are depreciated on a straight-line basis over the lease term. If the lease payments to be taken into account also include the transfer of ownership of the underlying asset at the end of the lease term, including the exercise of a purchase option, the asset is depreciated over its useful economic life. Right-of-use assets are continuously adjusted for impairment, where necessary, and for certain revaluations of the lease liabilities.

Initial recognition of lease liabilities is determined as the present value of the lease payments to be made over the lease term less advance payments made. Lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives to be received from the lessor,
- variable lease payments linked to an index or (interest) rate,
- amounts expected to be paid under residual value guarantees,
- the exercise price of a purchase option reasonably certain to be exercised and
- penalties for terminating the lease if the assumed lease term reflects the Group exercising the option to terminate.

Lease payments are discounted at the interest rate implicit in the lease if this can be determined. Otherwise, they are discounted at the incremental borrowing rate. The GFT Group generally applies the incremental borrowing rate. As a risk-adjusted interest rate, the incremental borrowing rate is derived on the basis of specific terms according to the contractual terms. The difference between the different payment patterns of the reference interest rates (bullet maturity) and the leases (annuity) is taken into account by adjusting the duration.

A number of lease agreements, especially concerning real estate, contain extension and termination options. These contractual conditions offer the GFT Group a high degree of flexibility. When determining the lease term, all facts and circumstances are taken into account that provide an economic incentive to exercise extension options or not to exercise termination options. When determining the term of the lease, such options are only taken into account if they are sufficiently certain.

Lease liabilities are measured at amortised cost using the effective interest method. Under this method, the amount of the lease liabilities is increased to reflect the higher interest expense and decreased to reflect the lease payments made. Moreover, the carrying amount of the lease liabilities is remeasured to fair value if there are changes in the lease, in the term of the lease, in lease payments (such as changes in future lease payments resulting from a change in the index or interest rate used to determine these payments) or a change in the assessment of whether a purchase, extension or termination option is exercised for the underlying asset.

If lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount of the right-of-use asset has decreased to zero.

In the case of short-term leases (in other words leases with a term of no more than twelve months from the inception date and with no purchase option) and leases where the underlying asset is of low value, the GFT Group exercises the option not to recognise right-of-use assets and lease liabilities. Instead, the lease payments associated with these leases are expensed on a straight-line basis over the lease term.

In the balance sheet, the GFT Group discloses right-of-use assets under property, plant and equipment and lease liabilities under other financial liabilities. Amortisation of right-of-use assets is recognised in the income statement under 'Depreciation and amortisation of intangible assets and property, plant and equipment'. Interest on lease liabilities is recognised in interest expenses.

Shares in associated companies

The Group's shares in associated companies are accounted for using the equity method. Under the equity method, investments in associates are initially recognised at cost. The carrying amount of the investment is adjusted to reflect changes in the Group's share of the associate's net assets since the acquisition date. The cumulative changes after the acquisition date increase or decrease the carrying amount of the investment in the associate. If the losses of an associate attributable to the GFT Group correspond to or exceed the value of the share in this company, no further share of losses is recognised unless the GFT Group has entered into obligations or made payments on behalf of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised or tested for impairment.

The income statement reflects the Group's share of the associate's profit or loss for the period. Changes in other comprehensive income of associated companies are presented as part of the Group's other comprehensive income. In addition, changes recognised directly in the equity of the associate are recognised by the Group to the extent of its interest and, where necessary, presented in the statement of changes in equity. The Group's total share of the profit or loss of an associate is shown on the face of the income statement operating profit and represents profit or loss after tax and after non-controlling interests in the subsidiaries of the associate.

After applying the equity method, the Group determines whether it is necessary to recognise an impairment loss for its investment in an associate. It determines at each balance sheet date whether there is objective evidence that the investment in an associate may be impaired. If such evidence exists, the amount of the impairment loss is determined as the difference between the recoverable amount of the investment in the associate and the carrying amount, and the loss is then recognised in profit or loss as 'Result from financial assets accounted for using the equity method'.

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments recognised as financial assets or financial liabilities are generally reported separately. Financial instruments are recognised as soon as the GFT Group becomes a contracting party to the financial instrument. A normal market purchase or sale of financial assets is recognised on the trading date. With the exception of trade receivables and contract assets, financial instruments are initially recognised at fair value. Trade receivables and contract assets are initially measured at the transaction price. For subsequent measurement, financial instruments are allocated to one of the measurement categories listed in IFRS 9 *Financial Instruments* (financial assets at fair value through profit or loss, financial assets at amortised cost and financial assets at fair value through other comprehensive income). Transaction costs directly attributable to the acquisition or issue are taken into account in determining the carrying amount if the financial instruments are not measured at fair value through profit or loss.

Financial assets

Financial assets primarily comprise trade receivables, cash and cash equivalents, derivative financial assets and financial investments. The classification of financial instruments is based on the business model in which the instruments are held and the composition of their contractual cash flows.

The determination of the business model is based on management's intention and past transaction patterns. Cash flows are reviewed on the basis of the individual instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise debt instruments that were neither allocated to the business model 'hold' nor to the business model 'hold and sell' or whose contractual cash flows do not consist exclusively of interest and principal payments on the nominal amount outstanding. This category also includes financial investments in equity instruments for which the option to recognise changes in fair value in other comprehensive income was not exercised. Also included here are derivatives held for trading (including embedded derivatives that have been separated from the host contract) that are not included in hedge accounting as hedging instruments, as well as shares or interest-bearing securities acquired with the intention of selling them in the short term. Gains or losses from these financial assets are recognised in the consolidated income statement.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with contractual cash flows that consist exclusively of interest and principal payments on the outstanding nominal amount and are held with the objective of receiving the contractually agreed cash flows, such as trade receivables or cash and cash equivalents.

Cash and cash equivalents comprise in particular cash in hand and bank balances. Cash and cash equivalents correspond to the cash fund in the consolidated cash flow statement.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method less impairment. Gains and losses are recognised in net income when the loans and receivables are impaired or derecognised. Interest effects from the application of the effective interest method and effects from currency translation are also recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are non-derivative financial assets with contractual cash flows that consist solely of interest and principal payments on the nominal amount outstanding and which are held both to collect the contractually agreed cash flows and to sell, for example to achieve a defined liquidity target ('hold to collect and sell' business model). This category also includes equity instruments not held for trading for which the option to recognise changes in fair value within other comprehensive income has been applied.

After initial measurement, financial assets in this category are measured at fair value through other comprehensive income, with unrealised gains or losses being recognised in other comprehensive income. Impairment losses are recognised in other comprehensive income and do not reduce the carrying amount of the financial asset in the balance sheet. Upon disposal of debt instruments in this category, the cumulative gains and losses from fair value measurement recognised in other comprehensive income are recognised in profit or loss. Interest received on financial assets at fair value through other comprehensive income is generally recognised as interest income using the effective interest method. Changes in the fair value of equity instruments measured at fair value through other comprehensive income are not recognised in profit or loss but reclassified to retained earnings upon disposal. Dividends are recognised in the income statement when the right to payment has been established.

The GFT Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the rights to receive the cash flows in a transaction in which all material risks and rewards incidental to ownership of the financial asset are transferred. Derecognition also takes place if the GFT Group neither transfers nor retains all material risks and rewards of ownership and does not retain control over the transferred asset.

Impairment of financial assets

At each balance sheet date, an impairment loss is recognised for financial assets that are not measured at fair value through profit or loss, which reflects the expected credit losses on these instruments. The same method is also used to determine the allowance for irrevocable loan commitments and financial guarantees. The expected credit-loss approach uses three stages for allocating impairment losses:

Stage 1: expected credit losses within the next twelve months

Stage 1 includes all contracts with no significant increase in credit risk since initial recognition and regularly new contracts as well as those whose payments are less than 31 days overdue. The portion of the expected credit losses over the lifetime of the instrument resulting from a default within the next 12 months is recognised as an expense.

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

If, after initial recognition, a financial asset experiences a significant increase in credit risk but is not yet credit-impaired, it is allocated to Stage 2. The expected credit losses, which are measured over possible payment defaults over the entire term of the financial asset, are recorded as value adjustments.

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

A financial asset which is credit-impaired or in default is allocated to Stage 3. The expected credit losses over the entire lifetime of the financial asset are recognised as a value adjustment. Objective indications of a credit-impaired financial asset include – based on past experience – an external credit rating of C or higher for large customers and 181 days past due date for other customers, as well as other information about significant financial difficulties of the borrower.

The determination of whether a financial asset has experienced a significant increase in credit risk is based on an assessment of the probability of default, which is made at least half-yearly, incorporating external credit rating information as well as internal information on the credit quality of the financial asset. In the case of trade receivables and contract assets, a significant increase in credit risk is determined for major customers on the basis of external credit ratings and for other customers on the basis of overdue information.

A financial asset is transferred to Stage 2 if the credit risk has increased significantly compared to its credit risk at initial recognition. The credit risk is assessed on the basis of the probability of default. For trade receivables and contract assets, the simplified approach is applied under which expected credit losses are recognised over the entire term of the asset when it is initially recognised.

Expected credit losses are measured on the basis of the following factors:

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

The estimation of these risk parameters incorporates all available relevant information. In addition to historical and current loss data, reasonable and supportable forward-looking information about relevant factors is also included. The time value of money is neglected in the case of current assets without any significant underlying financing component.

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

When measuring expected credit losses, the GFT Group distinguishes between trade receivables and contract assets due from major clients and other clients. Major clients are determined on the basis of their share of total consolidated revenue. The measurement of expected losses relating to financial assets from business transactions with major clients is based on a probability-weighted default rate. The default rate uses an average external credit rating. In order to calculate impairment, the probability-weighted default rate as a percentage is multiplied with the nominal value of the financial assets. In the case of trade receivables and contract assets due from other clients, the expected loss over the lifetime is determined as a lump-sum percentage based on the overdue period. The default rate based on the overdue period is calculated using historical data and adjusted on the closing date according to current information and expectations.

A financial instrument is derecognised when there is no reasonable expectation of full or partial recovery, such as before or after insolvency proceedings or court decisions and legal recovery measures are judged to be unsuccessful.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if there is currently an enforceable legal right to offset the recognised amounts against each other and the intention is either to settle on a net basis or to settle the related liability simultaneously with the realisation of the asset in question.

Financial liabilities

Financial liabilities include in particular financing liabilities, other financial liabilities, trade payables and other liabilities.

Financing liabilities relate to liabilities to banks. Other financial liabilities mainly comprise liabilities from lease agreements, liabilities from payroll and conditional purchase price liabilities from company acquisitions. Other financial liabilities also include derivative financial liabilities.

Financial liabilities measured at amortised cost

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities measured at amortised cost include liabilities to banks, liabilities from lease agreements and trade liabilities. Liabilities from payroll due to employees are measured in accordance with *IAS 19 Employee Benefits*.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading as well as contingent purchase price liabilities from company acquisitions. Derivatives are classified as ‘held for trading’ (including embedded derivatives that have been separated from the host contract) if they are not included in hedge accounting as hedging instruments. Gains or losses on financial liabilities held for trading are included in consolidated net income.

The GFT Group derecognises a financial liability when the contractual obligations have been fulfilled, cancelled or expired. The GFT Group also derecognises a financial liability if its contractual terms are changed and the cash flows of the adjusted liability differ significantly. In this case, a new financial liability is recognised at fair value based on the revised terms. When a financial liability is derecognised, the difference between the carrying amount of the liability extinguished and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Derivative financial instruments and hedge accounting
The GFT Group uses derivative financial instruments exclusively to hedge financial risks resulting from its operating business or refinancing activities. These are primarily interest rate and currency risks.

Derivative financial instruments are measured at fair value upon initial recognition and at each subsequent reporting date. The fair value corresponds to their positive or negative market value. If a market value is not available, fair value is calculated using standard financial valuation models, such as discounted cash flow models or option pricing models.

If the requirements of IFRS 9 for hedge accounting are met, the GFT Group designates and documents the hedging relationship as a fair value hedge or cash flow hedge as of this date. In a fair value hedge, the fair value of a recognised asset or liability or an unrecognised firm commitment is hedged. In a cash flow hedge, highly probable future cash flows from expected transactions or fluctuating cash flows to be paid or received in connection with a recognised asset or liability are hedged. The documentation of the hedging relationship includes the objectives and strategy of risk management, the type of hedging relationship, the hedged risk, the designation of the hedging instrument and the hedged item, as well as an assessment of the effectiveness requirements comprising the risk-mitigating economic relationship, the effects of the credit risk and the appropriate hedge ratio. The effectiveness of the hedge is assessed at the beginning of and during the hedging relationship.

Changes in the fair value of derivatives are regularly recognised in consolidated net income or in other comprehensive income, depending on whether the hedging relationships are fair value hedges or cash flow hedges. Changes in the fair value of non-designated derivatives are recognised in profit or loss. In the case of fair value hedges, changes in the fair value of derivative financial instruments and the related hedged items are recognised in the consolidated income statement. Changes in the fair value of derivative financial instruments designated as cash flow hedges are initially recognised in other comprehensive income in the amount of the hedge-effective portion after taxes.

The recognition of an individual hedging relationship must be discontinued prospectively if it no longer meets the qualifying criteria under IFRS 9. Possible reasons for the termination of hedge accounting include the discontinuation of the economic relationship between the hedged item and the hedging instrument, the sale or termination of the hedging instrument, or a change in the documented risk management objective of an individual hedging relationship.

If derivative financial instruments are not or no longer included in hedge accounting because the conditions for hedge accounting are not or are no longer met, they are classified as held for trading and measured at fair value through profit or loss.

Provisions for pensions and similar obligations
Defined benefit pension plans and other similar post-employment benefits are measured using the projected unit credit method in accordance with IAS 19 *Employee Benefits*. The present value of the defined benefit obligations is calculated using significant actuarial assumptions, including discount rates, expected salary and pension trends and mortality rates. The discount rates applied are determined on the basis of the yields achieved at the end of the reporting period on high-grade corporate bonds with corresponding maturities and currencies. If such yields are not available, the discount rates are based on government bond yields. Due to changing market, economic and social conditions, the underlying assumptions may differ from actual developments.

Plan assets invested to cover pension commitments and other similar benefits are measured at fair value and offset against the corresponding obligations. The balance of pension commitments and other similar post-employment benefits and plan assets (net pension obligation or net pension assets) accrues interest at the discount rate used to measure the gross pension obligation. The resulting net interest expense or income is recognised in profit or loss as interest expense or interest income in the consolidated income statement. The other expenses resulting from the granting of pension commitments and other similar post-employment benefits, which mainly result from entitlements acquired in the financial year, are included in personnel expenses within the consolidated income statement.

The pension obligations and plan assets for all significant Group companies are valued annually by qualified independent actuaries.

Actuarial gains and losses arising from the regular adjustment of actuarial assumptions are recognised directly in equity or in the statement of comprehensive income in the period in which they arise, taking into account deferred taxes. Differences between the interest income from plan assets calculated at the beginning of the period on the basis of the interest rate used to discount the pension obligations and the actual return on plan assets at the end of the period are also recognised directly in equity.

Obligations for contributions to defined contribution plans are recognised as an expense in current income as soon as the related service is rendered. Prepaid contributions are recognised as an asset to the extent that a right to reimbursement or reduction of future payments arises.

Other provisions

Provisions are recognised when there is an obligation to a third party, it is probable that an outflow of resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. The amount recognised as a provision represents the best estimate of the obligation at the reporting date. Provisions with an original term of more than one year are carried at their settlement amount discounted to the reporting date. If the recognition criteria for provisions are not met and the possibility of an outflow of resources is not unlikely, a contingent liability is disclosed (to the extent that it can be adequately measured). The amount disclosed as a contingent liability corresponds to the best estimate of the possible obligation at the reporting date. Provisions and contingent liabilities are reviewed regularly and adjusted in the event of new knowledge or changed circumstances.

Share-based payments

Share-based commitments of the GFT Group are exclusively cash-settled, in other words the settlement is made by means of cash payments. The liability-based remuneration plans are measured at fair value at each balance sheet date until they are settled, and the obligation is disclosed as other provisions. The result to be considered in the reporting period corresponds to the addition to or release of the provision between the balance sheet dates and is disclosed under personnel expenses.

The fair value of share-based payments is calculated using a recognised actuarial method as the market price of the underlying shares, taking into account dividends to which there is no entitlement during the vesting period and – if necessary – market and non-vesting conditions.

Contract assets

Contract assets are claims from performance obligations already fulfilled for which the customer's consideration has not yet been received and the company's claim to consideration is still linked to a condition other than maturity. In the GFT Group, contract assets result in particular from fixed-price contracts in connection with the development of customer-specific IT solutions and the implementation of sector-specific standard software. Contract assets are disclosed as current as they occur within the usual business cycle.

Contract liabilities

A contract liability is the obligation of an entity to transfer goods or services to a customer for which the entity has received (or will receive) consideration from that customer. In the case of the GFT Group, contract liabilities arise for unrealised revenues and advance payments received in particular in connection with fixed-price contracts for the creation of customer-specific IT solutions and the implementation of sector-specific standard software, as well as service contracts for the further development of business-critical IT solutions. Contract liabilities are disclosed as current as they occur within the usual business cycle.

Revenue recognition

The GFT Group recognises revenue when control of the identifiable goods or services passes to the client, i.e. when the client has the ability to control the use of the goods or services transferred and derives substantially all the remaining benefits from them. The prerequisite for this is that a contract with enforceable rights and obligations exists and that, among other things, it is probable that the consideration will be received – taking into account the creditworthiness of the customer. Revenue corresponds to the transaction price at which the GFT Group is expected to be entitled. Variable consideration is included in the transaction price when it is highly probable that there will be no significant reversal of revenue once the uncertainty surrounding the variable consideration no longer exists. If the period between the transfer of the goods or services and the payment date exceeds twelve months and a significant benefit results from the financing for the client or the GFT Group, the consideration is adjusted by the fair value of the money. If a contract comprises several identifiable goods or services, the transaction price is allocated to the performance obligations on the basis of the relative individual sale prices. If individual sale prices are not directly observable, the GFT Group estimates these at an appropriate level. For each performance obligation, revenue is recognised either at a specific point in time or over a specific period of time.

The GFT Group retroactively grants volume discounts to certain clients as soon as the quantity of products or services purchased in the period exceeds a contractually agreed minimum purchase quantity. Discounts are offset against the amounts payable by the customer. The estimation of the variable consideration for the expected future discounts is generally based on the most probable amount method. The GFT Group then applies the rules for limiting the estimate of variable consideration and recognises a reimbursement liability for the expected future discounts.

IFRS 15 requires additional costs to initiate a contract and certain contract performance costs to be recognised as an asset if certain criteria are met. All capitalised contract costs are to be depreciated systematically using a method that follows the transfer of control of the goods or services to the client. The GFT Group recognises the cost of initiating and fulfilling contracts under other assets. Imputed cost rates are used to calculate contract fulfilment costs. Depreciation is based on the stage of completion.

The GFT Group generates revenue primarily from the development of client-specific IT solutions, consulting on the development and implementation of innovative IT strategies, the implementation of sector-specific standard software and the maintenance and further development of business-critical IT solutions. The corresponding revenue streams are mainly based on service contracts, fixed-price contracts and maintenance contracts. In the case of the GFT Group, revenue recognition according to the type of contract for the underlying service follows the principles described below. In addition to the nature and timing of performance obligations from contracts with clients, the principles also comprise the main terms of payment.

Service contracts

Service contracts exist in particular for consulting on the development and implementation of innovative IT strategies as well as the implementation of sector-specific standard software and are based on the time spent (time & material).

In the case of service contracts, the client receives the benefit of the service directly or simultaneously with the provision of the service by the GFT Group. Revenue from service contracts is generally recognised in the amount of the consideration receivable based on the time spent and invoiced. The claim for consideration is based on contractually agreed hourly rates. Invoices are issued in accordance with the terms of the contract; payment terms usually provide for payment between 30 and 60 days after invoicing.

Fixed-price contracts

Fixed-price contracts are concluded primarily for the development of client-specific IT solutions, the implementation of sector-specific standard software and occasionally for the further development of business-critical IT solutions.

Revenue from fixed-price contracts is recognised over a specified period of time according to the stage of completion (ratio of costs already incurred to estimated total costs). An expected loss on a contract is recognised immediately as an expense. Invoices are issued in accordance with the contractual terms and conditions, sometimes based on defined payment plans including advance payments. Any excess of payments or services is recognised as a contract liability or contract asset. The terms of payment for fixed-price agreements usually provide for payment between 30 and 30 days after invoicing.

In the case of revenue recognition in connection with fixed-price contracts, the assessment of the stage of completion is of particular importance; it may include estimates of the scope of supplies and services required to fulfil the contractual obligations. These significant estimates include estimated total costs, estimated total revenues, order risks – including technical, political and regulatory risks – and other significant items. The estimate of the stage of completion may increase or decrease revenues due to changes in estimates. It must also be assessed whether the most likely scenario for a contract is that it will be continued or terminated. For the purposes of that assessment, all relevant facts and circumstances are taken into account individually for each contract.

As a rule, fixed-price contracts are based on a customer-specific performance promise. The power of disposal is gained directly or simultaneously with the provision of the service since this is generally provided on the customer's IT system. Performance obligations of the GFT Group in connection with fixed-price contracts can essentially only be considered as a whole; any partial performance does not enable the client to derive a corresponding benefit from the services provided. In the event of a premature project termination for which the GFT Group is not responsible, a claim against the client for appropriate remuneration for services already rendered is regularly contractually guaranteed.

Maintenance contracts

Services provided by the GFT Group for the maintenance and further development of business-critical IT solutions are mainly provided within the framework of maintenance contracts at fixed prices.

In the case of maintenance contracts, the client generally receives the benefit directly or simultaneously with the provision of the service by the GFT Group. Revenue from maintenance contracts is recognised on a straight-line basis over a specified period or – if the service is not provided on a straight-line basis – according to the rendering of the service, i.e. according to the stage of completion as described above. Invoices are issued in accordance with the terms of the contract; payment terms usually provide for payment between 30 and 60 days after invoicing.

Recognition of other income

Other income mainly relates to income from the sale of food and beverages, as well as from rental transactions that do not fall within the scope of IFRS 15, as well as interest.

Revenue from rental transactions that does not fall within the scope of IFRS 15 is recognised within revenue on a straight-line basis over the term of the contract.

Revenue from royalties, license fees and interest is recognised in other operating income on an accrual basis in accordance with the economic content of the underlying contract.

Government grants

Government grants are recognised as income at the point in time at which the entitlement to the grant has arisen with sufficient certainty or the conditions associated with the grant have been fulfilled.

Financial result

The financial result contains all expenses and income from financial transactions and comprises interest income and expenses, as well as income and expenses in connection with financial investments and company stakes accounted for using the equity method.

Interest income and expenses are recognised in profit or loss using the effective interest method. Interest income and interest expense includes interest income from securities investments and from cash and cash equivalents, as well as interest expenses from debt. These items also include interest and changes in market values in connection with interest rate hedges as well as income and expenses from the distribution of premiums and discounts. The interest components from pension commitments and other similar obligations, as well as from the plan assets available to cover these obligations, and interest from the discounting of other financial liabilities or other provisions are also included in this item.

Income taxes

Income taxes include both current income taxes and deferred taxes.

Current income taxes are calculated on the basis of the respective national tax results and regulations for the year. In addition, the current taxes reported in the financial year also include adjustment amounts for any tax payments or refunds for years not yet finally assessed, excluding interest on subsequent tax payments or tax refunds.

The tax items presented in the financial statements may be subject to different interpretations by taxpayers on the one hand and local tax authorities on the other. In cases where there is no clarity regarding the application of tax regulations, the GFT Group observes IFRIC 23 *Uncertainty over Income Tax Treatments*. The probability of the respective tax authority accepting an uncertain tax treatment is determined. In the event that amounts recognised in the tax returns are unlikely to be realised (uncertain tax items), tax provisions are recognised. The amount is determined on the basis of the best possible estimate of the expected tax payment (expected value or most probable value of tax uncertainty). Tax receivables from uncertain tax items are recognised if it is predominantly probable and therefore sufficiently certain that they can be realised. No tax provision or asset is recognised for such uncertain tax positions only in the case that there is a tax loss carryforward or unused tax credit. In such cases, the deferred tax asset is adjusted for the unused tax loss carryforward and unused tax credit.

Changes in deferred tax assets and liabilities are generally reflected in the income statement under deferred taxes. An exception to this are the changes to be made in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are determined for temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet, including consolidation differences, and for unused tax loss carryforwards and tax credits. Measurement is based on the tax rates expected to apply in the period in which an asset is realised or a liability settled. This is based on the tax rates and regulations valid on the reporting date or which have been adopted by law. The GFT Group assesses the recoverability of deferred tax assets on each reporting date on the basis of planned taxable income in future financial years. If the Group assumes that future tax benefits with a probability of more than 50 % cannot be partially or completely realised, a valuation allowance is made on the deferred tax assets. Among other things, the planned results from operating activities, the effects on earnings of the reversal of taxable temporary differences and realisable tax strategies are taken into account. As future business developments are uncertain and in some cases cannot be controlled by the Group, the assumptions to be made in connection with the recognition of deferred tax assets are subject to considerable uncertainty.

Deferred tax liabilities on taxable temporary differences from investments in subsidiaries and associated companies are not recognised if the Group can determine the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are offset against deferred tax liabilities if they relate to income taxes levied by the same taxation authority and there is a right to set off an actual tax refund claim against an actual tax liability. No distinction is made between current and non-current deferred tax assets and liabilities in the consolidated balance sheet.

The global minimum tax payable under the national legislation of the Pillar 2 rules is classified as income tax within the scope of IAS 12 *Income Taxes*. The GFT Group has applied the temporary mandatory exemption with regard to the recognition of deferred taxes resulting from the introduction of the global minimum tax and recognises these as actual tax expenses/income at the respective time they arise. Consequently, no deferred taxes are recognised in relation to income taxes under the Pillar 2 rules and no related information is disclosed.

Earnings per share
Basic earnings per share are calculated by dividing the profit attributable to shareholders of GFT Technologies SE by the weighted average number of shares outstanding. As there were no events in 2023 and 2022 that had a dilutive effect, diluted earnings per share in these years correspond to basic earnings per share.

Disclosure in the consolidated statement of cash flows
Interest paid and interest received is allocated to cash flow from operating activities.

2.6 Discretionary decisions, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, 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 balance sheet date, and disclosed income and expenses for the reporting period. Due to the increasingly complex and uncertain macroeconomic and geopolitical environment with rising volatility in commodity and financial markets – including equity and currency prices, due to fluctuating interest and inflation rates – and increasing concerns of a slowdown in the economic growth of certain markets, these discretionary decisions, estimates and assumptions are subject to increased uncertainty. Due to the uncertainty associated with these discretionary decisions, estimates and assumptions, actual results in future periods could lead to significant adjustments in the carrying amounts of the assets or liabilities concerned.

Discretionary decisions, estimates and assumptions are based on experience and are reviewed by management on an ongoing basis. Revisions to estimates are recognised prospectively. When updating the estimates, assumptions and discretionary decisions, available information on the expected economic development as well as country-specific government measures were taken into account.

Discretionary decisions
Discretionary decisions must be made when applying accounting methods. The following material items in the consolidated financial statements of GFT Technologies SE are affected by discretionary decisions:

- Revenue recognition: recognising revenue for fixed-price contracts in connection with the development of client-specific IT solutions and the implementation of sector-specific standard software over a period of time or on a specific date.
- Lease term: determining the term of leases with extension and termination options where the GFT Group is the lessee.

Information on discretionary decisions taken by the GFT Group with regard to the two items above can be found in note 2.5.

Estimates and assumptions
The most important future-related assumptions and other key sources of estimation uncertainty as of the balance sheet date with a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described in the accounting methods applied (see note 2.5) and in the notes to the consolidated balance sheet (see note 4) and to the consolidated income statement (see note 5).

The main application areas for estimates and assumptions when applying accounting methods in the financial statements of the GFT Group are:

- acquisition of subsidiaries: determination of the fair value of the consideration transferred (including contingent consideration) as well as the preliminary determination of the fair values of identifiable assets acquired and liabilities assumed;
- impairment test of goodwill and other intangible assets: significant underlying assumptions used to determine the recoverable amount.
- determination of the marginal borrowing rate for leases: estimating the incremental borrowing rate using observable input data (such as market interest rates), if available, and taking into account company-specific factors (such as individual credit rating of the subsidiary).
- allowance for expected credit losses on trade receivables and contract assets: key assumptions used to determine the weighted average loss rate;
- revenue recognition: estimate of the stage of completion of unfinished customer projects;
- recognition of deferred tax assets: availability of future taxable income against which deductible temporary differences and tax loss carryforwards can be utilised;
- valuation of defined benefit pension plans: key actuarial assumptions.
- measurement of the fair value of share-based payment transactions using an appropriate actuarial valuation method: determination of input factors (such as expected life, volatility and dividend yield)

- recognition and measurement of provisions and contingent assets and liabilities: significant assumptions about the probability and extent of an inflow or outflow of economic benefits

The Group's estimates and assumptions are based on parameters available at the time the consolidated financial statements were prepared. However, these parameters and assumptions about future developments may change as a result of market movements and conditions outside the sphere of influence of the GFT Group. Such changes are only reflected in the assumptions when they occur.

2.7 New accounting standards not yet applied

New and amended standards and interpretations issued up to the date of publication of these consolidated financial statements but not yet mandatory are presented below. The GFT Group intends to apply these new and amended standards and interpretations from their effective date.

IFRS pronouncements to be applied in the future (EU endorsed)

The following standards and interpretations, as well as amendments to standards and interpretations, have already been endorsed by the European Union, but their application is only mandatory for financial statements prepared after 31 December 2023.

IFRS pronouncements to be applied in the future (EU endorsed)

	IFRS pronouncement	Mandatory for financial years beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024

These pronouncements are not expected to have any material impact on the consolidated financial statements in the reporting period in which they are first applied.

IFRS pronouncements to be applied in the future without EU endorsement

The IASB and IFRIC have issued further standards and interpretations as well as amendments to standards and interpretations which are not yet mandatory for the financial year 2023.

IFRS pronouncements to be applied in the future (without EU endorsement)

	IFRS pronouncement	Mandatory for financial years beginning on or after
Amendments to IFRS 7 and IAS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21	Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	indefinite

According to current assessment, the IFRS pronouncements presented in the table above will have no significant impact on the consolidated financial statements.

2.8 Effects of climate change

In the financial year 2023, the GFT Group considered the effects of potential sustainability risks relating to climate change with the aim of reducing its operational greenhouse gas emissions as well as emissions along the value chain. IT and communication solutions can lead to an increase in global electricity consumption, which directly and indirectly affects the company. The risk is explained in more detail in the risk report of the combined management report. By reducing its own emissions, the GFT Group is making a contribution to global climate protection.

The GFT Group was unable to identify any significant risks resulting from climate change with regard to its business model, business development or financial position and performance.

3 Composition of the Group

3.1 Consolidated group

The following table shows the composition of the GFT Group as of 31 December 2023:

Composition of the Group

	31/12/2023	31/12/2022
Consolidated subsidiaries	**28**	**27**
domestic	6	5
foreign	22	22

A detailed composition of the companies included in the consolidated financial statements and the shareholdings of the GFT Group pursuant to section 313 (2) HGB is shown in the list of shareholdings (see page 88). In the case of the fully consolidated subsidiaries, disclosures on equity and earnings are based on the IFRS figures of the local annual financial statements.

Subsidiaries

The main subsidiaries of the GFT Group as of 31 December 2023 are listed below. The equity share of GFT Technologies SE as the parent company is 100% in each case.

Main subsidiaries

Name	Country of main activity
GFT Brasil Consultoria Informática Ltda., Barueri, Brazil	Brazil
GFT Costa Rica S.A., Heredia, Costa Rica	Costa Rica
targens GmbH, Stuttgart, Germany	Germany
GFT France S.A.S., Niort, France	France
GFT Financial Limited, London, UK	UK
GFT Technologies Hong Kong Ltd., Hong Kong[1], China	Hong Kong
GFT Italia S.r.l., Milan, Italy	Italy
GFT Technologies Canada Inc., Quebec, Canada	Canada
GFT México S.A. de C.V., Mexico City, Mexico	Mexico
GFT Poland Sp. z o.o., Lodz, Poland	Poland
GFT Schweiz AG, Zurich, Switzerland	Switzerland
GFT Technologies Singapore Pte. Ltd., Singapore, Singapore	Singapore
GFT IT Consulting S.L.U., Sant Cugat del Vallès, Spain	Spain
GFT USA Inc., New York, USA	USA
GFT Technologies Vietnam Limited, Ho-Chi-Minh City, Vietnam	Vietnam

1 Special Administrative Region Hong Kong of the People's Republic of China (hereinafter 'Hong Kong')

Change to the consolidated group

With effect from 3 April 2023, the GFT Group acquired all shares in targens GmbH, Stuttgart, Germany (targens) (since 11 January 2024: GFT Deutschland GmbH, Stuttgart, Germany). For further information and the effects of the company acquisition on the consolidated financial statements, please refer to section 3.2 below.

3.2 Business combinations

Company acquisition in the reporting period

With a share purchase and transfer agreement dated 22 February 2023, the GFT Group acquired 100% of shares in targens via GFT Technologies SE and thus gained control of the company. The transaction was closed on 3 April 2023 (= acquisition date). Based in Stuttgart, targens has expertise in the field of consulting, compliance solutions and digital innovation for banks, insurers and the finance departments of industrial companies and constitutes a business within the meaning of IFRS 3 *Business Combinations*. By acquiring targens, the GFT Group is gaining additional expertise in the areas of consulting and compliance solutions and can expand its product business with recurring revenues.

In the period from 3 April to 31 December 2023, targens employed an average of 262 people and contributed revenue during this period of €31,312 thousand and a profit of €2,211 thousand to consolidated pre-tax earnings (EBT). If the company had been acquired as of the first day of the financial year, consolidated revenue for the year would have amounted to €812,919 thousand with consolidated pre-tax earnings of €68,734 thousand.

An amount of €54,478 thousand was paid in cash as consideration for the acquisition of the targens shares. In the course of final purchase price allocation, the intangible assets recognised mainly relate to client relationships and software. Non-tax-deductible goodwill amounts to €37,701 thousand and comprises non-separable intangible assets, such as employee expertise and expected synergies.

The GFT Group incurred costs of €311 thousand in connection with the business combination for legal advice, due diligence and purchase price allocations. The costs were recognised as other operating expenses.

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

Fair values on the acquisition date

in € thousand	
Other intangible assets	18,514
Property, plant and equipment	1,836
Inventories	851
Trade receivables	4,902
Contract assets	558
Cash and cash equivalents	8,223
Other financial assets	235
Other assets	555
Total assets	**35,674**
Other financial liabilities	1,824
Deferred tax liabilities	6,215
Other provisions	3,499
Trade payables	418
Income tax liabilities	649
Contract liabilities	4,056
Other liabilities	2,237
Total liabilities	**18,898**
Net assets	**16,776**

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

Business combinations in the previous year

There were no business combinations in the previous financial year.

Notes to the consolidated financial statements

Equity holdings according to section 313 (2) HGB

in € thousand	Share of the capital (in %)	Company equity	Net income
I. Direct investments			
Domestic			
GFT Deutschland GmbH, Stuttgart, Germany (formerly: targens GmbH, Stuttgart, Germany)	100	18,272	1,495
GFT Invest GmbH, Stuttgart, Germany [1]	100	25	0
GFT Integrated Systems GmbH, Constance, Germany [1]	100	378	–1,559
GFT Real Estate GmbH, Stuttgart, Germany [1]	100	441	–63
GFT Treasury Services GmbH, Stuttgart, Germany [1]	100	533	178
SW34 Gastro GmbH, Stuttgart, Germany [1]	100	533	0
incowia GmbH, Illmenau, Germany [2]	10	1,706	64
Foreign			
GFT France S.A.S., Niort, France	100	2,222	1,468
GFT Italia S.r.l., Milan, Italy	100	39,574	5,139
GFT Schweiz AG, Zurich, Switzerland	100	1,065	572
GFT Technologies Canada Inc., Quebec, Canada	100	–2,825	1,776
GFT Technologies Hong Kong Ltd., Hong Kong, China	100	–972	–2,024
GFT Technologies Romania S.r.l., Iași, Romania	100	–209	–68
GFT Technologies S.A.U., Madrid, Spain	100	38,276	23,273
GFT Technologies Singapore Pte. Ltd., Singapore, Singapore	100	–214	966
GFT UK Limited, London, UK	100	44,458	7,794

in € thousand	Share of the capital (in %)	Company equity	Net income
II. Indirect investments			
Foreign			
GFT Brasil Consultoria Informática Ltda., Barueri, Brazil	100	24,448	16,545
GFT Canada Inc., Toronto, Canada	100	720	32
GFT Technologies Toronto Inc., Quebec, Canada	100	5,753	2,247
GFT Costa Rica S.A., Heredia, Costa Rica	100	2,747	1,317
GFT Financial Limited, London, UK	100	24,753	11,377
GFT IT Consulting, S.L.U., Sant Cugat del Vallès, Spain	100	24,701	11,381
GFT México S.A. de C.V., Mexico City, Mexico	100	5,078	–374
GFT Peru S.A.C., Lima, Peru	100	22	0
GFT Poland Sp. z o.o., Lodz, Poland	100	7,432	3,384
GFT Technologies Belgique S.A., Brussels, Belgium	100	259	–5
GFT Technologies Vietnam Limited, Ho Chi Minh City, Vietnam	100	–466	–5
GFT USA Inc., New York, USA	100	15,943	5,148
Med-Use S.r.l., Milan, Italy	100	865	192

1 There is a profit and loss transfer agreement between the company (profit and loss transferring company) and GFT Technologies SE. The values disclosed for equity and net income are after profit transfer or loss assumption according commercial law.
2 Values according to local financial statements 2022.

4 Explanations on items of the balance sheet

4.1 Goodwill

The mandatory annual impairment test pursuant to IAS 36 was performed on goodwill as of the reporting date. No event-driven impairment test was conducted during the financial year as there were no indications of impairment.

The impairment test was performed at the level of the smallest cash-generating unit (CGU) on the basis of the recoverable amount. The definition of the CGUs is based on the two business segments *Americas*, *UK & APAC* and *Continental Europe*. In the impairment test, the carrying amount of the CGU allocated to goodwill was compared with its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

The carrying amounts of goodwill are allocated to the two CGUs as follows:

Goodwill

in € thousand	31/12/2023	31/12/2022
CGU		
Americas, UK & APAC	44,170	43,741
Continental Europe	118,622	80,227
	162,792	**123,968**

Goodwill increased by €38,824 thousand to €162,792 thousand as at 31 December 2023. The increase was mainly due to the acquisition of targens and also exchange rate effects. The goodwill resulting from initial consolidation of targens amounting to €37,701 thousand was allocated to the CGU *Continental Europe*. The currency-related effects are mainly due to the development of the Swiss franc and the UK pound.

In order to determine the value in use of the CGUs, cash flows were forecast for the next five years based on past experience, current operating results, management's best estimate of future developments and market assumptions. Revenue and EBT planning is based on the budget approved by the Administrative Board for the coming financial year, which was extrapolated for the following four years at defined growth rates. The figures for the fifth year were then further extrapolated for the future with a growth rate of 1%.

Value in use is mainly determined by the terminal value (present value of the perpetual annuity), which is particularly sensitive to changes in assumptions regarding the long-term growth rate and the discount rate. Both assumptions are determined individually for each CGU. The discount rates are based on the weighted average cost of capital (WACC) concept for the CGUs. The discount rates are determined on the basis of a risk-free interest rate and a market risk premium. In addition, the discount rates reflect the current market assessment of the specific risks of each individual CGU by taking into account beta factors, gearing and borrowing costs of the peer group to which GFT Technologies SE belongs. The parameters for determining the discount rates are based on external information sources. The peer group is subject to an annual review and is adjusted where necessary. Growth rates take into account external macroeconomic data and sector-specific trends.

The impairment test of the two CGUs is based on the key assumptions described below to determine fair value less selling costs.

The future cash flows of the CGUs *Americas*, *UK & APAC* and *Continental Europe* were discounted at rates of 12.33% and 11.31% respectively (31 December 2022: 8.53% and 8.74%). The pre-tax interest rates for the CGUs *Americas*, *UK & APAC* and *Continental Europe* are 17.10% and 15.16% respectively (31 December 2022: 11.54% and 11.64%). For the cash flow forecasts of the CGUs *Americas*, *UK & APAC* and *Continental Europe*, management assumes that business with existing and new clients will increase by an average of 10% between 2025 and 2028, based on planning for the financial year 2024, and thereafter grow at a rate of 1%. The assumptions are based on order completions, past experience and market assessments.

The impairment test as of 31 December 2023 gave no indication of any impairment of goodwill. Based on the aforementioned assumptions of sustainable sales growth for the CGUs, the recoverable amounts are higher than the carrying amounts.

The sensitivity analysis for the CGUs *Americas*, *UK & APAC* and *Continental Europe* assumed a reduction in revenue of 5% or an increase in the WACC of one percentage point. On this basis, there would have been no impairment need for the two CGUs as of 31 December 2023.

4.2 Other intangible assets

The development of other intangible assets of the GFT Group is presented on page 90 and 91.

As of 31 December 2022, other intangible assets totalled €19,503 thousand (31 December 2022: €5,915 thousand) of which an amount of €17,012 thousand mainly related to customer relationships (31 December 2022: €4,829 thousand). The development in 2023 is mainly due to purchase price allocation in the course of the initial consolidation of targens. The carrying amount of customer relationships has a remaining useful life of between 6 months and 15 years.

Research and development costs of €18,189 thousand (2022: €16,461 thousand) were expensed as they do not meet the recognition criteria for intangible assets.

There was no impairment of intangible assets in the financial year 2023, nor in the previous year.

There are no other intangible assets with indefinite useful lives in the GFT Group.

4.3 Property, plant and equipment

Property, plant and equipment in the consolidated balance sheet with a carrying amount of €60,309 thousand (31 December 2022: €63,577 thousand) also includes right-of-use assets of €35,910 thousand (31 December 2022: €37,754 thousand) in connection with lessee accounting.

The development of the GFT Group's property, plant and equipment is shown on page 90 and 91.

Development of intangible assets and property, plant and equipment (excluding right-of-use assets) for the financial year 2023

	Acquisition or manufacturing costs						Depreciation, amortisation and impairment						Carrying amount	
in € thousand	**01/01/2023**	**Currency translation**	**Change in consolidation scope**	**Additions**	**Disposals**	**31/12/2023**	**01/01/2023**	**Currency translation**	**Change in consolidation scope**	**Additions**	**Disposals**	**31/12/2023**	**31/12/2023**	**31/12/2022**
Intangible assets														
Goodwill	125,968	1,123	0	37,701	0	164,792	2,000	0	0	0	0	2,000	162,792	123,968
Other intangible assets	57,314	444	18,748	11	−117	76,400	51,399	435	235	4,930	−102	56,897	19,503	5,915
	183,282	**1,567**	**18,748**	**37,712**	**−117**	**241,192**	**53,399**	**435**	**235**	**4,930**	**−102**	**58,897**	**182,295**	**129,883**
Property, plant and equipment														
Land, leasehold rights and buildings	21,540	166	0	1,300	−1,144	21,862	8,336	64	0	1,193	−1,010	8,583	13,279	13,204
Equipment, operating and office equipment	40,424	808	984	2,830	−5,778	39,268	27,805	526	787	4,616	−5,523	28,211	11,057	12,619
Prepayments and assets under construction	0	0	0	62	0	62	0	0	0	0	0	0	62	0
	61,964	**974**	**984**	**4,192**	**−6,922**	**61,192**	**36,141**	**590**	**787**	**5,809**	**−6,533**	**36,794**	**24,398**	**25,823**
Total	**245,246**	**2,541**	**19,732**	**41,904**	**−7,039**	**302,384**	**89,540**	**1,025**	**1,022**	**10,739**	**−6,635**	**95,691**	**206,693**	**155,706**

Development of intangible assets and property, plant and equipment (excluding right-of-use assets) for the financial year 2022

	Acquisition or manufacturing costs						Depreciation, amortisation and impairment						Carrying amount	
in € thousand	01/01/2022	Currency translation	Additions	Disposals	Reclassifi-cations	31/12/2022	01/01/2022	Currency translation	Additions	Impair-ment	Disposals	31/12/2022	31/12/2022	31/12/2021
Intangible assets														
Goodwill	126,423	−455	0	0	0	125,968	2,000	0	0	0	0	2,000	123,968	124,423
Other intangible assets	67,807	−796	21	−9,718	0	57,314	57,162	−833	4,781	0	−9,711	51,399	5,915	10,645
	194,230	**−1,251**	**21**	**−9,718**	**0**	**183,282**	**59,162**	**−833**	**4,781**	**0**	**−9,711**	**53,399**	**129,883**	**135,068**
Property, plant and equipment														
Land, leasehold rights and buildings	20,436	74	2,595	−1,582	17	21,540	8,390	60	1,139	75	−1,328	8,336	13,204	12,046
Equipment, operating and office equipment	36,616	586	5,231	−2,042	33	40,424	24,246	230	4,935	118	−1,724	27,805	12,620	12,371
Prepayments and assets under construction	51	−1	0	0	-50	0	0	0	0	0	0	0	0	51
	57,103	**659**	**7,826**	**−3,624**	**0**	**61,964**	**32,636**	**290**	**6,074**	**193**	**−3,052**	**36,141**	**25,823**	**24,468**
Total	**251,333**	**−592**	**7,847**	**−13,342**	**0**	**245,246**	**91,798**	**−543**	**10,855**	**193**	**−12,763**	**89,540**	**155,706**	**159,536**

The item 'Land, land rights and buildings' mainly refers to the administration building at the Group's headquarters in Stuttgart as well as leasehold improvements in rented office space. The building at the Group's headquarters is encumbered with a mortgage of €8,000 thousand.

There was no non-scheduled depreciation on property, plant and equipment (without right-of-use assets) due to impairment in the reporting period. In the previous year, impairment expenses of €193 thousand were recognised on IT infrastructure due to the growing migration of systems and applications to the cloud.

Note 9.2 Leases shows the composition of right-of-use assets and contains additional information in connection with lessee accounting.

4.4 Financial assets

This item includes financial investments in equity instruments recognised at fair value through profit or loss.

Financial assets relate to an investment of €696 thousand (31 December 2022: €696 thousand) in One Creation Corporation, New York, USA, a start-up in the field of data rights. The GFT Group has no material influence on this investment acquired in the financial year 2021, which is held as a long-term strategic investment.

There were no adjustments to the fair values of financial investments in the financial year 2023.

4.5 Other assets

The composition of other financial assets and other assets disclosed in the consolidated balance sheet as of 31 December 2023 is shown in the following table:

Other assets

in € thousand	31/12/2023	31/12/2022
Non-current other financial assets		
Deposits	1,166	1,908
Non-current other assets		
Government grants	4,120	3,989
Other	217	120
Subtotal	**4,337**	**4,109**
Current other financial assets		
Government grants	4,357	4,185
Receivables from employees	398	277
Creditors with debit balance	621	267
Deposits	170	138
Other	64	36
Subtotal	**5,610**	**4,903**
Current other assets		
Accruals	11,497	8,434
Government grants	8,413	6,275
Claims for VAT and other tax refunds	3,200	2,848
Other	211	0
Subtotal	**23,321**	**17,557**
Total	**34,434**	**28,477**

Government grants mainly relate to tax subsidies for research and development and similar activities.

4.6 Income taxes

Income tax claims disclosed in the balance sheet are composed as follows:

Income tax claims

in € thousand	31/12/2023	31/12/2022
Deferred tax assets	12,407	12,041
Long-term current income tax claims	9	385
Short-term current income tax claims	10,373	10,182
Total	**22,789**	**22,608**

Income tax liabilities disclosed in the balance sheet are composed as follows:

Income tax liabilities

in € thousand	31/12/2023	31/12/2022
Deferred tax liabilities	7,973	3,991
Current income tax liabilities	14,227	8,614
Total	**22,200**	**12,605**

Within the Group, there are a number of years for which there are no final tax assessments. The GFT Group believes it has made sufficient provisions for these open assessment years.

Notes to the consolidated financial statements

The tax deferrals and accruals are allocated to individual balance sheet items as follows:

Deferred tax assets

in € thousand	31/12/2023	31/12/2022
Intangible assets	493	532
Property, plant and equipment	27	763
Financial assets	21	21
Inventories	1,894	2,579
Receivables and other assets	433	138
Tax loss carry-forwards and tax credits	3,914	3,506
Provisions for pensions	1,286	3,234
Other provisions	4,151	2,959
Contract liabilities and other liabilities	6,057	4,983
Subtotal	**18,276**	**18,715**
Offsetting	–5,869	–6,675
Deferred tax assets	**12,407**	**12,041**

Deferred tax assets for the item other liabilities include deferred tax assets of €532 thousand (31 December 2022: €613 thousand) from lease accounting pursuant to IFRS 16.

Deferred tax liabilities

in € thousand	31/12/2023	31/12/2022
Intangible assets	8,250	3,607
Property, plant and equipment	194	168
Financial assets	283	281
Inventories	25	0
Receivables and other assets	2,706	3,599
Provisions for pensions	678	650
Other provisions	4	0
Contract liabilities and other liabilities	1,702	2,359
Subtotal	**13,842**	**10,665**
Offsetting	–5,869	–6,675
Deferred tax liabilities	**7,973**	**3,991**

As at 31 December 2023, there are corporate tax loss carryforwards for GFT Group companies (gross amount) of €4,251 thousand (31 December 2022: €5,244 thousand), as well as local taxes (gross amount) of €971 thousand (31 December 2022: €2,131 thousand), which are fully attributable to foreign Group companies.

Deferred tax assets of €620 thousand (31 December 2022: €932 thousand) were recognised for corporate tax loss carryforwards of €3,116 thousand (31 December 2022: €4,241 thousand). As at 31 December 2023, GFT disclosed deferred tax assets for companies which suffered a loss in the current period or in the previous period, which exceeded deferred tax liabilities by €713 thousand (31 December 2022: €412 thousand). The basis for the recognition of deferred taxes is that it is probable on the basis of earnings planning that the respective companies will generate taxable income against which unused tax losses and deductible temporary differences can be offset. However, no deferred tax assets were recognised on corporate income tax loss carryforwards (gross amount) of €1,135 thousand (31 December 2022: €1,003 thousand) and on loss carryforwards for local taxes (gross amount) of €971 thousand (31 December 2022: €1,003 thousand), as the tax claim is not considered sufficiently probable and the loss carryforwards expire within a time horizon of 5, 7 and 20 years.

Deferred tax assets of €2,370 thousand (31 December 2022: €2,661 thousand) have been capitalised on tax claims for research and development totalling €4,741 thousand (31 December 2022: €6,234 thousand).

GFT has not recognised deferred taxes on temporary differences in connection with shares in subsidiaries amounting to €8,244 thousand as of 31 December 2023 (31 December 2022: €11,519 thousand), as the Group is able to control the timing of the reversal of these temporary differences and a reversal is not considered probable in the foreseeable future.

4.7 Inventories

Inventories relate to order backlogs from purchase price allocations totalling €81 thousand (31 December 2022: €0 thousand) and otherwise to raw materials and supplies from ancillary business totalling €13 thousand (31 December 2022: €14 thousand).

4.8 Trade receivables

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

Trade receivables

in € thousand	31/12/2023	31/12/2022
Receivables from customer contracts (gross carrying amount)	170,643	156,128
Value adjustments	–4,107	–3,567
Carrying amount (net)	**166,536**	**152,561**

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

The value adjustments include quantity discounts of €3,815 thousand (31 December 2022: €3,277 thousand) and expected credit losses of €292 thousand (31 December 2022: €290 thousand).

The development of valuation allowances on trade receivables on the basis of expected credit losses was as follows:

Development of valuation allowances on trade receivables on the basis of expected credit losses

in € thousand	2023	2022
Balance as of 1 January	**290**	**272**
Net additions	115	112
Drawings	0	0
Reversals	–146	–96
Exchange rate effects and other changes	33	2
Balance as of 31 December	**292**	**290**

The exchange rate effects and other changes include an amount of €32 thousand relating to the targens business combination.

When estimating expected credit losses or the default risk, a distinction is made between trade receivables from major clients and other clients.

The expected credit losses for trade receivables from major clients are estimated using a probability-weighted default rate based on an average external credit rating which considers forward-looking information. To determine the expected credit losses, the probability-weighted default rate is multiplied as a percentage by the nominal value of trade receivables.

The following tables contain information on the default risk and expected credit losses for trade receivables from major clients.

The GFT Group uses a value adjustment matrix to measure the expected credit losses on trade receivables from other clients, which comprise a very large number of small balances. The loss ratios are calculated using the roll rate method, which is based on the probability that a receivable will progress through successive stages in payment delay.

Expected credit losses (major clients)

in € thousand	31/12/2023			
Credit rating	**Weighted average loss rate**	**Gross carrying amount**	**Value adjustment**	**Impaired credit-worthiness**
A+	0.04%	3,932	–2	No
A–	0.05%	26,019	–13	No
BBB+	0.09%	4,424	–4	No
BBB	0.14%	21,152	–30	No
		55,527	**–49**	

in € thousand	31/12/2022			
Credit rating	**Weighted average loss rate**	**Gross carrying amount**	**Value adjustment**	**Impaired credit-worthiness**
A+	0.05%	6,018	–3	No
BBB+	0.09%	19,088	–17	No
BBB	0.14%	21,960	–31	No
		47,066	**–51**	

The following tables provides information about the estimated default risk and expected credit losses on trade receivables from other clients:

Expected credit losses (other clients)

in € thousand	31/12/2023			
	Gross carrying amount	Value adjustment	Average loss rate	Impaired credit-worthiness
not overdue	95,754	0	0.00%	No
1 to 30 days overdue	10,005	0	0.00%	No
31 to 90 days overdue	3,789	–54	1.43%	No
91 to 180 days overdue	1,109	–22	1.95%	No
181 to 360 days overdue	392	–41	10.36%	Yes
more than 360 days overdue	252	–126	50.08%	Yes
	111,301	**–243**		

in € thousand	31/12/2022			
	Gross carrying amount	Value adjustment	Average loss rate	Impaired credit-worthiness
not overdue	95,009	0	0.00%	No
1 to 30 days overdue	5,325	–1	0.02%	No
31 to 90 days overdue	3,950	–54	1.37%	No
91 to 180 days overdue	881	–24	2.72%	No
181 to 360 days overdue	492	–34	6.91%	Yes
more than 360 days overdue	128	–126	98.44%	Yes
	105,785	**–239**		

Further information on financial risks and risk types is provided in note 9.1.

4.9 Contract balances

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

Contract balances

in € thousand	31/12/2023	31/12/2022
Receivables included in trade receivables	166,536	152,561
Contract assets	25,026	21,732
Contract liabilities	40,833	39,597

Contract assets mainly refer to the GFT Group's claims for consideration resulting from services from fixed-price contracts in connection with the development of customer-specific IT solutions and the implementation of sector-specific standard software that have been rendered but not yet invoiced as of the reporting date. The amount of contract assets as of 31 December 2023 is affected by an impairment of €3 thousand (31 December 2022: €5 thousand). This usually happens at the time of invoicing, as soon as the GFT Group has fully performed the service and thereby acquired an unconditional entitlement to receive consideration. Contract assets are all current.

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.

The amount of €39,597 thousand (1 January 2022: €46,120 thousand) disclosed under contract liabilities at the beginning of the period was recognised in full as revenue in 2023, as in the previous year.

4.10 Shareholders' equity

Please refer to the separately presented consolidated statement of changes in equity for the development of equity during the financial years 2023 and 2022.

Subscribed capital

As of 31 December 2023, the subscribed capital (share capital) of €26,325,946.00 consisted of 26,325,946 no-par value shares (unchanged from the previous year). The shares are bearer shares and all grant the same rights.

Authorised capital

With a resolution adopted by the Annual General Meeting of 10 June 2021, the previous Authorised Capital was cancelled and a new Authorised Capital (Authorised Capital 2021) was resolved in order to secure the long-term financial scope. Essentially, this scope was expanded with regard to the use of the Authorised Capital within the framework of share participation or other share-based programmes for Managing Directors of GFT Technologies SE and members of the representative body of a company affiliated with GFT Technologies SE. In detail, the Administrative Board was authorised until 9 June 2026 to increase the share capital of GFT Technologies SE by up to a total of €10.00 million through a one-time-only or repeated partial issuance of bearer shares (no-par shares) against cash contributions and/or contributions in kind (Authorised Capital 2021). The new shares are to be offered to the shareholders for subscription (also by way of indirect subscription in accordance with section 186 (5) sentence 1 AktG). The Administrative Board was also authorised to exclude the legal subscription right of shareholders under certain conditions and within defined limits.

Authorised capital has not been utilised so far. As of 31 December 2023, there was therefore unused authorised capital of €10.00 million (31 December 2022: €10.00 million).

Conditional capital

With a resolution adopted by the Annual General Meeting of 1 June 2022, the Administrative Board of GFT Technologies SE was authorised until 31 May 2027 to issue on a one-time-only or repeated basis convertible and/or warrant bonds or a combination of these instruments (bonds) with a total nominal amount of up to €400.00 million with or without a limited term and to grant the creditors of these bonds conversion or warrant rights to new no-par value bearer shares of GFT Technologies SE with a proportionate amount of share capital of up to €10.00 million in accordance with the respective terms and conditions of the bonds. The bonds can only be issued for cash contributions. The respective conditions may also provide for a conversion or warrant obligation. The bonds may also be issued by domestic or foreign companies in which GFT Technologies SE directly or indirectly holds a majority of the votes and capital. Among other things, the Administrative Board was also authorised to exclude the legal subscription right of shareholders to the bonds under certain conditions and within defined limits

To service the bonds issued under the above authorisation, the Annual General Meeting of 1 June 2022 also resolved to conditionally increase the share capital by up to €10.00 million (Conditional Capital 2022).

The authorisation to issue bonds has not yet been exercised.

Treasury shares

With a resolution adopted by the Annual General Meeting of 24 June 2020, GFT Technologies SE was authorised to purchase treasury shares in the period until 23 June 2025 up to a total of 10% of share capital as at the time of the Annual General Meeting resolution and to use them for all legally permissible purposes. Among other things, the shares may be used, with the exclusion of shareholder subscription rights, in connection with (partial) company acquisitions, or for share-based compensation and employee share ownership plans, or may be sold to third parties for cash at a price that is not significantly lower than the stock market price at the time of the sale.

The authorisation to purchase treasury shares was not exercised in the reporting period. As in the previous year, GFT Technologies SE held no treasury shares as of 31 December 2023.

Capital reserve

The capital reserve of €42,148 thousand is unchanged from the previous year and comprises the amount generated by the issue of shares in excess of the arithmetical value.

Retained earnings

Retained earnings comprise the earnings generated in the past by those companies included in the consolidated financial statements, insofar as they have not been distributed. Actuarial gains/losses from pensions and deferred taxes on these pensions carried directly in equity are also included in retained earnings.

Dividend

According to the German Stock Corporation Act (Aktiengesetz – AktG), the dividend is distributed from the balance sheet profit reported in the annual financial statements of GFT Technologies SE (separate financial statements). In the financial year 2023, a dividend of €0.45 per share totalling €11,847 thousand (2022: €0.35 per share totalling €9.214 thousand) was distributed to the shareholders of the parent company from the balance sheet profit of the parent company for the 2022 financial year.

A proposal will be made to the Annual General Meeting to distribute €13,163 thousand (€0.50 per share) to shareholders from the balance sheet profit of GFT Technologies SE for the financial year 2023.

Other reserves

Other reserves comprise the accumulated differences from currency translations of the financial statements of consolidated foreign subsidiaries carried directly in equity.

Changes in other reserves are included in other comprehensive income and presented in the statement of comprehensive income.

Capital management

The GFT Group's capital management comprises the consolidated equity attributable to the shareholders of the parent company GFT Technologies SE, whose structure and possible uses are largely determined by the capital structure of GFT Technologies SE. As there are no shares of non-controlling interests, the equity attributable to the shareholders of GFT Technologies SE corresponds to total consolidated equity. The aim of capital management is to secure the sustainable provision of equity for the Group under consideration of appropriate dividend payments to the shareholders. GFT is subject to external minimum capital requirements due to covenants in connection with the promissory note loans and syndicated loan. The covenants were met in full. The quantitative statements as to managed capital and the changes compared to the previous year are presented in the consolidated statement of changes in equity of the GFT Group.

4.11 Provisions for pensions

Provisions for pensions of the GFT Group comprise both defined benefit and defined contribution plans and include obligations from current pensions and entitlements to pensions payable in future. For defined contribution plans, contributions are paid by the company based on legal or contractual regulations, or on a voluntary basis, to state or private pension insurance institutes. The contributions paid in the financial year 2023 for defined contribution plans to public and private pensions regulatory authority of €42,554 thousand (2022: €39,638 thousand) are included in personnel expenses.

The main domestic and foreign pension plans of the GFT Group are described below.

Defined benefit plans in Germany exist due to direct individual commitments to retirement benefits, invalidity benefits, and provisions for dependents for 7 active managers (31 December 2022: 9), 23 managers who have left the company (31 December 2022: 20), one person drawing a pension (31 December 2022: 1), as well as for a former managing director of a former subsidiary (31 December 2022: 1).

The defined benefit plans in Switzerland concern provisioning according to Swiss Federal legislation on occupational old age, survivor's and disability benefit plans (BVG). These plans represent so-called 'BVG full insurance solutions'. Due to the statutory minimum interest and conversion rate guarantees, these plans represent defined benefit plans in the meaning of IAS 19. For this reason, provisions were formed in the balance sheet for these plans on 31 December 2023 and in the previous year. 'Fully insured' BVG plans refer to those plans for which all actuarial risks, including capital market risks, are borne by an insurance company, at least temporarily. The BVG provisioning of the Swiss subsidiary of GFT Technologies SE still comprises 45 active insured parties as of 31 December 2023 (31 December 2022: 57 active insured parties). As in the previous year, there are no pension recipients.

Severance payments under Italian law (Trattamento di Fine Rapporto, TFR) are one-off payments due as soon as the employee leaves the company. The size of the severance payment is based on the number of monthly salaries (indexed), whereby one service year entitles the employee to one monthly salary (annual salary divided by 13.5). Under certain circumstances, for example for the purchase of a home or medical care, the employee may receive an advance of up to 70% of the claim. As of the financial year 2007, these payments are to be made to the state social security institute (Istituto Nazionale della Previdenza Sociale, INPS) or an insurance provider nominated by the employee which is mandatory for companies with more than 50 employees. Below this threshold, transfers are voluntary and – insofar as relevant – are not made by the Italian companies.

The obligations under Polish law also refer to severance payments which are required by law via the Polish Social Insurance Institution (Zakład Ubezpieczeń Społecznych, ZUS), whereby they become due on reaching the retirement age or with a decline in health or increased need for medical care. The sum is calculated on the basis of one monthly salary per employee and is disclosed at the discounted rate as of the beginning of employment.

The following table shows the weighted average valuation factors used to calculate the pension obligations:

Parameters for determining the actuarial values

	Germany		Switzerland		Italy		Poland	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Probability of fluctuation	10.00%	20.00%	BVG 2020	BVG 2020	10.00%	10.00%	13.43%	14.25%
Pensionable age	63	63	65/64	65/64	67	67	65/60	65/60
Salary increases	2.00%	2.00%	2.00%	2.00%	3.00%	3.00%	4.50%	3.50%
Pension increases	2.00%	2.00%	0.00%	0.00%	3.02%	3.13%	0.00%	0.00%
Actuarial interest rate	3.40%	3.50%	1.60%	1.80%	3.09%	3.60%	5.07%	6.73%

In calculating pension obligations, life expectancy for the German pension plans as of 31 December 2023 was based on the 'Heubeck Richttafeln 2018 G' (2018 G mortality tables). The guideline tables take into account the latest statistics of the statutory pension insurance and the Federal Statistical Office. For the foreign pension plans, comparable valuation bases customary in the country are used.

The likelihood of withdrawals and the actuarial assumptions for the Swiss plans are geared to the Swiss Federal legislation on occupational old age, survivor's and disability benefit plans (BVG 2020).

The likelihood of withdrawals in Italy is assessed at 10.00%. The actuarial assumptions for mortality rates are prescribed by surveys of the Italian statistics office (Istituto Nazionale di Statistica, ISTAT 2016). The actuarial assumptions for disability incidence rates are based on the tables of the National Institute for Social Security (Istituto Nazionale della Previdenza Sociale, INPS).

For Poland, the likelihood of withdrawals is assessed at 13.43%. The actuarial assumptions for mortality rates are prescribed by the Main Statistical Office (Główny Urząd Statystyczny, GUS) (GUS 2022: multiplied by 60%). The disability incidence rate was assumed to be 0.6%.

The present values of the defined benefit obligations, the fair values of the plan assets and the respective excessive and/or insufficient cover of the reporting year and the preceding year can be taken from the following table:

Net liability of pension obligations

in € thousand	31/12/2023	31/12/2022
Present value of defined benefit obligations	13,915	14,484
Fair value of plan assets	–8,262	–9,095
Underfunding (net debt)	**5,652**	**5,388**

Of the present value of the entitlements, €9,394 thousand (31 December 2022: €10,079 thousand) relates to pension plans that are financed completely or partially by plan assets and €4,521 thousand (31 December 2022: €4,405 thousand) to pension plans that are not financed by plan assets.

The present value of the pension obligations is reconciled as follows:

Present value of pension obligations

in € thousand	31/12/2023	31/12/2022
Pension obligation as of 1 January	14,484	15,677
Current service cost	397	629
Interest expense/income	296	80
Restatements	–472	–3,842
Contributions to pension plan	315	319
Benefits paid	–1,707	154
Exchange rate changes and other changes	602	1,467
Pension obligation as of 31 December	**13,915**	**14,484**

The fair value of the plan assets is reconciled as follows:

Fair value of plan assets

in € thousand	2023	2022
Fair value of plan assets as of 1 January	9,095	7,970
Income from plan assets (without interest income)	–505	–315
Interest on plan assets	161	28
Premiums paid less benefits received	–1,606	369
Contributions by employer	307	319
Contributions by entitled employees	315	319
Exchange rate changes	495	405
Fair value of plan assets as of 31 December	**8,262**	**9,095**

Plan assets concern the BVG provisioning in Switzerland and an amount of €250 thousand in term deposits pledged to the pension recipient ('Plan Assets GFT Technologies SE'). In the following year (2024), employer and employee contributions to the plan assets of €292 thousand (2022: €314 thousand) are expected. As in the previous year, the calculation of the obligation and the generally expected return of the plan assets in Switzerland was based on the valid insurance regulations, databases and cash flow disclosures for 2024 of the company. The expected income from plan assets of GFT Technologies SE results from interest and is insignificant. There are no plan assets in Italy and Poland.

Under IAS 19, companies must classify the fair value of plan assets according to the nature and risks of these assets. The breakdown of plan assets is as follows:

Fair value of plan assets

in € thousand	31/12/2023	31/12/2022
Bonds	4,271	4,838
Shares	2,356	2,556
Property	985	1,070
Alternative investments	514	551
Cash and cash equivalents	136	80
Fair value of plan assets as of the balance sheet date	**8,262**	**9,095**

The weighted average maturity of the defined benefit obligations is 9.34 years (31 December 2022: 9.32 years). A major part of plan assets is attributable to pension schemes in Switzerland.

In order to estimate the amount and uncertainty of future cash flows, a sensitivity analysis was conducted. An increase or decrease in the key actuarial assumptions would have the effects on the present value of the pension obligations shown in the following table.

In Switzerland, no pension increase was assumed as there is no mandatory adjustment for inflation. A reduction of 0.5 percentage points would imply a decrease in the pension, which is not legally possible.

As an insignificant proportion of the pension obligation in Germany is attributable to active candidates, no sensitivity analysis was conducted for the assumption of future salary increases (n/a = not applicable).

Sensitivity analysis of the present value of pension obligations as of 31 December 2023

	Obligation in € thousand				Change in %			
	Germany	Switzerland	Italy	Poland	Germany	Switzerland	Italy	Poland
Present value of obligation	716	10,004	3,014	181				
Discount rate	3.40%	1.60%	3.09%	5.07%				
Increase of 0.5%	680	9,211	2,803	194	−5.14%	−7.90%	−7.00%	7.01%
Decrease of 0.5%	757	10,903	3,242	170	5.65%	9.02%	7.57%	−6.34%
Salary increase	n/a	2.00%	3.00%	4.50%				
Increase of 0.5%	n/a	10,059	270	194	n/a	0.59%	0.63%	7.02%
Decrease of 0.5%	n/a	9,928	233	170	n/a	−0.72%	−0.59%	−6.40%
Pension increase	2.00%	0.00%	3.02%	n/a				
Increase of 0.5%	734	10,443	3,248	n/a	2.71%	4.42%	7.77%	n/a
Decrease of 0.5%	700	n/a	2,796	n/a	−2.51%	n/a	−7.24%	n/a

4.12 Other provisions

The development of other provisions is shown in the following table:

Other provisions

in € thousand	Personnel and social	Outstanding supplier invoices	Other	Total
Balance as of 1 January 2023	**43,429**	**7,450**	**4,848**	**55,727**
Consumption	–33,830	–7,721	–3,356	–44,907
Reversals	–6,487	–324	–841	–7,652
Additions	36,007	6,873	3,223	46,103
Other changes	10,508	890	237	11,635
Balance as of 31 December 2023	**49,627**	**7,168**	**4,111**	**60,906**

Provisions for personnel and social obligations mainly include expected expenses of the GFT Group for performance-based remuneration, wage tax obligations, employee social benefits as well as redundancy and severance payments. Wage tax obligations include uncertain liabilities in connection with pending financial proceedings in Brazil, for which a final court decision is expected in the second quarter of 2024.

The provisions for outstanding supplier invoices mainly relate to freelancers and subcontractors commissioned within the framework of the operating business. The cash outflows for these provisions are mainly expected by the end of March in the following year.

Other changes include an amount of €7,477 thousand relating to the reclassification of wage tax obligations, which were previously recognised as non-current liabilities, and an amount of €3,499 thousand relating to the targens business combination.

Due to the maturity profile, in other words the expected settlement date for outflows of economic benefit, other provisions are shown in the balance sheet as follows:

Maturity profile of other provisions

in € thousand	31/12/2023	31/12/2022
Non-current provisions		
Performance-based remuneration	5,046	7,181
Employee social benefits	296	247
Guarantee obligations	174	126
Subtotal	**5,516**	**7,554**
Current provisions		
Performance-based remuneration	30,177	32,073
Wage tax obligations	11,505	0
Outstanding supplier invoices	7,168	7,450
Employee benefits	1,654	3,749
Severance payments	948	179
Other	3,938	4,722
Subtotal	**55,390**	**48,173**
Total	**60,906**	**55,727**

Share-based compensation

Other provisions contain obligations from share-based compensation agreements. The share-based commitments of the GFT Group are exclusively cash-settled.

As of the financial year 2020, the Managing Directors of GFT Technologies SE and the other members of the Group Executive Board (GEB) receive a long-term bonus as their variable compensation component with long-term incentive. The long-term bonus, or long-term incentive (LTI), is based on the total amount of annual variable compensation. Of this amount, two-thirds is paid out in cash. The remaining third of the total annual amount – taking into account any (prorated) discretionary bonus – is converted into the respective long-term variable compensation. For the annual conversion amount, the eligible persons receive virtual shares. The number of virtual shares is determined by dividing the conversion amount by the average GFT share price weighted by trading volume (Xetra) in the entire financial year prior to the conversion (initial financial year). On completion of three years, the virtual shares are converted back. For this purpose, the number of virtual shares is multiplied by the average share price (Xetra) weighted by trading volume in the entire third financial year after the initial financial year. The resulting amount is settled in cash, whereby an upper limit agreed individually with each beneficiary may not be exceeded.

In accordance with IFRS 2 *Share-based Payment*, the liability-based payment plans are measured at fair value at each balance sheet date until they are settled. The result to be considered in the reporting period corresponds to the addition to or release of other provisions between the balance sheet dates plus the compensation paid out in the reporting period and is disclosed in personnel expenses.

The fair value of the LTI due from the granting of virtual shares was determined using the Monte Carlo simulation model. Service and market-independent performance conditions associated with the business transactions were not taken into account in determining fair value.

The following parameters or input factors were used to determine the fair values of share-based payment plans as of 31 December 2023 and 31 December 2022 on the grant date, which corresponds to the measurement date:

Valuation parameters

	LTI 2023	LTI 2022	LTI 2021	LTI 2020
Fair value of a virtual share (in €)				
31 December 2023	29.71	30.09	30.42	30.29
31 December 2022	n/a	33.51	33.46	33.47
Weighted average share price (in €)				
31 December 2023	30.29	n/a	n/a	n/a
31 December 2022	n/a	38.99	n/a	n/a
Share price on the measurement date (in €)				
31 December 2023	31.20	31.20	31.20	31.20
31 December 2022	n/a	33.85	33.85	33.85
Expected dividend yield (in %)				
31 December 2023	1.44	1.44	1.44	1.44
31 December 2022	n/a	1.48	1.48	1.48
Expected volatility of the GFT share (in %)				
31 December 2023	45	46	37	0
31 December 2022	n/a	50	52	49
Expected term (in years)				
31 December 2023	3	2	1	0
31 December 2022	n/a	3	2	1
Risk-free interest rate based on government bonds (in %)				
31 December 2023	2.04	2.35	2.97	n/a
31 December 2022	n/a	2.55	2.59	2.39

The expected volatility is based on an assessment of the past volatility of the GFT share price, especially in the period corresponding to the expected term. The expected term of the instruments is based on the employment/service contract terms of the share-based payment agreements.

The number of virtual shares granted for the reporting period as of 31 December 2023 amounted to 45,561 (31 December 2022: 58,986). There are a total of 253,148 virtual shares granted and at the same time outstanding as of 31 December 2023.

The expense recognised during the financial year 2023 for share-based payment transactions amounted to €688 thousand (2022: €58 thousand). As of 31 December 2023, the carrying amount of other provisions from share-based payment arrangements amounted to €5,039 thousand (31 December 2022: €6,950 thousand).

4.13 Liabilities

The following table shows the composition of liabilities by remaining term and type of collateral (values in brackets relate to the previous year):

Remaining term and collateral

in € thousand	Remaining term: up to 1 year	Remaining term: more than 5 years	Total amount 31/12/2023	Thereof secured through liens and similar rights	Nature and form of the collateral
Financing liabilities	45.948	0	65,948	8,000	Mortgage [1]
	(351)	(0)	(42,519)		
Other financial liabilities	20,246	5,602	48,656		
	(18,388)	(7,926)	(49,551)		
Trade payables	13,571	0	13,571		
	(11,799)	(0)	(11,799)		
Current income tax liabilities	14,227	0	14,227		
	(8,614)	(0)	(8,614)		
Contract liabilities	40,833	0	40,833		
	(39,597)	(0)	(39,597)		
Other liabilities	62,866	0	63,687		
	(71,277)	(0)	(79,503)		
	197,691	**5,602**	**246,922**		
	(150,026)	**(7,926)**	**(231,583)**		

1 The mortgage serves as collateral for a loan agreement expiring on 30 June 2024.

Financing liabilities exclusively comprise bank liabilities.

4.14 Other liabilities

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

Other liabilities

in € thousand	31/12/2023	31/12/2022
Non-current other financial liabilities		
Lease liabilities	28,398	31,151
Other	13	12
Subtotal	**28,411**	**31,163**
Non-current other liabilities		
Deferred income	821	1,116
Wage tax liabilities	0	7,110
Subtotal	**821**	**8,226**
Current other financial liabilities		
Liabilities from payroll	10,576	9,321
Lease liabilities	9,627	9,062
Other	42	5
Subtotal	**20,245**	**18,388**
Current other liabilities		
Wage tax, VAT and other tax liabilities	18,752	16,560
Holiday obligations	21,074	17,381
Liabilities to social security institutions	14,525	12,917
Deferred income	7,232	23,109
Other	1,283	1,310
Subtotal	**62,866**	**71,277**
Total	**112,343**	**129,054**

5 Explanations on items of the income statement

5.1 Revenue

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

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

Revenue

	Americas, UK & APAC		*Continental Europe*		Reconciliation		Total	
in € thousand	2023	2022	2023	2022	2023	2022	2023	2022
Geographical regions								
Brazil	133,629	137,782	0	0	0	0	133,629	137,782
Germany	0	0	102,460	63,784	916	716	103,376	64,500
France	77	0	14,738	9,922	0	0	14,815	9,922
UK	110,133	116,170	24	4	0	0	110,157	116,174
Hong Kong	6,433	12,279	0	0	0	0	6,433	12,279
Italy	0	0	82,647	76,548	0	0	82,647	76,548
Canada	68,853	67,590	0	0	0	0	68,853	67,590
Mexico	27,978	20,808	0	0	0	0	27,978	20,808
Poland	6,215	6,148	22,155	10,006	0	0	28,370	16,154
Switzerland	0	168	13,407	17,783	0	0	13,407	17,951
Singapore	14,444	17,837	0	0	0	0	14,444	17,837
Spain	552	348	88,574	84,739	0	0	89,126	85,087
USA	72,585	66,769	1,250	2,081	0	0	73,835	68,850
Other countries	26,868	13,621	7,799	5,033	0	0	34,667	18,654
	467,767	**459,520**	**333,054**	**269,900**	**916**	**716**	**801,737**	**730,136**
Type of contract								
Service contract	293,049	269,927	111,590	73,569	0	0	404,639	343,496
Fixed-price contract	162,895	165,441	192,220	177,192	0	0	355,115	342,633
Maintenance contract	11,823	24,152	25,156	18,019	0	0	36,979	42,171
Other	0	0	4,088	1,120	916	716	5,004	1,836
	467,767	**459,520**	**333,054**	**269,900**	**916**	**716**	**801,737**	**730,136**
Time of transfer of goods or services								
Transfer at a certain time	0	0	0	0	916	355	916	355
Transfer over a certain period	467,767	459,520	333,054	269,900	0	361	800,821	729,781
	467,767	**459,520**	**333,054**	**269,900**	**916**	**716**	**801,737**	**730,136**

Other revenue includes revenue for activities in connection with the Group headquarters in Stuttgart, mainly from the sale of food and beverages and from rental transactions. Other revenue is shown in full in the reconciliation statement.

Revenue under IFRS 15 includes revenue of €39,597 thousand, which was included in contract liabilities as of 1 January 2023.

As of 31 December 2023, it is expected that revenue of €37,551 thousand (31 December 2022: €45,439 thousand) from unfulfilled or partially unfulfilled performance obligations at the end of the reporting period will be realised within the next two years. These are fixed-price contracts, in particular in connection with the development of sector-specific IT solutions and the implementation of bank-specific standard software. Not included are remaining performance obligations from customer contracts with an expected original term of no more than one year.

5.2 Other operating income

The following table shows the composition of other operating income:

Other operating income

in € thousand	2023	2022
Government grants	11,231	8,382
Currency gains	3,440	6,303
Reversal of provisions	382	35
Other non-periodic income	198	113
Reversal of value adjustments for operating receivables	150	117
Income from the disposal of non-current assets	112	146
Other	753	1,248
Total	**16,266**	**16,344**

Government grants mainly relate to tax subsidies for research and development and similar activities.

5.3 Cost of purchased services

The cost of services purchased by the GFT Group amounting to €106,211 thousand (2022: €105,083 thousand) relates to external services provided by freelancers and subcontractors in connection with the core operating business.

5.4 Personnel expenses

Personnel expenses are composed as follows:

Personnel expenses

in € thousand	2023	2022
Wages, salaries and social security contributions	504,252	445,682
Expenses for pensions	6,525	6,207
Other personnel expenses	30,884	27,077
Total	**541,661**	**478,966**

5.5 Other operating expenses

The composition of other operating expenses is as follows:

Other operating expenses

in € thousand	2023	2022
Personnel-related expenses	19,293	18,570
Rent and maintenance expenses	16,842	14,993
Non-income taxes	13,719	14,300
Sales and marketing	7,624	6,598
Audit and consulting fees	6,456	7,661
Currency losses	4,613	4,236
IT and telecommunication expenses	2,812	2,504
Energy and cleaning costs	2,044	2,010
Insurance expenses	1,656	1,356
Expenses in connection with company acquisitions	469	23
Losses from the disposal of property, plant and equipment	364	440
Value adjustments for operating receivables	117	135
Other non-periodic expenses	75	50
Other	4,290	3,514
Total	**80,374**	**76,390**

5.6 Research and development expenses

Research and development expenses of €18,189 thousand in the reporting period were significantly higher than in the previous year (2022: €16,461 thousand). The GFT Group's research and development activities continued to focus in particular on the possible applications of high-growth technologies, such as artificial intelligence, DLT/blockchain, automation (RPA), data analytics and especially cloud.

Of the total costs for research and development expensed in profit or loss an amount of €16,291 thousand (2022: €11,528 thousand) was mainly attributable to personnel expenses and €1,898 thousand (2022: €4,933 thousand) to other operating expenses.

5.7 Depreciation and amortisation of intangible assets and property, plant and equipment

Scheduled depreciation and amortisation of intangible assets and property, plant and equipment for the financial year 2023 amounted to €21,359 thousand (2022: €20,494 thousand) and includes depreciation of right-of-use assets in accordance with IFRS 16 *Leases* amounting to €10,621 thousand (2022: €9,447 thousand). Further information on the depreciation of right-of-use assets can be found in note 9.2.

5.8 Interest result

The composition of the interest result is shown in the table below:

Interest result

in € thousand	2023	2022
Interest on bank balances	2,930	1,809
Other interest income	176	52
Interest income	**3,106**	**1,861**
Interest on financing liabilities	–2,625	–858
Compounding of lease liabilities	–599	–369
Other interest expenses	–277	–133
Interest expense	**–3,501**	**–1,360**
Interest result	**–395**	**501**

5.9 Income taxes

The table below presents a breakdown of the income tax expense disclosed in the consolidated income statement:

Breakdown of income taxes

in € thousand	2023	2022
Current tax expense	19,934	18,788
Deferred tax income (2022: tax expense)	–297	1,008
Tax expense	**19,638**	**19,796**

The current tax expense for the financial year 2023 includes income relating to other periods of €2 thousand (2022: expense relating to other periods €293 thousand). The deferred tax expense includes adjustments for deferred taxes of €264 thousand (2022: €1,026 thousand) as well as expenses relating to other periods of €902 thousand (2022: income relating to other periods €40 thousand).

The composition of deferred tax expense/income is shown in the following table:

Deferred income taxes

in € thousand	2023	2022
From temporary differences	–705	4,194
From tax loss carryforwards and tax credits	408	– 3,186
Tax expense (+)/ income (–)	**–297**	**1,008**

Deferred taxes of €2 thousand (2022: €739 thousand) recognised directly in retained earnings related to actuarial losses for pension obligations pursuant to IAS 19.

In addition, there are deferred tax expenses from initial consolidation in connection with the acquisition of targens amounting to €6,237 thousand, which were recognised directly in equity.

The disclosed income tax expense of €19,638 thousand (2022: €19,796 thousand) is derived as follows from the expected income tax expense that would have resulted from applying the overall domestic tax rate of 29.83% (2022: 29.83%) of GFT Technologies SE as the parent company to earnings before income taxes:

Reconciliation of effective tax rate

in € thousand	2023	2022
Earnings before income taxes	68,002	66,047
Expected tax expense	**20,281**	**19,699**
Tax rate differences	–3,415	–2,856
Non-deductible expenses and tax-free income	3,934	4,709
Effect from use of loss for tax claims not recognised in the previous year	–8	–428
Recognition adjustments for deferred taxes	264	1,026
Aperiodic effects	900	296
Tax rebates	–2,139	–1,812
Effects from permanent differences	132	21
Other tax effects	–311	–859
Effective tax expense	**19,638**	**19,796**
Effective tax rate	28.88%	29.97%

With regard to global minimum taxation, which was transformed into national law with effect from 1 January 2024, GFT Technologies SE in Germany is obliged to pay an additional tax on the profits of its subsidiaries that are taxed at an effective tax rate of less than 15%. Based on the data of the profits and tax expenses determined in the course of preparing the consolidated financial statements and taking into account the “safe harbour” regulations, no additional minimum tax would have to be paid for the financial year 2023. GFT continues to analyse the impact of the global minimum tax legislation on the Group’s future profitability.

5.10 Earnings per share

Earnings per share (basic) and earnings per share (diluted) are calculated on the basis of the earnings attributable to the shareholders of GFT Technologies SE. As there are no dilutive effects, basic earnings per share therefore correspond to diluted earnings per share.

The following calculation of earnings per share is based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding:

Earnings per share

in €	2023	2022
Basic earnings per share	1.84	1.76
net income considered	48,364,535.70	46,251,213.61
number of ordinary shares considered	26,325,946	26,325,946
Diluted earnings per share	1.84	1.76
net income considered	48,364,535.70	46,251,213.61
number of ordinary shares considered	26,325,946	26,325,946

6 Explanations on items of the statement of comprehensive income

The result from the classification and measurement of net investments in foreign operations recognised directly in equity amounted to €68 thousand in the reporting period (2022: €–593 thousand) and relates entirely to currency translation effects. Net investments relate to long-term loans to the subsidiaries GFT UK Limited and GFT Technologies Canada Inc.

Due to the partial repayment of the loans to GFT UK Limited and GFT Technologies Canada Inc., cumulative currency gains totalling €239 thousand, which had previously been recognised directly in equity, were reclassified to the income statement in the reporting year. In the previous year, due to the complete repayment of the loan to GFT Brasil Consultoria Informática Ltda., as well as partial repayment of the loans to GFT UK Limited and GFT Technologies Canada Inc., cumulative currency gains totalling €131 thousand were recognised in the income statement.

7 Explanations on items of the cash flow statement

Financial liabilities, or financing liabilities, and the hedging instruments used in this connection changed as follows in the financial year:

Financial liabilities

		Changes affecting cash flow	Changes not affecting cash flow			
in € thousand	As of 01/01/2023		Currency effects	Fair values	Reclassifications	As of 31/12/2023
Non-current financial liabilities	42,168	0	0	0	−22,168	20,000
Current financial liabilities	351	23,429	0	0	22,168	45,948
Assets used to hedge non-current financial liabilities	0	0	0	0	0	0
Total	**42,519**	**23,429**	**0**	**0**	**0**	**65,948**

Cash and cash equivalents disclosed in the cash flow statement break down as follows:

Cash and cash equivalents

in € thousand	31/12/2023	31/12/2022
Cash at banks	70,328	78,219
Cash	13	4
Total	**70,341**	**78,223**

8 Segment reporting

8.1 General information

The GFT Group has two reporting segments. As the chief operating decision-makers responsible for assessing the company's results of operations and allocating resources, the Managing Directors regularly assess the business activities of these two segments.

The *Americas, UK & APAC* segment comprises operating companies in the following countries:

- Brazil
- Costa Rica
- UK
- Canada
- Mexico
- Singapore
- Hong Kong
- USA
- Vietnam

The *Continental Europe* segment comprises operating companies in the following countries:

- Belgium
- Germany
- France
- Italy
- Poland
- Switzerland
- Spain

The internal controlling and reporting structures of the GFT Group are fundamentally based on the IFRS accounting principles described in section 1. The GFT Group measures the success of its segments on the basis of revenue and EBT. Segment revenue and earnings also include transactions between the business segments.

The types of services with which the reporting segments generate their income are all activities related to IT services.

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

Detailed information on the business segments for the financial years 2023 and 2022 is presented on page 108.

Information on business segments

	Americas, UK & APAC		*Continental Europe*		Total segments		Reconciliation		GFT Group	
in € thousand	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
External revenue	467,767	459,520	333,054	269,900	800,821	729,420	916	716	801,737	730,136
Intersegment revenue	4,817	6,135	92,749	90,794	97,566	96,929	–97,566	–96,929	0	0
Total revenue	**472,584**	**465,655**	**425,803**	**360,694**	**898,387**	**826,349**	**–96,650**	**–96,213**	**801,737**	**730,136**
Segment result (EBT)	**45,456**	**44,635**	**31,429**	**26,535**	**76,885**	**71,170**	**–8,883**	**–5,123**	**68,002**	**66,047**
thereof depreciation and amortisation	–6,999	–8,285	–12,972	–10,436	–19,971	–18,721	–1,388	–1,773	–21,359	–20,494
thereof interest income	3,286	1,996	1,099	453	4,385	2,449	–1,279	–588	3,106	1,861
thereof interest expenses	–2,343	–1,949	–1,133	–528	–3,476	–2,477	–25	1,117	–3,501	–1,360

8.2 Reconciliation

The reconciliation of the Group's revenue as well as the sum of the segment results (EBT) to the Group's earnings before taxes is presented in the table below.

The reconciliation discloses items which per definition are not components of the segments. It also includes non-allocated items of Group HQ, 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. The reconciliation of segment figures is as follows:

Reconciliation of segment figures

in € thousand	**2023**	**2022**
Total segment revenue	**898,387**	**826,349**
Elimination of inter-segment revenue	–97,566	–96,929
Occasionally occurring revenue	916	716
Group revenue	**801,737**	**730,136**
Total segment earnings (EBT)	**76,885**	**71,170**
Non-allocated expenses of Group HQ	–7,934	–5,194
Other	–949	71
Group net income before taxes	**68,002**	**66,047**

8.3 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. This geographical information discloses segment revenue based on customer location and segment assets based on the locations of assets.

Revenue and non-current intangible and tangible assets by country

in € thousand	Revenue from sales to external clients [1]		Non-current intangible and tangible assets	
	2023	2022	31/12/2023	31/12/2022
Brazil	133,629	137,782	5,542	5,803
Germany	103,376	63,784	109,190	54,332
France	14,815	9,922	62	64
UK	110,157	116,174	35,878	38,279
Hong Kong	6,433	12,279	6	7
Italy	82,647	76,548	28,536	30,037
Canada	68,853	67,590	15,946	19,738
Mexico	27,978	20,808	611	902
Poland	28,370	16,154	9,783	8,810
Switzerland	13,407	17,951	559	250
Singapore	14,444	17,837	7	12
Spain	89,126	85,087	27,963	27,506
USA	73,835	68,851	7,563	8,202
Other countries	34,667	19,369	957	1,250
Total	**801,737**	**730,136**	**242,603**	**195,192**

1 By client location

Revenue from sales to external clients which account for more than 10% of consolidated revenue developed as follows in the financial year 2023:

Clients accounting for over 10% of revenue

in € thousand	Revenue		Segments in which this revenue is generated	
	2023	2022	2023	2022
Client 1	127,575	101,310	*Americas, UK & APAC, Continental Europe*	*Americas, UK & APAC, Continental Europe*

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

9 Other disclosures

9.1 Financial instruments

Carrying amounts and fair values of financial instruments

The table on page 110 and 111 shows the carrying amounts and fair values for the respective 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 as well as cash and cash equivalents

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

Information on financial instruments according to measurement categorie and measurement hierarchy

in T€	Measurement category acc. to IFRS 9	31/12/2023 Not measured at fair value: Carrying amount	31/12/2023 Not measured at fair value: Fair value	31/12/2023 Not measured at fair value: Carrying amount	31/12/2023 Fair value: Level 1[1]	31/12/2023 Fair value: Level 2[2]	31/12/2023 Fair value: Level 3[3]	31/12/2023 Total	31/12/2022 Not measured at fair value: Carrying amount	31/12/2022 Not measured at fair value: Fair value	31/12/2022 Not measured at fair value: Carrying amount	31/12/2022 Fair value: Level 1[1]	31/12/2022 Fair value: Level 2[2]	31/12/2022 Fair value: Level 3[3]	31/12/2022 Total
Financial assets															
Not measured at fair value															
Trade receivables	AC	166,536	166,536	–	–	–	–	166,536	152,561	152,561	–	–	–	–	152,561
Cash and cash equivalents	AC	70,341	70,341	–	–	–	–	70,341	78,223	78,223	–	–	–	–	78,223
Other financial assets [4]	AC	6,776	6,776	–	–	–	–	6,776	6,811	6,811	–	–	–	–	6,811
Measured at fair value															
Financial investments	FVTPL	–	–	696	–	696	–	696	–	–	696	–	696	–	696
Total financial assets		**243,653**	**243,653**	**696**	**–**	**696**	**–**	**244,349**	**237,595**	**237,595**	**696**	–	**696**	**–**	**238,291**
Financial liabilities															
Not measured at fair value															
Financing liabilities	AC	65,948	69,300	–	–	–	–	65,948	42,519	44,527	–	–	–	–	42,519
Other financial liabilities [5]	AC	48,656	48,656	–	–	–	–	48,656	49,551	49,551	–	–	–	–	49,551
Trade payables	AC	13,571	13,571	–	–	–	–	13,571	11,799	11,799	–	–	–	–	11,799
Total financial liabilities		**128,175**	**131,527**	**–**	**–**	**–**	**–**	**128,175**	**103,869**	**105,877**	**–**	**–**	**–**	**–**	**103,869**

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

Continued on next page

Information on financial instruments according to measurement categorie and measurement hierarchy (continuation)

	31/12/2023								31/12/2022						
		Not measured at fair value		Not measured at fair value					Not measured at fair value		Not measured at fair value				
					Fair value							Fair value			
in T€	Measurement category acc. to IFRS 9	Carrying amount	Fair value	Carrying amount	Level 1[1]	Level 2[2]	Level 3[3]	Total	Carrying amount	Fair value	Carrying amount	Level 1[1]	Level 2[2]	Level 3[3]	Total
Thereof aggregated acc. to the measurement categories IFRS 9															
Financial assets measured at amortised costs (AC)		243,653	243,653	–	–	–	–	**243,653**	237,595	237,595	–	–	–	–	**237,595**
Financial assets measured at fair value through profit or loss (FVTPL)		–	–	696	–	696	–	**696**	–	–	696	–	696	–	**696**
Financial liabilities measured at amortised cost (AC)		128,175	131,527	–	–	–	–	**128,175**	103,869	105,877	–	–	–	–	**103,869**

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.

Other financial assets
Other financial assets relate to investments in equity instruments and other types of financial assets.

Investments in equity instruments are measured at fair value through profit or loss. As there were no public quotations for the equity shares, the market value was determined on the basis of parameters for which either directly or indirectly derived quoted prices were available on an active market. The market values were calculated using recognised financial mathematical models.

Other types of financial assets were 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 was 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 were determined as the present values of expected future cash flows. Market interest rates for the appropriate terms were used for discounting.

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

Other financial liabilities
Other financial liabilities comprise liabilities from leases, liabilities from payroll and other liabilities.

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

Liabilities from payroll were measured in line with IAS 19 *Employee Benefits* and other financial liabilities at amortised cost. Due to the predominantly short maturities of these financial instruments, it was assumed that their fair values correspond to the carrying amounts.

Measurement categories
The GFT Group uses various types of financial instruments in the normal course of business. These are classified in accordance with IFRS 9 as follows: at amortised cost (AC) or at fair value through profit or loss (FVTPL). The carrying amounts of financial instruments, broken down into measurement categories, are presented on page 110 and 111.

Measurement hierarchies
The table on page 110 and 111 shows the measurement hierarchies (in accordance with IFRS 13) in which financial assets and liabilities measured at fair value are classified.

Financial instruments measured at fair value in the balance sheet are classified into the following measurement hierarchies which reflect the extent to which fair value is observable:

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

Level 2: Fair value measurement is based on parameters for which either directly or indirectly derived prices are available on active markets.

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

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.

There were no reclassifications between assessment hierarchies as of 31 December 2023.

Net gains or losses
The net gains or losses on financial instruments (excluding derivative financial instruments that are included in hedge accounting) recognised in the consolidated income statement are shown in the following table:

Net gains (+) or losses (–) on financial instruments

in € thousand	2023	2022
Financial assets at fair value through profit or loss	**0**	**0**
Impairments	–115	–112
Reversals of impairment losses	146	96
Exchange rate effects	–1	–2
Financial assets measured at (amortised) cost	**30**	**–18**
Financial liabilities measured at (amortised) cost	**0**	**0**

The net gains and losses on financial assets at fair value through profit or loss include not only the results from changes in fair value but also interest expenses and income from these financial instruments. Results from changes in market value are included in the consolidated income statement under 'Other operating income'. Interest expenses and income from financial assets at fair value through profit or loss are recognised in the financial result.

The net gains and losses from financial assets measured at (amortised) cost are characterised by opposing effects from impairments, reversals of impairment losses and exchange rate effects and are disclosed in the consolidated income statement under other operating income and other operating expenses.

Total interest income and expenses
The following table shows the total interest income and expenses for financial assets and financial liabilities which are not measured at fair value through profit or loss.

Total interest income and expenses

in € thousand	2023	2022
Total interest income	2,930	1,809
Total interest expenses	−3,223	−1,226

Qualitative descriptions of the accounting treatment and disclosure of financial instruments (including derivative financial instruments) are contained in note 2.5.

Disclosures on derivative financial instruments
Derivative financial instruments are used by the GFT Group principally to hedge financial risks resulting from its operating business or refinancing activities. These mainly include currency and interest rate risks, which are defined as risk categories in accordance with IFRS 9.

General information on financial risks
Due to its business activities and global orientation, the GFT Group is exposed to various financial risks, in particular due to changes in exchange rates and interest rates. In addition, the GFT Group is exposed to a minor extent to credit and liquidity risks from its operating business. The individual risks are explained below and described in the risk report within the combined management report (see 5.6 Financial Risks).

The GFT Group has issued internal guidelines which concern risk controlling processes. They contain a clear separation of functions with regard to operational financial activities, their settlement, accounting and the controlling of the financial instruments. They are based on a Group-wide identification and analysis of risks. In addition, they are aimed at the appropriate limitation and control of risks and their supervision.

The GFT Group manages and monitors these risks primarily through its operational business and financing activities and uses derivative financial instruments where necessary. These are used by the GFT Group exclusively to hedge financial risks resulting from operating business or refinancing activities. Without their use, the Group would be exposed to higher financial risks. The GFT Group regularly assesses its financial risks and takes into consideration any changes in key economic indicators and current market information.

Exchange rate risk
The global orientation of the GFT Group means that cash flows and results are exposed to risks from exchange rate fluctuations. In its operating business, exchange rate risks mainly arise when revenue is denominated in a currency other than the related costs (transaction risk). In addition, exchange rate risks arise from currency translation in connection with the preparation of the consolidated financial statements (translation risk). Financial instruments in the functional currency of the GFT Group (euros) and non-monetary items do not bear any exchange rate risk.

The GFT Group's exchange rate risk from its operating activities is classified as moderate for the following reasons:

- The GFT Group's revenue is mainly generated in euros (47% in 2023 and 41% in 2022), which is the functional currency of the invoicing company in each case. In addition to customers in the eurozone, this also partially affects sales with customers in the UK, the USA, Switzerland and Canada.

- Revenue generated with clients in Brazil (accounting for 17% of total revenue; 2022: 19%) is invoiced in Brazilian real, which is the functional currency of the Brazilian subsidiary, so that this does not result in any exchange rate risk.

- Revenue generated with clients in the UK (accounting for 14% of total revenue; 2022: 16%) is mainly invoiced in pounds sterling (6%, 2022: 11%) and in euros (8%, 2022: 7%).

- As in the previous year, revenue generated with clients in the USA (accounting for 9% of total revenue, as in 2022) is mainly invoiced in US dollars (8% of total revenue; 2022: 7%), the functional currency of the operating US subsidiary, and 1% of total revenue in euros (as in the previous year) so that this results in only a marginal exchange rate risk.

- Revenue generated with clients in Canada (accounting for 9% of total revenue; 2022: 9%) is mainly invoiced in Canadian dollars, which is the functional currency of the Canadian companies and therefore also results in no foreign exchange risk.

- Revenue generated with clients in Mexico (accounting for 4% of total revenue; 2022: 3%) is invoiced in Mexican peso, which is the functional currency of the Mexican companies, which also means that there is no exchange risk.

- Revenue generated with clients in Poland (accounting for 4% of total revenue; 2022: 1%) is mainly invoiced in Polish zloty, the functional currency of the

Group company, and therefore results in no foreign exchange risk.

- Revenue generated with clients in Singapore (accounting for 2% of total revenue; 2022: 3%) is mainly invoiced in Singapore dollars, which is the functional currency of the Group company, which also means that there is no exchange risk.

- Revenue generated with clients in Switzerland (accounting for 2% of total revenue; 2022: 3%) is generally invoiced in Swiss francs, which is the functional currency of the Swiss national company, so that this also does not result in any exchange rate risk.

- Revenue generated with clients in Hong Kong (accounting for 1% of total revenue; 2022: 2%) is mainly invoiced in Hong Kong dollars, which is the functional currency of the Group company, which also means that there is no exchange risk.

The GFT Group's purchases (mainly external services, personnel) are also predominantly made in the functional currency of the company procuring.

The GFT Group's total currency exposure is reduced by natural hedges, which consist of the partial offsetting of foreign currency exposures from the operating business of individual national companies across the Group. No hedging measures are therefore required for the balanced position. In order to achieve a further, natural hedge against the remaining transaction risk, the GFT Group generally strives to make disbursements preferably in those currencies in which there are net cash surpluses.

In order to reduce the impact of exchange rate fluctuations in its operating business (future transactions), the GFT Group continuously assesses the exchange rate risk and, if necessary, hedges a portion of this risk by using derivative financial instruments. No derivative financial instruments were used in the financial year 2023.

When preparing the consolidated financial statements, the income, expenses, assets and liabilities of subsidiaries located outside of the eurozone are translated into euros. This mainly affects subsidiaries with the currencies British pound, Brazilian real, US dollar, Canadian dollar, Mexican peso, Swiss franc, Polish zloty, Hong Kong dollar and Singapore dollar. Changes in exchange rates from one reporting period to another can thus lead to significant translation effects, for example relating to revenue and the segment result (EBT), as well as the assets and liabilities of the Group. Unlike the transaction risk, however, the translation risk does not necessarily affect future cash flows. The Group's shareholders' equity reflects changes in carrying amounts caused by exchange rate effects. After consideration of effects from the valuation of net investments in foreign operations of € 68 thousand, currency translation effects recognised directly in equity increased by € 3,496 thousand as of 31 December 2023. This was mainly due to the revaluation of the Brazilian real, the Swiss franc, the UK pound, the Polish złoty and the Mexican peso. There were opposing effects from the devaluation of the US dollar as at year-end. The currency translation reserve presented as part of other reserves amounted to € -1,469 thousand as of the balance sheet date, compared to € -4,965 thousand on the balance sheet date of the previous year.

The GFT Group does not hedge against translation risks. In order to minimise translation risks, a central, Group-wide clearing system is used. Within the scope of clearing, receivables and payables from intra-Group deliveries and services are settled via clearing accounts held with GFT Treasury Services GmbH, thus minimising the time between invoicing and settlement. Invoices for services rendered are generally issued at the end of the month, with payment due immediately. The invoices are then settled at the beginning of the following month by crediting the clearing account of the providing company and debiting the clearing account of the receiving company. The clearing accounts are denominated in the respective functional currencies of the Group companies.

Interest risk

The interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The GFT Group sees only a low risk from changes in interest rates for trade receivables and other financial assets, most of which are short-term and non-interest-bearing. Variable-interest primary financing liabilities without hedging amount to €47,761 thousand. An increase in the interest rate by one percentage point, compared to the interest rate as of the balance sheet date, would lead to an increase in interest expense of €478 thousand. Derivative interest rate instruments to hedge the general risk from interest rate fluctuations have not yet been used due to their minor impact.

No financial instruments were used for the management of interest risks in the financial year 2023.

Credit risk

The credit risk describes the risk of an economic loss arising because a contracting party fails to meet its contractual payment obligations. The credit risk includes both the direct default risk and the risk of a deterioration in creditworthiness. The maximum risk positions from financial assets that are generally subject to credit risk correspond to their carrying amounts.

Liquid funds

The liquid funds of the GFT Group are mainly composed of cash and cash equivalents. The Group is exposed to losses from credit risks in connection with the investment of cash and cash equivalents if banks fail to meet their obligations. When investing cash and cash equivalents, the respective banks are selected with care. The GFT Group assumes that its cash and cash equivalents have a low credit risk based on the external ratings of banks and financial institutions. As cash and cash equivalents are not subject to any material credit risk, no valuation allowance was calculated or recognised on the basis of expected future losses.

Trade receivables and contract assets

Trade receivables and contract assets result from the Group's sales activities. The credit risk includes the default risk of clients. The GFT Group manages credit risks arising from these financial assets on the basis of internal guidelines. In order to reduce the credit risk, creditworthiness checks are carried out on clients. In addition, there are ongoing monitoring processes – especially for financial assets at risk of default.

As part of the impairment model (see note 2.5), the simplified approach is applied for the recognition of impairment losses on trade receivables and contract assets, whereby expected credit losses for these financial assets are recognised over their entire term when they are initially recognised. The maximum exposure to risk from trade receivables and contract assets corresponds to the carrying amount of these assets. Contract assets and trade receivables that are neither overdue nor impaired are due from clients with very good credit ratings. At the end of the reporting period, there were no significant credit risks for overdue trade receivables and contract assets still impaired.

The following table shows the concentration of credit risk in respect of trade receivables and contract assets broken down by customer and region:

Concentration of credit risk

in € thousand	31/12/2023	31/12/2022
Carrying amount	191,562	174,292
Concentration by customer		
Financial assets due from the five largest customers	62,377	52,051
Financial assets due from the remaining customers	129,185	122,241
Concentration according to region[1]		
Germany	21,702	16,446
Europe except Germany	112,587	96,000
Rest of the world	57,273	61,846

1 By customer location

Further information on trade receivables and contract assets, including the status of valuation allowances, can be found in notes 4.8 and 4.9, respectively.

Other financial assets

With regard to the assets included in non-current and current other financial assets of 2023 and 2022, the GFT Group is exposed to only minor credit risks. The maximum exposure to credit risk of these financial assets corresponds to their carrying amounts.

Liquidity risk

Liquidity risk describes the risk that a company cannot adequately meet its financial obligations.

The GFT Group manages its liquidity by maintaining sufficient liquid funds and credit lines with banks in addition to its cash inflows from operating activities. Its liquid funds are cash and cash equivalents available to the Group at short notice.

All Group companies are included in the liquidity management by means of a central treasury system. Liquidity surpluses and demands can thus be controlled according to the requirements of the entire Group, as well as individual companies in the Group.

Liquid funds are primarily used to finance working capital, as well as corporate acquisitions and other investments. As of 31 December 2023, liquidity amounted to €70,341 thousand (31 December 2022: €78,223 thousand). In the financial year 2023, there were significant cash inflows from operating activities of €40,443 thousand (2022: €57,490 thousand), which were opposed in particular by cash outflows from investing activities of €50,306 thousand (2022: €7,685 thousand). In addition, there were cash inflows from financing activities of €15 thousand in the reporting period (2022: cash outflows of €44,945 thousand).

The maturity overview shown in the following tables illustrates how cash flows in connection with liabilities as of 31 December 2023 (including a comparison with the previous year) can influence the future liquidity situation of the GFT Group.

Maturity overview of financial liabilities

in € thousand	Carrying amount 31/12/2023	Cashflows: up to 1 month	from 1 to 3 months	from 3 months up to 1 year	from 1 to 5 years	more than 5 years
Liabilities due to banks	65,948	23,761	85	22,102	20,000	0
Liabilities from leases[1]	38,025	817	1,635	7,357	22,614	5,602
Trade payables	13,571	13,571	0	0	0	0
Other financial liabilities[1]	10,631	10,631	0	0	0	0
	128,175	**48,780**	**1,720**	**29,459**	**42,614**	**5,602**

in € thousand	Carrying amount 31/12/2022	Cashflows: up to 1 month	from 1 to 3 months	from 3 months up to 1 year	from 1 to 5 years	more than 5 years
Liabilities due to banks	42,519	0	82	269	42,168	0
Liabilities from leases[1]	40,213	763	1,525	6,863	23,136	7,926
Trade payables	11,799	11,799	0	0	0	0
Other financial liabilities[1]	9,338	9,338	0	0	0	0
	103,869	**21,901**	**1,607**	**7,132**	**65,304**	**7,925**

1 Liabilities from leases and other financial liabilities together constitute the non-current and current other financial liabilities disclosed in the balance sheet.

The liquidity available, the credit lines and current operating cash flow give the GFT Group sufficient flexibility to cover the Group's refinancing needs. There is a concentration of risk regarding cash outflows in the period of up to one month after the end of the reporting period and between three months and one year after the end of the reporting period. The cash outflow is mainly due to expiring bank loans. The total amount of outgoing liquidity during the stated periods amounts to €45,863 thousand. The amount is calculated on the basis of liquidity management. At the end of the reporting period, the GFT Group's loan portfolio contains a syndicated loan agreement adapted in December 2021 totalling €60,000 thousand (31 December 2022: €60,000 thousand), two promissory note loan agreements totalling €17,000 thousand (31 December 2022: €17,000 thousand) as well as bilateral credit lines totalling €35,283 thousand (31 December 2022: €20,812 thousand).

All credit agreements include various covenants. Non-compliance with these covenants may lead to the premature maturity of the loan. These loan covenants were met at all times. From the current perspective, there are no known significant risks with regard to the non-fulfilment of loan covenants.

9.2 Leases

Please refer to note 2.5 for a presentation of the accounting policies relating to leases.

Leases as lessee

The GFT Group rents land and buildings, office premises and car parks. The lease terms are typically between five and ten years with an option, in some cases, to extend the lease after this period. Lease payments are sometimes renegotiated after a certain period to reflect market rents. Some lease agreements provide for additional rental payments based on changes in local price indices.

The GFT Group rents vehicles with contractual terms of between two and five years. The agreements usually end automatically at the end of the term.

The GFT Group has also concluded lease agreements for other office and business equipment, which have either a term of up to twelve months or a low value. In the case of these leases, the GFT Group applies the practical expedients available for short-term leases and leases of low-value assets.

Information on leases in which the GFT Group is a lessee is presented below.

Right-of-use assets in connection with rented land and buildings, office premises, car parks and vehicles are disclosed under property, plant and equipment (see note 4.3). The carrying amounts of these right-of-use assets recognised in the balance sheet in connection with leases and the changes during the reporting period are shown below:

Right-of-use assets

in € thousand	Land, land rights and buildings	Plant, operating and office equipment	Total
As of 1 January 2023	**34,358**	**3,396**	**37,754**
Additions	6,078	4,111	10,189
Disposals	2,597	577	3,174
Depreciation in the financial year	8,260	2,361	10,621
Other changes	1,298	464	1,762
As of 31 December 2023	**30,877**	**5,033**	**35,910**

In the case of land, land rights and buildings, right-of-use assets relate to land and buildings, office premises and car parks. In the case of plant, operating and office equipment, right-of-use assets comprise vehicles.

Other changes include an amount of €1,639 thousand relating to the targens business combination as well as an amount of €123 thousand relating to exchange rate effects.

A maturity profile of lease liabilities included under other financial liabilities is presented in notes 4.13 and 9.1.

The following amounts were recognised in the consolidated income statement in connection with leases in the financial year 2023:

Effects of lease arrangements according to IFRS 16 on the consolidated income statement

in € thousand	2023	2022
Depreciation of right-of-use assets	10,621	9,477
Interest expense for lease liabilities	599	369
Expense for short-term leases and leases of low-value assets	1,037	1,055
Total amount recognised in profit or loss	**12,257**	**10,901**

The GFT Group's total cash outflows for leases in the financial year 2023 amounted to €12,605 thousand (2022: €10,463 thousand). Of this amount, €11,568 thousand (2022: €9,408 thousand) is included in cash flow from financing activities and €1,037 thousand (2022: €1,055 thousand) is included in cash flow from operating activities. The interest expense from discounting lease liabilities is included in cash flow from operating activities.

The GFT Group has entered into several lease agreements that include extension and termination options. Where possible, the GFT Group seeks to include extension and termination options when entering into new leases in order to ensure operational flexibility. The extension and termination options can only be exercised by the GFT Group and not by the lessor. The assessment of whether it is sufficiently certain that these extension and termination options can be exercised requires significant discretionary decisions by management (see note 2.6).

Leases which the GFT Group has contractually entered into as lessee, but which have not yet commenced as of the end of the reporting period and which will result in a future lease liability did not exist as of 31 December 2023 (31 December 2022: €326 thousand). The exercise of all extension options as of the balance sheet date was deemed sufficiently certain and future lease payments are therefore fully accounted for in the measurement of lease liabilities.

Leases as lessor

There are no material leases for which the GFT Group is the lessor.

9.3 Other financial obligations

Other financial obligations of the GFT Group as of 31 December 2023 are presented according to maturity below:

Other financial obligations

in € thousand	31/12/2023	31/12/2022
Obligations from fixed-term leases		
due within one year	2,719	5,397
due between one and five years	6,784	8,094
due after more than five years	0	3
Annual obligations from open-ended leases	**5,572**	**3,986**

Other financial obligations are stated at their nominal value and mainly comprise obligations from fixed-term IT licence agreements amounting to €8,347 thousand (31 December 2022: €8,818 thousand) as well as maintenance agreements amounting to €211 thousand (31 December 2022: €3,748 thousand). In addition, other financial obligations include future minimum lease payments for short-term leases and leases of low-value assets.

The annual obligations from open-ended leases amounting to €5,572 thousand (31 December 2022: €3,986 thousand) relate in particular to licence and maintenance agreements.

As at 31 December 2023, there are contractual obligations from the acquisition of intangible assets of €1 thousand (31 December 2022: €5 thousand) and property, plant and equipment of €38 thousand (31 December 2022: €424 thousand).

9.4 Related party disclosures

Related parties are all 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, persons in key positions are the members of the Administrative Board and the Managing Directors of GFT Technologies SE.

Related parties also include companies which are controlled by one of the aforementioned persons or under joint management in which one of the aforementioned persons holds an interest.

Business transactions with related parties are generally conducted on an arm's length basis. Details on business transactions between the GFT Group and its related companies and persons are presented below.

Related parties

in € thousand	Goods and services rendered and other income 2023	Goods and services rendered and other income 2022	Goods and services received and other expenses 2023	Goods and services received and other expenses 2022	Receivables 31/12/2023	Receivables 31/12/2022	Payables 31/12/2023	Payables 31/12/2022
Related companies	66	63	196	185	3	0	0	9
Related persons	15	40	1	0	0	1	0	0
Total	**81**	**103**	**197**	**185**	**3**	**1**	**0**	**9**

Related companies

With regard to the GFT Group's relationships with related companies, the majority of the goods and services rendered amounting to €42 thousand (2022: €40 thousand) are attributable – as in the previous year – to 1886 Ventures GmbH, Stuttgart, which is controlled by Ulrich Dietz, Chairman of the Administrative Board.

As in the previous year, goods and services received mainly relate to services provided by CODE_n GmbH, Stuttgart, controlled by Ulrich Dietz, in connection with the letting of office space to third parties amounting to €131 thousand in total (2022: €134 thousand).

Related persons

The members of the Administrative Board and the Managing Directors of GFT Technologies SE, as well as their close family members, may also be clients of GFT Technologies SE and its subsidiaries and purchase goods and services.

There are service agreements with the Managing Directors. Moreover, various services were rendered to members of the Administrative Board and the Managing Directors amounting to a total of €15 thousand (2022: €40 thousand).

In the years 2023 and 2022, no material advances or loans to members of the Administrative Board or the Managing Directors were granted or waived.

The compensation expensed in the income statement for members of the Administrative Board and the remuneration of the Managing Directors, is as follows:

Remuneration of the Administrative Board and the Managing Directors

in € thousand	2023	2022
Short-term benefits	3,389	4,242
Share-based payments	377	−162
Total	**3,766**	**4,080**

Share-based payments for the financial year 2023 include income from the valuation of remuneration for previous years amounting to €411 thousand (2022: €1,242 thousand).

Total compensation for the Managing Directors in the financial year 2023 amounted to €3,273 thousand (2022: €3,629 thousand).

Total compensation for the Administrative Board without the remuneration of the Managing Directors amounted to €493 thousand in the financial year 2023 (2022: €451 thousand).

9.5 Employees

The average number of employees in the financial year 2023 was 9,147 (2022: 8,650). The average number of employees (headcount) by country is as follows:

Employees by country

	2023	2022
Belgium	2	2
Brazil	2,971	3,062
Costa Rica	175	153
Germany	634	355
France	53	49
UK	293	265
Hong Kong	8	9
Italy	877	775
Canada	418	406
Mexico	454	437
Poland	903	936
Switzerland	34	40
Singapore	11	9
Spain	2,076	1,916
USA	49	44
Vietnam	189	192
Average number of employees	**9,147**	**8,650**

The number of employees (headcount) at the end of the reporting period was 9,202 (31 December 2022: 8,929).

9.6 Auditing fees

At the Annual General Meeting of 22 June 2023, the shareholders of GFT Technologies SE elected the accounting firm Deloitte GmbH Wirtschaftsprüfungsgesellschaft as auditors. In the financial year 2023, the fees charged by Deloitte GmbH Wirtschaftsprüfungsgesellschaft for GFT Technologies SE and its subsidiaries amounted to €395 thousand (2022: €307 thousand) and related to auditing services.

Auditing services mainly comprise the auditing of the consolidated financial statements, the auditing of the separate financial statements of GFT Technologies SE, a review of the interim statements, and an audit review of the half-yearly financial report.

9.7 Use of simplified preparation and disclosure option

On inclusion in the consolidated financial statements of GFT Technologies SE, Stuttgart, the following fully consolidated affiliated German companies made use of the provisions of section 264 (3) HGB:

- GFT Real Estate GmbH, Stuttgart
- SW34 Gastro GmbH, Stuttgart
- GFT Treasury Services GmbH, Stuttgart
- GFT Invest GmbH, Stuttgart
- GFT Integrated Systems GmbH, Constance

9.8 Issuance of Declaration of Compliance with the German Corporate Governance Code pursuant to section 161 AktG

In accordance with section 161 of the German Stock Corporation Act (AktG), the Administrative Board of GFT Technologies SE has issued its Declaration of Compliance and made it permanently accessible to shareholders on the corporate website at www.gft.de/governance.

9.9 Subsequent events

Acquisition of Sophos Solutions S.A.S.

With a share purchase and transfer agreement dated 1 February 2024, the GFT Group acquired 100% of the shares in the Colombian core banking expert Sophos Solutions S.A.S., Bogota, Colombia (Sophos) via GFT Technologies S.A.U., Madrid, Spain. The purchase price for the shares amounts to around €86,300 thousand and was financed by the extension of existing credit lines and the Group's own funds.

Sophos is a leading partner for the digital transformation of large financial institutions in North and South America, with a focus on Colombia. The company specialises in the modernisation of core banking systems and cloud computing and currently employs more than 1,700 people. In addition to its domestic market, Colombia, Sophos has client relationships in over ten countries, including Panama, Chile, Mexico and the USA. With the acquisition of Sophos, GFT is further expanding its international presence with a new development centre, thereby gaining broader market and client access to financial institutions in Latin America.

Due to purchase price allocations and integration costs, the company is expected to make a slightly negative contribution to consolidated pre-tax earnings in 2024.

In view of the proximity of the acquisition to the time of preparing these consolidated financial statements, it is not possible to provide further information on the business combination.

Stuttgart, 19 March 2024

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

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the financial position, cash flows and profit or loss of the Group, and the Group management report, which has been combined with the management report for

GFT Technologies SE, 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.

Stuttgart, 19 March 2024

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

Independent auditor's report

To GFT Technologies SE, Stuttgart/Germany

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Audit Opinions

We have audited the consolidated financial statements of GFT Technologies SE, Stuttgart/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at 31 December 2023, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of GFT Technologies SE, Stuttgart/Germany, for the financial year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the combined corporate governance statement included in section 9 of the combined management report and the Group's non-financial report to which reference is made in section 2.7 of the combined management report. In addition, we have not audited the content of the table marked "unaudited" in section 3.2 "Development of Business" in the combined management report and of the last paragraph marked "unaudited" in the subsection "Internal Control and Risk Management Organization" of the risk report in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the combined corporate governance statement and of the Group's non-financial report to which reference is made in the combined management report. Neither does our audit opinion on the combined management report cover the content of the table in section 3.2 "Development of Business" and the last paragraph in the subsection "Internal Control and Risk Management Organization" of the risk report.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Recoverability of goodwill
2. Recognition of the revenue of fixed-price contracts, using the cost-to-cost method

Our presentation of these key audit matters has been structured as follows:

a) description (including reference to corresponding information in the consolidated financial statements)
b) auditor's response

1. Recoverability of goodwill

a) Goodwill of mEUR 162.8 (28.9% of the consolidated balance sheet total) is recognized in the consolidated financial statements of GFT Technologies SE as of 31 December 2023.

Goodwill is tested for impairment by the managing directors at the level of the business segments *Americas*, *UK & APAC* and *Continental Europe* annually and/or when there is an indication of impairment. To assess the recoverability of goodwill, the Company primarily determines value in use, using a discounted cash flow method, and compares value in use to the relevant carrying amounts of the cash-generating units. The reference date of the impairment test is 31 December 2023.

As of 31 December 2023, the managing directors of GFT Technologies SE determined that performed impairments tests did not result in the need to recognize impairment losses.

Goodwill impairment testing is complex and based on a range of assumptions that require the exercise of judgment. They include, among other things, the development of the business segments' business and earnings expected for the detailed planning period of one year, and the expected development of the business segments' business and earnings that is rolled forward to the following four years and based on assumptions, as well as presumed long-term growth rates, and the discount rates used (perpetuity value). This is the context in which we have classified recoverability as a key audit matter.

Information provided by the managing directors about the recognition of goodwill and the related exercise of judgment has been included in Items 2.5, 2.6. and 4.1. of the notes to the consolidated financial statements.

b) During our audit, we obtained an in-depth understanding of the process of testing for impairment, and evaluated the extent to which an assessment could be influenced by subjectivity, complexity, or other inherent risk factors. In addition, we evaluated the design and establishment of selected internal controls over cash flow planning relevant to the audit.

We reperformed the impairment test performed by the managing directors, in which we involved our internal valuation specialists, and assessed whether the valuation procedure applied was methodologically and arithmetically appropriate. In relation to planning data included in the valuation, we performed reconciliations on corporate plans for 2024 that the managing directors of GFT Technologies SE had created, and the administrative board had approved. Regarding available estimates, we performed a critical assessment of the related assumptions and data. We also assured ourselves that high-quality forecasts were provided to date, by comparing previous financial years' planning to the results actually realized, and analyzing deviations. We evaluated the adequacy of future income used in the valuation by reconciling selected planning assumptions with general and industry-specific market expectations, taking into account expected changes in inflation. In addition, we examined whether planning was consistent with information about strategy and medium-term planning, and the reporting on outlook in the combined management report.

We also evaluated the determination of the cost of capital used.

For this purpose, we concerned ourselves with the parameters used in determining the cost of capital, and reconciled them to market expectations, in which we involved internal valuation specialists who we consulted

2. Recognition of the revenue of fixed-price contracts, using the cost-to-cost method

a) The revenue of fixed-price contracts amounts to mEUR 355.1 that is recognized, using the cost-to-cost method as of the reference date, in the statement of profit and loss of the financial year 2023. The revenue of fixed-price contracts accounts for 44.3% of the total revenue of the GFT Group.

The revenue of the GFT Group's fixed-price contracts is recognized according to IFRS 15.35. Revenue and earnings are hence recognized by reference to the stage of completion of a contract over a certain time period. Progress towards the completion of a contract is measured using an input method generally based on the proportion that contract costs incurred for work performed to date bear to the estimated total costs to satisfy a performance obligation (cost-to-cost method). The managing directors of GFT Technologies SE believe that this method best depicts progress towards the completion of a contract and/or transfer of assets to customers.

Recognition of the revenue of fixed-price contracts over time, using the cost-to-cost method, is complex and requires the exercise of judgment. Estimation uncertainty arises primarily from the determination of the stage of completion of a contract, and the estimated total project costs, that mainly include internal employee costs in the GFT Group's case. There is a risk that the revenue and earnings of fixed-price contracts shown in the consolidated financial statements are incorrectly allocated to financial years. For this reason, we have considered the recognition of the revenue of fixed-price contracts, using the cost-to-cost method, to be a key audit matter.

Information provided by the managing directors about the recognition of revenue over time, and accounting and valuation bases used to recognize fixed-price contracts, has been included in Items 2.5, 2.6 and 5.1 of the notes to the consolidated financial statements.

b) During our audit, we obtained an in-depth understanding of the project management process from the proposal stage to the implementation stage of fixed-price contracts, and evaluated the extent to which processes and the related data could be influenced by subjectivity, complexity, or other inherent risk factors. We considered the design and establishment, as well as effectiveness, of selected accounting-related internal controls designed to ensure that fixed-price contracts are correctly recognized in the consolidated financial statements. These controls were particularly relevant to an assessment of the correct allocation of costs to the individual projects. A different audit strategy was selected for a significant subarea, and assurance was obtained through an audit of the design and establishment of selected accounting-related internal controls over revenue, and through substantive procedures.

On the basis of risk-based and representatively selected samples, we considered compliance with the requirements for recognition of revenue over time, and evaluated estimates and assumptions made, and data, by means of tests of details and reconciliation with the underlying contracts. In doing so, we made inquiries of project managers as to the development of projects, as to contract risk, as to a current assessment of the costs expected to be incurred to complete a contract, and as to the reasons for the deviation between the planned contract costs and actual costs.

In addition, we analyzed planned costs updated for the consolidated financial statement by evaluating the quality of cost planning based on plan vs. actual cost analyses, using historical accounting data. We also reperformed the appropriate and timely allocation of personnel-related costs attributed to the relevant projects by tracing hours worked underlying the costs, using timesheets and cost rates. Furthermore, we matched transaction prices to the relevant underlying contracts. We considered the correctness of the stage of completion that had been determined, and the resultant recognized amount of revenue.

Other Information

The managing directors and/or the administrative board are responsible for the other information. The other information comprises

- the report of the administrative board,
- the Group's non-financial report pursuant to Section 315b HGB, to which reference is made in section 2.7 of the combined management report,
- the combined corporate governance statement pursuant to Sections 289f and 315d HGB included in section 9 of the combined management report,
- the table included in section 3.2 "Development of Business" of the combined management report and marked "unaudited",
- the last section marked "unaudited" in the subsection "Internal Control and Risk Management Organization" of the risk report in the combined management report,
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, and
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The administrative board is responsible for the report of the administrative board, and for the statement according to Section 161 AktG concerning the German Corporate Governance Code, which is part of the combined corporate governance statement. The managing directors and the administrative board are responsible for the combined corporate governance statement. Otherwise the managing directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Managing Directors and the Administrative Board for the Consolidated Financial State-ments and the Combined Management Report
The managing directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the managing directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the managing directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the managing directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the managing directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The administrative board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- evaluate the appropriateness of accounting policies used by the managing directors and the reasonableness of estimates made by the managing directors and related disclosures.

- conclude on the appropriateness of the managing directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- perform audit procedures on the prospective information presented by the managing directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the managing directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA256: ebe8eb751b17c4d87f11286046533382ebfffc3aff-da8c2d7bf13412e60a7eac value, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standards on Quality Management.

Responsibilities of the Managing directors and the Administrative Board for the ESEF Documents

The managing directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the managing directors of the Company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The administrative board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.

- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.

- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as Group auditor by the general meeting on 22 June 2023. We were engaged by the administrative board on 31 August 2023. We have been the Group auditor of GFT Technologies SE, Stuttgart/Germany, since the financial year 2022.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted to the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein is to be used solely together with the audited ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Marco Koch.

Stuttgart/Germany, 19 March 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Marco Koch	Anja Lustig
Wirtschaftsprüfer	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Service

Financial Calendar 2024

8 May 2024	Quarterly Statement as of 31 March 2024
20 June 2024	Annual General Meeting
8 August 2024	Interim Financial Report as of 30 June 2024
14 November 2024	Quarterly Statement as of 30 September 2024

More about our investor relations events: www.gft.com/investor-relations/financial-calendar

Service

Further information

Our Investor Relations team will be happy to answer any questions you may have. 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 Annual Report 2023 is also available in German on www.gft.com/ir.

Published on 28 March 2024

Contact

GFT Technologies SE
Investor Relations
Andreas Herzog
Schelmenwasenstr. 34
70567 Stuttgart
Germany
T +49 711 62042-323
F +49 711 62042-101
ir@gft.com

Imprint

Concept
GFT Technologies SE, Stuttgart
Germany
www.gft.com

Text
GFT Technologies SE, Stuttgart
Germany
www.gft.com

Creative concept, design and setting
IR-ONE, Hamburg
www.ir-one.de/en

Photography
Page 1: Adobe Stock, Lucky Ai
Page 2: Adobe Stock, 677267031.
Page 7: GettyImages, chinaface
Page 7: GettyImages, brightstars
Page 7: GettyImages, kynny
Page 9: Jürgen Altmann
Page 11: Studio Dannemann
Page 20: Jürgen Altmann
Page 68: Adobe Stock, BullRun
Page 135: Adobe Stock, Jacob Lund

> gft.com