Interim Statement
on the 1st Quarter of 2024

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DEAR SHAREHOLDERS, EMPLOYEES, PARTNERS AND FRIENDS OF SOFTING,

We have finished the first quarter of what is not going to be an easy year. The bar is set high, especially as 2023 was an exceedingly successful year for us. Then there's the weak economic data to consider, which is not limited to Germany either. Customers and market players alike are reporting double-digit declines in revenue. Thanks to Softing's diversification, this situation affects us only in our North American factory automation business, though a significant share of our revenue stems from this market.

Softing generated revenue of EUR 24.2 million in the first quarter of this year – a considerable drop from the EUR 28.5 million posted for a record-breaking 2023 due to the clearing of backorders. However, if we compare it with the EUR 20.6 million achieved for the first quarter of 2022, this equates to strong growth of around 20%. Even when averaged with the prior-year figures, we can see a clear growth.

The subdued economy led to a low volume of orders, which stood at EUR 37.2 million at the end of the first quarter of 2024. This had been expected to fall short of the prior year's record-breaking EUR 69.8 million attributable to the huge clearing of backorders. Current orders on hand are also down on the 2022 figure (EUR 48.3 million), which points to a slowdown emanating from the industrial automation business in the United States. I am happy to report that even as early as the first quarter, the Industrial segment's European business continued to grow compared with the exceptionally strong previous year. The same can be said for our Automotive segment.

Industrial posted first-quarter revenue of EUR 16.1 million after a record-breaking EUR 22.5 million in the previous year. Operating EBIT came to EUR 0.7 million, down from EUR 4.5 million in the prior-year period. Not only the undiminished growth in our European and Asian business makes us optimistic about the remainder of the year, but major customers in the United States also expect product demand to rise steeply from mid-year onward. Even further, the acquisition funnel is better filled than ever with extensive project and product opportunities.

Automotive took a leap forward at the beginning of the year with revenue hitting EUR 6.5 million, up from EUR 4.5 million in the prior-year period. The improvement is also reflected in operating EBIT, which now breaks even after amounting to EUR –0.6 million in the previous year. That figure does not yet include product revenue from a major project for an automaker. Together with any new business we generate, this will drive up revenue and earnings in the next few quarters.

IT Networks recognized a first-quarter revenue of EUR 1.8 million despite some customer projects being pushed back. As a result, operating EBIT remains negative at EUR –0.4 million, still an improvement to the prior-year figure of EUR –0.7 million. We are bringing out two new devices this year. The smaller one was already launched in April and has generated a very positive response at trade fairs. All products are now available as required. We also expect that contracts entered into with major distributors will give a boost to revenue in the upcoming quarters.

On the whole, we are upbeat amid forecasts of sluggish economic growth and profit warnings from market players. This year we will focus on market penetration, in particular expanding our presence in regions where we are not yet sufficiently represented. Yet, we also regularly receive offers for acquisitions, which we examine carefully. Sellers' expectations are becoming more realistic again, but we will only invest where we can see value for money – even in a slow economy.

We are reiterating our full-year guidance for the Group of total revenue between EUR 105 and EUR 113 million. We expect operating EBIT to come in somewhere between EUR 5 and EUR 7 million depending on how business develops during the rest of the year.

Sincerely yours,

Dr. Wolfgang Trier
(Chief Executive Officer)

Interim statement on the 1st quarter of 2024

REPORT ON NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The global economic environment in Softing's most important markets is clouding over due to a turbulent trade policy environment – something which Softing was unable to escape completely in the first quarter of 2024. What is more, the comparative figures from the previous year in the Industrial segment, which generates the highest revenue for the Group, were dominated by clearing an extensive delivery backlog from the Covid years. This effect was particularly evident in business with North American customers, where the short-term inventories of customers and distribution channels, which had been stocked up considerably due to the delivery backlog, are currently still oversaturated. Market participants are expecting these inventory levels to go down by mid-year, with order volumes increasing significantly after that.

However, the fundamental demand for products and services for the automation and digitalization of production continues unabated. This is why Softing is investing specifically in expanding market penetration and developing pioneering products.

Softing posted revenue of EUR 24.2 million in the first quarter of 2024. In the same period last year, clearing the huge amount of backorders pushed revenue to EUR 28.5 million, up from EUR 20.6 million in the same period of 2022. This shows that Softing has grown by around 20% since 2022, even after adjusting for the special circumstances in 2023.

A similar picture emerges when looking at orders on hand, which stood at EUR 37.2 million in the first quarter of 2024, after EUR 69.8 million in the exceptional year 2023 and EUR 48.3 million in 2022.

Despite these challenges, Softing closes the first quarter of 2024 with positive earnings. Overall, the Softing Group generated positive EBIT of EUR 0.5 million in the first three months of 2024, although this was significantly less than in the same period of the previous year, which was dominated by the aforementioned catch-up effects resulting in EBIT of EUR 2.0 million.

The Industrial segment, which in 2023 saw the bulk of the reduction in delivery backlog, reported revenue of EUR 16.1 million in the first three months after the record figure of EUR 22.5 million seen in the first quarter of 2023.

The Automotive segment is not impacted by these effects and continues to experience purely organic growth. Driven by the systematic acquisition of new key customers, Automotive shows a massive increase in revenue to EUR 6.5 million after EUR 4.5 million in the previous year.

Revenue in the IT Networks segment remained stable at EUR 1.8 million. The disruptions in production processes that occurred from the second quarter of 2023 have now been resolved. The sales team can draw on a growing product range, which means we expect to see a significant boost compared to the previous year, particularly for the traditionally strong second half of the year.

Due to the aforementioned effects, EBIT in the Industrial segment decreased from EUR 4.2 million to EUR 0.4 million, while operating EBIT fell from EUR 4.5 million to EUR 0.7 million. In the Automotive segment, however, EBIT improved significantly from EUR -0.4 million to EUR 0.6 million, while operating EBIT rose from EUR -0.6 million to EUR

KEY FIGURES FOR THE 1ST QUARTER OF 2024

All figures in EUR million	Quarterly management statement 1/2024	Quarterly management statement 1/2023
Incoming orders	16.5	23.5
Orders on hand	37.2	69.8
Revenue	24.2	28.5
EBITDA	2.5	4.0
EBIT	0.5	2.0
EBIT (operating)	0.6	2.5
Net profit for the period	0.2	1.2
Earnings per share in EUR (operating)	0.02	0.13

0.0 million. The IT Networks segment still posted a slightly negative EBIT of EUR-0.4 million compared to the previous year's figure of EUR-0.7 million.

The Group's operating EBIT (EBIT adjusted for capitalized development services and amortization on these as well as effects from purchase price allocation) in the reporting period totaled EUR 0.5 million (previous year: EUR 2.5 million).

The Group's EBITDA came to EUR 2.5 million in the first three months (previous year: EUR 4.0 million), resulting in an EBITDA margin of 10.3% (previous year: 14.0%).

Capital expenditure on property, plant, and equipment was insignificant and comprised replacements. As of March 31, 2024, this results in cash and cash equivalents of EUR 4.4 million after EUR 4.9 million as of December 31, 2023.

Due to the slight increase in total assets, the equity ratio as of March 31, 2024 was 51% after 53% as of December 31, 2023.

RESEARCH AND PRODUCT DEVELOPMENT

In the first three months of 2024, Softing capitalized a total of EUR 1.4 million (previous year: EUR 0.9 million) for the development of new products, Other significant amounts for the enhancement of existing products were expensed.

EMPLOYEES

As of March 31, 2024, the Softing Group had 430 employees (previous year: 400). No stock options were issued to employees in the reporting period.

RISKS AND OPPORTUNITIES FOR THE COMPANY'S FUTURE DEVELOPMENT

As of the reporting date of March 31, 2024, the Company's risk and opportunity structure had not deviated significantly from the description in the consolidated financial statements for the year ended December 31, 2023. Material changes are also not expected for the remaining nine months of 2024. For more detailed information, we refer to our Group Management Report in the 2023 Annual Report, page 10 et seq.

The cloudy economy in Germany and Europe has not changed much compared to the description in the consolidated financial statements for the year ended December 31, 2023. While previously high inflation has almost come down to normal levels, high energy prices continue to weigh on German economic growth. Prospects for economic recovery were scaled back in the first quarter, with many institutions (ECB, World Bank, ifo Institute, etc.) expecting growth to be only marginal. In risk management terms, this means implementing measures aimed at improving profitability. In spite of the steps taken, the risks cannot be controlled completely. We do not anticipate a significant loss of revenue that is not directly realizable because most of our products cannot be easily replaced in our customers' value chains.

Geopolitical uncertainty caused by Russia's war of aggression and, most recently, terror and war in the Middle East remains a concern. Because Softing AG's customer base is essentially limited to Western countries, we do not fear any direct negative impacts on our business model.

Despite the current economic and political environment, we anticipate the procurement situation to remain stable for the remainder of 2024.

The Group takes the issue of cyber security and the potential widening of hostilities in this area extremely seriously. The current recommendations of the authorities are being reviewed and implemented taking into account the situation at Softing. Softing is in the process of liaising with other companies to determine its own position. Softing has invested substantial sums in cyber security and provides its staff with regular training on the subject. As no company is immune from a cyber attack, it is essential to ensure that resilience and recoverability are built into IT systems and that all employees remain vigilant.

OUTLOOK

We confirm the Group's guidance published in the management report of the 2023 Annual Report (p. 31). Overall, we continue to expect revenue to come in between EUR 105 million and EUR 113 million.

We anticipate EBIT of between EUR 3.2 million and EUR 4.6 million, with operating EBIT between EUR 5.0 million and EUR 7.0 million. In seasonal terms, we once again expect that the second half of the year will prove to be much stronger than the first half. We will provide quarterly reports with more details on these figures.

EVENTS AFTER THE REPORTING PERIOD

There were no events of special importance after the reporting date of March 31, 2024.

GENERAL ACCOUNTING POLICIES

The consolidated financial statements of Softing AG as of December 31, 2023 were prepared in accordance with the International Financial Reporting Standards (IFRS) based on the guidance of the International Accounting Standards Board (IASB) applicable at the reporting date. The quarterly management statement as of March 31, 2024, which was prepared on the basis of International Accounting Standard (IAS) 34 „Interim Financial Reporting", does not contain all of the required information in accordance with the requirements for the presentation of the annual report and should be read in conjunction with the consolidated financial statements of Softing AG as of December 31, 2023. In general, the same accounting policies were applied in the quarterly management statement as of March 31, 2024 as in the consolidated financial statements for the 2023 financial year. This quarterly management statement was prepared without an auditor's review.

CHANGES IN THE BASIS OF CONSOLIDATION

As of March 31, 2024, no changes occurred in the basis of consolidation of Softing AG compared to December 31, 2023.

Consolidated Income Statement

from January 1 to March 31, 2024

EUR thousand	1.1.20224 - 31.3.2024	1.1.2023 - 31.3.2023
Revenue	**24,212**	**28,529**
Other own work capitalized	1,367	919
Other operating income	109	153
Operating income	**25,688**	**29,601**
Cost of materials / cost of purchased services	–8,634	–12,572
Staff costs	–10,554	–9,587
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	–2,041	–2,072
thereof depreciation/amortization/due to purchase price allocation/impairment of goodwill	–419	–419
thereof depreciation due to accounting for right-of-use-assets	–431	–341
Other operating expenses	–3,956	–3,414
Operating expenses	**–25,185**	**–27,645**
Profit / loss from operations (EBIT)	**503**	**1,956**
Interest income	9	1
Interest expense	–106	–78
Interest expense from lease accounting	–62	–34
Earnings before income taxes	**344**	**1,845**
Income taxes	–136	–640
Consolidated profit	**208**	**1,205**
Consolidated profit attributable to:		
Shareholders of Softing AG	208	1,193
Non-controlling interests		12
Consolidated profit	**208**	**1,205**
Earnings per share (basic = diluted)	0,02	0,13
Average number of shares outstanding (basic)	9,015,381	9,015,381

Consolidated Statement of Comprehensive Income

from January 1 to March 31, 2024

EUR thousand	1.1.2024 - 31.3.2024	1.1.2023 - 31.3.2023
Consolidated profit	**208**	**1,205**
Items that will not be reclassified to consolidated profit or loss		
Currency translation differences		
Changes in unrealized gains / losses	852	–569
Tax effect	0	0
Currency translation differences in total	852	–569
Other comprehensive income	**852**	**–569**
Total consolidated comprehensive income for the period	**1,060**	**636**
Total consolidated comprehensive income for the period attributable to:		
Shareholders of Softing AG	1,060	624
Non-controlling interests	0	12
Total comprehensive income for the period	**1,060**	**636**

Consolidated Statement of Assets, Equity and Liabilities

as of March 31, 2024 and December 31, 2023

Assets		
EUR thousand	31.3.2024	31.12.2023
Non-current assets		
Goodwill	11,116	10,950
Other intangible assets	36,696	36,445
Property, plant and equipment	10,774	8,134
Other financial assets	435	435
Deferred tax assets	833	606
Non-current assets, total	**59,854**	**56,570**
Current assets		
Inventories	24,661	23,679
Trade receivables	13,509	12,270
Current financial assets	660	341
Contract assets	1,772	902
Current income tax assets	583	593
Cash and cash equivalents	4,359	4,859
Current assets	3,403	3,845
Current assets, total	**48,947**	**46,489**
Total assets	**108,801**	**103,059**

Equity and liabilities

EUR thousand	31.3.2024	31.12.2023
Equity		
Subscribed capital	9,105	9,105
Capital reserves	31,111	31,111
Treasury shares	–485	–485
Retained earnings	14,935	13,875
Equity attributable to shareholders of Softing AG	54,666	53,606
Non-controlling interests	689	689
Equity, total	**55,355**	**54,295**
Non-current liabilities		
Pensions	784	891
Long-term borrowings	5,656	6,356
Other non-current financial liabilities	11,394	8,753
Deferred tax liabilities	5,586	5,314
Non-current liabilities, total	**23,420**	**21,314**
Current liabilities		
Trade payables	5,377	6,750
Contract liabilities	8,541	5,957
Provisions	99	79
Income tax liabilities	420	279
Short-term borrowings	9,160	8,476
Other current financial liabilities	5,060	5,181
Current non-financial liabilities	1,369	728
Current liabilities, total	**30,026**	**27,450**
Total equity and liabilities	**108,801**	**103,059**

Consolidated Statement of Cash Flows

from January 1 to March 31, 2024

EUR thousand	1.1.2024 - 31.3.2024	1.1.2023 - 31.3.2023
Cash flows from operating activities		
Profit (before tax)	344	1,844
Depreciation, amortization and impairment losses on fixed assets	2,041	2,072
Other non-cash transactions	374	–126
Cash flows for the period	**2,759**	**3,790**
Interest income/financial income	–1	–1
Interest expense	78	78
Change in other provisions and accrued liabilities	–87	–107
Change in inventories	–982	181
Change in trade receivables	–3,011	3,138
Change in financial receivables and other assets	807	–245
Change in trade payables	–1,373	–798
Change in financial and non-financial liabilities and other liabilities	3,426	–961
Interest received	1	1
Income taxes received	62	15
Income taxes paid	–152	–229
Cash flows from operating activities	**1,527**	**4,862**
Cash paid for investments in new internal product developments	–1,367	–1,078
Cash paid for investments in new external product developments	0	–41
Cash paid for investments in other intangible assets	–3	–25
Cash paid for investments in non-current assets	–120	–206
Cash flows from investing activities	**–1,490**	**–1,350**
Cash paid for dividends	0	0
Repayment of lease liabilities	–401	–317
Cash received from long-term bank line	0	0
Cash received from short-term bank line	1,000	0
Cash repayment of bank loans	–1,016	883
Cash repayment of bank loans	–62	–34
Other interest paid	–78	–78
Total interest paid	–140	112
Cash flows from financing activities	**–557**	**454**
Net change in funds	–520	3,966
Effects of exchange rate changes on cash and cash equivalents	20	–39
Cash and cash equivalents at the beginning of the period	4,859	6,801
Cash and cash equivalents at the end of the period	**4,359**	**10,728**

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