Interim Statement on the 1st Quarter of 2025

optimize!
softing

DEAR SHAREHOLDERS, EMPLOYEES, PARTNERS AND FRIENDS OF SOFTING,

Our various businesses painted a mixed picture at the start of the year. While our Automotive segment completely bucked the sector trend once again to record impressive revenue growth of around 50%, the Industrial segment saw its revenue drop sharply at the start of the year. Politically induced uncertainty means many in the Industrial sector are extremely reluctant to invest, something that comes as little surprise given the highly aggressive tariff policy being pursued by the new US administration. The fact that this is hindering investment not just in the USA but also in Europe and Asia shows how unsuitable tariffs are as a core element of industrial policy.

Strong growth in our Automotive business was not enough to offset the declines in our Industrial segment, as the latter continues to dominate our total revenue. At Group level, Softing generated EUR 22.3 million in revenue in the first three months of the year, down from EUR 24.2 million in the prior-year quarter. Orders on hand dropped sharply by around EUR 17 million due to the aforementioned weakness in the Industrial segment and the completion of a significant proportion of projects in the Automotive segment. While we also recorded an increase in order intake of EUR 3 million in the first quarter, this is not yet enough to make up for the scale of the decline in orders on hand. As order intake also rose in April, we expect to see clear recovery effects for the full year.

The Industrial segment is struggling the most with economic factors, with organic revenue declines in this sector typically exceeding 20% at present. First-quarter revenue in this segment totaled EUR 11.7 million compared to EUR 16.1 million in the same period last year. However, the prior-year quarter was still impacted by very strong figures from 2023. While we were not yet able to realize around EUR 4 million of the order intake from major customers planned for the first quarter, we still expect to receive these orders during the first half of 2025.

The Automotive segment already is in an excellent position after the first quarter. Despite having recorded revenue growth of more than 40% in the same period last year, we even grew this prior-year figure of EUR 6.5 million by almost 50% to EUR 9.5 million in the first quarter of 2025. This is remarkable given the extremely challenging situation in the wider automotive sector, with news of insolvencies among suppliers and service providers reaching us on a weekly basis. We owe our strong position to the fact that several of our major projects involve tasks that remain indispensable for automotive manufacturers, even in the most difficult times. We believe our new products also leave us well placed to receive future orders that will provide a foundation for stability in 2026. While our earnings performance does not yet meet expectations due to significant development and maintenance costs, we expect this situation to improve considerably during the current year.

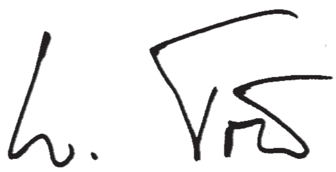
In the IT Networks segment, we were able to continue expanding our network of sales partners across Europe. Although the effects of this will only become apparent later in the year, we increased revenue slightly to EUR 1.9 million in the first quarter, up from EUR 1.8 million in the prior-year quarter. Our new flagship IT Networks product, WireXpert MP, will boost growth momentum further over the next few quarters after being unveiled in February and delivered for the first time in April. Improving earnings performance during the rest of the year remains a key challenge for IT Networks.

At Group level, we are still working hard to enhance our currently unsatisfactory bottom line and focus on our strategic core business. While the threat of tariffs from the Trump administration has only a marginal effect on our business, it has a much greater impact on the outlook for our customers. Although our efficiency program has already proved highly successful, the current weak and highly volatile economic environment means strict cost discipline is still vital.

We held several discussions about corporate acquisitions during the period under review. After having already acquired one company embedded in the core strategic area of the Industrial segment, we expect to be able to announce additional transactions in the first half of the year. With this in mind, the Executive Board has recommended that no dividend be distributed for the past financial year so that these funds can be invested in this acquisition and Softing's continued growth.

We are reiterating our 2025 full-year guidance for the Group of total revenue between EUR 90 and EUR 105 million. We expect operating EBIT to come in somewhere between EUR 3 and EUR 3.5 million depending on how business develops during the rest of the year. This guidance assumes that the tariff dispute with USA will ease and that the change in government in Germany can create a healthier climate for investment.

Sincerely yours,



Dr. Wolfgang Trier
(Chief Executive Officer)

Interim statement on the 1st quarter of 2025

REPORT ON NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The economic environment in Softing's most important markets showed marked recessive tendencies in the first quarter of 2025. The recovery effects triggered by our customers slowly reducing their excessive inventories in the wake of the COVID-19 pandemic were overshadowed by political uncertainty and the resulting reluctance among the industrial sector and consumers to invest in the purchase of new vehicles, for example. Softing was only partially able to avoid the impact of these developments in the first quarter of 2025.

In economic terms, the Industrial segment was particularly affected by customers' reluctance to invest, with almost all market participants and suppliers reporting a decline in revenue of between 20% and 30%. Softing faced the added factor that the first few months of 2024 were dominated by very strong catch-up effects from 2023. As a result, our revenue of EUR 11.7 million for the first three months of the current year was considerably lower than the previous year's figure of EUR 16.1 million. While the US economy is currently losing momentum, significantly stronger order intake in Europe is an encouraging development, and we expect the recovery effects of this to be reflected in our revenue during the rest of the year.

After an already challenging year in 2024, the Automotive segment continues to defy the increasingly precarious situation among leading automotive manufacturers. Softing Automotive bucked the wider sector trend to record impressive revenue growth of almost 50%, with projects that are mission-critical for manufacturers and a strong product pipeline causing revenue to rise from EUR 6.5 million to EUR 9.5 million. This trend is expected to continue.

In the IT Networks segment, we were once again able to counter the sector trend and increase revenue slightly from EUR 1.8 million to EUR 1.9 million despite a challenging economic environment. These figures do not yet include revenue from our new flagship WireXpert MP product unveiled in the first quarter of 2025, as we only began delivering this product at the end of April 2025. This means our sales team can draw on the most cutting-edge device on the market.

At Group level, revenue fell from EUR 24.2 million to EUR 22.3 million due to the size of the Industrial segment, despite growth in the Automotive segment and stable performance in IT Networks. While orders on hand decreased sharply from EUR 37.2 million to EUR 20.1 million, order intake picked up once again, rising by EUR 3 million year-on-year to EUR 19.5 million.

EBIT in the Industrial segment fell from EUR 0.4 million to EUR –0.5 million during the quarter, while operating EBIT dropped from EUR 0.7 million to EUR –0.2 million. EBIT in the Automotive segment improved only slightly from EUR 0.6 million to EUR 0.7 million due to high levels of amortization on capitalized development services and one-off costs associated with a major project, while operating EBIT reported a more marked improvement from EUR 0.0 million to EUR 1.0 million. The IT Networks segment posted a slightly higher negative EBIT of EUR –0.6 million compared to the previous year's figure of EUR –0.5 million, with one-off costs from the market launch of the new device and discount campaigns having a negative impact on earnings.

In total, the Softing Group generated EBIT of EUR –1.3 million in the first three months of 2025, com-

KEY FIGURES FOR THE 1ST QUARTER OF 2025

All figures in EUR million	Quarterly management statement 1/2025	Quarterly management statement 1/2024
Incoming orders	19.5	16.5
Orders on hand	20.1	37.2
Revenue	22.3	24.2
EBITDA	0.8	2.5
EBIT	–1.3	0.5
EBIT (operating)	–0.4	0.6
Net profit for the period	–1.5	0.2
Earnings per share in EUR (operating)	–0.15	0.02

pared to EUR 0.5 million in 2024. 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 –0.4 million (previous year: EUR 0.5 million). The Group's EBITDA came to EUR 0.8 million in the first three months (previous year: EUR 2.4 million), resulting in an EBITDA margin of 3.6% (previous year: 10.3%).

Capital expenditure on property, plant, and equipment was insignificant and comprised replacements. As of March 31, 2025, this results in cash and cash equivalents of EUR 7.3 million after EUR 9.3 million as of December 31, 2024. This difference is attributable to some extent to payments from major customers being delayed beyond the end of the quarter. Early May then saw the receipt of a not inconsiderable payment.

The equity ratio as of March 31, 2025 was 47.4% after 49.5% as of December 31, 2024.

RESEARCH AND PRODUCT DEVELOPMENT

In the first three months of 2025, Softing capitalized a total of EUR 0.5 million (previous year: EUR 1.4 million) for the development of new products, Other significant amounts for the enhancement of existing products were expensed.

EMPLOYEES

As of March 31, 2025, the Softing Group had 413 employees (previous year: 430). 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, 2025, 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, 2024. Material changes are also not expected for the remaining nine months of 2025. For more detailed information, we refer to our Group Management Report in the 2024 Annual Report, page 8 et seq.

The poor economic outlook in Germany, Europe and the USA has not changed much compared to the description in the consolidated financial statements for the year ended December 31, 2024. While inflation has almost come down considerably, high energy prices, wages and the threat of tariffs continue to weigh on economic growth. There are no prospects for economic recovery in the first quarter, with many institutions (ECB, World Bank, ifo Institute, etc.) expecting growth in Germany to be around zero for the full year. In risk management terms, this means implementing measures aimed at reducing costs and improving profitability. In spite of the steps taken, the risks cannot be controlled completely.

Geopolitical uncertainty caused by Russia's continued war of aggression against Ukraine, the United States' erratic threats of tariffs aimed at friends and foes alike, and the war in the Middle East remains a concern. Softing AG's customer base is essentially limited to Western countries, and is severely affected in its respective business operations by the sluggish economy in Germany and the tariff threats from the USA.

Despite the current economic and political environment, we anticipate the procurement situation to remain stable. We have focused specifically on inventory movements to gain increased liquidity as a risk management measure.

The Group continues to take the issue of cyber security and the potential widening of hostilities in this area 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. 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 2024 Annual Report (p. 29). Overall, we continue to expect revenue to come in between EUR 90 million and EUR 105 million.

We anticipate EBIT of between EUR 0.5 million and EUR 1.0 million, with operating EBIT between EUR 3.0 million and EUR 3.5 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. This expectation is supported by the growing order intake, the change of government in Germany, and an expected easing of tariff threats. We will provide quarterly reports with more details on these figures.

EVENTS AFTER THE REPORTING PERIOD

On April 9 of this year, DELTA LOGIC Automatisierungstechnik GmbH, a German company in the Industrial segment, was acquired as part of an ownership succession. The entity will be consolidated for the first time in the financial statements for the first six months of 2025.

GENERAL ACCOUNTING POLICIES

The consolidated financial statements of Softing AG as of December 31, 2024 were prepared in accordance with the International Financial Reporting Standards (IFRSs) based on the guidance of the International Accounting Standards Board (IASB) applicable at the reporting date. The quarterly management statement as of March 31, 2025, 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, 2024. In general, the same accounting policies were applied in the quarterly management statement as of March 31, 2025 as in the consolidated financial statements for the 2024 financial year. This quarterly management statement was prepared without an auditor's review.

CHANGES IN THE BASIS OF CONSOLIDATION

On January 1, the American operating companies, OLDI Online Development Inc. and GlobalmatiX Inc., merged with Softing Inc. All companies were/are based in Knoxville, TN, USA. This merger is part of the planned simplification of the Group structure in 2025.

Consolidated Income Statement

from January 1 to March 31, 2025

EUR thousand	1.1.20225 - 31.3.2025	1.1.2024 - 31.3.2024
Revenue	**22,321**	**24,212**
Other own work capitalized	465	1,367
Other operating income	96	109
Operating income	**22,882**	**25,688**
Cost of materials / cost of purchased services	–8,920	–8,634
Staff costs	–9,865	–10,554
Depreciation and amortization of property, plant and equipment, right-of-use assets and intangible assets	–2,121	–2,041
thereof depreciation/amortization/due to purchase price allocation/impairment of goodwill	–423	–419
thereof depreciation due to accounting for right-of-use-assets	–415	–431
Other operating expenses	–3,324	–3,956
Operating expenses	**–24,230**	**–25,185**
Profit / loss from operations (EBIT)	**–1,348**	**503**
Interest income	1	9
Interest expense	–194	–106
Interest expense from lease accounting	–69	–62
Earnings before income taxes	**–1,610**	**344**
Income taxes	160	–136
Consolidated profit	**–1,450**	**208**
Consolidated profit attributable to:		
Shareholders of Softing AG	–1,065	208
Non-controlling interests	–385	
Consolidated profit	**–1,450**	**208**
Earnings per share (basic = diluted)	–0.15	0.02
Average number of shares outstanding (basic)	9,925,881	9,015,381

Consolidated Statement of Comprehensive Income

from January 1 to March 31, 2025

EUR thousand	1.1.2025 - 31.3.2025	1.1.2024 - 31.3.2024
Consolidated profit	**–1,450**	**208**
Items that will not be reclassified to consolidated profit or loss		
Currency translation differences		
Changes in unrealized gains / losses	–1,629	852
Tax effect	0	0
Currency translation differences in total	–1,629	852
Other comprehensive income	**–1,629**	**852**
Total consolidated comprehensive income for the period	**–3,079**	**1,060**
Total consolidated comprehensive income for the period attributable to:		
Shareholders of Softing AG	–2,694	1,060
Non-controlling interests	–385	0
Total comprehensive income for the period	**–3,079**	**1,060**

Consolidated Statement of Assets, Equity and Liabilities

as of March 31, 2025 and December 31, 2024

Assets

EUR thousand	31.3.2025	31.12.2024
Non-current assets		
Goodwill	11,113	11,428
Other intangible assets	33,323	34,754
Property, plant and equipment	9,547	9,944
Other financial assets	0	0
Deferred tax assets	1,060	718
Non-current assets, total	**55,043**	**56,844**
Current assets		
Inventories	26,429	26,734
Trade receivables	18,106	13,249
Current financial assets	241	244
Contract assets	1,172	883
Current income tax assets	161	240
Cash and cash equivalents	7,332	9,271
Current assets	4,955	7,420
Current assets, total	**58,396**	**58,041**
Total assets	**113,439**	**114,885**

Equity and liabilities

EUR thousand	31.3.2025	31.12.2024
Equity		
Subscribed capital	9,926	9,926
Capital reserves	34,065	34,065
Treasury shares	0	0
Retained earnings	9,266	11,960
Equity attributable to shareholders of Softing AG	53,257	55,951
Non-controlling interests	520	905
Equity, total	**53,777**	**56,856**
Non-current liabilities		
Pensions	1,299	1,299
Long-term borrowings	6,356	7,056
Other non-current financial liabilities	10,354	10,804
Deferred tax liabilities	5,043	5,289
Non-current liabilities, total	**23,052**	**24,448**
Current liabilities		
Trade payables	11,048	13,468
Contract liabilities	8,215	4,863
Provisions	108	107
Income tax liabilities	649	458
Short-term borrowings	11,342	9,351
Other current financial liabilities	4,244	4,339
Current non-financial liabilities	1,004	995
Current liabilities, total	**36,610**	**33,581**
Total equity and liabilities	**113,439**	**114,885**

Consolidated Statement of Cash Flows

from January 1 to March 31, 2025

EUR thousand	1.1.2025 - 31.3.2025	1.1.2024 - 31.3.2024
Cash flows from operating activities		
Profit (before tax)	–1,610	344
Depreciation, amortization and impairment losses on fixed assets	2,121	2,041
Other non-cash transactions	–776	374
Cash flows for the period	**–265**	**2,759**
Interest income/financial income	–1	–1
Interest expense	263	78
Change in other provisions and accrued liabilities	1	–87
Change in inventories	305	–982
Change in trade receivables	–4,857	–3,011
Change in financial receivables and other assets	1,888	807
Change in trade payables	–2,420	–1,373
Change in financial and non-financial liabilities and other liabilities	3,946	3,426
Interest received	1	1
Income taxes received	79	62
Income taxes paid	–380	–152
Cash flows from operating activities	**–1,440**	**1,527**
Cash paid for investments in new internal product developments	–465	–1,367
Cash paid for investments in other intangible assets	–2	–3
Cash paid for investments in non-current assets	–389	–120
Cash flows from investing activities	**–856**	**–1,490**
Repayment of lease liabilities	–457	–401
Cash received from short-term bank line	2,000	1,000
Cash repayment of bank loans	–909	–1,016
Cash repayment of bank loans	–69	–62
Other interest paid	–263	–78
Total interest paid	–332	–140
Cash flows from financing activities	**302**	**–557**
Net change in funds	–1,994	–520
Effects of exchange rate changes on cash and cash equivalents	56	20
Cash and cash equivalents at the beginning of the period	9,270	4,859
Cash and cash equivalents at the end of the period	**7,332**	**4,359**

Softing AG
Richard-Reitzner-Allee 6
85540 Haar/Germany

Tel. +49 89 4 56 56-0
Fax +49 89 4 56 56-399
investorrelations@softing.com
www.softing.com