

Interim Statement on the 1st Quarter of 2018



reporting

**DEAR SHAREHOLDERS, EMPLOYEES,
PARTNERS AND FRIENDS OF SOFTING AG,**

We are aiming to increase incoming orders, revenue and earnings in 2018. The initial months of this year have already seen significant new orders, which ensures that we can meet our forecast in this respect. Included are incoming orders of over EUR 2 million in the Industrial segment, specifically from the oil and gas industry, which we are happy to report is recovering. However, due to third-party supplies and complex manufacturing processes, this revenue will not be realized until the fourth quarter.

At the beginning of February, we established Softing Technology Shanghai in collaboration with our longstanding Chinese automotive sales partner. This will help us meet the rapidly growing demand in China for the development of complex technologies for semi-autonomous driving as well as for hybrid and electric vehicles and solutions in the development and servicing of control units. Our new company can now directly provide the necessary project services locally, which creates growth opportunities we would not be able to leverage in the same way from Europe.

Connectivity of decentralized units such as vehicles or machines to centralized data systems is a key issue for our automotive customers. Over the air services, as these are called, need a low-cost, reliable, secure interface. Softing could not provide this in the past; neither were partners able to cover this field satisfactorily. We closed this gap in mid-March with our acquisition of all interests in Globalmatix AG. Globalmatix AG is a provider of integrated MVNO (Mobile Virtual Network Operator) services. This company has a cellular telephony network license to operate its own telecommunications and telematics platform. The rights to a sophisticated electronics system that records the data in the vehicle or on the machine and can forward it to central servers in encrypted form over the cellular network were also transferred. Softing is therefore the only company in the market at present to offer inexpensive and secure access to

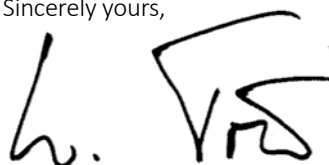
data from mobile units in freely scalable quantities up to one hundreds of thousand of units. We can offer these services worldwide for vehicles and machinery in Machine-to-Machine (M2M) and Internet of Things (IoT) applications. In early 2019, we expect to see substantial new revenue from subscription models based on data services driven by this acquisition.

The IT Networks segment achieved double-digit growth rates in revenue in 2017. Given its sustained positive outlook, this business satisfied the criteria necessary to become a separate segment that we reported in a modified form for the first time in the 2017 annual report. Quarterly reporting will now also be based on this new structure. Here, we anticipate double-digit growth rates in 2018 once again, supported by the launch of two new products in the second half of the year.

For detailed information on the performance of the individual segments, please the following pages with the report on net assets, financial position and results of operations. Generally, both revenue and EBIT will benefit disproportionately towards the end of the year from product innovations in the Industrial segment and the launch of new, high-margin products in the IT Networks and Automotive segments.

Softing will report on the achievement of key milestones during the current 2018 financial year. These will be basis and driver of profitable revenue growth as early as this year. Significantly stronger growth is anticipated for 2019 and subsequent years.

Sincerely yours,



Dr. Wolfgang Trier
(Chief Executive Officer)

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REPORT ON NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

Global economic conditions in the markets most important to Softing are again giving positive signals despite an uneasy trade policy environment.

In the first three months of the year, the Industrial segment performed less robustly in the North American market than in the previous year because one-off development revenue will not be repeated until later on in the year. The European market is stable, though orders that have already been placed will be pushed to the second half of the year on account of the production time.

In the Automotive segment, the market is starting to demand the new products, but because of protracted sales negotiations we do not expect initial orders to be placed until the third quarter of this year.

The IT Networks segment showed stable performance in the first quarter. With new proprietary products in the second quarter we expect this segment's revenue to increase as the year progresses.

The Softing Group recorded revenue of EUR 18.5 million in the first three months of 2018 (previous year: EUR 19.8 million). Revenue in the Industrial segment was down from EUR 13.4 million to EUR 11.6 million. The Automotive segment showed initial signs of revenue improvement, with revenue rising from EUR 3.8 million to EUR 4.2 million. Since the previous year, we have been reporting on the IT Networks business as a separate segment; it was part of the Industrial segment until Q3/2017. IT Networks achieved slight revenue growth to EUR 2.7 million.

On account of various new product developments in the segments, own work capitalized rose from EUR 0.9 million to EUR 1.3 million.

The Group's EBITDA totaled EUR 1.4 million in the three nine months (previous year: EUR 1.5 million), resulting in a stable EBITDA margin of around 8%. EBIT in the Industrial segment decreased from EUR 1.6 million to EUR 0.7 million, while operating EBIT fell from EUR 1.8 million to EUR 0.7 million. EBIT in the Automotive segment increased from EUR -0.9 million to EUR -0.2 million, while operating EBIT improved from EUR -1.4 million to EUR -0.8 million. Both EBIT and operating EBIT in the IT Networks segment came in at EUR -0.1 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 –0.2 million (previous year: EUR –0.3 million). The Group's EBIT amounted to EUR 0.4 million (previous year: EUR 0.5 million).

Consolidated profit for the period after the first three months was slightly below the prior-year figure of EUR 0.3 million.

Capital expenditure on property, plant, and equipment was insignificant and comprised replacements. This resulted in cash of EUR 9.9 million as of March 31, 2018, compared with EUR 10.3 million as of December 31, 2017.

The equity ratio as of March 31, 2018 rose to 69% (December 31, 2017: 65%). The Executive Board of Softing AG adopted a resolution on March 16, 2018, with the approval of the Supervisory Board, to increase the Company's share capital in return for cash contributions by EUR 1,450,000 from EUR 7,655,381 to EUR 9,105,381 by issuing 1,450,000 new no-par bearer shares at an issue price of EUR 9.43.

KEY FIGURES OF THE SOFTING GROUP AT A GLANCE:

All figures in EUR million	3M/2018	3M/2017
Incoming orders	21.1	21.8
Orders on hand	13.8	14.6
Revenue	18.5	19.8
EBITDA	1.4	1.5
EBIT	0.4	0.5
EBIT (operating)	–0.2	0.3
Net profit for the year	0.0	0.3
Earnings per share in EUR (operating)	–0.03	0.05

RESEARCH AND PRODUCT DEVELOPMENT

In the first three months of 2018, Softing capitalized a total of EUR 1.3 million (previous year: EUR 0.9 million) for the development of new products and the enhancement of existing ones. This increase is mainly due to the development of a new generation of communication interfaces (VCI) and related software components in the Automotive segment. Other significant amounts were expensed.

EMPLOYEES

As of March 31, 2018, the Softing Group had 403 employees (previous year: 425). No stock options were issued to employees in the reporting period.

OPPORTUNITIES FOR THE COMPANY'S FUTURE DEVELOPMENT

As of the reporting date of March 31, 2018, the Company's risk structure had not deviated significantly from the description in the consolidated financial statements for the year ended December 31, 2018. Material changes are also not expected for the remaining nine months of 2018. For more detailed information, we refer to our Group Management Report in the 2017 Annual Report, page 9 et seq.

OUTLOOK

Overall, the Group expects a moderate increase in revenue and incoming orders to EUR 80 million. Given the current uncertainty, we cautiously anticipate EBIT of EUR 4.0 million and operating EBIT of EUR 3.7 million. At segment level, we expect a slight increase in revenue, EBIT and operating EBIT

in both the Industrial and IT Networks segments. We expect EBIT and operating EBIT in the Automotive segment to improve considerably as a result of the cost reduction measures introduced. We believe that new automotive products will have a discernible impact on revenue from the middle of the year. For more detailed information, we refer to the Group's guidance in the management report of the 2017 consolidated financial statements, which is contained on pages 27/28 of the 2017 annual report.

EVENTS AFTER THE REPORTING PERIOD

There were no events of special importance after the reporting date of March 31, 2018.

GENERAL ACCOUNTING POLICIES

The consolidated financial statements of Softing AG as of December 31, 2017 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, 2018, 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, 2017. In general, the same accounting policies were applied in the quarterly management statement as of March 31, 2018 as in the consolidated financial statements for the 2017 financial year. This quarterly management statement was prepared without an auditor's review.

CHANGES IN THE BASIS OF CONSOLIDATION

As of March 31, 2018, the following changes occurred in the basis of consolidation of Softing AG compared to December 31, 2017:

Globalmatix AG

On March 16, 2018, Softing AG acquired all of the interests in Globalmatix AG in Vaduz, Liechtenstein.

Globalmatix AG is a mobile virtual network operator (MVNO) providing mobile data communication services for vehicles and machinery in Europe and North America that are needed for (semi-) autonomous driving and also for other connected services for vehicles and machinery.

This acquisition allows Softing to broaden its expertise in the megatrends of digitalization and Industry 4.0 on a large scale, thus paving the way for new service-oriented revenues.

The purchase price in shares of Softing AG, with a value of EUR 13.7 million, was financed based on the authorization granted by the General Shareholders' Meeting of Softing AG on May 6, 2015 (Authorized Capital 2015). The Executive Board of Softing AG adopted a resolution on March 16, 2018, with the approval of the Supervisory Board, to increase the Company's share capital in return for cash contributions by EUR 1,450,000 from EUR 7,655,381 to EUR 9,105,381 by issuing 1,450,000 new no-par bearer shares at an issue price of EUR 9.43. Alois Widmann, Vaduz, Principality of Liechtenstein, has been authorized to subscribe and acquire the new shares. Mr. Widmann will transfer all of his shares in Globalmatix Aktiengesellschaft, whose registered office is in Vaduz, Liechtenstein,

to the Company. The Company and Mr. Widmann entered into a transfer agreement to this effect on March 16, 2018.

We will report on this transaction in more detail and on the allocation of the purchase price in the 2018 Half-Yearly Financial Report.

Shanghai Softing software Co., Ltd.

On February 10, 2018, Softing AG signed an agreement with Beijing Windhill Technology Co., Ltd. on the sale of 50% of the interests in Shanghai Softing software Co., Ltd., Shanghai, China. At the same time, Softing AG and Beijing Windhill Technology Co., Ltd. entered into an agreement on a future joint venture; the purchase price paid for 50% of the interests was EUR 1 thousand.

Softing is thus taking account of the considerable importance of the Chinese automotive market, which is characterized by a rapidly growing need for product and project solutions in Softing's core expertise in the development and diagnostics of control units. Up to 50 experienced sales and development employees are available to Softing Technology Shanghai in the Shanghai and Beijing offices.

Shanghai Softing software Co., Ltd. will continue to be included in the group of consolidated affiliated companies because Softing is responsible for this company's economic and financial management. Softing holds two of the three seats on its Board of Directors and Shanghai Softing software Co., Ltd. is dependent on the marketing of software products developed by subsidiaries of Softing.

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