

Half-Year Interim Report 2020



reporting

Consolidated Key Figures

		Q2 2020	Q2 2019	Half-yearly report 2020	Half-yearly report 2019
Incoming orders	(EUR million)	16.1	24.7	37.2	51.1
Orders on hand	(EUR million)			20.7	24.7
Revenue	(EUR million)	15.8	22.2	35.8	41.8
EBITDA (IFRS)	(EUR million)	0.8	4.3	2.1	5.7
EBIT (IFRS)	(EUR million)	-1.2	2.3	-1.8	1.8
EBIT (operating)	(EUR million)	-1.1	1.5	-1.0	1.2
Consolidated profit (IFRS)	(EUR million)	-1.4	1.4	-1.9	1.2
Earnings per share (IFRS)	(EUR)	-0.16	0.16	-0.21	0.13
Non-current assets	(EUR million)			70.6	69.0
Current assets	(EUR million)			37.7	40.8
Equity	(EUR million)			67.2	68.3
Equity ratio				62%	62%
Cash and cash equivalents	(EUR million)			11.8	12.2
Number of employees (as of June 30)				400	407

Table of Contents

Letter from the CEO	02
Softing Shares	04
Interim Group Management Report	06
Responsibility Statement	11
Consolidated Income Statement	12
Consolidated Statement of Comprehensive Income	13
Consolidated Statement of Financial Position	14
Consolidated Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17
Consolidated Segment Reporting	18
Directors' Holdings	20

Letter from the CEO

DEAR SHAREHOLDERS, EMPLOYEES, PARTNERS AND FRIENDS OF SOFTING,

The last few months are a textbook example of how unlikely events can occur and how our lives can change completely from one day to the next. These black swans are rare, but they exist nonetheless. A year ago, a novel telling the story of today's reality would be lucky to have been made into a B-movie. However, it also demonstrates how companies can adapt even to radical upheavals of this magnitude within just a few weeks.

In the first four months of the year, we were delighted with rising revenue and the continued high level of interest from our customers, which was only possible thanks to our employees' tremendous commitment and overtime. This was followed by a sharp slump in revenue in May and June that initially affected our short-cycle business before continuing as a fall in incoming orders from longer-cycle transactions. These sharp drops in May and June meant that we were forced to accept a decline in revenue of around EUR 6 million or 14% for the first half of the year. This also impacted our operating EBIT in the first six months of 2020, which totaled EUR –1 million after EUR +1.2 million in the prior-year period.

Thanks to swift, purposeful action, comprehensive communication at all times and a crucial bit of luck, Softing did not suffer any adverse illness-related effects. The manner of our approach and the personal sacrifices made by all those involved boosted the feeling of solidarity across the Company worldwide and in all of its subsidiaries.

After weeks of lockdown, we are currently in the first phase of recovery. We were able to establish that the drops in revenue across all segments were primarily attributable to the abrupt cessation of direct customer contact and were not caused by a lack of demand. More than 20 trade fairs and other major events that have always boosted incoming orders in previous years were canceled in the first half of this year. Our teams had to find new ways to reach our customers. We are proud and relieved to say that we have since succeeded in doing this.

The IT Networks segment was affected by COVID-19 at an early stage and was also the most adversely impacted segment. Due to the short-cycle nature of the business and the cancellation of all trade fairs, revenue fell immediately by just under 40% in the first half of the year. Our product managers and technical specialists reacted to this decline by experimenting with different online formats. Based on their first experiences, we initially created and hosted more than 20 webinars, virtual trade fairs and online technology days for German-speaking countries. Well over 1,000 customers and distribution partners participated in these events. This led to a massive recovery in contacts, which has already been reflected in a revenue increase of around 50% from the months of decline. We will expand this approach and also apply it to our foreign subsidiaries. Based on the business's recovery, we are confident of being able to return IT Networks closer to the target figure during the second half of the year, at least in the high-margin sales of Softing proprietary products.

The Industrial segment showed the greatest resistance to drops in revenue caused by COVID-19. Revenue during the first half of the year amounted to EUR 26.1 million, only around 6% lower than in the prior-year period. However, after a solid performance in the first quarter, Industrial also suffered a decline in operating EBIT to EUR 1.3 million in the first half of the year (previous year: EUR 2.2 million). For several months, the Industrial segment has been focusing on products and solutions that protect our customers'

existing investments. Over the next few months, our customers are facing decisions worth several million euros where we believe there are good opportunities for us. If we are successful, the segment would still be able to match the strong income from the previous year. The process industry is also proving robust despite the challenging market environment. Softing is present in this industry with key components that our customers cannot and do not wish to do without, even during the crisis.

The market environment in the Automotive segment is much more challenging. After a good start to the year, the segment experienced a drastic slump in May and June. As most manufacturers not only shut down production but also sent home all specialist departments and purchasing during lockdown, it was impossible to continue even those purchasing negotiations that had already started. Many decision-makers were also unavailable or extremely difficult to reach during May and June. Access to these individuals only improved significantly again from July onwards. As a result, revenue in the Automotive segment was more than EUR 2.3 million below the prior-year figure. Discussions are currently underway with existing and new customers for product and project services amounting to a seven-digit figure.

Product development at Globalmatix AG has been expanded to include complete packages for telematic service providers (TSPs). We are also currently running test fleets with insurance companies. As fleet operators have also been seriously affected by COVID-19, we are focusing on design-in with as many TSPs as possible. This means that we are concentrating on deals to integrate Globalmatix technology into the TSPs' products.

Although the figures so far are certainly no cause for celebration, they must be seen in the context of the current overall situation. We believe we are well positioned for the rest of the year. There is significant catch-up potential if the external circumstances allow it. However, we still do not dare to issue a specific forecast in this environment. As a result of the direct and indirect uncertainty caused by the COVID-19 pandemic, the earnings corridor that defines our scenarios is simply too broad to enable us to provide a reliable forecast.

We can assure you that we will adapt quickly to any situation and that we will be determined to exhaust every possibility. Softing will manage its results with a combination of sales and marketing efforts on the one hand and closely controlled costs on the other. By doing this, we will safely bring the Company even through protracted crises.

Stay healthy during this time and watch to see how Softing seizes and realizes the opportunities presented by this time.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'J.W. Trier', with a stylized flourish at the end.

Dr. Wolfgang Trier
(Chief Executive Officer)

Softing Shares

STOCK MARKET SHOWS MASSIVELY NEGATIVE REACTION TO THE OUTBREAK OF THE CORONAVIRUS PANDEMIC AND STRUGGLES TO GET OUT OF THE BEAR MARKET

The Softing share started the year at a price of EUR 7.76 and reached its high for the year to date of EUR 8.22 on January 16/17 and January 20. The share price then declined slowly, with the downward trend accelerating towards the end of February as the coronavirus pandemic took shape. On March 19, the share price was dragged down by the stock market panic spreading in March to reach its lowest point for the year to date of EUR 4.42. The share price recovered relatively quickly to reach two interim highs of EUR 6.50 and EUR 6.48 in late April and early June of this year before falling again to EUR 5.16 by the June 30 reporting date. The Softing share currently (August 10) is trading at a similar price.

During the reporting period, the average daily trading volume of Softing shares was 5,520 shares (Xetra and floor trading), once again well below what in the previous year was already a considerably reduced figure of 8,851 shares.

GENERAL SHAREHOLDERS' MEETING RESOLVED DIVIDEND OF EUR 0.04 PER SHARE

On May 6, 2020, the General Shareholders' Meeting of Softing AG adopted a resolution to distribute a considerably reduced dividend of EUR 0.04 (previous year: EUR 0.13) per no-par share.

SHAREHOLDER STRUCTURE

As far as the Company is aware, Helm Trust Company Limited, St. Helier, Jersey, UK, remains the single largest investor in Softing's 9,105,381 shares with 2,043,221 shares (22.4%). The next major shareholder is Mr Alois Widmann, Vaduz, Principality of Liechtenstein, who holds 1,450,000 shares (15.9%), followed by a number of institutional investors and several private anchor investors. The remaining shares are in free float.

ANALYST RECOMMENDATIONS

Warburg Research has analyzed the Softing share regularly for years in research reports and has published two updates on the share by the date of publication in 2020. The latest update published on May 4 contains a buy recommendation with an unchanged target price of EUR 9.50.

Information about analysts' reports on Softing shares is available at www.softing.com under Investor, News & Publications, Research. The Press & Interviews section contains information about the growth prospects of the Softing Group published in a variety of financial newspapers and magazines such as 4investors, boersengefluester.de, finanzen.net, Nebenwerte Magazin and others.

BASIC DATA OF THE SOFTING SHARE

ISIN / WKN	DE0005178008 / 517800
Supersector	Information Technology (IT)
Sector	Software
Subsector	IT Services
Stock exchange symbol	SYT
Bloomberg / Reuters	SYT GR / SYTG
Market segment	Prime Standard, Official Trading, EU-regulated Market
Stock exchanges	XETRA, Frankfurt, Stuttgart, Munich, Hamburg, Düsseldorf, Berlin-Bremen, Tradegate
Initial listing (IPO)	May 16, 2000
Indices	Prime All Share Performance Index
Share class	No-par bearer ordinary share with a notional value of EUR 1.00 per share
Share capital	EUR 9,105,381
Authorized capital 2018	EUR 4,552,690 until May 8, 2023
Contingent capital 2018	EUR 4,552,690 until May 8, 2023
Designated sponsor	ICF Bank AG Wertpapierhandelsbank, M.M. Warburg & CO (AG & CO.) KGaA
Research coverage	Warburg Research

PRICE OF THE SOFTING SHARE FROM 07/01/2019 TO 06/30/2020 (XETRA)



FINANCIAL CALENDAR

08/14/2020	Half-Year Interim Report 2020
09/16/2020	Zürcher Kapitalmarkt Konferenz
11/13/2020	Interim Statement Q3/2020
11/16 – 18/2020	German Equity Forum in Frankfurt/Main
12/08 – 09/2020	Münchener Kapitalmarkt Konferenz

Interim Group Management Report for the 2020 Half-Year Financial Report

REPORT ON NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The deterioration and upheaval in economic conditions in the most important global markets for Softing due to the COVID-19 pandemic also left their mark on Softing in the first half of 2020.

Incoming orders of EUR 16.1 million in the second quarter as a result of the COVID-19 pandemic significantly reduced incoming orders for the first half of the year to EUR 37.2 million as of June 30, 2020 compared to the previous year's figure of EUR 51.1 million. However, it should be noted that the strong order intake in the first half of 2019 was only recognized as revenue in the income statement in the final quarter of 2019. At EUR 20.7 million, orders on hand at the end of the first six months of 2020 were just EUR 4.0 million below the comparable prior-year figure, giving cause for optimism that incoming orders will rise again in the second half of the year.

By contrast, consolidated revenue was on a par with the previous year's figure until April 2020 before recording significant declines in May and June. This meant that revenue only contracted by EUR 6.0 million or 14% in the first six months of 2020.

Despite the crisis, revenue in our largest segment, Industrial, only decreased slightly by around 6% from EUR 27.9 million to EUR 26.1 million in the first half of the year, with EBIT remaining positive. Revenue in the Automotive segment contracted by just over EUR 2.3 million, primarily in May and June. The segment was still showing slight revenue growth by the end of April. Business development with products from the Globalmatix AG business also continues, even amid the crisis.

The IT Networks segment was severely affected from the start of the crisis, as contact with customers was virtually impossible. IT Networks began showing slight signs of recovery as early as April and May. Revenue dropped by around 39% from EUR 4.9 million to EUR 3.0 million in the first six months of 2020.

The Group's EBITDA fell from EUR 5.7 million to EUR 2.1 million in the first half of the year, resulting in a significantly reduced EBITDA margin of around 6% compared with 13% in the prior-year period.

The Group's operating EBIT (EBIT adjusted for capitalized development services and amortization on these as well as effects from purchase price allocation) came in at the prior-year level until April 2020. In May and June, the significant decline in revenue resulted in a deterioration in EBIT and operating EBIT, which fell to EUR -1.0 million in the reporting period (previous year: EUR 1.2 million). Consolidated EBIT showed an equally significant decline to EUR -1.8 million after EUR 1.8 million in the previous year.

EBIT in the Industrial segment decreased to EUR 1.0 million (previous year: EUR 2.6 million), while operating EBIT stabilized at EUR 1.3 million (previous year: EUR 2.2 million). EBIT in the Automotive segment decreased year-on-year, from EUR -0.5 million to EUR -1.8 million, while operating EBIT contracted from EUR -0.9 million to EUR -1.4 million. Forward-looking investments made by the acquired company Globalmatix AG, which is in the process of being expanded, depressed earnings in this segment by EUR 0.8 million. The IT Networks segment posted negative EBIT of EUR -1.0 million (previous year: EUR -0.2 million). Operating EBIT was EUR -0.8 million, also below the prior-year figure of EUR 0.0 million.

This dragged consolidated profit into the red in the second quarter of 2020, which came to EUR –1.9 million after the first six months of 2020 (previous year: profit of EUR 1.2 million). Accordingly, earnings per share were EUR –0.21 in the first half of 2020, compared with EUR 0.13 in the previous year.

The Group had cash of EUR 11.8 million as of June 30, 2020 (previous year: EUR 12.2 million), compared with EUR 14.9 million as of December 31, 2019. Cash flow after six months amounted to EUR 2.0 million after EUR 5.6 million in the prior-year period. Capital expenditure on property, plant, and equipment was insignificant and comprised replacements. Please refer to the Research and Development section for information on investments in products. Cash flow from financing activities in the amount of EUR –1.4 million was dominated by the payment of the 2020 dividend of EUR 0.4 million and the repayment of lease liabilities of EUR 0.7 million.

Overall, this translates into what remains a stable equity ratio of 62% as of June 30, 2020.

Due to the aforementioned decline in incoming orders and revenue in the first half of the year as well as coronavirus-related economic instability in markets relevant to Softing, management has critically reviewed and recalculated the recoverable amount for all cash-generating units as of June 30, 2020.

Softing has incorporated the temporarily troubled business environment into its impairment treatment with regard to future cash flow estimates. This means that future cash flow estimates are no longer made based on a single-value, best-possible estimate but are instead supported by scena-

rios (see also information on managing the crisis, “Forecast scenarios based on different models for the economic development of the impact of the pandemic”). The longer-term effects of the COVID-19 pandemic on relevant markets have also been analyzed.

As a result, revenue and margin expectations in the short to medium-term of the detailed planning period (second half of 2020 to mid/end of 2021) have been revised downwards to properly illustrate the current uncertainty and reluctance to invest among some customers caused by cost-saving measures and to appropriately reflect the declines in incoming orders and orders in hand already being observed.

In the medium term between 2022 and 2024, however, Softing expects COVID-19 to accelerate the trend towards new technologies and assumes that the previous year’s trends and assumptions for Softing’s business segments will remain unchanged as Softing has made focused investments in new technologies (digitalization, data analysis, etc.) in recent years. As a result, the short-term negative and longer-term positive effects of the COVID-19 pandemic will level out in the best possible estimate, which means the perpetual assumptions made on December 31, 2019 remain unchanged. No need for impairment has been identified overall. However, management continues to carefully monitor the ongoing market environment and planning parameters to ensure that any necessary adjustments to the estimates can be made.

The following table shows the effects on the most important assumptions for the cash-generating units compared with December 31, 2019:

- Risk-free interest rate:
0.0% – 1.4% (previous year: 0.19% – 2.28%)
- Beta factor: 1.28 (previous year: 1.18)
- Risk premiums:
6.0% – 7.5% (previous year: 5.25% – 7.0%)
- Discount rates (WACC) before taxes:
9.48% – 10.70% (previous year: 7.52% – 9.12%)

RESEARCH AND PRODUCT DEVELOPMENT

In the first six months of 2020, Softing capitalized a total of EUR 2.8 million after EUR 4.1 million in the previous year for the development of new products and the enhancement of existing ones, both internally and externally. Globalmatix continued to invest in its future mobile infrastructure. New and improved products in the Industrial and IT Networks segments will be launched in 2020. Other significant development services in connection with existing products were expensed.

EMPLOYEES

As of June 30, 2020, the Group had 400 employees (previous year: 407). No stock options were issued to employees in the reporting period.

OPPORTUNITIES AND RISKS FOR THE COMPANY'S FUTURE DEVELOPMENT

As of the reporting date of June 30, 2020, the Company's risk structure has deviated significantly from the description in the consolidated financial statements for the year ended December 31, 2019, particularly with regard to the COVID-19 pandemic. Material changes are also expected for the remaining six months of 2020. For more detailed information, please also refer to our statements on the COVID-19 pandemic. The following initial protective measures have been taken based on the risk analysis:

Our aim was to protect the Company, its employees and other stakeholders, to manage risk and thus ensure long-term operations. The following protective measures were also introduced in the short term:

- Making disinfectant available at entrances and in washrooms as well as the building cleaning company regularly disinfecting door handles, desks etc.
- Distributing protective masks to employees
- Keeping business trips and trade fairs to a necessary minimum
- Conducting meetings at a sufficiently safe distance and/or via video conferencing
- Holding the General Shareholders' Meeting virtually without the physical presence of shareholders and shareholder representatives
- Making it possible for employees to work from home by providing laptops and VPN access
- Preparing appropriate working plans for each company (in-person attendance/working from home/using outstanding vacation and reducing overtime/short-time work)
- Increasing inventories at Softing and its suppliers to improve reliability of supply

These safety measures continue to apply across all Softing companies, even after the easing of government restrictions.

The commercial risks of the COVID-19 pandemic, including revenue shifts and losses, supply bottlenecks due to the shutdown at customers and suppliers, changes to purchasing behavior during and after the crisis, and customer and supplier losses caused by business closures are being managed using the following packages of measures:

- Forecast scenarios based on different models for the economic development of the impact of the pandemic
- Cost savings made by reducing overtime and vacation as well as short-time work and general review of purchases and investments
- Additional general cost reductions in other expenses
- Use of government support both in Germany and abroad, such as the option of short-time work in Europe or the Job Support Scheme (JSS) in Singapore
- Risk analysis of the different effects of the pandemic (e.g. spread) and measures (e.g. shut-down, planned economic aid, opening of borders) on various regions and customers by continuously exchanging information with relevant managers

Generally speaking, however, we are expecting the results of operations to improve in the second half of the year. For information on other risks and opportunities, we refer to the Group Management Report in the 2019 Annual Report, page 10 et seq.

COVID-19 PANDEMIC

Impact on net assets, financial position and results of operations:

To date, the Softing Group has only taken advantage of government support measures in the form of temporary short-time work. We have taken up this form of support in all countries that offer this instrument. In markets where this was not possible, we have implemented wage cuts and, to a limited extent, reduced staff numbers.

As of June 30, 2020, the Softing Group has cash and cash equivalents of EUR 11.8 million, current receivables of EUR 9.0 million and agreed but not yet drawn down credit lines of around EUR 9.0 mil-

lion at its disposal. This means that the Group has up to EUR 30 million in near cash funds available at short notice to tackle the crisis.

Discussions held with our main banks at an early stage during the COVID-19 pandemic resulted in a positive signal to enable any necessary funding beyond the short-term financial resources outlined above.

There have been no breaches of credit agreements and we have complied with all covenant rules.

Receivables management is being monitored more closely than before the crisis, and no deterioration in customer payment behavior has been observed so far. This is also due to the fact that most of Softing's customers are large international corporations with sufficient funds.

The impairment tests conducted at the end of 2019 have also been reviewed and adjusted to fit the new situation. Long-term trends and assumptions remain intact. The investments we have made in recent years have been investments in future technologies, and their market success will be accelerated rather than slowed down by the coronavirus crisis.

The share buyback program announced by Softing AG in an ad hoc disclosure on April 3, 2020, started on April 15, 2020 and is to be completed no later than April 30, 2021. A bank was instructed to buy back a maximum of 90,000 Company shares, with the buyback being limited to either that number of shares or to a total purchase price of EUR 500,000. The acquired shares are to be used primarily as acquisition currency. The Executive Board is thus exercising the authorization granted by the Annual General Meeting dated May 4, 2016 to repurchase treasury shares in accordance with Section 71 (1)

no. 8 of the German Stock Corporation Act (Aktiengesetz – AktG). By June 30, 2020, Softing AG had acquired 18,609 own shares.

In light of the COVID-19 pandemic, the Executive Board of Softing AG determined that it is likely that the outlook for the 2020 financial year set out in the 2019 Annual Report and the modified outlook for consolidated revenue, consolidated EBIT and operating EBIT at the previous year's level as stated in the Q1/2020 Interim Statement cannot be achieved.

Several of the product and project requests from key customers that formed the basis for the original outlook are being stretched out into 2021 or could be completely postponed until 2021. As a result, the rapid and significant recovery of the global economy in the second half of the year assumed in the Q1/2020 Interim Statement must be called into question.

As announced in the quarterly management statement for the first quarter of 2020, any updates to the forecast would not be published any earlier than the half-yearly report. However, the economic uncertainty caused by the coronavirus crisis means it is still impossible to issue specific statements. Nevertheless, our aim for the second half of the year is to increase revenue compared to the first half and to end the year with clearly positive consolidated EBITDA and positive operating EBIT.

Due to the Group's financial strength, strict cost discipline at all levels, additional financing options not yet utilized, and global positioning, the Executive Board sees no danger of developments threatening the continued existence of the Group as going concern.

EVENTS AFTER THE REPORTING PERIOD

There were no events of special importance after the reporting date of June 30, 2020.

GENERAL ACCOUNTING POLICIES

The consolidated financial statements of Softing AG as of December 31, 2019 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 condensed interim consolidated financial statements as of June 30, 2020, which were prepared on the basis of International Accounting Standard (IAS) 34 „Interim Financial Reporting“, do 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, 2019. In general, the same accounting policies were applied in the interim financial statements as of June 30, 2020 as in the consolidated financial statements for the 2019 financial year. This 2020 half-yearly report was prepared without an auditor's review.

CHANGES IN THE BASIS OF CONSOLIDATION


There were no changes in the basis of consolidation in the first half of 2020.

RESPONSIBILITY STATEMENT

The condensed interim consolidated financial statements for the first half of 2020 were released for publication on August 14, 2020 by resolution of the Executive Board.

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company.

Haar, Germany, August 14, 2020
Softing AG



Dr. Wolfgang Trier
Chief Executive Officer



Ernst Homolka
Executive Board member

Consolidated Income Statement

from January 1 to June 30, 2020

EUR thousand	01/01/ – 06/30/2020	01/01/ – 06/30/2019	04/01/ – 06/30/2020	04/01/ – 06/30/2019
Revenue	35,811	41,839	15,776	22,230
Other own work capitalized	1,990	3,035	1,303	2,140
Other operating income	492	413	243	190
Operating income	38,293	45,287	17,322	24,560
Cost of materials / cost of purchased services	-16,066	-18,093	-6,862	-9,410
Staff costs	-16,162	-16,795	-7,884	-8,523
Depreciation, amortization and impairment losses	-3,974	-3,811	-1,996	-1,952
thereof depreciation / amortization due to purchase price allocation	-1,027	-1,011	-514	-507
thereof depreciation/amortization due to lease accounting	-664	-779	-329	
Other operating expenses	-3,928	-4,748	-1,732	-2,356
Operating expenses	-40,130	-43,447	-18,473	-22,242
Profit / loss from operations (EBIT)	-1,837	1,840	-1,151	2,318
Interest income	24		23	0
Interest expense	-99	-60	-49	22
Interest expense from lease accounting	-65	-86	-32	-41
Other finance income/finance costs	48	140	-311	-179
Earnings before income taxes	-1,929	1,834	-1,520	2,074
Income taxes	-10	-675	102	-630
Consolidated profit	-1,939	1,159	-1,418	1,443
Consolidated profit attributable to:				
Shareholders of Softing AG	-1,997	1,098	-1,462	1,381
Non-controlling interests	58	61	44	62
Consolidated profit	-1,939	1,159	-1,418	1,443
Earnings per share (basic = diluted)	-0,21	0,13	-0,16	0,16
Average number of shares outstanding (basic)	9,101,480	9,105,381	9,097,579	9,105,381

Consolidated Statement of Comprehensive Income

from January 1 to June 30, 2020

EUR thousand	01/01/ – 06/30/2020	01/01/ – 06/30/2019	04/01/ – 06/30/2020	04/01/ – 06/30/2019
Consolidated profit	-1.939	1.159	-1.418	1.443
Items that will be reclassified to consolidated total comprehensive income:				
Currency translation differences				
Changes in unrealized gains / losses	6	75	-385	-154
Tax effect	-23	-20	78	44
Total currency translation remeasurements	-17	55	-308	-110
Other comprehensive income	-17	55	-308	-110
Total Consolidated profit for the period	-1,956	1,214	-1,725	1,333
Total consolidated comprehensive income for the period attributable to:				
Shareholders of Softing AG	-1,970	1,153	-1,725	1,271
Non-controlling interests	14	61	-	62
Total consolidated comprehensive income for the period	-1,956	1,214	-1,725	1,333

Consolidated Statement of Financial Position

as of June 30, 2020

Assets	06/30/2020 EUR (in thsds.)	12/31/2019 EUR (in thsds.)
Non-current assets		
Goodwill	18,148	18,124
Other intangible assets	44,315	44,291
Equity investments	1,500	1,500
Property, plant and equipment	5,685	5,949
Deferred tax assets	968	787
Non-current assets, total	70,616	70,651
Current assets		
Inventories	13,673	12,596
Trade receivables	8,955	15,380
Contract assets	704	533
Current income tax assets	1,484	1,864
Cash and cash equivalents	11,817	14,917
Current assets	1,086	855
Current assets, total	37,719	46,145
Total assets	108,335	116,796

Equity and liabilities	06/30/2020 EUR (in thsds.)	12/31/2019 EUR (in thsds.)
Equity		
Subscribed capital	9,105	9,105
Capital reserves	31,111	31,111
Treasury Shares	-99	0
Retained earnings	26,740	29,119
Equity attributable to shareholders of Softing AG	66,857	69,335
Non-controlling interests	331	269
Equity, total	67,188	69,604
Non-current liabilities		
Pensions	2,977	3,085
Long-term borrowings	14,006	14,006
Other non-current financial liabilities	2,029	2,259
Deferred tax liabilities	6,225	6,160
Non-current liabilities, total	25,237	25,510
Current liabilities		
Trade payables	3,325	6,476
Contract liabilities	3,323	2,641
Provisions	45	101
Income tax liabilities	1,288	1,255
Short-term borrowings	1,475	1,581
Current financial liabilities	5,451	7,691
Current non-financial liabilities	1,003	1,937
Current liabilities, total	15,910	21,682
Total equity and liabilities	108,335	116,796

Consolidated Statement of Changes in Equity

from January 1 to June 30, 2020

	Subscribed capital	Capital reserves	Retained earnings			Equity attributable to shareholders of Softing AG	Non-controlling interests	Total equity	
			Net retained profits and other	Remeasurements	Currency translation	Total			
	EUR (in thsds.)	EUR (in thsds.)	EUR (in thsds.)	EUR (in thsds.)	EUR (in thsds.)	EUR (in thsds.)	EUR (in thsds.)	EUR (in thsds.)	
Balance as of January 01, 2020	9,105	31,111	28,679	-2,013	2,452	29,118	69,334	269	69,604
Consolidated profit 2020			-1,998			-1,998	-1,998	59	-1,939
Other comprehensive income 2020				0	-17	-17	-17	0	-17
of which from remeasurements				0		0	0		0
of which currency translation					6	6	6		6
of which tax effect				0	-23	-23	-23		-23
Total consolidated comprehensive income for the period			-1,998	0	-17	-2,015	-2,015	59	-1,956
Dividend payment			-364			-364	-364		-364
Purchase of own shares			-99			-99	-99		-99
Changes in minority interests						0	0	3	3
Transactions with owners in their capacity as owners			-364			-364	-364	3	-460
Balance as of June 30, 2020	9,105	31,111	26,317	-2,013	2,435	26,740	66,956	331	67,188

	Subscribed capital	Capital reserves	Retained earnings			Equity attributable to shareholders of Softing AG	Non-controlling interests	Total equity	
			Net retained profits and other	Remeasurements	Currency translation	Total			
	EUR (in thsds.)	EUR (in thsds.)	EUR (in thsds.)	EUR (in thsds.)	EUR (in thsds.)	EUR (in thsds.)	EUR (in thsds.)	EUR (in thsds.)	
Balance as of January 01, 2019	9,105	31,111	27,054	-1,298	2,282	28,039	68,255	145	68,400
Consolidated profit 2019			2,809			2,809	2,809	120	2,929
Other comprehensive income 2019				-715	170	-545	-545	0	-545
of which from remeasurements				-994		-994	-994		-994
of which currency translation					148	148	148		148
of which tax effect				279	22	301	301		301
Total consolidated comprehensive income for the period			2,809	-715	170	2,263	2,263	120	2,383
Dividend payment			-1,184			-1,184	-1,184		-1,184
Changes in minority interests						0	0	4	4
Transactions with owners in their capacity as owners			-1,184			-1,184	-1,184	4	-1,180
Balance as of December 31, 2019	9,105	31,111	28,679	-2,013	2,452	29,118	69,334	269	69,604

Consolidated Statement of Cash Flows

from January 1 to June 30, 2020

EUR thousand	01/01/ – 06/30/2020	01/01/ – 06/30/2019
Cash flows from operating activities		
Profit (before tax)	-1,929	1,834
Depreciation, amortization and impairment losses on fixed assets	3,974	3,811
Other non-cash changes	-78	-48
Cash flows for the period	1,967	5,597
Interest income	-24	0
Interest expense	164	146
Change in other and accrued liabilities	-56	-39
Change in inventories	-1,077	-1,495
Change in trade receivables	6,254	380
Changes in financial receivables and other assets	-199	-231
Change in trade payables	-3,151	-383
Changes in financial and non-financial liabilities and other liabilities	-876	1,285
Interest received	24	0
Income taxes received	166	0
Income taxes paid	0	-127
Cash flows from operating activities	3,192	5,133
Cash payments for investments in non-current assets	-529	-453
Cash paid for investments in new internal/external product developments	-2,835	-4,137
Cash paid for investments in internally generated intangible assets	-1,500	0
Cash flows from investing activities	-4,864	-4,590
Cash paid for dividends	-364	-1,184
Repayment of lease liabilities	-701	-847
Cash received from short-term bank line	434	0
Cash received from long-term loans	0	7,000
Cash repayment of bank loans	-541	-2,845
Cash paid for purchase of own shares	-99	0
Interest from lease accounting	-65	-86
Other interest paid	-99	-60
Total interest paid	-164	-146
Cash flows from financing activities	-1,435	1,978
Net change in funds	-3,107	2,521
Effects of exchange rate changes on cash and cash equivalents	7	15
Cash and cash equivalents at the beginning of the period	14,917	9,682
Cash and cash equivalents at the end of the period	11,817	12,218

Consolidated Segment Reporting

from January 1 to June 30, 2020

EUR thousand	04/01/ – 06/30/2020	04/01/ – 06/30/2019	01/01/ – 06/30/2020	01/01/ – 06/30/2019
Automotive				
Revenue	2,817	5,008	6,677	9,022
Segment result (EBITDA)	-544	1,105	-365	944
Depreciation / amortization	740	776	1,468	1,479
Segment result (EBIT)	-1,284	329	-1,834	-535
Operating EBIT	-1,050	116	-1,457	-906
Segment assets			37,060	38,676
Segment liabilities			9,016	10,769
Capital expenditure	709	1,114	1,323	2,116
Industrial				
Revenue	11,678	14,518	26,126	27,888
Segment result (EBITDA)	1,307	2,716	2,638	4,045
Depreciation / amortization	810	722	1,613	1,416
Segment result (EBIT)	496	1,994	1,024	2,629
Operating EBIT	281	1,225	1,278	2,183
Segment assets			46,035	48,636
Segment liabilities			11,473	13,050
Capital expenditure	910	1,620	1,174	1,887
IT Networks				
Revenue	1,281	2,704	3,008	4,930
Segment result (EBITDA)	-119	222	-540	208
Depreciation / amortization	244	231	487	462
Segment result (EBIT)	-363	-9	-1,028	-254
Operating EBIT	-292	105	-874	-31
Segment assets			13,270	12,334
Segment liabilities			1,087	1,683
Capital expenditure	328	395	783	600
Not allocated				
Revenue	0	0	0	0
Segment result (EBITDA)	202	224	406	454
Depreciation / amortization	202	224	406	454
Segment result (EBIT)	0	0	0	0
Operating EBIT	0	0	0	0
Segment assets			11,971	10,111
Segment liabilities			19,572	15,908
Capital expenditure	27	43	85	93
Total				
Revenue	15,776	22,230	35,811	41,839
Segment result (EBITDA)	845	4,271	2,137	5,652
Depreciation / amortization	1,996	1,953	3,974	3,811
Segment result (EBIT)	-1,151	2,318	-1,837	1,840
Operating EBIT	-1,061	1,447	-1,053	1,249
Segment assets			108,335	109,755
Segment liabilities			41,148	41,413
Capital expenditure	1,974	3,172	3,365	4,697

Consolidated Segment Reporting – geographical

from January 1 to June 30, 2020

EUR thousand	04/01/ – 06/30/2020	04/01/ – 06/30/2019	01/01/ – 06/30/2020	01/01/ – 06/30/2019
Revenue				
Germany	4,889	7,654	10,601	13,330
USA	7,381	8,438	15,805	16,637
Rest of the world	3,505	6,139	9,404	11,873
Total	15,776	22,230	35,811	41,839
Fixed assets				
Germany	213	1,276	31,402	29,758
USA	–720	–474	20,206	20,990
Rest of the world	–31	123	18,040	17,517
Total	–537	925	69,648	68,265
Additions to fixed assets				
Germany	1,615	2,588	2,691	3,882
USA	29	105	66	161
Rest of the world	330	479	609	654
Total	1,974	3,172	3,365	4,697

Directors' Holdings

Boards	Number of shares		Number of options	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Supervisory Board				
Dr. Horst Schiessl (chairman), attorney at law, Munich	–	–	–	–
Dr. Klaus Fuchs (member), graduate computer scientist / graduate engineer, Helfant	278,820	278,820	–	–
Andreas Kratzer (member), certified public accountant, Zurich, Switzerland	10,155	10,155	–	–
Executive Board				
Dr.-Ing. Dr. rer. oec. Wolfgang Trier, Munich	163,234	151,826	–	–
Ernst Homolka, Munich	5,900	4,900	–	–

Softing AG

Richard-Reitzner-Allee 6
85540 Haar/Germany

Phone +49 89 4 56 56-0

Fax +49 89 4 56 56-399

investorrelations@softing.com

www.softing.com