

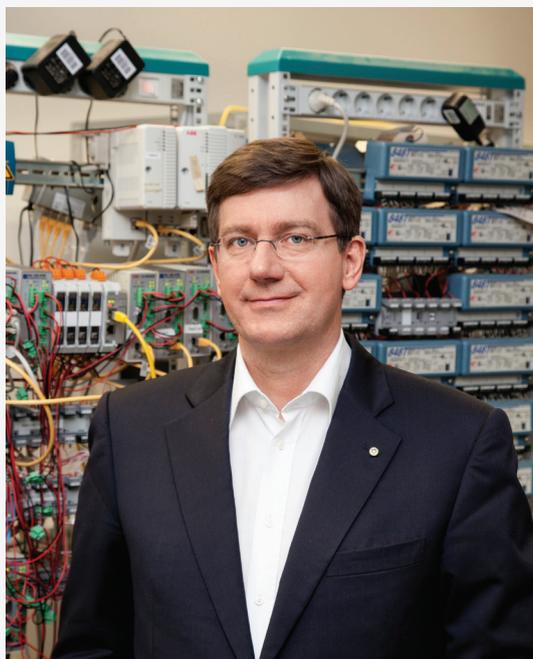
1/2014

Quarterly Financial Report



- ▶ Revenue up over 30 % to EUR 16 million
- ▶ Orders on hand expanded by 40 %
- ▶ Guidance for 2014 confirmed

softing



*Dear Shareholders, Employees,
Partners and Friends of Softing AG,*

It was a good start to the year. Softing kicked off 2014 with new record levels of incoming orders and revenue. However, EBIT has been lower due to extraordinary items.

Expressed in figures, the quarter looks as follows: Incoming orders increased by more than 19% to EUR 18.8 million (previous year: EUR 15.8 million) and revenue grew by as much as 32% to EUR 16.1 million (previous year: EUR 12.2 million). The jump in revenue is due primarily to Psiber Data GmbH, which was acquired effective January 1, 2014, and contributed around EUR 2.3 million to revenue with a double-digit EBIT margin. But even without Psiber, Softing generated organic growth of just under 13%. The 40% increase in orders on hand, which reached EUR 9.8 million (EUR 7.0 million as of December 31, 2013) is especially gratifying as it shows that revenue growth is indeed a trend.

EBIT declined to around EUR 1 million (previous year: EUR 1.4 million) due to extraordinary items. At EUR 0.6 million, net profit was also down on the previous year's figure of EUR 1.1 million. Earnings for the first quarter were impacted by the establishment of a new sales office in the United States as well as by non-recurring expenses for completed and ongoing acquisition efforts. Added to this were changes to the product mix favoring lower-margin products, for which there was greater demand than in the prior-year period. This EBIT trend may continue in the second quarter to a lesser degree before being replaced by a strong increase in the second half of the year.

This year's Annual General Meeting took place on May 7. All resolutions were passed with overwhelming majorities. We see this as a clear confirmation of the course set by management and will continue on this course.

Our shareholders will participate substantially in the success we had in 2013: The Annual General Meeting resolved to distribute EUR 0.35 per no-par share carrying dividend rights. This year, the shareholders of Softing AG have the option to receive the dividend either in cash or partly in cash and partly as shares in Softing AG. Shareholders can decide between May 13 and May 27, 2014 how to receive their dividend. Shareholders who do not act or who object to the dividend are expected to receive the usual cash dividend on June 4, 2014.

Softing's share price is also on the rise. In the reporting period, the value of Softing's shares exceeded EUR 16 at times, double the year-earlier figure. The trend from the first months makes us very confident that we can reach our ambitious goals for 2014. Softing will benefit from a whole range of new products and opportunities in 2014. We are certain that expanding our sales structures in the United States in conjunction with our existing products as well as the new products being developed will boost revenue and earnings. For this reason, we are confirming our annual guidance of revenue of over EUR 60 million and EBIT of approximately EUR 7 million.

We hope that you, Softing's shareholders and friends, will remain connected to the Company in the future and continue to profit from our performance.

Sincerely Yours,

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

Dr. Wolfgang Trier
(Chief Executive Officer)

Stock Price - Directors' Holdings - Financial Calendar



DIRECTORS' HOLDINGS AS OF MARCH 31, 2014

Boards	Shares		Options	
	March 31, 2014 Number	Dec. 31, 2013 Number	March 31, 2014 Number	Dec. 31, 2013 Number
Supervisory Board				
Dr. Horst Schiessl (chairman), Attorney at Law, Munich	-	-	-	-
Dr. Klaus Fuchs (member of the Supervisory Board), graduate computer scientist / graduate engineer, Helfand	273,886	273,886	-	-
Andreas Kratzer, CPA, Switzerland (member of the Supervisory Board)	9,976	9,976	-	-
Executive Board				
Dr.-Ing. Dr. rer. oec. Wolfgang Trier, Munich	84,085	84,085	-	-
Maximilian zu Hohenlohe, Pfaffenhofen	-	-	-	-

FINANCIAL CALENDAR

May 14, 2014	Quarterly Report 1/2014
August 14, 2014	Quarterly Report 2/2014
November 14, 2014	Quarterly Report 3/2014

Group Management Report

for the 1/2014 Quarterly Financial Report

Economic Environment

Experts continue to expect growth of around 1.7% for the German economy in 2014. Nevertheless, industry and the automotive sector will record much higher growth. Softing therefore anticipates a further increase in incoming orders, revenue and earnings both in Automotive Electronics and Industrial Automation for the full 2014 financial year.

Results of Operations

Revenue in the Automotive Electronics division in the first three months of 2014 rose by 35.7% to EUR 7.6 million (previous year: EUR 5.6 million). Industrial Automation recorded a revenue increase of 27.3% to EUR 8.4 million (previous year: EUR 6.6 million). The sales revenue of the Softing Group thus rose by more than 32.0% to EUR 16.1 million in the first quarter of 2014 (previous year: EUR 12.2 million). The figures include around EUR 2.3 million in revenue generated by Psiber Data GmbH, which was acquired effective January 1, 2014. EBIT in the reporting period came in at a positive EUR 1.0 million (previous year: EUR 1.4 million). First-quarter earnings in the Industrial Automation segment were impacted by the establishment of a new sales office in the United States as well as by non-recurring expenses for the completed acquisition and costs for ongoing acquisition efforts. While this trend will continue in the second quarter, earnings are expected to increase considerably in the year's second half based on growing revenue generated by the new sales office and release orders for products with a particularly high margin. As of March 31, 2014, orders on hand in the Group totaled EUR 9.8 million (December 31, 2013: EUR 7.0 million), reflecting a trend of continued revenue growth.

Net Assets and Financial Position

The equity of the Softing Group rose by EUR 1.8 million to EUR 27.9 million in the first three months of 2014 (December 31, 2013: EUR 26.1

million). Cash and cash equivalents in the first quarter of 2014 decreased by EUR 4.4 million to EUR 7.7 million due to the acquisition of Psiber Data GmbH. Cash and cash equivalents as of December 31, 2013, amounted of EUR 12.1 million.

Research and Product Development

In the first three months of 2014, Softing capitalized a total of EUR 1.0 million (previous year: EUR 0.9 million) for the development of new products and the enhancement of existing ones. Other significant amounts were expensed.

Employees

As of March 31, 2013, the Softing Group had 352 employees (previous year: 327). During the reporting period, no stock options were issued to employees.

Opportunities for the Company's Future Development

As of the reporting date of March 31, 2014, the Company's risk structure had not deviated significantly from the description in the consolidated financial statements for the year ended December 31, 2013. Material changes are also not expected for the remaining nine months of 2014. For more information, we refer to our Group Management Report in the 2013 Annual Report, page 4 et seq.

Outlook

Based on its very strong positioning in its target markets and notifications of orders from customers, Softing expects to generate revenue growth to over EUR 60 million and EBIT of around EUR 7 million in 2014. Comparing the segments, the EBIT margin in the Automotive Electronics segment is expected to be higher on account of current high-margin orders.

Events after the Reporting Period

There were no events of special importance after the reporting date of March 31, 2014.

Consolidated Balance Sheet

According to IFRS as of March 31, 2014, unaudited

Assets	Quarterly report 03/31/2014 EUR	Financial statements 12/31/2013 EUR
Cash and cash equivalents	7,698,498	12,116,145
Marketable securities	629,228	833,172
Trade accounts receivable	10,555,188	10,028,944
Inventories	6,011,426	4,660,254
Prepaid expenses and other current assets	1,204,521	995,552
Total current assets	26,098,861	28,634,067
Property, plant and equipment	1,414,216	1,366,164
Intangible assets	9,364,364	7,289,418
Goodwill	8,813,539	2,438,951
Deferred taxes	488,466	509,091
Total non-current assets	20,080,585	11,603,624
Total assets	46,179,446	40,237,691
Liabilities and equity	Quarterly report 03/31/2014 EUR	Financial statements 12/31/2013 EUR
Other borrowings	459,291	195,149
Trade accounts payable	3,684,129	2,356,915
Liabilities from customer-specific construction contracts	216,599	175,904
Provisions	233,609	210,298
Tax provisions	635,479	585,888
Deferred income and other current liabilities	6,822,984	6,846,110
Total current liabilities	12,052,091	10,370,264
Deferred tax liabilities	2,539,419	2,182,193
Employee benefits	1,452,217	1,504,394
Other financial liabilities	2,250,000	50,000
Total non-current liabilities	6,241,636	3,736,587
Issued capital	6,442,512	6,442,512
Capital reserves	4,396,103	4,396,103
Treasury shares	-286,906	-286,906
Minority interest	1,076,661	-26,738
Accumulated profit (incl. retained earnings)	16,257,349	15,605,869
Total equity	27,885,719	26,130,840
Total liabilities and equity	46,179,446	40,237,691

Consolidated Income Statement

According to IFRS as of March 31, 2014, unaudited

	Quarterly report I/2014 01/01/2014 - 03/31/2014 EUR	Quarterly report I/2013 01/01/2013 - 03/31/2013 EUR
Revenue	16,067,292	12,154,365
Other operating income	112,810	86,786
Other own work capitalized	978,794	901,698
Cost of purchased materials / services	-5,769,076	-3,012,407
Staff costs	-7,096,756	-6,387,237
Depreciation and amortization	-1,363,650	-843,490
Other operating expenses	-1,928,194	-1,503,246
Operating profit / loss	1,001,220	1,396,469
Interest expenses	-11,427	-11,439
Result before income taxes	989,793	1,385,030
Income taxes	-254,727	-290,073
Other taxes	-	-
Result before minority interest	735,066	1,094,957
Minority interest	-92,392	2,782
Net income	642,674	1,097,739
Earnings per share (basic)	0.10	0.18
Earnings per share (diluted)	0.10	0.18
Average number of shares outstanding (basic)	6,328,160.00	6,134,910.00
Average number of shares outstanding (diluted)	6,328,160.00	6,134,910.00

Consolidated Statement of Comprehensive Income

	01/01/2014 - 03/31/2014 EUR (in thsds)	01/01/2013 - 03/31/2013 EUR (in thsds)
Consolidated profit	735	1,098
Items that will be reclassified to profit or loss:		
Currency translation differences	13	17
Measurement of securities	-3	-21
Consolidated total comprehensive income	745	1,094
Non-controlling shareholder	92	-3
Attributable to shareholders of Softing AG	653	1,097
Consolidated total comprehensive income	745	1,094

Consolidated Cash Flow Statement

According to IFRS as of March 31, 2014, unaudited

	Quarterly report I/2014 01/01/2014 - 03/31/2014 EUR (in thsds)	Quarterly report I/2013 01/01/2013 - 03/31/2013 EUR (in thsds)
Cash flow from operating activities		
Net income/loss	735	1,095
Exchange differences recognized in equity	13	17
+ Depreciation/amortization	1,363	844
+ Increase in provisions	288	38
- Change in net current assets	-434	-255
= Net cash provided by operating activities	1,965	1,739
Cash flow from investing activities		
- Cash payment for the acquisition of consolidated entities less acquired cash	-6,000	0
- Payments made for investments in self-produced intangible assets	-1,072	-902
- Payments made for investments in other intangible assets and in property, plant and equipment	-112	-234
= Net cash used in investing activities	-6,583	-1,136
Cash flow from financing activities		
+ Cash receipts from the sale of corporate bonds	200	0
= Net cash provided by financing activities	200	0
+/- Increase/decrease in cash and cash equivalents	-4,418	603
+ Cash and cash equivalents at beginning of period	12,116	11,516
= Cash and cash equivalents at end of period	7,698	12,119

Changes in Shareholders' Equity

01/01/2014 - 03/31/2014												
	Subscribed capital	Capital reserves	Retained earnings					Treasury shares	Attributable to shareholders of Softing AG	Non-controlling interests	Total equity	
			Other	Available-for-sale financial assets	Actuarial gains and losses	Currency translation	Total					
												EUR (in thsds.)
Balance as of January 1, 2013	6,443	4,396	16,497	1	-759	-134	15,605	-287	26,157	-26	26,131	
Measurement of financial instruments				-3			-3		-3		-3	
Currency translation						13	13		13		13	
Minority interest							-		-	1,010	1,010	
Net income 2013			643				643		643	92	735	
Balance as of March 31, 2014	6,443	4,396	17,140	-2	-759	-121	16,258	-287	26,810	1,076	27,886	

01/01/2013 - 03/31/2013												
	Subscribed capital	Capital reserves	Retained earnings					Treasury shares	Attributable to shareholders of Softing AG	Non-controlling interests	Total equity	
			Other	Available-for-sale financial assets	Actuarial gains and losses	Currency translation	Total					
												EUR (in thsds.)
Balance as of January 1, 2012	6,443	4,396	13,200	-9	-950	-115	12,126	-772	22,193	-3	22,190	
Measurement of financial instruments				-21			-21		-21		-21	
Currency translation						17	17		17		17	
Minority interest							-		-	-3	-3	
Net income 2012			1,098				1,098		1,098		1,098	
Balance as of March 31, 2013	6,443	4,396	14,298	-30	-950	-98	13,220	772	23,287	6	23,281	

Selected Explanatory Notes to the Interim Report of Softing AG as of March 31, 2014

1. General Accounting Policies

The consolidated financial statements of Softing AG as of December 31, 2013 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 March 31, 2014, 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, 2013. In general, the same accounting policies were applied in the interim financial statements as of March 31, 2014 as in the consolidated financial statements for the 2013 financial year.

2. Change in the Basis of Consolidation

Effective January 1, 2014, Softing AG acquired all interests in Psiber Data GmbH (“Psiber”), headquartered in Krailling near Munich, from the shareholders.

Psiber Data GmbH in turn holds a 55 % equity interest in Psiber Data Pte Ltd Singapore.

Both entities have been controlled by the Softing Group in accordance with IFRS 10 since January 1, 2014 and are therefore consolidated in the consolidated financial statements of Softing AG.

There were no other changes to the basis of consolidation since December 31, 2013.

3. Disclosures Regarding the Acquisition of Psiber Data GmbH

Softing AG acquired all equity interests in Psiber Data GmbH with effect from January 1, 2014.

Psiber is a provider of devices for the diagnosis of Ethernet cables, which are used in office installations and data centers as well as in industrial automation.

By acquiring Psiber, Softing will close the strategic gap in mobile devices for diagnosis of Ethernet networks in the automation industry and also enter the market for the diagnosis of copper and optical fiber networks for data centers and office installations.

The purchase price for the equity interests has a fixed and a variable component. It is expected that the entire purchase price (fixed and variable components) will be between EUR 3.0 million and EUR 9.05 million and be settled entirely from existing cash funds.

At the acquisition date, Softing recognized non-current assets in the amount of EUR 2.3 million and current assets totaling EUR 2.9 million. Current liabilities are EUR 2.4 million. The preliminary figure for the goodwill generated from this transaction is EUR 6.4 million; the goodwill recorded is non-tax-deductible.

The minority interest in the equity of Psiber was provisionally carried in the amount of EUR 1.0 million. As part of the purchase price allocation, the non-controlling shareholders have a proportionate share of the remeasured assets and liabilities.

At the present time, the measurement of the assets and liabilities acquired by the Group has not been finalized and the final purchase price is still the subject of negotiation. For the purposes of the consolidation of Psiber in the current interim report, the information available at present has been included so as to carry the best possible estimates for the purchase price allocation. The statement of comprehensive income for the first quarter of 2014 includes total revenue of EUR 2,371 thousand as well as profits of EUR 259 thousand from Psiber.

Segment Reporting

As of March 31, 2014

	Quarterly report I/2014 01/01/2014 - 03/31/2014 EUR (in thsds)	Quarterly report I/2013 01/01/2013 - 03/31/2013 EUR (in thsds)
Automotive Electronics		
Revenue	7,637	5,577
Segment result (EBIT)	756	772
Depreciation/amortization	438	319
Segment assets	13,136	12,895
Segment liabilities	5,659	6,391
Capital expenditure (not including long-term investments)	240	488
Industrial Automation		
Revenue	8,430	6,577
Segment result (EBIT)	245	624
Depreciation/amortization	868	469
Segment assets	25,534	14,059
Segment liabilities	9,212	4,459
Capital expenditure (not including long-term investments)	6,309	566
Not distributed		
Revenue	-	-
Segment result (EBIT)	-	-
Depreciation/amortization	58	56
Segment assets	7,509	11,235
Segment liabilities	3,387	4,058
Capital expenditure (not including long-term investments)	34	67
Total		
Revenue	16,067	12,154
Segment result (EBIT)	1,001	1,396
Depreciation/amortization	1,364	844
Segment assets	46,179	38,189
Segment liabilities	18,258	14,908
Capital expenditure (not including long-term investments)	6,583	1,121

The division into operating segments in accordance with IFRS 8 is shown in the table above.

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