



GREEN WORKFLOW BY DESIGN

Report on the 1st Six Months of 2021

PSI 

PSI Group Data as per 30 March 2021 at a Glance (IFRS)

| | 01/01-30/06/21 in KEUR | 01/01-30/06/20 in KEUR | Change in KEUR | Change in % |
|----------------------------|---------------------------|---------------------------|-------------------|----------------|
| Revenues | 117,117 | 104,853 | +12,264 | +11.7 |
| Operating Result | 10,133 | 5,413 | +4,720 | +87.2 |
| Result before income taxes | 9,626 | 5,099 | +4,527 | +88.8 |
| Net result | 7,034 | 3,723 | +3,311 | +88.9 |
| Cash and cash equivalents | 45,370 | 50,377 | -5,007 | -9.9 |
| Employees on 30 March | 2,145 | 1,995 | +150 | +7.5 |
| Revenue/Employee | 54.6 | 52.6 | +2.0 | +3.9 |

Interim Management Report

Business Development

Earnings

The PSI Group increased new orders by 3.5% to 146 million euros (30 June 2020: 141 million euros) in the first six months. The order backlog on 30 June 2021 was, at 174 million euros, just about the same as the previous year (30 June 2020: 176 million euros). Group sales improved by 11.7% to 117.1 million euros (30 June 2020: 104.9 million euros), with the energy business making the greatest contribution to growth in the second quarter. The EBIT leapt by 87% to 10.1 million euros (30 June 2020: 5.4 million euros), the group net result was significantly improved to 7.0 million euros (30 June 2020: 3.7 million euros).

Energy Management (energy networks, energy trading, public transportation) achieved 15.4% higher sales of 64.1 million euros (30 June 2020: 55.5 million euros) and a 65% higher EBIT of 4.0 million euros (30 June 2020: 2.4 million euros). The grid business was able to continue increasing its volume of new orders with orders from transmission and distribution system operators in the second quarter, although orders from Russia are only expected after the Duma elections. Demand for software for electro-bus depots remains strong. The network planning software developer NEPLAN AG, which has belonged to PSI since the fourth quarter of 2020, has collaborated in a number of projects and provided the best EBIT margin of the segment. A steel manufacturer has ordered the energy and CO₂-trading software PSImarket. PSI expects a significant increase in business from the business for software that calculates (PSIreko), certifies (Blockchain) and trades (PSImarket) CO₂ certificates.

Sales in Production Management (metals, industry, logistics) in the first six months were, at 53.0 million euros, 7.5% above the previous year (30 June 2020: 49.3 million euros). The business segment, whose products are already completely based on the group platform, increased by 80% to 6.7 million euros (30 June 2020: 3.7 million euros). The metals business has not yet reached the volume of new orders of the previous year, as a result of the boom in the price of steel, however, expects a significant increase in new orders with good margins. The automotive and logistics segments also continue to grow their sales and profits.

Financial Position

At 11.3 million euros, cash flow from operating activities was 41% below the comparable figure for the previous year (30 June 2020: 19.4 million euros), due in particular to growth financing. After payment of the dividend, which was increased by 4 million euros compared with the previous year, cash and cash equivalents amounted to 45.4 million euros (30 June 2020: 50.4 million euros). Following the two acquisitions last year, PSI is examining further acquisitions in the core business.

Assets

Compared to 31 December 2020, there have not been any material changes in the Group's assets.

Personnel Development

The number of employees in the group increased to 2,145 (30 June 2020: 1,995), in particular due to new hires in Poland, Germany and the USA.

PSI-Shares

The PSI stock ended the 1st six months of 2021 with a final price of 33.60 euros 37.7% above the final 2020 price of 24.40 euros. In the same period, the technology index TecDAX recorded an increase of 10.9%.

Risk Report

The estimate of the corporate risk has not changed since the Annual Report for 31 December 2020.

Outlook

PSI once again invested in the app store and in B2B multi-cloud technology in the second quarter. This means that in the future PSI products can be delivered automatically not only to the PSI Cloud, but also to all standard cloud technologies of the group's customers. After delivery, the software products are adapted to the customer's operations by the customer's IT department and specialist departments, by partners and PSI consultants at runtime using intuitive workflow and dialog design tools, and then rolled out across all workstations and technical systems. With trial projects in production and logistics progressing well, a first partner in the steel industry, a Brazilian system integrator, has now also placed an order via the app store.

Preliminary inquiries from the steel and automotive industries continue to pick up but have not yet been reflected in order intake. In the energy business, steadily growing demand continues to be marked by the trend toward electrification and the current redispach boom of the electricity distribution networks.

PSI is working on improving the margin in Energy Management, especially with more common parts and further product migration to the PSI platform. As planned, PSI will invest more than 30 million euros this year for the functionality of energy and transportation shift as well as for the cloud and web rollout of the group platform. The PSI Board raises the growth target from at least 5% to at least 10%. The EBIT target of more than 20 million euros will also be exceeded. The increase in the earnings target can only be substantiated with the orders from the third quarter.

Group Balance Sheet

from 1 January 2021 until 30 June 2021 according to IFRS

| | 6 Month Report 01/01-30/06/21 KEUR | Annual Report 01/01-31/12/20 KEUR |
|--|--|---|
| Assets | | |
| Non current assets | | |
| Property, plant and equipment | 37,924 | 38,928 |
| Intangible assets | 69,955 | 70,199 |
| Investments in associates | 440 | 440 |
| Deferred tax assets | 13,263 | 15,208 |
| | 121,582 | 124,775 |
| Current assets | | |
| Inventories | 10,306 | 8,661 |
| Trade accounts receivable, net | 35,532 | 29,209 |
| Receivables from long-term development contracts | 54,988 | 47,705 |
| Other current assets | 9,292 | 8,567 |
| Cash and cash equivalents | 45,370 | 40,482 |
| | 155,488 | 134,624 |
| Total assets | 277,070 | 259,399 |
| Total Equity and Liabilities | | |
| Equity | | |
| Subscribed capital | 40,185 | 40,185 |
| Capital reserves | 35,137 | 35,137 |
| Reserve for own stock | -78 | 80 |
| Other reserves | -25,755 | -26,033 |
| Net retained profits | 53,284 | 50,954 |
| | 102,773 | 100,323 |
| Non-current liabilities | | |
| Pension provisions and similar obligations | 55,448 | 56,416 |
| Deferred tax liabilities | 9,039 | 8,726 |
| Other liabilities | 3,009 | 2,555 |
| Liabilities from leases | 17,662 | 19,132 |
| Long-term financial liabilities | 4,236 | 168 |
| | 89,394 | 86,997 |
| Current liabilities | | |
| Trade payables | 16,639 | 17,977 |
| Other liabilities | 49,159 | 34,609 |
| Liabilities from long-term development contracts | 13,139 | 13,930 |
| Liabilities from leases | 5,966 | 5,498 |
| Short-term financial liabilities | 0 | 65 |
| | 84,903 | 72,079 |
| Total equity and liabilities | 277,070 | 259,399 |

Group Income Statement

from 1 January 2021 until 30 June 2021 according to IFRS

| | Quarterly Report II | | 6 Month Report | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | 01/04/21- 30/06/21 KEUR | 01/04/20- 30/06/20 KEUR | 01/01/21- 30/06/21 KEUR | 01/01/20- 30/06/20 KEUR |
| Sales Revenues | 60,979 | 53,965 | 117,117 | 104,853 |
| Other operating income | 2,811 | 2,440 | 5,646 | 4,356 |
| Cost of materials | -9,221 | -6,953 | -13,819 | -14,391 |
| Personnel expenses | -39,415 | -34,966 | -78,902 | -69,037 |
| Depreciation and amortisation | -3,327 | -2,905 | -6,320 | -5,727 |
| Other operating expenses | -6,045 | -8,627 | -13,589 | -14,641 |
| Operating result | 5,782 | 2,954 | 10,133 | 5,413 |
| Net finance result | -392 | 112 | -507 | -314 |
| Result before income taxes | 5,390 | 3,066 | 9,626 | 5,099 |
| Income tax | -1,495 | -855 | -2,592 | -1,376 |
| Net result | 3,895 | 2,211 | 7,034 | 3,723 |
| Earnings per share (in Euro per share, basic) | 0.25 | 0.14 | 0.45 | 0.24 |
| Earnings per share (in Euro per share, diluted) | 0.25 | 0.14 | 0.45 | 0.24 |
| Weighted average shares outstanding (basic) | 15,678,559 | 15,673,341 | 15,679,195 | 15,676,147 |
| Weighted average shares outstanding (diluted) | 15,678,559 | 15,673,341 | 15,679,195 | 15,676,147 |

Group comprehensive Income Statement

from 1 January 2021 until 30 June 2021 according to IFRS

| | 01/04/21- 30/06/21 KEUR | 01/04/20- 30/06/20 KEUR | 01/01/21- 30/06/21 KEUR | 01/01/20- 30/06/20 KEUR |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Net result | 3,895 | 2,211 | 7,034 | 3,723 |
| Currency translation foreign operations | -53 | -398 | 278 | -829 |
| Net losses from cash flows hedges | 0 | 0 | 0 | 0 |
| Income tax effects | 0 | 0 | 0 | 0 |
| Group comprehensive result | 3,842 | 1,813 | 7,312 | 2,894 |

Group Cash Flow Statement

from 1 January 2021 until 30 June 2021 according to IFRS

| | 6 Month Report 01/01-30/06/21 KEUR | 6 Month Report 01/01-30/06/20 KEUR |
|--|--|--|
| CASHFLOW FROM OPERATING ACTIVITIES | | |
| Result before income taxes | 9,626 | 5,099 |
| Adjustments for non-cash expenses | | |
| Amortisation on intangible assets | 1,189 | 1,172 |
| Depreciation of property, plant and equipment | 1,521 | 1,755 |
| Depreciation of right-of-use assets under leases (IFRS 16) | 2,977 | 2,800 |
| Earnings from investments in associated companies | 0 | -300 |
| Interest income | -13 | -37 |
| Interest expenses | 452 | 551 |
| Other non-cash income/expenses | 32 | 0 |
| | 15,784 | 11,040 |
| Changes of working capital | | |
| Inventories | -1,577 | 179 |
| Trade receivables and receivables from long-term development contracts | -13,041 | 2,273 |
| Other current assets | -914 | -3,331 |
| Provisions | -1,062 | -1,382 |
| Trade payables | -1,705 | -3,045 |
| Other current liabilities | 14,703 | 13,962 |
| | 12,188 | 19,696 |
| Interest paid | -106 | -48 |
| Income taxes paid | -741 | -275 |
| Cash flow from operating activities | 11,341 | 19,373 |
| CASHFLOW FROM INVESTING ACTIVITIES | | |
| Additions to intangible assets | -933 | -805 |
| Additions to property, plant and equipment | -1,564 | -1,595 |
| Additions to investments in subsidiaries | 0 | -4 |
| Cash received from distribution of associated companies | 0 | 288 |
| Interest received | 13 | 37 |
| Cash flow from investing activities | -2,484 | -2,079 |
| CASHFLOW FROM FINANCING ACTIVITIES | | |
| Dividends paid | -4,704 | -784 |
| Proceeds/repayments from/of borrowings | 4,003 | -373 |
| Payments for the principal portion of lease liabilities (IFRS 16) | -2,932 | -2,796 |
| Interest paid in connection with leases (IFRS 16) | -212 | -257 |
| Outflows for share buybacks | -158 | -92 |
| Cash flow from financing activities | -4,003 | -4,302 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | | |
| Changes in cash and cash equivalents | 4,855 | 12,992 |
| Valuation-related changes in cash and cash equivalents | 33 | -1,271 |
| Cash and cash equivalents at beginning of the period | 40,482 | 38,656 |
| Cash and cash equivalents at the end of the period | 45,370 | 50,377 |

Statement of Changes in Equity

from 1 January 2021 until 30 June 2021 according to IFRS

| | Number of shares issued | Share capital | Additional paid-in capital | Reserve for treasury stock | Other reserves | Accumulated results | Total |
|---|----------------------------|---------------|----------------------------------|----------------------------------|-------------------|------------------------|----------------|
| | Number | KEUR | KEUR | KEUR | KEUR | KEUR | KEUR |
| As of 1 January 2021 | 15,679,838 | 40,185 | 35,137 | 80 | -26,033 | 50,954 | 100,323 |
| Group comprehensive result after tax | | | | | 278 | 7,034 | 7,312 |
| Share buybacks | -5,647 | | | -158 | | | -158 |
| Dividends paid | | | | | | -4,704 | -4,704 |
| As of 30 June 2021 | 15,674,191 | 40,185 | 35,137 | -78 | -25,755 | 53,284 | 102,773 |

Shares held by Management Board and Supervisory Board as of 30 June 2021

| | Shares on 31 March 2021 | Shares on 31 March 2020 |
|--------------------------|-------------------------|-------------------------|
| Management Board | | |
| Harald Fuchs | 7,023 | 7,023 |
| Dr, Harald Schrimpf | 62,000 | 62,000 |
| Supervisory Board | | |
| Andreas Böwing | 0 | 0 |
| Elena Günzler | 1,976 | 1,962 |
| Prof, Dr, Uwe Hack | 600 | 600 |
| Prof, Dr, Wilhelm Jaroni | 0 | 0 |
| Uwe Seidel | 447 | 433 |
| Karsten Trippel | 111,322 | 111,322 |

Notes on the consolidated financial statements as of 30 June 2021

The Company

1. Business Activities and Legal Background

The business activities of PSI Software AG and its subsidiaries relate to the development and sale of software systems and products fulfilling the specific needs and requirements of its customers, particularly in the following industries and service lines: utilities, manufacturing, logistics and transportation. In addition, the Group provides services of all kinds in the field of data processing, sells electronic devices and operates data processing systems.

The PSI Group is divided into the core business segments energy management and production management. The company is listed in the Prime Standard segment of the Frankfurt stock exchange.

The company is exposed to a wide range of risks that are similar to other companies active in the dynamic technology sector. Major risks for the development of the PSI Group lie in the success with which it markets its software systems and products, competition from larger companies, the ability to generate sufficient cash flows for future business development as well as in individual risks regarding the integration of subsidiaries, organisational changes and the cooperation with strategic partners.

The condensed interim consolidated financial statements for the period from 1 January 2021 to 30 June 2021 were released for publication by a decision of the management on 26 July 2021.

The condensed interim consolidated financial statements for the period from 1 January 2021 to 30 June 2021 were produced in compliance with IAS 34 "Interim Financial Reporting". The condensed interim consolidated financial statements do not contain all the data and notes prescribed for the annual financial statements and should be read in conjunction with the consolidated financial statements for 31 December 2020.

2. Accounting and Valuation Principles

With regard to the principles of accounting and valuation and especially the application of International Financial Reporting Standards (IFRS) see the group consolidated financial statements for the financial year 2020.

3. Seasonal Influences on the Business Activities

Seasonal effects resulted in the PSI Group operations with regards to the receipt of maintenance revenues in the first quarter of the financial year (deferment of the influences on the result of corresponding incoming payments throughout the year) and significantly greater demand and project accounting in the fourth quarter of the financial year.

4. Changes in the Consolidation Group

Compared to 31 December 2020 there were no changes in the consolidation group.

5. Selected Individual Items

Cash and cash equivalents

| | 30 June 2021 | 31 December 2020 |
|---------------------|---------------|------------------|
| | KEUR | KEUR |
| Bank balances | 43,202 | 39,327 |
| Fixed term deposits | 2,144 | 1,133 |
| Cash | 24 | 22 |
| | 45,370 | 40,482 |

Costs and estimated earnings in excess of billings on uncompleted contracts

Costs and estimated earnings in excess of billings on uncompleted contracts arise when revenues have been recorded but the amounts cannot be billed under the terms of the contracts. Such amounts are recoverable from customers upon various measures of performance, including achievement of certain milestones, completion of specified units or completion of the contract. Costs and estimated earnings contain directly allocable costs (labour cost and cost of services provided by third parties) as well as the appropriate portion of overheads including pro rata administrative expenses.

Costs and estimated earnings on uncompleted contracts and related amounts are billed as follows:

| | 30 June 2021 KEUR | 31 December 2020 KEUR |
|--|----------------------|--------------------------|
| Receivables from long-term development contracts (gross) | 152,260 | 135,835 |
| Payments on account | -97,272 | -88,130 |
| Receivables from long-term development contracts | 54,988 | 47,705 |
| Payments on account (gross) | 110,411 | 102,060 |
| Set off against contract revenue | -97,272 | -88,130 |
| Liabilities from long-term development contracts | 13,139 | 13,930 |

Sales revenues

The sales revenues reported in the group income statement break down as follows:

| | 30 June 2021 KEUR | 30 June 2020 KEUR |
|----------------------|----------------------|----------------------|
| Software development | 60,356 | 52,205 |
| Maintenance | 42,596 | 39,056 |
| License fees | 7,986 | 6,098 |
| Merchandise | 6,179 | 7,494 |
| | 117,117 | 104,853 |

Taxes on income

The main components of the income tax expenditure shown in the group income statement are added as follows:

| | 30 June 2021 KEUR | 30 June 2020 KEUR |
|---|----------------------|----------------------|
| Effective taxes expenses | | |
| Effective tax expenses | -960 | -720 |
| Deferred taxes | | |
| Emergence and reversal of temporary differences | -1,632 | -656 |
| Tax expenses | -2,592 | -1,376 |

Segment Reporting

The development of the segment results can be found in the Group segment reporting.

Segments of the PSI Group:

- Energy management: Intelligent solutions for network operators in the fields of electricity, gas, district heating and pipelines as well as for public transport. Focal points are reliable and economically sound control system solutions for intelligent energy grid management and the safe operation of traffic infrastructures as well as trade and sales management in the liberalised energy market.
- Production Management: Software products and solutions for production planning, optimization and control as well as efficient logistics. Focuses are the optimization of the use of resources and the increase of efficiency, quality and profitability.

Group Segment Reporting

from 1 January 2021 until 30 June 2021 according to IFRS

| | Energy Management | | Production Management | | Reconciliation | | PSI Group | |
|---|--------------------|--------------------|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 30/06/2021 TEUR | 30/06/2020 TEUR | 30/06/2021 TEUR | 30/06/2020 TEUR | 30/06/2021 TEUR | 30/06/2020 TEUR | 30/06/2021 TEUR | 30/06/2020 TEUR |
| Sales revenues | | | | | | | | |
| Sales to external customers | 64,114 | 55,537 | 53,003 | 49,316 | 0 | 0 | 117,117 | 104,853 |
| Inter-segment sales | 1,705 | 1,490 | 7,653 | 6,432 | -9,358 | -7,922 | 0 | 0 |
| Segment revenues | 65,819 | 57,027 | 60,656 | 55,748 | -9,358 | -7,922 | 117,117 | 104,853 |
| Operating result before interest, tax, depreciation and amortisation | 7,199 | 5,232 | 9,721 | 6,541 | -467 | -633 | 16,453 | 11,140 |
| Operating result before depreciation and amortisation resulting from purchase price allocation | 4,345 | 2,524 | 6,937 | 3,961 | -517 | -704 | 10,765 | 5,781 |
| Depreciation and amortisation resulting from purchase price allocation | -386 | -122 | -246 | -246 | 0 | 0 | -632 | -368 |
| Operating result | 3,959 | 2,402 | 6,691 | 3,715 | -517 | -704 | 10,133 | 5,413 |
| Net finance result | -357 | -161 | -114 | -153 | -36 | 0 | -507 | -314 |
| Result before income taxes | 3,602 | 2,241 | 6,577 | 3,562 | -553 | -704 | 9,626 | 5,099 |

Responsibility Statement

To the best of our knowledge, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the group's development and performance of its position, together with a description of the principal opportunities and risks associated with the expected development of the group in the remaining months of the financial year, in accordance with proper accounting principles of interim consolidated reporting.

Financial Calendar

| | |
|------------------------|--|
| 24 March 2021 | Publication of Annual Result 2020 |
| 24 March 2021 | Analyst Conference |
| 28 April 2021 | Report on the 1 st Quarter of 2021 |
| 19 May 2021 | Annual General Meeting (virtual Meeting) |
| 28 July 2021 | Report on the 1 st Six Months of 2021 |
| 29 October 2021 | Report on the 3rd Quarter of 2021 |
| 22 to 24 November 2021 | German Equity Forum, Analyst Presentation |

Your Investor Relations contact:

Karsten Pierschke

Phone: +49 30 2801-2727

Fax: +49 30 2801-1000

E-Mail: kpierschke@psi.de

We will be happy to include you in our distribution list for stockholder information.

Please contact us should you require other information material.

For the latest IR information, please visit our website at www.psi.de/ir.

PSI Software AG

Dircksenstraße 42-44
10178 Berlin
Germany
Phone: +49 30 2801-0
Fax: +49 30 2801-1000
ir@psi.de
www.psi.de

PSI 