



# INTELLIGENT GREEN SOFTWARE

REPORT ON THE 1<sup>ST</sup> SIX MONTHS OF 2020

PSI 

**PSI Group Data as per 30 June 2020 at a Glance (IFRS)**

	01/01-30/06/20 in KEUR	01/01-30/06/19 in KEUR	Change in KEUR	Change in %
Revenues	104,853	106,632	-1,779	-1.7
Operating Result	5,413	6,478	-1,065	-16.4
Result before income taxes	5,099	6,044	-945	-15.6
Net result	3,723	4,384	-661	-15.1
Cash and cash equivalents	50,377	31,399	+18,978	+60.4
Employees on 30 June	1,995	1,947	+48	+2.5
Revenue/Employee	52.6	54.8	-2.2	-4.0

# Interim Management Report

## Business Development

### Earnings

The PSI Group, with 141 million euros, only just missed the record volume of new orders of the previous year (30 June 2019: 142 million euros), despite the impacts of the Corona virus crisis. The order book volume on 30 June 2020 was, at 176 million euros, 3% above the previous year (30 June 2019: 171 million euros). Group sales of 104.9 million euros were also almost on a par with the previous year's figure (30 June 2019: 106.6 million euros), although this year's sales are more strongly influenced by the energy segment. The EBIT was, at 5.4 million euros, 16.4% below the previous year (30 June 2019: 6.5 million euros) and thus in line with the forecast. Group net income fell by 15.1% to 3.7 million euros (30 June 2019: 4.4 million euros).

Energy Management (energy grids, energy trading, public transportation) achieved 4.4% higher sales of 55.5 million euros (30 June 2019: 53.2 million euros) and about a 4% lower EBIT of 2.4 million euros (30 June 2019: 2.5 million euros) in the first six months. The BTC Smart Grid segment acquired last year continued to contribute to the positive sales and result. As anticipated, orders received from regions dependent on the oil price such as Russia, the Middle East and Malaysia were weaker, but better in European industrial countries and North America.

Sales in Production Management (metals production, industry, logistics) was in the first six months, with 49.3 million euros, 7.7% below the previous year (30 June 2019: 53.4 million euros). The EBIT for the segment dropped by more than 17% to 3.7 million euros (30 June 2019: 4.5 million euros). Like its customers, the automotive business, already burdened by the conversion to electro mobility, even had to announce short-time work. In June, however, the regular business with core customers recovered, primarily in the special-purpose vehicle and electric vehicle sectors. The metals production business continued to suffer from the steel crisis in Europe, which was exacerbated by Corona, but obtained a major contract from a US steel producer. The rollout will partially be performed by the customer and its IT integration partner, which underscores the success of PSI's partnering software platform with graphic process management and PSI Click Design. In the logistics business, industrial logistics was weaker, but e-commerce logistics was very strong, especially in Poland and Russia.

The Corona crisis has made customers aware again of the importance of robust supply chain design and flexible production and supply chain management. The matching PSI products such as PSIGlobal are in high demand. PSI is developing a block-chain-based function fsupply chain documentation function for the upcoming supply chain law.

### **Financial Position**

The cash flow from operations increased by 20.7 million to 19.4 million euros (30 June 2019: -1.4 million euros). The cash and cash equivalents of 50.4 million euros (30 June 2019: 31.4 million euros) will be used to finance sales in the course of the season. Following the acquisition of Prognos Energy GmbH in the second quarter, PSI is examining other acquisitions up to the double-digit millions in the energy sector.

### **Assets**

Compared to 31 December 2019, there have not been any material changes in the Group's assets.

### **Personnel Development**

The Group's headcount was reduced by 10 during the second quarter, but increased year-on-year to 1,995 (30 June 2019: 1,947). After a hiring freeze lasting several months, PSI is rehiring in the USA, Benelux, and Poland in particular but also in Germany.

### **PSI-Shares**

The PSI stock ended the 1<sup>st</sup> six months of 2020 with a final price of 19.95 euros 4.1% below the final 2019 price of 20.80 euros. In the same period, the technology index TecDAX recorded a decline of 2.0%.

### **Risk Report**

The estimate of the corporate risk has not changed since the Annual Report for 31 December 2019.

## Outlook

Good progress is being made with the multi cloud initiative for automatic provision of all products based on the PSI platform across all marketable clouds (public, private, hybrid, on premise). This “continuous integration” and “continuous delivery” will reduce the delivery costs for conventional B2B projects. Furthermore, the first test customers and VAR integration partners as well as some platform-based products (Production Planning ASM, Warehouse Management WMS and Metals Virtual Factory) will be offered for use in a PSI multi-cloud as Software-as-a-Service.

Generic products for planning (ASM), steering (JSCADA), and time series (TSM) have already been integrated in the initial product lines. The functionality and performance will be quickly further developed. An initial major energy grid is being equipped with the new control system JSCADA. The generic planning is already being applied in production control, in the scheduling for field force personnel and in the pipeline/tank management. Metals production planning is currently being renewed on the basis of ASM. The generic products are replacing previous multi-developments and significantly improving partner capability, product attractiveness, piece number effects, and therefore profitability. Customers and partners have reacted enthusiastically to the adaptability of the PSI software with graphic business process modelling (BPM), PSI Click Design for the user interfaces of applications (web as well) as well as the plug & play software bus.

Numerous industrial customers seem to prepare for an economic catch-up in 2021 and are using the Corona-induced production pause for digitizing their processes. Furthermore, there are indications that the digressive depreciation in Germany for 2020 and 2021 might contribute to a good final quarter.

PSI continues to profit from the trends in electro-bus promotion, flexibilization and documentation of supply chains, e-commerce logistics, use of energy distribution grids for wide-ranging transportation of renewable energy (DSO redispatch) and the expansion of the hydrogen infrastructure. Due to the continued high level of orders, PSI management still anticipates a slight up to 5% decrease in sales and an up to 20% lower operating result for 2020 necessitated by Corona. As the second quarter could already have been the low point of the crisis for PSI and the signs toward recovery are continuing to be confirmed, PSI will make a decision on adjusting its annual goals in fall.

# Group Balance Sheet

from 1 January 2020 until 30 June 2020 according to IFRS

	6 Month Report 01/01-30/06/20 KEUR	Annual Report 01/01-31/12/19 KEUR
<b>Assets</b>		
<b>Non current assets</b>		
Property, plant and equipment	35,891	37,039
Intangible assets	63,270	64,423
Investments in associates	440	440
Deferred tax assets	9,708	10,625
	<b>109,309</b>	<b>112,527</b>
<b>Current assets</b>		
Inventories	10,457	10,612
Trade accounts receivable, net	28,992	38,455
Receivables from long-term development contracts	48,216	40,725
Other current assets	10,399	7,862
Cash and cash equivalents	50,377	38,656
	<b>148,441</b>	<b>136,310</b>
<b>Total assets</b>	<b>257,750</b>	<b>248,837</b>
<b>Total Equity and Liabilities</b>		
<b>Equity</b>		
Subscribed capital	40,185	40,185
Capital reserves	35,137	35,137
Reserve for own stock	-76	16
Other reserves	-23,086	-22,257
Net retained profits	44,397	41,458
	<b>96,557</b>	<b>94,539</b>
<b>Non-current liabilities</b>		
Pension provisions and similar obligations	53,776	54,737
Deferred tax liabilities	6,066	6,328
Liabilities from leases	21,539	22,523
	<b>81,381</b>	<b>83,588</b>
<b>Current liabilities</b>		
Trade payables	14,813	17,454
Other current liabilities	49,217	34,932
Liabilities from long-term development contracts	15,043	17,212
Short-term financial liabilities	739	1,112
	<b>79,812</b>	<b>70,710</b>
<b>Total equity and liabilities</b>	<b>257,750</b>	<b>248,837</b>

# Group Income Statement

from 1 January 2020 until 30 June 2020 according to IFRS

	Quarterly Report II		6 Month Report	
	01/04/20- 30/06/20 KEUR	01/04/19- 30/06/19 KEUR	01/01/20- 30/06/20 KEUR	01/01/19- 30/06/19 KEUR
Sales Revenues	53,965	54,639	104,853	106,632
Other operating income	2,440	1,598	4,356	4,664
Cost of materials	-6,953	-8,356	-14,391	-14,515
Personnel expenses	-34,966	-34,622	-69,037	-69,059
Depreciation and amortisation	-2,905	-2,571	-5,727	-4,931
Other operating expenses	-8,627	-7,162	-14,641	-16,313
<b>Operating result</b>	<b>2,954</b>	<b>3,526</b>	<b>5,413</b>	<b>6,478</b>
Net finance result	112	-225	-314	-434
<b>Result before income taxes</b>	<b>3,066</b>	<b>3,301</b>	<b>5,099</b>	<b>6,044</b>
Income tax	-855	-916	-1,376	-1,660
<b>Net result</b>	<b>2,211</b>	<b>2,385</b>	<b>3,723</b>	<b>4,384</b>
Earnings per share (in Euro per share, basic)	0.14	0.15	0.24	0.28
Earnings per share (in Euro per share, diluted)	0.14	0.15	0.24	0.28
Weighted average shares outstanding (basic)	15,673,341	15,675,806	15,676,147	15,675,806
Weighted average shares outstanding (diluted)	15,673,341	15,675,806	15,676,147	15,675,806

# Group comprehensive Income Statement

from 1 January 2020 until 30 June 2020 according to IFRS

	01/04/20- 30/06/20 KEUR	01/04/19- 30/06/19 KEUR	01/01/20- 30/06/20 KEUR	01/01/19- 30/06/19 KEUR
<b>Net result</b>	<b>2,211</b>	<b>2,385</b>	<b>3,723</b>	<b>4,384</b>
Currency translation foreign operations	-398	-850	-829	106
Net losses from cash flows hedges	0	0	0	0
Income tax effects	0	0	0	0
<b>Group comprehensive result</b>	<b>1,813</b>	<b>1,535</b>	<b>2,894</b>	<b>4,490</b>

# Group Cash Flow Statement

from 1 January 2020 until 30 June 2020 according to IFRS

	6 Month Report 01/01-30/06/20 KEUR	6 Month Report 01/01-30/06/19 KEUR
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
<b>Result before income taxes</b>	<b>5,099</b>	<b>6,044</b>
<b>Adjustments for non-cash expenses</b>		
Amortisation on intangible assets	1,172	1,164
Depreciation of property, plant and equipment	1,755	1,501
Depreciation of right-of-use assets under leases (IFRS 16)	2,800	2,266
Earnings from investments in associated companies	-300	0
Interest income	-37	-44
Interest expenses	551	770
	<b>11,040</b>	<b>11,701</b>
<b>Changes of working capital</b>		
Inventories	179	-928
Trade receivables and receivables from long-term development contracts	2,273	-9,671
Other current assets	-3,331	-3,425
Provisions	-1,382	-1,015
Trade payables	-3,045	-3,077
Other current liabilities	13,962	5,858
	<b>19,696</b>	<b>-557</b>
Interest paid	-48	-94
Income taxes paid	-275	-703
<b>Cash flow from operating activities</b>	<b>19,373</b>	<b>-1,354</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Additions to intangible assets	-805	-507
Additions to property, plant and equipment	-1,595	-2,085
Additions to investments in subsidiaries	-4	-3,152
Cash received from distribution of associated companies	288	
Interest received	37	44
<b>Cash flow from investing activities</b>	<b>-2,079</b>	<b>-5,700</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	-784	-3,919
Proceeds/repayments from/of borrowings	-373	-6
Payments for the principal portion of lease liabilities (IFRS 16)	-2,796	-1,910
Interest paid in connection with leases (IFRS 16)	-257	-253
Outflows for share buybacks	-92	-40
<b>Cash flow from financing activities</b>	<b>-4,302</b>	<b>-6,128</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
<b>Changes in cash and cash equivalents</b>	<b>12,992</b>	<b>-13,182</b>
Valuation-related changes in cash and cash equivalents	-1,271	2
Cash and cash equivalents at beginning of the period	38,656	44,579
Cash and cash equivalents at the end of the period	50,377	31,399



# Statement of Changes in Equity

from 1 January 2020 until 30 June 2020 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
<b>As of 1 January 2019</b>	15,677,296	40,185	35,137	-88	-19,719	31,115	86,630
Group comprehensive result after tax					-2,538	14,262	11,724
Share buybacks	-16,452			-275			-275
Issue of own shares	18,994			379			379
Dividends paid						-3,919	-3,919
<b>As of 1 January 2020</b>	15,679,838	40,185	35,137	16	-22,257	41,458	94,539
Group comprehensive result after tax					-829	3,723	2,894
Share buybacks	-6,497			-92			-92
Dividends paid						-784	-784
<b>As of 30 June 2020</b>	15,673,341	40,185	35,137	-76	-23,086	44,397	96,557

## Shares held by Management Board and Supervisory Board as of 30 June 2020

	Shares on 31/03/20	Shares on 31/03/19
<b>Management Board</b>		
Harald Fuchs	7,023	7,023
Dr. Harald Schrimpf	62,000	67,000
<b>Supervisory Board</b>		
Andreas Böwing	0	0
Elena Günzler	1,962	1,905
Prof. Dr. Uwe Hack	600	600
Prof. Dr. Wilhelm Jaroni	0	0
Uwe Seidel	433	415
Karsten Trippel	111,322	111,322

## Remuneration for the Management Board and Supervisory Board

The remuneration system for the Management Board is described in detail in the Remuneration Report as of 31 December 2019.

	Fixed remuneration KEUR	Variable remuneration KEUR	Long-term remuneration KEUR	Total remuneration KEUR
Harald Fuchs	158	50	59	267
Dr. Harald Schrimpf	231	100	78	409
<b>Total</b>	<b>389</b>	<b>150</b>	<b>137</b>	<b>676</b>

As the Supervisory Board payments for the current year are made in the 4<sup>th</sup> quarter, the Supervisory Board did not obtain any remuneration in the first six months of 2020.

# Notes on the consolidated financial statements as of 30 June 2020

## 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 2020 to 30 June 2020 were released for publication by a decision of the management on 24 April 2020.

The condensed interim consolidated financial statements for the period from 1 January 2020 to 30 June 2020 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 2019.

## 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 2019.

## 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. Significant Events

By agreement dated 10 June 2020 and effective 1 July 2020, 100% of the shares in Prognos Energy GmbH, based in Potsdam, Germany, were acquired. The acquisition represents a business combination pursuant to IFRS 3. The purchase price amounts to EUR 11 thousand. Due to the fact that the interim balance sheet at the time of acquisition is still outstanding and that it is close in time to the preparation date of the quarterly consolidated financial statements, it has not yet been possible to perform a final purchase price allocation.

## 5. Selected Individual Items

### Cash and cash equivalents

	30 June 2020 KEUR	31 December 2019 KEUR
Bank balances	49,841	37,237
Fixed term deposits	511	1,398
Cash	25	21
	<b>50,377</b>	<b>38,656</b>

### 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 2020 KEUR	31 December 2019 KEUR
Receivables from long-term development contracts (gross)	136,731	119,716
Payments on account	-88,515	-78,991
<b>Receivables from long-term development contracts</b>	<b>48,216</b>	<b>40,725</b>
Payments on account (gross)	103,559	96,203
Set off against contract revenue	-88,516	-78,991
<b>Liabilities from long-term development contracts</b>	<b>15,043</b>	<b>17,212</b>

### Sales revenues

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

	30 June 2020 KEUR	30 June 2019 KEUR
Software development	52,205	52,006
Maintenance	39,056	36,500
License fees	6,098	8,565
Merchandise	7,494	9,561
	<b>104,853</b>	<b>106,632</b>

### Taxes on income

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

	30 June 2020 KEUR	30 June 2019 KEUR
<b>Effective taxes expenses</b>		
Effective tax expenses	-720	-698
<b>Deferred taxes</b>		
Emergence and reversal of temporary differences	-656	-962
<b>Tax expenses</b>	<b>-1,376</b>	<b>-1,660</b>

## 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 energy suppliers from the electricity, gas, oil and district heating markets and for public transportation. 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, special tasks in production control and efficient logistics. Focuses are the optimisation of the use of resources and the increase of efficiency, quality and profitability.

## Group Segment Reporting

from 1 January 2020 until 31 March 2020 according to IFRS

	Energy Management		Production Management		Reconciliation		PSI Group	
	30/06/2020 TEUR	30/06/2019 TEUR	30/06/2020 TEUR	30/06/2019 TEUR	30/06/2020 TEUR	30/06/2019 TEUR	30/06/2020 TEUR	30/06/2019 TEUR
<b>Sales revenues</b>								
Sales to external customers	55,537	53,212	49,316	53,420	0	0	104,853	106,632
Inter-segment sales	1,490	1,443	6,432	4,810	-7,922	-6,253	0	0
<b>Segment revenues</b>	<b>57,027</b>	<b>54,655</b>	<b>55,748</b>	<b>58,230</b>	<b>-7,922</b>	<b>-6,253</b>	<b>104,853</b>	<b>106,632</b>
<b>Operating result before interest, tax, depreciation and amortisation</b>	<b>5,232</b>	<b>4,910</b>	<b>6,541</b>	<b>6,874</b>	<b>-633</b>	<b>-375</b>	<b>11,140</b>	<b>11,409</b>
<b>Operating result before depreciation and amortisation resulting from purchase price allocation</b>	<b>2,524</b>	<b>2,647</b>	<b>3,961</b>	<b>4,716</b>	<b>-704</b>	<b>-507</b>	<b>5,781</b>	<b>6,856</b>
Depreciation and amortisation resulting from purchase price allocation	-122	-147	-246	-231	0	0	-368	-378
<b>Operating result</b>	<b>2,402</b>	<b>2,500</b>	<b>3,715</b>	<b>4,485</b>	<b>-704</b>	<b>-507</b>	<b>5,413</b>	<b>6,478</b>
Net finance result	-161	-144	-153	-290	0	0	-314	-434
<b>Result before income taxes</b>	<b>2,241</b>	<b>2,356</b>	<b>3,562</b>	<b>4,195</b>	<b>-704</b>	<b>-507</b>	<b>5,099</b>	<b>6,044</b>

## 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 2020	Publication of Annual Result 2019
24 March 2020	Analyst Conference
28 April 2020	Report on the 1 <sup>st</sup> Quarter of 2020
9 June 2020	Annual General Meeting (virtual Meeting)
28 July 2020	Report on the 1 <sup>st</sup> Six Months of 2020
30 October 2020	Report on the 3rd Quarter of 2020
16 to 18 November 2020	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](mailto: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](http://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 