



# INTRODUCING AN INDUSTRIAL APP STORE

Report on the 1<sup>st</sup> Six Months of 2022

PSI 

**PSI Group Data as per 30 June 2022 at a Glance (IFRS)**

	01/01-30/06/22 in KEUR	01/01-30/06/21 in KEUR	Change in KEUR	Change in %
Revenues	116,450	115,532	+918	+0.8
Operating Result	8,179	11,377	-3,198	-28.1
Result before income taxes	8,202	10,763	-2,561	-23.8
Net result	4,446	7,034	-2,588	-36.8
Cash and cash equivalents	50,523	45,370	+5,153	+11.4
Employees on 30 June	2,266	2,145	+121	+5.6
Revenue/Employee	52.5	54.6	-2.1	-3.8

# Interim Management Report

## Business Development

### Earnings

The PSI Group improved sales by 0.8% to 116.5 million euros in the first half of 2022 (Jun. 30, 2021 adjusted: 115.5 million euros). Due to a decline in the Electrical Grids division, the operating result (EBIT) of 8.2 million euros was 28.1% below the previous year's value (Jun. 30, 2021 adjusted: 11.4 million euros), the group net result decreased accordingly to 4.4 million euros (Jun. 30, 2021: 7.0 million euros). Despite the withdrawal in Russia and the weakness of orders in the Electrical Grids business, new orders at 150 million euros were 2.7% higher than in the prior-year quarter (Jun. 30, 2021: 146 million euros). At 188 million euros, the order book volume on June 30, 2022 exceeded the prior-year figure by 8% (June 30, 2021: 174 million euros).

In the first half of the year, the Energy Management segment (energy grids, energy trading, public transport) generated 2.9% lower sales of 61.3 million euros (June 30, 2021 adjusted: 63.1 million euros) and a significantly lower operating result of 0.9 million euros (June 30, 2021 adjusted: 4.7 million euros). The segment's earnings were mainly impacted by a cyclical setback in the Electrical Grids business. Following the strong growth and the acquisition, the decline is more pronounced than in previous cycles, and is compounded by the continuing investments in the conversion of all product lines to the PSI platform. Up to now, upgrades still have to be rolled out in long-running project contracts, which delays the inflation adjustment. The Gas Grids business is suffering from the expiring Russian business, as PSI is no longer accepting new orders here. However, there are advanced inquiries and orders from gas export regions such as Malaysia, Norway, Kazakhstan, North America and the Middle East. In Central Europe, the Gas Grids division is recording numerous system renewal inquiries and orders to increase supply security and for conversion to hydrogen. In Public Transport, PSI experiences high demand for software for electric bus depots and received an important major order at the beginning of the third quarter.

Sales in the Production Management segment (metals, industry, logistics) in the first six months were 5.3% up on the previous year's figure at 55.2 million euros (June 30, 2021 adjusted: 52.4 million euros). The segment's operating result was improved by 9.0% to 7.8 million euros (June 30, 2021 adjusted: 7.2 million euros). PSI is benefiting from the boom in the metals producing industry with the usual time delay. After the receipt of the major orders postponed in the first quarter, numerous further inquiries and offers are being processed. Thanks to the PSI platform, customers and partners are integrated into the order processing, so that demand worldwide can be served better than ever. In the automotive and mechanical engineering sector, the first ERP system for more than 1,000 users was successfully delivered. The customer can customize more than 3,000 screen views independently via workflow and PSI Click Design. After the first customer system was delivered in the logistics business, in which the server was also natively converted to the PSI platform, PSI now offers the warehouse and transport management software also to metals customers worldwide.

In the first quarter of 2022, the risk situation of the business activities in Russia was reassessed by the PSI management. In the course of this assessment, a separate segment was formed, as a significantly higher risk situation was assumed due to the war in Ukraine and the associated sanctions as well as the changed legal framework in Russia. In the second quarter of 2022, the PSI management decided to discontinue the business activities combined in the segment and to report them separately from the continuing business activities accordingly. At the end of the first half of 2022, this resulted in an effect on earnings of -1.7 million euros (previous year: -1.1 million euros). In the prior-year comparison, all carrying amounts have been adjusted to allow an economic period comparison.

### **Financial Position**

At -3.0 million euros, cash flow from operating activities was significantly below the figure for the prior-year quarter (June 30, 2021: 11.3 million euros). Despite the higher dividend payment, cash and cash equivalents were at 50.5 million euros (June 30, 2021: 45.4 million euros), up 11.4% on the prior-year figure.

### **Assets**

Compared to 31 December 2021, there have not been any material changes in the Group's assets.

## **Personnel Development**

The number of employees in the Group increased to 2,266 (June 30, 2021: 2,145) thanks to targeted new hires in Germany, Poland and the US.

## **PSI-Shares**

The PSI stock ended the first six months of 2022 with a final price of 28.55 euros 38.3% below the final 2021 price of 46.30 euros. In the same period, the technology index TecDAX recorded a decline of 26.4%.

## **Risk Report**

With the exception of the reassessed risks for the business activities in Russia, the Company's risk assessment has not changed significantly since the Annual Report as of 31 December 2021. With regard to the business activities in Russia, significant economic and legal risks arise from the war in Ukraine, the associated sanctions and the changed legal framework conditions in Russia. The corresponding risks could lead to a total loss of the net assets held by the PSI Group in Russia and a complete loss of business opportunities in Russia. PSI management assesses the probability of occurrence of these risks as very high and has initiated a reduction of all further business activities as a countermeasure.

## **Outlook**

In view of the stronger cyclical downturn in the business with electricity grid operators, PSI's management is taking the precaution of adjusting the annual target to the changed framework conditions. Instead of an increase in earnings of just under 20%, growth of 5 to 10% is expected. In real terms, despite the withdrawal of the Russian business, sales growth of 5% is expected. Major orders from the booming steel industry also offer great opportunities for growth.

# Group Balance Sheet

from 1 January 2022 until 30 June 2022 according to IFRS

	6 Month Report 01/01-30/06/22 KEUR	Annual Report 01/01-31/12/21 (adjusted) KEUR
<b>Assets</b>		
<b>Non current assets</b>		
Intangible assets	71,158	69,946
Property, plant and equipment	35,650	37,925
Investments in associates	694	694
Deferred tax assets	7,958	9,522
	<b>115,460</b>	<b>118,087</b>
<b>Current assets</b>		
Inventories	8,817	6,847
Net trade receivables	33,397	32,261
Receivables from long-term development contracts	54,606	47,533
Other assets	9,320	4,824
Income tax receivables	1,120	725
Cash and cash equivalents	50,523	65,971
Assets held for sale and discontinued operations	9,049	7,874
	<b>166,832</b>	<b>166,035</b>
<b>Total assets</b>	<b>282,292</b>	<b>284,122</b>
<b>Total Equity and Liabilities</b>		
<b>Equity</b>		
Subscribed capital	40,185	40,185
Capital reserves	35,137	35,137
Reserve for treasury shares	-1,157	702
Other reserves	-24,894	-23,394
Retained earnings	60,269	62,087
	<b>109,540</b>	<b>114,717</b>
<b>Non-current liabilities</b>		
Pension provisions and similar obligations	52,225	53,123
Deferred tax liabilities	6,029	7,065
Other liabilities	637	637
Provisions	2,336	2,336
Lease liabilities	15,520	18,055
Financial liabilities	91	106
	<b>76,838</b>	<b>81,322</b>
<b>Current liabilities</b>		
Trade payables	18,707	18,238
Other liabilities	22,452	32,286
Provisions	2,371	2,029
Liabilities from long-term development contracts and deferred revenue	34,981	23,371
Lease liabilities	6,639	6,103
Financial liabilities	31	31
Liabilities in connection with discontinued assets	10,733	6,025
	<b>95,914</b>	<b>88,083</b>
<b>Total equity and liabilities</b>	<b>282,292</b>	<b>284,122</b>

# Group Income Statement

from 1 January 2022 until 30 June 2022 according to IFRS

	Quarterly Report II		6 Month Report	
	01/04/22- 30/06/22	01/04/21- 30/06/21 (adjusted)	01/01/22- 30/06/22	01/01/21- 30/06/21 (adjusted)
	KEUR	KEUR	KEUR	KEUR
Sales Revenues	58,469	60,177	116,450	115,532
Other operating income	2,419	2,713	5,968	5,512
Cost of materials	-7,822	-8,359	-13,917	-12,519
Personnel expenses	-39,205	-38,820	-80,846	-77,655
Depreciation and amortisation	-3,319	-3,314	-6,548	-6,293
Other operating expenses	-6,844	-5,786	-12,928	-13,200
<b>Operating result</b>	<b>3,698</b>	<b>6,611</b>	<b>8,179</b>	<b>11,377</b>
Investment income	221	0	221	0
Interest and similar income	49	0	73	0
Interest expenses	-100	-499	-271	-614
<b>Result before income taxes</b>	<b>3,868</b>	<b>6,112</b>	<b>8,202</b>	<b>10,763</b>
Income tax	-1,192	-1,495	-2,036	-2,592
<b>Result after income taxes from continuing operations</b>	<b>2,676</b>	<b>4,617</b>	<b>6,166</b>	<b>8,171</b>
<b>Result after income taxes from discontinued operations</b>	<b>-800</b>	<b>-722</b>	<b>-1,720</b>	<b>-1,137</b>
<b>Net result</b>	<b>1,876</b>	<b>3,895</b>	<b>4,446</b>	<b>7,034</b>
Earnings per share (in Euro per share, basic and diluted)	0.12	0.25	0.28	0.45
Profit attributable to shareholders from continuing operations	0.17	0.29	0.39	0.52
Profit attributable to shareholders from discontinued operations	-0.05	-0.05	-0.11	-0.07
Weighted average shares outstanding (diluted)	15,656,044	15,678,559	15,668,340	15,679,195

# Group comprehensive Income Statement

from 1 January 2022 until 30 June 2022 according to IFRS

	01/04/22- 30/06/22	01/04/21- 30/06/21	01/01/22- 30/06/22	01/01/21- 30/06/21
	KEUR	KEUR	KEUR	KEUR
<b>Net result</b>	<b>1,876</b>	<b>3,895</b>	<b>4,446</b>	<b>3,723</b>
Currency translation foreign operations	-2,306	-398	-1,500	-829
Net losses from cash flows hedges	0	0	0	0
Income tax effects	0	0	0	0
<b>Group comprehensive result</b>	<b>-430</b>	<b>3,497</b>	<b>2,946</b>	<b>2,894</b>

# Group Cash Flow Statement

from 1 January 2022 until 30 June 2022 according to IFRS

	6 Month Report 01/01-30/06/22 KEUR	6 Month Report 01/01-30/06/21 KEUR
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>		
<b>Result before income taxes</b>	<b>6,482</b>	<b>9,626</b>
<b>Adjustments for non-cash expenses</b>		
Amortisation of intangible assets	1,441	1,189
Depreciation of property, plant and equipment	1,984	1,521
Amortization of right-of-use	3,179	2,977
Earnings from investments in associated companies	-221	0
Interest income	-75	-13
Interest expenses	709	452
Other non-cash income/expenses	3	32
	<b>13,502</b>	<b>15,784</b>
<b>Changes of working capital</b>		
Inventories	-2,318	-1,577
Trade receivables and receivables from long-term development contracts	-10,563	-13,041
Other current assets	-7,595	-914
Provisions	-1,276	-1,062
Trade payables	486	-1,705
Other non-current and current liabilities	6,009	14,703
	<b>-1,755</b>	<b>12,188</b>
Interest paid	-322	-106
Income taxes paid	-929	-741
<b>Cash flow from operating activities</b>	<b>-3,006</b>	<b>11,341</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>		
Additions to intangible assets	-2,155	-933
Additions to property, plant and equipment	-1,716	-1,564
Cash received from distribution of associated companies	156	0
Proceeds on disposal of assets held for sale	60	0
Interest received	75	13
<b>Cash flow from investing activities</b>	<b>-3,580</b>	<b>-2,484</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	-6,264	-4,704
Proceeds/repayments from/of borrowings	1,267	4,003
Repayments of lease liabilities	-3,220	-2,932
Interest paid on leases	-168	-212
Outflows for share buybacks	-1,862	-158
<b>Cash flow from financing activities</b>	<b>-10,247</b>	<b>-4,003</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
<b>Changes in cash and cash equivalents</b>	<b>-16,833</b>	<b>4,855</b>
Valuation-related changes in cash and cash equivalents	145	33
<b>Cash and cash equivalents at beginning of the period</b>	<b>67,478</b>	<b>40,482</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>50,790</b>	<b>45,370</b>



# Statement of Changes in Equity

from 1 January 2022 until 30 June 2022 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 2021</b>	15,679,838	40,185	35,137	80	-26,033	50,954	100,323
Group comprehensive result after tax					2,639	15,837	18,476
Share buybacks	-5,647			-158			-158
Issue of treasury shares	17,536			780			780
Dividends paid						-4,704	-4,704
<b>As of 1 January 2022</b>	15,691,727	40,185	35,137	702	-23,394	62,087	114,717
Group comprehensive result after tax					-1,500	4,446	2,946
Share buybacks	-56,524			-1,862			-1,862
Issue of treasury shares	51			3			3
Dividends paid						-6,264	-6,264
<b>As of 30 June 2022</b>	15,635,254	40,185	35,137	-1,157	-24,894	60,269	109,540

## Shares held by Management Board and Supervisory Board as of 30 June 2022

	Shares on 30/06/2022	Shares on 30/06/2021
<b>Management Board</b>		
Gunnar Glöckner	0	-
Dr, Harald Schrimpf	62,000	62,000
<b>Supervisory Board</b>		
Andreas Böwing	0	0
Elena Günzler	1,994	1,962
Prof, Dr, Uwe Hack	600	600
Prof, Dr, Wilhelm Jaroni	0	0
Uwe Seidel	465	433
Karsten Trippel	112,322	111,322

# Notes on the consolidated financial statements as of 30 June 2022

## 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 structured 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 2022 to 30 June 2022 were released for publication by a decision of the management on 26 July 2022.

The condensed interim consolidated financial statements for the period from 1 January 2022 to 30 June 2022 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 2021.

## 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 2021, with the exception of the information provided in the section "Segment reporting".

## 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 2021 there were no changes in the consolidation group.

## 5. Selected Individual Items

### Cash and cash equivalents

	30 June 2022 KEUR	31 December 2020 KEUR
Bank balances	47,664	64,058
Fixed term deposits	2,830	1,884
Cash	29	29
	<b>50,523</b>	<b>65,971</b>

### Receivables from long-term development contracts, liabilities from long-term development contracts and deferred revenue

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 recognized according to various performance criteria. 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.

Liabilities and receivables according to the percentage-of-completion method break down as follows:

	30 June 2022 KEUR	31 December 2020 KEUR
Receivables from long-term development contracts (gross)	154,912	136,101
Payments on account	-100,306	-88,568
<b>Receivables from long-term development contracts</b>	<b>54,606</b>	<b>47,533</b>
Payments on account (gross)	109,471	101,096
Set off against contract revenue	-100,306	-88,568
<b>Liabilities from long-term development contracts</b>	<b>9,165</b>	<b>12,528</b>
Deferred revenue	25,816	10,843
<b>Liabilities from long-term development contracts</b>	<b>34,981</b>	<b>23,371</b>

### Sales revenues

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

	30 June 2022 KEUR	30 June 2021 KEUR
Software development	55,766	58,771
Maintenance	46,107	42,596
License fees	7,189	7,986
Merchandise	7,388	6,179
	<b>116,450</b>	<b>115,532</b>

### Taxes on income

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

	30 June 2022 KEUR	30 June 2021 KEUR
<b>Effective taxes expenses</b>		
Effective tax expenses	-1,508	-960
<b>Deferred taxes</b>		
Emergence and reversal of temporary differences	-528	-1,632
<b>Tax expenses</b>	<b>-2,036</b>	<b>-2,592</b>

## **Segment Reporting**

The development of the segment results can be found in the Group segment reporting. The PSI Group is structured into the core business segments energy management and production management.

The management of PSI decided in the first quarter of 2022 as part of a regular review of the Group's risk profile to include a new segment in internal reporting. As this operating segment differs significantly in its risk profile from the main business areas of Energy Management and Production Management, but is not of a significant size, the segment was not included as a reporting segment in the external reporting and was combined with the effects in the "Reconciliation" column. In the second quarter of 2022, PSI management decided to discontinue the business activities combined in the non-reportable segment and to disclose them accordingly separately from the continuing business activities in the consolidated income statement and the consolidated balance sheet. Further disclosures in the segment reporting, the consolidated cash flow statement and the notes to the financial statements could not yet be implemented due to the proximity of the PSI management's decision to the balance sheet date, but are in principle not material in terms of their economic significance.

# Group Segment Reporting

from 1 January 2022 until 30 June 2022 according to IFRS

	Energy Management		Production Management		Discontinued operations and Reconciliation		PSI Group	
	30/06/2022 TEUR	30/06/2021 TEUR*	30/06/2022 TEUR	30/06/2021 TEUR*	30/06/2022 TEUR	30/06/2021 TEUR*	30/06/2022 TEUR	30/06/2021 TEUR*
<b>Sales revenues</b>								
Sales to external customers	61,272	63,123	55,178	52,409	0	0	116,450	115,532
Inter-segment sales	1,610	1,604	9,266	7,653	-10,876	-9,257	0	0
<b>Segment revenues</b>	<b>62,882</b>	<b>64,727</b>	<b>64,444</b>	<b>60,062</b>	<b>-10,876</b>	<b>-9,257</b>	<b>116,450</b>	<b>115,532</b>
<b>Operating result before interest, tax, depreciation and amortisation</b>	<b>4,076</b>	<b>7,891</b>	<b>11,179</b>	<b>10,172</b>	<b>-528</b>	<b>-393</b>	<b>14,727</b>	<b>17,670</b>
<b>Operating result before depreciation and amortisation resulting from purchase price allocation</b>	<b>1,232</b>	<b>5,056</b>	<b>8,035</b>	<b>7,396</b>	<b>-553</b>	<b>-443</b>	<b>8,714</b>	<b>12,009</b>
Depreciation and amortisation resulting from purchase price allocation	-296	-386	-239	-246	0	0	-535	-632
<b>Operating result</b>	<b>936</b>	<b>4,670</b>	<b>7,796</b>	<b>7,150</b>	<b>-553</b>	<b>-443</b>	<b>8,179</b>	<b>11,377</b>
Net finance result	101	-464	-30	-114	-48	-36	23	-614
<b>Result before income taxes</b>	<b>1,037</b>	<b>4,206</b>	<b>7,766</b>	<b>7,036</b>	<b>-601</b>	<b>-479</b>	<b>8,202</b>	<b>10,763</b>

\*adjusted

## 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**

29 March 2022	Publication of Annual Result 2021
29 March 2022	Analyst Conference
28 April 2022	Report on the 1 <sup>st</sup> Quarter of 2022
19 May 2022	Annual General Meeting (virtual Meeting)
28 July 2022	Report on the 1 <sup>st</sup> Six Months of 2022
28 October 2022	Report on the 3rd Quarter of 2022
28 to 30 November 2022	German Equity Forum, Analyst Presentation

## **Your Investor Relations contact:**

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