

PSI APP STORE SCALING BY CLICK



Report on the 1st Six Months of 2023

PSI 

PSI Group Data as per June 30, 2023 at a Glance (IFRS)

	01/01-30/06/23 in KEUR	01/01-30/06/22 in KEUR	Change in KEUR	Change in %
Revenues	119,267	116,450	+2,817	+2.4
Operating Result	-5,363	8,179	-13,542	>100
Result before income taxes	-6,294	8,202	-14,496	>100
Net result	-8,744	4,446	-13,190	>100
Cash and cash equivalents	51,504	50,523	+981	+1.9
Employees on 30 June	2,273	2,266	+7	+0.3
Revenue/Employee	52.5	51.4	+1.1	+2.1

Interim Management Report

Business Development

Earnings

The PSI Group increased sales by 2.4% to 119.3 million euros in the first half of 2023 (June 30, 2022: 116.5 million euros). The operating result (EBIT) was impacted by non-recurring expenses in the context of the change in the Executive Board and the change in the legal form to a European Stock Corporation (Societas Europaea, SE), consequential charges from Redispatch 2.0 projects as well as risk provisions and value adjustments in legacy projects in the Electrical Grids business, resulting in a significant reduction to –5.4 million euros (June 30, 2022: 8.2 million euros). Group net income deteriorated accordingly to –8.7 million euros (June 30, 2022: 4.4 million euros). At 169 million euros, new orders were 12.7% higher than in the same period of the previous year (June 30, 2022: 150 million euros). At 197 million euros, the order backlog at June 30, 2023 exceeded the prior-year figure by 4.8% (June 30, 2022: 188 million euros).

The Energy Management segment (energy grids, energy trading, public transport) achieved 5.7% lower sales of 57.8 million euros (June 30, 2022: 61.3 million euros) and a significantly deteriorated operating result of –8.2 million euros (June 30, 2022: 0.9 million euros). In the Electrical Grids business unit, a new management team was established effective July 1, 2023, which is working at full speed to clear the risks from old projects and to get the acceptance of the Redispatch 2.0 projects planned for 2023, with initial progress being made. Furthermore, important, lucrative new orders were won, which are subject to an adjusted process for order acceptance that minimizes risks from order processing. Among them is a major contract from a leading European transmission system operator, which PSI won at the beginning of the third quarter. In Southeast Asia, the strong order trend of the previous quarters strengthened once again. Here PSI continues to profit from the increased gas price and was able to significantly improve new orders, sales and earnings.

Sales in the Production Management segment (metals, industry, logistics) increased by 11.5% to 61.5 million euros (June 30, 2022: 55.2 million euros). The segment's operating profit improved by 4.5% to 8.1 million euros (June 30, 2022: 7.8 million euros). In particular, the metals producing industry, logistics and automotive segments continued to develop positively and increased sales and earnings significantly.

PSI Poland won a major contract to supply warehouse logistics software for a leading distributor of vehicle parts. Sales generated via the cloud-based PSI App Store increased by 35% in the first half of 2023 compared to the same period of the previous year.

Financial Position

Cash flow from operating activities improved year-on-year to 1.9 million euros (June 30, 2022: -3.0 million euros). At 51.5 million euros, cash and cash equivalents were roughly on a par with the previous year (June 30, 2022: 50.5 million euros), they are offset by higher current liabilities from short-term financial liabilities of 20.1 million euros (June 30, 2022: 4.7 million euros).

Assets

Compared to December 31, 2022, there have not been any material changes in the Group's assets.

Personnel Development

The number of employees in the Group increased slightly to 2,273 (June 30, 2022: 2,266).

PSI-Shares

The PSI stock ended the first six months of 2023 with a final price of 32.85 euros, 46.3% above the final 2022 price of 22.45 euros. In the same period, the technology index TecDAX recorded an increase of 9.7%.

Risk Report

The estimate of the corporate risk has not changed since the Annual Report for December 31, 2022.

Outlook

In the Production Management segment, PSI continues to benefit from growth in the North American business and the increasing demand for optimization solutions with industrial artificial intelligence, which make an important contribution to the transformation to sustainable industrial production. In the Energy Management segment, PSI has recorded increased inquiries in the area of smart grid solutions for intelligent and transparent low-voltage networks since the law to restart the digitalization of the energy transition came into force in May 2023.

For the full year 2023, the PSI Executive Board continues to expect that that the planned year-on-year increases in new orders and sales of 10% can be achieved. With regard to the operating profit, the outlook has been reduced by non-recurring expenses to a budgeted figure of between 5 and 7 million euros. Corresponding the operating profit achieved in the 1st half of the year, the Production Management segment will slightly exceed its full-year targets at 18 million euros. In the long term, the management is maintaining its growth strategy for the PSI Group.

Group Balance Sheet

from January 1, 2023 until June 30, 2023 according to IFRS

	6 Month Report 01/01-30/06/23 KEUR	Annual Report 01/01-31/12/22 KEUR
Assets		
Non current assets		
Intangible assets	70,170	73,190
Property, plant and equipment	34,300	37,892
Investments in associates	694	694
Deferred tax assets	6,289	6,589
	111,453	118,365
Current assets		
Inventories	10,540	8,138
Net trade receivables	33,320	42,031
Receivables from long-term development contracts	57,022	49,915
Other assets	9,986	5,876
Income tax receivables	2,656	2,829
Cash and cash equivalents	51,504	45,444
	165,028	154,233
Total assets	276,481	272,598
Total Equity and Liabilities		
Equity		
Subscribed capital	40,185	40,185
Capital reserves	35,137	35,137
Reserve for treasury shares	-4,698	-4,698
Other reserves	-18,908	-17,102
Retained earnings	50,578	65,517
	102,294	119,039
Non-current liabilities		
Pension provisions and similar obligations	42,216	42,633
Deferred tax liabilities	4,461	4,892
Other liabilities	563	562
Provisions	1,172	1,639
Lease liabilities	14,610	17,798
Financial liabilities	60	75
	63,082	67,599
Current liabilities		
Trade payables	20,679	23,399
Other liabilities	22,453	23,589
Provisions	2,522	2,308
Liabilities from long-term development contracts and deferred revenue	36,228	22,983
Lease liabilities	7,519	6,636
Financial liabilities	20,055	4,667
Liabilities in connection with discontinued assets	1,649	2,378
	111,105	85,960
Total equity and liabilities	276,481	272,598

Group Income Statement

from January 1, 2023 until June 30, 2023 according to IFRS

	Quarterly Report II		6 Month Report	
	01/04/23- 30/06/23 KEUR	01/04/22- 30/06/22 KEUR	01/01/23- 30/06/23 KEUR	01/01/22- 30/06/22 KEUR
Sales Revenues	61,037	58,469	119,267	116,450
Other operating income	1,181	2,419	7,869	5,968
Cost of materials	-10,273	-7,822	-15,963	-13,917
Personnel expenses	-49,369	-39,205	-92,833	-80,846
Depreciation and amortisation	-3,699	-3,319	-7,379	-6,548
Other operating expenses	-8,248	-6,844	-16,324	-12,928
Operating result	-9,371	3,698	-5,363	8,179
Investment income	268	221	268	221
Interest and similar income	129	49	260	73
Interest expenses	-868	-100	-1,459	-271
Result before income taxes	-9,842	3,868	-6,294	8,202
Income tax	-2,590	-1,192	-3,178	-2,036
Result after income taxes from continuing operations	-12,432	2,676	-9,472	6,166
Result after income taxes from discontinued operations	406	-800	728	-1,720
Net result	-12,026	1,876	-8,744	4,446
Earnings per share (in Euro per share, basic and diluted)	-0.77	0.12	-0.56	0.28
Profit attributable to shareholders from continuing operations	-0.80	0.17	-0.61	0.39
Profit attributable to shareholders from discontinued operations	0.03	-0.05	0.05	-0.11
Weighted average shares outstanding	15,487,995	15,656,044	15,487,995	15,668,340

Group comprehensive Income Statement

from January 1, 2023 until June 30, 2023 according to IFRS

	01/04/23- 30/06/23 KEUR	01/04/22- 30/06/22 KEUR	01/01/23- 30/06/23 KEUR	01/01/22- 30/06/22 KEUR
Net result	-12,026	1,876	-8,744	4,446
Currency translation foreign operations	-1,426	-2,306	-1,806	-1,500
Net losses from cash flows hedges	0	0	0	0
Income tax effects	0	0	0	0
Group comprehensive result	-13,452	-430	-10,550	2,946

Group Cash Flow Statement

from January 1, 2023 until June 30, 2023 according to IFRS

	6 Month Report 01/01-30/06/23 KEUR	6 Month Report 01/01-30/06/22 KEUR
CASHFLOW FROM OPERATING ACTIVITIES		
Result before income taxes	-5,566	6,482
Adjustments for non-cash expenses		
Amortisation of intangible assets	2,117	1,441
Depreciation of property, plant and equipment	1,785	1,984
Amortization of right-of-use	3,477	3,179
Earnings from investments in associated companies	-268	-221
Income and expenses from asset disposals	-19	0
Interest income	-256	-75
Interest expenses	1,186	709
Other non-cash income/expenses	0	3
	2,456	13,502
Changes of working capital		
Inventories	-2,204	-2,318
Trade receivables and receivables from long-term development contracts	1,472	-10,563
Other current assets	-3,566	-7,595
Provisions	-1,106	-1,276
Trade payables	-2,496	486
Other non-current and current liabilities	10,927	6,009
	5,483	-1,755
Interest paid	-203	-322
Income taxes paid	-3,355	-929
Cash flow from operating activities	1,925	-3,006
CASHFLOW FROM INVESTING ACTIVITIES		
Additions to intangible assets	-301	-2,155
Additions to property, plant and equipment	-603	-1,716
Cash received from distribution of associated companies	221	156
Proceeds on disposal of assets held for sale	0	60
Interest received	256	75
Cash flow from investing activities	-427	-3,580
CASHFLOW FROM FINANCING ACTIVITIES		
Dividends paid	-6,195	-6,264
Proceeds/repayments from/of borrowings	14,644	1,267
Repayments of lease liabilities	-3,353	-3,220
Interest paid on leases	-260	-168
Outflows for share buybacks	0	-1,862
Cash flow from financing activities	4,836	-10,247
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Changes in cash and cash equivalents	6,334	-16,833
Valuation-related changes in cash and cash equivalents	-274	145
Cash and cash equivalents at beginning of the period	45,444	67,478
Cash and cash equivalents at the end of the period	51,504	50,790

Statement of Changes in Equity

from January 1, 2023 until June 30, 2023 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 January 1, 2022	15,691,727	40,185	35,137	702	-23,394	62,087	114,717
Group comprehensive result after tax					6,292	9,694	15,986
Share buybacks	-232,999			-6,055			-6,055
Issue of treasury shares	29,267			655			655
Dividends paid						-6,264	-6,264
As of January 1, 2023	15,487,995	40,185	35,137	-4,698	-17,102	65,517	119,039
Group comprehensive result after tax					-1,806	-8,744	-10,550
Dividends paid						-6,195	-6,195
As of June 30, 2023	15,487,995	40,185	35,137	-4,698	-18,908	50,578	102,294

Shares held by Management Board and Supervisory Board as of June 30, 2023

	Shares on 30/06/2023	Shares on 30/06/2022
Management Board		
Gunnar Glöckner	0	0
Dr, Harald Schrimpf	54,000	62,000
Supervisory Board		
Andreas Böwing	0	0
Elena Günzler	2,022	1,994
Prof, Dr, Uwe Hack	600	600
Prof, Dr, Wilhelm Jaroni	0	0
Uwe Seidel	493	465
Karsten Trippel	115,322	112,322

Notes on the consolidated financial statements as of June 30, 2023

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.

At the Annual General Meeting of the parent company of the PSI Group, PSI Software AG, on May 23, 2023, it was decided to change the legal form from a German stock corporation to a European Stock Corporation (Societas Europaea). The legally binding resolution had not yet been entered in the commercial register by the time these six months financial statements were prepared.

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 January 1, 2023 to June 30, 2023 were released for publication by a decision of the management on July 25, 2023.

The condensed interim consolidated financial statements for the period from 1 January 2023 to June 30, 2023 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 December 31, 2022.

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 2022.

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 December 31, 2022 there were no fundamental changes in the consolidation group. The PSI Group has not or no longer fully consolidated subsidiaries that have no material effect on the Group's assets, financial position and earnings.

5. Selected Individual Items

Cash and cash equivalents

	June 30, 2023 KEUR	December 31, 2022 KEUR
Bank balances	47,817	42,308
Fixed term deposits	3,663	3,111
Cash	24	25
	51,504	45,444

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:

	June 30, 2023 KEUR	December 31, 2022 KEUR
Receivables from long-term development contracts (gross)	136,131	128,502
Payments on account	-79,109	-78,587
Receivables from long-term development contracts	57,022	49,915
Payments on account (gross)	89,178	90,542
Set off against contract revenue	-79,109	-78,587
Liabilities from long-term development contracts	10,069	11,955
Deferred revenue	26,159	11,028
Liabilities from long-term development contracts	36,228	22,983

Sales revenues

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

June 30, 2023 KEUR	Energy Management	Production Management	Total
Software development at fixed price	16,793	11,369	28,162
Software development, time and material	2,226	20,034	22,260
Maintenance	25,427	23,500	48,927
License fees	2,010	5,764	7,774
Merchandise	11,304	840	12,144
Total	57,759	61,508	119,267

June 30, 2022 KEUR	Energy Management	Production Management	Total
Software development at fixed price	24,667	11,912	36,579
Software development, time and material	4,310	16,946	21,256
Maintenance	24,317	21,188	45,505
License fees	1,116	4,605	5,721
Merchandise	6,861	528	7,389
Total	61,272	55,178	116,450

Taxes on income

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

	June 30, 2023 KEUR	June 30, 2022 KEUR
Effective taxes expenses		
Effective tax expenses	-3,308	-1,508
Deferred taxes		
Emergence and reversal of temporary differences	130	-528
Tax expenses	-3,178	-2,036

Related Parties

With the exception of the matters described below, there have been no changes in the group of related parties or in the compensation granted to these persons.

Executive Board and Executive Board remuneration

On April 27, 2023, the Supervisory Board appointed Mr. Robert Klaffus as a member of the Executive Board effective November 1, 2023.

On June 26, 2023, Dr. Harald Schrimpf stepped down from his position as Chairman of the Executive Board and his membership on the Executive Board of PSI Software AG, effective June 30, 2023. The composition of Executive Board compensation for fiscal year 2023 will change in connection with the departure of Dr. Harald Schrimpf by severance payments granted of 3.5 million euros. In the half-year financial statements as of June 30, 2023, the amounts already paid as severance payments as well as those still to be paid were reported as personnel expenses and presented in the segment reporting as non-recurring expenses in the "Reconciliation" column.

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,
- In addition to the operating segments, PSI Group shows a "Reconciliation" column in which, in addition to consolidation effects (expense and earnings consolidation as well as elimination of intercompany profits), non-recurring effects are also shown whose allocation to the operating segments is not possible in a meaningful breakdown. In the first half of 2023, the costs of severance payments to related parties (Executive Board), related legal advisory costs and costs for the change of legal form (Societas Europaea) totaling 5 million euros were reported as non-recurring effects. No non-recurring effects were reported in the prior-year period.

Group Segment Reporting

from 1 January 2023 until 30 June 2023 according to IFRS

	Energy Management		Production Management		Reconciliation		PSI Group	
	30/06/2023 KEUR	30/06/2022 KEUR	30/06/2023 KEUR	30/06/2022 KEUR	30/06/2023 KEUR	30/06/2022 KEUR	30/06/2023 KEUR	30/06/2022 KEUR
Sales revenues								
Sales to external customers	57,759	61,272	61,508	55,178	0	0	119,267	116,450
Inter-segment sales	1,594	1,610	9,624	9,266	-11,218	-10,876	0	0
Segment revenues	59,353	62,882	71,132	64,444	-11,218	-10,876	119,267	116,450
Operating result before interest, tax, depreciation and amortisation	-4,772	4,076	11,795	11,179	-5,007	-528	2,016	14,727
Operating result before depreciation and amortisation resulting from purchase price allocation	-7,951	1,232	8,385	8,035	-5,262	-553	-4,828	8,714
Depreciation and amortisation resulting from purchase price allocation	-296	-296	-239	-239	0	0	-535	-535
Operating result	-8,247	936	8,146	7,796	-5,262	-553	-5,363	8,179
Net finance result	-318	101	-183	-30	-430	-48	-931	23
Result before income taxes	-8,565	1,037	7,963	7,766	-5,692	-601	-6,294	8,202

Responsibility Statement

To the best of my 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

March 29, 2023	Publication of Annual Result 2022
March 29, 2023	Analyst Conference
April 27, 2023	Report on the 1 st Quarter of 2023
May 23, 2023	Annual General Meeting
July 27, 2023	Report on the 1 st Six Months of 2023
October 27, 2023	Report on the 3 rd Quarter of 2023
November 27 to 29, 2023	German Equity Forum, Analyst Presentation

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

Please contact us should you require other information material.

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