

Industrial Artificial Intelligence

Pioneering a Smarter World

Report on the 3rd Quarter of 2024

PSI 

PSI Group Data as per September 30, 2024 at a Glance (IFRS)

	01/01-30/09/24 in KEUR	01/01-30/09/23 in KEUR	Change in KEUR	Change in %
Revenues	177,424	184,459	-7,035	-3.8
Operating Result	-19,399	-2,714	-16,685	>100
Result before income taxes	-20,983	-4,247	-16,736	>100
Net result	-24,142	-7,128	-17,014	>100
Cash and cash equivalents	27,360	46,981	-19,621	-41.8
Employees on Sept. 30	2,316	2,279	+37	+1.6
Revenue/Employee	76.6	80.9	-4.3	-5.4

Interim Management Report

Business Development

Earnings

PSI Group achieved 3.8% lower sales of 177.4 million euros in the first nine months of 2024 (Sept. 30, 2023: 184.5 million euros). In the third quarter of 2024, sales were stable at 65.1 million euros (July 1–Sept. 30, 2023: 65.2 million euros). The operating result (EBIT) was balanced at 13,000 euros in the third quarter (July 1–Sept. 30, 2023: 2.6 million euros) and continued to improve compared to the first two quarters of 2024. In the first nine months of 2024, it was clearly negative at –19.4 million euros (Sept. 30, 2023: –2.7 million euros) following the negative impact of the cyberattack. The consolidated result was correspondingly –24.1 million euros (Sept. 30, 2023: EUR –7.1 million). Incoming orders decreased by 16.8% compared to the same period of the previous year to 198 million euros (Sept. 30, 2023: 238 million euros). In the previous year, the third quarter in particular was characterized by very large orders in the areas of electrical grids, logistics and in Malaysia. At 188 million euros, the order backlog as at Sept. 30, 2024 was 5.5% below the previous year's figure (Sept. 30, 2023: 199 million euros).

The Energy Management segment (energy grids, energy trading, public transport) achieved 7.6% lower sales of 84.8 million euros (Sept. 30, 2023: 91.8 million euros) and a significant deterioration in the operating result to –19.5 million euros (Sept. 30, 2023: –7.5 million euros). Although the segment's business continued to normalize, fixed-price projects in particular were still significantly impacted by the lower productivity following the cyberattack.

Sales in the Production Management segment (metals, industry, logistics) remained constant in the first nine months at 92.6 million euros (Sept. 30, 2023: 92.7 million euros). The segment's operating result deteriorated to 2.3 million euros (Sept. 30, 2023: 11.1 million euros), but in the third quarter the segment achieved a 23% year-on-year improvement in its operating result to 3.7 million euros. Due to the more product-based business, Production Management recovered much faster from the consequences of the cyberattack than Energy Management.

Financial Position

Cash flow from operating activities was clearly negative at –34.2 million euros (Sept. 30, 2023: –6.5 million euros) as a result of the cyberattack and one-off working capital changes, which will be reversed in subsequent quarters. At 27.4 million euros, cash and cash equivalents were 19.6 million euros below the previous year's figure (Sept. 30, 2023: 47.0 million euros), offset by higher current financial liabilities of 24.7 million euros (Dec. 31, 2023: 2.1 million euros). The Group has sufficient funds available for financing and a significant improvement in cash and cash equivalents is expected in the fourth quarter.

Assets

Compared to 31 December 2023, there have not been any material changes in the Group's assets.

Personnel Development

The number of employees in the Group increased slightly to 2,316 (Sept. 30, 2023: 2,279).

PSI-Shares

The PSI stock ended the third quarter of 2024 with a final price of 22.30 euros, 11.9% below the final 2023 price of 25.30 euros. In the same period, the technology index TecDAX recorded an increase of 2.3%.

Risk Report

The estimate of the corporate risk has not changed since the Annual Report for 31 December 2023.

Outlook

Following the cyberattack in February 2024 and the restart of the renewed IT systems, productive operations have largely resumed since the beginning of May and are now almost completely back to normal. In the course of the restart, further measures were adopted that will significantly increase the security of the IT systems as part of a revised IT strategy and are currently being implemented. No further costs are expected from the cyber attack in the fourth quarter of 2024.

The simplification of the Group structures was already initiated in the middle of the year with the merger of the German subsidiaries into PSI Software SE. In future, PSI's business will be divided into the five industry segments Grid & Energy Management, Process Industries, Discrete Manufacturing, Logistics and Mobility, which will also form the basis for financial reporting from the fourth quarter of 2024. With the cloud transformation of the product portfolio, which was initiated with three specific proof-of-concept projects, PSI is laying the foundations for the future development of the SaaS business (Software-as-a-Service).

Taking into account the negative effects from the cyberattack, the PSI Executive Board continues to expect a reduction in sales of up to 25 million euros for the full year and a negative EBIT of up to -15 million euros.

Group Balance Sheet

from January 1, 2024 until September 30, 2024 according to IFRS

	9 Month Report 01/01-30/09/24 KEUR	Annual Report 01/01-31/12/23 KEUR
Assets		
Non current assets		
Intangible assets	73,030	73,112
Property, plant and equipment	34,557	37,429
Investments in associates	693	693
Deferred tax assets	6,395	8,133
	114,675	119,367
Current assets		
Inventories	7,882	4,977
Net trade receivables	47,065	48,315
Receivables from long-term development contracts	60,778	49,552
Other assets	12,099	6,135
Income tax receivables	4,818	4,332
Cash and cash equivalents	27,360	50,475
	160,002	163,786
Total assets	274,677	283,153
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	-18,107	-18,544
Retained earnings	35,504	59,646
	88,021	111,726
Non-current liabilities		
Pension provisions and similar obligations	42,201	42,958
Deferred tax liabilities	2,756	4,803
Other liabilities	534	534
Provisions	1,032	1,032
Lease liabilities	14,846	17,918
Financial liabilities	10,515	13,189
	71,884	80,434
Current liabilities		
Trade payables	20,706	18,864
Other liabilities	25,207	32,801
Provisions	2,621	3,017
Liabilities from long-term development contracts and deferred revenue	33,391	26,289
Lease liabilities	7,274	6,581
Financial liabilities	24,742	2,118
Liabilities in connection with discontinued assets	831	1,323
	114,772	90,993
Total equity and liabilities	274,677	283,153

Group Income Statement

from January 1, 2024 until September 30, 2024 according to IFRS

	Quarterly Report III		9 Month Report	
	01/07/24- 30/09/24 KEUR	01/07/23- 30/09/23 KEUR	01/01/24- 30/09/24 KEUR	01/01/23- 30/09/23 KEUR
Sales Revenues	65,127	65,192	177,424	184,459
Other operating income	7,197	5,058	10,749	12,927
Cost of materials	-9,154	-12,267	-25,483	-28,230
Personnel expenses	-48,481	-44,319	-143,131	-137,152
Depreciation and amortisation	-3,340	-3,617	-10,506	-10,996
Other operating expenses	-11,336	-7,398	-28,452	-23,722
Operating result	13	2,649	-19,399	-2,714
Investment income	0	0	305	268
Interest and similar income	102	135	413	395
Interest expenses	-743	-737	-2,302	-2,196
Result before income taxes	-628	2,047	-20,983	-4,247
Income tax	-1,232	-688	-3,650	-3,866
Result after income taxes from continuing operations	-1,860	1,359	-24,633	-8,113
Result after income taxes from discontinued operations	269	257	491	985
Net result	-1,591	1,616	-24,142	-7,128
Earnings per share (in Euro per share, basic and diluted)	-0.10	0.10	-1.56	-0.46
Profit attributable to shareholders from continuing operations	-0.12	0.08	-1.59	-0.52
Profit attributable to shareholders from discontinued operations	0.02	0.02	0.03	0.06
Weighted average shares outstanding	15,487,995	15,487,995	15,487,995	15,487,995

Group comprehensive Income Statement

from January 1, 2024 until September 30, 2024 according to IFRS

	01/07/24- 30/09/24 KEUR	01/07/23- 30/09/23 KEUR	01/01/24- 30/09/24 KEUR	01/01/23- 30/09/23 KEUR
Net result	-1,591	1,616	-24,142	-7,128
Currency translation foreign operations	505	2,128	437	322
Net losses from cash flows hedges	0	0	0	0
Income tax effects	0	0	0	0
Group comprehensive result	-1,086	3,744	-23,705	-6,806

Group Cash Flow Statement

from January 1, 2024 until September 30, 2024 according to IFRS

	9 Month Report 01/01-30/09/24	9 Month Report 01/01-30/09/23 (adjusted)
	KEUR	KEUR
CASHFLOW FROM OPERATING ACTIVITIES		
Result before income taxes	-20,492	-3,262
Adjustments for non-cash expenses		
Amortisation of intangible assets	2,931	3,161
Depreciation of property, plant and equipment	2,531	2,591
Amortization of right-of-use	5,044	5,244
Earnings from investments in associated companies	-305	-268
Income and expenses from asset disposals	0	-19
Interest income	-412	-387
Interest expenses	2,302	1,978
Other non-cash income/expenses	-3,491	-985
	-11,892	8,053
Changes of working capital		
Inventories	-2,752	-3,072
Trade receivables and receivables from long-term development contracts	-9,449	-3,267
Other current assets	-5,982	-5,339
Provisions	-1,668	-1,721
Trade payables	1,745	-4,284
Other non-current and current liabilities	442	8,097
	-29,556	-1,533
Income taxes paid	-4,630	-5,010
Cash flow from operating activities	-34,186	-6,543
CASHFLOW FROM INVESTING ACTIVITIES		
Additions to intangible assets	-399	-436
Additions to property, plant and equipment	-2,147	-1,262
Cash received from distribution of associated companies	198	221
Interest received	392	387
Cash flow from investing activities	-1,956	-1,090
CASHFLOW FROM FINANCING ACTIVITIES		
Dividends paid	0	-6,195
Proceeds/repayments from/of borrowings	19,459	21,496
Repayments of lease liabilities	-4,895	-5,096
Interest paid on leases	-568	-387
Interest paid	-904	-507
Cash flow from financing activities	13,092	9,311
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Changes in cash and cash equivalents	-23,050	1,678
Valuation-related changes in cash and cash equivalents	-65	-141
Cash and cash equivalents at beginning of the period	50,475	45,444
Cash and cash equivalents at the end of the period	27,360	46,981

Statement of Changes in Equity

from January 1, 2024 until September 30, 2024 according to IFRS

	Number of shares issued	Share capital	Additional paid-in capital	Reserve for treasury stock	Other reserves	Accumulated results	Total
		KEUR	KEUR		KEUR	KEUR	KEUR
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					-1,442	324	-1,118
Dividends paid						-6,195	-6,195
As of December 31, 2023	15,487,995	40,185	35,137	-4,698	-18,544	59,646	111,726
Group comprehensive result after tax					437	-24,142	-23,705
As of September 30, 2024	15,487,995	40,185	35,137	-4,698	-18,107	35,504	88,021

Shares held by Management Board and Supervisory Board as of September 30, 2024

	Shares on 30/09/2024	Shares on 30/09/2023
Executive Board		
Gunnar Glöckner	0	0
Robert Klaffus	54	-
Supervisory Board		
Andreas Böwing	-	0
Elena Günzler	2,022	2,022
Prof, Dr, Uwe Hack	600	600
Prof, Dr, Wilhelm Jaroni	0	0
Uwe Seidel	493	493
Karsten Trippel	-	117,322
Dr. Patrick Wittenberg	0	-

Notes on the consolidated financial statements as of September 30, 2024

The Company

1. Business Activities and Legal Background

The business activities of PSI Software SE 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 January 1, 2024 to September 30, 2024 were released for publication by a decision of the management on October 29, 2024.

The condensed interim consolidated financial statements for the period from January 1, 2024 to September 30, 2024 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 2023.

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 2023.

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

PSI Group was the target of a cyberattack in February 2024. The majority of the PSI Group's IT systems were taken offline and had to be shut down. PSI Group was temporarily only able to carry out central activities of its business model to a limited extent. In the meantime, productive operations have been resumed since the beginning of May and are now almost completely back to normal. In the course of the restart, further measures were adopted which will significantly increase the security of the IT systems as part of a revised IT strategy and are currently being implemented.

5. Changes in the Consolidation Group

Compared to December 31, 2023 there were no changes in the consolidation group.

6. Selected Individual Items

Cash and cash equivalents

	September 30, 2024	December 31, 2023
	KEUR	KEUR
Bank balances	25,964	47,712
Fixed term deposits	1,378	2,739
Cash	18	24
	27,360	50,475

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:

	September 30, 2024 KEUR	December 31, 2023 KEUR
Receivables from long-term development contracts (gross)	144,277	125,701
Payments on account	-83,499	-76,149
Receivables from long-term development contracts	60,778	49,552
Payments on account (gross)	96,603	94,676
Set off against contract revenue	-83,499	-76,149
Liabilities from long-term development contracts	13,104	18,527
Deferred revenue	20,287	7,762
Liabilities from long-term development contracts	33,391	26,289

Sales revenues

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

September 30, 2024 KEUR	Energy Management	Production Management	Total
Software development at fixed price	18,813	13,896	32,709
Software development, time and material	2,532	35,067	37,599
Maintenance	40,498	35,919	76,417
License fees	3,771	6,990	10,761
Merchandise	19,197	741	19,938
Total	84,811	92,613	177,424

September 30, 2023 KEUR	Energy Management	Production Management	Total
Software development at fixed price	27,236	17,425	44,661
Software development, time and material	4,221	31,258	35,479
Maintenance	38,680	35,440	74,120
License fees	2,975	7,371	10,346
Merchandise	18,638	1,215	19,853
Total	91,750	92,709	184,459

Taxes on income

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

	September 30, 2024	September 30, 2023
	KEUR	KEUR
Effective taxes expenses		
Effective tax expenses	-3,958	-5,059
Deferred taxes		
Emergence and reversal of temporary differences	308	1,311
Tax expenses	-3,650	-3,748

Segment Reporting

The development of the segment results can be seen 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 liberalized 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

January 1, 2024 until September 30, 2024 according to IFRS

	Energy Management		Production Management		Reconciliation		PSI Group	
	30/09/2024 KEUR	30/09/2023 KEUR	30/09/2024 KEUR	30/09/2023 KEUR	30/09/2024 KEUR	30/09/2023 KEUR	30/09/2024 KEUR	30/09/2023 KEUR
Sales revenues								
Sales to external customers	84,811	91,750	92,613	92,709	0	0	177,424	184,459
Inter-segment sales	57	2,349	279	14,521	-336	-16,870	0	0
Segment revenues	84,868	94,099	92,892	107,230	-336	-16,870	177,424	184,459
Operating result before interest, tax, depreciation and amortization	-13,800	-2,273	6,750	16,540	-1,843	-5,985	-8,893	8,282
Operating result before depreciation and amortization resulting from purchase price allocation	-19,142	-7,035	2,687	11,499	-2,250	-6,376	-18,705	-1,912
Depreciation and amortization resulting from purchase price allocation	-343	-444	-351	-358	0	0	-694	-802
Operating result	-19,485	-7,479	2,336	11,141	-2,250	-6,376	-19,399	-2,714
Net finance result	-132	-827	-350	-321	-1,102	-385	-1,584	-1,533
Result before income taxes	-19,617	-8,306	1,986	10,820	-3,352	-6,761	-20,983	-4,247

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

4 June 2024	Publication of Annual Result 2023
4 June 2024	Analyst Conference
26 July 2024	Annual General Meeting
30 August 2024	Report on the 1 st Quarter of 2024
6 September 2024	Report on the 1 st Six Months of 2024
17 September 2024	Capital Market Day
31 October 2024	Report on the 3 rd Quarter of 2024
25 to 27 November 2024	German Equity Forum, Analyst Presentation

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

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