

The Intershop logo is displayed in a bold, red, lowercase sans-serif font. A small registered trademark symbol (®) is positioned at the top right of the word. The logo is centered within a large white circle that overlaps a dark teal background. The background also features a larger, semi-transparent teal circle behind the white one.

**intershop<sup>®</sup>**

# Quarterly Statement

Q1 - Q3 2022



January - September 2022

# Letter to Our Stockholders

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Dear stockholders and business partners,

Our growth trend in the cloud business continued positively in the first nine months of 2022. We have also seen a considerable increase of 65% to EUR 18.7 million in incoming cloud orders and, as a result, have already exceeded the incoming cloud orders for the whole of last year. The share in cloud revenue also increased by 7 percentage points to 38% and one of the most important numbers in the cloud sector, the Net New ARR, also increased by 40% to EUR 2.9 million. We are encouraged by this as it underscores the fact that we are well-positioned in the international B2B commerce market with a very attractive product and, despite the severe downturn in the overall economic conditions, the demand for our platform solution remains high. The most important argument while we are experiencing significant price increases and supply shortages is that a strong omnichannel sales channel is a major competitive advantage in an increasingly competitive market.

What is less encouraging is the development in the service segment. At 18% in the first nine months was below the levels of the previous year. As a result, we had to decrease our expected sales and revenue at the end of September. In response to this unfortunate development, we implemented personnel changes and brought in an experienced interim manager who is assisting with structural improvements and the measures initiated to increase efficiency in process management. The main objective is for project managers to manage projects more closely to carry out customer orders within the specified framework, and to achieve more stable utilization of our service team by improving planning processes.

We are confident that the measures will have a significant impact on the numbers no later than the second quarter of 2023 and will restore the service sector to its former strength.

Thank you for your support.

Best regards,

  
Markus Klahn

## Key Figures for the Group

in EUR thousand	9-Months 2022	9-Months 2021	Change
<b>KPIs</b>			
Cloud order entry	18,702	11,349	65%
Net New ARR	2,900	2,068	40%
Revenue	27,559	26,581	4%
EBIT	(1,085)	1,150	-194%
<b>REVENUES</b>			
Revenues	27,559	26,581	4%
Licenses and Maintenance	7,590	6,790	12%
Cloud and Subscription	10,350	8,125	27%
Service Revenues	9,619	11,666	-18%
Revenues Europe	18,854	18,503	2%
Revenues USA	5,787	4,949	17%
Revenues Asia/Pacific	2,918	3,129	-7%
<b>EARNINGS</b>			
Cost of revenues	15,318	14,075	9%
Gross profit	12,241	12,506	-2%
Gross margin	44%	47%	
Operating expenses, operating income	13,326	11,356	17%
Research and development	5,253	3,947	33%
Sales and marketing	5,891	5,594	5%
General and administrative	2,481	2,464	1%
Other operating income/expenses	(299)	(649)	-54%
EBIT	(1,085)	1,150	-194%
EBIT-Margin	-4%	4%	
EBITDA	1,348	3,521	62%
EBITDA margin	5%	13%	
Net result	(1,499)	764	-296%
Earnings per share (EUR)	(0.11)	0.05	++
<b>NET ASSETS</b>			
Shareholders´ equity	15,782	17,322	-9%
Equity ratio	37%	45%	
Balance sheet total	43,241	38,598	12%
Noncurrent assets	25,421	21,300	19%
Current assets	17,820	17,298	3%
Noncurrent liabilities	15,883	11,966	33%
Current liabilities	11,576	9,310	24%
<b>FINANCIAL POSITION</b>			
Cash and cash equivalents	10,490	11,709	-10%
Net cash operating activities	240	3,210	-93%
Depreciation and amortization	2,433	2,371	3%
Net cash used in investing activities	(3,110)	(931)	++
Net cash provided by financing activities	1,032	(2,180)	++
<b>EMPLOYEES</b>	299	290	3%

# Business development

## Business performance during the first nine months of 2022

In the first nine months of 2022, the Intershop Group generated revenue of EUR 27.6 million, which represents growth of 4% compared to the previous year: EUR 26.6 million. Operating earnings before interest and taxes (EBIT) declined drastically and amounted to EUR -1.1 million for the first three quarters of 2022 (previous year: EUR 1.2 million). The reason for this decline in results was, as in the first half of the year, the lack of in the service revenues.

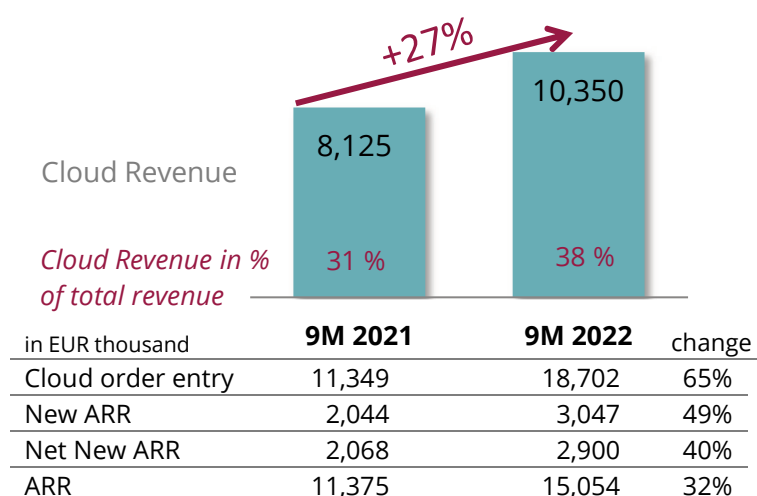
The Group's most important financial key figures (KPIs) are shown in the overview below.

in EUR thousand	9M 2022	9M 2021	Change
Cloud Order Entry	18,702	11,349	65%
Net New ARR	2,900	2,068	40%
Revenue	27,559	26,581	4%
EBIT	(1,085)	1,150	-194%

## Growth trend in cloud business continues positively

The cloud sector of the Intershop Group continued to show positive growth in the first nine months of 2022. Incoming cloud orders increased by 65% to EUR 18.7 million (previous year: EUR 11.3 million). EUR 9.7 million of this is attributable to 13 new customers and EUR 9.0 million to existing customers. Sales from the cloud sector increased by 27% to EUR 10.4 million (previous year: EUR 8.1 million). The share of cloud revenue as part of the total revenue increased by 7 percentage points to 38% (previous year: 31%). On September 30, 2022, the ARR had risen to EUR 15.1 million - an increase of 32% (previous year: EUR 11.4 million). The New ARR increased by 49% to EUR 3.0 million (previous year: EUR 2.0 million). EUR 1.8 million of this is attributable to new customers and EUR 1.3 million to existing customers. The New ARR generated from new customers includes EUR 0.3 million ARR resulting from the acquisition of Sparque B.V. The Net New ARR (New ARR less ARR for cancellations and currency changes) increased by 40% to EUR 2.9 million (previous year: EUR 2.1 million). The cloud margin improved by 4 percentage points to 55% (previous year: 51%).

## Cloud Business Development



## ARR development in the first nine months of 2022

in EUR thousand	
ARR December 31, 2021	12,154
New ARR new customers	1,774
New ARR existing customers	1,273
<b>New ARR total</b>	<b>3,047</b>
Churn	(282)
Currency changes	135
<b>Net New ARR</b>	<b>2,900</b>
<b>ARR September 30, 2022</b>	<b>15,054</b>

## Earnings Position

The development of the key earnings figures of the Group is shown in the overview below:

in EUR thousand	9M 2022	9M 2021	Change
Revenues	27,559	26,581	4%
Cost of revenues	15,318	14,075	9%
Gross margin	44%	47%	
Operating expenses, operating income	13,326	11,356	17%
EBIT	(1,085)	1,150	-194%
EBIT margin	-4%	4%	
EBITDA	1,348	3,521	-62%
EBITDA margin	5%	13%	
Earnings after tax	(1,499)	764	-296%

In the first nine months of 2022, the Intershop Group generated **revenue** of EUR 27.6 million and thus an increase of 4% compared to the previous year: EUR 26.6 million. For the third quarter, revenue amounted to EUR 9.0 million (previous year: EUR 8.3 million). Revenue for the core group **software and cloud** rose by 20% to EUR 17.9 million (previous year: EUR 14.9 million) and therefore made up 65% of the entire revenue of the Group. The core group includes the license and maintenance sector as well as the cloud and subscription sector. **License and maintenance** revenue increased by 12% to EUR 7.6 million (previous year: EUR 6.8 million). In the **cloud and subscription** sector, the Intershop Group was able to continue its strong growth and generated revenue of EUR 10.4 million (previous year: EUR 8.1 million).

**Service revenue** declined considerably by 18% during the first nine months of 2022 to EUR 9.6 million (previous year: EUR 11.7 million). They were the main reason for the revenue being less than expected for the reporting period. Some service projects turned out to be more demanding than projected and thus required more time and resources. The measures initiated to improve efficiency did not substantially impact the course of business in the service sector during the third quarter. Another reason for the decline in service revenue is the large number of incoming orders from outside the DACH region, which led to a strategically intended expansion of the partner business in these regions which, in turn, resulted in a significant shifting in the service revenue to the benefit of Intershop's certified partners. The company plans to conduct projects more closely with partners in the future. The share of service revenue as a portion of total revenue decreased from 44% in the previous year to 35% in the first nine months of 2022.

The following overview shows the development of revenues:

in EUR thousand	9M 2022	9M 2021	Change
<b>Software and Cloud Revenues</b>	<b>17,940</b>	<b>14,915</b>	<b>20%</b>
<b>Licenses and Maintenance</b>	<b>7,590</b>	<b>6,790</b>	<b>12%</b>
Licenses	1,750	1,166	50%
Maintenance	5,840	5,624	4%
<b>Cloud and Subscription</b>	<b>10,350</b>	<b>8,125</b>	<b>27%</b>
<b>Service Revenue</b>	<b>9,619</b>	<b>11,666</b>	<b>-18%</b>
<b>Revenues total</b>	<b>27,559</b>	<b>26,581</b>	<b>4%</b>

Europe continues to be Intershop's dominant sales region. Here the Group recorded slight growth of 2% to EUR 18.9 million in the first three quarters of 2022 (previous year: EUR 18.5 million). The share of European customers as a portion of total revenue was thus 68% (previous year: 70%). Intershop recorded growth of 17% to EUR 5.8 million on the US market (previous year: EUR 4.9 million). The region contributed 21% to the total revenue. Revenue declined in the Asia-Pacific region by 7% to EUR 2.9 million (previous year: EUR 3.1 million).

The **gross profit on sales** decreased slightly by 2% to EUR 12.2 million during the reporting period. The **gross margin** dropped three percentage points to 44%. **Operating expenses and income** increased by 17% to EUR 13.3 million. The reason for this, in addition to the one-off, acquisition-related costs, was an increase in personnel costs due to recruiting and salary increases. Intershop considers such investments to be vital in order to survive the fierce competition for qualified specialists. Research and development costs increased by 33% to EUR 5.3 million due to the increase in personnel costs and a lower capitalization of software development costs as the Commerce Platform went live at the end of last year. At EUR 5.9 million, sales and marketing expenses were slightly above the numbers for the previous year: EUR 5.6 million). Totalling EUR 2.5 million, general maintenance costs remained at the previous year level. Other operating expenses amounted to EUR 0.3 million. Overall, the total costs (cost of revenue and operating expenses/income) were EUR 28.6 million and thus 13% above that of the previous year.

The **operating result (EBIT)** for the first nine months of 2022 was at EUR -1.1 million (previous year: EUR 1.2 million). Losses before interest and taxes in the third quarter amounted to EUR 0.6 million. The **operating result before depreciation and amortization (EBITDA)** amounted to EUR 1.3 million during the reporting period (previous year: EUR 3.5 million). The result for the period (**earnings after taxes**) decreased to EUR -1.5 million (previous year: EUR 0.8 million). This corresponds to earnings per share of EUR -0.11 (previous year: EUR 0.05).

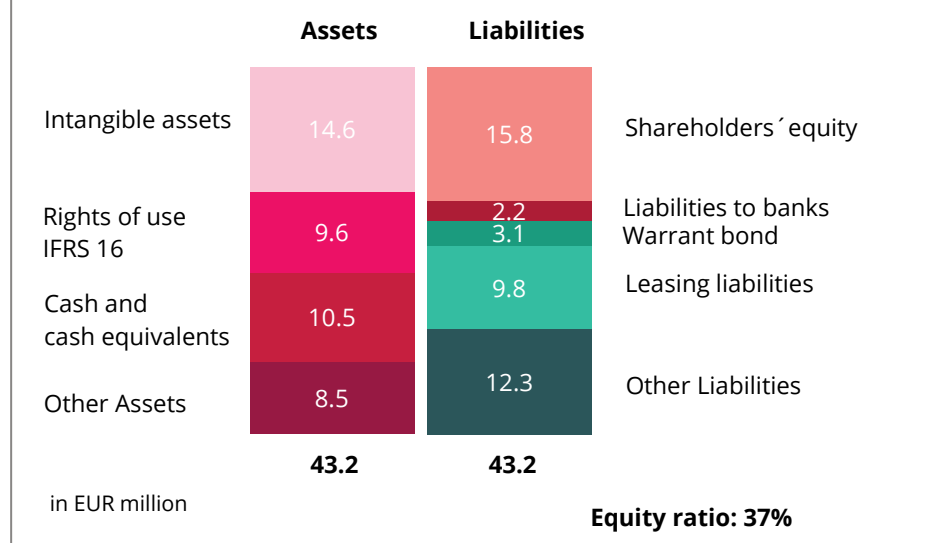
## Net Asset and Financial Position

As of the balance sheet date of September 30, 2022, the **balance sheet total** of the Intershop Group amounted to EUR 43.2 million, 9% above the numbers at the end of 2021. The main reason for this increase is the acquisition of the Dutch Sparque B.V., a solutions provider for AI-based search and recommendation marketing, in the first quarter of 2022 and the associated acquisition of usage rights.

On the **assets side**, noncurrent assets increased by 18% to EUR 25.4 million, in particular due to the increase in intangible assets as a result of the acquisition of Sparque B.V. Current assets decreased slightly by 1% to EUR 17.8 million, mainly due to the decline in cash and cash equivalents.

On the **liabilities side**, shareholders' equity decreased to EUR 15.8 million (December 31, 2021: EUR 17.4 million). As of the reporting date of September 30, 2022, noncurrent liabilities increased by 32% to EUR 15.9 million due to the increase in liabilities to banks (EUR +1.7 million) and other noncurrent liabilities (EUR +2.7 million). In the second quarter, Intershop entered into a loan agreement amounting to EUR 2.5 million over a term of five years. The other noncurrent liabilities include a contingent purchase price payment from the acquisition of Sparque B.V. Current liabilities amounted to EUR 11.6 million (December 31, 2021: EUR 10.2 million). The **equity ratio** decreased from 44% as of December 31, 2021, to 37% as of September 30, 2022, due to the increased balance sheet total.

## Group Balance Key Figures September 30, 2022



In the first nine months of 2022, the **cash flow from operating activities** amounted to EUR 0.2 million compared to EUR 3.2 million in the previous year. The cash outflow from investing activities amounted to EUR 3.1 million due to acquisitions. The cash inflow from financing activities was EUR 1.0 million mainly due to the new loan. The cash outflow from financing activities in the previous year amounted to EUR 2.2 million, in particular due to the repayment of loans. Overall, cash and cash equivalents declined by 14% to EUR 10.5 million at the end of the third quarter of 2022 (December 31, 2021: EUR 12.2 million).

### Supervisory Board

In May 2022, the Annual Stockholders' Meeting approved an expansion of the Supervisory Board of INTERSHOP Communications AG from three to four members. The Annual Stockholders' Meeting appointed Oliver Bendig as the new member of the Supervisory Board. Oliver Bendig has more than 20 years of experience in the Business-to-Business SaaS software sector and thus increases the technical knowledge of the body, in particular with his many years of sector know-how. Supervisory Board members Christian Oecking, Ulrich Prädell, and Prof. Dr. Louis Velthuis were confirmed in their current positions at the Annual Stockholders' Meeting for an additional period of five years.

### Employees

As at September 30, 2022, the Intershop Group had 299 full-time employees worldwide. Compared to the balance sheet date on December 31, 2021, this is an increase of eleven employees. The following overview shows the breakdown of full-time employees by business unit.

Employees by department*	Sept. 30, 2022	Dec. 31, 2021	Sept. 30, 2021
Technical Departments (Service functions, Research and Development)	229	223	226
Sales and Marketing	40	36	36
General and administrative	30	29	28
	<b>299</b>	<b>288</b>	<b>290</b>

\*based on full time staff, including students and trainees

As of the reporting date on September 30, the number of employees in Europe was 257 or 86% of the workforce. There were 23 employees (8%) in the Asia-Pacific region, and with 19 employees the portion of employees in the U.S. was 6%.

## Outlook

The overall economic situation has continued to decline over the course of the year, and there is little hope for improvement for the rest of the year and 2023. The reasons for this are in particular the war in Ukraine, high inflation and the economic downturn in China as a result of corona lockdowns. However, the forecasts continue to be positive for the IT sector according to the U.S. analysis company, Gartner. Gartner expects an increase in global IT expenditures for 2022 by 3.0% to USD 4.5 trillion and another 6.1% to USD 4.8 trillion in 2023. A further boost in cloud services in particular is expected as the buying preferences of companies have shifted even more from ownership to service as a result of price increases and supply chain problems. While cloud expenses increased by 18.4% back in 2021, Gartner expects growth of 22.1% for 2022.

According to Research and Markets, the B2B e-Commerce market is expected to grow by an average of 18.7% every year until 2028. Wholesalers and manufacturing companies need sustainable digitalization strategies. With its scalable Commerce Platform, Intershop offers a tailor-made solution to support the digital transformation of its customers. As a result of the acquisition of Sparque B.V. in the first quarter, the company expanded its cloud services portfolio and, with the integration of AI-based technologies, realized a major milestone in its innovation strategy. The status of the integration of Sparque into the Intershop organization is currently within the projections and the current customer feedback meets management's expectations.

Intershop has continued to expand the cloud sector in the first nine months of 2022 as planned. However, sales in the service sector continued to decline. The measures initiated to increase the efficiency of project processing have not yet had the intended effect. The Management Board does not believe that this deficit can be compensated for in the fourth quarter. Therefore, it adjusted the forecast for Intershop Communications AG at the end of September 2022. The company is now expecting sales at the previous year level (previously: increase in sales of approx. 10%) as well as a negative operating result (EBIT) in the lower single-digit million Euro range (previously: positive EBIT of at least EUR 1.0 million). The forecasts for the incoming cloud orders with an increase of 20% as well as for the Net New ARR with an increase of 10% remain unchanged.

Jena, October 21, 2022

The Management Board of INTERSHOP Communications Aktiengesellschaft

  
Markus Klahn



# Consolidated Balance Sheet

in EUR thousand	September 30, 2022	December 31, 2021
<b>ASSETS</b>		
<b>Noncurrent assets</b>		
Intangible assets	14,602	10,375
Property, plant and equipment	549	622
Rights of use IFRS 16	9,607	10,126
Other noncurrent assets	315	0
Restricted cash	253	250
Deferred tax assets	95	91
	<b>25,421</b>	<b>21,464</b>
<b>Current assets</b>		
Trade receivables	6,064	5,019
Other receivables and other assets	1,266	862
Cash and cash equivalents	10,490	12,209
	<b>17,820</b>	<b>18,090</b>
<b>TOTAL ASSETS</b>	<b>43,241</b>	<b>39,554</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Subscribed capital	14,194	14,194
Capital reserve	2,292	2,575
Other reserves	(704)	639
	<b>15,782</b>	<b>17,408</b>
<b>Noncurrent liabilities</b>		
Warrant Bond	3,052	3,059
Liabilities to banks	1,741	0
Leasing liabilities IFRS 16	8,394	8,936
Other noncurrent liabilities	2,696	0
	<b>15,883</b>	<b>11,995</b>
<b>Current liabilities</b>		
Other current provisions	296	287
Liabilities to banks	497	0
Trade accounts payable	2,053	1,631
Income tax liabilities	18	11
Leasing liabilities IFRS 16	1,399	1,296
Other current liabilities	3,252	3,247
Deferred revenue	4,061	3,679
	<b>11,576</b>	<b>10,151</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>43,241</b>	<b>39,554</b>

# Consolidated Statement of Comprehensive Income

in EUR thousand	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
<b>Revenues</b>				
Software and Cloud Revenues	5,920	4,871	17,940	14,915
Service Revenues	3,118	3,424	9,619	11,666
	<b>9,038</b>	<b>8,295</b>	<b>27,559</b>	<b>26,581</b>
<b>Cost of revenues</b>				
Cost of revenues - Software and Cloud	(2,388)	(2,102)	(7,038)	(6,489)
Cost of revenues - Services	(2,981)	(2,325)	(8,280)	(7,586)
	<b>(5,369)</b>	<b>(4,427)</b>	<b>(15,318)</b>	<b>(14,075)</b>
Gross profit	3,669	3,868	12,241	12,506
<b>Operating expenses, operating income</b>				
Research and development	(1,620)	(1,255)	(5,253)	(3,947)
Sales and marketing	(1,853)	(1,710)	(5,891)	(5,594)
General and administrative	(826)	(872)	(2,481)	(2,464)
Other operating income	102	145	374	759
Other operating expenses	(32)	(18)	(75)	(110)
	<b>(4,229)</b>	<b>(3,710)</b>	<b>(13,326)</b>	<b>(11,356)</b>
Result from operating activities	(560)	158	(1,085)	1,150
Interest income	1	0	1	0
Interest expense	(101)	(88)	(283)	(289)
<b>Financial result</b>	<b>(100)</b>	<b>(88)</b>	<b>(282)</b>	<b>(289)</b>
Earnings before tax	(660)	70	(1,367)	861
Income taxes	(22)	(32)	(132)	(97)
Earnings after tax	(682)	38	(1,499)	764
Other comprehensive income:				
Exchange differences on translating foreign operations	68	(4)	156	23
<b>Other comprehensive income from exchange differences</b>	<b>68</b>	<b>(4)</b>	<b>156</b>	<b>23</b>
<b>Total comprehensive income</b>	<b>(614)</b>	<b>34</b>	<b>(1,343)</b>	<b>787</b>
Earnings per share (EUR, basic, diluted)	(0,05)	0.00	(0,11)	0.05

# Consolidated Statement of Cash Flows

in EUR thousand	Nine months ended September 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Earnings before tax	(1,367)	861
<i>Adjustments to reconcile net profit/loss to cash used in operating activities</i>		
Financial result	282	289
Depreciation and amortization	2,433	2,371
Other noncash expenses and income	(99)	(462)
<i>Changes in operating assets and liabilities</i>		
Accounts receivable	(648)	(674)
Other assets	(678)	129
Liabilities and provisions	229	(314)
Deferred revenue	322	1,211
Net cash provided by (used in) operating activities before income tax and interest	474	3,411
Interest paid	(111)	(115)
Income taxes received	3	0
Income taxes paid	(126)	(86)
Net cash provided by (used in) operating activities	240	3,210
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Restricted cash	0	476
Payments for investments in intangible assets	(2,326)	(1,253)
Proceeds on disposal of equipment	0	1
Purchases of property and equipment	(106)	(155)
Proceeds on disposal of minority interests	75	0
Disbursement as part of a company acquisition	(741)	0
Net cash provided by (used in) investing activities	(3,098)	(931)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from loan	2,487	0
Repayments of loans	(249)	(1,041)
Payments for leasing liabilities	(1,206)	(1,139)
Net cash provided by (used in) financing activities	1,032	(2,180)
Effect of change in exchange rates	107	36
Net change in cash and cash equivalents	(1,719)	135
Cash and cash equivalents, beginning of period	12,209	11,574
Cash and cash equivalents, end of period	10,490	11,709

## Consolidated Statement of Shareholders' Equity

in EUR thousand				Other reserves			Total shareholders' equity
	Common shares (Number shares)	Subscribed capital	Capital reserve	Conversion reserve	Cumulative profit/ loss	Cumulative currency differences	
<b>Balance, January 1, 2022</b>	<b>14,194,164</b>	<b>14,194</b>	<b>2,575</b>	<b>(93)</b>	<b>(1,387)</b>	<b>2,119</b>	<b>17,408</b>
Total comprehensive income					(1,499)	156	(1,343)
Change in ownership interest (IFRS 10.23)			(283)				(283)
Balance, September 30, 2022	14,194,164	14,194	2,292	(93)	(2,886)	2,275	15,782
<b>Balance, January 1, 2021</b>	<b>14,194,164</b>	<b>14,194</b>	<b>2,575</b>	<b>(93)</b>	<b>(2,197)</b>	<b>2,056</b>	<b>16,535</b>
Total comprehensive income					764	23	787
Balance, September 30, 2021	14,194,164	14,194	2,575	(93)	(1,433)	2,079	17,322

# Intershop-Shares

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Stock Market Data on Intershop Shares	
ISIN	DE000A254211
WKN	A25421
Stock market symbol	ISHA
Admission segment	Prime standard/ Regulated market
Sector	Software
Membership of Deutsche Börse indices	CDAX, Prime All Share, Technology All Share

**intershop<sup>®</sup>**

**Investor Relations Contact**

INTERSHOP Communications AG  
Steinweg 10  
D-07743 Jena  
Phone +49 3641 50 1000  
E-Mail [ir@intershop.com](mailto:ir@intershop.com)  
[www.intershop.com](http://www.intershop.com)