

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 teal circle on the right side of the page.

intershop[®]

Quarterly Statement

Q1 2022



January - March 2022

Letter to Our Stockholders

Dear stockholders and business partners,

The first quarter of 2022 was marked by another milestone for Intershop, with a strategic acquisition which ideally complements our high-performance B2B Commerce Platform. The decision to make the acquisition was based on promising experiences with the Dutch AI-based software solution for personalized website search and product recommendations used by our customers. The SPARQUE.AI search algorithms can generate a conversion rate increase of 20% and an average online sales increase of 29%, which constitutes considerable added financial value for our customers.

We continue to focus on expanding the cloud business in addition to strengthening our product portfolio. In an impressive performance by our sales team, we have increased our most important key figure by 91% compared to the same quarter in the previous year, with incoming orders of EUR 8.7 million. With base annual recurring revenue (ARR) of approximately EUR 13 million as of the end of March and growth in cloud margin of 53%, Intershop is well on the way to achieving its strategic goals in this area for the long term. The only drawback in the first quarter was the service business. We posted a temporary decline in sales here, but this should be offset again in the course of the financial year.

We are therefore optimistic about the next quarters and look forward to continuing the successful marketing of our cloud-based Intershop Commerce Platform with expanded product portfolio.

Best regards,



Markus Klahn

Key Figures for the Group

in EUR thousand	Q1 2022	Q1 2021	Change
KPIs			
Cloud order entry	8,720	4,566	91%
Net New ARR	820	668	23%
Revenue	9,213	8,821	4%
EBIT	31	353	-91%
REVENUES			
Revenues	9,213	8,821	4%
Licenses and Maintenance	2,878	2,463	17%
Cloud and Subscription	3,097	2,445	27%
Service Revenues	3,238	3,913	-17%
Revenues Europe	6,715	6,086	10%
Revenues USA	1,557	1,698	-8%
Revenues Asia/Pacific	941	1,037	-9%
EARNINGS			
Cost of revenues	4,703	4,783	-2%
Gross profit	4,510	4,038	12%
Gross margin	49%	46%	
Operating expenses, operating income	4,479	3,685	22%
Research and development	1,880	1,236	52%
Sales and marketing	1,946	1,783	9%
General and administrative	822	739	11%
Other operating income/expenses	(169)	(73)	++
EBIT	31	353	-91%
EBIT-Margin	0%	4%	
EBITDA	800	1,107	-28%
EBITDA margin	9%	13%	
Net result	(132)	204	++
Earnings per share (EUR)	(0.01)	0.01	++
NET ASSETS			
Shareholders´ equity	17,182	16,814	2%
Equity ratio	39%	42%	
Balance sheet total	44,485	40,283	10%
Noncurrent assets	26,025	21,200	23%
Current assets	18,460	19,083	-3%
Noncurrent liabilities	14,246	11,823	20%
Current liabilities	13,057	11,646	12%
FINANCIAL POSITION			
Cash and cash equivalents	12,476	12,297	1%
Net cash operating activities	3,203	1,589	102%
Depreciation and amortization	769	754	2%
Net cash used in investing activities	(2,648)	(508)	++
Net cash provided by financing activities	(390)	(443)	-12%
EMPLOYEES	294	297	-1%

Business development

Business performance during the first three months of 2022

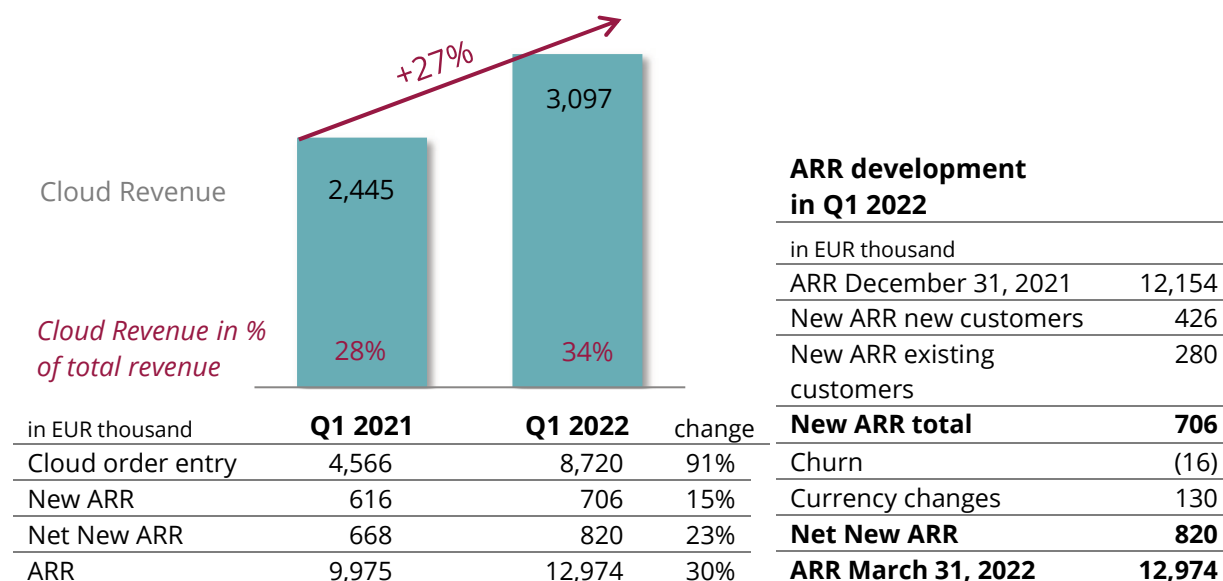
The Intershop Group generated total revenue of EUR 9.2 million in the first three months of 2022, which corresponds to an increase of 4% compared to the same quarter of the previous year (previous year: EUR 8.8 million). Operating earnings before interest and taxes (EBIT) were EUR 31 thousand (previous year: EUR 0.4 million). The company is therefore continuing its profitable growth course at the start of the 2022 financial year. The Group's most important financial key figures (KPIs) are shown in the overview below.

in EUR thousand	Q1 2022	Q1 2021	Change
Cloud Order Entry	8,720	4,566	91%
Net New ARR	820	668	23%
Revenue	9,213	8,821	4%
EBIT	31	353	-91%

Cloud growth has accelerated sharply in the first quarter of 2022

Intershop recorded extraordinarily strong growth in the cloud business in the reporting period, which is noticeable in the key figures. There was a significant increase in cloud orders of 91%, to EUR 8.7 million. EUR 5.1 million of the incoming orders can be attributed to five new customers and EUR 3.6 million to existing customers. Cloud and subscription revenues rose by 27% to EUR 3.1 million. The share of cloud revenues in the total revenue increased from 28% to 34%. Annual recurring revenue (ARR) also rose sharply. ARR was EUR 13.0 million at the end of the first quarter of 2022, compared to EUR 10.0 million on March 31, 2021. New ARR rose to EUR 0.7 million, corresponding to an increase of 15%. EUR 0.4 million of this is attributable to new customers and EUR 0.3 million to existing customers. Net New ARR (New ARR less ARR for cancellations and currency translation differences) increased from EUR 0.7 million to EUR 0.8 million. In addition, Intershop was able to increase the cloud margin by seven percentage points to 53%.

Cloud Business Development



Earnings Position

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

in EUR thousand	Q1 2022	Q1 2021	Change
Revenues	9,213	8,821	4%
Cost of revenues	4,703	4,783	-2%
Gross margin	49%	46%	
Operating expenses, operating income	4,479	3,685	22%
EBIT	31	353	-91%
EBIT margin	0%	4%	
EBITDA	800	1,107	-28%
EBITDA margin	9%	13%	
Earnings after tax	(132)	204	++

In the first three months of 2022, the Intershop Group generated **revenues** of EUR 9.2 million, which is an increase of 4% compared to the same quarter of the previous year. At the same time, revenues in the core segment **Software and Cloud** rose by 22% to EUR 6.0 million during the reporting period. Share in the total revenue therefore amounted to 65% (previous year: 56%). **Cloud and subscription** revenues realized increased within the Group by 27% to EUR 3.1 million. **License and maintenance** revenues also increased, from EUR 2.5 million to EUR 2.9 million. Maintenance revenues increased by 12% to EUR 2.1 million and license revenues by 32% to EUR 0.8 million. **Service** dampened the sales performance, with revenue declining by 17% to EUR 3.2 million. Intershop fell short of its potential here. New projects were postponed until subsequent quarters. The company expects a renewed increase in service revenues in the coming months. The share of service revenues in the total revenues equaled 35% (previous year: 44%).

The following overview shows the development of revenues:

in EUR thousand	Q1 2022	Q1 2021	Change
Software and Cloud Revenues	5,975	4,908	22%
Licenses and Maintenance	2,878	2,463	17%
Licenses	825	627	32%
Maintenance	2,053	1,836	12%
Cloud and Subscription	3,097	2,445	27%
Service Revenue	3,238	3,913	-17%
Revenues total	9,213	8,821	4%

Intershop's most important business region is Europe, where growth of 10% to EUR 6.7 million was posted in the first quarter of 2022 (previous year: EUR 6.1 million). The share of European customers in the total revenue is 73%, corresponding to an increase of four percentage points compared to the same period of the previous year. Due to lower service revenues, revenues in the US market declined slightly to EUR 1.6 million (previous year: EUR 1.7 million). The share of sales is therefore 17%, compared to 19% in the first three months of 2021. Revenues fell by 9% to EUR 0.9 million in the Asia-Pacific region, also owing to the decline in service revenues. The share in total revenue is 10% (previous year: 12%).

Gross profit increased by 12% to EUR 4.5 million in the reporting period. The gross margin improved by three percentage point to 49%. **Operating expenses and income** increased significantly by 22% to EUR 4.5 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 in its personnel to be vital in order to survive the fierce competition for qualified specialists. Research and development costs increased from EUR 1.2 million to EUR 1.9 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 the last year. Marketing and sales costs increased by 9% to EUR 1.9 million. Administrative costs increased by 11% to EUR 0.8 million. Overall, the Group's **total costs** (cost of revenues and operating expenses/income) amounted to EUR 9.2 million and thus 8% above the figure of the previous year. The **operating result (EBIT)** amounted to EUR 31 thousand and was thus lower than the previous year's result of EUR 0.4 million due to lower service revenues and higher costs. Intershop was able to record a positive EBIT for the ninth quarter in a row, however. The operating result before depreciation and amortization (EBITDA) amounted to EUR 0.8 million (previous year: EUR 1.1 million). The **result for the period** (earnings after tax) amounted to EUR -0.1 million (previous year: EUR 0.2 million), which corresponds to earnings per share of EUR -0.01 (previous year: EUR 0.01).

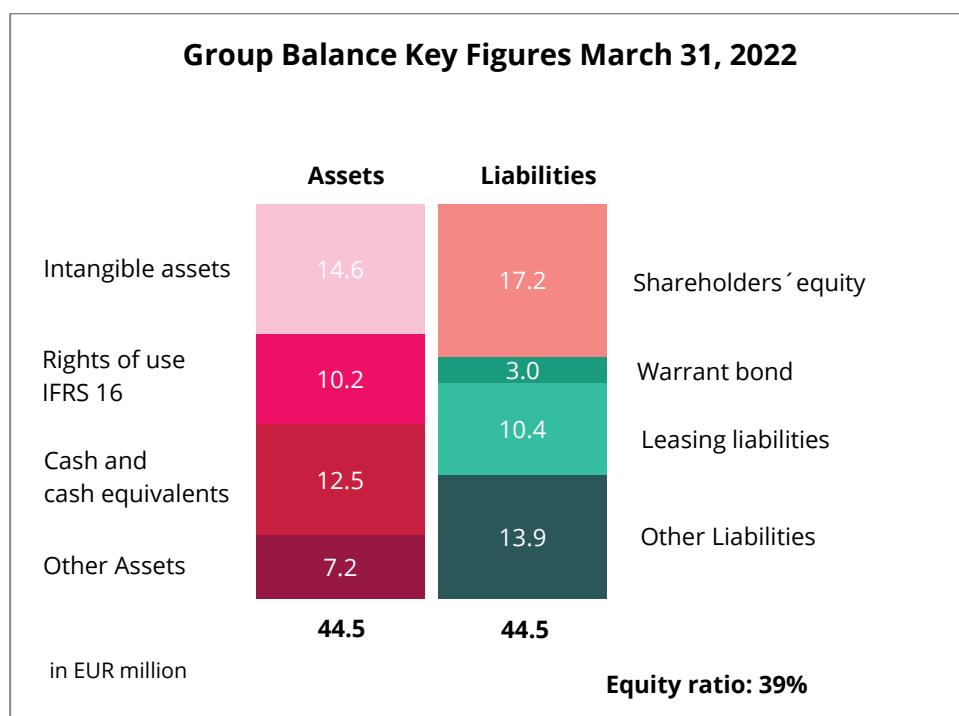
Net Asset and Financial Position

The Intershop Group's balance sheet total increased to EUR 44.5 million as of the interim balance sheet date of March 31, 2022. This is an increase of 12% compared to the end of 2021. The reason for this increase is the acquisition of the Dutch Sparque B.V., solution provider for AI-based search and recommendation marketing, in the first quarter of 2022 and the associated acquisition of the rights of use. AI-based technology will be integrated into the Intershop E-Commerce Platform and offered to companies that are not using the Intershop solution.

On the **assets side**, intangible assets increased accordingly by 41% to EUR 14.6 million. This includes the goodwill of Sparque B.V. on the one hand and acquisition of the corresponding rights of use on the other. As of the reporting date, noncurrent assets amount to EUR 26.0 million compared to EUR 21.5 million as of December 31, 2021. Current assets increased by 2% to EUR 18.5 million as a result of the increase in cash and cash equivalents (EUR +0.3 million) and other receivables and assets (EUR +0.2 million).

On the **liabilities side**, shareholders' equity decreased slightly from EUR 17.4 million to EUR 17.2 million. Noncurrent liabilities increased by 19% to EUR 14.2 million as of the interim balance sheet date. The determining factor here is the item other noncurrent liabilities, which increased to EUR 2.2 million; this item includes a conditional purchase price payment from the acquisition. Current liabilities amounted to EUR 13.1 million compared to EUR 10.2 million at end of 2021. The reason for the increase is the significant growth in deferred revenue. This increased by 68% to EUR 6.2 million.

The **equity ratio** decreased from 44% to 39% as of the interim balance sheet date of December 31, 2021 due to the increased balance sheet total.



The **cash flow** from current operating activities increased significantly during the reporting period to EUR 3.2 million compared to EUR 1.6 million in the previous year. This positive development is primarily a result of the sharp increase in deferred revenue and the reduction of trade accounts receivable. The cash outflow from investment activities amounted to EUR 2.6 million due to acquisitions. The cash outflow from financing activities remained almost unchanged at EUR 0.4 million. Overall, despite increased investment activity, cash and cash equivalents increased by 2% to EUR 12.5 million at the end of the first quarter (as of December 31, 2021: EUR 12.2 million).

Employees

At the end of March 2022, Intershop had 294 full-time employees worldwide. This constitutes an increase of six employees compared to the balance sheet date of December 31, 2021. The number of employees has decreased slightly compared to the same quarter of the previous year.

The following overview shows the breakdown of full-time employees by business unit.

Employees by department*	March 31, 2022	December 31, 2021	March 31, 2021
Technical Departments (Service functions and Research and Development)	226	223	228
Sales and Marketing	39	36	40
General and administrative	29	29	29
	294	288	297

*based on full time staff, including students and trainees

As of the interim balance sheet date, the number of employees in Europe was 255 or 87% of the workforce. Sixteen (5%) of these employees worked in the US subsidiary; the share of employees in the Asia-Pacific region was 23 or 8%.

Outlook

The global economy will continue to face major challenges in 2022 due to international crises. Even though war, the ongoing pandemic, and disrupted supply chains are giving rise to uncertainties, the digitalization trend is progressing and sometimes even accelerating. The US research and consulting firm Gartner expects the IT market to grow by 5.5% in the 2022 financial year. According to Research and Markets, the B2B e-commerce market should 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.

With its takeover of Sparque.AI, the company has recently expanded its cloud product portfolio and simultaneously opened up a new business area. Even companies that do not rely on the Intershop Commerce Platform can use the software and optimize their search and recommendation marketing with the aid of AI-supported technology. Users can expect an increase in conversion to online shops by 20%, in turn resulting in a sales increase of 29%. For the future, the acquisition provides Intershop with the potential to address new target groups and the opportunity to increase the added value of the existing products significantly.

In view of the sharp cloud growth in the first quarter of 2022 and a very promising new customer pipeline, the company can confirm the forecast for the entire year. Intershop expects an increase in incoming cloud orders of 20% and an increase in Net New ARR of 10% for the 2022 financial year. With expected growth in sales of approximately 10%, a positive operating result (EBIT) of at least EUR 1.0 million is forecast.

Jena, April 22, 2022

The Management Board of INTERSHOP Communications Aktiengesellschaft



Markus Klahn

Consolidated Balance Sheet

in EUR thousand	March 31, 2022	December 31, 2021
ASSETS		
Noncurrent assets		
Intangible assets	14,605	10,375
Property, plant and equipment	612	622
Rights of use IFRS 16	10,224	10,126
Other noncurrent assets	234	0
Restricted cash	254	250
Deferred tax assets	96	91
	26,025	21,464
Current assets		
Trade receivables	4,911	5,019
Other receivables and other assets	1,073	862
Cash and cash equivalents	12,476	12,209
	18,460	18,090
TOTAL ASSETS	44,485	39,554
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Subscribed capital	14,194	14,194
Capital reserve	2,395	2,575
Other reserves	593	639
	17,182	17,408
Noncurrent liabilities		
Warrant Bond	3,041	3,059
Leasing liabilities IFRS 16	9,000	8,936
Other noncurrent liabilities	2,205	0
	14,246	11,995
Current liabilities		
Other current provisions	235	287
Trade accounts payable	1,556	1,631
Income tax liabilities	15	11
Leasing liabilities IFRS 16	1,359	1,296
Other current liabilities	3,726	3,247
Deferred revenue	6,166	3,679
	13,057	10,151
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	44,485	39,554

Consolidated Statement of Comprehensive Income

in EUR thousand	Three months ended March 31,	
	2022	2021
Revenues		
Software and Cloud Revenues	5,975	4,908
Service Revenues	3,238	3,913
	9,213	8,821
Cost of revenues		
Cost of revenues - Software and Cloud	(2,193)	(2,119)
Cost of revenues - Services	(2,510)	(2,664)
	(4,703)	(4,783)
Gross profit	4,510	4,038
Operating expenses, operating income		
Research and development	(1,880)	(1,236)
Sales and marketing	(1,946)	(1,783)
General and administrative	(822)	(739)
Other operating income	195	95
Other operating expenses	(26)	(22)
	(4,479)	(3,685)
Result from operating activities	31	353
Interest income	0	0
Interest expense	(89)	(101)
Financial result	(89)	(101)
Earnings before tax	(58)	252
Income taxes	(74)	(48)
Earnings after tax	(132)	204
Other comprehensive income:		
Exchange differences on translating foreign operations	86	75
Other comprehensive income from exchange differences	86	75
Total comprehensive income	(46)	279
Earnings per share (EUR, basic, diluted)	(0,01)	0.01

Consolidated Statement of Cash Flows

in EUR thousand	Three months ended March 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings before tax	(58)	252
<i>Adjustments to reconcile net profit/loss to cash used in operating activities</i>		
Financial result	89	101
Depreciation and amortization	769	754
Other noncash expenses and income	(99)	(64)
<i>Changes in operating assets and liabilities</i>		
Accounts receivable	267	(877)
Other assets	(679)	(341)
Liabilities and provisions	559	191
Deferred revenue	2,473	1,689
Net cash provided by (used in) operating activities before income tax and interest	3,321	1,705
Interest paid	(47)	(65)
Income taxes paid	(71)	(51)
Net cash provided by (used in) operating activities	3,203	1,589
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments in intangible assets	(1,903)	(471)
Purchases of property and equipment	(54)	(37)
Disbursement as part of a company acquisition	(691)	0
Net cash provided by (used in) investing activities	(2,648)	(508)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of loans	0	(125)
Payments for leasing liabilities	(390)	(318)
Net cash provided by (used in) financing activities	(390)	(443)
Effect of change in exchange rates	102	85
Net change in cash and cash equivalents	267	723
Cash and cash equivalents, beginning of period	12,209	11,574
Cash and cash equivalents, end of period	12,476	12,297

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	
Balance, January 1, 2022	14,194,164	14,194	2,575	(93)	(1,387)	2,119	17,408
Total comprehensive income					(132)	86	(46)
Changes in the basis of consolidation			(180)				(180)
Balance, March 31, 2022	14,194,164	14,194	2,395	(93)	(1,519)	2,205	17,182
Balance, January 1, 2021	14,194,164	14,194	2,575	(93)	(2,197)	2,056	16,535
Total comprehensive income					204	75	279
Balance, March 31, 2021	14,194,164	14,194	2,575	(93)	(1,993)	2,131	16,814

Intershop-Shares

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

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Investor Relations Contact

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