

The Intershop logo is displayed in a bold, red, sans-serif font. It is positioned 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[®]

Group Management Report for the first six months 2022



January 1 to June 30, 2022

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Letter to Our Stockholders

Dear stockholders and business partners,

Our core business developed great in the first six months of 2022 with the cloud sector exceeding the projections and an increase in incoming cloud orders of 48% to EUR 14.3 million. The annually recurring revenue (ARR) as at June 30, 2022 increased to EUR 14.4 million compared to EUR 10.8 million in the previous year. The Net New ARR at +52% to EUR 2.3 million clearly points to a trend in the right direction.

However, we were too optimistic in our projections for the service sector. The expectations for this year have so far not been met, and we recorded sales in the first six months which are below our expectations. The reason is that some projects could not be realized within the stipulated times and with the projected resources. We have already taken measures to improve our efficiency in processing the projects. These measures will be implemented consistently over the next months. Furthermore, the expansion of our partner business has developed more positively than expected. A large majority of our new service projects in the first six months of the year are carried out by partners outside the DACH region in Europe. The strategic goal to collaborate with partners on a scalable basis is on the right track. At the same time, we will continue to work towards ensuring our own service team's stable capacity utilization in the future without halting the growth and increase of our visibility on the market with partners. Our most recent sales forecast shows that we expect a larger share of service revenues with new customers in the second half of the year.

This means that we have identified operational issues and taken counter-measures to the extent that the negative developments are within our scope of control. Overall, the markets have experienced a major blow due to the war in Ukraine and the impact on the supply chains as well as the exponential increase in costs of raw materials and energy which affect our customers and thus, indirectly, us as well. On the other hand, an efficient B2B commerce solution in these challenging times is a major competitive advantage in coping with a potential crisis and further expanding the business. Our strong new customer pipeline is evidence of this, and thus we are confident that we will achieve our targets for 2022 as a whole. The prerequisite here is that the impact of the economic crisis does not become a staple in the balance sheets of potential customers and that our counter-measures to minimize the weak service sector sales show the expected effect in the second half of the year.

We are approaching this challenge with great confidence, and I thank you for your trust in our collaboration on this path.

Best regards,



Markus Klahn

Key Figures for the Group

in EUR thousand	6-Months 2022	6-Months 2021	Change
KPIs			
Cloud order entry	14,308	9,654	48%
Net New ARR	2,272	1,493	52%
Revenue	18,521	18,286	1%
EBIT	(525)	992	-153%
REVENUES			
Revenues	18,521	18,286	1%
Licenses and Maintenance	5,330	4,921	8%
Cloud and Subscription	6,690	5,123	31%
Service Revenues	6,501	8,242	-21%
Revenues Europe	13,256	12,740	4%
Revenues USA	3,333	3,362	-1%
Revenues Asia/Pacific	1,932	2,184	-12%
EARNINGS			
Cost of revenues	9,949	9,648	3%
Gross profit	8,572	8,638	-1%
Gross margin	46%	47%	
Operating expenses, operating income	9,097	7,646	19%
Research and development	3,633	2,692	35%
Sales and marketing	4,038	3,884	4%
General and administrative	1,655	1,592	4%
Other operating income/expenses	(229)	(522)	-56%
EBIT	(525)	992	-153%
EBIT-Margin	-3%	5%	
EBITDA	1,077	2,614	-59%
EBITDA margin	6%	14%	
Net result	(817)	726	++
Earnings per share (EUR)	(0.06)	0.05	++
NET ASSETS			
Shareholders´ equity	16,396	17,288	-5%
Equity ratio	36%	44%	
Balance sheet total	45,401	38,967	17%
Noncurrent assets	25,917	20,893	24%
Current assets	19,484	18,074	8%
Noncurrent liabilities	16,336	11,695	40%
Current liabilities	12,669	9,984	27%
FINANCIAL POSITION			
Cash and cash equivalents	12,887	11,646	11%
Net cash operating activities	1,879	2,344	-20%
Depreciation and amortization	1,602	1,622	-1%
Net cash used in investing activities	(2,865)	(502)	++
Net cash provided by financing activities	1,557	(1,814)	++
EMPLOYEES	295	294	0%

Group Management Report

Overall Economy and Industry

The war in Ukraine, strict quarantine measures in China, supply chain issues, and the increasing inflation have led to global economic growth that is expected to be significantly weaker in 2022 than initially expected. Thus, the International Monetary Fund (IMF) predicts growth of 4.4% in its April forecast. Most recent estimates, however, are much more pessimistic. In its June report, the World Bank projects growth of 2.9%, while it predicted 4.1% back in January. According to the OECD, in the industrialized countries, the GDP is expected to grow by 2.6%. For Germany, the Bundesbank believes that the economic growth will be about 2% this year.

IT expenses worldwide, according to Gartner 2022, will increase to USD 4.4 trillion despite the global crisis. In the business software sector, sales in the total amount of approximately USD 675 billion (2021: USD 615 billion) are expected for the current year. This would be a growth of 9.8%. Spending for IT services is expected to increase by 6.8% to USD 1.3 trillion, according to Gartner. For Germany, the industry association Bitkom expects growth of 9.0% in the software sector in the current year. For the IT services market, Bitkom expects growth of 3.9% in 2022.

The growth projections for the e-commerce sector continue to be positive. The analysis company eMarketer expects a worldwide increase in online retail sales of 12.7%. According to Research and Markets, the B2B e-commerce market will continue to expand—at an average annual growth rate of 18.7% from 2020 to 2028.

Business performance during the first six months of 2022

In the first six months of 2022, the Intershop Group generated revenues of EUR 18.5 million (prior year: EUR 18.3 million). This corresponds to a slight increase of 1% over the same period last year. The operating result before interest and taxes (EBIT) declined drastically in the second quarter and amounted to EUR -0.5 million for the reporting period of the first half of 2022 (prior year: EUR 1.0 million). The reason for this decline in the result are in particular declining sales in the service sector.

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

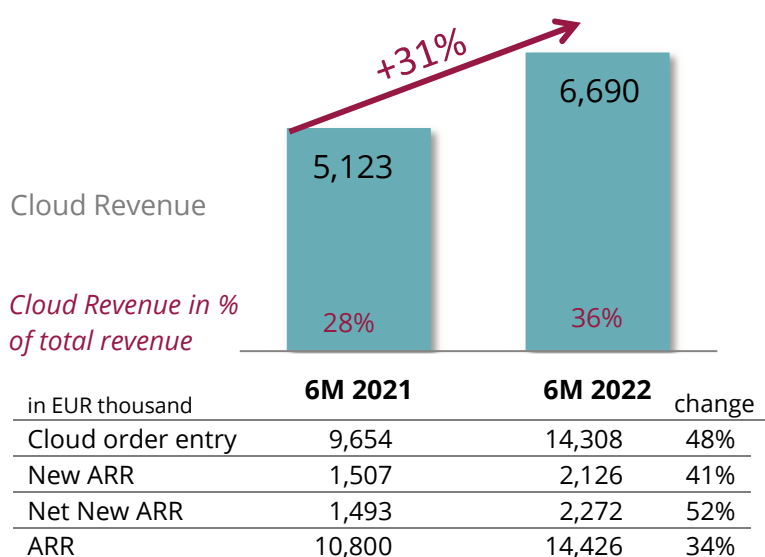
in EUR thousand	6M 2022	6M 2021	Change
Cloud Order Entry	14,308	9,654	48%
Net New ARR	2,272	1,493	52%
Revenue	18,521	18,286	1%
EBIT	(525)	992	-153%

Cloud sector continues to experience significant growth in the first half of the year 2022

In the second quarter of 2022, Intershop expanded its collaboration with existing customers and also acquired new customers. Thus, we were able to continue recording strong growth in the entire cloud sector. For incoming cloud orders (new and existing customers), Intershop reported an increase of 48% to EUR 14.3 million in the first six months of 2022. EUR 7.1 million of this is attributable to seven new customers and EUR 7.2 million to existing customers. In the reporting period, cloud revenues rose by 31% from EUR 5.1 million to EUR 6.7 million. The share of cloud revenues in the total revenue increased to 36% (prior year: 28%). At June 30, 2022, the ARR increased to EUR 14.4 million, corresponding to an increase of 34% compared to June 30, 2021.

The New ARR rose by 41% to EUR 2.1 million; of this amount, EUR 1.1 million are attributable to new customers and EUR 1.0 million to existing customers. The New ARR generated from new customers includes an amount of EUR 0.3 million resulting from the acquisition of Sparque B.V. The Net New ARR (New ARR less ARR for cancellations and currency translation differences) could be increased by 52% to EUR 2.3 million (prior year: EUR 1.5 million). The cloud margin improved from 48% in the first half of the previous year to 55% in the reporting period.

Cloud Business Development



ARR development in the first half of 2022

in EUR thousand	
ARR December 31, 2021	12,154
New ARR new customers	1,107
New ARR existing customers	1,019
New ARR total	2,126
Churn	(16)
Currency changes	162
Net New ARR	2,272
ARR June 30, 2022	14,426

Earnings Position

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

in EUR thousand	6M 2022	6M 2021	Change
Revenues	18,521	18,286	1%
Cost of revenues	9,949	9,648	3%
Gross margin	46%	47%	
Operating expenses, operating income	9,097	7,646	19%
EBIT	(525)	992	-153%
EBIT margin	-3%	5%	
EBITDA	1,077	2,614	-59%
EBITDA margin	6%	14%	
Earnings after tax	(817)	726	-213%

The Intershop Group generated **revenues** of EUR 18.5 million in the first six months of 2022. As a result, only slight growth of 1% could be achieved compared to the prior-year period. Revenues from April to June dropped slightly by 2% to EUR 9.3 million compared to the second quarter of the previous year. In the core segment **software and cloud**, the Intershop Group achieved an increase in sales of 20% to EUR 12.0 million (prior year: EUR 10.0 million). **License and maintenance** revenues also increased, by 8% to EUR 5.3 million (prior year: EUR 4.9 million). Intershop once again

recorded significant growth in **cloud and subscription** sales of 31% to EUR 6.7 million (prior year: EUR 5.1 million). **Service revenues** declined significantly in the reporting period by 21% to EUR 6.5 million (prior year: EUR 8.2 million) and thus were the reason for the halted growth. Some service projects turned out to be more demanding than projected and thus required more time and resources. In this respect, measures to increase efficiency have already been taken. The large number of incoming orders outside the DACH region in Europe also led to a strategically intended expansion of the partner business which, in turn, resulted in a significant shifting in the service revenues in favor of our certified partners. The share of service revenues in total revenue decreased from 45% in the first six months of the previous year to 35% in the first six months of 2022. The following overview shows the development of revenues:

in EUR thousand	6M 2022	6M 2021	Change
Software and Cloud Revenues	12,020	10,044	20%
Licenses and Maintenance	5,330	4,921	8%
Licenses	1,343	1,042	29%
Maintenance	3,987	3,879	3%
Cloud and Subscription	6,690	5,123	31%
Service Revenue	6,501	8,242	-21%
Revenues total	18,521	18,286	1%

Europe continues to be the Group's dominant sales region. There, revenues in the reporting period increased by 4% to EUR 13.3 million compared to the first half of 2021. The share of European customers in total revenues is thus 72% (prior year: 70%). Sales revenues from the U.S. market declined by 1% to EUR 3.3 million. While cloud revenues increased by 33%, the strongly declining service revenues, in particular, led to this downward trend. As in the previous year, the region contributed 18% to the total revenues. Revenues also declined in the Asia-Pacific region to EUR 1.9 million. This corresponds to a share of 10% of total revenues (prior year: 12%).

The **gross profit on sales** decreased slightly by 1% to EUR 8.6 million compared to the prior-year period. The gross margin dropped by one percentage point to 46%. **Operating expenses and income** increased by 19% to EUR 9.1 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 35% to EUR 3.6 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. Sales and marketing expenses rose by 4% to EUR 4.0 million. At EUR 1.7 million, general and administrative costs were slightly higher than in the same period of the prior year as well (4%) (prior year: EUR 1.6 million). The other operating income which included non-recurring income of EUR 0.4 million resulting from a loan forgiven under the U.S. coronavirus relief programs, declined to EUR 0.3 million. Overall, the total costs (cost of revenues and operating expenses/income) were EUR 19.0 million and thus 10% above that of the prior year.

The **operating result (EBIT)** amounted to EUR -0.5 million in the first six months (prior year: EUR 1.0 million). Losses before interest and taxes in the second quarter amounted to EUR 0.6 million after slight profits of EUR 0.03 million in the first quarter. The operating result before depreciation and amortization (EBITDA) amounted to EUR 1.1 million (previous year: EUR 2.6 million). The result for the period (**earnings after taxes**) was EUR -0.8 million (prior year: EUR 0.7 million), which corresponds to earnings per share of EUR -0.06 (prior year: EUR 0.05).

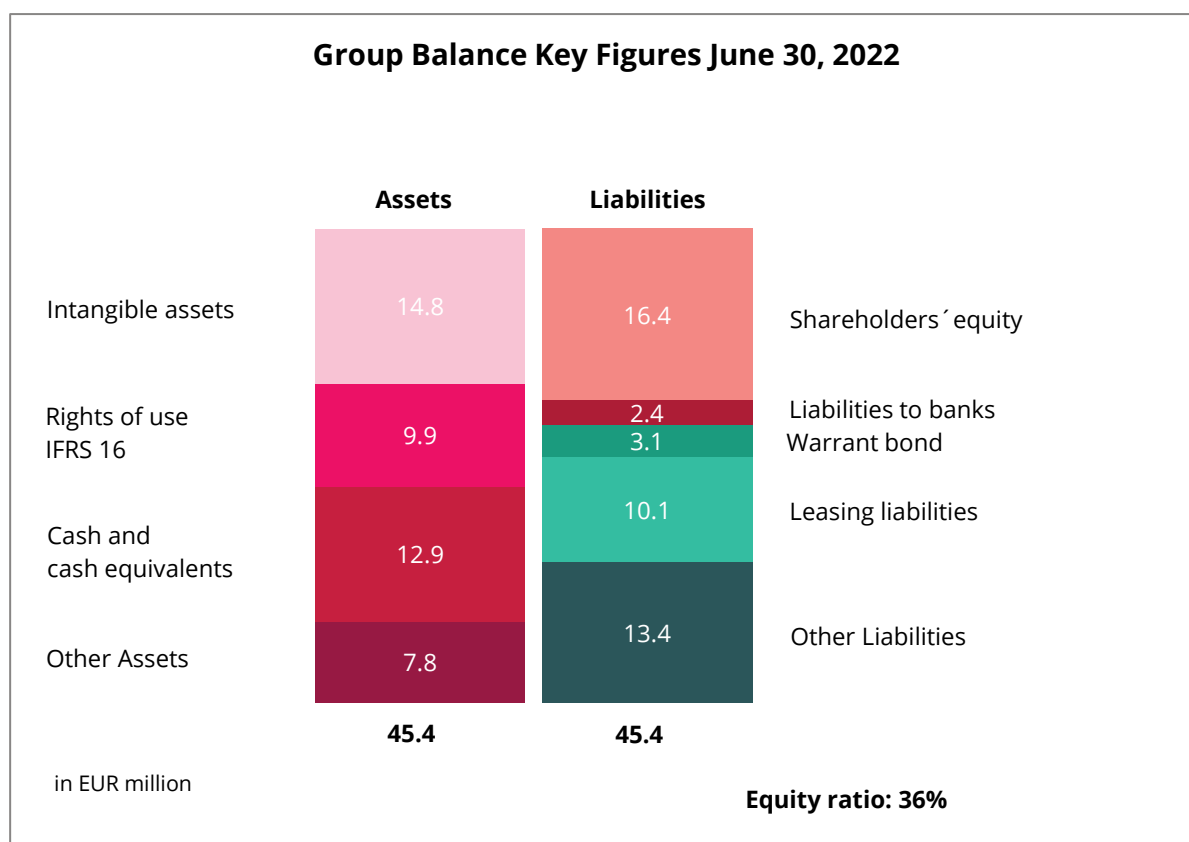
Net Asset and Financial Position

As at the interim balance sheet date of June 30, 2022, the **balance sheet total** of the Intershop Group amounted to EUR 45.4 million, 15% above the figure at the end of 2021. The 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. AI-based technology will be integrated into the Intershop E-Commerce Platform and will also be offered to companies which are not using the Intershop solution.

On the **assets** side, intangible assets thus increased by 43% to EUR 14.8 million. This includes the goodwill of Sparque B.V. on the one hand and acquisition of the corresponding usage rights on the other. As at the reporting date, noncurrent assets amounted to EUR 25.9 million compared to EUR 21.5 million as at December 31, 2021. Current assets increased to EUR 19.5 million (December 31, 2021: EUR 18.1 million), in particular due to the increase in trade receivables (EUR +0.4 million) and cash and cash equivalents (EUR +0.7 million) to EUR 12.9 million.

On the **liabilities** side, shareholders' equity decreased by 6% to EUR 16.4 million. As at the interim balance sheet date, noncurrent liabilities increased by 36% to EUR 16.3 million due to the increase in liabilities due to banks (EUR +1.9 million) and other noncurrent payables (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 12.7 million compared to EUR 10.2 million at December 31, 2021. The reason for the increase is a significant growth in deferred revenue (40% increase to EUR 5.1 million).

The **equity ratio** decreased from 44% to 36% as at the interim balance sheet date of December 31, 2022 due to the increased balance sheet total.



The cash flow from ordinary business activities totaled EUR 1.9 million in the first half of the year compared to EUR 2.3 million in the prior-year period. The cash outflow from investing activities amounted to EUR 2.9 million due to acquisitions. The cash inflow from financing activities came to EUR 1.6 million, mainly due to the new loan. The cash outflow from financing activities in the previous year amounted to EUR 1.8 million, in particular due to the repayment of loans. Overall, cash and cash equivalents increased as at the end of the first six months by 6% to EUR 12.9 million (December 31, 2021: EUR 12.2 million).

Research and Development

Intershop has an efficient and experienced development team whose research and development work (R&D) focuses on the continuous further development of the Intershop Commerce Platform. At the end of the previous financial year, Intershop launched a new generation of the Commerce Platform. Thus, Intershop has a unique asset in the cloud. In the first half of 2022, the company announced the launch of a comprehensive low-code platform for the integration of third-party systems. With the so-called Intershop Integration Hub, any number of systems can now be connected in a hub with the Intershop Commerce Platform—without any manual development being required.

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 June 30, 2022, Intershop had 295 full-time employees around the world. Compared to December 31, 2021, this represents an increase by seven employees, and compared to the same date one year earlier an increase by one employee.

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

Employees by department*	June 30, 2022	December 31, 2021	June 30, 2021
Technical Departments (Service functions and Research and Development)	221	223	225
Sales and Marketing	43	36	40
General and administrative	31	29	29
	295	288	294

*based on full time staff, including students and trainees

At the interim balance sheet date, the number of employees in Europe was 252 or 85% of the workforce. In the Asia-Pacific region, there were 24 employees (8%); in the U.S., the share was 7% with 19 employees.

Outlook

Geopolitical tensions, inflation, currency fluctuations, and disrupted supply chains pose a major challenge for companies in 2022 and beyond. According to the U.S. analysis company Gartner, however, the continued war in Ukraine is not expected to have any direct impact on global IT expenditure. While price and wage inflation in conjunction with the lack of skilled workers, as well as unpredictable supply issues, will have a stronger impact on investment decisions, such investments will not be halted regardless, according to current estimates. Gartner thus expects an increase in global IT expenditure by 4% to USD 4.4 trillion in 2022 and another 5.5% to USD 4.7 trillion in 2023.

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.

Intershop has consistently expanded its cloud sector in the first half of the year. In the service sector, on the other hand, the company recorded declining sales. Here, management has taken measures to increase efficiency in the processing of projects and expects a higher share of the service revenues from new customers in the second half of the year. 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 in all aspects.

In view of a promising new customer pipeline, the company can confirm the forecast for the year as a whole. 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.

Consolidated Balance Sheet

in EUR thousand	June 30, 2022	December 31, 2021
ASSETS		
Noncurrent assets		
Intangible assets	14,795	10,375
Property, plant and equipment	573	622
Rights of use IFRS 16	9,918	10,126
Other noncurrent assets	284	0
Restricted cash	253	250
Deferred tax assets	94	91
	25,917	21,464
Current assets		
Trade receivables	5,466	5,019
Other receivables and other assets	1,131	862
Cash and cash equivalents	12,887	12,209
	19,484	18,090
TOTAL ASSETS	45,401	39,554
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Subscribed capital	14,194	14,194
Capital reserve	2,292	2,575
Other reserves	(90)	639
	16,396	17,408
Noncurrent liabilities		
Warrant Bond	3,070	3,059
Liabilities to banks	1,865	0
Leasing liabilities IFRS 16	8,705	8,936
Other noncurrent liabilities	2,696	0
	16,336	11,995
Current liabilities		
Other current provisions	273	287
Liabilities to banks	497	0
Trade accounts payable	1,787	1,631
Income tax liabilities	10	11
Leasing liabilities IFRS 16	1,375	1,296
Other current liabilities	3,584	3,247
Deferred revenue	5,143	3,679
	12,669	10,151
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	45,401	39,554

Consolidated Statement of Comprehensive Income

in EUR thousand	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Revenues				
Software and Cloud Revenues	6,045	5,136	12,020	10,044
Service Revenues	3,263	4,329	6,501	8,242
	9,308	9,465	18,521	18,286
Cost of revenues				
Cost of revenues - Software and Cloud	(2,457)	(2,268)	(4,650)	(4,387)
Cost of revenues - Services	(2,789)	(2,597)	(5,299)	(5,261)
	(5,246)	(4,865)	(9,949)	(9,648)
Gross profit	4,062	4,600	8,572	8,638
Operating expenses, operating income				
Research and development	(1,753)	(1,456)	(3,633)	(2,692)
Sales and marketing	(2,092)	(2,101)	(4,038)	(3,884)
General and administrative	(833)	(853)	(1,655)	(1,592)
Other operating income	77	519	272	614
Other operating expenses	(17)	(70)	(43)	(92)
	(4,618)	(3,961)	(9,097)	(7,646)
Result from operating activities	(556)	639	(525)	992
Interest income	0	0	0	0
Interest expense	(93)	(100)	(182)	(201)
Financial result	(93)	(100)	(182)	(201)
Earnings before tax	(649)	539	(707)	791
Income taxes	(36)	(17)	(110)	(65)
Earnings after tax	(685)	522	(817)	726
Other comprehensive income:				
Exchange differences on translating foreign operations	2	(48)	88	27
Other comprehensive income from exchange differences	2	(48)	88	27
Total comprehensive income	(683)	474	(729)	753
Earnings per share (EUR, basic, diluted)	(0.05)	0.04	(0.06)	0.05

Consolidated Statement of Cash Flows

in EUR thousand	Six months ended June 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings before tax	(707)	791
<i>Adjustments to reconcile net profit/loss to cash used in operating activities</i>		
Financial result	182	201
Depreciation and amortization	1,602	1,622
Other noncash expenses and income	(99)	(462)
<i>Changes in operating assets and liabilities</i>		
Accounts receivable	(212)	(1,529)
Other assets	(501)	118
Liabilities and provisions	355	340
Deferred revenue	1,422	1,396
Net cash provided by (used in) operating activities before income tax and interest	2,042	2,477
Interest paid	(51)	(68)
Income taxes paid	(112)	(65)
Net cash provided by (used in) operating activities	1,879	2,344
CASH FLOWS FROM INVESTING ACTIVITIES		
Restricted cash	0	476
Payments for investments in intangible assets	(2,111)	(893)
Proceeds on disposal of equipment	0	1
Purchases of property and equipment	(76)	(86)
Proceeds on disposal of minority interests	63	0
Disbursement as part of a company acquisition	(741)	0
Net cash provided by (used in) investing activities	(2,865)	(502)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from loan	2,487	0
Repayments of loans	(125)	(1,041)
Payments for leasing liabilities	(805)	(773)
Net cash provided by (used in) financing activities	1,557	(1,814)
Effect of change in exchange rates	107	44
Net change in cash and cash equivalents	678	72
Cash and cash equivalents, beginning of period	12,209	11,574
Cash and cash equivalents, end of period	12,887	11,646

Consolidated Statement of Shareholders' Equity

in EUR thousand							
	Common shares (Number shares)	Subscribed capital	Capital reserve	Conversion reserve	Other reserves Cumulative profit/ loss	Cumulative currency differences	Total Shareholders' equity
Balance, January 1, 2022	14,194,164	14,194	2,575	(93)	(1,387)	2,119	17,408
Total comprehensive income					(817)	88	(729)
Change in ownership interest (IFRS 10.23)			(283)				(283)
Balance, June 30, 2022	14,194,164	14,194	2,292	(93)	(2,204)	2,207	16,396
Balance, January 1, 2021	14,194,164	14,194	2,575	(93)	(2,197)	2,056	16,535
Total comprehensive income					726	27	753
Balance, June 30, 2021	14,194,164	14,194	2,575	(93)	(1,471)	2,083	17,288

Notes on the Consolidated Financial Statements as of June 30, 2022

General disclosures

This interim report as of June 30, 2022 is unaudited and must be read in conjunction with the consolidated financial statements and the associated notes to the consolidated financial statements for fiscal year 2021. The consolidated financial statements and the notes to the consolidated financial statements are contained in the Company's Annual Report for the fiscal year ended December 31, 2021. The 2021 Annual Report is available on the Company's web site at <https://www.intershop.com/financial-reports>.

Accounting principles (Compliance statement)

The interim consolidated financial statements of INTERSHOP Communications AG were prepared in accordance with the International Financial Reporting Standards (IFRSs) valid at the balance sheet date, which include standard (IFRS, IAS) adopted by IASB, and the Interpretations (IFRIC, SIC) issued by the International Financial Reporting Interpretations Committee (IFRS IC), as adopted by the EU. The interim consolidated financial statements have been prepared in euros. Unless stated otherwise, all amounts are given as thousands of euros (EUR thousand). Figures are rounded to the nearest thousand and totals may not sum due to rounding.

Basis of consolidation

The group of consolidated companies included in the consolidated financial statements of INTERSHOP Communications AG changed in the first six months of 2022 compared to December 31, 2021. Sparque B.V., Utrecht, Netherlands, was added. The scope of consolidation of the entities of INTERSHOP Communications AG includes, as of June 30, 2022, in addition to the parent company, the subsidiaries Intershop Communications, Inc., Intershop Communications Australia Pty Ltd, Sparque B.V., Intershop Communications SARL, The Bakery GmbH as well as Intershop Communications Ventures GmbH.

Sparque B.V. acquisition

On March 16, 2022, Intershop acquired 80% of the shares in Sparque B.V., a Dutch solutions provider of search and recommendation marketing based on artificial intelligence (AI). A purchase option was agreed upon for the remaining 20% of the shares. For Intershop, the acquisition means an addition of modern AI technology to its own e-commerce platform.

The details regarding the purchase price payment for the acquired net assets and the goodwill are as follows:

Purchase price	in EUR thousand
Cash compensation	787
Contingent consideration	2,313
Total purchase price	3,100

Intershop has a purchase option for the acquisition of the remaining shares after five years. The price of exercising the option depends on the amount of recurring revenues in 2026, with a minimum exercise price applying. The fair value of the contingent consideration in the amount EUR 2,313k was estimated based on the present value of the expected future cash flows.

The recorded amounts of assets and liabilities included in the balance sheet as at the acquisition date are summarized below:

	in EUR thousand
Trade receivables	16
Other receivables and other assets	13
Cash and cash equivalents	46
Trade accounts payable	(2)
Other current liabilities	(33)
Identifiable net assets acquired	40
Plus goodwill	3,060
Net assets acquired	3,100

The goodwill results from the employees' know-how and the anticipated synergies from the integration into the Group's existing cloud business. It is expected to be non-deductible for tax purposes.

The acquisition became effective on January 1, 2022. Therefore, the Group's revenue and earnings include the revenues and earnings of the acquired company as of January 1, 2022.

Furthermore, in the course of the transaction, Intershop sold 5% of the shares to bind an external employee to the Group which is deemed an equity transaction under IFRS 10.23. The shareholders' equity includes the amount of EUR 283k comprising the purchase price obtained plus a contingent consideration measured at fair value. Intershop has a purchase option for the acquisition of 5% of the shares after five years. The price of exercising the option depends on the amount of recurring revenues in 2026. The fair value of the contingent consideration in the amount EUR 382k was estimated based on the present value of the expected future cash flows.

The expenses related to the acquisition totaled EUR 88k and are included in the sales and marketing expenses as well as in general and administrative costs in the consolidated statement of comprehensive income.

Accounting policies

The same accounting policies were used to prepare this interim report as for the consolidated financial statements for fiscal year 2021. The policies used are described in detail on pages 32 to 37 of the 2021 Annual Report.

Intangible assets

in EUR thousand	Purchased Software/ other intangible assets	Internally developed software	Goodwill	Total
Costs of purchase				
Balance at January 1, 2021	1,813	25,403	24,097	51,313
Additions	0	1,492	0	1,492
Disposals	(46)	(2,107)	0	(2,153)
Currency translation differences	0	0	0	0
Balance at December 31, 2022	1,767	24,788	24,097	50,652
Additions	1,848	263	3,060	5,171
Disposals	0	0	0	0
Currency translation differences	0	0	0	0
Balance at June 30, 2022	3,615	25,051	27,157	55,823
Amortization, write-downs, and impairment losses				
Balance at January 1, 2021	1,764	19,547	19,624	40,935
Additions	28	1,467	0	1,495
Disposals	(46)	(2,107)	0	(2,153)
Currency translation differences	0	0	0	0
Balance at December 31, 2022	1,746	18,907	19,624	40,277
Additions	86	665	0	751
Disposals	0	0	0	0
Currency translation differences	0	0	0	0
Balance at June 30, 2022	1,832	19,572	19,624	41,028
Net carrying amount at December 31, 2021	21	5,881	4,473	10,375
Net carrying amount at June 30, 2022	1,783	5,479	7,533	14,795

The software acquired for consideration includes the usage rights to the AI-based e-commerce technology which Intershop acquired from the Dutch Spinque B.V. The cost of EUR 1,800k corresponds to the purchase price paid and is written off over the estimated useful life.

Equity

The change in equity of INTERSHOP Communications AG is shown in the consolidated statement of changes in equity. As of June 30, 2022, subscribed capital was unchanged at EUR 14,194,164 and is divided into 14,194,164 non-par value bearer shares.

Liabilities to banks

In the second quarter of 2022, Intershop entered into an unsecured loan agreement with UniCredit Bank AG in the amount of EUR 2,487k over a period of five years with a fixed interest rate of 2.24% p.a. and a constant quarterly repayment rate.

Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

in EUR thousand	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Basis for calculating basic earnings per share (earnings after tax)	(685)	522	(817)	726
Interest expenses for warrant bonds	29	29	57	57
Basis for calculating the diluted earnings per share	(656)	551	(760)	783

in thousand	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Weighted average of common shares (basic)	14,194	14,194	14,194	14,194
Effect of the conversion of the warrant bonds	1,419	1,419	1,419	1,419
Weighted average of common shares (diluted)	15,613	15,613	15,613	15,613

in EUR	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Earnings per share (basic)	(0.05)	0.04	(0.06)	0.05
Earnings per share (diluted)	(0.04)	0.04	(0.05)	0.05
Adjustment of earnings per share (diluted)	(0.05)	0.04	(0.06)	0.05

If the diluted earnings reduce the loss per share or increase earnings per share, an adjustment is made to the amount of basic earnings per share (antidilutive effect) in accordance with IAS 33.43.

Segment Reporting

Three months ended June 30, 2022					
	Europe	U.S.A	Asia/ Pacific	Consoli- dation	Group
in EUR thousand					
Revenues from external customers					
Software and Cloud Revenue	4,501	991	553	0	6,045
Licenses and Maintenance	2,189	137	126	0	2,452
Licenses	509	0	9	0	518
Maintenance	1,680	137	117	0	1,934
Cloud and Subscription	2,312	854	427	0	3,593
Service Revenue	2,040	785	438	0	3,263
Total revenues from external customers	6,541	1,776	991	0	9,308
Intersegment revenues	289	134	0	(423)	0
Total revenues	6,830	1,910	991	(423)	9,308
Result from operating activities	(403)	(100)	(53)	0	(556)
Financial result					(93)
Earnings before tax					(649)
Income taxes					(36)
Earnings after tax					(685)

Three months ended June 30, 2021					
	Europe	U.S.A	Asia/ Pacific	Consoli- dation	Group
in EUR thousand					
Revenues from external customers					
Software and Cloud Revenue	3,907	723	506	0	5,136
Licenses and Maintenance	2,237	120	101	0	2,458
Licenses	395	0	20	0	415
Maintenance	1,842	120	81	0	2,043
Cloud and Subscription	1,670	603	405	0	2,678
Service Revenue	2,747	941	641	0	4,329
Total revenues from external customers	6,654	1,664	1,147	0	9,465
Intersegment revenues	377	81	0	(458)	0
Total revenues	7,031	1,745	1,147	(458)	9,465
Result from operating activities	442	108	89	0	639
Financial result					(100)
Earnings before tax					539
Income taxes					(17)
Earnings after tax					522

Six months ended June 30, 2022

	Europe	U.S.A	Asia/ Pacific	Consoli- dation	Group
in EUR thousand					
Revenues from external customers					
Software and Cloud Revenue	8,970	1,952	1,098	0	12,020
Licenses and Maintenance	4,792	270	268	0	5,330
Licenses	1,326	0	17	0	1,343
Maintenance	3,466	270	251	0	3,987
Cloud and Subscription	4,178	1,682	830	0	6,690
Service Revenue	4,286	1,381	834	0	6,501
Total revenues from external customers	13,256	3,333	1,932	0	18,521
Intersegment revenues	580	266	0	(846)	0
Total revenues	13,836	3,599	1,932	(846)	18,521
Result from operating activities	(381)	(95)	(49)	0	(525)
Financial result					(182)
Earnings before tax					(707)
Income taxes					(110)
Earnings after tax					(817)

Six months ended June 30, 2021

	Europe	U.S.A	Asia/ Pacific	Consoli- dation	Group
in EUR thousand					
Revenues from external customers					
Software and Cloud Revenue	7,571	1,500	973	0	10,044
Licenses and Maintenance	4,497	240	184	0	4,921
Licenses	1,020	0	22	0	1,042
Maintenance	3,477	240	162	0	3,879
Cloud and Subscription	3,074	1,260	789	0	5,123
Service Revenue	5,169	1,862	1,211	0	8,242
Total revenues from external customers	12,740	3,362	2,184	0	18,286
Intersegment revenues	807	81	2	(890)	0
Total revenues	13,547	3,443	2,186	(890)	18,286
Result from operating activities	686	180	126	0	992
Financial result					(201)
Earnings before tax					791
Income taxes					(65)
Earnings after tax					726

Directors' holdings and Securities transactions subject to reporting requirements

As of June 30, 2022, the company's executive body members held the following number of Intershop ordinary bearer shares:

Name	Function	Shares
Markus Klahn	CEO of the Board of Management	11,366
Christian Oecking	Chairman of the Supervisory Board	35,000
Ulrich Prädell	Vice Chairman of the Supervisory Board	7,535
Univ.-Prof. Dr. Louis Velthuis	Member of the Supervisory Board	18,500
Oliver Bendig	Member of the Supervisory Board	11,000

In the first six months of 2022, the members of the company's executive bodies completed the following reportable securities transactions involving Intershop non-par bearer shares:

Name	Date	Type of transaction	Amount	Total value (EUR)
Oliver Bendig	06/02/2022	Purchase	6,978	31,908
Oliver Bendig	06/03/2022	Purchase	2,500	11,500
Oliver Bendig	06/06/2022	Purchase	1,522	6,825
Univ.- Prof. Dr. Louis Velthuis	06/24/2022	Purchase	3,000	10,800

Events subsequent to the balance sheet date

No material events that must be reported occurred after the balance sheet date.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, 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 development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Jena, July 26, 2022

The Management Board of INTERSHOP Communications Aktiengesellschaft



Markus Klahn

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

Key figures for Intershop shares		6M 2022	2021	6M 2021
Closing price ¹	in EUR	3.46	4.03	4.38
Number of shares outstanding (end of period)	in million shares	14.19	14.19	14.19
Market capitalization	in EUR million	49.11	57.20	62.17
Earnings per share	in EUR	(0.06)	0.06	0.05
Cashflow per share	in EUR	0.13	0.32	0.17
Carrying amount per share	in EUR	1.16	1.23	1.22
Average trading volume per day ²	Number	10,370	26,289	17,704
Free float	in %	47	47	50

¹ Basis: Xetra

² Basis: all stock exchanges



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This interim report contains forward-looking statements regarding future events or the future financial and operational performance of Intershop, actual events or results may differ materially from the results presented in these forward-looking statements or from the results expected according to these statements, risks and uncertainties that could lead to such differences include Intershop's limited operating history, the limited predictability of revenues and expenses, and potential fluctuations in revenues and operating results, significant dependence on large individual customer orders, customer trends, the level of competition, seasonal fluctuations, risks relating to electronic security, possible state regulation, and the general economic situation.