

**intershop®**

# Quarterly Statement

## Q1 2024

January - March 2024

# Letter to Our Stockholders

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Dear stockholders and business partners,

After a challenging time last year, we got off to a good start in 2024 and achieved some sound results in the first quarter. All essential key performance indicators improved significantly compared to the same quarter of the previous year. Revenues in the strategically important cloud business increased by 32% compared to the previous year; we also recorded a positive trend in total revenue with a growth rate of 7%. Driven by the good revenue performance and strict cost management, we achieved a balanced operating result at the end of the first quarter of 2024.

After the first three months of the year, the cloud business accounted for 52% of total revenue, ten percentage points above the previous year's figure. We were also able to increase our cloud margin and our net new ARR; the only downside in an overall strong start to the year was the declining service segment, which faced complex major projects on the one hand, but also a lack of new orders to date.

Despite the positive development so far and although we have every reason to be optimistic, we still remain vigilant: In a macroeconomic environment that remains tense, the general reluctance to invest and significantly longer decision-making periods are still noticeable. We particularly notice this in the acquisition of new customers, which does not yet meet our expectations. However, with our cloud strategy - the successful implementation of which is increasingly reflected in our figures - coupled with the AI expansion by our subsidiary Sparque, we expect to make significant operational and strategic progress in 2024 and are optimistic that we will be able to continue the positive trend of the first quarter.

The measures that Intershop has taken as part of its strict cost management as well as efficiency enhancement, and process optimization measures also had an impact in the first quarter, and we are confident of achieving our targets for the current fiscal year. Accordingly, Intershop continues to expect a slight increase both in incoming cloud orders and in Net New ARR for the 2024 fiscal year, based on the assumptions for the various business segments. In addition, a moderate increase in revenue and a balanced operating result (EBIT) are forecast.

Best regards,

  
Markus Klahn

  
Petra Stappenbeck

  
Markus Dränert

## Key Figures for the Group

in EUR thousand	Q1 2024	Q1 2023	Change
<b>KPIs</b>			
Cloud order entry	4,754	2,649	79%
Net New ARR	614	272	126%
Revenue	9,474	8,871	7%
EBIT	6	(856)	n.a.
<b>REVENUES</b>			
Revenues	9,474	8,871	7%
Licenses and Maintenance	1,888	1,956	-3%
Cloud and Subscription	4,925	3,734	32%
Service Revenues	2,661	3,181	-16%
Revenues Europe	7,141	6,151	16%
Revenues USA	1,640	1,898	-14%
Revenues Asia/Pacific	693	822	-16%
<b>EARNINGS</b>			
Cost of revenues	5,255	5,264	0%
Gross profit	4,219	3,607	17%
Gross margin	45%	41%	
Operating expenses, operating income	4,213	4,463	-6%
Research and development	1,652	1,794	-8%
Sales and marketing	1,934	1,941	0%
General and administrative	778	818	-5%
Other operating income/expenses	(151)	(90)	68%
EBIT	6	(856)	n.a.
EBIT-Margin	0%	-10%	
EBITDA	783	(5)	n.a.
EBITDA margin	8%	0%	
Net result	(106)	(1,042)	++
Earnings per share (EUR)	(0.01)	(0.07)	++
<b>NET ASSETS</b>			
Shareholders' equity	11,208	13,585	-17%
Equity ratio	29%	32%	
Balance sheet total	38,205	41,843	-9%
Noncurrent assets	23,038	24,957	-8%
Current assets	15,167	16,886	-10%
Noncurrent liabilities	12,241	14,174	-14%
Current liabilities	14,756	14,084	5%
<b>FINANCIAL POSITION</b>			
Cash and cash equivalents	8,889	11,127	-20%
Net cash operating activities	(199)	1,472	n.a.
Depreciation and amortization	777	851	-9%
Net cash used in investing activities	(399)	(208)	92%
Net cash provided by financing activities	(508)	(542)	-6%
<b>EMPLOYEES</b>	293	299	-2%

# Business development

## Business performance during the first three months of 2024

In the first quarter of 2024, the Intershop Group recorded revenue of EUR 9.5 million, which corresponds to 7% growth compared to the same period of the previous year (previous year: EUR 8.9 million). Earnings before interest and taxes (EBIT) were balanced, amounting to EUR 6 thousand compared to EUR -0.9 million in the first quarter of the previous year.

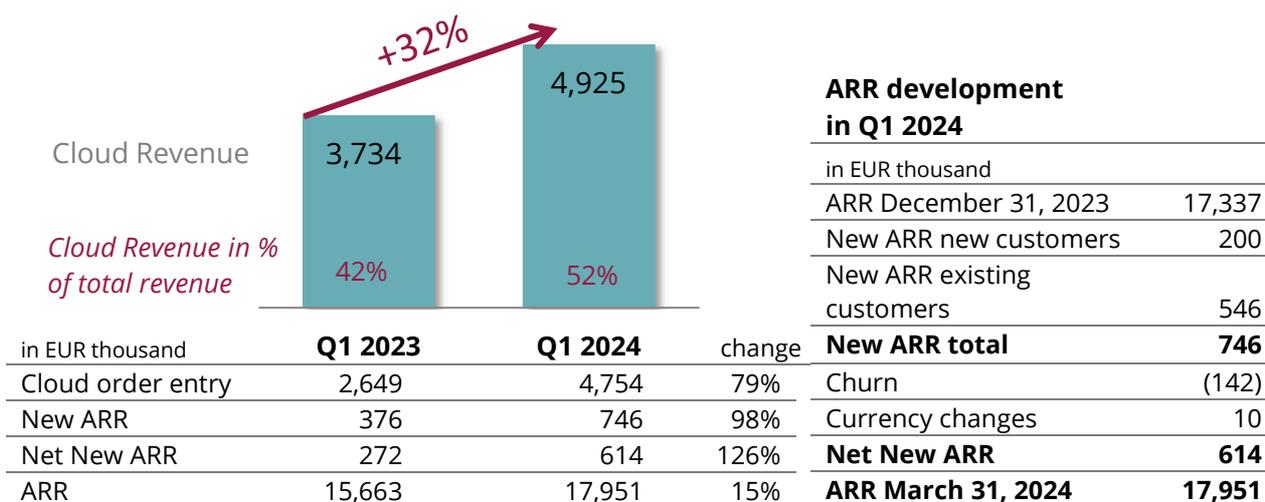
The Group's most important financial key figures (KPIs) are shown in the overview below.

in EUR thousand	Q1 2024	Q1 2023	Change
Cloud Order Entry	4,754	2,649	79%
Net New ARR	614	272	126%
Revenue	9,474	8,871	7%
EBIT	6	(856)	n.a.

### Clear growth in the cloud business: Increase in incoming orders, revenue and margin

EUR 4.9 million was posted in the first quarter of 2024 for revenues from the cloud business, corresponding to a growth rate of 32% (previous year: EUR 3.7 million). The share of cloud revenue in the total revenue also increased by 10 percentage points to 52% (previous year: 42%). In addition, the cloud margin improved by 7 percentage points to 64% (previous year: 57%). Incoming cloud orders were up 79% in the first quarter of 2024 compared to the first quarter of the previous year and amounted to EUR 4.8 million (previous year: EUR 2.6 million). The increase is due in particular to the low result in the first quarter of the previous year, which was particularly affected by a general reluctance to invest in the context of macroeconomic uncertainties. In total, two new customers accounted for EUR 1.2 million in incoming orders in the first three months of 2024 and existing customers accounted for EUR 3.6 million. Annual recurring revenue (ARR) reached EUR 18.0 million at the end of the first quarter of 2024, which corresponds to an increase of 15% (previous year: EUR 15.7 million). The New ARR also developed positively, increasing by 98% to EUR 0.7 million. Here, too, the base effect of the same quarter of the previous year had a decisive impact on the increase in the current reporting period. For the New ARR, EUR 0.2 million in the first quarter of 2024 is attributable to new customers and EUR 0.5 million to existing customers. Net New ARR (New ARR less cancellations and currency translation differences) was up 126% in the first quarter of 2024 to EUR 0.6 million (previous year EUR 0.3 million).

## 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 2024	Q1 2023	Change
Revenues	9,474	8,871	7%
Cost of revenues	5,255	5,264	0%
Gross margin	45%	41%	
Operating expenses, operating income	4,213	4,463	-6%
EBIT	6	(856)	n.a.
EBIT margin	0%	-10%	
EBITDA	783	(5)	n.a.
EBITDA margin	8%	0%	
Earnings after tax	(106)	(1,042)	++

In the first quarter of 2024, the Intershop Group generated **revenues** of EUR 9.5 million, which corresponds to an increase of 7% compared to the same period of the previous year (EUR 8.9 million). Revenues within the **software and cloud** core group rose by 20% to EUR 6.8 million (previous year: EUR 5.7 million), which corresponds to 72% of the total revenue. This core group comprises the license and maintenance segment as well as the cloud and subscription segment. As expected, revenues from the **licenses and maintenance** business fell by 3% to EUR 1.9 million (previous year: EUR 2.0 million), whereas the Intershop Group continued its growth in the **cloud and subscription** segment and recorded an increase of 32% to EUR 4.9 million in this area (previous year: EUR 3.7 million).

**Service revenues**, on the other hand, declined. Revenues in this segment in the first quarter of 2024 amounted to EUR 2.7 million, which was 16% less than the value for the previous year (EUR 3.2 million). The service business was impacted in the first quarter of 2024 in particular by individual complex and long-term major projects and a simultaneous decline in new projects.

The following overview shows the development of revenues:

in EUR thousand	Q1 2024	Q1 2023	Change
<b>Software and Cloud Revenues</b>	<b>6,813</b>	<b>5,690</b>	<b>20%</b>
<b>Licenses and Maintenance</b>	<b>1,888</b>	<b>1,956</b>	<b>-3%</b>
Licenses	113	165	-32%
Maintenance	1,775	1,791	-1%
<b>Cloud and Subscription</b>	<b>4,925</b>	<b>3,734</b>	<b>32%</b>
<b>Service Revenue</b>	<b>2,661</b>	<b>3,181</b>	<b>-16%</b>
<b>Revenues total</b>	<b>9,474</b>	<b>8,871</b>	<b>7%</b>

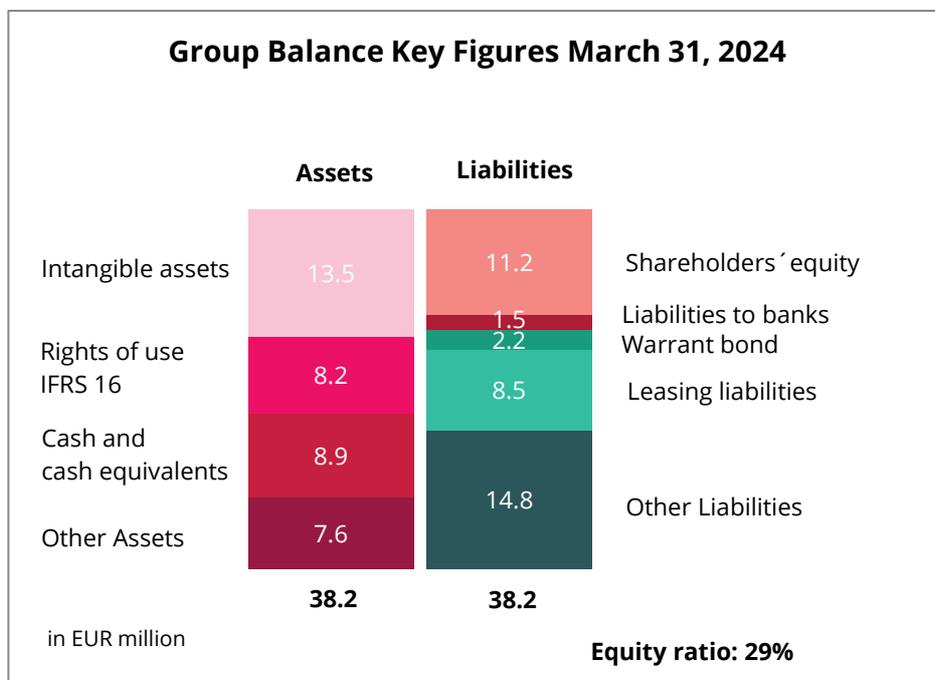
Europe remains the predominant sales region for Intershop. In the first quarter of 2024, the Group was able to record clear growth here with an increase in 16% and revenues of EUR 7.1 million (previous year: EUR 6.2 million). European customers accounted for 75% (previous year: 69%) of total revenue. In the US market, in contrast, Intershop recorded a decline in revenues of 14% to EUR 1.6 million (previous year: EUR 1.9 million), corresponding to a share of 17% of total revenue (previous year: 21%). The reason for this is the declining service business in this region, whereas the cloud business actually recorded growth here. The situation is similar in the Asia-Pacific region, where Intershop recorded a 16% decline in revenue to EUR 0.7 million (previous year: EUR 0.8 million) due to the subdued order situation.

**Gross profit** increased by 17% to EUR 4.2 million in the reporting period (previous year: EUR 3.6 million). The **gross margin** rose four percentage points to 45%. **Operating expenses and income** fell by 6% to EUR 4.2 million (previous year: EUR 4.5 million). Research and development costs decreased by 8% to EUR 1.7 million (previous year: EUR 1.8 million). At EUR 1.9 million, sales and marketing expenses were on a par with the figure for the same period last year, as were general administrative expenses at EUR 0.8 million. Total costs, including the cost of revenues and operating expenses/income, amounted to EUR 9.5 million, 3% lower than in the same period of the previous year. In terms of the operating result (**EBIT**), Intershop recorded a slightly positive figure of EUR 6 thousand in the first three months of 2024 (previous year: EUR -0.9 million). The earnings before interest, depreciation and amortization (**EBITDA**) amounted to EUR 0.8 million (previous year: EUR -5 thousand). Although the result for the period (**earnings after taxes**), at EUR -0.1 million, was negative, the figure was higher than in the previous year (previous year: EUR -1.0 million). This corresponds to earnings per share of EUR -0.01 (previous year: EUR -0.07).

### Net Asset and Financial Position

As of the interim reporting date of March 31, 2024, the **balance sheet total** of the Intershop Group was EUR 38.2 million and thus 0.4% above the figure at the end of 2023. On the **assets side**, non-current assets remained stable at around EUR 23.0 million. Current assets increased by 2% to EUR 15.2 million. This was mainly due to the 26% increase in trade receivables to EUR 4.9 million (December 31, 2023: EUR 3.9 million) and the 46% increase in other receivables and assets to EUR 1.4 million (December 31, 2023: EUR 1.0 million). Cash and cash equivalents decreased by 12% to EUR 8.9 million at the end of March 2024 compared to the end of 2023 (December 31, 2023: EUR 10.0 million).

On the **liabilities side**, equity fell slightly to EUR 11.2 million (December 31, 2023: EUR 11.4 million). As a result, the equity ratio of 29% was also slightly below the comparative figure at the end of 2023 (December 31, 2023: 30%). At the same time, non-current liabilities to banks decreased by 11% to EUR 1.0 million (December 31, 2023: EUR 1.1 million) and non-current liabilities from leasing were down 3% to EUR 6.9 million (December 31, 2023: EUR 7.1 million). Current liabilities rose 4% to EUR 14.8 million (December 31, 2023: EUR 14.1 million), which can primarily be attributed to a rise in liabilities as a result of higher advance payments from cloud contracts.



In the first three months of the year, the cash flow from operating activities amounted to EUR -0.2 million compared to EUR 1.5 million in the prior-year period. The main reason for the decline was the increase in trade receivables. The cash outflow from investment activities amounted to EUR 0.4 million, compared with EUR 0.2 million in the prior-year period. The cash outflow from financing activities remained on a par with the previous year at EUR 0.5 million. Overall, cash and cash equivalents fell by EUR 1.2 million to EUR 8.9 million at the end of the first quarter of 2024 compared to the end of 2023.

## Employees

As of March 31, 2024, the Intershop Group had 293 full-time employees worldwide. Compared to the reporting date of December 31, 2023, this is a reduction of six employees. The same applies to the comparison with the prior-year quarter.

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

Employees by department*	March 31, 2024	Dec. 31, 2023	March 31, 2023
Technical Departments (Service functions, Research and Development)	223	229	225
Sales and Marketing	44	46	45
General and administrative	26	24	29
	<b>293</b>	<b>299</b>	<b>299</b>

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

As at March 31, 2024, 257 employees were employed in Europe, which amounts to 88% of the workforce. There were 21 employees (7%) in the Asia-Pacific region and 15 employees (5%) in the US.

## Outlook

According to the IMF's latest outlook in April, the global economic growth rate in 2024 is expected to be just 3.2%. The IMF's outlook for the growth rate in industrialized countries in 2024 is 1.7%. Projections predict that the growth rate in the Eurozone will increase from the very low rate of 0.4% in 2023 to 0.8% in 2024. According to the IMF, the economic growth outlook for Germany is just 0.2% in 2024 due to weak consumer confidence. In its January outlook, analyst company Gartner anticipates global IT expenditure of approximately USD 5 trillion in 2024. That would correspond to a 6.8% increase compared to 2023. Accordingly, capital expenditure on IT services is expected to exceed capital expenditure on communication services for the first time, with IT services becoming the largest area of IT expenditure in 2024. Here, Gartner forecasts a total expenditure of USD 1.5 trillion, which would correspond to an increase of almost 9%. The reason for this is that companies are increasingly investing in organizational efficiency and optimization processes. In addition, according to the analyst company's outlook, spending on cloud services is also set to rise by 20.4% to a total of USD 679 billion in 2024. Forecasts for the B2B e-commerce market are also optimistic. According to surveys by Research and Markets, this sector is expected to achieve average annual growth of 18.7% up to 2028.

Intershop has already recorded a positive development in the cloud business over the first three months of 2024. All key performance indicators relevant to management improved in the first quarter, and the cost management measures implemented are already having an impact. Against this backdrop, Intershop continues to expect a slight increase in incoming cloud orders as well as in net new ARR for the 2024 fiscal year, based on the assumptions for the various business segments. In addition, a moderate increase in revenue and a balanced operating result (EBIT) are still forecast.

Jena, April 22, 2024

The Management Board of INTERSHOP Communications Aktiengesellschaft

  
Markus Klahn

  
Petra Stappenbeck

  
Markus Dränert

# Consolidated Balance Sheet

in EUR thousand	March 31, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Noncurrent assets</b>		
Intangible assets	13,506	13,464
Property, plant and equipment	425	449
Rights of use IFRS 16	8,202	8,363
Other noncurrent assets	543	506
Restricted cash	244	246
Deferred tax assets	118	121
	<b>23,038</b>	<b>23,149</b>
<b>Current assets</b>		
Trade receivables	4,883	3,884
Other receivables and other assets	1,395	954
Cash and cash equivalents	8,889	10,047
	<b>15,167</b>	<b>14,885</b>
<b>TOTAL ASSETS</b>	<b>38,205</b>	<b>38,034</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Subscribed capital	14,582	14,582
Capital reserve	3,030	3,030
Other reserves	(6,404)	(6,244)
	<b>11,208</b>	<b>11,368</b>
<b>Noncurrent liabilities</b>		
Warrant Bond	2,229	2,242
Liabilities to banks	995	1,119
Leasing liabilities IFRS 16	6,928	7,119
Other noncurrent liabilities	2,089	2,050
	<b>12,241</b>	<b>12,530</b>
<b>Current liabilities</b>		
Other current provisions	340	348
Liabilities to banks	497	497
Trade accounts payable	1,834	1,960
Contract liabilities	7,844	6,872
Income tax liabilities	36	37
Leasing liabilities IFRS 16	1,567	1,524
Other current liabilities	2,638	2,898
	<b>14,756</b>	<b>14,136</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>38,205</b>	<b>38,034</b>

# Consolidated Statement of Comprehensive Income

in EUR thousand	Three months ended March 31,	
	2024	2023
<b>Revenues</b>		
Software and Cloud Revenues	6,813	5,690
Service Revenues	2,661	3,181
	<b>9,474</b>	<b>8,871</b>
<b>Cost of revenues</b>		
Cost of revenues - Software and Cloud	(2,762)	(2,649)
Cost of revenues - Services	(2,493)	(2,615)
	<b>(5,255)</b>	<b>(5,264)</b>
Gross profit	4,219	3,607
<b>Operating expenses, operating income</b>		
Research and development	(1,652)	(1,794)
Sales and marketing	(1,934)	(1,941)
General and administrative	(778)	(818)
Other operating income	158	90
Other operating expenses	(7)	0
	<b>(4,213)</b>	<b>(4,463)</b>
Result from operating activities	6	(856)
Interest income	33	1
Interest expense	(126)	(141)
<b>Financial result</b>	<b>(93)</b>	<b>(140)</b>
Earnings before tax	(87)	(996)
Income taxes	(19)	(46)
Earnings after tax	(106)	(1,042)
Other comprehensive income:		
Exchange differences on translating foreign operations	(54)	(70)
<b>Other comprehensive income from exchange differences</b>	<b>(54)</b>	<b>(70)</b>
<b>Total comprehensive income</b>	<b>(160)</b>	<b>(1,112)</b>
Earnings per share (EUR, basic, diluted)	(0.01)	(0.07)

# Consolidated Statement of Cash Flows

in EUR thousand	Three months ended March 31,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Earnings before tax	(87)	(996)
<i>Adjustments to reconcile net profit/loss to cash used in operating activities</i>		
Financial result	93	140
Depreciation and amortization	777	851
Other noncash expenses and income	0	(9)
<i>Changes in operating assets and liabilities</i>		
Accounts receivable	(981)	695
Other assets	(471)	(681)
Liabilities and provisions	(397)	(109)
Contract liabilities	955	1,688
Net cash provided by (used in) operating activities before income tax and interest	(111)	1,579
Interest received	33	1
Interest paid	(93)	(58)
Income taxes paid	(28)	(50)
Net cash provided by (used in) operating activities	(199)	1,472
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for investments in intangible assets	(367)	(170)
Purchases of property and equipment	(32)	(38)
Net cash provided by (used in) investing activities	(399)	(208)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Partial repayment of a warrant bond	0	(850)
Repayments of loans	(124)	(124)
Payments from issuance of common stock	0	850
Payments for leasing liabilities	(384)	(418)
Net cash provided by (used in) financing activities	(508)	(542)
Effect of change in exchange rates	(52)	(66)
Net change in cash and cash equivalents	(1,158)	656
Cash and cash equivalents, beginning of period	10,047	10,471
Cash and cash equivalents, end of period	8,889	11,127

## 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, 2024</b>	<b>14,582,291</b>	<b>14,582</b>	<b>3,030</b>	<b>(93)</b>	<b>(8,026)</b>	<b>1,875</b>	<b>11,368</b>
Total comprehensive income					(106)	(54)	(160)
Balance, March 31, 2024	14,582,291	14,582	3,030	(93)	(8,132)	1,821	11,208
<b>Balance, January 1, 2023</b>	<b>14,194,164</b>	<b>14,194</b>	<b>2,575</b>	<b>(93)</b>	<b>(4,944)</b>	<b>2,122</b>	<b>13,854</b>
Total comprehensive income					(1,042)	(70)	(1,112)
Issue of new shares	388,127	388	455				843
Balance, March 31, 2023	14,582,291	14,582	3,030	(93)	(5,986)	2,052	13,585

# 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)