

The Intershop logo is displayed in a bold, red, sans-serif font. It is positioned in the upper left quadrant of a large white circle that overlaps a dark teal background. The background also features a larger, semi-transparent teal circle on the right side.

intershop[®]

Quarterly Statement

Q1 2021

January - March 2021

Letter to Our Stockholders

Dear stockholders and business partners,

Despite the difficult economic conditions in many sectors and regions, Intershop had an excellent start to 2021. A particular highlight is the continued dynamic development of incoming cloud orders and cloud revenues. Furthermore, sales are increasing once again in the service area, which saw project postponements and delays in the second and third quarter of 2020 due to the coronavirus pandemic. However, the recovery effects that can now be seen as well as the continued expansion of the cloud customer base have enabled Intershop to grow again in the last two quarters. Looking at the coming months, our new customer pipeline remains well stocked, which makes us generally optimistic for the current fiscal year despite the complex pandemic situation.

Overall, the development in the past quarters confirms our belief that Intershop is on a sustainable, stable growth path. This development is based on the comprehensive cloud transformation over the past few years. Intershop's current growth is mainly the result of recurring cloud revenues. And thanks to an improved cost structure, the result has been positive for five quarters in a row. With a solid equity ratio, a comfortable liquidity cushion, and positive cash flows, we are once again in a position to advance our Company's further development ourselves. However, we cannot underestimate the considerably greater planning and management security from recurring cloud revenues. This allows us to react more quickly and effectively to short-term developments in individual areas. At the same time, we will become less reliant on short-term business success. All of this contributes to the new stability of Intershop.

In order to continue the positive trend and to be even more agile and customer-focused, we are currently adjusting our organization and internal processes to the lifecycle of our product. Moving our corporate headquarters to a new office location in January 2021 can also contribute positively to this. As soon as the circumstances allow, we are looking forward to working together again for our customers in a new, innovative and contemporary working environment and to continuously increasing the value of our Company.

Best regards,



Dr. Jochen Wiechen



Markus Klahn

Key Figures for the Group

in EUR thousand	Q1 2021	Q1 2020	Change
KPIs			
Cloud order entry	4,566	3,983	15%
Net New ARR	668	270	147%
Revenue	8,821	8,443	4%
EBIT	353	293	20%
REVENUES			
Revenues	8,821	8,443	4%
Licenses and Maintenance	2,463	3,109	-21%
Cloud and Subscription	2,445	1,731	41%
Service Revenues	3,913	3,603	9%
Revenues Europe	6,086	5,968	2%
Revenues USA	1,698	1,307	30%
Revenues Asia/Pacific	1,037	1,168	-11%
EARNINGS			
Cost of revenues	4,783	4,670	2%
Gross profit	4,038	3,773	7%
Gross margin	46%	45%	
Operating expenses, operating income	3,685	3,480	6%
Research and development	1,236	1,009	22%
Sales and marketing	1,783	1,747	2%
General and administrative	739	766	-4%
Other operating income/expenses	(73)	(42)	74%
EBIT	353	293	20%
EBIT-Margin	4%	3%	
EBITDA	1,107	1,186	-7%
EBITDA margin	13%	14%	
Net result	204	234	-13%
Earnings per share (EUR)	0.01	0.02	++
NET ASSETS			
Shareholders´ equity	16,814	15,817	6%
Equity ratio	42%	59%	
Balance sheet total	40,283	26,916	50%
Noncurrent assets	21,200	12,727	67%
Current assets	19,083	14,189	34%
Noncurrent liabilities	11,823	268	++
Current liabilities	11,646	10,831	8%
FINANCIAL POSITION			
Cash and cash equivalents	12,297	8,427	46%
Net cash operating activities	1,589	2,027	-22%
Depreciation and amortization	754	893	-16%
Net cash used in investing activities	(508)	(586)	-13%
Net cash provided by financing activities	(443)	(548)	-19%
EMPLOYEES	297	308	-4%

Business development

Business performance during the first three months of 2021

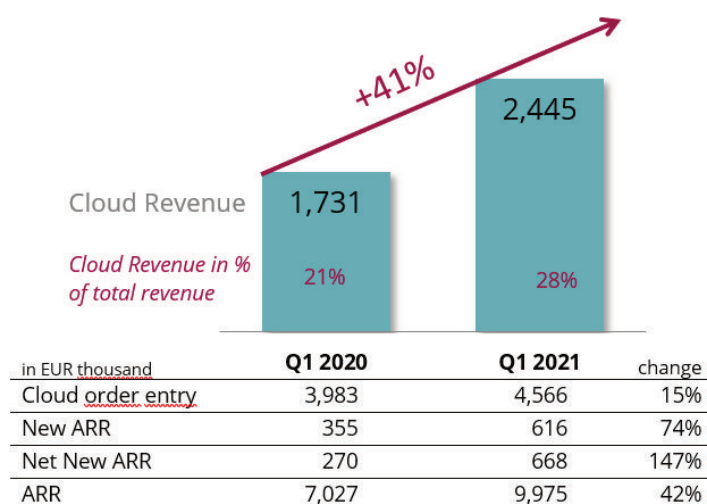
In the first three months of 2021, the Intershop Group generated revenues of EUR 8.8 million (prior year: EUR 8.4 million), which represents an increase of 4% compared to the same period in the prior year. The earnings before interest and taxes (EBIT) were positive for a fifth quarter in a row at EUR 0.4 million (prior year: EUR 0.3 million). The business development in the first quarter once again confirms the lasting positive sales and earnings development of the Company based on recurring cloud revenues and an improved cost structure. The Group's most important financial key figures (KPIs) are shown in the overview below.

in EUR thousand	Q1 2021	Q1 2020	Change
Cloud Order Entry	4,566	3,983	15%
Net New ARR	668	270	147%
Revenue	8,821	8,443	4%
EBIT	353	293	20%

Dynamic growth in the cloud segment continues in the first quarter of 2021

Intershop's cloud business once again performed very well in the reporting period. Incoming cloud orders rose by 15% to EUR 4.6 million; of this amount, EUR 2.4 million are attributable to new customers and EUR 2.1 million to existing customers. Cloud and subscription revenue rose by 41% to EUR 2.4 million. The ARR (annual recurring revenue) was EUR 10.0 million at the end of the first quarter of 2021, an increase of 42% compared to the prior-year period. The net new ARR (new ARR less ARR for cancellations and currency translation differences) increased from EUR 0.3 million to EUR 0.7 million. The cloud margin improved from 39% in the first quarter of the prior year to 46% in the reporting period. In the past three months, two new cloud customers were added, who contributed EUR 0.1 million to the new ARR. In addition, many existing customers extended or expanded their contracts, which generated EUR 0.5 million of new ARR. Intershop also has a promising new customer pipeline. Overall, the share of recurring revenue in the total revenue increased to 28% (prior year: 21%).

Cloud Business Development



ARR development in Q1 2021

in EUR thousand	
ARR <u>December 31, 2020</u>	9,307
New ARR <u>new customers</u>	149
New ARR <u>existing customers</u>	467
New ARR total	616
<u>Churn</u>	(80)
<u>Currency changes</u>	132
Net New ARR	668
ARR March 31, 2021	9,975

Earnings Position

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

in EUR thousand	Q1 2021	Q1 2020	Change
Revenues	8,821	8,443	4%
Cost of revenues	4,783	4,670	2%
Gross margining	46%	45%	
Operating expenses, operating income	3,685	3,480	6%
EBIT	353	293	20%
EBIT margin	4%	3%	
EBITDA	1,107	1,186	-7%
EBITDA margin	13%	14%	
Earnings after tax	204	234	-13%

The Intershop Group achieved **revenue** of EUR 8.8 million in the first quarter of 2021, which represents an increase of 4% over the prior-year period. During the reporting period, revenues for the core segment **software and cloud** rose by 1% to EUR 4.9 million. Within this segment, the realized **cloud and subscription** revenue increased by 41% to EUR 2.4 million. The revenues in the **license and maintenance** group reduced as expected by 21% to EUR 2.5 million as a result of the change in business model. Specifically, the **maintenance revenues** fell by 10% to EUR 1.8 million and the **license revenues** by 42% to EUR 0.6 million.

After experiencing project delays and postponements, particularly in the second and third quarter of 2020, in the **service** area as a result of the coronavirus pandemic, the decision-making and work processes in this area have stabilized for now. Subsequently, recovery effects and the further expansion of the cloud customer base led to growth of the service revenues by 9% to EUR 3.9 million.

Overall, the share of software and cloud sales in total sales was 56% (prior year: 57%).

The following overview shows the development of revenues:

In EUR thousand	Q1 2021	Q1 2020	Change
Software and Cloud Revenues	4,908	4,840	1%
Licenses and Maintenance	2,463	3,109	-21%
Licenses	627	1,074	-42%
Maintenance	1,836	2,035	-10%
Cloud and Subscription	2,445	1,731	41%
Service Revenue	3,913	3,603	9%
Revenues total	8,821	8,443	4%

In the first three months of 2021, Intershop recorded slight growth of 2% to EUR 6.1 million (prior year: EUR 6.0 million) in the core European market. The share of European customers in total revenue decreased slightly from 71% in the prior-year period to 69% in the first quarter of 2021. Strong growth of 30% to around EUR 1.7 million was recorded in the U.S., particularly due to the increase in service revenues. The revenue share increased by four percentage points to 19%. Revenues generated in the Asia-Pacific region decreased by 11% to EUR 1.0 million, which corresponds to a share of 12% of total income (prior year: 14%).

The **gross profit** increased in the reporting period by 7% to EUR 4.0 million. The gross margin increased by one percentage point to 46%. **Operating expenses and income** increased by 6% to EUR 3.7 million. The main reasons for this were increased investments in the Intershop cloud platform, which led to an increase in research and development costs by 22% to EUR 1.2 million. Marketing and sales costs increased by 2% to EUR 1.8 million. Administrative expenses fell by 4% to EUR 0.7 million. After the deduction of all line items, **total costs** (cost of revenues and operating expenses/income) amounted to EUR 8.5 million and therefore 4% above the figure of the prior year.

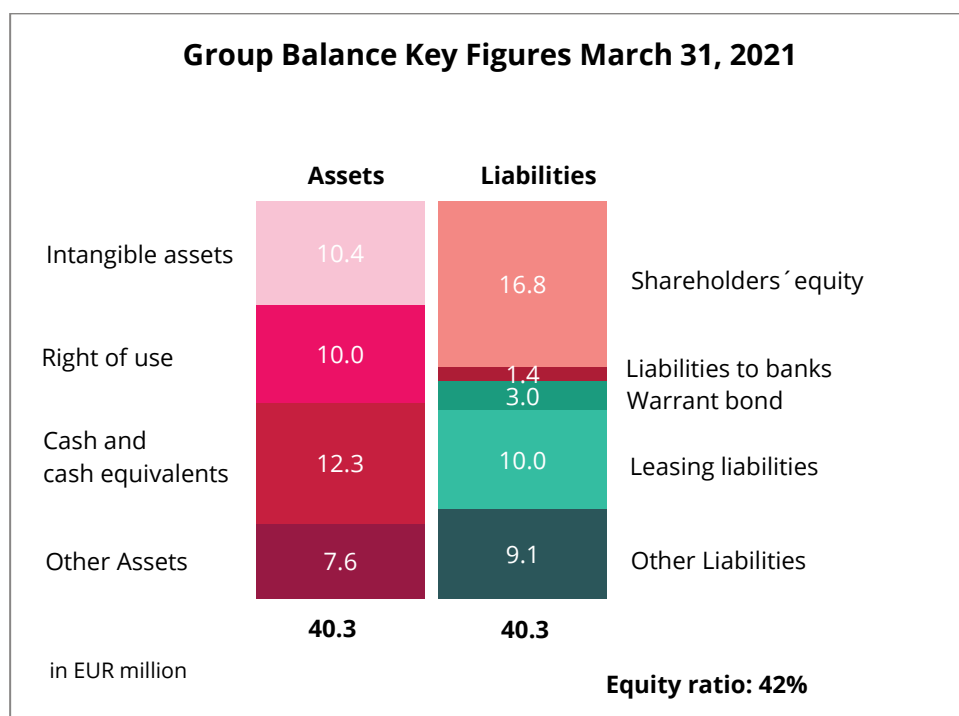
The **operating result (EBIT)** amounted to EUR 0.4 million (prior year: EUR 0.3 million) and was therefore positive for a fifth quarter in a row. The operating result before depreciation and amortization (EBITDA) was EUR 1.1 million (prior year: EUR 1.2 million). The **result for the period** (earnings after tax) stood at EUR 0.2 million (prior year: EUR 0.2 million), which corresponds to earnings per share of EUR 0.01 (prior year: EUR 0.02).

Net Asset and Financial Position

On the interim balance sheet date of March 31, 2021, the **balance sheet total** of the Intershop Group was EUR 40.3 million. Compared to year-end 2020, this represents an increase of 37%. The increase is mainly due to the capitalization of the right of use according to IFRS 16 for leasing the new office. The corporate headquarters were moved close to the new university campus Inselplatz of Friedrich-Schiller University Jena at the end of January 2021.

As a result of the capitalization of this right of use, which is depreciated over a period of 10 years, the noncurrent assets increased on the **assets side** from EUR 12.8 million as of December 31, 2020 to EUR 21.2 million as of March 31, 2021. Current assets increased due to increased deliveries and services (EUR +1.0 million) as well as increased cash and cash equivalents (EUR +0.7 million) compared to the end of 2020 by 16% to EUR 19.1 million as of the balance sheet date.

On the **liabilities side**, shareholders' equity increased by 2% to EUR 16.8 million. Both the increase of noncurrent liabilities from EUR 3.8 million to EUR 11.8 million as well as the increase of current liabilities of EUR 9.0 million to EUR 11.6 million are mainly due to the corresponding capitalization of the lease liability for the new office. Furthermore, the deferred revenue increased on the current liabilities side. The **equity ratio** decreased from 56% to 42% as at the interim balance sheet date due to the increase of the balance sheet total.



The **cash flow** from operating activities totaled EUR 1.6 million in the reporting period compared to EUR 2.0 million in the prior-year period. This is mainly the result of the increase of trade receivables. The cash outflow from investment activities reduced to EUR 0.5 million after EUR 0.6 million in the prior year due to reduced payments for investments in intangible assets. The cash used for financing activities was EUR 0.4 million (prior year: EUR 0.5 million). Overall, cash and cash equivalents increased by 6% to EUR 12.3 million in the first quarter of 2021 as of March 31, 2021 after EUR 11.6 million at the end of 2020. Intershop has cash on hand, including the restricted cash, of EUR 12.9 million and therefore has a solid liquidity base.

Employees

At the end of March 2021, Intershop had 297 full-time employees around the world. Compared to the prior year's reporting date, this represents a decrease of 11 employees. Compared to year-end 2020, the number of employees declined only slightly.

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

Employees by department*	March 31, 2021	December 31, 2020	March 31, 2020
Technical Departments (Service functions and Research and Development)	228	227	237
Sales and Marketing	40	40	39
General and administrative	29	32	32
	297	299	308

*based on full time staff, including students and trainees

At the interim balance sheet date, the number of employees in Europe was 254 or 85% of the workforce. In the Asia-Pacific region, there were 26 employees (9%); in the U.S., the share was 6% with 17 employees.

Outlook

In 2021, the global economy will continue to be heavily influenced by the global measures to contain the coronavirus pandemic. Many Intershop customers are also directly and/or indirectly impacted. At the same time, the crisis has changed the assessment of future prospects with regard to their own distribution channels, which are the barometer for investment decisions. This shows more than ever that the digitalization trend in global commerce cannot be reversed and that the dynamic of this transformation process will increase even more as a result of the pandemic, in particular in the B2B market. This also applies to the trend towards cloud applications since these are associated with major advantages to companies in terms of infrastructure, costs, and flexibility. In this still fragile but generally positive market environment, Intershop can expand on a functioning sales and marketing organization following a successful cloud transformation. The cloud business is growing continuously, particularly in the B2B target market. In addition, the improved cost structure means that Intershop has been generating positive results for the last five quarters and can drive the further development of the company and grow profitably based on a solid equity rate, a comfortable liquidity buffer, and a positive cash flow.

In addition to continuing the cloud expansion, the Company is focusing on further gearing the organization towards streamlined, fast, and intelligent business processes with clear responsibilities. Therefore, the internal organization will be adjusted to the product lifecycle comprising the core processes Product Lifecycle, Customer Acquisition, Customer Services, Customer Lifecycle, and General & Administration.

As part of changing the organization, the Company will also establish an extended management team that will support the future sole member of the Management Board Markus Klahn but also act in an independent and entrepreneurial manner and therefore contribute to simplifying processes. Dr. Jochen Wiechen, the long-term Chairman of the Management Board of the Company, who has significantly shaped the transformation from a license to cloud provider focusing on B2B commerce and laid the groundwork for a sustainable business model and profitable growth, will perform his duties as Chairman of the Management Board up to the Annual Stockholders' Meeting in May 2021 as planned. When his contract expires at the end of August 2021, he will leave the Company at his own request.

Due to the positive results in the first quarter, a well-stocked new business pipeline, and the continued transformation of commerce, Intershop Management is convinced that the Company can brave the overall economic uncertainty and continue to grow in the ongoing fiscal year. The Company therefore confirms the forecast for 2021 and expects incoming cloud orders to increase by at least 10% and a slight increase in the net new ARR. A slightly positive operating result (EBIT) is forecast with a slight increase in revenues.

Jena, April 27, 2021

The Management Board of INTERSHOP Communications Aktiengesellschaft



Dr. Jochen Wiechen



Markus Klahn

Consolidated Balance Sheet

in EUR thousand	March 31, 2021	December 31, 2020
ASSETS		
Noncurrent assets		
Intangible assets	10,433	10,378
Property, plant and equipment	512	531
Rights of use IFRS 16	9,994	1,196
Other noncurrent assets	15	14
Restricted cash	159	635
Deferred tax assets	87	85
	21,200	12,839
Current assets		
Trade receivables	4,953	3,939
Other receivables and other assets	1,357	1,008
Restricted cash	476	0
Cash and cash equivalents	12,297	11,574
	19,083	16,521
TOTAL ASSETS	40,283	29,360
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Subscribed capital	14,194	14,194
Capital reserve	2,575	2,575
Other reserves	45	(234)
	16,814	16,535
Noncurrent liabilities		
Warrant Bond	3,020	3,038
Leasing liabilities IFRS 16	8,803	810
	11,823	3,848
Current liabilities		
Other current provisions	288	286
Liabilities to banks	1,379	1,486
Trade accounts payable	1,688	1,480
Income tax liabilities	25	28
Leasing liabilities IFRS 16	1,216	397
Other current liabilities	2,662	2,623
Deferred revenue	4,388	2,677
	11,646	8,977
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	40,283	29,360

Consolidated Statement of Comprehensive Income

in EUR thousand	Three months ended March 31,	
	2021	2020
Revenues		
Software and Cloud Revenues	4,908	4,840
Service Revenues	3,913	3,603
	8,821	8,443
Cost of revenues		
Cost of revenues - Software and Cloud	(2,119)	(1,888)
Cost of revenues - Services	(2,664)	(2,782)
	(4,783)	(4,670)
Gross profit	4,038	3,773
Operating expenses, operating income		
Research and development	(1,236)	(1,009)
Sales and marketing	(1,783)	(1,747)
General and administrative	(739)	(766)
Other operating income	95	117
Other operating expenses	(22)	(75)
	(3,685)	(3,480)
Result from operating activities	353	293
Interest income	0	0
Interest expense	(101)	(27)
Financial result	(101)	(27)
Earnings before tax	252	266
Income taxes	(48)	(32)
Earnings after tax	204	234
Other comprehensive income:		
Exchange differences on translating foreign operations	75	(148)
Other comprehensive income from exchange differences	75	(148)
Total comprehensive income	279	86
Earnings per share (EUR, basic, diluted)	0.01	0.02

Consolidated Statement of Cash Flows

in EUR thousand	Three months ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings before tax	252	266
<i>Adjustments to reconcile net profit/loss to cash used in operating activities</i>		
Financial result	101	27
Depreciation and amortization	754	893
Other noncash expenses and income	(64)	46
<i>Changes in operating assets and liabilities</i>		
Accounts receivable	(877)	1,109
Other assets	(341)	(65)
Liabilities and provisions	191	(1,322)
Deferred revenue	1,689	1,138
Net cash provided by (used in) operating activities before income tax and interest	1,705	2,092
Interest paid	(65)	(21)
Income taxes paid	(51)	(44)
Net cash provided by (used in) operating activities	1,589	2,027
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investments in intangible assets	(471)	(570)
Purchases of property and equipment	(37)	(16)
Net cash provided by (used in) investing activities	(508)	(586)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of loans	(125)	(125)
Payments for leasing liabilities	(318)	(423)
Net cash provided by (used in) financing activities	(443)	(548)
Effect of change in exchange rates	85	(197)
Net change in cash and cash equivalents	723	696
Cash and cash equivalents, beginning of period	11,574	7,731
Cash and cash equivalents, end of period	12,297	8,427

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, 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
Balance, January 1, 2020	42,582,492	42,582	1,082	(93)	(29,959)	2,119	15,731
Total comprehensive income					234	(148)	86
Simplified capital decrease	(28,388,328)	(28,388)	1,419		26,969		0
Balance, March 31, 2020	14,194,164	14,194	2,501	(93)	(2,756)	1,971	15,817

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

intershop[®]

Investor Relations Contact

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