



Quarterly Statement

Q1 – Q3 2021

January - September 2021

Letter to Our Stockholders

Dear stockholders and business partners,

We continued on our profitable growth path in the third quarter, even though the period from July to September was challenging, as was the case in the past. The summer break was longer this year for many companies, especially after months of corona restrictions, resulting in a slight delay in customer decisions for some projects. But at the same time, we have also noticed that the positive trends for our industry seem to consolidate further. These primarily relate to the increasing digitization efforts in the industry, spurring the demand for sustainable solutions for digital trade in the medium term.

All in all, we are very satisfied with the first nine months and have almost doubled the EBIT to about EUR 1.2 million. We are particularly pleased with the fact that for the seventh consecutive quarter we have posted a positive operating result. Overall, our cloud key figures clearly show a positive trend: Incoming orders amounts to EUR 11.3 million at the prior-year level, the share of cloud revenue in the overall revenue has increased by 9 percentage points to 31%, and the Net New ARR amounts to EUR 2.1 million compared to EUR 1.6 million in the same period last year. Our profitability in the cloud has also continued to increase. With a cloud margin of 51% in the first nine months we were well over the previous year's figure of 38%.

I am especially proud of Intershop being named a leading global technology company again in the renowned Gartner® Magic Quadrant™ for Digital Commerce 2021. Our positioning as a niche player confirms our decision to focus on the B2B commerce segment and the cloud transformation of our platform and sends a strong signal to the competition. The award encourages us to further optimize our platform and to strengthen our position as a top provider in the B2B field.

Thanks to the satisfactory first nine months of the current financial year and with a continued attractive new customer pipeline we are convinced that we will be able to reach our goals for 2021.

We thank you for your trust.

Best regards,


Markus Klahn

Key Figures for the Group

| in EUR thousand | 9-Months 2021 | 9-Months 2020 | Change |
|---|---------------|---------------|--------|
| KPIs | | | |
| Cloud order entry | 11,349 | 11,290 | 1% |
| Net New ARR | 2,068 | 1,599 | 29% |
| Revenue | 26,581 | 24,258 | 10% |
| EBIT | 1,150 | 595 | 93% |
| REVENUES | | | |
| Revenues | 26,581 | 24,258 | 10% |
| Licenses and Maintenance | 6,790 | 8,714 | -22% |
| Cloud and Subscription | 8,125 | 5,260 | 54% |
| Service Revenues | 11,666 | 10,284 | 13% |
| Revenues Europe | 18,503 | 17,251 | 7% |
| Revenues USA | 4,949 | 3,690 | 34% |
| Revenues Asia/Pacific | 3,129 | 3,317 | -6% |
| EARNINGS | | | |
| Cost of revenues | 14,075 | 13,313 | 6% |
| Gross profit | 12,506 | 10,945 | 14% |
| Gross margin | 47% | 45% | |
| Operating expenses, operating income | 11,356 | 10,350 | 10% |
| Research and development | 3,947 | 2,657 | 49% |
| Sales and marketing | 5,594 | 5,485 | 2% |
| General and administrative | 2,464 | 2,233 | 10% |
| Other operating income/expenses | (649) | (25) | ++ |
| EBIT | 1,150 | 595 | 93% |
| EBIT-Margin | 4% | 2% | |
| EBITDA | 3,521 | 3,189 | 10% |
| EBITDA margin | 13% | 13% | |
| Net result | 764 | 402 | 90% |
| Earnings per share (EUR) | 0.05 | 0.03 | ++ |
| NET ASSETS | | | |
| Shareholders' equity | 17,322 | 16,156 | 7% |
| Equity ratio | 45% | 56% | |
| Balance sheet total | 38,598 | 28,881 | 34% |
| Noncurrent assets | 21,300 | 12,200 | 75% |
| Current assets | 17,298 | 16,681 | 4% |
| Noncurrent liabilities | 11,966 | 3,117 | ++ |
| Current liabilities | 9,310 | 9,608 | -3% |
| FINANCIAL POSITION | | | |
| Cash and cash equivalents | 11,709 | 11,290 | 4% |
| Net cash operating activities | 3,210 | 3,404 | -6% |
| Depreciation and amortization | 2,371 | 2,594 | -9% |
| Net cash used in investing activities | (931) | (1,706) | -45% |
| Net cash provided by financing activities | (2,180) | 1,917 | ++ |
| EMPLOYEES | 290 | 298 | -3% |

Business development

Business performance during the first nine months of 2021

In the reporting period, the Intershop Group generated sales revenues of EUR 26.6 million, an increase of 10% compared to the same period last year. The operating result before interest and taxes (EBIT) is again positive in the third quarter and amounts to around EUR 1.2 million for the first nine months of 2021 (prior year: EUR 0.6 million).

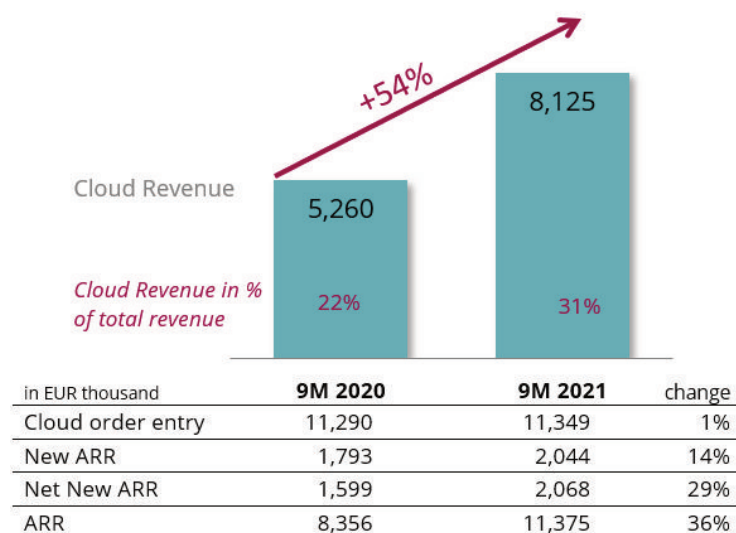
The Group's most important financial key figures (KPIs) are shown in the overview below.

| in EUR thousand | 9M 2021 | 9M 2020 | Change |
|-------------------|---------|---------|--------|
| Cloud Order Entry | 11,349 | 11,290 | 1% |
| Net New ARR | 2,068 | 1,599 | 29% |
| Revenue | 26,581 | 24,258 | 10% |
| EBIT | 1,150 | 595 | 93% |

The cloud business continues on its growth path

Intershop posted good development in the cloud business in the reporting period for the first nine months. Incoming cloud orders amounts to EUR 11.3 million at the prior-year level. EUR 6.5 million of this are attributable to new customers and EUR 4.8 million to existing customers. Overall, cloud and subscription revenues rose by EUR 8.1 million, representing an increase of 54%. Thanks to the strong growth, the share of cloud revenue in the overall revenue increased by 9 percentage points to 31% (prior year: 22%). The Net New ARR (new annual recurring revenue less ARR for cancellations and currency translation differences) increased by 29% to EUR 2.1 million compared to EUR 1.6 million in the previous year. Intershop was able to win over seven new customers in the first nine months. The latter contributed EUR 0.9 million to the New ARR, while a New ARR of EUR 1.2 million was achieved with existing customers. As of September 30, 2021 the ARR (annual recurring revenue) increased by 36% to EUR 11.4 million (prior year: EUR 8.4 million). With 51%, the cloud margin for the entire reporting period was well above that of the first three quarters of 2020 (prior year: 38%).

Cloud Business Development



ARR development in the first nine months of 2021

| in EUR thousand | |
|-------------------------------|---------------|
| ARR December 31, 2020 | 9,307 |
| New ARR new customers | 883 |
| New ARR existing customers | 1161 |
| New ARR total | 2,044 |
| Churn | (80) |
| Currency changes | 104 |
| Net New ARR | 2,068 |
| ARR September 30, 2021 | 11,375 |

Earnings Position

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

| in EUR thousand | 9M 2021 | 9M 2020 | Change |
|--------------------------------------|---------|---------|--------|
| Revenues | 26,581 | 24,258 | 10% |
| Cost of revenues | 14,075 | 13,313 | 6% |
| Gross margin | 47% | 45% | |
| Operating expenses, operating income | 11,356 | 10,350 | 10% |
| EBIT | 1,150 | 595 | 93% |
| EBIT margin | 4% | 2% | |
| EBITDA | 3,521 | 3,189 | 10% |
| EBITDA margin | 13% | 13% | |
| Earnings after tax | 764 | 402 | 90% |

In the first nine months of 2021, the Intershop Group generated **revenues** in the amount of EUR 26.6 million, which corresponds to an increase of 10% over the same period in the prior year. For the third quarter, revenues amounted to EUR 8.3 million (prior year: EUR 7.8 million).

Revenues for the core group **software and cloud** rose by 7% to EUR 14.9 million, representing 56% of the total revenue. The core group includes the license and maintenance area as well as the cloud and subscription area, which developed in opposite directions in the reporting period. **licenses and maintenance** revenues amounted to EUR 6.8 million in the first nine months compared to EUR 8.7 million in the same period last year. In contrast, the **cloud and subscription** area showed a robust growth of 54% to EUR 8.1 million. **Service revenues** rose by 13% to EUR 11.7 million. Last year, this area experienced project delays and postponements in the course of the corona pandemic. These processes normalized in 2021, whereby recovery trends are now reflected in increasing revenues.

The following overview shows the development of revenues:

| In EUR thousand | 9M 2021 | 9M 2020 | Change |
|------------------------------------|---------------|---------------|------------|
| Software and Cloud Revenues | 14,915 | 13,974 | 7% |
| Licenses and Maintenance | 6,790 | 8,714 | -22% |
| Licenses | 1,166 | 2,678 | -56% |
| Maintenance | 5,624 | 6,036 | -7% |
| Cloud and Subscription | 8,125 | 5,260 | 54% |
| Service Revenue | 11,666 | 10,284 | 13% |
| Revenues total | 26,581 | 24,258 | 10% |

Europe is the core target region for Intershop. Here the Group grew by 7% to EUR 18.5 million in the first nine months of 2021. Thus, the share of European customers in total revenues is 70%. The U.S. region recorded a particularly strong growth. Revenues increased by 34% to EUR 4.9 million, representing a share of 18% of total revenues. In the Asia-Pacific region, revenues amounted to EUR 3.1 million (prior year: EUR 3.3 million). Thus, the region contributes 12% to the total revenues.

Gross profit increased by 14% to EUR 12.5 million in the reporting period. In particular, increased cloud revenues, the improved cloud margin, and the recovery in the service sector contributed to this positive development. The gross margin increased by two percentage points to 47%. **Operating expenses and income** increased by 10% to EUR 11.4 million. Due to increased investments in the Company's own cloud platform, research and development costs rose to EUR 3.9 million (prior year: EUR 2.7 million). With EUR 5.6 million, sales and marketing expenses were slightly above the figures for the same period last year (prior year: EUR 5.5 million). General administrative costs increased to EUR 2.5 million compared to EUR 2.2 million in the first nine months of 2020. The other operating income includes one-off earnings of EUR 0.4 million, as a loan issued in the course of the U.S. corona aid last year was completely waived in June 2021. After the deduction of all line items, **total costs** (cost of revenues and operating expenses/income) amounted to EUR 25.4 million and thus 7% above the figure of the previous year.

In the first nine months of 2021, Intershop achieved an **operating result (EBIT)** of EUR 1.2 million, a significant increase of 93% compared to the same period in the previous year. The operating result before depreciation and amortization (EBITDA) amounted to EUR 3.5 million (prior year: EUR 3.2 million). The **result for the period** (earnings after taxes) was EUR 0.8 million (prior year: EUR 0.4 million), representing earnings per share of EUR 0.05 (prior year: EUR 0.03).

Net Asset and Financial Position

As of the reporting date of September 30, 2021, the **balance sheet total** of the Intershop Group increased by around 31% compared to the end of 2020 to EUR 38.6 million. The increase is mainly due to the capitalization of the right of use according to IFRS 16 for leasing new office space in connection with the relocation of the company headquarters in Jena.

As of the reporting date of September 30, 2021, the non-current assets on the **asset side** increased to EUR 21.3 million (December 31, 2020: EUR 12.8 million). Thus, the rights of use according to IFRS 16 increased to EUR 10.1 million compared to EUR 1.2 million at the end of the 2020 financial year. Current assets increased to EUR 17.3 million (December 31, 2020: EUR 16.5 million), in particular due to the 19% increase in trade receivables to EUR 4.7 million.

On the **liabilities side**, shareholders' equity increased by 5% to EUR 17.3 million. Due to the corresponding capitalization of the lease liabilities for renting the new office space, the non-current liabilities increased from EUR 3.8 million to EUR 12.0 million. Current liabilities increased by 4% to EUR 9.3 million. Here, current lease liabilities amounted to EUR 1.3 million (December 31, 2020: EUR 0.4 million) and deferred revenue increased by 46% to EUR 3.9 million. This was counteracted by a full reduction in liabilities to banks in the amount of EUR 1.5 million due to the regular repayment of two loans and the waived repayment of a loan as part of the U.S. corona aid. The **equity ratio** decreased overall from 56% to 45% compared to the end of 2020 due to the increase in balance sheet total.

Group Balance Key Figures September 30, 2021

| | Assets | Liabilities | |
|---------------------------|-------------|--------------------------|----------------------|
| Intangible assets | 10.4 | 17.3 | Shareholders' equity |
| Rights of use | 10.1 | 3.0 | Warrant bond |
| Cash and cash equivalents | 11.7 | 10.2 | Leasing liabilities |
| Other Assets | 6.4 | 8.1 | Other Liabilities |
| | 38.6 | 38.6 | |
| in EUR million | | Equity ratio: 45% | |

In the first nine months of 2021, the cash flow from operating activities amounted to EUR 3.2 compared to EUR 3.4 million in the same period in the previous year. The cash outflow from investment activities decreased to EUR 0.9 million compared to EUR 1.7 million in the prior year as a result of a reduction in payments for investments in intangible assets and the return of restricted cash relating to a rental security deposit. The cash outflow from financing activities amounted to EUR 2.2 million due to the full repayment of a loan and the repayment of leasing liabilities. In the same period in the prior year there was a cash inflow from financing activities in the amount of EUR 1.9 million characterized by the payments from option bonds. Overall, cash and cash equivalents increased by EUR 0.1 million to EUR 11.7 million compared to the end of 2020.

Management Board

At the end of the Annual Stockholders' Meeting on May 6, 2021, the planned change in the post of CEO was completed. Markus Klahn, who has been on the board as COO since April 2018, has been CEO of INTERSHOP Communications AG since then and is the sole director of the Company. The previous CEO, Dr. Jochen Wiechen, left the company at his own request at the end of his Management Board contract as planned at the end of August 2021. Dr. Wiechen had been Chief Technical Officer since August 1, 2013 and then CEO of INTERSHOP Communications AG as of September 1, 2015.

Employees

As of the end of September 2021, Intershop had 290 full-time employees worldwide. There was a slight decrease by 9 employees compared to the end of 2020. The following overview shows the breakdown of full-time employees by business unit.

| Employees by department* | Sept. 30, 2021 | Dec. 31, 2020 | Sept. 30, 2020 |
|---|-------------------|------------------|-------------------|
| Technical Departments (Service functions and Research and Development) | 226 | 227 | 227 |
| Sales and Marketing | 36 | 40 | 41 |
| General and administrative | 28 | 32 | 30 |
| | 290 | 299 | 298 |

*based on full time staff, including students and trainees

With 249 employees, 86% of the workforce was employed in Europe as of the reporting date of September 30, 2021. There were 25 (9%) employees in the Asia-Pacific region, and with 16 employees the share of the employees in the U.S. was 5%.

Outlook

Intershop benefits from the current digitalization trend and with its e-commerce solution operates in a rapidly growing sector. In its Magic Quadrant, the U.S. market research company Gartner recently positioned Intershop as a niche operator ("Niche Player") for Digital Commerce 2021. Thus, the company is listed in a ranking with other leading global technology groups. Intershop's "Ability to Execute" and "Completeness of Vision" are particularly highlighted. The award is a recognition of the distinctive B2B expertise and the continuous technological progress of the company. The transformation into a cloud provider with focus on B2B commerce lays the course for a sustainable business model with profitable growth.

Strong cloud partnerships, such as the extended (ahead of schedule) strategic cooperation with Microsoft, aim to facilitate customer access to future-oriented technologies and, at the same time, to increase Intershop's international visibility and enable an accelerated go-to-market. In order to be even more agile and customer-oriented in the future, the Company has focused on further gearing the organization towards streamlined, rapid, and intelligent business processes with clear responsibilities since the start of the financial year. The introduction of an OKR system (Objectives and Key Results) contributes to bundling the goals and services of all organizational units of the company and optimizing processes even faster.

In view of the good development in the first nine months with profitable growth and an optimistic outlook for the fourth quarter, management confirms the forecast for the whole of 2021. Thus, we expect an increase of at least 10% in incoming cloud orders as well as a slight increase in Net New ARR. With the slight increase in revenues we also expect a slightly positive operating result (EBIT).

Jena, October 19, 2021

The Management Board of INTERSHOP Communications Aktiengesellschaft


Markus Klahn

Consolidated Balance Sheet

| in EUR thousand | September 30, 2021 | December 31, 2020 |
|---|--------------------|-------------------|
| ASSETS | | |
| Noncurrent assets | | |
| Intangible assets | 10,430 | 10,378 |
| Property, plant and equipment | 504 | 531 |
| Rights of use IFRS 16 | 10,123 | 1,196 |
| Other noncurrent assets | 0 | 14 |
| Restricted cash | 159 | 635 |
| Deferred tax assets | 84 | 85 |
| | 21,300 | 12,839 |
| Current assets | | |
| Trade receivables | 4,698 | 3,939 |
| Other receivables and other assets | 891 | 1,008 |
| Cash and cash equivalents | 11,709 | 11,574 |
| | 17,298 | 16,521 |
| TOTAL ASSETS | 38,598 | 29,360 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | |
| Shareholders' equity | | |
| Subscribed capital | 14,194 | 14,194 |
| Capital reserve | 2,575 | 2,575 |
| Other reserves | 553 | (234) |
| | 17,322 | 16,535 |
| Noncurrent liabilities | | |
| Warrant Bond | 3,031 | 3,038 |
| Leasing liabilities IFRS 16 | 8,935 | 810 |
| | 11,966 | 3,848 |
| Current liabilities | | |
| Other current provisions | 286 | 286 |
| Liabilities to banks | 0 | 1,486 |
| Trade accounts payable | 1,524 | 1,480 |
| Income tax liabilities | 37 | 28 |
| Leasing liabilities IFRS 16 | 1,262 | 397 |
| Other current liabilities | 2,292 | 2,623 |
| Deferred revenue | 3,909 | 2,677 |
| | 9,310 | 8,977 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 38,598 | 29,360 |

Consolidated Statement of Comprehensive Income

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|-------------------------------------|----------------|------------------------------------|-----------------|
| in EUR thousand | 2021 | 2020 | 2021 | 2020 |
| Revenues | | | | |
| Software and Cloud Revenues | 4,871 | 4,395 | 14,915 | 13,974 |
| Service Revenues | 3,424 | 3,404 | 11,666 | 10,284 |
| | 8,295 | 7,799 | 26,581 | 24,258 |
| Cost of revenues | | | | |
| Cost of revenues - Software and Cloud | (2,102) | (1,830) | (6,489) | (5,631) |
| Cost of revenues - Services | (2,325) | (2,429) | (7,586) | (7,682) |
| | (4,427) | (4,259) | (14,075) | (13,313) |
| Gross profit | 3,868 | 3,540 | 12,506 | 10,945 |
| Operating expenses, operating income | | | | |
| Research and development | (1,255) | (839) | (3,947) | (2,657) |
| Sales and marketing | (1,710) | (1,906) | (5,594) | (5,485) |
| General and administrative | (872) | (688) | (2,464) | (2,233) |
| Other operating income | 145 | 36 | 759 | 219 |
| Other operating expenses | (18) | (42) | (110) | (194) |
| | (3,710) | (3,439) | (11,356) | (10,350) |
| Result from operating activities | 158 | 101 | 1,150 | 595 |
| Interest income | 0 | 0 | 0 | 0 |
| Interest expense | (88) | (39) | (289) | (85) |
| Financial result | (88) | (39) | (289) | (85) |
| Earnings before tax | 70 | 62 | 861 | 510 |
| Income taxes | (32) | (18) | (97) | (108) |
| Earnings after tax | 38 | 44 | 764 | 402 |
| Other comprehensive income: | | | | |
| Exchange differences on translating foreign operations | (4) | (17) | 23 | (51) |
| Other comprehensive income from exchange differences | (4) | (17) | 23 | (51) |
| Total comprehensive income | 34 | 27 | 787 | 351 |
| Earnings per share (EUR, basic, diluted) | 0.00 | 0.00 | 0.05 | 0.03 |

Consolidated Statement of Cash Flows

| | Nine months ended September 30, | |
|--|---------------------------------|---------|
| in EUR thousand | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Earnings before tax | 861 | 510 |
| <i>Adjustments to reconcile net profit/loss to cash used in operating activities</i> | | |
| Financial result | 289 | 85 |
| Depreciation and amortization | 2,371 | 2,594 |
| Other noncash expenses and income | (462) | 23 |
| <i>Changes in operating assets and liabilities</i> | | |
| Accounts receivable | (674) | 1,092 |
| Other assets | 129 | 294 |
| Liabilities and provisions | (314) | (847) |
| Deferred revenue | 1,211 | (180) |
| Net cash provided by (used in) operating activities before income tax and interest | 3,411 | 3,571 |
| Interest received | 0 | 1 |
| Interest paid | (115) | (46) |
| Income taxes paid | (86) | (122) |
| Net cash provided by (used in) operating activities | 3,210 | 3,404 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Restricted cash | 476 | |
| Payments for investments in intangible assets | (1,253) | (1,609) |
| Proceeds on disposal of equipment | 1 | 5 |
| Purchases of property and equipment | (155) | (102) |
| Net cash provided by (used in) investing activities | (931) | (1,706) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Cash received warrant bond | 0 | 3,108 |
| Expenses of cash received for warrant bond | 0 | (43) |
| Cash received from loan | 0 | 453 |
| Repayments of loans | (1,041) | (375) |
| Payments for leasing liabilities | (1,139) | (1,226) |
| Net cash provided by (used in) financing activities | (2,180) | 1,917 |
| Effect of change in exchange rates | 36 | (56) |
| Net change in cash and cash equivalents | 135 | 3,559 |
| Cash and cash equivalents, beginning of period | 11,574 | 7,731 |
| Cash and cash equivalents, end of period | 11,709 | 11,290 |

Consolidated Statement of Shareholders' Equity

| in EUR thousand | | | | Other reserves | | | |
|---------------------------------|----------------------------------|-----------------------|--------------------|-----------------------|----------------------------|------------------------------------|-------------------------------|
| | Common shares (Number shares) | Subscribed capital | Capital reserve | Conversion reserve | Cumulative profit/ loss | Cumulative currency differences | Total shareholders' equity |
| Balance, January 1, 2021 | 14,194,164 | 14,194 | 2,575 | (93) | (2,197) | 2,056 | 16,535 |
| Total comprehensive income | | | | | 764 | 23 | 787 |
| Balance, September 30, 2021 | 14,194,164 | 14,194 | 2,575 | (93) | (1,433) | 2,079 | 17,322 |
| Balance, January 1, 2020 | 42,582,492 | 42,582 | 1,082 | (93) | (29,959) | 2,119 | 15,731 |
| Total comprehensive income | | | | | 402 | 51 | 351 |
| Simplified capital decrease | (28,388,328) | (28,388) | 1,419 | | 26,969 | | 0 |
| Issue of warrant bond | | | 74 | | | | 74 |
| Balance, September 30, 2020 | 14,194,164 | 14,194 | 2,575 | (93) | (2,588) | 2,068 | 16,156 |

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 |



Investor Relations Contact

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