

# **Group Management Report for the first six months 2023**

January 1 to June 30, 2023

# Content

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LETTER TO OUR STOCKHOLDERS .....	3
KEY FIGURES FOR THE GROUP.....	4
GROUP MANAGEMENT REPORT .....	5
Overall Economy and Industry .....	5
Business performance during the first six months of 2023 .....	5
Earnings Position .....	6
Net Asset and Financial Position .....	7
Management Board and Supervisory Board .....	9
Employees.....	9
Outlook.....	9
CONSOLIDATED BALANCE SHEET.....	11
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	12
CONSOLIDATED STATEMENT OF CASH FLOWS.....	13
CONSOLIDATED STATEMENT OF SHAREHOLDERS´ EQUITY.....	14
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2023	
.....	15
General disclosures.....	15
Accounting principles (Compliance statement) .....	15
Basis of consolidation .....	15
Accounting policies.....	15
Equity.....	15
Earnings per share .....	15
Segment Reporting.....	17
Directors' holdings and Securities transactions subject to reporting	
requirements.....	19
Events subsequent to the balance sheet date.....	19
Responsibility statement .....	20
INTERSHOP-SHARES .....	21
CONTACT .....	22

# Letter to Our Stockholders

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Dear stockholders and business partners,

High inflation, weakening consumer demand, uncertainty about the economic situation, these topics are currently shaping the development of numerous industries and can also be felt in the e-commerce sector. We are also noticing that our potential customers' decision-makers sometimes need more time to make their purchase decisions or are putting them off entirely out of fear of a more acute drop in demand. Until recently, we assumed that this reluctance was primarily limited to the B2C area – which we do not focus on – but in the meantime, we have seen similar tendencies among B2B decision-makers.

Unfortunately, we underestimated the effects of the negative general conditions on companies' willingness to expend capital and, based on the strong level from the previous year, set our growth targets as a whole too ambitiously for the year. We therefore had to adjust our guidance in mid-July, but remain confident of our strategic focus and our medium-term objective of returning to profitable growth.

And there are good reasons for doing so: Incoming orders for the cloud business are not yet back to the level at which we originally saw them this year, but the trend is clearly going in the right direction with a good EUR 7 million in incoming orders in the second quarter, after EUR 2.6 million in the first three months. It is also clear to our potential customers that while it may be advisable to hold back capital expenditure in difficult economic times, an efficient B2B commerce platform is a decisive competitive advantage in the fight for market share in order to achieve long-term success.

We were also right to believe that we would be able to fulfill our announcement of a significant improvement in revenues and earnings in the service area after a slight decline in revenues had been recorded in the first quarter.

INTERSHOP Communications AG has now been listed on the stock exchange for 25 years. July 16th was the anniversary. We on the Management Board and our team are making every effort to stop the current downward price development of Intershop shares and to gradually regain positive territory for our numerous loyal shareholders.

Best regards,

  
Markus Klahn

  
Petra Stappenbeck

## Key Figures for the Group

in EUR thousand	6-Months 2023	6-Months 2022	Change
<b>KPIs</b>			
Cloud order entry	9,696	14,308	-32%
Net New ARR	707	2,272	-69%
Revenue	19,397	18,521	5%
EBIT	(815)	(525)	-55%
<b>REVENUES</b>			
Revenues	19,397	18,521	5%
Licenses and Maintenance	4,578	5,330	-14%
Cloud and Subscription	7,769	6,690	16%
Service Revenues	7,050	6,501	8%
Revenues Europe	14,103	13,256	6%
Revenues USA	3,619	3,333	9%
Revenues Asia/Pacific	1,675	1,932	-13%
<b>EARNINGS</b>			
Cost of revenues	10,991	9,949	10%
Gross profit	8,406	8,572	-2%
Gross margin	43%	46%	
Operating expenses, operating income	9,221	9,097	1%
Research and development	3,505	3,633	-4%
Sales and marketing	4,143	4,038	3%
General and administrative	1,647	1,655	0%
Other operating income/expenses	(74)	(229)	-68%
EBIT	(815)	(525)	-55%
EBIT-Margin	-4%	-3%	
EBITDA	901	1,077	-16%
EBITDA margin	5%	6%	
Net result	(1,147)	(817)	-40%
Earnings per share (EUR)	(0.08)	(0.06)	-
<b>NET ASSETS</b>			
Shareholders´ equity	13,467	16,396	-18%
Equity ratio	33%	36%	
Balance sheet total	40,977	45,401	-10%
Noncurrent assets	24,353	25,917	-6%
Current assets	16,624	19,484	-15%
Noncurrent liabilities	13,459	16,336	-18%
Current liabilities	14,051	12,669	11%
<b>FINANCIAL POSITION</b>			
Cash and cash equivalents	10,142	12,887	-21%
Net cash operating activities	1,582	1,879	-16%
Depreciation and amortization	1,716	1,602	7%
Net cash used in investing activities	(732)	(2,865)	-
Net cash provided by financing activities	(1,098)	1,557	-
<b>EMPLOYEES</b>	304	295	3%

# Group Management Report

## Overall Economy and Industry

In view of the numerous geopolitical and economic risk factors, the International Monetary Fund (IMF) is predicting reduced macroeconomic global growth for 2023. According to the IMF World Economic Outlook from April 2023, global economic growth will be 2.8% in 2023, 0.6 percentage points below the previous year's figure. A slight decline in GDP development has even been predicted in Germany for 2023 compared to 2022.

According to Gartner, global spending on information technology is set to increase – despite the tense macroeconomic situation – to USD 4.6 trillion in 2023, 5.5% more than the comparative value of the previous year (2022: \$4.4 trillion). According to the Outlook published in April 2023, growth of 12.3% compared to 2022 is predicted for the business software sector. According to Gartner, the figures for the IT services sector are also set to develop positively: Spending is expected to increase from EUR 1.25 trillion to EUR 1.36 trillion, which would correspond to an increase of approximately 9.1%. In Germany, Bitkom (the industry association of the German information and telecommunications industry) expects an increase of 3.0% in the information technology sector compared to the previous year and an increase of 9.6% in the software segment.

Nevertheless, it is expected that individual sub-segments of the IT industry, as well as numerous other industries, will continue to be confronted with the effects and after-effects of the recent global crisis. High inflation and the resulting reluctance to buy and expend capital in the market is weighing on the outlook for the e-commerce business in particular. Despite great potential and generally positive trends in the e-commerce segment, 2023 started cautiously due to the crisis. At approximately EUR 19.38 billion, revenue in the first quarter in online trading in Germany was around 15% below the previous year's figure. The German Retail Association [*Handelsverband Deutschland, HDE*] also corrected its outlook for the e-commerce business downwards due to the mixed consumer sentiment. Within the context of the high rate of inflation, the HDE still expects solid growth of 5.8%, but the recently proclaimed 8% increase in sales will be missed by a long way.

## Business performance during the first six months of 2023

In the first six months of fiscal 2023, the Intershop Group generated revenue of EUR 19.4 million, 5% more than in the same period of the previous year (previous year: EUR 18.5 million). Earnings before interest and taxes (EBIT) were slightly positive in the second quarter at EUR 0.04 million and amounted to EUR -0.8 million in the reporting period of the first half of 2023 (previous year: EUR -0.5 million). The reason for the negative result is primarily the subdued sales dynamics in the first half of 2023.

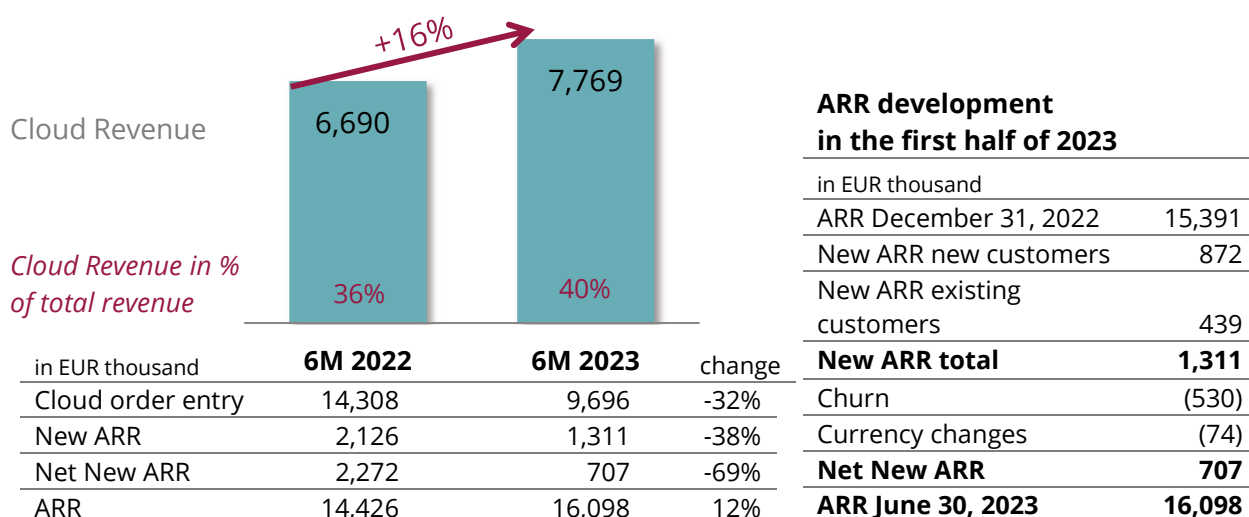
The Group's most important financial key figures (KPIs) are shown in the overview below.

in EUR thousand	Q1 2023	Q2 2023	6M 2023	6M 2022	Change
Cloud Order Entry	2,649	7,047	9,696	14,308	-32%
Net New ARR	272	435	707	2,272	-69%
Revenue	8,871	10,526	19,397	18,521	5%
EBIT	(856)	41	(815)	(525)	-55%

## Cloud revenue with further growth – incoming orders below previous year

Momentum significantly increased in the cloud business in the second quarter compared to the start of the year, but incoming cloud orders and net new ARR in the first half of 2023 remained below the relatively high previous year's figures. Cloud revenue increased by 16% to EUR 7.8 million (previous year: EUR 6.7 million). The share of cloud revenue in the total revenues increased by 4 percentage points to 40% (previous year: 36%). Incoming cloud orders fell by 32% to EUR 9.7 million compared to the incoming orders in the same period of the previous year (previous year: EUR 14.3 million), but rose significantly in the second quarter compared to the previous quarter to approximately EUR 7.0 million. From the incoming cloud orders, EUR 5.8 million in the first half of the year is attributable to new customers and EUR 3.9 million to existing customers. As at June 30, 2023, the cloud ARR rose to EUR 16.1 million – an increase of 12% (previous year: EUR 14.4 million). Net new ARR (new ARR less cancellations and currency translation differences) fell to EUR 0.7 million (previous year: EUR 2.3 million). Cloud margin increased from 55% to 58% over the reporting period.

### 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 2023	Q2 2023	6M 2023	6M 2022	Change
Revenues	8,871	10,526	19,397	18,521	5%
Cost of revenues	5,264	5,727	10,991	9,949	10%
Gross margin	41%	46%	43%	46%	
Operating expenses, operating income	4,463	4,758	9,221	9,097	1%
EBIT	(856)	41	(815)	(525)	-55%
EBIT margin	-10%	0%	-4%	-3%	
EBITDA	(5)	906	901	1,077	-16%
EBITDA margin	0%	9%	5%	6%	
Earnings after tax	(1,042)	(105)	(1,147)	(817)	-40%

The Intershop Group generated **revenues** of EUR 19.4 million in the first six months of 2023. As a result, 5% growth was achieved compared to the previous-year period. Revenues from April to June rose by 13% to EUR 10.5 million compared to the second quarter of the previous year. In the core segment **Software and Cloud**, the Intershop Group achieved an increase in revenues of 3% to EUR 12.3 million (previous year: EUR 12.0 million). **License and maintenance** revenues fell by 14% to EUR 4.6 million (previous year: EUR 5.3 million). Intershop once again recorded significant growth in **cloud and subscription revenue** of 16% to EUR 7.8 million (previous year: EUR 6.7 million). **Service revenues** increased by 8% to EUR 7.1 million in the reporting period (previous year: EUR 6.5 million) and therefore returned to growth. At 36%, the share of service revenue in total revenue was slightly above the 35% mark of the same period from the previous year.

The following overview shows the development of revenues:

in EUR thousand	Q1 2023	Q2 2023	6M 2023	6M 2022	Change
<b>Software and Cloud Revenues</b>	<b>5,690</b>	<b>6,657</b>	<b>12,347</b>	<b>12,020</b>	<b>3%</b>
<b>Licenses and Maintenance</b>	<b>1,956</b>	<b>2,622</b>	<b>4,578</b>	<b>5,330</b>	<b>-14%</b>
Licenses	165	859	1,024	1,343	-24%
Maintenance	1,791	1,763	3,554	3,987	-11%
<b>Cloud and Subscription</b>	<b>3,734</b>	<b>4,035</b>	<b>7,769</b>	<b>6,690</b>	<b>16%</b>
<b>Service Revenue</b>	<b>3,181</b>	<b>3,869</b>	<b>7,050</b>	<b>6,501</b>	<b>8%</b>
<b>Revenues total</b>	<b>8,871</b>	<b>10,526</b>	<b>19,397</b>	<b>18,521</b>	<b>5%</b>

Europe continues to be the Group's dominant sales region. There, revenues in the reporting period increased by 6% to EUR 14.1 million compared to the first half of 2022. The share of total revenue generated by European customers therefore grew by one percentage point to 73%. Revenues from the U.S. market increased by 9% to EUR 3.6 million. The region contributed 19% to the total revenue (previous year: 18%). Revenues declined in the Asia-Pacific region to EUR 1.7 million, (previous year: EUR 1.9 million). This corresponds to a share of 9% of total revenues (previous year: 10%).

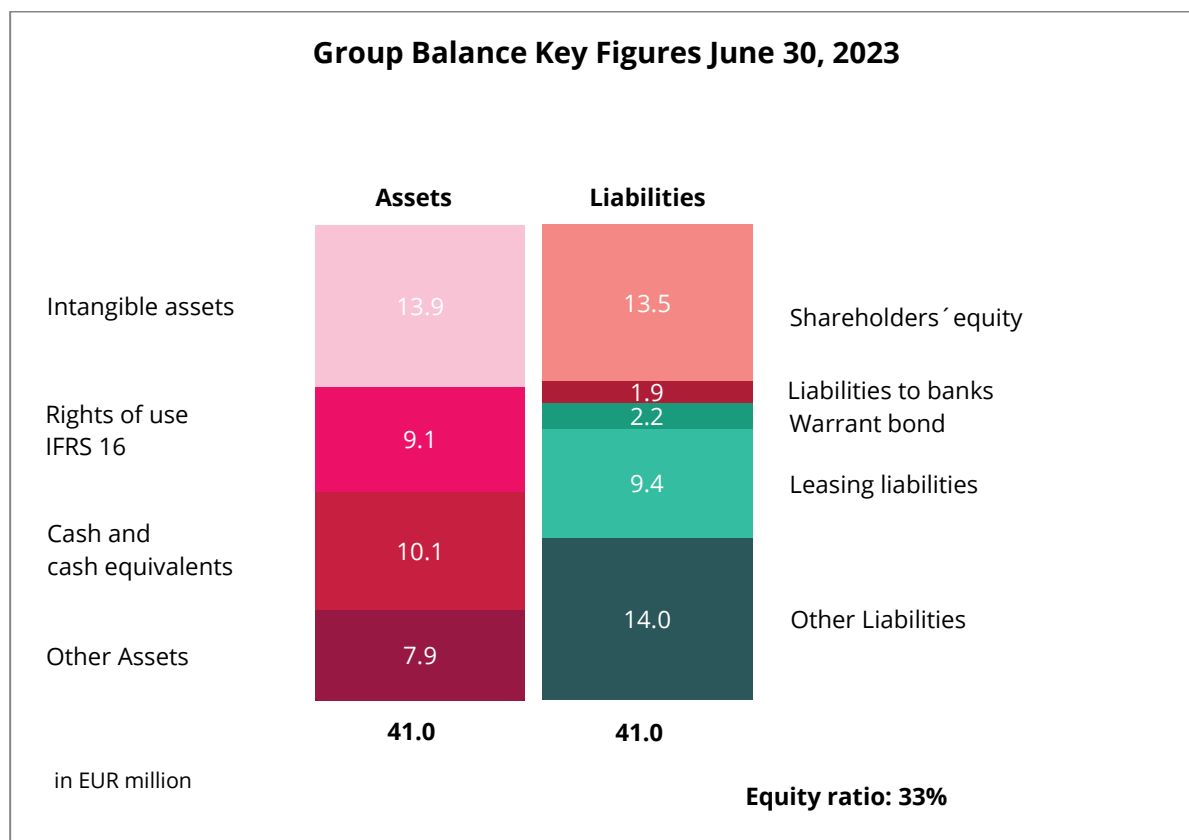
The **gross profit on sales** decreased slightly by 2% to EUR 8.4 million compared to the previous-year period. The gross margin dropped by three percentage points to 43%. **Operating expenses and income** increased by 1% to EUR 9.2 million. Research and development costs decreased by 4% to EUR 3.5 million. Sales and marketing expenses rose by 3% to EUR 4.1 million. At EUR 1.6 million, general administrative costs remained at the previous-year level. Other operating income declined to EUR 0.3 million. Overall, the total costs (cost of revenues and operating expenses/income) were EUR 20.2 million and thus 6% above that of the previous year.

The **operating result (EBIT)** amounted to EUR -0.8 million in the first six months (previous year: EUR -0.5 million). Here, the Group generated earnings before interest and taxes of EUR 41 thousand in the second quarter, while the first quarter recorded a loss of EUR -0.9 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 0.9 million (previous year: EUR 1.1 million). The result for the period (**earnings after taxes**) was EUR -1.1 million (previous year: EUR -0.8 million), which corresponds to earnings per share of EUR -0.08 (previous year: EUR -0.06).

## Net Asset and Financial Position

As at the interim reporting date of June 30, 2023, the Intershop Group had a **balance sheet total** of EUR 41.0 million, almost one per cent below the value at the end of 2022. On the **assets** side, intangible assets – the largest item under assets – fell by 4% to EUR 13.9 million as a result of scheduled amortization. As at the reporting date, non-current assets totaled EUR 24.4 million compared to EUR 25.0 million as at December 31, 2022. Current assets increased to EUR 16.6 million (December 31, 2022: EUR 16.3 million), in particular due to the increase in other receivables and assets (mainly due to advance payments). Cash and cash equivalents decreased slightly from EUR 10.5 million to EUR 10.1 million as at June 30, 2023.

On the **liabilities** side, equity decreased by 3% to EUR 13.5 million, primarily due to the negative half-year result. However, the subscribed capital increased by 3% to EUR 14.6 million and the capital reserve by 18% to EUR 3.0 million. This results from the partial exercise of the warrant bond. In January 2023, Axxion S.A. partially exercised the warrant for 388,127 shares from the warrant issued by Intershop in July 2020 as part of a warrant bond on behalf of a fund client and therefore obtained a total of 388,127 newly issued no-par value bearer shares of INTERSHOP Communications AG at a price of EUR 2.19 per share. Exercising the warrant provided Intershop with gross issuing proceeds of EUR 0.85 million, which were used for the repayment of bonds that were terminated at the same time. Due to the partial repayment of the warrant bond and the repayment of the liabilities to banks, non-current liabilities fell by 10% to EUR 13.5 million (December 31, 2022: EUR 14.9 million). Current liabilities amounted to EUR 14.1 million compared to EUR 12.5 million as at December 31, 2022. This is primarily due to an increase in deferred revenue due to annual advance payments for cloud and support contracts by 20% to EUR 6.0 million. The **equity ratio** as at the interim reporting date was 33%, and therefore slightly lower than that from December 31, 2022 at 34%.





The cash flow from ordinary business activities totaled EUR 1.6 million in the first half of the year compared to EUR 1.9 million in the previous-year period. The cash outflow from investment activities amounted to EUR 0.7 million, compared with EUR -2.9 million in previous-year period, primarily due to the acquisition of Sparque B.V. The cash outflow from financing activities was EUR 1.1 million, essentially due to the repayment of leasing liabilities. In the same period of the previous year, there was a cash inflow from financing activities of EUR 1.6 million as a result of taking out a loan. Overall, cash and cash equivalents decreased as at the end of the first six months by 3% to EUR 10.1 million (December 31, 2022: EUR 10.5 million).

## Management Board and Supervisory Board

At the beginning of the year, INTERSHOP Communications AG added another member to the Management Board. The appointment of Petra Stappenbeck by the Supervisory Board shall take effect on January 1, 2023. She will assume the role of chief financial officer.

In May 2023, Frank Fischer, CEO of Shareholder Value Management AG and long-standing representative of the principal shareholders of INTERSHOP Communications AG was also elected by the Annual General Meeting as a member of the Supervisory Board. Frank Fischer has been a court-appointed member and chair of the Supervisory Board since December 2022.

## Employees

As at June 30, 2023, Intershop had 304 full-time employees around the world. Compared to the reporting date of December 31, 2022, this represents an increase of seven employees, and compared to the previous year's reporting date, an increase of nine employees.

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

Employees by department*	June 30, 2023	December 31, 2022	June 30, 2022
Technical Departments (Service functions and Research and Development)	228	226	221
Sales and Marketing	47	43	43
General and administrative	29	28	31
	304	297	295

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

As at the interim balance sheet date, the number of employees in Europe was 262 or 86% of the workforce. In the Asia-Pacific region, there were 23 employees (8%); in the U.S., the share was 6% with 19 employees.

## Outlook

Despite an overall challenging market situation, the US analysis company Gartner is optimistic about the development of the global IT sector in the coming year: Overall growth of 8.6% is expected in 2024, which would mean that global spending on information technology would exceed the five-trillion-dollar mark for the first time. According to Research and Market, the B2B e-commerce business is predicted to grow at an average rate of 18.7% through 2028. Regardless of this, the IT industry shall also face economic challenges; not least because of stagnating global GDP growth and high inflation. Nevertheless, wholesalers and manufacturing companies need sustainable digitalization strategies in the medium term. With its scalable commerce platform, Intershop offers a tailor-made solution to support the digital transformation of its customers.

Intershop continued to increase cloud revenue in the first half of the year, but incoming cloud orders and net new ARR were below that of the previous-year period. The service sector saw higher revenues and improved margins. Overall, revenue grew by 5% compared to the same period of the previous year. However, Intershop corrected the annual outlook for 2023 in mid-July based on business development in the first half of the year and the now modified plan for the second half of 2023. The main reason for adjusting the outlook is the noticeably growing reluctance to expend capital among potential customers due to the uncertain macroeconomic situation, which is increasingly reaching the B2B target group in addition to the B2C segment. Intershop now expects moderate revenue growth for the full year of 2023 (previously: revenue growth of more than 10%). In terms of earnings, it is expected that EBIT will be negative, albeit improved compared to the previous year (previous year: EUR -2.9 million). In addition, the company anticipates 2023 incoming cloud orders in a range between EUR 24.0 million and EUR 26.0 million (previous year: EUR 25.9 million) and for the net new ARR, a value between EUR 1.5 million and EUR 2.5 million (previous year: EUR 3.2 million). Previously, an increase of more than 10% had been predicted for these two key figures.

# Consolidated Balance Sheet

in EUR thousand	June 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Noncurrent assets</b>		
Intangible assets	13,885	14,385
Property, plant and equipment	524	531
Rights of use IFRS 16	9,141	9,287
Other noncurrent assets	454	401
Restricted cash	245	249
Deferred tax assets	104	109
	<b>24,353</b>	<b>24,962</b>
<b>Current assets</b>		
Trade receivables	5,021	4,901
Other receivables and other assets	1,461	919
Cash and cash equivalents	10,142	10,471
	<b>16,624</b>	<b>16,291</b>
<b>TOTAL ASSETS</b>	<b>40,977</b>	<b>41,253</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Subscribed capital	14,582	14,194
Capital reserve	3,030	2,575
Other reserves	(4,145)	(2,915)
	<b>13,467</b>	<b>13,854</b>
<b>Noncurrent liabilities</b>		
Warrant Bond	2,234	3,081
Liabilities to banks	1,368	1,617
Leasing liabilities IFRS 16	7,878	8,067
Other noncurrent liabilities	1,979	2,168
	<b>13,459</b>	<b>14,933</b>
<b>Current liabilities</b>		
Other current provisions	232	368
Liabilities to banks	497	497
Trade accounts payable	2,227	1,676
Income tax liabilities	51	60
Leasing liabilities IFRS 16	1,510	1,428
Other current liabilities	3,584	3,466
Deferred revenue	5,950	4,971
	<b>14,051</b>	<b>12,466</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>40,977</b>	<b>41,253</b>

# Consolidated Statement of Comprehensive Income

in EUR thousand	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
<b>Revenues</b>				
Software and Cloud Revenues	6,657	6,045	12,347	12,020
Service Revenues	3,869	3,263	7,050	6,501
	<b>10,526</b>	<b>9,308</b>	<b>19,397</b>	<b>18,521</b>
<b>Cost of revenues</b>				
Cost of revenues - Software and Cloud	(2,744)	(2,457)	(5,393)	(4,650)
Cost of revenues - Services	(2,983)	(2,789)	(5,598)	(5,299)
	<b>(5,727)</b>	<b>(5,246)</b>	<b>(10,991)</b>	<b>(9,949)</b>
<b>Gross profit</b>	<b>4,799</b>	<b>4,062</b>	<b>8,406</b>	<b>8,572</b>
<b>Operating expenses, operating income</b>				
Research and development	(1,711)	(1,753)	(3,505)	(3,633)
Sales and marketing	(2,202)	(2,092)	(4,143)	(4,038)
General and administrative	(829)	(833)	(1,647)	(1,655)
Other operating income	77	77	167	272
Other operating expenses	(93)	(17)	(93)	(43)
	<b>(4,758)</b>	<b>(4,618)</b>	<b>(9,221)</b>	<b>(9,097)</b>
<b>Result from operating activities</b>	<b>41</b>	<b>(556)</b>	<b>(815)</b>	<b>(525)</b>
Interest income	3	0	4	0
Interest expense	(136)	(93)	(277)	(182)
<b>Financial result</b>	<b>(133)</b>	<b>(93)</b>	<b>(273)</b>	<b>(182)</b>
<b>Earnings before tax</b>	<b>(92)</b>	<b>(649)</b>	<b>(1,088)</b>	<b>(707)</b>
Income taxes	(13)	(36)	(59)	(110)
<b>Earnings after tax</b>	<b>(105)</b>	<b>(685)</b>	<b>(1,147)</b>	<b>(817)</b>
<b>Other comprehensive income:</b>				
Exchange differences on translating foreign operations	(13)	2	(83)	88
<b>Other comprehensive income from exchange differences</b>	<b>(13)</b>	<b>2</b>	<b>(83)</b>	<b>88</b>
<b>Total comprehensive income</b>	<b>(118)</b>	<b>(683)</b>	<b>(1,230)</b>	<b>(729)</b>
Earnings per share (EUR, basic, diluted)	(0.01)	(0.05)	(0.08)	(0.06)

## Consolidated Statement of Cash Flows

in EUR thousand	Six months ended June 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Earnings before tax	(1,088)	(707)
<i>Adjustments to reconcile net profit/loss to cash used in operating activities</i>		
Financial result	273	182
Depreciation and amortization	1,716	1,602
Other noncash expenses and income	41	(99)
<i>Changes in operating assets and liabilities</i>		
Accounts receivable	(167)	(212)
Other assets	(634)	(501)
Liabilities and provisions	586	355
Deferred revenue	993	1,422
Net cash provided by (used in) operating activities before income tax and interest	1,720	2,042
Interest received	4	0
Interest paid	(70)	(51)
Income taxes paid	(72)	(112)
Net cash provided by (used in) operating activities	1,582	1,879
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for investments in intangible assets	(322)	(2,111)
Purchases of property and equipment	(110)	(76)
Proceeds on disposal of minority interests	0	63
Disbursement as part of a company acquisition	(300)	(741)
Net cash provided by (used in) investing activities	(732)	(2,865)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments from partial repayment of a warrant bond	(850)	0
Cash received from loan	0	2,487
Repayments of loans	(249)	(125)
Payments from issuance of common stock	850	0
Payments for leasing liabilities	(849)	(805)
Net cash provided by (used in) financing activities	(1,098)	1,557
Effect of change in exchange rates	(81)	107
Net change in cash and cash equivalents	(329)	678
Cash and cash equivalents, beginning of period	10,471	12,209
Cash and cash equivalents, end of period	10,142	12,887

## 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
<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					(1,147)	(83)	(1,230)
Issue of new shares	388,127	388	455				843
<b>Balance, June 30, 2023</b>	<b>14,582,291</b>	<b>14,582</b>	<b>3,030</b>	<b>(93)</b>	<b>(6,091)</b>	<b>2,039</b>	<b>13,467</b>
<b>Balance, January 1, 2022</b>	<b>14,194,164</b>	<b>14,194</b>	<b>2,575</b>	<b>(93)</b>	<b>(1,387)</b>	<b>2,119</b>	<b>17,408</b>
Total comprehensive income					(817)	88	(729)
Change in ownership interest (IFRS 10.23)			(283)				(283)
<b>Balance, June 30, 2022</b>	<b>14,194,164</b>	<b>14,194</b>	<b>2,292</b>	<b>(93)</b>	<b>(2,204)</b>	<b>2,207</b>	<b>16,396</b>

# Notes on the Consolidated Financial Statements as of June 30, 2023

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## General disclosures

This interim report as of June 30, 2023, 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 2022. 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, 2022. The 2022 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 scope of consolidation of the entities of INTERSHOP Communications AG includes, as of June 30, 2023, unchanged from December 31, 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.

## Accounting policies

The same accounting policies were used to prepare this interim report as for the consolidated financial statements for fiscal year 2022. The policies used are described in detail on pages 43 to 50 of the 2022 Annual Report.

## Equity

The development of INTERSHOP Communications AG's equity is shown in the Statement of Changes in Equity. The subscribed capital increased by EUR 388,127 as of June 30, 2023 to EUR 14,582,291 and is divided into 14,582,291 no-par value bearer shares. The change is due to a capital increase from conditional capital. In January 2023, Axxion S.A. partially exercised the warrant for 388,127 shares from the warrant issued by Intershop in July 2020 as part of a warrant bond on behalf of a fund client and therefore obtained a total of 388,127 newly issued no-par value bearer shares of INTERSHOP Communications AG at a price of EUR 2.19 per share. Subscribed capital increased accordingly from EUR 14,194,164 to EUR 14,582,291 effective as of January 27, 2023 and the conditional capital decreased from EUR 1,437,000 to EUR 1,048,873.

At the Annual General Meeting of May 9, 2023, it was resolved to cancel Authorized Capital I in the amount of EUR 1,437,636 and to create a new Authorized Capital I in the amount of EUR 7,200,000. Accordingly, the Management Board is authorized, subject to approval by the Supervisory Board, to increase the share capital once or multiple times by a total of up to EUR 7,200,000 against cash contributions and/or contributions in kind, by issuing new no-par value bearer shares. The Management Board's authorization is valid until May 15, 2028. The Management Board is authorized, subject to approval of the Supervisory Board, to exclude the stockholders' subscription rights in certain cases. The entry in the commercial register of the new Authorized Capital I with the cancellation of the previous Authorized Capital I and the amendment to the Articles of Association took place on May 15, 2023.

In addition, the new Conditional Capital II of EUR 6,242,000 was created at the Annual General Meeting of May 9, 2023. The conditional capital shall be used to grant no-par value bearer shares when conversion or warrant rights are exercised, or if the company exercises a warrant right to grant no-par value shares in the company in full or in part to the holders of convertible bonds or bonds with warrants instead of paying the amount due, which are issued by May 8, 2028 by Intershop against cash contributions on the basis of the authorizing resolution of the Annual General Meeting of May 9, 2023. The new shares shall be issued at the warrant or conversion price to be determined based on the aforementioned authorization resolution. The Management Board is authorized to determine additional details for the implementation of the increase in the conditional capital subject to the approval by the Supervisory Board. The Management Board is authorized, subject to approval of the Supervisory Board, to exclude the stockholders' subscription rights in certain cases. The new Conditional Capital II, together with the amendment to the Articles of Association, was entered in the commercial register on May 15, 2023.

## 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,	
	2023	2022	2023	2022
<b>Basis for calculating basic earnings per share (earnings after tax)</b>	<b>(105)</b>	<b>(685)</b>	<b>(1,147)</b>	<b>(817)</b>
Interest expenses for warrant bonds	0	29	0	57
<b>Basis for calculating the diluted earnings per share</b>	<b>(105)</b>	<b>(656)</b>	<b>(1,147)</b>	<b>(760)</b>

in thousand	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
<b>Weighted average of common shares (basic)</b>	<b>14,582</b>	<b>14,194</b>	<b>14,524</b>	<b>14,194</b>
Effect of the conversion of the warrant bonds	54	1,419	142	1,419
<b>Weighted average of common shares (diluted)</b>	<b>14,636</b>	<b>15,613</b>	<b>14,666</b>	<b>15,613</b>



in EUR	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
<b>Earnings per share (basic)</b>	<b>(0.01)</b>	<b>(0.05)</b>	<b>(0.08)</b>	<b>(0.06)</b>
<b>Earnings per share (diluted)</b>	<b>(0.01)</b>	<b>(0.04)</b>	<b>(0.08)</b>	<b>(0.05)</b>
<b>Adjustment of earnings per share (diluted)</b>	<b>(0.01)</b>	<b>(0.05)</b>	<b>(0.08)</b>	<b>(0.06)</b>

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, 2023					
in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consoli- dation	Group
<b>Revenues from external customers</b>					
<b>Software and Cloud Revenue</b>	<b>5,047</b>	<b>1,146</b>	<b>464</b>	<b>0</b>	<b>6,657</b>
<b>Licenses and Maintenance</b>	<b>2,356</b>	<b>148</b>	<b>118</b>	<b>0</b>	<b>2,622</b>
Licenses	857	0	2	0	859
Maintenance	1,499	148	116	0	1,763
<b>Cloud and Subscription</b>	<b>2,691</b>	<b>998</b>	<b>346</b>	<b>0</b>	<b>4,035</b>
<b>Service Revenue</b>	<b>2,905</b>	<b>575</b>	<b>389</b>	<b>0</b>	<b>3,869</b>
<b>Total revenues from external customers</b>	<b>7,952</b>	<b>1,721</b>	<b>853</b>	<b>0</b>	<b>10,526</b>
Intersegment revenues	408	131	0	(539)	0
<b>Total revenues</b>	<b>8,360</b>	<b>1,852</b>	<b>853</b>	<b>(539)</b>	<b>10,526</b>
<b>Result from operating activities</b>	<b>0</b>	<b>30</b>	<b>11</b>	<b>0</b>	<b>41</b>
<b>Financial result</b>					<b>(133)</b>
<b>Earnings before tax</b>					<b>(92)</b>
<b>Income taxes</b>					<b>(13)</b>
<b>Earnings after tax</b>					<b>(105)</b>

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

Six months ended June 30, 2023					
	Europe	U.S.A	Asia/ Pacific	Consoli- dation	Group
in EUR thousand					
<b>Revenues from external customers</b>					
<b>Software and Cloud Revenue</b>	<b>9,134</b>	<b>2,284</b>	<b>929</b>	<b>0</b>	<b>12,347</b>
<b>Licenses and Maintenance</b>	<b>4,050</b>	<b>296</b>	<b>232</b>	<b>0</b>	<b>4,578</b>
Licenses	1,016	0	8	0	1,024
Maintenance	3,034	296	224	0	3,554
<b>Cloud and Subscription</b>	<b>5,084</b>	<b>1,988</b>	<b>697</b>	<b>0</b>	<b>7,769</b>
<b>Service Revenue</b>	<b>4,969</b>	<b>1,335</b>	<b>746</b>	<b>0</b>	<b>7,050</b>
<b>Total revenues from external customers</b>	<b>14,103</b>	<b>3,619</b>	<b>1,675</b>	<b>0</b>	<b>19,397</b>
Intersegment revenues	816	131	0	(947)	0
<b>Total revenues</b>	<b>14,919</b>	<b>3,750</b>	<b>1,675</b>	<b>(947)</b>	<b>19,397</b>
<b>Result from operating activities</b>	<b>(590)</b>	<b>(153)</b>	<b>(72)</b>	<b>0</b>	<b>(815)</b>
<b>Financial result</b>					<b>(273)</b>
<b>Earnings before tax</b>					<b>(1,088)</b>
<b>Income taxes</b>					<b>(59)</b>
<b>Earnings after tax</b>					<b>(1,147)</b>

Six months ended June 30, 2022					
	Europe	U.S.A	Asia/ Pacific	Consoli- dation	Group
in EUR thousand					
<b>Revenues from external customers</b>					
<b>Software and Cloud Revenue</b>	<b>8,970</b>	<b>1,952</b>	<b>1,098</b>	<b>0</b>	<b>12,020</b>
<b>Licenses and Maintenance</b>	<b>4,792</b>	<b>270</b>	<b>268</b>	<b>0</b>	<b>5,330</b>
Licenses	1,326	0	17	0	1,343
Maintenance	3,466	270	251	0	3,987
<b>Cloud and Subscription</b>	<b>4,178</b>	<b>1,682</b>	<b>830</b>	<b>0</b>	<b>6,690</b>
<b>Service Revenue</b>	<b>4,286</b>	<b>1,381</b>	<b>834</b>	<b>0</b>	<b>6,501</b>
<b>Total revenues from external customers</b>	<b>13,256</b>	<b>3,333</b>	<b>1,932</b>	<b>0</b>	<b>18,521</b>
Intersegment revenues	580	266	0	(846)	0
<b>Total revenues</b>	<b>13,836</b>	<b>3,599</b>	<b>1,932</b>	<b>(846)</b>	<b>18,521</b>
<b>Result from operating activities</b>	<b>(381)</b>	<b>(95)</b>	<b>(49)</b>	<b>0</b>	<b>(525)</b>
<b>Financial result</b>					<b>(182)</b>
<b>Earnings before tax</b>					<b>(707)</b>
<b>Income taxes</b>					<b>(110)</b>
<b>Earnings after tax</b>					<b>(817)</b>

### Directors' holdings and Securities transactions subject to reporting requirements

As of June 30, 2023, the company's executive body members held the following number of Intershop ordinary bearer shares:

Name	Function	Shares
Markus Klahn	CEO of the Management Board	13,366
Petra Stappenbeck	Member of Management Board	2,000
Ulrich Prädél	Vice Chairman of the Supervisory Board	7,535
Univ.-Prof. Dr. Louis Velthuis	Member of the Supervisory Board	24,648
Oliver Bendig	Member of the Supervisory Board	11,000

In the first six months of 2023, 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)
Markus Klahn	04/05/2023	Purchase	2,000	4,840
Petra Stappenbeck	04/06/2023	Purchase	1,500	3,855
Univ.- Prof. Dr. Louis Velthuis	04/03/2023	Purchase	1,892	4,352
Univ.- Prof. Dr. Louis Velthuis	03/31/2023	Purchase	4,000	9,200

### 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 24, 2023

The Management Board of INTERSHOP Communications Aktiengesellschaft

  
Markus Klahn

  
Petra Stappenbeck

# 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 2023	2022	6M 2022
Closing price <sup>1</sup>	in EUR	2.10	2.58	3.46
Number of shares outstanding (end of period)	in million shares	14.58	14.19	14.19
Market capitalization	in EUR million	30.62	36.62	49.11
Earnings per share	in EUR	(0.08)	(0.25)	(0.06)
Cashflow per share	in EUR	0.11	0.08	0.13
Carrying amount per share	in EUR	0.92	0.98	1.16
Average trading volume per day <sup>2</sup>	Number	5,442	7,620	10,370
Free float	in %	47	48	47

<sup>1</sup> Basis: Xetra

<sup>2</sup> Basis: all stock exchanges



## **Investor Relations Contact**

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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.