

**intershop<sup>®</sup>**

# Quarterly Statement

Q1 – Q3 2024

January - September 2024

# Letter to Our Stockholders

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Dear stockholders and business partners,

We are pleased to be able to report a positive EBIT of EUR 0.6 million after the first nine months of 2024 despite an overall challenging market environment. The reason for this is the significant year-on-year increase in our software and cloud revenue in the third quarter, as we continued the positive trend in our cloud business on the one hand and benefited from our existing customers in the license business on the other. All cloud key figures improved at the end of the third quarter. Cloud revenue of EUR 15.3 million not only represent a year-on-year increase of 30%, but a 51% share of total revenue as well. The cloud margin also increased to 66%. As a result, annual recurring revenue (ARR) saw an increase of 15% to EUR 19.1 million as at September 30, 2024. Incoming cloud orders, which benefited in particular from our business with existing customers, also recorded year-on-year growth of 6% to EUR 14.7 million after nine months. The net new ARR rose by 44% to EUR 1.8 million. License revenues doubled compared to the previous year to 2.1 million euros.

We are still experiencing problems in the service business, which is burdened in particular by major projects started last year which have become significantly more complex, cost-intensive and time-consuming than planned and contributed significantly to a 32% drop in revenue in the service sector. In light of weak service business, Intershop will systematically continue undertaking the cost and efficiency measures it has introduced.

We are cautiously optimistic about the end of the year. We are continuing to note a reluctance to invest across all sectors and are seeing investment decisions being postponed as a result of the uncertainties in the overall economic environment. Overall, we strongly believe that we remain in a very good position thanks to our cloud strategy, complemented by our AI extensions such as Intershop Copilot, the partner-based AI products and the outstanding analyst ratings and will achieve our guidance for 2024.

Best regards,

  
Markus Klahn

  
Petra Stappenbeck

  
Markus Dränert

## Key Figures for the Group

in EUR thousand	9-Months 2024	9-Months 2023	Change
<b>KPIs</b>			
Cloud order entry	14,693	13,898	6%
Net New ARR	1,812	1,254	44%
Revenue	29,744	28,643	4%
EBIT	570	(1,493)	++
<b>REVENUES</b>			
Revenues	29,744	28,643	4%
Licenses and Maintenance	7,288	6,381	14%
Cloud and Subscription	15,313	11,799	30%
Service Revenues	7,143	10,463	-32%
Revenues Europe	21,512	20,944	3%
Revenues USA	5,950	5,225	14%
Revenues Asia/Pacific	2,282	2,474	-8%
<b>EARNINGS</b>			
Cost of revenues	15,854	16,497	-4%
Gross profit	13,890	12,146	14%
Gross margin	47%	42%	
Operating expenses, operating income	13,320	13,639	-2%
Research and development	4,741	5,204	-9%
Sales and marketing	5,899	6,152	-4%
General and administrative	2,423	2,443	-1%
Other operating income/expenses	257	(160)	--
EBIT	570	(1,493)	++
EBIT-Margin	2%	-5%	
EBITDA	2,966	1,068	++
EBITDA margin	10%	4%	
Net result	253	(1,941)	++
Earnings per share (EUR)	0.02	(0.13)	++
<b>NET ASSETS</b>			
Shareholders' equity	11,571	12,700	-9%
Equity ratio	32%	33%	
Balance sheet total	35,794	37,943	-6%
Noncurrent assets	21,965	23,660	-7%
Current assets	13,829	14,283	-3%
Noncurrent liabilities	8,837	12,977	-32%
Current liabilities	15,386	12,266	25%
<b>FINANCIAL POSITION</b>			
Cash and cash equivalents	6,372	8,592	-26%
Net cash operating activities	(889)	752	--
Depreciation and amortization	2,396	2,561	-6%
Net cash used in investing activities	(1,209)	(910)	33%
Net cash provided by financing activities	(1,535)	(1,652)	-7%
<b>EMPLOYEES</b>	270	307	-12%

# Business development

## Business performance during the first nine months of 2024

In the first three quarters of 2024, the Intershop Group recorded revenue of EUR 29.7 million, an increase of 4% compared to the prior year (EUR 28.6 million). Software and cloud revenues saw particularly positive growth, increasing by 24% to EUR 22.6 million, while service revenue fell by 32% to EUR 7.1 million. Earnings before interest and taxes (EBIT) in the first nine months were positive at EUR 0.6 million – a significant improvement over the prior year (prior year: EUR -1.5 million). EBIT amounted to EUR 1.0 million in the third quarter of 2024. In the second quarter, however, EBIT was negative at EUR -0.4 million, which is attributable to one-off expenses for personnel measures as part of the Intershop Value Creation program.

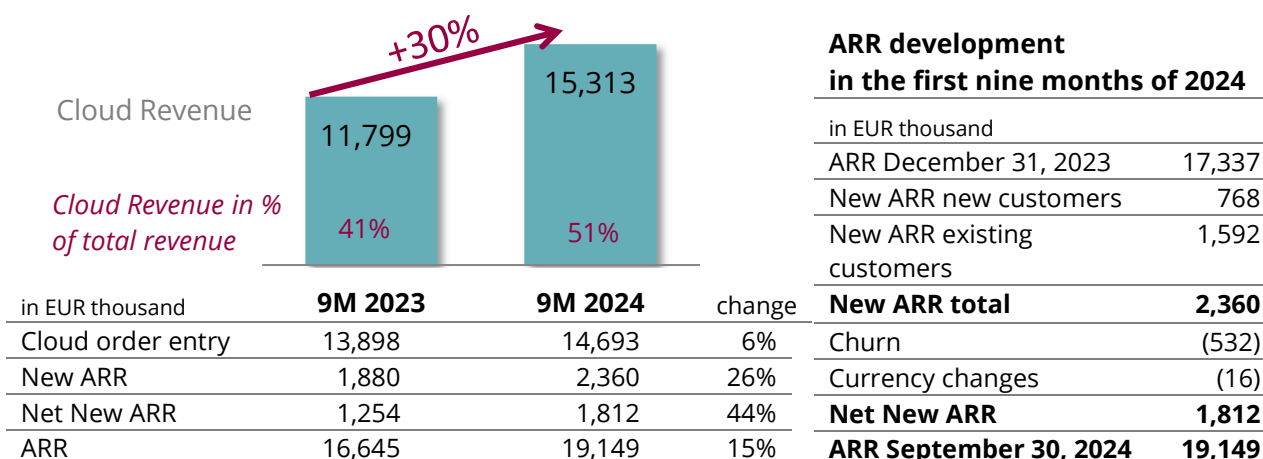
The Group's most important financial key figures (KPIs) are shown in the overview below.

in EUR thousand	9M 2024	9M 2023	Change
Cloud Order Entry	14,693	13,898	6%
Net New ARR	1,812	1,254	44%
Revenue	29,744	28,643	4%
EBIT	570	(1,493)	++

### Positive development in cloud business – strong revenue growth and improved incoming orders

Revenue from the cloud business increased by 30% to EUR 15.3 million in the first nine months of 2024 (prior year: EUR 11.8 million). The share of cloud revenue in the total revenues increased by 10 percentage points to 51% (prior year: 41%). In addition, the cloud margin improved by 9 percentage points to 66% (prior year: 57%). Incoming cloud orders grew by 6% and amounted to EUR 14.7 million, with the increase resulting in particular from strong growth in business with existing customers. Nine (prior year: 6) new customers accounted for EUR 5.7 million in incoming orders in the first nine months of the year, while existing customers accounted for EUR 9.0 million. In addition, the annual recurring revenue (ARR) reached EUR 19.1 million as at September 30, 2024, which corresponds to an increase of 15% (prior year: EUR 16.6 million). The New ARR increased by 26% to EUR 2.4 million (prior year: EUR 1.9 million), of which EUR 0.8 million were attributable to new customers and EUR 1.6 million to existing customers. The net new ARR (new ARR less cancellations and currency translation differences) grew by 44% to EUR 1.8 million (prior year: EUR 1.3 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	9M 2024	9M 2023	Change
Revenues	29,744	28,643	4%
Cost of revenues	15,854	16,497	-4%
Gross margin	47%	42%	
Operating expenses, operating income	13,320	13,639	-2%
EBIT	570	(1,493)	++
EBIT margin	2%	-5%	
EBITDA	2,966	1,068	++
EBITDA margin	10%	4%	
Earnings after tax	253	(1,941)	++

In the first three quarters of 2024, the Intershop Group generated **revenues** of EUR 29.7 million, an increase of 4% compared to the same period last year (prior year: EUR 28.6 million). In the third quarter, revenues amounted to EUR 10.7 million (prior year: EUR 9.2 million).

Revenues within the core group **software and cloud** rose by 24% to EUR 22.6 million (prior year: EUR 18.2 million). Revenue from the **licenses and maintenance** business increased by 14% to EUR 7.3 million (prior year: EUR 6.4 million). The increase is due to the license business, where revenue doubled to EUR 2.1 million (prior year: 1.1 million euros). Here, Intershop benefited from the existing customer business, in which subsequent licenses were acquired. Maintenance revenue decreased by 2% to EUR 5.2 million (prior year: EUR 5.3 million). In the **cloud and subscription** segment, the Intershop Group was able to continue its growth and generated revenues of EUR 15.3 million (prior year: EUR 11.8 million), an increase of 30%.

**Service revenue**, on the other hand, fell significantly: Here, Intershop recorded a decline of 32% to EUR 7.1 million in the first nine months of 2024 (prior year: EUR 10.5 million). This is mainly due to major projects started last year, which turned out to be more complex and costly than planned. In

addition, new projects are increasingly being carried out by partner companies this year as part of the Group strategy. Between January and September, the share of service revenue in total revenue decreased to 24% (prior year: 37%).

The following overview shows the development of revenues:

in EUR thousand	9M 2024	9M 2023	Change
<b>Software and Cloud Revenues</b>	<b>22,601</b>	<b>18,180</b>	<b>24%</b>
<b>Licenses and Maintenance</b>	<b>7,288</b>	<b>6,381</b>	<b>14%</b>
Licenses	2,090	1,055	98%
Maintenance	5,198	5,326	-2%
<b>Cloud and Subscription</b>	<b>15,313</b>	<b>11,799</b>	<b>30%</b>
<b>Service Revenue</b>	<b>7,143</b>	<b>10,463</b>	<b>-32%</b>
<b>Revenues total</b>	<b>29,744</b>	<b>28,643</b>	<b>4%</b>

Europe remains the predominant sales region for Intershop. In the first three months of 2024, the Group recorded revenues of EUR 21.5 million (prior year: EUR 21.0 million), a growth of 3%. European customers accounted for 72% (prior year: 73%) of total revenue. In the US market, as a result of very strong cloud business, Intershop grew revenue by 14% to EUR 6.0 million (prior year: EUR 5.2 million). This corresponds to a share of 20% of total revenue (prior year: 18%). Revenues declined by 8% in the Asia-Pacific region to EUR 2.3 million (prior year: EUR 2.5 million), which accounted for 8% of total revenue.

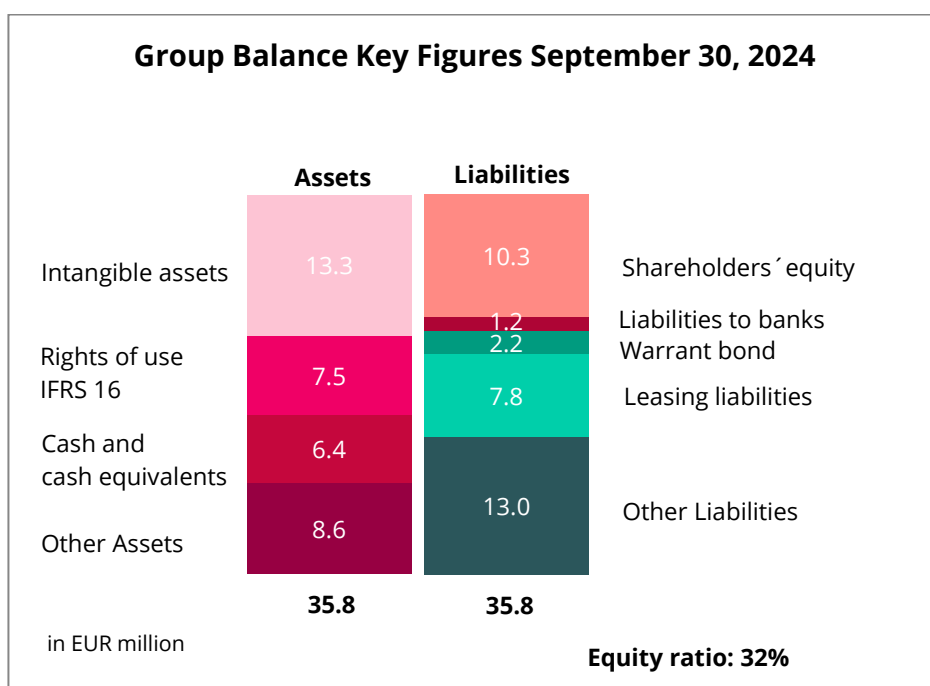
**Gross profit** increased by 14% to EUR 13.9 million in the reporting period (prior year: EUR 12.1 million). The **gross margin** rose five percentage points to 47%. **Operating expenses and income** fell by 2% to EUR 13.3 million (prior year: EUR 13.6 million). Research and development costs fell by 9% to EUR 4.7 million (prior year: EUR 5.2 million). Sales and marketing expenses fell by 4% to EUR 5.9 million compared to the same period last year (prior year: EUR 6.2 million). At EUR 2.4 million, general administrative costs remained at the previous-year level. Other operating expenses in the amount of EUR 0.6 million (prior year: EUR 0.1 million) include one-off expenses in the amount of EUR 0.4 million for staff reduction measures. Overall, the total costs (cost of sales and operating expenses/income) amounted to EUR 29.2 million (prior year: EUR 30.1 million), which corresponds to a reduction of 3% compared to the prior year.

The **operating result (EBIT)** improved significantly compared to the prior year and amounted to EUR 0.6 million in the first nine months of 2024 (prior year: EUR -1.5 million). The Intershop Group recorded a quarterly profit before interest and taxes of EUR 1.0 million in the third quarter of 2024. **Earnings before interest, tax, depreciation and amortization (EBITDA)** increased also significantly to EUR 3.0 million in the nine-month reporting period (prior year: EUR 1.1 million). The EBITDA margin rose to 10% (prior year: 4%). The result for the period (**earnings after taxes**) also improved significantly to EUR 0.3 million (prior year: EUR -1.9 million), which corresponds to earnings per share of EUR 0.02 (prior year: EUR -0.13).

## Net Asset and Financial Position

As of the reporting date of September 30, 2024, the **balance sheet total** of the Intershop Group amounted to EUR 35.8 million, 6% below the figure at the end of 2023. On the **assets side**, non-current assets decreased by 5% to EUR 22.0 million compared to December 31, 2023 due substantially to scheduled amortization of intangible assets and rights of use according to IFRS 16. Intangible assets, the largest item among assets, fell slightly below the previous year's level at EUR 13.3 million (December 31, 2023: EUR 13.5 million). Current assets fell by 7% to EUR 13.8 million. The fall in cash and cash equivalents of EUR 10.0 million to EUR 6.4 million was significant here in particular, whereas receivables from goods and services grew from EUR 3.9 million to EUR 5.9 million and other claims and assets rose to EUR 1.6 million (December, 31 2023: EUR 1.0 million).

On the **liabilities side**, equity increased to EUR 11.6 million due to the positive result after nine months (December 31, 2023: EUR 11.4 million). Non-current liabilities decreased to EUR 8.8 million (December 31, 2023: EUR 12.5 million), which is mainly due to the reclassification of the warrant bond agreed for repayment in July 2025 from non-current to current liabilities. Non-current liabilities to banks also fell to EUR 0.7 million (December 31, 2023: EUR 1.1 million), while non-current leasing liabilities decreased to EUR 6.2 million (December 31, 2023: EUR 7.1 million). Current assets grew to EUR 15.4 million (December 31, 2023: EUR 14.1 million) as a result of the reclassification of the warrant bond. Contract liabilities also fell to EUR 5.8 million in the first nine months of 2024 (December 31, 2023: EUR 6.9 million). The **equity ratio** totaled 32% as at the interim reporting date and thus above the equity ratio of 30% as at the reporting date on December 31, 2023.



In the first nine months of 2024, the cash flow from operating activities amounted to EUR -0.9 million compared to EUR 0.8 million in the same period last year and was significantly affected by a rise in trade receivables. The cash outflow from investing activities amounted to EUR 1.2 million compared to EUR 0.9 million in the same period last year. The cash outflow from financing activities amounted to EUR 1.5 million due to the repayment of loans and leasing liabilities. Overall, cash and cash equivalents declined to EUR 6.4 million at the end of the third quarter of 2024 (December 31, 2023: EUR 10.0 million).

## Research and Development

Intershop has further intensified its activities in the field of artificial intelligence. The most recent example of this is Intershop Copilot, which has been successfully integrated into the e-commerce platform. The innovative AI-supported tool, developed from the synergy of Microsoft Azure and OpenAI, supports e-commerce managers in making complex processes more efficient. Copilot not only acts as a virtual assistant, but also proactively provides real-time data that goes beyond analysis and offers targeted recommendations for action.

In the Paradigm B2B Combine 2024 Digital Commerce Solutions for B2B (Enterprise Edition) analyst report, the Intershop Commerce Platform was awarded medals in eleven out of twelve categories, including six gold medals. Intershop received gold ratings for the categories of Customer Service & Support, Total Cost of Ownership, Vision Strategy, Promotions Management, Site Search and Transaction Management. This is the fourth year in a row that Intershop has received top marks in the prestigious report. The award confirms the power of Intershop's AI-supported search technology (SPARQUE.AI). The recognition follows a series of other positive assessments from analysts such as IDC and Forrester this year.

## Employees

As at September 30, 2024, the Intershop Group had 270 full-time employees worldwide. Compared to the reporting date of December 31, 2023, this constitutes a reduction of 29 employees. This is due to strict cost management as part of the Intershop's Value Creation program, which provides for a general hiring freeze as well as staff reductions and not filling vacancies due to natural fluctuation.

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

Employees by department*	Sept. 30, 2024	Dec. 31, 2023	Sept.30, 2023
Technical Departments (Service functions, Research and Development)	208	229	230
Sales and Marketing	37	46	50
General and administrative	25	24	27
	270	299	307

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

As at September 30, 2024, 87% of the workforce was employed in Europe, with 233 employees. There were 22 employees (8%) in the Asia-Pacific region and 15 employees (5%) in the US.



## Outlook

Due to ongoing geopolitical uncertainties and a strict monetary policy, the International Monetary Fund (IMF) continues to expect a noticeable slowdown in global economic growth in 2024. According to the IMF forecast from July 2024, global economic growth is expected to be 3.2%, which represents a decline of 0.1 percentage points compared to the previous year. The IMF expects Germany's gross domestic product (GDP) to grow moderately by 0.2%, following a slight decline of -0.2% in 2023. According to data from the analysis firm Gartner, global spending on information technology is expected to rise to 5.27 trillion US dollars in 2024, an increase of 7.5% over the previous year (2023: 4.9 trillion US dollars).

Intershop continued to consistently expand its cloud business in the first nine months of 2024. All key cloud figures have experienced positive development since the end of the third quarter of 2024 and our operating result has also improved significantly compared to the prior year, with this being positive after three quarters. The service business remains challenging. The major projects launched last year have proven to be more complicated and cost intensive, which is having a negative impact on service revenue and the contribution to earnings. Although these projects are expected to be completed in the fourth quarter, they could continue to impact revenue and service margins.

In view of the positive development of key figures in the first nine months and a currently well-filled new customer pipeline, new contracts are expected to be concluded in the fourth quarter. Furthermore, with its cloud strategy, supplemented by AI enhancements such as the new Intershop Copilot and supported by excellent analyst ratings, Intershop is well positioned to gain further market share in an increasingly competitive environment. Additional measures are also being taken to reduce costs.

Accordingly, the Board continues to expect a slight increase in incoming cloud orders and net new ARR for the full year of 2024. In addition, a moderate increase in revenue and a balanced operating result (EBIT) are forecast.

Jena, October 22, 2024

The Management Board of INTERSHOP Communications Aktiengesellschaft

  
Markus Klahn

  
Petra Stappenbeck

  
Markus Dränert

# Consolidated Balance Sheet

in EUR thousand	September 30, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Noncurrent assets</b>		
Intangible assets	13,285	13,464
Property, plant and equipment	334	449
Rights of use IFRS 16	7,478	8,363
Other noncurrent assets	499	506
Restricted cash	247	246
Deferred tax assets	122	121
	<b>21,965</b>	<b>23,149</b>
<b>Current assets</b>		
Trade receivables	5,859	3,884
Other receivables and other assets	1,598	954
Cash and cash equivalents	6,372	10,047
	<b>13,829</b>	<b>14,885</b>
<b>TOTAL ASSETS</b>	<b>35,794</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	(6,041)	(6,244)
	<b>11,571</b>	<b>11,368</b>
<b>Noncurrent liabilities</b>		
Warrant Bond	0	2,242
Liabilities to banks	746	1,119
Leasing liabilities IFRS 16	6,204	7,119
Other noncurrent liabilities	1,887	2,050
	<b>8,837</b>	<b>12,530</b>
<b>Current liabilities</b>		
Other current provisions	484	348
Warrant Bond	2,237	0
Liabilities to banks	497	497
Trade accounts payable	2,004	1,960
Contract liabilities	5,801	6,872
Income tax liabilities	24	37
Leasing liabilities IFRS 16	1,586	1,524
Other current liabilities	2,753	2,898
	<b>15,386</b>	<b>14,136</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>35,794</b>	<b>38,034</b>

# Consolidated Statement of Comprehensive Income

in EUR thousand	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
<b>Revenues</b>				
Software and Cloud Revenues	8,646	5,833	22,601	18,180
Service Revenues	2,062	3,413	7,143	10,463
	<b>10,708</b>	<b>9,246</b>	<b>29,744</b>	<b>28,643</b>
<b>Cost of revenues</b>				
Cost of revenues - Software and Cloud	(2,724)	(2,810)	(8,214)	(8,203)
Cost of revenues - Services	(2,537)	(2,696)	(7,640)	(8,294)
	<b>(5,261)</b>	<b>(5,506)</b>	<b>(15,854)</b>	<b>(16,497)</b>
Gross profit	5,447	3,740	13,890	12,146
<b>Operating expenses, operating income</b>				
Research and development	(1,593)	(1,699)	(4,741)	(5,204)
Sales and marketing	(1,966)	(2,009)	(5,899)	(6,152)
General and administrative	(809)	(796)	(2,423)	(2,443)
Other operating income	73	100	302	267
Other operating expenses	(141)	(14)	(559)	(107)
	<b>(4,436)</b>	<b>(4,418)</b>	<b>(13,320)</b>	<b>(13,639)</b>
Result from operating activities	1,011	(678)	570	(1,493)
Interest income	26	21	97	25
Interest expense	(120)	(123)	(369)	(400)
<b>Financial result</b>	<b>(94)</b>	<b>(102)</b>	<b>(272)</b>	<b>(375)</b>
Earnings before tax	917	(780)	298	(1,868)
Income taxes	(13)	(14)	(45)	(73)
Earnings after tax	904	(794)	253	(1,941)
Other comprehensive income:				
Exchange differences on translating foreign operations	(54)	27	(50)	(56)
<b>Other comprehensive income from exchange differences</b>	<b>(54)</b>	<b>27</b>	<b>(50)</b>	<b>(56)</b>
<b>Total comprehensive income</b>	<b>850</b>	<b>(767)</b>	<b>203</b>	<b>(1,997)</b>
Earnings per share (EUR, basic, diluted)	0.06	(0.05)	0.02	(0.13)

# Consolidated Statement of Cash Flows

in EUR thousand	Nine months ended September 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Earnings before tax	298	(1,868)
<i>Adjustments to reconcile net profit/loss to cash used in operating activities</i>		
Financial result	272	375
Depreciation and amortization	2.396	2,561
Other noncash expenses and income	0	32
<i>Changes in operating assets and liabilities</i>		
Accounts receivable	(1,986)	564
Other assets	(638)	(497)
Liabilities and provisions	43	(125)
Contract liabilities	(1,075)	(99)
Net cash provided by (used in) operating activities before income tax and interest	(690)	943
Interest received	97	25
Interest paid	(239)	(114)
Income taxes received	1	0
Income taxes paid	(58)	(102)
Net cash provided by (used in) operating activities	(889)	752
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for investments in intangible assets	(861)	(483)
Proceeds on disposal of equipment	1	0
Purchases of property and equipment	(49)	(127)
Disbursement as part of a company acquisition	(300)	(300)
Net cash provided by (used in) investing activities	(1,209)	(910)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Partial repayment of a warrant bond	0	(850)
Repayments of loans	(373)	(373)
Payments from issuance of common stock	0	850
Payments for leasing liabilities	(1,162)	(1,279)
Net cash provided by (used in) financing activities	(1,535)	(1,652)
Effect of change in exchange rates	(42)	(69)
Net change in cash and cash equivalents	(3,675)	(1,879)
Cash and cash equivalents, beginning of period	10,047	10,471
Cash and cash equivalents, end of period	6,372	8,592

## 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					253	(50)	203
Balance, September 30, 2024	14,582,291	14,582	3,030	(93)	(7,773)	1,825	11,571
<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					(1,941)	(56)	(1,997)
Issue of new shares	388,127	388	455				843
Balance, September 30, 2023	14,582,291	14,582	3,030	(93)	(6,885)	2,066	12,700

# 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

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