

Group Management  
Report for the first six  
months 2020



January 1 to June 30, 2020

## 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 2020.....	5
Revenue Development.....	6
Earnings Development.....	7
Net Assets and Financial Position.....	8
Research and Development.....	9
Employees.....	9
Outlook.....	10
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, 2020.....	15
General disclosures.....	15
Accounting principles (Compliance statement).....	15
Basis of consolidation.....	15
Accounting policies.....	15
Equity.....	15
Earnings per share.....	16
Segment Reporting.....	17
Litigation.....	19
Directors' holdings and Securities transactions subject to reporting requirements.....	19
Events subsequent to the balance sheet date.....	19
Responsibility statement.....	19
INTERSHOP-SHARES.....	20
CONTACT.....	21

## Letter to Our Stockholders

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Dear stockholders and business partners,

Intershop had a good start to 2020. Despite the coronavirus pandemic and the resulting economic slump, we are currently on track with all of the main goals we have set ourselves for this reporting period. The cost reduction measures that we introduced at the end of last year as part of the cloud transformation have allowed us to become considerably more efficient. In the first quarter, we also initiated various measures in response to the corona crisis so that we could keep cutbacks as a result of the financial crisis at a moderate level and therefore were able to achieve a positive operating result in the first six months.

We have made good progress in the cloud business. With an increase in incoming orders by more than 70% compared to the prior-year period, we are on track. The cloud revenues increased by 16% to EUR 3.5 million, which corresponds with a share of 21% of total revenues. The crucial annually recurring revenues (ARR) in the cloud business reached EUR 7.5 million at the end of the second quarter, which is an increase of 21% compared to the same time last year. Overall, cloud applications and digital sales channels benefit during times of restricted freedom of movement and resources, which further boosts the attractiveness of our commerce-as-a-service solutions. By simple scaling, we offer both easy options for getting started in the eCommerce business as well as sophisticated B2B solutions for customers who want to quickly expand their digital sales. In May 2020, our omni-channel solution was once again classified as a "Strong Performer" by the sector analysts at Forrester Research and therefore leading compared to competitors. The internationally renowned analysts emphasized that Intershop offers the ideal solution for manufacturers wishing to digitize their after-sales and service business using a customer portal.

The situation with regard to the Company's future development is difficult to assess because of the ongoing global economic crisis. The recession may affect some of our existing or potential customers and result in project delays or the postponement of contracts in the following quarters.

Based on the positive results of the first half of the year and a well-stocked new business pipeline, we are still confident that Intershop will come out of the crisis stronger and therefore confirm our forecast for the whole of 2020 with a slight increase in revenue and a slightly positive operating result (EBIT).

We thank you for your trust.

Best regards,



Dr. Jochen Wiechen



Markus Klahn

## Key Figures for the Group

in EUR thousand	6-Months 2020	6-Months 2019	Change
<b>Revenues</b>			
Revenues	16,459	15,220	8%
Software and Cloud Revenues	9,579	7,974	20%
Services Revenues	6,880	7,246	-5%
Revenues Europe	11,772	9,935	18%
Revenues USA	2,487	3,006	-17%
Revenues Asia/Pacific	2,200	2,279	-3%
Cloud order entry	7,359	4,299	71%
<b>Earnings</b>			
Cost of revenues	9,054	10,230	-11%
Gross profit	7,405	4,990	48%
Gross margin	45%	33%	
Operating expenses, operating income	6,911	8,754	-21%
Research and development	1,818	2,479	-27%
Sales and marketing	3,579	4,568	-22%
General and administrative	1,545	1,721	-10%
Other operating income/expenses	(31)	(14)	++
EBIT	494	(3,764)	++
EBIT-Margin	3%	-25%	
EBITDA	2,268	(2,424)	++
EBITDA margin	14%	-16%	
Net result	358	(3,891)	++
Earnings per share (EUR)	0.03	(0.31)	++
<b>Net Assets</b>			
Shareholders' equity	16,055	18,508	-13%
Equity ratio	61%	69%	
Balance sheet total	26,308	26,982	-2%
Noncurrent assets	12,473	11,019	13%
Current assets	13,835	15,963	-13%
Noncurrent liabilities	92	602	-85%
Current liabilities	10,161	7,872	29%
<b>Financial Position</b>			
Cash and cash equivalents	7,942	10,361	-23%
Net cash operating activities	2,092	(2,384)	++
Depreciation and amortization	1,774	1,340	32%
Net cash used in investing activities	(1,201)	(1,985)	39%
Net cash provided by financing activities	(609)	7,500	++
<b>Employees</b>	299	337	-11%

# Group Management Report

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## Overall Economy and Industry

According to the current projections of the International Monetary Fund (IMF), the global economy will decline by 4.9% in 2020. In the first half of the year, the economic effects of the Covid-19 pandemic have been more severe than initially expected. In the industrialized countries, the combined GDP is expected to decline by 8.0%, and for Germany, the IMF expects a decline of 7.8% in 2020.

The overall economic development is also reflected in the IT sector. The special growth in individual areas, such as video conferencing software, cannot compensate for the losses in the entire sector as a result of the corona pandemic. According to experts at Gartner, expenditure for enterprise software is expected to drop worldwide by 6.9% to USD 426 billion during the year. According to the industry association Bitkom, the software market in Germany will decline by 4.0% in the current year, and by 5.4% in the IT services market.

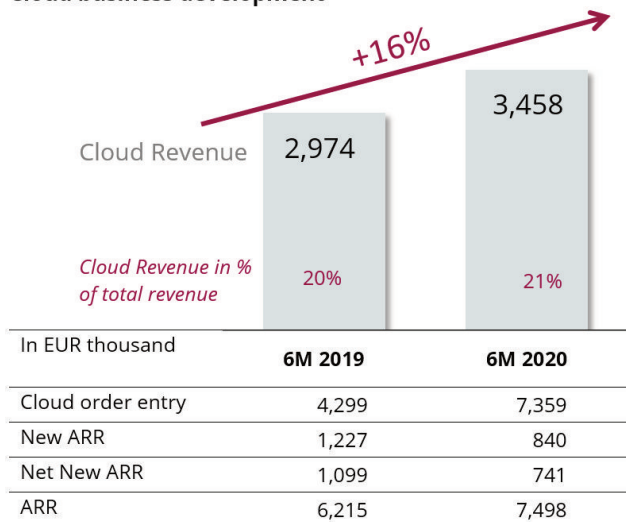
Apart from the challenges in the IT sector, the global eCommerce market continues to show signs of growth. The pandemic could not slow down the trend and the eCommerce market is expected to achieve double-digit growth rates this year. For 2020, the analyst group eMarketer expects sales in the online retail trade to increase around the world by 16.5% to USD 3.9 trillion. B2B eCommerce is also gaining momentum and will be further boosted during the pandemic since the shift to digital technology is accelerating. According to a recently published study conducted by Grand View Research, the market will expand between 2020 and 2027 at an average annual growth rate of 17.5 %.

## Business performance during the first six months of 2020

In the first six months of 2020, Intershop generated sales revenue of EUR 16.5 million (prior year: EUR 15.2 million), which represents an increase of 8% compared to the same period last year. As in the first quarter, Intershop could also record a positive result in the second quarter of 2020. Earnings before interest and taxes (EBIT) totaled EUR 0.5 million in the first half of the year (prior year: EUR -3.8 million).

### **Cloud business continues to experience double-digit growth; Europe dominates with new customer business**

Despite the prevailing economic uncertainty in the market as a result of the global corona pandemic, Intershop was able to acquire new customers in the second quarter and considerably increased the incoming orders and sales in the cloud business. Incoming cloud orders (new and existing customers) increased from EUR 4.3 million in the prior-year period to EUR 7.4 million, corresponding to a plus of 71%. The cloud revenues generated in the first six months increased by 16% to EUR 3.5 million. In the first six months, Intershop acquired ten new customers, seven of which are in the cloud segment and predominantly in Europe. The percentage of total sales from European customers grew by 7 percentage points and accounted for 72% of the total sales.

**Cloud business development****ARR development in the first half of 2020**

In EUR thousand	
ARR December 31, 2019	6,757
New ARR new customers	753
New ARR existing customers	87
<b>New ARR total</b>	<b>840</b>
Churn	(84)
Currency changes	(15)
<b>Net New ARR</b>	<b>741</b>
<b>ARR June 30, 2020</b>	<b>7,498</b>

While the current corona crisis is causing uncertainty among potential customers, it is also accelerating a change in thinking and the necessary changes as a result of digitization in many industries. In times of restricted freedom of movement and resources, digital availability of sales, services, and products around the clock has become more important than ever. The trend towards cloud applications will continue as well since such trend provides companies with major advantages in terms of infrastructure, costs, and flexibility. This was reflected particularly in the second quarter in the feedback from the Intershop sales teams and the various partner companies. The latter is now an important sales channel for Intershop that is to be successively expanded in order to create the leading international network of B2B commerce experts with a focus on production and trade. Intershop's technology leadership was once again confirmed in May 2020 by the sector analysts Forrester Research, Inc. who classified the Company as a "Strong Performer" in their "The Forrester Wave™: B2B Commerce Suites, Q2 2020". According to the current report, the Intershop commerce platform is "the ideal solution for manufacturers who wish to digitize their after-sales and service business using a customer portal." The report also rated the functions for supporting sales and service staff as well as the order management features of Intershop as above average compared to competitors.

**Revenue Development**

In the first six months of 2020, Intershop generated revenues of EUR 16.5 million. As a result, 8% growth could be achieved compared to the prior-year period. Despite the corona pandemic, sales remained stable in the second quarter at EUR 8.0 million and were only slightly lower than the revenue generated in the first three months of the current fiscal year (EUR 8.4 million).

The Intershop Group recorded an increase in revenues for the core segment software and cloud of 20% to EUR 9.6 million (prior year: EUR 8.0 million). Licenses and maintenance revenues rose by 22% to EUR 6.1 million and cloud and subscription sales increased from EUR 3.0 million to EUR 3.5 million. The orders received in the cloud segment increased by 71% to EUR 7.4 million; of this amount, EUR 5.9 million are attributable to new customers and EUR 1.5 million to existing customers (prior year: new customers: EUR 3.9 million,

existing customers: EUR 0.4 million). The cloud ARR (annually recurring revenue) increased from EUR 6.2 million at the end of June 2019 to EUR 7.5 million at the end of the reporting period. The new ARR (new annually recurring revenue) came to EUR 0.8 million in the first six months of 2020 (prior year: EUR 1.2 million). The net new ARR (new ARR less ARR for cancellations and currency translation differences) totaled EUR 0.7 million (prior year: EUR 1.1 million). The share of cloud revenues increased slightly from 20% to 21%.

Service revenues declined by 5% to EUR 6.9 million during the first half of the year compared to the prior-year period (prior year: EUR 7.2 million). In the second quarter of 2020, lower service revenues were generated due to project delays and postponements caused by the corona pandemic. The share of service revenues in total revenue decreased from 48% to 42%.

The following table shows the trend in revenue by area (in EUR thousand):

Six Months ended June 30,	2020	2019	Change
<b>Software and Cloud Revenues</b>	<b>9,579</b>	<b>7,974</b>	<b>20%</b>
<b>Licenses and Maintenance</b>	<b>6,121</b>	<b>5,000</b>	<b>22%</b>
Licenses	2,064	981	110%
Maintenance	4,057	4,019	1%
<b>Cloud and Subscription</b>	<b>3,458</b>	<b>2,974</b>	<b>16%</b>
<b>Service Revenue</b>	<b>6,880</b>	<b>7,246</b>	<b>-5%</b>
<b>Revenues total</b>	<b>16,459</b>	<b>15,220</b>	<b>8%</b>

There was a shift in favor of European business activities in the breakdown of regional sales compared to the same period in the prior year. Sales in Europe increased to EUR 11.8 million (prior year: EUR 9.9 million). The revenue share of European customers in total revenue rose from 65% to 72%. Revenue generated in the U.S. market dropped to EUR 2.5 million (prior year: EUR 3.0 million), and the revenue share decreased by five percentage points to 15%. The main reason for this was the weaker service business due to the corona crisis. In the Asia-Pacific region, sales fell slightly from EUR 2.2 million (prior year: EUR 2.3 million). This represents a share of 13% (prior year: 15%).

## Earnings Development

Based on the increased revenues and due to a more stringent cost basis, Intershop generated slightly positive results in the first six months of 2020.

The most important financial figures in the group profit are shown in the overview below:

in EUR thousand	Q1 2020	Q2 2020	6M 2020	6M 2019
Revenue	8,443	8,016	16,459	15,220
Costs	8,150	7,815	15,965	18,984
EBIT	293	201	494	(3,764)
EBIT-Margin	3%	3%	3%	-25%
EBITDA	1,186	1,082	2,268	(2,424)
EBITDA-Margin	14%	13%	14%	-16%
Earnings after tax	234	124	358	(3,891)

The Group's gross profit increased in the reporting period to EUR 7.4 million, which is an increase of 48% compared to the prior-year figure. This is the result of both higher software and cloud revenue as well as the increased gross margin. The gross margin increased by 12 percentage points to 45%. The cloud gross margin increased from 35% in the prior-year period to 38%. Operating expenses and income fell by 21% to EUR 6.9 million. Marketing and sales costs decreased by 22% to EUR 3.6 million, and the costs for research and development dropped by 27% to EUR 1.8 million. Administrative expenses decreased by 10% to EUR 1.5 million. The declines are mainly the result of the cost reduction measures at the end of 2019 as well as cost savings due to the corona crisis. The operating result (EBIT) for the first six months amounted to EUR 0.5 million (prior year: EUR -3.8 million). The profit in the second quarter amounted to EUR 0.2 million after EUR 0.3 million in the first quarter of 2020. The operating result before depreciation and amortization (EBITDA) amounted to EUR 2.3 million (prior year: EUR -2.4 million). The period result after tax came to EUR 0.4 million (prior year: EUR -3.9 million), which corresponds to a result per share of EUR 0.03 (prior year: EUR -0.31).

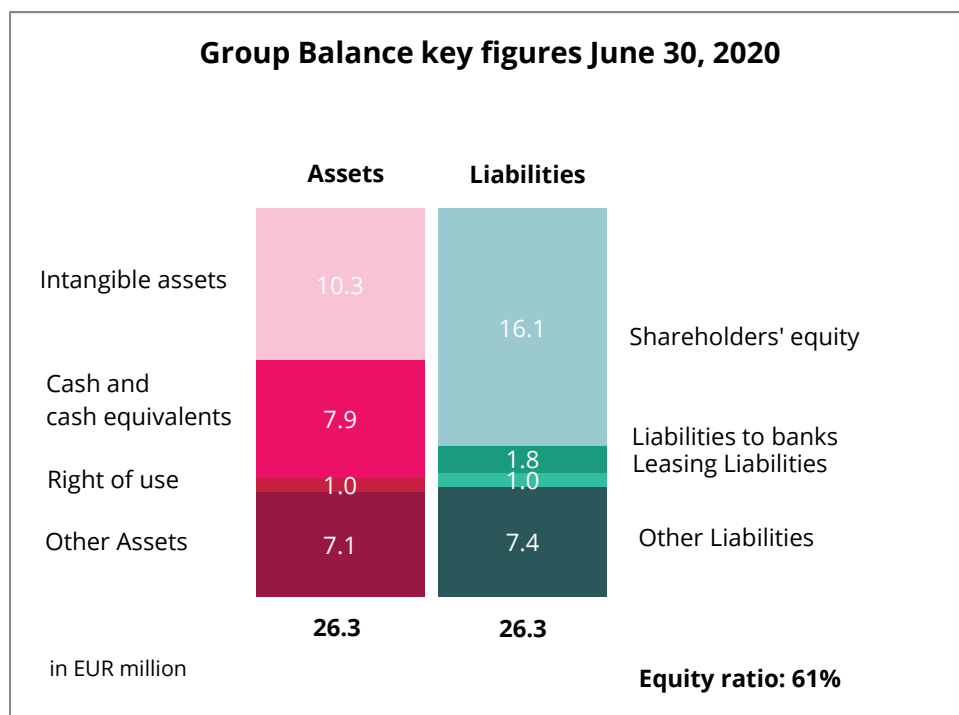
### Net Assets and Financial Position

As at June 30, 2020, the Intershop Group had total assets of EUR 26.3 million, almost 5% below the value at the end of 2019. On the assets side, noncurrent assets decreased by 4% to EUR 12.5 million, in particular due to the decrease in rights of use pursuant to IFRS 16. Current assets decreased by 5% to EUR 13.8 million. Due to the reporting date, the trade receivables were 15% lower (EUR 4.7 million) than at the end of 2019 (EUR 5.5 million). Cash and cash equivalents, on the other hand, increased by 3% to EUR 7.9 million.

On the liabilities side, equity increased by 2% to EUR 16.1 million. In this regard, the simplified capital decrease at a ratio of 3:1 resolved at the extraordinary Annual Stockholders' Meeting on December 20, 2019, which became legally effective upon registration in the Commercial Register on February 4, 2020, resulted in losses and other impairment losses being compensated. As a result of the simplified capital decrease, the subscribed capital was reduced (June 30, 2020: EUR 14.2 million; December 31, 2019: EUR 42.6 million) and the items capital reserve and other reserves were adjusted. Noncurrent liabilities fell from EUR 0.5 million to EUR 0.1 million. Current liabilities fell by 11% to EUR 10.2 million. Thus, current liabilities to banks increased from EUR 1.3 million to EUR 1.8 million due to a loan being procured by the U.S. subsidiary. Repayment of another bank loan in the amount of EUR 0.8 million was suspended for a year at Intershop's request following consultation with the bank. Trade receivables declined by 24% to EUR 1.3 million, other current liabilities dropped by 24% to EUR 2.3 million and lease liabilities (IFRS 16) by 43% to EUR 0.9 million. The equity ratio increased from 57% to 61% as at the reporting date of the interim balance sheet.

The cash flow resulting from ordinary business activities totaled EUR 2.1 million in the first half of the year compared to EUR -2.4 million in the prior-year period. This is mainly due to the higher earnings for the period as well as positive effects of trade receivables. The cash outflow from investment activities amounted to EUR 1.2 million (prior year: EUR 2.0 million). The cash outflow from financing activities came to EUR 0.6 million compared to a cash inflow of EUR 7.5 million in the prior-year period, mainly due to the increase in capital. Overall, cash and cash equivalents increased by EUR 0.2 million to EUR 7.9 million compared to December 2019.





## Research and Development

The research and development activities (R&D) of Intershop focus on the consistent further development of the Intershop commerce platform. Within the existing product cycles, the Company consistently provides technical updates as well as innovative functions and expansions. In addition, major platform releases are developed on a regular basis that comprise significant function upgrades and thus support companies comprehensively in the digital transformation of their business processes. Intershop has an efficient and experienced development team.

In the first half of 2020, the Company continued its infrastructural adjustments to deliver Intershop Commerce Management (ICM) as a so-called container. This container includes the software together with the complete file system that ensures that the software runs smoothly. This ensures both faster product development as well as more efficient operation of the application. Furthermore, version 1.0 of the Intershop Progressive Web App (PWA) and the Customer Engagement Center (CEC) are ready for release. Other services that have been developed include the Concardis Service Connector and the BI DataHub. The Concardis Service Connector gives European customers access to more than 250 payment types such as PayPal, American Express, AliPay and many more. This service is now available to customers. The BI Data Hub allows for comprehensive analyses of shop data and is delivered with various templates.

## Employees

At the end of June 2020, Intershop had 299 full-time employees around the world. The decline by 38 employees compared to the prior year's reporting date is mainly due to the cost reduction program conducted in the prior fiscal year to complete the cloud transformation.

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

Employees by department*	June 30, 2020	Dec. 31, 2019	June 30, 2019
Technical Departments (Service functions and Research and Development)	227	243	258
Sales and Marketing	41	39	43
General and administrative	31	32	36
	299	314	337

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

At the interim balance sheet date, the number of employees in Europe was 249 or 83% of the workforce. In the Asia-Pacific region, there were 30 employees (10%); in the U.S., the share was 7% with 20 employees.

## Outlook

The coronavirus is having a major impact on the global economy in 2020. For Intershop, this also means a larger degree uncertainty in business with existing customers as well as when new projects are commissioned. However, the eCommerce market is also proving to be robust in the crisis. The digitization of the global B2C and B2B business constitutes a mega trend, which is further enhanced as a result of the restrictions due to the pandemic. This also applies to the trend towards cloud applications since this provides companies with major advantages in terms of infrastructure, costs, and flexibility. After the completion of the transition process to a cloud service provider last year, the focus in the current 2020 fiscal year is to consistently expand the cloud customer base while at the same time ensuring the largest degree of cost efficiency. The measures initiated in the first quarter to tackle the corona crisis, such as a hiring ban, reduced working hours and reducing expenses for third-party services, have also had a considerable impact in the reporting period. It is important to find a balance between the variety of sales opportunities that the market continues to offer and the market uncertainties and to respond accordingly. The second half of the year may be marked by project delays or the postponement of contracts due to the expected significant decline in global economic performance and the resulting consequences for Intershop's customers.

Due to the positive results in the first half of the year and a well-stocked new business pipeline, the Intershop management is convinced that potential coronavirus effects will be managed well in the current year and that the boost for the global digitization trend in the trading business will increase the business opportunities for Intershop. Thus, Intershop is currently not modifying its projections for the entire 2020 fiscal year and continues to expect a slight increase in the Group's revenues. With a slight improvement in the gross profit and gross margin, a slightly positive operating result (EBIT) is projected.

## Consolidated Balance Sheet

in EUR thousand	June 30, 2020	December 31, 2019
<b>ASSETS</b>		
<b>Noncurrent assets</b>		
Intangible assets	10,260	9,908
Property, plant and equipment	521	608
Rights of use IFRS 16	967	1,763
Other noncurrent assets	18	17
Restricted cash	635	635
Deferred tax assets	72	76
	<b>12,473</b>	<b>13,007</b>
<b>Current assets</b>		
Trade receivables	4,687	5,528
Other receivables and other assets	1,206	1,360
Cash and cash equivalents	7,942	7,731
	<b>13,835</b>	<b>14,619</b>
<b>TOTAL ASSETS</b>	<b>26,308</b>	<b>27,626</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Subscribed capital	14,194	42,582
Capital reserve	2,501	1,082
Other reserves	(640)	(27,933)
	<b>16,055</b>	<b>15,731</b>
<b>Noncurrent liabilities</b>		
Liabilities to banks	0	250
Leasing liabilities	92	207
	<b>92</b>	<b>457</b>
<b>Current liabilities</b>		
Other current provisions	371	428
Liabilities to banks	1,769	1,301
Trade accounts payable	1,251	1,656
Income tax liabilities	54	62
Leasing liabilities	898	1,583
Other current liabilities	2,342	3,089
Deferred revenue	3,476	3,319
	<b>10,161</b>	<b>11,438</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>26,308</b>	<b>27,626</b>

## Consolidated Statement of Comprehensive Income

in EUR thousand	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
<b>Revenues</b>				
Software and Cloud Revenues	4,739	3,861	9,579	7,974
Service Revenues	3,277	4,036	6,880	7,246
	<b>8,016</b>	<b>7,897</b>	<b>16,459</b>	<b>15,220</b>
<b>Cost of revenues</b>				
Cost of revenues - Software and Cloud	(1,913)	(1,938)	(3,801)	(3,905)
Cost of revenues - Services	(2,471)	(3,384)	(5,253)	(6,325)
	<b>(4,384)</b>	<b>(5,322)</b>	<b>(9,054)</b>	<b>(10,230)</b>
Gross profit	3,632	2,575	7,405	4,990
<b>Operating expenses, operating income</b>				
Research and development	(809)	(1,222)	(1,818)	(2,479)
Sales and marketing	(1,832)	(2,134)	(3,579)	(4,568)
General and administrative	(779)	(841)	(1,545)	(1,721)
Other operating income	66	39	183	70
Other operating expenses	(77)	(35)	(152)	(56)
	<b>(3,431)</b>	<b>(4,193)</b>	<b>(6,911)</b>	<b>(8,754)</b>
Result from operating activities	201	(1,618)	494	(3,764)
Interest income	0	9	0	12
Interest expense	(19)	(35)	(46)	(70)
<b>Financial result</b>	<b>(19)</b>	<b>(26)</b>	<b>(46)</b>	<b>(58)</b>
Earnings before tax	182	(1,644)	448	(3,822)
Income taxes	(58)	(49)	(90)	(69)
Earnings after tax	124	(1,693)	358	(3,891)
Other comprehensive income:				
Exchange differences on translating foreign operations	114	(56)	(34)	2
<b>Other comprehensive income from exchange differences</b>	<b>114</b>	<b>(56)</b>	<b>(34)</b>	<b>2</b>
<b>Total comprehensive income</b>	<b>238</b>	<b>(1,749)</b>	<b>324</b>	<b>(3,889)</b>
Earnings per share (EUR, basic, diluted)	0.01	(0.13)	0.03	(0.31)

## Consolidated Statement of Cash Flows

in EUR thousand	Six months ended June 30,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Earnings before tax	448	(3,822)
<i>Adjustments to reconcile net profit/loss to cash used in operating activities</i>		
Financial result	46	58
Depreciation and amortization	1,774	1,340
Other noncash expenses and income	44	0
<i>Changes in operating assets and liabilities</i>		
Accounts receivable	797	(647)
Other assets	155	125
Liabilities and provisions	(1,223)	(247)
Deferred revenue	179	934
Net cash provided by (used in) operating activities before income tax and interest	2,220	(2,259)
Interest received	0	11
Interest paid	(33)	(71)
Income taxes paid	(95)	(65)
Net cash provided by (used in) operating activities	2,092	(2,384)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Restricted cash	0	(635)
Payments for investments in intangible assets	(1,157)	(1,223)
Proceeds on disposal of equipment	1	0
Purchases of property and equipment	(45)	(127)
Net cash provided by (used in) investing activities	(1,201)	(1,985)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from loan	474	0
Repayments of loans	(250)	(1,250)
Cash received for unregistered stock	0	8,813
Expenses of cash received for unregistered stock	0	(63)
Payments from the repayment of leasing liabilities	(833)	0
Net cash provided by (used in) financing activities	(609)	7,500
Effect of change in exchange rates	(71)	6
Net change in cash and cash equivalents	211	3,137
Cash and cash equivalents, beginning of period	7,731	7,224
Cash and cash equivalents, end of period	7,942	10,361

## Consolidated Statement of Shareholders' Equity

in EUR thousand					Other reserves			Total shareholders' equity
	Common shares (Number shares)	Subscribed capital	Contribution made for the impl. of a capital increase	Capital reserve	Conversion reserve	Cumulative profit/ loss	Cumulative currency differences	
<b>Balance, January 1, 2020</b>	<b>42,582,492</b>	<b>42,582</b>	<b>0</b>	<b>1,082</b>	<b>(93)</b>	<b>(29,959)</b>	<b>2,119</b>	<b>15,731</b>
Total comprehensive income						358	(34)	324
Simplified capital decrease	(28,388,328)	(28,388)	0	1,419		26,969		0
<b>Balance, June 30, 2020</b>	<b>14,194,164</b>	<b>14,194</b>	<b>0</b>	<b>2,501</b>	<b>(93)</b>	<b>(2,632)</b>	<b>2,085</b>	<b>16,055</b>
<b>Balance, January 1, 2019</b>	<b>34,851,831</b>	<b>34,851</b>	<b>0</b>	<b>9,738</b>	<b>(93)</b>	<b>(32,827)</b>	<b>1,977</b>	<b>13,646</b>
Total comprehensive income						(3,891)	2	(3,889)
Issue of new shares	4,356,478	4,357	3,847	547				8,751
<b>Balance, June 30, 2019</b>	<b>39,208,309</b>	<b>39,208</b>	<b>3,847</b>	<b>10,285</b>	<b>(93)</b>	<b>(36,718)</b>	<b>1,979</b>	<b>18,508</b>

# Notes on the Consolidated Financial Statements as of June 30, 2020

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## General disclosures

This interim report as of June 30, 2020 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 2019. 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, 2019. The 2019 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, 2020, in addition to the parent company, the subsidiaries Intershop Communications, Inc., Intershop Communications Australia Pty Ltd, Intershop Communications Asia Limited, The Bakery GmbH, Intershop Communications Ventures GmbH as well as Intershop Communications SARL. Intershop Communications LTD was shut down and deconsolidated effective June 30, 2020.

## Accounting policies

The same accounting policies were used to prepare this interim report as for the consolidated financial statements for fiscal year 2019. The policies used are described in detail on pages 42 to 49 of the 2019 Annual Report.

## Equity

The change in equity of INTERSHOP Communications AG is shown in the consolidated statement of changes in equity.

Subscribed capital was reduced to EUR 14,194,164 and is divided into 14,194,164 non-par value bearer shares. The simplified capital decrease at a ratio of 3:1 resolved at the extraordinary Annual Stockholders' Meeting on December 20, 2019 became legally effective upon registration in the Commercial Register on February 4, 2020. Since that date, the Company's capital stock decreased from EUR 42,582,492 to EUR 14,194,164.

The regular Annual Stockholders' Meeting on May 20, 2020 resolved to cancel Authorized Capital I in the amount of EUR 8,625,817 and to create a new Authorized Capital I in the amount of EUR 1,437,636. 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 1,437,636 against cash contributions and/or contributions in kind, by issuing new no-par value bearer shares. The Management Board's authorization is valid until June 15, 2025. The Management Board is authorized, subject to approval of the Supervisory Board, to exclude the stockholders' subscription rights in certain cases. The new Approved Capital I was entered in the Commercial Register on June 15, 2020.

Furthermore, the regular Annual Stockholders' Meeting on May 20, 2020 resolved to conditionally increase the share capital by up to EUR 1,437,000 (Conditional Capital). The Conditional Capital is to enable no-par value bearer shares to be granted upon exercising option rights or upon the Company exercising a voting right to grant shares in the Company, either as a whole or in part, in lieu of the cash amount due for shares in the Company, to the holders of bonds that are issued by Intershop against cash contributions by May 19, 2025 based on the authorization resolution adopted by the Annual Stockholders' Meeting on May 20, 2020. The new shares are issued at the option 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.

### 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,	
	2020	2019	2020	2019
Basis for calculating basic and diluted earnings per share (earnings after tax)	124	(1,693)	358	(3,891)
Weighted average number of ordinary shares (in thousand)	14,194	13,069	14,194	12,714
<b>Earnings per share (basic/diluted) (in EUR)</b>	<b>0.01</b>	<b>(0.13)</b>	<b>0.03</b>	<b>(0.31)</b>

In accordance with IAS 33.64 the calculation of the number of shares was adjusted retrospectively for the prior year.



## Segment Reporting

Three months ended June 30, 2020					
	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>3,577</b>	<b>629</b>	<b>533</b>	<b>0</b>	<b>4,739</b>
<b>Licenses and Maintenance</b>	<b>2,686</b>	<b>155</b>	<b>171</b>	<b>0</b>	<b>3,012</b>
Licenses	979	11	0	0	990
Maintenance	1,707	144	171	0	2,022
<b>Cloud and Subscription</b>	<b>891</b>	<b>474</b>	<b>362</b>	<b>0</b>	<b>1,727</b>
<b>Service Revenue</b>	<b>2,227</b>	<b>551</b>	<b>499</b>	<b>0</b>	<b>3,277</b>
<b>Total revenues from external customers</b>	<b>5,804</b>	<b>1,180</b>	<b>1,032</b>	<b>0</b>	<b>8,016</b>
Intersegment revenues	331	2	1	(334)	0
<b>Total revenues</b>	<b>6,135</b>	<b>1,182</b>	<b>1,033</b>	<b>(334)</b>	<b>8,016</b>
<b>Result from operating activities</b>	<b>148</b>	<b>31</b>	<b>22</b>	<b>0</b>	<b>201</b>
<b>Financial result</b>					<b>(19)</b>
<b>Earnings before tax</b>					<b>182</b>
<b>Income taxes</b>					<b>(58)</b>
<b>Earnings after tax</b>					<b>124</b>

Three months ended June 30, 2019					
	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>2,655</b>	<b>565</b>	<b>641</b>	<b>0</b>	<b>3,861</b>
<b>Licenses and Maintenance</b>	<b>2,020</b>	<b>129</b>	<b>190</b>	<b>0</b>	<b>2,339</b>
Licenses	345	0	0	0	345
Maintenance	1,675	129	190	0	1,994
<b>Cloud and Subscription</b>	<b>635</b>	<b>436</b>	<b>451</b>	<b>0</b>	<b>1,522</b>
<b>Service Revenue</b>	<b>2,086</b>	<b>1,329</b>	<b>621</b>	<b>0</b>	<b>4,036</b>
<b>Total revenues from external customers</b>	<b>4,741</b>	<b>1,894</b>	<b>1,262</b>	<b>0</b>	<b>7,897</b>
Intersegment revenues	542	0	1	(543)	0
<b>Total revenues</b>	<b>5,283</b>	<b>1,894</b>	<b>1,263</b>	<b>(543)</b>	<b>7,897</b>
<b>Result from operating activities</b>	<b>(939)</b>	<b>(416)</b>	<b>(263)</b>	<b>0</b>	<b>(1,618)</b>
<b>Financial result</b>					<b>(26)</b>
<b>Earnings before tax</b>					<b>(1,644)</b>
<b>Income taxes</b>					<b>(49)</b>
<b>Earnings after tax</b>					<b>(1,693)</b>

Six months ended June 30, 2020					
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>7,214</b>	<b>1,315</b>	<b>1,050</b>	<b>0</b>	<b>9,579</b>
<b>Licenses and Maintenance</b>	<b>5,464</b>	<b>300</b>	<b>357</b>	<b>0</b>	<b>6,121</b>
Licenses	2,053	11	0	0	2,064
Maintenance	3,411	289	357	0	4,057
<b>Cloud and Subscription</b>	<b>1,750</b>	<b>1,015</b>	<b>693</b>	<b>0</b>	<b>3,458</b>
<b>Service Revenue</b>	<b>4,558</b>	<b>1,172</b>	<b>1,150</b>	<b>0</b>	<b>6,880</b>
<b>Total revenues from external customers</b>	<b>11,772</b>	<b>2,487</b>	<b>2,200</b>	<b>0</b>	<b>16,459</b>
Intersegment revenues	539	2	2	(543)	0
<b>Total revenues</b>	<b>12,311</b>	<b>2,489</b>	<b>2,202</b>	<b>(543)</b>	<b>16,459</b>
<b>Result from operating activities</b>	<b>354</b>	<b>75</b>	<b>65</b>	<b>0</b>	<b>494</b>
<b>Financial result</b>					<b>(46)</b>
<b>Earnings before tax</b>					<b>448</b>
<b>Income taxes</b>					<b>(90)</b>
<b>Earnings after tax</b>					<b>358</b>

Six months ended June 30, 2019					
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>5,688</b>	<b>1,030</b>	<b>1,256</b>	<b>0</b>	<b>7,974</b>
<b>Licenses and Maintenance</b>	<b>4,356</b>	<b>275</b>	<b>369</b>	<b>0</b>	<b>5,000</b>
Licenses	981	0	0	0	981
Maintenance	3,375	275	369	0	4,019
<b>Cloud and Subscription</b>	<b>1,332</b>	<b>755</b>	<b>887</b>	<b>0</b>	<b>2,974</b>
<b>Service Revenue</b>	<b>4,247</b>	<b>1,976</b>	<b>1,023</b>	<b>0</b>	<b>7,246</b>
<b>Total revenues from external customers</b>	<b>9,935</b>	<b>3,006</b>	<b>2,279</b>	<b>0</b>	<b>15,220</b>
Intersegment revenues	611	0	4	(615)	0
<b>Total revenues</b>	<b>10,546</b>	<b>3,006</b>	<b>2,283</b>	<b>(615)</b>	<b>15,220</b>
<b>Result from operating activities</b>	<b>(2,459)</b>	<b>(743)</b>	<b>(562)</b>	<b>0</b>	<b>(3,764)</b>
<b>Financial result</b>					<b>(58)</b>
<b>Earnings before tax</b>					<b>(3,822)</b>
<b>Income taxes</b>					<b>(69)</b>
<b>Earnings after tax</b>					<b>(3,891)</b>

## Litigation

In the first six months of fiscal year 2020, no changes took place with regard to the legal disputes disclosed on page 69 of the 2019 Annual Report.

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

As of June 30, 2020, the company's executive body members held the following number of Intershop ordinary bearer shares:

Name	Function	Shares
Christian Oecking	Chairman of the Supervisory Board	23,424
Ulrich Prädell	Vice Chairman of the Supervisory Board	4,228
Univ.-Prof. Dr. Louis Velthuis	Member of the Supervisory Board	10,000
Dr. Jochen Wiechen	CEO of the Board of Management	42,661
Markus Klahn	Member of the Board of Management	11,366

In the first six months of 2020, the members of the company's executive bodies completed the following securities transactions involving Intershop non-par bearer shares:

Name	Date	Type of transaction	Amount	Total value (EUR)
Christian Oecking	04/02/2020	Acquisition	10,000	20,000

## 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 17, 2020

The Management Board of INTERSHOP Communications Aktiengesellschaft



Dr. Jochen Wiechen



Markus Klahn

## 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

Key figures for Intershop shares		6M 2020	2019	6M 2019
Closing price <sup>1</sup>	in EUR	3.08	1.00	1.18
Number of shares outstanding (end of period)	in million shares	14.19	42.58	39.21
Market capitalization	in EUR million	43.72	42.58	46.27
Cashflow per share	in EUR	0.15	(0.04)	(0.06)
Carrying amount per share	in EUR	1.13	0.37	0.47
Average trading volume per day <sup>2</sup>	Number	19,852	37,411	40,071
Free float	in %	49	51	55

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<sup>1</sup> Basis: Xetra

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

## Contact

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### **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.