Annual Report 2023

Consolidated management report and Group management report

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Financial Statements

intershop

Revenue
38.0
EUR million
(in 2023)

Cash and Cash Equivalents
10.0
EUR million
(as of 12/31/2023)

Cloud Order Entry
19.7
EUR million
(in 2023)

Equity Ratio
30%
(as of 12/31/2023)

Net New ARR
1.9
EUR million
(in 2023)

Employees
299
(as of 12/31/2023)

EBIT
-2.5
EUR million
(in 2023)

Key Figures for the Group

KEY FIGURES FOR THE GROUP

in EUR thousand	2023	2022	Change
KPIs			
Cloud Order Entry	19,731	25,897	-24%
Net New ARR	1,946	3,237	-40%
Revenue	37,987	36,803	3%
EBIT	(2,534)	(2,869)	12%
Revenues			
Revenues	37,987	36,803	3%
Licenses and Maintenance	8,199	9,526	-14%
Cloud and Subscription	16,183	14,194	14%
Services Revenues	13,605	13,083	4%
Revenues Europe	28,086	24,633	14%
Revenues USA	6,732	8,370	-20%
Revenues Asia/Pacific	3,168	3,800	-17%
Earnings			
Cost of revenues	22,183	21,090	5%
Gross profit	15,804	15,713	1%
Gross margin	42%	43%	
Operating expenses, operating income	18,338	18,582	-1%
Research and development	6,933	6,853	1%
Sales and marketing	8,392	8,124	3%
General and administrative	3,240	3,346	-3%
Other operating expenses/income	(227)	259	-
EBIT	(2,534)	(2,869)	12%
EBIT margin	-7%	-8%	
EBITDA	870	419	108%
EBITDA margin	2%	1%	
Net result	(3,082)	(3,557)	13%
Earnings per share (EUR)	(0.21)	(0.25)	16%
Net Assets			
Shareholders´ equity	11,368	13,854	-18%
Equity ratio	30%	34%	
Balance sheet total	38,034	41,253	-8%
Noncurrent assets	23,149	24,962	-7%
Current assets	14,885	16,291	-9%
Noncurrent liabilities	12,530	14,933	-16%
Current liabilities	14,136	12,466	13%
Financial Position			
Cash and cash equivalents	10,047	10,471	-4%
Net cash operating activities	2,951	1,159	155%
Depreciation and amortization	3,404	3,288	4%
Net cash used in investing activities	(1,139)	(3,407)	-67%
Net cash provided by financing activities	(1,987)	483	-
Employees	299	297	1%

Markus Dränert

COO

Petra Stappenbeck

CFO

Markus Klahn

CEO

Management Board

Letter of the Management Board

Dear Shareholders and Business Partners,

We made further progress in our growth trend in the cloud business in the 2023 fiscal year. The share of cloud revenues in the total revenue increased to 43%. The ARR, the annual recurring cloud revenue, increased by 13% to EUR 17.3 million. Therefore, more than one third of our revenues are recurring, which makes our business much easier to plan. Since 2020, our ARR has grown by an average of 27% per year, which confirms that we are making steady progress with the cloud transformation. At the same time, the past fiscal year was considerably influenced by the overall economic conditions. The rise in interest rates, the uncertainty with regard to the wars in the Ukraine and the Middle East as well as less predictable developments in many sales markets resulted in a weaker investment climate in the IT industry. Particularly in Germany, there were also uncertainties with regard to the energy transition and the associated costs. This led to decision-making processes for new IT or software solutions being impeded or delayed. Therefore, our expectations for the 2023 fiscal year were not met. The incoming cloud orders in particular were not able be increased to the extent that we had originally planned. At EUR 19.7 million, the new contracts were about 24% below the prior year, and at EUR 1.9 million, the Net New ARR was also lower than in 2022.

Despite this, we are starting the new year with optimism as there are no signs of the digital transformation stopping and Intershop offers the best B2B commerce solution on the market, as confirmed in the recently published, renowned IDC MarketScape report. Due to the increasing use of artificial intelligence on our platform, we were also named as one of the “leaders” of the industry. The fact that we play an important role in the digitalization of the country also became clear during the digital summit in November 2023. Under the motto “Digital Transformation at a Turning Point. Sustainable. Resilient. Future-oriented.”, prominent figures from politics and economics came together at the company’s headquarters in Jena to discuss the current status and the future of digitalization.

What is driving us in 2024? Under a new constellation of three Management Board members, we are intensely pursuing our most important goal of bringing Intershop back to a profitable growth path. Markus Dränert, who joined the company in December 2023, is our specialist for cloud software, who, in his role as COO, will focus on efficiency, performance and innovation, particularly in the field of artificial intelligence. CFO Petra Stappenbeck will continue to advance our Value Creation Program over the next few years accompanied by strict cost management and CEO Markus Klahn will be responsible for the strategic further development of the Group and the implementation of improvement measures in sales to boost Intershop’s impact.

Together, we feel we are in an excellent position to lead Intershop on the path of success in 2024. We thank you for the trust you have placed in us.

Best regards,

M. Klahn Stappenbeck M. Dränert

Markus Klahn Petra Stappenbeck Markus Dränert

Management report

Consolidated management report and Group management report

The Intershop Group

Group structure and business activities

The Intershop Group[1] is a global, independent supplier of high-performance eCommerce software. With the cloud-based Intershop Commerce Platform, the Company has an internationally leading B2B commerce solution for larger mid-sized companies and wholesalers. Intershop supports companies in innovatively digitizing their business and service processes and building up their online presence, creating a consistently positive customer experience and sustainable increase in online sales. The service offer for the implementation of eCommerce projects ranges from consulting and planning to implementation and operation.

Intershop's business activities are divided into the two main business segments "Software and Cloud" and "Service." License revenues, the associated maintenance revenues, and cloud and subscription revenues are included in "Software and Cloud" revenues. Intershop makes regular investments in technology and focuses on the continuous development and optimization of its eCommerce solution. Thanks to its high scalability and customization flexibility, the Intershop solution offers a reliable all-round package comprising Commerce Management, Order Management, Product Information Management, Experience Management, Customer Engagement Center, and BI Data Hub. With 30 years of experience in digital commerce, Intershop supports over 300 customers worldwide. Customers include both large corporations such as Miele, Deutsche Telekom, as well as medium-sized companies. The Company operates in Europe, the United States, as well as in the Asia Pacific region (mainly Australia). Europe is by far the market that generates the highest revenue. The share of revenue from European customers amounted to 74% of the Group's total revenue in the 2023 fiscal year.

INTERSHOP Communications Aktiengesellschaft (AG), which is domiciled in Jena, Germany, is the parent company of the Intershop Group. As of the reporting date of December 31, 2023, it directly holds 100% of the shares in Intershop Communications Inc., San Francisco, USA, Intershop Communications Australia Pty Ltd., Melbourne, Intershop Communications SARL, Paris, France and two non-operating companies and 75% of shares in Sparque B.V. Utrecht, Netherlands. In Germany, INTERSHOP Communications AG has locations in Frankfurt am Main, Stuttgart and Ilmenau. Moreover, the Company has sales representations in the Netherlands and Sweden.

[1] "Intershop"

Strategic orientation and business objectives

INTERSHOP Communications AG aims to position the best eCommerce offer on the market so that demanding customers can increase their sales and become more scalable and efficient as a result of digitized sales process. This is what the company stands for with its leading, innovative eCommerce solution portfolio. The high degree of flexibility, scalability and performance of the Intershop platform allows customers to transform and expand their business into a digital self-service model that covers the entire customer journey from new business to after-sales.

The consistent expansion of the cloud business and focusing on the B2B market with the aim of continued and profitable corporate growth remains an integral part of the Intershop strategy. This includes, in particular, the continued expansion of the international partner network. Intershop invests in technology and infrastructure in order to maintain and expand the technology leadership in an intensely competitive environment. For example, Intershop recently expanded its commerce platform to include AI-assisted personalization and is continuing to develop other functions from artificial intelligence (AI). The basis for this was the acquisition of Sparque B.V. in 2022, whose solutions have since become a key component of Intershop's range. Sparque B.V. is one of the leading European solution providers for personalized website searches and product recommendation based on artificial intelligence. By taking this step, Intershop is continuing to further develop its platform in order to provide customers with a personalized portal using artificial intelligence which, thanks to personalized search results and targeted product recommendations, distinguishes itself significantly in terms of shopping experience and helps to increase sales. In a future expansion stage of the Intershop platform, it will become partially autonomous thanks to artificial intelligence. The software will give Intershop customers recommendations for designing image and text contents and the platform can plan campaigns and apply them as required.

Intershop considers its employees to be its most important resource and positions itself as a modern, attractive employer that promotes and develops its employees in a targeted manner and expands the team know-how by recruiting and integrating new colleagues.

With this strategy, Intershop sees itself in an ideal position to exhaust the growth potentials in the future global market for eCommerce solution providers. Focusing on the cloud has resulted in sustainable growth in the cloud segment, particularly in the B2B target market, over the prior fiscal years. In the coming fiscal years, growth is expected to be further expanded and consolidated as cost-efficiently as possible. During this process, the license and maintenance revenues will gradually decline in favor of the cloud and subscription revenues and the share of annual recurring sales will be continuously expanded.

Focusing on the B2B market

Over the recent years, Intershop has established itself as one of the leading providers of innovative B2B commerce solutions. The greatest opportunities here are in B2B commerce due to the size of the target market and the number of customers who can be addressed, as well as the high level of expertise and performance of Intershop in this segment. B2B commerce is faced with the great challenge of digitizing its sales channels quickly and professionally in order to assert itself against new competitors and business models. While the digital transformation is moving at a much faster pace, particularly since the

COVID-19 pandemic, it has been negatively impacted by a reluctance to invest throughout the entire IT industry due to the uncertain overall economic situation. However, the growth trend has remained intact. The fact that Intershop already has extensive experience and prominent B2B customers is a competitive edge with which the company can build up a strong market position in this sector. Even in terms of technology, the Intershop platform is best suited for use in the B2B market, which is regularly confirmed by external analyses. For the fourth time in a row, Intershop was featured in the “Paradigm B2B Combine” Analyst Report in 2023. In total, eleven of the twelve possible medals were awarded. Intershop was also the only provider to receive the highest award in the important category “Site Search”. Intershop’s strengths still especially include strong workflows, extensive AI-assisted search functions and flexible pricing. The “Paradigm B2B Combine” Report is a global, independent analyst report. It uses a comprehensive scoring method in order to assess all main providers based on 38 weighted criteria on a scale of one to five. The IDC MarketScape analyst report “Worldwide B2B Digital Commerce Applications for Midmarket Growth 2023-2024 Vendor Assessment” also recently emphasized that artificial intelligence is the heart of the Intershop platform and distinguished the company as a “leader”. The IDC MarketScape report assesses the success of 22 providers of digital eCommerce platforms based on the IDC MarketScape vendor analysis model, which was developed to provide an overview of the competitiveness of ICT (information and communications technology) in a specific market.

Strategic partnership with Microsoft

The Intershop platform is tailored to complex and customer-oriented B2B business processes. Intershop has set itself the goal of providing the offer with the best feature set on the market based on modern architecture in order to cover the entire customer life cycle and enable an innovative digital B2B customer experience. A key component for achieving this goal is a strategic partnership with Microsoft which Intershop has maintained since 2016. The successful cooperation was extended in 2021 and offers customers easier access to future-oriented technologies. This creates a seamless link between the Intershop Commerce Platform and the Microsoft Azure Cloud and integrated solutions such as the Enterprise Resource Planning (ERP) software Microsoft Dynamics 365. In addition, joint marking and sales activities are carried out. The commerce solution has by now become an integral part of the Microsoft Azure Cloud solution portfolio. The global partnership increases the visibility of the Intershop product range and makes it possible to address new customers and market segments, to advise companies on their digital transformation far more comprehensively than before, and to support them in digitizing or reforming their sales. With Microsoft, Intershop relies on the global market leader for SaaS solutions in the public cloud and benefits from the ongoing innovations that are integrated in the Azure platform, including in particular the rapidly growing AI-supported innovations.

Synergy effects thanks to a growing international network

Intershop pursues a clearly defined customer focus, for whose needs the Commerce platform provides the greatest possible advantage. The focus is on production and wholesale companies with revenues of at least EUR 100 million or companies with multiple sales channels as well as complex business models and organizational structures. In addition to focusing on B2B companies, the geographic focus of Intershop sales activities are the developed eCommerce markets in Europe, North America, and in the Asian-Pacific region, as there is a high sales potential in these areas. Today, the Intershop markets Germany, the Benelux countries, Scandinavia, France, Great Britain, Australia, and the USA are among the most important regions in terms of sales. Intershop is present in these markets either with its own company or has flexible sales units and a corresponding partner network. A key component of the sales activities is the growing international partner network. The sales team consistently works on expanding this ecosystem to include additional partners and regions in order to form a powerful international network of B2B commerce experts with a focus on production and wholesale and to increasingly generate synergy effects. The key benefit offered by the partner network consists of an optimized customer approach as well as increased scalability in the area of sales activities as well as the expansion of the global footprint. The cooperation with partners combines Intershop know-how and experience with the specific knowledge of the companies in the partner network. In addition to the provision of the appropriate shop software solutions, Intershop also supports its partners in the efficient implementation of their shops.

Control System

Corporate management is determined by the four most important KPIs - incoming cloud orders, net new ARR (Annual Recurring Revenue), revenue, and EBIT. The Intershop strategy focuses on the consistent expansion of the cloud business. The incoming cloud orders show all of the signed customer orders from new and existing customers in a business period and/or the number of resulting future cloud sales. By monitoring this figure, the results in the cloud business can be well measured and the development of future cloud revenues can be better managed. The net new ARR refers to the new annual recurring cloud revenues in a fiscal period minus the reduced annual recurring revenue due to cancellations and currency translation differences. The net new ARR shows the sales success in the cloud segment, which makes the future development of revenues more predictable and enables the Company to take countermeasures quickly if the development deviates. The increase in revenues shows the overall company growth. This is the reason why all management levels are monitoring the development of revenue over time. Revenue performance is also used as an early indicator for liquidity developments. The EBIT, earnings before interest and taxes or the operating result, is examined and analyzed for managing profitability.

Research and Development

Intershop has an efficient and experienced development team whose research and development activities (R&D) focus on the continued further development of the Intershop Commerce Platform. The focus of this in 2023 was the continued expansion of the platform by adding new artificial intelligence functions after the acquisition of the Dutch company Sparque B.V. and the integration of the team. Furthermore, the first prototype of the Intershop Copilot, a smart AI assistant, was developed. This has been specifically tailored to the requirements of B2B commerce managers. It automates functions including administrative tasks and provides data-assisted analyses to improve the customer experience on the platform and to make decision-making more efficient. In order to promote innovations and the sharing of knowledge, Intershop also relies on a strong partner network. For example, the “B2B Frontrunners Community” was founded in 2023 with Customer Journey Experts and other partners. It links eCommerce professionals around the world, thereby fostering strategic findings and new trends.

R&D expenditures (expenses and investments) in the 2023 fiscal year remained at the level of the prior fiscal year of EUR 7.5 million. Taking into account the capitalization of software development costs, R&D expenses were at the same level as the prior year of EUR 6.9 million (2022: EUR 6.9 million). This corresponds to a share of 18% of the total revenue (2022: 19%), which emphasizes the importance of further developing the platform for Intershop.

The 2023 fiscal year

Overall Economy and Industry

Based on current outlook from the International Monetary Fund (IMF, January 2024), the global economy grew at a rate of 3.1% as a whole in 2023. This increase compared to 2022 was weaker than in the prior year (2022: 3.5%), which means economic growth declined for the second year in a row. According to the IMF, there were many factors hindering the recovery that emerged after the COVID-19 pandemic: In addition to the long-term consequences of the pandemic, the war in the Ukraine and the situation in the Middle East as well as increasing geoeconomic fragmentation, economic factors are playing an increasingly greater role, including the effects of tightening monetary policies to lower inflation. Experts estimated an increase in the gross domestic product (GDP) of 1.6% for industrialized countries in 2023. According to the IMF, growth in emerging and developing countries was 4.1% in 2023. For the USA, GDP increased by 2.5%. In the Eurozone, the economic performance only increased by 0.5% in 2023. For Germany, the GDP is even estimated to have declined by 0.3%.

The uncertain overall economic situation had an impact on the IT sector in 2023. It only experienced marginal growth in total in the past year. According to the US analysis company Gartner, global IT spending increased by only 3.3% to USD 4.7 trillion. The main reason for the low growth rate compared over several years was delays in making investment decisions and an increasing aversion to taking risks among the decision-makers in the industry. According to the industry association Bitkom, IT revenues in Germany increased by 6.3% to EUR 126.4 billion. The market for software grew by 9.3%, while the market for IT services grew by 4.7%.

According to the outlook of the market research company eMarketer, the global market volume in online retail increased by 8.9% to USD 5.8 trillion in the reporting year—a share of 19.5% of the total retail sales. The Chinese market accounted for about half of the total sales with USD 2.9 trillion. With a volume of USD 1.1 trillion, the USA is the second largest market followed by Western Europe with USD 0.6 trillion. For Germany, the German E-Commerce and Distance Selling Trade Association (bevh) expects a market volume of EUR 94.7 billion for 2023, an increase of 4.8%.

Business performance during the 2023 fiscal year

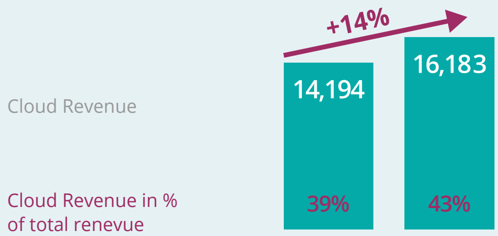
Despite the overall economic uncertainty and the resulting reluctance to invest in the IT sector, Intershop was still able to increase its revenues in the strategically important Cloud segment. The service sector also developed positively over the past fiscal year. Despite the new customer business being significantly restrained, it still had an effect on the business performance overall. The following overview shows the key performance indicators (KPIs or control parameters):

in EUR thousand	2023	2022	Change
Cloud Order Entry	19,731	25,897	-24%
Net New ARR	1,946	3,237	-40%
Revenue	37,987	36,803	3%
EBIT	(2,534)	(2,869)	12%

Cloud business continues to grow despite low incoming orders

Cloud and subscription revenues grew by 14% to EUR 16.2 million. The share of cloud revenues in the total revenue increased to 43%, an increase of 4% compared with the prior year. The cloud margin increased from 56% to 58% thanks to the growth of the cloud revenues combined with an optimized cost structure. However, Intershop was unable to increase all key cloud figures in 2023 as expected, especially due to the increasing reluctance of potential new customers to invest. As a result, incoming cloud orders declined by 24% to EUR 19.7 million in the reporting period and the net new ARR by 40% to EUR 1.9 million. In the past fiscal year, Intershop gained nine new cloud customers (2022: 17). Despite this, the increase in orders that was expected—particularly for the fourth quarter—could not be achieved to the extent planned. From the incoming cloud orders, EUR 8.3 million is attributable to new customers and EUR 11.4 million to existing customers. New ARR (New Annual Recurring Revenue) declined by 31% to EUR 2.7 million, with new customers contributing EUR 1.6 million and existing customers EUR 1.1 million to new ARR. ARR (Annual Recurring Revenue) was EUR 17.3 million as of December 31, 2023, an increase of 13% compared to the prior year's balance sheet date.

Cloud Business Development



in EUR thousand	2022	2023	Change
Cloud order entry	25,897	19,731	-24%
New ARR	3,909	2,691	-31%
Net New ARR	3,237	1,946	-40%
ARR	15,391	17,337	13%

ARR Development in 2023

in EUR thousand	
ARR December 31, 2022	15,391
New ARR new customers	1,560
New ARR existing customers	1,131
New ARR total	**2,691**
Churn	(688)
Currency changes	(57)
Net New ARR	**1,946**
ARR December 31,2023	**17,337**

Slightly improved result – efficiency measures ramped up

In the 2023 fiscal year, Intershop achieved slight growth in sales of 3% to EUR 38.0 million. EBIT also slightly improved to EUR -2.5 million compared to the prior year (2022: EUR -2.9 million). The main reason for the negative result is revenues being too low. A key reason for this was the reluctance of potential new customers to invest, which was very noticeable in the B2B segment. By comparison, the service sector achieved stability in 2023 with revenues rising again. In response to the continued negative result and new business falling short of expectations, the Intershop Management intensively drove forward the Value Creation Program (VCP) initiated over the course of the 2023 fiscal year. The primary measures include the restructuring of US-market sales, a general hiring freeze with the exception of replacements, expanding the cloud offering to include an entry-level option with reduced services as well as efficiency measures to reduce infrastructure costs and further optimizing processes in the service sector. Despite the recent postponement of investment decisions and the generally longer time taken to make decisions in combination with the efficiency measures to be further optimized, Intershop assumes in the medium term that it can profit from the rapidly increasing digitization trend and well position itself with its commerce platform in a constantly growing market. Here, cloud applications offer companies major advantages in terms of infrastructure, costs and flexibility. With its cloud strategy, Intershop considers itself very well positioned to support its customers in developing and expanding their digital presence with its modern commerce platform.

Earnings, financial and asset position

Actual development of key financial figures compared to the original forecast

Overall, the 2023 business performance was not satisfactory since Intershop was not able to fulfill the outlook published in March in the 2022 financial report in the course of the year. Originally, the company expected an increase in revenue of more than 10%, a break-even operating result (EBIT) and an increase in incoming cloud orders and a net new ARR of over 10% each. As a result of the increasing reluctance of potential customers to invest, the company corrected its outlook in an ad-hoc notification in July 2023. Intershop then expected slight growth in revenues as well as an operating result (EBIT) that was negative but still better than in the prior year. The company expected revenue for incoming cloud orders of between EUR 24.0 million and EUR 26.0 million (2022: EUR 25.9 million) and a net new ARR of between EUR 1.5 million and EUR 2.5 million (2022: EUR 3.2 million). Since the incoming orders in the fourth quarter were not generated to the extent planned, Intershop once again had to adjust its outlook for the incoming cloud orders to around EUR 20 million in December 2023. The sales and results guidance as well as the guidance for the net new ARR remained unchanged. In the 2023 fiscal year, Intershop achieved slight growth in sales of 3% and an EBIT of EUR -2.5 million which, while negative, was an improvement on the prior year. As advised in the guidance adjustment in July, the net new ARR was approx. EUR 1.9 million. Incoming cloud orders amounted to EUR 19.7 million.

Presentation of the earnings

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

in EUR thousand	2023	2022	Change
Revenues	37,987	36,803	3%
Cost of revenues	22,183	21,090	5%
Gross margin	42%	43%	
Operating expenses, operating income	18,338	18,582	-1%
EBIT	(2,534)	(2,869)	12%
EBIT margin	-7%	-8%	
EBITDA	870	419	108%
EBITDA margin	2%	1%	
Earnings after tax	(3,082)	(3,557)	13%

During the 2023 fiscal year, Intershop recorded Group **revenues** of EUR 38.0 million. This corresponds to an increase of 3% compared to the revenues of EUR 36.8 million in the prior year. During the reporting period, revenues in the core segment **Software and Cloud** rose by 3% to EUR 24.4 million (2022: EUR 23.7 million). A decline was recorded within this group for the revenues from **Licenses and Maintenance** due to the strategic ongoing transformation from the license to the cloud business. The license business declined by 37% to EUR 1.1 million and maintenance revenues dropped by 9% to EUR 7.1 million. In contrast, the **Cloud and Subscription** revenues increased by 14% to EUR 16.2 million (2022: EUR 14.2 million). The share of cloud revenues in the total revenue increased to 43% in the reporting period (2022: 39%), while the share of revenue from licenses and maintenance fell to 21% (2022: 26%)

Service revenues rose by 4% in fiscal year 2023 to EUR 13.6 million (2022: EUR 13.1 million). This counteracted the negative development from the prior year in this segment. Measures introduced by Intershop to increase efficiency in project execution as well as new large-scale projects led to a more stable utilization of the service team. The share of service revenues in total revenue was 36% in the reporting year and was therefore at the prior-year level.

The following overview shows the development of revenues:

in EUR thousand	2023	2022	Change
Software and Cloud Revenues	**24,382**	**23,720**	**3%**
Licenses and Maintenance	**8,199**	**9,526**	**-14%**
Licenses	1,144	1,812	-37%
Maintenance	7,055	7,714	-9%
Cloud and Subscription	**16,183**	**14,194**	**14%**
Service Revenues	**13,605**	**13,083**	**4%**
Revenues total	**37,987**	**36,803**	**3%**

In the 2023 fiscal year, Intershop achieved revenues of EUR 28.1 million on the European market, the most important **business region** for the Group, corresponding to a growth of 14% compared with the prior year (2022: EUR 24.6 million). Rapidly increasing cloud revenues (+24%) were recorded for the region, as in the prior fiscal year. In addition, the service revenues developed extremely positively within the European market compared to the prior year (+28%). The revenues from licenses and maintenance declined as planned compared to the prior-year period (-11%). The share of European customers in the total revenue was 74% (2022: 67%). In the US, Intershop recorded a decrease in revenue of around 20% of EUR 6.7 million (2022: EUR 8.4 million). While the cloud revenues from the US business rose slightly (+7%), both the service revenues (-41%) and the revenues from licenses and maintenance (-40%) declined. The revenue share from the US business in the total revenue was 18% (2022: 23%). In the Asia-Pacific region, Intershop achieved revenues of EUR 3.2 million (2022: EUR 3.8 million). In this region, a decline in revenues was recorded both in the license and maintenance segment (-12%) and in the Service segment (-13%) as well as in the Cloud segment (-22%). The share in the total revenue declined to 8% (2022: 10%).

In the 2023 fiscal year, Intershop's **gross profit** rose by 1% to EUR 15.8 million (2022: EUR 15.7 million). At 42%, the **gross margin** was one percentage point lower than in the prior year (2022: 43%). **Operating expenses and income** decreased slightly to EUR 18.3 million (2022: EUR 18.6 million). At EUR 6.9 million, research and development costs remained at the prior-year level. At EUR 8.4 million, marketing and sales expenses were 3% higher than in the prior year (2022: EUR 8.1 million). General administrative expenses decreased slightly to EUR 3.2 million (2022: EUR 3.3 million). Other operating expenses amounted to EUR 0.3 million, which is considerably lower than the figure from the prior year (2022: EUR 0.9 million), as high value adjustments on receivables were included in the prior year. After deducting all individual costs, the **total costs** (cost of revenues and operating expenses/ income) amounted to EUR 40.5 million compared with EUR 39.7 million in the prior year. This resulted in an operating result **(EBIT)** of EUR -2.5 million in the 2023 fiscal year (2022: EUR -2.9 million), which, while negative, was still an improvement on the prior year. The EBIT margin was therefore -7% (2022: -8%). Depreciation and amortization increased slightly from EUR 3.3 million to EUR 3.4 million. The operating result before depreciation and amortization **(EBITDA)** increased to EUR 0.9 million (2022: EUR 0.4 million). The EBIT margin improved to 2% (2022: 1%). The financial result remained at the prior-year level of EUR -0.5 million (2022: EUR -0.5 million). Income taxes amounted to EUR -0.1 million (2022: EUR -0.2 million). **Earnings after tax** were EUR -3.1 million (2022: EUR -3.6 million), which corresponds to **earnings per share** of EUR -0.21 (2022: EUR -0.25).

Revenues of INTERSHOP Communications AG as a single entity **reported under commercial law** increased in the 2023 fiscal year by 12% to EUR 30.5 million (2022: EUR 27.2 million) Cloud revenues grew the most by 24% from EUR 9.4 million to EUR 11.7 million. Service revenue growth was 20% from EUR 9.6 million to EUR 11.5 million. Maintenance revenues fell by 9% from EUR 6.8 million to EUR 6.2 million. License revenues decreased from EUR 1.4 million to EUR 1.1 million.

The **annual net loss for INTERSHOP Communications AG** as an individual entity **under commercial law** was EUR 3.4 million in the 2023 fiscal year after an annual net loss of EUR 4.1 million in the prior year. The main reasons for the reduction in the annual net loss were the increase in overall performance (revenues and inventory changes) by 12%, while the overall expenses increased by only 7% or by 9% excluding the value adjustments of EUR 0.6 million in the previous year. Material expenses increased from EUR 4.6 million in the prior year to EUR 6.4 million due to an increase in expenses for purchased services in connection with higher cloud and service sales. Personnel costs increased from EUR 16.6 million to EUR 17.8 million due to a rise in salaries. Depreciation and amortization was at the level of the prior year of EUR 1.8 million. Other operating expenses decreased by 10% to EUR 8.4 million (2022: EUR 9.3 million) due to various one-off items, among other things, due to the decline in value adjustments on trade receivables amounting to EUR 0.6 million. Other capitalized own work, which includes the capitalization of software development costs, increased from EUR 0.5 million to EUR 0.6 million. Other operating income fell from EUR 0.6 million to EUR 0.2 million, due in part to lower exchange rate gains. Other interest income of EUR 0.1 million resulted mainly from affiliated companies. Overall, the balance sheet loss resulting from the net loss for the year was EUR 7.5 million (2022: EUR 4.1 million).

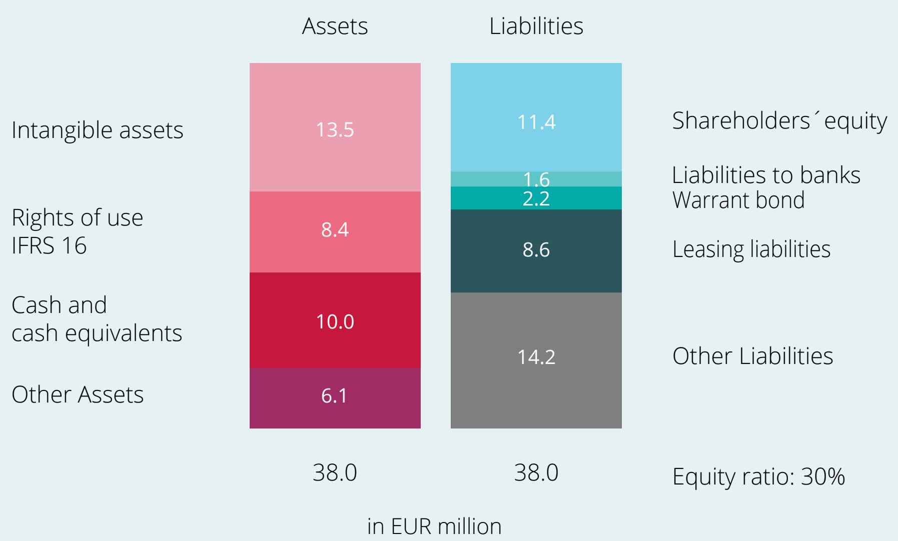
Presentation of the Net Assets and Financials Positions

As of December 31, 2023, the balance sheet total of the Intershop Group amounted to EUR 38.0 million (December 31, 2022: EUR 41.3 million). This represents a decrease of 8%, mainly due to the negative result for the year.

On the **assets side**, non-current assets decreased by 7% to EUR 23.1 million due to scheduled depreciation and amortization of intangible assets, equipment and rights of use. Current assets declined to EUR 14.9 million (December 31, 2022: EUR 16.3 million). With EUR 3.9 million, trade receivables were considerably lower than the prior-year level (December 31, 2022: EUR 4.9 million). Cash and cash equivalents declined by 4% from EUR 10.5 million in the prior year to EUR 10.0 million in the reporting year.

On the **liabilities side**, equity fell by 18% to EUR 11.4 million (December 31, 2022: EUR 13.9 million). The reason for this was particularly the negative result after taxes. By comparison, subscribed capital increased by 3% to EUR 14.6 million and the capital reserve increased by 18% to EUR 3.0 million due to a capital increase from partially exercising the warrant bond. In January 2023, the warrant for 388,127 shares from the warrants issued by Intershop in July 2020 as part of a warrant bond was partially exercised and therefore a total of 388,127 newly issued no-par value bearer shares of INTERSHOP Communications AG were issued at a price of EUR 2.19 per share. The gross issue proceeds of EUR 0.85 million received from exercising the warrant were used by Intershop to repay the warrant bond that was redeemed at the same time. For this reason and due to the repayment of liabilities to banks as well as leasing liabilities, the non-current liabilities fell by 16% to EUR 12.5 million (December 31, 2022: EUR 14.9 million). As of December 31, 2023, current liabilities rose by 13% to EUR 14.1 million. Contractual obligations in particular rose by 38% to EUR 6.9 million (December 31, 2022: EUR 5.0 million) particularly due to higher advance payments from cloud and maintenance contracts. As of December 31, 2023, the **equity ratio** was a solid 30% (2022: 34%).

Group Balance Key Figures December 31, 2023



The **cash flow** from ongoing operating activities improved to EUR 3.0 million in the reporting period compared to EUR 1.2 million in the prior-year period. This is mainly due to a reduction in trade receivables and the increase in contractual obligations due to higher prepayments by customers. The cash outflow from investment activities declined to EUR 1.1 million compared to the prior-year period (2022: EUR 3.4 million). In the prior year, the company acquired Sparque B.V.; as a result, the payments for investments in intangible assets declined in the ongoing fiscal year from EUR 2.5 million to EUR 0.7 million. The payments from the acquisition of a company decreased from EUR 0.7 million to EUR 0.3 million and also related to the acquisition stated above. The cash outflow from financing activities amounted to EUR 2.0 million (2022: cash inflow of EUR 0.5 million). Incoming payments from issuing common shares as a result of exercising the warrant from the warrant bond were at EUR 0.85 million, while outgoing payments from the partial repayment of this warrant bond amounted to EUR 0.85 million. Repayment of the loan issued in 2022 (EUR 2.5 million) increased to EUR 0.5 million after EUR 0.4 million in the prior year. Repayment of leasing liabilities was EUR 1.5 million (2022: EUR 1.6 million). Overall, cash and cash equivalents declined by 4% to EUR 10.0 million as of December 31, 2023 (December 31, 2022: EUR 10.5 million).

The **balance sheet total of INTERSHOP Communications AG** as an individual entity in the financial statements under commercial law declined by 6% to EUR 26.6 million (December 31, 2022: EUR 28.2 million). On the assets side, the fixed assets decreased from EUR 15.6 million to EUR 14.6 million as of December 31, 2023 as a result of scheduled depreciation. Current assets declined from

EUR 12.0 million to EUR 11.4 million due to the decline in receivables from affiliated companies (EUR -0.5 million). Cash and cash equivalents of EUR 7.5 million and the prepaid expenses of EUR 0.6 million were at the prior-year level. On the liabilities side, equity decreased to EUR 9.6 million due to the net loss for the year (December 31, 2022: EUR 12.2 million). Provisions increased slightly from EUR 2.1 million to EUR 2.2 million. Liabilities fell from EUR 9.7 million to EUR 8.8 million. Liabilities to banks fell from EUR 2.1 million to EUR 1.6 million due to the repayment of a loan and liabilities for the bond fell by EUR 0.85 million due to a partial repayment of the bond. In contrast, trade payables (EUR +0.7 million) as well as liabilities to affiliated companies (EUR +0.3 million) increased. The deferred income increased from EUR 4.3 million to EUR 6.0 million, in particular due to higher prepayments made by customers for cloud and maintenance contracts.

Employees

As of December 31, 2023, Intershop had a total of 299 employees worldwide (December 31, 2022: 297 employees).

The close cooperation with leading universities is an integral part of the Intershop strategy. This cooperation provides the Company with direct access to know-how and excellent young talent who often work for Intershop during their studies, contributing their knowledge and in return gaining valuable insights into working life. In 2023, Intershop and other digital companies supported the Friedrich-Schiller University in Jena in expanding its Bachelor's course "Economic Sciences" to include a new academic profile, focusing on eCommerce, digital markets and platforms as well as digital business models. In the past fiscal year, Intershop also participated in the digital summit of the Federal Government entitled "Digital Transformation at a Turning Point. Sustainable. Resilient. Future-Oriented." at the innovation hub of Jena. In addition to attending the main program of the event, the company also opened its doors to visitors and presented its latest AI development at the trade fair at the Friedrich-Schiller University in Jena. Thanks to the joint efforts with renowned digital companies as part of the association Jena Digital e.V., the close cooperation with universities and numerous offers, such as employee events, a comprehensive sports offer, company health promotion and training measures, Intershop contributes to long-term ties between employees and companies with the focus always on the employees. It also offers a modern and hybrid workplace in a new office building in Jena, which is rounded off with a flexible working time model.

The following overview shows the development of employee figures during the fiscal year:

Employees by department*	**Dec. 31, 2023**	**Dec. 31, 2022**
Technical Departments (Service Functions and Research Development)	229	226
Sales and marketing	46	43
General administration	24	28
	299	**297**

* based on full time staff, including students and trainees

As of the balance sheet date, the number of employees in the European branch offices was 260, accounting for 87% of the total workforce (2022: 255 employees with 86% of the total work force). The US subsidiary with 15 employees accounted for around 5% of the workforce (2022: 19 employees with 6% of the total workforce). The number of employees in the Asia-Pacific region increased to 24, which corresponds to 8% of the total work force (2022: 23 employees or 8%).

AG as a single entity had 254 employees at the balance sheet date (December 31, 2022: 250 employees).

Management Board and Supervisory Board

Two additions were made to the Management Board of INTERSHOP Communications AG in the 2023 fiscal year. At the beginning of the fiscal year on January 1, Petra Stappenbeck started in her new role as chief financial officer. Since then, she has been responsible for Finance and Controlling, Human Resources, Legal as well as other administrative tasks. The graduate of Business Administration has more than 30 years of experience in finance and controlling and has been employed at Intershop as the director of finance since 2012. She was appointed as an authorized signatory in 2013 and has been part of the Intershop Executive Management Team since May 2021. On December 1, 2023, Markus Dränert became part of the Management Board as chief operating officer (COO) and joined Markus Klahn (CEO) and Petra Stappenbeck (CFO). His remit includes in particular further developing Intershop's cloud offering. Markus Dränert is a graduate in Business Administration and was most recently responsible for Software & Technology at AURELIUS Wachstumskapital as an operating partner after holding positions at Deutschen Telekom, Haufe-Lexware and Finleap.

No changes were made to the Supervisory Board in the past fiscal year. However, Frank Fischer, who has been a court-appointed member and chairman of the Supervisory Board since December 2022, was elected as a member of the Supervisory Board by the Annual Stockholders' Meeting on May 9, 2023. Frank Fischer is chairman of the Management Board of Shareholder Value Management AG and long-time representative of the principal shareholders of Intershop.

Report on opportunities and risks

Risk management system

Intershop operates in a dynamic market characterized by continuous changes and a wide range of associated business environment risks, which makes it harder to plan and results in deviations from the forecasts. At the same time, the Company faces risks arising from operating policies, the Company's structure, and the organization of internal processes that could endanger the Company's goals. Intershop is committed to the goal of protecting the property of its stockholders and safeguarding its continued existence as the basis of its business activity. The Management Board has formally adopted a risk policy designed to promptly identify unknown risks (early warning function) and to manage risks. This policy describes and defines the methods and processes used in risk management throughout the Company. Intershop is supported by specialized external advisors in the further development of the risk management system. A risk manual describing the risk management system was created, which is reviewed and updated on a regular basis. Risks are defined as possible deviations from planned targets and include both positive deviations (opportunities) and negative deviations (threats). The risk management system focuses on potentially particularly serious negative deviations that could impact the Company's development and sharply reduce equity and cash position. The Management Board has appointed a Risk Manager who provides quarterly information about the Company's risk situation. Above and beyond this, risk management organization is decentralized. The divisional managers in the individual business areas are responsible for identifying and mitigating the risks in their divisions. In the case of significant risks and risks that pose a particular threat to the Company's continued existence, the divisional managers are required to provide the Management Board with immediate and detailed information. Flat hierarchies, short communication channels, and a culture of open communication also ensure that important risk information reaches the Management Board without delay. The Management Board informs the Supervisory Board at least once a quarter, but usually monthly, about important developments at the Company.

The operational risk management process encompasses risk identification, risk analysis and assessment (including risk aggregation), risk response and risk monitoring. Strategic, operating and financial risks are assessed. To identify risks, the environment and the defined risk fields and risks within it are continuously monitored by risk owners (usually the Intershop divisional managers), to which clearly defined business areas and all risks and opportunities arising from and in the future those areas are assigned at an operational level. In addition, a risk inventory is completed once a year (with quarterly updates), in which the relevance score and risk owners are determined, previously identified risks and opportunities are reviewed and new risks and opportunities are identified. In financial control, a deviation analysis is performed so as to identify deviations from targets. This involves the use of the financial accounting and controlling software from SAP and the consolidation and controlling software from LucaNet.

As part of risk identification, the effect of operational and financial risks and opportunities on the current financial year are quantified as best as possible (extent of damage and probability of occurrence) and assigned a relevance class. The effect of strategic risks and opportunities over three years is taken into account and the risk or the opportunity is assigned a relevance class.

The identified risks and opportunities are categorized as follows:
Categorization of the extent of damage:

Economic shareholders' equity				
< 2.5%	< 7.5%	< 25%	< 100%	> 100%
not material	minor	high	critical	existential
Relevance class 1	Relevance class 2	Relevance class 3	Relevance class 4	Relevance class 5

Categorization of the probability of occurrence:

≤ 5%	≤ 25%	≤ 50%	≤ 95%	> 95%
highly unlikely	unlikely	possible	likely	very likely

The consolidated management report focuses on significant risks and rewards. The economic shareholders' equity comprised shareholders' equity less goodwill. Intershop's total risk exposure is determined by aggregating the risks (Monte-Carlo-Simulation). In order to do this, the software Strategie Navigator is used. Intershop applies risk mitigation measures that, depending on the point in time involved, reduce the probability of occurrence or lessen the impact.

As part of its risk inventories in all departments of the Company, Intershop has identified all risks that could influence the Company's development. All Intershop products are offered in all segment regions and are therefore subject to the same kinds of risks and opportunities. In addition to specific individual risks and opportunities, Intershop's risk management also takes general risks (such as sales and cost fluctuations) into account that may have adverse (risks) or positive (rewards) effects on the earnings and financial position.

Strategic risks

Intershop is one of the leading providers of innovative B2B commerce solutions in a highly dynamic market. The overriding strategic goal of Intershop is the consistent expansion of the cloud business and focusing on the B2B market.

Intershop's target market is subject to constant change processes and challenges due to the rapidly growing digitization of companies combined with changing technologies, innovative business models, and market entry of new competitors. For Intershop, there is a risk in offering products and services that do not meet the needs of customers or market expectations. If the company is not successful in monitoring the target market effectively and continually, sizing up the competition, and providing offer in time new innovative product- and solution-oriented strategies, this could lead to a drop in sales as customers will turn to the competition, making it more difficult to acquire new customers. Intershop counters this risk through continuous market monitoring, own targeted marketing activities when launching Intershop products, regular profit-loss analyses and conducting surveys on customer needs in cooperation with customers, partners and market analysts. Customer and partner feedback is regularly incorporated in new Intershop solutions. Intershop is currently giving special priority to AI topics as their importance is rapidly rising, as expressed in the estimates from industry analysists, such as Forrester or Gartner, or in other analyst reports. In the "Paradigm B2B Combine" analyst report, Intershop was distinguished in 2023 for the fourth year in a row and was the only provider to achieve the highest award in the important category "Site Search" with extensive AI-assisted search functions. The IDC MarketScape analyst report "Worldwide B2B Digital Commerce Applications for Midmarket Growth 2023-2024 Vendor Assessment" distinguished Intershop as a "leader" and emphasized the AI-focused platform. Intershop estimates that these risks could have a noticeable to considerable impact, for which, however, no or only weak indicators of occurrence can currently be identified.

In principle, there is a risk that the Intershop Commerce-Platform could be completely or partially superseded by new technologies. Depending on the degree and pace of the change, this can lead to Intershop no longer being able to sell its current products and services and having to replace all or some of them. Intershop regards this risk as high. Currently, however, there is no identifiable development that challenges current products or services. The risk is also mitigated approach including the transfer of technologies identified as relevant to the product portfolio (e.g. in the 2022 fiscal year through the acquisition of Sparque B.V., which expanded the Intershop platform to include AI-supported personalization), short product release cycles, rapid software development, as well as regular market and competition observations. The Company also reacts to short-term trends with its own developments or cooperations with technology partners and to long-term trends via the control process in standard product development.

The popularity of the brand is a paramount factor for the distribution of the Intershop products. There is a risk that a decline in brand popularity results in potential customers not being aware of Intershop as a solution partner and the acquisition of new partners and employees is made more difficult. The inability to maintain and increase the visibility of the Intershop brand could lead to a decline in revenues. Intershop regards this risk as high. This risk is mitigated by way of various measures to increase brand popularity, which is an integral part of the marketing strategy. For example, Intershop is conducting more online marketing measures and customer reference marketing campaigns, issuing publications in journals and addressing the innovation trend of AI in the Intershop product portfolio. In addition, joint marketing activities with the strategic partner Microsoft result in higher visibility on the market. Moreover, the establishment and strengthening of employer branding should help to better position Intershop as an attractive employer.

The performance and expertise of the employees and management personnel are key to the Company's success. There is also the risk, especially with employees in key positions, that if employees switch to a competitor, the specific knowledge of the employee will be used there. Furthermore, it is generally more difficult to replace these employees. The loss of key personnel could have a negative impact on Intershop's competitiveness and economic development and result in additional replacement costs. Intershop considers the key position risk to be minor. These risks are counteracted using a state-of-the-art personnel management system with individual measures for personnel development together with flexible working time models, an open company culture and flat hierarchies.

Operational risks

The high degree of complexity of the cloud-based Intershop Commerce Platform results in diverse mutual dependencies. There is the risk of the process chain or parts thereof failing which leads to a loss of revenue for customers. For Intershop, this can lead to a loss in sales, claims for damages, legal fees and additional expenses for eliminating the process error. The risk is assessed as a potential, appreciable risk. This is monitored by detailed process documentation and specifications and their regular control, specific training of personnel, staff expansion in the relevant areas with support from external agencies and/or partners, insurance policies, limitation of liability in contracts as well as through higher levels of automation.

Business processes at Intershop are based on information technologies. This means that there is a typical inherent risk of data loss. The loss of sensitive data could lead to competitive disadvantages or a weaker market position. Intershop is paying particular attention to this risk and limits it through countermeasures such as comprehensive data security and recovery procedures, permanent development of security guidelines and security processes, the outsourcing of data to specialized data centers, as well as through its own adequately qualified IT specialists. The ISO 27001 certification for Intershop Cloud Operations received in 2023 confirms that the highest quality and security standards are being applied. Intershop classifies the risk as an appreciable risk whose occurrence is considered unlikely thanks to countermeasures described.

There is a typical product defect risk for the software which is the basis of the commerce platform offered by Intershop. Due to errors in development or faulty performance on the part of Intershop or its suppliers, it is possible that the product or a service is made available later than expected or works poorly or does not meet customer and market requirements in terms of product safety. For Intershop, this could result in claims for damages, costs for possible legal disputes and additional costs for rectifying defects. In addition, it can result in a decline in revenue, particularly due to a loss of customers which can also be associated with short-term extraordinary contract terminations. Intershop deals with this risk with an extensive quality assurance process with a designated security code officer, comprehensive security tests by external providers, a documented escalation process as well as ISO certification. Intershop considers this to be an insignificant risk that still might occur.

The ongoing economic recession that is also expected in 2024 as a result of wars, rising energy costs and political instability poses an increased sales risk for the company. This causes a reluctance to invest which may result in the delay or failure to acquire new customers. This can also result in delays to ongoing projects or even the cancellation of projects. There may also be a loss of receivables. Intershop limits this risk with risk assessments that are conducted in the sales process at relevant points. For contracts that have already been concluded, payment agreements are also agreed with customers where necessary. Intershop therefore considers the occurrence of this minor risk to be unlikely.

In view of the increasing digitization in many companies, Intershop is facing difficulties in recruiting IT specialists. When filling open vacancies, there is a risk of higher costs incurred, e.g., due to the engagement of headhunters or as a result of higher than planned salaries. Intershop considers this an insignificant risk, whose occurrence, however, is highly probable. The risk is mitigated by means of flexible and needs-based recruitment as well as personnel deployment management.

Financial risks

A large portion of revenues is generated from consulting services, which are primarily provided in the context of projects. In this regard, customer loyalty is a very important factor. To be able to ensure customer loyalty, it is important to provide the quality the customer demands for projects, while at the same time keeping an eye on the costs and time. If this is not successful, this affects the Company’s reputation and results in higher project costs and lower sales. Future contracts may be lost, projects may be canceled prematurely or not started or the profit margin on projects could be permanently reduced or projects may become unprofitable or be reversed. In order to respond to this risk, personnel planning software and project analysis tools are used, and regular reports and project meetings document the current status of projects, and, if necessary and useful, employees in the development segment provide support. Furthermore, the company monitors projects on an ongoing basis, combined with very tight project management supported by external consultants, and customer satisfaction and processes are continuously improved when the order is received together with Sales, with an improved assessment of expenses and effort up to project controlling. Despite all of the countermeasures described, the risk is estimated to be higher than in the prior year, particularly if large-scale projects are affected. The risk is currently considered to be significant, the occurrence of which is likely.

Third parties could accuse Intershop of infringement of intellectual property rights, such as patents or copyrights, and claim compensation for damages or also attempt to restrict the sale of Intershop software. This especially applies to the countries, in which software process patents exist. The risk is regarded as a potentially minor risk. In order to minimize the risk, Intershop verifies compliance of the licensing terms of third parties in the development process and in the use.

With a liquidity of EUR 10.0 million, Intershop enjoys a good liquidity position as of the balance sheet date. There is no interest rate risk from a bank loan in the amount of EUR 1.6 million and an option bond in the amount of EUR 2.3 million at the balance sheet date thanks to agreements for fix interest rates over the term. The liquidity risk as a result of the repayment of financial liabilities is assessed as minimal. Loan repayments over a fixed term until 2027 are agreed with a fixed quarterly rate. The option bond is due for repayment at the end of the term in July 2025. However, if option rights are exercised beforehand, Intershop has a corresponding liquidity inflow which is used for the repayment of bonds that are possibly terminated at the same time and in the same amount. Its activities abroad are exposed to the currency risk since revenues are generated in U.S. and Australian dollars. Measures to hedge currency risks are taken on a case-by-case basis. The risk is regarded as a possible insignificant risk. There is also a default risk. In order to at least minimize the risk of default, Intershop regularly performs credit checks of customers. In case of larger contracts, this risk is also minimized by agreements on advance payments or partial payments based on the percentage of completion of the contract. Here, reference is also made to the consolidated financial statements, section “Information on financial instruments”. The risk is regarded as minor to high, the occurrence of which is possible.

Intershop is a defendant in small legal proceedings arising from the normal course of business. The Management Board does not currently expect that the Company will incur any major financial obligations resulting from current litigation beyond the litigation stated in the consolidated financial statements. These risks are also secured by way of insurance policies and provisions as a preventative measure. Reference is made to the consolidated financial statements, section “Litigation/contingent liabilities”.

As part of its opportunity and risk management, Intershop has so far not identified any significant opportunities or risks relating to climate change. This is due to the type of services Intershop offers and the current customer structure. We believe the eCommerce market is not directly affected by climate change as customer behavior and regulations have given no indication of this. Therefore, Intershop has not set specific targets regarding climate change.

Opportunities

Intershop is in a very dynamic and fast-growing market environment for high-performing digital cloud-based commerce platforms with an increasing concentration of businesses. On this market, new opportunities can present themselves at any time. A major driver of the sustained growth of the Company is to identify those opportunities and take advantage of them without incurring unnecessary risks. Hence, at Intershop the opportunity and risk management are closely interlinked. The rewards management is part of the strategic planning process at Intershop; here, internal and external potentials that might positively affect the further development and value added for Intershop are evaluated on a regular basis. The following opportunities shall be highlighted: Intershop considers the existing partnership with Microsoft to be a strong strategic opportunity. The cooperation gives Intershop better visibility on the market, which can lead to higher sales in the medium and long term. Furthermore, Intershop sees the strong strategic opportunity to achieve additional growth potential from M&A options in the course of market consolidation and adjustment to the market dynamics. There is also the minor, but unlikely possibility that unforeseen, extraordinary income is generated from audits conducted by Intershop if customers violate license or contractual terms. There may also be additional revenue in a fiscal year if customers make compensation payments in the event contracts are canceled prematurely. Following the AI trend, Intershop has also developed a new project that is to be offered on a trial basis to customers of a common third-party eCommerce platform. There is a high level of planning uncertainty involved with the market launch of the new product. Intershop sees a possible minor opportunity to generate additional revenue. In addition, there is a noticeable potential possibility that value-adjusted receivables are received through incoming payments as part of payment agreements with customers.

Overall risk position

The overall risk position refers to the sum total of all the individual risks and opportunities to which Intershop is exposed. There are no apparent risks endangering the Company's continuation. The overall risk position deteriorated compared with the prior year.

Description of the key characteristics of the internal control and risk management system with regard to the consolidated financial reporting process

Intershop's internal control system includes the policies, procedures, and measures introduced by the Management Board to enable the organizational implementation of its decisions so as to ensure the effectiveness, cost-effectiveness, and propriety of financial reporting as well as adherence to the applicable legal provisions. The Intershop Group is divided into various main divisions, whose managers (Management Team) report directly to the Management Board. The divisions are divided into departments which, in turn, are divided into different cost centers or profit centers for which a department head is responsible. The department heads are accountable either for revenue and costs or just for costs.

The business ordering and approval processes, including authorizations and threshold values, are set out in the authorization directive ("Global Approval Policy") introduced by the Management Board, which is reviewed and, when necessary, updated on a regular basis. The authorization directive includes three fields of regulation: the procurement of goods and services, offers to and agreements with customers, as well as personnel matters. Defined processes must be adhered to before actions are carried out. If, for example, goods are ordered or services are requested, or if existing contracts are amended or canceled, authorizations in the form of signatures must be obtained. The extent of the authorizations required depends on the type of contract involved and the volume of the order. Information on finances and the impact on the balance sheet, as well as on the budget must be provided, and alternatives (e.g., offers from other suppliers or service providers) must be explained. No orders or commissions may be placed until the relevant departments, department heads, and/or Management Board members have given their approval as required by the policy. In addition to the authorization directive, Intershop has additional guidelines for various areas, such as travel cost guidelines, cell phone guidelines, notebook guidelines, homeoffice guidelines and company car guidelines. These are also reviewed and adjusted accordingly on a regular basis. Third-party commissions, among other things, are discussed and monitored in the weekly Management Team meetings with the Management Board.

Accounting processes are entered in the respective individual financial statements for the subsidiaries in the Group's central SAP system. The consolidation and preparation of Intershop's consolidated financial statements is done centrally using the LucaNet consolidation software, on the basis of the individual financial statements entered in SAP. The Group's accounting policies take into account the requirements of the IFRSs as adopted by the EU, HGB (German Commercial Code), AktG (German Stock Corporation Act), and the German principles of proper accounting. When preparing the consolidated financial statements, internal controls are carried out in compliance with the dual control system to ensure the reliability of the single-entity financial statements used as a basis and of the consolidated financial statements. The Group's controlling will prepare a detailed analysis every month to show the development of the Group, the single entities, as well as the cost and profit centers. Impairment testing of cash generating units is performed centrally at Group level to ensure the use of uniform evaluation criteria. The preparation and compilation of the data used to prepare the notes to the financial statements and the management report is also performed by the Group's controlling at Group level, and these are checked by the Finance department.

Disclosures in Accordance with Section 289a HGB and Section 315a HGB Plus Explanatory Report as per sec. 176 para. 1 s. 1 AktG

On the balance sheet date, the Company's subscribed capital amounted to EUR 14,582,291, composed of 14,582,291 no-par value bearer shares. Each share has a notional value of EUR 1. There are no restrictions affecting the voting rights or transferability of the shares.

According to the voting rights notifications of May 27, 2019, Shareholder Value Beteiligungen AG held a direct stake of 17.55% and Shareholder Value Management AG a direct stake of 14.35% in the company's capital stock as of May 2019, which were 17.90% and 1.00%, respectively, as of the balance sheet date according to voluntary communications. In addition, as per the voting rights notification last received on October 8, 2021, the other shareholders Value Focus Beteiligungs GmbH (Hofheim am Taunus, Germany) and Reiner Sachs (indirectly via Sachs Assets GmbH, Erbach, Germany) are coordinating their voting with the two above shareholders, in accordance with Section 34(2) German Securities Trading Act [Wertpapierhandelsgesetz, WpHG]. Within the meaning of Section 289 German Commercial Code [Handelsgesetzbuch, HGB], therefore, these four shareholders have an allocated indirect stake in the company of 36.87% (according to the voting rights notification; 34.72% according to a voluntary notification as of the balance sheet date). In total, in accordance with Section 33 et seq. WpHG, these shareholders collectively hold 34.72% of the voting rights (coordinated voting behavior of the shareholders participating in the voting, hereinafter referred to as "share pool members").

According to the voting rights notification dated April 26, 2021, Frankfurter Investmentgesellschaft mit variablem Kapital (Société d'Investissement à Capital Variable, SICAV) (Grevenmacher/Luxemburg) holds a 16.15% stake in the Company's capital stock, which, according to the voluntary notification as of the balance sheet date, was 18.59%.

INTERSHOP Communications AG has not been informed of any other direct or indirect share capital holdings that exceed 10% of the voting rights as of the balance sheet date. There are no shares with special rights conveying powers of control, especially rights of appointment to the Supervisory Board. Also, there are no employee stock option plans, meaning that employees do not have an interest in the capital without being able to exercise their control rights directly at the same time.

The appointment and dismissal of the Management Board is governed by sections 84 and 85 of the German Stock Corporation Act (AktG) and Article 6 (2) and (3) of the Articles of Association of the Company. According to the Articles of Association, the Management Board consists of one or more persons. The number of members of the Management Board is determined by the Supervisory Board. Amendments to the Articles of Association are made in accordance with section 179 and following of the AktG and Article 28 of the Articles of Association. Under the terms of the latter, the Supervisory Board has the power to resolve changes to the Articles of Association that affect only their wording and also, in particular, changes to the provisions governing the share capital corresponding to the respective amounts of capital increases from conditional capital and authorized capital, and of capital reductions resulting from the retirement of shares.

For information on the powers of the Management Board relating to the issuance of shares, please refer to the section entitled "Equity" in the notes to the consolidated financial statements, and to the notes to the financial statements of INTERSHOP Communications AG. The Company has not entered into any significant binding agreements that are conditional on a change in control as a result of a takeover bid. In addition, the Company has not entered into any binding compensation agreements with the members of the Management Board or with employees in the event of a takeover bid.

Corporate Governance Declaration in Accordance with Section 289f of the HGB or, respectively, sec. 315d HGB

On February 1, 2024, the Management Board and Supervisory Board issued a Corporate Governance Declaration in accordance with section 289f and 315d of the HGB have made it publicly accessible on the Company's website at https://www.intershop.com/en/corporate-governance-declaration.

Dependent Company Report

Pursuant to section 312 of the German Stock Corporation Act (AktG), the Management Board of INTERSHOP Communications Aktiengesellschaft prepared a report for the 2023 fiscal year on the relationships with affiliated companies. This report also describes the relationships with Shareholder Value Management AG and Shareholder Value Beteiligungen AG (collectively referred to as "Shareholder Value

Companies”). Shareholder Value companies and the pool shareholders attributable to them based on a shareholders agreement held 60.75% of the votes present at the Annual Stockholders’ Meeting on May 9, 2023 and thus held a majority of the meeting. The chairman of the Supervisory Board Frank Fischer is also the chairman of the Management Board of Shareholder Value Management AG, member of the Management Board of Shareholder Value Beteiligungen AG and managing partner of Value Focus Beteiligungs GmbH. While Mr. Fischer is independent of the company, he is not independent of the controlling shareholder. Mr. Fischer is therefore not independent according to Recommendation C.6 of the German Corporate Governance Code (in the version of April 28, 2022). The Management Board of INTERSHOP Communications Aktiengesellschaft therefore assumes that there is currently a dependency relationship with these Shareholder Value Companies, but not with any of the other share pool members whose voting behavior based on information provided by the Shareholder Value Companies and the publication of the exemption notification by the Federal Financial Supervisory Authority dated September 29, 2021, takes into account contributions by the other share pool members, but who, at the same time, are obligated to exercise their voting rights as coordinated between the Shareholder Value Companies. The dependency report contains the following final statement: “With respect to the legal transactions outlined in the report on relationships with affiliated companies, INTERSHOP Communications Aktiengesellschaft received commensurate consideration for each legal transaction based on the circumstances that were known to us at the time the legal transactions or measures were undertaken, and has not been disadvantaged by the taking or omission of measures.”

Report on Expected Developments

Environment

The IMF assumes that the growth momentum of the global economy will also be severely dampened in 2024. Experts estimate that inflation will decline compared to the multi-year high of the past year but will still remain at a high level. A global inflation rate of 5.8% is expected in 2024 after 6.9% in the prior year. It is also assumed that the majority of important economic regions will not come close to the targets for inflation issued by the central banks before 2026. Furthermore, the uncertainty surrounding the future geoeconomic situation leads to a general reluctance to make investments. In the industrial countries, the IMF expects the gross domestic product to grow by 1.5%, and in emerging and developing countries an increase in the economic performance of 4.1% in 2024. Growth of 2.1% is forecast for the US economy. The gross domestic product in the Eurozone is expected to grow by 0.9% and for Germany the experts again estimate a slight increase in economic performance of 0.5%.

The global B2B commerce market will continue to experience dynamic growth in future. The analysts of the market research company AgileIntel Research forecast an average annual growth rate of almost 14.5% by 2026. According to estimates by the analyst company Gartner, global IT expenses are expected to rise in 2024 to just below EUR 5.0 trillion, an increase of 6.8%. Analyst company eMarketer expects global eCommerce revenues of approximately USD 6.3 trillion in 2024. This equates to growth of 9.4% and a share in global retail sales of 20.3%. For Western Europe, revenues of USD 0.6 trillion are forecast in this segment for 2024, which would correspond to an increase of 6.1% compared to the prior year. In the USA, eMarketer expects eCommerce revenues to increase to USD 1.3 trillion in 2024. This corresponds to growth of 10.5% compared to the prior year.

Company outlook

The orientation on the global B2B commerce market changed in the last year due to the overall economic slowdown. Instead of “growth at any price”, the industry is currently focusing on “solid, profitable economies”. Despite this, the sector will generally remain on a growth path and the Intershop platform will take a technologically leading role there, which is repeatedly confirmed by external analyses. The most important technological trend of the next evolutionary phase is artificial intelligence that will result in a long-term change to the software landscape and many customer industries. Last year, Intershop developed the first prototype of a co-pilot and will use this as a basis to continue expanding its AI offering. The subsidiary Sparque B.V. acquired in 2022 enhances the topic of personalized website searches and product recommendations using AI on the Intershop platform and forms the basis for additional AI applications. The aim continues to be developing the Intershop commerce solution into an autonomous portal in the medium term, in which the online shops often run autonomously using primarily AI-based processes depending on the level of digital maturity of the customers.

Intershop intends to once again significantly increase its cloud and subscription sales with a further slight increase in the cloud margin for the 2024 fiscal year. However, in the maintenance and licenses segments, a slight decline in revenues is expected as a result of the changed business model in the past year. In the service segment, Intershop expects a sideways trend in revenues for 2024 after they recovered in the past year. Group growth is expected to be generated from all three target regions, with Europe once again recording the greatest increase, while moderate growth is expected in the USA and the Asia/Pacific region. In the 2024 fiscal year, Intershop will also continue to intensify the multi-year Value Creation Program introduced in 2023, particularly in terms of strict cost management.

Statement on business developments for 2024

Based on the assumptions regarding the respective business segments, Intershop expects a slight increase in incoming cloud orders as well as in net new ARR for the 2024 fiscal year compared to the prior year. In addition, moderate growth in revenues and a balanced operating result (EBIT) is projected.

Jena, March 6, 2024

The Management Board of INTERSHOP Communications Aktiengesellschaft

Markus Klahn Petra Stappenbeck Markus Dränert

Consolidated Financial Statements

Consolidated Balance Sheet

in EUR thousand	Note No.	December 31, 2023	December 31, 2022
ASSETS			
Noncurrent assets			
Intangible assets	(1)	13,464	14,385
Property, plant and equipment	(2)	449	531
Rights of use IFRS 16	(3)	8,363	9,287
Other noncurrent assets	(5)	506	401
Restricted cash	(6)	246	249
Deferred tax assets	(22)	121	109
		23,149	**24,962**
Current assets			
Trade receivables	(4)	3,884	4,901
Other receivables and other assets	(5)	954	919
Cash and cash equivalents	(6)	10,047	10,471
		14,885	**16,291**
TOTAL ASSETS		**38,034**	**41,253**
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Shareholders´ equity			
Subscribed capital	(7)	14,582	14,194
Capital reserve	(7.1)	3,030	2,575
Other reserves	(7.2)	(6,244)	(2,915)
		11,368	**13,854**
Noncurrent liabilities			
Warrant Bond	(8)	2,242	3,081
Liabilities to banks	(10)	1,119	1,617
Leasing liabilities IFRS 16	(3)	7,119	8,067
Other noncurrent liabilities	(12)	2,050	2,168
		12,530	**14,933**
Current liabilities			
Other current provisions	(13)	348	368
Liabilities to banks	(10)	497	497
Trade accounts payable	(9)	1,960	1,676
Contract liabilities	(11)	6,872	4,971
Income tax liabilities	(22)	37	60
Leasing liabilities IFRS 16	(3)	1,524	1,428
Other current liabilities	(12)	2,898	3,466
		14,136	**12,466**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES		**38,034**	**41,253**

Consolidated Statement of Comprehensive Income

in EUR thousand	Note No.	January 1 to December 31, 2023	2022
Revenues	(14)		
Software and Cloud Revenues		24,382	23,720
Service Revenues		13,605	13,083
		37,987	**36,803**
Cost of revenues	(15)		
Cost of revenues - Software and Cloud		(11,020)	(9,635)
Cost of revenues - Services		(11,163)	(11,455)
		(22,183)	**(21,090)**
Gross profit		**15,804**	**15,713**
Operating expenses, operating income			
Research and development	(16)	(6,933)	(6,853)
Sales and marketing	(17)	(8,392)	(8,124)
General and administrative	(18)	(3,240)	(3,346)
Other operating income	(19)	493	600
Other operating expenses	(20)	(266)	(859)
		(18,338)	**(18,582)**
Result from operating activities		**(2,534)**	**(2,869)**
Interest income	(21)	55	4
Interest expense	(21)	(532)	(525)
Financial result		**(477)**	**(521)**
Earnings before tax		**(3,011)**	**(3,390)**
Income taxes	(22)	(71)	(167)
Earnings after tax		**(3,082)**	**(3,557)**
Other comprehensive income			
Exchange differences on translating foreign operations		(417)	3
Reclassifed to profit or loss		170	0
Other comprehensive income from exchange differences		**(247)**	**3**
Total comprehensive income		**(3,329)**	**(3,554)**
Earnings per share (EUR, basic, diluted)	(23)	(0.21)	(0.25)

Consolidated Statement of Cash Flows

in EUR thousand	Note No.	January 1 to December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Earnings before tax		(3,011)	(3,390)
Adjustments to reconcile net profit/loss to cash used in operating activities			
Financial result		477	521
Depreciation and amortization		3,404	3,288
Other noncash expenses and income		182	647
Changes in operating assets and liabilities			
Accounts receivable		859	(442)
Other assets		(130)	(344)
Liabilities and provisions		(351)	(127)
Contract liabilities		1,929	1,263
Net cash provided by (used in) operating activities before income tax and interest		**3,359**	**1,416**
Interest received	(21)	54	4
Interest paid	(21)	(342)	(124)
Income taxes paid		(120)	(137)
Net cash provided by (used in) operating activities		**2,951**	**1,159**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments in intangible assets	(1)	(690)	(2,520)
Proceeds on disposal of equipment		0	2
Purchases of property and equipment	(2)	(149)	(148)
Disbursement as part of a company acquisition		(300)	(741)
Net cash provided by (used in) investing activities		**(1,139)**	**(3,407)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Partial repayment of a warrant bond	(8)	(850)	0
Cash received from loan		0	2,487
Repayments of loans	(10)	(497)	(373)
Payments from issuance of common stock		850	0
Payments for leasing liabilities	(3)	(1,490)	(1,631)
Net cash provided by (used in) financing activities		**(1,987)**	**483**
Effect of change in exchange rates on cash		(249)	27
Net change in cash and cash equivalents		**(424)**	**(1,738)**
Cash and cash equivalents, beginning of period	(6)	10,471	12,209
Cash and cash equivalents, end of period		**10,047**	**10,471**

Consolidated Statement of Shareholders' Equity

				Other reserves			
in EUR thousand	**Common shares** (Number shares)	**Subscribed capital**	**Capital reserve**	**Conversion reserve**	**Cumulative profit/loss**	**Cumulative currency differences**	**Total shareholders´ equity**
Balance January 1, 2023	**14,194,164**	**14,194**	**2,575**	**(93)**	**(4,944)**	**2,122**	**13,854**
Total comprehensive income					(3,082)	(247)	(3,329)
Issue of new shares	388,127	388	455				843
Balance December 31, 2023	**14,582,291**	**14,582**	**3,030**	**(93)**	**(8,026)**	**1,875**	**11,368**
Balance January 1, 2022	**14,194,164**	**14,194**	**2,575**	**(93)**	**(1,387)**	**2,119**	**17,408**
Total comprehensive income					(3,557)	3	(3,554)
Balance December 31, 2022	**14,194,164**	**14,194**	**2,575**	**(93)**	**(4,944)**	**2,122**	**13,854**

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

General Disclosures

The Company

INTERSHOP Communications Aktiengesellschaft ("Intershop", the "Company", the "Intershop Group" or the "Group") is an Aktiengesellschaft (German stock corporation) under German law based in Jena, Germany. The business adress is Steinweg 10, 07743 Jena, Germany. The Company is listed on the German stock exchange in Frankfurt and is included in the Prime Standard. INTERSHOP Communications Aktiengesellschaft (AG) is entered in the commercial register of the Jena Local Court under number HRB 209419.

Intershop is a leading provider of B2B eCommerce solutions. The Company supports globally leading manufacturers and wholesalers in the innovative digitization of their sales. Using the eCommerce platform based on Intershop's cloud, B2B companies can establish and expand their digital presence, create a consistently positive customer experience, and thus sustainably increase online sales.

The Company has prepared its consolidated financial statements assuming the Company's continued operations. As of December 31, 2023, the Company had cash and cash equivalents of EUR 10.0 million (December 31, 2022: EUR 10.5 million). The equity ratio as of the balance sheet date was 30% (previous year: 34%). The Company's financial liabilities to banks totaled EUR 1.6 million (2022: EUR 2.1 million) due to issuing of an option bond of EUR 2.2 million (2022: EUR 3.1 million) at the balance sheet date. We refer to the statements in the Group Management Report.

Accounting principles (compliance statement)

In fiscal year 2023, INTERSHOP Communications AG prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), in accordance with the provisions of the German Stock Corporation Act (AktG) and in accordance with the provisions required to be applied under section 315e (1) of the Handelsgesetzbuch (HGB – German Commercial Code).

The consolidated financial statements of the Company for 2023 (January 1, 2023 to December 31, 2023) were prepared in accordance with the International Financial Reporting Standards (IFRSs) valid at the balance sheet date, which include standards (IFRS, IAS) adopted by IASB, and the Interpretations (IFRIC, SIC) issued by the International Financial Reporting Interpretations Committee (IFRIC IC), as adopted by the EU.

The 2023 fiscal year was the first year in which the adoption of the following financial reporting standards and interpretations became mandatory:

- Amendments to IFRS 17: Insurance contracts
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies
- Amendments to IAS 8: Definition of estimates
- Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction

The amended standards have no material impact on the Company's consolidated financial statements.

The International Accounting Standards Board (IASB) has also issued the following Standards, Interpretations, and amendments to existing Standards whose application is not yet mandatory, or which the European Union has not fully adopted in European law. The Company has decided not to adopt these Standards prior to their effective date:

IFRS	Change	Amendment for fiscal year as of
IFRS 16	Amendments to IFRS 16: Lease liability in a sale and leaseback	01/01/2024
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-current	01/01/2024
IAS 7 / IFRS 7	Amendments to IAS 7 and IFRS 7: Reverse factoring arrangements	01/01/2024

The Company currently assumes that the amended standards will have no material impact on the Company's consolidated financial statements.

Financial reporting for fiscal year 2023 has been prepared in accordance with the Standards and Interpretations required to be applied and gives a true and fair view of the net assets, financial position, and results of operations of the Intershop Group.

Assets and liabilities are generally measured at cumulative historical cost or the lower market value as required.

The 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.

The fiscal year of INTERSHOP Communications AG and its consolidated subsidiaries is the calendar year. The income statement has been prepared using the cost of sales method. The balance sheet is organized in accordance with the maturity of the assets and debt. Assets and debt are considered current if they are due, or are supposed to be sold, within one year.

On March 6, 2024, the Management Board of INTERSHOP Communications AG authorized the submission of these IFRS consolidated financial statements to the Supervisory Board. The Supervisory Board is responsible for audited the consolidated financial statements and declaring whether it approves them.

Estimates and discretionary decisions

Preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Estimates are based on past experience and other knowledge of transactions to be accounted for. Actual results may differ from these estimates. As a result, estimates and the assumptions on which they are based are regularly reviewed and assessed for their potential effects on the Company's financial reporting. Provisions are recognized and measured on the basis of financial estimates and data, as well as on the basis of historical data and circumstances known at the balance sheet date. It must be probable that the obligation to a third party will have to be settled. The actual obligation may differ from the amounts of the provisions. A corresponding adjustment in the carrying amounts of assets and liabilities would occur within the next fiscal year. In particular, estimates are required to recognize and measure provisions for legal costs and litigation risks, impending losses from projects, guarantee provisions, and provisions for income taxes, as well as to assess the need for and measurement of impairment losses and valuation allowances. In fiscal year 2023, other provisions amounted to a total of EUR 348 thousand (2022: EUR 368 thousand). The corresponding expense entries were recognized in the Consolidated Statement of Comprehensive Income under general administration costs and cost of revenues. Goodwill is tested for impairment using the test described in the section entitled "Impairment of assets." No impairments were necessary in fiscal years 2022 and 2023. Please refer to the chapter entitled "Accounting policies" for information on estimating revenues. An estimate for the degree of completion of contracts for fixed-price projects is required when determining revenues for services. Other sources of estimation uncertainty include the useful life of the fixed assets, when assessing the value of trade receivables, when determining contingent considerations as well as when recognizing leases in accordance with IFRS 16.

The application of Group accounting policies is also subject to various discretionary decisions by Company management. Significant discretionary decisions were made with respect to the reporting procedures used for leasing relationships and the impairment of financial assets.

Basis of consolidation

As of December 31, 2023, the companies included in consolidation consisted of, apart from the parent company, the subsidiaries Intershop Communications, Inc., Intershop Communications Australia Pty Ltd., Intershop Communications SARL, Sparque B.V., The Bakery GmbH and Intershop Communications Ventures GmbH. The following list shows the subsidiaries of Intershop Communications AG and the Company's respective interest as of December 31, 2023:

	Interest in %	**Equity*** in EUR thousand	**Annual result**** in EUR thousand
Intershop Communications, Inc., San Francisco, USA	100	104	303
Intershop Communications Australia Pty Ltd, Melbourne, Australia	100	1,708	110
Intershop Communications SARL, Paris, France	100	556	6
The Bakery GmbH, Jena, Germany	100	(4,235)	(50)
Intershop Communications Ventures GmbH, Jena, Germany	100	(1,454)	(18)
Sparque B.V., Utrecht, Netherlands	75	(190)	(198)

* Equity as of December 31, 2023 is translated at the exchange rate as of the reporting date
** Net income/loss for fiscal year 2023 is translated at the average annual rate

Sparque B.V. acquisition

On March 16, 2022, Intershop acquired 80% of the shares in Sparque B.V., a Dutch solutions provider of search and recommendation marketing based on artificial intelligence (AI). A purchase option was agreed upon for the remaining 20% of the shares. For Intershop, the acquisition means an addition of modern AI technology to its own e-commerce platform.

The details regarding the purchase price payment for the acquired net assets and the goodwill are as follows:

in EUR thousand	
Cash compensation	787
Contingent consideration	2,313
Total purchase price	**3,100**

Intershop has a call option and the sellers a current put option for the acquisition of the remaining 20% of the shares after five years. The price of exercising the option depends on the amount of the ARR (Annual Recurring Revenue) at the end of 2026, with a minimum exercise price applying. No non-controlling interests were recognized for the minority shareholders due to the mirrored call/put option. The fair value of the contingent consideration in the amount EUR 2,313 thousand was estimated based on the present value of the redemption amount.

The recorded amounts of assets and liabilities included in the balance sheet as at the acquisition date are summarized below:

In EUR thousand	
Trade receivables	16
Other receivables and other assets	13
Cash and cash equivalents	46
Trade accounts payable	(2)
Other current liabilities	(33)
Identifiable net assets acquired	**40**
Plus goodwill	3,060
Transferred consideration	**3,100**

The goodwill results from the employees' know-how and the anticipated synergies from the integration into the Group's existing cloud business.

Furthermore, in the course of the transaction, Intershop sold 5% of the shares to bind external service providers. Intershop has a recall option and the buyers a current put option for the reacquisition of the remaining 5% of shares after five years. The price of exercising the option depends on the amount of the ARR (Annual Recurring Revenue) at the end of 2026. The resulting liability will be estimated and recognized accordingly on each reporting date. As at December 31, 2023, the liability amounted to EUR 190 thousand (December 31, 2022: EUR 88 thousand). No non-controlling interests were recognized for the minority shareholders due to the mirrored call/put option.

Consolidation methods

The consolidated financial statements comprise the financial statements of INTERSHOP Communications AG as the parent and those of all entities that it controls (German and foreign subsidiaries) that form the largest and, at the same time, the smallest group of companies for which consolidated financial statements must be prepared. INTERSHOP Communications AG controls the consolidated subsidiaries by holding the majority of the voting rights. Due to its control, INTERSHOP Communications AG has influence on the amount of the subsidiaries' yields and is subject to fluctuating yields from its investment. A company is included in the consolidated financial statements from the date on which control passes to the Intershop Group. Deconsolidation usually occurs on the date control passes to a third party or on the date the subsidiary is liquidated.

Subsidiaries:
Acquisition accounting for companies acquired from third parties is performed as of the date of acquisition using the purchase method of accounting. Under this method, the assets acquired and liabilities assumed are measured at their acquisition-date fair value. Any remaining positive difference between acquisition price and fair value is capitalized as goodwill. Any negative difference is immediately

recognized as an expense. Transaction costs are recognized as expense. In subsequent periods, hidden reserves and liabilities realized at the time of initial consolidation are carried, written down or reversed in accordance to the treatment of the corresponding assets and liabilities. Goodwill will be reviewed for impairment at least once a year during subsequent reporting periods and, in case of impairment, an unscheduled write-down to the lower fair value is made. Expense and revenues as well as receivables and liabilities between consolidated companies are eliminated.

Foreign currency translation

Monetary items denominated in foreign currency in the local-currency single-entity financial statements of the consolidated companies are measured at the closing rate. Translation differences are recognized in income.

The functional currency for it's the subsidiaries is the local currency of the country in which the subsidiary is based. The Company's functional currency is the euro. The financial statements of subsidiaries outside the euro zone are translated using the modified closing rate method. Since from a financial, economic, and organizational perspective, the subsidiaries conduct their business independently, the functional currency is always the same as the Company's local currency. Assets and liabilities are translated using the closing rate at the balance sheet date; income and expenses are translated at the average exchange rate for the year. The difference resulting from currency translation is taken directly to equity and reported separately in equity under other reserves (cumulative currency translation differences). Currency translation differences are reversed to income when a subsidiary is deconsolidated.

Transactions in foreign currencies are translated at the exchange rate prevailing at the date of each transaction. Nonmonetary items denominated in foreign currency are measured at historical exchange rates. Differences in exchange rates between the date of a transaction denominated in a foreign currency and the date at which it is either settled or translated are recognized in the statement of comprehensive income and are shown in "other operating income" or "other operating expenses." Currency gains and losses were EUR 105 thousands (2022: EUR 25 thousands).

The following table shows the significant exchange rates used for foreign currency translation:

Country	**Currency**	**Closing rate**		**Average rate for the year**	
	1 EUR =	**Dec. 31, 2023**	**Dec. 31, 2022**	**2023**	**2022**
United States	USD	1.11	1.07	1.08	1.05
Australia	AUD	1.63	1.57	1.63	1.52

Accounting Policies

The accounting policies are applied uniformly throughout the Intershop Group and to all periods reported in the consolidated financial statements.

Intangible assets

Purchased Software and other intangible assets

Purchased intangible assets, such as software and patentsare capitalized at cost. Intangible assets with finite useful lives are measured at cost less accumulated amortization, taking into account accumulated impairment losses and reversals of impairment losses, and are written down using the straight-line method. Their useful lives are generally between 2 and 6 years.

Intangible assets with an indefinite useful life are measured at cost less accumulated impairment losses and tested for impairment both annually and when there are indications of impairment. Please refer to the section entitled “Impairment of assets”.

Software development costs

Development costs for newly developed (software) products are capitalized at cost in accordance with IAS 38 if the following criteria are met: the technical feasibility, the intention for complete, own use or for sale, a guarantee of the marketability of the newly developed products, the future benefits, the availability of sufficient technology, finances and other resources, as well as a clear allocation of expenses. Capitalization of software development costs generally begins when the technological feasibility of the product is established; which the Company defines with the compilation of the software functionalities considered as marketable to so-called PSIs (Potential Shippable Increment) and the definition of the EPICs (Features). Capitalized software development costs include direct staff costs for employees, ancillary staff costs, directly attributable payments for third-party services, and an appropriate percentage of reasonably identifiable overhead costs. The relevant amount is amortized using the unit of production method over the planned useful life of three or six years beginning from the time when the software release concerned is made available to customers. The capitalized costs are subject to the impairment test. Research costs may not be capitalized in accordance with IAS 38 and are therefore recognized directly as an expense in the income statement.

Goodwill

In accordance with IFRS 3, goodwill resulting from consolidation is the excess of the cost of a business combination over the Group’s interest in the fair value of the identifiable assets and liabilities and contingent liabilities of a subsidiary, associate, or joint venture at the date of acquisition. Goodwill is recognized as an asset and tested for impairment at least once a year in accordance with IAS 36. Goodwill is tested for impairment on the basis of cash-generating units. For this purpose, goodwill is allocated to cash-generating units generating benefits from the corresponding synergies. An impairment loss is recognized if the recoverable amount of the cash-generating unit, which is the higher of fair value less costs to sell and value in use, is lower than its carrying amount (for further details, see the section entitled “Impairment of assets”). Impairment losses are immediately recognized in the income statement and not reversed in subsequent periods.

Property, plant, and equipment

Property, plant, and equipment is measured at historical cost less accumulated depreciation, taking into account accumulated impairment losses and reversals of impairment losses. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Depreciation is based primarily on the following useful lives:

Computer equipment	3 years
Office and operating equipment	4-6 years

When items of property, plant, and equipment are decommissioned, sold, or abandoned, the gain or loss from the difference between the sale proceeds and the carrying amount is reported in “other operating income” or “other operating expenses”.

Impairment of assets

For property, plant, and equipment and intangible assets with finite lives an estimate is made at each balance sheet date to establish whether there are any indications that the assets in question may be impaired in accordance with IAS 36, Impairment of Assets.

If such indications exist, the recoverable amount of the asset is determined so that the impairment loss can be calculated. The recoverable amount is the higher of fair value less costs to sell and value in use. The fair value less costs to sell is defined as the amount that could be generated by the sale of an asset in an arm’s length transaction between willing parties. The value in use is determined on the basis of discounted future cash flows using a market rate of interest that reflects the risks of the asset that are not yet included in the estimated future cash flows. If the recoverable amount of an asset is lower than its carrying amount, the asset must be written down to its recoverable amount, applying the value in use. Impairment losses are recognized immediately in profit or loss. No extraordinary write-downs were applied in years 2022 and 2023. In the case of reversals of impairment losses in a subsequent period, the carrying amount of the asset is adjusted to reflect the identified recoverable amount; however, the value of the asset may only be increased to the carrying amount that would have arisen if no impairment loss had previously been charged. Reversals of impairment losses must be recognized immediately in profit or loss. No such reversals were performed in 2022 and 2023. An annual impairment test is performed for goodwill and not yet amortized software development costs.

The goodwill impairment test is to be performed on cash generating units. The goodwill impairment test is to be performed on the cash generating unit to which goodwill is allocated. Goodwill comprises the intellectual property incorporated in the software obtained from previous acquisitions as well as the expertise of the employees and the expected synergies from integrating the acquired Sparque B.V. into the existing cloud business of the Group (net carrying amount at December 31, 2023: EUR 7,533 thousand; December 31, 2022: EUR 7,533 thousand). For the goodwill the relevant cash-generating unit (CGU) is the Europe segment. In a first step, the carrying amount of the cash-generating unit is compared with the recoverable amount of the CGU at the balance sheet date. The recoverable amount in this context is defined as the maximum of the value in use and the stock price or the fair market value less selling costs, respectively Secondly, the impairment write-down required is determined, but only if the value in use or market value is less than the carrying amount. To determine the value in use of the cash-generating unit, the net cash flows for the period from 2024 to 2027 and a “perpetual annuity” (without growth rate) for the period after and including 2028 were identified. The calculations are based on the corporate planning for the period from 2024 to 2027 approved by Intershop’s management. The planning reflects the company strategy with the further consistent expansion of the cloud business and a focus on the B2B market thanks to strongly increasing cloud revenues. License and maintenance revenues, in contrast, are decreasing over time. The share of cloud revenue in the overall revenue increases every year, while the share of license and maintenance revenue is decreasing and the share of service revenue remains more or less constant over the planning period. An annual growth rate is expected for the total revenue over the planning period. The Group assumes an increasing gross margin in the planning period. The cloud margin grows over the period. The company expects positive, annually increasing EBIT margins. The increase in revenues and the improved margin will result in an increased inflow of cash of the CGU during the planning period. When determining the value in use, present values were calculated on the basis of a discount rate after tax of 11.46% (WACC) (WACC before tax: 16.68%) (2022: 11.54% WACC; 16.80% WACC before tax). No impairment losses on goodwill were reported in 2022 and 2023; impairment losses on goodwill are not reversed (no appreciation). An increase in the discount rate by five percentage points or a reduction in cash flows by up to 60% compared to the budget would not have any effect on the result of the test.

Leases

According to IFRS 16, the lessee must recognize assets (for the right of use) and the corresponding lease obligation in lease agreements. Assets and liabilities arising from leases are initially measured at present value. Lease payments are discounted at the rate implicit in the lease if such rate can be readily determined. Otherwise, the lessee shall use their incremental borrowing rate. Intershop is the lessee in leases of rented office space, vehicles, as well as office equipment and supplies. The Company applies the exemption rule to short-term leases with a term that does not exceed 12 months and to low-value leases; the Company expenses such items over the term of the item using the straight-line method.

Financial instruments

Financial assets and financial liabilities, which include trade receivables and liabilities, cash and cash equivalents and restricted cash, are recognized in the balance sheet at the date when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are classified and measured based on the business model operated and the structure of the cash flows. A financial asset is initially measured as “at amortized cost,” “at fair value through other comprehensive income,” or “at fair value through profit or loss.” Financial liabilities valued at amortized cost consist of the option bonds, liabilities to banks as interest-bearing bank loans, trade payables, leasing liabilities as well other current and non-current liabilities. At the balance sheet date, Intershop had no financial instruments measured “at fair value through other comprehensive income” or “at fair value through profit or loss” according to IFRS 9. Intershop derecognizes financial assets if the payment has been received or if the receivable cannot be collected. Financial liabilities are derecognized if the contractual obligations have been met, rescinded or expired.

Trade receivables, other receivables and other assets

Trade receivables are reported at fair value, which usually corresponds to cost, at the date of recognition. They are subsequently measured at amortized cost net of any valuation allowances. Receivables from the sale of software licenses are recognized only when a contract has been signed with the customer, the software has been made available according to the contract, and it is more probable than not that the receivable will be collected. The trade receivables also include revenue from contracts as set forth in IFRS 15 resulting from fixed-price projects.

Trade receivables are recognized at their principal amount, which equals fair value at the time of collection. Receivables with longer maturities (> 1 year) are discounted using market interest rates.

Other receivables and other assets are recognized at amortized cost. All identifiable risks of default are taken into account by deducting appropriate allowances.

The Company makes judgments as to its ability to collect outstanding receivables and recognizes allowances for the portion of receivables where collection becomes doubtful. Allowances are recognized based on a specific review of all significant outstanding invoices. For those invoices not specifically reviewed, allowances are recognized at differing rates, based on the age of the receivable. When setting the expected loss given default, Intershop takes into account historical default rates as well as forward-looking parameters based on industry-specific default rates. Other individualized valuation information is also consulted for individual items. If the historical data the Company uses to calculate the allowances recognized for doubtful accounts does not reflect the future ability to collect outstanding receivables, additional allowances for doubtful accounts may be needed and the future results of operations could be materially affected.

Contract initiation costs

Contract initiation costs (sales commissions) are capitalized according to IFRS 15, provided they are directly attributable to the conclusion of a contract with a customer. This is recognized in the balance sheet under other assets. Contract initiation costs are amortized as scheduled over the term of the underlying contracts. The scheduled duration of amortization is three to eight years. The amortization of contract initiation costs is reported under sales and marketing expenses.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, checks, and unrestricted deposits with banks that have an original maturity of up to 90 days and are recognized at nominal value. Restricted cash is reported separately (see the section entitled "Cash and cash equivalents").

Other provisions and contingent liabilities

According to IAS 37, provisions are recognized for obligations to third parties if they have arisen from a past event, an outflow of resources is probable, and the amount can be reliably estimated. Provisions that do not lead to an outflow of resources in the subsequent year are recognized at the settlement value, discounted to the balance sheet date using market interest rates. The settlement value includes expected cost increases. Rights of recourse are not deducted from provisions.

Contingent liabilities are firstly possible obligations whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity. Secondly, they are existing obligations where it is not probable that they will lead to an outflow of resources, or the outflow cannot be reliably quantified. According to IAS 37, contingent liabilities are not recognized in the balance sheet.

Trade accounts payable

Trade accounts payable are initially and subsequently measured at their amortized cost. Trade accounts payable are classified into current and noncurrent trade accounts payable. Trade accounts payable within one year are current liabilities, and trade accounts payable after one year are noncurrent liabilities.

Liabilities to banks

When they are first recognized, liabilities to banks are entered at the fair value less transaction costs. They are subsequently measured at amortized cost using the effective interest method.

Warrant bonds

Warrant bonds give the holder the right to acquire equity interests in the Company at an option price set upon issuing the warrant bond at certain exercise dates. Warrant bonds are considered compound financial instruments that are comprised of a liability and an equity component. At initial recognition, the liability component is measured at fair value. Fair value is determined using a market interest rate for an equivalent non-convertible bond. The value resulting from the difference between the fair value of the entire financial instrument and the fair value of the liability component is stated as the equity component at initial recognition. Directly attributable transaction costs are allocated at the ratio of the carrying amounts of the liability and equity components at the time they are first recognized. In the subsequent periods, the liability component is recognized at amortized cost using the effective interest method. The equity component is continued at the initially recognized value.

Revenues

Intershop's revenues include revenues generated from the sale of software licenses and the corresponding maintenance services, as well as revenues from providing cloud services and rendering consulting services. Intershop records sales revenues at the date at which the obligation to perform has been fulfilled. This requires a valid agreement including identifiable service obligations and agreed-upon payment terms, as well as the likelihood that the agreed-upon consideration will be obtained. The revenues correspond to the transaction price to which Intershop is entitled as per the terms and conditions of the respective agreement. Revenues from variable components are only recorded if it is highly likely that they will not be reversed in the future. There are no significant uncertainties with regard to the revenues. For each performance obligation, revenues are realized either at a certain time or over a certain period of time. If contractual relationships with customers contain several performance obligations, the transaction price is allocated to the individual performance obligations based on their relative individual selling prices. The relative individual selling prices usually correspond to the contractually agreed prices.

Intershop generally does not offer product sales with a right of return. Therefore, the contractual obligations are mainly prepayments received on orders from service contracts as well as deferred revenues due to time-based revenue recognition (for example income from maintenance or cloud and subscription contracts).

Licenses and Maintenance Revenues

Revenues from licenses are recorded at the date at which the software is handed over to the customer and thus the customer has access to the software. The customer is granted a right of use in the software not limited in time. Fees for the software licenses are typically billed after the contract is executed and the software is handed over. On a case-by-case basis, payment plans are agreed upon with customers. As these do not usually exceed 12 months, no significant financing components are considered in the transaction price. In the license revenues, one-off payments from cancellation agreements with the customer are reported in individual cases, the revenue of which is recognized based on the time the one-off payment was received.

When selling software licenses, maintenance contracts are usually entered into for a period of at least one year. Revenues from maintenance are recognized ratably over the period in which the services are provided. The purchase price stipulated in the respective agreement is allocated to the individual service obligations based on their individual selling price. In general, invoices are issued on an annual basis. There are no significant financing components. The prepayments are disclosed in contract liabilities. In principle, there is no obligation to accept returns and grant refunds or any warranties from maintenance agreements.

Cloud and Subscription Revenues

Intershop offers its customers its e-commerce platform as a comprehensive and efficient standard cloud solution or the e-commerce solution for operating the Intershop software in a cloud environment. These revenues include the following services: (1) contractually agreed-upon use of the e-commerce platform limited in time with hosting in a dedicated Azure Cloud environment that is operated, maintained and secured by Intershop or (2) contractually agreed-upon use of the Intershop license limited in time with or without hosting in a dedicated cloud environment.

Intershop agrees on a regular, fixed fee for these services with its customers for a certain period of time, which is usually invoiced each month or annually in advance. The prepayments are disclosed in contract liabilities. Revenues are recognized on a prorated basis over the period of use and result in regularly recurring revenue. Transaction-based and revenue-based fees as well as set-up services are also generally agreed upon; the revenues are recognized when they are recorded (date-based). The purchase price stipulated in the respective agreement is allocated to the individual service obligations based on their individual selling price.

Service Revenues

Intershop offers its customers various services in the course of implementation of the Intershop software. Daily rates and the schedule for these project services are contractually agreed with the customer. Intershop records the revenues from the rendering of the services over the period in which the services are rendered. As a rule, invoicing is done after performance with a payment target of 30 days. Revenues and expenses from fixed-price agreements are recognized based on the percentage of completion. The determination of the amount of revenues to be recognized is partly based upon the use of estimates. The Company estimates the percentage of completion on contracts with fixed or "not to exceed" fees on a monthly basis, utilizing hours incurred to date as a percentage of total estimated hours to complete the project. If Intershop does not have a sufficient basis to measure progress towards completion, revenue is recognized when the Company receives final acceptance from the customer. When total cost estimates exceed the contractually agreed upon revenues, Intershop sets aside valuation reserves for the estimated losses, using cost estimates that are based upon an average burdened daily rate and all expenses applicable to the organization delivering the services. The complexity of the estimation process and issues related to the assumptions, risks, and uncertainties inherent in the application of the percentage-of-completion method of accounting affect the amounts of revenues and related expenses reported in the Company's consolidated financial statements. A number of internal and external factors can affect Intershop's estimates, including costs for employees, utilization and efficiency variances, and specification and testing requirement changes. Since the calculations are based on verifiably worked hours, the methods are suitable for providing a faithful picture of the supply of services.

Cost of revenues

The cost of revenues includes the costs incurred in generating revenues. They include in particular all costs for maintenance, cloud and services. The cost of revenues for licenses also includes the amortization of capitalized software development costs.

Government grants

Government grants are recognized according to IAS 20 only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. IAS 20 provides in principle for grants to be recognized as income over the periods in which the related costs are recognized. When all conditions are met, the Company states non-repayable income subsidies as "other operating income."

Cost of debt

Interest expenses are recognized in the period in which they arise.

Income taxes

In accordance with IAS 12, deferred taxes are recognized for all temporary differences between the carrying amount of assets and liabilities in the IFRS balance sheet and their tax base at the balance sheet date using the balance sheet liability method. Deferred tax assets are recognized for all deductible temporary differences, unused tax loss carryforwards, and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the unused tax loss carryforwards and tax credits can be utilized. Deferred taxes are measured at the tax rates that have been enacted or substantively enacted for the period in which an asset is realized or a liability settled. The effect of changes in the tax rate on deferred taxes is recognized as of the effective date of the legal changes.

Operating segments

The segments have been presented in accordance with IFRS 8, Operating Segments. The structure and content of segment reporting reflects the internal reports provided to management. An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose results are regularly reviewed by management, and for which financial information is available. An operating segment becomes a reportable segment if it can be identified and exceeds certain quantitative thresholds. Expenses are generally allocated on the basis of the percentage revenue breakdown.

Earnings per share

The basic net profit per share is determined in accordance with IAS 33, Earnings per Share for all periods presented. Basic net loss per share is computed using the weighted average number of outstanding shares of common shares. The diluted net profit per share is computed using the weighted average number of ordinary shares outstanding and, in the case of dilution, the ordinary shares outstanding and the potential number of ordinary shares from options and warrants to purchase such shares using the treasury stock method.

Notes to the Individual Balance Sheet Items

(1) Intangible assets

in EUR thousand	Purchased Software/ other intangible assets	Internally developed software	Goodwill	Total
Costs of purchase				
Balance at January 1, 2022	**1,767**	**24,788**	**24,097**	**50,652**
Additions	1,850	669	0	2,519
Disposals	0	(4,566)	0	(4,566)
Additions to the basis of consolidation	0	0	3,060	3,060
Currency translation differences	0	0	0	0
Balance at December 31, 2022	**3,617**	**20,891**	**27,157**	**51,665**
Additions	93	598	0	691
Disposals	0	0	0	0
Currency translation differences	0	0	0	0
Balance at December 31, 2023	**3,710**	**21,489**	**27,157**	**52,356**
Amortization, write-downs, and impairment losses				
Balance at January 1, 2022	**1,746**	**18,907**	**19,624**	**40,277**
Additions	248	1,321	0	1,569
Disposals	0	(4,566)	0	(4,566)
Currency translation differences	0	0	0	0
Balance at December 31, 2022	**1,994**	**15,662**	**19,624**	**37,280**
Additions	331	1,281	0	1,612
Disposals	0	0	0	0
Currency translation differences	0	0	0	0
Balance at December 31, 2023	**2,325**	**16,943**	**19,624**	**38,892**
Net carrying amount at December 31, 2022	**1,623**	**5,229**	**7,533**	**14,385**
Net carrying amount at December 31, 2023	**1,385**	**4,546**	**7,533**	**13,464**

"Internally developed software" includes capitalized software development costs for continued development of Intershop's software. The software acquired against payment includes the usage rights acquired by Intershop to the AI-based eCommerce technology from the Dutch Spinque B.V. The cost of

EUR 1,800 thousand corresponds to the purchase price paid and is written off over the estimated useful life. In the statement of comprehensive income, the amortization of intangible assets in the amount of EUR 1,582 thousand (2022: EUR 1,549 thousand) is included in the cost of revenues, EUR 1 thousand (2022: EUR 0 thousand) in the research and development expenses, EUR 13 thousand (2022: EUR 9 thousand) in the sales and marketing expenses and EUR 16 thousand (2022: EUR 11 thousand) in the general administration costs. With the exception of goodwill there are no intangible assets with indefinite useful lives.

(2) Property, plant, and equipment

in EUR thousand	Computer equipment	Office and operating equipment	Total
Costs of purchase			
Balance at January 1, 2022	**2,013**	**393**	**2,406**
Additions	139	8	147
Disposals	(92)	(1)	(93)
Currency translation differences	3	0	3
Balance at December 31, 2022	**2,063**	**400**	**2,463**
Additions	119	30	149
Disposals	(125)	(6)	(131)
Currency translation differences	(5)	(1)	(6)
Balance at December 31, 2023	**2,052**	**423**	**2,475**
Depreciation, write-downs, and impairment losses			
Balance at January 1, 2022	**1,504**	**280**	**1,784**
Additions	201	36	237
Disposals	(90)	(1)	(91)
Currency translation differences	2	0	2
Balance at December 31, 2022	**1,617**	**315**	**1,932**
Additions	201	29	230
Disposals	(125)	(6)	(131)
Currency translation differences	(4)	(1)	(5)
Balance at December 31, 2023	**1,689**	**337**	**2,026**
Net carrying amount at December 31, 2022	**446**	**85**	**531**
Net carrying amount at December 31, 2023	**363**	**86**	**449**

In the statement of comprehensive income, the amortization of property in the amount of EUR 72 thousand (2022: EUR 75 thousand) is included in the cost of revenues, EUR 63 thousand (2022: EUR 56 thousand) in the research and development expenses, EUR 28 thousand (2022: EUR 26 thousand) in sales and marketing expenses and EUR 67 thousand (2022: EUR 80 thousand) in the general administrative costs.

(3) Leases

The following items are reported in the balance sheet in connection with leases:

Rights of use IFRS 16

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Office space	7,536	8,061
Office and operating equipment	682	999
Vehicles	145	227
	8,363	**9,287**

Leasing liabilities IFRS 16

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Non-current	7,119	8,067
Current	1,524	1,428
	8,643	**9,495**

The additions on the rights of use during the 2023 fiscal year totaled EUR 657 thousand (2022: EUR 641 thousand).

The following amounts were recorded relating to leases through profit and loss:

in EUR thousand	2023	2022
Depreciation on rights of use	1,562	1,482
Interest expenses from lease liabilities	218	236
Expenses for short-term leases	199	222
Expenses for leases for a low-value asset	9	4
Income from subleasing of rights of use	(34)	(32)
	1,954	**1,912**

Depreciation on rights of use are divided as follows:

in EUR thousand	2023	2022
Office space	1,139	1,080
Office and operating equipment	317	317
Vehicles	106	85
	1,562	**1,482**

The total cash outflows for leases amounted EUR 1,916 thousand in 2023 (2022: EUR 1,857 thousand).

(4) Trade receivables

The trade receivables at the balance sheet date include receivables from rendering services and cloud services as well as the sale of software licenses amounting to EUR 3,884 thousand (Dec. 31, 2022: EUR 4,901 thousand) which fall due within one year (current assets). EUR 65 thousand (Dec. 31, 2022: EUR 295 thousand) of this amount relates to receivables from fixed-price projects (contract assets). Of the trade receivables, total receivables of EUR 3,194 thousand (Dec. 31, 2022: EUR 3,418 thousand) are not yet due. The following table shows the maturity structure of the trade receivables that are not yet due:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Due within 30 days	1,638	1,510
Due within 31 and 60 days	1,524	1,725
Due within 61 days and 1 year	32	183
	3,194	**3,418**

As of December 31, 2023, trade receivables of EUR 690 thousand were past due but were not impaired (December 31, 2022: EUR 1,483 thousand). The following table shows the maturity structure of overdue, non-impaired receivables as well as the expected default risk:

	Not due	Up to 30 days past due	31 to 60 days past due	61 to 90 days past due	Over 90 days past due
December 31, 2023					
expected loss rate (%)	0.19	0.45	0.89	1.57	3.10
trade receivables (EUR thousand)	3,194	438	115	73	64
December 31, 2022					
expected loss rate (%)	0.18	0.43	0.83	1.41	3.10
Trade receivables (EUR thousand)	3,418	391	455	193	444

A value adjustment of EUR 15 thousand was made in accordance with the expected loss ratio with regard to the aforementioned trade receivables, whether due or not due on the balance sheet date. It is generally not expected that customers will fail to fulfil their payment obligations. Overdue, non-impaired receivables as at December 31, 2023 were collected primarily in January and February 2024.

For individual identifiable receivables risks, net impairment losses amounting to EUR 576 thousand (2022: EUR 725 thousand) were recognized in the operating result on December 31, 2023. Impairments changed as follows:

in EUR thousand	2023	2022
Balance at beginning of year	**725**	**194**
Impairment of receivables	128	725
Amounts derecognized due to uncollectibility	(252)	(80)
Amounts received during the fiscal year on receivables written off	(25)	(114)
Balance at end of year	**576**	**725**

(5) Other receivables and other assets

Other non-current assets in the amount of EUR 506 thousand (Dec. 31, 2022: EUR 401 thousand) include contract initiation costs.

Other current receivables and current assets include the following items:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Prepayments	735	617
Contract initiation costs	127	111
Other tax receivables from sales tax and income tax	30	20
Receivables Government grants	0	20
Other	62	151
	954	**919**

The item “other tax receivables from sales tax and income tax” include income tax in the amount of EUR 18 thousand (Dec. 31, 2022: EUR 5 thousand). As of the balance sheet date, the closing balances of the capitalized contract initiation costs amounted to EUR 632 thousand (2022: EUR 512 thousand). The amortization of capitalized contract initiation costs amounted to EUR 136 thousand in 2023 (2022: EUR 47 thousand).

(6) Cash and cash equivalents

Cash and cash equivalents include current cash and cash equivalents (December 31, 2023: EUR 10,047 thousand; December 31, 2022: EUR 10,471 thousand) as well as non-current restricted cash (December 31, 2023: EUR 246 thousand; December 31, 2022: EUR 249 thousand). Cash and cash equivalents include balances at various credit institutions that are available at any time, as well as cash on hand and checks. The non-current restricted cash results from rental deposits for the new office space at the Company's headquarters and for the offices of the Australian subsidiary.

(7) Equity

The development of INTERSHOP Communications AG's equity is shown in the statement of equity.

Subscribed capital

As at December 31, 2023, the subscribed capital amounted to EUR 14,582,291 and is divided into 14,582,291 no-par value bearer shares, all of which have been paid in full. There are no restrictions on the voting rights. As at December 31, 2022, the subscribed capital amounted to EUR 14,194,164. The change is due to a capital increase from conditional capital as follows:

in EUR	2023	2022
Balance at January 1	**14,194,164**	**14,194,164**
Capital increase from conditional capital	388,127	0
Balance at December 31	**14,582,291**	**14,194,164**

Authorized capital

As at December 31, 2023, the Company had authorized capital in the amount of EUR 7,200,000 (December 31, 2022: EUR 1,437,636) for the issuance of 7,200,000 new non-par bearer shares (December 31, 2022: 1,437,636 shares). According to the INTERSHOP Communications AG's Articles of Association, the Management Board is authorized, subject to approval by the Supervisory Board, to increase the capital stock by issuing new common shares as follows:

- Up to a total of EUR 7,200,000 by issuing up to 7,200,000 new bearer shares against cash contributions and/or contributions in kind. 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. At the Annual Stockholders' 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. The new Authorized Capital I with the cancellation of the previous Authorized Capital I and the amendment to the Articles of Association was entered in the commercial register on May 15, 2023.

Conditional capital

As of the balance sheet date, the Company had conditional capital in the amount of EUR 7,290,873 (December 31, 2022: EUR 1,437,000). As of December 31, 2023, the Company's capital stock was increased conditionally by up to EUR 7,290,873 by issuing up to 7,290,873 shares. The conditional capital is composed of the following:

- An amount of EUR 1,048,873 is available as Conditional Capital I (Conditional Capital 2020/I). The conditional capital I 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 at the general 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. On July 24, 2020, the Company announced the issue of a warrant bond in the nominal amount of EUR 3,108,000.00 excluding the subscription right for existing shareholders. The holders of the warrants are entitled to subscribe to a total of 1,419,178 no-par value bearer shares from conditional capital. For more details, we refer to section "(8) Warrant bond." In January 2023, warrants for 388,127 shares were exercised and the conditional capital decreased from EUR 1,437,000 to EUR 1,048,873.
- Conditional Capital II (Conditional Capital 2023/I) of EUR 6,242,000 was created at the Annual Stockholders' Meeting of May 9, 2023. Conditional Capital II 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 Stockholders' 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.

Capital increase in the 2023 fiscal year

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. The share capital of INTERSHOP Communications AG 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. Exercising the warrant provided Intershop with gross issuing proceeds of EUR 850,000 which were used for the repayment of simultaneously terminated bonds in the same amount.

(7.1) Capital reserve

The capital reserve includes expenses from stock options from prior years, amounts in excess of the par value generated from the issue of shares, less the transaction costs for capital increases, as well as an amount allocated from the simplified capital reduction in 2020 and the equity component of the warrant bond issued in 2020. Please see Statement of Change in Equity for details.

(7.2) Other reserves

Other reserves include a conversion reserve, reserves from cumulative gains/losses, and cumulative currency translation differences. The amount from cumulative currency differences may be reclassified to profit or loss later on under certain conditions. The conversion reserve includes the expense from stock options that related to the first-time adoption of IFRSs. The reserve from cumulative currency translation differences shows the differences that result from the translation of the financial statements of subsidiaries into euros.

(8) Warrant bond

On July 24, 2020, the Management Board of INTERSHOP Communications AG, with the consent of the Supervisory Board, resolved to issue a warrant bond in the nominal amount of EUR 3,108,000 excluding the subscription right for existing shareholders. The warrant bond contains a combination of a bond and warrants to obtain no-par value shares of the Company. The warrant bond has a term of five years (July 24, 2020 to July 23, 2025) with an interest rate of 3.00% p.a. and an ordinary notice of termination of two years by the bondholders, subject to the waiver of the corresponding warrants. The holders of the warrants are entitled to subscribe to a total of 1,419,178 no-par value bearer shares from conditional capital of INTERSHOP Communications AG with a share of the capital stock on each share of EUR 1.00 per share. The option price per share is EUR 2.19. The warrant bond was fully allocated to the investors Shareholder Value Beteiligungen AG and AXXION S.A. on behalf of two fund mandates.

The transaction price of the warrant bond does not correspond to the fair value of the entire instrument at initial recognition. Since the fair value of the entire instrument does not correspond to the transaction price, the fair value is to be calculated within the framework of a valuation. This corresponds to the fair value of the partial warrant bond (EUR 3,034 thousand, without taking into account the transaction costs) plus the fair value of the option right, measured based on a binomial model (EUR 1,961 thousand). However, since the paid amount (consideration received = transaction price) is below the fair value of the entire instrument, the difference between the fair value of the entire instrument and the transaction price constitutes a withdrawal that is not recognized in income (EUR 1,887 thousand) due to the shareholder position of the bondholders and only the difference between the fair value assessment of the partial warrant bonds compared to the nominal value remains in the shareholders' equity (EUR 74 thousand).

In the subsequent periods, the liability component is recognized at amortized cost using the effective interest method. The development of the book value of the warrant bond in the 2023 fiscal year is as follows (in EUR thousand):

in EUR thousand	2023	2022
Balance at January 1	**3,081**	**3,059**
Partial repayment of a warrant bond	(850)	0
Amount classified as shareholders´ equity	7	0
Accrued interest	4	22
Balance at December 31	**2,242**	**3,081**

(9) Trade accounts payable

Trade accounts payable comprise unsettled liabilities relating to the delivery of goods and services and amounted to EUR 1,960 thousand (2022: EUR 1,676 thousand).

(10) Liabilities to banks

Liabilities to banks are broken down as follows:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Liabilities to banks - noncurrent	1,119	1,617
Liabilities to banks - current	497	497
	1,616	**2,114**

In the 2022 fiscal year, Intershop entered into an unsecured loan agreement with UniCredit Bank AG in the amount of EUR 2,487 thousand over a term of five years with a fixed interest rate of 2.24% p.a. and a constant quarterly repayment rate.

(11) Contract liabilities

Contract liabilities relates to prepayments by customers, primarily in the form of revenue from maintenance and cloud agreements and are deemed contractual obligations as defined in IFRS 15. Deferred revenue is reversed and revenue is recognized in the period in which the service was provided by Intershop. In the case of current deferred revenue, reversal and recognition take place within a year. No variable consideration is included. The amount of EUR 4,971 thousand included in the current deferred revenue as at December 31, 2022 was recorded as revenues in the 2023 fiscal year (2022: EUR 3,679 thousand). As permitted under IFRS 15, no additional disclosures regarding remaining service obligations are made due to the fact that the disclosed service obligations are expected to be due originally within one year.

(12) Other liabilities

Other non-current liabilities in the amount of EUR 2,050 thousand (December 31, 2022: EUR 2,168 thousand) include contingent considerations from the acquisition of Sparque B.V. in fiscal year 2022 (we refer to the Section "Acquisition of Sparque B.V."),

Other current liabilities include:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Liabilities from outstanding vacation entitlement	967	925
Other VAT and wage tax liabilities	674	521
Liabilities to employees	439	682
Contingent considerations	289	289
Liabilities to the Occupational Health and Safety Agency	67	64
Other liabilities relating to social security benefits	54	36
Liabilities from advance payments received	0	660
Other liabilities	408	289
	2,898	**3,466**

Liabilities to employees mainly include liabilities from commissions and performance-based remuneration. The other liabilities do not include any refund obligations.

(13) Other provisions

Other current provisions amounted to EUR 348 thousand (Dec 31, 2022: EUR 368 thousand).
The following table shows the development of other current provisions:

in EUR thousand	Guarantee	Other	Total
Balance at January 1, 2023	**126**	**242**	**368**
Additions	130	218	**348**
Utilization	(125)	(240)	**(365)**
Reversal	0	0	**0**
Currency adjustments	(1)	(2)	**(3)**
Balance at December 31, 2023	**130**	**218**	**348**

The other accrued liabilities primarily relate to impending losses from projects. With the exception of the warranty provision, full outflow is expected in 2024. For estimation uncertainties for impending losses from projects, we refer to the section "Estimates and discretionary decisions."

Notes to the Individual Items of the Statement of Comprehensive Income

(14) Revenues

The Company generated revenues from software licenses and the corresponding maintenance services, as well as from providing cloud services and consulting services. Revenues of EUR 37,987 thousand (2022: EUR 36,803 thousand) are divided into software and cloud revenues and service revenues as follows:

in EUR thousand	2023	2022
Licenses	1,144	1,812
Maintenance	7,055	7,714
Cloud and Subscription	16,183	14,194
Software and Cloud Revenues	**24,382**	**23,720**
Service Revenues	**13,605**	**13,083**
Total Revenues	**37,987**	**36,803**

The breakdown of the recognized revenue into categories corresponds to the representation in segment reporting. We refer to Chapter “Segment reporting” in Section “Other disclosures”. Revenues are recognized for licenses at a specific point in time, and for all other revenues essentially over a specific period of time.

(15) Cost of revenues

Cost of revenues is divided into cost of product revenues and cost of service revenues analogous to revenues; these costs are broken down as follows:

in EUR thousand	2023	2022
Licenses	1,707	1,637
Maintenance	2,515	1,760
Cloud and Subscription	6,798	6,238
Cost of revenues - Software and Cloud	**11,020**	**9,635**
Cost of revenues - Services	**11,163**	**11,455**
Total cost of revenues	**22,183**	**21,090**

The cost of revenues for licenses primarily include the amortization of software development costs.

(16) Research and development expenses

Research and development expenses comprise all expenses attributable to R&D activities, with personnel expenses accounting for the majority of this item. Research and development expenses were almost at the prior-year level at EUR 6,933 thousand (2022: EUR 6,853 thousand). This accounts for 18% of the revenue (2022: 19%).

(17) Sales and marketing expenses

Sales and marketing expenses primarily consist of personnel costs for sales and marketing employees, sales commissions, expenditures for sales partners, costs for various customer and partner events or expenses for market research. Sales and marketing expenses increased by 3% from EUR 8,124 thousand to EUR 8,392 thousand, primarily due to increased personnel costs. The share of sales and marketing expenses in the total revenue was 22% (2022: 22%).

(18) General and administrative expenses

General and administrative expenses mainly comprise personnel and non-personnel expenses as well as depreciation and amortization that relates to administration. They include the cost of investor relations activities as well as all legal expenses. General and administrative expenses fell by 3% from EUR 3,346 thousand to EUR 3,240 thousand mainly due to lower consulting expenses. As in the prior year, general and administrative expenses accounted for 9% of total revenue.

(19) Other operating income

Other operating income is composed of the following items:

in EUR thousand	**2023**	**2022**
Income from currency translation gains	219	234
Income from IFRS 16	145	133
Income from government grants	43	44
Gains from the disposal of fixed assets	0	1
Miscellaneous	86	188
	493	**600**

The income from government grants was paid out in 2023. These contributions relate to a research and development project that is supported by the Federal Ministry for Education and Research. Income from currency gains of EUR 219 thousand is attributable to financial instruments.

(20) Other operating expenses

Other operating expenses relate to the following items:

in EUR thousand	2023	2022
Currency translation losses	114	209
Expenses from allowances	65	647
Other taxes	1	3
Miscellaneous	86	0
	266	**859**

Expenses from currency translation losses of EUR 105 thousand were attributable to financial instruments.

(21) Interest income and Interest expenses

Interest income amounted to EUR 55 thousand (2022: EUR 4 thousand) and primarily included interests from short-term time deposits and bank loans.

Interest expenses amounted to EUR 532 thousand (2022: EUR 525 thousand) and primarily resulted from interest expenses for liabilities to banks for the 2023 fiscal year in the amount of EUR 43 thousand, EUR 84 thousand for the option bond, EUR 187 thousand for contingent considerations as well as interest expenses for leasing liabilities in the amount of EUR 218 thousand.

(22) Income taxes

Income tax liabilities on the balance sheet date amounted to EUR 37 thousand (2022: EUR 60 thousand) and foreign income taxes for the year 2023.

The Company recognizes and measures income taxes using the balance sheet liability method in accordance with IAS 12. Deferred taxes are calculated at the respective national income tax rates. The calculation of deferred taxes for the domestic companies for December 31, 2023 was based on a corporate income tax rate of 15% (2022: 15%) plus the solidarity surcharge of 5.5% (2022: 5.5%) and an effective expected trade tax rate of 15.487% (2022: 15.487%). The change in the trade tax rate is the result of higher assessment rates under trade tax law.

The Group's income taxes are broken down as follows:

in EUR thousand	2023	2022
Current taxes		
Abroad	85	155
Germany	2	30
Deferred taxes		
Abroad	(16)	(18)
Germany	0	0
	71	**167**

The Group tax rate of 31.312% applicable in fiscal year 2023 (2022: 31.312%) was multiplied by IFRS earnings before taxes to calculate the expected tax expense. Tax rates in a bandwidth from 16% to 30% were taken into account for the foreign subsidiaries.

The tax rate reconciliation contains the following details:

in EUR thousand	2023	2022
IFRS pretax income	(3,011)	(3,390)
Corporate tax rate	31.312%	31.312%
Expected tax expense/ tax income	(943)	(1,061)
Effects of changes in tax rates and different rates of foreign taxation	(27)	(16)
Change in the ability to utilize deferred tax assets in the future	958	1,139
Permanent effects including foreign withholding tax	82	105
Others	1	0
Income taxes	**71**	**167**

The components of the deferred tax assets were as follows:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Taxes on eligible loss carryforwards	1,494	1,711
Inventories/Receivables	130	156
Prepaid expenses	7	12
Provisions/Liabilities	187	144
Leasing liabilities	2,575	2,789
Deferred tax assets	**4,393**	**4,812**
Offset	(4,272)	(4,703)
Deferred tax assets after offset	**121**	**109**
Intangible assets	1,423	1,637
Receivables	232	169
Liabilities/advances received	116	158
Right of use IFRS 16	2,496	2,731
Warrant bond	5	8
Deferred tax liabilities	**4,272**	**4,703**
Offset	(4,272)	(4,703)
Deferred tax liabilities after offset	**0**	**0**
Net deferred tax assets	**121**	**109**

Deferred tax assets are recognized for temporary differences and for tax loss carryforwards in the amount of the expected reduction in tax expense in subsequent fiscal years to the extent that it is probable that they will be used. As at December 31, 2023, deferred tax assets were only recognized in accordance with IAS 12.35 in the amount of taxable profit from temporary differences that will be available in the future.

Deferred taxes on balance sheet differences, with the exception of deferred tax liabilities on intangible assets, are short-term deferred taxes that reverse in the following year. Deferred tax liabilities on intangible assets are realized over a depreciation period of three years. Deferred taxes on loss carryforwards are basically to be regarded as long-term. Deferred tax liabilities for withholding taxes on capital for subsidiaries were not recognized. Of the deferred tax assets of EUR 4,393 thousand (2022: EUR 4,812 thousand), EUR 324 thousand (2022: EUR 311 thousand) are expected to be realized within the next twelve months. Of the deferred tax liabilities amounting to EUR 4,272 thousand (2022: EUR 4,703 thousand), EUR 348 thousand (2022: EUR 326 thousand) are expected to be realized within the next twelve months.

For the year ended December 31, 2023, the Company had net loss carryforwards for tax reporting purposes in various tax jurisdictions as follows:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
U.S. Federal	6,713	6,921
U.S. State	4,397	4,637
German corporate income tax	314,104	311,632
German municipal trade tax	301,071	300,399
Others	237	45

U.S. federal and state loss carryforwards are subject to a time limit and expire in various fiscal years through 2042. In the 2023 financial year, the change in loss carryforwards in the U.S. is mainly due to the forfeiture of U.S. taxes. Additional effects can be attributed to currency translation and ongoing use. Deferred taxes on foreign loss carryforwards were not recognized. With regard to the remaining German loss carryforwards, no deferred tax assets were recorded for income tax purposes in the amount of EUR 308,582 thousand (2022: EUR 306,126 thousand) and for trade taxes in the amount of EUR 295,663 thousand (2022: EUR 294,975 thousand).

(23) Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

in EUR thousand	2023	2022
Basis for calculating the undiluted earnings per share (earnings after tax)	**(3,082)**	**(3,557)**
Basis for calculating the diluted earnings per share	**(3,082)**	**(3,557)**

in thousand	2023	2022
Weighted average of common shares (undiluted)	**14.554**	**14.194**
Effect of the conversion of the warrant bonds	0	551
Weighted average of common shares (diluted)	**14.554**	**14.745**

in EUR	2023	2022
Earnings per share (basic)	**(0.21)**	**(0.25)**
Earnings per share (diluted)	**(0.21)**	**(0.24)**
Adjustment of earnings per share (diluted)	**(0.21)**	**(0.25)**

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.

Notes to the Cash Flow Statement

Cash comprises exclusively the cash and cash equivalents reported in the balance sheet. Restricted cash was not included. In the cash flow statement, cash flows are classified into net cash provided by/ used in operating, investing, and financing activities. Cash flows from operating activities are calculated on the basis of earnings before tax, adjusted for noncash income and expenses, finacial result, depreciation and amortization and of the changes in operating assets and liabilities compared with last year's balance sheet.

Cash inflow from operating activities improved to EUR 2,951 thousand in 2023 compared to EUR 1,159 thousand in 2022. This is mainly due to a reduction in trade receivables and the increase in contractual obligations due to higher prepayments by customers. The cash outflow from investing activities decreased from EUR 3,407 thousand in the prior year to EUR 1,139 thousand. In the prior year, the company acquired Sparque B.V.; as a result, the payments for capital expenditure in intangible assets declined in the ongoing fiscal year from EUR 2,520 thousand to EUR 690 thousand. The payments from the acquisition of the company decreased from EUR 741 thousand to EUR 300 thousand and related to the acquisition above. The cash outflow from financing activities amounted to EUR 1,987 thousand (2022: cash inflow of EUR 483 thousand). Incoming payments from issuing common shares as a result of exercising the warrant from the warrant bond were at EUR 850 thousand, while outgoing payments from the partial repayment of this warrant bond amounted to EUR 850 thousand. Repayment of the loan issued in 2022 of EUR 2,487 thousand increased to EUR 497 thousand after EUR 373 thousand in the prior year. Repayment of lease liabilities was EUR 1,490 thousand (2022: EUR 1,631 thousand). In the previous year, this included interest in the amount of EUR 236 thousand. As of the balance sheet date, Intershop had freely available cash and cash equivalents of EUR 10,047 thousand (December 31, 2022: EUR 10,471 thousand).

The changes in the balance sheet items used to determine the cash flow statement are not immediately evident from the balance sheet because effects from currency translation and from changes in the basis of consolidation do not impact cash and are eliminated.

Other Disclosures

Segment reporting

Segment reporting from January 1 to December 31, 2023

in EUR thousand	Europe	USA	Asia/ Pacific	Consoli- dation	Group
Revenues from external customers					
Software and Cloud Revenues	**17,992**	**4,579**	**1,811**	**0**	**24,382**
Licenses and Maintenance	**7,155**	**572**	**471**	**0**	**8,199**
Licenses	1,126	0	18	0	1,144
Maintenance	6,030	572	453	0	7,055
Cloud and Subscription	**10,837**	**4,007**	**1,340**	**0**	**16,183**
Service Revenue	**10,094**	**2,154**	**1,357**	**0**	**13,605**
Total revenues from external customers	**28,086**	**6,732**	**3,168**	**0**	**37,987**
Intersegment revenues	1,829	343	0	(2,172)	0
Total revenues	**29,915**	**7,075**	**3,168**	**(2,172)**	**37,987**
Cost of revenues	16,402	3,931	1,850	0	22,183
Gross profit	**11,685**	**2,801**	**1,318**	**0**	**15,804**
Operating expenses, operating income	13,558	3,250	1,530	0	18,338
Result from operating activities	**(1,873)**	**(449)**	**(211)**	**0**	**(2,534)**
Financial result					(477)
Earnings before tax					(3,011)
Income taxes					(71)
Earnings after tax					(3,082)
Assets	**28,121**	**6,741**	**3,172**	**0**	**38,034**
Additions to non-current assets	**1,107**	**265**	**125**	**0**	**1,497**
Liabilities	**19,716**	**4,726**	**2,224**	**0**	**26,666**
Depreciation and amortization	**2,517**	**603**	**284**	**0**	**3,404**

Segment reporting from January 1 to December 31, 2022

in EUR thousand	Europe	USA	Asia/ Pacific	Consoli- dation	Group
Revenues from external customers					
Software and Cloud Revenues	**16,777**	**4,699**	**2,245**	**0**	**23,720**
Licenses and Maintenance	**8,033**	**959**	**534**	**0**	**9,526**
Licenses	1,385	379	48	0	1,812
Maintenance	6,648	580	486	0	7,714
Cloud and Subscription	**8,744**	**3,740**	**1,710**	**0**	**14,194**
Service Revenue	**7,856**	**3,671**	**1,556**	**0**	**13,083**
Total revenues from external customers	**24,633**	**8,370**	**3,800**	**0**	**36,803**
Intersegment revenues	1,420	314	0	(1,734)	0
Total revenues	**26,053**	**8,684**	**3,800**	**(1,734)**	**36,803**
Cost of revenues	14,115	4,797	2,178	0	21,090
Gross profit	**10,516**	**3,574**	**1,623**	**0**	**15,713**
Operating expenses, operating income	12,437	4,226	1,919	0	18,582
Result from operating activities	**(1,921)**	**(652)**	**(296)**	**0**	**(2,869)**
Financial result					(521)
Earnings before tax					(3,390)
Income taxes					(167)
Earnings after tax					(3,557)
Assets	**27,611**	**9,382**	**4,260**	**0**	**41,253**
Additions to non-current assets	**2,214**	**752**	**341**	**0**	**3,307**
Liabilities	**18,339**	**6,231**	**2,829**	**0**	**27,399**
Depreciation and amortization	**2,200**	**748**	**340**	**0**	**3,288**
Non-cash expenses	**647**	**0**	**0**	**0**	**647**

The segment reporting is prepared in accordance with IFRS 8, Operating Segments. Segmentation reflects the internal management and reporting by the Company's management. The operating segments were determined mainly by the different geographical regions in which business activities take place. In this context, Intershop distinguishes between the Europe, USA, and Asia-Pacific segments. The business segments that must be reported generated their revenues on the one hand from software and cloud revenues, which also include the sale of software licenses and associated maintenance and cloud and subscription revenues. On the other hand, they generate revenues from consulting and training services.

The operating segments are broken down as follows:
The segment “Europe” includes the sales activities of INTERSHOP Communications AG, Intershop Communications SARL and Sparque B.V. The segment “USA” includes the sales activities of Intershop Communications Inc. mainly in North America as well as the sales activities of INTERSHOP Communications AG in this region. The segment “Asia/Pacific” includes the sales activities of the Group in that region, including the sales activities of INTERSHOP Communications Australia Pty Ltd. The segment “Consolidation” includes all transactions in the individual segments.

Notes to the content of the individual line items:

- Revenues from external customers represent revenues from the segments with third parties outside the Group.
- Intersegment revenues include revenues from intersegment relationships. These revenues are recognized in the same way as those from external third parties.
- The cost of revenues comprises the costs attributed to each operating segment for generating its revenues.
- Gross profit, which is calculated as the difference between segment revenues and the cost of revenues, is the first assessment level for management decisions.
- Operating expenses and income comprise research and development expenses, sales and marketing costs, general and administrative expenses, and other operating expenses and income that are attributable to the relevant segments. Other operating expenses and income also include the effects of one-time and currency losses and gains.
- The result from operating activities (EBIT), which is the gross profit or loss less operating expenses and income, forms the basis for assessing the performance of the segments.
- Interest income and income taxes are not allocated to the segments as the relevant transactions are managed by the Group.
- Segment assets comprise the Intershop Group’s noncurrent and current assets that are allocated to the respective segment on the basis of the percentage revenue breakdown. No other measurement of segment assets is used.
- Segment liabilities comprise the Intershop Group’s noncurrent and current liabilities that are allocated to the respective segment on the basis of the percentage revenue breakdown. No other measurement of segment liabilities is used.
- Depreciation and amortization relates to the depreciation and amortization of the segment assets allocated to the individual regions.
- In 2023, there were no significant non-cash expenses and income. Non-cash expenses in 2022 relate to value adjustments on trade receivables. There was no significant non-cash income in 2022.

All amounts reported in the “Group” column in the segment reporting reflect the Group figures from the statement of comprehensive income or the balance sheet. Adding together the amounts for the operating segments produces the Group figures after elimination of the interim segment revenues.

The Company is domiciled in Germany. Revenues from external customers that were generated in Germany amounted to EUR 15.322 thousand (2022: EUR 9,786 thousand). Revenues of EUR 22.665 thousand (2022: EUR 27,017 thousand) were recorded from external customers in other countries. The amount of EUR 5,815 thousand of the revenues relates to customers in the USA (2022: EUR 7,445 thousand). In fiscal years 2022 and 2023, there were no relations with individual customers whose percentage of total sales was at least 10% of the total group revenues. Total noncurrent assets excluding deferred taxes amounted to EUR 22.363 thousand (Dec. 31, 2022: EUR 24,019 thousand) in Germany and EUR 665 thousand (Dec. 31, 2022: EUR 834 thousand) in other countries.

Litigations/contingent liabilities

The Company is a defendant in a few legal proceedings arising from the ordinary course of business. Defeat in these proceedings could adversely affect the Company's earnings position. All legal fees arising from a defeat in court are expenses when and if it is more likely than not that a payment obligation exists and they can be estimated reliably. Although the outcome of these actions cannot be forecast with certainty, the Company believes that the outcome of the actions will not have any material effects on its net assets and results of operations.

Financial instrument disclosures

Intershop is exposed to certain risks with regard to its assets, liabilities, and transactions, in particular liquidity and default risk. The Company's risk management system is explained in detail in the management report. The Company manages its capital structure with the aim of achieving its corporate goals through financial flexibility. The Group's overall strategy is unchanged compared to the prior year. In total, the capital structure has changed as follows:

in EUR thousand	**Dec. 31, 2023**	**Dec. 31, 2022**	as a % of previous year
Equity	11,368	13,854	-18%
Liabilities to banks	1,616	2,114	-24%
Trade accounts payable	1,960	1,676	17%
Warrant Bond	2,242	3,081	-27%
Leasing liabilities	8,643	9,495	-9%
Contingent considerations	2,339	2,457	-5%
Other liabilities	9,866	8,576	15%
Equity ratio	30%	34%	

The equity ratio is the ratio of equity to total assets.

Categories of financial instrument

The following table shows the classification of financial instruments required by IFRS 7 as well as the fair values of the financial instruments that are recognized in the balance sheet at amortized cost and their carrying amounts:

in EUR thousand	Dec. 31, 2023	Dec. 31, 2022
Measurement	**Carrying amount**	**Carrying amount**
Measured at amortized cost		
Financial assets		
Other noncurrent assets	506	401
Trade receivables	3,884	4,901
Restricted cash	246	249
Cash and cash equivalents	10,047	10,471
Financial liabilities		
Trade payables	1,960	1,676
Liabilities to banks	1,616	2,114
Warrant Bond	2,242	3,081
Leasing Liabilities	8,643	9,495
Contingent considerations	2,339	2,457
Other current liabilities	639	867

Carrying amount aggregated by measurement category	Dec. 31, 2023	Dec. 31, 2022
Financial assets measured at amortized cost	14,683	16,022
Financial liabilities measured at amortized cost	17,439	19,690

Net gain/loss per measurement category	2023	2022
Financial assets measured at amortized cost	(65)	(647)
Financial liabilities measured at amortized cost	(532)	(525)

There was no regrouping between the categories in the reporting year. With regard to the existing financial instruments, with the exception of liabilities to banks, the option bond, leasing liabilities and contingent considerations, the contractually agreed maturities are essentially within one year of the balance sheet date. Therefore, their book values on the balance sheet date correspond to the fair values. For option bond liabilities, the fair values are determined based on the stock market price (as 12/31/2023: EUR 2,077 thousand). For liabilities from contingent considerations, the fair values of the anticipated cash flows are assessed on the basis of the contractual agreements and company knowledge. With regard to the liabilities to banks, the fair values are calculated as the present values of the payments associated with the liabilities based on market interest rates (12/31/2023: EUR 1,529 thousand). The fair value of the financial liability for the purpose of providing information in the Notes was calculated on the basis of Level 2 of the Fair Value Hierarchy (recognized DCF measurement method, using observable market parameters, in particular market interest rates).

Non-payment risks

The Company is exposed to a potential default risk mainly from its trade receivables. The Company applies the simplified approach according to IFRS 9 to measure the expected credit losses; as a result, the credit losses expected over the term for all trade receivables will be used. The expected credit losses were measured by summarizing the trade receivables based on common credit risk criteria and days in arrears. The Company expects a loss rate of almost 0% since the average default on receivables over the last eight years totaled 0.3% of the receivables. The Company performs ongoing creditworthiness checks on its customers. The default risk with regard to trade receivables is also mitigated by the fact that the Company has a broad customer base from various industries and business areas. Therefore, there is no recognizable concentration of default risks from business relationships with individual debtors or groups of debtors. In addition, the Company does not demand collateral for its receivables. Furthermore, outstanding receivables from customers are regularly monitored and measures are taken that should lead to a reduction in overdue payments. Creditworthiness is usually considered to have deteriorated if the debtor can no longer make their payment obligations (indicator: > 90 days overdue) or the overall situation of the debtor deteriorates. The loss of a customer leads to the value of all outstanding items with this customer being adjusted. The loss of a customer is determined based on an individual assessment; the first indicator is outstanding payments being more than 90 days overdue or specific indications, such as filing for insolvency or a legal dispute.

The Company's cash and cash equivalents are largely invested with German, U.S. American banks and Australian banks in secure investments. There is no significant default risk here. The Company regularly monitors current and future returns. The maximum default risk relating to financial assets is their carrying amounts in the balance sheet.

Liquidity risk

The Company monitors the liquidity risk with regularly updated short- and medium-term financial planning activities. In the 2022 fiscal year, Intershop took out a bank loan of EUR 2,487 thousand. Since the loan is repaid quarterly, EUR 871 thousand was repaid as scheduled by the end of the 2023 fiscal year. For the option bond issued in the 2020 fiscal year in the amount of EUR 3,108 thousand, a partial repayment of EUR 850 thousand was made in 2023. The remaining amount of EUR 2,258 thousand is due at the end of the term in July 2025 or when exercising the warrants with simultaneous termination of the bond, whereby in case of the latter, Intershop has a corresponding liquidity inflow in the same amount. The bank balances on the balance sheet date totaled EUR 10,047 thousand. There are no risk concentrations.

The change in financial liabilities in connection with financing activities is as follows:

in EUR thousand	Dec. 31, 2022	Cash-effective change	Non-cash effective change: Reclassifications	interest effects	Additions/ change from measurement*	Dec. 31, 2023
Noncurrent financial liabilities						
Liabilities to banks - noncurrent	1,617		(497)			**1,119**
Warrant bond	3,081	(850)	7	4		**2,242**
Leasing liabilities - noncurrent	8,067		(1,430)		482	**7,119**
Current financial liabilities						
Liabilities to banks - current	497	(497)	497			**497**
Leasing liabilities - current	1,428	(1,490)	1,430		156	**1,524**
Total	**14,690**	**(2,837)**	**7**	**4**	**638**	**12,501**

* for leasing liabilities

The following table shows the future undiscounted cash flows of financial liabilities that will affect the Company's future liquidity situation:

in EUR thousand	Carrying amount at Dec. 31, 2022	Cash flow in 2023	Carrying amount at Dec. 31, 2023	Cash flow in 2024	Cash flow after 2024
Liabilities to banks	2,114	540	**1,616**	529	1,150
Trade accounts payable	1,676	1,676	**1,960**	1,960	0
Warrant bond	3,081	930	**2,242**	68	2,326
Leasing liabilities	9,495	1,708	**8,643**	1,710	7,603
Contingent considerations	2,457	300	**2,339**	300	2,600
Other current liabilities	867	867	**639**	639	0

Interest rate risk

An interest rate risk could arise from a change in market interest rates for medium- or long-term liabilities. Since the Company has agreed to a bank loan and option bond with a fixed interest rate over the term, there is no interest risk and no risk concentration for Intershop.

Currency risk

Certain transactions in the Intershop Group are denominated in foreign currencies. This leads to risks from exchange rate fluctuations. If required, Intershop hedges invoices in foreign currencies with currency options. As of the balance sheet date, there were no currency options. Intershop is primarily exposed to exchange rate risk relating to the U.S. dollar and the Australian dollar. There are no risk concentrations. The carrying amount of the Group's monetary assets and liabilities denominated in these currencies was as follows at the balance sheet date:

	Assets		Liabilities	
in EUR thousand	2023	2022	2023	2022
in USD	18	27	107	0
In AUD	0	0	0	0

The following table shows the sensitivity of a 10% rise or fall in the euro against the two currencies from the Group's perspective and their effects on earnings after tax and equity. The sensitivity analysis merely comprises outstanding monetary items denominated in foreign currency and adjusts their translation at the end of the period to reflect a 10% change in the exchange rates.

	Earnings after tax/ equity USD		Earnings after tax/ equity AUD	
In EUR thousand	2023	2022	2023	2022
Change due to 10% appreciation of the euro	10	0	0	0
Change due to 10% depreciation of the euro	(12)	0	0	0

Climate risks

Intershop has reviewed whether there are climate-related risks or opportunities and if they will have an impact on the current financial statements. This would be conceivable particularly relating to the market opportunities of Intershop products and services or even relating to the impairment test for the CGU. The company have considered whether climate events, regulations or climate-induced changes to the behavior of Intershop customers or Intershop customers' customers are likely to have an impact. Our analysis could not identify any current significant impact as the company believes that the Intershop products and services are still in demand regardless of climate developments.

Related party disclosures

Intershop maintained business relationships with the consolidated subsidiaries. The shareholders Shareholder Value Beteiligungen AG, Shareholder Value Management AG, Value Focus Beteiligungs GmbH, and Reiner Sachs (indirectly via Sachs Assets GmbH) collectively hold after their voluntary confirmation 34,72% of the voting rights according to the voting rights. In this respect, we refer to the Management Report, section "Disclosures pursuant to Sec. 289a HGB and Sec. 315a HGB together with the explanatory report pursuant to Sec. 176(1) sentence 1 of the Stock Corporations Act." The Chairman of the Supervisory Board of Intershop Frank Fischer is the Chairman of the Management Board of Shareholder Value Management AG, member of the Management Board of Shareholder Value Beteiligungen AG and managing partner of Value Focus Beteiligungs GmbH. In July 2020, Intershop issued a warrant bond in the nominal amount of EUR 3,108,000 under the exclusion of the subscription rights of the existing shareholders (see section (8) "Warrant bond"). Shareholder Value Beteiligungen AG subscribed to 1,500 partial debentures at a purchase price of EUR 1,500,000. The interest payments in the 2023 fiscal year from the warrant bond issued to Shareholder Value Beteiligungen AG amounted to EUR 45 thousand (2022: EUR 45 thousand). With respect to the remuneration for Supervisory Board and Management Board members, we refer to the Remuneration Report. The remuneration of the Management Board consists of fixed, performance-based and variable, performance-based components. The variable remuneration includes performance-based one-year remuneration and performance-based multi-year remuneration, which are granted based on achieving certain targets. If the employment relationship ends during a fiscal year, the member of the Management Board will be entitled to the variable, performance-based remuneration for targets that have already been achieved.

Disclosure requirements under German law

Members of the executive bodies

The Management Board comprised in 2023 the following members:

Name	Function	Term of office
Markus Klahn	CEO of the Management Board	since 04/09/2018 (CEO since 05/06/2021)
Petra Stappenbeck	Member of the Management Board	since 01/01/2023
Markus Dränert	Member of the Management Board	since 12/01/2023

The Supervisory Board comprised the following members in 2023:

Name	Function	Term of Office
Frank Fischer	Chairman of the Supervisory Board	since 12/01/2022
Ulrich Prädel	Vice Chairman of the Supervisory Board	since 12/01/2016 (Vice Chairman since 12/16/2016)
Univ.-Prof. Dr. Louis Velthuis	Member of the Supervisory Board, Chairman of the Audit Committee	since 06/02/2016
Oliver Bendig	Member of the Supervisory Board	since 05/16/2022

Total remuneration paid to the Management Board for its activities in the 2023 fiscal year amounted to EUR 522 thousand (2022: EUR 365 thousand), of which EUR 504 thousand (2022: EUR 265 thousand) relate to fixed remuneration and EUR 18 thousand (2022: EUR 100 thousand) to variable components. In the 2023 fiscal year, Supervisory Board members were entitled to remuneration totaling EUR 200 thousand (2022: EUR 185 thousand), of which EUR 200 thousand (2022: EUR 185 thousand) accounted for fixed remuneration and EUR 0 thousand (2022: EUR 0 thousand) for the performance-based variable portion. Payments made to the Management Board and Supervisory Board consist exclusively of benefits due in the short term. Details regarding the remuneration of the Management Board and the Supervisory Board are presented in the Remuneration Report. This is published on the website of the Company at https://www.intershop.com/de/verguetungssystem.

Directors' holdings and Securities transactions subject to reporting requirements

As of December 31, 2023, the following members of the Company's executive bodies held Intershop ordinary bearer shares:

Name	Function	Shares
Markus Klahn	CEO of the Management Board	13,366
Petra Stappenbeck	Member of the Management Board	2,000
Ulrich Prädel	Vice Chairman of the Supervisory Board	7,535
Univ.-Prof. Dr. Louis Velthuis	Member of the Supervisory Board, Chairman of the Audit Committee	31,000
Oliver Bendig	Member of the Supervisory Board	11,000

During the 2023 fiscal year, the members of the Company's executive bodies undertook the following reportable securities transactions involving Intershop ordinary 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	09/27/2023	Purchase	6,352	9,747
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

Employees

During the fiscal year 2023, Intershop Group had an average of 302 full-time employees, of whom 300 were salaried employees and 2 members of the executive bodies (2022: 296 full-time employees, of whom 295 were salaried employees and 1 member of the executive bodies). The employees are distributed over the following areas on an annual average:

	2023	2022
Technical Departments (Service Functions and Research Development)	228	227
Sales and marketing	46	38
General administration	26	30
	300	**295**

Personnel expenses and cost of materials

Personnel expenses totaled EUR 22,968 thousand (2022: EUR 22,195 thousand); of which EUR 19,766 thousand relate to wages and salaries (2022: EUR 19,127 thousand) and EUR 3,202 thousand to social security contributions (2022: EUR 3,068 thousand). Material expenses amounted to EUR 8,298 thousand (2022: EUR 7,612 thousand), EUR 7,952 thousand of which were expenses for purchased services (2022: EUR 7,339 thousand).

Auditor´s fees

The fees incurred for the services rendered by the auditor for the 2023 fiscal year were comprised of EUR 181 thousand for audit services (2022: EUR 175 thousand).

Events subsequent to the balance sheet date

No material events that must be reported occurred after the balance sheet date.

Declaration of Conformity

The Company has issued a declaration of conformity as required by section 161 of the Aktiengesetz by the annual deadline on December 11, 2023, and made this declaration permanently available to its stockholders at https://www.intershop.com/en/corporate-governance.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Jena, March 6, 2024

The Management Board of INTERSHOP Communications Aktiengesellschaft

Markus Klahn Petra Stappenbeck Markus Dränert

Independent Auditor's Report

To INTERSHOP Communications Aktiengesellschaft, Jena

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of INTERSHOP Communications Aktiengesellschaft, Jena, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of INTERSHOP Communications Aktiengesellschaft, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2023.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided nonaudit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Recoverability of goodwill
❷ Recognition and measurement of internally generated intangible assets
❸ Revenue recognition and allocation of revenue to correct periods

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matters:

❶ **Recoverability of goodwill**

① Goodwill amounting in total to EUR 7,533 thousand (representing 20% of total assets and 66% of equity) is reported under the "Intangible assets" balance sheet item in INTERSHOP Communications Aktiengesellschaft's consolidated financial statements. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for writedowns. Impairment testing is carried out at the level of the cashgenerating unit to which the relevant goodwill has been allocated. The carrying amount of the cash-generating unit, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The calculation of the recoverable amount generally employs the value in use. The present value of the future cash flows from the cash-generating unit normally serves as the basis of valuation. The present values are calculated using discounted cash flow models. For this purpose, the medium-term business plan adopted by the Group forms the starting point for future projections. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the cash-generating unit. The impairment test determined that no write-downs were necessary. The outcome of this valuation exercise is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the cash-generating unit, the discount rate used, and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

② As part of our audit, we reviewed the methodology employed for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the medium-term business plan adopted by the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated using this method, we focused our testing in particular on the parameters used to determine the discount rate applied, and verified the calculation procedure. We reproduced the sensitivity analyses performed by the Company, in order to reflect the uncertainty inherent in the projections. Taking into account the information available, we determined that the carrying amount of the cash-generating unit, including the allocated goodwill, were adequately covered by the discounted future net cash inflows. Overall, the measurement inputs and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

③ The Company's disclosures about impairment testing and the balance sheet item "Intangible assets" are contained in the section "Accounting and measurement methods" and section (1) "Intangible assets" of the notes to the consolidated financial statements.

❷ **Recognition and measurement of internally generated intangible assets**

① Internally generated intangible assets (software) amounting in total to EUR 4,546 thousand (representing 12% of total assets and 40% of equity) is reported under the "Intangible assets" balance sheet item in INTERSHOP Communications Aktiengesellschaft's consolidated financial statements. These internally generated intangible assets are internally developed INTERSHOP software solutions which are recognized in accordance with the provisions of IAS 38. The eligibility of internally generated product development expenses for capitalization depends on the criteria set out in IAS 38.57, i.e., the the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete the intangible asset, its ability to use or sell the intangible asset, how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and the company's its ability to measure reliably the expenditure attributable to the intangible asset during its development. Internally generated intangible assets are initially recognized at cost. They are subsequently measured using the cost model. In our view, this matter was of particular importance for our audit because the capitalization and amortization of development costs are based to a large extent on estimates and assumptions made by the executive directors and are therefore subject to corresponding uncertainties.

② As part of our audit, we reviewed, among other things, the internal processes and controls for recording tax matters as well as the methodology adopted for the determination, accounting treatment and measurement of deferred taxes. Moreover, we evaluated the capitalization requirements for individual projects on a sample basis, using the criteria set out in IAS 38.57. We assessed the amount of the intangible assets capitalized and the recoverability of the development expenditure on the basis of supporting evidence made available to us. In so doing, we also inspected project records in order to verify the respective percentage of completion. In this connection, we also assessed the recoverability of the intangible assets based on internal projections as to future usability and evaluated the appropriateness of the underlying estimates and assumptions. Based on our audit procedures, we satisfied ourselves that the measurement parameters and assumptions used by the by the executive directors were justified and adequately documented.

③ The Company's disclosures on the "Intangible assets" balance sheet item are contained in the sections entitled "Accounting policies" and "(1) Intangible assets" in the notes to the consolidated financial statements.

❸ **Revenue recognition and allocation of revenue to correct periods**

① Revenue amounting to EUR 37,987 thousand is reported in the consolidated statement of comprehensive income in the consolidated financial statements of INTERSHOP Communications Aktiengesellschaft. The company recognizes revenue from the sale and temporary granting of licenses, the provision and running of systems for online-commerce as standardized service (CaaS), the provision of installation services and advice, maintenance and operation of online shops on behalf of customers in return for a sales- or transaction-based fee.

The recognition of revenue from the sale of licenses depends on the existence of a binding contractual arrangement, the transfer of material rights to the customer. Proceeds from services are realized as at the date the services are rendered, while maintenance revenue, revenue from the provision and running of systems for online-commerce as standardized service (CaaS) and proceeds from the temporary granting of licenses is realized over the performance period. These various services rendered by the company can be the object of agreements with customers, either individually or in various constellations.

In light of the complexity of the customer agreements underpinning revenue recognition, these significant items are subject to particular risk. Against this background, the correct revenue recognition in connection with the group-wide application of the new accounting standard IFRS 15 is considered to be complex and is based in some respects on estimates, assumptions and discretion used by the executive directors, with the result that this matter was of particular importance for our audit.

② As part of our audit, we assessed, among other things, the correct presentation of revenue in the consolidated financial statements on the basis of the accounting policies applied by INTERSHOP Communications Aktiengesellschaft in relation to the recognition of software revenue in accordance with the relevant IFRSs, in particular the IFRS 15.

To do so, we first identified the material controls implemented by the Group to ensure the correct identification of contracts, individual service obligations and the recognition of revenue, assessed their appropriateness and tested their effectiveness with respect to avoiding and/or identifying errors. Moreover, we assessed during our audit the consequences from the initial application of IFRS 15. We have assessed the design of the processes set up to account for transactions compliant to IFRS 15. In addition we have tested in detail material transactions, as well as further transactions on a test basis, in light of contracts, identification of service obligations and have assessed whether those services have been rendered over a period or at a point of time and which fees have been collected.

In this connection, we also assessed the appropriateness and mathematical accuracy of individual assumptions made by the executive directors when determining the fee to be allocated to the respective individual service obligations under multiple-component contracts, as well as the accounting treatment applied. Based on our audit procedures, we satisfied ourselves that the estimates and assumptions relating to revenue recognition made by the executive directors were adequately documented and justified.

③ The Company's disclosures on revenue recognition are contained in sections "(11) Contract liabilities" and "(14) Revenue" of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information.

The other information comprises
- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information
- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Other Legal And Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the “ESEF documents”) contained in the electronic file Intershop_AG_KA_LB_ESEF-2023-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2023 contained in the “Report on the Audit of the Consolidated Financial Statements and on the Group Management Report” above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the “Group Auditor’s Responsibilities for the Assurance Work on the ESEF Documents” section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 9 May 2023. We were engaged by the supervisory board on 1 December 2023. We have been the group auditor of the INTERSHOP Communications Aktiengesellschaft, Jena, without interruption since the financial year 2007.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an Other Matter– Use of the Auditor’s Report

Our auditor’s report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the “Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB” and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Carl Erik Daum.

Leipzig, March 7, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Carl Erik Daum)
Wirtschaftsprüfer
(German Public Auditor)

(sgd. ppa. Marcus Engelmann)
Wirtschaftsprüfer
(German Public Auditor)

Financial Statements

Balance Sheet INTERSHOP Communications Aktiengesellschaft

in EUR	December 31, 2023	December 31, 2022
ASSETS		
Fixed Assets		
Intangible assets		
Internally developed software	4,545,964	5,229,202
Purchased software licenses	1,355,618	1,622,514
Property and equipment		
Other facilities, furniture, and equipment	422,172	493,073
Financial Assets		
Investments in affiliated companies	8,228,641	8,228,641
	14,552,395	**15,573,430**
Current Assets		
Inventories		
Work in process	414,798	497,964
Payments on account	29,297	16,650
	444,095	514,614
Receivables and other assets		
Accounts receivable	2,384,368	2,419,299
Receivables from affiliated companies	998,852	1,480,432
Other assets	63,294	172,487
	3,446,514	4,072,218
Cash-in-hand, bank balances	7,539,706	7,453,159
	11,430,315	**12,039,991**
Prepaid expenses	**635,146**	**623,367**
TOTAL ASSETS	**26,617,856**	**28,236,788**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' Equity		
Common stock	14,582,291	14,194,164
Conditional capital: EUR 7,290,873 (prior year: EUR 1,437,000)		
Capital reserves	1,956,327	1,494,454
Revenue reserve		
Other revenue reserves	564,018	564,018
Accumulated deficit	(7,542,989)	(4,094,644)
	9,559,647	**12,157,992**
Accrued Liabilities		
Provisions for taxes	1,481	0
Other accrued liabilities	2,220,144	2,146,061
	2,221,625	**2,146,061**
Liabilities		
Loans		
of which loans convertible EUR 2.258.000 (prior year: EUR 3,108,000)	2,258,000	3,108,000
Bank loans	1,616,550	2,113,950
Customer advances	252,656	863,615
Trade payables	858,081	176,012
Payables to affiliated companies	662,362	372,222
Other liabilities	3,173,213	3,026,955
thereof from taxes: EUR 565,217 (prior year: EUR 407,118)		
thereof from social security benefits: EUR 20,305 (prior year EUR 13,768)		
	8,820,862	**9,660,754**
Deferred income	**6,015,722**	**4,271,981**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**26,617,856**	**28,236,788**

Statement of Operations of INTERSHOP Communications Aktiengesellschaft

in EUR	January 1 to December 31, 2023	2022
Revenues	30,451,260	27,213,341
Decrease in inventories of work in progress	(83,166)	(17,579)
Other own work capitalized	578,684	530,478
Other operating income	222,700	621,712
Cost of Materials		
Cost of purchased merchandise	(318,670)	(248,668)
Cost of purchased services	(6,103,915)	(4,368,276)
Personnel Costs		
Salaries	(15,112,218)	(14,042,517)
Social security contribution	(2,718,130)	(2,517,264)
Depreciation and amortization		
of intangible fixed assets and property and equipment	(1,818,824)	(1,796,955)
Other operating expenses	(8,366,317)	(9,276,011)
Other interest and similar income	136,888	104,002
thereof from affiliated companies: EUR 93,850 Euro (prior year: EUR 101,854)		
Interest and similar expenses	(314,964)	(266,949)
Taxes on income	(1,673)	(29,958)
Net loss after tax/Net loss for the year	**(3,448,345)**	**(4,094,644)**
Allocation to the retained earnings	(4,094,644)	0
Accumulated deficit	**(7,542,989)**	**(4,094,644)**

Notes to the Financial Statements

INTERSHOP Communications Aktiengesellschaft

INTERSHOP Communications Aktiengesellschaft (“Intershop”, “Company”) is an Aktiengesellschaft (German stock corporation) under German law based in Jena, Germany. The business adress is Steinweg 10, 07743 Jena, Germany. INTERSHOP Communications AG is entered in the commercial register of the Jena Local Court under number HRB 209419.

The annual financial statements of INTERSHOP Communications Aktiengesellschaft for fiscal year 2023 are prepared in accordance with the provisions of the HGB (German Commercial Code) and the AktG (German Stock Corporation Act). The Company is a large listed corporation as defined by sec. 267 (3) HGB. The fiscal year corresponds with the calendar year. The income statement is prepared using total expenditure format.

The financial statements have been prepared in Euros. Unless stated otherwise, the amounts are given as thousands of euros (EUR thousand). Figures are rounded to the nearest thousand and totals may not sum due to rounding.

Accounting Policies

The accounting policies presented below remained the same as in the prior year.

For internally generated internally developed Software, the capitalization option was exercised in accordance with sec. 248 (2) HGB.

Internally generated intangible assets classified as development costs of newly developed software products were measured at cost of production less depreciation. The cost of production includes the compulsory parts according to sec. 255 (2) HGB. Capitalization of software development costs generally begins when the technological feasibility of the product is established, which the Company defines with the compilation of the software functionalities considered as marketable to so-called PSIs (Potential Shippable Increment) and the definition of the EPICs (Features). The items were written off over the intended estimated useful life of three or six years from the time when the software was made available; the straight-line method was used. Impairment losses are recognized if the impairment in value is expected to be permanent.

Acquired intangible fixed assets and property, plant and equipment are carried at cost, less scheduled, straight-line depreciation and any required non-scheduled write-downs. Scheduled depreciation is recorded over the expected useful lives of the assets, which are between two and five years.

Low-value assets are written off in full in the year in which they are acquired as long as the cost does not exceed EUR 800.

Financial assets are entered at acquisition cost, reduced by the required value adjustments for impairments that are expected to be of a permanent duration. If the reasons for the write-downs no longer apply, the write-downs are reversed accordingly.

Inventories (work in process) are measured at cost. In addition to direct materials and labor costs, they include an appropriate share of the necessary indirect materials and labor costs. Payments already received for these services are identified as payments received.

Prepayments, receivables and other assets are carried at their principal amounts, less any necessary valuation allowances. Foreign currency receivables are measured at their historical rate prevailing at the respective transaction date when added.

Cash is measured at its nominal value.

The prepaid expenses comprise outgoing payments in the fiscal year under review that represent expenses for a certain time in the following years. A discount paid relating to the issue of an option bond is reversed as expenses using the straight-line method over the term of this bond (5 years).

Common stock is stated at par value.

Accrued liabilities cover all recognizable risks and contingent liabilities and are measured in the amount dictated by prudent business practice. They are measured at the settlement value deemed necessary by prudent business practice. Price and cost increases have been accounted for in the computation.

Liabilities are stated at their settlement value. Foreign currency payables are measured at their historical rate prevailing at the respective transaction date when added. Payments received are reported at face value.

The deferred income comprises payments from customers in the fiscal year under review that represent revenue in the following years.

Assets and liabilities in foreign currency were translated at the average spot exchange rate on the balance sheet date. With a remaining term of more than one year, the realization principle (Sec. 252 (1) no. 4 clause 2 HGB) and the acquisition cost principle (Sec. 253 (1) sentence 1 HGB) are observed.

Deferred taxes are recognized on the differences in the valuations of the trade balance and the tax balance if these are expected to reduce in later fiscal years. Furthermore, deferred tax assets on the existing loss carryforwards under corporate and trade tax law are recognized if a loss offset is expected in the next five years. Differences between trade balance and tax balance as well as accumulated deficits carried forward result in deferred tax assets. Deferred taxes from temporary differences as specified in sec. 274 HGB resulted from the application of the tax rate of 31.312% (15.825% for corporate income tax including solidarity surcharge and 15.487% for trade tax) on the intangible assets and the other accrued liabilities. The Company did not make use of the option to account for the deferred tax assets pursuant to section 274(1) sentence 2 of the HGB (German Commercial Code).

Notes to the items in the annual financial statements

Balance Sheet

Fixed assets changed as follows:

	Intangible Assets		Tangible Assets	Financial Assets	Total
In EUR thousand	Internally developed Software	Purchased Software licenses	Other equipment, operating and office equipment	Shares in affiliated companies	
Costs of purchase					
Balance at January 1, 2023	13,717	3,618	2,305	44,603	64,243
Additions	598	63	136	0	797
Disposals	0	0	(114)	0	(114)
Balance at December 31, 2023	14,315	3,681	2,327	44,603	64,926
Depreciation, write-downs, and impairment losses					
Balance at January 1, 2023	8,488	1,995	1,812	36,375	48,670
Additions	1,281	330	207	0	1,818
Disposals	0	0	(114)	0	(114)
Balance at December 31, 2023	9,769	2,325	1,905	36,375	50,374
Net carrying amount at December 31, 2022	5,229	1,623	493	8,228	15,573
Net carrying amount at December 31, 2023	**4,546**	**1,356**	**422**	**8,228**	**14,552**

The addition to internally generated software results from the first-time capitalization of software development costs. Overall, development costs of EUR 7,531 thousand were incurred in the 2023 fiscal year, of which EUR 598 thousand were capitalized. The capitalization of the software development costs led to a restricted amount of EUR 4,546 thousand less deferred tax liabilities in the amount of EUR 1,423 thousand as set forth in Sec. 268 (8) HGB. The financial assets include EUR 4,818 thousand attributable to Intershop Communications Inc. and EUR 3,100 thousand to the shares in the Dutch company Sparque B.V.; the shares in Intershop Communications Inc. were written down to the lower fair value in previous years. There are no indications of a need to further adjust the values according to current corporate planning.

Receivables from affiliated companies in the amount of EUR 400 thousand (prior year: EUR 750 thousand) resulted from Group financing; EUR 200 thousand (prior year: EUR 0 thousand) of these receivables fall due within more than one year. The other receivables from affiliated companies relate to current business service relationships. All other receivables and other assets have a remaining maturity of up to one year, as in the prior year.

The prepaid expenses include a discount in the amount of EUR 24 thousand (prior year: EUR 39 thousand) as of the balance sheet date. The nominal interest that was reduced due to the option right of the option bond issued in the 2020 fiscal year (overbearing interest) results in an equity share (Sec. 272 (2) No. 2 HGB). This was carried as a discount over the term (prepaid expenses) and added to the capital reserve as an additional payment to the partners in the relevant amount. The discount is reversed as expenses using the straight-line method over the term of the option bond (5 years).

The capital stock in the amount of EUR 14,582,291 (prior year: EUR 14,194,164) consists of 14,582,291 no-par value bearer shares. The calculated par value per share in the capital stock is EUR 1.00. The share capital increase is due to a capital increase from conditional capital in the 2023 fiscal year. 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. The share capital of INTERSHOP Communications AG increased accordingly from EUR 14,194,164 to EUR 14,582,291 effective as of January 27, 2023.

During the 2023 fiscal year, the capital reserve changed as follows (in EUR thousand):

Balance at December 31, 2022	1,494
Premium from the cash capital increase	462
Balance at December 31, 2023	**1,956**

The accumulated deficit contains a loss carryforward from previous years in the amount of EUR 4,095 thousand.

The other provisions mainly relate to outstanding invoices (EUR 654 thousand, prior year: EUR 729 thousand), variable remuneration components (EUR 286 thousand, prior year: EUR 421 thousand), as well as vacation accruals (EUR 483 thousand, prior year: EUR 411 thousand). The other provisions relate to the costs of the financial statements and the Annual Stockholders' Meeting, remuneration for the Supervisory Board, as well as imminent losses, and warranties.

Liabilities comprise the following:

in EUR thousand	Remaining term of up to one year Dec.31, 2023	Remaining term of more than one year Dec. 31, 2023	Total Dec. 31, 2023	Remaining term of up to one year Dec.31, 2022	Remaining term of more than one year Dec. 31, 2022	Total Dec. 31, 2022
Bonds	0	2,258	2,258	0	3,108	3,108
Bank loans	497	1,119	1,616	497	1,617	2,114
Advance payments received	253	0	253	864	0	864
Accounts payable	858	0	858	176	0	176
Liabilities to affiliated companies	662	0	662	372	0	372
Other liabilities	933	2,240	3,173	859	2,168	3,027
	3,204	**5,617**	**8,821**	**2,768**	**6,893**	**9,661**

As in the prior year, there are no liabilities with a remaining term of more than five years.

The liability from the warrant bond is reported in the amount to be paid according to Sec. 253 (1) HGB. In the 2020 fiscal year, namely on July 24, 2020, the Management Board of INTERSHOP Communications AG, with the consent of the Supervisory Board, decided to issue a warrant bond in the nominal amount of EUR 3,108,000 under the exclusion of the subscription rights of the existing shareholders. The warrant bond contains a combination of a bond and warrants to obtain no-par value shares of the Company. The warrant bond has a term of five years (July 24, 2020 to July 23, 2025) with an interest rate of 3.00% p.a. and an ordinary notice of termination of two years by the bondholders, subject to the waiver of the corresponding warrants. Intershop can ordinarily terminate the partial warrant bonds early, in whole or in part, giving three months’ notice if a change or amendment to tax laws and regulations of the Federal Republic of Germany or a change or amendment to these laws and regulations on the next interest payment date means that Intershop has to pay additional amounts. In the event of a termination, the repayment amount (= 100%) together with the accrued interest is due.

The holders of the warrants are entitled to subscribe to a total of 1,419,178 no-par value bearer shares from conditional capital of INTERSHOP Communications AG with a share of the capital stock on each share of EUR 1.00 per share. The option right can be exercised on any banking day from July 24, 2020 until the 10th business day before the date the partial warrant bonds become due. The option price per share is EUR 2.19. The warrant bond was fully allocated to the investors Shareholder Value Beteiligungen AG and AXXION S.A. on behalf of two fund clients.

The partial warrant bonds create direct, unconditional, non-subordinated, and unsecured liabilities of Intershop that are all ranked equally and, in the event Intershop is liquidated or becomes insolvent, are equal to all other existing and future unsecured and non-subordinated liabilities. Intershop is entitled at any time to acquire partial warrant bonds, either directly or indirectly, on the market or in any other way. Intershop can choose whether to keep, sell, or cancel the purchased partial warrant bonds.

The liabilities from bonds in the 2023 fiscal year developed as follows (in EUR thousand):

Liabilities from bonds as at December 31, 2022	**3,108**
Partial repayment of bonds	(850)
Liabilities from bonds as at December 31, 2023	**2,258**

Receivables from affiliated companies relate to deliveries of goods and services, as in the prior year. Other liabilities mainly include purchase price liabilities from the acquisition of shares in affiliated companies, liabilities from current payroll accounting and sales tax.

Statement of Operations

The following table shows a breakdown of revenues by region:

in EUR thousand	2023	2022
Germany	15,433	10,048
Rest of Europe	12,450	14,531
Rest of the world excluding Europe	2,568	2,634
	30,451	**27,213**

Revenues from software and cloud sales and from service sales are EUR 18,979 thousand (prior year: EUR 17,660 thousand) and EUR 11,472 thousand (prior year: EUR 9,553 thousand) respectively.

Other operating income includes income from currency translation of EUR 38 thousand (prior year: EUR 149 thousand). Of the other operating income, EUR 42 thousand is related to prior periods. These are mainly the result of the reversal of provisions.

Other operating expenses include depreciation and amortization of receivables from affiliated companies of EUR 70 thousand (prior year: EUR 66 thousand), as well as expenses from currency translation of EUR 70 thousand (prior year: EUR 149 thousand).

Other Disclosures

Authorized capital

As at December 31, 2023, the Company had authorized capital in the amount of EUR 7,200,000 (December 31, 2022: EUR 1,437,636) for the issuance of 7,2000 new non-par bearer shares (December 31, 2022: 1,437,636 shares). According to the INTERSHOP Communications AG's Articles of Association, the Management Board is authorized, subject to approval by the Supervisory Board, to increase the capital stock by issuing new common shares as follows:

- Up to a total of EUR 7,200,000 by issuing up to 7,200,000 new bearer shares against cash contributions and/or contributions in kind. 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. At the Annual Stockholders' 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. The new Authorized Capital I with the cancellation of the previous Authorized Capital I and the amendment to the Articles of Association was entered in the commercial register on May 15, 2023.

Conditional capital

As of the balance sheet date, the Company had conditional capital in the amount of EUR 7,290,873 (December 31, 2022: EUR 1,437,000). As of December 31, 2023, the Company's capital stock was increased conditionally by up to EUR 7,290,873 by issuing up to 7,290,873 shares. The conditional capital is composed of the following:

- An amount of EUR 1,048,873 is available as Conditional Capital I (Conditional Capital 2020/I). The conditional capital I 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 at the general 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. On July 24, 2020, the Company announced the issue of a warrant bond in the nominal amount of EUR 3,108,000.00 excluding the subscription right for existing shareholders. The holders of the warrants are entitled to subscribe to a total of 1,419,178 no-par value bearer shares from conditional capital. In January 2023, warrants for 388,127 shares were exercised and the conditional capital decreased from EUR 1,437,000 to EUR 1,048,873.
- Conditional Capital II (Conditional Capital 2023/I) of EUR 6,242,000 was created at the Annual Stockholders' Meeting of May 9, 2023. Conditional Capital II 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 Stockholders' 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.

Voting rights notifications

The Company was provided with the following details regarding shareholdings in accordance with Sec. 33(1) WpHG, which it announced in accordance with Sec. 40(1) WpHG: The voting rights notifications published on April 26, 2021 show that the voting rights share of Frankfurter Investmentgesellschaft mit variablem Kapital (SICAV), Grevenmacher, Luxembourg, in the Company was 16.15% (2,291,789 voting rights) and the voting rights share of Axxion SA, Grevenmacher, Luxembourg, was 1.41% (199,836 voting rights) as of April 21, 2021. The voting rights notifications of Value Focus Beteiligungs GmbH, Hofheim am Taunus, Germany, and Mr. Rainer Sachs published on October 8, 2021, show that Value Focus Beteiligungs GmbH, Hofheim am Taunus, Germany, and Mr. Rainer (indirectly via Sachs Assets GmbH, Erbach, Germany) together with Shareholder Value Beteiligungen AG and Shareholder Value Management AG held 36.87% (5,232,713 voting rights) in the Company as of September 30, 2021 (coordinated voting behavior).

Disclosures pursuant to section 285 No. 3 of the HGB, contingent liabilities and other financial liabilities

Other financial obligations of EUR 10,774 thousand (prior year: EUR 12,492 thousand) exist from rental agreements and from leasing agreements for vehicles and office equipment. The term of the agreement or the earliest possible termination dates were used as a basis for the calculation. The financial obligations under lease agreements essentially relate to the leases for the company's business premises at the company headquarters. Financial obligations from lease agreements relate mainly to the lease agreement for the business premises of the Company at the head office with a remaining term of seven years. The rental and leasing agreements contain the typical benefits and risks. The maturities of the other financial liabilities are broken down as follows:

in EUR thousand	Due 2024	Due 2025 to 2028	Due after 2028	**Total Dec.31, 2023**	Total Dec.31, 2022
Rental agreements*	1,452	5,575	2,903	**9,930**	11,246
Leases	413	431	0	**844**	1,246
Total	**1,865**	**6,006**	**2,903**	**10,774**	**12,492**

* including ancillary rental expenses

Employees

The Company had an average of 252 employees during the 2023 fiscal year, including 23 students (calculated on a full-time basis, prior year: 251 employees including 25 students). The employees are distributed over the following areas over the following areas:

	2023	2022
Technical Departments (Service Functions and Research Development)	195	194
Sales and marketing	32	30
General administration	25	27
	252	**251**

In accordance with Section 267 (5) of the German Commercial Code (HGB), the Company had an average of 273 employees (excluding full-time equivalents; 2022: 273 employees).

Executive bodies of the Company

The Supervisory Board comprised the following members in fiscal year 2023:

Frank Fischer
Chairman of the Supervisory Board since 12/01/2022
Chairman and Chief Investment Officer of Shareholder Value Management AG
Member of Management Board of Shareholder Value Beteiligungen AG

Ulrich Prädel
Vice Chairman of the Supervisory Board since 12/16/2016
Member since 12/01/2016
Executive Advisor

Univ.-Prof. Dr. Louis Velthuis
Member since 06/02/2016
Chairman of the Audit Committee
Professor to the Chair for controlling at the Faculty of Law,
Management and Economics at the Johannes Gutenberg University in Mainz
Further Supervisory Board mandate:
SMT Scharf AG (Chairman)

Oliver Bendig
Member since 05/16/2022
Managing Director of the STP Informationstechnologie GmbH
Further mandates:
Ecovium GmbH (Advisory Board)
Lobster Holding GmbH (Advisor Board)

In 2023 the Management Board included the following persons:

Markus Klahn
Chief Executive Officer (CEO)
Responsibilities: Sales and Marketing, Professional Services
CEO of the Management Board since 05/06/2021
Management Board member responsible for operational business from 04/09/2018 to 05/06/2021

Petra Stappenbeck
(since 01/01/2023)
Chief Financial Officer (CFO)
Responsibilities: Administrative departments, including Finance and Investor Relations

Markus Dränert
(since 12/01/2023)
Chief Operating Officer (COO)
Responsibilities: Technical departments including Cloud department

Compensation of the members of the Management Board and the Supervisory Board

Total remuneration paid to the Management Board for its activities in the 2023 fiscal year amounted to EUR 522 thousand (2022: EUR 365 thousand), of which EUR 504 thousand (2022: EUR 265 thousand) relate to fixed remuneration and EUR 18 thousand (2022: EUR 100 thousand) to variable components. In the 2023 fiscal year, Supervisory Board members were entitled to remuneration totaling EUR 200 thousand (2022: EUR 185 thousand), of which EUR 200 thousand (2022: EUR 185 thousand) accounted for fixed remuneration and EUR 0 thousand (2022: EUR 0 thousand) for the performance-based variable portion. Payments made to the Management Board and Supervisory Board consist exclusively of benefits due in the short term. Details regarding the remuneration of the Management Board and the Supervisory Board are presented in the Remuneration Report. This is published on the website of the Company at https://www.intershop.com/de/verguetungssystem.

Intershop Group

As a listed company, INTERSHOP Communications AG prepares consolidated financial statements in accordance with IFRS and according to the provisions of Section 315a of the HGB (German Commercial Code) for the largest and, at the same time, the smallest group of companies for which consolidated financial statements must be prepared. The consolidated financial statements will be submitted to the Bundesanzeiger (German Federal Gazette). As of December 31, 2023, in addition to the ultimate parent company, the consolidated companies included the subsidiaries Intershop Communications, Inc., Intershop Communications Australia Pty Ltd., Intershop Communications SARL, Sparque B.V., The Bakery GmbH and Intershop Communications Ventures GmbH.

The following list shows the subsidiaries of Intershop Communications AG and the Company's respective interest as of December 31, 2023:

	Interest in %	**Equity*** in EUR thousand	**Annual result**** in EUR thousand
Intershop Communications, Inc., San Francisco, USA	100	104	303
Intershop Communications Australia Pty Ltd, Melbourne, Australia	100	1,708	110
Intershop Communications SARL, Paris, France	100	556	6
The Bakery GmbH, Jena, Germany	100	(4,235)	(50)
Intershop Communications Ventures GmbH, Jena, Germany	100	(1,454)	(18)
Sparque B.V., Utrecht, Netherlands	75	(190)	(198)

* Equity as of December 31, 2023 is translated at the exchange rate as of the reporting date
** Net income/loss for fiscal year 2023 is translated at the average annual rate

The expenses for auditors' fees have been omitted in accordance with Sec. 285 (17) HGB and are disclosed in the notes to the Company's consolidated financial statements. These include services for the final audit.

Declaration of Conformity in accordance with section 161 of the German Stock Corporation Act

The Company issued a declaration of conformity as required by section 161 of the Aktiengesetz on December 11, 2023 and made this declaration publicly available on the Company's website at https://www.intershop.com/en/corporate-governance.

Events subsequent to the balance sheet date

No material events that must be reported occurred after the balance sheet date.

Appropriation of net income/loss

The Management Board of Intershop Communications AG proposes to carry forward the balance sheet loss of EUR 7,542,989 to new account.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of INTERSHOP Communications AG, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company for the remaining months of the financial year.

Jena, March 6, 2024

The Management Board of INTERSHOP Communications Aktiengesellschaft

Markus Klahn Petra Stappenbeck Markus Dränert

Independent Auditor’s Report

To INTERSHOP Communications Aktiengesellschaft, Jena

Report on the Audit of the Annual Financial Statements and of the Management Report

Audit Opinions

We have audited the annual financial statements of INTERSHOP Communications Aktiengesellschaft, Jena, which comprise the balance sheet as at 31 December 2023, and the statement of profit and loss for the financial year from 1 January to 31 December 2023 and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of INTERSHOP Communications Aktiengesellschaft, which is combined with the group management report, for the financial year from 1 January to 31 December 2023.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023 in compliance with German Legally Required Accounting Principles and
- the accompanying management report as a whole provides an appropriate view of the Company’s position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Audit Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Annual Financial Statements and of the Management Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Recognition and measurement of internally generated intangible fixed assets
❷ Revenue recognition and allocation of revenue to correct periods

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matters:

❶ **Recognition and measurement of internally generated intangible fixed assets**

① Internally generated intangible fixed assets amounting in total to EUR 4,546 thousand (representing 17% of total assets and 48% of equity) is reported under the “intangible fixed assets” balance sheet item in INTERSHOP Communications Aktiengesellschaft’s annual financial statements. These internally generated intangible fixed assets are internally developed INTERSHOP software solutions. The recognition of an internally generated intangible fixed asset depends significantly on the nature of the asset being such that it is highly probably that the intangible fixed asset to be recognized will be created and it will be possible to reliably allocate the development costs to the intangible fixed asset to be recognized. Internally generated intangible fixed assets are measured at cost less amortization and impairment charges. In our view, this matter was of particular importance for our audit since the capitalization of development costs is based to a large extent on the executive directors’ estimates and assumptions, and is therefore subject to corresponding uncertainties.

② As part of our audit, we reviewed, among other things, the internal processes and controls for recording intangible fixed assets as well as the methodology adopted for the determination, accounting treatment and measurement of incurred development costs. Moreover, we evaluated the capitalization requirements for individual projects on a sample basis. We assessed the amount of the capitalized development costs and the recoverability of the intangible fixed assets based on internal projections as to future usability and evaluated the appropriateness of the underlying estimates and assumptions. Based on our audit procedures, we satisfied ourselves that the estimates and assumptions made by the executive directors were justified and adequately documented.

③ The Company's disclosures on internally generated intangible fixed assets are contained in the balance sheet disclosures in the notes to the financial statements.

❷ **Revenue recognition and allocation of revenue to correct periods**

① Revenue amounting to EUR 30,451 thousand is reported in the income statement in the annual financial statements of INTERSHOP Communications Aktiengesellschaft. The company recognizes revenue from the sale and temporary granting of licenses, the provision and running of systems for online-commerce as standardized service (CaaS), the provision of installation services and advice, maintenance and operation of online shops on behalf of customers in return for a sales- or transaction-based fee. The recognition of revenue from the sale of licenses depends in particular on the transfer of beneficial ownership to the purchaser. Proceeds from services are recognized as at the date the services are rendered, while maintenance revenue and revenue from the provision and running of systems for online-commerce as standardized service and proceeds from the temporary granting of licenses is recognized over the performance period. These various services of the company can be the object of agreements with customers, either individually or in various constellations. In light of the complexity of the customer agreements underpinning revenue recognition, these significant items are subject to particular risk. Against this background, the correct application of the accounting standards is considered to be complex and is based in some respects on estimates and assumptions made by management, with the result that this matter was of particular importance for our audit.

② In the context of our audit with regard to the correct presentation of revenue in the annual financial statements, we have assessed the accounting policies applied by INTERSHOP Communications Aktiengesellschaft in relation to the recognition of software revenue against the backdrop of German with commercial law.

To do so, we first identified the material controls implemented to ensure the correct identification of contracts and individual services and the recognition of revenue, assessed their appropriateness and tested their effectiveness with respect to avoiding and/or identifying errors. Moreover, we assessed in detail the recognition of individual material transactions, as well as further transactions on a test basis, in light of contracts, proof of performance and payments, as well as assessing in particular the proper allocation of such transactions to the correct periods. In addition, we verified the consistency of the methods used by the Company to recognize revenue.

In this connection, we also reviewed the appropriateness of individual assumptions relating to the allocation of portions of revenue to individual services in the case of contracts with several primary services offered, and assessed their mathematical accuracy and the accounting treatment used. Based on our audit procedures, we satisfied ourselves that the estimates and assumptions relating to revenue recognition made by the executive directors were adequately documented and justified.

③ The Company's disclosures on revenue recognition are contained in the income statement disclosures in the notes to the financial statements and in the management report.

Other Information

The executive directors are responsible for the other information.

The other information comprises

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report and our auditor's report

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal And Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the electronic file INTERSHOP_AG_EA_LB_ESEF-2023-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the annual financial statements and the management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying management report for the financial year from 1 January to 31 December 2023 contained in the “Report on the Audit of the Annual Financial Statements and on the Management Report” above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the “Auditor’s Responsibilities for the Assurance Work on the ESEF Documents” section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the annual financial statements and the management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF-documents as part of the financial reporting process.

Auditor’s Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the annual financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and to the audited management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 9 May 2023. We were engaged by the supervisory board on 1 December 2023. We have been the auditor of the INTERSHOP Communications Aktiengesellschaft, Jena, without interruption since the financial year 2007.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an Other Matter– Use of the Auditor's Report

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited annual financial statements and the audited management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Annual Financial Statements and the Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Carl Erik Daum.

Leipzig, March 7, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

(sgd. Carl Erik Daum)	(sgd. ppa. Marcus Engelmann)
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Report of the Supervisory Board

Report of the Supervisory Board

Dear stockholders,

In the 2023 fiscal year, the growth trend in the cloud business continued with increasing revenue, improved margins, a greater share of total revenue and higher ARR. However, the new customer business did not meet our expectations. As a result, Intershop was once again not able to achieve a profitable fiscal year overall. Despite this, we still believe we are in a good position for the future with our cloud strategy as well as the Management Board team that was expanded in 2023, and can look to 2024 with optimism.

In the 2023 fiscal year, the Supervisory Board duly performed its assigned tasks as per the applicable laws, the Articles of Association, as well as the Rules of Procedure. We continuously monitored and advised the Management Board in the management of the Company. The Supervisory Board was involved in all important corporate decisions. The Management Board informed the Supervisory Board regularly, promptly, and comprehensively, verbally as well as in writing, regarding ongoing and strategic business developments, important business transactions, the risk position and risk management, the internal control system, as well as the economic situation of the company.

Supervisory Board meetings and Audit Committee

In the 2023 fiscal year, the Supervisory Board met in twelve meetings. Eight of these meetings took place in person and four meetings as video conferences. All Supervisory Board members participated in all of the meetings, only Univ. Prof. Dr. Louis Velthuis was unable to attend two meetings and Oliver Bendig one meeting. The Management Board participated in all Supervisory Board meetings except one. However, the Supervisory Board also met regularly without the Management Board. In addition, the Supervisory Board conducted a two-day strategy workshop in February 2023 with the participation of the Management Board and the support of an external management consultant as well as a product workshop in September 2023 with the Management Board and the responsible segment managers. In the meetings, the Supervisory Board dealt with all topics that are relevant to Intershop, in particular the current sales and earnings development, the cloud order situation and the development of each business segment.

In the meeting on January 19, 2023 in Frankfurt am Main, the Management Board presented the preliminary results and corresponding figures for the 2022 fiscal year and presented the projected development for the first quarter of 2023. The Management Board also reported on the current development in combination with a “lessons learned” assessment for the Professional Service segment. At the start of April 2023, the company gained Dr. Daniela Maruhn, an experienced manager in the Professional Services segment. Markus Klahn provided information on the current sales activities. In addition, each of the respective segment managers presented the current product road map and the marketing plan. The Supervisory Board also approved the report on corporate governance.

In the balance sheet meeting on March 16, 2023 in Jena, the resolutions were adopted on approving the annual and consolidated financial statements and the remuneration report for the 2022 fiscal year as well as the Agenda of the Ordinary Annual Stockholders' Meeting 2023. In addition to the current sales and earnings guidance for the first quarter, the Management Board presented the Value Creation Program (VCP). The Service and Sparque managers also presented the current and planned developments for their segments.

The meeting on May 8, 2023 in Jena focused on preparing for the Annual Stockholders' Meeting as well as the Sales, Marketing and Research & Development segments. The Management Board also reported on ongoing projects at the American subsidiary.

The main topics of the meeting on June 26, 2023 in Berlin were sales, particularly the current order situation as well as the Value Creation Program with presentations given by the Management team about the progress of achieving the respective targets for the quarter. The Sparque, Service and Customer Success managers also reported on the developments in their segments.

The video conference meetings on April 20, July 13, July 14 and August 17, 2023 focused on the sales and earnings guidance for the coming quarters and the status of the Value Creation Program. In the meeting of August 17, 2023, the Managing Director of the Australian subsidiary also presented the current situation and the outlook for the APAC region.

In the meeting on September 26, 2023 in Jena, the Value Creation Program was once again discussed and each member of the Management team presented the progress of their segment's targets. Other topics included the Service segment as well as marketing measures.

During the Supervisory Board meeting on October 27, 2023 in Frankfurt am Main, the Supervisory Board discussed the Intershop strategy without the Management Board.

The main topics of the meetings on November 9/10, 2023 were the 2024 budget with the medium-term planning that was approved by the Supervisory Board.

In the meeting on December 11, 2023 in Jena, the Management Board explained the economic development with performed and planned measures as well as the outlook for the fourth quarter. The Management team presented the current situation in each of their segments. The Supervisory Board also approved the 2023 letter of compliance in the meeting.

In addition to the resolutions that were adopted at the meetings, the Board also adopted resolutions by circular procedure.

The Management Board submitted all transactions requiring Supervisory Board approval under its Rules of Procedure to the Supervisory Board for approval. The Supervisory Board examined the relevant draft resolutions in detail and took the appropriate decisions. Business transactions of importance for the Company were discussed in detail and carefully monitored by the Supervisory Board on the basis of the report of the Management Board. In addition to the Supervisory Board meetings, the Supervisory Board was in regular contact with the Management Board.

The Supervisory Board did not form any other committees besides the Audit Committee. The Audit Committee consists of all four members of the Supervisory Board. Dr. Louis Velthuis chairs the Audit Committee. Four meetings of the Audit Committee took place in person in which all members of the Audit Committee were present. The Audit Committee primarily dealt with the auditing of the financial statement and its main points, the monitoring of the effectiveness of the internal control system well as the risk management system.

Corporate Governance

Conflicts of interest of Supervisory Board members within the meaning of recommendation E.1 of the German Corporate Governance Code, which must be immediately disclosed to the Chair of the Supervisory Board, and of which the General Meeting must also be informed, did not occur during the 2023 fiscal year.

The Supervisory Board was given adequate support by the company in training and further education, including by means of presentations on the topics of corporate governance, risk management or audits. Furthermore, managers of individual company divisions provided information on important developments in their divisions.

The 2023 Declaration of Compliance with the German Corporate Governance Code was submitted by the Management Board and the Supervisory Board on December 11, 2023. The remuneration of the respective Supervisory Board members, individualized and broken down by component, is disclosed in the 2023 Remuneration Report. More information on corporate governance can be found in the Corporate Governance Declaration.

Changes in the Supervisory Board and the Management Board

There were changes in the composition of the Management Board in the 2023 fiscal year. The Supervisory Board decided to appoint two additional members to the Management Board. In addition to the chairman of the Management Board Markus Klahn, Petra Stappenbeck was appointed to the Intershop Management Board effective January 1, 2023 as the Chief Financial Officer, as was Markus Dränert as of December 1, 2023 as the Management Board member responsible for operational business. The Supervisory Board is pleased to have Petra Stappenbeck, with her comprehensive financial expertise and years of experience in the area of finance and controlling, and Markus Dränert, with his years of extensive experience in software and cloud transformations, as excellent additions to the Management Board.

There were no changes in the composition of the Supervisory Board in the 2023 fiscal year. In May 2023, the Annual Stockholders' Meeting elected Frank Fischer, chairman of the Management Board of Shareholder Value Management AG and long-time representative of the principal shareholders of INTERSHOP Communications AG, as a member of the Supervisory Board. Frank Fischer has been a court-appointed member and chairman of the Supervisory Board since December 2022.

Annual financial statements and consolidated financial statements, dependent company report, remuneration report, annual audit

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, the auditor for the 2023 fiscal year elected at the Annual Stockholder's Meeting held on May 9, 2023 and engaged by the Supervisory Board, thoroughly reviewed the annual financial statements, the consolidated financial statements, the combined management report of INTERSHOP Communications AG and issued unqualified audit opinions in each case.

In addition, the auditors reviewed the dependent company report prepared by the Company pursuant to section 312 of the German Stock Corporation Act (AktG), reported on it pursuant to section 313 (3) of the AktG, and issued the following unqualified audit opinion: "Based on our audit and assessment in accordance with professional standards, we confirm that (1) the actual disclosures contained in the report are correct, (2) the payments made by the Company in connection with transactions detailed in the report were not unreasonably high."

The 2023 Remuneration Report was examined by the auditor for completeness of information required in accordance with Section 162(1) and (2) of the German Stock Corporation Act (AktG). The formal audit did not result in any objections.

Following its own thorough examination, in particular after inspecting the auditor's reports, as well as discussing the key points of the audit in detail with the auditor and the material findings of the audit, the Supervisory Board did not raise any objections with respect to the financial statements, the dependent company report or Remuneration Report. The Supervisory Board and the Audit Committee concur with the result of the audit, the audit of the dependent company report and the Remuneration Report. The Supervisory Board does not raise any objections against the declaration given by the Management Board at the end of the dependent company report and approved the separate financial statements and consolidated financial statements prepared by the Management Board as well as the Remuneration Report at its meeting on March 21, 2024. The annual financial statements of INTERSHOP Communications AG were thus adopted. Since the Company did not generate retained earnings during the 2023 fiscal year, there was no need to examine a resolution on the appropriation of profits.

The Supervisory Board would like to thank all employees of the Intershop Group and the Management Board for their dedicated work and commitment in the 2023 fiscal year. We would like to thank our shareholders for the trust they have placed in Intershop.

Jena, March 2024

On behalf of the Supervisory Board

Frank Fischer
Chairman of the Supervisory Board

Corporate Governance Declaration

Corporate Governance Declaration 2023

Declaration of the Management Board and Supervisory Board pursuant to section 161 of the Aktiengesetz (AktG – German Stock Corporation Act)

The recommendations of the German Corporate Governance Code were largely complied with in fiscal year 2023; any departures were explained in the Declaration of Conformity. The Supervisory Board and the Management Board issued the following joint Declaration of Conformity in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) on December 11, 2023:

Since the Declaration of Conformity of December 9, 2022, INTERSHOP Communications AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated April 28, 2022 ("Code") with the following exceptions and will continue to comply with them in the future with these exceptions.

a) The recommendations A.1 and A.3 were not yet fully implemented in 2023. The Management Board is planning in the medium term to develop a concept with regard to the sustainability targets in the areas of social and environmental factors so that these can be taken into account in the future in the corporate strategy and planning. It is also planned to expand the internal control system to include the sustainability-related areas in due course.

b) The company does not describe the essential features of the entire internal control system (Code Recommendation A.5) in its Management Report, since it considers the description with regard to the accounting process pursuant to Section 289 (4) HGB (German Commercial Code) to be adequate.

c) Members of the Management Board are initially appointed for a maximum period of three years (Code recommendation B.3). As an exception, this recommendation was deviated from in the 2023 financial year with the initial appointment of chief financial officer, Petra Stappenbeck, for a period of five years, as she already had many years of experience in management positions within the company. The Supervisory Board made its decision in the interests of the company based on experience in cooperation, qualifications and continuity on the Management Board.

d) The Supervisory Board does not form any committees, with the exception of the audit committee required by law in accordance with Section 107 (4) AktG (Code Recommendation D.2 and D.4). Currently, the Supervisory Board consists of four members and is deliberately kept small in order to ensure the work of the Supervisory Board can be performed efficiently and with all members.

e) With regard to the target agreement, both the company and the Board member have reserved the right in the event that major strategic investments are made in 2023 and 2024 to amend the expected effects of these investments on the targets, i.e. they have not excluded these (Code recommendation G.8). If no agreement can be reached, the Supervisory Board is also unilaterally entitled to determine the adjustment of the amended targets.

f) The company's Management Board members shall not be granted the majority, but exactly 50% of their long-term variable remuneration on a share basis, which they may dispose of at the latest when their contract ends, or in case of doubt, within four years (Code recommendation G.10), as, from the Supervisory Board's perspective, both a 50% share-based remuneration and a vesting period until the cooperation is terminated sufficiently take into account the objective of an incentive aimed at sustainable corporate development.

This declaration of conformity and all previous declarations have been made permanently available on the Company's website at https://www.intershop.com/en/corporate-governance.

Remuneration Report

The applicable remuneration system for the Management Board as well as the remuneration resolution for the Supervisory Board, both of which were approved and adopted by the Annual Stockholders' Meeting of INTERSHOP Communications AG on May 9, 2023 and May 6, 2021, as well as the remuneration report for the financial year 2022 and the auditor's report were made publicly available on the company website at https://www.intershop.com/de/verguetungssystem in accordance with Section 162 AktG (German Stock Corporation Act).

Corporate Governance Practices

For Intershop the statutory regulations, the recommendations of the German Corporate Governance Code as well as internal corporate directives form part of the corporate governance. Intershop drew up a Code of Conduct for Employees as well as a Code of Conduct for Partners and Suppliers in the financial year of 2023. These provide an overview of legal issues relevant for our company and set standards for legally compliant and ethical conduct. The Codes of Conduct can be viewed on the Intershop company website at https://www.intershop.com/en/company-profile#code-of-conduct.

Composition and working method of the Management Board, Supervisory Board and their committees.

In accordance with the fundamental principle of German company law, Intershop is subject to the dual management system, which requires the separation of the management body (Management Board) and the supervisory body (Supervisory Board). Both bodies cooperate in the management and supervision of the Company.

Management Board

The Management Board is responsible for managing the Company with the goal of creating sustainable value. The Management Board develops the Company's strategy and ensures that it is implemented in consultation with the Supervisory Board. The Management Board must manage the Company's business in accordance with the law, the Articles of Association, and the by-laws. The principle of joint responsibility applies; this means that the members of the Management Board are jointly responsible for the management of the entire Company. The principles of the Management Board's work are summarized in the By-laws of the Management Board. In particular, these by-laws govern the adoption of resolutions and the allocation of responsibilities. The By-laws of the Management Board also include a list of transactions for which the Management Board requires the Supervisory Board's approval.

The Management Board provides the Supervisory Board with regular, timely, and comprehensive information about all aspects of business development that are material for the Company, significant transactions, and the current earnings situation, including the risk situation, risk management and compliance. Where business developments deviate from earlier forecasts and targets, these deviations are discussed and the reasons given in detail.

The Management Board currently consists of three members. There is a Chief Executive Officer for the Management Board. The number of members of the Management Board is determined by the Supervisory Board, which can also appoint a Chairman or a Spokesperson and Deputy Chairman of the Management Board.

Age limit and long-term succession planning for the Management Board

The remuneration system and the agreement with the Management Board Member stipulates that the membership on the Management Board ends when the standard limit of the statutory pension insurance is reached. For long-term succession planning, the Supervisory Board estimates the time to fill the Management Board positions, i.e. at what times in the future will it become necessary to appoint a Management Board member and how long will an existing Management Board member remain available. The defined diversity objectives and strategic corporate criteria will be considered when appointing members. For existing agreements with Management Board members, an extension of the agreements will be renegotiated with the Supervisory Board in good time before the agreement with the Management Board member expires.

Supervisory Board

The Supervisory Board advises the Management Board on the management of the Company and monitors the Management Board's activities. It appoints and dismisses the members of the Management Board, resolves the compensation system for the Management Board members, and sets their total compensation. The Chairman of the Supervisory Board represents the Supervisory Board externally and in dealings with the Management Board. He chairs the Supervisory Board meetings.

The Articles of Association stipulate that the Supervisory Board must comprise four members. Its regular term of office is five years and ends at the Annual Stockholders' Meeting that resolves the approval of the Supervisory Board's activities for the fourth fiscal year after the beginning of its term of office. It must perform its duties in accordance with the provisions of the law, the German Corporate Governance Code, the Articles of Association, and its By-laws. The Supervisory Board must be consulted on all decisions of fundamental importance for the Company. The By-laws of the Management Board therefore stipulate certain transactions – such as major investment projects, acquisitions, and employment contracts above a certain amount – that require the Supervisory Board's approval. Important issues are also discussed between the Management Board and the Supervisory Board outside the meetings via teleconferences or at strategy meetings convened at short notice. In addition, the Chairman of the Supervisory Board keeps himself regularly up-to-date on the business developments and upcoming projects.

D&O insurance has been taken out for all members of the Management Board and the Supervisory Board; In accordance with Section 93 (2) sentence 3 German Stock Corporation Act [Aktiengesetz, AktG], a deductible was agreed for the Management Board of 10% of the damage up to at least one-and-a-half times their fixed annual remuneration.

Self-assessment of the work of the Supervisory Board

The Supervisory Board regularly assesses the effectiveness of the performance of its duties. The work of the Supervisory Board members is discussed several times a year at the Supervisory Board meetings. In addition, a self-assessment takes place via a questionnaire which must be answered by each Supervisory Board member at certain intervals, but at least every two years.

Committees

The Supervisory Board of INTERSHOP Communications AG has formed an Audit Committee that includes all four members of the Supervisory Board i.e. Mr. Frank Fischer, Mr. Ulrich Praedel, Dr. Louis Velthuis and Mr. Oliver Bendig. Dr. Louis Velthuis chairs the Audit Committee. He is particularly knowledgeable and experienced in the application of accounting principles and internal control and risk management systems and is familiar with the process of auditing financial statements. Furthermore, as an additional member of the Audit Committee, the Chair of the Supervisory Board, Frank Fischer has expert knowledge in the fields of accounting and auditing of financial statements.

The Audit Committee discusses the assessment of the audit risks, the audit strategy and audit planning as well as the audit results with the Auditor. The Chair of the Audit Committee regularly communicates with the Auditor regarding the progress of the audit and informs the Audit Committee and the Supervisory Board on the results of these discussions.

There are no other Supervisory Board committees.

Information on setting the women's quota

The target figures for the proportion of women on the Management Board and the Supervisory Board were set by the Supervisory Board as per Section 111 (5) AktG by resolution of July 1, 2021 for the period until June 30, 2025 in accordance with the actual share of 0%. Due to the size of the committees of four members on the Supervisory Board and three member of the Management Board, the Supervisory Board is of the opinion that a binding specification of a higher target figure is structurally not appropriate at this time, as this would restrict the selection of suitable candidates and thereby limiting the ability of the committee to act. The Supervisory Board would like to be free to adopt individual decisions in the respective situation in the interest of the company. However, the Supervisory Board will continue to make every effort to give preference to women with equal qualification, in order to increase the proportion of women both on the Supervisory Board as well as the Management Board. The proportion of women on the Management Board was 33% and on the Supervisory Board 0% as at the end of the 2023 financial year and, therefore, exceeded the target quota for the 2023 financial year for the Management Board and achieved it for the Supervisory Board.

The target figures for women on the two management levels below the Management Board, as set out by the Management Board in accordance with Section 76(4) AktG, limited to 28.57% until June 30, 2025 by the resolution of July 1, 2021, was reassessed in accordance with the actual share of women on the management level as of June 2021. At 25.00% the quota that was achieved by the end of 2023 was below the target quota set by INTERSHOP Communications AG, since in case of new executive appointments some positions could not be filled by women despite the intensive efforts on the part of the company. Since a separate consideration and target setting for each of the two management levels below the Management Board would not be structurally appropriate, the Management Board decided to set only one target figure for this management level as a whole.

Diversity Concept for Management Board and Supervisory Board

Management Board

The Supervisory Board has adopted a diversity concept for the composition of the Management Board, which consists of the following elements:

- As a rule, the membership in Management Board ends when the standard limit of the statutory pension insurance is reached;
- The target figure set by the Supervisory Board for the proportion of women on the Supervisory Board in accordance with section 111(5) of the AktG;
- Management Board members should have many years of leadership experience and, if possible, have gained experience in various industries and professions;
- The Management Board members should have international management experience;
- The Chairman of the Management Board shall preferably be replaced by an existing Management Board member.

The Management Board members implement the diversity concept adopted by the Supervisory Board.

Supervisory Board

The Supervisory Board adopted targets and a competence profile for its composition. This also represents the diversity concept in accordance with Section 289f (2) No. 6 German Commercial Code (HGB).

The targets for the Supervisory Board are based on statutory and corporate aspects and are as follows:

- **Comprehensive qualification**
  - The qualifications of the members of the Supervisory Board should be based on the corporate challenges and at the same time meet the statutory requirements;
  - Supervisory Board members should have many years of international management experience;
  - Supervisory Board members should have gained experience in various sectors and different professional fields.
- **Diversity**
  - The statutory gender quota in the Supervisory Board is not applicable to Intershop;
  - Nevertheless, it is the stated aim of the company to achieve an appropriate level of participation of women in the Supervisory Board;
  - Diversity and inclusion are important basic elements in the corporate value of Intershop.
- **Independence**
  - Based on its own assessment, the Supervisory Board must include an appropriate number of independent members;
  - The interests of the owner are to be appropriately taken into consideration in this regard;
  - Significant conflicts of interest are to be avoided;
  - The Supervisory Board members are to have adequate time to exercise their duties;
  - The Supervisory Board must is to include at least three independent members.

According to its Rules of Procedure, the age limit for the Supervisory Board is 70 years for the appointment of new Supervisory Board members.

The composition of the Supervisory Board complies with the set targets as well as the competence profile and therewith the diversity concept. Based on the assessment of the members of the Supervisory Board, currently four members of the Supervisory Board are independent from the company and the Management Board and three of the four members of the Supervisory Board are independent from the controlling shareholder. The qualification matrix shows the implementation of the competence profile.

	Accounting	Auditing expertise	IT/Digitalization	Strategy	Sales	Substainability	M&A/Internationalization	Governance, risk management, compliance
Supervisory Board member								
Frank Fischer (Chairman of the Supervisory Board)	X	X	X	X	X	X	X	X
Ulrich Prädel (Vice Chairman of the Supervisory Board)			X	X	X	X	X	
Univ.-Prof. Dr. Louis Velthius (Member of the Supervisory Board)	X	X		X		X	X	X
Oliver Bendig (Member of the Supervisory Board)			X	X	X	X	X	X

Jena, February 1, 2024

INTERSHOP Communications AG

For The Management Board

Markus Klahn
CEO

For the Supervisory Board

Frank Fischer
Chairman of the Supervisory Board

intershop®

Stock Market Data

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

		2023	2022
Closing price	in EUR	2.10	2.58
Number of shares outstanding (end of period)	in million shares	14.58	14.19
Market capitalization	in EUR million	30.62	36.62
Earnings per share	in EUR	(0.21)	(0.25)
Cashflow per share	in EUR	0.20	0.08
Carrying amount per share	in EUR	0.78	0.98
Average trading volume per day	Number	6,798	7,620
Free float	in %	47	48

* Basis: Xetra
* Basis: all stock exchanges

Intershop-Shares

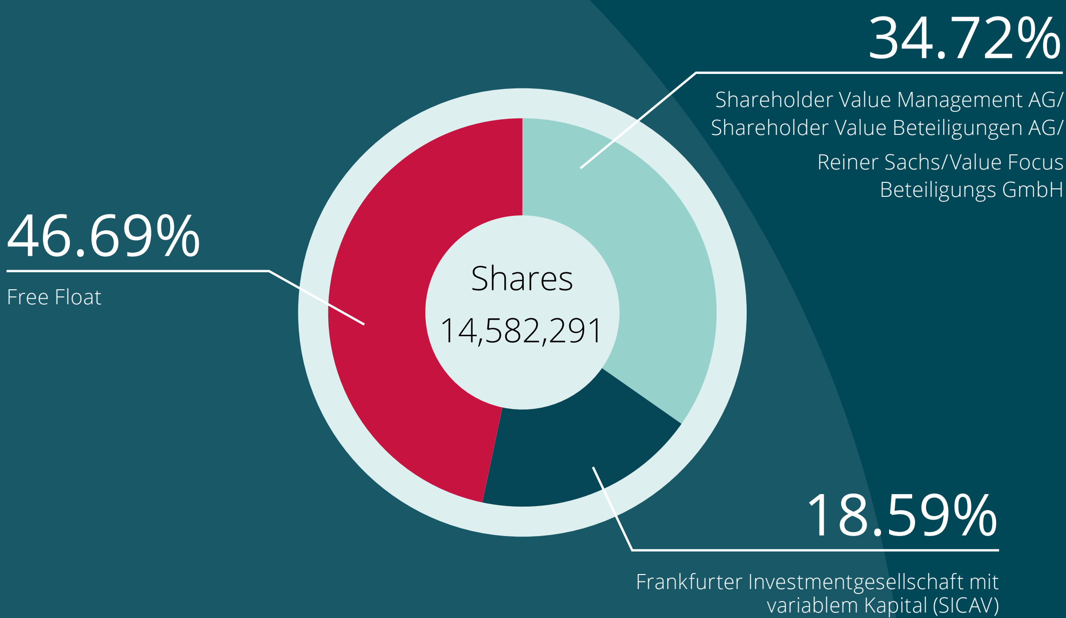
intershop®

Share price

in EUR,
XETRA closing time

Shareholder structure

December 31, 2023



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Financial Calendar

Date	Event
February 14, 2024	Release of (preliminary) Q4 and FY financials 2023
April 24, 2024	Release of Q1 financials 2024
May 16, 2024	Ordinary Annual Stockholders´ Meeting 2024
July 24, 2024	Release of Q2 and 6-month financials 2024
October 23, 2024	Release of Q3 and 9-month financials 2024

The current financial calendar can be found at www.intershop.com/financial-calendar.

This annual 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.

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