



**Group Management Report For The Nine Months Ended**  
September 30, 2013

## Content

---

LETTER TO OUR STOCKHOLDERS .....	3
KEY FIGURES FOR THE GROUP .....	4
GROUP MANAGEMENT REPORT .....	5
Overall Economy and Industry .....	5
Revenue Development .....	5
Earnings Development .....	7
Net Assets and Financial Position .....	7
Research and Development .....	8
Management Board and Supervisory Board .....	8
Employees .....	8
Group Risks .....	9
Events subsequent to the balance sheet date .....	9
Outlook .....	9
CONSOLIDATED BALANCE SHEET .....	11
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	12
CONSOLIDATED STATEMENT OF CASH FLOWS .....	13
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY .....	14
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2013 .....	15
General disclosures .....	15
Accounting principles (Compliance statement) .....	15
Basis of consolidation .....	15
Accounting policies .....	15
Equity .....	15
Other operating income .....	16
Earnings per share .....	16
Segment Reporting .....	17
Litigation .....	18
Related party disclosures .....	19
Directors' holdings and Securities transactions subject to reporting requirements .....	19
INTERSHOP SHARES .....	20
CONTACT .....	21

## Letter to Our Stockholders

---



Jochen Moll



Ludwig Lutter



Dr. Jochen Wiechen

Dear stockholders and business partners,

In the third quarter, Intershop systematically continued the reorganization with regard to strengthening the marketing and sales units. These measures are beginning to bear fruits, as demonstrated by the 8% increase in revenue in the third quarter. The fact that our focus on marketing and sales is correct is shown by our latest distinction from Forrester Research, which for the first time ranked our B2B e-Commerce solution in the global "leader" category in its widely recognized Forrester Wave cluster. That means that Intershop has a leading technology, whose potential has to be established in the market more intensively with stronger marketing and sales measures. We are increasingly able to accomplish this through our continuously growing global partner network. In the first nine months of 2013 alone, Intershop acquired 13 new technology and sales partners with whose support many new projects have already been generated.

While business performance in 2013 was below expectations, the actions taken are beginning to show results. Consequently, both Intershop's revenue situation and gross margin improved in the third quarter. With 34%, it was considerably above the level of the first half-year of 29%, which is a further indication of the trend reversal. Nevertheless, we continue to show a loss in 2013 and therefore reduced our forecast accordingly at the beginning of October. However, we are convinced that our marketing initiatives for our leading Intershop 7 platform will yield increasingly positive results in the months to come and that the positive revenue and earnings trend will become stronger.

We thank you for your trust.

Sincerely,

A handwritten signature in cursive script that reads "Jochen Moll".

Jochen Moll

A handwritten signature in cursive script that reads "Ludwig Lutter".

Ludwig Lutter

A handwritten signature in cursive script that reads "Jochen Wiechen".

Dr. Jochen Wiechen

## Key Figures for the Group

in EUR thousand	9-Months 2013	9-Months 2012	Change
<b>Revenue</b>			
Net Revenue	38,543	38,661	0%
Licenses	2,626	3,479	-25%
Services, maintenance and other	35,917	35,182	2%
Revenue Europe	24,059	22,262	8%
Revenue U.S.A.	11,219	11,713	-4%
Revenue Asia/Pacific	3,265	4,686	-30%
<b>Earnings</b>			
Cost of revenues	26,666	25,202	6%
Gross profit	11,877	13,459	-12%
Gross margin	31%	35%	
Operating expenses, operating income	15,134	13,406	13%
Research and development	2,634	3,723	-29%
Sales and marketing	8,540	6,000	42%
General and administrative	4,174	4,587	-9%
Other operating income/expenses	214	904	-76%
EBIT	3,257	53	-6245%
EBIT Margin	-8%	0%	
EBITDA	-489	1,570	-131%
EBITDA Margin	-1%	4%	
Net result	-3,297	22	-15086%
Earnings per share (EUR)	-0.11	0.00	
<b>Net Assets</b>			
Shareholders' equity	24,236	28,260	-14%
Equity ratio	71%	70%	
Balance sheet total	34,272	40,198	-15%
Noncurrent assets	13,395	13,745	-3%
Current assets	20,877	26,453	-21%
Noncurrent liabilities	858	1,353	-37%
Current liabilities	9,178	10,585	-13%
<b>Financial Position</b>			
Cash and cash equivalents	9,382	15,469	-39%
Net cash operating activities	-2,585	2,056	-226%
Depreciation and amortization	2,768	1,517	82%
Net cash used in investing activities	-2,257	-3,495	-35%
<b>Employees</b>			
	532	526	1%

# Group Management Report

---

## Overall Economy and Industry

Global economic development continued to slow down during the course of the year. In October, the International Monetary Fund (IMF) already reduced its forecast for global economic growth in 2013 for the second time this year to 2.9%. At the beginning of 2013, IMF economic researchers were still assuming growth of 3.3%. The main reason for this is the growth slowdown in emerging and developing countries. For these countries, the forecasts from July had to be decreased by 0.5 percentage points to a comparatively low growth of 4.5%. In contrast, the forecasts for the euro zone and Germany were increased slightly after a negative trend in the middle of the year. The German economy is now expected to grow by 0.5% this year. Only a slight decline of 0.4% is expected for the economy of the euro zone countries.

The e-Commerce market continues to grow at a dynamic rate. According to investment bank Goldman Sachs, the global e-Commerce market will increase to around US\$ 963 billion (approx. EUR 704 billion) by the end of 2013. The largest retail market is the US, which Forrester Research predicts will reach a sales volume of US\$ 252 billion (approx. EUR 183 billion) by the end of 2013. In the EU, the largest markets are Great Britain, Germany and France, which will come to a total sales volume of around EUR 101 billion by the end of 2013. The total European market will reach a sales volume of around EUR 128 billion by the end of the year.

The dynamics in Germany illustrate the current market data of the Bundesverband für Versandhandel (BVH) [German E-Commerce and Distance Selling Trade Association]. According to this industry association, the e-Commerce market grew by 50% in the second quarter of 2013 compared to the corresponding quarter in the prior year. Consequently, in the period from April 2013 to June 2013, the sector of online and mail order retailers generated revenue of around EUR 9.9 billion (Q2 2012: EUR 6.6 billion) in the online business. Already in the first quarter of 2013, with revenue of EUR 8.7 billion, a significant increase of 37% could be shown. In contrast, according to the industry association BITKOM, the information and communications market in Germany lost momentum during the course of year, which could mainly be attributed to the heavy losses in consumer electronics as well as decreases in the area of IT hardware. Other sectors like the software industry are still on a growth trajectory, in this year alone by 4.9%.

## Revenue Development

Compared to the prior year, Intershop increased its net revenue in the third quarter by 8% to EUR 13.2 million, thereby stopping the declining revenue trend in the current year. In total, revenue in the first nine months of EUR 38.5 million was at the level of the prior year. The improved revenue situation in the third quarter was due to higher license sales and the increase in revenue for services, maintenance and other.

Despite the increase in the third quarter, software license revenue of EUR 2.6 million in the nine-month period remained at 25% below the level of the prior year. In this regard, the delays of large-scale projects continued to have an adverse effect on the sales volume during the reporting period. Revenue from consulting and training decreased from EUR 21.6 million in the prior year to EUR 19.6 million. The main reason for the decline is the lower consulting expense for a major customer. The consulting business, which generates a little over 50% of the net revenue, is by far Intershop's most important source of revenue. The maintenance business also continues to be an important pillar, however with EUR 6.5 million it was slightly below the prior year figure of EUR 6.8 million. Other revenues, including the full-service business, showed a very positive development with an increase of 79% to EUR 6.6 million. The substantial gain can be attributed to the sales increase due to the growing number of Intershop full-service customers. Online marketing revenue increased by 4% to EUR 3.2 million, which underscores the growing importance of the area.

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

Nine Months ended September 30,	2013	2012	Change
Licenses	<b>2,626</b>	<b>3,479</b>	<b>-25%</b>
Consulting/Training	19,612	21,616	-9%
Maintenance	6,460	6,769	-5%
Online marketing	3,218	3,088	4%
Other revenues	6,627	3,709	79%
Service, maintenance and other	<b>35,917</b>	<b>35,182</b>	<b>2%</b>
Net Revenue total	38,543	38,661	0%

In the course of the present year, Intershop expanded its sales activities significantly with regard to marketing the Intershop 7 platform and cut back its R&D activities accordingly. Since the beginning of the year, the sales and marketing team has been increased from 52 to 72 employees. The investments are used to accelerate the market launch of the innovative Intershop 7 e-Commerce platform, which was developed last year.

#### **Forrester Research positions Intershop 7 as global leader for B2B platforms**

At the beginning of October, the prestigious US market research institute, Forrester Research, published its latest study on the B2B commerce platform market. The current Intershop 7.3 Suite was positioned as the only software solution of an independent vendor among the four leading platforms worldwide (leader). In the report, the industry analysts emphasized Intershop's expertise in the segment, which is reflected in the newly developed software platform. Intershop has been active in the business customer segment for over 20 years. The Intershop solution for B2B organizations stands out for its comprehensive technical architecture, its suitability for internationalization of the business, its distinctive safety features as well as its smooth integration in the existing IT landscape of the customer.

Besides strengthening the sales team, the primary focus in the first nine months was the expansion of the global network of specialized business and implementation partners. Already in the first quarter, Intershop opened an office in Hong Kong and with Shinetec gained an important outsourcing partner for the booming Chinese online business. Further partnerships were concluded with the British payment service provider Computop, the cloud hosting solutions provider Carrenza and the global provider for online payment transactions WorldPay. Later in the year, well-known cooperation partners were added. In May, Intershop announced its partnership with the British brand engagement agency Coolpink, the main aim of which is to optimize the websites of British retailers. Great Britain is the largest e-Commerce market in Europe and is therefore of tremendous importance for Intershop. In July, another partner from the UK was added with PEER 1 Hosting. For the US market, Intershop concluded an agreement with Rackspace Hosting for the marketing of cloud-based e-Commerce solutions. Since the middle of the year, Intershop has been supported in the Dutch market by the software and service provider Calago for implementation of its B2B commerce platform and with Compario in France a leading provider in the areas of merchandising, product recommendations and personalization for all digital channels was acquired. At the end of September, Intershop finally announced an expansion of the partnership with PayPal especially for the fast growing Brazilian e-Commerce market, in which Intershop had not previously been active.

Important new customers in the first nine months included one of the largest supermarket chains in the Benelux region as a license and consulting customer and Calumet, the world's leading provider of professional photographic equipment and services, which drives forward the global expansion of its online presence together with Intershop. Intershop achieved additional new business in the energy area, where together with partner T-Systems, an online portal for the public utility company Stadtwerke Rostock was developed. Also new in the customer portfolio is Linen House, the Australian vendor of home textiles, whose shop was launched in October. One month before, Intershop had already announced the launch of the

Intershop 7-based B2B shop of the Styrolution Group, a customer portal of the world market leader for styrene plastics in Germany. Intershop achieved another go live with the first complete e-Commerce solution for Ocelot, the Berlin-based book retailer. Intershop's highest revenue-generating existing customers in the first nine months of 2013 included the US-based Hewlett-Packard Company, the mail order business Otto and its subsidiaries, as well as GSI Commerce.

In the first nine months, Intershop increased its net revenue in the European market. Revenue increased by 8% to EUR 24.1 million compared to EUR 22.3 million in the first nine months of 2012. In contrast, revenue in the other regions decreased. In the US, Intershop recorded a slight decrease of 4% to EUR 11.2 million. In Asia Pacific, revenue declined by 30% to EUR 3.3 million due to the lower revenue with Telstra, the Australian telecommunications group. Overall, the European share of total net revenue was 62.4%, the US market was 29.1% and the Asia Pacific region was 8.5%.

### Earnings Development

Intershop closed the third quarter of 2013 with an operating result (EBIT) of EUR -0.4 million, which represents a significant improvement over the first two quarters of the current year. Before depreciation (EBITDA), there was a positive result of EUR 0.6 million, which corresponds to an EBITDA margin of 4%. For the nine-month period, however, Intershop remains in the red and records an EBIT of EUR -3.3 million compared to EUR 0.1 million in the prior year. Over the course of 2013, Intershop had to adjust its earnings forecast at the beginning of October after the improvement of the business situation in the third quarter turned out weaker than expected due to delays with large orders. In addition to the weaker than expected revenue, the main reason for the negative result in the first nine months is the significant increase in marketing and sales expenses. The net loss for the period in the first nine months was EUR 3.3 million. The earnings per share was EUR -0.11 (prior year: EUR 0.00).

In the first nine months of 2013, gross profit decreased by 12% to EUR 11.9 million, which corresponds to a gross margin of 31%. Consequently, the margin is below the prior year (35%), however, it improved compared to the level of the first half-year (29%). This trend reversal is supported by the good performance in the third quarter, in which a gross margin of 34% was achieved. Operating expenses increased by 13% to EUR 15.1 million, which can mainly be attributed to expenditures for sales and marketing, which rose by 42%. The significantly intensified sales activities serve to accelerate the market launch of Intershop 7, in order to secure the position of the Company as a leading, independent vendor of integrated e-Commerce solutions for the long term. At the same time – as planned after completion of the development phase – R&D expenses dropped sharply by 29% to EUR 2.6 million, which can mainly be attributed to a decrease in third-party services. With the 9% decline in administrative costs to EUR 4.2 million, the elimination of extraordinary expenses has a noticeable effect. In total, the operating cost ratio increased from 35% to just under 40%. In the third quarter, the cost ratio dropped compared to the prior quarters and reached 37%.

### Net Assets and Financial Position

Intershop's net assets and financial position is mainly characterized by three significant factors: The Company continues to have a comfortable cash flow situation even though cash holdings have declined compared to year-end 2012 from EUR 14.3 million to just under EUR 9.5 million. This can mainly be attributed to the negative operating cash flow of EUR -2.6 million in the first nine months as well as investments in the Intershop 7 software platform. The equity ratio of the Intershop Group of 71% continues to be on a very high level. Compared to year-end 2012, the equity position fell by 12% to EUR 24.2 million, which can be attributed to the loss for the period at the end of September. The Intershop Group continues to be free of bank liabilities and other financial debt. Other liabilities decreased from EUR 10.1 million to EUR 9.2 million. Altogether, total assets of EUR 38.6 million as of year-end 2012 fell to EUR 34.3 million as of the interim balance sheet date.

## Research and Development

In particular, Intershop's research and development work focused on the further development of Intershop 7, the innovative e-Commerce platform. For example, since August the B2B module has advanced functions. Companies can now realize individual user experiences, simplify ordering processes and reduce complexity in a customer-oriented manner. The Intershop platform therefore allows retailers to combine the most modern B2C functions with the specific requirements of business customers. In addition, since September Intershop is the first vendor to offer customers real-time analyses in its online shops. Retailers can now optimize e-Commerce websites continuously and in the process have a clearer picture of their customers than ever before.

In the view of the prestigious market research institute, Forrester Research, with its new platform Intershop ranks among the world's leading companies (leader) in the B2B e-Commerce solutions segment along with IBM, SAP (Hybris) and Oracle. In the study, which has been available since the beginning of October, the Company and its most current Intershop 7.3 platform was evaluated according to three main criteria: Current offering, market position and strategy. These main criteria were then broken down into a total of 66 individual criteria, like safety features, technical architecture, planned updates and the number of new customers. In the assessment, special emphasis was given to Intershop's expertise with regard to supporting complex B2B commerce scenarios, stringent monitoring of a B2B focused roadmap and the technical innovations of the Intershop 7 platform.

## Management Board and Supervisory Board

Since August 1, 2013, Dr. Jochen Wiechen supports the Management Board as Chief Technical Officer (CTO) in addition to Jochen Moll and Ludwig Lutter. He is responsible for product development, the technical department and the full-service area. Prior to joining Intershop, Dr. Jochen Wiechen was Vice President at SAP AG, responsible for product strategy development as well as for the management, development and support of Workforce Performance Builder acquired from datango AG.

Effective May 31, 2013, Bob van Dijk, Vice President of eBay Europe, and Tobias Hartmann, CEO of Global Operations at GSI Commerce, Inc., resigned their seat on the Supervisory Board of Intershop Communications AG. Tobias Hartmann had been on the Supervisory Board since July 2011 and Bob van Dijk since February 2012.

At the Annual Stockholders' Meeting on June 12, 2013, Dr. Kai Hudetz, Managing Director of IFH Institut für Handelsforschung GmbH (Institute for Trade Research), and Dr. Nikolaus Mohr, most recently Managing Director and Managing Partner of Accenture Deutschland, were elected as new members of the Supervisory Board. Both members have many years of extensive experience in the retail, IT and e-Commerce sectors.

## Employees

At the beginning of September, Intershop received the distinction of being named "Fair Company." The Handelsblatt initiative honors companies that offer interns, trainees and professional newcomers fair employment conditions. The "Fair Company" quality seal supports Intershop's image as an employer with flat hierarchies and an open, fair company culture. In addition, the quality seal confirms Intershop's recruiting strategy. As part of this strategy, newcomers have mentors assigned to them and a special training program makes the start in professional life easier. In the competition for highly qualified IT specialists, the Company also relies on a variety of cooperations with research institutions and the respective chairs of recognized universities.

Since the middle of the year, Intershop's workforce has decreased by 8 employees to 532 full-time staff members. In the R&D area, the high personnel capacity that was necessary for the development of Intershop 7 was slightly reduced. In contrast, in the area of sales and marketing, additional positions were created in order to drive forward the market launch of the new Intershop 7 platform.

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

Employees by department (full-time equivalents)	September 30, 2013	December 31, 2012	September 30, 2012
Technical Departments (research and development and service functions)	403	426	430
Sales and Marketing departments	72	52	44
General and administrative departments	57	52	52
<b>Total</b>	<b>532</b>	<b>530</b>	<b>526</b>

### Group Risks

Regarding risks, please see the detailed description in the 2012 annual report.

### Events subsequent to the balance sheet date

On October 2, 2013, Intershop adjusted its forecast for fiscal year 2013. Further details can be found in the "Outlook" section.

### Outlook

In the coming year, despite all the economic risks, the global economy is again expected to gain greater momentum. According to the forecasts of the IMF, the global economy will grow by 3.6% in 2014. In the course of this, emerging and developing countries will benefit from the favorable global economy with a growth of 5.1% and developed countries with an increase of 2.0%. The economic situation in the euro zone countries will also show signs of recovery again after a two-year recession. In this regard, IMF experts expect growth of 1.0%. The upswing in Germany will once again be above average in the next year with an expected increase of 1.4%.

The outlook in the e-Commerce sector continues to be positive. According to Forrester Research, the American market will experience annual growth of around 10% and reach a total volume of EUR 268 billion by the end of 2017. In Europe, the largest e-Commerce markets – Great Britain, Germany and France – as well as the European market as a whole will also continue to experience annual growth of around 10.5% to a sales volume of EUR 191 billion by 2017. Sales in the online business will undergo higher than average growth in Southern Europe. This is because there is a considerable amount of catching up to do there. This is demonstrated by the current figures of Eurostat, the European statistical office. According to this, online purchasing is especially popular in Northern and Western Europe. Great Britain is the frontrunner with 82% of all citizens who shop online. In Germany, already over three-quarters of the citizens (77%) shop online; in Europe as a whole, the figure to date is only 59%. In the countries of Southern and Eastern Europe, the private e-Commerce market has played a minor role up to now. Accordingly, the percentage of online shoppers in Italy (29%) or Romania (11%) was considerably below the EU average.

In addition to the general replacement of brick and mortar businesses (chain stores) with the internet, other important drivers for the continued growth in the e-Commerce sector nationally and internationally include the change in shopping behavior and the use of mobile media like smartphones and tablets. Intershop will continue to profit from these trends. However, the competitive environment, especially for major customers, remains challenging. The reorganization at Intershop with a targeted strengthening of the marketing and sales units continues and already bore fruit in the past third quarter. However, there are delays with some larger anticipated orders, which has resulted in a lower than expected net revenue and EBIT in the third quarter.

Therefore, Intershop revised its forecast for fiscal year 2013 at the beginning of October. Up to such date, management had expected revenue growth over the level of the prior year of EUR 51.8 million in the single-digit percentage range and almost balanced earnings (EBIT). Now, the management expects net revenue at the prior-year level as well as a negative EBIT in the low single-digit million euro range.

The ongoing market consolidation among vendors of integrated e-Commerce solutions is continuing as shown by the takeover of Hybris by SAP. This opens up considerable opportunities for Intershop as the only independent vendor for enterprise e-Commerce. This is why the management expects net revenues to increase again and a positive operating result for 2014.

## Consolidated Balance Sheet

in EUR thousand	September 30, 2013	December 31, 2012
<b>ASSETS</b>		
<b>Noncurrent assets</b>		
Intangible assets	11,351	11,618
Property, plant and equipment	1,129	1,380
Other noncurrent assets	20	26
Deferred tax assets	895	895
	<b>13,395</b>	<b>13,919</b>
<b>Current assets</b>		
Trade receivables	10,640	9,613
Other receivables and other assets	790	726
Restricted cash	65	65
Cash and cash equivalents	9,382	14,314
	<b>20,877</b>	<b>24,718</b>
<b>TOTAL ASSETS</b>	<b>34,272</b>	<b>38,637</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Subscribed capital	30,183	30,183
Capital reserve	7,751	7,751
Other reserves	(13,698)	(10,322)
	<b>24,236</b>	<b>27,612</b>
<b>Noncurrent liabilities</b>		
Deferred revenue	858	878
	<b>858</b>	<b>878</b>
<b>Current liabilities</b>		
Other current provisions	392	352
Trade accounts payable	3,221	4,771
Income tax liabilities	20	412
Other current liabilities	2,385	2,794
Deferred revenue	3,160	1,818
	<b>9,178</b>	<b>10,147</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>34,272</b>	<b>38,637</b>

## Consolidated Statement of Comprehensive Income

in EUR thousand	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
<b>Gross Revenues</b>				
Licenses	844	724	2,626	3,479
Services, maintenance and other	13,269	12,543	38,704	39,049
	<b>14,113</b>	<b>13,267</b>	<b>41,330</b>	<b>42,528</b>
<b>Media costs</b>	<b>(949)</b>	<b>(1,047)</b>	<b>(2,787)</b>	<b>(3,867)</b>
<b>Net Revenues</b>				
Licenses	844	724	2,626	3,479
Services, maintenance and other	12,323	11,496	35,917	35,182
	<b>13,167</b>	<b>12,220</b>	<b>38,543</b>	<b>38,661</b>
<b>Cost of revenues</b>				
Licenses	(690)	(412)	(2,052)	(824)
Services, maintenance and other	(7,943)	(7,987)	(24,614)	(24,378)
	<b>8,633</b>	<b>(8,399)</b>	<b>(26,666)</b>	<b>(25,202)</b>
Gross profit	4,534	3,821	11,877	13,459
<b>Operating expenses, operating income</b>				
Research and development	(692)	(1,248)	(2,634)	(3,723)
Sales and marketing	(2,794)	(1,858)	(8,540)	(6,000)
General and administrative	(1,469)	(1,301)	(4,174)	(4,587)
Other operating income	133	349	406	1,021
Other operating expenses	(98)	(47)	(192)	(117)
	<b>(4,920)</b>	<b>(4,105)</b>	<b>(15,134)</b>	<b>(13,406)</b>
Result from operating activities	(386)	(284)	(3,257)	53
Interest income	3	9	16	61
Interest expense	(1)	(1)	(2)	(2)
<b>Financial result</b>	<b>2</b>	<b>8</b>	<b>14</b>	<b>59</b>
Earnings before tax	(384)	(276)	(3,243)	112
Income taxes	<b>(18)</b>	<b>63</b>	(54)	<b>(90)</b>
Earnings after tax	(402)	(213)	(3,297)	22
Other comprehensive income				
Exchange differences on translating foreign operations	1	(28)	(79)	9
<b>Total comprehensive income</b>	<b>(401)</b>	<b>(241)</b>	<b>(3,376)</b>	<b>31</b>
Earnings after tax attributable to:				
<b>Shareholders of INTERSHOP Communications AG</b>	<b>(402)</b>	<b>(213)</b>	<b>(3,297)</b>	<b>22</b>
Total comprehensive income attributable to:				
<b>Shareholders of INTERSHOP Communications AG</b>	<b>(401)</b>	<b>(241)</b>	<b>(3,376)</b>	<b>31</b>
Earnings per share (EUR, basic)	(0.01)	(0.01)	(0.11)	0.00
Earnings per share (EUR, basic)	(0.01)	(0.01)	(0.11)	0.00
Weighted average shares outstanding (basic)	30,183	30,183	30,183	30,183
Weighted average shares outstanding (diluted)	30,183	30,183	30,183	30,183

## Consolidated Statement of Cash Flows

in EUR thousand	Nine months ended September 30,	
	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Earnings before tax	(3,243)	112
<i>Adjustments to reconcile net profit/loss to cash used in operating activities</i>		
Financial result	(14)	(59)
Depreciation and amortization	2,768	1,517
Other noncash expenses and income	(70)	(49)
<i>Changes in operating assets and liabilities</i>		
Accounts receivable	(1,026)	1,776
Other assets	(111)	(441)
Liabilities and provisions	(1,866)	(1,610)
Deferred revenue	1,366	695
Net cash provided by operating activities before income tax and interest	(2,196)	1,941
Interest received	15	61
Interest paid	(1)	(2)
Income taxes received	40	66
Income taxes paid	(443)	(10)
Net cash (used in) operating activities	(2,585)	2,056
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for investments in intangible assets	(1,973)	(2,795)
Proceeds on disposal of equipment	8	(68)
Purchases of property and equipment, net of capital leases	(292)	(632)
Net cash used in investing activities	(2,257)	(3,495)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received for unregistered stock	0	25
Expenses of cash received for unregistered stock	0	(15)
Net cash provided by/used in financing activities	0	10
Effect of change in exchange rates	(90)	14
Net change in cash and cash equivalents	(4,932)	(1,415)
Cash and cash equivalents, beginning of period	14,314	16,884
Cash and cash equivalents, end of period	9,382	15,469

## Consolidated Statement of Shareholders' Equity

in EUR thousand				Other reserves			Subscribed capital
	Common shares (Number shares)	Subscribed capital	Capital reserve	Conversion reserve	Cumulative profit/ loss	Cumulative currency differences	
<b>Balance, January 1, 2013</b>	<b>30,183,484</b>	<b>30,183</b>	<b>7,751</b>	<b>(93)</b>	<b>(12,469)</b>	<b>2,240</b>	<b>27,612</b>
Total comprehensive income					(3,297)	(79)	(3,376)
Balance, September 30, 2013	30,183,484	30,183	7,751	(93)	(15,766)	2,161	24,236
<b>Balance, January 1, 2012</b>	<b>30,170,984</b>	<b>30,171</b>	<b>7,753</b>	<b>(93)</b>	<b>(11,890)</b>	<b>2,278</b>	<b>28,219</b>
Total comprehensive income					22	9	31
Issue of new shares	12,500	12	(2)				10
Balance, September 30, 2012	30,183,484	30,183	7,751	(93)	(11,868)	2,287	28,260

# Notes on the Consolidated Financial Statements as of September 30, 2013

---

## General disclosures

The consolidated financial statements of Intershop Communications AG as of December 31, 2012 were prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as well as the provisions required to be applied under section 315a(1) of the Handelsgesetzbuch (HGB – German Commercial Code). Accordingly, the Group's interim report as of September 30, 2013 was prepared in accordance with IAS 34, Interim Financial Reporting.

This interim report as of September 30, 2013 is unaudited and must be read in conjunction with the consolidated financial statements and the associated notes to the consolidated financial statements for fiscal year 2012. The consolidated financial statements and the notes to the consolidated financial statements are contained in the Company's Annual Report for the fiscal year ended December 31, 2012. The 2012 Annual Report is available on the Company's web site at <http://www.intershop.com/investors-financial-reports>.

## Accounting principles (Compliance statement)

The interim consolidated financial statements of Intershop Communications AG were prepared in accordance with the International Financial Reporting Standards (IFRSs) valid at the balance sheet date and with the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU.

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

## Basis of consolidation

The scope of consolidation of the entities of INTERSHOP Communications AG includes, as of September 30, 2013, in addition to the parent company, the subsidiaries Intershop Communications, Inc., SoQuero GmbH, The Bakery GmbH, Intershop Communications Australia Pty Ltd, Intershop Communications Nordics AB, Intershop Communications Ventures GmbH as well as Intershop Communications Asia Limited. The consolidated financial statements of Intershop Communications AG include the consolidated results of the Company and all its German and foreign subsidiaries over whose financial and operating policies Intershop Communications AG exercises direct or indirect control.

## Accounting policies

The same accounting policies were used to prepare this interim report as for the consolidated financial statements for fiscal year 2012. The policies used are described in detail on pages 45 to 51 of the 2012 Annual Report.

## Equity

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

As of September 30, 2013, subscribed capital was unchanged at EUR 30,183,484 and is divided into 30,183,484 non-par value bearer shares. As of September 30, 2013, the company had a total of EUR 7,500,000 in authorized capital. Authorized Capital I remains unchanged at EUR 7,500,000. The Annual Stockholders' Meeting on June 12, 2013

decided to cancel Authorized Capital II in the amount of EUR 156,137. The amendment of the Articles of Association was entered in the commercial register on August 14, 2013.

### Other operating income

Other operating income includes government grants amounting to EUR 212 thousand (prior year: EUR 431 thousand), which were issued in the first nine months of 2013. These government grants are related to research and development projects, which are supported by the Federal Ministry of Education and Research, as well as by the Thüringer Aufbaubank.

### Earnings per share

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
<b>Basis for calculating basic earnings per share (Earnings after tax attributable to Intershop shareholders)</b>	<b>(402)</b>	<b>(213)</b>	<b>(3,297)</b>	<b>22</b>
<b>Basis for calculating diluted earnings per share</b>	<b>(402)</b>	<b>(213)</b>	<b>(3,297)</b>	<b>22</b>

The number of shares is calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
<b>Weighted average number of ordinary shares used to calculate basic earnings per share</b>	<b>30,183</b>	<b>30,183</b>	<b>30,183</b>	<b>30,183</b>
<b>Weighted average number of ordinary shares used to calculate diluted earnings per share</b>	<b>30,183</b>	<b>30,183</b>	<b>30,183</b>	<b>30,183</b>

The earnings per share is calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
<b>Calculation of earnings per share (basic)</b>				
Basis for calculating basic earnings per share (in EUR thousand)	(402)	(213)	(3,297)	22
Weighted average number of shares (basic)	30,183	30,183	30,183	30,183
<b>Earnings per share (basic) (in EUR)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.11)</b>	<b>0.00</b>
<b>Calculation of earnings per share (diluted)</b>				
Basis for calculating diluted earnings per share (in EUR thousand)	(402)	(213)	(3,297)	22
Weighted average number of shares (diluted)	30,183	30,183	30,183	30,183
Earnings per share (diluted) (in EUR)	(0.01)	(0.01)	(0.11)	0.00
<b>Adjustment of earnings per share (diluted) (in EUR)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.11)</b>	<b>0.00</b>

In accordance with IAS 33.47, the stock options issued are included in the calculation of diluted earnings only if the average market price of Intershop ordinary shares during the quarter exceeds the exercise price of the stock options. As the diluted earnings reduce the loss per share or increase the earnings per share, an adjustment is made to the amount of basic earnings per share (antidilutive effect) in accordance with IAS 33.43. In accordance with IAS 33.64 the calculation of the number of shares was adjusted retrospectively for the prior year.

### Segment Reporting

Three months ended September 30, 2013					
in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consolidation	Group
<b>Net Revenues from external customers</b>					
Licenses	594	250	0	0	<b>844</b>
Consulting and training	2,451	3,346	662	0	<b>6,459</b>
Maintenance	1,670	235	346	0	<b>2,251</b>
Online Marketing	1,121	0	0	0	<b>1,121</b>
Other	2,157	218	117	0	<b>2,492</b>
<b>Total net revenues from external customers</b>	<b>7,993</b>	<b>4,049</b>	<b>1,125</b>	<b>0</b>	<b>13,167</b>
Intersegment revenues	199	80	0	(279)	<b>0</b>
<b>Total net revenues</b>	<b>8,192</b>	<b>4,129</b>	<b>1,125</b>	<b>(279)</b>	<b>13,167</b>
<b>Result from operating activities</b>	<b>(210)</b>	<b>(121)</b>	<b>(55)</b>	<b>0</b>	<b>(386)</b>
<b>Financial result</b>					<b>2</b>
<b>Earnings before tax</b>					<b>(384)</b>
<b>Income taxes</b>					<b>(18)</b>
<b>Earnings after tax</b>					<b>(402)</b>

Three months ended September 30, 2012					
in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consolidation	Group
<b>Net Revenues from external customers</b>					
Licenses	708	11	5	0	<b>724</b>
Consulting and training	3,161	2,985	740	0	<b>6,886</b>
Maintenance	1,442	247	590	0	<b>2,279</b>
Online Marketing	1,079	0	0	0	<b>1,079</b>
Other	1,032	220	0	0	<b>1,252</b>
<b>Total net revenues from external customers</b>	<b>7,422</b>	<b>3,463</b>	<b>1,335</b>	<b>0</b>	<b>12,220</b>
Intersegment revenues	38	150	0	(188)	<b>0</b>
<b>Total net revenues</b>	<b>7,460</b>	<b>3,613</b>	<b>1,335</b>	<b>(188)</b>	<b>12,220</b>
<b>Result from operating activities</b>	<b>(172)</b>	<b>(90)</b>	<b>(22)</b>	<b>0</b>	<b>(284)</b>
<b>Financial result</b>					<b>8</b>
<b>Earnings before tax</b>					<b>(276)</b>
<b>Income taxes</b>					<b>63</b>
<b>Earnings after tax</b>					<b>(213)</b>

Nine months ended September 30, 2013					
in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consolidation	Group
<b>Net Revenues from external customers</b>					
Licenses	2,110	439	77	0	<b>2,626</b>
Consulting and training	8,144	9,479	1,989	0	<b>19,612</b>
Maintenance	4,690	700	1,070	0	<b>6,460</b>
Online Marketing	3,218	0	0	0	<b>3,218</b>
Other	5,897	601	129	0	<b>6,627</b>
<b>Total net revenues from external customers</b>	<b>24,059</b>	<b>11,219</b>	<b>3,265</b>	<b>0</b>	<b>38,543</b>
Intersegment revenues	282	500	8	(790)	<b>0</b>
<b>Total net revenues</b>	<b>24,341</b>	<b>11,719</b>	<b>3,273</b>	<b>(790)</b>	<b>38,543</b>
<b>Result from operating activities</b>	<b>(2,024)</b>	<b>(945)</b>	<b>(288)</b>	<b>0</b>	<b>(3,257)</b>
<b>Financial result</b>					<b>14</b>
<b>Earnings before tax</b>					<b>(3,243)</b>
<b>Income taxes</b>					<b>(54)</b>
<b>Earnings after tax</b>					<b>(3,297)</b>

Nine months ended September 30, 2012					
in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consolidation	Group
<b>Net Revenues from external customers</b>					
Licenses	2,965	349	165	0	<b>3,479</b>
Consulting and training	9,050	10,008	2,558	0	<b>21,616</b>
Maintenance	4,123	683	1,963	0	<b>6,769</b>
Online Marketing	3,088	0	0	0	<b>3,088</b>
Other	3,036	673	0	0	<b>3,709</b>
<b>Total net revenues from external customers</b>	<b>22,262</b>	<b>11,713</b>	<b>4,686</b>	<b>0</b>	<b>38,661</b>
Intersegment revenues	311	685	0	(996)	<b>0</b>
<b>Total net revenues</b>	<b>22,573</b>	<b>12,398</b>	<b>4,686</b>	<b>(996)</b>	<b>38,661</b>
<b>Result from operating activities</b>	<b>24</b>	<b>15</b>	<b>14</b>	<b>0</b>	<b>53</b>
<b>Financial result</b>					<b>59</b>
<b>Earnings before tax</b>					<b>112</b>
<b>Income taxes</b>					<b>(90)</b>
<b>Earnings after tax</b>					<b>22</b>

### Litigation

In the first nine months of 2013, no changes have occurred concerning the legal disputes listed on pages 68-69 of the 2012 annual report.

### Related party disclosures

Besides its business relations with the consolidated subsidiaries, Intershop has relations with a company that holds an equity interest in Intershop, GSI Commerce Solutions Inc, held 26.14% of the Company's shares at the interim reporting date. The revenue earned with GSI Commerce Solutions Inc, amounted to EUR 2,412 thousand in the first nine months of 2013 (prior year: EUR 2,996 thousand). The outstanding receivables amounted to EUR 243 thousand at September 30, 2013 (prior year: EUR 797 thousand). The accounts receivables consist of trade receivables. Intershop did not purchase any goods or services from GSI and has no accounts payable as at September 30, 2013.

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

As of September 30, 2013, the following members of the company's executive bodies held Intershop ordinary bearer shares:

Name	Function	Shares
Dr. Herbert May	Chairman of the Supervisory Board	18,000
Jochen Moll	Spokesman of the Board of Management	32,500
Ludwig Lutter	Member of the Board of Management	10,874
Dr. Jochen Wiechen	Member of the Board of Management	10,000

In the first nine months of 2013, the members of the company's executive bodies made the following purchases of Intershop ordinary bearer shares:

Name	Date	Type of transaction	Amount	Total value (EUR)
<b>Supervisory Board:</b>				
Dr. Herbert May	02/25/2013	Purchase	10,000	18,200
Dr. Herbert May	08/13/2013	Purchase	8,000	9,334
<b>Management Board:</b>				
Jochen Moll	03/01/2013	Purchase	10,000	19,270
Jochen Moll	05/10/2013	Purchase	10,000	14,780
Jochen Moll	08/14/2013	Purchase	7,500	8,850
Jochen Moll	08/20/2013	Purchase	5,000	5,445
Ludwig Lutter	05/17/2013	Purchase	6,000	9,322
Ludwig Lutter	05/22/2013	Purchase	2,258	3,771
Ludwig Lutter	05/23/2013	Purchase	516	846
Ludwig Lutter	05/24/2013	Purchase	1,100	1,848
Ludwig Lutter	05/28/2013	Purchase	1,000	1,670

## Intershop Shares

Stock Market Data on Intershop Shares	
ISIN	DE000A0EPUH1
WKN	A0EPUH
Stock market symbol	ISH2
Admission segment	Prime standard/Regulated market
Sector	Software
Membership of Deutsche Börse indices	CDAX, Prime All Share, Technology All Share

Key figures for Intershop shares		9M 2013	2012	9M 2012
Closing price <sup>1</sup>	in EUR	1.54	1.79	1.94
Number of shares outstanding (end of period)	in million shares	30.18	30.18	30.18
Market capitalization	in EUR million	46.48	54.03	58.56
Earnings per share	in EUR	(0.11)	(0.02)	0.00
Cashflow per share	in EUR	(0.09)	0.07	0.07
Carrying amount per share	in EUR	0.80	0.91	0.94
Average trading volume per day <sup>2</sup>	Number	63,975	48,964	53,515
Free float	in %	70	67	67

<sup>1</sup> Basis: Xetra

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

## Contact

---



Investor Relations Contact

Intershop Communications AG

Intershop Tower

07740 Jena

Germany

Phone +49 3641 50 1000

Fax +49 3641 50 1309

E-mail [ir@intershop.com](mailto:ir@intershop.com)

[www.intershop.com](http://www.intershop.com)

This interim report contains forward-looking statements regarding future events or the future financial and operational performance of Intershop. Actual events or results may differ materially from the results presented in these forward-looking statements or from the results expected according to these statements. Risks and uncertainties that could lead to such differences include Intershop's limited operating history, the limited predictability of revenues and expenses, and potential fluctuations in revenues and operating results, significant dependence on large individual customer orders, customer trends, the level of competition, seasonal fluctuations, risks relating to electronic security, possible state regulation, and the general economic situation.