



Group Management Report For The Three Months Ended  
March 31, 2014

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## Letter to Our Stockholders

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Jochen Moll



Ludwig Lutter



Dr. Jochen Wiechen

Dear stockholders and business partners,

“Intershop strikes again” was the headline in last month’s industry media. We not only have a new corporate design and website – our corporate strategy has also been redefined in the last few months. We will continue to refocus from a previously service-oriented business model to becoming much more product-oriented. We are in an excellent position to do this thanks to the expansion of our partner network. The service sector will also continue to grow, however not nearly as much as with the product business. Growth in the e-Commerce sector may be on the agenda, however, the market for software solutions in the online business is fiercely contested. Therefore, we have decided to intensify our sales and marketing activities again and continue to invest in our sales force and new partnerships. The market is in a critical phase and our technological market leadership must be accompanied by a growing market share. Additional investments will have short term effects on the margin and will lead to a negative result in the current period, but we are firmly convinced that these are necessary investments in our future in order to achieve sustainable, positive results mid-term.

Growth without partnerships with regard to innovations and in sales is hardly possible in the e-Commerce sector. That is why we consistently focus on the expansion of our partner network. In the first quarter, we entered into another important partnership agreement with US-based Adobe focusing on the joint sales as well as the integration of the Adobe Experience Manager with our platform. In order to drive the ecosystem forward for all things related to the Intershop platform, we also started the “Seed – Growing Ideas” initiative to serve as an incubator to support young start-ups and gain new ideas and concepts for our omni-channel platform.

Our primary goal for 2014 continues to be focused on increasing our market presence and significantly expanding license revenue – the foundation for our future growth. We have made a solid start in that direction in the first quarter with an increase of 64%.

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 "Dr. Jochen Wiechen".

Dr. Jochen Wiechen

## Key Figures for the Group

in EUR thousand	Q1 2014	Q1 2013	Change
<b>Revenue</b>			
Net Revenue	12,015	12,199	-2 %
Licenses	1,111	679	64 %
Services, maintenance and other	10,904	11,520	-5 %
Revenue Europe	7,691	7,787	-1%
Revenue U.S.A.	2,971	3,378	-12%
Revenue Asia/Pacific	1,353	1,034	31%
<b>Earnings</b>			
Cost of revenues	8,142	8,755	-7%
Gross profit	3,873	3,444	12%
Gross margin	32%	28%	
Operating expenses, operating income	5,616	5,173	9%
Research and development	1,225	1,096	12%
Sales and marketing	3,065	2,759	11%
General and administrative	1,476	1,405	5%
Other operating income/expenses	-150	-87	72%
EBIT	(1,743)	(1,729)	-1%
EBIT Margin	-15%	-14%	
EBITDA	(691)	(864)	-20%
EBITDA Margin	-6%	-7%	
Net result	(1,793)	(1,726)	-4%
Earnings per share (EUR)	(0.06)	(0.06)	0%
<b>Net Assets</b>			
Shareholders' equity	22,409	25,907	-14%
Equity ratio	69%	67%	
Balance sheet total	32,432	38,639	-16%
Noncurrent assets	12,742	14,137	-10%
Current assets	19,690	24,502	-20%
Noncurrent liabilities	465	905	-49%
Current liabilities	9,558	11,827	-19%
<b>Financial Position</b>			
Cash and cash equivalents	7,311	12,712	-42%
Net cash operating activities	655	-577	214%
Depreciation and amortization	1,052	865	22%
Net cash used in investing activities	(747)	(1,083)	31%
<b>Employees</b>	530	540	-2%

# Group Management Report

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## Overall Economy and Industry

According to the latest forecasts of the International Monetary Fund (IMF), the global economy will grow by 3.6% in the current year. Experts believe that the economy will experience an increase of 1.2% in the euro zone countries. The most recent joint forecasts of the leading German economic institutes anticipate strong growth of 1.9% for the Germany economy. The digital revolution taking place with the global goods trade shows no signs of slowing down. According to market research institute eMarketer, worldwide B2C e-Commerce sales for the current year will increase by over 20% to around US\$ 1.5 trillion. The largest markets by far are in Asia Pacific, North America and Western Europe – Intershop's target regions. Sales in the Asia Pacific region are expected to reach US\$ 525.2 billion by the end of 2014, corresponding to a 35% market share of worldwide B2C e-Commerce. eMarketer expects sales in North America to reach a volume of US\$ 482.6 billion and a market share of 32%. Sales in Western Europe will also continue to increase, reaching US\$ 342.0 billion by the end of 2014. The market share of the West European markets will then amount to 23%. In Germany, the online and mail order industry also looks optimistic for the current year. Based on a survey by the Bundesverband E-Commerce und Versandhandel Deutschland (BEVH) [German E-Commerce and Distance Selling Trade Association], almost every second company interviewed (46.3%) expects to be able to increase its sales. The BEVH believes that the German online business as a whole will continue to experience strong above-average growth of around 24.8% to a volume of EUR 48.8 billion in the current year. The global IT market is also currently in growth mode. The European Information Technology Observatory (EITO) forecasts that total sales for the worldwide software market will grow by 6.2% to EUR 321 billion. The EITO also expects the IT services business to grow by 3.9% to almost EUR 531 billion. In Germany, BITKOM anticipates sales related to IT services to increase by 3.2% to EUR 36.5 billion. The German software market is expected to increase by 5.3% to EUR 19.0 billion.

## Revenue Development

In the traditionally weaker first quarter of 2014, Intershop generated net revenue of around EUR 12.0 million, corresponding to just under 2% less than in the prior year. The favorable trend in the license revenues continued. Compared to the prior year, software license sales increased by 64% to EUR 1.1 million. Existing as well as new customers contributed to this positive development in the reporting period. Revenues from services, maintenance and other also developed very well and only declined by a total of 5% to EUR 10.9 million due to lower revenue from two major customers.

Revenue from consulting and training came to EUR 6.1 million in the first three months of 2014 compared to EUR 6.8 million in the prior year. However, the consulting business is still by far Intershop's most important source of revenue with around 51%. The maintenance business decreased by 10% compared to the prior year and contributed around 15% to net revenue, which corresponds to EUR 1.8 million and which was caused primarily by a customer's decrease in revenue. A continuation of the positive trend can be seen in other revenue. In this segment comprising mainly the full-service business, revenue increased by 13%, which also corresponds to EUR 1.8 million. The sales losses in this area due to expiring contracts could be overcompensated by growing revenue from other full-service customers. Online marketing revenue also increased substantially by 12% to EUR 1.2 million. This underscores the successful market position since acquired by the online marketing subsidiary SoQuero. As an independently operating company, SoQuero manages marketing campaigns in over 40 countries and in more than 20 different languages.

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

Three Months ended March 31,	2014	2013	Change
<b>Licenses</b>	<b>1,111</b>	<b>679</b>	<b>+64%</b>
<b>Service, maintenance and other</b>	<b>10,904</b>	<b>11,520</b>	<b>-5%</b>
Consulting/Training	6,073	6,829	-11%
Maintenance	1,846	2,046	-10%
Online marketing	1,157	1,030	+12%
Other revenues	1,828	1,615	+13%
<b>Net Revenue total</b>	<b>12,015</b>	<b>12,199</b>	<b>-2%</b>

#### **Intershop starts marketing and sales campaign in 2014**

Intershop began a broad marketing campaign in the new year. In the past months, the brand concept of the Company was revised as an integral component of this campaign. In March 2014, the new brand presence including new sales materials and a new website was presented to the public.

As part of the partnership with the US-based software company Adobe Systems, its "Adobe Experience Manager" content management system is integrated with the Intershop 7 commerce platform. Adobe and Intershop will market and distribute the solution together predominantly in North America, Great Britain and Germany. The Adobe Summit 2014 in Salt Lake City in March, an important conference for digital marketing in the US, was the venue for Intershop's kickoff of the new solution. Intershop was a Gold Sponsor and presented its solution which is now closely integrated with Adobe Experience Manager. Intershop will also introduce the new integration solution at the Adobe Summit EMEA 2014 on May 14 and 15 in London.

The focus of the sales activities in 2014 is on the North American market. In addition, the manpower of the sales and marketing team in the US was increased considerably. Compared to the prior year, the Group-wide sales and marketing team was increased by 14 employees to 75 in order to further increase the global market presence.

The sales focus is still also the online customer portal for power supply companies developed in partnership with T-Systems Multimedia Solutions. Together with T-Systems, Intershop recently presented the turnkey solution for e-Commerce, self-service and smart metering at E-world, the premier European fair in the energy and water industries, which took place in Essen at the beginning of February.

Intershop was also represented with its own stand at EuroShop, the world's largest retail trade fair, in Düsseldorf in mid-February as well as at the industry trade fair Internet World in Munich at the end of February, where its newly designed trade fair stand was first used.

The highlight of the marketing campaign was the "Intershop Summit," held for the first time at the beginning of April 2014 in Berlin. Representatives from Intershop and leading e-Commerce companies provided insight into the rapidly changing world of omni-channel commerce at an exclusive event under the new slogan "Commerce as a Lifestyle". Select customers, partners and press representatives could also get an idea of the new Intershop brand presence as well as the new Intershop initiative "Seed – Growing Ideas".

The global partner network was also expanded to include new business and implementation partners in the first three months of 2014. In addition to the collaboration with Adobe, Intershop also announced a strategic partnership with Siteworx, a leading US digital agency. With the help of Siteworx's vast expertise and extensive customer network, Intershop will be able to continue its expansion in the US.

The partnership with Carrenza, a specialist for cloud-based technologies, was also intensified. In the future, Carrenza will take Intershop's legacy client/server application and make it

available as a Software-as-a-Service model, which will enable a pay-as-you-go offering with flexible price options.

Another new strategic partner is Payone, one of the leading bank-independent payment service providers in Europe. The partnership will enable retailers to seamlessly integrate the Payone platform, which enables fully automated and comprehensive handling of all e-Commerce payment processes, with Intershop's e-Commerce platform.

In the first three months, Intershop increased its net revenue especially in the Asia Pacific region. The Asia Pacific region reported very dynamic growth with a revenue increase of 31% to around EUR 1.4 million. Net revenue in the European market decreased slightly by around 1% to EUR 7.7 million. At the same time, the license revenue generated in Europe increased by 74% to EUR 1.1 million. In the US, Intershop recorded a decrease in revenue of around 12% to EUR 3.0 million. This is particularly attributable to declining revenue from two major customers. Overall, the European share of total net revenue was 64%, the US market was 25% and the Asia Pacific region was 11%.

### Earnings Development

In the first quarter of 2014, Intershop's gross profit on sales increased significantly by 12% to EUR 3.9 million. As a result, the gross margin improved from 28% in the prior-year quarter to 32% in the first quarter of 2014. A negative operating result (EBIT) remained at the prior-year level of EUR 1.7 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) came to EUR -0.7 million. This was due to sales in the traditionally weaker first quarter as well as the increase in operating expenses by a total of around 10% to EUR 5.8 million. This increase was mainly attributable to the high investments in sales and marketing as well as in the expansion of the global partner network, which serves to increase the market presence in the medium term and secure the position of the Company as a leading independent provider of integrated e-Commerce solutions. The sales and marketing expenses increased compared to the prior year by around 11% to EUR 3.1 million. R&D expenses also increased by 12% to EUR 1.2 million, which is primarily due to the lower capitalization of software development costs and fewer product development services compared to the prior year. Administrative expenses rose to 5%, resulting in an increase of the operating cost ratio from 42.4% in the prior-year period to just under 46.7% in the first three months of 2014.

The net result for the period of EUR -1.8 million was slightly below that of the prior year (EUR -1.7 million). Earnings per share remained at the prior-year level of EUR -0.06.

### Net Assets and Financial Position

Intershop generated a positive operating cash flow of EUR 0.7 million in the reporting period. Despite the negative net result for the period, the higher cash inflows from receivables of EUR 1.7 million especially contributed to this positive development. This means that Intershop still has a healthy liquidity situation. Since the end of 2013 to the end of the first quarter of 2014, cash on hand has dropped only minimally by 1% and came to EUR 7.3 million as of the reporting date at the end of March.

The Intershop Group's equity ratio of 69% is still at a very high level. Compared to year-end 2013, the equity position dropped by 7% to EUR 22.4 million due to the loss for the period.

The Intershop Group continues to be free of bank liabilities and other financial debt. Other liabilities increased by 5.2% to EUR 10.0 million (December 31, 2013: EUR 9.5 million). Altogether, total assets fell from EUR 33.7 million at year-end 2013 to EUR 32.4 million as of the interim balance sheet date.

## Research and Development

Research and development (R&D) activities undertaken by Intershop mainly continue to concentrate on the further development of the innovative Intershop 7 commerce platform. In view of the much shorter innovation cycles in the fast-growing commerce sector, not to mention the growing competition, it is very important that innovative functions and extensions are provided within existing product cycles to defend and expand one's own market position. Intershop has a strong and experienced developer team that continuously works on the continued success of the Company's products.

A new component of research and development at Intershop is the "Seed – Growing Ideas" initiative launched this spring. The newly founded "Innovation Lab" based in Berlin will focus on new trends and innovations and their integration in Intershop's range through partnerships. The partnerships will allow the respective start-ups to benefit from direct access to Intershop's customers, know-how and software tools, allowing them to utilize their economic potential better. The Innovation Lab will enable Intershop to integrate innovative tools related to omni-commerce quickly and effectively. The first two collaboration partners are Picalike, which specializes in image recognition, and the online branch of advertising agency Jung von Matt/next.

## Employees

Intershop is one of the most popular employers in the German IT industry. This was the result of a study by the news magazine Focus in cooperation with the business network Xing, the data aggregator Statista, and kununu, the largest German-language employer review portal. Based on a comparison of employers in the telecommunications and IT sector, Intershop ranked sixth, while in the IT industry alone it reached fourth place, leaving its well-known competitors behind. The contents of the survey included satisfaction with the leadership abilities of supervisors, career prospects, salary as well as the image of the employer.

Since the beginning of the year, Intershop's staff has decreased slightly to 530 full-time employees. In the R&D area, the high staffing levels that had been necessary for the development of Intershop 7 were slightly reduced. In contrast, new positions were created in the area of sales and marketing. In order to successfully structure the marketing and sales campaign of the Company, capacity in this area was increased by 14 new employees in the past year.

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

Employees by department (full-time equivalents)	March 31, 2014	December 31, 2013	March 31, 2013
Technical Departments (research and development and service functions)	396	404	425
Sales and Marketing departments	75	73	61
General and administrative departments	59	58	54
<b>Total</b>	<b>530</b>	<b>535</b>	<b>540</b>

## Group Risks

For information on the Company's risks, please refer to the detailed explanations in the 2013 Annual Report.

## Outlook

The e-Commerce sector is still on a growth course. According to the latest estimates of market researchers at eMarketer, annual growth of around 16% is expected until 2017. The greatest annual growth of around 26% will be seen in the Asia Pacific region. The e-Commerce business will experience annual growth of around 11% in North America and 8.2% in Western Europe. Further growth is also predicted for the global software industry. The market research company IDC expects the industry to grow by an average of almost 6% per year until 2017.

As the industry outlook shows, there is very dynamic growth in the market segments that are relevant to Intershop. However, the business trend in 2013 showed that competition especially for major customers is still intense, making acquisition time consuming and consequently difficult to predict. In order to survive and have sustainable growth in this environment, Intershop invests heavily in marketing and sales and in the expansion of its global partner network. Both initiatives serve to increase the market reach of the Intershop 7 software and to acquire additional market share. These measures will be pursued consistently in the current year.

Altogether, the development in the first quarter confirms the expectations for all of 2014. Accordingly, Intershop continues to predict a net revenue gain in the single-digit percentage range with a moderately increasing gross margin. Due to the ongoing growth-driven investment measures in the areas of sales and marketing, management expects a negative operating result (EBIT) in the low single-digit million euro range for 2014.

## Consolidated Balance Sheet

in EUR thousand	March 31, 2014	December 31, 2013
<b>ASSETS</b>		
<b>Noncurrent assets</b>		
Intangible assets	10,823	11,104
Property, plant and equipment	1,004	1,026
Other noncurrent assets	20	20
Deferred tax assets	895	895
	<b>12,742</b>	<b>13,045</b>
<b>Current assets</b>		
Trade receivables	10,851	12,555
Other receivables and other assets	1,528	716
Cash and cash equivalents	7,311	7,389
	<b>19,690</b>	<b>20,660</b>
<b>TOTAL ASSETS</b>	<b>32,432</b>	<b>33,705</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	(15,525)	(13,752)
	<b>22,409</b>	<b>24,182</b>
<b>Noncurrent liabilities</b>		
Other noncurrent provisions	43	58
Deferred revenue	422	421
	<b>465</b>	<b>479</b>
<b>Current liabilities</b>		
Other current provisions	326	347
Trade accounts payable	2,878	3,057
Income tax liabilities	81	72
Other current liabilities	3,390	2,940
Deferred revenue	2,883	2,628
	<b>9,558</b>	<b>9,044</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>32,432</b>	<b>33,705</b>

## Consolidated Statement of Comprehensive Income

in EUR thousand	Three months ended March 31,	
	2014	2013
<b>Gross Revenues</b>		
Licenses	1,111	679
Services, maintenance and other	11,944	12,457
	<b>13,055</b>	<b>13,136</b>
<b>Media costs</b>	<b>(1,040)</b>	<b>(937)</b>
<b>Net Revenues</b>		
Licenses	1,111	679
Services, maintenance and other	10,904	11,520
	<b>12,015</b>	<b>12,199</b>
<b>Cost of revenues</b>		
Licenses	(819)	(686)
Services, maintenance and other	(7,323)	(8,069)
	<b>(8,142)</b>	<b>(8,755)</b>
Gross profit	3,873	3,444
<b>Operating expenses, operating income</b>		
Research and development	(1,225)	(1,096)
Sales and marketing	(3,065)	(2,759)
General and administrative	(1,476)	(1,405)
Other operating income	208	138
Other operating expenses	(58)	(51)
	<b>(5,616)</b>	<b>(5,173)</b>
Result from operating activities	(1,743)	(1,729)
Interest income	6	6
Interest expense	0	(1)
<b>Financial result</b>	<b>6</b>	<b>5</b>
Earnings before tax	(1,737)	(1,724)
Income taxes	(56)	(2)
Earnings after tax	(1,793)	(1,726)
Other comprehensive income		
Exchange differences on translating foreign operations	20	21
<b>Total comprehensive income</b>	<b>(1,773)</b>	<b>(1,705)</b>
Earnings per share (EUR, basic)	(0.06)	(0.06)
Earnings per share (EUR, basic)	(0.06)	(0.06)
Weighted average shares outstanding (basic)	30,183	30,183
Weighted average shares outstanding (diluted)	30,183	30,183

## Consolidated Statement of Cash Flows

in EUR thousand	Three months ended March 31,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Earnings before tax	(1,737)	(1,724)
<i>Adjustments to reconcile net profit/loss to cash used in operating activities</i>		
Financial result	(6)	(5)
Depreciation and amortization	1,052	865
Other noncash expenses and income	0	(14)
<i>Changes in operating assets and liabilities</i>		
Accounts receivable	1,744	(788)
Other assets	(812)	(549)
Liabilities and provisions	220	(679)
Deferred revenue	238	2,642
Net cash provided by operating activities before income tax and interest	699	(252)
Interest received	6	6
Interest paid	0	(1)
Income taxes received	0	21
Income taxes paid	(50)	(351)
Net cash (used in) operating activities	655	(577)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for investments in intangible assets	(614)	(960)
Proceeds on disposal of equipment	0	5
Purchases of property and equipment	(133)	(128)
Net cash used in investing activities	(747)	(1,083)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash provided by/used in financing activities	0	0
Effect of change in exchange rates	14	58
Net change in cash and cash equivalents	(78)	(1,602)
Cash and cash equivalents, beginning of period	7,389	14,314
Cash and cash equivalents, end of period	7,311	12,712

## 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, 2014</b>	<b>30,183,484</b>	<b>30,183</b>	<b>7,751</b>	<b>(93)</b>	<b>(15,796)</b>	<b>2,137</b>	<b>24,182</b>
Total comprehensive income					(1,793)	20	(1,773)
Balance, March 31, 2014	30,183,484	30,183	7,751	(93)	(17,589)	2,157	22,409
<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					(1,726)	21	(1,705)
Balance, March 31, 2013	30,183,484	30,183	7,751	(93)	(14,195)	2,261	25,907

## Notes on the Consolidated Financial Statements as of March 31, 2014

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### General disclosures

The consolidated financial statements of Intershop Communications AG as of December 31, 2013 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 March 31, 2014 was prepared in accordance with IAS 34, Interim Financial Reporting.

This interim report as of March 31, 2014 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 2013. 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, 2013. The 2013 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 March 31, 2014, 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 2013. The policies used are described in detail on pages 48 to 53 of the 2013 Annual Report.

### Equity

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

As of March 31, 2014, subscribed capital was unchanged at EUR 30,183,484 and is divided into 30,183,484 non-par value bearer shares. As of March 31, 2014, the Company still had authorized capital of EUR 7,500,000 (Authorized Capital I).

## Earnings per share

The calculation of basic and diluted earnings per share is based on the following data (in EUR thousand):

	Three months ended March 31,	
	2014	2013
<b>Basis for calculating basic earnings per share (Earnings after tax attributable to Intershop shareholders)</b>	<b>(1,793)</b>	<b>(1,726)</b>
<b>Basis for calculating diluted earnings per share</b>	<b>(1,793)</b>	<b>(1,726)</b>

The number of shares is calculated as follows:

	Three months ended March 31,	
	2014	2013
<b>Weighted average number of ordinary shares used to calculate basic earnings per share</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>

The earnings per share is calculated as follows:

	Three months ended March 31,	
	2014	2013
<b>Calculation of earnings per share (basic)</b>		
Basis for calculating basic earnings per share (in EUR thousand)	(1,793)	(1,726)
Weighted average number of shares (basic)	30,183	30,183
<b>Earnings per share (basic) (in EUR)</b>	<b>(0.06)</b>	<b>(0.06)</b>
<b>Calculation of earnings per share (diluted)</b>		
Basis for calculating diluted earnings per share (in EUR thousand)	(1,793)	(1,726)
Weighted average number of shares (diluted)	30,183	30,183
Earnings per share (diluted) (in EUR)	<b>(0.06)</b>	<b>(0.06)</b>
<b>Adjustment of earnings per share (diluted) (in EUR)</b>	<b>(0.06)</b>	<b>(0.06)</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.

## Segment Reporting

Segment reporting of March 31, 2014

in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consolidation	Group
<b>Net Revenues from external customers</b>					
Licenses	1,066	0	45	0	<b>1,111</b>
Consulting and training	2,617	2,506	950	0	<b>6,073</b>
Maintenance	1,486	235	125	0	<b>1,846</b>
Online Marketing	1,157	0	0	0	<b>1,157</b>
Other	1,365	230	233	0	<b>1,828</b>
<b>Total net revenues from external customers</b>	<b>7,691</b>	<b>2,971</b>	<b>1,353</b>	<b>0</b>	<b>12,015</b>
Intersegment revenues	234	28	0	(262)	<b>0</b>
<b>Total net revenues</b>	<b>7,925</b>	<b>2,999</b>	<b>1,353</b>	<b>(262)</b>	<b>12,015</b>
<b>Result from operating activities</b>	<b>(1,114)</b>	<b>(427)</b>	<b>(202)</b>	<b>0</b>	<b>(1,743)</b>
<b>Financial result</b>					<b>6</b>
<b>Earnings before tax</b>					<b>(1,737)</b>
<b>Income taxes</b>					<b>(56)</b>
<b>Earnings after tax</b>					<b>(1,793)</b>

Segment reporting of March 31, 2013

in EUR thousand	Europe	U.S.A	Asia/ Pacific	Consolidation	Group
<b>Net Revenues from external customers</b>					
Licenses	612	38	29	0	<b>679</b>
Consulting and training	3,263	2,921	645	0	<b>6,829</b>
Maintenance	1,457	229	360	0	<b>2,046</b>
Online Marketing	1,030	0	0	0	<b>1,030</b>
Other	1,425	190	0	0	<b>1,615</b>
<b>Total net revenues from external customers</b>	<b>7,787</b>	<b>3,378</b>	<b>1,034</b>	<b>0</b>	<b>12,199</b>
Intersegment revenues	38	181	0	(219)	<b>0</b>
<b>Total net revenues</b>	<b>7,825</b>	<b>3,559</b>	<b>1,034</b>	<b>(219)</b>	<b>12,199</b>
<b>Result from operating activities</b>	<b>(1,099)</b>	<b>(480)</b>	<b>(150)</b>	<b>0</b>	<b>(1,729)</b>
<b>Financial result</b>					<b>5</b>
<b>Earnings before tax</b>					<b>(1,724)</b>
<b>Income taxes</b>					<b>(2)</b>
<b>Earnings after tax</b>					<b>(1,726)</b>

## Litigation

In the first three months of 2014, no changes have occurred concerning the legal dispute listed on page 69 of the 2013 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 the company amounted to EUR 505 thousand in the first quarter of 2014 (prior year: EUR 800 thousand). The outstanding receivables amounted to EUR 316 thousand at March 31, 2014 (prior year: EUR 660 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 March 31, 2014.

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

As of March 31, 2014, 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	42,500
Ludwig Lutter	Member of the Board of Management	10,874
Dr. Jochen Wiechen	Member of the Board of Management	30,000

In the first three months of 2014, 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)
Jochen Moll	02/25/2014	Purchase	10,000	19,000
Dr. Jochen Wiechen	01/31/2014	Purchase	20,000	35,770

## Intershop-Shares

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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		Q1 2014	2013	Q1 2013
Closing price <sup>1</sup>	in EUR	1.81	1.48	1.85
Number of shares outstanding (end of period)	in million shares	30.18	30.18	30.18
Market capitalization	in EUR million	54.63	44.67	55.84
Earnings per share	in EUR	(0.06)	(0.11)	(0.06)
Cashflow per share	in EUR	0.02	(0.14)	(0.02)
Carrying amount per share	in EUR	0.74	0.80	0.86
Average trading volume per day <sup>2</sup>	Number	54,966	59,015	31,876
Free float	in %	69	69	67

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<sup>1</sup> Basis: Xetra

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

## Contact

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### **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.