



Group Management Report For The Six Months Ended  
June 30, 2016



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## Letter to Our Stockholders

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Dr. Jochen Wiechen

Axel Köhler

Dear stockholders and business partners,

The most recent analysis by well-known US analyst firm Gartner confirms once again: with Intershop Commerce Suite, Intershop is one of the world's leading providers of e-Commerce platforms. Among the 19 tested products, our trading platform took third place in all application scenarios, underlining our claim to assist companies around the world to manage the requirements of digital business as a competent partner. This assessment provides additional impetus for the continued reorganization of Intershop from a service company to an integrated omni-commerce solutions provider. Another key component in this process is our fully integrated order management system (OMS), which has been available since the second quarter and that continues to promote our platform against the competition.

Although the progress that has been made is not fully reflected in our six-month figures, the trend is nevertheless moving in the right direction, particularly compared to the first quarter. Higher product revenues (+43% compared to the first quarter) demonstrate that we have successfully compensated some of the project delays at the beginning of the year, while continuing to pursue our focus on license and maintenance revenues. These developments also result in a slightly positive operating result for the quarter, which we intend to increase in the second half of the year. The service segment is lower compared to the prior year due to a changing customer structure, the increased use of partner companies and fewer large contracts. In this segment, we are working on several measures. In the second quarter, our service revenues increased by 14% compared to the first quarter.

At the Annual Stockholders' Meeting on June 2, 2016, Christian Oecking and Prof. Dr. Louis Velthuis were elected to the Supervisory Board with a large majority. We look forward to continuing our positive working relationship with the new board members and new major stockholder Shareholder Value Management, which acquired the shares of eBay Enterprise Inc. in April. At this time, we are working jointly on continuing to develop the company in terms of strategy and an improved structure.

Our expectations remain the same for the rest of 2016, and in view of a well-stocked order pipeline, we look to the second half of the year with confidence.

At this point, we would like to take this opportunity to once again refer to our Investor Newsletter, which provides up-to-date information about all of the relevant developments; to receive the newsletter, please register on the IR website at <http://www.intershop.de/investoren>.

Sincerely,

A handwritten signature in blue ink that reads "Jochen Wiechen".

Dr. Jochen Wiechen

A handwritten signature in blue ink that reads "Axel Köhler".

Axel Köhler

## Key figures for the Group

in EUR thousand	6-Months 2016	6-Months 2015	Change
<b>Revenue</b>			
Revenue	16,338	20,987	-22%
Product Revenue	6,617	7,344	-10%
Services Revenue	9,721	13,643	-29%
Revenue Europe	12,118	14,106	-14%
Revenue USA	1,314	3,635	-64%
Revenue Asia Pacific	2,906	3,246	-10%
<b>Earnings</b>			
Cost of revenues	8,836	12,170	-27%
Gross profit	7,502	8,817	-15%
Gross margin	46%	42%	
Operating expenses, operating income	8,820	9,352	-6%
Research and development	3,146	2,931	7%
Sales and marketing	3,669	4,277	-14%
General and administrative	1,912	2,536	-25%
Other operating income/expenses	93	(392)	124%
EBIT	(1,318)	(535)	-147%
EBIT Margin	-8%	-3%	
EBITDA	(135)	1,366	-110%
EBITDA Margin	-1%	7%	
Net result	(1,550)	(619)	-150%
Earnings per share (EUR)	(0.05)	(0.02)	-150%
<b>Net Assets</b>			
Shareholders' equity	17,507	16,906	4%
Equity ratio	61%	65%	
Balance sheet total	28,924	26,009	11%
Noncurrent assets	10,537	10,260	3%
Current assets	18,387	15,749	17%
Noncurrent liabilities	3,096	0	
Current liabilities	8,321	9,103	-9%
<b>Financial Position</b>			
Cash and cash equivalents	11,760	7,708	53%
Net cash operating activities	(1,429)	2,496	-157%
Depreciation and amortization	1,183	1,901	-38%
Net cash used in investing activities	(1,006)	(1,073)	6%
Net cash used in financing activities	(1,000)	0	
<b>Employees</b>	377	385	-2%

# Group Management Report

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## Overall Economy and Industry

According to information from the International Monetary Fund (IMF) in April 2016, the global economy is continuing on its path of recovery this year. For the year 2016, the IMF expects global economic growth to reach 3.2%, which is similar to the rate of the prior year, even though the forecast has been lowered by 0.2 percentage points since January 2016. In the industrial nations, which include important target markets for Intershop, the growth rate of the combined GDP will also reach the level of last year (1.9%). The IMF expects the German economy to grow by 1.5% in 2016. This assessment is also confirmed by the most recent forecasts for Germany by the OECD and the Bundesbank, which have projected growth rates of 1.6% and 1.7%, respectively.

The global e-Commerce business will continue to be characterized by fast growth in 2016. US market researcher eMarketer expects the B2C e-Commerce segment to grow by 22.7%. Similarly, this segment is also expected to experience above-average double-digit growth in other important target regions, such as Western Europe (10.5%) and North America (13.1%). For Germany, eMarketer expects growth of 11.5% in 2016. This forecast is supported by the Handelsverband Deutschland (HDE), which has projected a growth rate of 11.0% and a volume of approximately EUR 46.3 billion for 2016.

According to US market researcher IDC, the global IT market will only grow by 2% in 2016, whereby global expenditures for software will grow disproportionately by 7%. For the IT market in the EU, the market researchers at the European IT Observatory (EITO) expect a growth rate of 0.7% and a market volume of EUR 686 billion. The German industry association BITKOM expects the German IT market to grow by 3.0% to EUR 83.5 billion.

## Business performance during the first six months of 2016

During the first six months of 2016, Intershop generated revenues of EUR 16.3 million (prior year: EUR 21.0 million), of which EUR 6.6 million (41%) are attributable to the product and EUR 9.7 million (59%) to the service segment. The lower sales figures are primarily due to not-yet-compensated project delays from the first quarter, and overall lower service revenues. In terms of product revenues, the numbers for the second quarter (EUR 3.9 million; prior year: EUR 4.1 million) were significantly better than the first quarter (EUR 2.7 million).

### **Intershop Commerce Suite strengthens its position among the top global platforms**

Intershop continued its transformation into an integrated omni-commerce solutions provider during the second quarter of 2016. At the end of May, the company announced the global availability of its new order management system (OMS). As a component of Intershop Commerce Suite, the OMS serves as the central hub for company-wide order processing. It coordinates the processing of purchase orders, invoices and payments, regardless of the channel through which the customer purchases the product. This means that purchasing transactions can be processed smoothly, leading to increased customer satisfaction. At the beginning of July, Intershop also announced the availability of the new release Version 7.7, which offers a fully-integrated OMS as well as expanded features for the promising B2B trading segment. In addition, the new platform is now also available in the public clouds of Microsoft and Amazon, and represents an attractive alternative to locally implemented platforms for medium-sized online retailers.

The technology leadership of the Intershop platform is also confirmed by the most recent study conducted by US analyst firm Gartner Research. The study assessed various product characteristics of e-Commerce platforms in different application scenarios, such as performance with a variety of purchasing channels. In all scenarios, Intershop was listed among the top three platforms out of a total of 19 providers.

The new customers in the first six months of the year mainly consisted of medium-sized businesses. Moreover, the existing cooperation with the Würth Group, the global market leader in assembly and fastening materials, was intensified. In the consumer goods segment, Intershop announced in the first quarter the successful migration of its long-term customer Music Store to the Intershop 7.4 platform.

On the partner side, the increased focus on the product business with software licenses and maintenance revenues noticeably increased the attractiveness of Intershop in recent months. This had the effect of strengthening the company's collaboration with several long-standing partners, and adding new service providers to the extensive partner network to optimize Intershop's service offering and regional coverage.

Key new partnerships in the first quarter included the global cooperation with Wincor Nixdorf, the leading provider of IT solutions and services for banks and trading organizations, as well as the agreement with Business & Decisions, a digital agency from France. During the second quarter, Intershop entered into additional partnerships, mainly in the Netherlands. In this country, the company will be cooperating with the e-Commerce agency We/Provide and Hippo CMS, a provider of personalization functions for online shops. In addition, the company also continued to intensify its partnerships with Eperium (Platinum Partner) and De Nieuwe Zaak (partner of the year 2015-2016). Together with its long-standing business partner ModusLink, Intershop attended a variety of international events, most recently as the sponsor of the Global e-Commerce Summit in Barcelona. Intershop also attended other industry events in Germany, the Netherlands, Sweden and Italy with other partners.

## Revenue Development

During the first six months of 2016, the Intershop Group generated revenues of EUR 16.3 million, which is 22% less than in the prior year. The lower revenues are the result of a first quarter that was characterized by project delays, which were only partially compensated in the second quarter. Overall, compared to a rather weak start of the year, Intershop registered a consistently positive trend both in terms of revenues and the operating result. Revenues in the second quarter were EUR 9.1 million, 25% higher than the figure for the first three months. Compared to the prior year's quarter, revenues declined by 18%. In terms of product revenues, Intershop generated EUR 6.6 million during the first six months, a drop of 10% compared to the prior year. The service segment, where revenues were still well below the prior year's level at EUR 9.7 million, continues to be characterized by the changed strategic focus on medium-sized customers, which will only gradually lead to new service revenues. Overall, the share of product revenues in total revenues grew from 35% to 41%. Product revenues consist of approximately EUR 2.6 million in license revenues and EUR 4.0 million in maintenance contracts. In the service segment, revenues with consulting contracts amounted to EUR 7.5 million, compared to EUR 2.2 million in full-service revenues. The pipeline for licenses and service contracts continues to be well stocked for the second half of the year.

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

Six Months ended June 30,	2016	2015	Change
<b>Product Revenue</b>	<b>6,617</b>	<b>7,344</b>	<b>-10%</b>
Licenses	2,622	3,372	-22%
Maintenance	3,995	3,972	1%
<b>Service Revenue</b>	<b>9,721</b>	<b>13,643</b>	<b>-29%</b>
Consulting/Training	7,547	10,454	-28%
Full Service	2,174	3,189	-32%
<b>Revenue total</b>	<b>16,338</b>	<b>20,987</b>	<b>-22%</b>

In the regional distribution of sales, the European market continues to dominate. In this region, semi-annual revenues amounted to approximately EUR 12.1 million (prior year: EUR 14.1 million), with European customers making up 74% of total sales. The Asia-Pacific region generated around EUR 2.9 million (prior year: EUR 3.2 million), which corresponds to a share of 18% of all Intershop earnings. Revenues generated in the US market declined to EUR 1.3 million (prior year: EUR 3.6 million) due to the lack of new licenses and expired service contracts; this figure corresponds to an 8% share of revenues.

### Earnings Development

During the first six months of the year, Intershop generated gross sales revenues of EUR 7.5 million (prior year: EUR 8.8 million). The gross margin improved from 42% to 46%. Operating expenses fell from EUR 9.4 million to EUR 8.8 million. Administrative costs declined by 25% to EUR 1.9 million due to reduced personnel and consulting costs, while sales and marketing costs also fell by 14% to EUR 3.7 million. Costs for research and development rose by 7% to EUR 3.1 million, which is also due to the special effects resulting from the short work measures at the beginning of 2015. Depreciation declined to EUR 1.2 million (prior year: EUR 1.9 million). The operating result before depreciation (EBITDA) was still slightly negative at EUR -0.1 million for the reporting period (prior year: EUR 1.4 million). In the second quarter, Intershop generated a positive EBITDA of EUR 0.6 million. The quarterly EBIT was also slightly positive at EUR 0.07 million. The six-month period closed with an operating loss of EUR 1.3 million (prior year: EUR -0.5 million). The result for the period was EUR -1.6 million (prior year: EUR -0.6 million), which corresponds to earnings per share of EUR -0.05 (prior year: EUR -0.02).

### Net Assets and Financial Position

On the interim balance sheet date of June 30, 2016, the Intershop Group had total assets of EUR 28.9 million. This represents a drop in the asset basis of 12% compared to the end of 2015. On the asset side, cash and cash equivalents decreased by EUR 3.5 million to EUR 11.8 million due to, among others, the repayment of the annual loan sum of EUR 1 million. In addition, long-term payment resources with disposal restrictions of EUR 1.2 million were recouped as a special repayment of the loan. Because of the negative result for the period, equity decreased by 8.2% to EUR 17.5 million during the first half of the year. At the same time, the equity ratio increased from 58% to 61% as a result of the lower total assets compared to December 31, 2015. Long-term liabilities to banks decreased by 45% to EUR 2.7 million due to a scheduled repayment as well as a special payment. Overall, on the interim balance sheet date of June 30, Intershop presents a solid asset and capital structure.

In view of the financial position, Intershop generated a negative operating cash flow of EUR -1.4 million (prior year: EUR 2.5 million). This decline is mainly due to the loss for the six-month period. With a volume of EUR 1.0 million, cash outflows for investment activities were more or less at the same level as in the prior year. Cash outflows for financing activities amounted to EUR 1 million. Liquid assets, which amounted to EUR 11.8 million at the end of the reporting period on June 30, 2016, were significantly above the number on June 30 of the prior year (+53%). This result highlights how the company's financial resources have improved over the last business year.

### Research and Development

The permanent enhancement of the omni-commerce platform Intershop 7 continues to be the focus of research and development (R&D) activities. The new version 7.7 of the Intershop Commerce Suite was released during the first six months of 2016. This is the first time the version offers a fully-integrated order management system (OMS) in the form of Intershop Order Management 2.0. The OMS enables clients to depict entire end-to-end processes and the company-wide orchestration of all order processing components. Now, all of the inventories around the globe can be retrieved in a transparent fashion across all sales channels, in real time. Using the Synaptic-Commerce® approach, this innovation can be easily integrated into a variety of system environments, which in turn significantly reduces the risk

and investments associated with implementation. Intershop Commerce Suite 7.7 is now also available worldwide through the public clouds of Microsoft and Amazon.

In addition to on-going updates to the platform, the company also continues to focus on the further development of the Intershop Commerce Suite Cloud. To this end, Intershop continues its existing cooperation with the Chair in Business Informatics at Friedrich-Schiller University in Jena. The objective of this collaboration is to provide Intershop customers with additional customization options for their online shops on the basis of cloud computing. Intershop believes that the Cloud Commerce segment offers great growth potential, and wants to use the cooperation to expand its own experience values with scientifically sound insights.

### Management Board and Supervisory Board

Two changes were made to the company's Supervisory Board during the reporting period. Supervisory Board members Dr. Herbert May and Dr. Kai Hudetz resigned their mandates at the end of the regular Annual Stockholders' Meeting on June 2, 2016. The Annual Stockholders' Meeting elected Christian Oecking and Prof. Dr. Louis Velthuis to the Supervisory Board.

### Employees

At the end of June 2016, Intershop had 377 full-time employees around the world. Compared to the same time last year, this represents a slight decrease of 8 employees. Compared to the end of the year in 2015, the number of employees also declined slightly by three employees.

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

Employees by department (full-time equivalents)	June 30, 2016	December 31, 2015	June 30, 2015
Technical Departments (Service functions and Research and Development)	286	293	291
Sales and Marketing	49	45	50
General and administrative	42	42	44
<b>Total</b>	<b>377</b>	<b>380</b>	<b>385</b>

As of the interim balance sheet date, 332 employees or 88% of the workforce worked in Europe (prior year: 87%). The proportion of employees working in the Asia-Pacific region was 7% (28 employees), while the figure in the USA was 5% (17 employees) and thus slightly under the level of the prior year (24 employees).

### Group Risks

For information on the Company's risks, please refer to the detailed explanations in the 2015 Annual Report.

### Events subsequent to the balance sheet date

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

## Outlook

In its outlook from April 2016, the IMF forecasts a growth rate of 3.2% for the global economy, followed by 3.5% in the next year. Similarly, according to the market researchers at eMarketer, the global e-Commerce market is also expected to continue on its growth course during the next few years. Therefore, it is expected that the global B2C online business segment will grow by an average of 20.4% annually until 2019. US company Frost & Sullivan predicts that the B2B online business will also experience significant growth by 2020. According to the forecasts, by 2020 global B2B e-Commerce revenues (USD 6.7 trillion) will be approximately double the size of global B2C e-Commerce revenues.

In its long-term goal of positioning itself as a leading innovator in the e-Commerce market and thus expanding its market presence in the core markets of Europe, Asia and the US, Intershop continued its transformation into an integrated omni-commerce solutions producer during the first six months of 2016. The company's efforts to become a technology leader were confirmed by the most recent study by US analyst company Gartner Research, which ranked Intershop Commerce Suite among the top three platforms (out of a total of 19 providers) in all tested scenarios. The company's strategy focuses on sustained profitable growth. During the second half of the 2016 business year, Intershop will continue its transformation process, and is optimistic that the progress made in the past business year will be confirmed.

The lower revenues in the first six months are primarily due to the fact that project delays from the first quarter have only been partially compensated to date, along with overall lower service revenues, which will only grow gradually due to the changed customer structure. Accordingly, the Management Board expects that consulting revenues will decline slightly during the 2016 business year. The product business is expected to generate slightly higher license revenues and downstream maintenance revenues. Intershop expects stable revenue levels in the full service segment.

Based on the assumptions noted above, the Management Board confirms its forecast for the 2016 fiscal year, and still expects total sales revenues to reach the level of the prior year, with a slight improvement in the operating result (EBIT).

## Consolidated Balance Sheet

in EUR thousand	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
<b>Noncurrent assets</b>		
Intangible assets	8,883	8,697
Property, plant and equipment	375	362
Other noncurrent assets	49	50
Restricted cash	0	1,200
Deferred tax assets	1,230	1,230
	<b>10,537</b>	<b>11,539</b>
<b>Current assets</b>		
Trade receivables	5,958	5,338
Other receivables and other assets	669	484
Restricted cash	0	375
Cash and cash equivalents	11,760	15,232
	<b>18,387</b>	<b>21,429</b>
<b>TOTAL ASSETS</b>	<b>28,924</b>	<b>32,968</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Subscribed capital	31,683	31,683
Capital reserve	7,806	7,806
Other reserves	(21,982)	(20,408)
	<b>17,507</b>	<b>19,081</b>
<b>Noncurrent liabilities</b>		
Liabilities to banks	2,736	4,949
Deferred revenue	360	367
	<b>3,096</b>	<b>5,316</b>
<b>Current liabilities</b>		
Other current provisions	357	497
Liabilities to banks	1,000	1,000
Trade accounts payable	1,160	2,066
Income tax liabilities	37	141
Other current liabilities	2,699	2,653
Deferred revenue	3,068	2,214
	<b>8,321</b>	<b>8,571</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>28,924</b>	<b>32,968</b>

## Consolidated Statement of Comprehensive Income

in EUR thousand	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
<b>Revenues</b>				
Product Revenues	3,890	4,065	6,617	7,344
Service Revenues	5,182	6,969	9,721	13,643
	<b>9,072</b>	<b>11,034</b>	<b>16,338</b>	<b>20,987</b>
<b>Cost of revenues</b>				
Cost of revenues - Product	(944)	(1,121)	(1,331)	(2,601)
Cost of revenues - Services	(3,805)	(4,963)	(7,505)	(9,569)
	<b>(4,749)</b>	<b>(6,084)</b>	<b>(8,836)</b>	<b>(12,170)</b>
Gross profit	4,323	4,950	7,502	8,817
<b>Operating expenses, operating income</b>				
Research and development	(1,476)	(1,532)	(3,146)	(2,931)
Sales and marketing	(1,858)	(2,446)	(3,669)	(4,277)
General and administrative	(946)	(1,231)	(1,912)	(2,536)
Other operating income	56	189	96	471
Other operating expenses	(27)	(41)	(189)	(79)
	<b>(4,251)</b>	<b>(5,061)</b>	<b>(8,820)</b>	<b>(9,352)</b>
Result from operating activities	72	(111)	(1,318)	(535)
Interest income	8	4	15	6
Interest expense	(85)	(7)	(170)	(7)
<b>Financial result</b>	<b>(77)</b>	<b>(3)</b>	<b>(155)</b>	<b>(1)</b>
Earnings before tax	(5)	(114)	(1,473)	(536)
Income taxes	<b>(58)</b>	<b>(31)</b>	<b>(77)</b>	<b>(83)</b>
Earnings after tax	(63)	(145)	(1,550)	(619)
Other comprehensive income				
Exchange differences on translating foreign operations	(4)	(51)	(24)	(52)
<b>Other comprehensive income from exchange differences</b>	<b>(4)</b>	<b>(51)</b>	<b>(24)</b>	<b>(52)</b>
<b>Total comprehensive income</b>	<b>(67)</b>	<b>(196)</b>	<b>(1,574)</b>	<b>(671)</b>
Earnings per share (EUR, basic, diluted)	0.00	0.00	(0.05)	(0.02)
Weighted average shares outstanding (basic, diluted)	31,683	31,683	31,683	31,683

## Consolidated Statement of Cash Flows

	Six months ended June,	
in EUR thousand	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Earnings before tax	(1,473)	(536)
<i>Adjustments to reconcile net profit/loss to cash used in operating activities</i>		
Financial result	155	1
Depreciation and amortization	1,183	1,901
<i>Changes in operating assets and liabilities</i>		
Accounts receivable	(631)	(122)
Other assets	(188)	116
Liabilities and provisions	(987)	515
Deferred revenue	860	773
Net cash provided by operating activities before income tax and interest	(1,081)	2,648
Interest received	15	6
Interest paid	(183)	(1)
Income taxes received	0	5
Income taxes paid	(180)	(162)
Net cash (used in) operating activities	(1,429)	2,496
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Restricted cash	375	0
Payments for investments in intangible assets	(1,242)	(1,005)
Proceeds on disposal of equipment	1	4
Purchases of property and equipment	(140)	(72)
Net cash used in investing activities	(1,006)	(1,073)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Restricted cash	1,200	0
Repayments of loans	(2,200)	0
Net cash provided by/used in financing activities	(1,000)	0
Effect of change in exchange rates	(37)	(73)
Net change in cash and cash equivalents	(3,472)	1,350
Cash and cash equivalents, beginning of period	15,232	6,358
Cash and cash equivalents, end of period	11,760	7,708

## Consolidated Statement of Shareholders' Equity

in EUR thousand				Other reserves			
	Common shares (Number shares)	Subscribed capital	Capital reserve	Conversion reserve	Cumulative profit/ loss	Cumulative currency differences	Subscribed capital
<b>Balance, January 1, 2016</b>	<b>31,683,484</b>	<b>31,683</b>	<b>7,806</b>	<b>(93)</b>	<b>(22,433)</b>	<b>2,118</b>	<b>19,081</b>
Total comprehensive income					(1,550)	(24)	(1,574)
Balance, June 30, 2016	31,683,484	31,683	7,806	(93)	(23,983)	2,094	17,507
<b>Balance, January 1, 2015</b>	<b>30,183,484</b>	<b>30,183</b>	<b>7,751</b>	<b>(93)</b>	<b>(22,438)</b>	<b>2,174</b>	<b>17,577</b>
Total comprehensive income					(619)	(52)	(671)
Balance, June 30, 2015	30,183,484	30,183	7,751	(93)	(23,057)	2,122	16,906

## Notes on the Consolidated Financial Statements as of June 30, 2016

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### General disclosures

The consolidated financial statements of INTERSHOP Communications AG as of December 31, 2015 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 June 30, 2016 was prepared in accordance with IAS 34, Interim Financial Reporting.

This interim report as of June 30, 2016 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 2015. 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, 2015. The 2015 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, which include standard (IFRS, IAS) adopted by IASB, and the Interpretations (IFRIC, SIC) issued by the International Financial Reporting Interpretations Committee (IFRS IC), as adopted by the EU. The interim consolidated financial statements have been prepared in euros. Unless stated otherwise, all amounts are given as thousands of euros (EUR thousand). Figures are rounded to the nearest thousand and totals may not sum due to rounding.

### Basis of consolidation

The scope of consolidation of the entities of INTERSHOP Communications AG includes, as of June 30, 2016, in addition to the parent company, the subsidiaries Intershop Communications, Inc., Intershop Communications Australia Pty Ltd, Intershop Communications Asia Limited, The Bakery GmbH, Intershop Communications Ventures GmbH, Intershop Communications SARL as well as Intershop Communications LTD.

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 2015. The policies used are described in detail on pages 49 to 54 of the 2015 Annual Report.

### Equity

The change in equity of INTERSHOP Communications AG is shown in the consolidated statement of changes in equity. As of June 30, 2016, subscribed capital was unchanged at EUR 31,683,484 and is divided into 31,683,484 non-par value bearer shares.

The Annual Stockholders' Meeting on June 2, 2016 decided to create the authorized capital I by canceling the current authorization. Accordingly, the Management Board is authorized, subject to approval by the Supervisory Board, to increase the capital stock by a total of EUR 6,336,000, once or multiple times, against cash contributions and/or non-cash capital contributions, through the issue of new ordinary shares. The Management Board's authorization is valid until June 23, 2021. The Management Board is authorized, subject to approval by the Supervisory Board, to suspend the stockholders' subscription rights in certain cases. The amended articles of association were entered in the Trade Register on June 23, 2016, and went into effect as of that date.

### Earnings per share

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

In EUR thousand	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Basis for calculating basic and diluted earnings per share (earnings after tax)	(63)	(145)	(1,550)	(619)
Weighted average number of ordinary shares used to calculate basic and diluted earnings per share	31,684	31,684	31,684	31,684
<b>Earnings per share (basic/diluted) (in EUR)</b>	<b>0.00</b>	<b>0.00</b>	<b>(0.05)</b>	<b>(0.02)</b>

If 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. If a basic result and diluted result are the same, this may be disclosed in one row as per IAS 33.67. In accordance with IAS 33.64 the calculation of the number of shares was adjusted retrospectively for the prior year.

### Segment Reporting

Three months ended June 30, 2016					
in EUR thousand	Europe	USA	Asia Pacific	Consolidation	Group
<b>Revenues from external customers</b>					
<b>Product Revenues</b>	<b>3,296</b>	<b>147</b>	<b>447</b>	<b>0</b>	<b>3,890</b>
Licenses	1,629	0	266	0	1,895
Maintenance	1,667	147	181	0	1,995
<b>Service Revenues</b>	<b>3,557</b>	<b>475</b>	<b>1,150</b>	<b>0</b>	<b>5,182</b>
Consulting and training	2,843	412	821	0	4,076
Full Service	714	63	329	0	1,106
<b>Total revenues from external customers</b>	<b>6,853</b>	<b>622</b>	<b>1,597</b>	<b>0</b>	<b>9,072</b>
Intersegment revenues	0	0	0	0	0
<b>Total revenues</b>	<b>6,853</b>	<b>622</b>	<b>1,597</b>	<b>0</b>	<b>9,072</b>
<b>Result from operating activities</b>	<b>34</b>	<b>16</b>	<b>22</b>	<b>0</b>	<b>72</b>
<b>Financial result</b>					<b>(77)</b>
<b>Earnings before tax</b>					<b>(5)</b>
<b>Income taxes</b>					<b>(58)</b>
<b>Earnings after tax</b>					<b>(63)</b>

Three months ended June 30, 2015					
in EUR thousand	Europe	USA	Asia Pacific	Consolidation	Group
<b>Revenues from external customers</b>					
<b>Product Revenues</b>	<b>3,227</b>	<b>453</b>	<b>385</b>	<b>0</b>	<b>4,065</b>
Licenses	1,692	140	224	0	2,056
Maintenance	1,535	313	161	0	2,009
<b>Service Revenues</b>	<b>4,342</b>	<b>1,291</b>	<b>1,336</b>	<b>0</b>	<b>6,969</b>
Consulting and training	3,112	1,173	1,057	0	5,342
Full Service	1,230	118	279	0	1,627
<b>Total revenues from external customers</b>	<b>7,569</b>	<b>1,744</b>	<b>1,721</b>	<b>0</b>	<b>11,034</b>
Intersegment revenues	94	33	187	(314)	0
<b>Total revenues</b>	<b>7,663</b>	<b>1,777</b>	<b>1,908</b>	<b>(314)</b>	<b>11,034</b>
<b>Result from operating activities</b>	<b>(76)</b>	<b>(8)</b>	<b>(27)</b>	<b>0</b>	<b>(111)</b>
<b>Financial result</b>					<b>(3)</b>
<b>Earnings before tax</b>					<b>(114)</b>
<b>Income taxes</b>					<b>(31)</b>
<b>Earnings after tax</b>					<b>(145)</b>

Six months ended June 30, 2016					
in EUR thousand	Europe	USA	Asia Pacific	Consolidation	Group
<b>Revenues from external customers</b>					
<b>Product Revenues</b>	<b>5,639</b>	<b>288</b>	<b>690</b>	<b>0</b>	<b>6,617</b>
Licenses	2,296	0	326	0	2,622
Maintenance	3,343	288	364	0	3,995
<b>Service Revenues</b>	<b>6,479</b>	<b>1,026</b>	<b>2,216</b>	<b>0</b>	<b>9,721</b>
Consulting and training	5,105	882	1,560	0	7,547
Full Service	1,374	144	656	0	2,174
<b>Total revenues from external customers</b>	<b>12,118</b>	<b>1,314</b>	<b>2,906</b>	<b>0</b>	<b>16,338</b>
Intersegment revenues	0	0	0	0	0
<b>Total revenues</b>	<b>12,118</b>	<b>1,314</b>	<b>2,906</b>	<b>0</b>	<b>16,338</b>
<b>Result from operating activities</b>	<b>(977)</b>	<b>(114)</b>	<b>(227)</b>	<b>0</b>	<b>(1,318)</b>
<b>Financial result</b>					<b>(155)</b>
<b>Earnings before tax</b>					<b>(1,473)</b>
<b>Income taxes</b>					<b>(77)</b>
<b>Earnings after tax</b>					<b>(1,550)</b>

Six months ended June 30, 2015					
in EUR thousand	Europe	USA	Asia Pacific	Consolidation	Group
<b>Revenues from external customers</b>					
<b>Product Revenues</b>	<b>5,657</b>	<b>1,052</b>	<b>635</b>	<b>0</b>	<b>7,344</b>
Licenses	2,582	448	342	0	3,372
Maintenance	3,075	604	293	0	3,972
<b>Service Revenues</b>	<b>8,449</b>	<b>2,583</b>	<b>2,611</b>	<b>0</b>	<b>13,643</b>
Consulting and training	6,108	2,290	2,056	0	10,454
Full Service	2,341	293	555	0	3,189
<b>Total revenues from external customers</b>	<b>14,106</b>	<b>3,635</b>	<b>3,246</b>	<b>0</b>	<b>20,987</b>
Intersegment revenues	274	36	187	(497)	0
<b>Total revenues</b>	<b>14,380</b>	<b>3,671</b>	<b>3,433</b>	<b>(497)</b>	<b>20,987</b>
<b>Result from operating activities</b>	<b>(357)</b>	<b>(88)</b>	<b>(90)</b>	<b>0</b>	<b>(535)</b>
<b>Financial result</b>					<b>(1)</b>
<b>Earnings before tax</b>					<b>(536)</b>
<b>Income taxes</b>					<b>(83)</b>
<b>Earnings after tax</b>					<b>(619)</b>

### Litigation

In the first six months of fiscal year 2016, the following change took place with regard to the legal disputes disclosed on page 69 of the 2015 Annual Report:

In the action of voidance and nullity before the Regional Court of Gera, the settlement approved by the court decision was confirmed, and the proceedings have thus ended.

### Related party disclosures

Intershop maintained business relationships with the consolidated subsidiaries. The company's largest individual stockholder, eBay Enterprises Inc., with whom business relationships were maintained, sold its participating interest of 24.9% in April 2016. The participating interest is now held by Shareholder Value Management AG and Shareholder Value Beteiligungen AG; no business relationships are maintained with these parties.

### Responsibility statement

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

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

As of June 30, 2016, the following members of the company's executive bodies held Intershop ordinary bearer shares:

Name	Function	Shares
Christian Oecking	Chairman of the Supervisory Board	10,000
Dr. Harald Schrimpf	Vice Chairman of the Supervisory Board	2,000
Prof. Dr. Louis Velthuis	Member of the Supervisory Board	5,000
Dr. Jochen Wiechen	CEO of the Management Board	50,000
Axel Köhler	Member of the Management Board	6,500

In the first six months of fiscal year 2016, 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)
Dr. Jochen Wiechen	05/11/2016	Purchase	20,000	29,260
Axel Köhler	05/20/2016	Purchase	6,500	9,483
Prof. Dr. Louis Velthuis	06/06/2016	Purchase	5,000	7,600
Dr. Harald Schrimpf	06/16/2016	Purchase	2,000	2,920

## 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		6M 2016	2015	6M 2015
Closing price <sup>1</sup>	in EUR	1.45	1.24	1.13
Number of shares outstanding (end of period)	in million shares	31.68	31.68	30.18
Market capitalization	in EUR million	45.94	39.29	34.11
Earnings per share	in EUR	(0.05)	0.00	(0.02)
Cashflow per share	in EUR	(0.05)	0.16	0.08
Carrying amount per share	in EUR	0.55	0.60	0.56
Average trading volume per day <sup>2</sup>	Number	46,168	43,764	44,472
Free float	as a %	66	66	69

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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.