ANNUAL REPORT

2015

ANNUAL REPORT 2015

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intershop

Overview

REVENUE
EUR 42.7 million in 2015

CASH AND CASH EQUIVALENTS
EUR 15.2 million as of 12/31/2015

EBITDA
EUR 3.5 million in 2015

EMPLOYEES
380 as of 12/31/2015

BALANCE SHEET TOTAL
EUR 33.0 million as of 12/31/2015

EQUITY RATIO
58% as of 12/31/2015

intershop

Key Figures for the Group

in EUR thousand	2015	2014	Change
Revenue			
Revenues	42,721	46,175	-7%
Product Revenues	17,399	13,667	27%
Service Revenues	25,322	32,508	-22%
Revenue Europe	27,942	29,451	-5%
Revenue USA	9,026	10,793	-16%
Revenue Asia/Pacific	5,753	5,931	-3%
Earnings			
Cost of revenues	23,616	29,462	-20%
Gross profit	19.105	16,713	14%
Gross margin	45%	36%	
Operating expenses, operating income	18,937	22,988	-18%
Research and development	5,801	5,113	13%
Sales and marketing	8,504	11,872	-28%
General and administrative	4,962	5,698	-13%
Other operating income/expenses	(330)	305	-208%
EBIT	168	(6,275)	103%
EBIT-Margin	0%	-14%	
EBITDA	3,464	(2,129)	263%
EBITDA-Margin	8%	-5%	
Net result	5	(6,642)	100%
Earnings per share (EUR)	0.00	(0.22)	100%
Net Assets			
Shareholders´equity	19,081	17,577	9%
Equity ratio	58%	70%	
Balance sheet total	32,968	25,280	30%
Noncurrent assets	11,539	11,077	4%
Current assets	21,429	14,203	51%
Noncurrent liabilities	5,316	0	
Current liabilities	8,571	7,703	11%
Financial Position			
Cash and cash equivalents	15,232	6,358	140%
Net cash operating activities	4,967	387	-1183%
Depreciation and amortization	3,296	4,146	-21%
Net cash used in investing activities	(2,303)	(1,417)	-63%
Net cash provided by financing activities	6,258	0	
Employees	380	415	-8%

intershop

Management **Board**

Dr. Jochen Wiechen
CEO

Axel Köhler

Dear **stockholders** and business **partners**,

The most important message first: We have achieved our main goal for the 2015 fiscal year and reached the break-even point. A key factor in this development was the fact that we generated much higher product revenues, and that we were able to increase our gross margin on the basis of a significantly optimized cost structure. Our liquidity situation saw a sustained improvement thanks to increased profitability and the implemented debt and equity capital measures. This led to a good financial starting point for the current 2016 fiscal year. This year, we want to continue on this successful path, but will also continue to take a conservative approach with regard to our planning activities. We frequently adjusted our forecasts in recent years, hence we wish to increase the element of reliability in our communications with stakeholders. Therefore we intend to confirm the revenue levels of the prior year during the current year, and to continue the positive trend with regard to the financial result. Our focus in 2016 will thus remain on profitability and the simultaneous expansion of the product business.

We have identified promising potential in several areas, and will intensify efforts to develop this potential in 2016. Increasing our growth in the medium-sized sector is our top priority. In this area, there is considerable demand for Cloud solutions, since they provide a rapid and effective entry point for small and medium-sized customers. Therefore we will be presenting an expanded Cloud offering during the course of this year, and we expect to generate above-average growth rates in the medium term.

As a member of an extensive partner network, we will continue our efforts to ensure high-quality and efficient support and collaboration. We also see further growth opportunities for Intershop in possible strategic partnerships, which we are actively pursuing. The issue of Synaptic Commerce is an important building block for a successful collaboration with our technology partners. In this respect, we have just taken an important step with the recent product update to Version 7.6. With the further enhanced Intershop Synaptic Commerce API, our platform becomes even more open to third-party solutions, which makes our offering even more scalable and most of all more competitive. Dealers also benefit from the openness of our solution, since it allows for the rapid and efficient integration of our system into existing system environments. This aspect is particularly important in the B2B market, which will become an increasingly important focus point for our company. In this area, we have achieved a know-how and technological edge over many competitors that focus primarily on the B2C business - an edge that we want to take advantage of and expand. Particularly manufacturers and large retail companies are targeted by Intershop, and specific B2B functionalities are added to product updates such as the new Intershop Commerce Management Edition B2X 7.6. In addition, we want to intensify our efforts in individual target industries.

As you can see, we continue to grow, and we are working on identifying and developing growth fields without losing sight of our earning power and costs. Discussions with our current large shareholders will also be intensified this year, so as to pave the way for a promising future for Intershop in the interest of all stakeholders.

Many thanks for your support.

Sincerely,

Jochen Wiechen

Dr. Jochen Wiechen

Axel Köhler

01

Consolidated **management report** and group management report

CONSOLIDATED MANAGEMENT REPORT

01

THE INTERSHOP GROUP

Group structure and business activities

INTERSHOP Communications AG[1] is a globally oriented provider of integrated Enterprise solutions for omni-channel commerce. At the center of its service range is the Intershop Commerce software, which was brought to the market in 1996 as the world's first standard software for electronic commerce. Intershop's business model includes the orchestration of the entire omni-channel commerce process chain from the design of the online channels to implementation of the software platform and coordination of delivery of goods, i.e., fulfillment. Intershop's business activities are divided into the two main business segments „Products" and „Service". The product business is comprised of the licensing revenues and maintenance revenues. The service business includes revenues from consulting services and training, and full service revenues.

Intershop is a global leader among independent providers of omni-channel commerce solutions. With the help of Intershop's software platform, over 300 Intershop customers sell their products in more than 75 countries and in 50 different languages. Based on its expertise of more than 20 years in software development for the e-Commerce business, Intershop has an extraordinarily powerful and scalable platform for online business activities. The Company is continuously improving the software and is systematically expanding and supplementing its range of services. The newest version of the Intershop Commerce platform - Intershop 7.6 - was introduced in November 2015. The client base includes large and medium-sized businesses including HP, BMW, Bosch and Deutsche Telekom. Intershop operates in Europe, the United States and in the Asia Pacific region (mainly Australia). In 2015, revenue with customers outside of Europe came to around 35%.

INTERSHOP Communications AG, which is domiciled in Jena, is the parent company of the Intershop Group. As of the reporting date of December 31, 2015, it directly holds 100% of the shares in Intershop Communications Inc., San Francisco, USA, Intershop Communications Australia Pty Ltd., Melbourne, Australia, Intershop Communications Asia Ltd., Hong Kong, China, Intershop Communications SARL, Paris, France and Intershop Communications Ltd., Romsey, United Kingdom. Added to these are other non-operating former sales companies. In Germany, INTERSHOP Communications AG has branches in Stuttgart, Nuremberg, Hamburg, Berlin, Frankfurt am Main and Ilmenau. Moreover, the Company has sales representations in the Netherlands, Italy and Sweden.

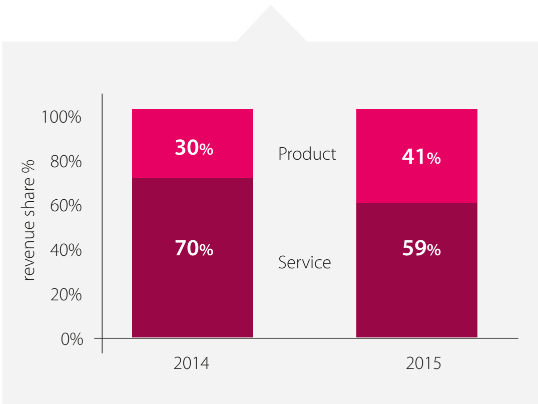
CONTINUED TRANSFORMATION INTO AN OMNI-CHANNEL COMMERCE SOLUTION PROVIDER WITH SIGNIFICANTLY IMPROVED PROFITABILITY

During the 2015 fiscal year, Intershop successfully continued its conversion from a service company to an integrated omni-commerce solution provider with a focus on product offerings. The progress achieved as part of this transformation is reflected in significantly higher product revenues, among other things. At the same time, the Company significantly improved its key result indicators with a positive result before interest and taxes (EBIT). For the 2016 fiscal year, Intershop is continuing its clear focus on profitability, with the simultaneous expansion of the product business. Intershop's long-term goal is to attain a global market presence with a focus on Europe, Asia and America on the basis of a customer-centered omni-channel commerce solution, to position Intershop as a leading innovator in the e-Commerce market, and to generate sustained profitable results.

[1] „Intershop," the „Company," „Intershop Group"

Increasing the focus on the product business reduces the dependency on service revenues with major customers, since the license business can generate high-margin revenues with the corresponding follow-up business, which will allow the Company to improve its profitability. In addition, the new strategic direction also opens up the possibility of higher market penetration. An increased focus on the product business is accompanied by the addition of smaller and medium-sized customers to the target market. In the future, customers in this segment will benefit from the high scalability of the Intershop 7 platform technology, which allows them to start with a cost-effective solution, adapt the technology to growing revenues where required, and thus grow together with Intershop in the long term. To accelerate the growth in the medium-sized segment, Intershop will continue to expand its Cloud solution, which further simplifies the ability of small and medium-sized customers to achieve a rapid and effective entry point, and that contributes to the scalability of the Intershop Commerce Suite. In this way, Intershop is able to address the above-average growth rates of the Cloud segment (SaaS) compared to conventional and locally installed commerce platforms.

Focus on Product Business is reflected in the revenue share



The developed e-Commerce markets in Europe, North America and Asia are at the center of Intershop's distribution activities, since they offer great potential in terms of the product and service business. Intensified sales measures are currently under way in those regions in which Intershop has already been successful in recent years. This approach contributes to the targeted and efficient application of sales and marketing expenses. Besides Germany, they include the Benelux countries, France, the UK and the US. In these markets, Intershop has its own local subsidiary, or flexible sales units and a strong partner network. The expanded focus includes future markets with the potential of developing into strategically important markets. In these markets, Intershop relies mainly on the acquisition of license customers through partners.

The ability to supplement the Company's own development and distribution capacities with competent partners in the respective target markets is an important driver in this regard. Since Intershop has by now established a large and powerful partner network, it is shifting its focus on the expansion and qualitative improvement of existing partnerships. The main benefit offered by the partner network consists of an optimized customer approach and increased scalability in the area of distribution activities. The collaboration with the partners combines Intershop's know-how and experience with the specific knowledge of the companies in the partner network. With the help of the partners, heterogeneous markets and customers from different industries and cultures can be continuously serviced using state-of-the-art technologies. In addition to providing the corresponding shop software solutions, Intershop also supports its partners with the high-quality implementation of the shops, and is subsequently responsible for maintenance and support.

The expansion of the Intershop Commerce Suite into a Synaptic Commerce solution forms an important building block for a successful partner strategy. In this context, third-party systems and service providers are connected through clearly defined interfaces, which minimize the project-specific costs and risks. Their stability protects the investments over the long term. With the Intershop Synaptic Commerce API, customer-specific adjustments or new touch points can also be seamlessly embedded in the customer's system environment. The enhancement of these functionalities represents a key strategic objective for 2016. In addition, Intershop will also intensify its efforts in individual target industries. At present, this includes a focus on the promising B2B market, since in this case Intershop has a know-how and technological edge over many other competitors, who focus primarily on retail portals. Particularly manufacturers and large retail companies are targeted by Intershop, and specific B2B functionalities are added to product updates such as the new Intershop Commerce Management Edition B2X 7.6.

Research and Development

Research and development (R&D) activities undertaken by Intershop mainly concentrate on the further development of the Intershop platform. In view of the much shorter innovation cycles in the booming 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 market position. In addition, regular platform updates are also required. Intershop has a strong and experienced developer team that continuously works on the continued success of the Company's products.

During the reporting period, Intershop introduced the newest version of the key piece of the Intershop Commerce Suite with Intershop Commerce Management 7.6. The new commerce software is now available in two editions, the Intershop Commerce Management B2C 7.6 edition for shop solutions, which focuses on retail clients, and the B2X 7.6 edition with additional functions for business clients. The B2X edition addresses the increasingly small gap between customer expectations and the buying behavior of B2C and B2B customers. In addition, the edition also contains various features that are aligned to business clients, such as master agreement management or a cost center and budget management tool. Another important element in the new editions is the extension of the Intershop Synaptic Commerce API, which offers retailers maximum flexibility for connecting third-party solutions to their shop system without becoming dependent on them. In addition to Intershop Commerce Management 7.6, other applications were revised during the course of the update. They include a new Intershop Order Management Tool, which combines the ordering processes of different channels such as web, mobile and call center with various options for order processing and return management. The new Intershop Commerce Suite is completed with a new version of the Intershop Commerce Insight application, which allows for the comprehensive and conclusive analysis of customer and system data. In addition, the entire performance of the platform was optimized to further improve the management of extraordinary peak loads.

R&D expenditures in 2015 amounted to EUR 7.9 million, an increase of 3% compared to the prior year. Taking into account the capitalization of software development costs, R&D expenses totaled EUR 5.8 million compared to EUR 5.1 million in 2014. This corresponds with a share of 14% of total revenues (2014: 11%). The increase in expenses is mainly the result of higher expenditures for in-house development projects in the 2015 fiscal year.

Control System

The Company will continue to focus primarily on increasing revenues and thus gaining additional market share in a very competitive and dynamic market. This is the reason why all management levels are monitoring the development of revenues over time. Sales performance is also used as an early indicator for liquidity developments, since cash and cash equivalents will rise or fall in line with declining or increasing sales. In this way, liquidity developments can be managed early on by implementing countermeasures on the cost side, for example. The most important performance indicators in terms of managing profitability are the gross result (total revenues less cost of revenues) and the associated gross margin (gross profit compared to revenues), which the Company intends to increase in the long term in order to generate a higher profit margin. In addition, other important performance indicators include earnings before interest and taxes (EBIT). The control system remains unchanged from the prior year.

THE 2015 FISCAL YEAR

Overall Economy and Industry

The global economy has experienced a marked slowdown in recent months, and according to initial estimates by the International Monetary Fund, only grew by 3.1% in 2015. A growth rate of 3.5% was expected at the beginning of 2015. Particularly emerging and developing countries experienced a slowdown in economic performance, which declined significantly to 4.0%. The group of industrial states, which includes many important target markets for Intershop, registered a solid growth rate of 1.9%. The US economy grew at an above-average rate of 2.5%. The growth rate of the Eurogroup countries was 1.5%. According to information from the IMF, Germany's economy also grew by 1.5%, compared to 1.1% in France. The UK economy grew by 2.2%.

With regard to an examination of the various industries, there are two markets that are of particular importance to Intershop: firstly, the demand trend of the end customer in the online business (e-Commerce market) as a driver for the expansion of the e-Commerce infrastructure, and secondly, the willingness of companies to invest in new software solutions (software market and IT services).

The global e-Commerce market continued to enjoy dynamic growth in 2015. According to estimates by US market research company eMarketer, the global market volume in the online retail business increased by 25% to approximately USD 1.7 trillion. This was also the first time that the Asia-Pacific region made up more than half of the global B2C e-Commerce volume with sales of USD 878 billion. By far the largest part of this figure is attributable to the Chinese market, which saw a significant increase (42%) in 2015 compared to the prior year, and which reached a market volume of around USD 672 billion. Sales revenues in the more mature US market for the B2C online retail business only rose by 7.6% in 2015 to a volume of EUR 329 billion. Sales revenues in the five largest European markets UK, Germany, France, Spain and Italy increased by 13% to approximately USD 233 billion.

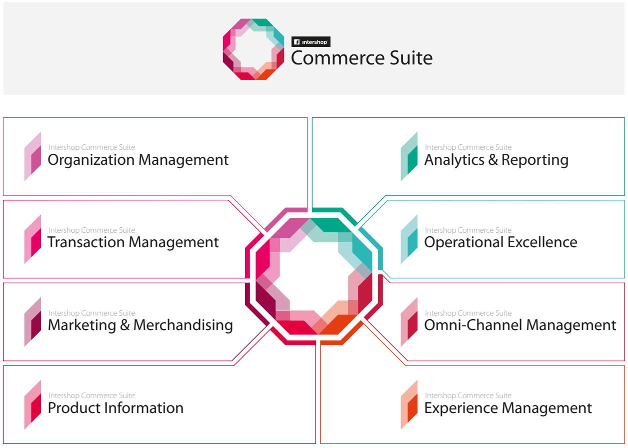
The global market for information technology (IT) grew by 3.1% in 2015 to reach EUR 1.19 trillion, according to estimates by the European Information Technology Observatory (EITO). While sales of IT hardware stagnated at EUR 339 billion, sales of software grew by a considerable 6.8% to a market volume of EUR 331 billion. IT services also generated 2.8% more revenues (EUR 515 billion). In Germany, the IT industry grew by 3.5% to a market volume of approximately EUR 80 billion in 2015, according to estimates by the industry association BITKOM. Here too, software saw the greatest increase in sales (5.4%). BITKOM expects IT services to grow by 3.0%.

Business performance during the 2015 fiscal year

In 2015, Intershop's business saw a significant improvement compared to the prior year, as the Company generated a much better and once again a positive operating result (EBIT) since 2011. This outcome can be mainly attributed to the success of the strategic realignment, the improved cost structure and the strong competitive advantage of the Intershop solutions in the B2C and the B2B omni-channel commerce segment.

CUSTOMER-ORIENTED SOLUTION PORTFOLIO HOLDS GREAT APPEAL FOR PARTNERS: INTERSHOP COMMERCE SUITE AND INTERSHOP COMMERCE SERVICES

In 2015, Intershop continued its conversion from a service company to an integrated omni-commerce solution provider with a focus on product offerings. An important building block of this process was the revision of the software product offering, which led to the introduction of a new solution portfolio in February 2015. The new portfolio makes it easier for users to gain an overview of the components and operating models in the Intershop service portfolio and highlights the strengths of the Intershop solutions and services. All technical solutions offered by Intershop are now bundled under the "Intershop Commerce Suite" umbrella, and are marketed accordingly. The Commerce Services area now includes all services offered, from the first development of ideas and in-depth consulting services to start-up, maintenance and the enhancement of a trading platform.



During the reporting period, Intershop marketed its new solution portfolio at numerous trade fairs and events, including Internet World in Munich, as well as E-World, the leading German trade fair for energy and water management in Essen, or Gartner Customer Strategies & Technologies in London. In the fall of 2015, customer events took place in several major cities in Germany under the Intershop name Commerce Circle, where Intershop customers reported on their experiences and success factors in B2B and B2C commerce and gave practical tips on reorganizing the shop and switching provider. Intershop carried out product demonstrations to present the benefits of the Commerce Suite for companies.

Intershop's partner program includes an attractive offering consisting of certification, training, consulting services and knowledge transfer, and enables both sides to generate additional project and customer business. For example, in mid-October partners were able to attend the Intershop Partner Developer Conference in Jena before the release of the new platform update to Version 7.6, where they received an exclusive first look at the new functions of the imminent update in presentations, live demos and workshops. In addition, they also had an opportunity to talk directly to members of the Intershop developer team. For the current fiscal year, Intershop plans to continue strengthening its existing partner network and further increase the jointly generated sales volume, which also increased in 2015. Moreover, the partner network will also be gradually expanded in the future.

In 2015, Intershop was successful in further increasing its sales revenues with new customers. Most of the new customers consist of medium-sized companies. The Company also obtained a large licensing contract from a long-standing strategic major customer. In the dynamic online food retail business, the Company was able to acquire two new customers that are committed to this future market: Swedish company Martin & Servera and the Dutch Daily Fresh Food company. Working with partner ModusLink, Intershop implemented the European country shops of the Tassimo brand, which is also very popular in Germany. Tassimo is a hot beverage system (capsule machines) distributed by Mondelēz International, one of the world's leading providers of sweet goods, food products and beverages.

The new online shop of the Indian branch of Staples, a well-known global provider of office items, went online in 2015. The US corporation's B2B solution targets the growing number of companies in that country - the second-most populous country after China. In addition to the partner network and in-house sales and marketing activities, successful customer projects are also the main drivers for generating new business. Awards and distinctions also play an important role. In the reporting period, the online optician, Mister Spex, received two awards in the UK for the relaunch of its British online shop based on the Intershop Suite. The prestigious ECMOD Direct Commerce Award acknowledges outstanding achievements in direct sales and the multi-channel business. The eCommerce Award for Excellence rewards groundbreaking innovations as well as innovative marketing, first-class customer service and targeted revenue growth. In Germany, 4care GmbH and its shop Lensbest.de won the Shop Usability Award in mid-September 2015. Lensbest.de especially stood out in the six assessment criteria of look & feel, confidence-building elements, shop information for customers, navigation and product location, informational content on the product detail pages, the ordering process and payment.

INTERSHOP AS A LEADING PROVIDER OF B2B AND B2C OMNI-CHANNEL COMMERCE SOLUTIONS

During the reporting period, Intershop was once again recognized as one of the world's leading providers of omni-channel commerce solutions by two studies conducted by the US market research institute Forrester Research. In January 2015, Intershop made it into the group of the world's top five providers in the "Forrester Wave" study for the B2C sector, where it achieved the rating of "Strong Performer." In the Forrester study on B2B solutions published in June 2015, Intershop was even declared the "Leader" and deemed the strongest alternative to products offered by the three major global software companies IBM, Oracle and SAP. This repeated good performance underscores the fact that Intershop offers an internationally leading solution with its product innovations and early focus on the B2B segment, and has established itself as a globally competitive provider in the highly aggressive B2C segment.

In order to expand the top market positioning further and gain additional insight into the still young market segment for B2B omni-commerce, the independent market research institute Vanson Bourne conducted a survey in June 2015 on behalf of Intershop of 400 B2B decision makers in the area of e-Commerce in the UK, the US, France, Germany, Scandinavia and the Benelux countries. The study clearly showed that the B2B e-Commerce landscape is developing at a rapid pace and shifting the market power base to the customer. Therefore, there is a growing realization among decision makers that companies in the B2B online business need to have a stronger customer focus in order to remain competitive. In addition, companies need to act quickly before losing valuable market shares to competitors or new players. From the perspective of Intershop, the study confirms that the challenges for B2B retailers also hold many opportunities for winning new customers, and thus also for Intershop.

Intershop will intensify efforts to target this promising market on the basis of the demonstrated good position enjoyed by the Commerce Suite in the B2B sector. Particularly manufacturers and large wholesalers are targeted as potential new customers. The addition of specific B2B features to the solution profile in the current product update, the Intershop Commerce Management Edition B2X 7.6, will further increase the excellent competitive position in this application field.

Earnings, financial and asset position

ACTUAL DEVELOPMENT OF KEY FINANCIAL FIGURES COMPARED TO THE ORIGINAL FORECAST

Intershop is very pleased with the business developments of the 2015 fiscal year, because Intershop was able to surpass the originally set sales revenue and results targets. In the 2014 annual report, the Company forecast a decline in revenues for 2015 (which were adjusted for the sale of the online marketing subsidiary) in the lower double-digit percentage range, as well as a slightly higher gross margin and a virtually balanced operating result. Following the acquisition of a large license contract, Intershop raised its sales and results forecast for the overall year in August 2015. The Company expected revenues at the same level of the prior year, adjusted for the disposal of online marketing activities, as well as a slightly positive operating result (EBIT). On the basis of the strong third quarter, Intershop generated an EBIT of EUR 0.2 million and adjusted revenues of EUR 42.7 million that are more or less at the same level of the prior year for the entire 2015 reporting period. The gross margin increased by nine percentage points to 45%. The development of the profit situation is discussed in detail in the sections below.

REORGANIZATION OF REVENUES INTO PRODUCT AND SERVICE REVENUES

At the beginning of the 2015 fiscal year, Intershop reorganized revenues into the main groups product revenue and service revenue. Now product revenues include both licensing revenues as well as maintenance revenues. Service revenues include revenues from consulting and training, full-service income and other income. Other income includes the online marketing revenues generated in the past year by subsidiary SoQuero GmbH, which was sold in 2014, and revenues from the outsourced operating business of subsidiary The Bakery GmbH. This change is based on the renewed focus on the product business, which was implemented in 2014. Since the sale of licenses is normally followed by maintenance costs, the reorganization now better depicts actual business activities and the revision of the product portfolio. The applied accounting policies are not affected by this change.

Revenue Development

During the 2015 fiscal year, Intershop generated revenues of EUR 42.7 million, which corresponds to a 7% decrease compared to the prior-year period. Two effects are largely responsible for this development: the sale of the online marketing subsidiary SoQuero GmbH in the prior year, and the end of projects with two major customers. Adjusted for the proceeds from the sale of SoQuero GmbH, group revenues were more or less at the same level as the prior year (EUR 42.9 million). It shows that the strategic focus on the product business is starting to have an effect, and that the service business is also gradually stabilizing.

Product revenues grew by 27% to EUR 17.4 million during the reporting period. The associated licensing revenues grew by 51% to EUR 9.3 million, also due to a large order. Maintenance revenues also increased to a total of EUR 8.1 million, which corresponds to an increase of 8%.

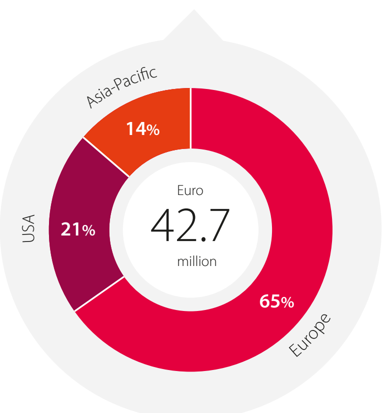
In contrast, service revenues declined by 22% to EUR 25.3 million during the 2015 fiscal year. This development was mainly due to lower revenues at two major customers in the area of consulting services, and the loss of the online marketing revenues. Consulting and training revenue fell by 16% to EUR 19.3 million. Adjusted for the proceeds from the two major customers, revenues from consulting projects grew by 2%. This area still remains the largest revenue driver at Intershop with 44%. The full-service segment saw positive growth of 6% to around EUR 6.0 million. The 2015 fiscal year did not result in other revenues; in the prior year, online marketing revenues and revenues from the Bakery business amounted to EUR 3.9 million.

At 41%, the share of product revenues increased by 11 percentage points within one year. With a share of 59%, service revenues remain the most important source of revenue in the Intershop Group. At the same time, the shift in revenue portions in favor of product revenues also underscores the sustainable transition to an integrated omni-channel commerce solution provider currently being carried out by the Company. The change in the distribution of sales contributes significantly to a higher gross margin and is the basis for a sustainable growth trend.

The following overview shows the development of revenues:

in EUR thousand	2015	2014	Change
Product Revenues	**17,399**	**13,667**	**27%**
Licenses	9,328	6,174	51%
Maintenance	8,071	7,493	8%
Service Revenues	**25,322**	**32,508**	**-22%**
Consulting/Training	19,340	22,986	-16%
Full Service	5,982	5,630	6%
Other revenues	0	3,892	-100%
Total Revenues	**42,721**	**46,175**	**-7%**

Revenues by Regions



The European market is Intershop's main business region. During the reporting period, European customers made up 65% of total revenues (prior year 64%). In this vein, sales declined from EUR 29.5 million in 2014 to EUR 27.9 million in the current fiscal year. This decline of 5% is solely due to the lost online marketing proceeds. Once these revenue figures are adjusted, the Europe region as a whole generated 7% higher revenues, whereby European product revenues increased by 8% and service revenues by 5%. Revenues in the USA (revenue share of 21%; 2014: 23%), declined by 16% to EUR 9.0 million. This decline is due to the end of projects with major customers. In the Asia-Pacific region, revenues declined by 3% to EUR 5.8 million, whereby product revenues increased by 32% and service revenues fell by 9%. The revenue share amounted to 14% (prior year: 13%).

Revenues of INTERSHOP Communications AG as a single entity reported under German commercial law increased by 6% to EUR 33.5 million. In this context, product revenues rose by 37% to EUR 16.6 million. In contrast, service revenues declined by 14% to EUR 16.9 million due to lower revenues with two major customers in the consulting area.

Earnings Development

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

	2015	2014	Change
EBIT (in EUR thousand)	168	(6,275)	103%
EBIT margin	0%	-14%	103%
EBITDA (in EUR thousand)	3,464	(2,129)	263%
EBITDA Margin	8%	-5%	262%
Group profit for the year (in EUR thousand)	5	(6,642)	100%

Intershop went through a positive period with regard to results during the 2015 fiscal year. The basis for this development is the greater share of high-margin product revenue as well as the general improvement of the cost structure. As a result, the group significantly improved its gross result from revenues from EUR 16.7 million to EUR 19.1 million (+14%). The gross margin increased by nine percentage points compared to the prior year, to 45%. Operating expenses and income declined by 18% to EUR 18.9 million, which corresponds to an operating cost ratio of 44% (prior year: 50%). Costs for sales and marketing in particular, which came to EUR 8.5 million for the reporting period, were significantly reduced and therefore 28% below the level of the prior year. Administration costs declined by 13% to EUR 5.0 million compared to the prior-year period. Costs for research and development rose by 13% to EUR 5.8 million.

On the whole, total costs (cost of revenues and operating expenses/income) fell by 19% to EUR 42.6 million. The operating result before depreciation (EBITDA) jumped considerably from EUR -2.1 million in the prior year to EUR 3.5 million in 2015. The EBITDA margin increased from -5% to 8%. Depreciation and amortization decreased from EUR 4.1 million to EUR 3.3 million during the reporting period. This was accompanied by a significant improvement in the operating result (EBIT), which closed the year at EUR 0.2 million, following EUR -6.3 million in the prior year. The financial result was EUR -0.1 million. Income tax declined to EUR 14 thousand, compared to EUR 373 thousand in the prior year. The after-tax Group result for the year was slightly positive at EUR 5 thousand. Earnings per share were EUR 0.00 compared to EUR -0.22 in the prior year.

INTERSHOP Communications AG as a single entity generated a net income under commercial law of EUR 0.4 million in 2015 compared to a loss of EUR 5.5 million in the prior year. This positive result is mainly due to an increase in revenues and the reduction in personnel costs and other operating expenses. Personnel expenses declined by 11% to EUR 21.0 million due to the reduction in the work force, as compared to EUR 23.5 million in the prior year. Other operating expenses fell by 20% to EUR 10.3 million, which is due to the optimized cost structures. Other operating income increased slightly from EUR 2.2 million to EUR 2.3 million. Other interest income of EUR 0.2 million is mainly due to affiliated companies and interest expenses of EUR 0.1 million from the bank loan obtained in 2015. The result from ordinary business activities amounted to EUR 0.5 million after EUR -5.3 million in 2014. In total, the balance sheet loss in accordance with German commercial law decreased to EUR 19.1 million compared to EUR 19.6 million in the prior year.

Presentation of the Net Assets and Financial Position

The assets and financial position of the Intershop Group was greatly affected by the Company's financing activities during the 2015 fiscal year. First, the previously agreed loan with Sparkasse Jena-Saale-Holzland for EUR 6 million, which is secured by a guarantee from the federal state of Thuringia, was granted in July 2015. The loan mainly serves to offset the seasonal fluctuations in the ongoing business and preliminary financing of projects as well as marketing and sales activities. In addition, in September Intershop completed a capital increase from authorized capital of just under 5% of the existing share capital in connection with a private placement. This resulted in an increase of EUR 1,500,000 of the Company's share capital to EUR 31,683,484. The placement price for the new shares came to EUR 1.10 per share. This brings the gross issue proceeds from the capital increase to EUR 1.65 million. Intershop will use the funds from the capital increase for additional investments in strategic growth areas such as the expansion of the Cloud offering and the B2B solution.

As a result of Intershop's financing activities, the total assets of the Intershop Group as at December 31, 2015 rose by 30% to EUR 33.0 million. On the assets side, cash and cash equivalents increased from EUR 6.4 million to EUR 15.2 million, mainly due to the implemented debt and equity financing measures. In total, current assets increased by around 51% to EUR 21.4 million. Overall, noncurrent assets rose slightly by 4% to EUR 11.5 million. The decline in intangible assets and property, plant and equipment by EUR 1.0 million to EUR 9.1 million is accompanied by the addition of restricted cash in the amount of EUR 1.2 million. This figure refers to the pledged amount of the bank loan. On the liabilities side, equity increased by 9% as a result of the capital increase to EUR 19.1 million compared to year-end 2014. Noncurrent liabilities amounted to EUR 5.3 million. They include (for the first time) noncurrent liabilities to banks in the amount of EUR 4.9 million as a result of the loan, which must be repaid annually in equal installments. Current liabilities increased by around 11% to EUR 8.6 million as at the balance sheet date, which is mainly the result of the noncurrent liabilities to banks in the amount of EUR 1 million. The equity ratio of the Intershop Group declined as a result of the debt financing measures, from 70% to a still comfortable 58%.

Cash flows from operating activities improved significantly during the reporting period from EUR 0.4 million in the prior-year period to EUR 5.0 million in the 2015 reporting period. This increase is mainly due to the improved result. Cash outflows from investing activities increased from EUR 1.4 million to EUR 2.3 million. The payments for investments in intangible assets included in this figure declined by EUR 0.5 million to EUR 2.2 million. In contrast, the prior year's period was characterized by inflows from the sale of subsidiary SoQuero GmbH. Cash flows from financing activities amounted to EUR 6.3 million, and are the result of a new bank loan and a capital increase. The total net inflow for the 2015 fiscal year was EUR 8.9 million compared to a cash outflow of EUR 1.0 million in the prior year. On the balance sheet date, Intershop had freely available cash and cash equivalents of EUR 15.2 million compared to EUR 6.4 million on December 31, 2014.

The total assets of the single entity in the annual financial statements prepared under commercial law rose by 42% from EUR 22.1 million to EUR 31.5 million, since the assets and financial position during the fiscal year was greatly influenced by debt and equity financing activities. The procurement of a bank loan of EUR 6.0 million in the middle of the year, as well as the implemented capital increase with 1.5 million shares with gross issue proceeds of EUR 1.65 million in September had the effect of increasing cash and cash equivalents on the assets side of the balance sheet, as well as shareholders' equity and liabilities on the liabilities side. Current assets rose by 80% to EUR 22.0 million. Cash and cash equivalents included in this item increased from EUR 5.1 million to EUR 11.7 million. Shareholders' equity increased from EUR 17.1 million to EUR 19.1 million as a result of the capital increase and the net income for the year. Liabilities increased from EUR 1.0 million to EUR 7.4 million, mainly due to the first-time recognition of the liabilities to banks of EUR 6.0 million.

Employees

As of the balance sheet date of December 31, 2015, Intershop had a total of 380 employees worldwide. This corresponds to a reduction of 35 full-time employees compared to the balance sheet date of the prior year. Broken down by company segments, the number of employees in the technical departments fell from 322 to 293. In the administrative departments, the number of employees went from 46 to 42 full-time employees. The number of employees in the sales and marketing departments decreased from 47 on December 31, 2014 to 45 employees on the 2015 balance sheet date. During the fiscal year, Intershop plans to continue its transformation on the basis of the current employee structure. Targeted new hires in some departments are also a possibility. At the same time, it is the Company's intention to maintain the lean cost structure until the new strategy is fully in effect and additional investments in personnel may be financed from cash flows on a permanent basis.

When it comes to the competition for qualified employees, Intershop relies on cooperations with research institutions and departments at well-known universities to secure the recruitment of young talent. The share of university graduates in the total work force is disproportionately high at 81%. The average age of employees was 38 years, as in the prior year.

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

Employees by department (full-time equivalents)	12/31/2015	12/31/2014
Technical Departments (Service Functions and Research Development)	293	322
Sales and marketing	45	47
General administration	42	46
	380	**415**

The number of employees in the European branch offices as compared to the total workforce increased slightly in 2015 to 88% with 334 employees on the balance sheet date. In the prior-year period this figure was 360 employees and 87%. The branch in San Francisco (USA) had 19 employees or 5% of the work force (prior year: 27 employees, 6%). The number of employees in the Asia-Pacific region fell slightly from 28 to 27 employees. The number of employees in this region continued to make up 7% of the total work force.

The Aktiengesellschaft as a single entity had 330 employees as of the balance sheet date (December 31, 2014: 352 employees).

Management Board and Supervisory Board

During the reporting period, several changes were made to INTERSHOP Communications AG's executive bodies, including one change in the Supervisory Board and three changes in the Management Board.

The current member of the Supervisory Board, Prof. Dr. Nikolaus Mohr, resigned from the Board on April 30, 2015 for professional reasons. The Local Court of Jena appointed Dr.-Ing. Harald Schrimpf, Chairman of the Board of Management of PSI AG, to the Supervisory Board effective May 1, 2015, until the next Annual Stockholders' Meeting on August 26, 2015. The Company's Annual Stockholders' Meeting elected Dr.-Ing. Schrimpf to the Supervisory Board for the period ending with the conclusion of the Annual Stockholders' Meeting that passes a resolution on the approval of the boards' activities for fiscal year 2016.

Chief Financial Officer Ludwig Lutter tendered his resignation on June 30, 2015 with the agreement of the Supervisory Board, and left the Company at the end of July 2015. Spokesperson for the Management Board Jochen Moll resigned from the Management Board at his own request effective August 31, 2015, and left the Company at the end of September 2015. In the course of the new appointments, the Management Board was reduced to two members and current Chief Technical Officer (CTO) Dr. Jochen Wiechen was elected CEO as of September 1, 2015. In addition to the technical departments, Dr. Jochen Wiechen is now also responsible for the administration of the Company, including the finance area, as well as investor relations and communications segments. Furthermore, Axel Köhler, who served as Senior Vice President Sales & Marketing at Intershop, was appointed to the Management Board effective September 1, 2015. His responsibilities include sales, marketing and professional services.

REMUNERATION REPORT

REMUNERATION OF THE MANAGEMENT BOARD

The compensation of the Management Board comprises fixed and variable components. The fixed components comprise the fixed salary and additional benefits such as the non-cash benefit resulting from the use of a company car and are paid monthly. The variable, annually recurring remuneration is based on various annual and multi-annual qualitative objectives relating to the portfolio of each Management Board member and quantitative objectives related to the financial result, whose assessment depends on the degree achieved of the objective. Approximately 1/3 of the total remuneration is variable. Of the variable remuneration, 55% of the remuneration depends on the achievement of long-term objectives and 45% on the achievement of short-term objectives. The Group EBIT, the net working capital and the share price form the assessment basis for the quantitative objectives. The qualitative objectives are based on strategic targets.

Total remuneration paid to the Management Board for its activities for fiscal year 2015 amounted to EUR 838 thousand (2014: EUR 831 thousand), of which EUR 637 thousand (2014: EUR 736 thousand) relate to fixed remuneration and EUR 201 thousand (2014: EUR 95 thousand) to variable components. The fixed remuneration components include EUR 565 thousand for the fixed salary component and EUR 72 thousand for additional benefits (2014: EUR 670 thousand for fixed salary, EUR 66 thousand for additional benefits). In 2015, Dr. Wiechen and Mr. Moll waived their claims regarding the variable compensation from the 2014 fiscal year.

The remuneration of the Management Board members is as follows:

	Fixed Remuneration		**Variable Remuneration**		**Total Remuneration**	
in EUR thousand	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Dr. Jochen Wiechen	236	220	94	36*	330	256
Axel Köhler (since 09/01/2015)	81	-	32	-	113	-
Jochen Moll (until 08/31/2015)	202	282	76	28*	278	309
Ludwig Lutter (until 06/30/2015)	117	234	0	31	117	266
	637	**736**	**201**	**95**	**838**	**831**

* The Management Board member waived his variable compensation for 2014 in 2015.

Stock options were not granted to the members of the Management Board. Membership on the Management Board ends in the event of the Company's reorganization (merger, split-up, or change in legal form). By way of compensation, the Management Board member then receives a severance payment amounting to twelve months' salary; if the remaining term of the Management Board member's contract is less than one year, the severance payment is reduced accordingly. The members of the Management Board agreed to a non-compete agreement, which stipulates that the Company is to pay compensation for one year. The compensation includes 75% of the last remuneration received, excluding additional benefits. The compensation is not paid if Intershop foregoes the non-compete agreement within a specified period. In the event of illness, the Management Board agreements include an entitlement to continued payment of the fixed basic salary for a period of six months up to a maximum period until the end of the contract duration. In the event of the death of a member of the Management Board, the surviving dependents are entitled to the monthly fixed basic salary for the month in which the death occurs, as well as for the following six months. No member of the Management Board has been promised further benefits in the event of the termination of his employment with the Company. No loans or similar benefits were granted to members of the Management Board. No member of the Management Board received any benefits from third parties during the fiscal year that were promised or granted because of his position as a member of the Management Board.

A cancellation agreement regarding the premature termination of his Management Board service agreement was concluded with Management Board member Ludwig Lutter, who resigned from his position on June 30, 2015 with the agreement of the Supervisory Board, and who left the Company on July 31, 2015. The agreement consists of the payment of a severance in the amount of EUR 272 thousand to cover all claims from still outstanding variable compensation and all claims for the remaining period of the Management Board service agreement that ends on March 31, 2017. Of this amount, EUR 215 thousand was paid during the 2015 fiscal year. From the date of his resignation until his departure, Mr. Lutter also received his proportionate fixed remuneration including additional benefits in the amount of EUR 25 thousand. The post-contractual non-competition clause was rescinded without compensation by mutual agreement.

The Supervisory Board and spokesperson of the Management Board Jochen Moll agreed to the premature cancellation of his Management Board service agreement without claim to severance, since Mr. Moll resigned from the Management Board at his own request effective August 31, 2015 and left the company on September 30, 2015. From the time of his resignation to the date of departure, Mr. Moll received his proportionate fixed remuneration including additional benefits in the amount of EUR 22 thousand. Mr. Moll waived the compensation for the post-contractual non-competition clause.

REMUNERATION OF THE SUPERVISORY BOARD

The remuneration of the Supervisory Board comprises fixed and variable components. The fixed remuneration is comprised of an annual fixed remuneration of EUR 12,500, as well as an attendance allowance of EUR 2,500 per meeting or EUR 500 if a telephone conference is held in place of a meeting. In addition, the members of the Supervisory Board receive a performance-related remuneration, as long as the result of the operating activities (EBIT) reported in the approved consolidated financial statements of the Company for the fiscal year concerned was positive and the established quantitative goals were reached: EUR 5,000 are granted, respectively if a) the EBIT of the prior year is achieved, b) the EBIT increased by more than 10% compared to the prior year, c) the EBIT increased by more than 20% compared to the prior year, and d) there was an increase in revenue of more than 20% compared to the prior year. The chairman of the Supervisory Board receives twice the amount of the fixed and variable remuneration. Supervisory Board members who belong to the Supervisory Board for only part of the fiscal year receive remuneration proportionate to the duration of their position. Expenses incurred by the members of Supervisory Board in the performance of their duties are reimbursed by the Company.

In fiscal year 2015, Supervisory Board members were entitled to remuneration totaling EUR 180 thousand (2014: EUR 150 thousand), of which EUR 120 thousand (2014: EUR 150 thousand) accounted for fixed remuneration and EUR 60 thousand (2014: EUR 0 thousand) for the performance-related variable portion. The fixed compensation consists of EUR 50 thousand (2014: EUR 50 thousand) in fixed remuneration and EUR 70 thousand (2014: EUR 100 thousand) of fees for meetings. The actually paid compensation for the Supervisory Board for 2014 amounted to EUR 120 thousand, since the Supervisory Board members waived 20% of their remuneration in 2015 (total of EUR 30 thousand). The Supervisory Board waived two thirds of its variable compensation for 2015 (total of EUR 40 thousand).

The remuneration of the Supervisory Board members is as follows:

	Fixed Remuneration		**Variable Remuneration**		**Total Remuneration**	
in EUR thousand	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Dr. Herbert May	62	77	30	0	92*	77*
Dr. Kai Hudetz	29	37	15	0	44*	37*
Dr. Harald Schrimpf (since 05/01/2015)	20	-	10	-	30*	-
Prof. Dr. Nikolaus Mohr (until 04/30/2015)	9	37	5	0	14*	37*
	120	**150**	**60**	**0**	**180**	**150**

* The Supervisory Board waived 20% of the compensation for 2014 to which it is entitled according to the articles of incorporation, and two thirds of its variable compensation for 2015.

REPORT ON OPPORTUNITIES AND RISKS

RISK MANAGEMENT SYSTEM

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

The operational risk management process encompasses risk identification, risk assessment, risk aggregation, and risk mitigation.

To identify risks, the environment and the defined risk fields and risks within it are continuously monitored by risk owners (usually the Intershop divisional managers), to which clearly defined business areas and all possible risks arising from those areas are assigned at an operational level. In addition, a risk inventory is completed once a year (with quarterly updates), in which the relevance score and risk owners are determined, previously identified risks are reviewed and new risks are identified. In financial control, a deviation analysis is performed so as to identify deviations from targets. This involves the use of the financial accounting and controlling software from SAP and the consolidation and controlling software from LucaNet. If possible/meaningful, all risks are assessed for probability of occurrence and, to the extent possible, for amount of damage. Intershop's total risk exposure is determined by aggregating the risks. Intershop applies risk mitigation measures that, depending on the point in time involved, reduce the probability of occurrence or lessen the impact. As part of its risk inventories in all departments of the Company, Intershop has identified all risks that could influence the Company's development.

BUSINESS ENVIRONMENT AND INDUSTRY RISKS

Intershop is one of the leading providers of innovative and comprehensive solutions for omni-channel commerce in a highly dynamic market. That market is undergoing constant change due to factors such as technological progress, changes in the companies' IT landscape, consolidation of provider landscape or new strategies and behavior patterns of the players in e-Commerce. In principle, there is a risk that Intershop offers products and services that do not reflect the needs of customers or market expectations, and that new technologies greatly affect or even replace the current e-Commerce business. If the Company is not successful in monitoring the target markets adequately, sizing up the competition and providing new innovative product and solution-oriented strategies, this could lead to a negative sales trend because customers will go to the competition, making it more difficult to acquire new customers. Intershop counters this risk through continuous market monitoring and analysis of customer requirements together with customers, partners and market analysts. Therefore customer and partner feedback is regularly incorporated in the new product versions. In addition, discussions are held with industry analysts such as Forrester. In January 2015, Intershop made it into the group of the world's top five providers in the "Forrester Wave" study for the B2C sector, where it achieved the rating of "Strong Performer." The Forrester study on B2B solutions published in June 2015 also designated the Intershop solution as „Leader".

Overall, Intershop has designated these risks as strategic risks that may significantly impact the company's financial and earnings position in the long term. However, at the moment there are no or only weak indicators that would indicate the occurrence of such risks.

STRATEGIC BUSINESS RISKS

Intershop's primary strategic objective is to turn the Company from a pure technology provider into an integrated provider of omni-channel commerce solutions.
Brand visibility plays a central role for Intershop, as otherwise potential customers are unaware of the Company as a possible solutions partner. To this end, in recent years Intershop focused on re-branding and re-positioning as part of its brand strategy, taking into account an added-value approach, so as to avoid endangering its existing brand value and in particular to increase brand visibility in important European and non-European markets. Parallel to these developments, the year was marked by the establishment of European subsidiaries and the expansion of a network of international sales partners, which will contribute to increasing the visibility of the Intershop brand in the respective region with various sales and advertising measures. During the 2015 fiscal year, Intershop's software product offering was bundled under the umbrella of the Intershop Commerce Suite, and all services on offer were subsumed under the Commerce Services segment. The Company attends various trade fairs to market the new Intershop solutions, including participation in Internet World, in-house customer events or partner programs.

One of Intershop's major business areas is consulting services, which are primarily provided in the context of projects. In this regard, customer retention is a very important factor. To be able to ensure customer loyalty, it is important to provide the quality the customer demands, while at the same time keeping an eye on the costs. Failure to do so impacts on customer confidence. Future contracts may be lost or the profit margin on projects permanently reduced. To counter such events, resource planning is carried out for all projects. Regular reports document the current status of projects. Intershop also manages this risk continuously monitoring customer satisfaction. It is therefore able to control the risks arising from projects.
With regard to the Intershop software, there is the risk of product defects, which is typical for software. Due to development flaws, it could be that a product is defective and, especially in terms of product safety, does not meet the requirements of the customer or market. Product defects could lead to potential or actual impairment of operations for customers and, with serious defects, acceptance of Intershop's products could be considerably diminished. Additional costs for Intershop were incurred in order to remove defects and/or for possible legal disputes and/or compensation for damages with customers. In addition, a decline in revenue is possible. The risk, however, is considered to be small because an extensive quality control process minimizes the occurrence of significant product defects.
Apart from the product shortage risk, there is also a general risk that the Intershop software is partially or entirely displaced by new disruptive technologies. But there are no indications of such developments at this time.

In summary, Intershop has assessed these risks as strategic risks that could cause a noticeable to significant negative impact on the earnings position, or a significant impact on the financial position. At this time, Intershop believes that the probability of these risks occurring is rather unlikely.

BUSINESS RISKS

Intershop is unable to rule out the possibility of deviations from planned targets due to the failure to acquire a sufficient number of new customers, the loss of existing customers or inappropriate marketing and sales activities. This risk is countered with appropriate target models in the sales area, a significantly expanded sales structure as well as customer retention measures. Key measures include a forward-looking product policy, expansion of the product portfolio across several markets, and ongoing product development focused on technological performance. To achieve this, Intershop employs a highly qualified and motivated workforce. Even if the risk overall is assessed as minimal, it cannot be entirely ruled out, as the past fiscal years have shown.
Sales activities through partners are a challenge considering the complexity of the products. Intershop is finding it necessary to rely on sales partners particularly in foreign markets, given the excessive costs associated with establishing its own sales structure. To avoid the risks associated with partners providing incorrect advice to potential clients, Intershop relies on targeted training measures, the further development of partner programs, improved partner support by partner managers, a partner selection process, which must satisfy an extensive catalog of requirements, along with regular partner events.

Business performance risks overall are currently assessed as unlikely. But if they were to occur, they could have a significant impact on Intershop's earnings and financial position.

HUMAN RESOURCES RISKS

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

Intershop has also shown in the past that personnel changes can be reduced with the measures mentioned, a highly qualified workforce and an extensive network of external service providers, so that this risk can be considered to be small in principle. The increased employee fluctuation during the 2014 fiscal year as a result of the Company's business developments decreased significantly in the 2015 fiscal year, once business developments improved and countermeasures such as the newly introduced employee retention program started to have an effect.

In summary, Intershop assesses the human resources risks as rather improbable, medium risks whose occurrence could have a noticeable negative effect on the earnings position.

INFORMATION TECHNOLOGY RISKS

Business processes at Intershop are based on information technologies. This means that there is a typical, inherent risk of data loss. Moreover, Intershop is exposed to the risk of attacks on the software, which may reduce its range of functions or availability to the customer. There is also the risk of information leaks to competitors, which can create a competitive advantage for them. Existing information security measures, as well as data protection procedures are enhanced on an ongoing basis so as to limit the risks associated with IT-supported integration. Security policies and processes are updated regularly. Intershop therefore considers the probability of this risk materializing as minor.
The availability of third-party software that must meet market and customer requirements poses a further risk. If the third-party software used is not available in good time or is defective, this may affect the operating result. This challenge is addressed by signing long-term supply agreements with third-party software providers and continuously reviewing their quality. Open source software is used where its use is deemed possible and meaningful. Intershop also has alternative providers in place.

On the whole, Intershop assesses the information technology risks as rather improbable risks that, were they to occur, could have a negligible to significant impact on the earnings position.

FINANCIAL RISKS

As of the balance sheet date, Intershop has a comfortable liquidity situation and financial strength, with total liquidity of EUR 16.8 million. The procurement of a EUR 6.0 million bank loan in 2015 did not result in an interest risk since the interest rate for the loan is fixed over the term of the loan. The liquidity risk as a result of the repayment of the financial liabilities is assessed as minimal since repayments have been fixed at annual installments over a term of six years. In addition, the company has the option to make annual special payments without incurring a prepayment penalty.
Its activities abroad are exposed to the currency risk in that revenues are generated in U.S. and Australian dollars. Measures are taken to hedge currency risks.
In order to at least limit the risk of defaults, Intershop regularly performs credit checks on customers. In the case of larger contracts, this risk is also reduced by agreements on advance payments or progress payments based on the percentage of completion of the contract. Please also see section „Financial instrument disclosures" in the notes to the consolidated financial statements.

On the whole, Intershop assesses the financial risks as rather improbable risks which, if they were to occur, could have a negligible to noticeably negative or positive effect on the earnings position.

OTHER RISKS

The Company is a defendant in various legal proceedings arising from the normal course of business. The Management Board assumes that there will be no major financial obligations for the Company resulting from legal disputes other than the ones listed in the notes to the consolidated financial statements. Those risks are covered by insurance respectively reserves were set aside as a precaution. Please also see section "Litigations/contingent liabilities" in the notes to the consolidated financial statements.

Third parties could accuse Intershop of infringement of intellectual property rights, such as patents or copyrights, and claim compensation for damages or also attempt to restrict the sale of Intershop software in the future. This especially applies to the countries, in which software process patents exist. In order to minimize risk in general, Intershop especially checks the compliance of the licensing terms of third parties on a regular basis already in the development process.

Specialized and standardized contracts and GTC are used for the sale of Intershop products. It is possible that deviations from these contracts have to be made, for example, due to customer requests. In these cases, there is a risk that the deviating contractual provision poses a disadvantage for the Company. This risk is limited by having the egadepartment review all contracts that deviate from the standard templates or standard GTC.

OPPORTUNITIES

Intershop operates in a very dynamic and growing market environment. New opportunities are constantly arising in the e-Commerce sector. Identifying and using these opportunities without taking unnecessary risks is an important driver for the sustainable growth of the Company. That is why opportunity and risk management are closely linked at Intershop. Opportunity management is part of the strategic planning process at Intershop – the internal and external potential that can have a positive impact on the further development and increase in value of the Company is evaluated on a regular basis.
The following opportunities must be noted in particular: Intershop customers have a high level of satisfaction, which is confirmed by regular surveys and their long-term loyalty to Intershop. This could also result in short-term and important follow-up orders outside of competitive procedures. Intershop's customer structure, which consists of large and medium-sized companies, offers an opportunity to generate additional revenues with these customers and their affiliated companies without additional acquisition efforts. Following the successful introduction of the Intershop software, customers are generally less willing to change providers due to the resulting financial and time-related hurdles. As the pioneer in the industry with the most years of experience in the market segment, Intershop has the reputation of being an especially reliable project partner, who also leads projects to success on time and on budget under difficult conditions. This can lead to short-term customer acquisition, especially if customers have failed in a project with other providers in the past. In addition, Intershop believes that there are significant opportunities for expanding the partner structure, particularly through strategic partnerships. It can be used to open access to hitherto non-accessible customer segments and exploit additional revenue potentials. The marketing of new price models could lead to greater revenue opportunities as new potential customer groups are targeted.

OVERALL RISK POSITION

The overall risk position refers to the sum total of all the individual risks to which Intershop is exposed. No risks have been identified that, in isolation, may put the continued existence of Intershop in jeopardy. On the whole, the overall risk position improved compared to the prior year.

DESCRIPTION OF THE KEY CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE CONSOLIDATED FINANCIAL REPORTING PROCESS

Intershop's internal control system includes the policies, procedures, and measures introduced by the Management Board to enable the organizational implementation of its decisions so as to ensure the effectiveness, cost-effectiveness, and propriety of financial reporting as well as adherence to the applicable legal provisions.

The Intershop Group is divided according to Management Board areas, whose various departments report to the Management Board member responsible in each case. The departments are divided into a number of cost and profit centers, each with its own department head. The department heads are accountable either for profits and costs or just for costs.

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

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

DISCLOSURES IN ACCORDANCE WITH SECTION 289(4) HGB AND SECTION 315(4) HGB PLUS EXPLANATORY REPORT

On the balance sheet date, the Company's subscribed capital amounted to EUR 31,683,484, composed of 31,683,484 no-par value bearer shares. Each share has a notional value of EUR 1. There are no restrictions affecting the voting rights or transferability of the shares.

eBay Enterprise Inc. (formerly GSI Commerce Solutions Inc.), King of Prussia, Pennsylvania, USA, holds 24.90% of the Company's capital stock on the balance sheet date. The companies Sterling Partners IV, LLC, SC Partners IV, L.P., Sterling Capital Partners IV, L.P., Blue Eagle GP, LLC, Blue Eagle Holdings, L.P., Blue Eagle II GP, LLC, Blue Eagle Holdings II, L.P., Blue Eagle III GP, LLC, Blue Eagle Holdings III, L.P. and GSI Commerce, Inc. maintain an indirect 24.90% holding in INTERSHOP Communications AG through eBay Enterprise Inc. Sterling Fund Management, LLC, Delaware, USA, through its controlled companies Sterling Partners IV, LLC, SC Partners IV, L.P., Sterling Capital Partners IV, L.P., Blue Eagle GP, LLC, Blue Eagle Holdings, L.P., Blue Eagle II GP, LLC, Blue Eagle Holdings II, L.P., Blue Eagle III GP, LLC, Blue Eagle Holdings III, L.P. and GSI Commerce, Inc. and eBay Enterprise Inc., indirectly holds 24.90% of the voting rights for INTERSHOP Communications AG.

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

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

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

CORPORATE GOVERNANCE DECLARATION IN ACCORDANCE WITH SECTION 289A OF THE HGB

On February 24, 2016, the Management Board and Supervisory Board issued a Corporate Governance Declaration in accordance with section 289a of the HGB and, together with the Corporate Governance Report, have made it publicly accessible on the Company's website at
http://www.intershop.com/corporate-governance-declaration.

DEPENDENT COMPANY REPORT

As a purely precautionary measure, pursuant to section 312 of the German Stock Corporation Act (AktG), the Management Board of INTERSHOP Communications Aktiengesellschaft prepared a report for fiscal year 2015 on the relationships with affiliated companies. This report also highlights the relationship with eBay Enterprise Inc. (formerly GSI Commerce Solutions Inc.). At this time, the Management Board has no reason to believe that there is a dependency with regard to eBay Enterprise Inc. However, the Management Board is also aware that this assessment is dependent on imponderables and uncertainties, in particular the forecast of future Annual General Meeting majorities, which cannot be predicted with certainty. Therefore the dependency report was prepared as a precautionary measure and on a voluntary basis. It contains the following final statement:
"With respect to the legal transactions outlined in the report on relationships with affiliated companies, INTERSHOP Communications Aktiengesellschaft received commensurate consideration for each legal transaction based on the circumstances that were known to us at the time the legal transactions or measures were undertaken, and has not been disadvantaged by the taking or omission of measures."

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There have been no significant reportable events after the balance sheet date.

REPORT ON EXPECTED DEVELOPMENTS

ENVIRONMENT

In their current forecast, experts at the IMF predict that global economic activity will expand by 3.4% in 2016. Growth rates in the group of industrial nations will be in the solid range of 2.1%. With regard to the emerging and developing countries, the IMF expects economic performance to increase by 4.3%. A growth of 1.7% is expected for the Eurozone. The same rate is also forecast for the German economy.

The global e-Commerce market continues to be on an uptrend. eMarketer has forecast a global growth rate of 23% in 2016 for the retail segment alone. By 2019, the B2C online business will grow by an average of 22% annually. In this context, the share of the online business in the global retail business will grow from around 7% in 2015 to 13% in 2019. In its current forecast for 2016, the German commercial association (Handelsverband Deutschland (HDE)) expects online revenues in the German retail business to grow by 11% to a volume of EUR 46.3 billion.

The B2B online business will also be in a position to increasingly realize its potential in the coming years. In the opinion of the experts at Frost & Sullivan, the B2B online business is one of the most attractive and innovative markets of the future. In the coming years, B2B companies will come under increasing pressure to shift more of their activities into the web. As a result, global sales in the B2B e-Commerce segment will grow to USD 12 trillion by 2020, which would correspond to an annual growth rate of approximately 8%. In another study, Forrester Research expects that just the US market for B2B e-Commerce will reach a volume of more than USD 1 trillion in 2020, about double the size of the B2C market.

On the whole, the digital transformation of the global economy, which spans across industries, is creating sustained growth in IT markets. Market analyst IDC expects global IT to grow by 3.6% in 2016. In this vein, the market for packaged software is expected to grow by 6.8%, and the market for application software by 7.1%. The IT services business is also expected to grow by 3.5%. The rapid growth of Cloud infrastructure projects and growing buyer acceptance of the corresponding payment models represent one of the main drivers in the IT market. Accordingly, the market for Cloud software solutions in the area of Customer Relationship Management (CRM), which also includes e-Commerce platforms, is expected to grow 20% annually by 2018, according to IDC.

The IT market will also remain a growth driver in Germany. According to BITKOM, revenues generated with software, IT services and IT hardware in 2016 will increase by 3.1% to EUR 82.9 billion. In this context, the business of software and IT services is doing particularly well analogously to the international markets. As a result, the industry started the new year on a positive note. According to the current BITKOM industry barometer, eight out of ten software providers (81%) and IT service providers (80%) expect to generate more revenues in the next six months, compared to only 4% who expect revenues to decline.

COMPANY OUTLOOK

The e-Commerce market continues to promise significant growth in the coming years. Considerable potential is evident particularly in the B2B market and in places where retailers are adapting their online shops to growing sales or wish to overhaul them in terms of new technology. However, the market for e-Commerce software is extremely competitive, and the acquisition of new customers requires that commerce platform providers provide a competitive offering, alongside a strong market presence and stable company developments.

Refocusing on the product business was an important step in order for Intershop to remain globally competitive. The success of this change in strategy is reflected in the now substantial revenue share of this segment, which was 41% in 2015 (prior year: 30%). As a result of the change in strategy and the adjusted cost structure, Intershop believes that it is well positioned in a very competitive environment. The equity and debt financing measures and significantly improved cash flows create additional leeway for product innovations, particularly in the B2B segment and the area of Cloud solutions, and provide medium-term planning security in corporate financing. Additional investments in product development as well as sales and marketing are planned for this purpose in 2016. Intershop's long-term goal is to attain a global market presence with a focus on Europe, Asia and America on the basis of a customer-centered omni-channel commerce solution, to position Intershop as a leading innovator in the e-Commerce market, and to generate sustained profitable results. In the 2016 fiscal year, Intershop will continue its consolidation strategy and will confirm the progress made during the past fiscal year.

For the current 2016 fiscal year, the Management Board expects further increases in licensing revenues in the product business, and an increase in downstream maintenance revenues. Consulting revenues are expected to continue to decline slightly this year. Intershop expects stable revenue levels in the full service segment. With regard to the development of revenues in the Europe, USA and Asia/Pacific segment, the Company expects that the share of revenue compared to total revenues will change slightly in favor of Europe and the Asia/Pacific region.

STATEMENT ON BUSINESS DEVELOPMENTS FOR 2016

Based on the assumptions for the respective business segments, Intershop expects that total revenues generated in 2016 will be at the same level of the prior year. On the basis of another slight increase in the gross result and gross margin, along with the optimized cost structures, the Management Board also expects a slight increase in the operating result (EBIT) in the current fiscal year.

Jena, March 1, 2016

The Management Board of INTERSHOP Communications AG

Dr. Jochen Wiechen   Axel Köhler

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Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED BALANCE SHEET

in EUR thousand	Note No.	December 31, 2015	December 31, 2014
ASSETS			
Noncurrent assets			
Intangible assets	(1)	8,697	9,451
Property, plant and equipment	(2)	362	631
Other noncurrent assets	(4)	50	45
Restricted cash	(5)	1,200	0
Deferred tax assets	(20)	1,230	950
		11,539	**11,077**
Current assets			
Trade receivables	(3)	5,338	6,737
Other receivables and other assets	(4)	484	733
Restricted Cash	(5)	375	375
Cash and cash equivalents	(5)	15,232	6,358
		21,429	**14,203**
TOTAL ASSETS		**32,968**	**25,280**
SHAREHOLDERS´ EQUITY AND LIABILITIES			
Shareholders´ equity			
Subscribed capital	(6)	31,683	30,183
Capital reserve	(6.1)	7,806	7,751
Other reserves	(6.2)	(20,408)	(20,357)
		19,081	**17,577**
Noncurrent liabilities			
Liabilities to banks	(8)	4,949	0
Deferred revenue	(10)	367	0
		5,316	**0**
Current liabilities			
Other current provisions	(11)	497	344
Liabilities to banks	(8)	1,000	0
Trade accounts payable	(7)	2,066	1,670
Income tax liabilities	(20)	141	150
Other current liabilities	(9)	2,653	2,867
Deferred revenue	(10)	2,214	2,672
		8,571	**7,703**
TOTAL SHAREHOLDERS´ EQUITY AND LIABILITIES		**32,968**	**25,280**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR thousand	Note No.	January 1 to December 31, 2015	2014
Revenues	(12)		
Product Revenues		17,399	13,667
Service Revenues		25,322	32,508
		42,721	**46,175**
Cost of revenues	(13)		
Cost of revenues - Product		(5,255)	(5,222)
Cost of revenues - Services		(18,361)	(24,240)
		(23,616)	**(29,462)**
Gross profit		**19,105**	**16,713**
Operating expenses, operating income			
Research and development	(14)	(5,801)	(5,113)
Sales and marketing	(15)	(8,504)	(11,872)
General and administrative	(16)	(4,962)	(5,698)
Other operating income	(17)	689	1,510
Other operating expenses	(18)	(359)	(1,815)
		(18,937)	**(22,988)**
Result from operating activities		**168**	**(6,275)**
Interest income	(19)	30	37
Interest expense	(19)	(179)	(31)
Financial result		**(149)**	**6**
Earnings before tax		**19**	**(6,269)**
Income taxes	(20)	**(14)**	**(373)**
Earnings after tax		**5**	**(6,642)**
Other comprehensive income			
Exchange differences on translating foreign operations		(56)	(133)
Reclassifed to profit or loss		0	170
Other comprehensive income from exchange differences		**(56)**	**37**
Total comprehensive income		**(51)**	**(6,605)**
Earnings per share (EUR, basic,diluted)	(21)	0.00	(0.22)
Weighted average shares outstanding (basic,diluted)		30,588	30,588

CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR thousand	Note No.	January 1 to December 31, 2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Earnings before tax		19	(6,269)
Adjustments to reconcile net profit/loss to cash used in operating activities			
Financial result		149	(6)
Depreciation and amortization		3,296	4,146
Other noncash expenses and income		0	514
Changes in operating assets and liabilities			
Accounts receivable		1,577	3,142
Other assets		198	(21)
Liabilities and provisions		251	(446)
Deferred revenue		(180)	(461)
Net cash provided by operating activities before income tax and interest		**5,310**	**599**
Interest received		30	37
Interest paid		(132)	0
Income taxes received		66	0
Income taxes paid		(307)	(249)
Net cash provided by operating activities		**4,967**	**387**
CASH FLOWS FROM INVESTING ACTIVITIES			
Restricted cash		0	(375)
Proceeds on disposal of intangible assets		41	8
Payments for investments in intangible assets		(2,168)	(2,708)
Proceeds on disposal of equipment		4	32
Purchases of property and equipment		(147)	(275)
Payments/proceeds on disposal of consolidated companies		(33)	1,901
Net cash used in investing activities		**(2,303)**	**(1,417)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from loan		5,902	0
Restricted cash		(1,200)	0
Cash received for unregistered stock		1,650	0
Expenses of cash received for unregistered stock		(94)	0
Net cash provided by financing activities		**6,258**	**0**
Effect of change in exchange rates on cash		(48)	(1)
Net change in cash and cash equivalents		**8,874**	**(1,031)**
Cash and cash equivalents, beginning of period	(5)	6,358	7,389
Cash and cash equivalents, end of period		**15,232**	**6,358**

CONSOLIDATED STATEMENT OF SHAREHOLDERS´ EQUITY

in EUR thousand	Common shares (Number shares)	Subscribed capital	Capital reserve
Balance January 1, 2015	**30,183,484**	**30,183**	**7,751**
Total comprehensive income			
Issue of new shares	1,500,000	1.500	55
Balance December 31, 2015	**31,683,484**	**31,683**	**7,806**
Balance January 1, 2014	**30,183,484**	**30,183**	**7,751**
Total comprehensive income			
Balance December 31, 2014	**30,183.484**	**30,183**	**7,751**

OTHER RESERVES			
Conversion reserve	**Cumulative profit/loss**	**Cumulative currency differences**	**Total shareholders´equity**
(93)	**(22,438)**	**(2,174)**	**(17,577)**
	5	(56)	(51)
			(1,555)
(93)	**(22,433)**	**2,118**	**19,081**
(93)	**(15,796)**	**(2,137)**	**24,182**
	(6,642)	37	(6,605)
(93)	**(22,438)**	**2,174**	**17,577**

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Notes to the Consolidated Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

03

GENERAL DISCLOSURES

The Company

INTERSHOP Communications AG ("Intershop", the "Company", the "Intershop Group" or the "Group") is an Aktiengesellschaft (German stock corporation) under German law. The Company's registered office is at Intershop Tower, Leutragraben 1 in 07743 Jena, Germany. The Company is listed on the German stock exchange in Frankfurt and is included in the Prime Standard. INTERSHOP Communications AG is entered in the commercial register of the Jena Local Court under number HRB 209419.

Intershop is a leading independent provider of omni-channel commerce solutions. Intershop offers high-performance packaged software for internet sales, complemented by all necessary services. Intershop also acts as a business process outsourcing provider, covering all aspects of online retailing up to fulfillment.

The Company has prepared its consolidated financial statements assuming the Company's continued operations. As of December 31, 2015, the Company had cash and cash equivalents of EUR 15.2 million (December 31, 2014: EUR 6.4 million). The equity ratio as of the balance sheet date was 58% (previous year: 70%). The Company's financial liabilities to banks totaled EUR 5.9 million on the balance sheet date (prior year: EUR 0 million). We refer to the statements in the Group Management Report.

Accounting principles (compliance statement)

In fiscal year 2015, INTERSHOP Communications AG prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), and in accordance with the provisions required to be applied under section 315a(1) of the Handelsgesetzbuch (HGB – German Commercial Code).

The consolidated financial statements of the Company for 2015 (January 1, 2015 to December 31, 2015) were prepared in accordance with the International Financial Reporting Standards (IFRSs) valid at the balance sheet date, which include standards (IFRS, IAS) adopted by IASB, and the Interpretations (IFRIC, SIC) issued by the International Financial Reporting Interpretations Committee (IFRIC IC), as adopted by the EU.

The 2015 fiscal year was the first year in which the adoption of the following financial reporting standards and interpretations became mandatory:

- IFRIC 21 „Levies“
- Improvements to IFRSs 2011-2013

IFRIC 21 clarifies when a Company is required to enter an obligation to submit a public levy as a liability. This provision is applied for the first time to reporting periods starting on June 17, 2014. This does not have any effects on Intershop's assets, financial and earnings position. The annual improvements of IFRS for the 2011-2013 cycle also include changes to IFRS 1, IFRS 3, IFRS 13 and IAS 40. These changes did not have any effect on the consolidated financial statements.

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

IFRS	Change	Amendment for fiscal year as of
IAS 19	Performance-based plans: Employee contributions	02/01/2015
Improvements	Improvements to IFRSs 2010-2012	02/01/2015
	Improvements to IFRSs 2012-2014	01/01/2016
IAS 1	Initiative for the improvement of disclosure requirements	01/01/2016
IFRS 11	Accounting for joint operations	01/01/2016
IFRS 14	Regulatory Deferral Accounts	
IAS 16, IAS 38	Clarification of admissible depreciation methods	01/01/2016
Amendments IFRS 10, 12, IAS 28	Investment entities: Application of the consolidation exception, contribution to an associate	01/01/2016
Amendment IAS 27	Equity method	01/01/2016
IAS 7	Statement of Cash Flows	01/01/2017
IAS 12	Income Taxes	01/01/2017
IFRS 15	Revenues from contracts with customers	01/01/2018
IFRS 9	Financial instruments	01/01/2018
IFRS 16	Property, Plant and Equipment	01/01/2019

The amendments to IAS 1 „Initiative to Improve Reporting Requirements" are designed to remove the obstacles perceived by those who prepare the financial statements when exercising their discretion for the presentation of the financial statements. This will not have any effect on Intershop's assets, financial and earnings position. It may result in changes to the information included in the Notes in the future. At this time, Intershop is reviewing the impact of the standard. The published IFRS 15 „Revenue from Contracts with Customers" replaces the current IFRS provisions regarding the recognition of revenue IAS 18 and IAS 11, with the objective of combining the large number of provisions currently contained in various standards and interpretations into a uniform model for the recognition of revenue. The standard provides for a five-step model that is used to determine the amount of revenue and the time at which it is recognized. The concrete impact of IFRS 15 and the other aforementioned standards on the net assets, financial and earnings position, along with the presentation of the group, must still be reviewed.

Financial reporting for fiscal year 2015 has been prepared in accordance with the Standards and Interpretations required to be applied and gives a true and fair view of the net assets, financial position, and results of operations of the Intershop Group.

Assets and liabilities are generally measured at historical cost.

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

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

On March 1, 2016, the Management Board of INTERSHOP Communications AG authorized the submission of these IFRS consolidated financial statements to the Supervisory Board.

Estimates and assumptions

Preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Estimates are based on past experience and other knowledge of transactions to be accounted for. Actual results may differ from these estimates. As a result, estimates and the assumptions on which they are based are regularly reviewed and assessed for their potential effects on the Company's financial reporting. Provisions are recognized and measured on the basis of financial estimates and data, as well as on the basis of historical data and circumstances known at the balance sheet date. It must be probable that the obligation to a third party will have to be settled. The actual obligation may differ from the amounts of the provisions. A corresponding adjustment in the carrying amounts of assets and liabilities would occur within the next fiscal year. In particular, estimates are required to recognize and measure provisions for legal costs and litigation risks, guarantee provisions, and provisions for income taxes, as well as to assess the need for and measurement of impairment losses and valuation allowances. An estimate for the degree of completion of contracts for fixed-price projects is required when determining revenues for consulting services and full services. In fiscal year 2015, other provisions amounted to a total of EUR 497 thousand (previous year: EUR 344 thousand). The corresponding expense entries were recognized in the Consolidated Statement of Comprehensive Income under general administration costs and cost of revenues. Goodwill is tested for impairment using the test described in the section entitled „Impairment of assets." No impairments were necessary in fiscal years 2015 and 2014. Please refer to the "Revenues" section in the chapter entitled "Accounting Policies" for information on estimating revenues.

Basis of consolidation

As of December 31, 2015, the companies included in consolidation consisted of, apart from 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 and Intershop Communications LTD.
The non-operating subsidiary Intershop Communications Nordics AB was liquidated in December 2015 and deconsolidated. The deconsolidation process resulted in expenses of EUR 1 thousand, which were entered under other operating expenses.

The following list shows the subsidiaries of Intershop Communications AG and the Company's respective interest as of December 31, 2015:

	Interest (in %)	**Equity*** (in EUR thousand)	**Annual result**** (in EUR thousand)
Intershop Communications, Inc., San Francisco, USA	100	(1,266)	264
Intershop Communications Australia Pty Ltd., Melbourne, Australia	100	606	196
Intershop Communications Asia Limited, Hong Kong, China	100	44	6
The Bakery GmbH, Berlin, Germany	100	(3,843)	(118)
Intershop Communications Ventures GmbH, Jena, Germany	100	(1,311)	970
Intershop Communications SARL, Paris, France	100	(263)	(7)
Intershop Communications LTD, Romsey, United Kingdom	100	(174)	6

* Equity as of December 31, 2015 is translated at the exchange rate as of the reporting date

** Net income/loss for fiscal year 2015 is translated at the average annual rate

The subsidiary Intershop Communications LTD in the UK utilized the provision for an exemption from the audit of the annual financial statements pursuant to 479A of the Companies Act 2006.

Consolidation methods

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. INTERSHOP Communications AG controls an entity when it is exposed to fluctuating returns from its activities in the entity, or owns the rights to these returns, and can influence them through the entity using its control. A company is included in the consolidated financial statements from the date on which control passes to the Intershop Group. Deconsolidation usually occurs on the date control passes to a third party or on the date the subsidiary is liquidated.

SUBSIDIARIES

Acquisition accounting for companies acquired from third parties is performed as of the date of acquisition using the purchase method of accounting. Under this method, the assets acquired and liabilities assumed are measured at their acquisition-date fair value. Any remaining positive difference between acquisition price and fair value is capitalized as goodwill. Any negative difference is immediately recognized as an expense. Transaction costs are recognized as expense. In subsequent periods, hidden reserves and liabilities realized at the time of initial consolidation are carried, written down or reversed in accordance to the treatment of the corresponding assets and liabilities. Goodwill will be reviewed for impairment at least once a year during subsequent reporting periods and, in case of impairment, an unscheduled write-down to the lower fair value is made. Expense and revenues as well as receivables and liabilities between consolidated companies are eliminated.

Foreign currency translation

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

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

Transactions in foreign currencies are translated at the exchange rate prevailing at the date of each transaction. Nonmonetary items denominated in foreign currency are measured at historical exchange rates. Differences in exchange rates between the date of a transaction denominated in a foreign currency and the date at which it is either settled or translated are recognized in the statement of comprehensive income and are shown in "other operating income" or "other operating expenses." Currency gains and losses were EUR 180 thousands (2014: EUR 75 thousands).

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

	Currency	Closing rate		Average rate for the year	
Country	1 EUR =	Dec. 31, 2015	Dec. 31, 2014	2015	2014
United States	USD	1.09	1.22	1.11	1.33
Australia	AUD	1.49	1.49	1.48	1.47
Hong Kong	HKD	8.45	9.43	8.59	10.33
United Kingdom	GBP	0.74	0.78	0.72	0.81

ACCOUNTING POLICIES

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

Intangible assets

Purchased intangible assets, such as software, patents, and customer relationships, are capitalized at cost. Intangible assets with finite useful lives are measured at cost less accumulated amortization, taking into account accumulated impairment losses and reversals of impairment losses, and are written down using the straight-line method. Their useful lives are generally between 2 and 3 years.
Intangible assets with an indefinite useful life, such as goodwill, are measured at cost less accumulated impairment losses and tested for impairment both annually and when there are indications of impairment. Please refer to the section entitled "Impairment of assets".

Goodwill

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

Software development costs

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

Property, plant, and equipment

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

Computer equipment	3 years
Office furniture/ Presentation equipment	4-5 years

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease terms or their estimated useful lives. When items of property, plant, and equipment are decommissioned, sold, or abandoned, the gain or loss from the difference between the sale proceeds and the carrying amount is reported in "other operating income" or "other operating expenses".

Impairment of assets

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

If such indications exist, the recoverable amount of the asset is determined so that the impairment loss can be calculated. The recoverable amount is the higher of fair value less costs to sell and value in use. The fair value less costs to sell is defined as the amount that could be generated by the sale of an asset in an arm's length transaction between willing parties. The value in use is determined on the basis of discounted future cash flows using a market rate of interest that reflects the risks of the asset that are not yet included in the estimated future cash flows. If the recoverable amount of an asset is lower than its carrying amount, the asset must be written down to its recoverable amount. Impairment losses are recognized immediately in profit or loss. No extraordinary write-downs were applied in years 2015 and 2014. In the case of reversals of impairment losses in a subsequent period, the carrying amount of the asset is adjusted to reflect the identified recoverable amount; however, the value of the asset may only be increased to the carrying amount that would have arisen if no impairment loss had previously been charged. Reversals of impairment losses must be recognized immediately in profit or loss. No such reversals were performed in 2015 and 2014.

The goodwill impairment test is to be performed on cash generating units. The goodwill impairment test is to be performed on the cash generating unit to which goodwill is allocated. Goodwill comprises the intellectual property incorporated in the software obtained from previous acquisitions (net carrying amount at December 31, 2015: EUR 4,473 thousand, recoverable amount: EUR 15,451 thousand). For the goodwill the relevant cash-generating unit is the Europe segment excluding full-service business areas. As a first step, the carrying amount of the cash generating unit is compared with their value in use. The total of the carrying amount is also compared with the fair value of the Company. For this purpose, the fair value is derived from the Company's market capitalization. The impairment write-down required is determined in a second step, but only if the value in use or fair value is less than the carrying amount. To determine the value in use of the cash generating unit, the net cash flows were calculated for 2016 to 2019 and a perpetual annuity (without growth rate) was calculated for the period beginning 2020. The calculations are based on the corporate planning for the period from 2016 to 2019 approved by Intershop's management; this planning builds on a market forecast and reflects parameters including customer retention, market share, and sector growth. When determining the value in use, present values were calculated on the basis of a discount rate after tax of 10.96% (WACC before tax: 16.02%). No impairment losses on goodwill were reported in 2015 and 2014. Impairment losses on goodwill are not reversed. A change in the discount rate by one percentage point or a reduction in cash flows by up to 50% compared to the budget would not have any effect on the result of the test.

Leases

IAS 17 requires leases to be classified into financing leases and operating leases. Leases are classified as financing leases if the terms and conditions of the lease transfer substantially all risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases. Under a finance lease, the leased assets are capitalized at fair value on initial recognition and depreciated over their useful lives. Lease payments under an operating lease are expensed over the term of the lease using the straight-line method. Intershop only has operating leasing arrangements.

Financial instruments

Financial assets and financial liabilities, which include trade receivables and liabilities, cash and cash equivalents and restricted cash, are recognized in the balance sheet at the date when the Group becomes a party to the contractual provisions of the financial instrument. Purchases or sales are usually accounted for at the trade date.

Financial instruments are recognized at fair value on acquisition. Financial assets are initially recognized at fair value plus transaction costs. Financial instruments are recognized at fair value on acquisition and are subsequently measured on the basis of the following categories: a) financial assets and liabilities at fair value through profit or loss, classified as "held for trading" and "designated", b) held-to-maturity financial assets, c) loans and receivables, d) available-for-sale financial assets, and e) liabilities measured at amortized cost.

Financial assets are classified as **"at fair value through profit or loss"** if they have been acquired with the intention of being sold in the short term or are held for trading. Derivatives are classified as "held for trading" if they are not designated as being included in a hedging relationship. If their fair value is negative, this leads to a financial liability. In this category, financial assets are subsequently measured at fair value. Transaction costs are recognized in income. Any gain or loss resulting from subsequent measurement is reported in the income statement under other operating income or expenses. **Held-to-maturity financial assets** are non-derivative financial assets with fixed or determinable payments and a fixed maturity that an entity has the positive intention and ability to hold to maturity. Following initial recognition, they are measured at amortized cost. Gains and losses are reported in profit or loss for the period if the asset in question is derecognized or impaired. **Loans and receivables** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently measured at amortized cost using the effective interest method. **Available-for-sale financial assets** are non-derivative financial assets that are either attributable to this category or have not been allocated to any of the other categories presented. They are subsequently measured at fair value, with any unrealized gains or losses being recognized directly in equity.

Following initial recognition, financial liabilities are generally measured at amortized cost using the effective interest method, with the exception of financial liabilities at fair value through profit or loss.

Currently, Intershop's financial assets are trade receivables. Financial liabilities are comprised of liabilities to banks in the form of interest-bearing bank loans. As of the balance sheet date, Intershop did not hold any financial instruments that are classified as "held to maturity" or that are measured at fair value on initial recognition in accordance with IAS 39. Intershop also did not have any securities that are classified as available-for-sale.

Trade receivables, other receivables and other assets

Trade receivables are reported at fair value, which usually corresponds to cost, at the date of recognition. They are subsequently measured at amortized cost net of any valuation allowances. Receivables from the sale of software licenses are recognized only when a contract has been signed with the customer, any right of return granted to the customer has expired, the software has been made available according to the contract, and it is more probable than not that the receivable will be collected.

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

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

The Company makes judgments as to its ability to collect outstanding receivables and recognizes allowances for the portion of receivables where collection becomes doubtful. Allowances are recognized based on a specific review of all significant outstanding invoices. For those invoices not specifically reviewed, allowances are recognized at differing rates, based on the age of the receivable. In determining these percentages, Intershop analyzes its historical collection experience and current economic trends. If the historical data the Company uses to calculate the allowances recognized for doubtful accounts does not reflect the future ability to collect outstanding receivables, additional allowances for doubtful accounts may be needed and the future results of operations could be materially affected.

Cash and cash equivalents

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

Other provisions and contingent liabilities

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

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

Trade accounts payable

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

Financial liabilities

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

Income and expense recognition

Revenues are divided into the main groups product revenues and service revenues as of the 2015 fiscal year. Product revenues include licensing revenues and sales revenue from maintenance. Service revenues include revenues from consulting and training, full-service revenue and other revenue. Other income consists solely of the online marketing revenues generated in the past years by subsidiary SoQuero GmbH, which was sold in 2014, and the revenues from the TheBakery business of the subsidiary The Bakery GmbH. Until now, the Company's revenues had been organized into the following main groups: revenue from software licenses and services, which include the revenue from maintenance, consulting and training, online marketing, full service and TheBakery business. This change is based on the renewed focus on the product business, which was implemented in 2014. Since the sale of licenses is normally followed by maintenance costs, the reorganization now better depicts actual business activities and the revision of the product portfolio.

Intershop assesses whether fees are fixed or determinable at the time of sale and recognizes revenue if all other revenue recognition requirements are met. For software license arrangements that do not require significant modification or customization of the underlying software, the Company recognizes the resulting revenue when: (1) it enters into a legally binding arrangement with a customer for the license of software; (2) it delivers the products and, (3) the amount of income can be reliably determined. Substantially, all of the Company's license revenues are recognized in this manner. Intershop also enters revenues from the provision of SaaS products (software as a services products) as license income. In that case, customers may only use the software over the contractually agreed contract term. The resulting revenues are realized over the term of the contract.

Some of the Company's software arrangements additionally include implementation services sold separately under consulting engagement contracts. Revenues from these arrangements are generally accounted for separately from the license revenue. The more significant factors considered in determining whether the revenue should be accounted for separately include the nature of services (i.e., consideration of whether the services are essential to the functionality of the licensed product), degree of risk, availability of services from other vendors, timing of payments, and impact of milestones or acceptance criteria on the collectibility of the software license fee.

Intershop's license arrangements generally do not include acceptance provisions. However, if acceptance provisions exist within previously executed terms and conditions that are referenced in the current agreement, the Company then applies judgment in assessing the significance of the provision. If the Company determines that the likelihood of non-acceptance of these arrangements is remote, it then recognizes revenue once all of the criteria described above have been met. If such a determination cannot be made, revenue is recognized upon the earlier of receipt of written customer acceptance or expiration of the acceptance period.

Revenue for consulting services is generally recognized as the services are performed. If there is a significant uncertainty about the project completion or receipt of payment for the consulting services, revenue is deferred until the uncertainty is sufficiently resolved.

The determination of the amount of revenues to be recognized is partly based upon the use of estimates. The Company estimates, for example, the percentage of completion on contracts with fixed or "not to exceed" fees on a monthly basis, utilizing hours incurred to date as a percentage of total estimated hours to complete the project. This is used for fixed-price projects in the consulting area and full service area. If Intershop does not have a sufficient basis to measure progress towards completion, revenue is recognized when the Company receives final acceptance from the customer. When total cost estimates exceed the contractually agreed upon revenues, Intershop sets aside valuation allowances or reserves for the estimated losses, using cost estimates that are based upon an average burdened daily rate and all expenses applicable to the organization delivering the services.

The complexity of the estimation process and issues related to the assumptions, risks, and uncertainties inherent in the application of the percentage-of-completion method of accounting affect the amounts of revenues and related expenses reported in the Company's consolidated financial statements. A number of internal and external factors can affect Intershop's estimates, including costs for employees, utilization and efficiency variances, and specification and testing requirement changes.

Revenues from maintenance are recognized ratably over the period in which the services are provided.

Revenue-based billing models are used in the full-service business area. Revenues are recognized on the basis of agreed percentages of the sales generated by the relevant online shop.

Cost of revenues

The cost of revenues includes the costs incurred in generating revenues. They include in particular all costs for consulting, maintenance, training, full-service, and also The Bakery and online marketing activities in the previous years. The cost of revenues for licenses also includes the amortization of capitalized software development costs.

Cost of debt

Interest expenses are recognized in the period in which they arise. Interest relating to the production of qualifying assets is generally capitalized.

Government grants

In accordance with IAS 20, government grants are only recognized when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. IAS 20 provides in principle for grants to be recognized as income over the periods in which the related costs are recognized. If all the conditions have been complied with, the Company reports non-repayable income subsidies as "other operating income".

Income taxes

In accordance with IAS 12, deferred taxes are recognized for all temporary differences between the carrying amount of assets and liabilities in the IFRS balance sheet and their tax base at the balance sheet date using the balance sheet liability method. Deferred tax assets are recognized for all deductible temporary differences, unused tax loss carryforwards, and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the unused tax loss carryforwards and tax credits can be utilized.

Deferred taxes are measured at the tax rates that have been enacted or substantively enacted for the period in which an asset is realized or a liability settled. The effect of changes in the tax rate on deferred taxes is recognized as of the effective date of the legal changes.

Operating segments

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

Earnings per share

The basic net loss per share is determined in accordance with IAS 33, Earnings per Share for all periods presented. Basic net loss per share is computed using the weighted average number of outstanding shares of common shares.

The diluted net loss per share is computed using the weighted average number of ordinary shares outstanding and, in the case of dilution, the ordinary shares outstanding and the potential number of ordinary shares from options and warrants to purchase such shares using the treasury stock method. In the case of convertible securities the "if-converted method" is used. All potential ordinary shares have been excluded from the computation of the diluted net loss per share because the effect would be antidilutive.

NOTES TO THE INDIVIDUAL BALANCE SHEET ITEMS

(1) INTANGIBLE ASSETS

in EUR thousand	Software	Internally developed software	Other intangible assets	Goodwill	Total
Costs of purchase					
Balance at January 1, 2014	**1,099**	**15,375**	**1,812**	**24,851**	**43,137**
Additions	74	2,601	33	0	2,708
Disposals	(37)	0	0	(754)	(791)
Disposals in the consolidated group	(2)	0	(33)	0	(35)
Currency translation differences	0	0	0	0	0
Balance at December 31, 2014	**1,134**	**17,976**	**1,812**	**24,097**	**45,019**
Additions	35	2,133	0	0	2,168
Disposals	(42)	0	0	0	(42)
Currency translation differences	0	0	0	0	0
Balance at December 31, 2015	**1,127**	**20,109**	**1,812**	**24,097**	**47,145**
Amortization, write-downs, and impairment losses					
Balance at January 1, 2014	**952**	**9,645**	**1,812**	**19,624**	**32,033**
Additions	109	3,456	1	0	3,566
Disposals	(29)	0	0	0	(29)
Disposals in the consolidated group	(1)	0	(1)	0	(2)
Currency translation differences	0	0	0	0	0
Balance at December 31, 2014	**1,031**	**13,101**	**1,812**	**19,624**	**35,568**
Additions	55	2,826	0	0	2,881
Disposals	(1)	0	0	0	(1)
Currency translation differences	0	0	0	0	0
Balance at December 31, 2015	**1,085**	**15,927**	**1,812**	**19,624**	**38,448**
Net carrying amount at December 31, 2014	**103**	**4,875**	**0**	**4,473**	**9,451**
Net carrying amount at December 31, 2015	**42**	**4,182**	**0**	**4,473**	**8,697**

"Internally developed software" includes capitalized software development costs for continued development of Intershop's software. Of the amortization, write-downs and impairment losses on intangible assets recognized in the Statement of Comprehensive Income, EUR 2.834 thousand (2014: EUR 3,482 thousand) are included in the cost of revenues, EUR 22 thousand (2014: EUR 33 thousand) in research and development expenses, EUR 1 thousand (2014: EUR 6 thousand) in the Sales and Marketing costs as well as EUR 24 thousand (2014: EUR 45 thousand) in general and administrative costs. With the exception of goodwill, there are no intangible assets with indefinite useful lives.

(2) PROPERTY, PLANT, AND EQUIPMENT

in EUR thousand	Computer equipment	Office and operating equipment	Leasehold improvements	Total
Costs of purchase				
Balance at January 1, 2014	**2,564**	**1,646**	**281**	**4,491**
Additions	150	124	0	274
Disposals	(230)	(37)	0	(267)
Disposals in the consolidated group	(77)	(102)	0	(179)
Currency translation differences	16	6	1	23
Balance at December 31, 2014	**2,423**	**1,637**	**282**	**4,342**
Additions	129	18	0	147
Disposals	(125)	(60)	0	(185)
Currency translation differences	15	5	0	20
Balance at December 31, 2015	**2,442**	**1,600**	**282**	**4,324**
Depreciation, write-downs, and impairment losses				
Balance at January 1, 2014	**2,032**	**1,170**	**263**	**3,465**
Additions	367	211	1	579
Disposals	(213)	(23)	0	(236)
Disposals in the consolidated group	(52)	(62)	0	(114)
Currency translation differences	13	4	0	17
Balance at December 31, 2014	**2,147**	**1,300**	**264**	**3,711**
Additions	222	178	15	415
Disposals	(122)	(59)	0	(181)
Currency translation differences	13	4	0	17
Balance at December 31, 2015	**2,260**	**1,423**	**279**	**3,962**
Net carrying amount at December 31, 2014	**276**	**337**	**18**	**631**
Net carrying amount at December 31, 2015	**182**	**177**	**3**	**362**

Of depreciation, write-downs and impairment losses on property, plant and equipment recognized in the Statement of Comprehensive Income, EUR 171 thousand (2014: EUR 252 thousand) are included in the cost of revenues, EUR 96 thousand (2014: EUR 146 thousand) in research and development expenses, EUR 36 thousand (2014: EUR 44 thousand) in marketing and sales expenses as well as EUR 112 thousand (2014: EUR 137 thousand) in general and administrative expenses.

(3) TRADE RECEIVABLES

Trade receivables as of the balance sheet date include receivables from the sale of software licenses and the performance of services amounting to EUR 5,338 thousand (2014: EUR 6,737 thousand) and due within one year (current assets). Thereof, total receivables of EUR 4,477 thousand (2014: EUR 5,317 thousand) are not yet due. The following table shows the maturity structure of the trade receivables that are not yet due:

in EUR thousand	Dec. 31, 2015	Dec. 31, 2014
Due within 30 days	2,776	4,392
Due within 31 and 60 days	1,059	329
Due within 61 days and 1 year	642	596
	4,477	**5,317**

As of December 31, 2015, trade receivables of EUR 166 thousand were past due but were not impaired (December 31, 2014: EUR 879 thousand). The following table shows the maturity structure of receivables that are past due but not impaired:

in EUR thousand	Dec. 31, 2015	Dec. 31, 2014
Up to 30 days past due	75	226
31 to 60 days past due	29	481
61 to 90 days past due	62	172
	166	**879**

Specific allowances are recognized after 90 days. As regards the trade receivables due or not yet due at the balance sheet date, it is not expected that the customers will fail to fulfill their payment obligations.

As of December 31, 2015, impairment losses amounting to EUR 41 thousand (2014: EUR 82 thousand) have been recognized. Impairments changed as follows:

in EUR thousand	2015	2014
Balance at beginning of year	**82**	**1,096**
Impairment of receivables	24	(20)
Amounts derecognized due to uncollectibility	(19)	(1,029)
Amounts received during the fiscal year on receivables written off	(46)	35
Reversals of impairments	0	0
Balance at end of year	**41**	**82**

(4) OTHER RECEIVABLES AND OTHER ASSETS

Other noncurrent assets in the amount of EUR 50 thousand (2014: EUR 45 thousand) comprise rental security deposits.

Other current receivables and current assets include the following items:

in EUR thousand	Dec. 31, 2015	Dec. 31, 2014
Prepayments	320	469
Other tax receivables	33	99
Gross amount due from customers for contract work	9	0
Receivables from Agentur für Arbeit [German Labor Agency]	0	84
Receivables from employees and former employees	1	5
Other	121	76
	484	**733**

The item „gross amount due from customers for contract work" item involves one order with a total volume of EUR 25 thousand. In 2015, revenue of EUR 22 thousand was realized from this project. This was measured based on the stage of completion of the project using the percentage of completion method. The costs amounted to EUR 17 thousand. This fixed-price project resulted in a contribution to earnings of EUR 5 thousand. Payments on account in the amount of EUR 13 thousand were offset against the production order.

(5) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include current cash and cash equivalents, as well as current and noncurrent restricted cash.

in EUR thousand	Dec. 31, 2015	Dec. 31, 2014
Restricted cash – non-current	1,200	0
Restricted cash – current	375	375
	1,575	**375**
Cash and cash equivalents	15,232	6,358
Total cash	**16,807**	**6,733**

Cash and cash equivalents include balances at various credit institutions that are available at any time, as well as cash on hand and checks. Current restricted cash includes released cash from a collateral amount in connection with the disposal of subsidiary SoQuero GmbH. Long-term payment resources with restrictions on disposal refer to the pledged amount from the approval of the bank loan. The pledge is reduced proportionally with repayment of the loan.

(6) EQUITY

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

SUBSCRIBED CAPITAL

As of December 31, 2015, the subscribed capital amounted to EUR 31,683,484 and is divided into 31,683,484 no-par value bearer shares, all of which have been fully paid. There are no restrictions on the voting rights. As of December 31, 2014, the subscribed capital amounted to EUR 30,183,484. The change in the subscribed capital by a total of EUR 1,500,000 is attributable to the issuance of new shares from the Authorized Capital I, as below:

in EUR	2015	2014
Balance at January 1	**30,183,484**	**30,183,484**
Capital increases from authorized capital	1,500,000	0
Balance at December 31	**31,683,484**	**30,183,484**

On the balance sheet date, Sterling Fund Management, LLC, through its controlled companies Sterling Partners IV, LLC, SC Partners IV, L.P., Sterling Capital Partners IV, L.P., Blue Eagle GP, LLC, Blue Eagle Holdings, L.P., Blue Eagle II GP, LLC, Blue Eagle Holdings II, L.P., Blue Eagle III GP, LLC, Blue Eagle Holdings III, L.P., GSI Commerce, Inc. and eBay Enterprise Inc. (formerly GSI Commerce Solutions Inc.) held 24.90%, Axxion S.A. 6.13% and Shareholder Value Management AG 3.05% of shares in INTERSHOP Communications AG. Information regarding the participating interests is based on the notifications pursuant to section 21 (1) WpHG submitted by the Company according to section 26 (1) WpHG regarding changes to voting rights during the 2015 fiscal year. As of the balance sheet date, the free float of INTERSHOP Communications AG comes to 65.92%.

AUTHORIZED CAPITAL

As of December 31, 2015, the Company had a total of EUR 6,000,000 in authorized capital (December 31, 2014: EUR 7,500,000). Under the Articles of Association of INTERSHOP Communications AG, the Management Board is entitled, with the approval of the Supervisory Board, to increase the capital stock by issuing new ordinary shares as follows:

- By up to a total of EUR 6,000,000 against cash contributions (Authorized Capital I). The Management Board's authorization is valid until July 21, 2016. The Management Board is authorized, subject to approval by the Supervisory Board, to suspend the stockholders' subscription rights in certain cases. Due to a cash capital increase, the Authorized Capital I was reduced by EUR 1,500,000 during the 2015 fiscal year.

CONDITIONAL CAPITAL

As of the balance sheet date, the Company did not have any conditional capital.

CAPITAL INCREASE IN THE 2015 FISCAL YEAR

During the 2015 fiscal year, the Company implemented a capital increase in utilization of the Authorized Capital I. By excluding the pre-emptive rights of shareholders, 1,500,000 new no-par value bearer shares were issued to institutional investors at a price of EUR 1.10. This change was entered in the commercial register on September 24, 2015. The issued shares include the same rights as the other issued shares. Intershop received cash and cash equivalents of EUR 1,650 thousand as a result of the capital increase. The transaction costs came to EUR 94 thousand. No capital increases were implemented in the prior year.

(6.1) CAPITAL RESERVE

The capital reserve includes expenses from stock options from previous years as well as amounts in excess of the par value generated from the issue of shares, less the transaction costs for capital increases. Please see Statement of Change in Equity for details.

(6.2) OTHER RESERVES

Other reserves include a conversion reserve, reserves from cumulative gains/losses, and cumulative currency translation differences. The conversion reserve includes the expense from stock options that related to the first-time adoption of IFRSs. The reserve from cumulative currency translation differences shows the differences that result from the translation of the financial statements of subsidiaries into euros.

(7) TRADE PAYABLES

Trade accounts payable comprise unsettled liabilities relating to the delivery of goods and services and amounted to EUR 2,066 thousand (2014: EUR 1,670 thousand).

(8) LIABILITIES TO BANKS

Liabilities to banks are broken down as follows:

in EUR thousand	**Dec. 31, 2015**	**Dec. 31, 2014**
Liabilities to banks - non-current	4,949	0
Liabilities to banks - current	1,000	0
	5,949	**0**

In June 2015, the Company concluded a loan agreement for EUR 6,000 thousand with Sparkasse Jena-Saale-Holzland; the loan was disbursed in July. The term of the loan is six years, with a fixed interest rate of 4.5% p.a. over the entire term. The contractually agreed repayment amount is EUR 1,000 thousand annually. It was also agreed that annual unscheduled payments would not incur a prepayment penalty. The loan is secured with an indemnity bond covering 80% of the loan amount from the state of Thuringia, a blanket assignment of customer receivables from deliveries and services, and the approval of a distribution license for the Intershop software. In addition, EUR 1.2 million of the loan sum is pledged; the pledge will be reduced proportionally with repayment of the loan.

(9) OTHER LIABILITIES

Other liabilities consist only of current liabilities and comprise:

in EUR thousand	**Dec. 31, 2015**	**Dec. 31, 2014**
Liabilities to employees	1,095	1,028
Liabilities from outstanding vacation entitlement	559	540
Other VAT and wage tax liabilities	465	756
Liabilities to the Occupational Health and Safety Agency	104	132
Other liabilities relating to social security benefits	87	84
Liabilities from advance payments received	36	0
Miscellaneous other liabilities	307	327
	2,653	**2,867**

Liabilities to employees mainly include liabilities from commissions and performance-related compensation.

(10) DEFERRED REVENUE

Deferred revenue relates to prepayments by customers, primarily in the form of revenue from maintenance agreements. Deferred revenue is reversed and revenue is recognized in the period in which the service was provided by Intershop. In the case of current deferred revenue, reversal and recognition take place within a year.

(11) OTHER PROVISIONS

Other current provisions amounted to EUR 497 thousand (2014: EUR 344 thousand).

The following table shows the development of other current provisions:

in EUR thousand	Litigation risks	Other	Total
Balance at January 1, 2015	**18**	**326**	**344**
Additions	0	460	460
Utilization	0	(285)	(285)
Reversal	(18)	(8)	(26)
Currency adjustments	0	4	4
Balance at December 31, 2015	**0**	**497**	**497**

Miscellaneous other provisions relate to provisions for the Stockholders' Meeting, pending losses from projects and guarantee.

NOTES TO THE INDIVIDUAL ITEMS OF THE STATEMENT OF COMPREHENSIVE INCOME

(12) REVENUES

Revenues of EUR 42,721 thousand (2014: EUR 46,175 thousand) are divided into product revenues and service revenues, as follows:

in EUR thousand	2015	2014
Licenses	9,328	6,174
Maintenance	8,071	7,493
Product Revenues	**17,399**	**13,667**
Consulting/Training	19,340	22,986
Full Service	5,982	5,630
Other revenues	0	3,892
Service Revenues	**25,322**	**32,508**
Total Revenues	**42,721**	**46,175**

Other income in the prior year includes the online marketing revenues (EUR 3,232 thousand) generated in the past year by subsidiary SoQuero GmbH, which was sold in 2014, and revenues from the subsidiary The Bakery GmbH, whose operating business was sold in 2014.

(13) COST OF REVENUES

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

in EUR thousand	2015	2014
Licenses	3,444	3,468
Maintenance	1,811	1,754
Cost of revenues - Product	**5,255**	**5,222**
Consulting/Training	12,843	16,088
Full Service	5,518	4,956
Other cost of revenue	0	3,196
Cost of revenues - Services	**18,361**	**24,240**
Total cost of revenues	**23,616**	**29,462**

The cost of revenues for licenses in the amount of EUR 3,444 thousand (2014: EUR 3,468 thousand) primarily include the amortization of software development costs. Other costs of revenues in the prior year include the cost of revenue for the sold subsidiary SoQuero GmbH (EUR 1,760 thousand) and the subsidiary The Bakery GmbH.

(14) RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses comprise all expenses attributable to R&D activities, with personnel expenses accounting for the majority of this item. The increase in research and development costs from EUR 5,113 thousand to EUR 5,801 thousand is mainly the result of higher expenditures for in-house development projects in the 2015 fiscal year. Please see section "Research and Development" in the Group Management Report.

(15) SALES AND MARKETING EXPENSES

Sales and marketing expenses consist mainly of personnel costs for sales and marketing employees, sales commissions, expenditures for sales partners, and costs associated with advertising and exhibitions for various trade shows. Sales and marketing expenses fell by 28% from EUR 11,872 thousand to EUR 8,504 thousand due to lower personnel expenses and optimized marketing activities. The share of sales and marketing expenses to total revenue was 20% (2014: 26%).

(16) GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses mainly comprise personnel and non-personnel expenses as well as depreciation and amortization that relates to administration. They include the cost of investor relations activities and expenses relating to the Stockholders' Meeting, as well as all legal expenses. General administrative expenses declined by 13% from EUR 5,698 thousand to EUR 4,962 thousand.

(17) OTHER OPERATING INCOME

Other operating income is composed of the following items:

in EUR thousand	**2015**	**2014**
Income from currency translation gains	346	230
Income from the disposal of consolidated companies	0	1,017
Income from government grants	0	11
Miscellaneous	343	252
	689	**1,510**

Income from currency gains of EUR 346 thousand is attributable to financial instruments.

(18) OTHER OPERATING EXPENSES

Other operating expenses relate to the following items:

in EUR thousand	**2015**	**2014**
Currency translation losses	166	155
Other taxes	62	90
Income from the disposal of consolidated companies	1	0
Expenses from loss of receivables/value adjustments	0	1,516
Miscellaneous	130	54
	359	**1,815**

Expenses from currency translation losses of EUR 166 thousand were attributable to financial instruments.

(19) INTEREST INCOME AND INTEREST EXPENSES

Interest income of EUR 30 thousand (2014: EUR 37 thousand) consists primarily of interest on bank balances. Interest expenses amounted to EUR 179 thousand (2014: EUR 31 thousand), and are mainly the result of interest expenses for liabilities to banks for the 2015 fiscal year, and from subsequent tax payments.

(20) INCOME TAXES

Income tax liabilities on the balance sheet date amounted to EUR 141 thousand (2014: EUR 150 thousand) and relate to domestic income taxes from prior years as well as foreign income taxes for 2015.

The Company recognizes and measures income taxes using the balance sheet liability method in accordance with IAS 12. Deferred taxes are calculated at the respective national income tax rates. The calculation of deferred taxes for the domestic companies for December 31, 2015 was based on a corporate income tax rate of 15% (2014: 15%) plus the solidarity surcharge of 5.5% (2014: 5.5%) and an effective expected trade tax rate of 15.76% (2014: 15.76%).

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

in EUR thousand	2015	2014
Current taxes		
Abroad	292	243
Germany	2	186
Deferred taxes		
Abroad	(19)	(63)
Germany	(261)	7
	14	**373**

The Group tax rate of 31.584% applicable in fiscal year 2015 (2014: 31.584%) was multiplied by IFRS earnings before taxes to calculate the expected tax expense. Tax rates in a bandwidth from 16% to 40% were taken into account for the foreign subsidiaries.

The tax rate reconciliation contains the following details:

in EUR thousand	2015	2014
IFRS pretax income	19	(6,269)
Corporate tax rate	31.584%	31.584%
Expected tax expense/tax income	6	(1,980)
Effects of changes in tax rates and different rates of foreign taxation	214	34
Effects of non-recognition of deferred taxes or utilization of tax losses	(601)	2,067
Permanent effects, tax refunds	374	227
Taxes of prior years	30	27
Effects of changes in basis of consolidation and others	(9)	(2)
Income taxes	**14**	**373**

The components of the deferred tax assets were as follows:

in EUR thousand	2015	2014
Taxes on eligible loss carryforwards	2,402	2,393
Provisions/Liabilities	149	114
	2,551	**2,507**
Offset	(1,321)	(1,557)
Deferred tax assets after offset	**1,230**	**950**
Intangible assets	1,321	1,540
Inventories	0	17
	1,321	**1,557**
Offset	(1,321)	(1,557)
Deferred tax liabilities after offset	**0**	**0**
Net deferred tax assets	**1,230**	**950**

Deferred tax assets are recognized for temporary differences and for tax loss carryforwards in the amount of the expected reduction in tax expense in subsequent fiscal years to the extent that it is probable that they will be used. As of December 31, 2015 and in accordance with IAS 12.24, deferred tax assets were only recognized in the amount of taxable profit probably available in the future. Deferred tax assets are predominantly noncurrent. Deferred tax liabilities for withholding taxes on capital for subsidiaries were not recognized.

For the year ended December 31, 2015, the Company had net loss carryforwards for tax reporting purposes in various tax jurisdictions as follows:

in EUR thousand	2015	2014
U.S. Federal	110,616	101,654
U.S. State	99,220	92,160
German corporate income tax	179,509	182,658
German municipal trade tax	173,629	177,795
Other	425	424

U.S. federal and state net operating loss carryforwards expire in various fiscal periods through 2034. The change is mainly the result from currency translation and the utilization. The loss carryforwards for German income taxes relate to corporate income taxes and trade taxes, and can be carried forward indefinitely. The change in German loss carryforwards results from the findings of the company audit 2007-2012, and from the utilization of the year 2015. With regard to the remaining loss carryforwards, no deferred tax assets were entered for corporate tax purposes in the amount of EUR 171,932 thousand (2014: EUR 175,082 thousand) and for trade taxes in the amount of EUR 166,053 thousand (2014: EUR 170,218 thousand). Deferred taxes on foreign loss carryforwards were not recognized.

(21) EARNINGS PER SHARE

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

in EUR thousand	2015	2014
Basis for calculating basic and diluted earnings per share (earnings after tax)	5	(6,642)
Weighted average number of ordinary shares used to calculate basic and diluted earnings per share	30,588	30,588
Earnings per share (basic/diluted) (in EUR)	**0.00**	**(0.22)**

If the diluted earnings reduce the loss per share or increase earnings per share, an adjustment is made to the amount of basic earnings per share (antidilutive effect) in accordance with IAS 33.43. 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.

NOTES TO THE CASH FLOW STATEMENT

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

Cash inflow from operating activities improved significantly to EUR 4,967 thousand in 2015, compared to a cash inflow of EUR 387 thousand in 2014. This increase is mainly due to the improved result. Non-cash impairment losses decreased to EUR 3,296 thousand (2014: EUR 4,146 thousand). Cash outflows from investing activities increased from EUR 1,417 thousand in the prior year to EUR 2,302 thousand. The payments for investments in intangible assets included in this figure declined by EUR 540 thousand to EUR 2,168 thousand. In contrast, the prior year's period was characterized by inflows from the sale of subsidiary SoQuero GmbH. Cash flows from financing activities amounted to EUR 6,258 thousand (2014: EUR 0 thousand), and are the result of a new bank loan and a capital increase. We refer to the statements in the sections „(6) Equity capital" and „(8) Liabilities to banks". The total net inflow for the 2015 fiscal year was EUR 8,874 thousand compared to a cash outflow of EUR 1,031 thousand in the prior year. On the balance sheet date, Intershop had freely available cash and cash equivalents of EUR 15,232 thousand (December 31, 2014: EUR 6,358 thousand).

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

OTHER DISCLOSURES

Segment reporting

Segment reporting as of December 31, 2015

in EUR thousand	Europe	USA	Asia/ Pacific	Consoli- dation	Group
Revenues from external customers					
Product Revenues	**11,948**	**4,250**	**1,201**	**0**	**17,399**
Licenses	5,703	3,068	557	0	**9,328**
Maintenance	6,245	1,182	644	0	**8,071**
Service Revenues	**15,994**	**4,776**	**4,552**	**0**	**25,322**
Consulting and training	11,738	4,249	3,353	0	**19,340**
Full Service	4,256	527	1,199	0	**5,982**
Total revenues from external customers	**27,942**	**9,026**	**5,753**	**0**	**42,721**
Intersegment revenues	310	82	484	(876)	**0**
Total revenues	**28,252**	**9,108**	**6,237**	**(876)**	**42,721**
Cost of revenues	15,445	4,983	3,188	0	**23,616**
Gross profit	**12,497**	**4,043**	**2,565**	**0**	**19,105**
Operating expenses, operating income	12,385	3,996	2,556	0	**18,937**
Result from operating activities	**112**	**47**	**9**	**0**	**168**
Financial result					**(149)**
Earnings before tax					**19**
Income taxes					**(14)**
Earnings After Tax					**5**
Assets	21,561	6,956	4,451	0	**32,968**
Depreciation and amortization	2,156	695	445	0	**3,296**

Segment reporting as of December 31, 2014

in EUR thousand	Europe	USA	Asia/ Pacific	Consoli- dation	Group
Revenues from external customers					
Product Revenues	**11,043**	**1,714**	**910**	**0**	**13,667**
Licenses	5,007	789	378	0	**6,174**
Maintenance	6,036	925	532	0	**7,493**
Service Revenues	**18,408**	**9,079**	**5,021**	**0**	**32,508**
Consulting and training	10,741	8,180	4,065	0	**22,986**
Full Service	3,775	899	956	0	**5,630**
Other revenues	3,892	0	0	0	**3,892**
Total revenues from external customers	**29,451**	**10,793**	**5,931**	**0**	**46,175**
Intersegment revenues	723	60	266	(1,049)	**0**
Total revenues	**30,174**	**10,853**	**6,197**	**(1,049)**	**46,175**
Cost of revenues	18,797	6,894	3,771	0	**29,462**
Gross profit	**10,654**	**3,899**	**2,160**	**0**	**16,713**
Operating expenses, operating income	14,667	5,379	2,942	0	**22,988**
Result from operating activities	**(4,013)**	**(1,480)**	**(782)**	**0**	**(6,275)**
Financial result					**6**
Earnings before tax					**(6,269)**
Income taxes					**(373)**
Earnings After Tax					**(6,642)**
Assets	16,128	5,916	3,236	0	**25,280**
Depreciation and amortization	2,645	970	531	0	**4,146**
Noncash expenses	977	358	196	0	**1,531**
Noncash income	649	238	130	0	**1,017**

The segment reporting is prepared in accordance with IFRS 8, Operating Segments. Segmentation reflects the internal management and reporting by the Company's management. The operating segments were determined mainly by the different geographical regions in which business activities take place. In this context, Intershop distinguishes between the Europe, USA, and Asia-Pacific segments. The business segments that must be reported generated their revenues on the one hand from product revenues, which also include the sale of software licenses and associated maintenance. They also generated service revenues from the provision of various services that are divided into consulting and training and full service. In the prior year, service revenues also included other revenue (online marketing revenue and TheBakery business). The organization of revenues for the business segments that must be reported was adjusted in accordance with the presentation of revenues for the Group. We refer to the section „Revenues" in „Accounting policies".

The operating segments are broken down as follows: The segment "Europe" includes the sales activities of INTERSHOP Communications AG, Intershop Communications LTD and Intershop Communications SARL, in previous year SoQuero GmbH (until September 30, 2014) as well as The Bakery GmbH in Europe. The segment "USA" includes the sales activities of Intershop Communications Inc. mainly in North America as well as the sales activities of INTERSHOP Communications AG in this region. The segment "Asia/Pacific" includes the sales activities of the Group in that region, including the sales activities of INTERSHOP Communications Australia Pty Ltd. and Intershop Communications Asia Limited. The segment "Consolidation" includes all transactions in the individual segments.

Notes to the content of the individual line items:

- Revenues from external customers represent revenues from the segments with third parties outside the Group.
- Intersegment revenues include revenues from intersegment relationships. These revenues are recognized in the same way as those from external third parties.
- The cost of revenues comprises the costs attributed to each operating segment for generating its revenues.
- Gross profit, which is calculated as the difference between segment revenues and the cost of revenues, is the first assessment level for management decisions.
- Operating expenses and income comprise research and development expenses, sales and marketing costs, general and administrative expenses, and other operating expenses and income that are attributable to the relevant segments. Other operating expenses and income also include the effects of one-time expenses and income such as valuation allowances, and currency losses and gains.
- The result from operating activities (EBIT), which is the gross profit or loss less operating expenses and income, forms the basis for assessing the performance of the segments.
- Interest income and income taxes are not allocated to the segments as the relevant transactions are managed by the Group.
- Segment assets comprise the Intershop Group's noncurrent and current assets that are allocated to the respective segment on the basis of the percentage revenue breakdown. No other measurement of segment assets is used.
- Depreciation and amortization relates to the depreciation and amortization of the segment assets allocated to the individual regions.
- Noncash expenses in 2014 include the value adjustments. Noncash income in 2014 includes the income from the disposal of subsidiary SoQuero GmbH. There were no significant noncash income and noncash expenses in 2015.

All amounts reported in the "Group" column in the segment reporting reflect the Group figures from the statement of comprehensive income or the balance sheet. Adding together the amounts for the operating segments produces the Group figures.

The Company is domiciled in Germany. Revenues from external customers that were generated in Germany amounted to EUR 16,279 thousand (2014: EUR 20,635 thousand). Revenues of EUR 26,442 thousand (2014: EUR 25,540 thousand) were recorded from external customers in other countries. EUR 8,853 thousand (2014: EUR 10,717 thousand) of these revenues was attributable to customers in the USA Total noncurrent assets excluding deferred taxes amounted to EUR 10,214 thousand (2014: EUR 9,999 thousand) in Germany and EUR 95 thousand (2014: EUR 128 thousand) in other countries. The Company does not have any assets relating to financial instruments associated with pensions or rights arising from insurance contracts. During the fiscal year and prior year, there were no relations with individual customers whose percentage of total sales was at least 10% of the group's total revenues.

Operating leases

Office space and furniture and fixtures are leased within the scope of „operating leases." The minimum long-term lease payments relate mainly to rental obligations for the Company's headquarters in Jena. The cumulated minimum lease payments to be paid from non-cancellable operating lease arrangements are as follows:

in EUR thousand	Dec. 31, 2015	Dec. 31, 2014
Due within 1 year	2,438	2,912
Due in 1 to 5 years	1,906	2,839
Due after more than 5 years	7	0
Total	**4,351**	**5,751**

The sum of future minimum payments arising from subleases amounted to EUR 319 thousand (2014: EUR 441 thousand) as of the balance sheet date. Rental expense of EUR 2,454 thousand (2014: EUR 2,675 thousand) was recognized in the income statement. Rental income amounted to EUR 796 thousand (2014: EUR 701 thousand), which was offset in full against rental expenses in both years.

Litigations/contingent liabilities

The Company is a defendant in various legal proceedings arising from the normal course of business. A negative ruling in any such legal dispute, or in several or all such disputes, could have an adverse effect on the Company's results of operations. The Company recognizes all legal costs associated with loss contingency as an expense as they are incurred.

The Company is asserting claims for payment from a contractual agreement from the year 2013. The contractual partner has filed a counter claim. The Company is defending itself against this and is of the opinion that the claims asserted by the contractual partner have no foundation based on the merits of the case and that the amount is also without justification. At this time, the proceedings have been suspended pursuant to section 240 ZPO due to the insolvency of the contractual partner. The receivables were fully removed from the books in previous years.

In July 2014, the Company was served with an annulment and rescission lawsuit by the shareholder GSI Commerce Solutions, Inc. who filed the suit before the Regional Court of Gera against the resolution of item 6 (special audit) which was adopted at the regular Stockholders' Meeting of June 12, 2014. The proceedings ended with a court settlement by way of conciliation proceedings pursuant to section 278 (6) ZPO on July 13, 2015. An intervenor has now objected to the validity of the settlement established by the court decision, and has submitted an application to continue the proceedings before the Gera Regional Court. The initially scheduled date for the conciliatory hearing was canceled, and a new date has not been scheduled. The Company expects that the court will confirm the validity of the settlement.

In addition to the litigations described in detail, the Company is a defendant in various other actions arising from the normal course of business. Although the outcome of these actions cannot be forecast with certainty, the Company believes that the outcome of the actions will not have any material effects on its net assets and results of operations.

Financial instrument disclosures

Intershop is exposed to certain risks with regard to its assets, liabilities, and transactions, in particular liquidity and default risk. The Company's risk management system is explained in detail in the management report. The Company manages its capital structure with the aim of achieving its corporate goals through financial flexibility. The Group's overall strategy is unchanged compared to the prior year. The addition of debt has reduced the equity ratio by 12 percentage points compared to the prior year. In total, the capital structure has changed as follows, and is within the planning range:

in EUR thousand	**Dec. 31, 2015**	**Dec. 31, 2014**	**as a % of previous year**
Equity	19,081	17,577	9%
Liabilities to banks	5,949	0	
Trade accounts payable	2,066	1,670	24%
Other liabilities	5,872	6,033	-3%
Equity ratio	58%	70%	

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

CATEGORIES OF FINANCIAL INSTRUMENT

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

in EUR thousand		**Dec. 31, 2015**	**Dec. 31, 2014**
Measurement	**Categories**	**Carrying amount**	**Carrying amount**
Measured at amortized cost			
ASSETS			
Other noncurrent assets	Loans and receivables	50	45
Trade receivables	Loans and receivables	5,338	6,737
Restricted cash	Loans and receivables	1,575	375
Cash and cash equivalents	Loans and receivables	15,232	6,358
Other receivables and other assets		484	733
of which gross amount due from customers for contract work		9	0

Measurement	Categories	Dec. 31, 2015 Carrying amount	Dec. 31, 2014 Carrying amount
LIABILITIES			
Trade payables	Financial liabilities measured at amortized cost	2,066	1,670
Liabilities to banks	Financial liabilities measured at amortized cost	5,949	0
Other current liabilities		2,653	2,867
of which financial liabilities measured at amortized cost		1,275	150

in EUR thousand

Carrying amount aggregated by measurement category	2015	2014
Loans and receivables	22,195	13,515
Financial liabilities measured at amortized cost	9,290	1,820

Net gain/loss per measurement category	2015	2014
Loans and receivables	18	6
Financial liabilities measured at amortized cost	(170)	0

With regard to the existing financial instruments, with the exception of liabilities to banks, the contractual maturities of most of the existing financial instruments are within one year of the balance sheet date. Therefore their book values on the balance sheet date correspond to the fair values. With regard to the liabilities to banks, the fair values are calculated as the present values of the payments associated with the liabilities, using market interest rates (on December 31, 2015: EUR 6,098 thousand). The calculation of the fair value of the financial liability for the purpose of providing information in the Notes was performed on the basis of Level 2 of the Fair Value Hierarchy (recognized DCF measurement method, using observable market parameters, in particular market interest rates).

NON-PAYMENT RISKS

The Company is exposed to a potential default risk mainly from its trade receivables. The Company performs ongoing creditworthiness checks on its customers. The default risk with regard to trade receivables is also mitigated by the fact that the Company has a broad customer base. In addition, the Company does not demand collateral for its receivables. In the case of larger contracts, this risk is reduced by agreements on advance payments or partial payments based on the stage of completion of the contract. Appropriate allowances are also recognized. The value adjustments are particularly due to late payments or problems with the customer's creditworthiness as well as legal disputes with the customer. The value adjustment is measured based on the assessment and evaluation of the chances of success.

Particularly in the case of legal disputes with customers, there is an increased residual risk of further value adjustments in the following fiscal years, since the management's assessment of the outcome of the proceedings may deviate from the judicial decision.
The Company's cash and cash equivalents are largely invested with German, U.S. American banks and Australian banks in secure investments. There is no significant default risk here. The Company regularly monitors current and future returns. The maximum default risk relating to financial assets is their carrying amounts in the balance sheet.

LIQUIDITY RISK

The Company monitors the liquidity risk with regularly updated short- and medium-term financial planning activities. During the 2015 fiscal year, Intershop took out a bank loan of EUR 6,000 thousand, mainly to offset the seasonal fluctuations in the ongoing business and the preliminary financing of projects, and for marketing and sales activities. Bank balances on the balance sheet date totaled EUR 16,807 thousand, including EUR 1,575 thousand with disposal restrictions and EUR 15,232 thousand of freely available balances. We also refer to the section on „(5) Cash and cash equivalents".

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

Financial liabilities (in EUR thousand)	**Carrying amount at Dec. 31, 2014**	**Cash flow in 2014**	**Carrying amount at Dec. 31, 2015**	**Cash flow in 2016**	**Cash flow after 2016**
Non-current liabilities to banks	0	0	4,949	0	5,683
Current liabilities to banks	0	0	1,000	1,296	0
Trade accounts payable	1,670	1,670	2,064	2,064	0
Other current liabilities	2,867	2,327	1,275	1,275	0

INTEREST RATE RISK

An interest rate risk could arise from a change in market interest rates for medium- or long-term liabilities. Intershop does not incur an interest risk since the Company has a bank loan with a fixed interest rate over the term of the loan.

CURRENCY RISK

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

	Assets		**Liabilities**	
in EUR thousand	**2015**	**2014**	**2015**	**2014**
in USD	968	717	23	117
in AUD	0	0	0	0

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

In EUR thousand	Earnings After Tax USD 2015	2014	Earnings After Tax AUD 2015	2014
Change due to 10% appreciation of the euro	(11)	(13)	0	0
Change due to 10% depreciation of the euro	14	16	0	0

Related party disclosures

In addition to the business relations with consolidated subsidiaries, there is one relationship with a company that has a stake in Intershop. As the largest individual shareholder of the Company, eBay Enterprise Inc. owned 24.90% of the shares in Intershop as of the balance sheet date. We refer to the section on „Disclosures according to section 289 (4) and section 315 (4) of the HGB with an explanatory report" in the management report. The revenue generated with the participating company came to EUR 351 thousand (2014: EUR 1,874 thousand). The income includes revenue from consulting and maintenance. As of December 31, 2015, there were no receivables and liabilities (2014: EUR 117 thousand in outstanding receivables). In 2014 and 2015, no deliveries or services were obtained from the participating company.

With respect to the remuneration for Supervisory Board and Management Board members, please refer also to the remuneration report in the management report.

Disclosure requirements under German law

MEMBERS OF THE EXECUTIVE BODIES

The Management Board comprised in 2015 the following members:

Last name	Function	Term of office
Dr. Jochen Wiechen	CEO	since 08/01/2013 (CEO since 09/01/2015)
Axel Köhler	Member of the Management Board	since 09/01/2015
Jochen Moll	Spokesman of the Management Board	04/01/2012 - 08/31/2015
Ludwig Lutter	Member of the Management Board	04/01/2011 – 06/30/2015

The Supervisory Board comprised the following members in 2015:

Last name	Function	Term of Office
Dr. Herbert May	Chairman of the Supervisory Board	since 10/19/2010 (Chairman since 11/17/2010)
Dr. Kai Hudetz	Vice Chairman of the Supervisory Board	since 06/12/2013 (Vice Chairman of the Supervisory Board since 05/13/2015)
Dr. Harald Schrimpf	Member of the Supervisory Board	since 05/01/2015
Prof. Dr. Nikolaus Mohr	Vice Chairman of the Supervisory Board	06/12/2013 – 04/30/2015

Total remuneration paid to the Management Board for its activities in fiscal year 2015 amounted to EUR 838 thousand (2014: EUR 831 thousand), of which EUR 637 thousand (2014: EUR 736 thousand) accounted for fixed remuneration and EUR 201 thousand (2014: EUR 95 thousand) for the variable components. The benefits for the premature termination of Management Board duties for members that left in fiscal year 2015 came to EUR 272 thousand. In fiscal year 2015, members of the Supervisory Board were entitled to a total remuneration of EUR 180 thousand (2014: EUR 150 thousand, actual remuneration paid EUR 120 thousand due to relinquishment), which includes fixed compensation of EUR 120 thousand and variable compensation of EUR 60 thousand (exclusively fixed compensation in the prior year). The Supervisory Board waived two thirds of its variable compensation for 2015 (total of EUR 40 thousand). The payments of the Management Board and Supervisory Board consist exclusively of benefits due in the short term. The particulars regarding the remuneration of the Management Boards and Supervisory Boards are outlined in the remuneration reports as part of the combined Group management report and management report of INTERSHOP Communications AG.

DIRECTORS' HOLDINGS AND SECURITIES TRANSACTIONS SUBJECT TO REPORTING REQUIREMENTS

As of December 31, 2015, the following members of the Company's executive bodies held Intershop ordinary bearer shares:

Last name	Function	Shares
Dr. Herbert May	Chairman of the Supervisory Board	18,000
Dr. Kai Hudetz	Vice Chairman of the Supervisory Board	4,000
Dr. Jochen Wiechen	CEO	30,000

During the 2015 fiscal year, the members of the Company's executive bodies did not undertake any securities transactions involving Intershop ordinary bearer shares.

EMPLOYEES

During the fiscal year 2015, Intershop Group had an average of 385 full-time employees, of whom 382 were salaried employees and 3 members of the executive bodies (2014: 499 full-time employees, of whom 496 were salaried employees and 3 members of the executive bodies).

PERSONNEL EXPENSES AND COST OF MATERIALS

Employee-related expenses amounted to EUR 26,931 thousand (2014: EUR 32,812 thousand). Pension insurance contributions paid by the Company for statutory pension insurance schemes totaled EUR 1,380 thousand (2014: EUR 1,861 thousand). The cost of materials came to EUR 5,443 thousand (2014: EUR 5,849 thousand), of which EUR 4,783 thousand (2014: EUR 5,702 thousand) related to purchased services.

AUDITORS' FEES

The fees incurred for the services rendered by the auditor for the 2015 fiscal year were comprised of EUR 106 thousand for audit services (2014: EUR 108 thousand), EUR 78 thousand for tax advisory services (2014: EUR 64 thousand) and EUR 1 thousand for other services (2014: EUR 0 thousand).

DECLARATION OF CONFORMITY

The Company has issued a declaration of conformity as required by section 161 of the Aktiengesetz by the annual deadline on January 22, 2016, and made this declaration permanently available to its stockholders.

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

Jena, March 1, 2016

The Management Board of INTERSHOP Communications AG

Dr. Jochen Wiechen

Axel Köhler

AUDITOR’S REPORT

We have audited the consolidated financial statements prepared by INTERSHOP Communications Aktiengesellschaft, Jena, comprising the balance sheet, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report of INTERSHOP Communications Aktiengesellschaft, Jena, which is combined with the management report of the Company, for the business year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany - IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and in the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

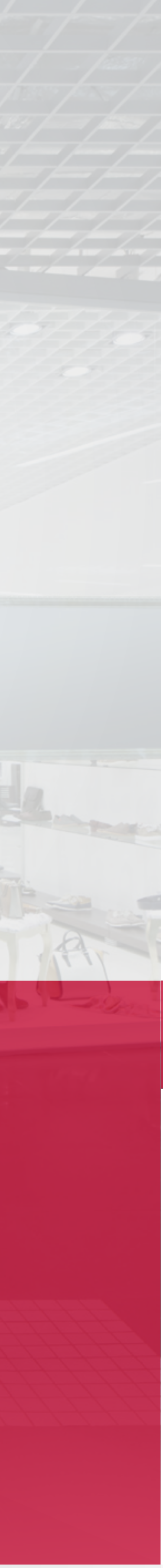
In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Erfurt, March 2, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(sgd. Angelika Kraus)	(sgd. ppa. Carl Erik Daum)
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

04



Financial Statements

FINANCIAL STATEMENTS

04

BALANCE SHEET INTERSHOP COMMUNICATIONS AG

in EUR	December 31, 2015	December 31, 2014
ASSETS		
Fixed Assets		
Intangible assets		
Purchased software licenses	41,196	102,389
Property and equipment		
Other facilities, furniture, and equipment	317,043	545,231
Financial Assets		
Investments in affiliated companies	8,873,962	8,879,535
	9,232,201	**9,527,155**
Current Assets		
Inventories		
Work in process	15,598	135,274
Payments on account	9,600	3,143
	25,198	138,417
Receivables and other assets		
Accounts receivable	3,902,111	3,383,497
Receivables from affiliated companies	6,214,672	3,324,199
Receivables from companies in which participations are held	0	117,162
Other assets	116,506	233,978
	10,233,289	7,058,836
Cash-in-hand, bank balances	11,734,090	5,046,599
	21,992,577	**12,243,852**
Prepaid expenses	**275,613**	**341,719**
TOTAL ASSETS	**31.500,391**	**22,112,726**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' Equity		
Common stock	31,683,484	30,183,484
Capital surplus	6,595,281	6,445,281
Accumulated Deficit	(19,148,281)	(19,550,986)
	19,130,484	**17,077,779**
Accrued Liabilities		
Provisions for taxes	17,300	79,100
Other accrued liabilities	3,458,457	2,445,253
	3,475,757	**2,524,353**
Liabilities		
Bank loans	6,000,000	0
Advance payments received	48,100	0
Accounts payable	145,743	299,334
Liabilities to affiliated companies	770,110	76
Other liabilities	387,709	723,884
thereof from taxes: EUR 277,446 (prior year: EUR 480,073)		
thereof from social security benefits: EUR 18,569 (prior year EUR 26,635)		
	7,351,662	**1,023,294**
Deferred Charges	**1,542,488**	**1,487,300**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**31,500,391**	**22,112,726**

STATEMENTS OF OPERATIONS INTERSHOP COMMUNICATIONS AG

in EUR	January 1 to December 31, 2015	2014
Revenues	33,468,980	31,668,660
Decrease or increase in inventories of work in progress	(119.677)	135,274
Other operating income	2,357,292	2,240,499
Cost of Materials		
Cost of purchased merchandise	(692,267)	(74,599)
Cost of purchased services	(2,973,720)	(2,777,949)
Personnel Costs		
Salaries	(18,038,090)	(20,121,134)
Social security contribution	(2,948,783)	(3,359,457)
Depreciation and amortization		
of intangible fixed assets and property and equipment	(400,508)	(597,105)
Other operating expenses	(10,254,070)	(12,790,947)
Profit from profit transfer agreements	0	243,180
Other interest and similar income	190,793	144,155
thereof from affiliated companies EUR 172,846 (prior year: EUR 134,224)		
Interest and similar expenses	(131,054)	(30,605)
Result from ordinary activities	**458,896**	**(5,320,028)**
Taxes on income	(56,191)	(161,289)
Net income/net loss for the year	**402,705**	**(5,481,317)**
Accumulated deficit carried forward	(19,550,986)	(14,069,669)
Accumulated Deficit	**(19,148,281)**	**(19,550,986)**

The annual financial statements of INTERSHOP Communications Aktiengesellschaft (Intershop), Jena, for fiscal year 2015 are prepared in accordance with the provisions of the HGB (German Commercial Code) and the AktG (German Stock Corporation Act). The fiscal year corresponds with the calendar year. The income statement is prepared using total expenditure format.

ACCOUNTING POLICIES

The accounting policies used remained unchanged from the prior year.

Acquired intangible fixed assets and property, plant and equipment are carried at cost, less scheduled, straight-line depreciation and any required non-scheduled write-downs. The scheduled depreciation is made over the average useful life of the fixed assets.

For low-value assets with a value of EUR 150 to EUR 1,000, a collective item is created, which is depreciated over a period of five years. This tax provision was also adopted in commercial law in a simplified form due to its minor importance.

Intershop did not make use of the option to capitalize the development costs.

Financial assets are entered at acquisition cost, reduced by the required value adjustments for impairments that are expected to be of a permanent duration.

Inventories (work in process) are measured at cost. In addition to direct materials and labor costs, they include an appropriate share of the necessary indirect materials and labor costs.

Cash is measured at its nominal value or at the mean spot rate at the balance sheet date.

Receivables and other assets are carried at their principal amounts, less any necessary valuation allowances (specific and global valuation allowances).

Prepaid expenses and deferred charges are measured using the portion of expenses or income before the balance sheet date that represent expenses or income for a particular period after the balance sheet date.

Common stock are stated at par value.

Accrued liabilities cover all recognizable risks and are measured in the amount dictated by prudent business practice. They are measured at the settlement value deemed necessary by prudent business practice. Provisions with a maturity of more than one year were discounted using the average market interest rate of the past seven years determined by the Deutsche Bundesbank for the respective time periods. Future price and cost increases are taken into consideration when accounting for provisions.

Liabilities are stated at their settlement value.

Current receivables and liabilities in a foreign currency were translated at the mean spot rate at the balance sheet date.

Differences between trade balance and tax balance as well as accumulated deficits carried forward result in deferred tax assets. The Company did not make use of the option to account for the deferred tax assets pursuant to section 274(1) sentence 2 of the HGB (German Commercial Code).

NOTES TO THE ITEMS IN THE ANNUAL FINANCIAL STATEMENTS

Balance Sheet

Fixed assets changed as follows:

In EUR thousand	Intangible Assets Purchased Software licenses	Tangible Assets Other equipment, operating and office equipment	Financial Assets Shares in affiliated companies	Total
Costs of purchase				
Balance at January 1, 2015	**1,877**	**4,025**	**44,452**	**50,354**
Additions	35	118	0	**153**
Disposals	(42)	(105)	(3,248)	**(3,395)**
Balance at December 31, 2015	**1,870**	**4,038**	**41.204**	**47,112**
Depreciation, write-downs, and impairment losses				
Balance at January 1, 2015	**1,775**	**3,480**	**35,572**	**40,827**
Additions	55	346	0	**401**
Disposals	(1)	(105)	(3,242)	**(3,348)**
Balance at December 31, 2015	**1,829**	**3,721**	**32,330**	**37,880**
Net carrying amount at December 31, 2014	**102**	**545**	**8,880**	**9,527**
Net carrying amount at December 31, 2015	**41**	**317**	**8,874**	**9,232**

Out of the financial assets, EUR 8,863 thousand are allocated to Intershop Communications Inc. There were non-scheduled impairment losses at the lower fair value on the shares in Intershop Communications Inc. in the prior years. Due to the results that followed as well as after the current corporate planning, there are currently no indications for further write-downs with Intershop Communications Inc.

Receivables from affiliated companies in the amount of EUR 2,200 thousand (prior year: EUR 1,431 thousand) relate to Group financing, including receivables of EUR 1,100 thousand with a remaining term of more than one year (prior year: EUR 1,423 thousand), and current goods and services. All other receivables and other assets have a remaining maturity of up to one year, as in the prior year.

Of the cash and cash equivalents listed under the ‚Cash-in-hand, bank balances balance' sheet item, an amount of EUR 1,200 thousand is secured with a lien and is not freely available.

The share capital in the amount of EUR 31,683,484 consists of 31,683,484 no-par value bearer shares.

During the 2015 fiscal year, the capital reserve changed as follows (in EUR thousand):

Balance at December 31, 2014	**6,445**
Premium from the cash capital increase	150
Balance at December 31, 2015	**6,595**

The accumulated deficit contains a loss carryforward from previous years in the amount of EUR 19,551 thousand.

Other provisions primarily consist of outstanding invoices (EUR 878 thousand; prior year: EUR 618 thousand) and commissions (EUR 880 thousand; prior year: EUR 845 thousand). The remaining provisions consist expenses relating to the preparation of the financial statements and the Annual Stockholders' Meeting, vacation entitlements, pending losses from ongoing rental obligations and executory contracts, and license fees.

Liabilities comprise the following:

in EUR thousand	Remaining term of up to one year	Remaining term of more than one year	Remaining term of more than five years	Total December 31, 2015	Total December 31, 2014
Bank loans	1,000	4,000	1,000	6,000	0
Advance payments received	48	-	-	48	0
Accounts payable	146	-	-	146	299
Liabilities to affiliated companies	770	-	-	770	0
Other liabilities	388	-	-	388	724
	2,351	**4,000**	**1,000**	**7,352**	**1,023**

Liabilities to banks are secured with an indemnity bond covering 80% of the loan amount from the state of Thuringia, a blanket assignment of customer receivables from deliveries and services, the approval of a distribution license for the Intershop software, and the pledge of the credit balance.

The other liabilities mainly include liabilities from ongoing payroll accounting.

Receivables from affiliated companies relate to deliveries of goods and services, as in the prior year.

Statement of Operations

The following table shows a breakdown of revenues by region:

in EUR thousand	2015	2014
Germany	16,394	16,171
Rest of Europe	11,810	8,741
Rest of the world excluding Europe	5,265	6,757
	33,469	**31,669**

Revenues of EUR 16,564 thousand (prior year: EUR 12,068 thousand) relate to product revenues (Licenses and Maintenance) and EUR 16,905 thousand (prior year: EUR 19,601 thousand) to revenues from services (Consulting, Full Service and Other).

Other operating income includes income from currency translation of EUR 77 thousand (prior year: EUR 113 thousand).

Of the other operating income, EUR 858 thousand is related to previous periods. They are mainly the result of the reversal of provisions and incoming payments for written-off receivables from affiliated companies. Expenditures for goods purchased mainly include software license fees to third parties.

Other operating expenses include impairment losses on receivables from affiliated companies of EUR 81 thousand (prior year: EUR 776 thousand) and expenses of EUR 58 thousand (prior year: EUR 118 thousand) from currency translation.

The taxes on income include EUR 2 thousand from prior years.

OTHER DISCLOSURES

Authorized capital

As of December 31, 2015, the Company had a total of EUR 6,000,000 in authorized capital (December 31, 2014: EUR 7,500,000). Under the Articles of Association of INTERSHOP Communications AG, the Management Board is entitled, with the approval of the Supervisory Board, to increase the capital stock by issuing new ordinary shares as follows:

- By up to a total of EUR 6,000,000 against cash contributions (Authorized Capital I). The Management Board's authorization is valid until July 21, 2016. The Management Board is authorized, subject to approval by the Supervisory Board, to suspend the stockholders' subscription rights in certain cases. Due to a cash capital increase, the Authorized Capital I was reduced by EUR 1,500,000 during the 2015 fiscal year.

Conditional capital

As of the balance sheet date, the Company did not have any conditional capital.

On the balance sheet date, Sterling Fund Management, LLC, through its controlled companies Sterling Partners IV, LLC, SC Partners IV, L.P., Sterling Capital Partners IV, L.P., Blue Eagle GP, LLC, Blue Eagle Holdings, L.P., Blue Eagle II GP, LLC, Blue Eagle Holdings II, L.P., Blue Eagle III GP, LLC, Blue Eagle Holdings III, L.P., GSI Commerce, Inc. and eBay Enterprise Inc. (formerly GSI Commerce Solutions Inc.) held 24.90%, Axxion S.A. 6.13% and Shareholder Value Management AG 3.05% of shares in INTERSHOP Communications AG. Information regarding the participating interests is based on the notifications pursuant to section 21 (1) WpHG submitted by the Company according to section 26 (1) WpHG regarding changes to voting rights during the 2015 fiscal year. As of the balance sheet date, the free float of INTERSHOP Communications AG comes to 65.92%.

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

Other financial obligations of EUR 3,917 thousand (prior year: EUR 5,196 thousand) exist from rental agreements and from leasing agreements for vehicles and office equipment. The term of the agreement or the earliest possible termination dates were used as a basis for the calculation. Financial obligations from rental agreements relate mainly to the rental agreement for the business premises of the Company at the head office. The rental and leasing agreements contain the typical benefits and risks. The maturities of the other financial liabilities are broken down as follows:

in EUR thousand	**due 2016**	**due 2017 to 2020**	**due after 2020**	**Total**
Rental agreements	2,146	1,442	0	3,588
Leases	126	196	7	329
Total	**2,272**	**1,638**	**7**	**3,917**

Employees

The Company had an average of 332 employees (salaried employees only) during fiscal year 2015 (prior year: 398 employees).

Executive bodies of the Company

The Supervisory Board comprised the following members:

DR. HERBERT MAY

Chairman of the Supervisory Board since 11/17/2010
Member since 10/19/2010
Dipl. Ingenieur (Engineer), Managing Partner of Dr. May Management Beratungs- und Beteiligungs GmbH
Other supervisory board mandate:
brainloop AG, Munich, Germany

DR. KAI HUDETZ

Vice Chairman of the Supervisory Board since 05/13/2015
Member since 06/12/2013
Managing Director of IFH Institut für Handelsforschung GmbH

DR.-ING. HARALD SCHRIMPF

Member since 05/01/2015
CEO of the PSI AG
Other supervisory board mandate:
Kontron AG, Augsburg

PROF. DR. NIKOLAUS MOHR

Vice Chairman of the Supervisory Board from 06/12/2013 to 04/30/2015
Partner at McKinsey & Company, Düsseldorf
Honorary Professor to the Chair of Innovation and Technology Management at the University of Regensburg

The Management Board included the following persons:

DR. JOCHEN WIECHEN

CEO of the Management Board since 09/01/2015
Member of the Management Board since 08/01/2013

AXEL KÖHLER

Member of the Management Board since 09/01/2015

JOCHEN MOLL

Spokesman and Member of the Management Board from 04/01/2012 to 08/31/2015

LUDWIG LUTTER

Member of the Management Board from 04/01/2011 to 06/30/2015

COMPENSATION OF THE MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Total remuneration paid to the Management Board for its activities in fiscal year 2015 amounted to EUR 838 thousand (2014: EUR 831 thousand), of which EUR 637 thousand (2014: EUR 736 thousand) accounted for fixed remuneration and EUR 201 thousand (2014: EUR 95 thousand) for the variable components. In fiscal year 2015, members of the Supervisory Board were entitled to a total remuneration of EUR 180 thousand (2014: EUR 150 thousand, actual remuneration paid EUR 120 thousand due to relinquishment), which includes fixed compensation of EUR 120 thousand and variable compensation of EUR 60 thousand (exclusively fixed compensation in the prior year). The Supervisory Board waived two thirds of its variable compensation for 2015 (total of EUR 40 thousand). The payments of the Management Board and Supervisory Board consist exclusively of benefits due in the short term. The particulars regarding the remuneration of the Management Boards and Supervisory Boards are outlined in the remuneration reports as part of the combined Group management report and management report of INTERSHOP Communications AG.

Intershop Group

As a listed company, INTERSHOP Communications AG prepares consolidated financial statements in accordance with IFRS and according to the provisions of section 315a of the HGB (German Commercial Code). The consolidated financial statements will be submitted to the Bundesanzeiger (German Federal Gazette). As of December 31, 2015, in addition to the parent company, the consolidated companies included the subsidiaries Intershop Communications, Inc., Intershop Communications Australia Pty Ltd., Intershop Communications Asia Limited, The Bakery GmbH, Intershop Communications Ventures GmbH, Intershop Communications SARL and Intershop Communications LTD.

The following list shows the subsidiaries of Intershop Communications AG and the Company's respective interest as of December 31, 2015:

	Interest (in %)	**Equity*** (in EUR thousand)	**Annual result**** (in EUR thousand)
Intershop Communications, Inc., San Francisco, USA	100	(1,266)	264
Intershop Communications Australia Pty Ltd., Melbourne, Australia	100	606	196
Intershop Communications Asia Limited, Hong Kong, China	100	44	6
The Bakery GmbH, Berlin, Germany	100	(3,843)	(118)
Intershop Communications Ventures GmbH, Jena, Germany	100	(1,311)	970
Intershop Communications SARL, Paris, France	100	(263)	(7)
Intershop Communications LTD, Romsey, United Kingdom	100	(174)	6

* Equity as of December 31, 2015 is translated at the exchange rate as of the reporting date

** Net income/loss for fiscal year 2015 is translated at the average annual rate

The expenses for auditors' fees are included in the notes to the Company's consolidated financial statements.

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

The Company issued a declaration of conformity as required by section 161 of the Aktiengesetz on January 22, 2016 and made this declaration publicly available on the Company's website at http://www.intershop.com/investors-corporate-governance.

Appropriation of net income/loss

The Management Board of Intershop Communications AG proposes to carry forward the accumulated deficit of EUR 19,148,281 to new account.

Responsibility statement

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

Jena, March 1, 2016

The Management Board of INTERSHOP Communications AG

Jochen Wiechen. Köhler

Dr. Jochen Wiechen Axel Köhler

AUDITOR'S REPORT

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report, which is combined with the group management report, of INTERSHOP Communications Aktiengesellschaft, Jena, for the business year from January 1 to December 31, 2015. The maintenance of the books and records and the preparation of the annual financial statements and the combined management report in accordance with German commercial law are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the combined management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § (Article) 317 HGB ["Handelsgesetzbuch": "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The combined management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Erfurt, March 2, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(sgd. Angelika Kraus)	(sgd. ppa. Carl Erik Daum)
Wirtschaftsprüferin	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

05

Report of the **Supervisory Board**

Corporate **Governance Report**

During the 2015 fiscal year, the Supervisory Board carried out the duties that are incumbent on the Board according to the law, the Articles of Association and the Rules of Procedure. It has continuously monitored and accompanied the management of business activities by the Management Board and assured itself that management complied with the applicable rules and regulations and legal requirements. The Management Board included the Supervisory Board in all business decisions of fundamental importance. The Management Board provided the Supervisory Board with regular, timely and comprehensive information regarding business developments, important business transactions and the company's current earnings and financial situation.

SUPERVISORY BOARD MEETINGS AND CONTENT

During the 2015 fiscal year, the Supervisory Board held six in-person meetings and eight teleconferences for the purpose of adopting resolutions. The Supervisory Board was fully represented at all meetings. The Management Board only participated in the meetings if this was required in order to allow the Board to carry out its reporting obligations. The contents discussed at the meetings concerned the company's current financial situation and decisions regarding financing options, as well as personnel issues.

The first meeting of the Supervisory Board on January 19, 2015 centered on the report by the Management Board regarding current and expected business developments; in addition, the Supervisory Board also approved the budget for the 2015 fiscal year. At the meeting on March 11, 2015, the annual and consolidated financial statements for 2014 were discussed and approved in the presence of the auditor; also discussed were current business developments, risk management and the annual risk report. At the meetings on March 6, March 20 and April 29, 2015, the Supervisory Board discussed and reviewed various options of equity and debt financing. At the May 13, 2015 meeting, the Supervisory Board elected Dr. Kai Hudetz as its Deputy Chairman. The meeting on June 24, 2015 focused on the adoption of the Agenda Items for the Annual Stockholders' Meeting in 2015, and the EUR 6 million loan agreement which had to be concluded. The agreement was subsequently approved at the meeting of June 29, 2015. The remaining meetings (July 22, August 20, August 25, September 17 and 18, and November 2, 2015) focused on the adoptions of resolutions for the capital increase and amendments to the internal rules of procedure for the Management Board; in addition, particulars regarding the members of the Management Board were also discussed. Additionally, the Management Board presented the 2016 budget at the November 2, 2015 meeting. In addition to the resolutions adopted at the meetings, resolutions were also adopted with regard to contracts and personnel issues by way of the circular resolution method, including resolutions regarding the definition of the women's quota for the Management and Supervisory Board, and, after having evaluated various providers, the engagement of IFH Institut für Handelsforschung GmbH for strategic further development and focusing on market segments for a contract volume of EUR 15,000.

The Management Board submitted all transactions requiring Supervisory Board approval under its Rules of Procedure to the Supervisory Board for approval. The Supervisory Board examined the relevant draft resolutions in detail and took the appropriate decisions. Business transactions of importance to the Company were discussed in detail and carefully monitored by the Supervisory Board on the basis of Management Board reports. In addition to the Supervisory Board meetings, the Supervisory Board was in regular contact with the Management Board and was informed of the current developments at the Company, the risk situation and risk management, as well as the related measures required.

No committees were established because the Supervisory Board only comprises three members.

CORPORATE GOVERNANCE

Conflicts of interest by Supervisory Members in terms of para. 5.5 of the German Corporate Governance Code, which must be immediately disclosed to the Supervisory Board and of which the Annual Stockholders' Meeting must be informed, did not occur during the 2015 fiscal year, with the following exception: During the adoption of the resolution to engage IFH Institut für Handelsforschung GmbH, of which Supervisory Board member Dr. Kai Hudetz is the General Manager, the latter abstained from voting.

The new Declaration of Conformity with the German Corporate Governance Code was issued by the Management Board and Supervisory Board in January 2016. The remuneration of the respective Supervisory Board members, individualized and broken down by component, is shown in the consolidated Group management report and management report of INTERSHOP Communications AG.

PERSONNEL CHANGES IN THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

During the reporting period, four changes were made to INTERSHOP Communications AG's executive bodies, including one change in the Supervisory Board and three changes in the Management Board.

The current member of the Supervisory Board, Prof. Dr. Nikolaus Mohr, resigned from the Board on April 30, 2015 for professional reasons. The Supervisory Board would like to thank Prof. Dr. Mohr for his commitment to the company. The Regional Court in Jena appointed Dr.-Ing. Harald Schrimpf, Chairman of the Board of Management at PSI AG, to the Supervisory Board effective May 1, 2015 until the next regular Annual Stockholders' Meeting. At the Annual Stockholder's Meeting on August 26, 2015, Dr.-Ing. Schrimpf was elected to the Supervisory Board with a large majority for the period ending with the conclusion of the Annual Stockholders' Meeting that passes a resolution on the approval of the boards' activities for fiscal year 2016.

Chief Financial Officer Ludwig Lutter resigned from the Supervisory Board on June 30, 2015 with the agreement of the Supervisory Board, and left the company at the end of July. Jochen Moll, spokesperson for the Management Board, resigned from the Management Board at his own request effective August 31, 2015, and left the company at the end of September 2015. The Supervisory Board would like to thank Messrs. Lutter and Moll for their hard work on behalf of the company.

In the course of new appointments, the Management Board was reduced to two members and current Chief Technical Officer (CTO) Dr. Jochen Wiechen was elected CEO as of September 1, 2015. In addition to the technical departments, Dr. Jochen Wiechen is now also responsible for administration of the Company, including the finance area, as well as investor relations and communications segments. Furthermore, Axel Köhler, who served as Senior Vice President Sales & Marketing at Intershop, was appointed to the Management Board effective September 1, 2015. His responsibilities include sales, marketing and professional services.

ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS, DEPENDENT COMPANY REPORT, ANNUAL AUDIT

PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, the auditor for the 2015 fiscal year elected at the Annual Stockholder's Meeting held on August 26, 2015 and engaged by the Supervisory Board, thoroughly reviewed the annual financial statements, the consolidated financial statements, the combined management report of INTERSHOP Communications AG and issued unqualified audit opinions in each case.

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

Following its own thorough examination, in particular after inspecting the auditor's reports, as well as discussing the key points of the audit in detail with the auditor and the material findings of the audit, the Supervisory Board did not raise any objections with respect to the financial statements or the dependent company report. The Supervisory Board concurs with the result of the audit and the audit of the dependent company report. The Supervisory Board does not raise any objections against the declaration given by the Management Board at the end of the dependent company report and approved the separate financial statements and consolidated financial statements prepared by the Management Board at its meeting on March 9, 2016. The annual financial statements of INTERSHOP Communications AG were thus adopted. Since the Company did not generate retained earnings during the 2015 fiscal year due to the remaining loss carryforwards under German commercial law, there was no need to examine a recommendation for the appropriation of profits.

The Supervisory Board would like to thank the Management Board and all of the employees of the Intershop Group for their dedicated work. It would also like to extend a special thank you to the shareholders for the trust they have placed in the board during the 2015 fiscal year.

Jena, March 2016

On behalf of the Supervisory Board

Dr. Herbert May
Chairman of the Supervisory Board

The activities of the Management Board and Supervisory Board are determined by the principles of responsible corporate governance. This report includes the Corporate Governance Report in accordance with section 3.10 of the German Corporate Governance Code and the Corporate Governance Declaration pursuant to section 289a of the Handelsgesetzbuch (HGB – German Commercial Code).

1. DECLARATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD PURSUANT TO SECTION 161 OF THE AKTIENGESETZ (AKTG – GERMAN STOCK CORPORATION ACT)

The Management Board and the Supervisory Board of INTERSHOP Communications AG ("Intershop") welcomes the German Corporate Governance Code presented by the Government Commission and most recently updated in May 2015. The recommendations of the German Corporate Governance Code were largely complied with in fiscal year 2015; any departures were explained in the Declaration of Conformity. The Supervisory Board and the Management Board issued the following joint Declaration of Conformity in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) on January 22, 2016:

Since the declaration of conformity dated December 3, 2014 to June 11, 2015 INTERSHOP Communications AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated June 24, 2014, and as of June 12, 2015 to the time of this declaration with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated May 5, 2015 („Code"), with the following exceptions and will comply with them in the future with the following exceptions:

a) The existing D&O insurance does not include a deductible for the members of the Supervisory Board (section 3.8 of the Code) since the Company has not been offered a policy with comparatively more favorable terms. Furthermore, the Management Board and Supervisory Board hold the view that the members of the Supervisory Board also exercise their obligations responsibly without a deductible.

b) In the remuneration reports, remuneration of the Management Board was continued and will continue to be individualized and shown based on fixed and variable components in accordance with the applicable accounting standards under the German Commercial Code. In the opinion of the Management Board and the Supervisory Board there is no requirement for an additional breakdown of remuneration components and costs or reporting of the overall achievable variable remuneration pursuant to section 4.2.5 of the Code, since the statutory individualized data already offers sufficient information about the remuneration structure and amount, and the noting of merely a maximum and minimum amount of variable remuneration in the required form - without the context of the underlying remuneration provisions - is misleading and can thus lead to incorrect conclusions.

c) With regard to the composition of the Management Board, the Supervisory Board should pay heed to diversity and, until the Code is changed, specifically strive for an appropriate consideration of women in accordance with section 5.1.2, sentence 1 of the previous version of the Code. The Supervisory Board is of the opinion that this criterion is unsuitable as the sole deciding reason for the appointment of members to the Management Board. In the composition of the Management Board, the professional and personal qualifications of the applicants should have priority in governing the selection of a suitable candidate because this is the only way that the interests of the Company can best be safeguarded.

d) In accordance with section 5.4.1 (2) of the previous version of the Code, the Supervisory Board has not specified concrete objectives regarding its composition that take diversity into account and provide for an appropriate participation of women. After changing the Code, the Supervisory Board did not specify a limit for membership on the Supervisory Board according to section 5.4.1 of the new version of the Code. The Supervisory Board does not consider limiting the period of membership to be appropriate as there is no compelling general connection between the length of time on the board and whether any conflicts of interest may arise or the independence of the Supervisory Board member. In individual cases the Supervisory Board takes the members' duration of membership into account when proposing elections.

e) The Supervisory Board has not determined the number of independent Supervisory Board members in the meaning of section 5.4.2 of the Code. The Supervisory Board is also of the opinion that due to its small number of members, a concrete determination of goals restricts the selection of suitable members for the Supervisory Board. Instead, the Supervisory Board wishes to make its decisions with regard to recommendations about its composition independently based on the respective situation. However, at present the three Supervisory Board members are independent.

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

2. CORPORATE GOVERNANCE PRACTICES

The Company has not implemented any **business practices** exceeding the recommendations of the German Corporate Governance Code, e.g. a company Code of Conduct. The Company takes into consideration the suggestions of the Corporate Governance Code to the greatest possible extent.

3. INFORMATION ON THE MANAGEMENT BOARD'S AND SUPERVISORY BOARD'S PRINCIPLES OF WORK, AS WELL AS THEIR COMPOSITION

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

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

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

The Management Board provides the Supervisory Board with regular, timely, and comprehensive information about all aspects of business development that are material for the Company, significant transactions, and the current earnings situation, including the risk situation and risk management. Where business developments deviate from earlier forecasts and targets, these deviations are discussed and the reasons given in detail. The Management Board also reports regularly on compliance, i.e., the measures taken to meet legal requirements and internal guidelines, which is also the responsibility of the Management Board.

The **Supervisory Board** advises the Management Board on the management of the Company and monitors the Management Board's activities. It appoints and dismisses the members of the Management Board, resolves the compensation system for the Management Board members, and sets their total compensation. It is involved in all decisions that are of fundamental importance for the Company.

The Articles of Association stipulate that the Supervisory Board must comprise three members. Its regular term of office is five years and ends at the Annual Stockholders' Meeting that resolves the approval of the Supervisory Board's activities for the fourth fiscal year after the beginning of its term of office. The Supervisory Board regularly monitors and advises the Management Board in its management of the Company. It must perform its duties in accordance with the provisions of the law, the German Corporate Governance Code, the Articles of Association, and its By-laws. The Supervisory Board must be consulted on all decisions of fundamental importance for the Company. The By-laws of the Management Board therefore stipulate certain transactions – such as major investment projects, acquisitions, and employment contracts above a certain amount – that require the Supervisory Board's approval. The Chairman of the Supervisory Board represents the Supervisory Board externally and in dealings with the Management Board. He chairs the Supervisory Board meetings. No committees were established because the Supervisory Board only comprises three members. In addition to its reports at the Supervisory Board meetings, the Management Board regularly informs the Supervisory Board about current key developments at the Company and the related measures required, as well as about the forecast for future quarters.

D&O insurance has been taken out for all members of the Management Board and the Supervisory Board; a deductible of 10% was agreed upon for Management Board members in accordance with section 93(2) sentence 3 of the AktG.

4. INFORMATION ON SETTING THE WOMEN'S QUOTA

The target figures for women on the Management Board and the Supervisory Board were set according to the existing percentage of 0% by the Supervisory Board in accordance with Article 111 Section 5 of the AktG through June 30, 2017. However, the Supervisory Board shall endeavor to give priority to women with the same qualifications in order to increase the percentage of women on both the Supervisory Board and the Management Board. Given that the target percentage was 0%, this was met in the reporting year.

The targets for the proportion of women in the two management levels below the Management Board were defined by the Management Board pursuant to sec. 76 (4) AktG until June 30, 2017 in accordance with the existing proportion of 29.63%; this figure was reached during the reporting year. Intershop only has one management level below the Management Board, which is why only one target was defined for this management level.

5. FURTHER INFORMATION – CORPORATE GOVERNANCE REPORT

Since the Management Board and Supervisory Board have stated in their Declaration of Conformity that they will not follow the Code's recommendations on appointing members in terms of the limit to be set for the length of membership nor on appointing independent members, information on implementing this objective in terms of section 5.4.1 of the Code is also unnecessary in this report. However, it should be pointed out that the three Supervisory Board members have been independent since the Annual Stockholder's Meeting in 2013.

The total number of Intershop shares owned by all members of the Management Board and the Supervisory Board is less than 1% of the shares issued by Intershop. Details on the security holdings of the Company's executive bodies will be shown in the notes to the consolidated financial statements.

There are no stock option plans; the only security-based incentive program is that one of the many aims agreed with the members of the Management Board for their variable remuneration also takes into account price development of the Intershop shares.

The particulars regarding the remuneration of the Management Boards and Supervisory Boards are outlined in the remuneration reports as part of the combined Group management report and management report of INTERSHOP Communications AG.

Jena, February 24, 2016

INTERSHOP Communications AG

For the Management Board

Dr. Jochen Wiechen

Axel Köhler

For the Supervisory Board

Dr. Herbert May
Chairman of the Supervisory Board

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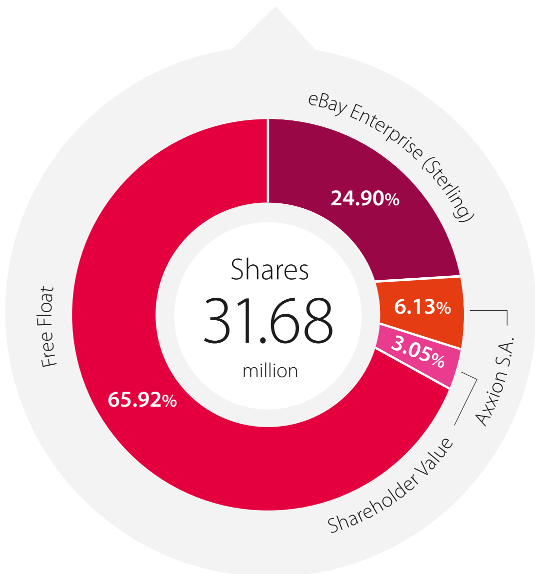
INTERSHOP **Shares**

Key Figures for Intershop Shares		2015	2014
Closing price*	in EUR	1.24	1.07
Number of shares outstanding (as of Dec. 31)	in million shares	31.68	30.18
Market capitalization	in EUR million	39.29	32.30
Earnings per share	in EUR	0.00	(0.22)
Cashflow per share	in EUR	0.16	0.01
Carrying amount per share	in EUR	0.60	0.58
Average trading volume per day **	Number	43,764	41,358
Free float	in %	66	69

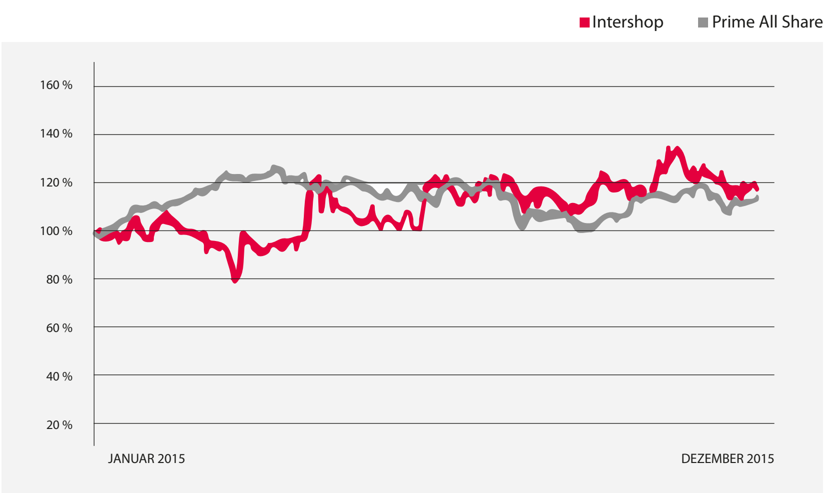
* Basis: Xetra
** Basis: all stock exchanges

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

Shareholder structure



Intershop Share Price



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Financial **calendar** 2016

Date	Event
February 17, 2016	Release of Q4 and FY financials 2015
May 4, 2016	Release of Q1 financials 2016
June 2, 2016	Ordinary Annual Stockholders´ Meeting 2016
August 3, 2016	Release of Q2 and 6-month financials 2016
November 2, 2016	Release of Q3 and 9-month financials 2016

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