

# THIRD QUARTER

UNAUDITED CONDENSED  
INTERIM FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2019

20  
» 19

## » SELECTED GROUP KEY FIGURES

|                                   | Q1-Q3 2019 | Q1-Q3 2018 | Change  | Q3 2019 | Q3 2018 | Change  |
|-----------------------------------|------------|------------|---------|---------|---------|---------|
|                                   | kEUR       | kEUR       | Percent | kEUR    | kEUR    | Percent |
| Gross sales                       | 59,658     | 57,909     | 3.0     | 18,834  | 20,192  | -6.7    |
| Revenue                           | 15,821     | 14,807     | 6.9     | 5,031   | 5,038   | -0.1    |
| Gross profit                      | 15,241     | 14,285     | 6.7     | 4,808   | 4,883   | -1.5    |
| EBIT                              | 1,423      | 682        | >100.0  | 315     | 242     | 30.0    |
| EBITDA                            | 2,157      | 926        | >100.0  | 565     | 324     | 74.4    |
| Net income for period             | 984        | 517        | 69.6    | 146     | 168     | -13.5   |
| Earnings per share in EUR (basic) | 0.03       | 0.01       | >100.0  | 0.00    | 0.00    | -       |

|                  | 9/30/2019 | 9/30/2018 | Change  |
|------------------|-----------|-----------|---------|
|                  | kEUR      | kEUR      | Percent |
| Liquid funds     | 21,619    | 18,835*   | 14.8    |
| Equity           | 17,282    | 16,815    | 2.8     |
| Total assets     | 38,011    | 34,716    | 9.5     |
| No. of employees | 219       | 215       | 0.0     |

\* including securities

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## » KEY FIGURES AT A GLANCE

| Key data about the ad pepper media share        |                        |
|---|------------------------|
| Security Identification Number (WKN)            | 940883                 |
| ISIN  | NL0000238145           |
| Type of share                                   | Ordinary bearer shares |
| Stock market segment (Frankfurt Stock Exchange) | Prime Standard         |
| Initial public offering                         | October 9, 2000        |
| Designated sponsor                              | Equinet                |
| Capital stock (EUR)                             | 1,075,000              |
| No. of shares                                   | 21,500,000             |
| Sector  | Advertising            |

| Key share figures                            | Q1-Q3  | Q1-Q3  |
|--|--------|--------|
|  | 2019   | 2018   |
| XETRA closing price at end of period (EUR)   | 2.56   | 3.11   |
| Highest price (EUR)                          | 2.87   | 4.41   |
| Lowest price (EUR)                           | 2.10   | 3.11   |
| Market capitalization at end of period (EUR) | 55.0 m | 71.5 m |
| Average no. of shares traded (XETRA) per day | 5,865  | 11,790 |
| Earnings per share (basic) (EUR)             | 0.03   | 0.00   |
| Net cash per share* (EUR)                    | 1.03   | 0.90   |

\* (liquid funds – long-term debt) / number of shares outstanding

## Share price performance over the past twelve months (Xetra)



| Shareholder structure as of 9/30/2019 | shares            | shareholding  |
|---------------------------------------|-------------------|---------------|
|                                       | Numbers           | Percent       |
| EMA B.V.                              | 9,486,402         | 44.12         |
| Treasury stock                        | 499,292           | 2.32          |
| Dieter Koppitz                        | 823,197           | 3.83          |
| Euro Serve Media GmbH                 | 456,163           | 2.12          |
| <b>Subtotal</b>                       | <b>11,265,054</b> | <b>52.4</b>   |
| Free float                            | 10,234,946        | 47.6          |
| <b>Total</b>                          | <b>21,500,000</b> | <b>100.00</b> |

## » THE STRUCTURE OF THE AD PEPPER MEDIA GROUP

ad pepper media International N.V. is the holding company of one of the leading international performance marketing groups. It was founded in 1999 and is thus one of the pioneers in the business of online marketing. With seven offices in four European countries and the U.S., the ad pepper media Group globally develops performance marketing solutions for our customers.

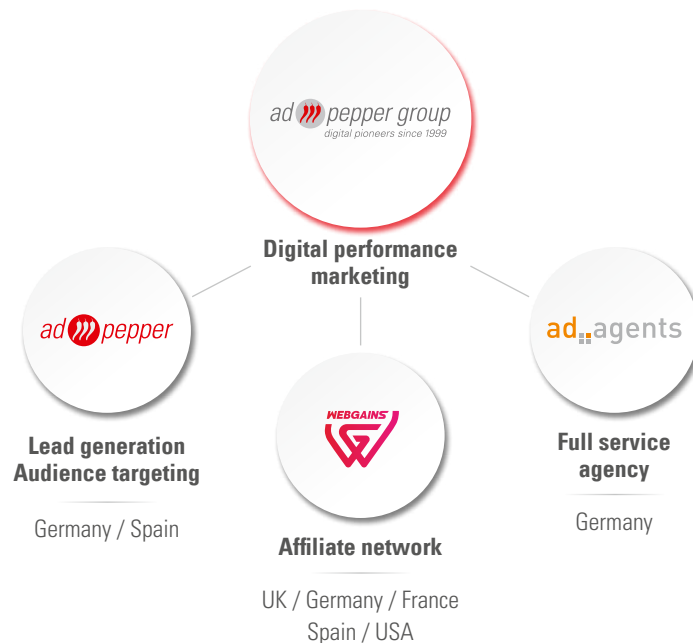
The company operates within the dynamic environment of digital commerce, which is characterized by dynamic growth in both consumer and advertising expenditure. Channels such as social media, search, video and mobile – to name just a few – continue to expand their market share. This dynamic is influencing our business and opens up a range of new opportunities for our clients and us.

ad pepper media works for large firms and major SMEs based in Europe and abroad. Our clients operate primarily in the “Trade & Consumer Goods”, “Financial Services”, “Telecommunication & Technology”, and “Transport and Tourism” sectors. ad pepper media aims for long-term client relationships: The company has been working for some of its clients for more than ten years.

As part of our long-term value creation strategy, we are focusing on organically growing the existing business segments, while evaluating opportunities for inorganic growth through value-accretive acquisitions. Today, the Group structures its business in three reporting segments that work in close cooperation with the holding company and operate independently on the market: **ad pepper media** (lead generation and audience targeting), **ad agents** (full service agency), and **Webgains** (affiliate network). Within central Group management, the holding company (admin) is responsible for the know-how transfer between the segments, the strategic focus, as well as financing and liquidity. Part of our overall strategy is to support and strengthen each segment individually as each business has its own distinctive culture, clients, product range, and regional focus. What all three business segments have in common is that they deliver performance-based solutions for our clients. That is, the advertiser only pays when there are measurable results (when some specific actions are done). The most common pricing models in perfor-

mance-based marketing are: CPM (cost-per-mile), CPC (cost-per-click), CPL (cost-per-lead), and CPA (cost-per-acquisition).

What is more, ad pepper media also offers a broad range of services such as advising on and developing strategies for using digital technology, the conception, implementation and execution of digital marketing and communication measures, and advice on digital media strategies and digital media technologies and tools. Given the growing importance of digital issues at companies and the scale of the budgets assigned to these, not to mention the ever greater volumes of data and the need to analyze this (preferably in real time), any successful digital marketing company has to offer competencies that include, but also go beyond the effective allocation of digital media spend across multiple channels and campaign management. It is therefore not surprising that – in some areas of our business – ad pepper media is increasingly competing with well-known strategy and IT consultancies.



## The segments of the ad pepper media group

### **ad pepper media**

The Group's success story began with ad pepper media in 1999. As a leading performance marketing company, it specialises in lead generation and targeting specific audiences. ad pepper media works together with its customers to develop online marketing strategies in over 50 countries worldwide.

ad pepper media also applies the latest technologies to each project. Whether at local, national or international level, ad pepper media helps its customers meet their goals by developing the most efficient online marketing strategies for their budget. By taking local conditions into consideration, ad pepper media is able to optimise campaigns for the target markets. Whether it is working with an agency or a direct customer, it always has the same aim: to deliver the best results.

What makes ad pepper media different from its competitors? Many years of experience – and iLead. This unique platform enables it to generate customized campaigns that are adapted to its customers' markets in next to no time. And ad pepper media designed the platform itself. So far, it has used iLead to successfully launch and manage over 30,000 campaigns worldwide and generate millions of qualified leads.

**Offices: Nuremberg / Madrid**

### **Webgains**

A network is only as strong as its members. Thanks to Webgains' partnerships with over 250,000 publishers, their customers have access to one of the world's leading high-performance affiliate marketing networks – offering the largest possible reach. What is more, Webgains' experienced acquisitions team works to sign up new high-quality publishers on an ongoing basis. Webgains joined the ad pepper media Group in 2006. Today, over 1,750 customers in 14 countries – from startups to global players – rely on Webgains' services. When it comes to designing local and international campaigns, Webgains benefits not only from its strong publisher network, but also from the extensive experience of over 100 highly motivated experts with excellent knowledge of global markets – not to mention the most innovative tools.

Their current business development strategy focuses on a high-service and performance differential, aided by using the perfect mix of human and artificial intelligence and accelerated with machine learning. High-tech advances make it easy to quickly roll out scalable international campaigns. Meanwhile, customers can count on outstanding data security at all times and benefit from near realtime performance reporting. As well as being committed to the ongoing development of its tools, Webgains supports its employees' professional development at the company's integrated Webgains Academy. Everything they do is designed to turn Webgains' customers into market leaders and maximize their sales. In short, their teams always give their all.

**Offices: Nuremberg / Munich / Madrid / Bristol /  
London / New York / Paris**

## **ad agents**

ad agents joined the ad pepper media Group in 2007. Today, it is one of Germany's most successful performance marketing agencies – and for a good reason. Their strategies are as unique as their personalized advice and support services. They are always optimized to suit the situation and specific requirements of ad agents customers. They maintain an overview of the entire digital advertising market and adapt their comprehensive service portfolio accordingly. Concept, management and optimization: these factors are crucial for delivering an efficient marketing and sales solution. ad agents' performance marketing experts always find the perfect strategy for increasing our customers' profiles and turnover – across all digital channels and on all devices.

Customers benefit from ad agents' sixth sense for trends, their extensive experience, and transparent reporting. For years, national and international companies from virtually every industry have relied on ad agents for their digital marketing activities. Why? Because their campaigns deliver outstanding results.

Exceptional quality always pays off: ad agents is a certified Google Premier Partner as well as a "Bing Elite Partner" and maintains strong partnerships with leading-edge technology providers.

## **Offices: Herrenberg**

## » GENERAL INFORMATION ABOUT THIS MANAGEMENT REPORT

### **Definitions**

All mentions of "ad pepper media International N.V.", "ad pepper media group" or the "Group" in this management report relate to the ad pepper media group.

### **Forward-looking statements**

This management report contains forward-looking statements and information based on the beliefs of and assumptions made by our management using information currently available to them. We have based these forward-looking statements on our current expectations, assumptions, and projections about future conditions and events. As a result, our forward-looking statements and information are subject to uncertainties and risks, many of which are beyond our control. If one or more of these uncertainties or risks materialises, or if the management's underlying assumptions prove incorrect, our actual results could differ materially from those described in or inferred from our forward-looking statements and information. We describe these risks and uncertainties in the risk report of our Annual Report 2018.

The words "aim", "anticipate", "assume", "believe", "continue", "could", "counting on", "is confident", "estimate", "expect", "forecast", "guidance", "intend", "may", "might", "outlook", "plan", "project", "predict", "seek", "should", "strategy", "want", "will", "would", and similar expressions as they relate to us are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date specified or the date of this report. Unless we are required to do so by law, we accept no obligation to publicly update or revise any forward-looking statements due to new information, changed conditions, or any other future events which had not existed before the issuance of this report.

## Internal control system

Revenue and profits (EBIT, EBITDA, gross profit) are some of the parameters which the ad pepper media group analyzes monthly and compares with the original business plan to control and monitor the development of individual subsidiaries. In addition, further key performance indicators are calculated each month for control purposes and are used within all the operating companies of the ad pepper media group. External indicators are also regularly analyzed for company management purposes. In addition, there are weekly scheduled jour fixes as well as regular shareholder meetings with the individual subsidiaries.

## » MACROECONOMIC FRAMEWORK

### Germany/Europe/World

#### *ad pepper media's core markets: Eurozone and UK*

According to a report published by the International Monetary Fund (IMF) in November 2019, the global economy is in a synchronized slowdown, with growth for 2019 downgraded again - to 3 percent - its slowest pace since the global financial crisis. This is a serious climbdown from 3.8 percent in 2017, when the world was in a synchronized upswing. This subdued growth is a consequence of rising trade barriers, elevated uncertainty surrounding trade and geopolitics. Global growth in 2020 is projected to improve modestly to 3.4 percent, a downward revision of 0.2 percent from IMF's April projections.

In the euro area, weaker growth in foreign demand and a drawdown of inventories (reflecting weak industrial production) have kept a lid on growth since mid-2018. Activity is expected to pick-up only modestly over the remainder of this year, and into 2020, as external demand is projected to regain some momentum and temporary factors (including new emission standards that hit German car production) continue to fade. Growth is projected at 1.2 percent in 2019 and 1.4 percent in 2020, according to IMF. The United Kingdom is set to expand at 1.2 percent in 2019 and 1.4 percent in 2020. The projection for both years reflects the combination of a negative impact from weaker glob-

al growth and ongoing Brexit uncertainty and a positive impact from higher public spending announced in the recent Spending Review. The IMF forecast assumes an orderly exit from the European Union followed by a gradual transition to the new regime. However, as of end of December, the ultimate form of Brexit remains highly uncertain.

All in all, downside risks to the outlook are elevated. Trade barriers and heightened geopolitical tensions, including Brexit-related risks, could further disrupt supply chains and hamper confidence, investment, and growth. Such tensions, as well as other domestic policy uncertainties, could negatively affect the projected growth pickup in emerging market economies and the euro area.

## Advertising market

### *Online advertising market*

Global media spending will grow 6 percent to USD 656 billion next year, according to the World Advertising and Research Center (WARC), helped by sponsorships for the Summer Olympics in Tokyo and political advertising going into the U.S. presidential election. Digital advertising for the first time will make up more than half of the total at USD 336 billion. This forecast supports other research that shows advertisers are shifting their spending to digital media as consumers spend more time on smartphones watching videos, interacting on social media or browsing the mobile web.

Google's share of the global ad market will be 23 percent, ahead of Facebook's 13 percent and Amazon's 2.5 percent, WARC predicted. Financial services companies will boost spending by 12 percent to USD 53.4 billion, faster than other industries such as household goods (11 percent), transportation and tourism (9 percent), telecommunications and utilities (8.5 percent) and technology (8.4 percent). While the retail industry is the biggest spender, its growth will be the slowest at 2.6 percent to USD 65.4 billion.



## » EARNINGS, FINANCIAL AND NET ASSET POSITION

### Earnings position

ad pepper media generated revenue for the group of EUR 5,031k in the third quarter (Q3 2018: EUR 5,038k). Third-quarter EBITDA came to EUR 565k corresponding to year-on-year growth of 74.4 percent (Q3 2018: EUR 324k). The segment EBITDA figures are consistently positive: ad pepper generated EUR 384k (Q3 2018: EUR 623k), Webgains EUR 200k (Q3 2018: EUR 56k) and ad agents EUR 262k (Q3 2018: EUR -77k).

For the first nine month period as a whole, ad pepper media can report revenue of EUR 15,821k, equivalent to growth of 6.9 percent (Q1-Q3 2018: EUR 14,807k). At EUR 2,157k, nine month EBITDA was significantly ahead of the previous year (Q1-Q3 2018: EUR 926k).

### Financial position

The gross cash flow amounted to EUR 1,461k (Q1-Q3 2018: EUR 856k), while a figure of EUR 2,238k was reported for the cash flow from operating activities, as against EUR -3,546k for the first nine months of 2019. The key factor driving the cash flow from operating activities was the significant increase in the Group's operating profits and the significant encashment of trade receivables, which covered the outflow for trade payables and incentive payments made. Cash inflow from investing activities amounted to EUR 1,946k (Q1-Q3: EUR 22k), which is particularly due to the sale of the listed debt securities held. Cash flow from financing activities amounted to EUR -834k in the first nine months of 2019 (Q1-Q3 2018: EUR -214k) and shows cash paid to non-controlling interests and leasing payments made in conjunction with capitalized right-of-use assets.

### Net asset position

Total assets reduced by EUR 1,599k to EUR 38,011k compared with December 31, 2018. The decrease was due to lower trade receivables, which fell by EUR 4,788k to EUR 12,841k at the end of the third quarter 2019, and corresponding reductions in trade payables by EUR 4,592k. Right-of-use assets for capitalized leasing contracts for offices and vehicles amount to EUR 2,030k. Listed debt securities have been sold, resulting in liquid funds of EUR 21,619 (December 31, 2018: EUR 18,233k). Long-term liabilities amount to EUR 2,404k (December 31, 2018: EUR 538k). Of these, EUR 2,153k relate to the lease liability for capitalized right-of-use assets. Liability for cash settled stock option plan amounts to EUR 164k. Deferred rent benefits amounting to EUR 127k as of December 31, 2018 for the offices in London and Bristol have been offset with the respective capitalized right-of-use assets as of January 1, 2019.

Total liabilities amount to EUR 20,728k (December 31, 2018: EUR 23,098k). The Group still does not have any liabilities to banks. Total equity stands at EUR 17,282k (December 31, 2018: EUR 16,512k). The equity ratio increased to 45.5 percent (December 31, 2018: 41.7 percent).

## » RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development largely comprises activities in the Webgains segment. However, no investment in research and development was made in the period covered by this report, i.e. research costs are expensed as incurred.

## » EMPLOYEES

As of September 30, 2019, the ad pepper media group had 219 employees, as against a total of 215 employees at the end of the equivalent period in the previous year. The workforce of the ad pepper media group is assigned to the following segments:

|                 | 9/30/2019 | 9/30/2018 |
|-----------------|-----------|-----------|
|                 | Number    | Number    |
| ad pepper media | 27        | 21        |
| Webgains        | 93        | 104       |
| ad agents       | 84        | 77        |
| Administration  | 15        | 13        |

## » RISK AND OPPORTUNITY REPORT

There have been no material changes in the opportunity and risk situation of ad pepper media International N.V. compared with the information provided in the Annual Report as of December 31, 2018. Reference is therefore made to the information presented in the management report for the 2018 financial year.

## » OUTLOOK

Given the positive business performance, the Board of Directors of ad pepper media International N.V. expects the EBITDA for the 2019 financial year to be in a range between EUR 2,750k and EUR 3,000k (previous forecast: EUR 2,500k).

Nuremberg, November 13, 2019

ad pepper media International N.V.



Dr. Jens Körner, CEO

## » CONSOLIDATED INCOME STATEMENT (IFRS)

|  | Q3 2019       | Q3 2018       | 1/1-9/30/2019 | 1/1-9/30/2018 |
|--|---------------|---------------|---------------|---------------|
|  | KEUR          | KEUR          | KEUR          | KEUR          |
| Gross sales <sup>1</sup>   | 18,834        | 20,192        | 59,658        | 57,909        |
| Media cost <sup>2</sup>  | 13,803        | 15,154        | 43,837        | 43,102        |
| <b>Revenue<sup>3</sup></b>   | <b>5,031</b>  | <b>5,038</b>  | <b>15,821</b> | <b>14,807</b> |
| Cost of sales  | -223          | -154          | -580          | -522          |
| <b>Gross profit</b>  | <b>4,808</b>  | <b>4,883</b>  | <b>15,241</b> | <b>14,285</b> |
| Selling and marketing expenses   | -3,046        | -3,251        | -9,003        | -9,257        |
| General and administrative expenses  | -1,557        | -1,400        | -5,261        | -4,394        |
| Other operating income   | 178           | 77            | 684           | 334           |
| Other operating expenses   | -67           | -68           | -239          | -287          |
| <b>Operating profit</b>  | <b>315</b>    | <b>242</b>    | <b>1,423</b>  | <b>682</b>    |
| Financial income   | 6             | 10            | 20            | 96            |
| Financial expenses   | -11           | -46           | -201          | -117          |
| <b>Income before taxes</b>   | <b>310</b>    | <b>206</b>    | <b>1,242</b>  | <b>661</b>    |
| Income taxes   | -164          | -69           | -258          | -215          |
| <b>Net income</b>  | <b>146</b>    | <b>137</b>    | <b>984</b>    | <b>446</b>    |
| Attributable to shareholders of the parent company   | -16           | 63            | 583           | 226           |
| Attributable to non-controlling interests  | 161           | 74            | 400           | 220           |
| Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)   | 0.00          | 0.00          | 0.03          | 0.01          |
| Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR) | 0.00          | 0.00          | 0.03          | 0.01          |
|  | No. of shares | No. of shares | No. of shares | No. of shares |
| Weighted average number of shares outstanding (basic)  | 21,000,708    | 21,000,708    | 21,000,708    | 21,000,708    |
| Weighted average number of shares outstanding (diluted)  | 21,196,236    | 21,350,222    | 21,165,651    | 21,336,798    |

1 Gross sales represents the total amount billed and billable to clients by the Group, net of discounts, VAT and other sales-related taxes. Disclosure of gross revenue information is not required under IFRS; however, it is voluntarily disclosed in the Consolidated Income Statement since management has concluded that the information is useful for users of the financial statements.

2 Media costs relate to payments made to suppliers of ad inventory (commonly referred to as mediabuy and publishers). Disclosure of media cost information is not required under IFRS; however, it is voluntarily disclosed in the Consolidated Income Statement since management has concluded that the information is useful for users of the financial statements.

3 Revenue is defined pursuant to IFRS 15.

» CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (IFRS)

|   | Q3 2019    | Q3 2018    | Q1-Q3 2019   | Q1-Q3 2018 |
|---|------------|------------|--------------|------------|
|   | KEUR       | KEUR       | KEUR         | KEUR       |
| <b>Net income</b>   | <b>146</b> | <b>138</b> | <b>984</b>   | <b>446</b> |
| <b>Other comprehensive income</b>   |            |            |              |            |
| <b>Items that may be reclassified subsequently to profit or loss:</b>     |            |            |              |            |
| Currency translation differences  | -5         | -6         | 36           | 4          |
| Revaluation of securities “fair value through other comprehensive income” |            |            |              |            |
| <b>Other comprehensive income, net of tax</b>                             | <b>-5</b>  | <b>-6</b>  | <b>36</b>    | <b>4</b>   |
| <b>Total comprehensive income</b>   | <b>141</b> | <b>131</b> | <b>1,019</b> | <b>449</b> |
| Attributable to non-controlling interests                                 | 161        | 74         | 400          | 297        |
| Attributable to shareholders of the parent company                        | -20        | 58         | 619          | 152        |

## » CONSOLIDATED BALANCE SHEET (IFRS) – ASSETS

|                                 | 9/30/2019     | 12/31/2018    |
|---------------------------------|---------------|---------------|
|                                 | kEUR          | kEUR          |
| <b>Non-current assets</b>       |               |               |
| Intangible assets               | 201           | 218           |
| Property, plant, and equipment  | 341           | 330           |
| Right-of-use assets             | 2,030         | 0             |
| Listed debt securities          | 0             | 2,274         |
| Other financial assets          | 450           | 442           |
| <b>Total non-current assets</b> | <b>3,022</b>  | <b>3,264</b>  |
| <b>Current assets</b>           |               |               |
| Trade receivables               | 12,841        | 17,629        |
| Other receivables               | 422           | 422           |
| Income tax receivables          | 66            | 7             |
| Other financial assets          | 39            | 55            |
| Cash and cash equivalents       | 21,619        | 18,233        |
| <b>Total current assets</b>     | <b>34,988</b> | <b>36,346</b> |
| <b>Total assets</b>             | <b>38,011</b> | <b>39,610</b> |

» CONSOLIDATED BALANCE SHEET (IFRS) –  
EQUITY AND LIABILITIES

|  | 9/30/2019     | 12/31/2018    |
|--|---------------|---------------|
|  | kEUR          | kEUR          |
| <b>Equity attributable to shareholders of the parent company</b> |               |               |
| Issued capital   | 1,075*        | 1,150         |
| Reserves   | 61,111        | 60,999        |
| Accumulated deficit  | -44,698       | -45,281       |
| Other reserves   | -1,173        | -1,208        |
| <b>Total</b>   | <b>16,315</b> | <b>15,659</b> |
| Non-controlling interests  | 967           | 853           |
| <b>Total equity</b>  | <b>17,282</b> | <b>16,512</b> |
| <b>Non-current liabilities</b>                                   |               |               |
| Deferred tax liabilities   | 69            | 210           |
| Other long-term liabilities                                      | 2,334         | 328           |
| <b>Total non-current liabilities</b>                             | <b>2,404</b>  | <b>538</b>    |
| <b>Current liabilities</b>                                       |               |               |
| Trade payables   | 14,375        | 18,967        |
| Other payables   | 2,233         | 2,499         |
| Other financial liabilities                                      | 1,351         | 912           |
| Income tax liabilities   | 365           | 182           |
| <b>Total current liabilities</b>                                 | <b>18,324</b> | <b>22,560</b> |
| <b>Total liabilities</b>   | <b>20,728</b> | <b>23,098</b> |
| <b>Total equity and liabilities</b>                              | <b>38,011</b> | <b>39,610</b> |

\* The issued capital consists of shares with a nominal value of EUR 0.05 each. The authorized capital amounts to 21,929,708 shares, of which 21,500,000 are issued and 21,000,708 shares were floating at September 30, 2019 (September 30, 2018: 21,000,708).

## » CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS) – 1 / 2

|  | 1/1-9/30/2019 | 1/1-9/30/2018 |
|--|---------------|---------------|
|  | KEUR          | KEUR          |
| <b>Net income/loss</b>   | <b>983</b>    | <b>446</b>    |
| <b>Adjustments for:</b>  |               |               |
| Depreciation and amortization  | 734           | 244           |
| Gain/loss on sale of fixed assets  | -8            | 0             |
| Share-based compensation   | 38            | 63            |
| Gain/loss on sale of securities (after bank charges)                       | 122           | -49           |
| Other financial income and financial expenses                              | 59            | 70            |
| Income taxes   | 258           | 215           |
| Other non-cash expenses and income   | -725          | -133          |
| <b>Gross cash flow</b>   | <b>1,461</b>  | <b>856</b>    |
| Change in trade receivables  | 4,750         | 114           |
| Change in other assets   | 11            | -173          |
| Change in trade payables   | -3,881        | -2,775        |
| Change in other liabilities  | 188           | -1,206        |
| Income tax received  | 0             | 74            |
| Income tax paid  | -275          | -426          |
| Interest received  | 12            | 45            |
| Interest paid  | -28           | -55           |
| <b>Net cash flow from/used in operating activities</b>                     | <b>2,238</b>  | <b>-3,546</b> |
| Purchase of intangible assets and property, plant, and equipment           | -213          | -42           |
| Proceeds from sale of intangible assets and property, plant, and equipment | 8             | 0             |
| Proceeds from sale of securities   | 2,151         | 2,480         |
| Purchase of securities   | 0             | -2,416        |
| <b>Net cash flow from/used in investing activities</b>                     | <b>1,946</b>  | <b>22</b>     |

## » CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS) – 2/2

|   | 1/1-9/30/2019 | 1/1-9/30/2018 |
|---|---------------|---------------|
|   | kEUR          | kEUR          |
| Payments of lease liabilities                           | -548          | 0             |
| Issuance of own shares                                  | 0             | 0             |
| Dividends to non-controlling interests                  | -286          | -214          |
| <b>Net cash flow from/used in financing activities</b>  | <b>-834</b>   | <b>-214</b>   |
| Net decrease/increase in cash and cash equivalents      | -3,351        | -3,738        |
| <b>Cash and cash equivalents at beginning of period</b> | <b>18,233</b> | <b>20,127</b> |
| Effect of exchange rates on cash and cash equivalents   | 35            | 4             |
| <b>Cash and cash equivalents at end of period</b>       | <b>21,619</b> | <b>16,393</b> |



## » CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

|   | Balance at 1/1/2019 | Total com-<br>prehensive<br>income | Share-based<br>payment | Dividends   | Cancellation<br>of treasury<br>shares | Balance at<br>9/30/2019 |
|---|---------------------|------------------------------------|------------------------|-------------|---------------------------------------|-------------------------|
| <b>Issued capital</b>   |                     |                                    |                        |             |                                       |                         |
| Issued capital (kEUR)   | 1,150               |                                    |                        |             | -75                                   | 1,075                   |
| <b>Share premium</b>  |                     |                                    |                        |             |                                       | <b>0</b>                |
| From contributions of shareholders<br>of the parent company (kEUR)                              | 63,782              |                                    |                        |             |                                       | 63,782                  |
| <b>Treasury shares</b>  |                     |                                    |                        |             |                                       | <b>0</b>                |
| Treasury shares at cost (kEUR)  | -5,299              |                                    |                        |             | 75                                    | -5,224                  |
| <b>Accumulated deficit (kEUR)</b>   | <b>-45,281</b>      | <b>583</b>                         |                        |             |                                       | <b>-44,698</b>          |
| <b>Other reserves</b>   |                     |                                    |                        |             |                                       |                         |
| For employee stock option plans (kEUR)  | 2,515               |                                    | 38                     |             |                                       | 2,553                   |
| Currency translation differences (kEUR)   | -1,208              | 35                                 |                        |             |                                       | -1,172                  |
| <b>Equity attributable to shareholders of<br/>ad pepper media International N.V.<br/>(kEUR)</b> | <b>15,659</b>       | <b>619</b>                         | <b>38</b>              | <b>0</b>    | <b>0</b>                              | <b>16,316</b>           |
| Non-controlling interests (kEUR)  | 853                 | 400                                | 0                      | -286        | 0                                     | 967                     |
| <b>Total equity (kEUR)</b>  | <b>16,512</b>       | <b>1,019</b>                       | <b>38</b>              | <b>-286</b> | <b>0</b>                              | <b>17,281</b>           |

## » CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

|   | Balance at 1/1/2018 | Total com-<br>prehensive<br>income | Share-based<br>payment | Dividends   | Cancellation<br>of treasury<br>shares | Balance at<br>9/30/2018 |
|---|---------------------|------------------------------------|------------------------|-------------|---------------------------------------|-------------------------|
| <b>Issued capital</b>   |                     |                                    |                        |             |                                       |                         |
| Issued capital (kEUR)   | 1,150               |                                    |                        |             |                                       | 1,150                   |
| <b>Share premium</b>  |                     |                                    |                        |             |                                       | <b>0</b>                |
| From contributions of shareholders<br>of the parent company (kEUR)                              | 63,782              |                                    |                        |             |                                       | 63,782                  |
| <b>Treasury shares</b>  |                     |                                    |                        |             |                                       | <b>0</b>                |
| Treasury shares at cost (kEUR)  | -5,217              |                                    |                        |             |                                       | -5,217                  |
| <b>Accumulated deficit (kEUR)</b>   | <b>-45,528</b>      | <b>226</b>                         |                        |             |                                       | <b>-45,302</b>          |
| <b>Other reserves</b>   |                     |                                    |                        |             |                                       |                         |
| For employee stock option plans (kEUR)  | 2,746               |                                    | 65                     |             |                                       | 2,811                   |
| Currency translation differences (kEUR)   | -1,196              | 4                                  |                        |             |                                       | -1,192                  |
| <b>Equity attributable to shareholders of<br/>ad pepper media International N.V.<br/>(kEUR)</b> | <b>15,738</b>       | <b>230</b>                         | <b>65</b>              | <b>0</b>    | <b>0</b>                              | <b>16,032</b>           |
| Non-controlling interests (kEUR)  | 779                 | 220                                | 0                      | -214        | 0                                     | 785                     |
| <b>Total equity (kEUR)</b>  | <b>16,516</b>       | <b>449</b>                         | <b>65</b>              | <b>-214</b> | <b>0</b>                              | <b>16,816</b>           |

## » SELECTED EXPLANATORY NOTES

Consolidated segment information (IFRS)

| Q1-Q3 2019                            | ad pepper<br>media | Webgains      | ad agents     | Admin         | Intersegment<br>elimination | Group          |
|---------------------------------------|--------------------|---------------|---------------|---------------|-----------------------------|----------------|
|                                       | KEUR               | KEUR          | KEUR          | KEUR          | KEUR                        | KEUR           |
| <b>Gross sales</b>                    | <b>8,499</b>       | <b>36,773</b> | <b>14,386</b> | -             | -                           | <b>59,658</b>  |
| <b>Revenue</b>                        | <b>4,164</b>       | <b>7,401</b>  | <b>4,271</b>  | <b>341</b>    | <b>-356</b>                 | <b>15,821</b>  |
| Thereof external                      | 4,149              | <b>7,401</b>  | 4,271         | -             | -                           | 15,821         |
| Thereof intersegment                  | 15                 | -             | -             | <b>341</b>    | -356                        | -              |
| Gross profit                          | 3,654              | 7,259         | 4,002         | <b>341</b>    | -15                         | 15,241         |
| <b>Expenses and other income</b>      | <b>-2,410</b>      | <b>-6,821</b> | <b>-3,915</b> | <b>-1,594</b> | <b>341</b>                  | <b>-14,398</b> |
| Thereof depreciation and amortization | -34                | -424          | -138          | -138          | -                           | -735           |
| Thereof other non-cash expenses       | -12                | -146          | -8            | -61           | -                           | -227           |
| Thereof other non-cash income         | 17                 | 657           | 2             | 2             | -                           | 677            |
| <b>EBITDA</b>                         | <b>1,788</b>       | <b>1,005</b>  | <b>494</b>    | <b>-1,115</b> | <b>-15</b>                  | <b>2,157</b>   |
| <b>Operating profit</b>               | <b>1,753</b>       | <b>580</b>    | <b>356</b>    | <b>-1,253</b> | <b>-15</b>                  | <b>1,423</b>   |
| <b>Financial income</b>               | -                  | <b>6</b>      | -             | <b>14</b>     | -                           | <b>20</b>      |
| <b>Financial expenses</b>             | <b>-5</b>          | <b>-27</b>    | <b>-14</b>    | <b>-156</b>   | -                           | <b>-201</b>    |
| <b>Income taxes</b>                   |                    |               |               |               |                             | <b>-258</b>    |
| <b>Net income for the period</b>      |                    |               |               |               |                             | <b>984</b>     |

## Consolidated segment information (IFRS)

| Q1-Q3 2018                            | ad pepper<br>media | Webgains      | ad agents     | Admin         | Intersegment<br>elimination | Group          |
|---------------------------------------|--------------------|---------------|---------------|---------------|-----------------------------|----------------|
|                                       | KEUR               | KEUR          | KEUR          | KEUR          | KEUR                        | KEUR           |
| <b>Gross sales</b>                    | <b>8,050</b>       | <b>37,324</b> | <b>12,535</b> | -             | -                           | <b>57,909</b>  |
| <b>Revenue</b>                        | <b>3,973</b>       | <b>7,058</b>  | <b>3,778</b>  | <b>322</b>    | <b>-324</b>                 | <b>14,807</b>  |
| Thereof external                      | 3,971              | <b>7,058</b>  | 3,778         | -             | -                           | 14,807         |
| Thereof intersegment                  | 2                  | -             | -             | <b>322</b>    | -324                        | -              |
| Gross profit                          | 3,438              | 6,913         | 3,615         | <b>322</b>    | -2                          | -522           |
| <b>Expenses and other income</b>      | <b>-2,344</b>      | <b>-7,007</b> | <b>-3,724</b> | <b>-1,372</b> | <b>322</b>                  | <b>-14,125</b> |
| Thereof depreciation and amortization | -7                 | -175          | -24           | -38           | -                           | -244           |
| Thereof other non-cash expenses       | -2                 | -261          | -             | -64           | -                           | -328           |
| Thereof other non-cash income         | 9                  | 328           | -             | 26            | -                           | 363            |
| <b>EBITDA</b>                         | <b>1,635</b>       | <b>226</b>    | <b>78</b>     | <b>-1,011</b> | <b>-2</b>                   | <b>925</b>     |
| <b>Operating profit</b>               | <b>1,629</b>       | <b>51</b>     | <b>54</b>     | <b>-1,050</b> | <b>-2</b>                   | <b>682</b>     |
| <b>Financial income</b>               | <b>1</b>           | <b>2</b>      | -             | <b>93</b>     | -                           | <b>96</b>      |
| <b>Financial expenses</b>             | <b>-2</b>          | <b>-6</b>     | -             | <b>-109</b>   | -                           | <b>-117</b>    |
| <b>Income taxes</b>                   |                    |               |               |               |                             | <b>-215</b>    |
| <b>Net income for the period</b>      |                    |               |               |               |                             | <b>446</b>     |

## 1. Basis for the preparation of the Interim Financial Statements

The current condensed interim consolidated financial statements of ad pepper media International N.V. were prepared according to the provisions of the International Financial Reporting Standards (IFRS) as applicable on the closing date, and are presented in euros (EUR). The comparative figures from the previous year were determined according to the same principles and adjusted where necessary. The half year financial statements meet the requirements of IAS 34. The condensed consolidated interim financial statements do not include all of the information required for the full annual financial statements and should therefore be read in conjunction with the consolidated Annual Report for the year ended December 31, 2018.

The consolidated interim financial statements as of September 30, 2019 were authorized for publication by the Board of Directors on November 13, 2019.

## 2. Accounting principles

The accounting policies adopted when preparing of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2018 except for the adoption of new standards effective as of January 1, 2019. The Group has not prematurely adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has adopted IFRS 16 Leases for the first time. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

In January 2016, the IASB issued IFRS 16, which is to replace the previously applicable standard IAS 17, as well as three lease-related interpretations. The ad pepper media Group adopted the new standard for the financial year

beginning January 1, 2019, using the modified retrospective approach, i.e. comparative figures for the preceding year are not adjusted. In comparison to the previous standard, IFRS 16 alters the treatment of all rental and leasing contracts entered into. The relief provision given in IFRS 16 (recognizing short-term contracts or leases with a contract value below EUR 5,000) does not provide substantial relief. The Group also utilizes the exemptions governing short-term leases and does not recognize such leases in its statement of financial position.

The effect of adopting IFRS 16 as at January 1, 2019 (increase/(decrease)) is as follows:

| <b>The effect of adopting IFRS 16 as at January 1, 2019</b> |          |
|---|----------|
|   | kEUR     |
| <b>Assets</b>   |          |
| Right-of-use assets   | 2,399    |
| <b>Liabilities</b>  |          |
| Lease liabilities   | 2,521    |
| Deferred rental benefits                                    | (122)    |
| <b>Total adjustment on equity</b>                           | <b>0</b> |

The Group has lease contracts for office space and cars. Before the adoption of IFRS 16, the Group classified each of its leases as operating leases, where the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognized based on the amount equal to the lease liabilities, net of rent benefits previously accrued. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease commitments as at December 31, 2018 as follows:

|   | kEUR  |
|---|-------|
| Operating lease commitments as at December 31, 2018                       | 2,765 |
| Less:   |       |
| Commitments relating to short term leases                                 | 96    |
| Commitments relating to leases of low-value assets                        | 17    |
| Interest calculated with incremental borrowing rate as at January 1, 2019 | 131   |
| Lease liabilities as at January 1, 2019                                   | 2,521 |

### **Summary of new accounting policies**

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

#### **Right-of-use assets**

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term,

the capitalized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease term. Right-of-use assets are subject to impairment.

#### **Lease liabilities**

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of office space and cars (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below EUR 5,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

**Amounts recognized in the statement of financial position and profit or loss**

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

|                        | Right-of-use-assets |      |       |                   |
|------------------------|---------------------|------|-------|-------------------|
|                        | kEUR                | kEUR | kEUR  | kEUR              |
|                        | Office space        | Cars | Total | Lease liabilities |
| As at January 1, 2019  | 2,327               | 60   | 2,387 | 2,521             |
| Additions              | -                   | 138  | 138   | 138               |
| Depreciation expense   | -452                | -42  | -494  | -                 |
| Payments               | -                   | -    | -     | -554              |
| Interest expense       | -                   | -    | -     | 48                |
| As at October 30, 2019 | 1,874               | 156  | 2,030 | 2,153             |

The Group recognized rent expense from short-term leases of EUR 24k and leases of low low-value assets of EUR 5k for the nine months ended 30 October 2019.

**3. Consolidated Group**

The entities included in consolidation are as follows:

| Entity  | 9/30/2019 | 9/30/2018 |
|---|-----------|-----------|
|   | Percent   | Percent   |
| ad pepper media GmbH,<br>Nuremberg, Germany       | 100       | 100       |
| ad pepper media France S.A.R.L.,<br>Paris, France | 100       | 100       |
| ad pepper media Spain S.A.,<br>Madrid, Spain      | 65        | 65        |
| ad pepper media USA LLC,<br>New York, USA         | 100       | 100       |
| Webgains Ltd, London,<br>United Kingdom           | 100       | 100       |
| ad agents GmbH,<br>Herrenberg, Germany            | 60        | 60        |

## 4. Notes to the Interim Financial Statements

### 4.1. Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from the contracts with customers:

| For the nine months ended September 30, 2019 |                 |              |              |               |
|--|-----------------|--------------|--------------|---------------|
|  | KEUR            | KEUR         | KEUR         | KEUR          |
| Segments                                     | ad pepper media | Webgains     | ad agents    | Total         |
| Geographical markets                         |                 |              |              |               |
| Germany                                      | 2,399           | 1,469        | 4,271        | 8,138         |
| United Kingdom                               | -               | 4,612        | -            | 4,612         |
| Spain  | 1,750           | 564          | -            | 2,314         |
| USA  | -               | 611          | -            | 611           |
| Other  | -               | 146          | -            | 146           |
| <b>Total</b>                                 | <b>4,149</b>    | <b>7,401</b> | <b>4,271</b> | <b>15,821</b> |

| For the nine months ended September 30, 2018 |                 |              |           |               |
|--|-----------------|--------------|-----------|---------------|
|  | KEUR            | KEUR         | KEUR      | KEUR          |
| Segments                                     | ad pepper media | Webgains     | ad agents | Total         |
| Geographical markets                         |                 |              |           |               |
| Germany                                      | 2,570           | 1,712        | 3,778     | 8,061         |
| United Kingdom                               | -               | 3,945        | -         | 3,945         |
| Spain  | 1,400           | 447          | -         | 1,847         |
| USA  | -               | 743          | -         | 743           |
| Other  | -               | 211          | -         | 211           |
| <b>Total</b>                                 | <b>3,971</b>    | <b>7,056</b> | -         | <b>14,806</b> |

Regarding results of operations, financial position and net assets, reference is made to the comments in the Interim Management Report.

#### The following one-off items affecting the income statement occurred in the period under review:

Selling and marketing expenses slightly decreased compared to the equivalent prior year's period. Higher employment costs resulted in an increase in general and administration costs of EUR 867k to EUR 5,261k compared to the equivalent prior year's period.

Other operating income mainly includes income of EUR 529k (Q1-Q3 2018: EUR 238k) from reversals of non-disbursed affiliate credits in the Webgains segment that are classified by ad pepper media group as not being likely to be paid out.

Write downs of receivables included in other operating expenses decreased significantly in the first nine months of 2019 and amount to EUR 38k (Q1-Q3 2018: EUR 233k). Net foreign exchange losses amount to EUR 149k, while a net foreign exchange loss of EUR 48k was posted in the equivalent prior year's period.

#### The following one-off items affecting the balance sheet occurred in the period under review:

During 2019 the company has sold the investments held in listed debt instruments, resulting in a realized loss of EUR 122k and cash inflow of EUR 2,514k. The bond has been purchased in 2004 for 100 percent of its nominal value.

The decrease in issued capital by EUR 75k is due to the cancellation of 1,5m treasury shares with a proportional share in the share capital amounting to EUR 0.05 per share. After the cancellation, ad pepper media International N.V. still holds 499,292 treasury shares, totaling to EUR 5,224k (before cancellation: EUR 5,299k).

The increase in other financial liabilities by EUR 439k to EUR 1,351k was due in particular to the increase in accrued employment costs, which amount to EUR 569k as of September 30, 2019 (December 31, 2018: EUR 277k).



## 5. Segment reporting according to IFRS 8

IFRS 8 requires an entity to report financial and descriptive information about its so-called “reportable segments”. Reportable segments are either operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker for the purpose of resource allocation and assessing performance.

Generally, financial information is required to be reported on the same basis as used internally to evaluate the operating segments (management approach). The information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on the category of services delivered. For this reason, the Group reports segment information for the operating segments of ad pepper media” (lead generation, audience targeting), “Webgains” (affiliate network), “ad agents” (full service agency), and for the non-operating “admin” (administration) segment. The accounting policies of the reportable segments correspond to the Group’s accounting policies described in note [2] of its Annual Report for the year ended December 31, 2018.

The segment result is measured by EBIT and EBITDA for each segment without differences to IFRS. The segment result thus calculated is reported to the chief operating decision maker for the purpose of resource allocation and assessing segment performance.

The “dealing at arm’s length” principle forms the basis of accounting for intersegment transaction.

## Geographical information

The Group operates in four principal geographical areas – Germany, Spain, United Kingdom, and the US.

Information about the segments’ assets are detailed below according to geographical location. Long-term assets do not include financial instruments or deferred tax assets:

|                | Non-current assets |         |
|----------------|--------------------|---------|
|                | 9/30/19            | 9/30/18 |
|                | kEUR               | kEUR    |
| Germany        | 1,442              | 167     |
| United Kingdom | 987                | 416     |
| Spain          | 71                 | 13      |
| USA            | 2                  | 3       |
| Other          | 71                 | 4       |
| Total          | 2,573              | 603     |

In the reporting period there is no single client which revenue exceeds more than 10 percent of total Group revenue (Q1-Q3 2018: EUR 3,430k; ad agents segment).

## 6. Treasury stock

### Acquisition of treasury stock

By a shareholders' resolution dated May 21, 2019, the Board of Directors was authorized to repurchase treasury stock of up to 50 percent of the issued capital within the following 18 months.

As of September 30, 2019, ad pepper media International N.V. held 499,292 treasury stocks (September 30, 2019: 1,999,292) at a nominal value of EUR 0.05 each, corresponding to 2.32 percent (September 30, 2018: 8.7 percent) of the share capital.

### Cancellation of treasury stock

As of July 25, 2019 ad pepper media International N.V. cancelled 1,500,000 treasury shares which had been acquired by the company in previous years based on various buy-back authorizations and decreased herewith the share capital accordingly. After the share capital decrease, the share capital of ad pepper media International N.V. amounts to EUR 1,075,000 (before cancellation EUR 1,500,000) and divides into 21,500,000 shares with a proportional share in the share capital amounting to EUR 0.05 per share. After the cancellation ad pepper media International N.V. holds 499,292 treasury shares.

### Sale of treasury stock

No treasury shares were sold during the first nine months of 2019 (Q1-Q3 2018: 0). No shares were sold under the employee stock option plans and no cash settlements for fully vested equity stock options occurred (Q1-Q3 2018: no shares sold under employee stock option plans).

### Number of shares outstanding

The number of shares issued and outstanding as of September 30, 2019 totals 21,000,708 (September 30, 2018: 21,000,708). Each share has a nominal value of EUR 0.05.

## 7. Seasonal influences on business operations

Our business is affected by seasonality, which historically resulted in higher revenue during our fourth quarter, which ends at December 31. For instance, we recognized 27 percent of our annual revenue during the fourth quarter of 2018 (Q4 2017: 29 percent).

## 8. Stock options and shareholdings

As of September 30, 2019, a total of 489,400 stock options exist under stock option plans. The exchange ratio for each of the stock options is one share per option. The exercise prices range from EUR 0.665 to EUR 3.795.

The following table lists the individual holdings and option rights of the Supervisory and Board of Directors (directly and indirectly) as well as employees.

|                                  | Shares<br>as of<br>9/30/2019 | Options<br>as of<br>9/30/2019 |
|----------------------------------|------------------------------|-------------------------------|
| <b>Board of Directors</b>        |                              |                               |
| Dr. Jens Körner                  |                              | 150,000                       |
| <b>Former Board of Directors</b> |                              | <b>172,000</b>                |
| <b>Supervisory Board</b>         |                              |                               |
| Michael Oschmann                 |                              | -                             |
| Thomas Bauer                     |                              | 10,000                        |
| Eun-Kyung Park                   |                              | 10,000                        |
| Dr. Stephan Roppel               |                              | 10,000                        |
| <b>Employees</b>                 |                              | <b>137,400</b>                |
| <b>Associated companies</b>      |                              |                               |
| EMA B.V.                         | 9,486,402                    |                               |
| Euro Serve Media GmbH            | 456,163                      |                               |

## **9. Report on major transactions with related companies and persons**

There have been no material changes in transactions with related parties compared with the 2018 financial year.

## **10. Events after the balance sheet date**

Up until the day of authorization for issuance, no events took place which would have exerted substantial influence on the net assets, financial position, or result of operations as per September 30, 2019.

Nuremberg, November 13, 2019  
ad pepper media International N.V.



Dr. Jens Körner, CEO

## » FINANCIAL CALENDAR

All financial and press dates relevant for the capital market at a glance:

|                        |                |
|------------------------|----------------|
| Annual Report / 2019   | March 26, 2019 |
| General Meeting / 2020 | May 19, 2020   |

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## » IMPRINT

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Our 2018 Annual Report as well as the Interim Financial Reports for 2019 are available in English at [www.adpeppergroup.com](http://www.adpeppergroup.com) under:

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