ANNUAL REPORT 2015

ad pepper group

digital pioneers since 1999

ad pepper

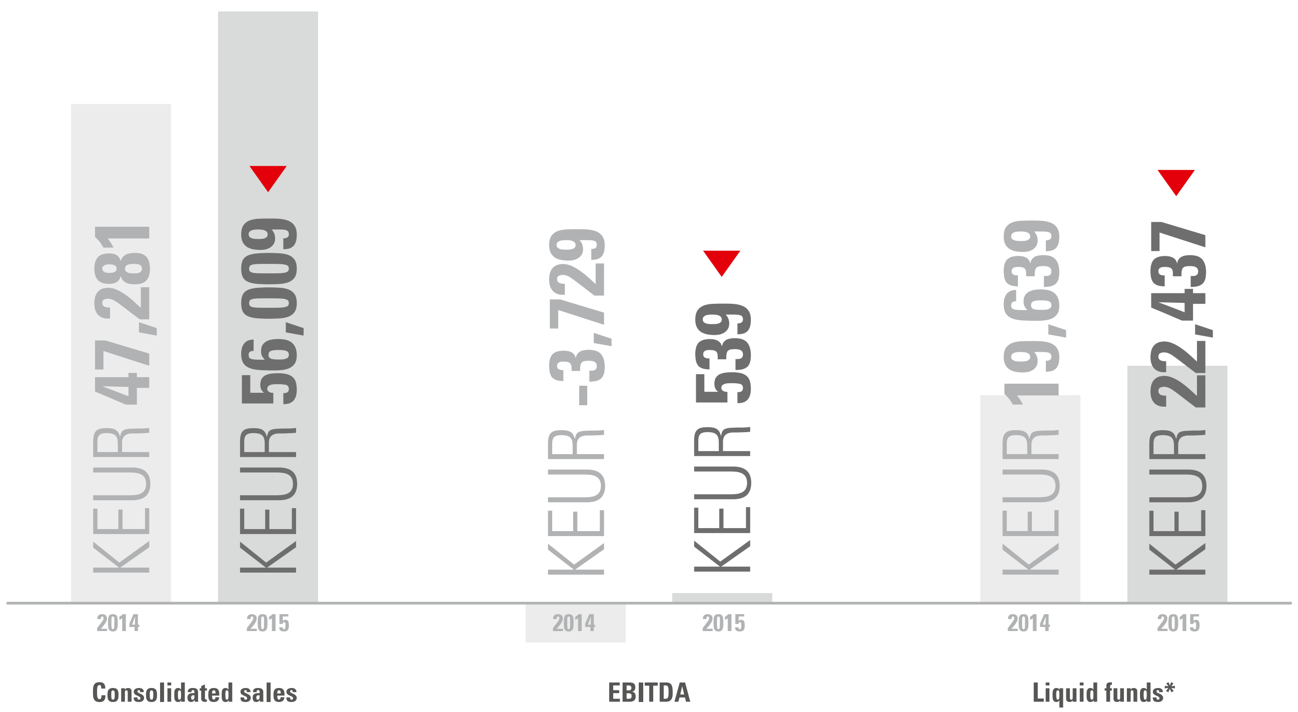
webgains

ad agents

CONTENT

KEY FIGURES AT A GLANCE

	2015	2014
Consolidated sales (kEUR)	56,009	47,281
Gross profit (kEUR)	15,844	16,131
Gross margin (Percent)	28.3	34.1
EBITDA (kEUR)	539	-3,729
EBIT (kEUR)	244	-3,940
EBT (kEUR)	443	-5,225
Net earnings/loss (kEUR)	135	-5,335
Earnings/loss per share (basic, EUR)	0	-0.26
Total assets (kEUR)	34,040	30,290
Shareholders' equity (kEUR)	16,508	15,961
Equity ratio (Percent)	48.5	52.7
Liquid funds* (kEUR)	22,437	19,639
Number of employees (as of December 31)	162	221



*including securities measured at fair value

01

LETTER FROM BOARD OF DIRECTORS

DEAR SHAREHOLDERS, FRIENDS, AND PARTNERS OF OUR COMPANY,

we can look back on what was overall a highly successful financial year. With record sales of EUR 56,009k and positive EBITDA of EUR 539k, we not only achieved our targeted turnaround in 2015 but can also report one of the most successful financial years in our company's history. The past 12-month period was characterized once again by the process of refocusing on our core business. That also involved the sale of our Copenhagen-based CRM technology provider Globase ApS in November. Other than this, we gave top priority to boosting our performance marketing activities. The main focus here was on the Webgains segment.

Webgains as key driver of operating business

As a result, a major share of the group's overall sales growth of 18.5 percent, or EUR 8,728k, was attributable to the dynamic performance of the Webgains business. With growth of 33.1 percent and sales of around EUR 40,887k, this segment not only exceeded the EUR 40 million mark for the first time, but also contributed by far the largest share of the group's total sales. Webgains thus upheld the trend of disproportionate growth compared with the group's other operating segments and has repeatedly proven to be one of the fastest-growing performance marketing networks to be found anywhere. Positive growth momentum also came from the ad agents segment, which generated superb year-on-year growth of 23.3 percent. In terms of sales generated, the third segment – ad pepper media – remained at around the previous year's level, but benefited from its clear alignment to the German and Spanish markets.

Streamlining of holding company and enhancing group-wide efficiency as further key success factors

In parallel to this, the group has streamlined central service functions of at its holding company and cut costs in the ad pepper media segment. The cost benefits and efficiency gains thereby achieved result from measures already decided at the end of 2014 and implemented in subsequent months. The cost savings of 20.4 percent, or EUR 4,084k, achieved compared with the previous year are therefore mainly due to these two segments, namely the holding and ad pepper media. The total number of group employees decreased year-on-year by 59, equivalent to a reduction of 26.7 percent. Not only that, the sale of Globase ApS already referred to above not only further reduced risks and costs at the ad pepper group, but – thanks to the proceeds of around EUR 400k generated from the sale – also contributed to the very pleasing overall level of profitability.

For the past financial year, the group can thus report EBITDA of EUR 539k, slightly ahead of the EBITDA target of EUR 400k issued for the 2015 financial year on November 13, 2015. Given the previous year's negative EBITDA of EUR -3,729k, we see this as a superb result. From a multiyear perspective as well, the past financial year was one of the most successful years in the company's history on an operating level. This is reflected not least in the operating cash flow, which was clearly positive at EUR 1,627k. The company has not reported a comparably high cash flow since 2006.

ad pepper media also well positioned for the financial year ahead

These developments have further boosted the group's cash reserves. At the balance sheet date on December 31, 2015, the group had a liquidity reserve of EUR 22.4 million and a comfortable equity ratio of 48.5 percent. This solid financial foundation also provides us with the operating leeway necessary to react flexibly to any opportunities arising in the market in the financial year ahead, and thus to further strengthen our operating business.

We are therefore positive with regard to the 2016 financial year and – assuming the macroeconomic climate remains intact – expect to generate further double-digit sales growth. As in previous years, Webgains will show dynamic growth and contribute disproportionately to this expected sales growth.

01
LETTER FROM BOARD OF DIRECTORS

In this Annual Report, we would like to offer you some further insights into the figures of the ad pepper media group and answer some key questions relevant to anyone interested in ad pepper media in view of the past financial year. For you – our shareholders – we will continue to make every effort to generate sustainable added value. We would like to thank you for your loyalty and would be delighted if you maintained your commitment to ad pepper media in future as well.

Yours faithfully,

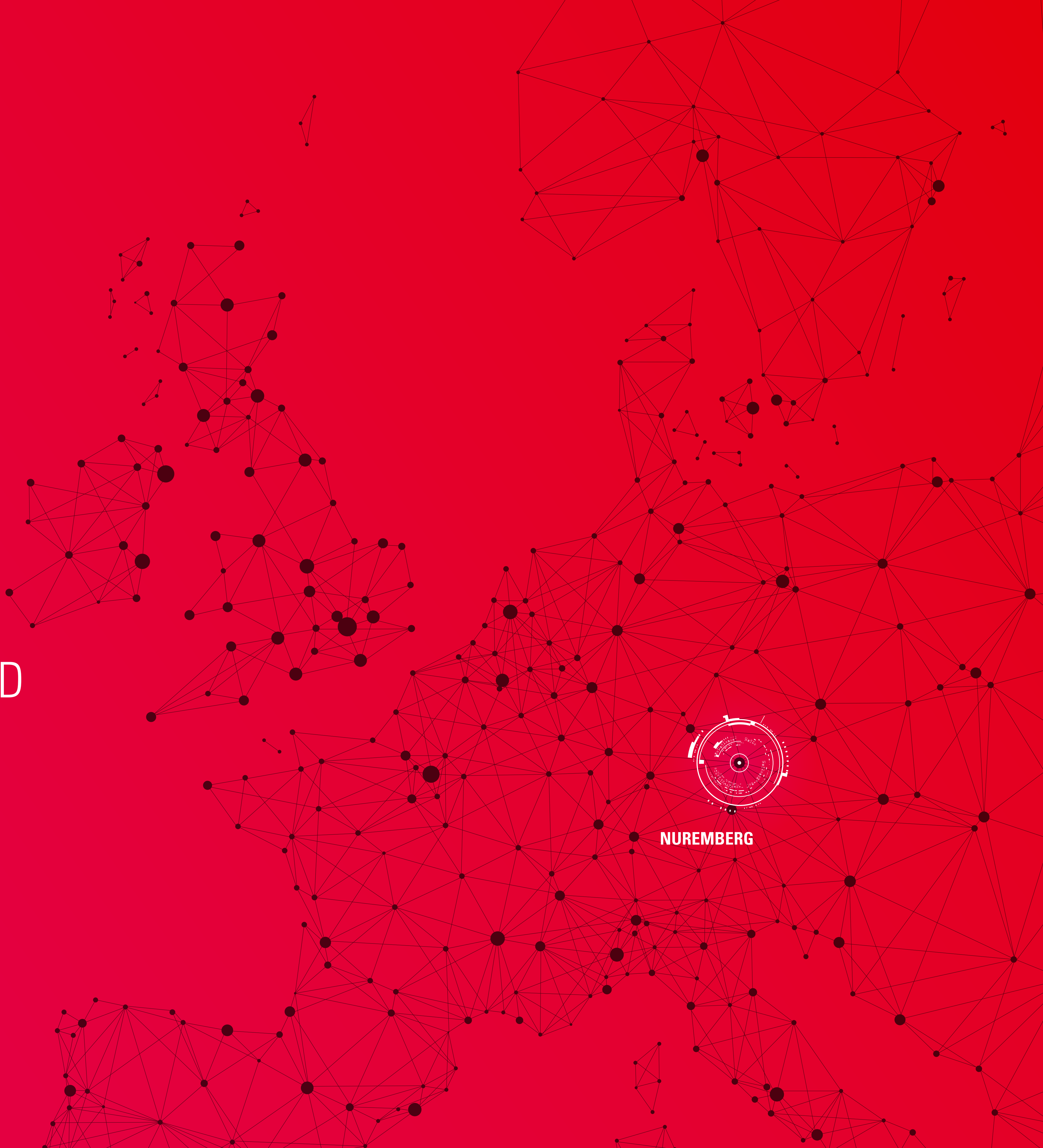
The Board of Directors
ad pepper media International N.V.

Dr. Ulrike Handel Dr. Jens Körner

Amsterdam/Nuremberg, March 17, 2016

02

REPORT OF THE SUPERVISORY BOARD



DEAR SHAREHOLDERS,

in the 2015 financial year, the Supervisory Board performed its duties pursuant to the law and the Articles of Association. It advised the Board of Directors on a regular basis, monitored the Board of Directors in its management of the business, and was involved in decisions of key importance for the company and the group.

Comprehensively informed

The Supervisory Board held five meetings in 2015. In addition to the scheduled meetings, the Chairman and other members of the Supervisory Board maintained regular contact with the CEO and CFO. None of the Supervisory Board members was absent from any Supervisory Board meetings or conference calls. The Board of Directors kept the Supervisory Board informed of the status of the discussions relating to the development and implementation of the strategy for 2015 and beyond. The Supervisory Board approved the financial plan for 2015 and discussed (potential) takeovers and disposals with the Board of Directors. Topics discussed included annual and interim results, the reorganization of local country companies, and the disposal of the e-mail marketing business Globase ApS, the closures of offices, the performance of securities, technological developments, the organization of sales and marketing activities, investor relations, compensation, and human resources. The Supervisory Board discussed the general and financial risks of the business and the findings of an assessment of the internal risk management and control systems. Consistent with the requirements of the Dutch Corporate Governance Code, the work of the Supervisory Board and of the Board of Directors, as well as the work of the individual members of both boards were discussed in the absence of the members of the Board of Directors.

On the basis of the company's Articles of Association in their currently valid version, the compensation paid to members of the Board of Directors is determined by the Annual General Meeting following submission of corresponding proposals by the Supervisory Board. Board of Directors compensation consists of fixed and variable components. Variable compensation consists of annual performance-based payments (bonus), as well as of long-term incentives such as stock options. The fixed compensation component is regularly determined in January/February of each year with retrospective effect as of January 1 of the respective year. The variable compensation component is pegged to previously agreed and measurable targets which can be controlled. The consolidated earnings budgeted for the following year are taken as the target. Members of the Board of Directors do not receive any guaranteed minimum bonus payments. In the past five years, the bonus paid to members of the Board of Directors ranged between 4 percent and 124 percent of their annual fixed salaries. Variable bonuses are usually paid during the first quarter following publication of the consolidated annual results.

In 2000, ad pepper media introduced a long-term incentive model in the form of stock option plans for employees in key positions, including members of the Board of Directors. Company stock options become exercisable once ad pepper media's share price exceeds specified exercise hurdles determined in advance, but not before the expiry of one year following issue of the options. Option plan tranches were issued to members of the Board of Directors in 2000, 2001, 2002, 2003, 2008, and 2013. ad pepper media has no pension obligations towards members of the Board of Directors.

The total sum and structure of Board of Directors compensation are designed to enable the company to attract and retain suitably qualified executives. The compensation structure, pension scheme payments, and other financial obligations are designed to promote the company's medium to long-term interests. Compensation policy is expected to remain largely unchanged in 2016.

02
REPORT OF THE SUPERVISORY BOARD

Composition of Supervisory Board

- **Michael Oschmann** (born 1969; German citizen)
  Supervisory Board Chairman throughout the entire financial year up to and including December 31, 2015
  Graduate in business administration, Managing Director of Telefonbuchverlag Hans Müller GmbH & Co. KG, Nuremberg
  Supervisory Board member since January 10, 2000; appointed until Annual General Meeting 2017

- **Thomas Bauer** (born 1963; German citizen)
  Supervisory Board member throughout the entire financial year up to and including December 31, 2015
  CEO of Apotheker Walter Bouhon GmbH, Managing Director of Thomas Bauer GmbH, both Nuremberg
  Supervisory Board member since March 20, 2013; appointed until Annual General Meeting 2019

- **Eun-Kyung Park** (born 1978; German citizen)
  Supervisory Board member throughout the entire financial year up to and including December 31, 2015
  Managing Director of ProSiebenSat.1 TV Deutschland GmbH
  Supervisory Board member since March 20, 2013; appointed until Annual General Meeting 2017

- **Dr. Stephan Roppel** (born 1964; German citizen)
  Supervisory Board member throughout the entire financial year up to and including December 31, 2015
  Director of Multichannel and Member of Management at H. Hugendubel GmbH & Co. KG, Munich
  Supervisory Board member since March 20, 2013; appointed until Annual General Meeting 2016

Supervisory Board compensation	2015	2014
	EUR	EUR
Michael Oschmann	6,000	6,000
Thomas Bauer	6,000	6,000
Eun-Kyung Park	6,000	6,000
Dr. Stephan Roppel	6,000	6,000

We support a well-balanced share of women and men in our Board of Directors and Supervisory Board. A Dutch regulation that took effect as of January 1, 2013 requires companies to ensure that at least 30 percent of the positions on their Supervisory Boards and Boards of Directors are held by women and at least 30 percent by men. We are convinced that we are making good progress in implementing this regulation. With Ulrike Handel as a member of the Board of Directors and CEO, we meet the required criteria in terms of gender diversity in the Board of Directors. Furthermore, Ms. Eun-Kyung Park is a member of the Supervisory Board. In this regard, we are aware that various other pragmatic considerations, other relevant selection criteria, and the availability of suitable candidates at ad pepper media may present an obstacle to fully achieving the required gender diversity. It can therefore be assumed that we may not be able to fully comply with the regulation proposed under Dutch law in future as well.

Further extensive information concerning the independence of the Supervisory Board members and other details can be found in the Corporate Governance Report forming part of this Annual Report.

Unqualified audit opinion for consolidated financial statements

The auditor PricewaterhouseCoopers Accountants N.V. audited the financial statements of ad pepper media International N.V., including the management report, for the 2015 financial year and issued an unqualified audit opinion.

The financial statements, management report, and auditor's report were available to the Supervisory Board for its own review. Joint meetings were held with the auditors, who presented the key findings of their audit and answered related questions. The Supervisory Board acknowledged and approved the findings of the audit. The Supervisory Board acknowledged and approved the audit results.

On March 17, 2016, the Supervisory Board discussed and agreed with the annual financial statements prepared by the Board of Directors for the 2015 financial year.

Corporate Governance

ad pepper media International N.V. is a company under Dutch law with subsidiaries in various countries. All business activities are performed in accordance with Dutch company law and German capital market law, in particular the German Securities Trading Act (WpHG). Common shares are admitted for trading in the Prime Standard at the Frankfurt Stock Exchange. The Supervisory Board is committed to increasing shareholder value in the interests of all shareholders, and has always set the highest standards for the company's corporate governance principles. Although, consistent with its proprietary guidelines, the company basically applies the requirements laid down in the Dutch Corporate Governance Code, deviations may nevertheless result on account of the legal requirements applicable to ad pepper media. In the "Governance" section of this Annual Report, ad pepper media reports in detail on compliance with the Dutch Corporate Governance Code.

Thanks to the dedicated efforts of the Board of Directors and all employees at ad pepper media International N.V., ad pepper media managed to master the challenges arising in the past financial year and sees itself as being well positioned for the requirements of the new financial year. For this, all members of the Supervisory Board would like to express their very special thanks and recognition for the excellent work performed by staff, and for their extraordinary team spirit.

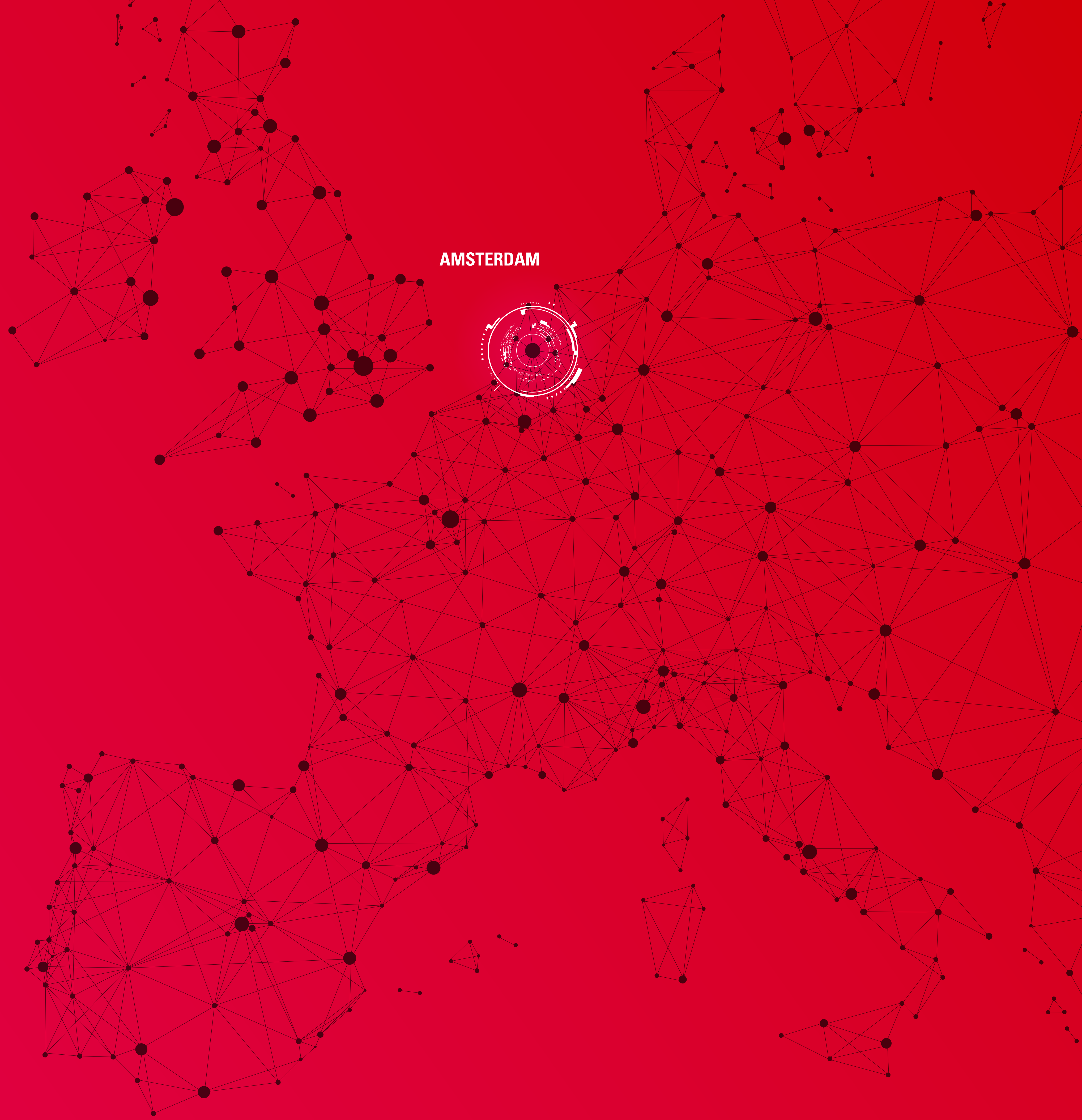
For the Supervisory Board

Michael Oschmann,
Supervisory Board Chairman

Nuremberg, March 17, 2016

03

GOVERNANCE



CORPORATE GOVERNANCE: COMPLY OR EXPLAIN

Introduction

A new Dutch Corporate Governance Code Monitoring Committee was installed on July 12, 2009 by the Minister of Finance, the Minister of Justice, and the Minister of Economic Affairs. The Monitoring Committee's official terms of reference are to help ensure that the Dutch Corporate Governance Code is practicable and up to date, and to monitor compliance with the Code on the part of Dutch listed companies and institutional investors. (The Dutch Corporate Governance Code can be viewed at http://www.commissiecorporategovernance.nl/)

In past years, ad pepper media International N.V. has already introduced extensive measures to implement the Dutch Corporate Governance Code (the "Code"), for instance:

- Code of Procedure for the Board of Directors
- Code of Procedure for the Supervisory Board
- a profile for the Supervisory Board
- regulations concerning ownership of and transactions in securities by members of the Management and Supervisory Boards
- an internal risk management and control system

Apart from the internal risk management and control system, copies of these documents are available on ad pepper media's company website.

The corporate governance guidelines were most recently discussed at the 2011 Annual General Meeting. The Annual General Meeting was requested to further improve the corporate governance structure and to vote for an amendment to the company's Articles of Association intended to account for the company's future compliance with the Code. Each substantial change in the corporate governance structure by ad pepper media and in the company's compliance with the Code was submitted to the Annual General Meeting for discussion.

This chapter provides an overview of ad pepper media's corporate governance structure. Deviations from the Code are specifically discussed and explained herein.

Board of Directors

ad pepper media is managed by a Board of Directors which is responsible for the company's aims, strategy and policy (a process in which the Chief Executive Officer – CEO – plays a key role). The Board of Directors is responsible for managing the day-to-day business and for the company's operational, tactical and strategic decisions. Responsibility for managing the company is vested in the Board of Directors as a whole.

Until March 19, 2013, ad pepper media's Board of Directors consisted of one "A Director" (the CFO). Since March 20, 2013, the company's Board of Directors has consisted of two "A Directors" (CEO and CFO). The Board of Directors is responsible for compliance with the relevant legislation and requirements, for managing the risks associated with ad pepper media's business activities, and for the company's financing.

The Board of Directors is supervised by the Supervisory Board and provides the latter with all information the Supervisory Board needs to fulfill its own responsibilities. Major decisions of the Board of Directors require the approval of the Supervisory Board; these include decisions concerning (a) the company's operational and financial objectives, (b) the strategy designed to achieve the objectives, (c) if necessary, the parameters to be applied in relation to the strategy, and (d) corporate social responsibility issues that are relevant to the company. The Board of Directors has self-imposed requirements governing the allocation of duties within the Board of Directors and the procedures to be adopted by the Board of Directors.

Following binding nomination by the Supervisory Board, members of the Board of Directors are elected by the Annual General Meeting. Under the company's present Articles of Association, the Annual General Meeting may resolve that the list of candidates presented shall not be binding by way of a resolution adopted with an absolute majority of the votes cast representing more than one third of the issued capital. ad pepper media thus complies with Provision IV.1.1 of the Code.

Provision II.1.1 stipulates that members of the Board of Directors should be appointed for a maximum period of four years. The management board contracts for the Board of Directors were renewed in November and September 2015 respectively, whereas the management board contract concluded with Dr. Handel was extended to February 28, 2019 and the term of the management board contract concluded with Dr. Körner was extended ahead of schedule to December 31, 2020. These contracts are therefore not fully compliant with Provision II.1.1 of the Code. The company has no plans to establish any "whistleblower" guidelines governing the reporting of misconduct by company employees. This is in deviation to Provision II.1.7 of the Code. Given the company's small size, there are short lines of communication, the Board of Directors is highly involved in the day-to-day business, and employees already have the possibility of reporting suspected irregularities at the company on a general, operational, and informal level without jeopardizing their legal position. Furthermore, a Code of Conduct, setting out business principles for our employees and rules of conduct, was adopted in 2007. Due to the fact that ad pepper media's major shareholder usually represents more than 90 percent of the capital present or represented at the Annual General Meeting, ad pepper media decided to take no account of Provisions II.1.9 and IV.4.4 of the Code.

A new remuneration policy has been resolved upon at the company`s 2014 Annual General Meeting. Furthermore, an executive stock option plan was approved at the 2014 Annual General Meeting. We believe that the regulation of determining the level and structure of Board of Directors compensation is not applicable due to the current size of the company. ad pepper media thus does not comply with Provisions II.2.1 through II.2.3, II.2.12, and II.2.13 of the Code. We prefer not to apply Provisions II.2.4, II.2.6, II.2.8 as well as II.2.10 and II.2.11, due to the fact – acknowledged by the Commission that drafted the Code – that existing contractual agreements between ad pepper media and individual members of the Board of Directors cannot be set aside at will. In particular, the vesting period of options granted to members of the Board of Directors is two and not three years. Also, the issue price of the options is fixed at the average trading closing price over a period of ten and not five days.

Furthermore, the compensation paid in the event of dismissal of Dr. Körner may exceed one year's salary. In the event of his employment being terminated without cause as defined by the applicable law, ad pepper media would remain obliged to compensate such member for the remaining term of his employment agreement. Finally, based on existing contracts the Supervisory Board has neither the power to adjust the variable compensation component conditionally awarded in a previous financial year downwards nor can it recover from the Board of Directors any variable remuneration awarded on the basis of incorrect financial or other data. Consequently, the Supervisory Board did neither adjust the variable compensation component nor did it recover from the Board of Directors any variable remuneration.

Due consideration will be given to the Code upon the appointment of new members of the Board of Directors in future. To be able to attract top talent in a global market, however, it will also depend on factors such as market practice, nationality, and existing employment agreements. In this respect, the company will endeavor to comply in individual cases with these best practice provisions.

The company has not and will not publish any information about key details of existing contracts with members of the Board of Directors (Provision II.2.14). This Annual Report nevertheless meets all of the relevant legal disclosure obligations.

ad pepper media has no outstanding loans to any member of the Board of Directors. ad pepper media has not provided any guarantees for the benefit of any member of the Board of Directors. ad pepper media thus complies with Provision II.2.9 of the Code. In 2009, the Board of Directors decided to modify the exercise modalities and the number of options of all stock option plans in order to reflect the increased number of shares following the share split effective as of May 27, 2009. ad pepper media thus believes that it complies with Provision II.2.7 of the Code. Members of the Board of Directors are required to report immediately and to provide all relevant information to the Supervisory Board Chairman and to other members of the Board of Directors about any conflict of interest or a potential conflict of interest that may be of material significance to the company and/or to the respective member. Due to German data protection law, this requirement is, in deviation of Provision II.3.2 of the Code, restricted to members of the Board of Directors and does not provide for the disclosure of any conflicts of interests concerning the spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree of the members of the Board of Directors. Decisions to enter into transactions under which a member of the Board of Directors would have any conflict of interest of material significance to the Company and/or the relevant member of the Board of Directors require the approval of the Supervisory Board. A member of the Board of Directors shall not take part in any discussions or decisions involving a matter or transaction in relation to which he or she has a conflict of interest with the company. All transactions involving any conflict of interest with a member of the Board of Directors have to be agreed on terms customary to the sector concerned. There have been no such related party transactions during the last financial year. Transactions involving a potential conflict of interest between the company and a member of its Board of Directors are described in the financial statements in the company's Annual Report for the given year.

The CEO and CFO (who are both "A Director") have powers to represent the company. Both persons have discretion to exercise representation and signing powers.

Supervisory Board

The Supervisory Board is charged with supervising the strategies of the Board of Directors and the general course of affairs of the company and the business transactions involved, as well as assisting the Board of Directors in an advisory capacity. The Supervisory Board evaluates the main organizational structures and control mechanisms established under the management of the Board of Directors. It is involved in the discussions about the company's operational and financial objectives, the strategy designed to achieve the targeted objectives and respective parameters. Responsibility for correctly performing these duties is vested in the Supervisory Board as a whole. The Supervisory Board may adopt an independent stance vis-à-vis the Board of Directors. In performing its duties, the Supervisory Board acts in accordance with the interests of the company and its related business, and, to that end, considers all appropriate interests associated with the company. The Supervisory Board members perform their duties independently of instruction and independently of any interests in the company's business.

Under the criteria set out in the Dutch Corporate Governance Code, three of the four current members of ad pepper media's Supervisory Board count as independent. Michael Oschmann, Supervisory Board Chairman of ad pepper media, is not counted as independent in this respect as he is Managing Director of EMA Electronic Media Advertising International B.V. This company holds more than ten percent of the company's share capital. The company wishes to retain the option of offering Supervisory Board positions to persons not deemed independent under the Code definition. This is consistent with the company's current size. The company may therefore not always comply with Provisions III.2.1 and III.2.2 of the Code. The Supervisory Board is itself responsible for the quality of its own performance. In a set of regulations, the Supervisory Board has laid down the allocation of duties within the Supervisory Board, and the Code of Procedure for the Supervisory Board's activities. Supervisory Board members are appointed by the Annual General Meeting. The number of Supervisory Board members is determined by the Annual General Meeting. Since the extraordinary shareholders' meeting held on March 20, 2013, the Supervisory Board comprised a total of four members. The company's current Articles of Association restrict the period of appointment to a maximum of four years and allow the immediate reappointment of Supervisory Board members.

Deviating from Provision III.3.5 of the Code, it is not intended to introduce a maximum limit of three four-year terms. The company wishes to retain the possibility of Supervisory Board members continuing in their positions on account of their experience, specialist expertise and commitment. In 2005 already, the Supervisory Board prepared, and adopted a profile laying down its size and composition, taking particular account of ad pepper media's business model, its activities, and the desired experience and specialist expertise of Supervisory Board members. The Supervisory Board subjects this profile to an annual review. The present profile has been adopted by the Supervisory Board on January 30, 2013. At least one member of the Supervisory Board should be a financial expert. Furthermore, the Supervisory Board conducts an annual review to identify any aspects with regard to which one or several Supervisory Board members may require further training during their period of appointment.

Under Provision III.1.7 of the Code, Supervisory Board members should perform their self assessment. During the last financial year, Supervisory Board members have performed assessment of their capabilities and skills and plan to perform a detailed self assessment also in 2016.

Consistent with the Code, it is the intention of the Supervisory Board that its members should not simultaneously hold more than five positions on Supervisory Boards of Dutch listed companies, including ad pepper media. In this regard, chairmanship counts twice. At present, no Supervisory Board member holds more than five Supervisory Board positions. The Supervisory Board has not established any formal procedure for the departure of Supervisory Board members. Given the limited number of Supervisory Board members, the company does not deem it necessary to establish formal procedures governing the departure of Supervisory Board members. In this respect, the company deviates from Provision III.3.6 of the Code.

Under Provision III.4.1 of the Code, the Supervisory Board Chairman is responsible for ensuring that (a) Supervisory Board members take part in their induction and training programs, (f) the Supervisory Board elects a Vice-Chairman and (g) the Supervisory Board has the contact desired with the Board of Directors and, where appropriate, with the Works Council (or Central Works Council).

Given the size of the company and the limited number of Supervisory Board members, ad pepper media does not comply with Provision III.4.1 (a) and (f). In addition, due to the structure of the group the Company does not comply with provision III.4.1 (g).

The Annual General Meeting is not chaired by the Supervisory Board Chairman, as the Supervisory Board is of the opinion that it is more appropriate to have the CEO chair the meeting.

The Supervisory Board Chairman is assisted by a company secretary. In this respect, the company complies with Provision III.4.3 of the Code.

Since 2005, the company's Articles of Association have contained a provision under which the Supervisory Board may, if it deems it necessary, establish one or more committees, in which case it has to draw up a set of regulations for each committee.

Compensation paid to Supervisory Board members is not dependent on the company's results. Supervisory Board members may be granted shares and/or rights to shares by way of compensation. The shares held by Supervisory Board members in the company represent long-term investments.

Any conflict of interest, whether apparent or actual, between the company and Supervisory Board members must be avoided. Any transactions involving a potential conflict of interest between ad pepper media and a member of the Supervisory Board are disclosed in the company's Annual Report. Any transactions by which Supervisory Board members would have conflicts of interest that are of material significance to the company and/or to the respective Supervisory Board member are entered into at arm's length principles. The Supervisory Board is responsible for deciding on how to resolve conflicts of interest between members of the Board of Directors, Supervisory Board members, major shareholders, and the external auditor on the one hand, and the company on the other. The Board of Directors believes that the company has complied with the "best practice" Provisions III.6.1 to III.6.3. No transactions occurred in the financial year in which (potentially) conflicting interests of material substance relating to Supervisory Board members played a part. No transactions of the kind referred to in the "best practice" Provision III.6.4 were executed.

Consistent with Provision IV.3.10 of the Code, the report on the Annual General Meeting must be made available, on request, to shareholders no later than three months after the end of the meeting. Shareholders subsequently have the opportunity to react to the report in the following three months. The report is then adopted in the manner provided for in the Articles of Association. A notarial record is made of the proceedings of the meeting, as provided for in the Articles of Association. The notarial record will be available, upon request, no later than three months after the meeting. This "best practice" provision is thus not complied with in full. Following adjustments to Dutch stock corporation legislation, the report should be made available within a shorter deadline.

In respect of "best practice" Provision IV.3.11, the company confirms that it has no anti-takeover constructions, in the sense of constructions that are intended solely, or primarily, to block future hostile public offers for its shares. ad pepper media also does not have any constructions whose specific purpose is to prevent a bidder, after acquiring 75 percent of the capital in the company, from appointing or dismissing members of the Board of Directors and subsequently amending the Articles of Association. Under Dutch law, the acquisition through a public offer of a majority of the shares in a company does not directly preclude the ongoing right of the Board of Directors to exercise its rights and adopt resolutions.

The Supervisory Board Chairman determines the agenda, chairs Supervisory Board meetings, and monitors the proper functioning of the Supervisory Board.

The Supervisory Board Chairman is also responsible for ensuring the adequate provision of information to Supervisory Board members, ensuring that there is sufficient time for making decisions, and arranging for the induction and training program for Supervisory Board members. The Supervisory Board Chairman also acts on behalf of the Supervisory Board as the main contact for the Board of Directors, initiates the evaluation of the functioning of the Supervisory Board and the Board of Directors, and decides whether or not the Supervisory Board should install committees. In 2015, ad pepper media did not have committees pursuant to Provision III.5 of the Code, and thus did not fully comply with this provision. In the absence of an audit committee, however, the entire Supervisory Board performs the duties of the audit committee.

Given the size and complexity of its business model and the engagement of the external auditors, ad pepper media does not have an internal auditor function of its own. ad pepper media thus does not comply with Provisions V.3.1 through V.3.3 of the Code.

Analyst conferences, presentations to analysts, presentations to private and institutional investors, and press conferences are announced, generally in advance, on the company's website. Due to the large number of events and the resultant overlap in information, some of the less important events are not announced in advance, made generally accessible, or published on our website. Given the size of ad pepper media, meetings and presentations are not communicated in real time. The company thus does not fully comply with Provision IV.3.1 of the Code.

Due to the small number of shareholders, ad pepper media has not formulated a policy on bilateral contacts with shareholders. The company thus does not comply with Provision IV.3.13 of the Code.

Auditor

The external auditor is appointed by the Annual General Meeting. The Supervisory Board can nominate a candidate for this appointment, for which purpose the Board of Directors advises the Supervisory Board. The compensation of the external auditor and any commissioning of the external auditor to provide non-audit services must be approved by the Supervisory Board following consultation with the Board of Directors. The Supervisory Board must at least once every four years conduct a thorough assessment of the external auditor's work at the various entities and in the different capacities in which he it acts. The main conclusions of this assessment are communicated to the Annual General Meeting. In view of its size, ad pepper media does not employ any internal auditors. The controlling department assumes the function of internal auditor. Controlling department employees are directly responsible to the company's Board of Directors.

The external auditor is required to attend the Supervisory Board meeting at which the auditor's report on its audit of the annual accounts is discussed and at which the annual accounts are discussed and agreed.

Internal risk management and control system

ad pepper media is managed by a Board of Directors and Supervisory Board appointed by the General Meeting of Shareholders. One of the Board of Director's responsibilities is the oversight of the risk management system. The Board of Directors has developed, and implemented strategies, controls and mitigation measures to identify current and developing risks as part of the risk management system. Risk management policies and procedures are embodied in our corporate governance, code of conduct and financial reporting controls and procedures. A variety of functional experts evaluate these business risks, attempting to mitigate and manage these risks on an ongoing basis.

Identified risks are divided into four types:

- catastrophic (loss of ability to achieve business objectives, e.g. worst-case scenario)
- Major (reduce ability to achieve business objectives)
- Moderate (disruption to normal planning with a limited effect on achievement of business strategy and objectives)
- Minor (no material impact on the achievement of business strategy and objectives)

The probability of occurrence within planning horizon is divided into the following categories:

- Very high (60-100 percent probability)
- High (40-60 percent probability)
- Medium (20-40 percent probability)
- Low (5-20 percent probability)

All identified risks are evaluated based on their likelihood of occurring and their potential impact (estimated in monetary terms) in disrupting our progress in achieving our business objectives. The overall risk management goal is to identify risks that could significantly threaten our success and to allow management on a timely basis the opportunity to successfully implement mitigation actions. The results of the risk assessment and any updates, are reported to the Supervisory Board on a regular basis. A detailed review of all underlying business risks is completed every year. At least once on an annual basis, the Supervisory Board discusses the corporate strategy and business risks as well as the results of an assessment by the Board of Directors of the structure and operations of the internal risk management and control systems, including any significant changes.

In addition to the dedicated risk management system outlined above, the following elements also serve to identify risk within the group:

- Operational planning, including updated intra-year forecasts
- Quarterly financial statements
- Monthly and quarterly reporting by subsidiaries (comparing target and actual results) to the group

Based on our evaluation of the design and operating effectiveness of our internal risk management and internal control system, the Board of Directors is of the opinion that the internal controls over financial reporting provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies and the internal risk management and internal control system regarding financial reporting risks worked properly in the year under report. This evaluation and the current status have been discussed with the external auditor and the Supervisory Board. In respect of risks other than financial reporting risks, including operational/strategic, financial and legislative/regulatory risks, reference is made to the most important risks inherent in our business and our objectives. These are listed in the "Risk Factors" section.

In view of the above information, the Board of Directors is of the opinion that the company complies with the requirements of Provision II.1.4 and II.1.5 of the Dutch Corporate Governance Code.

ARTICLE 10 TAKEOVER DIRECTIVE DECREE (BESLUIT ARTIKEL 10 OVERNAMERICHTLIJN)

Introduction

In accordance with Article 10 of the Takeover Directive (Dertiende Richtlijn), companies with securities that are admitted to trading on a regulated market are obliged to disclose certain information in their annual reports. This obligation has been implemented in Dutch law through Article 10 Takeover Directive Decree. ad pepper media must disclose certain information that might be relevant for companies considering making a public offer with respect to ad pepper media. The information which ad pepper media is required to disclose, including a corresponding explanatory report, is presented below.

Capital structure

On December 31, 2015, ad pepper media had a total of 23,000,000 ordinary shares with voting rights (including 1,539,292 shares held by the company and not entitled to voting rights at Annual General Meetings). The company only has ordinary shares.

Obligation of shareholders to disclose share ownership

The financial services supervisory authority has to be notified of major shareholdings in respect of ad pepper media International N.V. in accordance with the Financial Market Supervision Act (Wet op het financieel toezicht) and the ordinance to disclose major shareholdings and capital investments in institutions issuing securities (Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen). In 2015, we were not informed of any new material shareholdings.

Appointment and dismissal of members of the Board of Directors

The members of the Board of Directors are appointed on the basis of binding nomination made by the Supervisory Board. Where no binding nominations have been made, the Annual General Meeting is free in its selection. The Annual General Meeting may at any time resolve that the list of candidates is not binding by adopting a resolution passed with an absolute majority of the votes cast representing more than one third of the issued capital. If at least an absolute majority of the valid votes cast supports the resolution to render the nomination non-binding, but the required quorum of one-third of the issued capital is not represented, then this resolution may nevertheless be adopted at a second meeting to be convened. At such meeting, the resolution may then be adopted with at least an absolute majority of the valid votes cast, but without any quorum requirement. A member may only be reappointed for a term not exceeding five years at a time. The Supervisory Board appoints one of the members of the Board of Directors as Chairman of the Board of Directors. The Annual General Meeting may at any time suspend or dismiss any member of the Board of Directors. The Supervisory Board is entitled to suspend each member of the Board of Directors, and is obliged to notify the respective member of the Board of Directors in writing and without delay of his suspension, stating the reasons for such move. Furthermore, the Supervisory Board is then obliged to convene a General Meeting to pass resolution either on lifting the suspension of the respective member of the Board of Directors or on his dismissal.

Shareholders' agreement on limitations on exercising of voting rights

Each share issued by ad pepper media entitles its bearer to one vote. There are no restrictions on voting rights. As far as is known to ad pepper media, there is no agreement involving a shareholder of ad pepper media that could lead to any restriction on the transferability of shares or of voting rights on shares.

Appointment and suspension of Supervisory Board members

The Annual General Meeting appoints Supervisory Board members and is entitled at any time to suspend or, dismiss any Supervisory Board member. The appointment, dismissal or suspension of a Supervisory Board member is decided by the Annual General Meeting by way of an absolute majority of votes cast. The Supervisory Board consists of no fewer than three members, including a Chairman who will retire by rotation as laid down in writing by the Supervisory Board and may be reappointed in line with the respective legal requirements. In principle, the lowest possible number of Supervisory Board members should retire from the Board at the same time.

03
GOVERNANCE

Amendments to Articles of Association

The Articles of Association may only be amended by a resolution of the Annual General Meeting in response to a proposal submitted by the Board of Directors with the approval of the Supervisory Board. Where the Board of Directors has not submitted any such proposal, any resolution to amend the Articles of Association may only be adopted with a majority of at least two-thirds of the votes validly cast.

Buyback of treasury stock by the company

On May 21, 2015, the Annual General Meeting authorized the Board of Directors for a period of 18 months to buy back treasury stock shares up to a maximum amount of 50 percent of the share capital outstanding at that time. The purchase price per share must amount to no less than 80 percent and no more than 120 percent of the opening share price on the date of the respective buyback. ad pepper media did not buy back any shares during the 2015 financial year.

Payments to employees on termination of employment in connection with a public takeover bid

In the event of a change of control, there is the option of extraordinary termination for Dr. Körner twelfe months after the change of control takes effect. In the event of extraordinary termination of his contract, Dr. Körner is entitled to receive payment of compensation amounting to his respective annual target income through to the end of the contractually agreed term, amounting to a minimum of 150 percent of his current annual target income. A change of control in this respect arises when a shareholder gains control over the company as defined by § 29 of the German Securities Acquisition and Takeover Act (WpÜG), i.e. acquires at least 30 percent of the voting rights in ad pepper media International N.V..

04

THE SHARE

04
THE SHARE

THE SHARE OF AD PEPPER MEDIA INTERNATIONAL N.V.

Annual General Meeting

All of the resolutions proposed in the agenda were adopted by a large majority at the Annual General Meeting of ad pepper media International N.V. held in Amsterdam on May 21, 2015. In all, 9,923,365 voting rights, or 46.72 percent of all shares with voting rights were represented at the Annual General Meeting.

Alongside the presentation of the annual financial statements for the 2014 financial year, key agenda items also included the authorization to buy back treasury stock and the re-election of Thomas Bauer as member of the Supervisory Board.

Share price performance

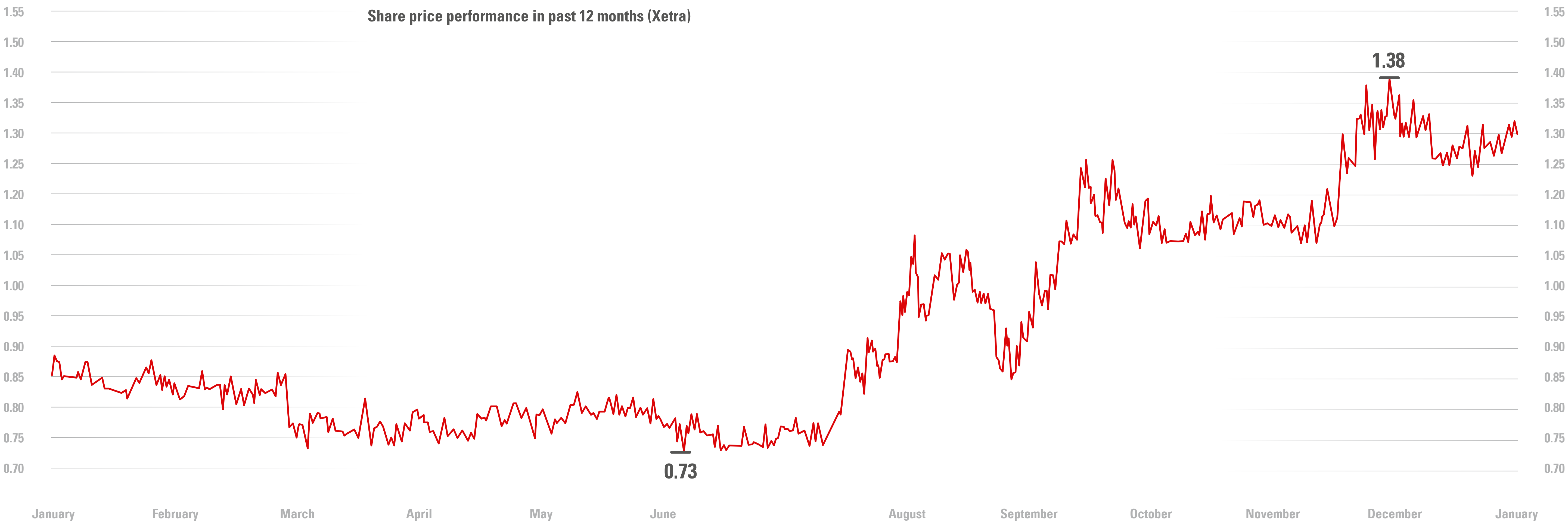
Key share figures	2015	2014
	EUR	EUR
Market capitalization	29.9 m	20.7 m
Year-end	1.30	0.90
Annual high	1.38	1.42
Annual low	0.73	0.75

ad pepper media's share price benefited from the pleasing news flow as the year progressed, especially in the second half of the year. In the wake of the announcement concerning the sale of Globase ApS in November, ad pepper media's shares reached their annual high at EUR 1.38 and remained close to this for the rest of the year. The shares ultimately concluded the year at a price of EUR 1.30, equivalent to an increase of 44 percent on the previous year's closing price.

Shareholders structure as of December 31, 2015

	Shares	Shares
	Pieces	Percent
EMA B.V.	9,486,402	41.24
Treasury stock	1,539,292	6.69
Axxion S.A.	1,163,501	5.06
Dieter Koppitz	699,338	3.04
Euro Serve Media GmbH	436,963	1.90
Subtotal	**13,325,496**	**57.94**
Freefloat	9,674,504	42.06
Total	**23,000,000**	**100.00**

Share price performance in past 12 months (Xetra)



05

BUSINESS ACTIVITY

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, thus, is one of the pioneers in the business of online marketing. Its stock market launch followed in the year 2000 in the Prime Standard segment of the Frankfurt Stock Exchange (WKN: 940883). With six offices in four European countries and the U.S., the ad pepper media group globally develops performance marketing solutions for customers such as Samsung, Nike, Nestlé, or Opel.

The group combines its business into three reporting segments that work in close cooperation with the holding company and operate independently on the market: **ad pepper media** (lead generation and semantic targeting), **ad agents** (search engine marketing), and **Webgains** (affiliate marketing). In the course of the central overall governance of the group, the holding (admin) takes responsibility for the know-how transfer between the segments, the strategic focus, as well as financing and liquidity. A total of 162 employees work in the three business units and the group's holding company.

SEGMENTS OF THE AD PEPPER MEDIA GROUP

ad pepper media

The ad pepper media segment was founded in 1999 and, thus, constitutes the beginning of the company's success story. Today, the business unit is active in two European core markets: Germany and Spain. As a leading performance marketing agency, it specializes in lead generation, in other words the acquisition of customers that already have shown interest in a product or service. Using our proprietary technology platform iLead, the business unit realises customised campaigns in a minimum of time in order to acquire subscribers through test runs, trade samples, catalogue orders, user registrations, or competitions.

Webgains

Webgains belongs to the group since 2006. As one of the leading international affiliate networks, it offers efficient solutions covering all areas of affiliate management. The network uses state-of-the-art technology and offers first-class support for merchants and affiliates. Webgains operates offices in Great Britain, Germany, France, Spain as well as the U.S. and is also present in Ireland, Italy, the Netherlands, Sweden, and Denmark. Webgains successfully implements international and regional online campaigns for a large number of its customers. Thanks to their long-standing expertise in global affiliate marketing, Webgains makes it possible for customers to expand on a world-wide scale – both with regard to the supervision of specific programs as well as the number of provided languages, currencies, and payment methods.

Since its recent expansion into Australia and Poland, Webgains is now operating in more than twelve countries and promotes the sales of customers all over the world. Webgains has more than 180,000 publishers in its portfolio who work together with more than 2,000 customers – from global fashion brands to medium-sized commercial enterprises.

What makes affiliate marketing so attractive for advertisers as well as websites is, on the one hand, the opportunity to reach a massive audience via a wide variety of websites, on the other hand, the performance-based payment. Affiliate marketing is a commission-based advertising model in which website operators (publishers, affiliates) direct Internet traffic to the sites of advertisers (retailers, merchants) and receive in return a percentage of the sales turnover generated there.

ad agents

The ad agents were founded ten years ago and belong to the ad pepper media group since 2007. Today, they are one of the most successful performance agencies in Germany. They design, control, and optimize results-oriented marketing and sales solutions in all digital channels on all screens and devices. ad agents specialize in search engine marketing, search engine optimization, affiliate management, social media advertising, performance display, and product data management. The business unit also advises well-known German and international companies operating in all industries (for example, finance, trade, fashion, pharmaceuticals, and technology). Among their customers are renowned corporations such as CHRIST, the ERGO group and Thalia. At the location Herrenberg (in the region of Stuttgart), more than 70 international online experts deliver quality, transparency, and excellent results to fill long-time customers with enthusiasm. Recently, the ad agents were awarded the Quality Certificate SEA 2016 by the Federal Association for Digital Economy (Bundesverband Digitale Wirtschaft, BVDW) and they are, of course, also certified Google partners.

ad pepper

MADRID NUREMBERG

webgains

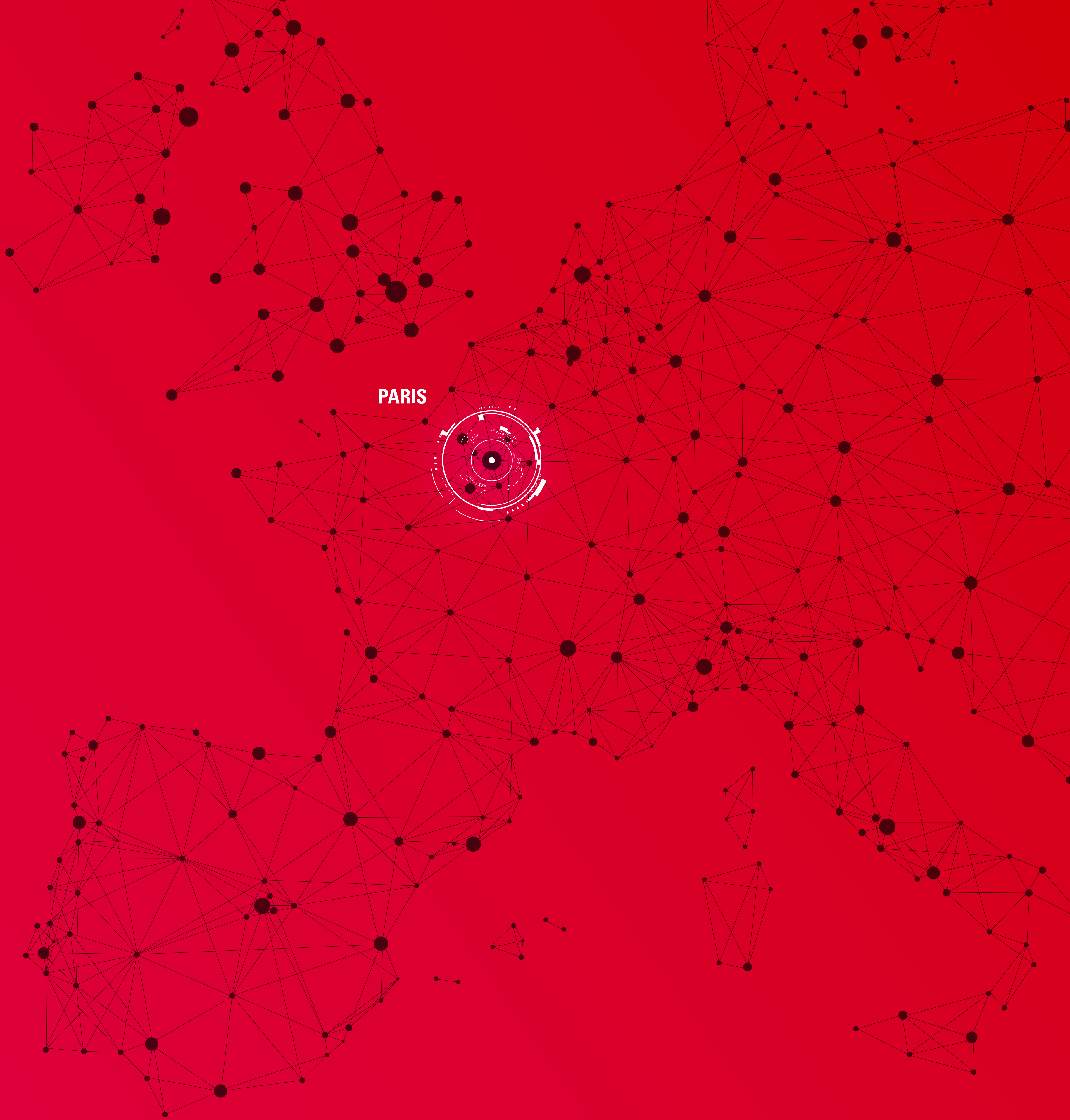
NUREMBERG PARIS LONDON
MADRID NEW YORK

ad agents

HERRENBERG

06

ECONOMIC DEVELOPMENT



MACROECONOMIC FRAMEWORK

Germany/UK/Europe

German economy not affected by unsettled global economic climate

In their fall survey, economic researchers at the Kiel Institute for the World Economy (IfW) upheld their growth forecasts for Germany, and that even in view of the turbulence in the global economy. The researchers still expect German gross domestic product to grow by 2.1 percent in the year ahead. Despite the tough international climate, exports are predicted to grow substantially in the forecast period, benefiting not least from greater momentum in the global economy in the current year. Private consumer spending is forecast to maintain strong growth, profiting here from a further tangible rise in private household incomes. This is largely due to higher employment totals and incomes, although the labor market has lost some momentum during 2015.

Based on a survey performed at the beginning of the current year, by contrast, the Munich-based Ifo Institute has forecast notably lower growth. According to these economists, confidence is currently being held back by severe turbulence on stock markets together with concerns as to a marked slowdown in Chinese growth and the potential destabilization of oil-producing states weakened by the oil price fall, such as Russia. Ifo economists therefore expect the German economy to achieve growth at the previous year's level of 1.7 percent in the current year.

UK: domestic economy still driving developments

The upturn in the UK economy underway for two years now is also forecasted to continue. Provided that domestic demand remains stable, the IfW has predicted growth of 2.4 percent. Growth in 2015 is also thought to have amounted to 2.4 percent. The upturn will still largely be driven by private consumer spending, which is set to benefit in the year ahead as well from real-term income growth accompanied by persistently low inflation. Real-term incomes were recently rising at rates last seen prior to the financial crisis. On the plus side, the economy also stands to benefit from the decline in unemployment to 5.3 percent most recently. In the longer term, the far greater risk to the UK's economic future lies in the country's potential exit from the EU. This is to be decided by referendum on June 23, 2016.

Euro area: moderate recovery set to continue

According to the IfW, the recovery in the euro area, albeit still moderate, is set to continue in 2016 as well. IfW economists expect gross domestic product to grow by 1.7 percent. The upturn is forecast to gain breadth and to be increasingly driven by the domestic economy. Developments will benefit from low interest rates and oil prices, as well as from the euro exchange rate remaining comparatively low. The labor market situation should continue to improve, with a gradual reduction in the unemployment rate.

Online advertising market

ZenithOptimedia forecasts that global adspend has grown 4.2 percent to reach USD 531bn in 2015 and forecasts that global adspend grow will accelerate to 5.0 percent growth in 2016, boosted by the 2016 Summer Olympics in Brazil and the European Soccer Championship. Adspend will then slow down slightly in the absence of these events, growing 4.3 percent in 2017.

According to ZenithOptimedia's new Advertising Expenditure Forecasts, in 2017 the internet will be the biggest advertising medium in twelve key markets, which together represent 28 percent of global adspend. In four of these markets, internet advertising will attract more than half of total adspend. Globally, the internet will remain in second place, behind television, though the gap between the market shares of the two media will shrink from eleven percentage points this year to just four in 2017.

The internet was already the dominant medium in seven markets last year – Australia, Canada, Denmark, Netherlands, Norway, Sweden, and the UK – and by 2017 will dominate another five – China, Finland, Germany, Ireland and New Zealand. The internet's market share will exceed 50 percent in the UK this year, in Denmark and Sweden next year, and in China in 2017.

PRESENTATION OF EARNINGS POSITION

Development in sales and gross profit

The ad pepper media group's sales increased to EUR 56,009k in the 2015 financial year (2014: EUR 47,281k), equivalent to year-on-year growth of 18.5 percent and one of the highest levels of annual sales in the company's history. On a like-for-like basis, i.e. excluding the activities sold or discontinued in 2015, sales even rose by 25.2 percent. Gross profit – next to revenue our second important key figure – showed a slight group-wide reduction to EUR 15,844k (2014: EUR 16,131k). On a like-for-like basis, gross profit rose by 9.3 percent.

The key growth driver was the Webgains segment, which boosted its sales by 33 percent to EUR 40,887k (2014: EUR 30,713k) and thus exceeded the EUR 40 million mark for the first time. Measured in terms of sales, Webgains is by far the most important segment, with a 73 percent share of the group's total sales. In the fourth quarter, traditionally the strongest three-month period, this segment even increased its sales year-on-year by almost 60 percent to EUR 14,568k (Q4 2014: EUR 9,228k). This makes Webgains one of the fastest-growing performance marketing networks to be found anywhere. Turning to the development in gross profit, the past financial year was also a successful period for Webgains. Overall, gross profit for the past financial year came to EUR 8,994k (2014: EUR 7,527k), equivalent to growth of 19.5 percent. Expressed as a percentage, the gross margin decreased to 22.0 percent, down from 24.5 percent in the previous year. This was due to disproportionate growth in high-volume programs, such as Nike.

The ad agents segment also posted growth, with sales rising by EUR 1,728k, or 23.3 percent, to EUR 9,145k (2014: EUR 7,417k). This growth was mainly driven by higher advertising budgets in the Search business (Google). In this segment as well, the fourth quarter brought a veritable jump in sales. Sales in the final quarter surged by EUR 921k, or 40.2 percent, to EUR 3,214k (Q4 2014: EUR 2,293k). On a full-year basis, gross profit in this segment came to EUR 3,593k, thus more or less matching the previous year's figure (2014: EUR 3,621k).

The reduction in sales in the ad pepper media segment by EUR 3,168k was principally due to the discontinuation of our operating activities in the UK in the middle of the year and the sale of Globase ApS as of October 1, 2015. In the past financial year, ad pepper media UK and Globase still generated sales of EUR 1,517k, as against EUR 3,624k in the previous year. On a like-for-like basis, sales in this segment thus remained largely stable. In parallel with the downturn in sales, gross profit also fell to EUR 3,091k (2014: EUR 4,732k). On an adjusted basis, i.e. excluding ad pepper media UK and Globase, gross profit showed a slight decrease of EUR 104k to EUR 1,916k (2014: EUR 2,020k).

Development in operating expenses

Operating expenses at the ad pepper media group reduced by a substantial 20.4 percent to EUR 15,986k (2014: EUR 20,070k). The discontinuation of our "ad pepper media UK" operating unit, the sale of Globase as of October 1, 2015, and the closure of our (admin) location in Hamburg are the main reasons for this reduction in our cost base. Beyond that, the Globase sale generated proceeds of EUR 386k in the year under report. Excluding the investments sold in 2015, operating expenses showed a like-for-like reduction of EUR 1,417k, or 8.7 percent, to EUR 14,925k (2014: EUR 16,342k).

EBIT, EBITDA, and EBT

Earnings before interest and taxes (EBIT) at the group came to EUR 244k in the past financial year (2014: EUR -3,940k). The group's earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 539k in the past year (2014: EUR -3,729k). Turning to segment EBITDA figures, Webgains reported a figure of EUR 1,352k, and thus significantly higher than in the previous year (2014: EUR 102k). ad agents also achieved growth in its EBITDA, which rose by EUR 113k to EUR 268k (2014: EUR 155k). At EUR -497k, EBITDA in the third segment – ad pepper media – was negative (2014: EUR -2,364k). Globase was sold as of October 1, 2015 and generated negative EBITDA of EUR -126k.

The group's earnings before taxes (EBT) amounted to EUR 443k in 2015 (2014: EUR -5,225k). Net income for the period came to EUR 135k (2014: EUR -5,335k).

The figures for the past financial year include the one-off item from the sale of investments already referred to above, which amounted to EUR 386k.

06
ECONOMIC DEVELOPMENT

PRESENTATION OF FINANCIAL AND NET ASSET POSITION

Cash flow

The cash flow from operating activities was positive and amounted to EUR 1,627k in the past financial year. This contrasts with EUR -1,659k in the 2014 financial year. The significant reduction in the net outflow of funds for operating activities was driven by improved receivables management and by the substantial increase in group's earnings. The net cash flow from investing activities came to EUR 3,194k in the past financial year (2014: EUR 676k). Main reason for the increase is a promissory note recognized under current securities as of December 31, 2014, which matured on January 28, 2015 and was paid back at its nominal amount of EUR 2,000k. Furthermore cash flow from investing activities includes further proceeds of EUR 342k from sales of our Danish subsidiaries Globase ApS, Copenhagen and ad pepper media Denmark A/S, Copenhagen and EUR 929k from the full repayment of the purchase price component deposited in conjunction with the sale of Emediate ApS, Copenhagen in 2013. The cash flow from financing activities amounted to EUR 176k, as against EUR 2k in the 2014 financial year.

Balance sheet structure

Total assets grew by EUR 3,750k to EUR 34,040k (December 31, 2014: EUR 30,290k). While non-current assets decreased slightly by EUR 602k to EUR 6,314k, current assets increased by EUR 4,352k to EUR 27,726k. Cash and cash equivalents rose by EUR 5,006k to EUR 16,932k (December 31, 2014: EUR 11,926k), while securities and fixed-term deposits reduced by EUR 2,003k (December 31, 2014: EUR 2,003k). Trade receivables also increased by EUR 2,244k to EUR 9,983k (December 31, 2014: EUR 7,739k).

On the equity and liabilities side, the company's equity showed a slight increase of EUR 212k to EUR 16,508k. This was due to the net income for the period (December 31, 2014: EUR 16,296k). The equity ratio as of December 31, 2015 is on a still good level at 48.5 percent (December 31, 2014: 53.7 percent). Trade payables rose sharply by EUR 3,753k to EUR 13,618k (December 31, 2014: EUR 9,865k).

The ad pepper media group was internally financed as of the balance sheet date. Its cash and cash equivalents (including securities measured at fair value) totaled EUR 22,437k at the end of December 2015 (December 31, 2014: EUR 19,639k). The company still has no non-current liabilities to banks.

07

RISK REPORT

FOREWORD

The German Corporate Sector Supervision and Transparency Act and the Dutch Corporate Governance Code lay down key requirements and obligations regarding risk management and control systems. In line with these requirements applicable in Germany and the Netherlands, ad pepper media operates a comprehensive and adequate risk management system. The regulations require the Board of Directors to ensure that the company complies with all applicable laws and requirements, and to report to the Supervisory Board regularly on the internal risk management and control systems. The risk management system at ad pepper media identifies significant risks which could have implications for the company. These risks are quantified and evaluated in terms of their potential implications. Finally, suitable measures are identified in order to counteract the risks in question. Significant risks to which the company may be exposed are presented below:

LEGAL RISKS

Data and privacy protection

Websites usually install small files with non-personal (or "anonymous") information, generally referred to as "Cookies", on internet users' browsers. Cookies usually collect non-personal information about users in order to enable websites to better supply website users with contents specifically adapted to their particular needs. The internet user's browser software forwards the Cookie information to the website. We currently use Cookies in order to track the traffic of internet users on the websites of our advertising customers, and to monitor and prevent fraud in our networks. Most of the latest internet browsers enable internet users to change their browser settings to prevent the storage of Cookies on their hard disks. Internet users can also remove Cookies from their hard disks at any time.

Some internet experts and privacy advocates proposed a general limitation of the use of Cookies and also an explicit consent of internet users for receiving Cookies, and in this connection some countries adopted regulations limiting the use of Cookies. Therefore, the effectiveness of our technology may be impaired by regulations limiting or prohibiting the use of Cookies. Furthermore, on the basis of the requirements set up by data privacy regulators, software houses shall provide new internet browsers bearing default settings where Cookies are not accepted and the user has to actively change such settings to accept Cookies („privacy by default"). If the use or effect of Cookies were to be limited, we would have to switch to other technologies in order to collect geographic or behavior-related information. Although such technologies exist, they are far less effective than Cookies. Furthermore, we would have to develop or buy new technologies in order to prevent fraud in our networks. Replacing Cookies could become time-consuming and requires considerable investment. It is conceivable that their development could turn out to be economically pointless or it may not be possible to implement them early enough in order to prevent the loss of customers or advertising space. The use of Cookie technology or a comparable technology to collect information about internet usage patterns may lead to lawsuits or investigations in future. Furthermore, many jurisdictions contain detailed provisions concerning both the collection of personal data and the use of such data for direct marketing campaigns.

To date, the above data processing activity has not yet obtained an explicit clearance due to uncertain legal provisions, so we cannot exclude that local data privacy regulators take unilateral decisions which may restrict our business activity. Namely, the upcoming European regulations suggests the prohibition to make a general profile of users and such data processing shall be allowed only upon user's specific authorization. If adopted, such regulations would have a thorough impact on our business model.

Although we abide by the applicable laws in the different jurisdictions, we cannot rule out the possibility that changes in legislation may have significant repercussions on our business models and revenues. Any litigation or any governmental action against us could become costly and time-consuming, or compel us to change our business practice and divert management attention away from other business fields.

Intellectual property rights

Our patents, trademarks, business secrets, copyrights, and other intellectual property rights constitute important assets for us. Various events beyond our control constitute a potential risk for our intellectual property rights. The same applies to our products and services. Effective protection of intellectual property may not be available in every country where our products and services are distributed or offered via the internet. Furthermore, the efforts which we have made to protect our property rights may be insufficient or ineffective. Any significant impairment of our intellectual property rights can adversely affect our business or our competitiveness. Furthermore, the protection of our intellectual property rights is costly and time-consuming. Any increase in the non-permitted use of our intellectual property can lead to increased administrative costs, and work and adversely affect our results.

07
RISK REPORT

Although we aim to obtain protection for our intellectual properties, it is conceivable that we may not be able to adequately protect some of these innovations. Moreover, in view of the at times considerable costs of patent and/or intellectual property protection, we may refrain from protecting certain innovations and/or intellectual property which could prove to be important at a later time. It is also possible that the scope of patent and/or intellectual property protection could turn out to be insufficient or that a previously granted patent is deemed to be invalid or non-enforceable. Furthermore, as our company grows, there is a growing probability that lawsuits related to intellectual property issues will be filed against us. Our products, services, and technologies may fail to fulfill the demands of third parties, and irrespective of the validity of the claim, it may be time-consuming and costly to ward off such claims, whether in or out of court. Furthermore, in the event that claims against us are successfully upheld, it may be that we may have to pay at times significant damages, or discontinue services or practices, which could prove to be violations of third party rights. It may also be that we have to obtain a license to continue our existing business operations; this may also involve considerable additional costs.

PERSONNEL RISKS

Highly qualified employees and management staff form the basis of any company's long-term economic success. Retaining employees at the company on a long-term basis is a factor of the utmost importance for the ad pepper media group, as is attracting new, highly qualified employees. Any departure of large numbers of these employees over a short period and subsequent inability to find adequate replacements may inhibit the company's business performance. Specifically, the company cannot guarantee that it will be able to retain key top performers in the event of any further intensification in the competition for highly qualified employees, especially in the IT and internet sectors.

MARKET RISKS

Competition from other advertising networks, search engine providers, and traditional advertising media

Our offering for advertisers and web publishers on the internet covers products and services where pricing is based on Cost Per Action (CPA), Cost Per Lead (CPL), Cost Per Thousand Impressions (CPM), or Cost Per Click (CPC) systems. Every field of our business is exposed to strong competition, mainly from other advertising and affiliate networks offering similar online services and products. Besides online marketing networks and companies specializing in affiliate marketing, we compete with search engine providers, such as Google and Yahoo!, as well as large ad exchanges, i.e. marketplaces in which advertising space is auctioned in real time by analogy with other market exchanges. Apart from this, we also compete with traditional advertising channels, such as direct marketing, TV, radio, cable, and print media which are all striving to win a share of the total advertising budget for themselves.

Many existing and potential advertisers have competitive advantages over our company due, for instance, to longer company histories, higher public awareness levels, larger customer bases, better access to much-frequented websites, and at times significantly larger resources in terms of finance, equipment, sales, and marketing. These companies use their experience and resources against us in different ways, for instance, by pursuing more active M&A strategies, investing more in research and development, or competing more aggressively for advertising customers and websites. If our competitors succeed in offering similar or better services or more relevant advertising, this could lead to a significant loss of websites and hence adversely affect our revenues.

Also, many internet users turn above all to search engines such as the market leader Google when they are looking for news, products, etc. Search engines are based on complex and confidential algorithms. Search engines providers regularly make wide-ranging changes to their search algorithms. Hence, there is always a potential risk that the search engine rankings of our client`s websites may fall temporarily or even permanently. This would mean a serious reduction in traffic that could significantly affect the revenue and earnings situation of those websites as well as ad pepper media group and its segments.

Finally, the possibility of in-house handling of advertising network functions can represent a possible risk for ad pepper media group both at the level of the attractiveness of its offering vis-à-vis advertisers as well as to its negotiating power vis-à-vis the providers of online advertising inventory.

Strong competition/pressure on margins and revenue growth

Online advertising markets are characterized by rapid technological change, the establishment of new industry standards, regular launches of new products and services, and rapidly changing customer requirements. The introduction of new products and services based on innovative technologies and the resultant establishment of new industry standards could mean that our existing products and services become obsolete and unsellable, thus forcing us to make unforeseen and unplanned investments. Insufficient flexibility to adapt to these changes can have adverse effects on our revenue, finance, and asset position.

We expect our sales growth to decline over the course of time as a result of base effects and increasingly tough competition. We also expect growing pressure on our operative margins as a result of increasingly tough competition and generally increasing expenditure in other areas of our business. Furthermore, the margin could fall as a result of our company having to pay a higher share of our advertising revenue to our website partners within our website portfolio and/or affiliate network.

FINANCIAL RISKS

Low profitability

We are exposed to risks that could prevent us from generating net profits in the future as well. These risks depend on several factors, including our ability to:

- maintain and expand our existing advertising space on websites of publishers and affiliates, owners of e-mail lists and newsletter publishers
- maintain and increase the number of advertising customers who use our products and services
- increase the number of our products and services offered
- adjust to changes in needs and habits of online advertising customers, also with a view to the technologies in demand on the market
- respond to challenges resulting from the large and growing number of competitors in the industry
- adapt to legal or regulatory changes with a view to the internet as far as these concern use, advertising, and trade
- achieve sales targets for partners with whom we have agreed minimum guarantees
- generate revenue from services in which we have invested significant time and resources
- give priority to long-term goals over short-term results when necessary
- adapt to technological changes with regard to programs designed to suppress internet advertising
- adapt to changes in the competitive environment
- achieve sufficient profitability and reputation in the market on the basis of our investments in new technologies and the related products/services

Should we fail to successfully handle these risks and uncertainties, this could have significantly adverse consequences for our revenue as well as our asset and finance position.

Risks of our M&A strategy

Historically part of our company's growth results from mergers and acquisitions, and we will continue to consider acquisitions in future as well. Furthermore, we will continually review our portfolio of shareholdings to assess whether company acquisitions might be appropriate. Every acquisition or sale can have material consequences for our revenue and financial position. Furthermore, the integration of an acquired business or technology can cause unforeseen operational problems, expenditure, and risks. Areas in which we may face risks in this context include:

- implementation or modification of controls, processes and strategies of the business acquired
- diversion of management attention away from other business matters
- overvaluation of the business acquired, acceptance of the acquired business's products and services by our customers
- cultural problems in conjunction with the integration of the staff at the acquired business into our group
- continuation of employment of staff of the companies which we acquire
- integration of the accounting, management, and information systems as well as of the human resources administration and other administration systems of every business acquired.

The integration of companies, products, and workforce acquired can constitute a considerable burden our management and our internal resources. Acquisitions of foreign companies, in particular, are subject to further risks over and above the risks listed above. These include risks in connection with integrating companies with different cultures and languages, exchange rate risks, and other country-specific economic, political, and legal risks.

In view of the number of acquisitions which we have completed in past years, the different customers and technological functionalities of the products and service offerings acquired, future acquisitions may pose significantly bigger challenges than our previous acquisitions with a view to products, sales, marketing, customer support, research and development, buildings, information systems, accounting, human resources and other integration aspects, and may delay or threaten the complete integration of the businesses acquired.

Minimum payments to certain members of the advertising network

We are obliged under certain agreements to effect guaranteed minimum payments of revenue shares to the members of our network without the possibility to terminate these obligations. Under these agreements, we undertake to effect such minimum payments to members of our network for an agreed term.

It is difficult to forecast with certainty those sales which we, for our part, will generate within the scope of these agreements with guaranteed sums, and our revenues occasionally fall short of the guaranteed minimum payment of revenue shares.

Dependency Risk

ad pepper media and its segments have significant customer concentration, both on the advertiser as well as on the publisher (owner of a website) front, so that economic difficulties or changes in the purchasing policies or patterns of its key customers could have a significant impact on ad pepper media's business and operating results. While the concentration of our business with a relatively small number of customers may provide certain benefits to us, such as potentially more efficient handling cost/decreased costs of sales, this concentration may expose ad pepper media to a material adverse effect if one or more of our large customers were to significantly reduce its business relation with us for any reason, favor competitors or new entrants. Customers make no binding long-term commitments to ad pepper media regarding booking volumes and could seek to materially change the terms of the business relationship at any time. Any such change could significantly harm ad pepper media`s business and operating results.

Currency risks

Since ad pepper media conducts a significant share of its business outside the euro area, exchange rate fluctuations can have a significant impact on result. Currency risks from financial instruments exist in conjunction with accounts receivable, accounts payable, as well as cash and cash equivalents in a currency other than the functional currency of a company. For ad pepper media, the currency risk from financial instruments is particularly relevant for the US dollar and the British pound.

Tax risks

Our future income tax payments can be adversely affected by future, lower than expected profits in jurisdictions with lower tax rates and higher than expected profits in jurisdictions with higher tax rates. If the valuation of our deferred tax receivables and payables changes, or if tax laws, regulations, accounting standards or their interpretations change, this could also mean additional tax expenditure. Our tax liability forecast can be examined by the responsible tax authorities at any time. Any negative outcome of such an examination can have an adverse effect on our financial, revenue, and asset situation. Furthermore, the determination of the amount of our tax provisions and other tax liabilities world-wide is a highly complex process, and many transactions and calculations exist where the determination of the final amount of tax to be paid is uncertain. Although we consider our estimates to be realistic, the actual tax result can differ from the amounts shown in our financial statements and significantly influence our financial results in the period or periods to which such tax assessment applies.

New accounting standards

The International Accounting Standards Board (IASB) or other organizations may publish new and revised directives, interpretations and other guidelines which can influence International Financial Reporting Standards (IFRS). As a result, it may happen that an accounting rule is adopted for which no rules previously existed, or that an accounting rule previously open for interpretation is declared to be generally valid. It is also conceivable that the acceptability of a valid method could be revoked in favor of a completely new one. Such IFRS-related changes can have a significant impact on our finance, revenue, and asset position.

Liquidity and cash flow risks

All of the company's liquid funds and short-term marketable securities are essentially managed by financial institutions. Based on the development of our business, the liquidity of ad pepper media International N.V. can at present be considered to be secure and, despite future investment in new companies, sufficient to meet all future payment obligations. A further moderate decline in liquid funds might arise if further investments should be necessary in the future. Furthermore, the company is dependent upon its customers' payment discipline. Our receivables are typically unsecured and result from sales which are predominantly generated with customers based in Europe. The company checks its customers' creditworthiness on an ongoing basis and has made provisions for potential cases of default. Finally, negative developments on the capital markets can restrict our ability to obtain financing. The past economic and financial crisis led to certain restrictions on the availability of corporate finance and created a scenario such as that outlined above. Looking ahead, it is not possible to completely exclude future restrictions on our liquidity situation, especially in the case of a return to a scenario described above.

TECHNOLOGIES AND IT RISKS

Risks due to new technologies

It is conceivable that technologies will be developed which block or suppress the display of our advertising on the internet. Most of our revenues are generated in such a manner that advertising customers pay for their advertising appearing on websites. Technologies designed to block or suppress internet advertising could hence have an adverse effect on our operating results.

Rapid technological change

The market for internet advertising is characterized by rapid technological change, developing industry standards, frequent introductions of new products and services, and changing customer behavior. The introduction of new products and services, and the emergence of new industry standards can render existing products and services obsolete and impossible to sell, or require unexpected investment in new technology. Our success will depend on our ability to adapt to rapid technological changes, to improve existing solutions, and to develop and launch a host of new solutions in order to meet our customers' and partners' continuously changing demands. Advertising customers, for instance, are increasingly demanding online advertising networks and advertising that goes beyond pure stills, integrating "rich media", such as audio and video, interactivity and methods for more accurately targeted consumer contacts.

Our systems do not support all types of advertising formats. Equally, certain website operators within our network do not accept all of the advertising formats offered by us. Moreover, a further increase in the number of fast and powerful internet accesses can generate new products and services which only become possible with increasing bandwidth. If we fail to successfully adapt to such developments, there is a risk that we could lose customers and/or parts of the advertising space marketed by us. We procure most of the software used at our company externally and we plan to continue buying technologies from third suppliers in future as well. We cannot definitely say whether such technologies will continue to be available in future either at all or on commercially reasonable terms. It is also possible that the trend towards marketing online advertising space via automated marketplaces, so-called ad exchanges, will intensify further. By establishing and optimizing demand side platforms (DSPs) and/or supply side platforms (SSPs), online networks such as ad pepper media may in future lose further significance or even lose the basis of their business operations. We may also encounter problems which delay or prevent the successful design, development, introduction, or marketing of new solutions. Any solutions or improvements newly developed by us will have to fulfill the requirements of our present customers and prospective clients, and there is a risk that these will not meet with the acceptance hoped for on the market. If we fail to keep pace with technological developments and the launch of new industry standards at a reasonable cost, there is a risk that our expenditure will increase and that we will lose customers and advertising space.

IT architecture/infrastructure

In order to be successful, our network infrastructure must be efficient and reliable. The higher the user frequency and the complexity of our products and services, the more CPU performance will we need. We have invested heavily in acquiring and leasing data centers, equipment and updating our technology and the infrastructure of our network in order to cope with growing traffic and launch new products and services, and we expect to continue doing so. These investments are costly and complex and can lead to efficiency losses or downtime. If we fail to expand successfully or if efficiency losses or downtime occur, the quality of our products and services as well as customer satisfaction could suffer. This could damage our reputation and result in a loss of existing and potential customers, advertising clients, and members of our network. Cost increases, a lower frequency of use on the part of our partners in the advertising network, failure to adapt to new technologies, or changed business requirements could adversely affect our revenue and finance power. We additionally resort to IT suppliers, including data centers and broadband providers. Any disturbance in network access or collocation services by these providers, or their inability to process current or larger data volumes could seriously damage our business. Furthermore, financial or other difficulties on the part of our providers could have an adverse impact on our business. We have witnessed interruptions and delays of the described services and of the availability of IT infrastructure and expect these in future too. Faults, interruptions or delays in conjunction with these technologies and information services could harm our relations with users, adversely affect our brand, and expose us to liability risks.

Finally, our systems are extremely dependent upon power supply. In the case of major power outage, we would have to resort to emergency power units. It may happen that such emergency power units do not work correctly and that fuel is insufficient in the case of a major power outage.

Internet access

Our products and services are dependent, on the one hand, on the other hand, users having access to the internet and in some cases also require substantial bandwidth. This access is at present made available by companies which have important and growing influence on the market for broadband and internet access, such as telephone companies, cable companies, and mobile communication providers. Some of these providers could start adopting measures to interrupt or impair user access to certain products, or they could increase the costs of user access to such products by limiting or forbidding the use of their infrastructure for our offerings, or they could charge us or our users higher fees. This could lead to a loss of members in our advertising network as well as advertising customers and ultimately to increasing costs and it could impair our ability to win new users, and advertising customers and thereby adversely affect our revenues and our growth.

Interruption of IT and communication systems

The availability of our products and services is dependent on the uninterrupted operation of our IT and communication systems. Any damage to or failure in our systems could interrupt our services, which could reduce our revenues and profits, and damage our brand. Our systems could be damaged by flood, fire, power outage, telecommunication failure, computer viruses, terrorist attacks, attacks preventing computers from accessing services, and other forms of attack on our systems. Our data centers could become the target of intrusion, sabotage or willful vandalism, or they could be affected by faults occurring as a result of financial difficulties on the part of operators of data centers. Not all our systems are fully redundant and our recovery plans after natural disasters, cannot account for all eventualities. Natural disasters of this kind or the decision on the part of operators for financial reasons to close down a facility we use without reasonable notice and/or other unexpected problems at our data centers could lead to prolonged interruptions to our services.

Increasing use of PC-independent services

The number of people accessing the Internet using devices other than a PC, including mobile phones, PDAs and email assistants, as well as TV receivers, has grown dramatically in recent years. The still low definition and functionality and the limited memory of such devices make using our products and services on these devices more difficult. However, if we do not succeed in future in winning a relevant number of users of alternative devices and gaining the loyalty of these users for our products and services, or if we are too slow in developing products and technologies compatible with communication devices other than PCs, we will miss out on an increasingly important share of the market for online services.

RISKS IN CONNECTION WITH OWNERSHIP OF OUR SHARE

Share price fluctuations

The price of our share has been subject to at times considerable fluctuations since its initial listing and will continue to be volatile in future as well. The share price can be highly volatile in response to several influence factors some of which are beyond our control. These factors include:

- fluctuations in our quarterly results or in the results of our competitors
- announcements of company sales and takeovers, new products, major contracts, business relationships or provision of capital
- recommendations by equity analysts or changed profit expectations
- publication of profits inconsistent with analysts' expectations; this risk can be considerable because as part of our investor relations strategy we do not communicate any profit outlook
- number of shares outstanding
- share sales by us or our shareholders
- short-selling, hedging or other derivative transactions with shares

Furthermore, the stock market in general and the market for technology companies in particular have witnessed extreme share price and trading volume fluctuations often unrelated to the operative performance of these companies or disproportionate in scope. These general market and industry factors can seriously damage the price of our share irrespective of our actual performance. In the past, lawsuits have been filed against such companies after times of high price fluctuations

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RISK REPORT

on the overall market or in individual shares. In the event that such lawsuits are filed against us, this could lead to significant costs and distract management time and resources.

No divident payments

We intend to retain future profits and do not expect to pay dividends in the foreseeable future.

Limited influence of shareholder

Each share entitles its holder to one vote. As of December 31, 2015, EMA B.V., one of the companies' founding shareholders, owned shares representing around 41 percent of the share capital and regularly corresponding to more than 80 percent of the voting rights represented at the Annual General Meeting. For the foreseeable future, EMA B.V. will therefore continue to have significant influence on the management and on all matters requiring approval by the shareholders, including the election of Board Members, important company transactions, such as mergers or the sale of the company as a whole or in parts. This concentration of control limits our shareholders' ability to influence company matters. In view of this, we can implement measures that our shareholders do not deem expedient. This in turn may have a lasting negative impact on our share price.

OVERALL RISK ASSESSMENT

Compared to the previous year, the risk environment of ad pepper media did not change significantly during the period under report. The assessment of the overall risk situation is the result of aggregate analysis of all major individual risks. From a current perspective, no risks are foreseeable which, even in conjunction with other risks, could threaten the continued existence of ad pepper media. Please also refer to the disclosure 42 of the consolidated financial statements.

OPPORTUNITIES AND OUTLOOK

ad pepper media can afford to be satisfied with the results of the past financial year. Key success factors here included double-digit growth rates accompanied by a substantially reduced cost base, the company sale executed in November, and the reorganization of the ad pepper media segment at the beginning of 2015.

At the same time, the Globase sale and the focusing of the ad pepper media segment on the Spanish and German markets will make the ad pepper media group's earnings more dependent on individual regions, especially the UK and Germany, as well as on Webgains, our best-performing segment. This segment already accounted for 75 percent of group sales in the 2015 financial year, and this share is set to rise further in future.

The sales growth achieved in the 2015 financial year as a whole and in the final quarter nevertheless give us reason to be confident – assuming the macroeconomic environment remains intact – that we will achieve further dynamic growth. Overall, we expect to generate sales in a range of at least EUR 60 million in the 2016 financial year. Accounting for the activities discontinued in 2015, this would correspond to sales growth of around 10 percent. As in previous years and as is customary in our industry, most of the expected sales growth will be generated in the fourth quarter.

Given our key balance sheet figures, we also believe that we are well positioned to make potential acquisitions – as well as to generate organic growth. The liquidity reserves at our disposal will also allow us to execute individual transactions without any direct capital-related measures. We have defined clear selection criteria to assess whether potential acquisitions are a good strategic fit, financially attractive, and implementable.

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RESPONSIBILITY STATEMENT

08
RESPONSIBILITY STATEMENT

RESPONSIBILITY STATEMENT

In conjunction with the EU Transparency Directive, as incorporated in chapter 5.1A of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht), the Board of Directors declares that, to the best of its knowledge:

- The annual financial statements for the year ended December 31, 2015 give a true and fair view of the assets, liabilities, financial position and profit or loss of ad pepper media International N.V. and its consolidated companies.
- The annual management report gives a true ad fair view of the position as of the balance sheet date and the state of affairs during the 2015 financial year of ad pepper media International N.V. and its affiliated companies of which the data has been included in the consolidated financial statements.
- The annual management report describes the principal risks that ad pepper International N.V. faces.

Board of Directors
ad pepper media International N.V.

Dr. Ulrike Handel

Dr. Jens Körner

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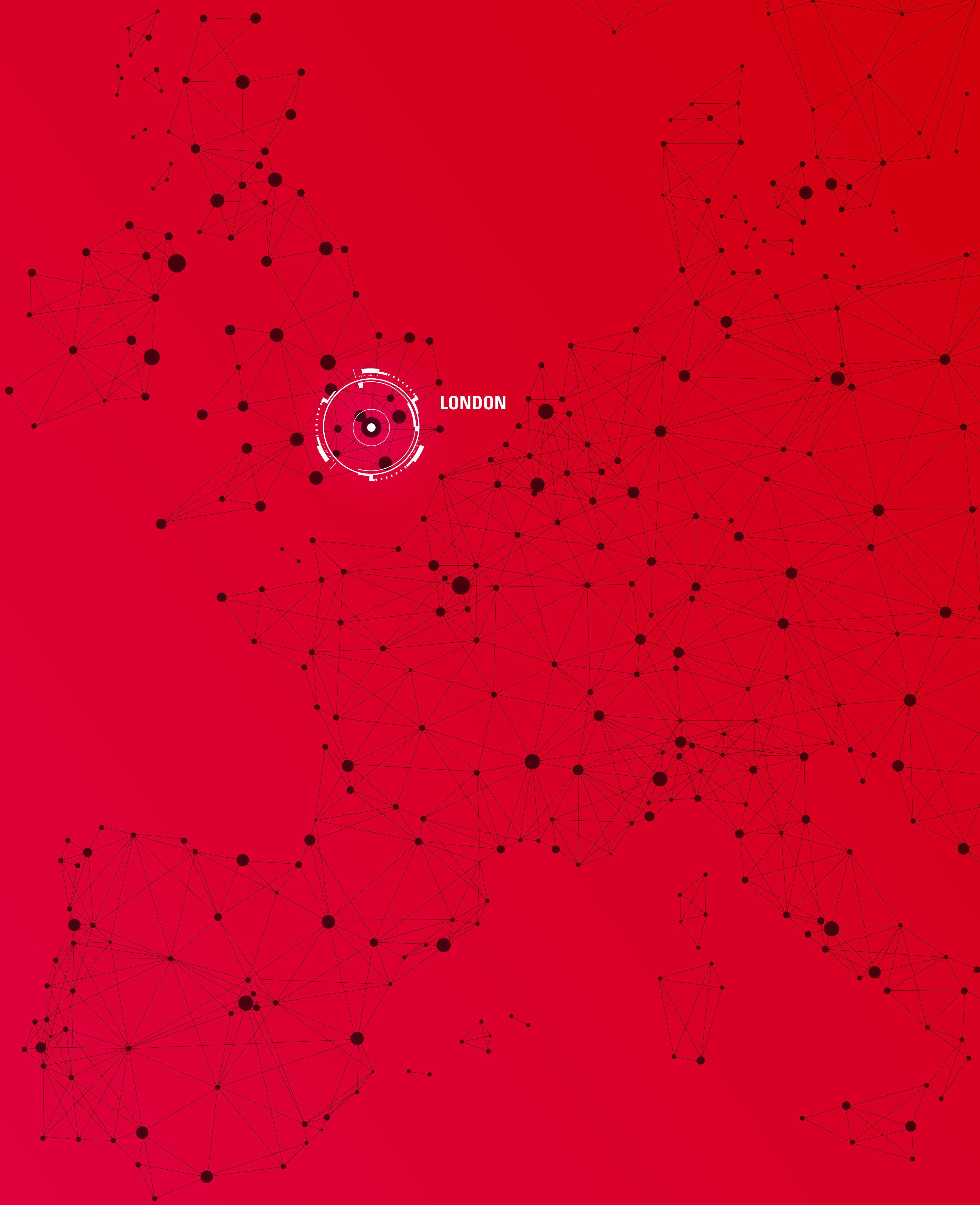
CONSOLIDATED FINANCIAL STATEMENTS



CONSOLIDATED INCOME STATEMENT

	Notes	1/1 - 12/31/15 kEUR	1/1 - 12/31/14 kEUR
Revenue	[5]	**56,009**	**47,281**
Cost of sales	[7]	-40,165	-31,150
Gross profit		**15,844**	**16,131**
Selling and marketing expenses	[8]	-10,575	-12,603
General and administrative expenses	[9]	-6,382	-7,644
Other operating income	[10]	3,088	1,650
Other operating expenses	[11]	-2,117	-1,474
Gain on sale of shares in subsidiaries and other investments	[12]	386	0
Operating profit		**244**	**-3,940**
Financial income	[13]	250	390
Financial expenses	[13]	-51	-1,675
Income/loss before taxes		**443**	**-5,225**
Income taxes	[14]	-308	-110
Net income/loss		**135**	**-5,335**
Attributable to shareholders of the parent company		-33	-5,432
Attributable to non-controlling interests		168	97
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	[15]	0	-0,26
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	[15]	0	-0,26

		No.	No.
Weighted average number of shares outstanding (basic)	[15]	**21,317,201**	**21,240,708**
Weighted average number of shares outstanding (diluted)	[15]	**21,459,381**	**21,492,534**

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME [30]

	1/1 - 12/31/15 kEUR	1/1 - 12/31/14 kEUR
Net income/loss	**135**	**-5,335**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	8	21
Revaluation of available-for-sale-securities	-176	-15
Realized gains/losses from available-for-sale securities	0	-39
Revaluation of investments in equity instruments available-for-sale	0	-3,105
Income tax recognized on other comprehensive income	12	94
Other comprehensive income, net of tax	**-156**	**-3,044**
Total comprehensive income	**-21**	**-8,379**
Attributable to non-controlling interests	168	97
Attributable to shareholders of the parent company	-189	-8,476

CONSOLIDATED BALANCE SHEET – ASSETS

	Notes	12/31/2015 kEUR	12/31/2014 kEUR
Non-current assets			
Goodwill	[16]	0	24
Intangible assets	[17]	349	398
Property, plant and equipment	[18]	150	204
Securities at fair value through profit and loss	[19]	3,295	3,324
Securities available-for-sale	[19]	2,210	2,386
Other financial assets	[20]	310	580
Total non-current assets		**6,314**	**6,916**
Current assets			
Securities	[21]	0	2,003
Trade receivables	[22]	9,983	7,739
Other receivables	[23]	292	400
Income tax receivables	[23a]	222	314
Other financial assets	[24]	297	992
Cash and cash equivalents	[25]	16,932	11,926
Total current assets		**27,726**	**23,374**
Total assets		**34,040**	**30,290**

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

	Notes	12/31/2015 kEUR	12/31/2014 kEUR
Equity attributable to shareholders of the parent company			
Issued capital	[26]	1,150	1,150
Reserves	[27]	66,410	66,353
Treasury shares	[28]	-3,105	-3,281
Accumulated deficit		-46,250	-46,218
Other reserves	[30]	-2,199	-2,043
Total		**16,005**	**15,961**
Non-controlling interests	[31]	503	335
Total equity		**16,508**	**16,296**
Non-current liabilities			
Deferred tax liabilities	[14]	96	0
Total non-current liabilities		96	0
Current liabilities			
Trade payables	[32]	13,618	9,865
Other payables	[32a]	1,254	1,474
Other financial liabilities	[33]	2,300	2,625
Income tax liabilities		265	30
Total current liabilities		**17,436**	**13,994**
Total liabilities		**17,532**	**13,994**
Total equity and liabilities		**34,040**	**30,290**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2015 kEUR	2014 kEUR
Net income/loss		**135**	**-5,335**
Adjustments for			
Depreciation and amortization	[6]	296	211
Gain/loss on sale of fixed assets	[10]	-25	0
Share-based compensation	[39]	57	99
Gain/loss on sale of securities and other investments (after bank charges)	[19], [20a], [21]	-33	-137
Other financial income and financial expenses	[13]	-167	1,422
Income taxes	[14]	307	110
Gain on sale of shares in subsidiaries	[12]	-386	0
Other non-cash expenses and income	[38]	-1,139	68
Gross cash flow		**-955**	**-3,562**
Change in trade receivables	[22]	-2,464	-652
Change in other assets		169	97
Change in trade payables	[32]	4,154	1,831
Change in other liabilities		398	442
Income tax received		225	0
Income tax paid		-93	-156
Interest received		212	457
Interest paid		-19	-116
Net cash flow from/used in operating activities		**1,627**	**-1,659**

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CONSOLIDATED FINANCIAL STATEMENTS

	Notes	1/1-12/31/2015 kEUR	1/1-12/31/2014 kEUR
Purchase of intangible assets and property, plant and equipment	[18]	-185	-334
Proceeds from sale of intangible assets and property, plant and equipment		57	17
Loans granted	[20]	0	-200
Loans payback	[20]	16	53
Proceeds from sale of subsidiaries, net of cash sold	[12], [24], [38]	1,270	0
Proceeds from sale/maturity of securities	[20a], [21]	2,036	10,124
Purchase of securities	[19], [21]	0	-8,984
Net cash flow from/used in investing activities		**3,194**	**676**
Issuance of own shares	[28]	176	0
Proceeds from transactions with non-controlling interests	[31]	0	50
Dividends to non-controlling interests		0	-48
Net cash flow from/used in financing activities		**176**	**2**
Net decrease/increase in cash and cash equivalents		4,998	-981
Cash and cash equivalents at beginning of period		**11,926**	**12,886**
Effect of exchange rates on cash and cash equivalents		8	21
Cash and cash equivalents at end of period	[25]	**16,932**	**11,926**

CONSOLIDATED CHANGES IN EQUITY 2014

	Notes	Balance at 1/1/2014	Total comprehensive income	Share-based payment	Issuance of shares	Dividends	Transactions with non-controlling interests	Balance at 12/31/2014
Issued capital	[26]							
Number of shares		23,000,000						23,000,000
Issued capital (kEUR)		1,150						1,150
Reserves	[27]							
For employee stock option plans (kEUR)		2,472		99				2,571
From contributions of shareholders of the parent company (kEUR)		63,782						63,782
Treasury shares	[28]							
Number of shares		1,759,292						1,759,292
Treasury shares at cost (kEUR)		-3,281						-3,281
Accumulated deficit (kEUR)		**-40,786**	**-5,432**					**-46,218**
Other reserves	[30]							
Currency translation differences (kEUR)		-909	21					-888
Unrealized gains/(losses) from available-for-sale securities (kEUR)		-1,168	13					-1,155
Unrealized gains /(losses) from investments in available-for-sale instruments (kEUR)		3,079	-3,079					0
Equity attributable to shareholders of the parent company (kEUR)		**24,339**	**-8,477**	**99**	**0**	**0**	**0**	**15,961**
Non-controlling interests (kEUR)	[31]	236	97	0	0	-48	50	335
Total equity (kEUR)		**24,575**	**-8,380**	**99**	**0**	**-48**	**50**	**16,296**

CONSOLIDATED CHANGES IN EQUITY 2015

	Notes	Balance at 1/1/2015	Total comprehensive income	Share-based payment	Issuance of shares	Dividends	Transactions with non-controlling interests	Balance at 12/31/2015
Issued capital	[26]							
Number of shares		23,000,000						23,000,000
Issued capital (kEUR)		1,150						1,150
Reserves	[27]							
For employee stock option plans (kEUR)		2,571		57				2,628
From contributions of shareholders of the parent company (kEUR)		63,782						63,782
Treasury shares	[28]							
Number of shares		1,759,292			-220.000			1,539,292
Treasury shares at cost (kEUR)		-3,281			176			-3,105
Accumulated deficit (kEUR)		**-46,218**	**-33**					**-46,251**
Other reserves	[30]							
Currency translation differences (kEUR)		-888	8					-880
Unrealized gains/(losses) from available-for-sale securities (kEUR)		-1,155	-164					-1,319
Equity attributable to shareholders of the parent company (kEUR)		**15,961**	**-189**	**57**	**176**	**0**	**0**	**16,005**
Non-controlling interests (kEUR)	[31]	335	168	0	0	0	0	503
Total equity (kEUR)		**16,296**	**-21**	**57**	**176**	**0**	**0**	**16,508**

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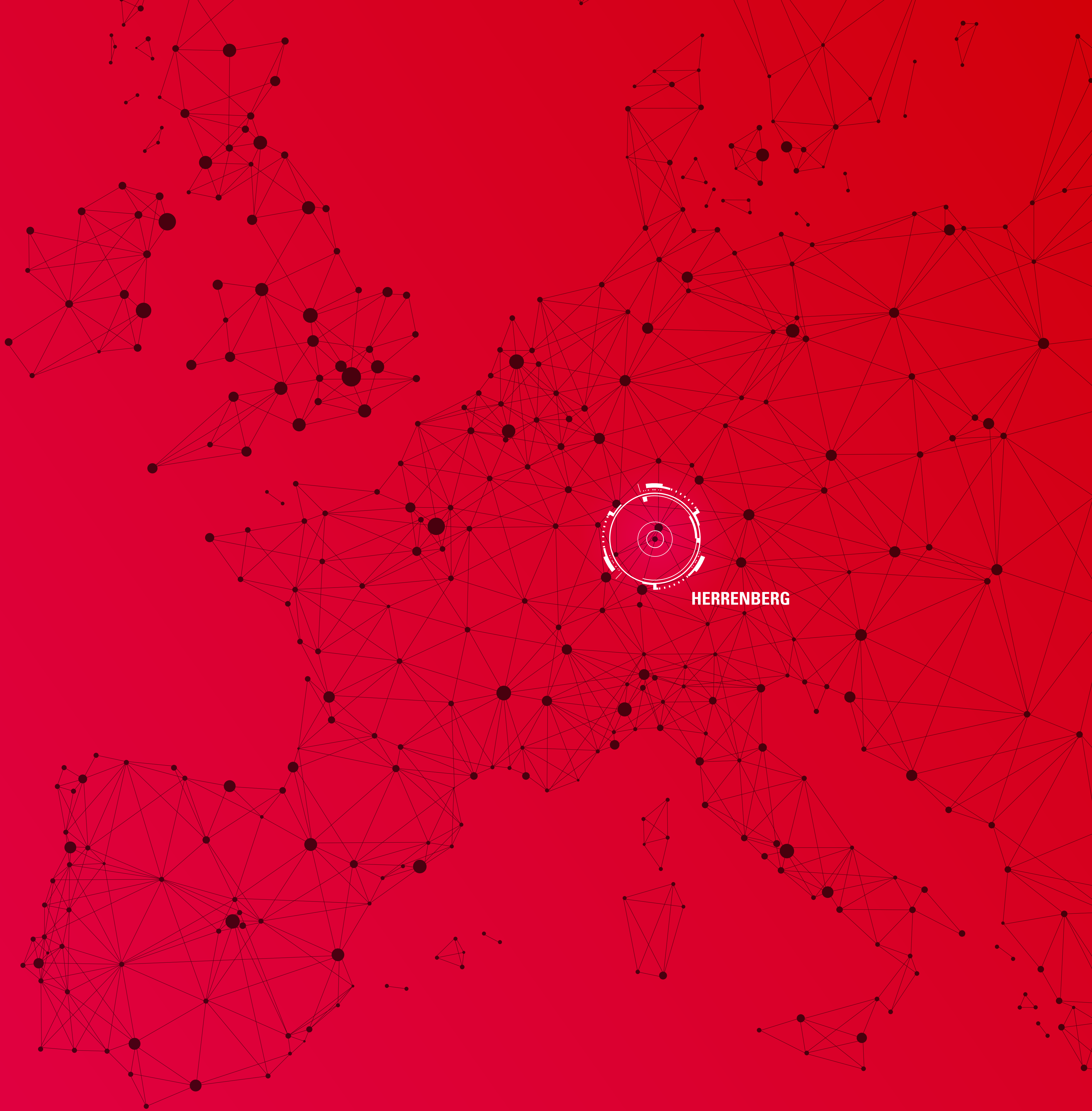
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



CORPORATE INFORMATION [1]

The consolidated financial statements of ad pepper media International N.V. (the "Company") for the year ended December 31, 2015 were authorized for issue by the Board of Directors on March 17, 2016. ad pepper media International N.V. is a public company incorporated in the Netherlands, domiciled at Bernhardplein 200, 1097JB Amsterdam and ultimate parent and controlling party of the ad pepper media group. Its head office is domiciled at Frankenstraße 150 C, 90461 Nuremberg, Germany. The Company's shares are publicly traded under WKN 940 883 (ISIN NL0000238145) in the Prime Standard of the Frankfurt Stock Exchange. The business activities of ad pepper media International N.V. involve holding investments in other entities whose objective is to market advertising space on the internet, and providing services for the subsidiaries. Since its formation, ad pepper media has been geared towards acting flexibly to meet the requirements of a whole range of different markets as an international group.

ad pepper media is an international provider of interactive products and services for websites and advertisers. The Company currently markets campaigns and websites in more than 50 countries and operates from six offices in four European countries and the USA. ad pepper media uses state-of-the-art technology to link thousands of small, medium, and large websites to a top-quality advertising network with global reach and an exact focus on its target group.

In addition to a regional, national, and international marketing presence, website partners receive a large number of other important products and services such as traffic analysis and performance optimization, provided by ad pepper media and its affiliated entities in a localized form.

ACCOUNTING PRINCIPLES [2]

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale financial instruments that have been measured at fair value through other comprehensive income as well as securities measured at fair value through profit and loss. The consolidated financial statements are presented in euro. All values are rounded to the nearest thousand euro (kEUR) or million euro (mEUR) except when indicated otherwise. Due to rounding up or down, individual figures may not add up exactly to the totals stated.

Based on the requirements of the Dutch Civil Code, a full set of annual reports comprises the Reports of Directors and the Supervisory Board, consolidated financial statements, company financial statements, and other information. This report includes the Reports of Directors and the Supervisory Board, consolidated financial statements, company financial statements, and other information.

Statement of compliance

The consolidated and company financial statements of ad pepper media International N.V. and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and with Part 9 of Book 2 of the Dutch Civil Code. The same accounting principles may be applied in the Company's financial statements and the consolidated financial statements. If the accounting principles of the Company's financial statements differ from the accounting principles applied in the consolidated financial statements, it is disclosed. As allowed by section 402, Book 2 of the Netherlands Civil Code, the income statement is presented in a condensed form.

Basis of consolidation

The consolidated financial statements comprise the financial statements of ad pepper media International N.V. and its subsidiaries as at December 31 each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. All business combinations are accounted for under the acquisition method. In accordance with this method, the purchase price has been allocated to the fair value of the interest held in the net assets of the consolidated subsidiaries at the time of acquisition.

In doing so, all identifiable assets, liabilities, and contingent liabilities are recognized at fair value and measured accordingly in the consolidated balance sheet. Following adjustments to the fair values of assets acquired and liabilities assumed, any resulting positive difference is capitalized in the balance sheet as goodwill. Situations in which the fair value of net assets is greater than the purchase price paid result in a negative difference.

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In the event that such difference remains following reassessment of the allocation of the purchase price or determining the fair value of acquired assets, liabilities, and contingent liabilities, this is recognized as income immediately. The proportion of assets, liabilities, and contingent liabilities of the subsidiary applicable to non-controlling interest is also recognized at fair value.

All intragroup balances, transactions, income and expenses, and profits and losses resulting from intragroup transactions that are recognized in assets are eliminated in full.

Consolidated group

The subsidiaries included in consolidation are as follows:

Entity	12/31/15	12/31/14
	Share in Percent	Share in Percent
ad pepper media GmbH, Nuremberg, Germany	100	100
ad pepper media Denmark A/S, Copenhagen, Denmark	0	100
ad pepper media UK Ltd, London, United Kingdom	100	100
ad pepper media France S.A.R.L., Paris, France	100	100
ad pepper media Spain S.A., Madrid, Spain	65	65
ad pepper media USA LLC, New York, USA	100	100
Webgains Ltd, London, United Kingdom	100	100
Globase International ApS, Copenhagen, Denmark	0	100
ad agents GmbH, Herrenberg, Germany	60	60

Changes in shares of subsidiaries and non-controlling interests

ad pepper media International N.V. has sold its 100 percent stake in Globase ApS, Copenhagen as well as its 100 percent stake of ad pepper media Denmark A/S with economic effect as of October 1, 2015 to Mailup S.p.A., Milan.

For further information, please refer to Note [12].

Changes in accounting policies and estimates

The accounting policies and estimates adopted are fundamentally consistent with those of the previous financial year.

The following amendments and improvements to existing standards require first-time application in financial years beginning on January 1, 2015:

- **Annual Improvements to IFRSs 2011-2013 Cycle** (effective date: January 1, 2015): These improvements had no implications for the consolidated financial statements.

New standards, amendments, and improvements to existing standards requiring application in financial years beginning after January 1, 2015:

- **Amendment to IAS 19 "Defined Benefit Plans"** (effective date: February 1, 2015): This amendment is not expected to have any implications for the consolidated financial statements.
- **Annual Improvements to IFRSs 2010-2012 Cycle** (publication: January 9, 2015): These improvements require application in financial years beginning on or after February 1, 2015 and are not expected to have any implications for the consolidated financial statements.
- **Amendments to IAS 27 "Equity Method in Separate Financial Statements"** (publication: December 23, 2015): These amendments require application in financial years beginning on or after January 1, 2016 and are not expected to have any impact on the consolidated financial statements.
- **Amendments to IAS 1 "Disclosure Initiative"** (publication: December 19, 2015): These amendments require application in inancial years beginning on or after January 1, 2016 and are expected to have minor implications for the consolidated financial statements.
- **Annual Improvements to IFRSs 2012-2014 Cycle** (publication: December 16, 2015): These improvements require application in financial years beginning on or after January 1, 2016 and are not expected to have any impact on the consolidated financial statements.
- **Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"** (publication: December 3, 2015): These amendments require application in financial years beginning on or after January 1, 2016 and are not expected to have any impact on the consolidated financial statements.
- **Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"** (publication: November 25, 2015): These amendments require application in financial years beginning on or after January 1, 2016 and are not expected to have any impact on the consolidated financial statements.

- **Amendments to IAS 16 and IAS 41 "Bearer Plants"** (publication: November 25, 2015): These amendments require application in financial years beginning on or after January 1, 2016 and are not expected to have any impact on the consolidated financial statements.
- **IFRS 9 "Financial Instruments"** (publication: July 24, 2014): This new standard requires application in financial years beginning on or after January 1, 2018. Premature application is permitted. The Company is assessing the impact of this standard.
- **IFRS 15 "Revenue from Contracts with Customers"** (publication: May 28, 2014): This new standard requires application in financial years beginning on or after January 1, 2018. Premature application is permitted. The Company is assessing the impact of this standard.
- **IFRS 16 "Leasing"** (publication: January 13, 2016): This new standard requires application in financial years beginning on or after January 1, 2019. The Company is assessing the impact of this standard.

Significant accounting judgments, estimates, and assumptions

In the application of the group's accounting policies, which are described below in note [3], the directors are required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements, estimates, and assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date have been used in particular on determining the need of impairment of financial assets (Note [20a]), on the assessment of accrued liabilities for outstanding affiliate payments (Note [32]), and on the measurement of deferred tax assets on losses carried forward (Note [14]).

A) Judgements

Decisions have been taken in connection with the need to impair financial assets. Alongside customary volatility in stock market prices and the impact of inadequate trading liquidity, ad pepper media has also taken particular account of the existence of objective indications of impairment. Evidence of impairment may include significant financial difficulties, the likelihood of insolvency, financial restructuring and/or observable data indicating a measurable reduction in estimated future cash flows, e.g. in the event of payment arrears on the part of the issuer. Please refer to Notes [19] and [20a].

Further discretionary decisions have impacted on the selection of IAS 39 measurement categories for securities. Please refer to Note [19].

B) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of financial assets
ad pepper media assesses at least on annual basis whether a financial asset or group of financial assets is impaired. The determination of fair value involves estimates and assumptions that are subject to a certain degree of uncertainty. Please refer to Notes [19] and [20a].

Accrued liabilities
In measuring accrued liabilities for affiliate credits not yet disbursed in the Webgains segment, reference has been made to assumptions determined with the assistance of various controlling and reporting tools. Based on various evaluations, ad pepper media assesses the disbursement of credits for confirmed transactions that have not been called up more than one year after the closure of the program as unlikely, and has reduced the accrued liability by the resultant amount. Please refer to Note [32].

Deferred tax assets
Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and level of future taxable profits together with future tax planning strategies. Further information is presented in the note on "Income taxes". Please refer to Note [14].

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [3]

Foreign currency translation

The consolidated financial statements are presented in euro, which is the Company's functional and presentation currency. Each entity in the group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date, the assets and liabilities of those subsidiaries that have a functional currency other than the euro are translated into the presentation currency of ad pepper media International N.V. (the euro) at the rate of exchange ruling at the balance sheet date, and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in the income statement.

The significant foreign currency exchange rates have developed as follows:

Foreign currency per 1 EUR	Closing rate 12/31/15	Closing rate 12/31/14	Average rate 2015	Average rate 2014
US dollar	1.0926	1.2141	1.107	1.3324
British pound	0.7380	0.7789	0.7252	0.8062
Danish krone	7.4625	7.4453	7.4589	7.4562

Property, plant, and equipment

Property, plant, and equipment are stated at historical cost, excluding the costs of day-to-day servicing, less accumulated depreciation, and accumulated impairment in value. Subsequent costs are included in the asset's carrying value or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the line item will flow to the group and the cost of the item can be reliably measured. Depreciation is calculated on a straight-line basis over the useful life of the assets. The estimated useful lives of the assets are between three and ten years. An item of property, plant, and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. All intangible assets have finite lives and are amortized using the straight-line method over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at each financial year end. Gains or losses arising from derecognizing of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the income statement when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. An intangible asset resulting from the development of an individual project is only capitalized when it cumulatively meets the criteria for recognition stipulated in the group accounting policy which considers the requirements of IAS 38. During the period of development, the asset is tested for impairment annually. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use.

Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that a non-monetary asset (property, plant, and equipment, intangible assets including goodwill) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of the fair value of the asset or cash-generating unit less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. The valuation model is based on a discounted cash flow method. Impairment losses are recognized in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the group makes an estimate of recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. This increased amount shall not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized on the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognized for goodwill are not reversed for subsequent increases in its recoverable amount.

Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as at fair value through profit or loss, loans and receivables, held-to-maturity or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, reevaluates this designation at each financial year end. All regular way purchases and sales of financial assets are recognized on the settlement date, being the date on which the group clears the purchase or sale of a financial asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Subsequent measurement of financial assets is based on the respective IAS 39 category to which they are allocated. Financial instruments in the "at fair value through profit or loss" and "available-for-sale" categories are measured at fair value. Changes in fair value resulting in realized and unrealized gains and losses are recognized through profit or loss upon such gains and losses arising. One exception involves available-for-sale financial assets, whose unrealized gains and losses, to the extent that the respective assets are not impaired, are recognized in equity through to retirement.

After initial recognition, investments "held to maturity" and "loans and receivables" are measured at amortized cost using the effective interest rate method, less any impairment. Gains and losses are recognized in period earnings when the financial investments are derecognized or impaired.

Fair value

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models. If the fair value of an unquoted equity instrument cannot be measured reliably, it is carried at cost.

Impairment of financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss. If the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the recognition of impairment, the impairment loss previously recognized is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible. In the reporting year 2015 and 2014, bad debt allowance on trade receivables applies with 50 percent after 120 days overdue, 75 percent after 240 days overdue, and, 100 percent after one year overdue.

Impairment of available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the income statement, is transferred from other comprehensive income to the income statement. ad pepper media assesses at each balance sheet date thoroughly whether a financial asset or group of financial assets is impaired. In making this assessment, ad pepper media refers to all available information, including customary stock market price volatility, the impact of inadequate trading liquidity, and the duration and extent of the respective reduction in value. However, a financial asset classified as available-for-sale is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the debt instrument, and that the loss event has impact on the estimated future cash flows of the financial asset. Evidence of impairment may include indications that the issuer is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that the issuer is facing bankruptcy or other financial reorganization, and where observable data indicate that here is a measurable decrease in the estimated future cash flows, such as changes in arrears. Impairment is deemed appropriate when there is convincing doubt about the creditability of the issuer.

Treasury shares

Own equity instruments which are repurchased (treasury shares) are deducted from equity. No gain or loss is recognized in the income statement on the purchase, sale, issue, or cancellation of the group's own equity instruments.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less. Shares in money market funds are also included in cash equivalents. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Provisions and accrued liabilities

Provisions are recognized when the group has a present obligation (legal or constructive) as a result of a past event or when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation, although the respective due date or amount is still uncertain. If the effect of the time value of money is material, long-term provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Accrued liabilities are obligations to pay for goods or services received or delivered that have neither been paid, nor invoiced by the suppliers. Even though estimates are occasionally required to determine the amount or timing of accrued liabilities, the degree of uncertainty is generally notably less significant than for provisions. Accrued liabilities are recognized under trade payables.

Financial liabilities

Financial liabilities are liabilities that must be settled in cash or other financial assets. Based on their nature, financial liabilities are measured at amortized costs and are derecognized upon settlement or cancellation.

Share-based payment transactions

Employees (including senior executives) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external value using an appropriate pricing model, further details of which are given in note [39]. The cost of equity-settled transactions (remuneration cost) is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the so-called vesting date). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired, and the group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (further details are provided in Note [15]).

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset. Only operating lease agreements exist. Payments are recognized as an expense in the income statement on straight-line basis over the lease term.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other turnover taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements.

Rendering of services

The Company generates its revenues mainly using the Webgains technology platform, where publishers select advertisements and place them on their websites. These advertisements drive traffic back to the advertiser's website and if that traffic results in a transaction, the affiliate receives a commission from the advertiser, and the group is paid an override for every successful transaction. Therefore, most of the Company's revenue consists of transaction revenues which are variable and are continuously calculated based on transaction volume and price per transaction.

Revenues in the ad pepper media segment are generated by marketing internet advertising space. Advertising customers book units (Ad Impressions, Ad Clicks, Registrations, Mail sendouts, Transactions) via the Company – these are supplied over a period defined by the customer. In cases in which the campaign starts before the balance sheet date and lasts beyond this date, revenue is accounted proportionately to the extent of the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined as the proportion of the costs incurred till the end of the reporting period to the total costs of the campaign, which can be reliably estimated.

Interest income

Interest income is recognized as soon as it arises using the effective interest rate method.

Current income tax

Current taxes are determined on the basis of annual earnings with due reference to national tax rates and tax legislation in the various tax jurisdictions valid as of the balance sheet date. Current income tax relating to items recognized directly in other comprehensive income is recognized in other comprehensive income and not in the income statement.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except for goodwill, whereon the recognition is not permitted. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted

or substantively enacted at the balance sheet date. Deferred income tax relating to items recognized directly in other comprehensive income is recognized in other comprehensive income and not in the income statement. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities, and the deferred income taxes relate to the same taxable entity and the same taxation authority.

BUSINESS COMBINATIONS [4]

No business combinations occurred in the financial year 2015 as in 2014.

SEGMENT REPORTING [5]

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity, on which separate financial information is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. Financial information reported to the group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is focused on the category of service delivered. Hence, the group is disclosing segment information for the operating segments "ad pepper media" (lead, mail, banner), "Webgains" (affiliate marketing) and "ad agents" (search engine optimization "SEO"/search engine marketing "SEM") as well as the non-operating segment "Admin" (administration). If the holding company disposes shareholdings in immaterial subsidiaries, the resulting profit is allocated to the non-operating segment "Admin". The accounting policies of the reportable segments are the same as the group's accounting policies described in Note [2].

Segment profit represents the EBIT respectively EBITDA earned by each segment without any differences to IFRS. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. The basis of accounting for intersegment transactions is the "dealing at arm's length" principle.

Financial year 2015	ad pepper media	Webgains	ad agents	Admin	Intersegment elimination	group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Total revenues	5,994	40,887	9,145	184	-201	56,009
Thereof external	5,982	40,882	9,145	0	0	56,009
Thereof intersegment	12	5	0	184	-201	0
Expenses and other income	-6,502	-39,612	-8,967	-868*	184	-55,765
Thereof amortization and depreciation	-11	-78	-89	-117	0	-296
Thereof other non-cash expenses	-11	-574	-1	-35	0	-620
Thereof other non-cash income	304	429	52	685	0	1,469
EBITDA	-497	1,352	268	-567	-17	539
EBIT	-508	1,275	178	-684	-17	244
Financial income	1	2	0	257	-10	250
Financial expenses	-10	-8	-1	-42	10	51
Income taxes						308
Net income for the year						135

Financial year 2014	ad pepper media	Webgains	ad agents	Admin	Intersegment elimination	group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Total revenues	9,181	30,722	7,417	292	-332	47,281
Thereof external	9,150	30,713	7,417	0	0	47,281
Thereof intersegment	31	9	0	292	-332	0
Expenses and other income	-11,565	-30,693	-7,322	-1,931	292	-51,220
Thereof amortization and depreciation	-21	-73	-60	-58	0	-211
Thereof other non-cash expenses	-105	-433	-4	-99	0	-641
Thereof other non-cash income	0	280	0	0	0	280
EBITDA	-2,364	102	155	-1,581	-40	-3,729
EBIT	-2,385	29	95	-1,639	-40	-3,940
Financial income	3	9	0	393	-15	390
Financial expenses	-10	-5	2	-1,677**	15	-1,675
Income taxes						-110
Net income for the year						-5,335

*Including gain on the sale of subsidiaries of EUR 386k. Further information can be found in Note [12].

** Including impairment charge of EUR 1,594k for investments in equity instruments available-for-sale.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Geographical information

The group operates in three principal geographical areas – Germany, Spain, and United Kingdom. With the sale of Globase ApS, Copenhagen and ad pepper media Denmark A/S, Copenhagen, the group withdrew completely from the Scandinavian market. Current financial year's figures for "Scandinavia" include operating activities of Globase ApS, Copenhagen, which have been sold as per October 1, 2015. The group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below whereby non-current assets are excluding financial instruments:

	Revenue from external customers		Non-current assets	
	Year ended 12/31/15	Year ended 12/31/14	12/31/15	12/31/14
	kEUR	kEUR	kEUR	kEUR
Germany	15,287	14,403	259	453
Scandinavia	1,199	2,228	0	2
United Kingdom	31,209	23,786	214	157
Spain	3,519	3,007	18	2
USA	3,594	2,462	2	2
Other	1,201	1,395	6	10
Total	**56,009**	**47,281**	**499**	**626**

Revenues of approximately EUR 7,045k (2014: EUR 3,051k) are derived from a single external customer. These revenues are attributable to the Webgains segment.

NOTES TO THE INCOME STATEMENT [6]

The revenues of the ad pepper media group are derived from the rendering of online-marketing services; e.g. lead, affiliate and SEM/SEO. The income statement has been prepared using the function of expense method. The expenses contain personnel expenses of EUR 12,283k (2014: EUR 14,737k) as well as depreciation and amortization of EUR 296k (2014: EUR 211k). Amortization of intangible assets is included in selling expenses EUR 94k (2014: EUR 18k), administration expenses EUR 22k (2014: EUR 19k), and other operating expenses EUR 38k (2014: EUR 34k).

The personnel expenses include the employer's share to state pension schemes amounting to EUR 505k (2014: EUR 568k), which have to be disclosed as employer's contribution to a defined contribution plan.

COST OF SALES [7]

Cost of sales comprises expenses for commissions paid to the affiliates, internet advertising space, and for ad server technology used of EUR 39,991k (2014: EUR 30,787k), and associated personnel costs of EUR 161k (2014: EUR 350k).

SELLING AND MARKETING EXPENSES [8]

This item comprises all costs associated with attracting customers and orders. The expenses comprise the following natures of expense:

	2015	2014
	kEUR	kEUR
Employment costs	8,603	10,552
Facility costs (office rent, depreciation)	89	123
Advertising & sales promotion	242	298
Professional and other services	502	525
General operating costs (communication, travel, other supplies)	1,030	1,060
Other	109	45
Total	**10,575**	**12,603**

GENERAL AND ADMINISTRATIVE EXPENSES [9]

The expenses comprise the following natures of expense:

	2015	2014
	kEUR	kEUR
Employment costs	3,519	3,835
Facility costs (office rent, depreciation)	1,236	1,642
Professional and other services	637	1,026
General operating costs (communication, travel, other supplies)	922	1,089
Other	68	52
Total	**6,382**	**7,644**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER OPERATING INCOME [10]

Other operating income consists of the following:

	2015	2014
	kEUR	kEUR
Foreign exchange gains	1,693	558
Gains on sale of tangible assets	25	0
Gains on sale of customer contracts which were not capitalized in the balance sheet	72	400
Income from the release of accrued liabilities	1,134	279
Other	164	413
Total	**3,088**	**1,650**

Income from the release of accrued liabilities includes an amount of EUR 350k relating to reversals of non-disbursed affiliate credits in the Webgains segment that are classified by ad pepper media as not being likely to be paid out (2014: EUR 279k), and reversals of EUR 542k in connection with time-barred claims (2014: EUR 0k).

OTHER OPERATING EXPENSES [11]

Other operating expenses consist of the following:

	2015	2014
	kEUR	kEUR
Foreign exchange losses	1,682	584
Expenses for bad debt allowances and write-off of receivables	222	368
Other	213	522
Total	**2,117**	**1,474**

The "Other" item mainly includes expenses incurred in connection with contractual obligations.

GAIN ON SALE OF SHARES IN SUBSIDIARIES [12]

ad pepper media International N.V. sold its 100 percent stake in Globase ApS, Copenhagen and ad pepper media Denmark A/S, Copenhagen, effective October 1, 2015. This transaction led to a profit of EUR 386k.

	2015	2014
	kEUR	kEUR
Disposed assets and liabilities		
Property, plant, and equipment	1	0
Liquid funds	406	0
Other current assets	213	0
Current liabilities	-258	0
Total net assets	**362**	**0**
Selling price	800	0
Gain on sale	**438**	**0**
Transaction costs	52	0
Net gain on sale	**386**	**0**

FINANCIAL INCOME, NET [13]

Net financial income consists of the following:

	2015	2014
	kEUR	kEUR
Interest income	214	235
Realized gains on sale of securities	36	155
Unrealized gains on securities fair value through profit and loss	0	0
Financial income	**250**	**390**
Interest expenses	-19	0
Impairment	0	-1,594
Unrealized losses on securities fair value through profit and loss	-29	-62
Realized losses on sale of securities	-3	0
Other financial expenses	0	-19
Financial expenses	**-51**	**-1,675**
Net financial income	**199**	**-1,285**

A breakdown of interest income by category of financial instrument can be found in Note [42].

INCOME TAXES [14]

Income tax expenses	2015	2014
	kEUR	kEUR
Current income tax expenses	-200	-5
Deferred income tax income/(expense)	-108	-105
Total	**-308**	**-110**

The current income taxes reported relate to the taxes paid or payable by individual local entities. The calculation of the deferred taxes was based on the country-specific tax rates. Due to the existing unused tax losses, deferred tax assets of EUR 11,254k (2014: EUR 13,024k) were calculated on the basis of the unused tax losses of EUR 34,944k (2014: EUR 42,989k). Deferred tax assets from unused tax losses were recorded to the extent that it is probable that future taxable profit is available against which they can be utilized within a foreseeable planning period. Thus, an amount of deferred tax assets of EUR 0k (2014: EUR 0k) has been recognized for the tax loss carry forwards. All of the available tax loss carry forwards are non-expiring.

In addition to the unused tax losses, the following significant deferred tax assets and liabilities result from temporary differences:

Deferred tax liabilities	2015	2014
	kEUR	kEUR
Securities	84	97
Other	12	0
Total	**96**	**97**

Deferred tax assets	2015	2014
	kEUR	kEUR
Securities	0	19
Other	0	78
Total	**0**	**97**

Changes in deferred tax liabilities on temporary differences recognized in profit or loss amount to EUR 20k (2014: EUR 17k). The change in deferred tax assets on temporary differences is recognized in profit or loss. Deferred tax assets and liabilities are netted if the company has the legally enforceable right to set off current tax assets against current tax liabilities and if they relate to the same tax authorities and the same taxable entity. As a result, deferred tax assets of EUR 0k (2014: EUR 0k) and deferred tax liabilities of EUR 96k (2014: EUR 0k) were recognized in the balance sheet. Deferred tax assets and liabilities are classified as non-current.

Deferred tax assets of EUR 0k (2014: EUR 0k) on tax losses are recognized for companies with a history of losses. No deferred tax liabilities were recognized as of December 31, 2015 (2014: 0) for taxes on non-distributed profits of subsidiaries. If deferred taxes were to be recognized for these temporary differences, only the source tax rates applicable in each case, where appropriate taking into account the German tax of 5 percent of the distributed dividends, would have to be applied for the computation.

ad pepper media International N.V. has its tax domicile in Germany. The reconciliation between expected income tax expense and actual income tax expense based on the German statutory tax rate (combined corporate income tax and trade tax on income) of 31.47 percent (2014: 31.47 percent) is as follows:

	2015	2014
	kEUR	kEUR
Expected income tax	-139	1,644
Foreign tax rate differential	73	-71
Foreign tax on profit distribution	-1	15
Effect from tax-free gains	-1,279	-1,271
Prior year income tax	0	0
Deferred tax expense due to change in tax rates	0	-36
Unrecognized deferred tax assets on unused tax losses	1,629	56
Derecognition of deferred tax assets on securities and goodwill	-95	-94
Non-deductible stock option expenses	-18	-31
Non-tax-deductible expenses and other	-478	-322
Actual income tax expenses	**-308**	**-110**

EARNINGS PER SHARE [15]

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The income and share data used in the computations of basic and diluted earnings per share are as follows:

	2015	2014
Net (loss) / income attributable to shareholders of the parent company in kEUR	-33	-5,432
Number of shares at the beginning of the period	21,240,708	21,240,708
Number of shares at the end of the period	21,460,708	21,240,708
Weighted average number of shares outstanding (basic)	21,317,201	21,240,708
Basic earnings per share in EUR	0.00	-0.26
Weighted average number of shares outstanding (diluted)	21,459,381	21,492,534
Diluted earnings per share in EUR	0.00	-0.26

The weighted average number of shares outstanding in 2015 was calculated on a daily basis. In 2015, the options granted resulted in dilution of an average of 142,180 shares (2014: 251,826 shares).

No new shares in ad pepper media International N.V. were admitted for trading on the Frankfurt Stock Exchange in 2015 (2014: 0 shares). In 2015 the Company has not carried out a share repurchase program. Consequently, no shares were acquired in 2015 (2014: 0 shares).

A total of 220,000 treasury shares (2014: 0 shares) were sold in connection with the exercise of employee stock options.

Diluted earnings per share are computed based on the weighted average number of ordinary shares outstanding including the dilutive effect of shares to be issued in the future under certain arrangements such as option plans. There is no difference in basic and diluted net loss per share recorded by the Company because the impact of the arrangements referred to is anti-dilutive in current period.

NON-CURRENT ASSETS

GOODWILL [16]

As the costs of sustaining the carrying amount of the goodwill on the cash generating unit of ad agents exceeded significantly the benefits, the group decided to impair the goodwill in full.

INTANGIBLE ASSETS [17]

Software

In 2015 and 2014, no software IT solutions were developed in-house for the Company's own use and thus none were capitalized. Expenses were related to maintenance. Amortization and impairment of solutions developed in-house for the Company's own use amount to EUR 0k (2014: EUR 0k), and the carrying amount at December 31, 2015 to EUR 0k including exchange rate differences. Additions mainly relate to an amount of EUR 111k in connection with the app software for Webgains. Software and databases are amortized over a useful life of three to five years. Trademarks are amortized over a useful life of twelve years.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MOVEMENT SCHEDULE OF INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT [18]

	Historical Cost						Accumulated depreciation/amortization/impairment							Book value	
Financial year 2015	Balance at 1/1/2015	Additions	Disposals	Disposals at sale of investments cost this year	Exchange differences	Balance at 12/31/2015	Balance at 1/1/2015	Depreciation/ Amortization	Impairment	Disposals	Disposals at sale of investments cost this year	Exchange differences	Balance at 12/31/2015	Financial year 12/31/2015	Previous year 12/31/2014
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Goodwill	**24**	**0**	**24**	**0**	**0**	**0**	**0**	**0**	**24**	**24**	**0**	**0**	**0**	**0**	**24**
Intangible assets															
Software	1,904	118	19	337	4	1,669	1,559	116	0	0	337	1	1,338	331	345
Brands and customer bases	748	0	0	0	6	754	695	38	0	0	0	3	736	18	53
Total	**2,652**	**118**	**19**	**337**	**10**	**2,423**	**2,254**	**154**	**0**	**0**	**337**	**4**	**2,074**	**349**	**398**
Property, plant, and equipment															
Other equipment, operational and office equipment	1,497	67	38	130	20	1,416	1,293	118	0	32	130	18	1,266	150	204
Total	**4,173**	**185**	**81**	**467**	**30**	**3,839**	**3,547**	**296**	**0**	**56**	**467**	**22**	**3,340**	**499**	**626**

	Historical Cost						Accumulated depreciation/amortization/impairment							Book value	
Financial year 2014	Balance at 1/1/2014	Additions	Disposals	Disposals at sale of investments cost this year	Exchange differences	Balance at 12/31/2014	Balance at 1/1/2014	Depreciation/ Amortization	Impairment	Disposals	Disposals at sale of investments cost this year	Exchange differences	Balance at 12/31/2014	Financial year 12/31/2014	Previous year 12/31/2013
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Goodwill	**24**	**0**	**0**	**0**	**0**	**24**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**24**	**24**
Intangible assets															
Software	1,728	196	24	0	4	1,904	1,543	37	0	23	0	2	1,559	345	185
Brands and customer bases	735	6	0	0	7	748	659	34	0	0	0	2	695	53	76
Total	**2,463**	**202**	**24**	**0**	**11**	**2,652**	**2,202**	**71**	**0**	**23**	**0**	**4**	**2,254**	**398**	**261**
Property, plant, and equipment															
Other equipment, operational and office equipment	1,583	132	239	0	21	1,497	1,362	140	0	229	0	20	1,293	204	220
Total	**4,070**	**334**	**263**	**0**	**32**	**4,173**	**3,564**	**211**	**0**	**252**	**0**	**24**	**3,547**	**626**	**505**

NON-CURRENT SECURITIES [19]

As at December 31, 2015, non-current securities consist of available-for-sale securities and of securities at fair value through profit and loss. Non-current securities have a remaining term of more than one year for which a disposal within one year is not planned/or if shorter than their disposal within one year is not planned.

Available-for-sale securities

	2015	2014
	kEUR	kEUR
Book value 1/1	2,386	5,326
Realized gains	0	155
Incl. unrealized gains reclassified from other reserves to profit or loss	0	-39
Unrealized gains/losses	-176	-15
Sale	0	-6,634
Purchase	0	3,593
Book value 12/31	**2,210**	**2,386**

The maturities of the available-for-sale securities as of the end of the period are as follows:

Fair value	12/31/15	12/31/14
	kEUR	kEUR
Due within one year	1,591*	1,776*
Due between one and five years	619	610
Due in more than five years	0	0
Total	**2,210**	**2,386**

Securities at fair value through profit and loss

	2015	2014
	kEUR	kEUR
Book value 1/1	3,324	3,490
Realized gains / losses	0	0
Unrealized gains / losses	-29	-62
Disposal	0	-3,490
Purchase	0	3,386
Book value 12/31	**3,295**	**3,324**

IAS 39.AG33A states that when an entity becomes a party to a hybrid (combined) instrument that contains one or more embedded derivatives, paragraph 11 requires the entity to identify any such embedded derivative, assess whether it is required to be separated from the host contract, and, for those that are required to be separated, measure the derivatives at fair value at initial recognition and subsequently. These requirements can be more complex, or result in less reliable measures, than measuring the entire instrument at fair value through profit or loss. For that reason, this Standard permits the entire instrument to be designated as at fair value through profit or loss. ad pepper media has chosen this "fair value option" for such securities as the securities acquired include embedded derivatives. The maturities of the securities at fair value through profit and loss as of the end of the period are as follows:

Fair value	12/31/15	12/31/14
	kEUR	kEUR
Due within one year	0	0
Due between one and five years	3,295	3,324
Due in more than five years	0	0
Total	**3,295**	**3,324**

* The amount refers to one perpetual bond which is callable by the issuer on a (semi-)annual basis. The group considers the redemption of the bond in the next financial year as unlikely.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OTHER FINANCIAL ASSETS [20]

Other financial assets consist of the following:

	12/31/15	12/31/14
	kEUR	kEUR
Deposits	310	330
Loans	0	250
Total	**310**	**580**

Loans with remaining sum of EUR 209k have been recognized as of December 31, 2015 in accordance with its remaining term under other current financial assets (Note [24]).

The maturities of the other financial assets as of the end of the period are as follows:

	12/31/15	12/31/14
	kEUR	kEUR
Due between one and five years	310	580
Due in more than five years	0	0
Total	**310**	**580**

INVESTMENTS IN EQUITY INSTRUMENTS AVAILABLE-FOR-SALE [20A]

ad pepper media International N.V. sold its 0.55 percent minority stake for a price of EUR 36k. The investment was fully impaired in 2014.

CURRENT ASSETS

SECURITIES [21]

The non-listed securitized borrowers' note matured and has been paid back on January 28, 2015 at its nominal value of EUR 2,000k, realizing losses amounting to EUR 3k.

TRADE RECEIVABLES [22]

Trade receivables are initially measured at fair value and subsequently carried at amortized costs. Trade receivables consist of the following:

	12/31/15	12/31/14
	kEUR	kEUR
Trade receivables, gross	10,532	8,283
Provision for impairment of trade receivables	-549	-544
Trade receivables, net	9,983	7,739

The allowances are calculated on the basis of all information available to the Company and include all probable bad debts on receivables as of December 31, 2015. For further information, please refer to Notes [3] and [42].

OTHER RECEIVABLES [23]

Other receivables consist of the following:

	12/31/15	12/31/14
	kEUR	kEUR
Value added tax receivables	172	162
Prepayments	100	227
Other	20	11
Total	**292**	**400**

INCOME TAX RECEIVABLES [23A]

Income tax receivables include tax prepayments on capital gains of EUR 153k (2014: EUR 227k), as well as income tax refund claims of EUR 53k (2014: EUR 0k).

OTHER CURRENT FINANCIAL ASSETS [24]

Other current financial assets consist of the following:

	12/31/15	12/31/14
	kEUR	kEUR
Escrow account in connection with Emediate sale in 2013	0	929
Interest receivables	13	14
Loans	209	0
Other	75	49
Total	**297**	**992**

Consistent with the contractual requirements, the amount of EUR 929k originally deposited was refunded half of on May 15, 2015 and on November 15, 2015.

CASH AND CASH EQUIVALENTS [25]

The item includes bank balances, day-to-day investments and cash in hand. For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at banks and on hand of EUR 16,932k (2014: EUR 11,926k).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EQUITY

ISSUED CAPITAL [26]

No new shares in ad pepper media International N.V. were admitted for trading on the Frankfurt Stock Exchange in 2015 (2014: 0 shares). The issued capital of ad pepper media International N.V. comprises 23,000,000 (2014: 23,000,000) bearer shares each with a nominal value of EUR 0.05 and is fully paid in.

RESERVES [27]

The capital reserve mainly comprises the premium paid upon share issues. Furthermore, it also includes the expenses incurred for stock option plans.

TREASURY SHARES [28]

Purchase of treasury shares

By shareholders resolutions of May 21, 2015, ad pepper media was authorized to repurchase treasury stock of up to 50 percent of the issued capital within the next 18 months. The Company did not carry out any share repurchase program in 2015. Consequently, no shares were acquired (2014: 0 shares).

As of December 31, 2015, the Company held 1,539,292 treasury shares (2014: 1,759,292 treasury shares) at a nominal value of EUR 0.05 each, which equals 6.69 percent (2014: 7.65 percent) of the share capital. According to a shareholders resolution, those shares can be used for acquisitions or stock option plans.

Sale of treasury shares

220,000 shares were sold under the employee stock option plans (2014: 0).

Number of shares outstanding

The number of shares issued and outstanding as of December 31, 2015 totalled 21,460,708 (2014: 21,240,708). Each share has a nominal value of EUR 0.05.

AUTHORIZED UNISSUED CAPITAL [29]

The authorized unissued capital totals EUR 21,485.40 (2014: EUR 21,485.40) and comprises 429,708 shares (2014: 429,708 shares).

OTHER RESERVES [30]

Other reserves include losses on available-for-sale securities of EUR 1,319k (2014: losses EUR -1,155k), taking into account deferred taxes of EUR 12k (2014: EUR 67k), and accumulated exchange differences of EUR -880k (2014: EUR -888k) from the translation of the financial statements of foreign subsidiaries.

The total other comprehensive income recognized directly in equity and the corresponding income taxes is as follows:

2015	before income taxes	income taxes	after income taxes
Currency translation differences	8	0	8
Revaluation of available-for-sale securities	-176	12	-164
Realized gains/losses from available-for-sale securities	0	0	0
Revaluation of investments in equity instruments available-for-sale	0	0	0
Total other comprehensive income	**-168**	**12**	**-156**

2014	before income taxes	income taxes	after income taxes
Currency translation differences	21	0	21
Revaluation of available-for-sale securities	-15	67	52
Realized gains/losses from available-for-sale securities	-39	0	-39
Revaluation of investments in equity instruments available-for-sale	-3,105	26	-3,079
Total other comprehensive income	**-3,138**	**93**	**-3,045**

NON-CONTROLLING INTERESTS [31]

Non-controlling interests comprise non-controlling interests in two subsidiaries as at December 31, 2015 and 2014. They include non-controlling interests in ad agents GmbH and ad pepper media Spain S.A. These result from the acquisition of 60 percent of the shares in ad agents GmbH and from the sale of a 35 percent share in ad pepper media Spain S.A. in the past years.

The net income/loss for the year of ad agents GmbH and ad pepper media Spain S.A. is allocated proportionately to the non-controlling interests.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CURRENT LIABILITIES

TRADE PAYABLES [32]

Trade payables include also accrued liabilities and are recognized at the settlement amount. This item also includes accrued liabilities for outstanding invoices.

OTHER LIABILITIES [32A]

Other current liabilities consist of the following:

	12/31/15 kEUR	12/31/14 kEUR
Value-added tax liabilities	992	920
Liabilities for payroll tax and social security contributions	262	325
Prepayments received	0	229
Total	**1,254**	**1,474**

OTHER FINANCIAL LIABILITIES [33]

Other financial liabilities consist of the following:

	12/31/15 kEUR	12/31/14 kEUR
Bonus and commissions	1,043	895
Employee holiday accrual	172	317
Severance payments	0	362
Accrued liabilities for outstanding invoices	547	581
Other	538	470
Total	**2,300**	**2,625**

RELATED PARTY DISCLOSURES [34]

Pursuant to the IAS 24 definition, the Board of Directors and members of the Supervisory Board have been identified as related parties. The compensation paid to all members of these boards is based exclusively on their functions as individuals in key positions. Further information about the compensation paid to these individuals can be found in Note [40].

LITIGATION AND CLAIMS [35]

Neither the parent company nor any of its subsidiaries are involved in any material litigation with third parties.

CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS [36]

ad pepper media International N.V. has guaranteed all outstanding liabilities of its subsidiary companies, Webgains Ltd. (UK registered number: 05353649) and ad pepper media UK Ltd. (UK registered number: 3788170), that existed as at 31 December, 2015, until satisfied in full. As a result, the individual local statutory accounts of Webgains Ltd. and ad pepper media UK Ltd. are exempt from audit under the requirements of section 479A of the UK Companies Act 2006. As of December 31, 2015 Webgains' Ltd. outstanding liabilities amount to EUR 9,156k (2014: EUR 5,615k) and ad pepper media´s UK Ltd. outstanding liabilities to EUR 185k (2014: EUR 793k).

Other financial obligations mainly result from rented offices and from leases for cars and office equipment. The expenses from lease agreements amounted to EUR 57k in financial year 2015 (2014: EUR 67k). Rental expense amounted to EUR 952k (2014: EUR 1,215k).

The future minimum payment obligations resulting from the contracts in place as of December 31, 2015 are as follows:

	2016	2017	2018	2019	2020	Thereafter	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Office rent	826	449	222	88	68	9	1,661
Car leases	40	36	30	5	0	0	111
Others	193	10	10	10	10	1	235
Total	**1,059**	**495**	**262**	**103**	**78**	**10**	**2,006**

SEASONAL INFLUENCES [37]

ad pepper media is engaged in the field of online advertising in the broadest sense. Due to the seasonal character of the advertising industry, with its traditional focus on expenditure in the fourth quarter of each calendar year, revenue and thus operating profit are generally higher in this period.

ADDITIONAL CASH FLOW INFORMATION [38]

The following information is provided to supplement the statement of cash flows: "Other non-cash expenses and income" comprise expenses for allocation to and income from the release of valuation allowances on trade receivables, and expenses from writing down receivables. Furthermore, this item also includes write-downs of affiliate credits not yet disbursed and reversals of time-barred claims.

Proceeds from sales of subsidiaries, net of cash sold, and transaction costs include cash-effective proceeds of EUR 342k from the disposal of Globase ApS, and ad pepper media Denmark A/S, both Copenhagen. A further amount of EUR 929k results from the repayment in full of the purchase price component deposited on an escrow account in 2013 in conjunction with the disposal of Emediate ApS, Copenhagen.

STOCK OPTION PROGRAMS [39]

By doubling the number of options and halving the exercise price, all stock options programs mentioned below have been adjusted for the share split on May 27, 2009. Options granted under the "Ongoing Stock Option Plan" are subject to the following provisions:

The options are granted to employees of the ad pepper media group. Altogether, 1,000,000 shares have been reserved for the "Ongoing Stock Option Plan". The subscription ratio is one share per option right. The subscription price is based on the average share price on the Xetra exchange during the first ten trading days of May 2001 for the 2001 plan, or the first ten trading days in January for subsequent plans. Options can first be exercised when the share price has risen at least ten percent above the subscription price, but no sooner than one year after the option has been granted. Options may be exercised in whole or in part in the three-week period after publication of the Company's quarterly reports. As a rule, the stock options granted do not expire. However, the options expire if an employee terminates his or her employment contract or if the Company terminates the employment for good cause.

In January 2003, the "Ongoing Stock Option Plan" for executives was replaced by the "Executive Stock Option Plan", the aim of which is to encourage executives to remain with the Company. Under this plan, a non-recurring issue of options was granted to executives; the exercise price for these options is also based on the average share price during the first ten trading days in January. Ten percent of the options may be exercised in each of the following ten years. Pursuant to the resolution of the general meeting dated May 2, 2005, exercise of the executive stock options can in particular cases also be settled in cash at the request of ad pepper media.

In the years 2005 and 2006, option plans ("Executive SOP 2005" and "Executive SOP 2006") to tie employees in key positions to the Company were issued. These options may be exercised over a period of four years at 25 percent each year. Similar to the other plans, the exercise prices for these options are based on the average share price during the first ten trading days before grant date. The volatility for Executive SOP 2005 was calculated from the development of the ad pepper media International N.V. share price between January 1, 2003 and September 30, 2005. The volatility for Executive SOP 2006 was calculated from the development of the ad pepper media International N.V. share price between January 1, 2003 and April 28, 2006. The option plans do not include an exercise hurdle, but can be exercised at the earliest one year after being granted.

An employee equity-participation program involving 1,220,000 options was launched for executive employees on May 15, 2008 ("Executive SOP 2008"). The valuation was carried out by simulation (Monte-Carlo method). The volatility was calculated from the development of the ad pepper media International N.V. share price between January 1, 2003 and April 30, 2008. Earlier values would have distorted the estimate of volatility. One quarter of the option rights can be exercised one year after they were granted at the earliest, another quarter another year after they were granted, and so on. The fair values of the individual tranches at the time of granting are between EUR 0.282 and EUR 0.5145 per issued option. The maximum cost of the program over the entire period is EUR 500k.

An employee equity-participation program involving 510,000 options was launched for the members of Board of Directors on August 20, 2013 (Executive SOP 2013 BoD). The valuation was carried out by simulation (Monte-Carlo method). The volatility was calculated from the development of the ad pepper media International N.V. share price between September 3, 2007 and August 20, 2013. One third of the option rights can be exercised one year after they were granted at the earliest, another third another year after they were granted, and so on. The fair values of the individual tranches at the time of granting are between EUR 0.237 and EUR 0.325 per issued option. The maximum cost of the program over the entire period is EUR 145k.

Furthermore, an employee equity-participation program involving 490,000 options was launched for executive employees on August 20, 2013 (Executive SOP 2013 MD). The valuation was carried out by simulation (Monte-Carlo method). The volatility was calculated from the development of the ad pepper media International N.V. share price between September 3, 2007 and August 20, 2013. One quarter of the option rights can be exercised one year after they were granted at the earliest, another quarter another year after they were granted, and so on.

The fair values of the individual tranches at the time of granting are between EUR 0.237 and EUR 0.350 per issued option. The maximum cost of the program over the entire period is EUR 147k.

The fair value of the stock options was calculated applying the Black-Scholes-Model, based on the following assumptions:

	Ongoing SOP 2001	Ongoing SOP 2002	Ongoing SOP 2003	Ongoing SOP 2004	Executive SOP 2003	Executive SOP 2006	Executive SOP 2008	Executive SOP 2013 (BoD)	Executive SOP 2013 (MD)
Share price when granted, in EUR	1.30	0.65	0.89	2.22	0.89	3.80	1.40	0.80	0.80
Date of grant	5/18/01	1/15/02	1/15/03	1/16/04	1/15/03	1/16/06	5/15/08	8/20/13	8/20/13
Exercise price, in EUR	1.365	0.665	0.89	2.225	0.89	3.795	1.50	0.80	0.80
Risk-free interest rate, in percent	4.00	3.80	3.50	2.75	4.50	3.48	4.15	1.10	1.10
Estimated term, in years	4	1	1	1	10	4	10	7	7
Future dividend, in EUR	0	0	0	0	0	0	0.04 to 0.06	0.04 to 0.06	0.04 to 0.06
Estimated volatility, in percent	93	68	73	40	53	56	50	64.41	64.41

The average share price during 2015 was EUR 0.98 (2014: EUR 1.06). The personnel expenses recorded in the past financial year in connection with stock option programs granted on the basis of equity instruments amount to EUR 57k (2014: EUR 99k).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table shows the changes in the options during the financial year 2015:

	2015	2014	Exercise price
	Number	Number	EUR
Options at the beginning of the financial year (Ongoing SOP 2001)	20,000	20,000	1.365
Options at the beginning of the financial year (Ongoing SOP 2002)	400	400	0.665
Options at the beginning of the financial year (Executive SOP 2003)	332,000	332,000	0.890
Options at the beginning of the financial year (Ongoing SOP 2003)	800	800	0.890
Options at the beginning of the financial year (Ongoing SOP 2004)	3,200	3,200	2.225
Options at the beginning of the financial year (Executive SOP 2006)	10,000	10,000	3.795
Options at the beginning of the financial year (Executive SOP 2008)	137,500	137,500	1.500
Options at the beginning of the financial year (Executive SOP 2013 BoD)	510,000	510,000	0.800
Options at the beginning of the financial year (Executive SOP 2013 MD)	300,000	490,000	0.800
Options forfeited (Executive SOP 2013 MD)	0	-190,000	0.800
Options forfeited (Executive SOP 2008)	-40,000	0	1.500
Options exercised (Executive SOP 2013 BoD)	-200,000	0	0.800
Options exercised (Executive SOP 2013 MD)	-20,000	0	0.800
Options at the end of the financial year	**1,053,900**	**1,313,900**	**0.665 - 3.795**
Weighted exercise price in EUR	1.384	1.162	
Exercisable options as of December 31	633,200	603,200	
Weighted exercise price in EUR	1.214	0.850	

Weighted exercise price of stock options exercised during 2015 amounts to EUR 0.80 (2014: a weighted exercised price did not exist, as no options were exercised). Most of the stock option programs do not have an expiration date. Hence, it is not possible to calculate a weighted average remaining contractual life.

TOTAL REMUNERATION OF THE KEY MANAGEMENT [40]

	2015	2014
	kEUR	kEUR
Short-term employee benefits	636	451
Post-employment benefits (pensions and medical care)	19	19
Share-based payments	35	70
Total remuneration of the key management	**690**	**540**

Options to purchase shares of the Company held by the members of the Board of Directors have the following expiration dates and exercise prices:

	Expiration	Exercise price	12/31/15	12/31/14
		EUR	Number	Number
2015	8/20/21	0.80	310,000	510,000

EVENTS AFTER THE BALANCE SHEET DATE [41]

Up until the day of authorization for issuance, no event took place which would have exerted substantial influence on the net assets, financial position, or result of operations as per December 31, 2015.

By way of a share buy-back resolved on February 1, 2016 by the Board of Directors, ad pepper media International N.V. will repurchase a total number of up to 690,000 shares via the stock exchange. Such number corresponds up to 3.0 percent of the total share capital of the Company. The share buy-back will be implemented from February 1, 2016 onwards and will run for a period expiring on November 21, 2016.

FINANCIAL INSTRUMENTS [42]

The classes of financial instruments within the meaning of IFRS 7.6 are defined in accordance with the categories of financial instruments in IAS 39. A distinction is accordingly made between financial instruments that are measured at amortized cost or at cost, and those measured at fair value.

1. Capital risk management

The group manages its capital with the aim of optimizing the income from investments in business entities by optimizing the debt equity ratio and maximizing its shareholder value by maintaining a high credit standing rating and a good equity ratio. At the same time, it is ensured that group entities can operate under the going concern assumption. The capital structure of the group consists of liabilities, whereby these (do not include any new borrowings), cash and cash equivalents, available-for-sale securities, securities "fair value through profit and loss", and the equity attributable to the parent company's shareholders. This consists of issued shares in circulation, the capital reserve, retained earnings brought forward, and other equity captions.

Net indebtedness

The group manages its capital structure and makes adjustments, taking into account changes in the general economic environment. In order to maintain or adjust the capital structure, the group can make dividend payments or pay back capital to the shareholders, issue new shares or buy back its own shares. No changes in the objectives, guidelines, and procedures were made as at December 31, 2015 compared to December 31, 2014. Negative net indebtedness means that the group is debt-free.

Net indebtedness at the end of the year was as follows:

	12/31/15	12/31/14
	kEUR	kEUR
Current and non-current financial liabilities	15,917	12,490
Cash and cash equivalents	-16,932	-11,926
Securities and fixed-term deposits	-5,505	-7,713
Net liabilities	**-6,520**	**-7,149**
Equity per balance sheet including non-controlling interest	16,508	16,296
Net indebtedness, in percent	**-39**	**-44**

2. Significant accounting policies

IAS 39.AG33A states that when an entity becomes a party to a hybrid (combined) instrument that contains one or more embedded derivatives, paragraph 11 requires the entity to identify any such embedded derivative, assess whether it is required to be separated from the host contract, and, for those that are required to be separated, measure the derivatives at fair value at initial recognition and subsequently. These requirements can be more complex, or result in less reliable measures, than measuring the entire instrument at fair value through profit or loss. For that reason, this Standard permits the entire instrument to be designated as at fair value through profit or loss. Please refer to section [19, 21] on non-current securities at fair value through profit and loss.

The group has not transferred any financial assets in such a way that the assets would not have had to be derecognized.

The rent and similar deposits referred to in Note [20], carried at their nominal amount of EUR 310k (2014: EUR 330k), are pledged as collateral for bank guarantees. The group does not hold any collateral for credit facilities.

Detailed information on the main accounting policies applied, including the recognition criteria, the measurement bases, and the bases for the recognition of income and expenses, are presented separately for each category of financial assets, financial liabilities, and equity instruments in section [3].

3. Categories of financial instruments

Carrying amount per category of financial instruments:

Financial assets	12/31/15	12/31/14
	kEUR	kEUR
At fair value through profit and loss		
Designated as at fair value through profit or loss	3,295	3,324
Loans and receivables (including cash and cash equivalents)	27,522	21,237
Available-for-sale financial assets	2,210	2,386
Held-to-maturity financial assets	0	2,003
Total	**33,027**	**28,950**
Measured at amortized cost		
Financial instruments held-to-maturity	0	2,003
Loans and receivables (including cash and cash equivalents)	27,522	21,237
Total	**27,522**	**23,240**

Financial liabilities	12/31/15	12/31/14
	kEUR	kEUR
Other financial liabilities measured at amortized cost	15,917	12,490
Total	**15,917**	**12,490**

Due to the short-term maturities of cash and cash equivalents, trade receivables and payables, current financial assets and liabilities, their respective fair values approximate their carrying amount. The fair values of non-current financial assets classified as available-for-sale or designated as at fair value through profit and loss are based on quoted prices in an active market or a fair value measurement is carried out.

Hierarchical classification of fair values of financial instruments pursuant to IFRS 7 as of December 31, 2015:

	Fair Value 12/31/15	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss	3,295	0	3,295	0
Financial assets available-for-sale	2,210	2,210	0	0

The following tables present the fair value measurement methods for Levels 1 and 2 pursuant to IFRS 13:

Financial assets measured at fair value / Level 1

Level 1 is based on quoted prices in active markets for identical assets or liabilities.

Category	Type	Valuation method	Significant unobservable inputs
Financial assets available-for-sale	Bonds	The fair value is based on the market price of the bond as at December 31, 2015.	Not applicable

Financial assets measured at fair value / Level 2

Level 2 is based on inputs other than quoted market prices included in Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Category	Type	Valuation method	Significant unobservable inputs
Financial assets at fair value through profit and loss	Fixed-rate bond	The fair value is based on an asset swap valuation, taking account of current interest rates and the credit-worthiness of the issuer.	See valuation method

In the reporting period, there were no reclassifications between the hierarchical fair value levels.

No significant concentrations of credit risks existed on loans and receivables as of the reporting date. The reported carrying amount reflects the maximum credit risk of the group for such loans and receivables.

There have been no (accumulated) changes in the fair value due to changes in the credit risk during the reporting period. Credit derivatives to hedge loans and receivables designated as at fair value through profit or loss have not existed and do not exist.

Net gains and losses per category of financial instruments (IFRS 7.20 (a)):

Financial assets	12/31/15	12/31/14
	kEUR	kEUR
At fair value through profit and loss		
Designated as at fair value through profit and loss	-29	0
Available-for-sale financial assets		
Realized gains	36	116
Reclassified from equity to profit and loss	0	39
Through other comprehensive income	-176	-15
Held-to-maturity assets		
Realized losses	-3	0
Total	**-172**	**140**

Net gains and losses from financial liabilities amount to zero (2014: EUR 0).

Interest income and expenses per category of financial instruments (IFRS 7.20 (b)):

Financial assets	12/31/15	12/31/14
	kEUR	kEUR
At fair value through profit and loss		
Designated as at fair value through profit and loss	167	119
Not at fair value through profit and loss	40	92
Measured at amortized costs	**8**	**24**
Total	**215**	**235**

Interest income and expenses from financial liabilities amount to zero (2014: EUR 0k).

Impairment expenses per class of financial assets (IFRS 7.20 (e)):

Financial assets	12/31/15	12/31/14
	kEUR	kEUR
At amortized cost	0	0
Not at fair value through profit and loss	0	-1,594
Total	**0**	**-1,594**

4. Objectives of financial risk management

The main financial liabilities used by the group comprise trade payables. The primary purpose of these financial liabilities is to finance the group's business activities. The group has available various financial assets, such as trade receivables, cash, and securities, which result directly from its business activities.

The group management monitors and manages the financial risks of the group. These risks include the market risk (including exchange rate risks, interest rate-induced fair value risks, and price risks), the credit risk, the liquidity risk, and interest rate-induced cash flow risks. In addition, the management decides on the utilization of derivative and non-derivative financial transactions and the deposit of surplus liquidity.

The group does not enter into any contracts with or deal in financial instruments, including derivative financial instruments, for speculative purposes.

5. Market risk

The group's activities expose it primarily to financial risks from changes in exchange rates (see 6. below) and interest rates (see 7. below). Market risk positions are determined by means of a sensitivity analysis. No changes occurred either in the market risk expositions of the group or in the nature and means of risk management and assessment.

6. Exchange rate risk management

Certain transactions in the group are denominated in foreign currency. Risks from fluctuations in exchange rates can result from these. The carrying amounts of the monetary assets and liabilities of the group denominated in foreign currencies are as follows:

Financial assets	12/31/15	12/31/14
	kEUR	kEUR
US dollar	1,093	309
British pound	9,873	6,577
Danish krone	0	764
Total	**10,967**	**7,650**

Financial liabilities	12/31/15	12/31/14
	kEUR	kEUR
US dollar	1,138	379
British pound	7,548	4,887
Danish krone	0	301
Total	**8,686**	**5,567**

Foreign currency sensitivity analysis

Because the exchange rate of the Danish krone scarcely fluctuates in relation to the EUR, the group is primarily exposed to the exchange rate risk from the currencies USD and GBP.

The following table shows the sensitivity from the point of view of the group of a ten percent rise or fall in the euro compared with the respective foreign currency. The ten percent shift represents management's assessment with regard to a reasonable possible change in the exchange rate. The sensitivity analysis only includes outstanding monetary positions denominated in foreign currency and adjusts their translation at the end of the period to a ten percent change in the exchange rates.

	Effect of USD 12/31/15	Effect of USD 12/31/14	Effect of GBP 12/31/15	Effect of GBP 12/31/14	Total 12/31/15	Total 12/31/14
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Net income for the year	-21	-13	-107	-12	-128	-25
Equity	0	0	0	0	0	0

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Interest rate risk management

The group is exposed to interest rate risks because the group´s parent company invests funds at fixed and floating interest rates. The risk is managed by the group by maintaining an appropriate relationship between floating and fixed investments of funds.

The interest rate risk on financial assets and financial liabilities is discussed in detail in the section on control of the liquidity risk.

Interest rate sensitivity analysis

The sensitivity analyses described below were determined on the basis of the interest rate risk exposure on non-derivative financial instruments at the balance sheet date.

For investments in funds at floating interest rates, the analysis is prepared on the assumption that the funds invested at the balance sheet date were invested throughout the year.

An increase or decrease in the interest rate by 50 basis points is assumed for the interest rate risk. This represents management's assessment with regard to a justified, possible change in the level of interest rates. If the interest rate had been 50 basis points higher (lower) and all other variables had remained constant:

- The net income for the year ended December 31, 2015 would have decreased/increased by EUR 46k/EUR 46k (2014: decreased/increased by EUR 61k/EUR 34k). This is due to interest rate risks from investments at floating rates.
- The equity of the group would have increased/decreased by EUR 71k/EUR 96k (2014: increased/decreased by EUR 65k/EUR 255k). This is due to changes in the fair value of available-for-sale financial assets.

The interest rate sensitivity of the group decreased during the past reporting period.

8. Credit risk management

Credit risk is the risk of a loss for the group if a contractual party does not comply with its contractual obligations. Business relationships are only entered into with creditworthy contractual parties, and, as appropriate, collaterals are obtained to reduce the risk of a loss through the non-fulfillment of obligations. The group only enters into business relationships with entities that are rated with or better than "investment grade". This information is provided by independent rating agencies. If such information is not available, the group makes use of other available financial information and its own trading records in order to evaluate its major customers. The risk exposure of the group and the credit ratings are continuously monitored. Trade receivables exist with a large number of customers spread over various sectors and geographical territories. Continuous credit assessments are carried out with regard to the financial condition of the receivables.

The group is not exposed to any significant credit risks relating to a single contractual party or a group of contractual parties with similar characteristics. The group defines contractual parties as those with similar characteristics if they are related parties. The concentration of credit risk from customer relationships did not exceed 6.7 percent (2014: 8.6 percent) of the financial gross asset values at any time during the reporting period. The credit risk on liquid funds securities which are not impaired is low because the contractual parties are banks and their subsidiaries, with good to excellent credit ratings on issuance date. The carrying amount of the financial assets included in the consolidated financial statements less any impairment losses represents the group's maximum credit risk. Any collateral possibly held is ignored. An account for specific allowances is only maintained for the class of "loans and receivables" for the trade receivables and loans granted that are included therein.

The reconciliation of changes required by IFRS 7.16 is as follows:

	2015	2014
	kEUR	kEUR
Specific allowances		
Balance at beginning of year	544	372
Allowances in the period		
Additions	154	161
Reversals	-121	-6
Consumption	-26	17
Balance at end of period	**549**	**544**

The analysis of overdue but unimpaired gross financial assets for the relevant class of "loans and receivables" in the form of trade receivables is as follows:

	Total	Not overdue	Up to 120 days overdue but not yet impaired
	kEUR	kEUR	kEUR
2015	10,012	6,474	3,539
2014	7,494	3,132	4,362

The analysis of impaired financial assets for the relevant class of "loans and receivables" shows that allowances were set up on a gross receivables amount of EUR 839k (2014: EUR 868k).

9. Liquidity risk management

The group monitors the risk of a shortage of liquidity on a continuous basis with the help of a liquidity planning tool. This tool takes into account the maturities of the financial investments and the financial assets (e.g. receivables, other financial assets) and the expected cash flows from operating activities. The group's aim is to maintain a balance between the continuous coverage of the funding requirement and the necessity for flexibility.

The maturities of the financial liabilities of the group as at December 31, 2015 are presented below. The information is based on contractual, undiscounted payments.

Financial liabilities 12/31/15	< 1 mo.	> 1 mo., < 3 mo.	3 mo. to 1 year	Total
	kEUR	kEUR	kEUR	kEUR
Trade payables	13,504	114	0	13,618
Other financial liabilities measured at amortized cost	1,095	1,013	192	2,300
Total	**14,599**	**1,127**	**192**	**15,918**

Financial liabilities 12/31/14	< 1 mo.	> 1 mo., < 3 mo.	3 mo. to 1 year	Total
	kEUR	kEUR	kEUR	kEUR
Trade payables	9,743	122	0	9,865
Other financial liabilities measured at amortized cost	1,436	851	338	2,625
Total	**11,179**	**973**	**338**	**12,490**

Amsterdam/Nuremberg, March 17, 2016

The Board of Directors of ad pepper media International N.V. compromised the following members in the financial year 2015:

Dr. Ulrike Handel, CEO
Hamburg, Germany

Dr. Jens Körner, CFO
Nuremberg, Germany

The Supervisory Board of ad pepper media International N.V. in the financial year 2015 consisted of:

Michael Oschmann (Chairman)
Thomas Bauer
Eun-Kyung Park
Dr. Stephan Roppel

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STATUTORY FINANCIAL STATEMENTS AND NOTES OF THE HOLDING COMPANY

BALANCE SHEET OF THE HOLDING COMPANY – ASSETS (BEFORE THE PREPARATION OF RESULT)

	Notes	12/31/15 kEUR	12/31/14 kEUR
Non-current assets			
Intangible assets	[2]	167	300
Tangible assets	[3]	26	50
Financial fixed assets	[4]	2,370	2,877
Marketable securities	[5]	5,504	5,710
Total non-current assets		**8,067**	**8,937**
Current assets			
Trade accounts receivables		3	1
Marketable financial assets		0	2,003
Receivables due from subsidiaries		1,927	1,700
Prepaid expenses and other current assets		235	1,244
Cash and cash equivalents		7,353	5,005
Total current assets		**9,518**	**9,953**
Total assets		**17,585**	**18,890**

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STATUTORY FINANCIAL STATEMENTS AND NOTES OF THE HOLDING COMPANY

BALANCE SHEET OF THE HOLDING COMPANY – EQUITY AND LIABILITIES (BEFORE THE PREPARATION OF RESULT)

	Notes	12/31/15 kEUR	12/31/14 kEUR
Shareholder's equity	[9]		
Issued capital		1,150	1,150
Additional paid-in capital		66,410	66,353
Accumulated deficit		-49,322	-44,067
Other reserves		-2,199	-2,043
Net results for the year		-33	-5,432
Total equity		**16,005**	**15,961**
Provisions			
Subsidiaries and loans	[4]	619	1,556
Total provisions		**619**	**1,556**
Non-current liabilities			
Deferred tax liabilities		84	0
Total non-current liabilities		**84**	**0**
Current liabilities			
Other current liabilities	[10]	610	686
Accrued expenses		267	687
Total current liabilities		**877**	**1,373**
Total liabilities		**961**	**2,929**
Total equity and liabilities		**17,585**	**18,890**

INCOME STATEMENT OF THE HOLDING COMPANY

	Notes	2015	2014
		kEUR	kEUR
Loss / gain from participations in group companies after tax		777	-480
Other gain / (loss) after taxes		-810	-4,952
Net result for the year		**-33**	**-5,432**

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY OF THE HOLDING COMPANY

	Issued capital	Additional paid-in capital		Accumulated deficit	Legal and other reserves		Net income/ (loss)	Total
		For employee stock option plans	From contributions of shareholders of the parent company		Currency translation differences	Market valuation of available-for-sale financial instruments		
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Balance at 1/1/15	**1,150**	**2,571**	**63,782**	**-44,067**	**-888**	**-1,155**	**-5,432**	**15,961**
Currency translation differences	0	0	0	0	8	0	0	8
Revaluation equity instruments	0	0	0	0	0	0	0	0
Unrealised gains/(losses) on securities	0	0	0	0	0	-164	0	-164
Total income and expense for the year recognised directly in equity	0	0	0	0	8	-164	0	-156
Net income for the year	0	0	0	0	0	0	-33	-33
Total recognised income and expense for the year	0	0	0	0	8	-164	-33	-189
Allocation to accumulated deficit	0	0	0	-5,432	0	0	5,432	0
Stock-based compensation	0	57	0	0	0	0	0	57
Purchase of treasury shares	0	0	0	0	0	0	0	0
Sale of treasury shares	0	0	0	176	0	0	0	176
Balance at 12/31/15	**1,150**	**2,628**	**63,782**	**-49,322**	**-880**	**-1,319**	**-33**	**16,005**

	Issued capital	Additional paid-in capital		Accumulated deficit	Legal and other reserves		Net income/ (loss)	Total
		For employee stock option plans	From contributions of shareholders of the parent company		Currency translation differences	Market valuation of available-for-sale financial instruments		
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Balance at 1/1/14	**1,150**	**2,472**	**63,782**	**-49,035**	**-909**	**1,911**	**4,968**	**24,339**
Currency translation differences	0	0	0	0	21	0	0	21
Revaluation equity instruments	0	0	0	0	0	-3,079	0	-3,079
Unrealised gains/(losses) on securities	0	0	0	0	0	13	0	13
Total income and expense for the year recognised directly in equity	0	0	0	0	21	-3,066	0	-3,045
Net income for the year	0	0	0	0	0	0	-5,432	-5,432
Total recognised income and expense for the year	0	0	0	0	21	-3,066	-5,432	-8,477
Allocation to accumulated deficit	0	0	0	4,968	0	0	-4,968	0
Stock-based compensation	0	99	0	0	0	0	0	99
Purchase of treasury shares	0	0	0	0	0	0	0	0
Sale of treasury shares	0	0	0	0	0	0	0	0
Balance at 12/31/14	**1,150**	**2,571**	**63,782**	**-44,067**	**-888**	**-1,155**	**-5,432**	**15,961**

NOTES TO THE STATUTORY FINANCIAL STATEMENTS OF THE HOLDING COMPANY

[1] Basis of preparation and significant accounting policies

The Company Financial Statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. In accordance with subsection 8 of section 362, Book 2 of the Dutch Civil Code. The same accounting principles may be applied in the Company's financial statement and the consolidated financial statements. The Holding Company's financial data is included in the consolidated financial statements. As allowed by section 402, Book 2 of the Dutch Civil Code, the income statement is presented in a condensed form. The notes to the Company's balance sheet and income statement are limited to items that differ from the corresponding items in the consolidated financial statements and that are of material significance. The Company's income statement has been prepared in accordance with Section 2:402 of the Dutch Civil Code.

The Holding Company applies the acquisition method to account for acquiring subsidiaries, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred by the Holding Company, liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Holding Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in an acquisition are measured initially at their fair values at the acquisition date, and are subsumed in the net asset value of the investment in consolidated subsidiaries. Acquisition-related costs are expensed as incurred.

Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets, provisions and liabilities, and determination of profit based on the principles applied in the consolidated financial statements.

When an acquisition of an investment in a consolidated subsidiary is achieved in stages, any previously held equity interest is remeasured to fair value on the date of acquisition. The remeasurement against the book value is accounted for in the income statement.

When the Holding Company ceases to have control over a subsidiary, any retained interest is remeasured to its fair value, with the change in carrying amount to be accounted for in the income statement.

When parts of investments in consolidated subsidiaries are bought or sold, and such transaction does not result in the loss of control, the difference between the consideration paid or received and the carrying amount of the net assets acquired or sold is directly recognized in equity.

Unrealized gains on transactions between the Holding Company and its investments in consolidated subsidiaries are eliminated in full, based on the consolidation principles.

The Holding Company Financial Statements are presented in euro, which is the Holding Company's functional currency. The amounts are in thousands of euros (rounded to the nearest thousand), unless otherwise stated. There have been no changes to the accounting policies of the Holding Company. Due to rounding up or down, individual figures may not add up exactly to the totals stated.

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STATUTORY FINANCIAL STATEMENTS AND NOTES OF THE HOLDING COMPANY

[2] Intangible assets

	Goodwill	Trade-marks	Software	Total
	kEUR	kEUR	kEUR	kEUR
Book value at 12/31/13	**24**	**0**	**158**	**182**
Additions	0	7	131	138
Amortization	0	0	-20	-20
Book value at 12/31/14	**24**	**7**	**269**	**300**
Purchase value	24	644	1,453	2,121
Accumulated amortization	0	-637	-1,184	-1,821
Book value at 12/31/14	**24**	**7**	**269**	**300**
Book value at 1/1/15	**24**	**7**	**269**	**300**
Additions	0	0	5	5
Disposals	0	0	-20	-20
Amortization	0	-1	-93	-94
Impairment	-24	0	0	-24
Book value at 12/31/15	**0**	**6**	**161**	**167**
Purchase value	24	644	1,439	2,107
Accumulated amortization	-24	-638	-1,278	-1,940
Book value at 12/31/15	**0**	**6**	**161**	**167**

Intangible assets are amortized over a useful life of three to twelve years.

[3] Tangible assets

	2015	2014
	kEUR	kEUR
Balance at 1/1	**50**	**75**
Additions	4	15
Disposals	-7	-3
Depreciation	-21	-37
Balance at 12/31	**26**	**50**
Purchase Value	574	577
Accumulated depreciation	-548	-527
Balance at 12/31	**26**	**50**

The amortization percentages used for tangible assets vary from 12.5 percent to 33.3 percent.

[4] Financial fixed assets

	12/31/15	12/31/14
	kEUR	kEUR
Subsidiaries at net asset value	1,984	1,339
Loans to subsidiaries	340	1,492
Other	46	46
Total	**2,370**	**2,877**

The movements during the year are as follows:

	Subsidiary companies			
	Invest-ments	Loans	Financial assets including invest-ments	Total
	kEUR	kEUR	kEUR	kEUR
Balance at 12/31/13	**354**	**737**	**4,549**	**5,640**
Additions	0	755	0	755
Revaluations	0	0	0	0
Impairment	0	0	-4,503	-4,503
Disposal and dividends	-122	0	0	-122
Share of net profit	-480	0	0	-480
Investments in subsidiaries	0	0	0	0
Translation adjustments	31	0	0	31
Balance at 12/31/14	**-217**	**1,492**	**46**	**1,321**
Additions	0	154	0	154
Revaluations	0	0	0	0
Impairment	0	0	0	0
Disposal and dividends	-892	0	0	-892
Share of net profit	777	0	0	777
Investments in subsidiaries	1,693	-1,306	0	386
Translation adjustments	6	0	0	6
Balance at 12/31/15	**1,366**	**340**	**46**	**1,752**

Investments in subsidiary companies consist of the following:

	12/31/15	12/31/14
	kEUR	kEUR
Subsidiaries at net asset value	1,984	1,339
Provisions for subsidiaries and loans	-618	-1,556
Total	**1,366**	**-217**

[5] Marketable financial assets

The marketable financial assets as of December 31, 2015 consist of available-for-sale securities and securities at fair value through profit and loss.

Non-current securities have a remaining term of more than one year or if shorter, then their disposal within one year is not planned.

Available-for-sale securities – non-current

In the reporting year, available-for-sale securities were acquired for EUR 0k (2014: EUR 3,872k) and sold for a total of EUR 0k (2014: EUR 6,634k).

In the reporting period, unrealized losses of EUR 176k (2014: losses of EUR 15k) were recognized in other comprehensive income and loss, and realized gains of EUR 0k (2014: gains EUR 155k) were included in profit and loss.

The maturities of the available-for-sale securities as of the end of the period are as follows:

	12/31/15	12/31/14
	kEUR	kEUR
Due within one year	1,591*	1,776*
Due within one and five years	619	610
Due in more than five years	0	0
Total	**2,210**	**2,386**

Fair value through profit and loss securities – non-current

In the reporting period, securities at fair value through profit and loss were acquired for EUR 0k (2014: EUR 3,386k) and sold for a total of EUR 0k (2014: EUR 3,490k).

The unrealized revaluation losses incurred in the financial year amount to EUR 29k (2014: unrealized revaluation losses of EUR 62k) with realized gains of EUR 0k (2014: realized gains EUR 0k).

The maturities of the securities at fair value through profit and loss as of the end of the period are as follows:

	12/31/15	12/31/14
	kEUR	kEUR
Due within one year	0	0
Due within one and five years	3,295	3,324
Due in more than five years	0	0
Total	**3,295**	**3,324**

[6] Group companies

The receivables from group companies mature within one year.

[7] Other current assets

	12/31/15	12/31/14
	kEUR	kEUR
Tax receivables	165	227
Other	70	1,017
Total	**235**	**1,244**

[8] Cash and cash equivalents

No restrictions to cash exist at balance sheet date.

[9] Shareholders' equity

Issued capital

No new shares in ad pepper media International N.V. were admitted for trading on the Frankfurt Stock Exchange in 2015 (2014: no new shares). The issued capital of ad pepper media International N.V. comprises 23,000,000 (2014: 23,000,000) bearer shares each with a nominal value of EUR 0.05.

Additional paid-in capital

Proceeds from the issuance of shares increased the additional paid-in capital by the amount by which they exceeded the par value of the shares. Furthermore, it also includes expenses incurred for stock option plans.

Treasury shares

By shareholders' resolutions of May 21, 2015, ad pepper media was authorized to repurchase treasury stock of up to 50 percent of the issued capital within the next 18 months. The Company did not carry out any share repurchase program in 2015. Consequently, no shares were acquired (2014: 0 shares).

As of December 31, 2015, the Company held 1,539,292 treasury shares (2014: 1,759,292 treasury shares) at a nominal value of EUR 0.05 each, which equals 6.69 percent (2014: 7.65 percent) of the share capital. According to a shareholders' resolution, those shares can be used for acquisitions or stock option plans.

The overall amount deducted from the accumulated deficit reflecting the value of treasury shares is EUR 3,094k (2014: EUR 3,270k).

Number of shares outstanding

The number of shares issued and outstanding as of December 31, 2015 totalled 21,460,708 (2014: 21,240,708). Each share has a nominal value of EUR 0.05.

Authorized unissued capital

The authorized unissued capital totals EUR 21,485.40 (2014: EUR 21,485.40) and comprises 429,708 shares (2014: 429,708 shares).

* The amount refers to one perpetual bond which is callable on a (semi-)annual basis.

Other reserves

Balances include valuations on available-for-sale securities of EUR -1.319k (2014: EUR -1,155k) and currency translation differences of EUR -880k (2014: EUR -888k).

[10] Other current liabilities

The other current liabilities comprise mainly of bonus accruals.

[11] Contingent liabilities

Contingent liabilities mainly result from rented offices and from leases for cars and office equipment. The expenses from lease agreements amounted to EUR 30k in financial year 2015 (2014: EUR 37k). Rental expense amounted to EUR 78k (2014: EUR 92k).

The future minimum payment obligations resulting from the contracts for real estate and car leases in place as of 31 December, 2015 are as follows:

	2015
	kEUR
Not later than 1 year	201
Later than 1 year and not later than 5 years	322
Later than 5 years	0

[12] Employee information

At the end of the financial, year the Company employed 13 people (2014: 21). All employees are employed outside of the Netherlands.

	2015	2014
	kEUR	kEUR
Wages and salaries	1,363	1,702
Stock option expenses	57	99
Social security costs	149	213
Voluntary employment expenses	10	10
Total	**1,579**	**2,024**

These costs are included in the cost of sales, selling expenses, and general and administrative expenses. Pension costs included in social security costs amount to EUR 57k (2014: EUR 86k).

The average number of personnel employed during the year was:

	2015	2014
	kEUR	kEUR
Business development	2	7
Marketing	0	3
Administration	11	11
Total	**13**	**21**

[13] Information relating to the Managing Directors and Supervisory Board

Remuneration (including pension costs) of current and former Managing Directors and Supervisory Board Members amounted to:

	2015	2014
	kEUR	kEUR
Managing Directors	655	470
Supervisory Board Members	24	24
Total	**679**	**494**

No other than the following board remuneration were charged to the Company in the year under review, especially no long-term bonuses and pension payments. The bonus payments are subject to the attainment of earnings before tax-goal. The targets have been achieved.

Remuneration of Managing and Supervisory Directors also includes remuneration on behalf of the subsidiaries.

Remuneration of the Management Board (2015)	Periodically paid	Annual bonus	Stock-based	Total
	EUR	EUR	EUR	EUR
Dr. Ulrike Handel (CEO)	240,000	105,000	21,000	366,000
Dr. Jens Körner (CFO)	210,000	100,000	14,000	324,000

Remuneration of the Management Board (2014)	Periodically paid	Annual bonus	Stock-based	Total
	EUR	EUR	EUR	EUR
Dr. Ulrike Handel (CEO)	240,000	10,000	41,183	291,183
Dr. Jens Körner (CFO)	210,000	10,000	28,828	248,828

Share options granted to Board Members

The principal conditions and other important data can be found in Note [39] to the consolidated financial statements.

	Grant date	Share options granted	Exercise price (EUR)	Number of options outstanding as of December 31, 2015	Number of options outstanding as of December 31, 2014
Dr. Ulrike Handel (CEO)	August, 2013	300,000	0.80	100,000	300,000
Dr. Jens Körner (CFO)	August, 2013	210,000	0.80	210,000	210,000

Supervisory Board compensation

	2015	2014
	kEUR	kEUR
Michael Oschmann	6	6
Thomas Bauer	6	6
Eun-Kyung Park	6	6
Dr. Stephan Roppel	6	6
Total	**24**	**24**

Movement in Directors' holdings

Management Board	Shares	Options	Shares	Options
	2015	2015	2014	2014
Dr. Ulrike Handel (CEO)	200,000	100,000	0	300,000
Dr. Jens Körner (CFO)	0	210,000	0	210,000

The members of the Supervisory Board do not hold any stock options or shares (2014: none).

Associated companies

Associated companies	Shares	Options	Shares	Options
	2015	2015	2014	2014
EMA B.V.	9,486,402	0	9,486,402	0
Euro Serve Media GmbH	436,963	0	436,963	0

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STATUTORY FINANCIAL STATEMENTS AND NOTES OF THE HOLDING COMPANY

[14] Auditor's fees

2015	Fee PwC Accountants N.V.	Fee other PwC offices	Total fee PwC
	kEUR	kEUR	kEUR
Audit of financial statements	40	105	145
Total	**40**	**105**	**145**

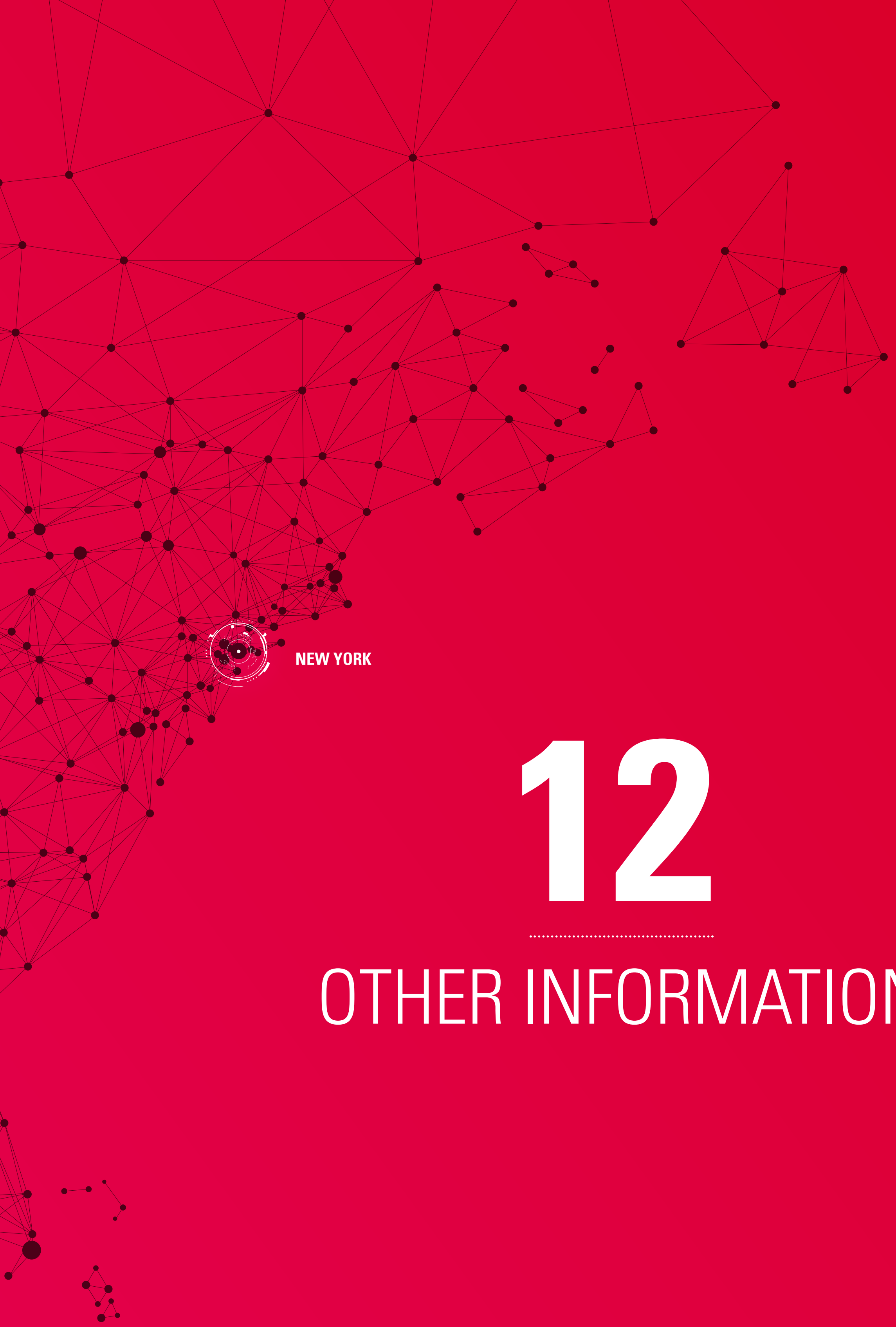
2014	Fee PwC Accountants N.V.	Fee other PwC offices	Total fee PwC
	kEUR	kEUR	kEUR
Audit of financial statements	40	107	147
Total	**40**	**107**	**147**

The Board

Dr. Ulrike Handel
(Chief Executive Officer)

Dr. Jens Körner
(Chief Financial Officer)

Amsterdam, March 17, 2016



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Appropriation of net results

According to Article 15 of the Company's articles of association, the annual meeting of shareholders determines the appropriation of the Company's net result for the year and the previous year.

Appropriation of result for the financial year 2014

The annual report 2014 was adopted in the general meeting of shareholders held on May 21, 2015. The general meeting of shareholders has determined the appropriation of result in accordance with the proposal being made to that end.

Proposed appropriation of result for the financial year 2015

The Board of Directors proposes, with the approval of the Supervisory Board, that the result for the financial year 2015 amounting to EUR -33k should be transferred to accumulated deficit withoutpayment of dividend.

The financial statements do reflect this proposal.

Awaiting the adoption of this proposal, the net result is presented separately on the balance sheet.

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INDEPENDENT AUDITOR'S REPORT

To: the general meeting and supervisory board of ad pepper media International N.V.

REPORT ON THE FINANCIAL STATEMENTS 2015

Our opinion

In our opinion,

- the accompanying consolidated financial statements give a true and fair view of the financial position of ad pepper media International N.V. as at 31 December, 2015 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of ad pepper media International N.V. as at 31 December, 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2015 of ad pepper media International N.V., Amsterdam ('the Company'). The financial statements include the consolidated financial statements of ad pepper media International N.V. and its subsidiaries (together: 'the group') and the company financial statements.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December, 2015;
- the following statements for 2015: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December, 2015;
- the company income statement for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section "Our responsibilities for the audit of the financial statements" of our report.

We are independent of ad pepper media International N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten" (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview and context

The group, including ten entities, is centrally controlled from the ad pepper media headquarters based in Germany where the accounting records are kept for the majority of transactions. We carried out audit procedures on all significant components (refer "The scope of our group audit section" below). For the remaining components we performed additional audit procedures in the areas of:

- cash and cash equivalents,
- trade receivables, and
- revenue testing.

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the management made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the management that may represent a risk of material misstatement due to fraud.

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of the financial statements of a company such as ad pepper media International N.V. that is highly dependent on a self-developed IT platform (Webgains). The Webgains based revenues became more important due to the growth in revenues via this platform in 2015. We therefore included IT-specialists (risk assurance) in our team.

Materiality
- Overall materiality: EUR 560,000, which represents 1.0 percent of total revenues (as included in the consolidated income statement).

Audit scope
- We conducted audit work in three locations covering ten components.
- Site visits were conducted in Germany and United Kingdom.
- Audit coverage: 99.7 percent of consolidated revenue and 96.8 percent of consolidated total assets.

Key audit matter
- Dependency on Webgains IT platform.

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section "Our responsibility for the audit of the financial statements". We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing, and extent of our audit procedures on the individual financial statement line items and disclosures, and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall group materiality	EUR 560,000 (2014: EUR 473,000)
How we determined it	1 percent of revenues
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the consolidated financial statements. We have also considered using the profit before tax and earnings before interest, taxes, depreciation, and amortization (EBITDA) to determine materiality, however these figures have been fluctuating during the past years mainly due to changes in business performance and results of one-off activities. In 2015, the Company had a positive EBITDA amounting to EUR 539,000 (2014: EUR 3,729,000 loss). Taking into account the volume of transactions compared to the absolute and relative amount of EBITDA, we believe that EBITDA is not suitable for use as a metric for determining the materiality for the group. On this basis, we believe that consolidated revenues is an important metric for the financial performance of the Company and is the most appropriate benchmark to determine materiality.
Component materiality	To each component in our audit scope, based on our judgement, we allocate materiality that is less than our overall group materiality. The range of materiality allocated across components was between EUR 270,000 and EUR 470,000.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the Supervisory Board that we would report to them misstatements identified during our audit above EUR 24,000 (2014: EUR 20,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

ad pepper media International N.V. is the parent company of a group of ten entities. The financial information of this group is included in the consolidated financial statements of ad pepper media International N.V..

We determined the following components should be subject to full scope audits of their financial information as these components are individually significant to the group:

- ad pepper media International N.V. (holding company, in the Netherlands),
- ad pepper media GmbH (Germany),
- ad agents GmbH (Germany),
- Webgains Ltd. (UK), and
- ad pepper media Spain S.A. (Spain).

Additionally, the remaining five other components were selected for audit procedures to achieve appropriate coverage on financial line items in the consolidated financial statements.

In total, in performing these procedures, we achieved the following coverage on the financial line items:

Revenue	99.7%
Total assets	96.8%
Profit before tax	96.8%

None of the remaining components represented individually more than 1 percent of total group revenue or 3 percent of total group assets. For those remaining components we performed, amongst others, analytical procedures to corroborate our assessment that there were no significant risks of material misstatements within those components.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole. The group engagement team visited the components in Germany and UK. Since all underlying documentation as well as required information of ad pepper media Spain S.A. were directly available in Germany, the audit of the financial information of ad pepper media Spain S.A. was carried out by the group audit team.

The group consolidation and financial statement disclosures were audited by the group engagement team.

By performing the procedures above at components, combined with additional procedures at group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matter to the Supervisory Board, but it is not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matter and included a summary of the audit procedures we performed on that matter.

The key audit matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on this matter or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Key audit matter	How our audit addressed the matter
Dependency on Webgains IT platform (refer to risk report section "technologies and IT risks") Total revenues relating to the Webgains segment amounted to EUR 40,887,000 (73 percent of total revenues; 2014: 65 percent of total revenues), occurring in several geographic areas. Given the relative amount Webgains revenue represents to total revenue, we considered the Webgains segment as the most significant revenue stream of the group. The Webgains platform is a complex, self-developed IT platform which records all transactions and calculates automatically the revenue amount based on the parameters contracted with the customers inserted into the platform. The recognition of Webgains-related revenues was highly automated and was dependent on the configuration of that platform. Considering the importance of the Webgains revenues in the financial statements and the dependency on the IT platform, any inaccuracies with respect to the IT platform may result in a material misstatement in the financial statements. We therefore considered this to be an important matter for our audit.	Our audit procedures concerning Webgains included testing the applied revenue recognition policies, validation of the design of the systems, testing of the effectiveness of IT general controls and application controls, especially those related to revenues, and assessing the continuity of the IT platform. We involved risk assurance to understand and to test existing internal controls implemented in the Webgains business. In addition to the testing of internal controls, we have performed test of details on revenue transactions vouching the transactions on a sample basis to underlying contracts, orders, invoices, system trail for delivery, and subsequent payments.

Responsibilities of the management and the Supervisory Board

The management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for
- such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management should prepare the financial statements using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A more detailed description of our responsibilities is set out in the appendix to our report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Our report on the directors' report and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the directors' report and other information):

- We have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the directors' report, to the extent we can assess, is consistent with the financial statements.

Our appointment

We were appointed as auditors of ad pepper media International N.V. on May 21, 2015 by the Supervisory Board following the passing of a resolution by the shareholders at the annual meeting held on May 21, 2015. Our appointment has been renewed annually by shareholders, representing a total period of uninterrupted engagement appointment of three years.

Utrecht, March 17, 2016
PricewaterhouseCoopers Accountants N.V.

Drs. J.W. Middelweerd RA

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APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2015 OF AD PEPPER MEDIA INTERNATIONAL N.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements, and independence requirements. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others, of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Concluding on the appropriateness of the management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure, and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the Company's consolidated financial statements, we are responsible for the direction, supervision, and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

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AT A GLANCE

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AT A GLANCE

ADDRESSES

ad pepper media subsidiaries operate in the following countries:

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salesusa@adpepper.com

DATES AND CONTACTS

Company calendar

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

Annual Report 2015	March 24, 2016
Annual General Meeting (Amsterdam, The Netherlands)	May 10, 2016
Quarterly Report I/2016	May 13, 2016
Quarterly Report II/2016	August 19, 2016
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