



**UNAUDITED CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

AS OF MARCH 31, 2016

## SELECTED GROUP KEY FIGURES

	Q1 2016	Q1 2015	Change
	EUR 000s	EUR 000s	Percent
Consolidated sales	14,418	11,599	24.3
Gross profit	3,793	3,759	0.9
EBIT	561	-358	<-100.0
Net income/(loss) for period	544	-308	<-100.0
Earnings per share in EUR (basic)	0.02	-0.02	<-100.0

	3/31/2016	3/31/2015	Change
	EUR 000s	EUR 000s	Percent
Liquid funds*	19,638	17,171	14.4
Equity	16,061	16,023	0.2
Total assets	29,113	27,232	6.9
No. of employees	166	210	-21.0

\*including securities measured at fair value and fixed-term deposits

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## THE AD PEPPER MEDIA SHARE

### Key data about the ad pepper media share

Security identification number (WKN)	940 883
ISIN	NL0000238145
Type of share	Ordinary bearer shares
Stock market segment (Frankfurt Stock Exchange)	Prime Standard
Initial public offering	10/9/2000
Designated sponsor	Equinet
Capital stock (EUR)	1,150,000
No. of shares	23,000,000
Sector	Advertising

### Key share figures

	Q1 2016	Q1 2015
XETRA closing price at end of period (EUR)	1.90	0.76
Highest price (EUR)	1.90	0.91
Lowest price (EUR)	1.20	0.74
Market capitalization at end of period (EUR)	43.7m	17.5m
Average no. of shares traded (XETRA) per day	25,916	13,754
Earnings per share (basic) (EUR)	0.02	-0.02
Net cash per share* (EUR)	0.85	0.75

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



### Shareholder structure as of 3/31/2016

	shares	shareholding
	Numbers	Percent
EMA B.V.	9,486,402	41.25
Treasury stock	1,816,495	7.90
Axxion S.A.	1,163,501	5.06
Dieter Koppitz	699,338	3.04
Euro Serve Media GmbH	436,963	1.90
<b>Subtotal</b>	<b>13,602,699</b>	<b>59.15</b>
Free float	9,397,301	40.85
<b>Total</b>	<b>23,000,000</b>	<b>100.00</b>

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

## THE STRUCTURE OF THE AD PEPPER MEDIA GROUP

ad pepper media International N.V. is the holding company of one of the leading international performance marketing groups. It was founded in 1999 and, 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 166 employees work in the three business units and the group's holding company.

### The 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 realize customized 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.

## GENERAL INFORMATION ABOUT THIS MANAGEMENT REPORT

### Definitions

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

### Forward-looking statements

This management report contains forward-looking statements and information based on the beliefs of and assumptions made by our management using information currently available to them. We have based these forward-looking statements on our current expectations, assumptions, and projections about future conditions and events. As a result, our forward-looking statements and information are subject to uncertainties and risks, many of which are beyond our control. If one or more of these uncertainties or risks materializes, or if the management’s underlying assumptions prove incorrect, our actual results could differ materially from those described in or inferred from our forward-looking statements and information. We describe these risks and uncertainties in the risk report of our Annual Report 2015.

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

### Internal control system

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

## MACROECONOMIC FRAMEWORK

### Germany/Europe/World

In its report published in February 2016, the Organisation for Economic Cooperation and Development (OECD) reduced its growth forecast for Germany. Gross domestic product (GDP) is now expected to grow by 1.3 percent this year, and then by 1.7 percent in 2017. In November, the OECD had still forecast growth of 1.8 percent and 2.0 percent respectively. The EU Commission also recently downgraded its growth forecast for the euro area.

Given the weakness in many emerging economies, the OECD has also issued a further downward correction in its forecast for the global economy as a whole. In its economic outlook, the Organisation now only expects to see global economic growth of three percent this year. Back in November, it had still predicted growth of 3.3 percent.

The OECD now expects the euro area to grow by 1.4 percent this year and by 1.7 percent in the coming year. For the US, the OECD has forecast growth of 2.0 percent in 2016. This growth rate is then expected to rise to 2.2 percent in 2017. These figures too are lower than the forecasts issued in November. China is also forecast a slower rate of growth, with GDP expected to rise by 6.5 percent this year and 6.2 percent in 2017. The OECD expects the emerging Brazilian economy to suffer a severe recession this year, with GDP set to contract by four percent.

### Advertising market

ZenithOptimedia reports that global adspend has grown 4.2 percent to reach USD 531bn in 2015, and forecasts that global adspend 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.

## EARNINGS, FINANCIAL AND NET ASSET POSITION

### Earnings position

ad pepper media International N.V. began the year with record sales of EUR 14,418k in the first quarter of 2016. This corresponds to growth of 24.3 percent compared with the equivalent period in the previous year (Q1 2015: EUR 11,599k). On a like-for-like basis, i.e. accounting for discontinued activities, the growth rate even amounted to 31.6 percent. Key growth drivers were the Webgains segment, with growth of 34.2 percent and sales of EUR 10,657k (Q1 2015: EUR 7,941k), and the ad agents segment, with growth of 38.5 percent and sales of EUR 2,657k (Q1 2015: EUR 1,919k). With like-for-like sales of EUR 1,104k, the ad pepper media segment roughly matched the previous year's figure (Q1 2015: EUR 1.100k).

Gross margin at the group rose by 0.9 percent to EUR 3,793k (Q1 2015: EUR 3,759k). On a like-for-like basis, gross margin grew by 16.0 percent, with the Webgains segment posting the most dynamic growth with a 25.8 percent increase in its gross margin. Gross profit in the ad agents segment also grew, rising in this case by EUR 98k, or 11.3 percent (Q1 2015: EUR 866k). On a like-for-like basis, gross profit in the ad pepper media segment declined slightly to EUR 396k (Q1 2015: EUR 475k).

The group's operating expenses showed a marked reduction of 21.5 percent to EUR 3,233k (Q1 2015: EUR 4,117k). In terms of costs, all segments reported figures that fell short of the previous year. Higher gross profits accompanied by lower operating expenses resulted in EBITDA of EUR 519k, the best first-quarter operating earnings figure ever in the ad pepper media group's

history (Q1 2015: EUR -292k). This corresponds to an EBITDA margin of 3.6 percent. EBIT came to EUR 561k (Q1 2015: EUR -358k). EBT amounted to EUR 626k in the first quarter of 2016 (Q1 2015: EUR -307k).

The group concluded the first quarter with net income of EUR 544k, and thus significantly ahead of the equivalent figure for the previous year's period (Q1 2015: EUR -308k).

### Financial position

The gross cash flow amounted to EUR 358k (Q1 2015: EUR -325k), while a figure of EUR -1,903k was reported for the cash flow from operations, as against EUR -2,462k for the first three months of 2015. The key factor driving the higher outflow of cash for operating activities were the reductions in accrued liabilities for affiliate credits not yet disbursed in the Webgains segment and in other trade payables. The positive cash flow from investing activities amounting to EUR 3,903k (Q1 2015: EUR 983k) results mainly from the disposal of non-current securities. Cash flow from financing activities amounted to EUR -479k in the first three months of 2016 (Q1 2015: EUR 0k) and included outgoing cash in conjunction with the current share repurchase program of EUR 439k, and dividends paid to non-controlling parties of EUR 40k.

### Net asset position

Total assets reduced by EUR 4,927k to EUR 29,113k compared with December 31, 2015. The decrease was mainly due to lower trade receivables, which fell by EUR 2,694k to EUR 7,289k at the end of the first quarter 2016. Liquid funds (including securities measured at fair value) reduced to EUR 19,638k, down by EUR 2,799k compared with December 31, 2015 (EUR 22,437k). The higher outflow of funds was largely due to a date-related reduction in trade payables by EUR 3,098k to EUR 10,520k (December 31, 2015: EUR 13,618k) and the current share repurchase program. Other trade payables reduced from EUR 1,254 as of December 31, 2015 to EUR 559k which is particularly due to lower sales tax liabilities. Other financial liabilities decreased from EUR 2,300k as of December 31, 2015 to EUR 1,564k. Total liabilities amount

to EUR 13,052k (December 31, 2015: EUR 17.532k). The group still does not have any non-current liabilities to banks. Total equity decreased slightly by EUR 447k to EUR 16,061k (December 31, 2015: EUR 16,058k), which is mainly due to the current share repurchase program. The equity ratio increased 55.2 percent (December 31, 2015: 48.5 percent).

## RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development activities in the Webgains segment are performed on a decentralized basis at Webgains Ltd. Development work for administration departments and the ad pepper media segment is directly managed by ad pepper media International N.V. Across all segments, the companies work either with in-house development resources or obtain additional support by commissioning external service providers.

## EMPLOYEES

As of March 31, 2016, the ad pepper media group had 166 employees, as against a total of 210 employees at the end of the equivalent period in the previous year. The workforce of the ad pepper media group is assigned to the following segments:

	3/31/2016	3/31/2015
	Number	Number
ad pepper media	19	46
Webgains	87	90
ad agents	45	55
Administration	15	19



## RISK AND OPPORTUNITY REPORT

There have been no material changes in the opportunity and risk situation of ad pepper media International N.V. compared with the information provided in the Annual Report as of December 31, 2015. Reference is therefore made to the information presented in the management report for the 2015 financial year.

## OUTLOOK

In terms of sales growth and key profitability figures, the first quarter of 2016 was significantly better than the equivalent period in the previous year. What is more, the EBIT and EBT key figures achieved in the first quarter of 2016 were even ahead of the 12-month figures for 2015. For the 2016 financial year as a whole, we are initially sticking to the sales target of around EUR 60,000k communicated upon publication of the 2015 Annual Report.

Amsterdam/Nuremberg, May 2, 2016  
ad pepper media International N.V.



Dr. Ulrike Handel



Dr. Jens Körner

**CONSOLIDATED INCOME STATEMENT (IFRS)**

	Q1 2016	Q1 2015
	EUR 000s	EUR 000s
<b>Revenue</b>	<b>14,418</b>	<b>11,599</b>
Cost of sales	-10,624	-7,840
<b>Gross profit</b>	<b>3,793</b>	<b>3,759</b>
Selling and marketing expenses	-2,145	-2,861
General and administrative expenses	-1,472	-1,347
Other operating income	1,090	360
Other operating expenses	-706	-269
<b>Operating profit</b>	<b>561</b>	<b>-358</b>
Financial income	129	60
Financial expenses	-64	-9
<b>Income/loss before taxes</b>	<b>626</b>	<b>-307</b>
Income taxes	-81	-1
<b>Net income/loss</b>	<b>544</b>	<b>-307</b>
Attributable to shareholders of the parent company	468	-326
Attributable to non-controlling interests	76	18
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.02	-0.02
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.02	-0.02
		No. of shares
Weighted average number of shares outstanding (basic)	21,376,815	21,240,708
Weighted average number of shares outstanding (diluted)	21,815,183	21,240,775

**CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME (IFRS)**

	Q1 2016	Q1 2015
	EUR 000s	EUR 000s
<b>Net income/loss</b>	<b>544</b>	<b>-308</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Currency translation differences	-168	1
Revaluation of available-for-sale securities	-344	17
Realized gains/losses from available-for-sale securities	-10	0
<b>Other comprehensive income, net of tax</b>	<b>-521</b>	<b>18</b>
<b>Total comprehensive income</b>	<b>23</b>	<b>-291</b>
Attributable to non-controlling interests	76	18
Attributable to shareholders of the parent company	-53	-308

**Disclosures on other comprehensive income**

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

	Q1 2016			Q1 2015		
	EUR 000s			EUR 000s		
	before income taxes	income taxes	after income taxes	before income taxes	income taxes	after income taxes
Currency translation differences	-168	0	-168	1	0	1
Revaluation of available-for-sale securities	-344	0	-344	17	0	17
Realized gains/losses from available-for-sale securities	-10	0	-10	0	0	0
<b>Total other comprehensive income</b>	<b>-521</b>	<b>0</b>	<b>-521</b>	<b>18</b>	<b>0</b>	<b>18</b>

**CONSOLIDATED BALANCE SHEET (IFRS)**

ASSETS	3/31/2016	12/31/2015
	EUR 000s	EUR 000s
<b>Non-current assets</b>		
Intangible assets	324	349
Property, plant, and equipment	131	150
Securities at fair value through profit and loss	0	3,295
Securities available-for-sale	1,253	2,210
Other financial assets	277	519
<b>Total non-current assets</b>	<b>1,985</b>	<b>6,523</b>
<b>Current assets</b>		
Trade receivables	7,289	9,983
Other receivables	891	292
Income tax receivables	146	222
Other financial assets	417	88
Cash and cash equivalents	18,385	16,932
<b>Total current assets</b>	<b>27,128</b>	<b>27,517</b>
<b>Total assets</b>	<b>29,113</b>	<b>34,040</b>

**CONSOLIDATED BALANCE SHEET (IFRS)**  
**EQUITY AND LIABILITIES**

	3/31/2016	12/31/2015
	EUR 000s	EUR 000s
<b>Equity attributable to shareholders of the parent company</b>		
Issued capital*	1,150	1,150
Reserves	66,418	66,410
Treasury shares	-3,544	-3,105
Accumulated deficit	-45,782	-46,250
Other reserves	-2,720	-2,199
<b>Total</b>	<b>15,523</b>	<b>16,006</b>
Non-controlling interests	539	503
<b>Total equity</b>	<b>16,061</b>	<b>16,508</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	95	96
<b>Total non-current liabilities</b>	<b>95</b>	<b>96</b>
<b>Current liabilities</b>		
Trade payables	10,520	13,618
Other payables	559	1,254
Other financial liabilities	1,564	2,300
Income tax liabilities	314	265
<b>Total current liabilities</b>	<b>12,957</b>	<b>17,436</b>
<b>Total liabilities</b>	<b>13,052</b>	<b>17,532</b>
<b>Total equity and liabilities</b>	<b>29,113</b>	<b>34,040</b>

\* The issued capital consists of shares with a nominal value of EUR 0.05 each. The authorized capital amounts to 23,429,708 shares, of which 23,000,000 (December 31, 2015: 23,000,000) are issued and 21,183,505 shares were floating at March 31, 2016 (December 31, 2015: 21,240,708).

**CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)**

1/2

	1/1- 3/31/2016	1/1-3/31/2015
	EUR 000s	EUR 000s
<b>Net income/loss</b>	<b>544</b>	<b>-308</b>
<b>Adjustments for:</b>		
Depreciation and amortization	-42	65
Gain/loss on sale of fixed assets	-1	0
Share-based compensation	8	17
Gain/loss on sale of securities	-13	3
Other financial income and financial expenses	-52	-54
Income taxes	81	1
Other non-cash expenses and income	-167	-49
<b>Gross cash flow</b>	<b>358</b>	<b>-325</b>
Change in trade receivables	2,576	611
Change in other assets	-692	-105
Change in trade payables	-2,835	-1,728
Change in other liabilities	-1,405	-922
Income tax received	97	0
Income tax paid	-52	0
Interest received	70	8
Interest paid	-20	0
<b>Net cash flow from/used in operating activities</b>	<b>-1,903</b>	<b>-2,462</b>
Purchase of intangible assets and property, plant, and equipment	-12	-17
Proceeds from sale of intangible assets and property, plant, and equipment	1	0
Loans repayments received	3	0
Proceeds from sale/maturity of securities	5,323	2,000
Purchase of securities/investment in fixed-term deposits	-1,412	-1,000
<b>Net cash flow from/used in investing activities</b>	<b>3,903</b>	<b>983</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)**

2/2

	1/1-3/31/2016	1/1-3/31/2015
	EUR 000s	EUR 000s
Purchase of treasury shares	-439	0
Dividends to non-controlling interests	-40	0
<b>Net cash flow from/used in financing activities</b>	<b>-479</b>	<b>0</b>
Net decrease/increase in cash and cash equivalents	1,521	-1,478
<b>Cash and cash equivalents at beginning of period</b>	<b>16,932</b>	<b>11,926</b>
Effect of exchange rates on cash and cash equivalents	-68	1
<b>Cash and cash equivalents at end of period</b>	<b>18,385</b>	<b>10,449</b>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(IFRS)**

	Balance at 1/1/2016	Total compre- hensive income	Share-based payment	Dividends	Purchase of treasury shares	Balance at 3/31/2016
<b>Issued capital</b>						
Number of shares	23,000,000					23,000,000
Issued capital (EUR 000s)	1,150					1,150
<b>Reserves</b>						
For employee stock option plans (EUR 000s)	2,571		8			2,579
From contributions of shareholders of the parent company (EUR 000s)	63,839					63,839
<b>Treasury shares</b>						
Number of shares	1,539,292				277,203	1,816,495
Treasury shares at cost (EUR 000s)	-3,105				-438	-3,543
<b>Accumulated deficit (EUR 000s)</b>	<b>-46,251</b>	<b>469</b>				<b>-45,782</b>
<b>Other reserves</b>						
Currency translation differences (EUR 000s)	-880	-168				-1,048
Unrealized gains/(losses) from available-for-sale securities (EUR 000s)	-1,319	-354				-1,673
<b>Equity attributable to shareholders of ad pepper media International N.V. (EUR 000s)</b>	<b>16,005</b>	<b>-53</b>	<b>8</b>	<b>0</b>	<b>-438</b>	<b>15,522</b>
Non-controlling interests (EUR 000s)	503	76		-40		539
<b>Total equity (EUR 000s)</b>	<b>16,508</b>	<b>23</b>	<b>8</b>	<b>-40</b>	<b>-438</b>	<b>16,061</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(IFRS)**

	Balance at 1/1/2015	Total compre- hensive income	Share-based payment	Dividends	Purchase of treasury shares	Balance at 3/31/2015
<b>Issued capital</b>						
Number of shares	23,000,000					23,000,000
Issued capital (EUR 000s)	1,150					1,150
<b>Reserves</b>						
For employee stock option plans (EUR 000s)	2,472		17			2,588
From contributions of shareholders of the parent company (EUR 000s)	63,782					63,782
<b>Treasury shares</b>						
Number of shares	1,759,292					1,759,292
Treasury shares at cost (EUR 000s)	-3,281					-3,281
<b>Accumulated deficit (EUR 000s)</b>	<b>-40,786</b>	<b>-326</b>				<b>-46,544</b>
<b>Other reserves</b>						
Currency translation differences (EUR 000s)	-909	1				-887
Unrealized gains/(losses) from available-for-sale securities (EUR 000s)	-1,168	17				-1,138
<b>Equity attributable to shareholders of ad pepper media International N.V. (EUR 000s)</b>	<b>24,339</b>	<b>-308</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>15,670</b>
Non-controlling interests (EUR 000s)	236	18				353
<b>Total equity (EUR 000s)</b>	<b>24,575</b>	<b>-290</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>16,023</b>

## SELECTED EXPLANATORY NOTES

Consolidated segment information (IFRS)

Q1 2016	ad pepper media	Webgains	ad agents	admin	Intersegment elimination	group
	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s
<b>Revenue</b>	<b>1,104</b>	<b>10,659</b>	<b>2,657</b>	<b>75</b>	<b>-77</b>	<b>14,418</b>
Thereof external	1,104	10,657	2,657	9	0	14,418
Thereof intersegment	0	2	0	75	-77	0
<b>Expenses and other income</b>	<b>-1,013</b>	<b>-10,046</b>	<b>-2,420</b>	<b>-454</b>	<b>75</b>	<b>-13,857</b>
Thereof depreciation and amortization	-3	81	-8	-28	0	42
Thereof other non-cash income	42	240	8	12	0	302
Thereof other non-cash expenses	-4	-117	0	-45	0	-161
<b>EBITDA</b>	<b>94</b>	<b>533</b>	<b>246</b>	<b>-351</b>	<b>-2</b>	<b>519</b>
<b>EBIT</b>	<b>91</b>	<b>613</b>	<b>238</b>	<b>-379</b>	<b>-2</b>	<b>561</b>
<b>Financial income</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>128</b>	<b>0</b>	<b>129</b>
<b>Financial expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-64</b>	<b>0</b>	<b>-64</b>
<b>Income taxes</b>						<b>-81</b>
<b>Net income for the period</b>						<b>544</b>

## Consolidated segment information (IFRS)

Q1 2015	ad pepper media	Webgains	ad agents	admin	Intersegment elimination	group
	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s	EUR 000s
<b>Revenue</b>	<b>1,740</b>	<b>7,941</b>	<b>1,919</b>	<b>55</b>	<b>-56</b>	<b>11,599</b>
Thereof external	1,739	7,941	1,919	0	0	11,599
Thereof intersegment	1	0	0	55	-56	0
<b>Expenses and other income</b>	<b>-1,584</b>	<b>-8,004</b>	<b>-1,943</b>	<b>-481</b>	<b>55</b>	<b>-11,957</b>
Thereof depreciation and amortization	-3	-19	-13	-31	0	-65
Thereof other non-cash income	135	43	0	0	0	178
Thereof other non-cash expenses	18	-152	-1	-19	0	-190
<b>EBITDA</b>	<b>158</b>	<b>-44</b>	<b>-11</b>	<b>-395</b>	<b>-1</b>	<b>-292</b>
<b>EBIT</b>	<b>155</b>	<b>-62</b>	<b>-24</b>	<b>-426</b>	<b>-1</b>	<b>-358</b>
<b>Financial income</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>64</b>	<b>-5</b>	<b>60</b>
<b>Financial expenses</b>	<b>-4</b>	<b>-1</b>	<b>0</b>	<b>-9</b>	<b>5</b>	<b>-9</b>
<b>Income taxes</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>
<b>Net income for the period</b>						<b>-308</b>

### 1. Basis for the preparation of the interim financial statements

The current condensed interim consolidated financial statements of ad pepper media International N.V. were prepared according to the provisions of the International Financial Reporting Standards (IFRS) as applicable on the closing date, and are presented in euros (EUR). The comparative figures from the previous year were determined according to the same principles and adjusted where necessary. The quarter-end financial statements meet the requirements of IAS 34. The condensed consolidated interim financial statements do not include all of the information required for the full annual financial statements and should therefore be read in conjunction with the consolidated Annual Report for the year ended December 31, 2015.

The consolidated interim financial statements as of March 31, 2016 were authorized for issue by the Board of Directors on May 2, 2016.

### 2. Accounting principles

The accounting principles applied to these quarter-end financial statements do not materially differ from the principles as applied to the Annual Report as per December 31, 2015. Since then, no new standards or interpretations have been adopted.

### 3. Consolidated group

The entities included in consolidation are as follows:

Entity	3/31/2016	12/31/2015
	Percent	Percent
ad pepper media GmbH, Nuremberg, Germany	100	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
ad agents GmbH, Herrenberg, Germany	60	60

#### 4. Notes to the Interim Financial Statements

Reference is basically made to the comments on the results of operations, financial position and net assets in the Interim Management Report.

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

Other operating income mainly includes the second variable purchase price component of EUR 100k for the sales house business (mediasquares) sold in 2014. Further other operating income mainly includes income of EUR 73k (Q1 2015: EUR 33k) from 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, and foreign exchange gains of EUR 730k (Q1 2015: EUR 148k).

Other operating expenses for the first quarter of 2016 chiefly comprise foreign exchange losses of EUR 670k (Q1 2015: EUR 108k) and write-downs of receivables amounting to EUR 120k (Q1 2015: EUR 102k). The net financial income of EUR 65k for the first quarter of 2016 consists of interest income on non-current securities of EUR 52k (Q1 2015: EUR 54k) and gains on sale of non-current securities of EUR 13k (Q1 2015: EUR 3k).

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

Other liabilities reduced by EUR 695k compared with December 31, 2015. This was chiefly due to lower sales tax liabilities. The reduction in other financial liabilities by EUR 736k to EUR 1,564k in the first quarter of 2016 was due in particular to the payment of settlements and variable compensation components.

#### 5. Segment reporting according to IFRS 8

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

Generally, financial information is required to be reported on the same basis as used internally to evaluate the operating segments (management approach). The information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on the category of services delivered. For this reason, the group reports segment information for the operating segments of "ad pepper media" (lead, mail, banner), "Webgains" (affiliate marketing) and "ad agents" (SEM/SEO), and for the non-operating "admin" (administration) segment.

The accounting policies of the reportable segments correspond to the group's accounting policies described in note [2] of the consolidated Annual Report for the year ended December 31, 2015.

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

The "dealing at arm's length" principle forms the basis of accounting for intersegment transaction.

## Geographical information

The group operates in four principal geographical areas – Germany, Spain, United Kingdom, and the U.S.

The group's revenue from the continued operations of the group from business with external customers and information about the segments' assets are detailed below according to geographical location. Long-term assets do not include financial instruments or deferred tax assets:

	Revenue from external customers		Non-current assets	
	Q1 2016	Q1 2015	3/31/16	3/31/15
	EUR 000s	EUR 000s	EUR 000s	EUR 000s
Germany	4,244	3,501	223	427
United Kingdom	7,593	6,020	209	152
Spain	913	764	16	2
USA	1,358	562	3	2
Scandinavia	0	431	0	2
Other	309	320	4	9
<b>Total</b>	<b>14,418</b>	<b>11,599</b>	<b>455</b>	<b>594</b>

Revenues of EUR 1,601k (Q1 2015: EUR 858k) are derived from a single external customer. These revenues are attributable to the Webgains segment.

## 6. Treasury stock

### Acquisition of treasury stock

By a shareholders' resolution dated May 21, 2015, the Board of Directors was authorized to repurchase treasury stock of up to 50 percent of the issued capital within the following 18 months.

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, which corresponds up to 3.0 percent of the total share capital of the company. In the first quarter, the company purchased 277,203 shares.

As of March 31, 2016, ad pepper media International N.V. held 1,816,495 treasury stocks (March 31, 2015: 1,759,292) at a nominal value of EUR 0.05 each, corresponding to 7.9 percent (March 31, 2015: 7.65 percent) of the share capital. According to a shareholders' resolution, these shares can be used for stock option plans or acquisitions.

### Sale of treasury stock

No treasury shares were sold during the first three months of 2016 (Q1 2015: 0). No shares were sold under the employee stock option plans and no cash settlements amounting for fully vested stock options occurred (Q1 2015: 0).

### Number of shares outstanding

The number of shares issued and outstanding as of March 31, 2016 totals 21,183,505 (March 31, 2015: 21,240,708). Each share has a nominal value of EUR 0.05.

## 7. Seasonal influences on business operations

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, revenue and, thus, operating profit are generally higher in the second half of the year.

## 8. Stock options and shareholdings

As of March 31, 2016, a total of 1,053,900 stock options exist under stock option plans. The exchange ratio for each of the stock options is one share per option. The exercise prices are in the range of EUR 0.665 to EUR 3.795.

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

	Shares as of 3/31/2016	Options as of 3/31/2016
<b>Board of Directors</b>		
Dr. Ulrike Handel	200,000	100,000
Dr. Jens Körner	0	210,000
<b>Former Board of Directors</b>		<b>389,500</b>
<b>Supervisory Board</b>		
Michael Oschmann	0	0
Thomas Bauer	0	0
Eun-Kyung Park	0	0
Dr. Stephan Roppel	0	0
<b>Employees</b>		<b>394,400</b>
<b>Associated companies</b>		
EMA B.V.	9,486,402	0
Euro Serve Media GmbH	436,963	0

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

There have been no material changes in transactions with related parties compared with the 2015 financial year.

## 10. Events after the balance sheet date

Up until the day of authorization for issuance, no events took place which would have exerted substantial influence on the net assets, financial position, or result of operations as per March 31, 2016.

Amsterdam/Nuremberg, May 2, 2016  
ad pepper media International N.V.



Dr. Ulrike Handel



Dr. Jens Körner



## FINANCIAL CALENDAR

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

Annual General Meeting (Amsterdam, The Netherlands)	May 10, 2016
Quarterly Report II / 2016	August 19, 2016
Quarterly Report III / 2016	November 18, 2016

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## IMPRINT

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Dr. Jens Körner, CFO

We will gladly send you our **2015 Annual Report** as well as the **Interim financial report for 2016** in German or English. These reports are also published as PDF files at

[www.adpeppergroup.com](http://www.adpeppergroup.com) under:  
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