

ad pepper media International N.V.  
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# ad pepper

**9-Months-Report**  
**3-2003**



ad   
pepper  
The e-Advertising Network

ad pepper media ▶ global reach. local touch.



### Dear Shareholder,

The summer quarter, traditionally a weaker one, was particularly affected this year by the record temperatures prevailing throughout Europe, leading to a disproportionate seasonal drop in Internet use. Additional irritations due to world politics and economic crises continue to have severe effects on the advertising business.

In spite of all this, optimism is beginning to prevail and the stock exchanges, as early indicators, have shown excellent development since the beginning of this year. The online advertising market is also showing dynamism, growing considerably faster than other areas of advertising and, increasingly, on a basis that deserves respect.

The market is consolidating in a less hectic manner, being again more marked by strategic than by financial aspects. Quality suppliers have discovered their business model and are making profits, while business models drawn up on an invalid basis are struggling to survive.

The summer quarter also turned out better than expected for ad pepper media. The clearly increased turnover (36% over the same period in the previous year) not only almost achieved that of the successful second quarter, but EBIT and results were even slightly better. The days of red figures are now happily five quarters back and ad pepper media is slowly but surely making progress in the areas of net profits that are by no means unattractive. Having successfully launched its products and services, the company enjoys competitive advantages that are well backed up, in particular by its own, innovative technology and outstanding international presence.

It is pleasing to record the considerable proportion of international campaigns, both in the media and direct marketing areas. With its widespread European presence and the global range of its networks, ad pepper media is also capable of handling complicated, international campaigns effectively and efficiently, acquiring certain unique characteristics in the eyes of advertisers. It is also gratifying to note the increasing proportion of business from outside Europe, principally from the USA and Asia. As a result, all the company's economic indicators have continued their positive trend and it can already be seen that this will not weaken for the rest of the year.

Our shareholders clearly appreciate the course of our share price, which once more outperformed on the market. This also creates an increasingly positive response, not only with private investors, but also, happily, with international institutional funds. In summary, it may be stated that while the hard, well-planned work of the past has started to pay off, we cannot afford to rest on our laurels. Each day must be faced and tackled as it comes, a situation for which ad pepper media is well prepared.

Thank you for your trust in us.

The Board  
ad pepper media International N.V.

Ulrich Schmidt      Hermann Claus      Niels Nüssler



### Results – first 9 month of 2003 and third quarter of 2003

For the last five quarters in a row, ad pepper media International N.V. has produced positive results, due above all to the tangible expansion of basic turnover, as well as to on-going cost management.

In the third quarter of 2003, ad pepper media achieved a turnover of T€ 4,692 (Q3/2002: T€ 3,446), representing a growth of 36% over the same quarter in the previous year. Gross margin rose by 39% to T€ 2,282 (Q3/2002: T€ 1,637). Earnings before interest and taxes increased from T€ -217 to T€ 97. The results for the period rose from T€ 22 in the third quarter of 2002 to T€ 396 in the third quarter of 2003.

Total turnover in the first nine months of the current fiscal year was € 13.7 million, 48% above that for the same period in the previous year. In the first nine months of 2003, a gross margin of € 6.6 million was achieved, a growth of 67% compared with the same period of the previous year. EBIT for the first nine months of 2003 was T€ 221, compared with the previous year's figure of € -2.0 million. Profits for the last nine month period were € 1.1 million, compared with a deficit of € 1.3 million in the comparable period last year.

The earnings per share on the basis of weighted average shares outstanding for the third quarter of the current fiscal year was € 0.04 (third quarter

2002: € 0.00). If the first nine months of the year 2003 are considered, the earnings per share improved from € -0.12 in the first nine months of 2002 to € +0.10.

ad pepper media generated a positive cash-flow of € 1.5 million from operating activities in the third quarter of 2003, with positive effects for its already excellent liquidity. As of 30.09.2003 ad pepper media possessed liquid resources amounting to € 29.1 million, including short-term liquidisable fixed asset securities.

### Business development

Apart from the general upturn in the online advertising market, the positive business trend in recent quarters has been due above all to the consistent, on-going development of the company's structure. With targeted investments in products, services and new business areas, as well as a matching acquisition strategy, the company's market position in Europe has been tangibly expanded.

The key products for ad pepper media's direct marketing solutions were finely tuned, particularly on the technical side. Special attention was paid to automating campaign procedures, to data protection and improvements to data quality. In addition, the company's products were expanded to include attractive dialogue marketing components that let

clients follow up new interested parties efficiently. The e-mail marketing area is clearly becoming a major contributor of income, not least because of the high quality of the purely consent-based profiles.

There was also considerable investment in the media area. As well as expanding its theme channels, ad pepper media features new, innovative rich media formats, streaming and integrated media concepts, as well as the smooth, fast implementation of technically sophisticated campaigns.

ad pepper media's organic growth guarantees constant high quality in customer relations. It was still possible to improve European coverage with new partnerships and appropriate acquisitions.

As a reaction to the increasing demand for its online direct marketing solutions on the Swiss market, ad pepper media entered on a cooperation agreement with Ambition AG in July, 2003. This cooperation makes it possible for ad pepper media to reinforce and expand its presence in Switzerland.

A major step forward in Italy was also made with the acquisition in October 2003 of the largest independent Italian online marketer, Clickit S.R.L. With its main strengths in the media and e-mail marketing areas, Clickit is an ideal complement to ad pepper media's direct marketing activities. Together, the two companies represent more than 150 websites

on the Italian market, with several hundred million advertising contacts, whose marketing messages reach practically all Italian online homes.

To summarise, it may be said that with its international presence and global network coverage, ad pepper media has been able to create essential competitive advantages.

With 13 branches in 9 European countries, ad pepper media currently markets some 1.2 billion advertising contacts per month on over 650 websites, handling global campaigns in over 40 countries, via [www.adpepper.com](http://www.adpepper.com).

### Online advertising

Even if the third quarter's advertising expenditure took a breather in the summer, an increasing growth dynamic continues to be felt on the market. Basic doubts in the need for and effectiveness of online advertising are hardly perceptible any longer, with attention turning to the right type of campaign and how to integrate it. Nearly all major companies have considerably expanded their online sector, giving it a fixed place in their media plan. While this continues to be on a modest level, it also holds out hope for future growth.

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By now, suitable types of campaign can be individually designed for all types of campaign objectives. This applies to the media sector, which is increasingly dominated by high-grade rich media formats, and in particular to the performance and direct marketing sector, which can achieve amazing results with integrated and multi-platform promotions.

Advertisers are dividing their budgets between fewer and fewer providers. For good reasons: complex campaigns demand professional handling and, in particular, harmonised processes and tools that comply with the state of the art.

A specific demand for matching products and solutions also results in quality assurance, not only on the provider side, but also when it comes to price. Cut-price solutions can no longer keep up with the standard required and are increasingly being weeded out.

This growth in international online campaigns emphasises their significance for the overall communication and advertising strategy of international groups. Moreover, small and medium-sized enterprises and regional marketers are discovering the advantages of interactive communication, so that B2B and E-Commerce in particular will be major growth areas in the coming years. Large networked units, a high level of technological and organisational know-how, plus solid roots in local markets are essential for satisfactory handling of these requirement profiles.

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With its European structure and its local and international competence teams, ad pepper media is ideally positioned on the market and well prepared for any further rise in advertising expenditure.

### Shares

In the third quarter of 2003, the first signs of stronger growth in the world economy began to emerge in the USA and Asia. While Europe lagged behind this trend, all opinion indicators point towards recovery. Now that the latest fears of deflation have receded, interest rates on the capital market are staying at a constant low level. The American and European share markets have steadied, while those in Asia showed strong improvement.

This positive upwards trend was reflected in ad pepper media's share price. ad pepper media shares began the third quarter on 1 July 2003 at €2.60 on Xetra. While the shares reached their lowest point on 10 July 2003, with €2.51, a sustained upwards trend began in the further course of the quarter. The shares reached their highest point on 5 September 2003, with €3.75, representing an increase of 44% in the third quarter. In the course of September, however, the shares slipped slightly and closed on the last day of trading, 30 September, at €3.30. ad pepper media shares thus showed a plus of 27% in the period under report. When seen over the nine-month period, the ad pepper media shares performed even better, showing a plus of 78% since the beginning of the year.

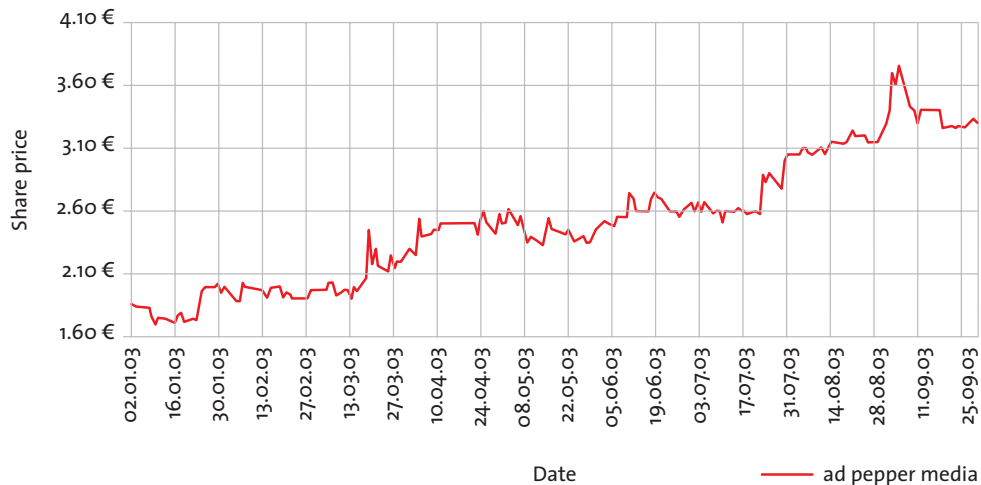
Current prices also indicate a continuation of the positive trend in the fourth quarter of 2003. On 3 November 2003, the shares closed at € 5.00 in Xetra trading.

In the third quarter, ad pepper media increasingly drew the attention of investors and analysts. ad pepper media maintains lively contacts with institutional investors at home and abroad and will be present at the German Equity Forum in Frankfurt on 26 November 2003, to hold an investor and analyst conference on its third quarter figures for 2003.

Interested parties can find detailed information on shares at [www.adpepper.com](http://www.adpepper.com) (Investor Relations), where they can also download financial reports and statements.

### Prospects

The prospect for the rest of the year is basically simple. Business can only improve and business forecasts from advertisers are predominantly positive.





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The tendency to expand online advertising budgets continues to be apparent, with new advertisers being attracted to the market by the success of their competitors. Even though our main attention must continue to be given to organic growth, ad pepper media will grow by suitable purchases, as acquisitions in the past have always come up to expectations.

Although the acquisition of the Italian online marketer Clickit S.R.L. is outside the period under report, its effects will still be felt this year. This acquisition let ad pepper media appreciably improve its market position in Italy, where it is now the leading independent online marketer. But even without Clickit, the order books are well filled and a successful fourth quarter is to be expected.

While it is too early to give any detailed prospects for the year 2004, the innovative power of the medium and the dynamism of the markets should also bring the sector over-proportional growth next year.

However, vigilance and commitment are needed more than ever, as competitive positions can be lost overnight in such a highly technical and growth-driven market. The increasing professionalism and experience of all present on the market will continue to ensure constantly high competitive pressure.

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The correct positioning of ad pepper media, with its three business sectors, media, data and technology under one roof, lets us improve our competitive position and should drive on corporate development in the coming quarters.

We are convinced that we can continue to portray the potential of the market and of our company in assessments based on performance indicators.



## Financial statement of operations

	Q3/2003 €	Q3/2002* €	Q1-Q3/2003 €	Q1-Q3/2002* €
Net Sales	4,692,132	3,446,060	13,714,552	9,249,495
Cost of Sales	-2,409,732	-1,809,557	-7,089,057	-5,291,077
<b>Gross profit</b>	<b>2,282,400</b>	<b>1,636,503</b>	<b>6,625,495</b>	<b>3,958,418</b>
Selling and marketing expenses	-1,215,573	-969,974	-3,514,899	-3,089,101
General and administrative expenses	-1,026,561	-1,043,815	-2,987,361	-3,170,474
Other operating income and expenses, net	28,880	69,755	31,910	221,865
<b>Operating income/loss</b>	<b>69,146</b>	<b>-307,531</b>	<b>155,145</b>	<b>-2,079,292</b>
Equity in earnings of affiliated companies	18,026	0	46,204	0
Foreign currency exchange gains and losses, net	9,415	90,874	19,707	53,091
Interest income and expenses, net	299,649	243,985	837,852	803,149
<b>Income/loss before income taxes (and minority interest)</b>	<b>396,236</b>	<b>27,328</b>	<b>1,058,908</b>	<b>-1,223,052</b>
Income taxes	0	-852	0	-1,139
<b>Income/loss before minority interest</b>	<b>396,236</b>	<b>26,476</b>	<b>1,058,908</b>	<b>-1,224,191</b>
Minority interest	0	-4,865	-5,500	-38,097
<b>Net gain/loss</b>	<b>396,236</b>	<b>21,611</b>	<b>1,053,408</b>	<b>-1,262,288</b>
Net gain/loss per share (basic)	0.04	0.00	0.10	-0.12
Net gain/loss per share (diluted)	0.04	0.00	0.10	-0.12
	Q3/2003 shares	Q3/2002 shares	Q1-Q3/2003 shares	Q1-Q3/2002 shares
Weighted average shares outstanding (basic)	10,412,493	10,574,724	10,482,651	10,609,715
Weighted average shares outstanding (diluted)	11,039,359	10,574,724	10,994,840	10,609,715

\*prior year's presentation amended



**Balance Consolidated: Assets**

	September 30, 2003 €	December 31, 2002* €
<b>Current assets</b>		
Cash and cash equivalents	15,532,430	20,833,667
Marketable securities	999,186	4,137,205
Trade accounts receivable, net	4,804,241	5,403,525
Prepaid expenses and other current assets	1,497,575	1,340,070
<b>Total current assets</b>	<b>22,833,432</b>	<b>31,714,467</b>
<b>Noncurrent assets</b>		
Equipment, net	355,167	376,665
Intangible assets, net	940,981	753,601
Goodwill	2,428,786	2,026,041
Investments in affiliated companies	735,980	689,776
Marketable securities	12,561,377	3,508,000
Other assets	209,560	213,916
<b>Total noncurrent assets</b>	<b>17,231,851</b>	<b>7,567,999</b>
<b>Total assets</b>	<b>40,065,283</b>	<b>39,282,466</b>

**Balance Consolidated: Liabilities and Shareholder's Equity**

<b>Current liabilities</b>		
Trade accounts payable	1,761,836	1,982,049
Accrued expenses	2,967,619	2,571,209
Other current liabilities	873,645	774,827
<b>Total current liabilities</b>	<b>5,603,100</b>	<b>5,328,085</b>
<b>Minority interest</b>	<b>0</b>	<b>39,829</b>
<b>Shareholder's equity</b>		
Share capital	1,115,500	1,115,500
Treasury stock	-84,839	-62,716
Additional paid-in capital	56,576,427	57,026,709
Accumulated deficit	-23,127,257	-24,180,665
Accumulated other comprehensive income/loss	-17,648	15,724
<b>Total shareholder's equity</b>	<b>34,462,183</b>	<b>33,914,552</b>
<b>Total liabilities and shareholder's equity</b>	<b>40,065,283</b>	<b>39,282,466</b>

\* prior year's presentation amended



## Statement of Cash Flows

	01.01.03-30.09.03 €	01.01.02-30.09.02* €
Net gain/loss	1,053,408	-1,262,287
<b>Adjustments to reconcile net gain/loss to cash used in operations:</b>		
Loss attributable to minority interests	5,500	38,097
Depreciation and amortization	320,535	338,280
Gain/ loss on sale of equipment	5,553	-1,912
Other non-cash income and expenses	-333,272	-9,152
<b>Gross-cash-flow</b>	<b>1,051,724</b>	<b>-896,974</b>
<b>Changes in operating assets and liabilities:</b>		
Increase/decrease in trade accounts receivable	599,284	-1,210,203
Increase/decrease in prepaid expenses and other assets	-157,505	-112,456
Increase/decrease in trade accounts payable	-220,213	-506,603
Increase/decrease in accrued expenses and other liabilities	495,229	-48,213
<b>Net cash used in/provided by operating activities</b>	<b>1,768,519</b>	<b>-2,774,449</b>
Capital expenditures for intangible assets and equipment	-190,908	-92,899
Proceeds from sale of intangible assets and equipment	11,476	5,151
Capital expenditures in affiliated companies	0	-244
Security payments/proceeds from repayment security deposits	4,356	-55,817
Cash paid for acquisition of shares in consolidated companies	-473,545	-122,988
Purchase of marketable securities	-5,915,358	-5,629,105
<b>Net cash used in investing activities</b>	<b>-6,563,979</b>	<b>-5,895,902</b>
Purchases treasury stock	-472,405	-129,647
<b>Net cash used in financing activities</b>	<b>-472,405</b>	<b>-129,647</b>
Effect of exchange rate changes on cash and cash equivalents	-33,372	-76,593
Changes in cash and cash equivalents	-5,301,237	-8,876,591
Cash and cash equivalents at beginning of year	20,833,667	28,074,757
Cash and cash equivalents at end of 3rd quarter	15,532,430	19,198,166

\* prior year's presentation amended



## Statement of shareholder's equity

	Share Capital €	Treasury stock €	Additional paid-in capital €	Accumulated deficit €	Accumulated other comprehensive income/loss €	Total €
<b>Balance at January 01, 2002</b>	<b>1,115,500</b>	<b>-53,316</b>	<b>57,146,956</b>	<b>-23,475,682</b>	<b>-243,812</b>	<b>34,489,646</b>
Acquisition of treasury shares	0	-10,000	-126,907	0	0	-136,907
Disposal from treasury shares	0	600	6,660	0	0	7,260
Net loss for the period	0	0	0	-704,983	0	-704,983
Cumulated other comprehensive income/loss	0	0	0	0	259,536	259,536
Total comprehensive income/loss	0	0	0	0	0	-445,447
thereof January 01, 2002 – September 30, 2002	0	0	0	0	0	-1,338,881
thereof July 01, 2002 – September 30, 2002	0	0	0	0	0	-53,098
<b>Balance at December 31, 2002</b>	<b>1,115,500</b>	<b>-62,716</b>	<b>57,026,709</b>	<b>-24,180,665</b>	<b>15,724</b>	<b>33,914,552</b>
<b>Balance at January 01, 2003</b>	<b>1,115,500</b>	<b>-62,716</b>	<b>57,026,709</b>	<b>-24,180,665</b>	<b>15,724</b>	<b>33,914,552</b>
Acquisition of treasury shares	0	-25,370	-524,770	0	0	-550,140
Disposal from treasury shares	0	3,247	74,488	0	0	77,735
Net loss for the period	0	0	0	1,053,408	0	1,053,408
Cumulated other comprehensive income/loss	0	0	0	0	-33,372	-33,372
Total comprehensive income/loss	0	0	0	0	0	1,020,036
thereof July 01, 2003 – September 30, 2003	0	0	0	0	0	390,484
<b>Balance at September 30, 2003</b>	<b>1,115,500</b>	<b>-84,839</b>	<b>56,576,427</b>	<b>-23,127,257</b>	<b>-17,648</b>	<b>34,462,183</b>



### Business combinations

ad pepper media France S.A.R.L. acquired a 100% interest in the French online marketer Macati S.A.R.L. effective January 1, 2003. Macati's results have been included in the Group Accounts since January 1<sup>st</sup>, 2003. Macati is an established provider and developer on the French market for efficient direct marketing concepts. The excellent reach of the existing Macati website network means that Macati's advertising customers can implement their direct marketing campaigns rapidly, and directly online. Macati has a network of more than 500 Web sites in the B2B and B2C sectors, which can reach millions of unique users every day. Macati's activities focus on customer loyalty and acquisition programs, in which users specifically and consciously choose the offered products and services. Since the company was formed it has generated more than 1.3 million qualified user profiles for well-known French and international companies such as Nokia, Microsoft, Consodata, Apple Computers, Claritas, Banque AGF and EGG. Macati S.A.R.L. was formed in June 2000 and already recorded a profit in both of the last two years with its interactive marketing solutions.

The preliminary purchase costs totaled € 399,808. Of this amount € 87,500 was paid for in the form of shares of ad pepper media International N.V. Of the total purchase price, € 75,000 are contingent based on targets being reached, of this amount € 37,500 payable in shares of the company. The number of these shares is calculated using the average price of the last ten trading days after the 2003 financial

statements have been adopted. 25,331 shares will be transferred for the first tranche of shares totaling € 50,000 based on the 10-day average price prior to the contract being signed.

The preliminary purchase price exceeds the net assets by € 343,154. The goodwill is not tax deductible. The purchase price allocation has not been determined.

Including Macati's operating results of prior year, the consolidated pro forma sales amounts to € 3,523,598 and the consolidated pro forma net loss is € 18,385, resulting in a pro forma loss per share of € 0.00 for the third quarter 2002. The pro forma figures regarding the first nine months of 2002 amount to net sales of € 9,613,859, a net loss of € 1,235,889 and loss per share of € 0.12.

### Income Tax

Due to tax loss carry forwards, no tax expense was recognized in the reporting period.

### Stock based compensation

In line with the intrinsic value method no expenses for the employee stock option plans were reported. The following table illustrates the effect on net income and earnings per share if the company had applied the fair value recognition provisions of SFAS 123:

		Q3/2003 €	Q3/2002 €	Q1-Q3/2003 €	Q1-Q3/2002 €
<b>Net income/loss</b>	as reported	396,236	21,611	1,053,408	-1,262,288
	pro forma expense	59,412	45,070	176,176	135,210
<b>Net income/loss</b>	pro forma	336,824	-23,459	877,232	-1,397,498
<b>Earnings per share</b>	as reported	0.04	0.00	0.10	-0.12
<b>(basic)</b>	pro forma	0.03	0.00	0.08	-0.13
<b>Earnings per share</b>	as reported	0.04	0.00	0.10	-0.12
<b>(diluted)</b>	pro forma	0.03	0.00	0.08	-0.13

### Comprehensive Income

The accumulated other comprehensive income exclusively includes accumulated currency translation differences.

### Segment reporting

ad pepper media's entire business activities are regarded as a single segment. Internal reporting to the management is currently primarily focused on regional sales growth. The following tables show the sales, cost of sales and the gross earnings in the individual regions:



<b>Sales</b>	Q3/2003 €	Q3/2002 €	Q1-Q3/2003 €	Q1-Q3/2002 €
Central Europe (Germany, Austria)	1,202,272	932,410	4,478,174	3,087,571
Northern Europe (Denmark, Sweden, Finland, Norway)	1,602,132	795,295	3,525,700	2,151,899
Western Europe (United Kingdom, France, Spain, The Netherlands, Italy)	1,887,728	1,718,355	5,710,678	4,010,025
<b>Total sales</b>	<b>4,692,132</b>	<b>3,446,060</b>	<b>13,714,552</b>	<b>9,249,495</b>
<b>Cost of sales</b>	Q3/2003 €	Q3/2002 €	Q1-Q3/2003 €	Q1-Q3/2002 €
Central Europe (Germany, Austria)	829,299	572,452	2,392,350	1,997,776
Northern Europe (Denmark, Sweden, Finland, Norway)	517,977	501,231	1,694,029	1,420,173
Western Europe (United Kingdom, France, Spain, The Netherlands, Italy)	1,062,456	735,874	3,002,678	1,873,128
<b>Total cost of sales</b>	<b>2,409,732</b>	<b>1,809,557</b>	<b>7,089,057</b>	<b>5,291,077</b>
<b>Gross profit</b>	Q3/2003 €	Q3/2002 €	Q1-Q3/2003 €	Q1-Q3/2002 €
Central Europe (Germany, Austria)	372,973	359,958	2,085,824	1,089,795
Northern Europe (Denmark, Sweden, Finland, Norway)	1,084,155	294,064	1,831,671	731,726
Western Europe (United Kingdom, France, Spain, The Netherlands, Italy)	825,272	982,481	2,708,000	2,136,897
<b>Gross profit</b>	<b>2,282,400</b>	<b>1,636,503</b>	<b>6,625,495</b>	<b>3,958,418</b>



### Own shares

ad pepper media International N.V. is authorized to acquire up to 1,115,500 own shares. As of September 30, 2003, the company held 848,394 treasury shares at a nominal value of € 0.10 each which equals 7.61% of the share capital. According to a shareholder resolution those shares can be used for acquisitions and stock option plans.

During the first nine months 2003, the company acquired 253,698 own shares, representing € 25,370 in nominal value or 2.27 % of the share capital, for a total purchase price of € 550,140. Of the treasury stock, 18,800 own shares have been used during the first nine months 2003 for the execution of employee stock options with an exercise price of € 1.33 per share and 1,000 own shares have been used with an exercise price of € 2.73. Furthermore, 12,666 own shares were transferred as part of the purchase price of Macati S.A.R.L. in the reporting period.

### Occurrences since the end of the third quarter, 2003

On 15 October 2003, the company announced the acquisition of the whole online business area of Clickit S.R.L., the largest independent Italian marketer, by ad pepper media Italy S.R.L. Together, the companies represent more than 150 websites with several hundred million advertising contacts, with their advertising messages reaching practically all Italian online homes.

With its main strengths in the media and e-mail marketing areas, Clickit is the ideal complement to ad pepper media's successful direct marketing activities. The combination of high-quality e-mail databases and media products with proven direct marketing solutions will ensure a comprehensive, wide-reaching range of advertising and services for all Italian advertisers. In addition, Clickit's present clients will enjoy particular benefits from the new international coverage and the expanded direct marketing facilities made possible by ad pepper media's successful solutions and technology.

The business area of Clickit which has been acquired will continue to be run by company founder Giampiero Pelle, who will retain his successful team. Clickit will then trade under the name of ad pepper interactive marketing services S.R.L. and will be a 100% business area of ad pepper media Italy S.R.L., which will continue to be run by Marco Locatelli.

### Stock option rights and share holdings

As of September 30, 2003, 1,690,750 stock options exist within the framework of pre-IPO as well as ongoing stock option plans. The exchange ratio for each of the options is one share per option. The exercise prices are in a range of € 1.33 to € 13.50.



The following table lists the individual holdings of shares and option rights of the members of the Supervisory and Managing Boards and employees.

Managing Board	shareholdings as of Sept. 30, 2003	options as of Sept. 30, 2003
Ulrich Schmidt	628,197	373,000
Niels Nüssler	41,808	258,000
Hermann Claus	38,113	296,500

#### Supervisory Board

Michael Oschmann	5,112	0
Dr. Günther Niethammer	1,112	15,000
Bernd Sexauer	292	0
Jan Andersen	607,600	0
Merrill Dean	0	0

#### Related companies

EMA B.V.	4,743,201	0
VIVA Beteiligungsgesellschaft	10,000	0

<b>Employees</b>	<b>748,250</b>
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### Number of employees

As of end of the third quarter 2003, ad pepper media engaged 95 employees (September 30, 2002: 87 employees) in 9 European countries, substantially contributing to the company's success.

### Order book

Ad pepper media is registering an increase in orders received, in terms both of numbers and booking volumes, particularly for performance-based orders. We also note above-average interest in international campaigns. We can handle these campaigns thanks to our large network, which covers not only the European market, but also, via strategic partners, the American and the Far East markets.

### Company key data

	Q3/03	Q3/02	change	Q1-Q3/ 2003	Q1-Q3/ 2002	change
	T€	T€	in %	T€	T€	in %
Net sales	4,692	3,446	36	13,715	9,249	48
Gross margin	2,282	1,637	39	6,625	3,958	67
Operating costs	2,186	1,853	18	6,404	5,985	7
EBIT	97	-217		221	-2,026	
Period profit/loss	396	22		1,053	-1,262	

	September 30, 2003	December 31, 2002
	T€	T€
Liquid resources*	29,093	28,479
Equity	34,462	33,915
Total assets	40,065	39,282

\*including short-term liquidisable securities

	Q3/ 2003	Q3/ 2002	Q1-Q3/ 2003	Q1-Q3/ 2002
	€	€	€	€
Earnings per share (basic)	0.04	0.00	0.10	-0.12

	Sept. 30, 2003	Sept. 30, 2002
Employees	95	87

**2002 annual report and the quarterly reports 2003**

We will gladly send you our 2002 annual report and our quarterly reports 2003 in German or in English. These reports are also available for immediate download as PDF files (Acrobat) at [www.adpepper.com](http://www.adpepper.com) – under Investor Relations “Downloads”.

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