

## 9-Month-Report 2004



**Overview of the main key figures**

	<b>Q3/ 2004 kEUR</b>	<b>Q3/ 2003 kEUR</b>	<b>Change</b>	<b>Q1-Q3/ 2004 kEUR</b>	<b>Q1-Q3/ 2003 kEUR</b>	<b>Change</b>
Net sales	4,936	4,692	5%	15,111	13,715	10%
Gross margin	2,213	2,282	-3%	6,882	6,625	4%
Operating costs	2,110	2,187	-4%	6,523	6,404	2%
EBIT	103	95	9%	359	221	62%
Profit for the period	517	396	31%	1,288	1,053	22%
				<b>30.09.2004 kEUR</b>	<b>31.12.2003 kEUR</b>	
Liquid resources*				27,248	27,668	
Equity				37,104	35,658	
Total assets				41,733	42,945	
	<b>Q3/ 2004 EUR</b>	<b>Q3/ 2003 EUR</b>	<b>Change</b>	<b>Q1-Q3/ 2004 EUR</b>	<b>Q1-Q3/ 2003 EUR</b>	<b>Change</b>
Profit per Share (basic)	0.05	0.04	25%	0.12	0.10	20%
				<b>30.09.2004</b>	<b>30.09.2003</b>	
Employees at end of period				116	95	

\* including short-term liquid fixed asset securities and restricted cash

Dear shareholders,

The online advertising market has become an integral part of the overall advertising market and any comprehensive media planning is practically unimaginable without it. Despite the fact that short-term economic optimism has been overshadowed by negative news, above all in Germany, online spending has continued to increase. In this respect, it is generally well-known that the summer quarter is seasonally rather weak; a fact that is not only down to reticence on the part of advertisers, but, in particular, is also the result of lower utilisation of the Internet medium by users.

The financial markets are similarly marked by the enduring uncertainty and are moving in a sideways or, indeed, in a downwards direction. Against the backdrop of this climate, the 3rd quarter has proved to be more successful for ad pepper media than was previously envisaged at the mid-point of the quarter. The summer months started sluggishly and, in contrast to the same quarter of last year, no special campaigns were undertaken this year - a factor considerably effecting turnover, with result that seasonal weaknesses are expressed in the form of subdued growth. However, by the autumn season, a distinct increase in incoming orders was ascertainable, resulting in a subsequent healthy increase in profits being recorded for the overall quarter.

With an increase in turnover in the first nine months of the financial year 2004 of 10 percent, EBIT was increased by 62 percent and profits by 22 percent in comparison with the first nine months of last year. A particularly positive factor was that cash flow for the quarter showed a plus of EUR 1.1 million, which is also attributable to a reduction in accounts receivable.

The improvement in the profit situation is particularly noteworthy given the increased investment in new products and technology, whereby investment activity will also generally continue to be expanded in the future in order to ensure that we not only remain competitive, but also increase our competitiveness. In addition, a number of start-up costs for the new USA branch, which commenced operation on 1 October, are also to be taken into consideration.

The already considerable share in international campaigns has further increased, whereby the share in orders from the USA has gained additional significance. This also reflects the advertisers' trust in the efficiency of the international structure and modus operandi of the ad pepper media network. The wide representation in many markets also enables ad pepper media to successfully parry economic or market-specific weaknesses.

The important financial ratios are continuing to move in the right direction and, thanks to effective cost management, ad pepper media also anticipates a stable profit situation for the rest of the year - despite additional investment and fierce competition.

Unfortunately, the share price does not yet reflect the substance of the company in a way that we desire; nevertheless, we anticipate a sustainable share price increase in the long-term.

Thank you for your trust in us.

The Board  
ad pepper media International N.V.

Ulrich Schmidt   Hermann Claus   Niels Nüssler

## **Results – third quarter of 2004 and first nine months 2004**

ad pepper media International N.V. registered a further stable run of business in the 3rd quarter of 2004, and once again succeeded in increasing turnover and profit as compared with last year.

In the 3rd quarter of 2004, ad pepper media achieved a group turnover of kEUR 4,936 (previous year: kEUR 4,692), equating to growth of 5 percent. Operating profit (EBIT) also rose in the same period by 9 percent to kEUR 103 (previous year: kEUR 95). In comparison to the same quarter last year, the accounting period surplus rose by 31 percent to kEUR 517 (previous year: kEUR 396), resulting in a 25-percent increase in income per share of EUR 0.05 (previous year: EUR 0.04). These results are all the more pleasing in light of the fact that they include investments in both technology and the USA business, which were able to be offset through cost streamlining. Moreover, ad pepper media will continue to invest in technology and the expansion of its business.

With respect to the first nine months of the current financial year, group turnover rose by 10 percent to kEUR 15,111 (previous year: kEUR 13,715). The increased turnover and continued rigorous cost management generated an increase in EBIT of 62 percent to kEUR 359 for the first 9 months of 2004 (previous year: kEUR 221). The accounting period surplus for the first nine months of 2004 stood at kEUR 1,288 (previous year: kEUR 1,059), resulting in a 20-percent increase in income per share from EUR 0.10 to EUR 0.12.

As at 30 September 2004, ad pepper media's stock of liquid assets, including short-term liquid fixed asset securities and restricted cash, amounted to a healthy EUR 27.2 million. Compared with the last quarter (EUR 26.2 million) and on account of the positive cash flow for the 3rd quarter of 2004, this represents an increase in cash stock of EUR 1.0 million.

## **Business development**

In the course of the past years, ad pepper media International N.V. has established its position as an international sales and marketing organisation for electronic advertisement, which develops cost-efficient and target-group oriented marketing strategies for both advertisers and agencies in order to successfully implement their product and advertising strategies.

With 15 subsidiaries in 11 European countries and the USA, the enterprise markets approximately 1.2 billion advertising contacts per month on more than 650 Websites. A one-stop shop for advertisers and Websites, ad pepper media offers a comprehensive service based on the best technology available in each case, with innovative ways of advertising as well as a broad range of efficient marketing solutions - from branding and opt-in mail to address generation through to customer acquisition and customer loyalty models. In addition, ad pepper media has managed to significantly expand its proprietary mail databases over the last months, possessing several million highly qualified agreement-based user profiles.

The proven European sales and service model is internationally adapted to the situation of the respective local market and implemented. Throughout the world, ad pepper media is in charge of marketing leading websites such as GelbeSeiten and Das Telefonbuch in Germany, Aftonbladet in Sweden, Marktplaats in the Netherlands and Interhotel in Spain as well as theme-specific sites such as Monster and many more.

Due to the dramatic rise in demand, the activities within the US-American market are of increasing importance in this context. In response to the continuous demand for international campaigns as well as the significantly higher number of incoming orders from the US-American market, ad pepper media opened a branch in the USA on October 1st, 2004. By being present on the leading online advertising market, ad pepper media is further improving its international positioning.

For years, ad pepper media has successfully attended to its customer base, which is both international and very diversified. To be precise, Dell, Procter & Gamble, Quelle, Deutsche Telekom, Toyota and Volvo are among its customers, as are Postbank, Barclays Bank, Nokia and Lufthansa.

Within the individual business fields MEDIA, DIREKT-MARKETING and TECHNOLOGY, ad pepper media is continuously extending its range of services, disposing of more than a dozen efficient marketing tools, which are adjusted respectively expanded according to market and customer demands.

### **Online advertising**

Thanks to the improved qualities and processes of Richmedia formats, the acceptance and use of online advertising has grown significantly, while the range of online advertising on offer has become more structured and better adjusted to the demand. Linked to this is the rise of the classical CPT budgets, as a consequence of which the level of prices has not only stabilised, but the prices of qualitative inventory have boomed on a large scale. Besides the traditional branding budgets, there is still a great demand for performance-related campaigns. Furthermore, different campaigns are increasingly being integrated into a long-term online strategy. In this context, e-mail and newsletters continue to be the central component of interactive communication, the harmonisation of advertisement target, format and distribution channels having made considerable progress.

The spam and pop-up discussion has led to additional positive effects concerning the professionalisation of online advertising, transparency and user acceptance constituting the basis for long-term success.

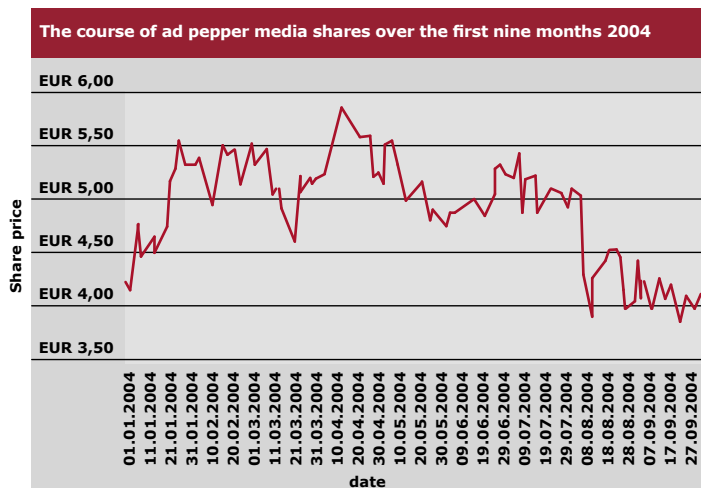
The effectiveness and necessity of online advertising are now widely acknowledged, so that the staff focus on the challenges of everyday business rather than debates on principles. The online budgets of many major enterprises have been increased, and the intention is to continue this in the future. The still comparatively low basis in particular accounts for the

hopes concerning future growth. Especially the B to B and the e-commerce sectors will be strong growth factors in the years to come, both on an international and a regional level.

In order to be equipped for the market developments previously pointed out, large networked units with an elevated level of technological and organisational know-how as well as equally strong international and local presence are required. Due to its structures, ad pepper media is ideally suited for this purpose and will make its contribution to a continuously positive market development.

### **The share**

In the month of July, at the beginning of the third quarter, the ad pepper media share was quoted at a broad range between EUR 4.85 and EUR 5.40. Quotations which were mainly above the EUR 5.00 mark indicated that ad pepper media managed to avoid the downward trend of the overall market. Stock purchases within the US-American market proved that the roadshows in Chicago and New York in June of this year successfully won over investors. The share's turnover was insignificant at the beginning of August, and after the publication of mid-year figures, it depreciated by approximately 22 percent. In the course of the month, the rate temporarily recovered, not, however, managing to permanently exceed the EUR 4.50 mark. Instead, the share lost the regained rate increase in the last third of the month, levelling off at the EUR 4.00 mark. Merely the final rate was raised by 10 percent to EUR 4.00. September proved to be modest concerning the stock exchange trade. Nevertheless, the rate of the share only dropped marginally, marking the month's low at EUR 3.70. On September 30th, 2004, the ad pepper media share concluded at a rate of EUR 4.10.



The Stadtparkasse Köln, The Equinet Investment Bank, Designated Sponsor for the ad pepper media share in Xetra Trading, and the Cazenove Investment Bank have published updates of their research studies in the 3rd quarter 2004. The studies of the Stadtparkasse Köln and of Equinet can be ordered via IR@adpepper.com on request.

Under **www.adpepper.com** (Investor Relations), interested parties can find comprehensive information about the company and download financial reports and news as well. In addition, we are always there to answer, by phone or email, questions of our investors and those interested in future investments.

## Prospect

Following the successful conclusion of the 3rd quarter, ad pepper media is confidently embarking on the year-end push. The current order situation is wholly in line with our expectations and, even though the overall economic situation continues to conceal risks, we are anticipating the usual strong final quarter. Despite considerable investment in the USA business, new products and technology, given a normal run of business we expect to see a stable profit position.

Owing to the fact that we are convinced of the opportunity for growth in cross media services, alongside the organisational development of our business base, we are also planning to expand our range of services to additional electronic media.

Consequently, we will also be decisively pursuing new opportunities in forthcoming quarters in order to further increase the value of the company and to once again endorse the trust of our investors.

Consolidated Statements of Operations (US GAAP)				
	Q3/ 2004 EUR	Q3/ 2003 EUR	Q1-Q3/ 2004 EUR	Q1-Q3/ 2003 EUR
Net Sales	4,936,046	4,692,132	15,110,963	13,714,552
Cost of Sales	-2,723,138	-2,409,732	-8,229,182	-7,089,057
<b>Gross profit</b>	<b>2,212,908</b>	<b>2,282,400</b>	<b>6,881,781</b>	<b>6,625,495</b>
Selling and marketing expenses	-1,408,837	-1,215,573	-4,113,746	-3,514,899
General and administrative expenses	-1,004,595	-1,026,561	-2,809,448	-2,987,361
Other operating income and expenses, net	284,048	28,880	357,411	31,910
<b>Operating income</b>	<b>83,524</b>	<b>69,146</b>	<b>315,998</b>	<b>155,145</b>
Equity in earnings of affiliated companies	20,000	18,026	81,312	46,204
Foreign currency exchange gains and losses, net	491	9,415	-38,480	19,707
Interest income and expenses, net	412,859	299,649	933,167	837,852
<b>Income before income taxes (and minority interest)</b>	<b>516,874</b>	<b>396,236</b>	<b>1,291,997</b>	<b>1,058,908</b>
Income taxes	0	0	-4,280	0
<b>Income before minority interest</b>	<b>516,874</b>	<b>396,236</b>	<b>1,287,717</b>	<b>1,058,908</b>
Minority interest	0	0	0	-5,500
<b>Net gain for the period</b>	<b>516,874</b>	<b>396,236</b>	<b>1,287,717</b>	<b>1,053,408</b>
Net gain per share (basic)	0.05	0.04	0.12	0.10
Net gain per share (diluted)	0.05	0.04	0.11	0.10
	Q3/ 2004 shares	Q3/ 2003 shares	Q1-Q3/ 2004 shares	Q1-Q3/ 2003 shares
Weighted average shares outstanding (basic)	10,431,477	10,412,493	10,399,002	10,482,651
Weighted average shares outstanding (diluted)	11,275,829	11,039,359	11,319,707	10,994,840

Consolidated Balance Sheets (US GAAP)		
	September 30, 2004 EUR	December 31, 2003 EUR
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	16,570,589	17,281,976
Marketable securities	3,125,614	1,002,400
Trade accounts receivable, net	7,322,929	8,447,743
Prepaid expenses and other current assets	1,428,896	1,387,513
<b>Total current assets</b>	<b>28,448,028</b>	<b>28,119,632</b>
<b>Non-current assets</b>		
Restricted cash	650,000	650,000
Equipment, net	431,036	428,679
Intangible assets, net	1,305,388	1,107,663
Goodwill	2,922,971	2,922,971
Investments in affiliated companies	854,486	774,352
Marketable securities	6,902,000	8,733,256
Other assets	219,097	208,835
<b>Total non-current assets</b>	<b>13,284,978</b>	<b>14,825,756</b>
<b>Total assets</b>	<b>41,733,006</b>	<b>42,945,388</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Trade accounts payable	1,684,986	2,846,872
Accrued expenses	2,385,720	3,509,336
Other current liabilities	523,014	895,710
<b>Total current liabilities</b>	<b>4,593,720</b>	<b>7,251,918</b>
<b>Minority interest</b>	<b>35,695</b>	<b>35,695</b>
<b>Shareholders' equity</b>		
Share capital	1,115,500	1,115,500
Treasury stock	-71,553	-79,973
Additional paid-in capital	56,730,563	56,584,792
Accumulated deficit	-20,766,713	-22,054,430
Accumulated other comprehensive income / loss	95,794	91,886
<b>Total shareholders' equity</b>	<b>37,103,591</b>	<b>35,657,775</b>
<b>Total liabilities and shareholders' equity</b>	<b>41,733,006</b>	<b>42,945,388</b>



Statement of Cash Flows (US GAAP)		
	01.01.04 - 30.09.04 EUR	01.01.03 - 30.09.03 EUR
Net gain	1,287,717	1,053,408
<b>Adjustments to reconcile net gain to cash used in/ provided by operations</b>		
Loss attributable to minority interests	0	5,500
Depreciation and amortization	425,503	320,535
Gain/ loss on sale of equipment	-8,984	5,553
Other non-cash income and expenses	-235,825	-333,272
<b>Gross-cash-flow</b>	<b>1,468,411</b>	<b>1,051,724</b>
<b>Changes in operating assets and liabilities</b>		
Decrease in trade accounts receivable	1,124,814	599,284
Increase in prepaid expenses and other assets	-41,383	-157,505
Decrease in trade accounts payable	-1,161,886	-220,213
Increase/ decrease in accrued expenses and other liabilities	-1,496,312	495,229
<b>Net cash used in/ provided by operating activities</b>	<b>-106,356</b>	<b>1,768,519</b>
Capital expenditures for intangible assets and equipment	-632,557	-190,908
Proceeds from sale of intangible assets and equipment	15,956	11,476
Security payments	-10,262	4,356
Cash paid for acquisition of shares in consolidated companies	0	-473,545
Sale of marketable securities	4,157,500	0
Purchase of marketable securities	-4,314,280	-5,915,358
<b>Net cash used in investing activities</b>	<b>-783,643</b>	<b>-6,563,979</b>
Sale of treasury stock	154,191	0
Purchase of treasury stock	0	-472,405
<b>Net cash used in/ provided by financing activities</b>	<b>154,191</b>	<b>-472,405</b>
Effect of exchange rate changes on cash and cash equivalents	24,421	-33,372
Changes in cash and cash equivalents	-711,387	-5,301,237
<b>Cash and cash equivalents at beginning of year</b>	<b>17,281,976</b>	<b>20,833,667</b>
<b>Cash and cash equivalents at end of 3rd quarter</b>	<b>16,570,589</b>	<b>15,532,430</b>

Statement of shareholders' equity							
	Share capital	Treasury stock	Additional paid-in capital	Accumulated deficit	Cumulative other comprehensive income/ loss		Total
					Unrealized gain/ loss from securities	Differences from currency conversion	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<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>0</b>	<b>15,724</b>	<b>33,914,552</b>
Acquisition of treasury shares		-25,370	-524,770				-550,140
Issuance from treasury shares		3,247	74,488				77,735
Net gain for the period				1,053,408			1,053,408
Differences from currency conversion						-33,372	-33,372
Unrealized gain/ loss from securities							0
<b>Total comprehensive income/loss</b>							<b>1,020,036</b>
thereof 01.07.03 - 30.09.03							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>0</b>	<b>-17,648</b>	<b>34,462,183</b>
<b>Balance at January 01, 2004</b>	<b>1,115,500</b>	<b>-79,973</b>	<b>56,584,792</b>	<b>-22,054,430</b>	<b>118,841</b>	<b>-26,955</b>	<b>35,657,775</b>
Acquisition of treasury shares							0
Issuance from treasury shares		8,420	145,771				154,191
Net gain for the period				1,287,717			1,287,717
Differences from currency conversion						24,421	24,421
Unrealized gain/ loss from securities					-20,513		-20,513
<b>Total comprehensive income/loss</b>							<b>1,291,625</b>
thereof 01.07.04 - 30.09.04							482,690
<b>Balance at September 30, 2004</b>	<b>1,115,500</b>	<b>-71,553</b>	<b>56,730,563</b>	<b>-20,766,713</b>	<b>98,328</b>	<b>-2,534</b>	<b>37,103,591</b>

### **Basis for the preparation of the quarter-end accounts**

The current quarter-end accounts for ad pepper media International N.V. were prepared in accordance with "US - Generally Accepted Accounting Principles" (US GAAP). The accounting standards applied are unchanged against the audited group financial statement to 31 December 2003.

Accruals and deferrals applied correspond with the usual accrued/deferred items for the period.

The current interim report does not include all the figures contained in a complete financial statement and, therefore, should be read together with the audited group financial statement for 2003.

### **Business combinations**

In October 2003, ad pepper media Italy srl. acquired 100 percent of the shares in ad pepper media Interactive Marketing Services srl., which for its part had acquired the online-business unit of Clickit srl. by purchasing specific assets of the latter company. The business unit includes a 51 percent interest in Borsa del Banner srl. Clickit was Italy's largest online marketer and complements the successful direct marketing activities of ad pepper media with its strengths in media and eMail marketing. The results of the Clickit business unit and Borsa del Banner were included in the financial statements from October 2003 onwards.

The provisional purchase price is EUR 408,088. This price will increase if certain profit targets are reached in 2004. Part of the additional purchase price amount will be payable in the form of ad pepper media International N.V. shares. The number of shares is calculated using the average share price on the last ten trading days prior to the contract being signed (EUR 3.46).

The takeover also involved the acquisition of various trademark rights for EUR 3,063 and a customer base for EUR 75,000; the trademark rights are amortised over a period of 15 months, the customer base has an estimated useful life of three years.

The purchase price includes goodwill amounting to EUR 396,472 for ad pepper media Interactive Marketing Services srl. and EUR 14,700 for Borsa del Banner. Of this goodwill, EUR 300,000 is tax deductible. The purchase price allocation for the two companies has not yet been determined because the final price is contingent on certain profit targets being reached in 2004.

### **Income tax**

Due to tax loss carry forwards, merely local minimum tax expense was recognized in the reporting period.

### **Stock based compensations**

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/ 2004 EUR	Q3/ 2003 EUR	Q1-Q3/ 2004 EUR	Q1-Q3/ 2003 EUR
Net income	as reported	516,875	396,236	1,287,718	1,053,408
	pro forma expense	67,665	59,412	201,483	176,176
<b>Net income</b>	<b>pro forma</b>	<b>449,210</b>	<b>336,824</b>	<b>1,086,235</b>	<b>877,232</b>
Earnings per share (basic)	as reported	0.05	0.04	0.07	0.10
	pro forma	0.04	0.03	0.10	0.08
Earnings per share (diluted)	as reported	0.05	0.04	0.11	0.10
	pro forma	0.04	0.03	0.10	0.08

### Comprehensive Income

The accumulated other comprehensive income/loss comprises accumulated currency translation differences of EUR -2,534 (30.09.2003: EUR -17,648) and EUR 98,328 revaluation reserves for unrealized gains from "available for sale" securities (30.09.2003: EUR 0).

### 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, gross profits and equipment in the individual regions:

Sales				
	Q3/ 2004 EUR	Q3/ 2003 EUR	Q1-Q3/ 2004 EUR	Q1-Q3/ 2003 EUR
Central Europe (Germany, Austria, The Netherlands)	1,573,406	1,547,391	4,842,423	5,478,163
Northern Europe (Denmark, Sweden, Finland, Norway)	977,917	1,602,132	3,259,154	3,525,700
Western Europe (Great Britain, France, Spain, Portugal, Italy)	2,152,661	1,542,609	6,325,420	4,710,689
Other	232,062	0	683,966	0
<b>Total sales</b>	<b>4,936,046</b>	<b>4,692,132</b>	<b>15,110,963</b>	<b>13,714,552</b>

Cost of sales				
	Q3/ 2004 EUR	Q3/ 2003 EUR	Q1-Q3/ 2004 EUR	Q1-Q3/ 2003 EUR
Central Europe (Germany, Austria, The Netherlands)	753,795	1,039,948	2,633,644	2,938,216
Northern Europe (Denmark, Sweden, Finland, Norway)	728,873	517,977	2,090,625	1,694,029
Western Europe (Great Britain, France, Spain, Portugal, Italy)	1,165,284	851,807	3,385,252	2,456,812
Other	75,186	0	119,661	0
<b>Total cost of sales</b>	<b>2,723,138</b>	<b>2,409,732</b>	<b>8,229,182</b>	<b>7,089,057</b>

Gross profit				
	Q3/ 2004 EUR	Q3/ 2003 EUR	Q1-Q3/ 2004 EUR	Q1-Q3/ 2003 EUR
Central Europe (Germany, Austria, The Netherlands)	819,611	507,443	2,208,779	2,539,947
Northern Europe (Denmark, Sweden, Finland, Norway)	249,044	1,084,155	1,168,529	1,831,671
Western Europe (Great Britain, France, Spain, Portugal, Italy)	987,377	690,802	2,940,168	2,253,877
Other	156,876	0	564,305	0
<b>Total gross profit</b>	<b>2,212,908</b>	<b>2,282,400</b>	<b>6,881,781</b>	<b>6,625,495</b>

Equipment		
	30.09.2004 EUR	30.09.2003 EUR
Central Europe (Germany, Austria, The Netherlands)	174,150	147,443
Northern Europe (Denmark, Sweden, Finland, Norway)	168,423	126,371
Western Europe (Great Britain, France, Spain, Portugal, Italy)	88,463	81,353
Other	0	0
<b>Total equipment</b>	<b>431,036</b>	<b>355,167</b>

#### Own shares

ad pepper media International N.V. is authorized to acquire up to 1,115,500 own shares. As of September 30, 2004, the company held 715,530 treasury shares at a nominal value of EUR 0.10 each which equals 6.41 percent of the share capital. According to a shareholder resolution those shares can be used for acquisitions and stock option plans.

Of the treasury shares acquired by the company, in the first nine months of 2004 13,000 shares at an exercise price of EUR 1.33, 10,700 shares at an exercise price of EUR 2.73 and 60,500 shares at an exercise price of EUR 1.78 have been used for the execution of employee stock options.

### Occurrences since the end of the third quarter, 2004

No material facts or events are known to have arisen or occurred between the balance sheet date and the final preparation of the second quarter report.

### Stock options and shareholdings

As of September 30, 2004, 1,636,350 stock options exist within the framework of pre-IPO as well as ongoing stock option plans. The exchange ratio for each of the stock options is one share per option. The exercise prices are in a range of EUR 1.33 and EUR 13.50.

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

	Shareholdings as of September 30, 2004	Options as of September 30, 2004
<b>Members of the Managing Board</b>		
Ulrich Schmidt	612,762	368,000
Hermann Claus	51,808	243,000
Niels Nüssler	38,113	296,500
<b>Members of the Supervisory Board</b>		
Michael Oschmann	7,786	0
Dr. Günther Niethammer	1,112	15,000
Bernd Sexauer	292	0
Jan Andersen	554,600	0
Merrill Dean	0	0
<b>Associated companies</b>		
EMA B.V.	4,743,201	0
Viva Media Beteiligungsgesellschaft	5,100	0
Euroserve	13,780	0
<b>Employees</b>		<b>713,850</b>

### **Number of Employees**

By the end of the 3rd quarter 2004, ad pepper media engaged 116 employees (September 30th, 2003: 95 employees) in 10 European countries, substantially contributing to the company's success. The higher number of employees is mainly due to the acquisition of the online business sector of the Italian marketer Clickit srl. in October 2003.

### **Order book**

The order position for the summer months resulted in a distorted view, as acknowledged, with a lower order intake in July and August. However, by the end of the holiday period an encouraging increase in the volume of orders booked was apparent and, based on the comparable data for last year, it is anticipated that orders in the 4th quarter will show similarly healthy figures. In this respect, the share in cross-border campaigns is also expected to increase further. In addition, given that booking frequency, the number of orders booked and order volumes have risen in general, a distinct stimulation of media-related business is evident. In this respect, incoming orders in the direct marketing sector similarly have shown positive development.

### **Company calendar**

All financial and press data, which are relevant for the capital market, on a view.

Annual report 2004:	March 23, 2005
Analyst conference:	March 23, 2005
Annual meeting:	April 22, 2005 (Hoofddorp, The Netherlands)

Quarterly report I/ 2005:	May 25, 2005
Quarterly report II/ 2005:	August 24, 2005
Quarterly report III/ 2005:	November 23, 2005

### **2003 annual report and 2004 quarterly reports**

We will gladly send you our 2003 annual report as well as our 2004 quarterly reports in English or German. These reports are also available for immediate download as PDF-files (Acrobat) at **[www.adpepper.com](http://www.adpepper.com)**, Investor Relations, "Financial Reports".

### **Investor Relations**

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