



*Unaudited condensed interim consolidated financial  
statements as of September 30, 2014*

*Selected group key figures*

	7.1.-9.30. 2014	7.1.-9.30. 2013	Change	1.1.-9.30. 2014	1.1.-9.30. 2013	Change
	EUR 000s	EUR 000s	Percent	EUR 000s	EUR 000s	Percent
Net sales	11,639	11,290	3.1	33,890	36,434	-7.0
Gross profit	4,098	4,695	-12.7	11,958	15,792	-24.3
EBIT	-655	-371	76.5	-2,896	-1,085	>100.0
Net income for period	-606	327	<-100.0	-2,426	-303	>100.0
Earnings per share in EUR (basic)	-0.03	0.01	<-100.0	-0.12	-0.02	>100.0
				9.30.2014	9.30.2013	Change
				EUR 000s	EUR 000s	Percent
Liquid funds*				18,788	14,455	30.0
Equity				22,694	18,381	23.5
Total assets				33,401	27,933	19.6
No. of employees				234	266	-12.0

\* including securities measured at fair value

**6 The ad pepper media share****8 Interim Management Report**

- 8 Structure of the ad pepper media group
- 10 General information about this management report
- 12 Macroeconomic framework
- 14 News
- 16 Earnings, financial and net asset position
- 20 Research and development activities
- 21 Employees
- 22 Risk and opportunity report
- 23 Outlook

**24 Interim Consolidated Financial Statements**

- 24 Consolidated income statement
- 26 Consolidated statement of comprehensive income
- 30 Consolidated balance sheet
- 34 Consolidated cash flow statement
- 38 Consolidated statement of changes in equity
- 42 Notes

**54 Additional Information**

- 54 Financial calendar
- 54 Contact/imprint

## The ad pepper media share

### Key data about ad pepper media's share

Security Identification Number (WKN)	940883
ISIN	NL0000238145
Type of share	Ordinary bearer shares
Stock market segment (Frankfurt Stock Exchange)	Prime Standard
Initial public offering	10.09.2000
Designated Sponsor	Equinet
Issued capital in EUR	1,150,000
No. of shares	23,000,000
Sector	Advertising

### Key share figures

	Q1-Q3 2014	Q1-Q3 2013
XETRA closing price at end of period (EUR)	0.89	0.85
Highest price (EUR)	1.04	1.05
Lowest price (EUR)	0.86	0.79
Market capitalization at end of period (EUR)	20.1m	19.6m
Average no. of shares traded (XETRA) per day	22,345	26,309
Earnings per share (basic) (EUR)	-0.12	-0.02
Net cash per share* (EUR)	0.82	0.63

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



### Shareholder structure as of 9.30.2014

Shareholder	No. of shares	Percentage share-holding
EMA B.V.	9,486,402	41.25
Treasury stock	1,759,292	7.65
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>13,545,496</b>	<b>58.90</b>
Free float	9,454,504	41.10
<b>Total</b>	<b>23,000,000</b>	<b>100.00</b>

\*\* On March 18, 2014 came to our notice, that – according to the Dutch WFT – Mr. Dieter Koppitz' voting rights in ad pepper media International N.V., Amsterdam, The Netherlands, ISIN: NL0000238145, WKN: 940883, have exceeded the 3 percent limit of the voting rights on February 17, 2014 and on that day amounted to 3.0406 percent (this corresponds to 699,338 voting rights).

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

## *Structure of ad pepper media group*

The ad pepper media group is one of the leading independent marketing networks in the field of online advertising. ad pepper media International N.V., based in Amsterdam, Netherlands, is the central management and holding company for the companies in the ad pepper media group. With ten companies in six European countries and the USA, ad pepper media is currently managing campaigns for thousands of national and international advertising clients in more than 50 countries. Our online advertising activities are centered around three business divisions: ad pepper media, Webgains and ad agents.

### **ad pepper media**

The ad pepper media division offers the entire spectrum of successful display, performance and e-mail marketing. Its main products are iSense, SiteScreen, iLead, iClick and mailpepper.

**iSense** provides advertisers and publishers with a revolutionary semantic targeting technology enabling them to place their adverts in a targeted manner and in relevant surroundings for each website. At core, iSense consists of the patented Sense Engine™ technology and is the result of ten years of research and development by Prof. Dr. David Crystal, one of the world's leading linguistic experts. Operating under the name **SiteScreen**, the technology offers advertisers' maximum security for their brand, as the placement of adverts in inappropriate surroundings can be blocked.

**iLead** is an ideal solution for advertisers aiming to extend and expand their customer databases. It enables potential new customers that have already shown interest in the products and services offered by the advertiser and consented to being approached to be contacted by telephone, e-mail or post.

**iClick** is ad pepper media's performance marketing solution enabling advertisers to efficiently attract quantifiable volumes of eligible internet users to their websites.

**mailpepper** provides advertisers with an effective means of addressing mailing shots to very broad or highly specific target

groups that have explicitly consented to being contacted via ad pepper media or the advertisers.

### **Webgains**

is one of the leading international affiliate networks, with offices in the UK, France, Germany, Spain and the USA. What makes affiliate marketing so attractive for all participants is the way it facilitates wide coverage via a large number of websites while offering performance-related compensation. Affiliate marketing is a commission-based advertising model where website operators (affiliates) drive internet traffic to the site of advertisers (merchants) and receive a percentage of the sales generated there in return. It is not only the excellent service Webgains offers that is so convincing – in recent years it has also taken the lead by offering technological novelties on the platform, such as Voucher Management Tool, Multiple Datafeeds, Page Peel and Mobile Tracking.

### **ad agents**

specializes in search engine advertising (SEA), search engine optimization (SEO) and performance marketing. ad agents advises well-known companies in the mail order, travel and numerous other sectors that already have sophisticated e-commerce strategies in place and that offer goods and/or services via their websites or their internet shops. In this, ad agents help its customers to be located quickly and precisely on all standard search engines and to transform these search results into successful transactions. ad pepper media holds a 60 percent stake in ad agents.

## ***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 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 Factors section of our annual report 2013.

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. We accept no obligation to publicly update or revise any forward-looking statements as a result of new information that we receive about conditions that existed upon issuance of this report, future events, or otherwise unless we are required to do so by law.

### **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

### World/Europe/Germany

In its latest report, the International Monetary Fund (IMF) has confirmed a renewed increase in the risks facing the global economy in recent months. In its new Global Economic Outlook, the IMF issued a further downward correction in its growth forecast for this year. Rather than the 3.7 percent growth still forecast in April, the IMF now only expects to see global economic growth of 3.3 percent this year. At 3.8 percent, the growth forecast for 2015 is set to return to a slightly higher level. However, this figure too is lower than the equivalent forecast in April. The IMF has thus been obliged to repeatedly reduce its expectations. Its growth estimate for Germany is also lower than previously. The IMF now only expects economic growth of 1.4 percent this year and 1.5 percent next year, equivalent to a reduction by half a percentage point for 2014 and 0.2 percentage points for 2015.

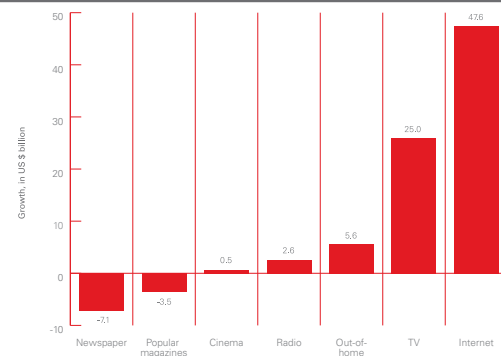
The report refers to the following main reasons for its outlook. On the one hand, the euro area faces the risk of stagnation, rather than the upturn hoped for following years of economic crisis. The joint currency area is set to grow by 0.8 percent this year and 1.3 percent in the coming year. Both figures have been corrected significantly downwards. Furthermore, according to the IMF geopolitical crises, such as those in the Ukraine and the Middle East, could have detrimental effects on economies far beyond the areas specifically affected, for example due to rising energy prices. Finally, the IMF has once again pointed out the urgent need for structural reform in numerous countries. The downstream implications of the major recession around six years ago are thus more intractable than previously believed.

### Advertising market

In its latest report dated September 10, 2014, the Circle of Online Marketers (OVK) within the Federal Association of the Digital Economy (BVDW) points to the ever greater presence of the digital advertising market and its position within the overall advertising market. The German market reflects these developments. Net advertising investment in digital display advertising (online and mobile) and search word marketing now account for a 25.5 percent share of total advertising expenditure. The internet is thus drawing ever further ahead of daily newspapers (20.2 percent) and consumer magazines (8.5 percent) and steadily catching up with TV (28.4 percent).\*

According to relevant forecasts, this trend is set to intensify in future. The forecast development in global advertising sales in individual media classes up to and including 2015 shows that digital marketing will maintain its advance through to 2015. By then, the Internet is forecast to account for a 47.6 percent share of advertising sales.\*\*

Forecasted growth in advertising revenues worldwide in the various media types from 2012 to 2015 (in US \$ billion)



Source: ZenithOptimedia, © Statista 2014

\* Source: OVK Online-Report 2014/02  
 \*\* Source: Statista 2014, ZenithOptimedia

## *News*

### **ad pepper media International N.V. sold its sales house business lead under the brand mediasquares**

ad pepper media Int. N.V. sold its marketing business to Ströer Digital Media while also agreeing on a joint data utilization concept. The company is thus pressing consistently ahead with becoming a leading data-driven performance marketing group.

### **Our customer events at the dmexco 2014**

In anticipation of the fair, the ad agents, ad pepper media and Webgains divisions hosted a successful event with more than 300 customers and business partners on the eve of the trade fair.

By sponsoring the “Rockstars Aftershow Party” to round off the first day, ad agents, ad pepper and Webgains also gained further visibility among trade fair visitors.



## Earnings, financial and net asset position

### Earnings position

ad pepper media International N.V. can report sales of EUR 33,890k for the first nine months of 2014. This corresponds to a reduction of 7.0 percent compared with the equivalent period in the previous year (Q1-Q3 2013: EUR 36,434k). While sales at the Webgains segment grew by EUR 3,798k, or 21.5 percent, to EUR 21,487k, the ad pepper media segment had to absorb a reduction in sales by EUR 6,305k (-46.4 percent) to EUR 7,279k. At EUR 5,124k, sales in the ad agents segment were at the same level as in the previous year (Q1-Q3 2013: EUR 5,161k). The downturn in sales in the ad pepper media segment was attributable in particular to an as yet unsatisfactory operating business performance in Germany, contrasting with the pleasing performance seen in Spain and the UK. It should be noted here as well that the sales reported for the previous year's nine month period still include sales attributable to operations since sold and/or discontinued (Emediate ApS, Crystal Semantics Ltd, ad pepper media BeNeLux B.V.). Excluding this factor, the growth in sales in the first nine month of the year of 2014 would have amounted to 5.7 percent at the group, and the reduction to 20.9 percent in the ad pepper media segment. On a like-for-like basis, the ad pepper media segment also generated sales growth in the third quarter, with a year-on-year increase in sales of EUR 277k, or 11.5 percent.

The gross profit, the actual performance indicator, decreased also significantly by EUR 3,834k to EUR 11,958k respectively by 24.3 percent. As a percentage of sales, our gross margin accordingly declined from 43.3 percent to 35.3 percent. This sharp reduction was also mainly due to the disposed or discontinued operations at the ad pepper media group already referred to above. Net of this factor, the reduction in gross profit amounted to 2.2 percent. The pro forma decline in the gross margin was in turn – analogous to the development in sales – once again chiefly due to the business performance of the ad pepper media segment in Germany falling short of expectations in the first nine months of 2014.

Gross profit in the third quarter amounted to EUR 4,098k (Q3 2013: EUR 3,522k) representing an increase – on a comparable basis – of 16.3 percent.

Operating expenses fell sharply by 12.0 percent, or EUR 2,024k, to EUR 14,854k. This reduction in costs was chiefly due to the aforementioned deconsolidation items.

The disproportionate decline in the gross profit compared with the reduction in costs meant that all key profitability figures fell short of the figures of the corresponding period of the previous year.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR -2,743k for the first nine months of 2014 (Q1-Q3 2013: EUR -871k). Earnings before interest and taxes (EBIT) amounted to EUR -2,896k, as against EUR -1,085k in the previous year's period. Earnings before taxes (EBT) amounted to EUR -2,445k in the first nine months of the financial year (Q1-Q3 2013: EUR -803k). Net income for the period amounted to EUR -2,426k (Q1-Q3 2013: EUR -303k).

### Financial position

The gross cash flow amounted to EUR -2,997k (Q1-Q3 2013: EUR -1,069k), while a figure of EUR -3,387k was reported for the cash flow from operations, as against EUR -2,671k for the first nine months of 2013. The net cash flow from investing activities amounted to EUR 3,428k in the first nine months of 2014 (Q1-Q3 2013: EUR -193k). The cash flow from financing activities amounted to EUR 0k in the first nine months of 2014, compared with EUR -95k in the equivalent period in the previous year.

### Net asset position

Total assets reduced by EUR 2,861k to EUR 33,401k compared with December 31, 2013. At that trade receivables decreased to EUR 6,331k (December 31, 2013: EUR 7,071k). Trade payables decreased to EUR 7,766k (December 31, 2013: EUR 7,962k).

Liquid funds (including securities measured at fair value) dropped by EUR 2,914k to EUR 18,788k compared with December 31, 2013 (EUR 21,702k). Cash and cash equivalents changed only slightly compared with June 30, 2014 (June 30, 2013: EUR 19,220k). Among other factors, this was due to the inflow of funds from the sale of mediasquares to Ströer Digital Media. Furthermore, ad pepper media owns a total of 1,759,292 treasury stock shares. The group still has no liabilities to banks. The equity ratio amounted to 67.9 percent (December 31, 2013: 67.8 percent).

### *Research and development activities*

The group's research and development activities are mainly located at ad pepper media International N.V. itself (at the Hamburg location). Here, a major share of the developments for the administration and ad pepper media segments are either produced internally or commissioned externally and accompanied as appropriate. In the Webgains segment, research and development activities are performed on a decentralized basis within Webgains Ltd.

### *Employees*

As of September 30, 2014, the ad pepper media group had 234 employees, as against a total of 266 employees at the end of the equivalent period in the previous year. The workforce of the ad pepper media group is assigned to the following segments:

	9.30.2014	9.30.2013
	Number	Number
ad pepper media	66	106
Webgains	92	90
ad agents	57	53
Administration	19	17

### *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, 2013. Reference is therefore made to the information presented in the management report for the 2013 financial year.

### *Outlook*

The operating business performance of the ad pepper media group fell short of our own expectations in the first nine months of the financial year. The company significantly reduced its losses in the third quarter. However, this development was largely influenced by one-off items resulting from the mediasquares sale. We are cautiously optimistic about our sales and margin performance in the final quarter ahead, traditionally the strongest period in the financial year. At the same time, we are subjecting our business to an ongoing cost efficiency program, one which may necessitate restructuring expenses in the fourth quarter. Overall, we are thus confident that the upward trend that began in our key profitability figures in the third quarter might continue. By contrast, we only expect our new product initiatives in the field of data-driven business models to generate any notable sales from the first quarter of 2015 onwards.

## Consolidated income statement (IFRS)

	Q3 2014	Q3 2013	1.1.2014- 9.30.2014	1.1.2013- 9.30.2013
	EUR 000s	EUR 000s	EUR 000s	EUR 000s
<b>Revenues</b>	<b>11,639</b>	<b>11,290</b>	<b>33,890</b>	<b>36,434</b>
Cost of sales	-7,541	-6,595	-21,932	-20,642
<b>Gross profit</b>	<b>4,098</b>	<b>4,695</b>	<b>11,958</b>	<b>15,792</b>
Selling and marketing expenses	-3,162	-3,494	-9,513	-11,232
General and administrative expenses	-1,984	-2,232	-5,806	-6,705
Other operating income	676	649	1,201	1,214
Other operating expenses	-283	-248	-736	-512
Gain on sale of shares in associates and other investments	0	259	0	358
<b>Earnings/loss before interest and taxes</b>	<b>-655</b>	<b>-371</b>	<b>-2,896</b>	<b>-1,085</b>
Financial income	76	118	556	338
Financial expenses	-53	-10	-105	-56
<b>Earnings/loss before taxes</b>	<b>-632</b>	<b>-263</b>	<b>-2,445</b>	<b>-803</b>
Income taxes	26	590	19	500
<b>Net income/loss</b>	<b>-606</b>	<b>327</b>	<b>-2,426</b>	<b>-303</b>
Attributable to shareholders of the parent company	-612	296	-2,468	-399
Attributable to non-controlling interests	6	31	42	96
Basic earnings per share on net income for the year attributable to shareholders of the parent company	-0.03	0.01	-0.12	-0.02
Diluted earnings per share on net income for the year attributable to shareholders of the parent company	-0.03	0.01	-0.12	-0.02
	Q3 2014	Q3 2013	1.1.2014- 9.30.2014	1.1.2013- 9.30.2013
	No. of shares	No. of shares	No. of shares	No. of shares
<b>Weighted average number of shares outstanding (basic)</b>	<b>21,240,708</b>	<b>21,240,708</b>	<b>21,240,708</b>	<b>21,240,708</b>
<b>Weighted average number of shares outstanding (diluted)</b>	<b>21,360,608</b>	<b>21,272,996</b>	<b>21,295,389</b>	<b>21,240,708</b>

*Consolidated statements of comprehensive income (IFRS)*

	Q3 2014	Q3 2013	1.1.2014- 9.30.2014	1.1.2013- 9.30.2013
	EUR 000s	EUR 000s	EUR 000s	EUR 000s
<b>Net income/loss</b>	<b>-606</b>	<b>327</b>	<b>-2,426</b>	<b>-303</b>
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Currency translation differences	-4	39	23	-1
Revaluation of available-for-sale securities	-188	358	64	419
Realized gains/losses from available-for-sale securities	48	0	-195	0
Revaluation of investments in equity instruments available-for-sale	469	-150	521	-97
Income tax recognized directly in equity	0	0	0	0
<b>Total income and expense recognized directly in equity, net of tax</b>	<b>325</b>	<b>247</b>	<b>413</b>	<b>321</b>
<b>Total income and expense recognized in equity</b>	<b>-281</b>	<b>574</b>	<b>-2,013</b>	<b>18</b>
Attributable to non-controlling interests	6	31	42	96
Attributable to shareholders of the parent company	-287	543	-2,055	-78

### Disclosures on total income and expense recognized directly in equity

The total income and expense recognized directly in equity and the corresponding income taxes are as follows:

	Q3 2014			Q3 2013			1.1.2014-9.30.2014			1.1.2013-9.30.2013		
	EUR 000s			EUR 000s			EUR 000s			EUR 000s		
	before income taxes	income taxes	after income taxes	before income taxes	income taxes	after income taxes	before income taxes	income taxes	after income taxes	before income taxes	income taxes	after income taxes
Currency translation differences (incl. non-controlling interests)	-4	0	-4	39	0	39	23	0	23	-1	0	-1
Revaluation of available-for-sale securities	-188	0	-188	358	0	358	64	0	64	419	0	419
Realized gains/losses from available-for-sale securities	48	0	48	0	0	0	-195	0	-195	0	0	0
Revaluation of investments in equity instruments available-for-sale	469	0	469	-150	0	-150	521	0	521	-97	0	-97
<b>Total income and expense recognized directly in equity</b>	<b>325</b>	<b>0</b>	<b>325</b>	<b>247</b>	<b>0</b>	<b>247</b>	<b>413</b>	<b>0</b>	<b>413</b>	<b>321</b>	<b>0</b>	<b>321</b>

*Consolidated balance sheet (IFRS)*

<b>Assets</b>	September 30, 2014	December 31, 2013
	EUR 000s	EUR 000s
<b>Non-current assets</b>		
Goodwill	24	24
Intangible assets	317	261
Property, plant and equipment	228	221
Securities at fair value through profit and loss	3,373	3,490
Securities available-for-sale	2,465	5,326
Investments in equity instruments available-for-sale	5,220	4,503
Other financial assets	1,480	1,630
Deferred tax assets	35	35
<b>Total non-current assets</b>	<b>13,142</b>	<b>15,490</b>
<b>Current assets</b>		
Trade receivables	6,331	7,071
Income tax receivables	329	187
Prepaid expenses and other current assets	462	428
Other financial assets	187	200
Cash and cash equivalents	12,950	12,886
<b>Total current assets</b>	<b>20,259</b>	<b>20,772</b>
<b>Total assets</b>	<b>33,401</b>	<b>36,262</b>



Equity and liabilities	September 30, 2014	December 31, 2013
	EUR 000s	EUR 000s
<b>Equity attributable to shareholders of the parent company</b>		
Issued capital*	1,150	1,150
Reserves	66,336	66,254
Treasury shares	-3,281	-3,281
Accumulated deficit	-43,254	-40,786
Accumulated other comprehensive gains/losses	1,415	1,002
<b>Total</b>	<b>22,366</b>	<b>24,339</b>
Non-controlling interests	328	236
<b>Total equity</b>	<b>22,694</b>	<b>24,575</b>
<b>Current liabilities</b>		
Trade payables	7,766	7,962
Other current liabilities	600	721
Other financial liabilities	2,274	2,869
Income tax liabilities	67	135
<b>Total current liabilities</b>	<b>10,707</b>	<b>11,687</b>
<b>Total liabilities</b>	<b>10,707</b>	<b>11,687</b>
<b>Total equity and liabilities</b>	<b>33,401</b>	<b>36,262</b>

\* The issued capital consists of shares with a nominal value of EUR 0.05 each. The authorized capital amounts 23,429,708 shares, of which 23,000,000 are issued and 21,240,708 shares were floating at September 30, 2014 (December 31, 2013: 21,240,708).

*Consolidated statement of cash flows (IFRS)*

	1.1.2014-9.30.2014	1.1.2013-9.30.2013
	EUR 000s	EUR 000s
<b>Net income/loss</b>	<b>-2,426</b>	<b>-303</b>
<b>Adjustments to reconcile net income for the year to net cash flow used in/provided by operating activities:</b>		
Depreciation and amortisation	154	214
Gain/loss on sale of fixed assets	-403	11
Share-based compensation	82	13
Gain/loss on sale of securities	-294	-155
Other financial income and financial expenses	-157	-127
Income taxes	-19	-500
Gain on sale of shares in associates and other investments	0	-358
Other non-cash expenses and income	66	136
<b>Gross cash flow</b>	<b>-2,997</b>	<b>-1,069</b>
Change in trade receivables	489	2,293
Change in other assets	-88	-114
Change in trade payables	-11	-1,961
Change in other liabilities	-721	-2,261
Income taxes received	0	686
Income taxes paid	-184	-308
Interest received	240	273
Interest paid	-115	-210
<b>Net cash flow from/used in operating activities</b>	<b>-3,387</b>	<b>-2,671</b>

	1.1.2014-9.30.2014	1.1.2013-9.30.2013
	EUR 000s	EUR 000s
Additions to intangible assets and property, plant and equipment	-232	-197
Proceeds from sale of intangible assets and property, plant and equipment	418	0
Loans granted	0	-50
Proceeds from sale of other investments	0	523
Proceeds from transactions with non-controlling interests	50	0
Repayment of loans granted	46	563
Proceeds from sale/maturity of securities	10,122	9,822
Purchase of securities	-6,976	-10,854
<b>Net cash flow from/used in investing activities</b>	<b>3,428</b>	<b>-193</b>
Dividends to non-controlling interests	0	-95
<b>Net cash flow from/used in financing activities</b>	<b>0</b>	<b>-95</b>
Effect of exchange rates on cash and cash equivalents	23	-1
Cash-effective decrease/increase in cash and cash equivalents	41	-2,959
<b>Cash and cash equivalents at beginning of period</b>	<b>12,886</b>	<b>12,587</b>
<b>Cash and cash equivalents at end of period</b>	<b>12,950</b>	<b>9,627</b>

*Consolidated changes in equity (IFRS)*

	Balance at January 1, 2013	Total income and expense recognized in equity	Share- based payment	Purchase of treasury shares	Issuance of shares	Divi- dends	Transac- tions with non- controlling interests	Balance at September 30, 2013
<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)	2,421		13					2,434
From contributions of shareholders of ad pepper media International N.V. (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>-45,754</b>	<b>-399</b>						<b>-46,153</b>
<b>Accumulated other comprehensive income/losses</b>								
Currency translation differences (EUR 000s)	-1,384	-1						-1,385
Unrealized gains/(losses) from available- for-sale securities (EUR 000s)	-2,028	419						-1,609
Unrealized gains/(losses) from invest- ments in equity instruments available- for-sale (EUR 000s)	3,274	-97						3,177
<b>Equity attributable to shareholders of the parent company (EUR 000s)</b>	<b>18,180</b>	<b>-78</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,115</b>
Non-controlling interests (EUR 000s)	265	96				-95		266
<b>Total equity (EUR 000s)</b>	<b>18,445</b>	<b>18</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>-95</b>	<b>0</b>	<b>18,381</b>

	Balance at January 1, 2014	Total income and expense recognized in equity	Share- based payment	Purchase of treasury shares	Issuance of shares	Divi- dends	Transac- tions with non- controlling interests	Balance at September 30, 2014
<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		82					2,554
From contributions of shareholders of ad pepper media International N.V. (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>-2,468</b>						<b>-43,254</b>
<b>Accumulated other comprehensive income/losses</b>								
Currency translation differences (EUR 000s)	-909	23						-886
Unrealized gains/(losses) from available- for-sale securities (EUR 000s)	-1,168	-131						-1,299
Unrealized gains/(losses) from invest- ments in equity instruments available- for-sale (EUR 000s)	3,079	521						3,600
<b>Equity attributable to shareholders of the parent company (EUR 000s)</b>	<b>24,339</b>	<b>-2,055</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,366</b>
Non-controlling interests (EUR 000s)	236	42					50	328
<b>Total equity (EUR 000s)</b>	<b>24,575</b>	<b>-2,013</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>22,694</b>

## Notes

### Consolidated segment information (IFRS)

Q1-Q3 2014	ad pepper media EUR 000s	Webgains EUR 000s	ad agents EUR 000s	Admin EUR 000s	Consolidation EUR 000s	group EUR 000s
<b>Total Revenues</b>	<b>7,305</b>	<b>21,495</b>	<b>5,124</b>	<b>199</b>	<b>-233</b>	<b>33,890</b>
thereof external	7,279	21,487	5,124	0	0	33,890
thereof intersegment	26	8	0	199	-233	0
<b>Expenses and other income</b>	<b>-8,442</b>	<b>-21,852</b>	<b>-5,147</b>	<b>-1,544</b>	<b>199</b>	<b>-36,786</b>
thereof amortisation and depreciation	-17	-54	-48	-35	0	-154
thereof other non-cash income	0	186	0	0	0	186
thereof other non-cash expenses	-40	-307	-4	-82	0	-433
<b>EBITDA</b>	<b>-1,120</b>	<b>-304</b>	<b>26</b>	<b>-1,311</b>	<b>-34</b>	<b>-2,743</b>
<b>EBIT</b>	<b>-1,137</b>	<b>-358</b>	<b>-22</b>	<b>-1,345</b>	<b>-34</b>	<b>-2,896</b>
<b>Financial income</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>562</b>	<b>-10</b>	<b>556</b>
<b>Financial expenses</b>	<b>-7</b>	<b>-3</b>	<b>-2</b>	<b>-103</b>	<b>10</b>	<b>-105</b>
<b>Income taxes</b>						<b>19</b>
<b>Net income for the period</b>						<b>-2,426</b>

Q1-Q3 2013	ad pepper media EUR 000s	Webgains EUR 000s	ad agents EUR 000s	Admin EUR 000s	Consolidation EUR 000s	group EUR 000s
<b>Total Revenues</b>	<b>13,620</b>	<b>17,702</b>	<b>5,162</b>	<b>419</b>	<b>-469</b>	<b>36,434</b>
thereof external	13,584	17,689	5,161	0	0	36,434
thereof intersegment	36	13	1	419	-469	0
<b>Expenses and other income</b>	<b>-14,762</b>	<b>-17,628</b>	<b>-4,817</b>	<b>-731</b>	<b>419</b>	<b>-37,519</b>
thereof amortisation and depreciation	-94	-35	-46	-39	0	-214
thereof other non-cash income	0	357	0	0	0	357
thereof other non-cash expenses	-79	-169	-4	-20	-20	-292
<b>EBITDA</b>	<b>-1,048</b>	<b>109</b>	<b>391</b>	<b>-273</b>	<b>-50</b>	<b>-871</b>
<b>EBIT</b>	<b>-1,142</b>	<b>74</b>	<b>345</b>	<b>-312</b>	<b>-50</b>	<b>-1,085</b>
Financial income	12	2	1	339	-16	338
Financial expenses	-12	-4	0	-56	16	-56
Income taxes						500
<b>Net income for the period</b>						<b>-303</b>

## 1. Basis for the preparation of the quarter-end 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. 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, 2013.

The consolidated interim financial statements as of September 30, 2014 were authorized for issue by the Board of Directors on October 28, 2014.

## 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, 2013.

Since that time IFRIC 21 “Levies” has been adopted. This interpretation is not expected to have an impact on the consolidated financial statements.

## 3. Consolidated group

The entities included in consolidation are as follows:

Entity	9.30.2014	12.31.2013
	Percent	Percent
ad pepper media GmbH, Nuremberg, Germany	100	100
ad pepper media Benelux B.V., Amsterdam, the Netherlands	100*	100
ad pepper media Denmark A/S, Copenhagen, Denmark	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**	100
ad pepper media USA LLC, New York, USA	100	100
Webgains Ltd, London, United Kingdom	100	100
Globase International ApS, Copenhagen, Denmark	100	100
ad agents GmbH, Herrenberg, Germany	60	60

\* in liquidation  
 \*\* ad pepper media International N.V. sold, effective January 31, 2014 a non-controlling interest of 35 percent of the fully consolidated entity ad pepper media Spain S.A. to its Managing Director.



#### 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:

Financial result includes net realized gains from the sale of securities of EUR 294k (Q1-Q3 2013: EUR 152k) and unrealized net valuation gains/losses of EUR -11k (Q1-Q3 2013: EUR 0k).

The sale of our sales house business operated under the medi-squares brand generated a profit of EUR 400k. This has been recognized under other operating income.

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

Other financial liabilities decreased by EUR 595k. This was mainly due to payments of variable remuneration elements in the first quarter of 2014.

Trade receivables decreased by EUR 740k, while trade payables fell slightly by EUR 196k. This was due to the lower volume of sales in the first nine months of 2014 compared with the first nine months of 2013.

Of available-for-sale investments in equity instruments, an amount of EUR 4,943k relates to the 4.46 percent minority stake held in Brand Affinity Technologies (BAT) Inc. (December 31, 2013: EUR 4,503k). A further amount of EUR 277k (December 31, 2013: EUR 0k) corresponds to a 0.55 percent minority stake in Veritone Inc. resulting from the conversion of a bridge loan granted to BAT Inc. in 2013. The loan amount outstanding as of the conversion date in August 2014 totaled USD 258k. The stake in Veritone Inc. was written up by EUR 69k in connection with second-round financing

in August 2014. This write-up has been recognized directly in equity within accumulated other comprehensive income.

Upon preparation of the interim financial statements, the group examined in detail whether there was any impairment of the investment held in Brand Affinity Technologies Inc. This company is currently undergoing reorganization, as a result of which all forecasts involve great uncertainty. Its business performance and all changes of a legal and economic nature remain subject to the strictest monitoring.

#### 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 is 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, display), "Webgains" (affiliate marketing) and "ad agents" (SEA/SEO) and for the non-operating "Admin" (administration) segment.

The accounting policies of the reportable segments corresponds to the group's accounting policies described in note [2] of the consolidated annual report for the year ended December 31, 2013.

The segment result is measured by EBIT and EBITDA for each seg-

ment 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, Scandinavia, Spain and the United Kingdom. The operating business in the Netherlands was discontinued as of June 30, 2013. Figures for “Scandinavia” of the corresponding period of the previous year include activities of Emediate ApS which have been sold as per November 1, 2013. 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-Q3 2014	Q1-Q3 2013	9.30. 2014	9.30. 2013
	EUR 000s	EUR 000s	EUR 000s	EUR 000s
The Netherlands	0	191	0	0
Germany	10,490	12,181	381	288
Scandinavia	1,730	6,543	1	155
United Kingdom	16,658	12,805	171	45
Spain	2,223	1,960	3	3
Other	2,789	2,754	13	2
<b>Total</b>	<b>33,890</b>	<b>36,434</b>	<b>569</b>	<b>493</b>

Disclosure information according to IFRS 8.34 is not relevant as there is no dependency on major customers.

## 6. Treasury stock

### Acquisition of treasury stock

By shareholders’ resolution dated May 13, 2014 the Board of Directors was authorized to repurchase treasury stock of up to 50 percent of the issued capital within the following 18 months. As of September 30, 2014, ad pepper media International N.V. held 1,759,292 treasury stock (September 30, 2013: 1,759,292) at a nominal value of EUR 0.05 each, corresponding to 7.65 percent (September 30, 2013: 7.65 percent) of the share capital.

According to a shareholders’ resolution, these shares can be used for stock option plans or acquisitions.

### Number of shares outstanding

No treasury shares were sold during the first nine months 2014 (Q1-Q3 2013: 0). No shares were sold under the employee stock option plans and no cash settlements amounting for fully vested stock options occurred (Q1-Q3 2013: 0).

### Number of shares outstanding

The number of shares issued and outstanding as of September 30, 2014 totals 21,240,708 (September 30, 2013: 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 4th quarter,

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

## 8. Stock options and shareholdings

As of September 30, 2014, a total of 1,313,900 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 9.30.2014	Options as of 9.30.2014
<b>Board of Directors</b>		
Dr. Ulrike Handel	0	300,000
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	0	0
Dr. Stephan Roppel	0	0
<b>Associated companies</b>		
EMA B.V.	9,486,402	0
Euroserve Media GmbH	436,963	0
<b>Employees</b>		<b>414,400</b>

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

There have been no material changes in transactions with related parties compared with the 2013 financial year.

## 10. Events after the balance sheet date

Up until the day of authorization for issuance, no events took place which would have exerted substantial influence on the net assets, financial position or result of operations as per September 30, 2014.

Amsterdam/Nuremberg, October 28, 2014

Dr. Ulrike Handel, Dr. Jens Körner

## Company calendar

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

Company calendar	
Quarterly report III/2014	November 12, 2014
Annual Report 2014	March 23, 2015
General Meeting of Shareholders' 2015 (Amsterdam, the Netherlands)	May 21, 2015

## Contact

### Investor contact

Dr. Jens Körner (CFO)  
ad pepper media International N.V.  
Frankenstraße 150 C (FrankenCampus)  
D-90461 Nuremberg

Phone: +49 (0) 911 929057-0  
Fax: +49 (0) 911 929057-157  
E-mail: [ir@adpepper.com](mailto:ir@adpepper.com)  
[www.adpeppergroup.com](http://www.adpeppergroup.com)

### Publisher's notes

Published by  
ad pepper media International N.V.  
Frankenstraße 150 C (FrankenCampus)  
D-90461 Nuremberg

Phone: +49 (0) 911 929057-0  
Fax: +49 (0) 911 929057-157  
E-mail: [info@adpepper.com](mailto:info@adpepper.com)  
[www.adpeppergroup.com](http://www.adpeppergroup.com)

Joint stock company (N.V.)  
Headquarters Amsterdam, The Netherlands  
Nuremberg office

Prime Standard, Frankfurt,  
ISIN: NL0000238145  
HRB Nürnberg 17591  
Ust-ID-Nr: DE 210757424

Board of Directors:  
Dr. Ulrike Handel, CEO  
Dr. Jens Körner, CFO

We will gladly send you our 2013 Annual Report as well as the interim financial reports for 2014 in German or English. These reports are also published as PDF files at [www.adpeppergroup.com](http://www.adpeppergroup.com) under: **Investor relations/News & publications/Reports & publications**

ad pepper media International N.V.  
Prins Bernhardplein 200  
NL-1097JB Amsterdam  
[www.adpeppergroup.com](http://www.adpeppergroup.com)