



**UNAUDITED CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

AS OF JUNE 30, 2017

SELECTED GROUP KEY FIGURES

	H1 2017	H1 2016	Change	Q2 2017	Q2 2016	Change
	kEUR	kEUR	Percent	kEUR	kEUR	Percent
Consolidated sales	33,796	28,300	19.4	17,428	13,882	25.5
Gross profit	8,664	7,749	11.8	4,548	3,956	14.9
EBIT	301	1,014	-70.3	650	454	43.4
Net income/(loss) for period	18	929	-98.0	526	385	36.7
Earnings per share in EUR (basic)	-0.01	0.04	<-100.0	0.02	0.01	100.0

	6/30/2017	6/30/2016	Change
	kEUR	kEUR	Percent
Liquid funds*	18,404	19,948	-8.4
Equity	15,375	15,462	-0.6
Total assets	29,965	28,322	5.8
No. of employees	184	169	8.9

* including securities measured at fair value

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THE AD PEPPER MEDIA SHARE

Key data about the ad pepper media 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	October 9, 2000
Designated sponsor	Equinet
Capital stock (EUR)	1,150,000
No. of shares	23,000,000
Sector	Advertising

Key share figures

	H1 2017	H1 2016
XETRA closing price at end of period (EUR)	2.06	2.47
Highest price (EUR)	2.61	2.79
Lowest price (EUR)	1.91	1.20
Market capitalization at end of period (EUR)	47.4m	56.8m
Average no. of shares traded (XETRA) per day	11,667	39,172
Earnings per share (basic) (EUR)	-0.01	0.04
Net cash per share* (EUR)	0.88	0.96

Share price performance over the past twelve months (Xetra)



Shareholder structure as of 6/30/2017

	shares	shareholding
	Numbers	Percent
EMA B.V.	9,486,402	41.25
Treasury stock	2,079,292	9.04
Axxion S.A.	1,163,501	5.06
Dieter Koppitz	699,338	3.04
Euro Serve Media GmbH	436,963	1.90
Subtotal	13,865,496	60.29
Free float	9,134,504	39.71
Total	23,000,000	100.00

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

THE STRUCTURE OF THE AD PEPPER MEDIA GROUP

ad pepper media International N.V., a public limited liability company incorporated under the laws of the Netherlands (Naamloze vennootschap), is the holding company of one of the leading international performance marketing groups. It was founded in 1999 and, thus, is one of the pioneers in the business of online marketing. Its stock market launch followed in the year 2000 in the Prime Standard segment of the Frankfurt Stock Exchange (WKN: 940883). With seven offices in four European countries and the US, the ad pepper media group globally develops performance marketing solutions for customers such as Samsung, Nike, ERGO (Direkt), or Opel.

The Group combines its business into three reporting segments that work in close cooperation with the holding company and operate independently on the market: **ad pepper media** (lead generation and semantic targeting), **ad agents** (performance marketing), and **Webgains** (affiliate marketing). In the course of the central overall governance of the Group, the Holding (admin) takes responsibility for the know-how transfer between the segments, the strategic focus, as well as financing and liquidity. A total of 184 employees work in the three business units and the group's holding company.

The segments of the ad pepper media group

ad pepper media

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

Webgains

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

Webgains has more than 250,000 publishers in its portfolio who work together with more than 1,800 customers – from global fashion brands to medium-sized commercial enterprises. What makes affiliate marketing so attractive for advertisers as well as websites is, on the one hand, the opportunity to reach a massive audience via a wide variety of websites, on the other hand, the performance-based payment. Affiliate marketing is a commission-based advertising model in which website operators (publishers, affiliates) direct Internet traffic to the sites of advertisers (retailers, merchants) and receive in return a percentage of the sales turnover generated there.

ad agents

ad agents was founded in 2006 and belongs to the ad pepper media group for 10 years. Today, it is one of the most successful performance agencies in Germany. ad agents designs, controls, and optimizes results-oriented marketing and sales solutions in all digital channels on all screens and devices. The agency specializes in search engine marketing, search engine optimization, affiliate management, social media advertising, performance display, and product data management. The business unit also advises well-known German and international companies operating in all industries

(for example: finance, trade, fashion, pharmaceuticals, and technology). The customers are renowned corporations such as CHRIST, ERGO (Direkt), Saturn, and Thalia. At the location Herrenberg (in the region of Stuttgart), more than 70 international online experts deliver quality, transparency, and excellent results to fill long-time customers with enthusiasm. Recently, ad agents was awarded the Quality Certificate SEA 2017 by the Federal Association for Digital Economy (Bundesverband Digitale Wirtschaft, BVDW) and is, of course, also certified Google partner.

GENERAL INFORMATION ABOUT THIS MANAGEMENT REPORT

Definitions

All mentions of “ad pepper media International N.V.”, “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 materialize, or if the management’s underlying assumptions prove incorrect, our actual results could differ materially from those described in or inferred from our forward-looking statements and information. We describe these risks and uncertainties in the risk report of our Annual Report 2016.

The words “aim”, “anticipate”, “assume”, “believe”, “continue”, “could”, “counting on”, “is confident”, “estimate”, “expect”, “forecast”, “guidance”, “intend”, “may”, “might”, “outlook”, “plan”, “project”, “predict”, “seek”,

“should”, “strategy”, “want”, “will”, “would” and similar expressions as they relate to us are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date specified or the date of this report. Unless we are required to do so by law, we accept no obligation to publicly update or revise any forward-looking statements due to new information, changed conditions, or any other future events which had not existed before the issuance of this report.

Internal control system

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

MACROECONOMIC FRAMEWORK

Germany

The upturn in the German economy that began in 2013 is growing broader and gaining impetus. The CESifo Institute, Munich, expects real gross domestic product to grow by 1.8 percent this year, and by 2.0 percent in 2018. As in previous years, economic developments are being driven by buoyant consumer demand among private households, and brisk construction activity. Exports will make a rising contribution to the upswing, which will be boosted by the improved economic outlook in the euro area and the rest of the world. The weak economic outlook for manufacturing and the disappointing level of corporate investment to date are expected to pick up.

Europe

In spite of uncertainties regarding the elections in important member states, as well as the future relations between the UK and the EU, according to CESifo the Eurozone strengthened its growth in 2017 with an expected GDP growth of 1.6 percent. Overall, Eurozone economy is expected to continue to grow at a similar pace over the forecasting period. The main forces behind this trend should be mainly the steady growth in private consumption and investment. Uncertainty remains elevated especially about the future relations between the UK and the EU, together with the political consequences of elections in France and Germany. Moreover, higher inflation could undermine the growth due to the effect of real wages on household spending trend. Uncertainty as to the new political direction of the US also remains considerable.

World

Despite intensified political uncertainties and the upturn in inflation, according to CESifo the prospects for global economic activity have improved in recent months. World trade has accelerated strongly for three quarters, especially Chinese imports due to the impulse from investments. Business surveys indicate an improvement in the near-term outlook. The more favourable prospects mainly reflect expectations about a more expansionary stance of fiscal policy, especially in the US. Furthermore, international trade is expected to continue to recover and to boost sales abroad during 2017.

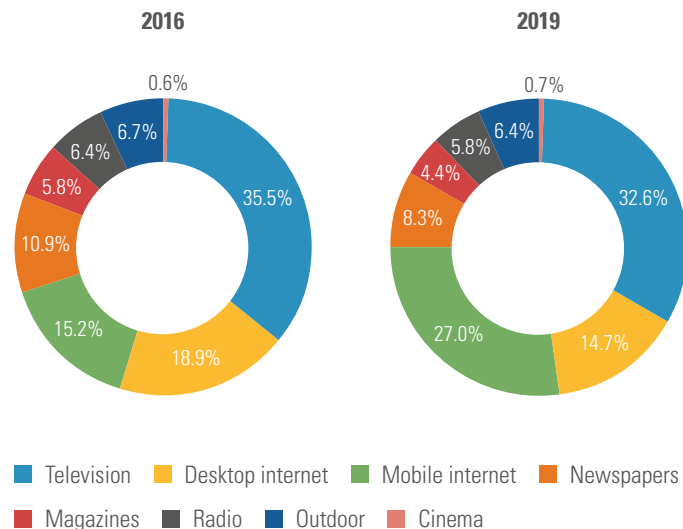
Advertising market

Global spending on internet advertising is set to exceed 200 billion dollars this year. In their "Advertising Expenditure Forecast", the media experts at Zenith have forecast growth of 13 percent to 205 billion dollars.

Internet advertising would then account for a 36.9 percent share of total advertising spending (2016: 34.0 percent). Not only that, internet advertising spending would for the first time exceed spending on traditional TV commercials (2017: 192 billion dollars). Back in 1996, TV overtook newspapers as the

most important advertising medium. Its dominance would now seem to be on the decline, with digital waiting to take the lead.

Share of global adspend by medium (%)



Desktop- and mobile internet put together, outstrip television.

Source: Zenith

EARNINGS, FINANCIAL AND NET ASSET POSITION

Earnings position

ad pepper media International N.V. generated sales growth of 25.5 percent in the second quarter. For the six-month period as a whole, the Group posted sales of EUR 33,796k (H1 2016: EUR 28,300k), equivalent to growth of 19.4 percent. The ad agents segment once again reported a dynamic performance, increasing its sales by EUR 1,677k, or 31.6 percent, to EUR 6,979k (H1 2016: EUR 5,302k). The ad pepper media segment grew at a similarly high rate, with sales growth of EUR 684k, or 27.1 percent (H1 2016: EUR 2,527k). Sales in the Webgains segment rose by 15.3 percent to EUR 23,607k (H1 2016: EUR 20,471k). Adjusted for currency items, sales growth in this segment came to 24.0 percent.

The Group's gross profit for the second quarter increased by 15.0 percent to EUR 4,548k. Gross profit for the first half year rose by 11.8 percent to EUR 8,664k. This growth was largely driven by the segments ad pepper media (42.9 percent) and ad agents (21.5 percent). Gross profit of the Webgains segment rose slightly by 1.0 percent. Adjusted for currency items, gross profit growth of this segment came to 8.0 percent.

In the second quarter 2017, the Group generated EBITDA of EUR 746k, which represents the best operating earnings figure for more than the past decade. EBITDA for the half-year period as a whole came to EUR 500k (H1 2016: EUR 1,028k), with the ad agents segment increasing its EBITDA by EUR 38k to EUR 462k (H1 2016: EUR 424k). The ad pepper media segment improved its EBITDA to EUR 657k (H1 2016: EUR 400k) while the Webgains segment generated EBITDA of EUR 396k (H1 2016: EUR 992k).

Financial position

The gross cash flow amounted to EUR 223k (H1 2016: EUR 615k) while a figure of EUR -1,282k was reported for cash flow from operations for the first six months of 2017 (H1 2016: EUR -441k). The significantly lower gross inflow of funds is mainly due to the decrease in net income for the period. Further factors driving the outflow of cash for operating activities were the decrease in other payables and sales tax payments made in the first three months of 2017. Reductions in accrued liabilities for affiliate credits not yet disbursed in the Webgains segment led to further cash outflow. Cash outflow for investing activities amounted to EUR 254k (H1 2016: EUR 3,728). Cash outflow from financing activities amounted to EUR 318k in the first six months of 2017 (H1 2016: EUR -1,337k) and included dividend payments to non-controlling parties amounting to EUR 352k (H1 2016: EUR 40k) and incoming cash in conjunction with exercised share options of EUR 34k (H1 2016: EUR 8k).

Net asset position

Total assets reduced by EUR 1,413k to EUR 29,965k compared with December 31, 2016. Trade receivables reduced slightly by EUR 805k to EUR 9,311k. Liquid funds (including securities measured at fair value) reduced to EUR 18,404k, down by EUR 1,189k compared with December 31, 2016 (EUR 19,592k). The higher outflow of funds was largely due to a reduction in trade payables by EUR 915k to EUR 11,442k (December 31, 2016: EUR 12,357k). Other payables reduced from EUR 1,470 as of December 31, 2016 to EUR 782k, which is particularly due to lower sales tax liabilities. Other financial liabilities decreased from EUR 1,807k as of December 31, 2016 to EUR 1,246k, which was mainly driven by bonus payments in the first quarter 2017. Other long-term liabilities amount to EUR 213k (December 31, 2016: EUR 0k) and relate mainly to accrued rental benefits. Total liabilities amount to EUR 14,590k (December 31, 2016: EUR 16,398k). The Group still does not have any liabilities to banks. Total equity remained at EUR 15,375k (December 31, 2016: EUR 14,979k). The equity ratio increased to 51.3 percent (December 31, 2016: 47.7 percent).

RESEARCH AND DEVELOPMENT ACTIVITIES

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

EMPLOYEES

As of June 30, 2017, the ad pepper media group had 184 employees, as against a total of 169 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:

	6/30/2017	6/30/2016
	Number	Number
ad pepper media	20	19
Webgains	93	87
ad agents	58	49
Administration	13	14

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, 2016. Reference is therefore made to the information presented in the management report for the 2016 financial year.

OUTLOOK

Although we have posted strong results for the second quarter, we maintain our guidance for the year with a revenue target of at least EUR 65.0m and EBITDA between EUR 1.0m and EUR 1.5m.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, while the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Nuremberg, July 31, 2017
ad pepper media International N.V.



Dr. Jens Körner

CONSOLIDATED INCOME STATEMENT (IFRS)

	Q2 2017	Q2 2016	H1 2017	H1 2016
	KEUR	KEUR	KEUR	KEUR
Revenue	17,428	13,882	33,796	28,300
Cost of sales	-12,881	-9,926	-25,132	-20,551
Gross profit	4,548	3,956	8,664	7,749
Selling and marketing expenses	-2,603	-2,290	-5,037	-4,434
General and administrative expenses	-1,534	-1,509	-3,492	-2,981
Other operating income	289	400	367	716
Other operating expenses	-49	-103	-200	-36
Operating profit	650	454	301	1,014
Financial income	6	7	12	136
Financial expenses	-16	0	-19	-64
Income/loss before taxes	641	461	294	1,086
Income taxes	-114	-76	-275	-158
Net income/loss	526	385	18	929
Attributable to shareholders of the parent company	414	292	-182	760
Attributable to non-controlling interests	112	93	200	169
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.02	0.01	-0.01	0.04
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.02	0.01	-0.01	0.03
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	20,918,486	21,037,476	20,902,862	21,207,015
Weighted average number of shares outstanding (diluted)	21,078,317	21,630,358	21,115,405	21,755,493

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

	Q2 2017	Q2 2016	H1 2017	H1 2016
	kEUR	kEUR	kEUR	kEUR
Net income/loss	526	385	18	929
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	-14	-42	-31	-213
Revaluation of available-for-sale securities	239	-88	696	-431
Realized gains/losses from available-for-sale securities	0	0	0	-10
Other comprehensive income, net of tax	225	-130	665	-654
Total comprehensive income	751	255	683	275
Attributable to non-controlling interests	112	93	-182	169
Attributable to shareholders of the parent company	639	162	865	106

Disclosures on other comprehensive income

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

	Q2 2017			Q2 2016			H1 2017			H1 2016		
	kEUR			kEUR			kEUR			kEUR		
	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	-14	0	-14	-42	0	-42	-31	0	-31	-213	0	-213
Revaluation of available-for-sale securities	239	0	239	-88	0	-88	696	0	696	-431	0	-431
Realized gains/losses from available-for-sale securities	0	0	0	0	0	0	0	0	0	-10	0	-10
Total other comprehensive income	225	0	225	-130	0	-130	665	0	665	-654	0	-654

CONSOLIDATED BALANCE SHEET (IFRS)

ASSETS	6/30/2017	12/31/2016
	KEUR	KEUR
Non-current assets		
Intangible assets	435	572
Property, plant, and equipment	393	212
Securities available-for-sale	2,430	1,734
Other financial assets	183	189
Total non-current assets	3,441	2,706
Current assets		
Trade receivables	9,311	10,116
Other receivables	516	408
Income tax receivables	693	151
Other financial assets	30	138
Cash and cash equivalents	15,974	17,859
Total current assets	26,524	28,672
Total assets	29,965	31,378

CONSOLIDATED BALANCE SHEET (IFRS)
EQUITY AND LIABILITIES

	6/30/2017	12/31/2016
	KEUR	KEUR
Equity attributable to shareholders of the parent company		
Issued capital*	1,150	1,150
Reserves	61,181	61,116
Accumulated deficit	-45,803	-45,621
Other reserves	-1,691	-2,356
Total	14,836	14,289
Non-controlling interests	538	690
Total equity	15,375	14,979
Non-current liabilities		
Deferred tax liabilities	117	117
Other long-term liabilities	213	0
Total non-current liabilities	330	117
Current liabilities		
Trade payables	11,442	12,357
Other payables	782	1,470
Other financial liabilities	1,246	1,807
Income tax liabilities	791	648
Total current liabilities	14,260	16,281
Total liabilities	14,590	16,398
Total equity and liabilities	29,965	31,378

* The issued capital consists of shares with a nominal value of EUR 0.05 each. The authorized capital amounts to 23,429,708 shares, of which 23,000,000 are issued and 20,920,708 shares were floating at June 30, 2017 (December 31, 2016: 20,880,708).

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

1/2

	H1 2017	H1 2016
	KEUR	KEUR
Net income/loss	18	929
Adjustments for:		
Depreciation and amortization	199	14
Gain/loss on sale of fixed assets	-2	-3
Share-based compensation	30	16
Gain/loss on sale of securities (after bank charges)	0	-13
Other financial income and financial expenses	7	-59
Income taxes	275	157
Other non-cash expenses and income	-304	-426
Gross cash flow	223	615
Change in trade receivables	672	3,223
Change in other assets	-67	-238
Change in trade payables	-498	-2,960
Change in other liabilities	-1,077	-1,232
Income tax received	0	139
Income tax paid	-542	-52
Interest received	7	84
Interest paid	0	-20
Net cash flow from/used in operating activities	-1,282	-441
Purchase of intangible assets and property, plant, and equipment	-256	-191
Proceeds from sale of intangible assets and property, plant, and equipment	2	3
Loans payback	0	5
Proceeds from sale/maturity of securities	0	5,323
Purchase of securities/investment in fixed-term deposits	0	-1,412
Net cash flow from/used in investing activities	-254	3,728

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

2/2

	H1 2017	H1 2016
	kEUR	kEUR
Repurchase of treasury shares	0	-1,305
Issuance of own shares	34	8
Dividends to non-controlling interests	-352	-40
Net cash flow from/used in financing activities	-318	-1,337
Net decrease/increase in cash and cash equivalents	-1,854	1,950
Cash and cash equivalents at beginning of period	17,859	16,932
Effect of exchange rates on cash and cash equivalents	-31	-99
Cash and cash equivalents at end of period	15,974	18,783

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

	Balance at 1/1/2017	Total compre- hensive income	Share-based payment	Issuance of shares	Dividends	Purchase of treasury shares	Balance at 6/30/2017
Issued capital							
Number of shares	23,000,000						23,000,000
Issued capital (kEUR)	1,150						1,150
Reserves							
For employee stock option plans (kEUR)	2,656		30				2,686
From contributions of shareholders of the parent company (kEUR)	63,782						63,782
Treasury shares							
Number of shares	2,119,292			-40,000			2,079,292
Treasury shares at cost (kEUR)	-5,322			34			-5,288
Accumulated deficit (kEUR)	-45,621	-182					-45,803
Other reserves							
Currency translation differences (kEUR)	-1,157	-31					-1,188
Unrealized gains/(losses) from available-for-sale securities (kEUR)	-1,200	696					-504
Equity attributable to shareholders of ad pepper media International N.V. (kEUR)	14,289	483	30	34	0	0	14,836
Non-controlling interests (kEUR)	690	200	0	0	-352	0	538
Total equity (kEUR)	14,979	683	30	34	-352	0	15,375

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

	Balance at 1/1/2016	Total compre- hensive income	Share-based payment	Issuance of shares	Dividends	Purchase of treasury shares	Balance at 6/30/2016
Issued capital							
Number of shares	23,000,000						23,000,000
Issued capital (kEUR)	1,150						1,150
Reserves							
For employee stock option plans (kEUR)	2,628		16				2,644
From contributions of shareholders of the parent company (kEUR)	63,782						63,782
Treasury shares							
Number of shares	1,539,292		-10,000			635,714	2,165,006
Treasury shares at cost (kEUR)	-3,105		8			-1,305	-4,402
Accumulated deficit (kEUR)	-46,251	760					-45,491
Other reserves							
Currency translation differences (kEUR)	-880	-213					-1,093
Unrealized gains/(losses) from available-for-sale securities (kEUR)	-1,319	-441					-1,760
Equity attributable to shareholders of ad pepper media International N.V. (kEUR)	16,005	106	24	0	0	-1,305	14,830
Non-controlling interests (kEUR)	503	169	0	0	-40	0	632
Total equity (kEUR)	16,508	275	24	0	-40	-1,305	15,462

SELECTED EXPLANATORY NOTES

Consolidated segment information (IFRS)

H1 2017	ad pepper media	Webgains	ad agents	Admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Revenue	3,269	23,608	6,979	128	-189	33,796
Thereof external	3,209	23,607	6,979	0	0	33,796
Thereof intersegment	60	1	0	128	-189	0
Expenses and other income	-2,560	-23,310	6,537	-1,216	128	-33,495
Thereof depreciation and amortization	-8	-99	-20	-72	0	-199
Thereof other non-cash income	71	342	3	17	0	432
Thereof other non-cash expenses	-55	-92	0	-32	0	-179
EBITDA	716	397	462	-1,016	-60	500
EBIT	708	298	443	-1,087	-60	301
Financial income	2	1	0	9	0	12
Financial expenses	-1	-1	-1	-16	0	-19
Income taxes						-275
Net income for the period						18

Consolidated segment information (IFRS)

H1 2016	ad pepper media	Webgains	ad agents	Admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Revenue	2,530	20,475	5,302	148	-156	28,300
Thereof external	2,527	20,471	5,302	0	0	28,300
Thereof intersegment	3	5	0	149	-156	0
Expenses and other income	-2,132	-19,415	-4,895	-992	149	-27,285
Thereof depreciation and amortization	-5	64	-16	-56	0	-14
Thereof other non-cash income	135	547	12	34	0	727
Thereof other non-cash expenses	0	-194	0	-65	0	-259
EBITDA	403	997	424	-788	-8	1,028
EBIT	398	1,060	408	-844	-8	1,014
Financial income	0	2	0	136	-2	136
Financial expenses	0	-2	0	-64	-2	-64
Income taxes						-158
Net income for the period						929

1. Basis for the preparation of the first half year financial statements

The current Condensed Interim Consolidated Financial Statements of ad pepper media International N.V. were prepared according to the provisions of the International Financial Reporting Standards (IFRS) as applicable on the closing date, and are presented in euros (EUR). The comparative figures from the previous year were determined according to the same principles and adjusted where necessary. The half year 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, 2016.

The consolidated interim financial statements as of June 30, 2017 were authorized for issue by the Board of Directors on July 31, 2017.

2. Accounting principles

The accounting principles applied to these half year financial statements do not materially differ from the principles as applied to the Annual Report as per December 31, 2016.

Since then, no new standards or interpretations have been adopted.

3. Consolidated Group

The entities included in consolidation are as follows:

Entity	6/30/2017	12/31/2016
	Percent	Percent
ad pepper media GmbH, Nuremberg, Germany	100	100
ad pepper media UK Ltd, London, United Kingdom	0	100
ad pepper media France S.A.R.L., Paris, France	100	100
ad pepper media Spain S.A., Madrid, Spain	65	65
ad pepper media USA LLC, New York, USA	100	100
Webgains Ltd, London, United Kingdom	100	100
ad agents GmbH, Herrenberg, Germany	60	60

ad pepper media UK Ltd has been dissolved on July 4, 2017.

4. Notes to the Interim Financial Statements

Reference is basically made to the comments on the results of operations, financial position and net assets in the interim management report.

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

Other operating income mainly includes income of EUR 197k (H1 2016: EUR 278k) from reversals of non-disbursed affiliate credits in the Webgains segment that are classified by ad pepper media group as not being likely to be paid out, and reversals of EUR 149k in connection with time-barred claims (H1 2016: EUR 214k).

Other operating expenses for the first quarter of 2017 chiefly comprise write-downs of receivables of EUR 138k (H1 2016: EUR 150k).

Net foreign exchange losses amount to EUR 34k, while a net foreign exchange gain of EUR 104k was posted in the equivalent prior year's quarter.

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

Other liabilities reduced by EUR 688k compared with December 31, 2016. This was chiefly due to lower sales tax liabilities. The reduction in other financial liabilities by EUR 561k to EUR 1,173k was in particular due to the payment of variable compensation components in the first quarter 2017 and lower accrued liabilities for outstanding invoices.

5. Segment reporting according to IFRS 8

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

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

The accounting policies of the reportable segments correspond to the Group's accounting policies described in note [2] of the consolidated Annual Report for the year ended December 31, 2016.

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

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

Geographical information

The Group operates in four principal geographical areas – Germany, Spain, United Kingdom, and the US.

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	
	H1 2017	H1 2016	6/30/2017	6/30/2016
	kEUR	kEUR	kEUR	kEUR
Germany	12,276	8,747	211	188
United Kingdom	16,497	14,806	592	337
Spain	2,354	1,906	17	15
USA	2,202	2,261	5	2
Other	467	580	3	3
Total	33,796	28,230	828	545

Revenues of approximately EUR 4,672k (H1 2016: EUR 2,955k) are derived from a single external customer. These revenues are attributable to the Webgains segment.

6. Treasury stock

Acquisition of treasury stock

By a shareholders' resolution dated May 16, 2017, 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 June 30, 2017, ad pepper media International N.V. held 2,079,292 treasury stocks (June 30, 2016: 2,165,006) at a nominal value of EUR 0.05 each, corresponding to 9.04 percent (June 30, 2016: 9.41 percent) of the share capital.

Sale of treasury stock

No treasury shares were sold during the first six months of 2017 (H1 2016: 0). 40,000 shares (H1 2016: 10,000) were sold under the employee stock option plans and no cash settlements amounting for fully vested stock options occurred (H1 2016: nil).

Number of shares outstanding

The number of shares issued and outstanding as of June 30, 2017 totals 20,920,708 (June 30, 2016: 20,834,994). Each share has a nominal value of EUR 0.05.

7. Seasonal influences on business operations

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

8. Stock options and shareholdings

As of June 30, 2017, a total of 781,900 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 6/30/2017	Options as of 6/30/2017
Board of Directors		
Dr. Jens Körner	0	300,000
Former Board of Directors		289,500
Supervisory Board		
Michael Oschmann	0	0
Thomas Bauer	0	10,000
Eun-Kyung Park	0	10,000
Dr. Stephan Roppel	0	10,000
Employees		162,400
Associated companies		
EMA B.V.	9,486,402	0
Euro Serve Media GmbH	436,963	0

9. Report on major transactions with related companies and persons

There have been no material changes in transactions with related parties compared with the 2016 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 June 30, 2017.

Nuremberg, July 31, 2017
ad pepper media International N.V.



Dr. Jens Körner

FINANCIAL CALENDAR

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

Quarterly Report III / 2017

November 15, 2017

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Board of Directors:

Dr. Jens Körner, CEO

We will gladly send you our **2016 Annual Report** as well as
the **Interim Financial Report for 2017** in English.

These reports are also published as PDF files at

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