



**UNAUDITED CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

AS OF SEPTEMBER 30, 2017

## SELECTED GROUP KEY FIGURES

	Q3 2017	Q3 2016	Change	Q1-Q3 2017	Q1-Q3 2016	Change
	kEUR	kEUR	Percent	kEUR	kEUR	Percent
Consolidated sales	18,242	13,530	34.8	52,037	41,830	24.4
Gross profit	4,403	3,711	18.6	13,066	11,460	14.0
EBIT	350	170	>100.0	651	1,184	-44.9
Net income/(loss) for period	178	40	>100.0	196	969	-79.8
Earnings per share in EUR (basic)	0.00	0.00	-	-0.01	0.03	<-100.0

	9/30/2017	9/30/2016	Change
	kEUR	kEUR	Percent
Liquid funds*	21,605	18,280	18.2
Equity	15,792	15,271	3.4
Total assets	34,324	26,258	30.7
No. of employees	190	172	10.5

\* 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

	1/1-9/30/ 2017	1/1-9/30/ 2016
XETRA closing price at end of period (EUR)	2.93	2.40
Highest price (EUR)	2.93	2.79
Lowest price (EUR)	1.91	1.20
Market capitalization at end of period (EUR)	67.4 m	55.2 m
Average no. of shares traded (XETRA) per day	12,875	30,602
Earnings per share (basic) (EUR)	-0.01	0.03
Net cash per share* (EUR)	1.03	0.88

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



### Shareholder structure as of 9/30/2017

	shares	shareholding
	Numbers	Percent
EMA B.V.	9,486,402	41.25
Treasury stock	1,999,292	8.69
Axxion S.A.	1,163,501	5.06
Dieter Koppitz	699,338	3.04
Euro Serve Media GmbH	456,963	1.98
<b>Subtotal</b>	<b>13,804,696</b>	<b>60.02</b>
Free float	9,195,304	39.98
<b>Total</b>	<b>23,000,000</b>	<b>100.00</b>

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

## THE STRUCTURE OF THE AD PEPPER MEDIA GROUP

ad pepper media International N.V., 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 Fiat.

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 190 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”, “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

The global economy is expected to pick up moderately but greater efforts are needed to ensure that the benefits from growth and globalization are more widely shared, according to the OECD’s latest Economic Outlook dated September 20, 2017.

Stronger business and consumer confidence, rising industrial production and recovering employment and trade flows will all contribute to an improvement in global GDP growth from 3.0 percent in 2016 to 3.6 percent in 2018, according to the Outlook.

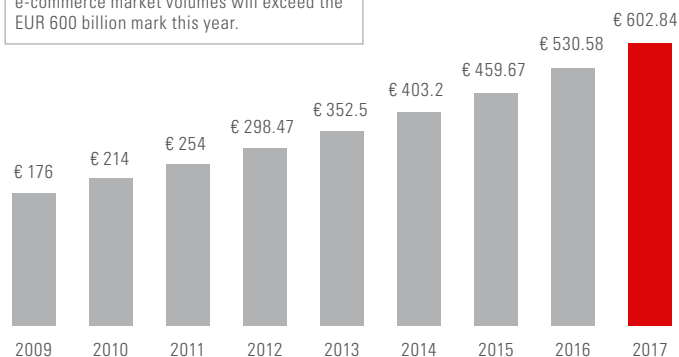
Among the major advanced economies, the recovery will continue in the United States, which is projected to grow by 2.1 percent in 2017 and 2.4 percent in 2018. The euro area will see steady growth at 1.8 percent in 2017 and 2018. In China, growth is expected to slow to 6.6 percent in 2017 and 6.4 percent in 2018.

### Advertising market: Growth in e-commerce

European e-commerce revenues exceeded EUR 500 billion in 2016, equivalent to growth of 15 percent on the previous year. The E-Commerce Europe retail association sees the possibility that this year's revenues will even exceed EUR 600 billion.

### B2C e-commerce is expected to increase to € 602 billion in 2017

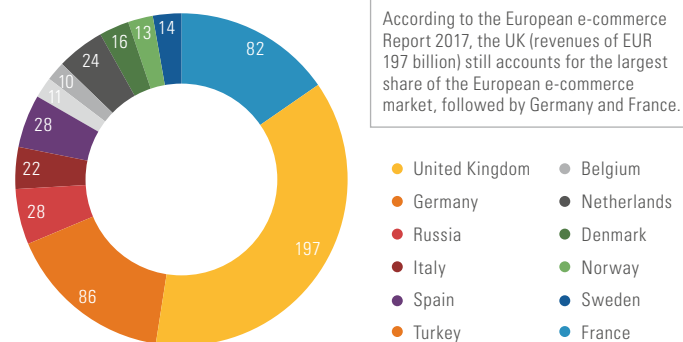
The European e-commerce Report 2017 published by the e-commerce Europe retail association makes it clear: European e-commerce market volumes will exceed the EUR 600 billion mark this year.



Source: European e-commerce Report 2017

With around 53 percent of total revenues, Western Europe is the strongest e-commerce region. The UK accounts for the largest share of European e-commerce volumes. British consumers spent EUR 197 billion on online retail last year – more than Germany (EUR 86 billion) and France (EUR 82 billion) combined.

### The U.K. still has the largest e-commerce market (€ in billion)



According to the European e-commerce Report 2017, the UK (revenues of EUR 197 billion) still accounts for the largest share of the European e-commerce market, followed by Germany and France.

Source: European e-commerce Report 2017

## EARNINGS, FINANCIAL AND NET ASSET POSITION

### Earnings position

ad pepper media International N.V. generated sales growth of 34.8 percent in the third quarter. For the nine-month period as a whole, the Group posted sales of EUR 52,037k (Q1-Q3 2016: EUR 41,830k), equivalent to growth of 24.4 percent. ad agents reported particularly dynamic developments, with nine-month sales growth of 42.2 percent to EUR 11,507k (Q1-Q3 2016: EUR 8,092k). Sales in the ad pepper media segment also grew over the past nine months, in this case by 25.2 percent to EUR 4,837k (Q1-Q3 2016: EUR 3,865k).

Thanks to accelerated growth of 28.6 percent in the past third quarter, Webgains substantially increased its nine-month sales by 19.5 percent to EUR 35,693k (Q1-Q3 2016: EUR 29,866k); currency-adjusted sales rose by 27.2 percent. Webgains is growing notably faster than the market and consequently gained additional market share.

The Group's gross profit improved by 18.6 percent to EUR 4,403k in the third quarter. For the nine-month period as a whole, this key figure grew by 14.0 percent to EUR 13,066k (currency-adjusted: 17.7 percent).

Despite increased operating expenses mainly relating to investments in the Webgains and ad agents segments, the third-quarter EBITDA of EUR 455k represents the best third-quarter operating earnings reported for more than 10 years. EBITDA for the nine-month period as a whole came to EUR 955k (Q1-Q3 2016: EUR 1,255k), with the ad agents segment improving its EBITDA to EUR 754k (Q1-Q3 2016: EUR 694k). The ad pepper media segment improved its EBITDA to EUR 965k (Q1-Q3 2016: EUR 655k), while the Webgains segment generated EBITDA of EUR 552k (Q1-Q3 2016: EUR 1,035k).

### Financial position

The gross cash flow amounted to EUR 615k (Q1-Q3 2016: EUR 899k). Increased EBITDA combined with significantly lower outflow of funds for trade payables and other liabilities generated an operating cash flow of EUR 1,742k for the first nine months of 2017 (Q1-Q3 2016: EUR -1,931k). Cash outflow for investing activities amounted to EUR 285k (Q1-Q3 2016: EUR 3,791k). Cash outflow from financing activities amounted to EUR -247k in the first nine months of 2017 (Q1-Q3 2016: EUR -1,958k) and included dividend payments to non-controlling parties amounting to EUR 352k (Q1-Q3 2016: EUR 222k) and incoming cash in conjunction with exercised share options of EUR 105k (Q1-Q3 2016: EUR 47k).

### Net asset position

Total assets increased by EUR 2,946k to EUR 34,324k compared with December 31, 2016. Trade receivables increased slightly by EUR 552k to EUR 10,668k. Liquid funds (including securities measured at fair value) rose to EUR 21,605k, up by EUR 2,013k compared with December 31, 2016 (EUR 19,592k). The lower outflow of funds was largely due to an increase in trade payables by EUR 2,002k to EUR 14,359k (December 31, 2016: EUR 12,357k). Other payables rose from EUR 1,470k as of December 31, 2016 to EUR 1,780k, which is particularly due to overpayments received. Other financial liabilities decreased from EUR 1,807k as of December 31, 2016 to EUR 1,406k, which was mainly driven by bonus payments in the first quarter 2017. Other long-term liabilities amount to EUR 201k (December 31, 2016: EUR 0k) and relate mainly to accrued rental benefits. Total liabilities amount to EUR 18,532k (December 31, 2016: EUR 16,398k). The Group still does not have any liabilities to banks. Total equity amounts to EUR 15,792k (December 31, 2016: EUR 14,979k). The equity ratio decreased to 46.0 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. mainly at its Bristol offices. 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 September 30, 2017, the ad pepper media group had 190 employees, as against a total of 172 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:

	9/30/2017	9/30/2016
	Number	Number
ad pepper media	20	19
Webgains	97	88
ad agents	60	51
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

Given the strong performance in the past quarter, we expect to generate sales of at least EUR 70,000k and EBITDA of at least EUR 1,500k.

Nuremberg, October 25, 2017  
ad pepper media International N.V.



Dr. Jens Körner, CEO

## CONSOLIDATED INCOME STATEMENT (IFRS)

	Q3 2017	Q3 2016	1/1-9/30/2017	1/1-9/30/2016
	KEUR	KEUR	KEUR	KEUR
<b>Revenue</b>	<b>18,242</b>	<b>13,530</b>	<b>52,037</b>	<b>41,830</b>
Cost of sales	-13,839	-9,819	-38,971	-30,370
<b>Gross profit</b>	<b>4,403</b>	<b>3,711</b>	<b>13,066</b>	<b>11,460</b>
Selling and marketing expenses	-2,725	-2,245	-7,763	-6,680
General and administrative expenses	-1,364	-1,342	-4,856	-4,323
Other operating income	167	121	533	941
Other operating expenses	-131	-75	-329	-214
<b>Operating profit</b>	<b>350</b>	<b>170</b>	<b>651</b>	<b>1,184</b>
Financial income	7	6	19	142
Financial expenses	-10	0	-30	-64
<b>Income/loss before taxes</b>	<b>347</b>	<b>176</b>	<b>640</b>	<b>1,262</b>
Income taxes	-169	-136	-444	-293
<b>Net income/loss</b>	<b>178</b>	<b>40</b>	<b>196</b>	<b>969</b>
Attributable to shareholders of the parent company	20	-85	-162	675
Attributable to non-controlling interests	158	125	358	294
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.00	0.00	-0.01	0.03
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.00	0.00	-0.01	0.03
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	20,953,235	20,803,660	20,913,390	21,072,184
Weighted average number of shares outstanding (diluted)	21,176,109	21,254,238	21,102,701	21,487,409

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

	Q3 2017	Q3 2016	1/1-9/30/2017	1/1-09/30/2016
	KEUR	KEUR	KEUR	KEUR
<b>Net income/loss</b>	<b>178</b>	<b>40</b>	<b>196</b>	<b>969</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Currency translation differences	7	-56	-24	-270
Revaluation of available-for-sale securities	131	441	827	9
Realized gains/losses from available-for-sale-securities	0	0	0	-10
<b>Other comprehensive income, net of tax</b>	<b>138</b>	<b>385</b>	<b>803</b>	<b>-271</b>
<b>Total comprehensive income</b>	<b>316</b>	<b>425</b>	<b>999</b>	<b>698</b>
Attributable to non-controlling interests	158	125	-162	294
Attributable to shareholders of the parent company	158	300	1,161	404

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

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

	Q3 2017			Q3 2016			1/1-9/30/2017			1/1-9/30/2016		
	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	7	0	7	-56	0	-56	-24	0	-24	-270	0	-270
Revaluation of available-for-sale securities	131	0	131	441	0	441	827	0	827	9	0	9
Realized gains/losses from available-for-sale-securities	0	0	0	0	0	0	0	0	0	-10	0	-10
<b>Total other comprehensive income</b>	<b>138</b>	<b>0</b>	<b>138</b>	<b>385</b>	<b>0</b>	<b>385</b>	<b>803</b>	<b>0</b>	<b>803</b>	<b>-271</b>	<b>0</b>	<b>-271</b>

**CONSOLIDATED BALANCE SHEET (IFRS)**

ASSETS	9/30/2017	12/31/2016
	KEUR	KEUR
<b>Non-current assets</b>		
Intangible assets	375	572
Property, plant, and equipment	383	212
Securities available-for-sale	2,561	1,734
Other financial assets	267	189
<b>Total non-current assets</b>	<b>3,585</b>	<b>2,706</b>
<b>Current assets</b>		
Trade receivables	10,668	10,116
Other receivables	381	408
Income tax receivables	607	151
Other financial assets	38	138
Cash and cash equivalents	19,045	17,859
<b>Total current assets</b>	<b>30,739</b>	<b>28,672</b>
<b>Total assets</b>	<b>34,324</b>	<b>31,378</b>

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

	9/30/2017	12/31/2016
	kEUR	kEUR
<b>Equity attributable to shareholders of the parent company</b>		
Issued capital*	1,150	1,150
Reserves	61,282	61,116
Accumulated deficit	-45,783	-45,621
Other reserves	-1,554	-2,356
<b>Total</b>	<b>15,096</b>	<b>14,289</b>
Non-controlling interests	696	690
<b>Total equity</b>	<b>15,792</b>	<b>14,979</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	117	117
Other long-term liabilities	201	0
<b>Total non-current liabilities</b>	<b>318</b>	<b>117</b>
<b>Current liabilities</b>		
Trade payables	14,359	12,357
Other payables	1,780	1,470
Other financial liabilities	1,406	1,807
Income tax liabilities	669	648
<b>Total current liabilities</b>	<b>18,214</b>	<b>16,281</b>
<b>Total liabilities</b>	<b>18,532</b>	<b>16,398</b>
<b>Total equity and liabilities</b>	<b>34,324</b>	<b>31,378</b>

\* The issued capital consists of shares with a nominal value of EUR 0.05 each. The authorized capital amounts to 23,429,708 shares, of which 23,000,000 are issued and 21,000,708 shares were floating at September 30, 2017 (December 31, 2016: 20,880,708).

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

1/2

	1/1-9/30/2017	1/1-9/30/2016
	kEUR	kEUR
<b>Net income/loss</b>	<b>196</b>	<b>969</b>
<b>Adjustments for:</b>		
Depreciation and amortization	303	70
Gain/loss on sale of fixed assets	-2	-8
Share-based compensation	60	22
Gain/loss on sale of securities (after bank charges)	0	-13
Other financial income and financial expenses	11	-65
Income taxes	444	293
Other non-cash expenses and income	-397	-369
<b>Gross cash flow</b>	<b>615</b>	<b>899</b>
Change in trade receivables	-749	3,162
Change in other assets	-42	47
Change in trade payables	2,550	-4,651
Change in other liabilities	166	-1,390
Income tax received	193	150
Income tax paid	-998	-212
Interest received	7	84
Interest paid	0	-20
<b>Net cash flow from/used in operating activities</b>	<b>1,742</b>	<b>-1,931</b>
Purchase of intangible assets and property, plant, and equipment	-287	-336
Proceeds from sale of intangible assets and property, plant, and equipment	2	3
Loans payback	0	213
Proceeds from sale/maturity of securities	0	5,323
Purchase of securities/investment in fixed-term deposits	0	-1,412
<b>Net cash flow from/used in investing activities</b>	<b>-285</b>	<b>3,791</b>

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

2/2

	1/1-9/30/2017	1/1-9/30/2016
	kEUR	kEUR
Repurchase of treasury shares	0	47
Issuance of own shares	105	-1,783
Dividends to non-controlling interests	-352	-222
<b>Net cash flow from/used in financing activities</b>	<b>-247</b>	<b>-1,958</b>
Net decrease/increase in cash and cash equivalents	1,210	-98
<b>Cash and cash equivalents at beginning of period</b>	<b>17,859</b>	<b>16,932</b>
Effect of exchange rates on cash and cash equivalents	-24	-160
<b>Cash and cash equivalents at end of period</b>	<b>19,045</b>	<b>16,674</b>



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

	Balance on 1/1/2017	Total compre- hensive income	Share- based payment	Issuance of shares	Dividends	Purchase of treasury shares	Cash settlement of SOPs	Balance on 9/30/2017
<b>Issued capital</b>								
Number of shares	23,000,000							23,000,000
Issued capital (kEUR)	1,150							1,150
<b>Reserves</b>								
For employee stock option plans (kEUR)	2,656		60					2,716
From contributions of shareholders of the parent company (kEUR)	63,782							63,782
<b>Treasury shares</b>								
Number of shares	2,119,292			-120,000				1,999,292
Treasury shares at cost (kEUR)	-5,322			105				-5,217
<b>Accumulated deficit (kEUR)</b>	<b>-45,621</b>	<b>-162</b>						<b>-45,783</b>
<b>Other reserves</b>								
Currency translation differences (kEUR)	-1,157	-24						-1,181
Unrealized gains/(losses) from available-for-sale securities (kEUR)	-1,200	827						-373
<b>Equity attributable to shareholders of ad pepper media International N.V. (kEUR)</b>	<b>14,289</b>	<b>641</b>	<b>60</b>	<b>105</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,095</b>
Non-controlling interests (kEUR)	690	358	0	0	-352	0	0	696
<b>Total equity (kEUR)</b>	<b>14,979</b>	<b>999</b>	<b>60</b>	<b>105</b>	<b>-352</b>	<b>0</b>	<b>0</b>	<b>15,792</b>

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

	Balance on 1/1/2016	Total compre- hensive income	Share-based payment	Issuance of shares	Dividends	Purchase of treasury shares	Cash settlement of SOPs	Balance on 9/30/2016
<b>Issued capital</b>								
Number of shares	23,000,000							23,000,000
Issued capital (kEUR)	1,150							1,150
<b>Reserves</b>								
For employee stock option plans (kEUR)	2,628		22					2,650
From contributions of shareholders of the parent company (kEUR)	63,782							63,782
<b>Treasury shares</b>								
Number of shares	1,539,292			-40,000		690,000		2,189,292
Treasury shares at cost (kEUR)	-3,105			47		-1,437	-346	-4,841
<b>Accumulated deficit (kEUR)</b>	<b>-46,251</b>	<b>675</b>						<b>-45,575</b>
<b>Other reserves</b>								
Currency translation differences (kEUR)	-880	-270						-1,150
Unrealized gains/(losses) from available-for- sale securities (kEUR)	-1,319	-1						-1,320
<b>Equity attributable to shareholders of ad pepper media International N.V. (kEUR)</b>								
<b>Equity attributable to shareholders of ad pepper media International N.V. (kEUR)</b>	<b>16,005</b>	<b>404</b>	<b>22</b>	<b>47</b>	<b>0</b>	<b>-1,437</b>	<b>-346</b>	<b>14,696</b>
Non-controlling interests (kEUR)	503	294	0	0	-222	0	0	575
<b>Total equity (kEUR)</b>	<b>16,508</b>	<b>698</b>	<b>22</b>	<b>47</b>	<b>-222</b>	<b>-1,437</b>	<b>-346</b>	<b>15,271</b>

## SELECTED EXPLANATORY NOTES

Consolidated segment information (IFRS)

Q1-Q3 2017	ad pepper media	Webgains	ad agents	Admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
<b>Revenue</b>	<b>4,927</b>	<b>35,694</b>	<b>11,507</b>	<b>194</b>	<b>-285</b>	<b>52,037</b>
Thereof external	4,837	35,693	11,507	0	0	52,037
Thereof intersegment	90	1	0	194	-285	0
<b>Expenses and other income</b>	<b>-3,882</b>	<b>-35,293</b>	<b>-10,787</b>	<b>-1,617</b>	<b>194</b>	<b>-51,385</b>
Thereof depreciation and amortization	-10	-152	-34	-108	0	-303
Thereof other non-cash income	70	498	2	17	0	588
Thereof other non-cash expenses	-59	-161	0	-51	0	-282
<b>EBITDA</b>	<b>1,055</b>	<b>553</b>	<b>754</b>	<b>-1,316</b>	<b>-92</b>	<b>955</b>
<b>EBIT</b>	<b>1,045</b>	<b>401</b>	<b>720</b>	<b>-1,423</b>	<b>-92</b>	<b>651</b>
<b>Financial income</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>19</b>
<b>Financial expenses</b>	<b>-3</b>	<b>-1</b>	<b>-2</b>	<b>-24</b>	<b>0</b>	<b>-30</b>
<b>Income taxes</b>						<b>-444</b>
<b>Net income for the period</b>						<b>196</b>

## Consolidated segment information (IFRS)

Q1-Q3 2016	ad pepper media	Webgains	ad agents	Admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
<b>Revenue</b>	<b>3,876</b>	<b>29,873</b>	<b>8,092</b>	<b>214</b>	<b>-225</b>	<b>41,830</b>
Thereof external	3,872	29,866	8,092	0	0	41,830
Thereof intersegment	4	7	0	214	-225	0
<b>Expenses and other income</b>	<b>-3,218</b>	<b>-28,785</b>	<b>-7,420</b>	<b>-1,437</b>	<b>214</b>	<b>-40,646</b>
Thereof depreciation and amortization	-7	46	-23	-86	0	-70
Thereof other non-cash income	142	588	18	44	0	792
Thereof other non-cash expenses	-19	-250	0	-85	0	-354
<b>EBITDA</b>	<b>666</b>	<b>1,042</b>	<b>694</b>	<b>-1,137</b>	<b>-10</b>	<b>1,255</b>
<b>EBIT</b>	<b>658</b>	<b>1,088</b>	<b>671</b>	<b>-1,223</b>	<b>-10</b>	<b>1,184</b>
<b>Financial income</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>142</b>	<b>-2</b>	<b>142</b>
<b>Financial expenses</b>	<b>0</b>	<b>-2</b>	<b>0</b>	<b>-64</b>	<b>2</b>	<b>-64</b>
<b>Income taxes</b>						<b>-293</b>
<b>Net income/loss for the period</b>						<b>969</b>

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

The current Condensed Interim Consolidated Financial Statements of ad pepper media International N.V. were prepared according to the provisions of the International Financial Reporting Standards (IFRS) as applicable on the closing date, and are presented in euros (EUR). The comparative figures from the previous year were determined according to the same principles and adjusted where necessary. The Condensed Consolidated Interim Financial Statements meet the requirements of IAS 34 but 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 September 30, 2017 were authorized for issue by the Board of Directors on October 25, 2017.

### 2. Accounting principles

The accounting principles applied to these 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	9/30/2017	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 305k (Q1-Q3 2016: EUR 322k) 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 123k in connection with time-barred claims (Q1-Q3 2016: EUR 233k).

Other operating expenses for the first nine months of 2017 chiefly comprise writedowns of receivables of EUR 197k (Q1-Q3 2016: EUR 226k).

Net foreign exchange losses amount to EUR 99k, while a net foreign exchange gain of EUR 126k was posted in the equivalent prior year's period.

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

Other liabilities increased by EUR 310k compared with December 31, 2016. This was chiefly due to overpayments received. The reduction in other financial liabilities by EUR 401k to EUR 1,406k was in particular due to the payment of variable compensation components in the first quarter 2017.

**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	
	Q1-Q3 2017	Q1-Q3 2016	9/30/2017	9/30/2016
	kEUR	kEUR	kEUR	kEUR
Germany	20,924	13,238	177	173
United Kingdom	22,998	21,488	556	443
Spain	4,035	3,193	17	17
USA	3,405	3,087	4	2
Other	676	824	4	2
<b>Total</b>	<b>52,037</b>	<b>41,830</b>	<b>757</b>	<b>637</b>

Revenues of approximately EUR 6,215k (Q1-Q3 2016: EUR 4,743k) 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 September 30, 2017, ad pepper media International N.V. held 1,999,292 treasury stocks (September 30, 2016: 2,189,292) at a nominal value of EUR 0.05 each, corresponding to 8.69 percent (September 30, 2016: 9.52 percent) of the share capital.

### Sale of treasury stock

No treasury shares were sold during the first nine months of 2017 (Q1-Q3 2016: 0). 120,000 shares (Q1-Q3 2016: 40,000) were sold under the employee stock option plans and no cash settlements amounting for fully vested stock options occurred (Q1-Q3 2016: EUR 346k).

### Number of shares outstanding

The number of shares issued and outstanding as of September 30, 2017 totals 21,000,708 (September 30, 2016: 20,810,708). 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 September 30, 2017, a total of 701,900 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 9/30/2017	Options as of 9/30/2017
<b>Board of Directors</b>		
Dr. Jens Körner	0	300,000
<b>Former Board of Directors</b>		<b>209,500</b>
<b>Supervisory Board</b>		
Michael Oschmann	0	7,500
Thomas Bauer	0	7,500
Eun-Kyung Park	0	7,500
Dr. Stephan Roppel	0	7,500
<b>Employees</b>		<b>162,400</b>
<b>Associated companies</b>		
EMA B.V.	9,486,402	0
Euro Serve Media GmbH	456,963	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 September 30, 2017.

Nuremberg, October 25, 2017  
ad pepper media International N.V.



Dr. Jens Körner, CEO



## FINANCIAL CALENDAR

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

Annual Report 2017	March 28, 2018
General Meeting 2018 Amsterdam, The Netherlands	May 15, 2018

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## IMPRINT

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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

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

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