



***Unaudited condensed interim consolidated financial
statements as of March 31, 2013***

Selected group key figures

| | 1.1.-3.31. 2013 | 1.1.-3.31. 2012 | Change |
|--|--------------------|--------------------|---------|
| | EUR 000s | EUR 000s | Percent |
| <i>Net sales</i> | 12,996 | 13,313 | -2.4 |
| <i>Gross profit</i> | 5,741 | 5,127 | 12.0 |
| <i>EBIT</i> | 68 | -896 | 107.6 |
| <i>Net income for period</i> | 43 | -691 | 106.2 |
| <i>Earnings per share in EUR (basic)</i> | 0.00 | -0.04 | 100.0 |

| | 3.31.2013 | 3.31.2012 | Change |
|-------------------------|-----------|-----------|---------|
| | EUR 000s | EUR 000s | Percent |
| <i>Liquid funds*</i> | 14,742 | 16,811 | -12.3 |
| <i>Equity</i> | 18,542 | 23,406 | -20.8 |
| <i>Total assets</i> | 29,563 | 33,352 | -11.4 |
| <i>No. of employees</i> | 267 | 261 | 2.3 |

- ad pepper media begins 2013 financial year with profitable first quarter
- Dr. Ulrike Handel is Chair of the Board of Directors and Chief Executive Officer (CEO) of ad pepper media International N.V. as of March 20, 2013
- Emediate opens office in Norway on February 14, 2013

* including securities measured at fair value and deposits with maturities of more than 3 months.

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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 |
| Initial public offering | 1,150,000 |
| No. of shares | 23,000,000 |
| Sector | Advertising |

| Key share figures | 1.1.-3.31. 2013 | 1.1.-3.31. 2012 |
|---|--------------------|--------------------|
| XETRA closing price at end of period (EUR) | 0.93 | 1.37 |
| Highest price (EUR) | 1.05 | 1.53 |
| Lowest price (EUR) | 0.80 | 1.04 |
| Market capitalization at end of period (EUR) | 21.4m | 31.5m |
| Average no. of shares traded (XETRA) | 25,965 | 17,271 |
| Earnings per share (basic) (EUR) | 0.00 | -0.04 |
| Net cash per share* (EUR) | 0.64 | 0.73 |

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

Share price performance over the past twelve months (Xetra)



Shareholder structure as of 3.31.2013

| Shareholder | No. of shares | Percentage shareholding |
|-----------------------|-------------------|----------------------------|
| EMA B.V. | 9,486,402 | 41.25 |
| Treasury stock | 1,759,292 | 7.65 |
| Axxion S.A. | 1,163,501 | 5.06 |
| Euro Serve Media GmbH | 436,963 | 1.90 |
| Subtotal | 12,846,158 | 55.86 |
| Free float | 10,153,842 | 44.14 |
| Total | 23,000,000 | 100.00 |

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 16 companies in eight 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 and ad serving solutions. Its main products are iSense, SiteScreen, iLead, iClick, mailpepper and Emediate.

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.

Emediate's main activity involves providing ad serving technology solutions and services. Emediate is the market leader in Scandinavia and provides publishers in particular with a stable, innovative delivery system.

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 iSense SiteSeeker, Voucher Management Tool, Page Peel and Mobile Tracking.

ad agents

ad agents specializes in search engine marketing (SEM), 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. The ad pepper media International N.V. 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 2012.

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 profit) 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 2013 Annual Economic Report, the Federal Government pointed to the great competitiveness and robust growth shown by the German economy, and that in spite of increasing burdens and risks. Unlike the euro area, Germany managed to generate positive growth of 0.7 percent in 2012 as well. However, economic momentum declined as the year progressed. Alongside the noticeable slowdown in the global economy, this was caused above all by uncertainty among market players due to high levels of debt in the industrialized economies.

The German Institute for Economic Research (DIW), for example, expects to see growth of 0.7 percent in the current year as well. The DIW still sees the euro debt crisis as harboring risks for the German economy, and referred in particular to the halting efforts to introduce reforms in France and Italy. The DIW researchers have forecast a 0.3 percent decline in euro area GDP in 2013, but nevertheless expect the currency area to emerge from recession by the second half of the year.

Advertising market

Global internet advertising spending is expected to grow by 14.7 percent to EUR 70.1 billion in 2013, thus making the internet by far the fastest-growing advertising channel. These figures were calculated by the ZenithOptimedia media agency group in its "Advertising Expenditure Forecast" study. In 2013, the internet will have become the world's second most important advertising medium (after TV), thus relegating daily newspapers to third position in terms of advertising expenditure.

The key focus is on addressing target groups efficiently. Here, topics such as measurability, advertising impact, data protection, and big data are playing an ever greater role in the advertising industry. Key drivers of this development are innovative advertising formats (e.g. moving image, internet-capable TV, mobile and audit digital environments), and refined targeting options.

Advertisers see customer tracking and ad currencies measuring online contacts in general and ad visibility in particular as highly relevant factors in this respect. These are followed by automated trading, data protection and OBA initiative.

Major events

Dr. Ulrike Handel appointed as new CEO of ad pepper media International N.V.

Dr. Ulrike Handel assumed the Chairmanship of the Board of Directors and became Chief Executive Officer (CEO) of ad pepper media International N.V. as of March 20, 2013. She has thus succeeded Ulrich Schmidt, who left the company in October 2012.

Dr. Handel had already been a member of the Supervisory Board of ad pepper media International N.V. since May 2012. She most recently worked for Bertsch Innovation Group where, as a member of the management, she was responsible for expanding and developing the Group, which comprised companies operating in the IT, publishing, digital, agency, sport, and fashion businesses. Before that, Dr. Handel worked for eleven years at Axel Springer AG, in positions including as a member of the publishing house management of the WELT Group/Berliner Morgenpost and as head of the “Classifieds” division (online classifieds business) with companies such as Stepstone and Immonet.

Emediate opens new office in Norway

By opening an office in Oslo, Emediate ApS, a provider of ad server solutions, has further extended its leading position in Nordic countries. This office is managed by Otto Neubert, who as Managing Director is responsible for the outlet’s business performance.

Emediate has thus taken due account of ongoing demand for the international delivery and management of online advertising campaigns. Covering all tasks from development via set-up to the day-to-day running of campaigns, Emediate ensures that customers’ specialist needs are met. Intensive, one-to-one customer support helps underpin the company’s long-term success in this area.

Earnings, financial and net asset position

Earnings position

ad pepper media International N.V. generated sales of EUR 12,966k in the first quarter of 2013. This corresponds to a reduction of 2.4 percent compared with the equivalent period in the previous year (Q1 2012: EUR 13,313k). While sales at the Webgains and ad pepper segments grew by EUR 1,024k, or 19.5 percent, to EUR 6,284k, and by EUR 343k, or 7.2 percent, to EUR 5,123k respectively, the ad agents segment had to absorb a reduction in sales by EUR 1,684k, or 51.5 percent, to EUR 1,589k. The sales performance at ad agents, disappointing at first glance, was nevertheless accompanied by a significant increase in the gross margin. Ad agents has succeeded in persuading most of its customers to settle pure media sales in the fields of SEO and SEM directly with Google, as a result of which ad agents will in future only invoice the actual management service performed. The gross profit, the actual performance indicator, increased significantly by EUR 614k or 12.0 percent to EUR 5,741k. As a percentage of sales, our gross margin accordingly rose from 38.5 percent to 44.2 percent.

Not only that, we also managed to significantly reduce our operating expenses by 5.8 percent, or EUR 350k, to EUR 5,673k. These cost reductions were achieved in particular in our ad pepper media segment and in administration divisions.

Thanks to the growth in the gross profit and a simultaneous reduction of operating expenses, we were able to improve all of our key profitability figures.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 134k in the first quarter of 2013 (Q1 2012: EUR -778k). Earnings before interest and taxes (EBIT) amounted to EUR 68k, as against EUR -896k in the previous year's quarter. Earnings before taxes (EBT) amounted to EUR 106k in the first three months of the financial year (Q1 2012: EUR -551k). Net income for the period amounted to EUR 43k (Q1 2012: EUR -691k).

Financial position

The gross cash flow amounted to EUR 148k (Q1 2012: EUR -784k), while a figure of EUR -969k was reported for the cash flow from operations, as against EUR -715k in the first three months of 2012. The net cash flow from investing activities amounted to EUR -1,529k in the first three months of 2013 (Q1 2012: EUR -850k). The cash flow from financing activities amounted to EUR 0k in the first three months of 2013, compared with EUR 0k in the equivalent period in the previous year.

Net asset position

Total assets reduced year-on-year by EUR 3,789k to EUR 29,563k. At that Trade Receivables decreased to EUR 6,379k (Q1 2012: EUR 8,353k). Trade Payables reduced to EUR 6,850k (EUR 8,073k). Liquid funds (including securities measured at fair value and fixed-term deposits) dropped by EUR 1,007k to EUR 14,742k compared with December 31, 2012 (12.31.2012: EUR 15,749k). 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 reduced to 62.7 percent (03.31.2012: 70.2 percent).

Research and development activities

ad pepper media has two investments, Emediate ApS and Crystal Semantics Ltd, which perform a major share of the development work for the admin segment and the ad pepper media segment either directly themselves or by commissioning and accompanying such work. In the Webgains segment, research and development activities are performed on a decentralized basis within Webgains Ltd itself. In the interests of conservative accounting, the development expenses incurred at the ad pepper media Group are not capitalized as internally generated software, but are rather fully expensed.

Employees

As of March 31, 2013, the ad pepper media Group had 267 employees, as against a total of 261 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:

| | 3.31.2013 <i>Number</i> | 3.31.2012 <i>Number</i> |
|------------------------|-----------------------------------|-----------------------------------|
| <i>ad pepper media</i> | <i>115</i> | <i>124</i> |
| <i>Webgains</i> | <i>85</i> | <i>77</i> |
| <i>ad agents</i> | <i>50</i> | <i>41</i> |
| <i>Administration</i> | <i>17</i> | <i>19</i> |

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, 2012. Reference is therefore made to the information presented in the management report for the 2012 financial year.

Outlook

The ad pepper media Group has reported a pleasing operating performance for the first three months of the financial year. The gross margin increased significantly by 12.0 percent. Not only that, we also have a distinctly leaner cost structure than at the beginning of the 2013 financial year. We currently cannot issue any reliable forecast as to whether the positive developments seen in the first three months of the financial year will continue in the quarters that lie ahead.

We will be focusing on enhancing our market position in all of our Group's core areas and are optimistic that we will achieve year-on-year improvements in our key profitability figures in the quarters ahead as well.

Consolidated income statement (IFRS)

| | Q1 2013 | Q1 2012 |
|--|-------------------|-------------------|
| | EUR 000s | EUR 000s |
| Revenues | 12,996 | 13,313 |
| Cost of sales | -7,255 | -8,186 |
| Gross profit | 5,741 | 5,127 |
| Selling and marketing expenses | -3,831 | -4,017 |
| General and administrative expenses | -2,240 | -2,100 |
| Other operating income | 510 | 209 |
| Other operating expenses | -112 | -115 |
| Earnings/loss before interest and taxes | 68 | -896 |
| Financial income | 67 | 353 |
| Financial expenses | -29 | -8 |
| Earnings/loss before taxes | 106 | -551 |
| Income taxes | -63 | -140 |
| Net income/loss | 43 | -691 |
| attributable to shareholders of the parent company | 1 | -750 |
| attributable to non-controlling interests | 42 | 59 |
| Basic earnings per share on net income for the year attributable to shareholders of the parent company | 0.00 | -0.04 |
| Diluted earnings per share on net income for the year attributable to shareholders of the parent company | 0.00 | -0.04 |
| | Q1 2013 | Q1 2012 |
| | No. of shares | No. of shares |
| Weighted average number of shares outstanding (basic) | 21,240,708 | 21,240,708 |
| Weighted average number of shares outstanding (diluted) | 21,240,708 | 21,240,708 |

Consolidated statement of comprehensive income (IFRS)

| | Q1 2013 | Q1 2012 |
|---|-----------|--------------|
| | EUR 000s | EUR 000s |
| Net income/loss | 43 | -691 |
| Items that may be reclassified subsequently to profit or loss: | | |
| Currency translation differences | -39 | -30 |
| Revaluation of available-for-sale securities | 61 | 1,560 |
| Revaluation of available-for-sale investments | 32 | -150 |
| Income tax recognized directly in equity | 0 | 0 |
| Total income and expense recognized directly in equity, net of tax | 54 | 1,380 |
| Total income and expense recognized in equity | 97 | 689 |
| attributable to non-controlling interests | 42 | 59 |
| attributable to shareholders of the parent company | 55 | 630 |

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:

| | Q1 2013 | | | Q1 2012 | | |
|--|---------------------|--------------|--------------------|---------------------|--------------|--------------------|
| | TEUR | | | TEUR | | |
| | before income taxes | income taxes | after income taxes | before income taxes | income taxes | after income taxes |
| Currency translation differences (incl. non-controlling interests) | -39 | 0 | -39 | -30 | 0 | -30 |
| Revaluation of available-for-sale securities | 61 | 0 | 61 | 1,560 | 0 | 1,560 |
| Revaluation of available-for-sale investments | 32 | 0 | 32 | -150 | 0 | -150 |
| Total income and expense recognized directly in equity | 54 | 0 | 54 | 1,380 | 0 | 1,380 |

Consolidated balance sheet (IFRS)

| Assets | March 31, 2013 | December 31, 2012 |
|--|----------------|-------------------|
| | EUR 000s | EUR 000s |
| Non-current assets | | |
| Goodwill | 24 | 24 |
| Intangible assets | 53 | 62 |
| Property, plant and equipment | 422 | 435 |
| Deposits with maturity over twelve months | 750 | 0 |
| Securities at fair value through profit and loss | 1,170 | 0 |
| Securities available-for-sale | 2,772 | 3,162 |
| Other financial assets | 6,132 | 6,056 |
| Deferred tax assets | 101 | 99 |
| Total non-current assets | 11,424 | 9,838 |
| Current assets | | |
| Trade receivables | 6,379 | 8,353 |
| Income tax receivables | 771 | 758 |
| Prepaid expenses and other current assets | 583 | 403 |
| Other financial assets | 356 | 178 |
| Cash and cash equivalents | 10,050 | 12,587 |
| Total current assets | 18,139 | 22,279 |
| Total assets | 29,563 | 32,117 |

Consolidated balance sheet (IFRS)

| <i>Equity and liabilities</i> | March 31, 2013 | December 31, 2012 |
|--|----------------|-------------------|
| | EUR 000s | EUR 000s |
| Equity attributable to shareholders of the parent company | | |
| Issued capital* | 1,150 | 1,150 |
| Reserves | 66,203 | 66,203 |
| Treasury shares | -3,281 | -3,281 |
| Accumulated deficit | -45,753 | -45,754 |
| Accumulated other comprehensive income/losses | -84 | -138 |
| Total | 18,235 | 18,180 |
| Non-controlling interests | 307 | 265 |
| Total equity | 18,542 | 18,445 |
| Current liabilities | | |
| Trade payables | 6,850 | 8,073 |
| Other current liabilities | 427 | 1,141 |
| Other financial liabilities | 3,565 | 4,334 |
| Income tax liabilities | 179 | 124 |
| Total current liabilities | 11,021 | 13,672 |
| Total liabilities | 11,021 | 13,672 |
| Total equity and liabilities | 29,563 | 32,117 |

* 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 March 31, 2013 (December 31, 2012: 21,240,708).

Consolidated statement of cash flows (IFRS)

| | 1.1.2013-3.31.2013 | 1.1.2012-3.31.2012 |
|--|--------------------|--------------------|
| | EUR 000s | EUR 000s |
| Net income/loss | 43 | -691 |
| Adjustments to reconcile net income for the year to net cash flow used in/provided by operating activities: | | |
| Depreciation and amortization | 66 | 118 |
| Gain/loss on sale of fixed assets | -1 | 1 |
| Share-based compensation | 0 | 5 |
| Gain/loss on sale of securities | -18 | -6 |
| Other financial income and financial expenses | -20 | -338 |
| Income taxes | 63 | 140 |
| Other non-cash expenses and income | 15 | -13 |
| Gross cash flow | 148 | -784 |
| Change in trade receivables | 1,959 | 2,740 |
| Change in other assets | -347 | 25 |
| Change in trade payables | -1,223 | -2,149 |
| Change in other liabilities | -1,502 | -676 |
| Income taxes received | 10 | 254 |
| Income taxes paid | -10 | -120 |
| Interest received | 2 | 26 |
| Interest paid | -6 | -31 |
| Net cash flow from/used in operating activities | -969 | -715 |

Consolidated statement of cash flows (IFRS)

| | 1.1.2013-3.31.2013 | 1.1.2012-3.31.2012 |
|--|--------------------|--------------------|
| | EUR 000s | EUR 000s |
| <i>Additions to intangible assets and property, plant and equipment</i> | -43 | -120 |
| <i>Proceeds from sale of intangible assets and property, plant and equipment</i> | 0 | -30 |
| <i>Purchase of shares in other investments</i> | -50 | -350 |
| <i>Loans granted</i> | 18 | 0 |
| <i>Repayment of loans granted</i> | 15 | 0 |
| <i>Proceeds from sale/maturity of securities and maturity of fixed-term deposits</i> | 563 | 465 |
| <i>Purchase of securities and investment in fixed-term deposits</i> | -2,032 | -815 |
| Net cash flow from/used in investing activities | -1,529 | -850 |
| Net cash flow from/used in financing activities | 0 | 0 |
| <i>Effect of exchange rates on cash and cash equivalents</i> | -39 | -30 |
| <i>Cash-effective decrease/increase in cash and cash equivalents</i> | -2,498 | -1,565 |
| Cash and cash equivalents at beginning of period | 12,587 | 9,778 |
| Cash and cash equivalents at end of period | 10,050 | 8,183 |

Consolidated statement of changes in equity (IFRS)

| | Balance at 1.1.2012 | Total income and expense recognized in equity | Share- based payment | Purchase of treasury shares | Issuance of shares | Dividends | Balance at 3.31.2012 |
|---|------------------------|--|----------------------------|-----------------------------------|-----------------------|-----------|-------------------------|
| Issued capital | | | | | | | |
| Number of shares | 23,000,000 | | | | | | 23,000,000 |
| Issued capital (EUR 000s) | 1,150 | | | | | | 1,150 |
| Reserves | | | | | | | |
| for employee stock option plans (EUR 000s) | 2,411 | | 5 | | | | 2,416 |
| from contributions of shareholders of the parent company (EUR 000s) | 63,782 | | | | | | 63,782 |
| Treasury shares | | | | | | | |
| Number of shares | 1,759,292 | | | | | | 1,759,292 |
| Treasury shares at cost (EUR 000s) | -3,281 | | | | | | -3,281 |
| Accumulated deficit (EUR 000s) | -40,481 | -750 | | | | | -41,231 |
| Accumulated other comprehensive income | | | | | | | |
| Currency translation differences (EUR 000s) | -1,369 | -30 | | | | | -1,399 |
| Revaluation available-for-sale securities (EUR 000s) | -3,304 | 1,560 | | | | | -1,744 |
| Revaluation available-for-sale investments (EUR 000s) | 3,409 | -150 | | | | | 3,259 |
| Equity attributable to shareholders of the parent company (EUR 000s) | | | | | | | |
| | 22,317 | 630 | 5 | 0 | 0 | 0 | 22,952 |
| Non-controlling interests (EUR 000s) | 395 | 59 | | | | | 454 |
| Total equity (EUR 000s) | 22,712 | 689 | 5 | 0 | 0 | 0 | 23,406 |

Consolidated statement of changes in equity (IFRS)

| | Balance at 1.1.2013 | Total income and expense recognized in equity | Share- based payment | Purchase of treasury shares | Issuance of shares | Dividends | Balance at 3.31.2013 |
|---|------------------------|--|----------------------------|-----------------------------------|-----------------------|-----------|-------------------------|
| Issued capital | | | | | | | |
| Number of shares | 23,000,000 | | | | | | 23,000,000 |
| Issued capital (EUR 000s) | 1,150 | | | | | | 1,150 |
| Reserves | | | | | | | |
| for employee stock option plans (EUR 000s) | 2,421 | | | | | | 2,421 |
| from contributions of shareholders of the parent company (EUR 000s) | 63,782 | | | | | | 63,782 |
| Treasury shares | | | | | | | |
| Number of shares | 1,759,292 | | | | | | 1,759,292 |
| Treasury shares at cost (EUR 000s) | -3,281 | | | | | | -3,281 |
| Accumulated deficit (EUR 000s) | -45,754 | 1 | | | | | -45,753 |
| Accumulated other comprehensive income | | | | | | | |
| Currency translation differences (EUR 000s) | -1,384 | -39 | | | | | -1,423 |
| Revaluation available-for-sale securities (EUR 000s) | -2,028 | 61 | | | | | -1,967 |
| Revaluation available-for-sale investments (EUR 000s) | 3,274 | 32 | | | | | 3,306 |
| Equity attributable to shareholders of the parent company (EUR 000s) | 18,180 | 55 | 0 | 0 | 0 | 0 | 18,235 |
| Non-controlling interests (EUR 000s) | 265 | 42 | | | | | 307 |
| Total equity (EUR 000s) | 18,445 | 97 | 0 | 0 | 0 | 0 | 18,542 |

Notes

Consolidated segment information (IFRS)

| Q1 2013 | <i>ad pepper media</i> EUR 000s | <i>Webgains</i> EUR 000s | <i>ad agents</i> EUR 000s | <i>Admin</i> EUR 000s | <i>Consolida- tion</i> EUR 000s | <i>Group</i> EUR 000s |
|--|--|-----------------------------|------------------------------|--------------------------|--|--------------------------|
| Total revenues | 5,143 | 6,292 | 1,589 | 177 | -205 | 12,996 |
| <i>thereof external</i> | 5,123 | 6,284 | 1,589 | 0 | 0 | 12,996 |
| <i>thereof intersegment</i> | 20 | 8 | 0 | 177 | -205 | 0 |
| Expenses and other income | -4,929 | -6,351 | -1,441 | -384 | 177 | -12,928 |
| <i>thereof amortization and depreciation</i> | -30 | -7 | -15 | -14 | 0 | -66 |
| <i>thereof other non-cash income</i> | 0 | 0 | 0 | 0 | 0 | 0 |
| <i>thereof other non-cash expenses</i> | -30 | -4 | -1 | -7 | 0 | -42 |
| EBITDA | 244 | -52 | 163 | -193 | -28 | 134 |
| EBIT | 214 | -59 | 148 | -207 | -28 | 68 |
| Financial income | 1 | 0 | 0 | 70 | -4 | 67 |
| Financial expenses | -3 | -1 | 0 | -29 | 4 | -29 |
| Income taxes | | | | | | -63 |
| Net income/loss for the period | | | | | | 43 |

| Q1 2012 | <i>ad pepper media</i> EUR 000s | <i>Webgains</i> EUR 000s | <i>ad agents</i> EUR 000s | <i>Admin</i> EUR 000s | <i>Consolida- tion</i> EUR 000s | <i>Group</i> EUR 000s |
|--|--|-----------------------------|------------------------------|--------------------------|--|--------------------------|
| Total revenues | 4,811 | 5,305 | 3,273 | 116 | -192 | 13,313 |
| <i>thereof external</i> | 4,780 | 5,260 | 3,273 | 0 | 0 | 13,313 |
| <i>thereof intersegment</i> | 31 | 45 | 0 | 116 | -192 | 0 |
| Expenses and other income | -5,377 | -5,331 | -3,060 | -557 | 116 | -14,209 |
| <i>thereof amortization and depreciation</i> | -35 | -5 | -14 | -64 | 0 | -118 |
| <i>thereof other non-cash income</i> | 17 | 0 | 0 | 0 | 0 | 17 |
| <i>thereof other non-cash expenses</i> | 0 | -39 | 0 | -33 | -5 | -77 |
| EBITDA | -531 | -21 | 227 | -377 | -76 | -778 |
| EBIT | -566 | -26 | 213 | -441 | -76 | -896 |
| Financial income | 1 | 0 | 2 | 363 | -13 | 353 |
| Financial expenses | -13 | 0 | -5 | -3 | 13 | -8 |
| Income taxes | | | | | | -140 |
| Net income/loss for the period | | | | | | -691 |

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, 2012.

The consolidated interim financial statements as per March 31, 2013 were authorized for issue by the Board of Directors on April 23, 2013.

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, 2012.

Since that time the following standards and interpretations have been adopted:

Improvements to IFRS 2009-2011

On March 28, 2013 the European Union issued a commission regulation which resulted in the endorsement of Annual Improvements to IFRSs, 2009-2011 Cycle which are now incorporated into European law. The changes of the following standards are effective from January 1, 2013:

- IFRS 1 "First-time Adoption of IFRS"
- IAS 1 "Presentation of Financial Statements"
- IAS 16 "Fixed Assets"
- IAS 32 "Financial Instruments"
- IAS 34 "Interim Financial Reporting"

This will not have any material implications for the consolidated financial statements of ad pepper media.

Amendments to IFRS 10, 11 and 12

In its Official Journal dated April 5, 2013, the European Union published Regulation (EC) No. 313/2013 dated April 4, 2013 concerning the amendment to Regulation (EC) No. 1126/2008 in respect of the endorsement of specific international accounting standards in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and Council. This Regulation takes over amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, and IFRS 12 Disclosures of Interests in Other Entities published by the IASB in June 2012. The amendment aims to clarify the transitional requirements in IFRS 10 and introduce additional relief for the transition to IFRS 10, IFRS 11, and IFRS 12. Adjusted comparative information, for example, is only required for the previous comparative period and the obligation to disclose comparative information for unconsolidated structured entities for periods prior to the first-time application of IFRS 12 no longer applies. Furthermore, Article 1 of the Regulation clarifies that, for EU IFRS users, the references to IFRS 9 included in the amendments to IFRS 11 should be understood as references to IAS 39 Financial Instruments: Recognition and Measurement as IFRS 9 has yet to be endorsed by the European Union. The amendments require application at the latest at the beginning of the first financial year beginning on or after January 1, 2014; voluntary earlier application is thus permitted.

These amendments will not have any material implications for ad pepper media's consolidated financial statements.

3. Consolidated group

The entities included in consolidation are as follows:

| Entity | 3.31. 2013 Percent | 12.31. 2012 Percent |
|--|-----------------------------------|------------------------------------|
| <i>ad pepper media GmbH, Nuremberg, Germany</i> | 100 | 100 |
| <i>ad pepper media Benelux B.V., Amsterdam, the Netherlands</i> | 100 | 100 |
| <i>ad pepper media Sweden AB, Stockholm, Sweden</i> | 100 | 100 |
| <i>ad pepper media Denmark A/S, Copenhagen, Denmark</i> | 100 | 100 |
| <i>ad pepper media UK Ltd, London, United Kingdom</i> | 100 | 100 |
| <i>ad pepper media France S.A.R.L., Paris, France</i> | 100 | 100 |
| <i>ad pepper media Spain S.A., Madrid, Spain</i> | 100 | 100 |
| <i>ad pepper media USA LLC, New York, USA</i> | 100 | 100 |
| <i>Web Measurement Services B.V., Amsterdam, the Netherlands</i> | 100** | 100 |
| <i>Crystal Semantics Ltd, London, United Kingdom</i> | 100 | 100 |
| <i>Webgains Ltd, London, United Kingdom</i> | 100 | 100 |
| <i>ad pepper media SA, Küsnacht am Rigi, Switzerland*</i> | 100* | 100 |
| <i>Globase International ApS, Copenhagen, Denmark</i> | 100 | 100 |
| <i>Emediate ApS, Copenhagen, Denmark</i> | 100 | 100 |
| <i>EMSEAS TEKNIK AB, Stockholm, Sweden</i> | 100 | 100 |
| <i>ad agents GmbH, Herrenberg, Germany</i> | 60 | 60 |

* in liquidation

** liquidated with effect of October 31, 2012 at January 17, 2013

Emediate ApS opened Emediate Norway NUF, a branch office in Oslo, Norway, on February 14, 2013.

ad pepper media International N.V. holds a 20 percent stake in SocialTyz LLC. SocialTyz LLC is not included in the interim consolidated financial statements at equity, as an operating agreement has been concluded which does not allow ad pepper media to exert significant influence. The investment was fully impaired as of December 31, 2012.

ad pepper media International N.V. holds a 49.5 percent stake in Videovalis GmbH. Videovalis GmbH is not included in the interim consolidated financial statements at equity, as the company's articles of association do not allow ad pepper media to exert significant influence. Hence, the investment continues to be valued at cost.

As of April 1, 2012, ad pepper media USA LLC secured a stake totaling 15 percent in React2Media LLC. In the beginning of 2013 ad pepper media USA LLC sold back the investment to React2Media.

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 Management Report.

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

Net financial expenses include realized net exchange gains of EUR 18k from the 100-percent redemption of securities (Q1 2012: EUR 6k) and unrealized net valuation losses of EUR 23k (Q1 2012 unrealized net valuation gains: EUR 240k).

At the beginning of January 2013, ad pepper media USA LLC resold its interest in React2Media at a price of USD 170k, corresponding to a profit of USD 130k.

The tax result is due to the recognition of current tax deferrals for profitable companies.

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

Payment by installment was agreed upon the sale of the interest of USD 170k in React2Media. ad pepper media USA LLC had corresponding receivables of USD 146k as of March 31, 2013. The loan granted to React2Media in March 2012 had an outstanding balance of USD 123k as of March 31, 2013.

Other liabilities reduced by EUR 1,483k compared with December 31, 2012 (mainly payment of payroll tax liabilities, bonuses, and a reduction in the sales tax balance).

Trade receivables decreased by EUR 1,974k, while trade payables fell by EUR 1,223k. This was due to the lower volume of sales in first quarter 2013 compared with fourth quarter 2012.

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, banner, ad serving), “Web-gains” (affiliate marketing) and “ad agents” (SEM/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, 2012.

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 – the Netherlands (country of domicile), Germany, Scandinavia and the United Kingdom. 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 2013 | Q1 2012 | 3.31. 2013 | 3.31. 2012 |
| | EUR 000s | EUR 000s | EUR 000s | EUR 000s |
| The Netherlands | 118 | 278 | 12 | 14 |
| Germany | 4,635 | 5,664 | 270 | 469 |
| Scandinavia | 2,027 | 1,694 | 152 | 89 |
| United Kingdom | 4,408 | 3,621 | 57 | 80 |
| Other | 1,808 | 2,056 | 8 | 13 |
| Total | 12,996 | 13,313 | 499 | 665 |

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 15, 2012, the Board of Directors was authorized to repurchase treasury stock of up to 50 percent of the issued capital within the next 18 months.

As of March 31, 2013, ad pepper media International N.V. held 1,759,292 treasury stock (March 31, 2012: 1,759,292) at a nominal value of EUR 0.05 each, corresponding to 7.65 percent (March 31, 2012: 7.65 percent) of the share capital.

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

Sale of treasury stock

No treasury shares were sold during the first three Months 2013 (Q1 2012: 0). No shares were sold under the employee stock option plans and no cash settlements amounting for fully vested stock options occurred (Q1 2012: 0).

Number of shares outstanding

The number of shares issued and outstanding as of March 31, 2013 totals 21,240,708 (March 31, 2012: 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. Change within the boards

An extraordinary general meeting held on March 20, 2013 appointed Dr. Ulrike Handel to chair the Board of Directors and as Chief Executive Officer (CEO) of ad pepper media International N.V. Dr. Handel had already been a member of the Supervisory Board of ad pepper media International N.V. since May 2012.

Furthermore the extraordinary general meeting elected three new Supervisory Board members, namely, Mr. Thomas Bauer, Ms. Eun-Kyung Park, and Dr. Stephan Roppel.

9. Stock options and shareholdings

As of March 31, 2013, a total of 802,700 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 3.31.2013 | Options as of 3.31.2013 |
|--|---------------------------|----------------------------|
| Board of Directors | | |
| <i>Dr. Ulrike Handel (since March 20, 2013)</i> | 0 | 0 |
| <i>Jens Körner</i> | 0 | 0 |
| Former Board of Directors | | 389,500 |
| Supervisory Board | | |
| <i>Michael Oschmann</i> | 0 | 0 |
| <i>Thomas Bauer (since March 20, 2013)</i> | 0 | 0 |
| <i>Eun-Kyung Park (since March 20, 2013)</i> | 0 | 0 |
| <i>Dr. Stephan Roppel (since March 20, 2013)</i> | 0 | 0 |
| <i>Dr. Ulrike Handel (until March 19, 2013)</i> | 0 | 0 |
| Associated companies | | |
| <i>EMA B.V.</i> | 9,486,402 | 0 |
| <i>Axxion S.A.</i> | 1,163,501 | 0 |
| <i>Euro Serve Media GmbH</i> | 436,963 | 0 |
| Employees | | 413,200 |

10. Report on major transactions with related companies and persons

Transactions of parent company with investments

ad pepper media International N.V. granted loans of EUR 50k to Videovalis GmbH in the first three months 2013.

Transactions between subsidiaries and investments

EmEDIATE ApS provides ad serving services to Brand Affinity Technologies Inc. for USD 53k per month.

Otherwise there have been no material changes in transactions with related parties compared with the 2012 financial year.

11. Events after the balance sheet date

Corporate income tax of EUR 223k for the 2011 financial year was credited to the bank account of ad pepper media International N.V. at the beginning of April 2013.

Amsterdam/Nuremberg, April 23, 2013

Dr. Ulrike Handel

Jens Körner

Company calendar

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

Company calendar

| | |
|--|-------------------------|
| <i>Quarterly report I/2013</i> | <i>May 10, 2013</i> |
| <i>General Meeting of Shareholders' (Amsterdam, The Netherlands)</i> | <i>May 14, 2013</i> |
| <i>Quarterly report II/2013</i> | <i>August 9, 2013</i> |
| <i>Quarterly report III/2013</i> | <i>November 7, 2013</i> |

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Board of Directors:
Dr. Ulrike Handel, CEO (since March, 20 2013)
Jens Körner, CFO

We will gladly send you our 2012 Annual Report as well as the interim financial reports for 2013 in German or English. These reports are also published as PDF files at www.adpepper.com under:
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