



**UNAUDITED CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

AS OF JUNE 30, 2016

SELECTED GROUP KEY FIGURES

	H1 2016	H1 2015	Change	Q2 2016	Q2 2015	Change
	kEUR	kEUR	Percent	kEUR	kEUR	Percent
Consolidated sales	28,300	24,380	16.1	13,882	12,781	8.6
Gross profit	7,749	7,620	1.7	3,956	3,861	2.5
EBIT	1,014	-349	<-100.0	454	9	>100.0
Net income/(loss) for period	929	-336	<-100.0	385	-29	<-100.0
Earnings per share in EUR (basic)	0.04	-0.02	<-100.0	0.01	0.00	-

	6/30/2016	6/30/2015	Change
	kEUR	kEUR	Percent
Liquid funds*	19,948	19,301	3.4
Equity	15,462	15,916	-2.9
Total assets	28,322	27,909	1.5
No. of employees	169	190	-11.1

* 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 2016	H1 2015
XETRA closing price at end of period (EUR)	2.47	0.77
Highest price (EUR)	2.79	0.91
Lowest price (EUR)	1.20	0.73
Market capitalization at end of period (EUR)	56.8 m	17.7 m
Average no. of shares traded (XETRA) per day	39,172	11,838
Earnings per share (basic) (EUR)	0.04	-0.02
Net cash per share* (EUR)	0.96	0.84

Share price performance over the past twelve months (Xetra)



Shareholder structure as of 6/30/2016

	shares	
	Numbers	Percent
EMA B.V.	9,486,402	41.25
Treasury stock	2,165,006	9.41
Axxion S.A.	1,163,501	5.06
Dieter Koppitz	699,338	3.04
Euro Serve Media GmbH	436,963	1.90
Subtotal	13,951,210	60.66
Free float	9,048,790	39.34
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. 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 online marketing. Its stock market launch followed in the year 2000 in the Prime Standard segment of the Frankfurt Stock Exchange (WKN: 940883). With six offices in four European countries and the U.S., the ad pepper media group globally develops performance marketing solutions for customers such as Samsung, Nike, Nestlé, 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** (search engine 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 169 employees work in the three business units and the group's holding company.

The segments of the ad pepper media group

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 U.S. and is also present in Ireland, Italy, the Netherlands, Sweden, and Denmark. Webgains successfully implements international and regional online campaigns for a large number of its customers. Thanks to their 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.

Since its recent expansion into Australia and Poland, Webgains is now operating in more than twelve countries and promotes the sales of customers all over the world. Webgains has more than 180,000 publishers in its portfolio who work together with more than 2,000 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 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.

ad agents

The ad agents agency was founded ten years ago and belongs to the ad pepper media group since 2007. Today, it is one of the most successful performance agencies in Germany. It designs, controls, and optimizes results-oriented marketing and sales solutions in all digital channels on all screens and devices. ad agents specialize 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). Among its customers are renowned corporations such as CHRIST, the ERGO group 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 2016 by the Federal Association for Digital Economy (Bundesverband Digitale Wirtschaft, BVDW) and the agency is, of course, also a 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 2015.

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 ad pepper media 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/Europe/World

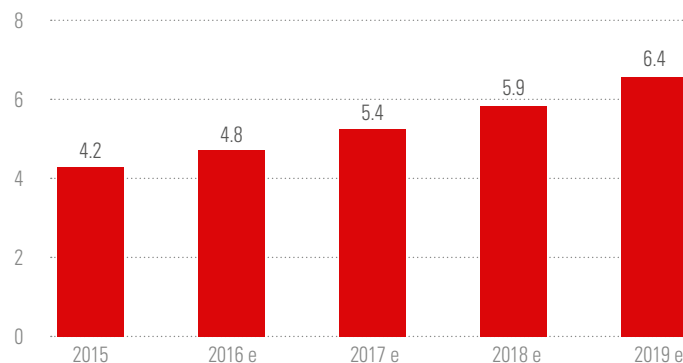
According to the spring forecast issued by the International Monetary Fund (IMF) in April, the outlook for the global economy has slightly deteriorated further. Global economic output is now only set to grow by 3.2 percent this year and by 3.5 percent next year. In 2015, global growth came to 3.1 percent. The IMF has forecast moderate growth of 1.5 percent for both the euro area as a whole and for Germany. Growth in Europe continues to be held back by persistently high unemployment and subdued investment activity. The world's largest economy, the USA, is forecast to generate stable growth of 2.4 percent. It is clear that the results of the UK referendum held on June 23, 2016 to decide whether to remain in the European Union were not yet factored into this forecast. In April 2016, the IMF nevertheless saw the UK's potential exit from the EU as representing one of the greatest risks to the UK, German, and European economies. According to the IMF, "Brexit" might create substantial regional and global upheaval by interrupting traditional trading relationships. In a statement issued in June 2016, the head of the IMF said that it was now all about how London and Brussels handled the results of the referendum. No current IMF forecasts concerning developments in the remainder of the year – particularly in respect of the outcome of the UK referendum – were available upon this report going to print.

Advertising market

Affiliate marketing on the advance

Despite the general macroeconomic developments, online marketing keeps growing dynamically. For example, the market research company Forrester Research has forecast accelerated growth in the advertising market, especially in the field of affiliate marketing: As by far the world's largest advertising market, the US can be viewed as representative of international developments. Advertising spending there is predicted to surge to USD 4.8 billion in 2016, up 14 percent compared to 2015.

Expected advertising spending on affiliate marketing in the US (billion dollars)



In its "German Entertainment and Media Outlook" study, PricewaterhouseCoopers also published a forecast for the affiliate market. According to this forecast, advertising spending is expected to amount EUR 984 million in 2016 and, subsequently, rise to EUR 1.03 billion by 2019.

EARNINGS, FINANCIAL AND NET ASSET POSITION

Earnings position

ad pepper media International N.V. concluded the first six months of the financial year with sales of EUR 28,300k (H1 2015: EUR 24,380k). This represents the highest first-half sales figure ever achieved by the company. On a like-for-like basis, i.e. accounting for discontinued activities, the group's currency-adjusted sales growth came to 24.2 percent. With sales of EUR 20,471k and growth of 19.4 percent, the Webgains segment exceeded the EUR 20 million mark for the first-time in a half-year period (H1 2015: EUR 17,149k). On a currency-adjusted basis, the sales growth in this segment even amounted to 22.5 percent. The ad agents segment also posted a convincing performance, with sales of EUR 5,302k and growth of 39.5 percent (H1 2015: EUR 3,800k). Half-year sales in the ad pepper segment came to

Source: Forrester Research

EUR 2,527k and also showed double-digit growth of 11.3 percent (H1 2015: EUR 2,268k).

The group's currency-adjusted, like-for-like gross profit rose by around 14.5 percent in the first half of 2016. Here, the Webgains segment, where currency-adjusted gross profit rose by around 16.8 percent, reported the most dynamic performance. ad agents also posted strong growth of around 13.5 percent. The ad pepper segment boosted its like-for-like gross profit by around 7.6 percent.

The group's operating expenses showed a further substantial reduction of 15.5 percent to EUR 6,735k (H1 2015: EUR 7,969k). In terms of costs, all segments managed to undercut the previous year's figures. Given this increase in gross profit and a further significant improvement in its cost structures, the group maintained the positive performance already seen in the first quarter.

EBITDA for the first six months of 2016 thus amounted to EUR 1,028k (H1 2015: EUR -196k). This is by far the highest operating EBITDA figure ever reported by the group in a first-half period. The Webgains segment increased its EBITDA by EUR 763k to EUR 992k (H1 2015: EUR 229k). The ad agents segment generated EBITDA of EUR 424k (H1 2015: EUR -17k) while the ad pepper segment improved its EBITDA to EUR 400k (H1 2015: EUR 279k).

Financial position

The gross cash flow amounted to EUR 615k (H1 2015: EUR -993k) while a figure of EUR -441k was reported for cash flow from operations for the first six months of 2016 (H1 2015: EUR -225k). The significantly higher gross inflow of funds, mainly resulting from the increase in net income for the period, was more than offset by the higher net outflow of funds for operating activities. Key factors driving the higher outflow of cash for operating activities were the reductions in accrued liabilities for affiliate credits not yet disbursed in the Webgains segment, as well as in other trade payables. The positive cash flow from investing activities amounting to EUR 3,728k (H1 2015: EUR 1,011k)

results mainly from the disposal of non-current securities. Cash flow from financing activities amounted to EUR -1,337k in the first six months of 2016 (H1 2015: EUR 0k) and mainly included outgoing cash in conjunction with the recent share repurchase program of EUR 1,305k and dividends paid to non-controlling parties of EUR 40k.

Net asset position

Total assets reduced by EUR 5,719k to EUR 28,322k compared with December 31, 2015. The decrease was mainly due to lower trade receivables, which fell by EUR 3,370k to EUR 6,613k at the end of the first half year 2016. Liquid funds (including securities measured at fair value) reduced to EUR 19,948k, down by EUR 2,489k compared with December 31, 2015 (EUR 22,437k). The reduction in liquid funds was chiefly due to the share buyback program recently underway, in which an amount of EUR 1,305k was expended to buy back a total of 635,714 shares. The share buyback program was concluded on July 15, 2016. Current liabilities reduced from EUR 17,436 as of December 31, 2015 to EUR 12,752k as of June 30, 2016, which is particularly due to lower trade payables. The group still does not have any non-current liabilities to banks. Total liabilities amount to EUR 12,860k (December 31, 2015: EUR 17,532k). Total equity decreased by EUR 1,046k to EUR 15,462k (December 31, 2015: EUR 16,508k), which is mainly due to the current share repurchase program. The equity ratio increased to 54.6 percent (December 31, 2015: 48.5 percent).

RESEARCH AND DEVELOPMENT ACTIVITIES

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

EMPLOYEES

As of June 30, 2016, the ad pepper media group had 169 employees, as against a total of 190 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:

	6/30/2016	6/30/2015
	Number	Number
ad pepper media	19	39
Webgains	87	84
ad agents	49	56
Administration	14	11

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, 2015. Reference is therefore made to the information presented in the management report for the 2015 financial year.

OUTLOOK

In terms of sales growth and key profitability figures, the first half of 2016 was significantly stronger than the same period in the previous year. The key profitability figures achieved in the first half of 2016 exceeded the figures for the entire 12-month period in 2015, in some cases substantially so.

The fourth quarter is traditionally one of our industry's strongest periods in terms of sales. Despite the weakness of the British pound against the euro in the wake of the EU referendum on June 23, 2016, we are nevertheless upholding the sales target of around EUR 60,000k first communicated upon the publication of our 2015 Annual Report.

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, and 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.

Amsterdam/Nuremberg, July 29, 2016
ad pepper media International N.V.



Dr. Ulrike Handel



Dr. Jens Körner

CONSOLIDATED INCOME STATEMENT (IFRS)

	Q2 2016	Q2 2015	H1 2016	H1 2015
	KEUR	KEUR	KEUR	KEUR
Revenue	13,882	12,781	28,300	24,380
Cost of sales	-9,926	-8,920	-20,551	-16,760
Gross profit	3,956	3,861	7,749	7,620
Selling and marketing expenses	-2,290	-2,802	-4,434	-5,663
General and administrative expenses	-1,509	-1,531	-2,981	-2,878
Other operating income	1,520	1,047	2,610	1,407
Other operating expenses	-1,223	-566	-1,929	-835
Operating profit	454	9	1,014	-349
Financial income	7	52	136	112
Financial expenses	0	-58	-64	-66
Income/loss before taxes	461	3	1,086	-303
Income taxes	-76	-32	-158	-33
Net income/loss	385	-29	929	-336
Attributable to shareholders of the parent company	292	-27	760	-352
Attributable to non-controlling interests	93	-2	169	16
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.01	0.00	0.04	-0.02
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.01	0.00	0.03	-0.02
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	21,037,476	21,240,708	21,207,015	21,240,708
Weighted average number of shares outstanding (diluted)	21,630,358	21,240,773	21,755,493	21,240,773

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

	Q2 2016	Q2 2015	H1 2016	H1 2015
	kEUR	kEUR	kEUR	kEUR
Net income/loss	385	-29	929	-336
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	-42	38	-213	38
Revaluation of available-for-sale securities	-88	-132	-431	-116
Realized gains/losses from available-for-sale securities	0	0	-10	0
Other comprehensive income, net of tax	-130	-94	-654	-78
Total comprehensive income	255	-123	275	-414
Attributable to non-controlling interests	93	-2	169	16
Attributable to shareholders of the parent company	162	-121	106	-430

Disclosures on other comprehensive income

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

	Q2 2016			Q2 2015			H1 2016			H1 2015		
	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	-42	0	-42	38	0	38	-213	0	-213	38	0	38
Revaluation of available-for-sale securities	-88	0	-88	-132	0	-132	-431	0	-431	-116	0	-116
Realized gains/losses from available-for-sale securities	0	0	0	0	0	0	-10	0	-10	0	0	0
Total other comprehensive income	-130	0	-130	-94	0	-94	-654	0	-654	-78	0	-78

CONSOLIDATED BALANCE SHEET (IFRS)

ASSETS	6/30/2016	12/31/2015
	KEUR	KEUR
Non-current assets		
Intangible assets	430	349
Property, plant, and equipment	115	150
Securities at fair value through profit and loss	0	3,295
Securities available-for-sale	1,165	2,210
Other financial assets	283	310
Total non-current assets	1,993	6,314
Current assets		
Trade receivables	6,613	9,983
Other receivables	568	292
Income tax receivables	111	222
Other financial assets	254	297
Cash and cash equivalents	18,783	16,932
Total current assets	26,328	27,726
Total assets	28,322	34,040

CONSOLIDATED BALANCE SHEET (IFRS)
EQUITY AND LIABILITIES

	6/30/2016	12/31/2015
	kEUR	kEUR
Equity attributable to shareholders of the parent company		
Issued capital*	1,150	1,150
Reserves	66,426	66,410
Treasury shares	-4,402	-3,105
Accumulated deficit	-45,491	-46,250
Other reserves	-2,853	-2,199
Total	14,830	16,005
Non-controlling interests	632	503
Total equity	15,462	16,508
Non-current liabilities		
Deferred tax liabilities	108	96
Total non-current liabilities	108	96
Current liabilities		
Trade payables	10,187	13,618
Other payables	585	1,254
Other financial liabilities	1,610	2,300
Income tax liabilities	370	265
Total current liabilities	12,752	17,436
Total liabilities	12,860	17,532
Total equity and liabilities	28,322	34,040

* 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 20,834,994 shares were floating at June 30, 2016 (December 31, 2015: 21,460,708).

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

1/2

	H1 2016	H1 2015
	KEUR	KEUR
Net income/loss	929	-336
Adjustments for:		
Depreciation and amortization	14	153
Gain/loss on sale of fixed assets	-3	-26
Share-based compensation	16	34
Gain/loss on sale of securities (after bank charges)	-13	3
Other financial income and financial expenses	-59	-49
Income taxes	157	33
Other non-cash expenses and income	-426	-805
Gross cash flow	615	-993
Change in trade receivables	3,223	1,481
Change in other assets	-238	421
Change in trade payables	-2,960	-389
Change in other liabilities	-1,232	-782
Income tax received	139	51
Income tax paid	-52	-25
Interest received	84	29
Interest paid	-20	-18
Net cash flow from/used in operating activities	-441	-225
Purchase of intangible assets and property, plant, and equipment	-191	-45
Proceeds from sale of intangible assets and property, plant, and equipment	3	56
Loans payback	5	0
Proceeds from sale/maturity of securities	5,323	2,000
Purchase of securities/investment in fixed-term deposits	-1,412	-1,000
Net cash flow from/used in investing activities	3,728	1,011

CONSOLIDATED STATEMENT OF CASH FLOWS (IFRS)

2/2

	H1 2016	H1 2015
	kEUR	kEUR
Repurchase of own shares	-1,305	0
Issuance of own shares	8	0
Dividends to non-controlling interests	-40	0
Net cash flow from/used in financing activities	-1,337	0
Net decrease/increase in cash and cash equivalents	1,950	786
Cash and cash equivalents at beginning of period	16,932	11,926
Effect of exchange rates on cash and cash equivalents	-99	38
Cash and cash equivalents at end of period	18,783	12,750

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

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

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

	Balance at 1/1/2015	Total compre- hensive income	Share-based payment	Dividends	Purchase of treasury shares	Balance at 6/30/2015
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)	2,571		34			2,605
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)	-46,218	-352				-46,570
Other reserves						
Currency translation differences (EUR 000s)	-888	38				-850
Unrealized gains/(losses) from available-for-sale securities (EUR 000s)	-1,155	-116				-1,271
Equity attributable to shareholders of ad pepper media International N.V. (EUR 000s)	15,961	-430	34	0	0	15,565
Non-controlling interests (EUR 000s)	335	16				351
Total equity (EUR 000s)	16,296	-414	34	0	0	15,916

SELECTED EXPLANATORY NOTES

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

Consolidated segment information (IFRS)

H1 2015	ad pepper media	Webgains	ad agents	Admin	Intersegment elimination	group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Revenue	3,433	17,151	3,800	93	-97	24,380
Thereof external	3,431	17,149	3,800	0	0	24,380
Thereof intersegment	2	2	0	93	-97	0
Expenses and other income	-3,251	-16,958	-3,865	-748	93	-24,729
Thereof depreciation and amortization	-5	-39	-48	-61	0	-153
Thereof other non-cash income	241	287	11	348	0	887
Thereof other non-cash expenses	-8	-284	-1	-36	0	-295
EBITDA	188	231	-17	-594	-4	-196
EBIT	182	193	-65	-655	-4	-349
Financial income	0	1	0	119	-8	112
Financial expenses	-10	-6	0	-58	8	-66
Income taxes						-33
Net income for the period						-336

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, 2015.

The consolidated interim financial statements as of June 30, 2016 were authorized for issue by the Board of Directors on July 29, 2015.

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, 2015.

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

3. Consolidated group

The entities included in consolidation are as follows:

Entity	6/30/2016	12/31/2015
	Percent	Percent
ad pepper media GmbH, Nuremberg, Germany	100	100
ad pepper media UK Ltd, London, United Kingdom	100	100
ad pepper media France S.A.R.L., Paris, France	100	100
ad pepper media Spain S.A., Madrid, Spain	65	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

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:

Selling and marketing expenses in the first half year of 2016 include costs for research and development amounting to EUR 147k (H1 2015: EUR 0), which could not be capitalized. Other operating income mainly includes the second variable purchase price component of EUR 135k for the sales house business (mediasquares) sold in 2014. Further other operating income mainly includes income of EUR 278k (H1 2015: EUR 204k) from reversals of non-disbursed affiliate credits in the Webgains segment that are classified by ad pepper media as not being likely to be paid out, and reversals of EUR 214k in connection with time-barred claims (H1 2015: EUR 230k).

Foreign exchange gains in the first half year 2016 amount to EUR 1,894k (H1 2015: EUR 589k). Other operating expenses for the first half year of 2016 chiefly comprise foreign exchange losses of EUR 1,790k (H1 2015: EUR 610k) and write-downs of receivables amounting to EUR 150k (H1 2015: EUR 74k). The net financial income of EUR 72k for the first six months of 2016 consists of interest income on non-current securities of EUR 59k (H1 2015: EUR 108k) and gains on sale of non-current securities of EUR 13k (H1 2015: EUR 3k).

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

Other liabilities reduced by EUR 669k compared with December 31, 2015. This was chiefly due to lower sales tax liabilities. The reduction in other financial liabilities by EUR 690k to EUR 1,610k in the first half year 2016 was due in particular to the payment of settlements and variable compensation components.

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, CRM technology), “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, 2015.

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 U.S.

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 2016	H1 2015	6/30/2016	6/30/2015
	kEUR	kEUR	kEUR	kEUR
Germany	8,747	7,025	188	355
United Kingdom	14,806	13,178	337	139
Spain	1,906	1,479	15	2
USA	2,261	1,269	2	2
Scandinavia	0	817	0	1
Other	580	612	3	8
Total	28,230	24,380	545	507

Revenues of approximately EUR 2,955k (H1 2015: EUR 2,627k) 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 21, 2015, the Board of Directors was authorized to repurchase treasury stock of up to 50 percent of the issued capital within the following 18 months. The Board of Directors acted on this authorization on February 1, 2016 and decided to buy back up to 690,000 shares.

As of June 30, 2016, ad pepper media International N.V. held 2,165,006 treasury stocks (June 30, 2015: 1,759,292) at a nominal value of EUR 0.05 each corresponding to 9.41 percent (June 30, 2015: 7.65 percent) of the share capital.

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

Sale of treasury stock

No treasury shares were sold during the first six months of 2016 (H1 2015: 0). 10,000 shares were sold under the employee stock option plans and no cash settlements amounting for fully vested stock options occurred (H1 2015: 0).

Number of shares outstanding

The number of shares issued and outstanding as of June 30, 2016 totals 20,834,994 (June 30, 2015: 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 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, 2016, a total of 963,900 stock options exists 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 6/30/2016	Options as of 6/30/2016
Board of Directors		
Dr. Ulrike Handel	200,000	100,000
Dr. Jens Körner	0	210,000
Former Board of Directors		389,500
Supervisory Board		
Michael Oschmann	0	0
Thomas Bauer	0	0
Eun-Kyung Park	0	0
Dr. Stephan Roppel	0	0
Employees		264,400
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 2015 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, 2016.

Amsterdam/Nuremberg, July 29, 2016
ad pepper media International N.V.



Dr. Ulrike Handel



Dr. Jens Körner

FINANCIAL CALENDAR

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

Quarterly Report III / 2016

November 18, 2016

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Dr. Ulrike Handel, CEO

Dr. Jens Körner, CFO

We will gladly send you our **2015 Annual Report** as well as
the **Interim Financial Report for 2016** in German or English.

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