

# FIRST QUARTER

UNAUDITED CONDENSED  
INTERIM FINANCIAL STATEMENTS  
AS AT 31 MARCH 2021

20  
» 21

## » SELECTED GROUP KEY FIGURES

	Q1 2021	Q1 2020	Change
	kEUR	kEUR	in percent
Gross sales	28,108	21,649	29.8
Revenue	6,884	5,841	17.9
Gross profit	6,638	5,703	16.4
EBIT	1,010	839	20.4
EBITDA	1,306	1,120	16.6
Net income/(loss) for period	846	730	15.9
Earnings per share in EUR (basic)	0.03	0.03	-

	31/3/2021	31/3/2020	Change
	kEUR	kEUR	in percent
Liquid funds*	26,403	20,572	28.3
Equity	20,537	18,745	-1.4
Total assets	46,385	39,029	-5.0
No. of employees	235	225	4.4

\*including securities

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## » KEY FIGURES AT A GLANCE

Key data about the ad pepper 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	Pareto Securities
Capital stock (EUR)	1,075,000
No. of shares	21,500,000
Sector	Advertising

Key share figures	Q1	Q1
	2021	2020
XETRA closing price at end of period (EUR)	6.30	2.62
Highest price (EUR)	6.70	3.17
Lowest price (EUR)	4.92	2.30
Market capitalisation at end of period (EUR)	135.5m	56.3m
Average no. of shares traded (XETRA) per day	20,543	8,118
Earnings per share (basic) (EUR)	0.03	0.03
Net cash per share* (EUR)	1.27	0.90

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

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



Shareholder structure as at 31/3/2021	Number of shares	Shareholding
		in percent
EMA B.V.	9,486,402	44.12
Treasury stock	767,915	3.57
Euro Serve Media GmbH	556,163	2.59
<b>Subtotal</b>	<b>10,810,480</b>	<b>50.28</b>
Free float	10,689,520	49.72
<b>Total</b>	<b>21,500,000</b>	<b>100.0</b>

## » THE STRUCTURE OF THE AD PEPPER GROUP

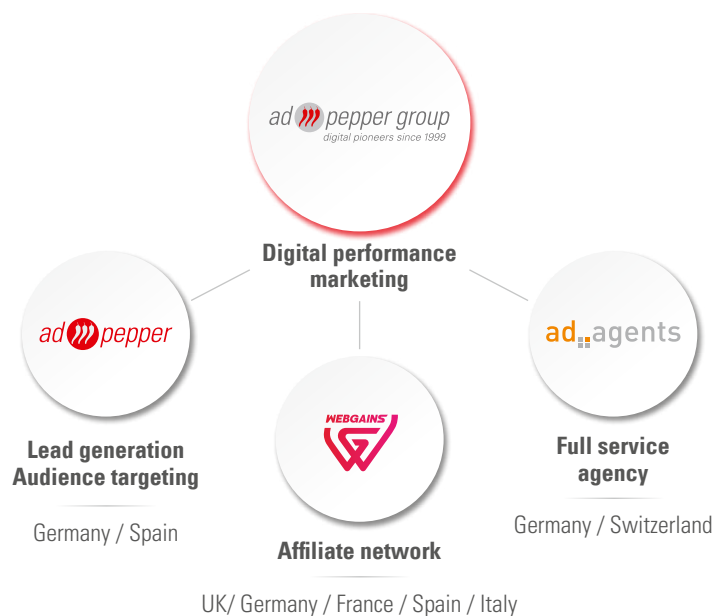
ad pepper media International N.V. is the holding company of one of the leading international performance marketing groups. It was founded in 1999 and, thus, is one of the pioneers in the online marketing industry. With nine offices in four European countries and the U.S., the ad pepper Group globally develops performance marketing solutions for our customers.

The Company operates within the dynamic environment of digital commerce, which is characterised by dynamic growth in both consumer and advertising expenditure. Channels such as social media, search, video and mobile – to name just a few – continue to expand their market share. These dynamics drive our business and open up a range of new opportunities for our clients and us.

The ad pepper Group works for large firms and major SMEs based in Europe and abroad. Our clients operate primarily in the “Trade & Consumer Goods”, “Financial Services”, “Telecommunication & Technology” and “Transport and Tourism” sectors. The ad pepper Group aims for long-term client relationships: some of its clients have worked with the Company for more than ten years.

As part of our long-term value creation strategy, we are focusing on organic growth in the existing business segments, while evaluating opportunities for inorganic growth through value-accretive acquisitions. Today, the Group divides its business into three reporting segments that work in close cooperation with the holding company and operate independently on the market: **ad pepper** (lead generation and audience targeting), **ad agents** (full-service agency), and **Webgains** (affiliate network). Within the framework of the overall governance of the Group, the holding company (admin) takes responsibility for know-how transfer between the segments, the strategic focus, as well as financing and liquidity. Part of our overall strategy is to support and strengthen each segment individually as each business has its own distinctive culture, clients, product range and regional focus. The common umbrella across the three business segments is that we offer our clients performance-based solutions. This means that the advertiser only pays if there are measurable results (completion of specific actions). The most common models in performance-based marketing are: CPM (cost-per-mile), CPC (cost-per-click), CPL (cost-per-lead), CPA (cost-per-acquisition).

ad pepper also offers a broad range of services such as advice and development of strategies for the use of digital technology, the conception, implementation and execution of digital marketing and communication measures as well as advice on digital media strategies and digital media technologies and tools. It can therefore not be ignored that due to the growing importance of digital processes for the companies, the sheer volume of budgets allocated to these, the rising amount of data and the ever-growing importance of analysing it (preferably in real time), a successful company in the field of digital marketing has to develop competencies that go beyond the effective allocation of digital media spend across multiple channels and managing the respective campaigns. It is therefore not surprising that – in some areas of our business – ad pepper is competing more and more with well-known strategy and IT consultancies.



## The segments of the ad pepper Group

### **ad pepper**

The Group's success story began with ad pepper in 1999. As a leading performance marketing company, it specialises in lead generation and targeting specific audiences. ad pepper works with its customers to develop online marketing strategies for over 50 countries worldwide. ad pepper also applies the latest technologies to each project. Whether at local, national or international level, ad pepper helps its customers meet their goals by developing the most efficient online marketing strategies for their budget. By taking local conditions into consideration, ad pepper is able to optimise campaigns for the target markets. Whether they are working with an agency or a direct customer, their aim is always the same: to deliver the best possible results for the customer. What makes ad pepper different from its competitors? Many years of experience – and iLead. This unique platform enables them to generate customised campaigns that are adapted to their customers' markets in next to no time. And ad pepper designed the platform them-selves. So far, it has used iLead to successfully launch and manage over 30,000 campaigns worldwide and generate millions of qualified leads.

**Offices: Nuremberg / Madrid**

### **Webgains**

A network is only as strong as its members. Thanks to Webgains partnerships with over 250,000 publishers, their customers have access to one of the world's leading high-performance affiliate marketing networks – for the largest reach possible. What is more, Webgains' experienced acquisitions team is constantly working to sign up new high-quality publishers.

Webgains joined the ad pepper Group in 2006. Today, over 1,850 800 customers worldwide in 14 countries – from start-ups to global players – rely on the services of Webgains registered and approved affiliate publishers to deliver sales in over 170 global markets. When it comes to designing local and international campaigns, Webgains not only benefits from its strong publisher network but also the extensive experience of over 100 highly motivated experts with excellent knowledge of global markets – not to mention the most innovative tools. Their current business development strategy focuses on a service-oriented and performance-differentiated concept, supported by an optimal mix of human and artificial intelligence and accelerated by machine learning. High-tech advances make it easy to quickly roll out scalable international campaigns. Meanwhile, customers can count on outstanding data security at all times and benefit from near real-time performance reporting. As well as being committed to the ongoing development of its tools, Webgains supports its employees' professional development at the company's integrated Webgains Academy. Everything they do is designed to turn Webgains' customers into market leaders and maximise their sales. In short, their teams always give their all.

**Offices: London / Bristol / Nuremberg / Munich /  
Paris / Madrid / Milan**

## **ad agents**

ad agents joined the ad pepper Group in 2007. Today it is one of Germany's most successful performance marketing agencies – and for a good reason. Their strategies are as unique as their personalised advice and support services. They are always optimised to suit the situation and the specific requirements of ad agents' customers. They maintain an overview of the entire digital advertising market and adapt their comprehensive service portfolio accordingly. Concept, management and optimisation: these factors are crucial for delivering an efficient marketing and sales solution. ad agents' performance marketing experts always find the perfect strategy for increasing our customers' profiles and turnover – across all digital channels and on all devices.

Customers benefit from ad agents' sixth sense for trends, their extensive experience and transparent reporting. For years, national and international companies from virtually every industry have relied on ad agents for their digital marketing activities. Why? Because their campaigns deliver outstanding results.

Exceptional quality always pays off: *ad agents is a certified Google Premier Partner, Microsoft Advertising Elite Agency as well as a Facebook Marketing Partner and maintains strong partnerships with leading-edge technology providers.*

## **Office: Herrenberg / Pontresina**

## » GENERAL INFORMATION ABOUT THIS MANAGEMENT REPORT

### **Definitions**

All mentions of "ad pepper media International N.V.", "ad pepper Group" or the "Group" in this management report relate to the ad pepper 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 materialise, 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 2019.

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 at 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 that had not existed before the issuance of this report.

## Internal control system

Gross sales, revenue and profits (EBIT, EBITDA, gross profit) are some of the parameters that the ad pepper Group 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 Group. External indicators are also regularly analysed for company management purposes. In addition, there are weekly scheduled jour fixes as well as regular shareholder meetings with the individual subsidiaries.

## » MACROECONOMIC FRAMEWORK

According to a report published by the International Monetary Fund (IMF) in October 2020, the global economy is climbing out from the depths to which it had plummeted during the lockdown measures introduced in April 2020. But with the COVID-19 pandemic continuing to spread, many countries have slowed reopening and in the course of the fourth quarter 2020 have in fact reinstating lockdowns to protect susceptible populations. This is in particular the case in Europe. Global growth is projected at -4.4 percent in 2020. After the rebound in 2021, global growth is expected to gradually slow to about 3.5 percent into the medium term. A deep contraction of 8.3 percent is projected by the IMF for the euro area in 2020, reflecting a sharper downturn than in other developed economies (like for instance the United States). The growth bounce-back of 5.2 percent projected for 2021 is accordingly stronger from a lower base. Likewise, the United Kingdom is expected to contract by as much as 9.8 percent in 2020, followed by a rebound forecasted at 5.9 percent in 2021. According to the IMF, the risk of worse growth outcomes than projected remains sizable. If the virus resurges, progress on treatments and vaccines is slower than anticipated, or countries' access to them remains unequal, economic activity could be lower than expected, with renewed social distancing and tighter lockdowns. Considering the severity of the recession and the possible withdrawal of emergency support in some countries, rising bankruptcies could compound job and income losses.

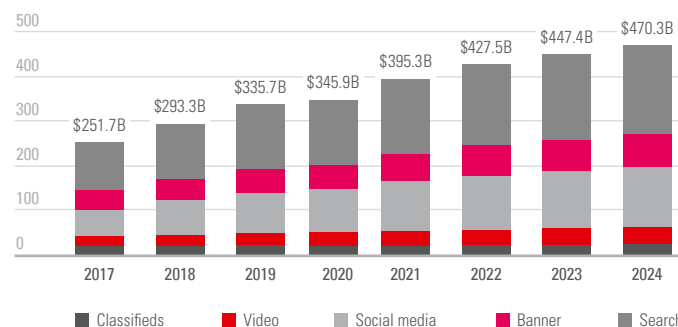
Deteriorating financial sentiment could trigger a sudden stop in new lending (or failure to roll over existing debt) to vulnerable economies. And cross-border spillovers from weaker external demand could amplify the impact of country-specific shocks, according to the IMF.

## Online advertising market

With global ad spending forecast to grow 14 percent year-on-year to USD 395 billion, the rising trend is expected to continue in 2021, according to data presented by Buy Shares.

In 2019, brands and media buyers had spent USD 335.7 billion on digital advertising worldwide, according to Statista Digital Market Outlook. Until 2024, this figure is expected to jump to USD 470.3 billion.

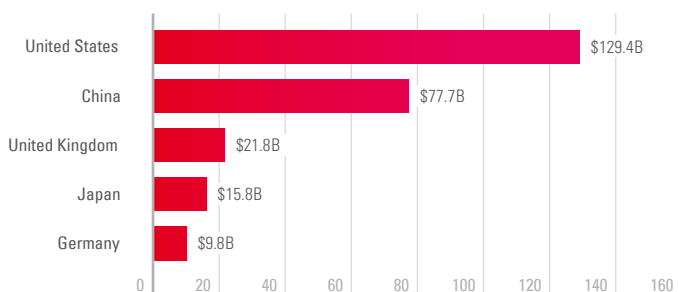
### Digital advertising spending worldwide from 2017 to 2024, by format (in million U.S. dollars)



Sources: Statista Digital Market Outlook



## Digital advertising spending in selected countries worldwide in 2020 (in million U.S. dollars)



Sources: Statista Digital Market Outlook

However, the COVID-19 pandemic triggered a sharp fall in ad spending between January and March 2020, as a quarter of media buyers and brands paused their budgets in times of economic uncertainty. Nevertheless, many of them adapted to a new environment where businesses and consumers are getting used to living with COVID-19 and adjusted their budgets in response. As a result, global digital ad spending is expected to grow 3 percent year-on-year to USD 345.9 billion in 2020.

Banner ad spending is expected to amount to USD 58.6 billion in 2021, a USD 6.5 billion increase year-on-year.

Statista data indicates that search advertising spend will see the highest boost and grow from USD 148.5 billion in 2020 to USD 172.2 billion in 2021, a 16 percent jump year-on-year. Social media ad spending follows with a 15 percent increase year-on-year to USD 113.6 billion in 2021. Statistics show that global digital ad spending will continue to grow in the following years, reaching a value of USD 447.4 billion by 2023. Combined ad spending in the top five digital advertising markets is expected to jump by 14.5 percent year-on-year and hit a value of USD 291.5 billion in 2021.

Sources: Statista Digital Market Outlook, Buy Shares

## » EARNINGS, FINANCIAL AND NET ASSET POSITION

### Earnings position

ad pepper Group was able to generate double-digit revenue growth again in the first quarter of 2021 as well as a significant increase in profitability. Gross sales showed growth of 29.8 percent to EUR 28,108k (Q1 2020: EUR 21,649k). Group revenue was up 17.9 percent with an increase of EUR 1,043k to EUR 6,884k (Q1 2020: EUR 5,841k), while EBITDA reached a new record high for the first quarter at EUR 1,306k (Q1 2020: EUR 1,120k).

At segment level, the affiliate marketing network Webgains continued on its growth path. With revenue growth of 41.0 percent to EUR 3,888k, the segment was the main growth driver of the Group (Q1 2020: EUR 2,758k). The ad agents segment generated revenue of EUR 1,762k (Q1 2020: EUR 1,539k) and has therefore also made a strong start to the financial year with substantial growth of 14.5 percent. Revenue of the ad pepper segment amounted to EUR 1,234k (Q1 2020: EUR 1,544k), which corresponds to a decline of 20.1 percent year-on-year.

The significant revenue growth at Webgains and ad agents led to a substantial increase in profitability in both segments: Webgains increased its EBITDA to EUR 1,037k (Q1 2020: EUR 603k), and ad agents generated EBITDA of EUR 249k (Q1 2020: EUR 118k), corresponding to growth of 72.0 percent and 110.2 percent, respectively. Despite the decline in revenue, ad pepper reported EBITDA of EUR 534k (Q1 2020: EUR 704k). Group's liquid funds increased substantially to EUR 26,403k (31.03.2020: EUR 20,572k).

### Financial position

The gross cash flow amounted to EUR 1,173k (Q1 2020: EUR 1,096k), while a figure of EUR 2,501k was reported for the cash flow from operating activities, as against EUR -4,109k for the first three months of 2020. The key factor driving the cash inflow from operating activities was the encashment of trade receivables, which was only partly compensated by cash outflow for trade payable payments. Cash outflow for investing activities amounted to EUR -21k (Q1 2020: EUR -318k).

Cash flow from financing activities amounted to EUR -1,602k in the first quarter 2021 (Q1 2020: EUR -195k) and included cash outflows in conjunction with the conducted share buy-back program of EUR 1,073k (Q1 2020: EUR 0k), cash settlements of stock option plans amounting to EUR 343k (Q1 2020: EUR 0k) and leasing payments of EUR 186k (Q1 2020: EUR 195k) made in conjunction with capitalised right-of-use assets.

### Net asset position

Total assets decreased by EUR 2,456k to EUR 46,385k compared with 31 December 2020. The decrease was mainly due to significantly lower trade receivables, which fell by EUR 3,448k to EUR 16,280k at the end of the first quarter 2021.

Liquid funds (including listed debt securities) amount to of EUR 26,403k (31 December 2020: EUR 25,342k). Current liabilities fell by EUR 2,068k from EUR 26,761k as at 31 December 2020 to EUR 24,693k as at March 31, 2021, which is particularly due to VAT and Bonus payments made amounting to EUR 1,489k resp. EUR 590k. Total non-current liabilities, decreased slightly by EUR 88k, due to lower long term leasing liabilities, while liabilities for the cash settled stock option plan remained unchanged and amounted to EUR 305k (31 December 2020: EUR 305k).

Total equity stands at EUR 20,537k (31 December 2020: EUR 20,838k). The equity ratio increased to 44 percent (31 December 2020: 43 percent).

### » RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development largely comprises activities in the Webgains segment. However, no investment in research and development was made in the period covered by this report, i.e. research costs are expensed as incurred.

### » EMPLOYEES

As at 31 March 2021, the ad pepper Group had 235 employees, as against a total of 225 employees at the end of the equivalent period in the previous year. The workforce of the ad pepper Group is assigned to the following segments:

	31/3/2021	31/3/2020
	Number	Number
ad pepper	31	29
Webgains	104	95
ad agents	86	87
Administration	14	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 at 31 December 2020. Reference is therefore made to the information presented in the management report for the 2020 financial year.

## » OUTLOOK

We are optimistic to achieve double-digit growth also in the year 2021. For our organic growth strategy, no additional financing is needed given the strong balance sheet. We will continue to hire new staff, invest in new products, services and markets. We will concentrate on lucrative customer groups, as well as on broadening and diversifying these customer groups, which was key also in 2020.

Nuremberg, 7 May 2021

ad pepper media International N.V.



Dr Jens Körner, CEO

## » CONSOLIDATED INCOME STATEMENT

	Q1 2021	Q1 2020
	kEUR	kEUR
Gross sales <sup>1</sup>	28,108	21,649
Media cost <sup>2</sup>	-21,224	-15,808
<b>Revenue<sup>3</sup></b>	<b>6,884</b>	<b>5,841</b>
Cost of sales	-247	-138
<b>Gross profit</b>	<b>6,638</b>	<b>5,703</b>
Selling and marketing expenses	-3,735	-3,143
General and administrative expenses	-1,938	-1,743
Other operating income	178	205
Other operating expenses	-133	-183
<b>Operating profit</b>	<b>1,010</b>	<b>839</b>
Financial income	6	2
Financial expenses	-36	-32
<b>Income before taxes</b>	<b>980</b>	<b>809</b>
Income taxes	-134	-79
<b>Net income</b>	<b>846</b>	<b>730</b>
Attributable to shareholders of the parent company	686	647
Attributable to non-controlling interests	160	83
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.03	0.03
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.03	0.03
	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	20,829,275	21,000,708
Weighted average number of shares outstanding (diluted)	21,122,209	21,207,956

1 Gross sales represents the total amount billed and billable to clients by the Group, net of discounts, VAT and other sales-related taxes. Disclosure of gross revenue information is not required under IFRS; however, it is voluntarily disclosed in the Consolidated Income Statement since management has concluded that the information is useful for users of the financial statements.

2 Media cost relates to payments made to suppliers of ad inventory (commonly referred to as media buys and publishers). Disclosure of media cost information is not required under IFRS; however, it is voluntarily disclosed in the Consolidated Income Statement since management has concluded that the information is useful for users of the financial statements.

3 Revenue is defined pursuant to IFRS 15.

» CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME

	Q1 2021	Q1 2020
	kEUR	kEUR
<b>Net income</b>	<b>846</b>	<b>730</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Currency translation differences	186	-35
Revaluation of listed debt securities	-3	0
<b>Other comprehensive income</b>	<b>183</b>	<b>-35</b>
<b>Total comprehensive income</b>	<b>1,029</b>	<b>695</b>
Attributable to non-controlling interests	160	83
Attributable to shareholders of the parent company	869	612

## » CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

	31/3/2021	31/12/2020
	kEUR	kEUR
<b>Non-current assets</b>		
Intangible assets	681	737
Property, plant, and equipment	389	412
Right-of-use assets	1,436	1,568
Listed debt securities	1,010	1,012
Other financial assets	373	394
<b>Total non-current assets</b>	<b>3,889</b>	<b>4,123</b>
<b>Current assets</b>		
Trade receivables	16,280	19,727
Other receivables	430	340
Income tax receivables	337	292
Other financial assets	55	29
Cash and cash equivalents	25,394	24,330
<b>Total current assets</b>	<b>42,496</b>	<b>44,718</b>
<b>Total assets</b>	<b>46,385</b>	<b>48,841</b>

» CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION – EQUITY AND LIABILITIES

	31/3/2021	31/12/2020
	kEUR	kEUR
<b>Equity attributable to shareholders of the parent company</b>		
Issued capital*	1,075	1,075
Share premium	63,782	63,782
Reserves	-45,637	-45,176
<b>Total</b>	<b>19,220</b>	<b>19,681</b>
Non-controlling interests	1,317	1,157
<b>Total equity</b>	<b>20,537</b>	<b>20,838</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	31	31
Other liabilities	1,124	1,211
<b>Total non-current liabilities</b>	<b>1,155</b>	<b>1,242</b>
<b>Current liabilities</b>		
Trade payables	20,628	20,738
Contract liabilities	227	273
Other liabilities	1,649	2,841
Other financial liabilities	1,210	2,090
Income tax liabilities	979	819
<b>Total current liabilities</b>	<b>24,693</b>	<b>26,761</b>
<b>Total liabilities</b>	<b>25,848</b>	<b>28,003</b>
<b>Total equity and liabilities</b>	<b>46,385</b>	<b>48,841</b>

\*The issued capital consists of shares with a nominal value of EUR 0.05 each. The authorised capital amounts to 21,929,708 shares, of which 21,500,000 (31 December 2020: 21,500,000) are issued and 20,732,085 shares were floating at 31 March 2021 (31 December 2020: 20,920,181)

## » CONSOLIDATED STATEMENT OF CASH FLOWS – 1 / 2

	1/1 - 31/3/2021	1/1 - 31/3/2020
	KEUR	KEUR
<b>Net income</b>	<b>846</b>	<b>730</b>
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment and right-of-use assets, and amortisation of intangible assets	296	281
Share-based compensation	86	10
Other financial income and financial expenses	30	30
Income taxes	134	79
Income from the releases of accrued liabilities	-161	-203
Other non-cash income and expenses	-59	169
<b>Gross cash flow</b>	<b>1,173</b>	<b>1,096</b>
Change in trade receivables	3,353	587
Change in other assets	-87	-80
Change in trade payables	58	-4,682
Change in other liabilities	-1,920	-1,024
Income tax received	0	30
Income tax paid	-45	-6
Interest received	5	2
Interest paid	-36	-32
<b>Net cash flow from / used in operating activities</b>	<b>2,501</b>	<b>-4,109</b>
Purchase of intangible assets and property, plant, and equipment	-21	-318
<b>Net cash flow from / used in investing activities</b>	<b>-21</b>	<b>-318</b>



## » CONSOLIDATED STATEMENT OF CASH FLOWS – 2/2

	1/1 - 31/3/2021	1/1 - 31/3/2021
	kEUR	kEUR
Payment of lease liabilities	-186	-195
Cash Settlement of stock option plans	-343	0
Purchase of treasury shares	-1,073	0
<b>Net cash flow from/used in financing activities</b>	<b>-1,602</b>	<b>-195</b>
Net decrease/increase in cash and cash equivalents	878	-4,622
<b>Cash and cash equivalents at beginning of period</b>	<b>24,330</b>	<b>25,229</b>
Effect of exchange rates on cash and cash equivalents	186	-35
<b>Cash and cash equivalents at end of period</b>	<b>25,394</b>	<b>20,572</b>

## » CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2021

	Balance at 1/1/2021	Total comprehensive income	Share-based payment	Dividends	Purchase of treasury shares	Cash settlement of SOP's	Balance at 31/3/2021
<b>Issued capital (kEUR)</b>	<b>1,075</b>						<b>1,075</b>
<b>Share premium (kEUR)</b>	<b>63,782</b>						<b>63,782</b>
<b>Reserves</b>							
Treasury reserve (kEUR)	-2,417				-1,073	-343	-3,833
For employee stock option plans (kEUR)	2,663		86				2,749
Accumulated deficit (kEUR)	-44,051	686					-43,365
Currency translation differences (kEUR)	-1,389	186					-1,203
Revaluation of listed debt securities (kEUR)	18	-3					15
<b>Subtotal reserves (kEUR)</b>	<b>-45,176</b>	<b>869</b>	<b>86</b>	<b>0</b>	<b>-1,073</b>	<b>-343</b>	<b>-45,637</b>
<b>Equity attributable to shareholders of ad pepper media International N.V. (kEUR)</b>	<b>19,681</b>	<b>869</b>	<b>86</b>	<b>0</b>	<b>-1,073</b>	<b>-343</b>	<b>19,220</b>
Non-controlling interests (kEUR)	1,157	160					1,317
<b>Total equity (kEUR)</b>	<b>20,838</b>	<b>1,029</b>	<b>86</b>	<b>0</b>	<b>-1,073</b>	<b>-343</b>	<b>20,537</b>

## » CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2020

	Balance at 1/1/2020	Total comprehensive income	Share-based payment	Dividends	Purchase of treasury shares	Cash settlement of SOP's	Balance at 31/3/2020
<b>Issued capital (kEUR)</b>	<b>1,075</b>						<b>1,075</b>
<b>Share premium (kEUR)</b>	<b>63,782</b>						<b>63,782</b>
<b>Reserves</b>							
Treasury reserve (kEUR)	-1,438						-1,438
For employee stock option plans (kEUR)	2,558		10				2,568
Accumulated deficit (kEUR)	-47,715	647					-47,068
Currency translation differences (kEUR)	-1,157	-35					-1,192
<b>Subtotal reserves (kEUR)</b>	<b>-47,752</b>	<b>612</b>	<b>10</b>	<b>0</b>			<b>-47,130</b>
<b>Equity attributable to shareholders of ad pepper media International N.V. (kEUR)</b>	<b>17,105</b>	<b>612</b>	<b>10</b>	<b>0</b>			<b>17,727</b>
Non-controlling interests (kEUR)	935	83					1,018
<b>Total equity (kEUR)</b>	<b>18,040</b>	<b>695</b>	<b>10</b>	<b>0</b>			<b>18,745</b>

## » SELECTED EXPLANATORY NOTES

## Consolidated segment information (IFRS)

Q1 2021	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
<b>Gross sales</b>	<b>2,482</b>	<b>20,043</b>	<b>5,584</b>	<b>99</b>	<b>-100</b>	<b>28,108</b>
<b>Revenue</b>	<b>1,234</b>	<b>3,888</b>	<b>1,763</b>	<b>99</b>	<b>-100</b>	<b>6,884</b>
Thereof external	1,234	3,888	1,762	0	0	6,884
Thereof intersegment	0	0	1	99	-100	0
<b>Gross profit</b>	<b>1,105</b>	<b>3,710</b>	<b>1,724</b>	<b>99</b>	<b>-1</b>	<b>6,638</b>
<b>Expenses (including cost of sales) and other income</b>	<b>-742</b>	<b>-2,974</b>	<b>-1,574</b>	<b>-684</b>	<b>99</b>	<b>5,875</b>
Thereof depreciation and amortisation	-42	-123	-61	-71	0	-296
Thereof other non-cash expenses	-13	-37	0	0	0	-50
Thereof other non-cash income	72	180	6	11	0	269
<b>EBITDA</b>	<b>534</b>	<b>1,037</b>	<b>250</b>	<b>-514</b>	<b>-1</b>	<b>1,306</b>
<b>Operating profit</b>	<b>492</b>	<b>914</b>	<b>189</b>	<b>-584</b>	<b>-1</b>	<b>1,010</b>
Financial income	0	6	0	0	0	6
Financial expenses	-4	-7	-6	-19	0	-36
Income taxes	-54	-43	-37	0	0	-134
<b>Net income for the period</b>	<b>435</b>	<b>869</b>	<b>146</b>	<b>-603</b>	<b>-1</b>	<b>846</b>

## Consolidated segment information (IFRS)

Q1 2020	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
<b>Gross sales</b>	<b>3,098</b>	<b>13,782</b>	<b>4,770</b>	<b>0</b>	<b>0</b>	<b>21,649</b>
<b>Revenue</b>	<b>1,544</b>	<b>2,758</b>	<b>1,539</b>	<b>124</b>	<b>-124</b>	<b>5,841</b>
Thereof external	1,544	2,758	1,539	0	0	5,841
Thereof intersegment	0	0	0	124	-124	0
<b>Gross profit</b>	<b>1,389</b>	<b>2,710</b>	<b>1,480</b>	<b>124</b>	<b>0</b>	<b>5,703</b>
<b>Expenses (including cost of sales) and other income</b>	<b>-886</b>	<b>-2,276</b>	<b>-1,480</b>	<b>-483</b>	<b>124</b>	<b>-5,002</b>
Thereof depreciation and amortisation	-46	-121	-60	-54	0	-281
Thereof other non-cash expenses	-11	-113	-54	0	0	-178
Thereof other non-cash income	15	180	8	8	0	211
<b>EBITDA</b>	<b>704</b>	<b>603</b>	<b>118</b>	<b>-305</b>	<b>0</b>	<b>1,120</b>
<b>Operating profit</b>	<b>658</b>	<b>482</b>	<b>59</b>	<b>-359</b>	<b>0</b>	<b>839</b>
Financial income	0	2	0	0	0	2
Financial expenses	-3	-6	-5	-18	0	-32
Income taxes	-65	0	-14	0	0	-79
<b>Net income for the period</b>	<b>590</b>	<b>477</b>	<b>40</b>	<b>-377</b>	<b>0</b>	<b>730</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 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 31 December 2020.

The consolidated interim financial statements as at 31 March 2021 were authorised for issue by the Board of Directors on 7 May 2021.

## 2. Accounting principles

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020 except for the adoption of new standards effective from 1 January 2021. The Group has not prematurely adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### New standards, interpretations and amendments:

The following amendments to standards apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

#### *Amendments to IFRS 7, IFRS 9 and IAS 39:*

##### *Interest Rate Benchmark Reform*

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about

the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group, as it does not have any interest rate hedge relationships.

#### *Amendments to IFRS 4 Insurance Contract – deferral to IFRS 9*

The amendments to IFRS 4 affects only companies whose business model is to predominantly issue insurance contracts. hence these amendments had no impact on the consolidated financial statements of the Group.

## 3. Consolidated Group

The entities included in consolidation are as follows:

Entity	31/3/2021	31/3/2020
	percent	percent
ad pepper media GmbH, Nuremberg, Germany	100	100
Webgains GmbH, Nuremberg Germany	100	100
ad pepper media France S.A.R.L., Paris, France	100	100
ad pepper media Spain S.A., Madrid, Spain	65	65
Webgains S.L., Madrid, Spain	65	0
ad pepper media USA LLC, New York, USA	100	100
Webgains Ltd, London, United Kingdom	100	100
Webgains Italy S.r.l., Milan, Italy	100	0
ad agents AG, Pontresina, Switzerland	60	0
ad agents GmbH, Herrenberg, Germany	60	60

## 4. Notes to the Interim Financial Statements

### 4.1. Revenue from contracts with customers

Set out below is a breakdown of the Group's revenue from the contracts with customers:

For the three months ended 31 March 2021				
Segments	ad pepper	Webgains	ad agents	Total
<b>Geographical markets</b>				
Germany	722	734	1,662	3,118
United Kingdom		2,653		2,653
Spain	512	411		923
USA				0
Other		90	100	190
<b>Total revenue</b>	<b>1,234</b>	<b>3,888</b>	<b>1,761</b>	<b>6,884</b>

For the three months ended 31 March 2020				
Segments	ad pepper	Webgains	ad agents	Total
<b>Geographical markets</b>				
Germany	1,040	521	1,539	3,100
United Kingdom		1,841		1,841
Spain	504	236		740
USA		101		101
Other		59		59
<b>Total revenue</b>	<b>1,544</b>	<b>2,758</b>	<b>1,539</b>	<b>5,841</b>

Regarding results of operations, financial position and net assets, reference is made to the comments in the Interim Management Report.

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

Other operating income includes reversals of EUR 109k (Q1 2020: EUR 0k) of time barred claims and income of EUR 60k (Q1 2020: EUR 151k) from reversals of non-disbursed affiliate credits in the Webgains segment that are classified by the ad pepper Group as not being likely to be paid out. Net foreign exchange loss amounts to EUR 77k, while a net foreign exchange gain of EUR 20k was posted in the equivalent prior year's quarter. Other operating expenses for the first quarter of 2021 chiefly comprise write-downs of receivables of EUR 48k (Q1 2020: EUR 178k).

## 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 for which separate financial information is available that is evaluated regularly by the chief operating decision-maker for the purpose of allocating resources and assessing performance.

In general, 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" (lead, mail, banner), "Webgains" (affiliate marketing), "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 31 December 2020.

The segment results are measured by EBIT and EBITDA for each segment without differences to IFRS. The segment results thus calculated are reported to the chief operating decision-maker for the purpose of allocating resources and assessing segment performance.

The “dealing at arm’s length” principle forms the basis of accounting for intersegment transactions.

### Geographical information

The Group operates in four principal geographical areas - Germany, Spain and United Kingdom.

Information about segment assets are detailed below according to geo-geographical location. Non-current assets do not include financial instruments or deferred tax assets:

	Non-current assets	
	31/3/2021	31/3/2020
	kEUR	kEUR
Germany	1,554	1,854
United Kingdom	764	978
Spain	185	230
Other	0	47
<b>Total</b>	<b>2,507</b>	<b>3,109</b>

In Q1 2021 there is no single customer, which revenue represents more than 10 per-cent of Group revenue. In Q1 2020 revenue of EUR 593k attributable to the ad pepper segment, came from one single external customer, whose transactions represented more than 10 per cent of Group revenue.

## 6. Treasury stock

### Acquisition of treasury stock

By a shareholders’ resolution dated 19 May 2020, the Board of Directors was authorised to repurchase treasury stock of up to 50 percent of the issued capital within the following 18 months. The Board of Directors acted partly on this authorisation on 19 October 2020 by repurchasing up to a maximum of 500,000 of its own shares for a total maximum amount of up to EUR 2,250,000. The share buy-back took place from 19 October 2020 until 9 April 2021. During this period the Company bought back 447,236 shares amounting to EUR 2,249,994.

As at 31 March 2021, ad pepper media International N.V. held 767,915 treasury shares (31 March 2020: 499,292) at a nominal value of EUR 0.05 each, corresponding to 3.57 percent (31 March 2020: 2.32 percent) of the share capital. According to a shareholders’ resolution, these shares can be used for stock option or the cancellation of shares.

### Sale of treasury stock

No treasury shares were sold during the first three months of 2021 (Q1 2020: 0). 2,400 shares were sold under the employee stock option plans (Q1 2020: no shares). 178,750 equity settled stock options have been settled in cash (Q1 2020: 0 shares).

### Number of shares outstanding

The number of shares issued and outstanding as at 31 March 2021 totals 21,000,708 (31 March 2020: 21,000,708). Each share has a nominal value of EUR 0.05.

## 7. Seasonal influences on business operations

The ad pepper 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. However, reference is made to the “Outlook” chapter on page 20.



## 8. Stock options and shareholdings

As at 31 March 2021, a total of 710,000 stock options existed for current members of the Board of Directors, members of the Supervisory Board and Employees. The exchange ratio for each of the stock options is one share per option. The exercise price is EUR 1.9751 to EUR 3.50.

	Shares as at 31/3/2021	Options as at 31/3/2021
<b>Board of Directors</b>		
Dr Jens Körner		250,000
<b>Supervisory Board</b>		
Michael Oschmann		
Thomas Bauer		10,000
Dr Stephan Roppel		10,000
Dagmar Bottenbroch		
<b>Employees</b>		<b>440,000</b>
<b>Associated companies</b>		
EMA B.V.	9,486,402	
Euro Serve Media GmbH	556,163	

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

There have been no material changes in transactions with related parties compared with the 2020 financial year.

## 10. Events after the balance sheet date

Up until the day of authorisation for issuance no events, took place which would have exerted substantial influence on the net assets, financial position, or result of operations as per 31 March 2021.

Nuremberg, 7 May 2021  
ad pepper media International N.V.



Dr Jens Körner, CEO

## » FINANCIAL CALENDAR

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

Quarterly Report II / 2021	24 August 2021
Quarterly Report III / 2021	18 November 2021

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Our 2020 Annual Report as well as the Interim Financial Reports for 2021 are available in English at [www.adpeppergroup.com](http://www.adpeppergroup.com) under:

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