

FIRST QUARTER

UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS
AS AT 31 MARCH 2023



» SELECTED GROUP KEY FIGURES

	Q1 2023	Q1 2022	Change
	kEUR	kEUR	in percent
Gross sales	19,593	23,215	-15.6
Revenue	5,099	5,871	-13.2
Gross profit	4,893	5,609	-12.8
EBIT	-581	-228	<-100.0
EBITDA	-328	33	<-100.0
Net loss for period	-626	-617	-1.5
Earnings per share in EUR (basic)	-0.03	-0.04	-25.0

	31/3/2023	31/3/2022	Change
	kEUR	kEUR	in percent
Liquid funds*	21,297	20,480	4.0
Equity	15,069	18,286	-17.6
Total assets	36,844	39,261	-6.2
No. of employees (as at 31 March)	242	265	-8.7

*Liquid funds is an alternative performance measure and includes cash & cash equivalents and listed debt and marketable securities and securities and deposits with maturity over three months.

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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	9 October 2000
Designated Sponsor	Pareto Securities
Capital stock (EUR)	1,075,000
No. of shares	21,500,000
Sector	Advertising

Key share figures	Q1	Q1
	2023	2022
XETRA closing price at end of period (EUR)	2.28	3.78
Highest price (EUR)	2.62	5.20
Lowest price (EUR)	1.84	3.71
Market capitalisation at end of period (EUR)	49.0m	81.3m
Average no. of shares traded (XETRA) per day	6,833	6,702
Earnings per share (basic) (EUR)	-0.03	-0.04
Net cash per share* (EUR)	1.05	0.97

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

Share price performance over the past twelve months (Xetra)



Shareholder structure as at 31/3/2023	Number of shares	Shareholding
		in percent
EMA B.V.	9,486,402	44.12
Treasury stock	1,242,128	5.78
Euro Serve Media GmbH	556,163	2.59
Subtotal	11,284,693	52.49
Free float	10,215,307	47.51
Total	21,500,000	100

» THE STRUCTURE OF THE AD PEPPER GROUP

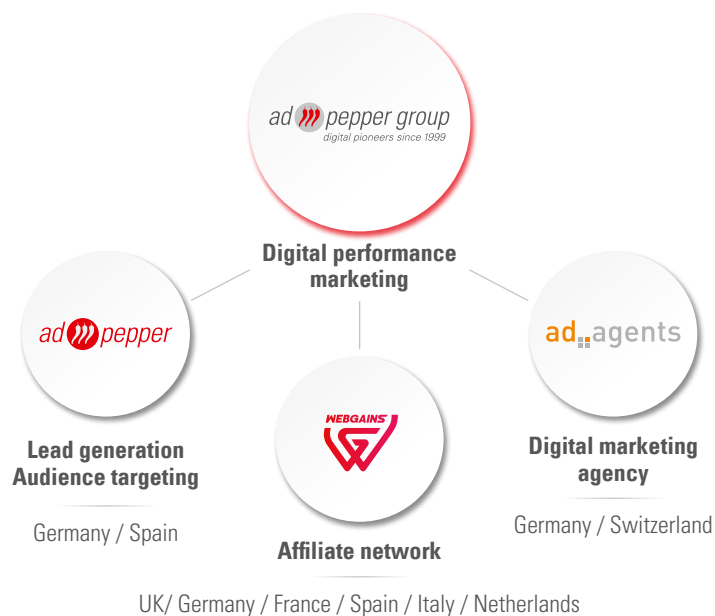
ad pepper media International N.V. is the holding Company of one of Europe's leading international performance marketing groups. Founded in 1999, the ad pepper Group is one of the pioneers in the online marketing business. With eleven offices in Germany, Italy, France, Spain, Switzerland, the United Kingdom and the Netherlands, the ad pepper Group develops performance marketing solutions for its customers around the world.

The ad pepper Group operates in the highly dynamic digital commerce market, 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.

The ad pepper Group provides services to large corporations and major SMEs based in Europe and abroad. Our clients operate primarily in the "Trade & Consumer Goods", "Financial Services", "Telecommunications & Technology" and "Transport and Tourism" sectors. The ad pepper Group strives for long-term client relationships and has been working with some of its clients for more than a decade.

The ad pepper Group focuses on long-term value creation through organic growth in its existing businesses, while also evaluating inorganic growth opportunities through value-accretive acquisitions. The Group is divided into three reporting segments, which work in close cooperation with the holding Company and operate independently in the marketplace: **ad pepper** (performance marketing Company), **ad agents** (digital marketing agency) and **Webgains** (affiliate marketing network). The holding Company assumes responsibility for the transfer of know-how between the segments, the strategic focus, as well as financing and liquidity as part of the overall governance and administration of the Group. The ad pepper Group's overall strategy is to support and strengthen each segment individually, as each business has its own distinctive culture, clients, product range and regional focus. All three business segments offer their 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) and CPA (cost-per-acquisition).

The ad pepper Group also offers a broad range of services, such as consulting and the development of strategies for the use of digital technologies, the design, implementation and execution of digital marketing and communication solutions as well as consulting on digital media strategies and digital media technologies and tools. The ever-increasing importance of digital processes for businesses leads to an increase in the corresponding budgets, and the vast amounts of data thus generated require thorough analysis (preferably in real time). To be successful in the field of digital marketing, companies therefore need to develop competencies that go beyond an effective allocation of digital media spend across multiple channels and managing the respective campaigns. And they need help to achieve this. It is therefore not surprising that – in some areas of our business – the ad pepper Group is competing more and more with well-known strategy and IT consultancies that offer consulting services in the digital marketing space.



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, ad pepper specialises in lead generation and targeting specific audiences. ad pepper works with its clients to develop on-line marketing strategies for over 50 countries worldwide and uses the latest technologies for each project. Whether at the local, national or international level, ad pepper helps its customers meet their goals by developing the most efficient online marketing strategies for their budget. Taking local conditions into account, ad pepper is able to optimise campaigns for the target markets. Whether working with an agency or a direct client, the aim is always to deliver the best possible result. What sets ad pepper apart from its competitors? Many years of experience – and iLead. This unique platform enables the agency to generate customised campaigns that are adapted to the specific markets of their clients in next to no time. And the iLead platform was developed in-house. With the help of iLead, over 30,000 campaigns have been successfully launched and managed worldwide and millions of qualified leads have been generated.

Offices: Nuremberg / Madrid

Webgains

Webgains has been part of the ad pepper Group since 2006. Today, the registered and approved affiliate network serves over 1,800 clients worldwide, from start-ups to global brands, in more than 170 global markets. When it comes to designing local and international campaigns, Webgains not only benefits from its strong publisher network, but also from the extensive experience of over 100 highly motivated experts with excellent market knowledge, which they continuously develop.

Thanks to partnerships with over 250,000 publishers, Webgains' clients have access to one of the world's leading, performance affiliate marketing networks, offering the widest possible reach. Furthermore, Webgains has recently launched the Affiliate Discovery product to create smarter connections.

The current strategy focuses on a service-oriented and performance-differentiated approach. By investing in talent and technology, Webgains has created the optimum blend of human and artificial intelligence. 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.

**Offices: Nuremberg / Madrid / Bristol / London / Paris / Milan /
Amsterdam / Manchester**

ad agents

ad agents joined the ad pepper Group in 2007. Today, it is one of Germany's most successful online and performance marketing agencies – and for a good reason. Their strategies are as unique as their personalised consulting and support services, which are always optimised to suit the situation and the specific requirements of ad agents' clients. ad agents maintains an overview of the entire digital advertising market and adapts its comprehensive service portfolio accordingly, thus supporting its clients with planning and implementing efficient and effective online and performance marketing strategies. ad agents' digital marketing experts always find the perfect strategy to increase our clients' brand awareness and sales – across all digital channels and on all devices.

As a full-service performance marketing agency, ad agents has a sixth sense for trends, extensive experience and transparent reporting structures. They advise and support national and international companies from virtually every industry who partner with ad agents to create exceptional and successful performance marketing campaigns.

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.

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 2022.

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 that had not existed before the publication of this report.

Internal control system

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, weekly jour fixes as well as regular shareholder meetings are held with the individual subsidiaries.

» MACROECONOMIC FRAMEWORK

Growth in the euro area is projected by the IMF to bottom out at 0.7 percent in 2023 before rising to 1.6 percent in 2024. The 0.2 percentage point upward revision to the previous IMF-forecast for 2023 reflects the effects of faster rate hikes by the European Central Bank and eroding real incomes, offset by the carryover from the 2022 outturn, lower wholesale energy prices, and additional announcements of fiscal purchasing power support in the form of energy price controls and cash transfers.

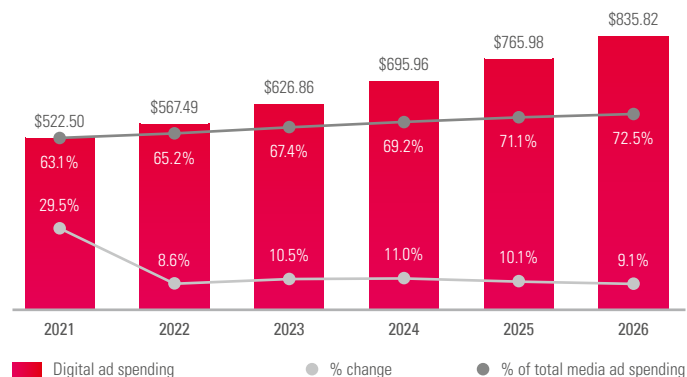
Growth in the United Kingdom is projected to contract by -0.6 percent in 2023, a 0.9 percentage point downward revision from October, reflecting tighter fiscal and monetary policies and financial conditions and still-high energy retail prices weighing on household budgets.

Online advertising market

Globally, digital ad spend grew 8.6 percent overall in 2022, according to a recent report by Insider Intelligence. In 2023, growth is expected to amount to 10.5 percent year-on-year. This slower new normal compared to the pandemic year of 2021 will still see annual growth in the high single to double digits in the coming years. Total media ad spending is growing steadily, and the share that digital advertising has of this is expected to increase to above 70 percent from 2025 (see graph on the following page).

Source: Oberlo, eMarketer

Digital Ad spending Worldwide, 2021 - 2026 (billions, % change, and % of total media ad spending)



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; excludes SMS, MMS and P2P messaging-based advertising.

Source: eMarketer, Oct 2022

» EARNINGS, FINANCIAL AND NET ASSET POSITION

Earnings position

Gross sales declined by 15.6 percent to EUR 19,593k (Q1 2022: EUR 23,215k). Group revenue amounted to EUR 5,099k, which equates to around 13.2 percent reduction (Q1 2022: EUR 5,871k).

At segment level, revenue at Webgains came in at EUR 2,826k (Q1 2022: EUR 3,231k), while ad agents generated revenue of EUR 1,742k (Q1 2022: EUR 1,926k) and ad pepper EUR 531k (Q1 2022: EUR 714k). Group EBITDA for the first quarter decreased to EUR -328k (Q1 2022: EUR 33k). Webgains generated EBITDA of EUR 189k (Q1 2022: EUR 133k), the ad agents segment generated EBITDA of EUR -97k (Q1 2022: EUR 250k) and ad pepper EBITDA of EUR 1k (Q1 2022: EUR 34k).

The subdued start to the current financial year in the ad pepper and ad agents segments is primarily due to lower or postponed bookings on the part of our advertising partners. The Webgains segment, on the other hand, was able to cushion the restrained e-commerce sales in its UK home market by a reduction in personnel costs.

Financial position

Gross cash flow amounted to EUR -586k (Q1 2022: EUR 110k). While prior year's quarter was strongly affected by high financial losses due to the revaluation of securities held, this year's quarter gross cash flow has no significant one-off effects. The cash flow from operating activities shows a figure of EUR -1,634k as against EUR -1,599k for the first three months of 2022.

Cash outflow for investing activities amounted to EUR -2,754k (Q1 2022: EUR -54k) and includes the investment in securities amounting to EUR 1,984k and a deposit of EUR 750k.

Cash flow from financing activities amounted to EUR -110k in the first quarter 2023 (Q1 2022: EUR -1,357k) and consists of cash outflow for leasing payments (Q1 2022: EUR 125k) made in conjunction with capitalised right-of-use assets.

Net asset position

Total assets decreased by EUR 7,110k to EUR 36,844k compared with 31 December 2022 (EUR 43,954k). The decrease was partly due to lower trade receivables, which fell by EUR 5,219k to EUR 12,349k (31 December 2022: EUR 17,568k). Correspondingly, trade payables fell by EUR 4,598k to EUR 16,238k (31 December 2022: EUR 20,836k), which is particularly due to affiliate and website payments made amounting to EUR 3,929k. Lower VAT liabilities resulted in a decrease in other liabilities by EUR 1,268k to EUR 963k (31 December 2022: EUR 2,231k). Financial liabilities amount to EUR 3,262k (31 December 2022: EUR 3,551k), showing a decrease of EUR 289k mainly due to payments made for bonus and severance payments. Right-of-use assets for capitalised leasing contracts for offices and vehicles amount to EUR 1,232k (31 December 2022: EUR 1,318k). Total non-current liabilities amount to EUR 805k (31 December 2022: EUR 840k), whereof EUR 795k (31 December 2022: EUR 839k) relate to lease liabilities for capitalised right-of-use assets.

Total liabilities amount to EUR 21,776k (31 December 2022: EUR 28,288k). The Group still has no liabilities to banks. Total equity stands at EUR 15,069k (31 December 2022: EUR 15,666k). The equity ratio increased to 41 percent (31 December 2022: 36 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 2023, the ad pepper Group had 242 employees, as against a total of 265 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:

	31/3/2023	31/3/2022
	Number	Number
ad pepper	21	24
Webgains	107	126
ad agents	98	98
Administration	16	17

» 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 2022. Reference is therefore made to the information presented in the management report for the 2022 financial year.

» OUTLOOK

In the quarter ahead, we expect a slight improvement, but still see Group revenue below the prior-year level.

Nuremberg, 17 May 2023

ad pepper media International N.V.



Dr. Jens Körner, CEO

» CONSOLIDATED INCOME STATEMENT

	Q1 2023	Q1 2022
	kEUR	kEUR
Gross sales ¹	19,593	23,215
Media cost ²	-14,493	-17,344
Revenue³	5,099	5,871
Cost of sales	-207	-262
Gross profit	4,893	5,609
Selling and marketing expenses	-3,728	-4,155
General and administrative expenses	-1,916	-1,866
Other operating income	223	354
Other operating expenses	-51	-170
Operating profit	-581	-228
Financial income	22	19
Financial expenses	-11	-300
Income before taxes	-569	-509
Income taxes	-57	-108
Net income	-626	-617
Attributable to shareholders of the parent company	-584	-742
Attributable to non-controlling interests	-42	125
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	-0.03	-0.04
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	-0.03	-0.04
	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	20,257,872	20,341,211
Weighted average number of shares outstanding (diluted)	20,257,872	20,485,613

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 costs relate 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 2023	Q1 2022
	KEUR	KEUR
Net income	-626	-617
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	-24	1
Revaluation of listed debt securities	3	-4
Other comprehensive income, net of tax	-21	-3
Total comprehensive income	-648	-620
Attributable to non-controlling interests	-43	125
Attributable to shareholders of the parent company	-605	-745

» CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

	31/3/2023	31/12/2022
	kEUR	kEUR
Non-current assets		
Intangible assets	312	374
Property, plant, and equipment	211	230
Right-of-use assets	1,232	1,318
Listed debt and marketable securities	1,982	0
Other financial assets	270	184
Deferred tax assets	79	79
Total non-current assets	4,085	2,185
Current assets		
Securities and deposits with maturity over three months	6,830	6,076
Trade receivables	12,349	17,568
Other receivables	592	309
Income tax receivables	451	549
Other financial assets	52	258
Cash and cash equivalents	12,486	17,008
Total current assets	32,760	41,769
Total assets	36,844	43,954

» CONSOLIDATED STATEMENT OF
FINANCIAL POSITION – EQUITY AND LIABILITIES

	31/3/2023	31/12/2022
	kEUR	kEUR
Equity attributable to shareholders of the parent company		
Issued capital*	1,075	1,075
Share premium	63,782	63,782
Reserves	-50,922	-50,367
Total	13,935	14,490
Non-controlling interests	1,134	1,176
Total equity	15,069	15,666
Non-current liabilities		
Other liabilities	805	840
Total non-current liabilities	805	840
Current liabilities		
Trade payables	16,238	20,836
Contract liabilities	216	465
Other liabilities	963	2,231
Other financial liabilities	3,262	3,551
Income tax liabilities	292	365
Total current liabilities	20,970	27,448
Total liabilities	21,776	28,288
Total equity and liabilities	36,844	43,954

*The authorised share capital amounts to EUR 4,000,000 divided into 80,000,000 shares with a par value of EUR 0.05 each, of which 21,500,000 are issued and 20,257,872 shares were floating at 31 March 2023 (31 December 2022: 20,257,872).

» CONSOLIDATED STATEMENT OF CASH FLOWS – 1 / 2

	1/1 - 31/3/2023	1/1 - 31/3/2022
	KEUR	KEUR
Net loss	-626	-617
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets, and amortisation of intangible assets	253	261
Gain/loss on sale of fixed assets	-7	54
Share-based compensation	40	50
Other financial income and financial expenses	11	281
Income taxes	57	108
Income from the release of accrued liabilities	-244	-333
Other non-cash expenses and income	-70	306
Gross cash flow	-586	110
Change in trade receivables	5,269	3,716
Change in other assets	-187	-411
Change in trade payables	-4,486	-3,059
Change in other liabilities	-1,623	-1,897
Income taxes received	211	0
Income tax paid	-242	-45
Interest received	22	19
Interest paid	-11	-32
Net cash flow from/used in operating activities	-1,634	-1,599
Purchase of intangible assets and property, plant, and equipment	-29	-54
Proceeds from sale of intangible assets and property, plant and equipment	7	0
Purchase of securities	-2,732	0
Net cash flow from/used in investing activities	-2,754	-54

» CONSOLIDATED STATEMENT OF CASH FLOWS – 2/2

	1/1 - 31/3/2023	1/1 - 31/3/2022
	kEUR	kEUR
Payment of lease liabilities	-110	-125
Purchase of treasury shares	0	-1,232
Net cash flow from/used in financing activities	-110	-1,357
Net decrease/increase in cash and cash equivalents	-4,498	-3,010
Cash and cash equivalents at beginning of period	17,008	20,704
Effect of exchange rates on cash and cash equivalents	-24	1
Cash and cash equivalents at end of period	12,486	17,695

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2023

	Balance at 1/1/2023	Profit/ (Loss) for the period	Other comprehen- sive income	Total comprehen- sive income	Share-based payment	Dividends	Purchase of treasury shares	NCI put liability	Balance at 31/3/2023
Issued capital (kEUR)	1,075	0	0	0	0	0	0	0	1,075
Share premium (kEUR)	63,782	0	0	0	0	0	0	0	63,782
Reserves									
Treasury reserve (kEUR)	-6,138	0	0	0	0	0	0	0	-6,138
For employee stock option plans (kEUR)	2,906	0	0	0	51	0	0	0	2,957
Accumulated deficit (kEUR)	-43,910	-584	0	-584	0	0	0	0	-44,494
Currency translation basis of preparation differences (kEUR)	-1,153	0	-24	-24	0	0	0	0	-1,177
Revaluation of listed debt securities (kEUR)	-3	0	3	3	0	0	0	0	0
Other reserves (kEUR)	-2,070	0	0	0	0	0	0	0	-2,070
Subtotal reserves (kEUR)	-50,367	-584	-21	-605	51	0	0	0	-50,922
Equity attributable to shareholders of ad pepper media International N.V. (kEUR)	14,490	-584	-21	-605	51	0	0	0	13,935
Non-controlling interests (kEUR)	1,176	-42	-1	-43	0	0	0	0	1,134
Total equity (kEUR)	15,666	-626	-22	-648	51	0	0	0	15,069

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2022

	Balance at 1/1/2022	Profit/ (Loss) for the period	Other comprehen- sive income	Total comprehen- sive income	Share-based payment	Dividends	Purchase of treasury shares	NCI put liability	Balance at 31/3/2022
Issued capital (kEUR)	1,075	0	0	0	0	0	0	0	1,075
Share premium (kEUR)	63,782	0	0	0	0	0	0	0	63,782
Reserves									
Treasury reserve (kEUR)	-4,906	0	0	0	0	0	-1,232	0	-6,138
For employee stock option plans (kEUR)	2,827	0	0	0	50	0	0	0	2,877
Accumulated deficit (kEUR)	-43,017	-742	0	-742	0	0	0	0	-43,759
Currency translation basis of preparation differences (kEUR)	-1,162	0	1	1	0	0	0	0	-1,161
Revaluation of listed debt securities (kEUR)	12	0	-4	-4	0	0	0	0	8
Other reserves (kEUR)	-2,812	0	0	0	0	0	0	0	-2,812
Subtotal reserves (kEUR)	-49,058	-742	-3	-745	50	0	-1,232	0	-50,985
Equity attributable to shareholders of the parent company (kEUR)	15,798	-742	-3	-745	50	0	-1,232	0	13,872
Non-controlling interests (kEUR)	958	125	0	125	0	0	0	0	1,083
Total equity (kEUR)	16,756	-617	-3	-620	50	0	-1,232	0	14,955

» SELECTED EXPLANATORY NOTES

Consolidated segment information (IFRS)

Q1 2023	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Gross sales	1,160	13,421	5,012	0	0	19,593
Revenue	531	2,826	1,742	46	-46	5,099
Thereof external	531	2,826	1,742	0	0	5,099
Thereof intersegment	0	0	0	46	-46	0
Gross profit	475	2,687	1,685	46	0	4,893
Expenses (including cost of sales) and other income	-559	-2,745	-1,899	-523	46	-5,680
Thereof depreciation and amortisation	-29	-108	-60	-55	0	-253
Thereof other non-cash expenses	-5	0	-6	0	0	-10
Thereof other non-cash income	5	286	19	14	0	324
EBITDA	1	189	-97	-421	0	-328
Operating profit/(loss)	-28	81	-157	-476	0	-581
Financial income	0	0	0	37	-14	22
Financial expenses	-1	-8	-10	-6	14	-11
Income taxes	-10	-17	-30	0	0	-57
Net income/(loss) for the period	-38	56	-197	-446	0	-626

Consolidated segment information (IFRS)

Q1 2022	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Gross sales	1,481	16,216	5,518	0	0	23,215
Revenue	714	3,231	1,926	59	-59	5,871
Thereof external	714	3,231	1,926	0	0	5,871
Thereof intersegment	0	0	0	59	-59	0
Gross profit	635	3,055	1,860	59	0	5,609
Expenses (including cost of sales) and other income	-716	-3,197	-1,743	-502	59	-6,099
Thereof depreciation and amortisation	-36	-99	-67	-59	0	-261
Thereof other non-cash expenses	0	-96	0	0	0	-96
Thereof other non-cash income	11	370	2	8	0	391
EBITDA	34	133	250	-384	0	33
Operating profit/(loss)	-2	34	183	-443	0	-228
Financial income	0	0	0	20	-1	19
Financial expenses	-3	-10	-5	-283	1	-300
Income taxes	-24	-43	-41	0	0	-108
Net income/(loss) for the period	-29	-19	137	-706	0	-617

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 2022.

The consolidated interim financial statements as at 31 March 2023 were authorised for issue by the Board of Directors on 17 May 2023.

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 2022 except for the adoption of new standards effective from 1 January 2023. The Group has not prematurely adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

No new standards or improvements have been released by the authorities in the first quarter 2023.

3. Consolidated Group

The entities included in consolidation are as follows:

Entity	31/3/2023	31/3/2022
	percent	percent
ad pepper media GmbH, Nuremberg, Germany	100	100
Webgains GmbH, Nuremberg, Germany	100	100
Webgains 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	65
ad pepper media USA LLC, New York, USA	100	100
Webgains Ltd, London, United Kingdom	100	100
ad agents GmbH, Herrenberg, Germany	60	60
ad agents AG, Pontresina, Switzerland	60	60
Webgains Italy S.r.l SB., Milan, Italy	100	100
Webgains B.V., Amsterdam, Netherlands	100	100

4. Notes to the Interim Financial Statements

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 2023				
Segments	ad pepper	Webgains	ad agents	Total
	kEUR	kEUR	kEUR	kEUR
Geographical markets				
Germany	234	687	1,288	2,210
United Kingdom	0	1,449	0	1,449
Spain	297	440	0	737
Other	0	250	454	704
Total revenue	531	2,826	1,742	5,099

For the three months ended 31 March 2022				
Segments	ad pepper	Webgains	ad agents	Total
	kEUR	kEUR	kEUR	kEUR
Geographical markets				
Germany	337	679	1,548	2,564
United Kingdom	0	1,973	0	1,973
Spain	377	432	0	809
Other	0	147	378	525
Total revenue	714	3,231	1,926	5,871

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 6k (Q1 2022: EUR 57k) of time barred claims and income of EUR 107k (Q1 2022: EUR 267k) 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.

The net foreign exchange loss amounts to EUR 38k, while a net foreign exchange loss of EUR 19k was posted in the equivalent prior year's period.

Write downs on receivables included in other operating expenses amount to EUR 10k (Q1 2022: EUR 96k), while a release of EUR 60k is included in other operating income due to a positive outcome of few debt cases.

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 2022.

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 three principal geographical areas – Germany, United Kingdom and Spain.

Information on segment assets is broken down by geographical location below. Non-current assets do not include financial instruments or deferred tax assets:

	Non-current assets	
	31/3/2023	31/3/2022
	kEUR	kEUR
Germany	697	1,031
United Kingdom	738	466
Spain	222	307
Other	97	135
Total	1,754	1,939

In the first three months of 2023, there is no single customer who accounts for 10 percent or more of the Group’s total revenue (Q1 2022: none).

6. Treasury stock

Acquisition of treasury stock

By a shareholders’ resolution dated 17 May 2022, the Board of Directors was authorised to repurchase treasury stock of up to 50 percent of the issued capital within the following 18 months. There is currently no active share repurchase programme.

As at 31 March 2023, ad pepper media International N.V. held 1,242,128 treasury shares (31 March 2022: 1,242,128) at a nominal value of EUR 0.05 each, corresponding to 5.78 percent (31 March 2022: 5.78 percent) of the share capital. According to a shareholders’ resolution, these shares can be used for stock option plans or the cancellation of shares.

Sale of treasury stock

No treasury shares were sold during the first three months of 2023 (Q1 2022: 0). No shares were sold under the stock option plans (Q1 2022: 0). No equity settled stock options have been settled in cash in the first three months of 2023 (Q1 2022: 0).

Number of shares outstanding

The number of shares issued and outstanding as at 31 March 2023 totals 20,257,872 (31 March 2022: 20,257,872). 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.

8. Stock options and shareholdings

An employee equity participation programme involving 654,000 options was launched for Supervisory Board members and executive employees in January 2023. The options may be exercised over a period of four years at 25 percent each year, but at the earliest one year after being granted. The fair value of the individual tranches at the time of granting is between EUR 0.355 and EUR 0.613 per issued option. The maximum cost of the programme over the entire time is EUR 26k resp. EUR 302k.

A share appreciation rights programme involving 187,500 options was launched for Board of Directors in January 2023. The options may be exercised over a period of four years at 25 percent each year, but at the earliest one year after being granted. The fair value of the individual tranches at the time of granting is between EUR 0.355 and EUR 0.564 per issued option.

As at 31 March 2023, a total of 846,500 stock options existed for 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 between EUR 1.86 and EUR 1.9751.

	Shares as at 31/3/2023	Options as at 31/3/2023
Board of Directors		
Dr Jens Körner		187,500
Supervisory Board		
Dagmar Bottenbruch		18,000
Thomas Bauer		18,000
Dr Stephan Roppel		23,000
Employees		600,000
Associated companies		
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 2022 financial year.

10. Events after the balance sheet date

Up until the day of authorisation for publication, no events took place that would have exerted substantial influence on the net assets, financial position or result of operations as at 31 March 2023.

Nuremberg, 17 May 2023
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:

Annual General Meeting	13 June 2023
Quarterly Report II / 2023	18 August 2023
Quarterly Report III / 2023	17 November 2023

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Dr Jens Körner, CEO

Our 2022 Annual Report as well as the Interim Financial Reports for 2023 are available in English at www.adpeppergroup.com under:

Investor relations / Publications / Financial reports



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