

SECOND
QUARTER

UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS
AS AT 30 JUNE 2022

20
» 22

» SELECTED GROUP KEY FIGURES

	Q2 2022	Q2 2021	Change	H1 2022	H1 2021	Change
	kEUR	kEUR	in percent	kEUR	kEUR	in percent
Gross sales	23,191	25,931	-10.6	46,406	54,039	-14.1
Revenue	5,882	6,516	-9.7	11,753	13,400	-12.3
Gross profit	5,637	6,334	-11.0	11,246	12,972	-13.3
EBIT (Operating profit)	-472	743	-163.5	-700	1,752	-139.9
EBITDA	-186	1,036	-118.0	-153	2,342	-106.5
Net income/(loss) for period	-414	512	-180.9	-1,030	1,358	-175.9
Earnings per share in EUR (basic)	-0.04	0.01	-500	-0.07	0.05	-240

	30/6/2022	30/6/2021	Change
	kEUR	kEUR	in percent
Liquid funds*	21,049	25,002	-15.8
Equity	17,609	20,341	-13.4
Total assets	39,427	42,692	-7.6
No. of employees	260	242	7.4

*Including listed debt securities.

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» THE AD PEPPER SHARE

Key data on 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	H1	H1
	2022	2021
XETRA closing price at end of period (EUR)	2.55	5.96
Highest price (EUR)	5.20	6.82
Lowest price (EUR)	2.55	4.92
Market capitalisation at end of period (EUR)	54.8m	128.1m
Average no. of shares traded (XETRA) per day	10,888	14,309
Earnings per share (basic) (EUR)	-0.07	0.05
Net cash per share* (EUR)	0.99	1.16

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

Share price performance over the past twelve months (Xetra)



Shareholder structure as at 30/6/2022	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	100.0

» 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 is thus 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 globally develops performance marketing solutions for its customers.

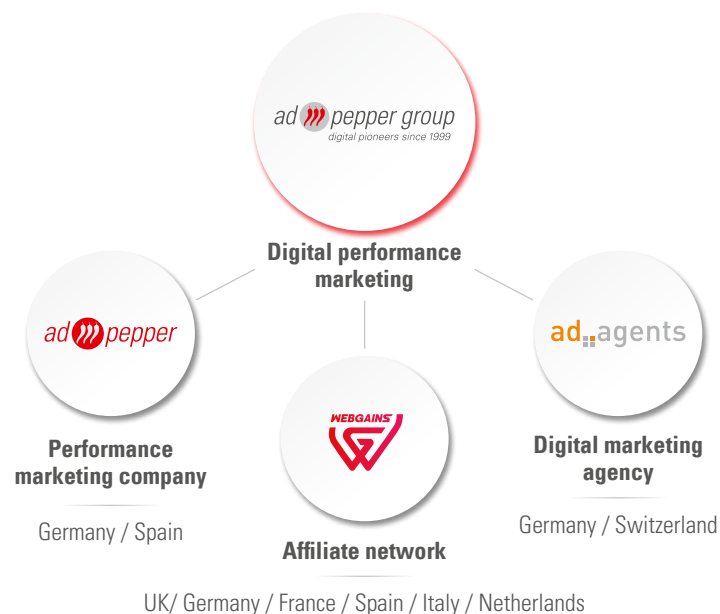
The Company operates within the dynamic environment of digital commerce, which is characterised by dynamic growth in both consumer and advertising expenditure. Channels such as social media, search, video and mobile – to name just a few – continue to expand their market share.

The ad pepper Group works for large corporations 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: for some of its clients, the Company has been working 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** (performance marketing company), **ad agents** (digital marketing 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) 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 technology, the conception, implementation and execution of digital marketing and communication measures as well as consulting 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 businesses, 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 – the ad pepper Group 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 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. 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 themselves. So far, they have used iLead to successfully launch and manage over 30,000 campaigns worldwide and generate millions of qualified leads.

Offices: Nuremberg / Madrid

Webgains

Webgains joined the ad pepper Group in 2006. Today, over 1,800 customers worldwide, from start-ups to global brands, rely on the services of Webgains registered and approved affiliate network 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 market knowledge and a work ethic to never stop learning.

Thanks to partnerships with over 250,000 publishers, Webgains' customers have access to one of the world's leading, performance affiliate marketing networks – offering the largest possible reach. Furthermore, Webgains has recently launched the Affiliate Discovery product to make 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 / Munich / 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' customers. ad agents maintains an overview of the entire digital advertising market and adapts their comprehensive service portfolio accordingly. Concept, management and optimisation: these factors are crucial for delivering an efficient marketing and sales solution. ad agents' digital marketing experts always find the perfect strategy for increasing our customers' brand awareness and turnover – across all digital channels and on all devices.

Customers benefit from their 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 Meta Business 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 2021.

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

The global economy was impacted by inflation and the Ukraine war in the first quarter of 2022. Higher commodity prices and sanctions against Russia had a significant impacts on global price levels in the first six months of 2022.

According to IfW Kiel, European and global sanctions will lead to continued pressure on energy security and prices as well as supply chains in the coming months and quarters. Against this backdrop, the outlook for global growth has weakened. IfW forecasts global growth of 3.0 percent in 2022 and 3.2 percent in 2023 (measured in terms of purchasing-power parities), representing a reduction by 0.5 and 0.4 percentage points for 2022 and 2023, respectively. The forecast is based on the assumption that commodity prices have peaked, which would reduce inflationary pressures considerably going forward. However, there is the risk that inflation proves to be more persistent than central banks expect.

According to IfW Kiel, the European recovery in the first months of 2022 had already reached pre-pandemic levels. The high numbers of COVID infections in January and February 2022 had only little impact on the macroeconomic trend in Europe. Consumer and business sentiment likewise underlined the confidence in this development until February.

However, at the end of February, the war in Ukraine completely changed the expectations for Europe. The post-pandemic recovery was dampened by increasing prices, particularly in the energy sector, due to the war in the east of Europe and related sanctions against Russia. The additional disruptions in the supply chains and the rise in uncertainty reduced the trade activities in Europe and interrupted the recovery in the first half of the year. Overall, IfW expects GDP to increase by 2.1 percent this year. In 2023, GDP will grow by 3.3 percent (spring forecast: 2.8 percent). At 7.4 percent, inflation in the current year will be higher than ever before in reunified Germany. Next year, inflation will probably remain high with 4.2 percent, according to IfW.

Online advertising market

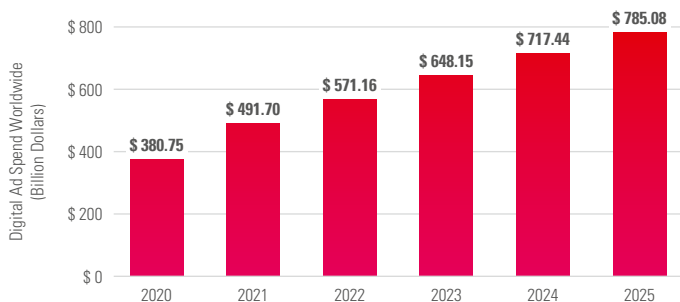
Zenith expects digital transformation to slow down, but not go into reverse, as the pandemic eases in 2022 and beyond. The pandemic has accelerated digital trends that were already fundamentally reshaping the economy, and will continue to do so. Zenith forecasts 14 percent growth in global digital ad spend in 2022, up from the previous forecast of 10 percent, followed by 9 percent growth in 2023 and 10 percent in 2024.

The pandemic has thoroughly disrupted shopping habits. Many consumers who would prefer to browse and purchase in person are shopping online by necessity. Businesses have responded by investing more than would otherwise have been justifiable in new technology, infrastructure, organisational change – and advertising. This includes brand advertising to promote e-commerce platforms, performance advertising to direct traffic to them, and advertising within these platforms ('retailer media advertising') to promote specific products, all of which have surged.

Zenith expects social media ad spend to reach USD 177 billion in 2022, overtaking television at USD 174 billion. Social media ad spend will rise to USD 225 billion by 2024, when it will account for 26.5 percent of all advertising, followed by paid search at 22.5 percent and television at 21.0 percent.

Digital advertising as a whole will exceed 60 percent of global ads spend for the first time in 2022, reaching 61.5 percent of total expenditure, and will increase its share to 65.1 percent by 2024.

Digital Ad Spend (2020-2025)



Sources: Zenith, eMarketer

» EARNINGS, FINANCIAL AND NET ASSET POSITION

Earnings position

Gross sales declined by 10.6 percent to EUR 23,191k (Q2 2021: EUR 25,931k) in the second quarter. Group revenue amounted to EUR 5,882k (Q2 2021: EUR 6,516k), corresponding to a decline of 9.7 percent. The segments Webgains and ad pepper recorded a decline in revenue of 17.4 percent and 20.3 percent respectively to EUR 3,031k (Q2 2021: EUR 3,670k) and EUR 743k (Q2 2021: EUR 932k). The ad agents segment on the other hand achieved an increase in revenue of 10.2 percent to EUR 2,108k (Q2 2021: EUR 1,914k). When looking at the individual regions of the ad pepper Group, the UK compares negatively with a decline in revenue of 20.8 percent.

Group EBITDA in the second quarter amounts to EUR -186k (Q2 2021: EUR 1,036k). The ad agents segment generated EBITDA of EUR 212k (Q2 2021: EUR 379k), the Webgains segment EBITDA of EUR -270k (Q2 2021: EUR 818k) and the ad pepper segment EBITDA of EUR 132k (Q2 2021: EUR 206k).

In the entire half-year period, the Group generated gross sales of EUR 46,406k (H1 2021: EUR 54,039k) and Group revenue of EUR 11,753k (H1 2021: EUR 13,400k); this corresponds to a decline of EUR 1,647k or 12.3 percent. H1 2022 EBITDA amounts to EUR -153k (H1 2021: EUR 2,342k).

Financial position

Gross cash flow in H1 2022 amounted to EUR -425k (H1 2021: EUR 1,276k), while a figure of EUR -610k was reported for the cash flow from operating activities, as against EUR 1,673k for the first six months of 2021. Reason for the decrease in gross cash flow was mainly the lower net income for the first six months of 2022 (H1 2022: EUR -1,030k) compared with prior year result (H1 2021: EUR 1,358k) and the cash outflow for trade payable payments. Cash settlements of stock option plans amounted to zero (H1 2021: EUR 781k).

Cash outflow for investing activities amounted to EUR 1,813k (H1 2021: EUR -107k) and largely relates to proceeds from sale of securities. Cash flow from financing activities amounted to EUR -1,890k in the first six months of 2022 (H1 2021: EUR -2,046k) and included cash outflows in conjunction with the conducted share buy-back program of EUR 1,232k (H1 2021: EUR 1,116k) and leasing payments of EUR 279k (H1 2021: EUR 372k) made in conjunction with capitalised right-of-use assets and dividends paid to non-controlling interests amounting to EUR 379k (H1 2021: EUR 583k).

Net asset position

Total assets decreased by EUR 6,626k to EUR 39,427k compared with 31 December 2021 (EUR 46,352k). The decrease was partly due to lower trade receivables, which fell by EUR 4,468k to EUR 14,852k (31 December 2021: EUR 19,319k). Correspondingly, trade payables fell by EUR 2,851k to EUR 17,397k (31 December 2021: EUR 20,247k), which is particularly due to affiliate and website payments made amounting to EUR 4,039k. Lower VAT liabilities resulted in a decrease in other liabilities by EUR 905k to EUR 1,381k (31 December 2021: EUR 2,286k).

Financial liabilities amount to EUR 855k (31 December 2021: EUR 1,609k), showing a decrease of EUR 754k mainly due to payments made for bonus and leasing liabilities. Right-of-use assets for capitalised leasing contracts for offices and vehicles amount to EUR 1,328k (31 December 2021: EUR 1,177k).

Total non-current liabilities amount to EUR 925k (31 December 2021: EUR 946k), whereof EUR 817k (31 December 2021: EUR 709k) relate to lease liabilities for capitalised right-of-use assets. Total liabilities amount to EUR 21,818k (31 December 2021: EUR 26,264k).

The Group still has no liabilities to banks. Total equity stands at EUR 17,609k (31 December 2021: EUR 20,088k). The equity ratio increased to 45 percent (31 December 2021: 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 30 June 2022, the ad pepper Group had 260 employees, as against a total of 242 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.

	30/6/2022	30/6/2021
	Number	Number
ad pepper	22	29
Webgains	115	112
ad agents	104	85
Administration	19	16

» 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 2021. Reference is therefore made to the information presented in the management report for the 2021 financial year.

» OUTLOOK

As announced on 18 July 2022, we expect revenue in the third quarter to be roughly on a par with the second quarter of this year, while operating costs are anticipated to decline slightly compared to the previous quarter.

» 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, while 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.

Nuremberg, 8 August 2022
ad pepper media International N.V.



Dr Jens Körner, CEO

» CONSOLIDATED INCOME STATEMENT

	Q2 2022	Q2 2021	H1 2022	H1 2021
	KEUR	KEUR	KEUR	KEUR
Gross sales ¹	23,191	25,931	46,406	54,039
Media cost ²	-17,309	-19,415	-34,653	-40,639
Revenue³	5,882	6,516	11,753	13,400
Cost of sales	-245	-182	-507	-428
Gross profit	5,637	6,334	11,246	12,972
Selling and marketing expenses	-4,220	-3,890	-8,375	-7,625
General and administrative expenses	-1,815	-1,819	-3,681	-3,757
Other operating income	178	142	532	321
Other operating expenses	-252	-25	-422	-158
Operating profit	-472	743	-700	1,753
Financial income	35	1	54	7
Financial expenses	132	-25	-168	-61
Income before taxes	-305	718	-814	1,698
Income taxes	-109	-207	-216	-340
Net income	-414	512	-1,030	1,358
Attributable to shareholders of the parent company	-729	305	-1,470	991
Attributable to non-controlling interests	315	207	440	367
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	-0.04	0.01	-0.07	0.05
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	-0.04	0.01	-0.07	0.05
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	20,257,872	20,735,649	20,299,078	20,781,922
Weighted average number of shares outstanding (diluted)	20,259,912	21,042,538	20,373,326	21,073,436

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

	Q2 2022	Q2 2021	H1 2022	H1 2021
	KEUR	KEUR	KEUR	KEUR
Net income	-414	512	-1,030	1,358
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	39	-43	40	143
Revaluation of listed debt securities	-9	0	-14	-3
Other comprehensive income, net of tax	30	-43	26	140
Total comprehensive income	-384	469	-1,004	1,498
Attributable to non-controlling interests	315	207	440	367
Attributable to shareholders of the parent company	-699	262	-1,444	1,131

» **CONSOLIDATED STATEMENT OF
FINANCIAL POSITION – ASSETS**

	30/6/2022	31/12/2021
	kEUR	kEUR
Non-current assets		
Intangible assets	497	628
Property, plant and equipment	267	346
Right-of-use assets	1,328	1,177
Listed debt and marketable securities	993	3,057
Other financial assets	335	391
Total non-current assets	3,420	5,599
Current assets		
Trade receivables	14,852	19,319
Other receivables	480	398
Income tax receivables	592	306
Other financial assets	27	26
Cash and cash equivalents	20,056	20,704
Total current assets	36,007	40,753
Total assets	39,427	46,352

» CONSOLIDATED STATEMENT OF
FINANCIAL POSITION – EQUITY AND LIABILITIES

	30/6/2022	31/12/2021
	kEUR	kEUR
Equity attributable to shareholders of the parent company		
Issued capital*	1,075	1,075
Share premium	63,782	63,782
Reserves	-48,722	-46,182
Total	16,135	18,675
Non-controlling interests	1,474	1,413
Total equity	17,609	20,088
Non-current liabilities		
Deferred tax liabilities	81	81
Other liabilities	844	865
Total non-current liabilities	925	946
Current liabilities		
Trade payables	17,397	20,247
Contract liabilities	397	446
Other liabilities	1,381	2,286
Other financial liabilities	855	1,609
Income tax liabilities	863	730
Total current liabilities	20,893	25,318
Total liabilities	21,818	26,264
Total equity and liabilities	39,427	46,352

*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 30 June 2022 (31 December 2021: 20,491,197).

» CONSOLIDATED STATEMENT OF CASH FLOWS – 1 / 2

	1/1 - 30/6/2022	1/1 - 30/6/2021
	KEUR	KEUR
Net income	-1,030	1,358
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets, and amortisation of intangible assets	547	589
Gain/loss on sale of fixed assets	54	-10
Share-based compensation	6	167
Gain/loss on sale of securities and other investments (after bank charges)	120	0
Other financial income and financial expenses	-6	54
Income taxes	216	340
Income from the release of accrued liabilities	-541	-348
Other non-cash expenses and income	209	-94
Cash settlement of stock option plans*	0	-781
Gross cash flow	-426	1,276
Change in trade receivables	4,098	5,695
Change in other assets	-27	-115
Change in trade payables	-2,290	-2,558
Change in other liabilities	-1,599	-2,309
Income tax paid	-368	-261
Interest received	54	6
Interest paid	-53	-61
Net cash flow from/used in operating activities	-610	1,673
Purchase of intangible assets and property, plant and equipment	-122	-117
Proceeds from sale of intangible assets and property, plant and equipment	0	10
Proceeds from sale of securities	1,935	0
Net cash flow from/used in investing activities	1,813	-107

*Reallocation according to Annual Report 2021.

» CONSOLIDATED STATEMENT OF CASH FLOWS – 2/2

	1/1 - 30/6/2022	1/1 - 30/6/2021
	kEUR	kEUR
Issuance of shares*	0	25
Payment of lease liabilities	-279	-372
Purchase of treasury shares	-1,232	-1,116
Dividends to non-controlling interests	-379	-583
Net cash flow from/used in financing activities	-1,890	-2,046
Net decrease/increase in cash and cash equivalents	-688	-481
Cash and cash equivalents at beginning of period	20,704	24,330
Effect of exchange rates on cash and cash equivalents	40	143
Cash and cash equivalents at end of period	20,056	23,992

*In conjunction with the execution of equity settled stock options.

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2022

	Balance at 1/1/2022	Profit for the period	Other com- prehensive income	Total com- prehensive income	Share- based payment	Dividends	Purchase of treasury shares	Cash settlement of SOP's	Issuance of shares*	Balance at 30/6/2022
Issued capital (kEUR)	1,075	0	0	0	0	0	0	0	0	1,075
Share premium (kEUR)	63,782	0	0	0	0	0	0	0	0	63,782
Reserves										
Treasury reserve (kEUR)	-4,906	0	0	0	0	0	-1,232	0	0	-6,138
For employee stock option plans (kEUR)	2,827	0	0	0	136	0	0	0	0	2,963
Accumulated deficit (kEUR)	-42,962	-1,470	0	-1,470	0	0	0	0	0	-44,432
Currency translation basis of preparation differences (kEUR)	-1,153	0	40	40	0	0	0	0	0	-1,113
Revaluation of listed debt securities (kEUR)	12	0	-14	-14	0	0	0	0	0	-2
Subtotal reserves (kEUR)	-46,182	-1,470	26	-1,444	136	0	-1,232	0	0	-48,722
Equity attributable to shareholders of the parent company (kEUR)	18,675	-1,470	26	-1,444	136	0	-1,232	0	0	16,135
Non-controlling interests (kEUR)	1,413	440	0	440	0	-379	0	0	0	1,474
Total equity (kEUR)	20,088	-1,030	26	-1,004	136	-379	-1,232	0	0	17,609

*In conjunction with the execution of equity settled stock options.

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2021

	Balance at 1/1/2021	Profit for the period	Other com- prehensive income	Total com- prehensive income	Share- based payment	Dividends	Purchase of treasury shares	Cash settlement of SOP's	Issuance of shares*	Balance at 30/6/2021
Issued capital (kEUR)	1,075	0	0	0	0	0	0	0	0	1,075
Share premium (kEUR)	63,782	0	0	0	0	0	0	0	0	63,782
Reserves										
Treasury reserve (kEUR)	-2,417	0	0	0	0	0	-1,116	-487	25	-3,996
For employee stock option plans (kEUR)	2,663	0	0	0	167	0	0	0	0	2,830
Accumulated deficit (kEUR)	-44,051	991	0	991	0	0	0	0	0	-43,060
Currency translation basis of preparation differences (kEUR)	-1,389	0	143	143	0	0	0	0	0	-1,246
Revaluation of listed debt securities (kEUR)	18	0	-3	-3	0	0	0	0	0	15
Subtotal reserves (kEUR)	-45,176	991	140	1,131	167	0	-1,116	-487	25	-45,457
Equity attributable to shareholders of the parent company (kEUR)	19,681	991	140	1,131	167	0	-1,116	-487	25	19,400
Non-controlling interests (kEUR)	1,157	367	0	367	0	-583	0	0	0	941
Total equity (kEUR)	20,838	1,358	140	1,498	167	-583	-1,116	-487	25	20,341

*In conjunction with the execution of equity settled stock options.

» SELECTED EXPLANATORY NOTES

Consolidated segment information (IFRS)

H1 2022	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Gross sales	3,065	30,991	12,350	0	0	46,406
Revenue	1,457	6,262	4,035	123	-124	11,753
Thereof external	1,457	6,262	4,034	0	0	11,753
Thereof intersegment	0	0	1	123	-124	0
Gross profit	1,303	5,915	3,906	123	-1	11,246
Expenses (including cost of sales) and other income	-1,363	-6,618	-3,711	-884	123	-12,453
Thereof depreciation and amortisation	-72	-219	-139	-117	0	-547
Thereof other non-cash expenses	0	-319	0	-24	0	-343
Thereof other non-cash income	75	576	3	21	0	675
EBITDA	166	-137	463	-644	-1	-153
Operating profit (EBIT)	94	-356	324	-761	-1	-700
Financial income	0	16	0	44	-6	54
Financial expenses	-5	-20	-7	-142	6	-168
Income taxes	-55	-80	-81	0	0	-216
Net income for the period	34	-440	236	-859	-1	-1,030

Consolidated segment information (IFRS)

H1 2021	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Gross sales	4,521	38,040	11,483	0	0	54,039
Revenue	2,170	7,558	3,677	181	-185	13,400
Thereof external	2,167	7,558	3,676	0	0	13,400
Thereof intersegment	3	0	1	181	-185	0
Gross profit	1,934	7,295	3,567	181	-5	12,972
Expenses (including cost of sales) and other income	-1,512	-5,950	-3,170	-1,195	180	-11,647
Thereof depreciation and amortisation	-85	-247	-123	-135	0	-590
Thereof other non-cash expenses	-1	-53	0	0	0	-54
Thereof other non-cash income	207	267	10	12	0	495
EBITDA	743	1,855	629	-880	-5	2,342
Operating profit (EBIT)	657	1,608	506	-1,015	-5	1,753
Financial income	0	6	0	2	-1	7
Financial expenses	-7	-12	-10	-33	1	-62
Income taxes	-95	-114	-106	-26	0	-341
Net income for the period	556	1,487	391	-1,072	-5	1,358

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 2021.

The consolidated interim financial statements as at 30 June 2022 were authorised for issue by the Board of Directors on 8 August 2022.

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 2021 except for the adoption of new standards effective from 1 January 2022. 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 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 3 Business Combinations

With amendments to IFRS 3, the IASB updated an outdated reference without significantly changing its requirements.

Amendments to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. The amendment will have no impact on the consolidated financial statements of the Group.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify that the “cost of fulfilling” a contract comprises the “costs that relate directly to the contract”. The amendment will have no impact on the consolidated financial statements of the Group.

Annual Improvements 2018-2020

This cycle contains amendments to IFRS 1 – Subsidiary as a first-time adopter, IFRS 9 – Fees in the “10 per cent” test for derecognition of financial liabilities, IFRS 16 - Lease incentives and IAS 41 – Taxation in fair value measurement. None of the minor changes will have an impact on the consolidated financial statements of the Group.

Amendments to IFRS 16 Leases:

COVID-19-Related Rent Concessions beyond 30 June 2021

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment will most likely have no impact on the consolidated financial statements of the Group.

3. Consolidated Group

The entities included in consolidation are as follows:

Entity	30/6/2022	30/6/2021
	percent	percent
ad pepper media GmbH, Nuremberg, Germany	100	100
Webgains GmbH, Nuremberg, Germany	100	100
Webgains France SARL, 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, Bristol, United Kingdom	100	100
ad agents GmbH, Herrenberg, Germany	60	60
ad agents AG, Pontresina, Switzerland	60	60
Webgains Italy S.R.L., Italy, Milan	100	100
Webgains B.V., Amsterdam, Netherlands*	100	0

*Incorporation: 18 November 2021.

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 six months ended 30 June 2022				
Segments	ad pepper	Webgains	ad agents	Total
Geographical markets				
Germany	735	1,312	3,256	5,303
United Kingdom	0	3,811	0	3,811
Spain	722	793	0	1,515
Other	0	346	778	1,124
Total revenue	1,457	6,262	4,034	11,753
For the six months ended 30 June 2021				
Segments	ad pepper	Webgains	ad agents	Total
Geographical markets				
Germany	1,192	1,433	3,316	5,941
United Kingdom	0	4,975	0	4,975
Spain	974	907	0	1,881
Other	0	243	360	603
Total revenue	2,166	7,558	3,676	13,400

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 134k (H1 2021: EUR 148k) of time barred claims and income of EUR 386k (H1 2021: EUR 106k) 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 26k, while a net foreign exchange loss of EUR 78k was posted in the equivalent prior year's period.

Write downs on receivables included in other operating expenses amount to EUR 319k (H1 2021: EUR 53k).

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 2021.

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 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	
	30/6/2022	30/6/2021
	kEUR	kEUR
Germany	1,096	1,438
United Kingdom	585	714
Spain	283	171
Other	128	3
Total	2,092	2,326

In H1 2022, there is no single customer who accounts for 10 percent or more of the Group's total revenue (H1 2021: none).

6. Treasury stock

Acquisition of treasury stock

By a shareholders' resolution dated 18 May 2021, 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 made use of this authorisation on 2 August 2021 to repurchase up to a maximum of 500,000 of its own shares for a total maximum amount of up to EUR 3,000,000. The share buy-back took place between 1 September 2021 and 21 February 2022. 500,000 shares were bought back with a value of EUR 2,681,816 under this buy-back program, which concluded on 21 February 2022.

As at 30 June 2022, ad pepper media International N.V. held 1,242,128 treasury shares (30 June 2021: 762,128) at a nominal value of EUR 0.05 each, corresponding to 5.78 percent (30 June 2021: 3.54 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 six months of 2022 (H1 2021: 0). No shares were sold under the stock option plans (H1 2021: 12,400). No equity settled stock options have been settled in cash in the first six months of 2022 (H1 2021: 210,000).

Number of shares outstanding

The number of shares issued and outstanding as at 30 June 2022 totals 20,257,872 (30 June 2021: 20,737,872). 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. However, reference is made to the "Outlook" chapter on page 19.

8. Stock options and shareholdings

As at 30 June 2022, a total of 617,500 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 (Supervisory Board) and EUR 3.50 (Board of Directors and Employees).

	Shares as at 30/6/2022	Options as at 30/6/2022
Board of Directors		
Dr Jens Körner	0	187,500
Supervisory Board	0	0
Thomas Bauer	0	0
Dr Stephan Roppel	0	5,000
Employees	0	425,000
Associated companies	0	0
EMA B.V.	9,486,402	0
Euro Serve Media GmbH	556,163	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 2021 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 30 June 2022

Nuremberg, 8 August 2022
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 III / 2022

24 November 2022

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Our 2021 Annual Report as well as the Interim Financial Reports for 2022 are available in English at www.adpeppergroup.com under:

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