

THIRD
QUARTER

UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2022

20
» 22

» SELECTED GROUP KEY FIGURES

	Q3 2022	Q3 2021	Change	Q1 - Q3 2022	Q1 - Q3 2021	Change
	kEUR	kEUR	in percent	kEUR	kEUR	in percent
Gross sales	23,644	27,718	-14.7	70,197	81,757	-14.1
Revenue	5,931	7,004	-15.3	17,684	20,404	-13.3
Gross profit	5,671	6,728	-15.7	16,917	19,700	-14.1
EBIT	138	925	-85.1	-562	2,677	> -100.0
EBITDA	410	1,215	-66.3	256	3,558	-92.8
Net income for period	-0	796	-100.0	-1,030	2,154	> -100.0
Earnings per share in EUR (basic)	-0.01	0.03	> -100.0	-0.08	0.07	> -100.0

	30/9/2022	30/9/2021	Change
	kEUR	kEUR	in percent
Liquid funds*	18,222	23,137	-21.2
Equity	17,719	20,954	-15.4
Total assets	38,052	43,260	-12.0
No. of employees	265	246	7.7

*Including securities and deposits with maturity over three months.

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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	Q1 - Q3	Q1 - Q3
	2022	2021
XETRA closing price at end of period (EUR)	1.53	5.94
Highest price (EUR)	5.20	6.82
Lowest price (EUR)	1.53	4.92
Market capitalisation at end of period (EUR)	32.8 m	127.7 m
Average no. of shares traded (XETRA) per day	14,677	12,082
Earnings per share (basic) (EUR)	-0.08	0.07
Net cash per share* (EUR)	0.86	1.12

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

Share price performance over the past twelve months (Xetra)



Shareholder structure as at 30/9/2022	Number of shares	Shareholding
		in percent
EMA B.V.	9,486,402	44.12
Euro Serve Media GmbH	556,163	2.59
Treasury stock	1,242,128	5.78
Subtotal	11,284,693	52.49
Free float	10,215,307	47.51
Total	21,500,000	100.00

» 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 UK and the Netherlands, the ad pepper Group develops performance marketing solutions for its customers around the world.

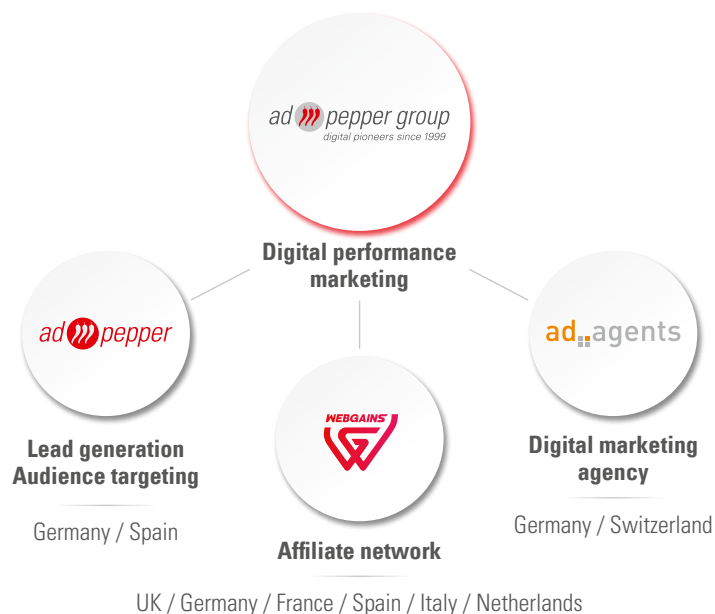
The ad pepper Group operates in the highly dynamic digital commerce market, which is characterised by dynamic growth in both consumer and advertising expenditure. Channels such as social media, search, video and mobile – to name just a few – continue to expand their market share.

The ad pepper Group works for 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).

In addition, 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 online 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 / 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' 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

ad agents

» 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 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

In spring 2022, world economic growth came to a standstill amid high inflation, persistent supply bottlenecks and elevated uncertainty. In many countries real wages are declining significantly dampening private consumption even though extra savings accumulated during the pandemic are still available to mitigate the adverse impact to some extent. At the same time financial conditions have also deteriorated as central banks tightened their policies. In China, the strict zero-covid policy and problems in the real estate sector are slowing economic activity. Against this backdrop, the outlook for the global economy has deteriorated further. IfW Kiel Institute for the World Economy (IfW) has therefore lowered its forecast and is now expecting global output to increase by only 2.9 percent this year and 2.2 percent next year.

Despite the war in Ukraine, the euro area economy continued its recovery from the Corona pandemic until mid-2022. However, the energy price shock and headwinds from the global economy suggest a phase of economic weakness in the quarters ahead. Leading indicators of business and consumer confidence recently showed a marked deterioration in sentiment. Inflation is likely to remain high for some time, thus reducing purchasing power of companies and households and weighing heavily on real private consumption. As a result, economic output is likely to contract for a few quarters. In the course of 2023, this downward trend should gradually reverse, provided energy prices fall somewhat from their current very high levels. As a result, private consumption will stabilize and gradually contribute to an – albeit only moderate – output growth.

The recovery is likely to gain grip in the course of 2024, supported by stronger foreign demand. Overall, gross domestic product in the euro area, according to IfW, is likely to rise by 3 percent in the current year, stagnate in 2023 and increase moderately by 1.6 percent in 2024.

The German economy is in a downward spiral. The recent price jumps for electricity and gas will reduce the purchasing power of private households and lead to a decline in private consumer spending. In addition, the slowing world economy will dampen not only exports but also investment activity. As a result, according to IfW, the German economy will slide into recession once again, at a time when it was just recovering from the pandemic-related crisis. In its summer forecast, IfW assumed that the recovery would prevail despite the burdens of the war in Ukraine and that GDP would rise strongly. Now IfW expects GDP to increase by only 1.4 percent in the current year (summer forecast: 2.1 percent). In 2023, it is expected to decline by 0.7 percent (summer forecast: +3.3 percent). In 2024, when the impact of the negative factors fades out, GDP will increase by 1.7 percent according to IfW.

» EARNINGS, FINANCIAL AND NET ASSET POSITION

Earnings position

Gross sales declined by 14.7 percent to EUR 23,644k (Q3 2021: EUR 27,718k). Group revenue amounted to EUR 5,931k, corresponding to a decline by around 15 percent (Q3 2021: EUR 7,004k). The results are thus slightly better than the guidance range communicated in mid-July.

At segment level, revenue at Webgains came in at EUR 3,277k (Q3 2021: EUR 4,056k), while ad agents generated revenue of EUR 2,002k (Q3 2021: EUR 2,240k) and ad pepper EUR 652k (Q3 2021: EUR 708k). Group EBITDA for the third quarter amounts to EUR 410k (Q3 2021: EUR 1,215k). Webgains generated EBITDA of EUR 538k (Q3 2021: EUR 1,049k), the ad agents segment generated EBITDA of EUR 185k (Q3 2021: EUR 593k) and ad pepper EBITDA of EUR 58k (Q3 2021: EUR 110k).

In the first nine months of the financial year, the Group generated gross sales of EUR 70,197k (Q1-Q3 2021: EUR 81,757k) and Group revenue of EUR 17,684k (Q1-Q3 2021: EUR 20,404k), corresponding to a decline by around 13 percent. EBITDA in the first nine months amounted to EUR 256k (Q1-Q3 2021: EUR 3,558k).

Financial position

Gross cash flow amounted to EUR -227 (Q1-Q3 2021: EUR 1,885k), while a figure of EUR -3,322k was reported for the cash flow from operating activities, as against EUR 363k for the first nine months of 2021. Reason for the decrease in gross cash flow was mainly the lower net income for the first nine months of 2022 (Q1-Q3 2022: EUR -1,030k) compared with prior years result (Q1-Q3 2021: EUR 2,154k) and the cash outflow for trade payable payments. Cash settlements of stock option plans amounted to zero (Q1-Q3 2021: EUR 780k).

Cash outflow for investing activities amounted to EUR -2,297k (Q1-Q3 2021: EUR -214k) and largely relates to proceeds from sale of securities and investment of fixed term deposits.

Cash flow from financing activities amounted to EUR -2,040k in the first nine months of 2022 (Q1-Q3 2021: EUR -2,520k) and included cash outflows in conjunction with the conducted share buy-back programmes of EUR -1,232k (Q1-Q3 2021: EUR -1,405k), leasing payments of EUR -429k (Q1-Q3 2021: EUR -557k) made in conjunction with capitalised right-of-use assets and dividends paid to non-controlling interests amounting to EUR -379k (Q1-Q3 2021: EUR -583k).

Net asset position

Total assets decreased by EUR 8,300k to EUR 38,052k compared with 31 December 2021. The decrease was partly due to lower trade receivables, which fell by EUR 2,813k to EUR 16,506k (31 December 2021: EUR 19,319k). Correspondingly trade payables fell by EUR 4,067k to EUR 16,180k (31 December 2021: EUR 20,247k), which is particularly due to affiliate and website payments made. Primarily lower VAT liabilities resulted in a decrease in other liabilities by EUR 706k to EUR 1,580k (31 December 2021: EUR 2,286k).

Other financial liabilities amount to EUR 912k (31 December 2021: EUR 1,609k), showing a decrease of EUR 697k 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 1,180k (31 December 2021: EUR 1,177k). Total non-current liabilities amount to EUR 803k (31 December 2021: EUR 946k), whereof EUR 701k (31 December 2021: EUR 709k) relate to lease liabilities for capitalised right-of-use assets.

Total liabilities amount to EUR 20,333k (31 December 2021: EUR 26,264k). The Group still has no liabilities to banks. Total equity stands at EUR 17,719k (31 December 2021: EUR 20,088k). The equity ratio increased to 47 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 September 2022, the ad pepper Group had 265 employees, as against a total of 246 employees at the end of the equivalent period in the previous year. The Headcount of the ad pepper Group is assigned to the following segments:

	30/9/2022	30/9/2021
	Number	Number
ad pepper	25	28
Webgains	111	110
ad agents	111	91
Administration	18	17
Total	265	246

» 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

In the upcoming final quarter of the financial year, we expect revenue to come in below the fourth quarter of 2021 due to the high comparison basis of the previous year in the wake of the pandemic as well as a generally subdued consumer spending behaviour this year. However, thanks to cost optimisation measures already implemented, we still expect positive EBITDA contributions from all three operating segments.

Nuremberg, 3 November 2022
ad pepper media International N.V.



Dr Jens Körner, CEO

» CONSOLIDATED INCOME STATEMENT

	Q3 2022	Q3 2021	1/1 - 30/9/2022	1/1 - 30/9/2021
	kEUR	kEUR	kEUR	kEUR
Gross sales ¹	23,644	27,718	70,197	81,757
Media cost ²	-17,713	-20,714	-52,512	-61,353
Revenue ³	5,931	7,004	17,684	20,404
Cost of sales	-260	-276	-768	-704
Gross profit	5,671	6,728	16,917	19,700
Selling and marketing expenses	-4,063	-3,894	-12,437	-11,519
General and administrative expenses	-1,676	-1,922	-5,358	-5,678
Other operating income	236	82	768	402
Other operating expenses	-29	-69	-451	-227
Operating profit	138	925	-562	2,677
Financial income	1	1	55	8
Financial expenses	-15	-30	-183	-91
Income before taxes	123	895	-691	2,594
Income taxes	-123	-99	-339	-440
Net income	0	796	-1,030	2,154
Attributable to shareholders of the parent company	-120	556	-1,590	1,547
Attributable to non-controlling interests	120	241	560	608
Basic earnings per share on net income for the year attributable to shareholders of the parent company	-0.01	0.03	-0.08	0.07
Diluted earnings per share on net income for the year attributable to shareholders of the parent company	-0.01	0.03	-0.08	0.07
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	20,257,872	20,733,421	20,285,141	20,765,534
Weighted average number of shares outstanding (diluted)	20,258,168	21,018,123	20,287,228	21,055,535

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

	Q3 2022	Q3 2021	1/1 - 30/9/2022	1/1 - 30/9/2021
	kEUR	kEUR	kEUR	kEUR
Net income	0	796	-1,030	2,154
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	65	24	105	167
Revaluation of listed debt securities	-6	1	-19	-2
Other comprehensive income, net of tax	59	25	86	165
Total comprehensive income	59	821	-944	2,319
Attributable to non-controlling interests	120	241	560	608
Attributable to shareholders of the parent company	-61	580	-1,504	1,711

» CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

	30/9/2022	31/12/2021
	kEUR	kEUR
Non-current assets		
Intangible assets	429	628
Property, plant and equipment	245	346
Right-of-use assets	1,180	1,177
Listed debt, marketable securities and deposits with maturity over one year	1,072	3,057
Other financial assets	284	391
Total non-current assets	3,210	5,599
Current assets		
Securities and deposits with maturity over three months	4,000	0
Trade receivables	16,506	19,319
Other receivables	413	398
Income tax receivables	712	306
Other financial assets	61	26
Cash and cash equivalents	13,150	20,704
Total current assets	34,842	40,753
Total assets	38,052	46,352

» CONSOLIDATED STATEMENT OF
FINANCIAL POSITION – EQUITY AND LIABILITIES

	30/9/2022	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	-48,733	-46,182
Total	16,124	18,675
Non-controlling interests	1,595	1,413
Total equity	17,719	20,088
Non-current liabilities		
Deferred tax liabilities	76	81
Other liabilities	727	865
Total non-current liabilities	803	946
Current liabilities		
Trade payables	16,180	20,247
Contract liabilities	275	446
Other liabilities	1,580	2,286
Other financial liabilities	912	1,609
Income tax liabilities	583	730
Total current liabilities	19,530	25,318
Total liabilities	20,333	26,264
Total equity and liabilities	38,052	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 September 2022 (31 December 2021: 20,491,197).

» CONSOLIDATED STATEMENT OF CASH FLOWS – 1 / 2

	1/1 - 30/9/2022	1/1 - 30/9/2021
	kEUR	kEUR
Net income	-1,030	2,154
Adjustments for:		
Depreciation and amortisation	819	881
Gain/loss on sale of fixed assets	55	-10
Share-based compensation	55	248
Gain/loss on sale of securities and other investments (after bank charges)	120	0
Other financial income and financial expenses	9	84
Income taxes	339	440
Income from the release of accrued liabilities	-828	-826
Other non-cash expenses and income	234	-306
Cash settlement of stock option plans*	0	-780
Gross cash flow	-227	1,885
Change in trade receivables	2,286	2,839
Change in other assets	57	-106
Change in trade payables	-3,245	-2,085
Change in other liabilities	-1,277	-1,580
Income taxes received	0	268
Income taxes paid	-903	-775
Interest received	55	8
Interest paid	-68	-91
Net cash flow from/used in operating activities	-3,322	363
Purchase of intangible assets and property, plant and equipment	-147	-224
Proceeds from sale of intangible assets and property, plant and equipment	0	10
Proceeds from sale of securities	1,935	0
Purchase of securities and deposit investment	-4,085	0
Net cash flow from/used in investing activities	-2,297	-214

*Reallocation according to Annual Report 2021.

» CONSOLIDATED STATEMENT OF CASH FLOWS – 2/2

	1/1 - 30/9/2022	1/1 - 30/9/2021
	kEUR	kEUR
Issuance of shares*	0	25
Payment of lease liabilities	-429	-557
Purchase of treasury shares	-1,232	-1,405
Dividends to non-controlling interests	-379	-583
Net cash flow from/used in financing activities	-2,040	-2,520
Net decrease/increase in cash and cash equivalents	-7,659	-2,371
Cash and cash equivalents at beginning of period	20,704	24,330
Effect of exchange rates on cash and cash equivalents	105	167
Cash and cash equivalents at end of period	13,150	22,126

*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 30/9/2022
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	185	0	0	0	0	3,012
Accumulated deficit (kEUR)	-42,962	-1,590	0	-1,590	0	0	0	0	0	-44,552
Currency translation basis of preparation differences (kEUR)	-1,153	0	105	105	0	0	0	0	0	-1,048
Revaluation of listed debt securities (kEUR)	12	0	-19	-19	0	0	0	0	0	-7
Subtotal reserves (kEUR)	-46,182	-1,590	86	-1,504	185	0	-1,232	0	0	-48,733
Equity attributable to shareholders of the parent company (kEUR)	18,675	-1,590	86	-1,504	185	0	-1,232	0	0	16,124
Non-controlling interests (kEUR)	1,413	560	0	560	0	-379	0	0	0	1,595
Total equity (kEUR)	20,088	-1,030	86	-944	185	-379	-1,232	0	0	17,719

*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 30/9/2021
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	-1,405	-487	25	-4,285
For employee stock option plans (kEUR)	2,663	0	0	0	248	0	0	0	0	2,911
Accumulated deficit (kEUR)	-44,051	1,547	0	1,547	0	0	0	0	0	-42,504
Currency translation basis of preparation differences (kEUR)	-1,389	0	167	167	0	0	0	0	0	-1,222
Revaluation of listed debt securities (kEUR)	18	0	-2	-2	0	0	0	0	0	16
Subtotal reserves (kEUR)	-45,176	1,547	165	1,712	248	0	-1,405	-487	25	-45,085
Equity attributable to shareholders of the parent company (kEUR)	19,681	1,547	165	1,712	248	0	-1,405	-487	25	19,772
Non-controlling interests (kEUR)	1,157	608	0	608	0	-583	0	0	0	1,182
Total equity (kEUR)	20,838	2,155	165	2,320	248	-583	-1,405	-487	25	20,954

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

» SELECTED EXPLANATORY NOTES

Consolidated segment information (IFRS)

Q1 - Q3 2022	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Gross sales	4,479	46,143	19,575	0	0	70,197
Revenue	2,109	9,539	6,038	179	-181	17,684
Thereof external	2,109	9,539	6,036	0	0	17,684
Thereof intersegment	0	0	1	179	-181	0
Gross profit	1,877	9,007	5,855	179	-1	16,917
Expenses (including cost of sales) and other income	-1,993	-9,470	-5,598	-1,365	179	-18,246
Thereof depreciation and amortisation	-108	-331	-209	-171	0	-819
Thereof other non-cash expenses	-6	-350	0	-22	0	-378
Thereof other non-cash income	113	812	3	44	0	972
EBITDA	224	400	648	-1,015	-1	256
Operating profit	116	69	439	-1,185	-1	-562
Financial income	0	16	0	46	-7	55
Financial expenses	-6	-24	-12	-149	7	-183
Income taxes	-82	-135	-122	0	0	-339
Net income for the period	28	-74	305	-1,288	-1	-1,030

Consolidated segment information (IFRS)

Q1 - Q3 2021	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Gross sales	5,929	57,708	18,121	0	0	81,757
Revenue	2,878	11,614	5,917	237	-242	20,404
Thereof external	2,874	11,614	5,916	0	0	20,404
Thereof intersegment	4	0	1	237	-242	0
Gross profit	2,573	11,218	5,676	237	-5	19,700
Expenses (including cost of sales) and other income	-2,126	-9,109	-4,880	-1,848	237	-17,726
Thereof depreciation and amortisation	-102	-400	-185	-194	0	-880
Thereof other non-cash expenses	-1	-63	0	0	0	-64
Thereof other non-cash income	442	730	10	13	0	1,195
EBITDA	853	2,904	1,222	-1,417	-5	3,558
Operating profit	751	2,505	1,037	-1,611	-5	2,677
Financial income	0	6	0	3	-1	8
Financial expenses	-6	-22	-14	-51	1	-91
Income taxes	-112	-59	-242	-26	0	-440
Net income for the period	633	2,429	781	-1,685	-5	2,154

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). Unless specified otherwise, all of the amounts are stated in thousands of euro (kEUR). For computational reasons, rounding differences of kEUR 1 may occur in the tables.

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 September 2022 were authorised for issue by the Board of Directors on 3 November 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	30/9/2022	30/9/2021
	Share in percent	Share in 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., Bristol, United Kingdom	100	100
ad agents GmbH, Herrenberg, Germany	60	60
ad agents AG, Pontresina, Switzerland	60	60
Webgains Italy S.R.L., Milan, Italy	100	100
Webgains B.V., Amsterdam, Netherlands*	100	0

*Incorporation: 18 November 2021.

4. Notes to the Interim Financial Statements

Revenue from contracts with customers

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

For the nine months ended 30 September 2022				
Segments	ad pepper	Webgains	ad agents	Total
Geographical markets				
Germany	1,022	1,988	4,824	7,833
United Kingdom	0	5,644	0	5,644
Spain	1,087	1,318	0	2,405
Other	0	589	1,212	1,801
Total revenue	2,109	9,539	6,036	17,684
For the nine months ended 30 September 2021				
Segments	ad pepper	Webgains	ad agents	Total
Geographical markets				
Germany	1,586	2,035	5,298	8,920
United Kingdom	0	7,813	0	7,813
Spain	1,288	1,337	0	2,625
Other	0	428	618	1,046
Total revenue	2,874	11,614	5,916	20,404

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 144k (Q1-Q3 2021: EUR 167k) of time barred claims and income of EUR 610k (Q1-Q3 2021: EUR 158k) 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 19k, while a net foreign exchange loss of EUR 132k was posted in the equivalent prior year's period.

Write downs on receivables included in other operating expenses amount to EUR 356k (Q1-Q3 2021: EUR 64k).

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 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	
	30/9/2022	30/9/2021
	kEUR	kEUR
Germany	963	1,302
United Kingdom	511	658
Spain	261	157
Other	118	4
Total	1,854	2,122

In the first nine months of 2022, there is no single customer who accounts for 10 percent or more of the Group's total revenue (Q1-Q3 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 September 2022, ad pepper media International N.V. held 1,242,128 treasury shares (30 September 2021: 808,557) at a nominal value of EUR 0.05 each, corresponding to 5.78 percent (30 September 2021: 3.76 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 nine months of 2022 (Q1-Q3 2021: 0). No shares were sold under the stock option plans (Q1-Q3 2021: 12,400 shares). No equity settled stock options have been settled in cash in the first nine months of 2022 (Q1-Q3 2021: 210,000).

Number of shares outstanding

The number of shares issued and outstanding as at 30 September 2022 totals 20,257,872 (30 September 2021: 20,691,443). 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 September 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 30/9/2022	Options as at 30/9/2022
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 September 2022.

Nuremberg, 3 November 2022
ad pepper media International N.V.



Dr Jens Körner, CEO

» INVESTOR CONTACT

Dr Jens Körner (CEO)
ad pepper media International N.V.
Frankenstraße 150 C (FrankenCampus)
90461 Nuremberg
GERMANY

Phone: +49 (0) 911 929057-0
Fax: +49 (0) 911 929057-157
E-mail: ir@adpepper.com

www.adpeppergroup.com

» IMPRINT

Published by
ad pepper media International N.V.
Frankenstraße 150 C (FrankenCampus)
90461 Nuremberg
GERMANY

Phone: +49 (0) 911 929057-0
Fax: +49 (0) 911 929057-157
E-mail: info@adpepper.com
www.adpeppergroup.com

Limited liability public company (N.V.)
Headquarters Amsterdam, The Netherlands
Nuremberg office

Prime Standard, Frankfurt Stock Exchange
ISIN: NL0000238145
HRB Nuremberg 17591
VAT-ID-No.: DE 210757424

Board of Directors:
Dr Jens Körner, CEO

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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ad pepper media International N.V.

Frankenstraße 150 C

90461 Nuremberg

GERMANY

www.adpeppergroup.com