

THIRD QUARTER

UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS
AS AT 30 SEPTEMBER 2023



» SELECTED GROUP KEY FIGURES

	Q3 2023	Q3 2022	Change	Q1 - Q3 2023	Q1 - Q3 2022	Change
	kEUR	kEUR	in percent	kEUR	kEUR	in percent
Gross sales	21,414	23,644	-9.4	61,973	70,197	-11.7
Revenue	5,383	5,931	-9.2	15,881	17,684	-10.2
Gross profit	5,155	5,671	-9.1	15,240	16,917	-9.9
EBIT	-163	138	<-100.0	-1,129	-562	>100.0
EBITDA	101	410	-75.3	-345	256	<-100.0
Net income for period	-201	0	-	-1,215	-1,030	18.0
Earnings per share in EUR (basic)	-0.01	-0.01	-	-0.06	-0.08	-0.25

	30/9/2023	30/9/2022	Change
	kEUR	kEUR	in percent
Liquid funds*	19,343	18,222	6.2
Equity	14,296	17,719	-19.3
Total assets	34,490	38,052	-9.4
No. of employees	224	265	-15.5

*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
	2023	2022
XETRA closing price at end of period (EUR)	2.26	1.53
Highest price (EUR)	2.60	5.20
Lowest price (EUR)	2.14	1.53
Market capitalisation at end of period (EUR)	48.6 m	32.8 m
Average no. of shares traded (XETRA) per day	4,345	14,677
Earnings per share (basic) (EUR)	-0.01	-0.08
Net cash per share* (EUR)	0.91	0.86

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

Share price performance over the past twelve months (Xetra)



Shareholder structure as at 30/9/2023	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 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 / Manchester / Paris / Milan / Amsterdam



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 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

Eurozone

The economic outlook in the Eurozone, according to Kiel Institute for the World Economy (IfW), has recently become more clouded. After a meagre expansion of economic output in the first half of the year, leading indicators increasingly paint a gloomy picture. Although consumer confidence has continued to recover, firms have recently been far less confident than they were a few months ago. Business sentiment of manufacturing firms is particularly poor. However, these negative trends of economic sentiment are unlikely to persist. With energy prices largely back to normal, rising real incomes and increasing support from the global economy, the euro area is expected to gain grip. Nevertheless, economic momentum will likely remain subdued as monetary policy will be eased rather cautiously, according to IfW. Overall, GDP is expected to increase by 0.6 percent in the current year, followed by 1.4 percent (2024) and 1.7 percent (2025).

Germany

The outlook for the German economy has deteriorated over the last month, according to IfW. Although, the high level of sick leave and supply bottlenecks have noticeably eased, GDP has not yet returned to an expansionary course. Business surveys indicate that economic momentum will remain weak in the second half of the year. Overall, GDP is expected to decline by 0.5 percent in the current year (summer forecast: -0.3 percent).

In 2024, economic activity is expected to pick up again. The strong real wage increases will stimulate activity in the consumer-related industries. Given the high order backlogs, the manufacturing industry will also be able to ramp up its production somewhat, even if no major impulses are expected from the global economy for the time being. In contrast, the slump in the construction industry will have a negative impact. Overall, we expect GDP to increase by 1.3 percent (summer forecast: 1.8 percent). For 2025, we expect a growth rate of 1.5 percent.

Online advertising market

With a decline to EUR 17.05 billion in the third quarter, the German e-commerce sector recorded a 14 percent drop in sales year-on-year. This downturn is evident across the board and the Federal Association of E-Commerce and Mail Order Germany (BEVH) predicts that it will continue for the rest of the year, as there are no signs of an exceptionally strong Christmas trading period.

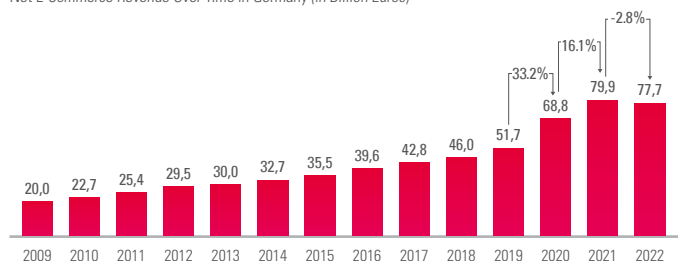
The entertainment and clothing segments were particularly affected, with decreases of 18.9 and 17.5 percent, respectively. Even daily consumer goods registered a significant drop in sales of 10.2 percent. The prospects for a market recovery are bleak, as only a small number of consumers intend to increase their online purchases. Customer satisfaction remains high, which indicates that the declines in revenue are primarily due to macroeconomic factors rather than a shift away from e-commerce per se.

The results of the study “E-Commerce Market Germany 2023” by EHI Retail Institute and EcommerceDB shows that after the enormous growth in online trade during the years of the COVID-19 pandemic, the trend has been pointing downwards since 2022 – and continues to do so in the current year.

In the past year 2022, the top 1,000 B2C online shops recorded a 2.8 percent decline in sales (net, not price-adjusted), which corresponds to a decrease of EUR 2.2 billion to a total of EUR 77.7 billion compared to 2021, breaking the continuous growth of online retail in the 15-year history of the study for the first time. For the current year, however, the EHI initially expects the downward trend to continue.

Top 1,000 online shops record first-time revenue decline

Net E-Commerce Revenue Over Time in Germany (in Billion Euros)*



*Values are based on EHI corporate surveys, company information, and ecommerceDB extrapolations.

Sources: Bundesverband E-Commerce und Versandhandel Deutschland (BEVH),
EHI Retail Institute und EcommerceDB

» EARNINGS, FINANCIAL AND NET ASSET POSITION

Earnings position

Gross sales of the third quarter declined by 9.4 percent to EUR 21,414k (Q3 2022: EUR 23,644k). Group revenue amounted to EUR 5,383k, corresponding to a decline of around 9.2 percent (Q3 2022: EUR 5,931k).

At segment level, revenue at Webgains came in at EUR 2,923k (Q3 2022: EUR 3,277k), while ad agents generated revenue of EUR 1,770k (Q3 2022: EUR 2,002k) and ad pepper EUR 690k (Q3 2022: EUR 652k). Group EBITDA for the third quarter amounts to EUR 101k (Q3 2022: EUR 410k). Webgains generated EBITDA of EUR 724k (Q3 2022: EUR 538k), the ad agents segment generated EBITDA of EUR 61k (Q3 2022: EUR 185k) and ad pepper EBITDA of EUR 6k (Q3 2022: EUR 58k).

In the first nine months of the financial year, the Group generated gross sales of EUR 61,973k (Q1-Q3 2022: EUR 70,197k) and Group revenue of EUR 15,881k (Q1-Q3 2022: EUR 17,684k), corresponding to a decline by around 10 percent. EBITDA in the first nine months amounted to EUR -345k (Q1-Q3 2022: EUR 256k).

Financial position

Gross cash flow amounted to EUR -834k (Q1-Q3 2022: EUR -227k), while a figure of EUR -2,995k was reported for the cash flow from operating activities, as against EUR -3,322k for the first nine months of 2022. Reason for the decrease in gross cash flow was mainly due to higher non-cash income in relation to the release of the bad debt provision, due to unexpected incoming payments for some major overdue trade receivables. Cash flows from operating activities remained, beside tax related cash outflows, on stable levels compared with the first nine months of 2022. Tax related cash outflows were with EUR 50k significantly lower than in the previous years nine months period (Q1-Q3 2022: EUR 903k).

Cash flow from investing activities amounted to EUR 3,931k (Q1-Q3 2022: EUR -2,297k) and consisted mainly of an investment in securities of EUR 1,983k and cash inflow due to the maturity of short-term cash deposits amounting to EUR 6,000k.

Cash flow from financing activities amounted to EUR -668k in the first nine months of 2023 (Q1-Q3 2022: EUR -2,040k) and included cash outflows for leasing payments of EUR 382k (Q1-Q3 2022: EUR 429k) made in conjunction with capitalised right-of-use assets and dividends paid to non-controlling interests amounting to EUR 286k (Q1-Q3 2022: EUR 379k).

Net asset position

Total assets decreased by EUR 9,464k to EUR 34,490k compared with 31 December 2022. The decrease was partly due to lower trade receivables, which fell by EUR 5,312k to EUR 12,256k (31 December 2022: EUR 17,568k) and to lower investment amounts in marketable securities and deposits by EUR 4,021k (31 December 2022: EUR 6,076k).

Correspondingly trade payables fell by EUR 6,983k to EUR 13,853k (31 December 2022: EUR 20,836k), which is particularly due to affiliate and website payments made. Primarily lower VAT liabilities resulted in a decrease in other liabilities by EUR 883k to EUR 1,348k (31 December 2022: EUR 2,231k).

Lower bonus liabilities amounting to EUR 175k (31 December 2022: EUR 240k), compensated by higher short term leasing liabilities in conjunction with capitalised right-of-use assets amounting to EUR 589k (31 December 2022: EUR 523k) resulted in stable current other financial liabilities of EUR 3,502k (31 December 2022: EUR 3,551k).

Non-current leasing liabilities in conjunction with capitalised right-of-use assets amount to EUR 913k (31 December 2022: EUR 839k). Corresponding right-of-use assets for leased offices and vehicles amount to EUR 1,394k (31 December 2022: EUR 1,318k).

Total liabilities amount to EUR 20,194k (31 December 2022: EUR 28,288k). The Group still has no liabilities to banks. Total equity stands at EUR 14,296k (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 30 September 2023, the ad pepper Group had 224 employees, as against a total of 265 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:

	30/9/2023	30/9/2022
	Number	Number
ad pepper	21	25
Webgains	96	111
ad agents	90	111
Administration	17	18
Total	224	265

» 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 upcoming final quarter, we anticipate a further decline in revenue compared to the corresponding period of the previous year. However, due to implemented cost optimisation measures, we still expect positive EBITDAs in all three months of the final quarter.

Nuremberg, 14 November 2023
ad pepper media International N.V.



Dr. Jens Körner, CEO

» CONSOLIDATED INCOME STATEMENT

	Q3 2023	Q3 2022	1/1 - 30/9/2023	1/1 - 30/9/2022
	kEUR	kEUR	kEUR	kEUR
Gross sales ¹	21,414	23,644	61,973	70,197
Media cost ²	-16,031	-17,713	-46,092	-52,512
Revenue ³	5,383	5,931	15,881	17,684
Cost of sales	-228	-260	-640	-768
Gross profit	5,155	5,671	15,240	16,917
Selling and marketing expenses	-3,663	-4,063	-11,159	-12,437
General and administrative expenses	-1,858	-1,676	-5,907	-5,358
Other operating income	221	236	770	768
Other operating expenses	-18	-29	-73	-451
Operating profit	-163	138	-1,129	-562
Financial income	61	1	137	55
Financial expenses	-8	-15	-31	-183
Income before taxes	-111	123	-1,023	-691
Income taxes	-91	-123	-192	-339
Net income	-201	0	-1,215	-1,030
Attributable to shareholders of the parent company	-263	-120	-1,297	-1,590
Attributable to non-controlling interests	61	120	82	560
Basic earnings per share on net income for the year attributable to shareholders of the parent company	-0.01	-0.01	-0.06	-0.08
Diluted earnings per share on net income for the year attributable to shareholders of the parent company	-0.01	-0.01	-0.06	-0.08
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	20,257,872	20,257,872	20,257,872	20,285,141
Weighted average number of shares outstanding (diluted)	20,257,872	20,258,168	20,257,872	20,287,228

¹ Gross sales represent 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 2023	Q3 2022	1/1 - 30/9/2023	1/1 - 30/9/2022
	kEUR	kEUR	kEUR	kEUR
Net income	-201	0	-1,215	-1,030
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	10	65	12	105
Revaluation of listed debt securities	3	-6	-9	-19
Other comprehensive income, net of tax	13	59	3	86
Total comprehensive income	-188	59	-1,212	-944
Attributable to non-controlling interests	61	120	82	560
Attributable to shareholders of the parent company	-249	-61	-1,294	-1,504

» CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

	30/9/2023	31/12/2022
	kEUR	kEUR
Non-current assets		
Intangible assets	199	374
Property, plant, and equipment	194	230
Right-of-use assets	1,394	1,318
Listed debt, marketable securities	1,971	0
Other financial assets	250	184
Deferred tax assets	82	79
Total non-current assets	4,089	2,185
Current assets		
Securities and deposits with maturity over three months	85	6,076
Trade receivables	12,256	17,568
Other receivables	365	309
Income tax receivables	336	549
Other financial assets	71	258
Cash and cash equivalents	17,288	17,008
Total current assets	30,401	41,769
Total assets	34,490	43,954

» CONSOLIDATED STATEMENT OF
FINANCIAL POSITION – EQUITY AND LIABILITIES

	30/9/2023	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	-51,533	-50,367
Total	13,324	14,490
Non-controlling interests	972	1,176
Total equity	14,296	15,666
Non-current liabilities		
Other liabilities	950	840
Total non-current liabilities	950	840
Current liabilities		
Trade payables	13,853	20,836
Contract liabilities	246	465
Other liabilities	1,348	2,231
Other financial liabilities	3,502	3,551
Income tax liabilities	295	365
Total current liabilities	19,244	27,448
Total liabilities	20,194	28,288
Total equity and liabilities	34,490	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 30 September 2023 (31 December 2022: 20,257,872).

» CONSOLIDATED STATEMENT OF CASH FLOWS – 1 / 2

	1/1 - 30/9/2023	1/1 - 30/9/2022
	kEUR	kEUR
Net income	-1,215	-1,030
Adjustments for:		
Depreciation and amortisation	784	819
Gain/loss on sale of fixed assets	-6	55
Share-based compensation	164	55
Gain/loss on sale of securities and other investments (after bank charges)	-2	120
Other financial income and financial expenses	108	9
Income taxes	192	339
Income from the release of accrued liabilities	-687	-828
Other non-cash expenses and income	-173	234
Gross cash flow	-834	-227
Change in trade receivables	5,302	2,286
Change in other assets	-75	57
Change in trade payables	-6,251	-3,245
Change in other liabilities	-1,118	-1,277
Income taxes received	360	0
Income taxes paid	-410	-903
Interest received	99	55
Interest paid	-68	-68
Net cash flow from/used in operating activities	-2,995	-3,322
Purchase of intangible assets and property, plant and equipment	-92	-147
Proceeds from sale of intangible assets and property, plant and equipment	6	0
Proceeds from sale of securities	6,000	1,935
Purchase of securities and deposit investment	-1,983	-4,085
Net cash flow from/used in investing activities	3,931	-2,297

» CONSOLIDATED STATEMENT OF CASH FLOWS – 2/2

	1/1 - 30/9/2023	1/1 - 30/9/2022
	KEUR	KEUR
Payment of lease liabilities	-382	-429
Purchase of treasury shares	0	-1,232
Dividends to non-controlling interests	-286	-379
Net cash flow from/used in financing activities	-668	-2,040
Net decrease/increase in cash and cash equivalents	268	-7,659
Cash and cash equivalents at beginning of period	17,008	20,704
Effect of exchange rates on cash and cash equivalents	12	105
Cash and cash equivalents at end of period	17,288	13,150

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2023

	Balance at 1/1/2023	Profit/(Loss) for the period	Other com- prehensive income	Total com- prehensive income	Share-based payment	Dividends	Purchase of treasury shares	Balance at 30/9/2023
Issued capital (kEUR)	1,075	0	0	0	0	0	0	1,075
Share premium (kEUR)	63,782	0	0	0	0	0	0	63,782
Reserves								
Treasury reserve (kEUR)	-6,138	0	0	0	0	0	0	-6,138
For employee stock option plans (kEUR)	2,906	0	0	0	128	0	0	3,034
Accumulated deficit (kEUR)	-43,910	-1,297	0	-1,297	0	0	0	-45,207
Currency translation basis of preparation differences (kEUR)	-1,153	0	12	12	0	0	0	-1,141
Revaluation of listed debt securities (kEUR)	-3	0	-9	-9	0	0	0	-12
Other reserves (kEUR)	-2,070	0	0	0	0	0	0	-2,070
Subtotal reserves (kEUR)	-50,367	-1,297	3	-1,294	128	0	0	-51,533
Equity attributable to shareholders of the parent company (kEUR)	14,490	-1,297	3	-1,294	128	0	0	13,324
Non-controlling interests (kEUR)	1,176	82	0	82	0	-286	0	972
Total equity (kEUR)	15,666	-1,215	3	-1,212	128	-286	0	14,296

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2022

	Balance at 1/1/2022	Profit/(Loss) for the period	Other com- prehensive income	Total com- prehensive income	Share-based payment	Dividends	Purchase of treasury shares	Balance at 30/9/2022
Issued capital (kEUR)	1,075	0	0	0	0	0	0	1,075
Share premium (kEUR)	63,782	0	0	0	0	0	0	63,782
Reserves								
Treasury reserve (kEUR)	-4,906	0	0	0	0	0	-1,232	-6,138
For employee stock option plans (kEUR)	2,827	0	0	0	185	0	0	3,012
Accumulated deficit (kEUR)	-42,962	-1,590	0	-1,590	0	0	0	-44,552
Currency translation basis of preparation differences (kEUR)	-1,153	0	105	105	0	0	0	-1,048
Revaluation of listed debt securities (kEUR)	12	0	-19	-19	0	0	0	-7
Subtotal reserves (kEUR)	-46,182	-1,590	86	-1,504	185	0	-1,232	-48,733
Equity attributable to shareholders of the parent company (kEUR)	18,675	-1,590	86	-1,504	185	0	-1,232	16,124
Non-controlling interests (kEUR)	1,413	560	0	560	0	-379	0	1,595
Total equity (kEUR)	20,088	-1,030	86	-944	185	-379	-1,232	17,719

» SELECTED EXPLANATORY NOTES

Consolidated segment information (IFRS)

Q1 - Q3 2023	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Gross sales	3,702	40,189	18,082	0	0	61,973
Revenue	1,831	8,673	5,378	148	-149	15,881
Thereof external	1,831	8,673	5,377	0	0	15,881
Thereof intersegment	0	0	1	148	-149	0
Gross profit	1,645	8,266	5,181	148	0	15,240
Expenses (including cost of sales) and other income	-1,877	-7,830	-5,517	-1,935	149	-17,010
Thereof depreciation and amortisation	-84	-358	-176	-166	0	-784
Thereof other non-cash expenses	-190	0	0	0	0	-190
Thereof other non-cash income	53	936	19	42	0	1,050
EBITDA	38	1,200	37	-1,620	0	-345
Operating profit	-46	842	-139	-1,786	0	-1,129
Financial income	0	10	0	167	-40	137
Financial expenses	-8	-39	-14	-9	40	-31
Income taxes	-37	-76	-79	0	0	-192
Net income for the period	-91	737	-232	-1,628	0	-1,215

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

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 2022.

The consolidated interim financial statements as at 30 September 2023 were authorised for issue by the Board of Directors on 14 November 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 nine months of 2023.

3. Consolidated Group

The entities included in consolidation are as follows:

Entity	30/9/2023	30/9/2022
	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. 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 disaggregation of the Group's revenue from the contracts with customers:

For the nine months ended 30 September 2023				
Segments	ad pepper	Webgains	ad agents	Total
Geographical markets				
Germany	767	1,994	3,954	6,714
United Kingdom	0	4,390	0	4,390
Spain	1,064	1,470	0	2,534
Other	0	819	1,424	2,242
Total revenue	1,831	8,672	5,377	15,881

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

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 145k (Q1-Q3 2022: EUR 144k) of time barred claims and income of EUR 550k (Q1-Q3 2022: EUR 610k) 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 49k, 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-Q3 2022: EUR 356k).

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	
	30/9/2023	30/9/2022
	kEUR	kEUR
Germany	518	963
United Kingdom	1,006	511
Spain	187	261
Other	75	118
Total	1,786	1,854

In the first nine months of 2023, there is no single customer who accounts for 10 percent or more of the Group’s total revenue (Q1-Q3 2022: none).

6. Treasury stock

Acquisition of treasury stock

By a shareholders’ resolution dated 13 June 2023, 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 30 September 2023, ad pepper media International N.V. held 1,242,128 treasury shares (30 September 2022: 1,242,128) at a nominal value of EUR 0.05 each, corresponding to 5.78 percent (30 September 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 nine months of 2023 (Q1-Q3 2022: 0). No shares were sold under the stock option plans (Q1-Q3 2022: 0). No equity settled stock options have been settled in cash in the first nine months of 2023 (Q1-Q3 2022: 0).

Number of shares outstanding

The number of shares issued and outstanding as at 30 September 2023 totals 20,257,872 (30 September 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. However, reference is made to the “Outlook” chapter on page 20.

8. Stock options and shareholdings

An employee equity participation program 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 program over the entire time is EUR 26k resp. EUR 302k.

A share appreciation rights program 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 was between EUR 0.355 and EUR 0.564 per issued option. The fair value of the individual tranches as at 30 September 2023 is between EUR 0.6420 and EUR 0.8870.

As at 30 September 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 30/9/2023	Options as at 30/9/2023
Board of Directors		
Dr Jens Körner	0	187,500
Supervisory Board		
Michael Oschmann	0	0
Dagmar Bottenbruch	0	18,000
Thomas Bauer	0	18,000
Dr Stephan Roppel	0	23,000
Employees	0	600,000
Associated companies*		
EMA B.V.	9,486,402	0
Euro Serve Media GmbH	556,163	0

*Michael Oschmann, Supervisory Board Chairman, is considered a related party and controls both EMA B.V. and Euro Serve Media GmbH.

9. Report on major transactions with related companies and persons

For transactions with related parties please refer to section 10. Events after the balance sheet date.

10. Events after the balance sheet date

On 2 October 2023 ad pepper media International N.V. purchased 25.64 percent of solute Holding GmbH & Co. KG. As consideration, 1,693,244 new shares in ad pepper were issued without subscription rights of the current shareholders against contribution in kind. The purchase by ad pepper is regarded as related party transaction according to Dutch corporate law. Michael Oschmann, the chairman of the Supervisory Board, holds (i) an indirect interest of 46.71 percent in the share capital of ad pepper; and (ii) participating interests in excess of 20 percent in each of the selling entities as regards to the 25.64 percent of the shares in solute. Michael Oschmann did not participate in the decision-making in the Supervisory Board of ad pepper concerning the acquisition by ad pepper of the interest in solute.

Nuremberg, 14 November 2023
ad pepper media International N.V.



Dr Jens Körner, CEO

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

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