

# ad pepper media International N.V.

The Netherlands / Internet Services  
 Frankfurt  
 Bloomberg: APM GR  
 ISIN: NL0000238145

Q1/25 report

## RATING

## PRICE TARGET

Return Potential  
 Risk Rating

## BUY

€ 4.10

36.7%  
 Medium

## Q2 WILL BE MUCH MORE INTERESTING THAN Q1!

ad pepper media (APM) has published its Q1 report. Final figures matched preliminary numbers. In terms of earnings, Q1 was somewhat weaker than the prior year quarter, but we deem APM's recent deal to be much more important than the Q1 figures. With the acquisition of another 14.5% of solute in April, APM increased its stake in solute to 59% and can now consolidate it. APM is thus metamorphosing into a much stronger AdTech player with combined revenue of €66m and EBITDA of €5.9m (2024 figures). This makes APM's business case and equity story much more compelling. The share price rise since 24 April shows that investors welcome the increased AdTech focus as well as much higher revenues and earnings. An updated DCF model yields an unchanged €4.10 price target. We confirm our Buy recommendation. Upside: 37%.

**Q1 with slightly higher revenue y/y, but lower earnings** Although Q1 revenue met our forecast (€5.3m) and was 2% above the prior year figure (see figure 1 overleaf), EBITDA fell €136k to €86k due to a much weaker Webgains EBITDA. EBIT was slightly negative (€-80k) and the net loss widened from €-24k to €-126k. We note that this was probably the last standalone APM quarter, as management plans to consolidate solute from 1 May on. Q2 should thus include two months of solute figures. Our annual forecasts have already considered the consolidation of solute from 1 May on (see our research report of 5 May 2025).

**Diverse segment development** Webgains revenue contribution was stable at almost €3.0m, but segment EBITDA fell 48% y/y to €328k (FY: €650k), which is due mainly to technology investments. While the Webgains workhorse had a weak start to the year, the longstanding problem segment, ad pepper media, reported excellent Q1 figures. Revenue jumped 32% to €0.6m, and EBITDA showed a strong turnaround to €133k (Q1/24: €-13k). The EBITDA margin was 22%—the best quarterly margin since Q2/21. These numbers are very encouraging, and we expect the segment to deliver similar figures in the coming quarters. ad agents' revenue and EBITDA came in as expected. (p.t.o.)

## FINANCIAL HISTORY & PROJECTIONS

	2022	2023	2024	2025E	2026E	2027E
Revenue (€m)	24.87	21.75	21.45	54.11	73.37	78.01
Y-o-y growth	-10.0%	-12.5%	-1.4%	152.2%	35.6%	6.3%
EBITDA (€m)	1.28	0.02	2.00	5.31	7.57	8.13
EBITDA margin	5.1%	0.1%	9.3%	9.8%	10.3%	10.4%
Net income (€m)	-0.89	-0.94	2.07	2.06	2.77	3.00
EPS (diluted) (€)	-0.04	-0.05	0.09	0.08	0.11	0.12
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	1.71	1.13	2.04	2.87	6.35	5.54
Net gearing	-108.0%	-105.0%	-115.6%	-80.6%	-91.4%	-97.5%
Liquid assets (€m)	17.01	19.84	24.16	22.55	27.92	32.60

## RISKS

The main risks are regulatory changes, technological innovations, dependence on key customers, and intense competition.

## COMPANY PROFILE

ad pepper media International N.V. is an international digital performance marketing company, which acts as a holding for its four operating units Webgains (affiliate network), solute (price comparison portals), ad agents (full service agency), and ad pepper media (lead generation & audience targeting). The company is headquartered in Nuremberg, Germany.

## MARKET DATA

As of 27 May 2025

Closing Price	€ 3.00
Shares outstanding	24.84m
Market Capitalisation	€ 74.51m
52-week Range	€ 1.52 / 3.10
Avg. Volume (12 Months)	6,203

Multiples	2024	2025E	2026E
P/E	35.9	36.2	26.9
EV/Sales	2.4	1.0	0.7
EV/EBITDA	25.9	9.8	6.8
Div. Yield	0.0%	0.0%	0.0%

## STOCK OVERVIEW



## COMPANY DATA

As of 31 Mar 2025

Liquid Assets	€ 20.06m
Current Assets	€ 33.59m
Intangible Assets	€ 0.36m
Total Assets	€ 40.59m
Current Liabilities	€ 19.32m
Shareholders' Equity	€ 20.50m

## SHAREHOLDERS

M. Oschmann	47.2%
Schlütersche Verlagsges.	5.2%
Treasury shares	5.0%
Free Float	42.6%

**Figure 1: Reported Q1 figures versus forecasts**

All figures in €m	Q1-25A	Q1-25E	Delta	Q1-24A	Delta
Gross sales	21.47	21.34	1%	20.77	3%
Revenue	5.28	5.30	0%	5.18	2%
EBITDA	0.08	0.41	-80%	0.22	-62%
margin	1.6%	7.8%	-	4.3%	-
EBIT	-0.08	0.20	-	0.01	-
margin	-1.5%	3.7%	-	0.2%	-
EBT	-0.05	0.27	-	0.07	-
margin	-1.0%	5.1%	-	1.3%	-
Net income	-0.19	0.10	-	-0.12	-
margin	-3.5%	1.9%	-	-2.3%	-
EPS (diluted)	-0.01	0.00	-	-0.01	-

Source: First Berlin Equity Research, ad pepper media International N.V.

**Balance sheet shrank 16%** The balance sheet total declined by almost €8m to €40.6m, which is due mainly to lower cash (€20.1m versus €24.2m at end 2024) and lower receivables (€12.6m versus €16.0m). Equity was largely stable at €20.5m, but the equity ratio rose from 42.6% to 50.5%. Payables fell from €20.6m to €14.4m, meaning that working capital remained negative at €-1.8m. APM has no bank debt. All in all, APM's balance sheet remains strong.

**Negative operating cash flow** Operating cash flow amounted to €-3.9m owing chiefly to lower payables (€-6.1m). As quarterly working capital fluctuations are not unusual, we believe that APM will soon return to positive operating cash flows as in recent years. Net cash flow was €-4.1m (see figure 2).

**Figure 2: Cash flow statement**

in €m	Q1-25A	Q1-24A
Operating cash flow	-3.90	-0.55
CAPEX	-0.05	-0.03
Free cash flow	-3.96	-0.58
Cash flow investing	-0.05	1.48
Cash flow financing	-0.12	-0.20
Net cash flow	-4.08	0.74

Source: First Berlin Equity Research, ad pepper media International N.V.

**Acquisition of majority stake in solute will shape 2025** APM increased its stake in solute to 59% on 24 April 2025 and plans to consolidate operations from 1 May on. This means that two of the three months in Q2 will contain solute figures and eight of the 12 months of the current fiscal year. Revenue and earnings figures in the coming quarters will thus be significantly higher than the prior year comps. Since our research report of 5 May 2025, we have integrated solute into our APM model. We will make more detailed forecasts once APM publishes its consolidated P&L.

**Buy rating confirmed with unchanged price target** An updated DCF model yields an unchanged €4.10 price target. We reiterate our Buy recommendation. Upside: 37%.



## VALUATION MODEL

DCF valuation model								
All figures in EUR '000								
	2025 E	2026 E	2027 E	2028 E	2029 E	2030 E	2031 E	2032 E
Net revenue	54,105	73,372	78,010	82,691	87,651	92,898	98,423	104,193
NOPLAT	2,696	4,136	4,515	4,970	5,284	5,617	5,969	6,338
+ depreciation & amortisation	1,260	1,508	1,515	1,561	1,757	1,871	1,951	2,017
Net operating cash flow	3,955	5,643	6,030	6,531	7,041	7,488	7,920	8,355
- total investments (CAPEX and WC)	-2,063	335	-878	-1,095	-1,186	-1,258	-1,334	-1,417
Capital expenditures	-649	-954	-1,170	-1,406	-1,490	-1,579	-1,673	-1,771
Working capital	-1,414	1,289	292	311	304	322	339	354
Free cash flows (FCF)	1,892	5,979	5,151	5,436	5,855	6,230	6,585	6,937
PV of FCF's	1,788	5,135	4,022	3,858	3,777	3,654	3,511	3,362

All figures in thousands		
PV of FCFs in explicit period (2025E-2039E)	49,174	
PV of FCFs in terminal period	31,549	
Enterprise value (EV)	80,724	
+ Net cash / - net debt	22,683	
+ Investments / minority interests	894	
Fair value of solute stake (44.37%)	0	
Shareholder value	104,301	
Number of shares (diluted)	25,617	
Fair value per share in EUR	4.07	

Terminal growth	2.0%
Terminal EBIT margin	9.3%

		Terminal growth rate							
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	
WACC	10.0%	6.0%	6.24	6.56	6.95	7.44	8.07	8.91	10.08
Cost of equity	10.0%	7.0%	5.36	5.56	5.80	6.08	6.43	6.87	7.43
Pre-tax cost of debt	5.0%	8.0%	4.71	4.85	5.00	5.18	5.40	5.66	5.97
Tax rate	30.0%	9.0%	4.23	4.32	4.43	4.55	4.69	4.85	5.04
After-tax cost of debt	3.5%	10.0%	3.85	3.91	3.99	4.07	4.17	4.28	4.40
Share of equity capital	100.0%	11.0%	3.54	3.59	3.64	3.70	3.77	3.85	3.93
Share of debt capital	0.0%	12.0%	3.29	3.33	3.37	3.41	3.46	3.52	3.58
Price target in EUR	4.10	13.0%	3.09	3.11	3.14	3.18	3.21	3.25	3.30

\* for layout purposes the model shows numbers only to 2032, but runs until 2039



## INCOME STATEMENT

All figures in EUR '000	2022A	2023A	2024A	2025E	2026E	2027E
<b>Gross sales</b>	<b>98,229</b>	<b>85,988</b>	<b>89,656</b>	<b>125,122</b>	<b>147,685</b>	<b>157,337</b>
Media costs	73,361	64,239	68,206	71,017	74,313	79,327
<b>Revenues</b>	<b>24,868</b>	<b>21,749</b>	<b>21,450</b>	<b>54,105</b>	<b>73,372</b>	<b>78,010</b>
Cost of sales	1,164	873	590	23,962	37,166	39,525
<b>Gross profit</b>	<b>23,704</b>	<b>20,876</b>	<b>20,861</b>	<b>30,143</b>	<b>36,206</b>	<b>38,485</b>
S&M	16,638	14,867	13,363	17,269	18,034	18,918
G&A	7,164	7,785	7,235	10,821	13,207	13,652
Other operating income	937	966	1,110	2,705	2,201	2,184
Other operating expenses	651	184	214	703	1,101	1,482
<b>EBITDA</b>	<b>1,275</b>	<b>24</b>	<b>2,003</b>	<b>5,314</b>	<b>7,573</b>	<b>8,132</b>
Depreciation and amortisation	1,088	1,018	843	1,260	1,508	1,515
<b>Operating income (EBIT)</b>	<b>187</b>	<b>-994</b>	<b>1,160</b>	<b>4,055</b>	<b>6,066</b>	<b>6,617</b>
Net financial result	-131	363	1,749	979	367	390
Non-operating expenses	0	0	0	0	0	0
<b>Pre-tax income (EBT)</b>	<b>56</b>	<b>-631</b>	<b>2,909</b>	<b>5,034</b>	<b>6,433</b>	<b>7,007</b>
Income taxes	306	68	489	1,359	1,930	2,102
Minority interests	-643	-245	-345	-1,616	-1,737	-1,900
<b>Net income / loss</b>	<b>-893</b>	<b>-944</b>	<b>2,075</b>	<b>2,059</b>	<b>2,766</b>	<b>3,005</b>
<b>Diluted EPS (in €)</b>	<b>-0.04</b>	<b>-0.05</b>	<b>0.09</b>	<b>0.08</b>	<b>0.11</b>	<b>0.12</b>
<b>Ratios</b>						
Gross margin in % of gross sales	24.1%	24.3%	23.3%	24.1%	24.5%	24.5%
Gross margin in % of revenues	95.3%	96.0%	97.3%	55.7%	49.3%	49.3%
EBITDA margin in % of revenues	5.1%	0.1%	9.3%	9.8%	10.3%	10.4%
EBIT margin	0.8%	-4.6%	5.4%	7.5%	8.3%	8.5%
Net margin	-3.6%	-4.3%	9.7%	3.8%	3.8%	3.9%
Tax rate	542.6%	-10.8%	16.8%	27.0%	30.0%	30.0%
<b>Expenses as % of sales or revenues</b>						
Media costs (as % of gross sales)	74.7%	74.7%	76.1%	56.8%	50.3%	50.4%
S&M (as % of revenues)	66.9%	68.4%	62.3%	31.9%	24.6%	24.3%
G&A (as % of revenues)	28.8%	35.8%	33.7%	20.0%	18.0%	17.5%
Depreciation and amortisation	4.4%	4.7%	3.9%	2.3%	2.1%	1.9%
Other operating expenses	2.6%	0.8%	1.0%	1.3%	1.5%	1.9%
<b>Y-Y Growth</b>						
Gross sales	-11.9%	-12.5%	4.3%	39.6%	18.0%	6.5%
Net revenues	-10.0%	-12.5%	-1.4%	152.2%	35.6%	6.3%
EBITDA	-70.9%	-98.1%	8243.8%	165.4%	42.5%	7.4%
Operating income	-94.1%	n.m.	n.m.	249.7%	49.6%	9.1%
Net income/ loss	n.m.	n.m.	n.m.	-0.8%	34.4%	8.6%



## BALANCE SHEET

All figures in EUR '000	2022A	2023A	2024A	2025E	2026E	2027E
<b>Assets</b>						
<b>Current assets, total</b>	<b>41,768</b>	<b>37,297</b>	<b>41,257</b>	<b>53,276</b>	<b>59,158</b>	<b>65,744</b>
Cash and cash equivalents	17,008	19,842	24,155	22,545	27,922	32,601
Financial assets	6,334	3,621	15	15	15	15
Receivables	17,568	13,124	16,018	29,647	30,153	32,059
Inventories	0	0	0	0	0	0
Other current assets	858	710	1,069	1,069	1,069	1,069
<b>Non-current assets, total</b>	<b>2,186</b>	<b>5,644</b>	<b>7,113</b>	<b>15,483</b>	<b>15,899</b>	<b>16,416</b>
Property, plant & equipment	230	173	100	344	587	920
Goodwill & other intangibles	374	168	336	462	634	819
Right-of-use assets	1,318	1,184	1,197	1,197	1,197	1,197
Financial assets	184	3,936	5,412	13,412	13,412	13,412
Other assets	79	183	68	68	68	68
<b>Total assets</b>	<b>43,954</b>	<b>42,941</b>	<b>48,370</b>	<b>68,759</b>	<b>75,057</b>	<b>82,160</b>
<b>Shareholders' equity &amp; debt</b>						
<b>Current liabilities, total</b>	<b>27,448</b>	<b>23,238</b>	<b>26,914</b>	<b>39,129</b>	<b>40,924</b>	<b>43,122</b>
Short-term debt	0	0	0	0	0	0
Accounts payable	20,836	17,657	20,610	32,825	34,620	36,818
Current provisions	0	0	0	0	0	0
Other current liabilities	6,089	5,045	5,768	5,768	5,768	5,768
Lease liabilities	523	536	536	536	536	536
<b>Long-term liabilities, total</b>	<b>840</b>	<b>822</b>	<b>853</b>	<b>853</b>	<b>853</b>	<b>853</b>
Long-term debt	0	0	0	0	0	0
Lease liabilities	840	754	840	840	840	840
Other liabilities	0	68	13	13	13	13
<b>Minority interests</b>	<b>1,176</b>	<b>1,217</b>	<b>894</b>	<b>2,510</b>	<b>4,247</b>	<b>6,147</b>
<b>Shareholders' equity</b>	<b>14,490</b>	<b>17,664</b>	<b>19,709</b>	<b>26,267</b>	<b>29,033</b>	<b>32,038</b>
Share capital	1,075	1,160	1,160	1,275	1,275	1,275
Capital reserve	63,782	67,173	67,149	71,533	71,533	71,533
Other reserves	0	0	0	0	0	0
Loss carryforward / retained earnings	-50,367	-50,669	-48,600	-46,541	-43,776	-40,771
<b>Total consolidated equity and debt</b>	<b>43,954</b>	<b>42,941</b>	<b>48,370</b>	<b>68,759</b>	<b>75,057</b>	<b>82,160</b>
<b>Ratios</b>						
Current ratio (x)	1.52	1.61	1.53	1.36	1.45	1.52
Quick ratio (x)	1.52	1.61	1.53	1.36	1.45	1.52
Net debt	-15,645	-18,552	-22,779	-21,169	-26,546	-31,225
Net gearing	-108.0%	-105.0%	-115.6%	-80.6%	-91.4%	-97.5%
Equity ratio	35.6%	44.0%	42.6%	41.9%	44.3%	46.5%
Book value per share (in €)	0.71	0.85	0.90	1.08	1.17	1.29
Return on equity (ROE)	-6.2%	-5.3%	10.5%	7.8%	9.5%	9.4%
Return on investment (ROI)	-2.0%	-2.2%	4.3%	3.0%	3.7%	3.7%
Return on assets (ROA)	-1.6%	-2.1%	4.4%	3.0%	3.7%	3.7%



## CASH FLOW STATEMENT

All figures in EUR '000	2022A	2023A	2024A	2025E	2026E	2027E
<b>EBIT</b>	<b>187</b>	<b>-994</b>	<b>1,160</b>	<b>4,055</b>	<b>6,066</b>	<b>6,617</b>
Depreciation and amortisation	1,088	1,018	843	1,260	1,508	1,515
<b>EBITDA</b>	<b>1,275</b>	<b>24</b>	<b>2,003</b>	<b>5,314</b>	<b>7,573</b>	<b>8,132</b>
Changes in working capital	3,256	1,975	1,971	-1,414	1,289	292
Other adjustments	-2,600	-760	-1,631	-380	-1,563	-1,712
<b>Operating cash flow</b>	<b>1,931</b>	<b>1,239</b>	<b>2,343</b>	<b>3,520</b>	<b>7,300</b>	<b>6,712</b>
Investments in PP&E	-111	-53	-42	-325	-514	-624
Investments in intangibles	-108	-61	-261	-325	-440	-546
<b>Free cash flow</b>	<b>1,712</b>	<b>1,125</b>	<b>2,040</b>	<b>2,871</b>	<b>6,346</b>	<b>5,541</b>
Acquisitions & disposals, net	1,938	6,091	3,556	-8,000	0	0
Other investments	-5,000	-3,521	135	0	0	0
<b>Investment cash flow</b>	<b>-3,281</b>	<b>2,456</b>	<b>3,389</b>	<b>-8,649</b>	<b>-954</b>	<b>-1,170</b>
Debt financing, net	0	0	0	0	0	0
Equity financing, net	-1,232	0	0	4,500	0	0
Dividends paid	0	0	0	0	0	0
Other financing	-1,124	-893	-1,321	-980	-970	-862
<b>Financing cash flow</b>	<b>-2,356</b>	<b>-893</b>	<b>-1,321</b>	<b>3,519</b>	<b>-970</b>	<b>-862</b>
FOREX & other effects	10	33	-96	0	0	0
<b>Net cash flows</b>	<b>-3,696</b>	<b>2,834</b>	<b>4,314</b>	<b>-1,610</b>	<b>5,376</b>	<b>4,680</b>
Cash, start of the year	20,704	17,008	19,842	24,155	22,545	27,922
<b>Cash, end of the year</b>	<b>17,008</b>	<b>19,842</b>	<b>24,156</b>	<b>22,545</b>	<b>27,922</b>	<b>32,601</b>
<b>EBITDA/share (in €)</b>	<b>0.06</b>	<b>0.00</b>	<b>0.09</b>	<b>0.22</b>	<b>0.30</b>	<b>0.33</b>
<b>Y-Y Growth</b>						
Operating cash flow	-12.5%	-35.8%	89.1%	50.3%	107.4%	-8.1%
Free cash flow	-10.3%	-34.3%	81.3%	40.8%	121.0%	-12.7%
EBITDA/share	-69.9%	-98.2%	7746.3%	139.6%	39.7%	7.4%

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##### ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy <sup>1</sup>	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

<sup>1</sup> The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

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#### RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	9 January 2018	€4.06	Add	€4.30
2...55	↓	↓	↓	↓
56	1 July 2024	€1.99	Buy	€2.90
57	16 July 2024	€1.93	Buy	€2.90
58	19 August 2024	€1.87	Buy	€2.90
59	16 October 2024	€1.62	Buy	€2.90
60	22 November 2024	€1.57	Buy	€2.90
61	18 February 2025	€1.96	Buy	€2.90
62	25 February 2025	€2.30	Buy	€2.90
63	5 May 2025	€2.94	Buy	€4.10
64	Today	€3.00	Buy	€4.10



**INVESTMENT HORIZON**

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- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

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