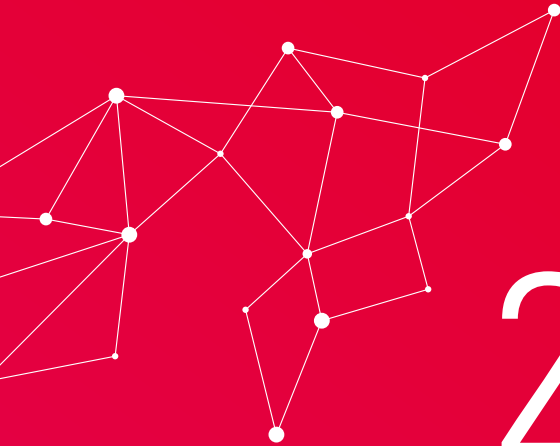


FIRST QUARTER

UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS
AS AT 31 MARCH 2020



20
» 20

» SELECTED GROUP KEY FIGURES

	Q1 2020	Q1 2019	Change
	kEUR	kEUR	in percent
Gross sales	21,649	20,654	4.8
Revenue	5,841	5,048	15.7
Gross profit	5,703	4,918	16.0
EBIT	839	473	77.5
EBITDA	1,120	709	58.0
Net income/(loss) for period	730	382	91.0
Earnings per share in EUR (basic)	0.03	0.01	-

	31/3/2020	31/3/2019	Change
	kEUR	kEUR	in percent
Liquid funds*	20,572	23,208	-11.4
Equity	18,745	16,979	10.4
Total assets	39,029	40,441	-3.5
No. of employees	225	200	12.5

*including securities

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» KEY FIGURES AT A GLANCE

Key data about the ad pepper media 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	October 9, 2000
Designated Sponsor	Pareto Securities
Capital stock (EUR)	1,075,000
No. of shares	21,500,000
Sector	Advertising

Key share figures	Q1	Q1
	2020	2019
XETRA closing price at end of period (EUR)	2.62	2.26
Highest price (EUR)	3.17	2.64
Lowest price (EUR)	2.30	2.10
Market capitalisation at end of period (EUR)	56.3m	51.9m
Average no. of shares traded (XETRA) per day	8,118	5,283
Earnings per share (basic) (EUR)	0.03	0.01
Net cash per share* (EUR)	0.90	0.98

*((liquid funds – total non-current liabilities) / number of shares outstanding)

Share price performance over the past twelve months (Xetra)



Shareholder structure as at 31/3/2020	Number of shares	Shareholding
		in percent
EMA B.V.	9,486,402	44.12
Treasury stock	499,292	2.32
Dieter Koppitz	823,197	3.83
Euro Serve Media GmbH	556,163	2.59
Subtotal	11,365,054	52.86
Free float	10,134,946	47.14
Total	21,500,000	100.00

» THE STRUCTURE OF THE AD PEPPER MEDIA GROUP

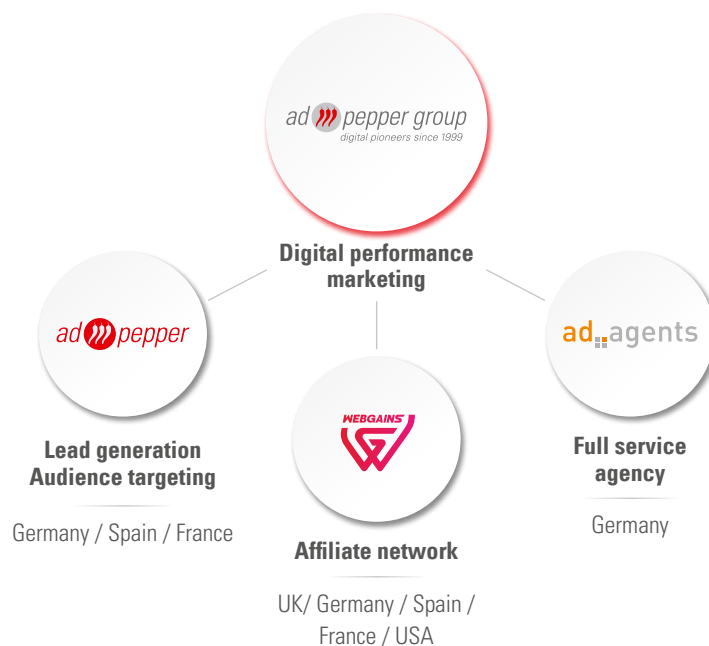
ad pepper media International N.V. is the holding company of one of the leading international performance marketing groups. It was founded in 1999 and, thus, is one of the pioneers in the online marketing industry. With nine offices in four European countries and the U.S., the ad pepper media Group globally develops performance marketing solutions for our customers.

The Company operates within the dynamic environment of digital commerce, which is characterised by dynamic growth in both consumer and advertising expenditure. Channels such as social media, search, video and mobile – to name just a few – continue to expand their market share. These dynamics drive our business and open up a range of new opportunities for our clients and us.

The ad pepper media Group works for large firms and major SMEs based in Europe and abroad. Our clients operate primarily in the “Trade & Consumer Goods”, “Financial Services”, “Telecommunication & Technology” and “Transport and Tourism” sectors. The ad pepper media Group aims for long-term client relationships: some of its clients have worked with the Company for more than ten years.

As part of our long-term value creation strategy, we are focusing on organic growth in the existing business segments, while evaluating opportunities for inorganic growth through value-accretive acquisitions. Today, the Group divides its business into three reporting segments that work in close cooperation with the holding company and operate independently on the market: **ad pepper media** (lead generation and audience targeting), **ad agents** (full-service agency), and **Webgains** (affiliate network). Within the framework of the overall governance of the Group, the holding company (admin) takes responsibility for know-how transfer between the segments, the strategic focus, as well as financing and liquidity. Part of our overall strategy is to support and strengthen each segment individually as each business has its own distinctive culture, clients, product range and regional focus. The common umbrella across the three business segments is that we offer our clients performance-based solutions. This means that the advertiser only pays if there are measurable results (completion of specific actions). The most common models in performance-based marketing are: CPM (cost-per-mile), CPC (cost-per-click), CPL (cost-per-lead), CPA (cost-per-acquisition).

ad pepper media also offers a broad range of services such as advice and development of strategies for the use of digital technology, the conception, implementation and execution of digital marketing and communication measures as well as advice on digital media strategies and digital media technologies and tools. It can therefore not be ignored that due to the growing importance of digital processes for the companies, the sheer volume of budgets allocated to these, the rising amount of data and the ever-growing importance of analysing it (preferably in real time), a successful company in the field of digital marketing has to develop competencies that go beyond the effective allocation of digital media spend across multiple channels and managing the respective campaigns. It is therefore not surprising that – in some areas of our business – ad pepper media is competing more and more with well-known strategy and IT consultancies.



The segments of the ad pepper media Group

ad pepper media

The Group's success story began with ad pepper media in 1999. As a leading performance marketing company, it specialises in lead generation and targeting specific audiences. ad pepper media works with its customers to develop online marketing strategies for over 50 countries worldwide. ad pepper media also applies the latest technologies to each project. Whether at local, national or international level, ad pepper media helps its customers meet their goals by developing the most efficient online marketing strategies for their budget. By taking local conditions into consideration, ad pepper media is able to optimise campaigns for the target markets. Whether they are working with an agency or a direct customer, their aim is always the same: to deliver the best possible results for the customer. What makes ad pepper media different from its competitors? Many years of experience – and iLead. This unique platform enables them to generate customised campaigns that are adapted to their customers' markets in next to no time. And ad pepper media designed the platform themselves. So far, it has used iLead to successfully launch and manage over 30,000 campaigns worldwide and generate millions of qualified leads.

Offices: Nuremberg / Madrid

Webgains

A network is only as strong as its members. Thanks to Webgains' partnerships with over 250,000 publishers, their customers have access to one of the world's leading high-performance affiliate marketing networks – for the largest reach possible. What's more, Webgains' experienced acquisitions team works to sign up new high-quality publishers on an ongoing basis. Webgains joined the ad pepper media Group in 2006. Today, over 1,850 customers in 14 countries – from start-ups to global players – rely on the services of Webgains registered and approved affiliate publishers to deliver sales in over 170 global markets. When it comes to designing local and international campaigns, Webgains not only benefits from its strong publisher network but also the extensive experience of over 100 highly motivated experts with excellent knowledge of global markets – not to mention the most innovative tools.

Their current business development strategy focuses on a service-oriented and performance-differentiated concept, supported by an optimal mix of human and artificial intelligence and accelerated by machine learning. 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. As well as being committed to the ongoing development of its tools, Webgains supports its employees' professional development at the company's integrated Webgains Academy. Everything they do is designed to turn Webgains' customers into market leaders and maximise their sales. In short, their teams always give their all.

**Offices: London / Bristol / Nuremberg / Munich /
Paris / Madrid / France / New York**

ad agents

ad agents joined the ad pepper media Group in 2007. Today it is one of Germany's most successful performance marketing agencies – and for a good reason. Their strategies are as unique as their personalised advice and support services. They are always optimised to suit the situation and the specific requirements of ad agents' customers. They maintain an overview of the entire digital advertising market and adapt their comprehensive service portfolio accordingly. Concept, management and optimisation: these factors are crucial for delivering an efficient marketing and sales solution. ad agents' performance marketing experts always find the perfect strategy for increasing our customers' profiles and turnover – across all digital channels and on all devices.

Customers benefit from ad agents' sixth sense for trends, their extensive experience and transparent reporting. For years, national and international companies from virtually every industry have relied on ad agents for their digital marketing activities. Why? Because their campaigns deliver outstanding results.

Exceptional quality always pays off: *ad agents is a certified Google Premier Partner, Microsoft Advertising Elite Agency as well as a Facebook Marketing Partner and maintains strong partnerships with leading-edge technology providers.*

Office: Herrenberg

» GENERAL INFORMATION ABOUT THIS MANAGEMENT REPORT

Definitions

All mentions of "ad pepper media International N.V.", "ad pepper media Group" or the "Group" in this management report relate to the ad pepper media Group.

Forward-looking statements

This management report contains forward-looking statements and information based on the beliefs of and assumptions made by our management using information currently available to them. We have based these forward-looking statements on our current expectations, assumptions and projections about future conditions and events. As a result, our forward-looking statements and information are subject to uncertainties and risks, many of which are beyond our control. If one or more of these uncertainties or risks materialise, or if the management's underlying assumptions prove incorrect, our actual results could differ materially from those described in or inferred from our forward-looking statements and information. We describe these risks and uncertainties in the risk report of our Annual Report 2019.

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 at 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 issuance of this report.

Internal control system

Gross sales, revenue and profits (EBIT, EBITDA, gross profit) are some of the parameters that the ad pepper media 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 media Group. External indicators are also regularly analysed for company management purposes. In addition, there are weekly scheduled jour fixes as well as regular shareholder meetings with the individual subsidiaries.

» MACROECONOMIC FRAMEWORK

According to a report published by the International Monetary Fund (IMF) in April 2020, the global economy is projected to contract sharply by -3 percent globally due to the COVID-19 pandemic, much worse than during the 2008/09 financial crisis. In a baseline scenario prepared by IMF, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalises, helped by policy support. However, there is extreme uncertainty around the global growth forecast. The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioural changes (such as people avoiding shopping malls and public transportation), confidence effects, and volatile commodity prices, according to IMF. In addition, many countries face a multi-layered crisis comprising a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and a collapse in commodity prices. According to IMF, risks of a worse outcome predominate.

» EARNINGS, FINANCIAL AND NET ASSET POSITION

Earnings position

ad pepper media International N.V. generated gross sales (i.e. amounts invoiced to our customers) of EUR 21,649k in the first quarter of 2020, corresponding to year-on-year growth of 4.8 percent (Q1 2019: EUR 20,654k). Revenue for the Group amounted to EUR 5,841k in the first quarter, equivalent to growth of 15.7 percent (Q1 2019: EUR 5,047k). After an already excellent start to the year in the months of January and February, the final month of the first quarter saw a new revenue record of EUR 2,047k (March 2019: EUR 1,770k). This level is comparable with strong revenue months during the 2019 Christmas shopping season. The Webgains segment posted revenue growth of 6.1 percent to EUR 2,758k (Q1 2019: EUR 2,599k). The ad pepper media segment increased its revenue by 31.1 percent to EUR 1,544k (Q1 2019: EUR 1,182k). Over the same period, the ad agents segment showed growth of 21.1 percent to EUR 1,539k (Q1 2019: EUR 1,271k).

Gross profit increased by 16.0 percent and amounted to EUR 5,703k (Q1 2019: EUR 4,918k). The Group's operating expenses of EUR 4,864k increased by 9.4 percent compared with the previous year's period (Q1 2019: EUR 4,445k). The Group's profitability therefore improved significantly: consolidated EBIT for the first three months of the year increased by 77.5 percent and amounted to EUR 839k (Q1 2019: EUR 473k). At EUR 1,120k, consolidated EBITDA increased by 58.0 percent compared with the previous year's figure (Q1 2019: EUR 709k). Both EBIT and EBITDA represent the best first-quarter operating earnings figure in the Company's history. Individual segment EBITDAs are as follows: ad pepper media posted EUR 704k (Q1 2019: EUR 535k), Webgains reported EUR 603k (Q1 2019: EUR 417k) and ad agents generated EUR 118k (Q1 2019: EUR 74k).

Financial position

Gross cash flow amounted to EUR 1,096k (Q1 2019: EUR 566k), while a figure of EUR -4,109k was reported for the cash flow from operations, as against EUR 2,965k for the first three months of 2019. The key factor driving the cash outflow from operating activities was the significant reduction of trade payables. Cash outflow for investing activities amounted to EUR -318k (Q1 2019: EUR -25k) and is due to new software additions. Cash flow from financing activities amounted to EUR -195k in the first three months of 2020 (Q1 2019: EUR -177k) and includes cash outflow for leasing payments made in conjunction with capitalised right-of-use assets.

Net asset position

Total assets decreased by EUR 5,023k to EUR 39,029k compared with 31 December 2019 (EUR 44,052k). The decrease was due to lower trade receivables, which fell by EUR 679k to EUR 14,218 at the end of the first quarter of 2020. Liquid funds went down by EUR 4,657k to EUR 20,572k compared with 31 December 2019 (EUR 25,229). The higher outflow of funds was largely due to a date-related reduction in trade payables by 4,833 to EUR 13,760 (31 December 2019: EUR 18,593). Current liabilities decreased from EUR 24,299k as at 31 December 2019 to EUR 18,613k, which is particularly due to affiliate and website payments made amounting to EUR 2,824k and VAT payments of EUR 620k.

Other financial liabilities decreased from EUR 2,075k as of December 31, 2019 to EUR 1,636k, which was mainly driven by bonus payments in the first quarter. Total non-current liabilities amount to EUR 1,671k (December 31, 2019: EUR 1,713k). Of these, EUR 1,408k (December 31, 2019: EUR 1,447k) relate to lease liabilities for capitalized right of use assets. Current liabilities amount to EUR 18,613k (December 31, 2019: EUR 24,299k). Of these, EUR 827k (December 31, 2019: EUR 799k) relate to the lease liability for capitalized right-of-use assets. The liabilities cash settled stock option plan remained at EUR 209k unchanged compared to December 31, 2019. Total liabilities amount to EUR 20,284k (December 31, 2019: EUR 26,012k). The Group still does not have any liabilities to banks. Total equity increased slightly to EUR 18,745k (December 31, 2019: EUR 18,040k). Consequently, the equity ratio increased to 48 percent as per end of March 2020 (December 31, 2019: 41 percent).

» RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development largely comprises activities in the Webgains segment. However, no investment in research and development was made in the period covered by this report, i.e. research costs are expensed as incurred.

» EMPLOYEES

As at 31 March 2020, the ad pepper media Group had 225 employees, as against a total of 200 employees at the end of the equivalent period in the previous year. The workforce of the ad pepper media Group is assigned to the following segments:

	31/3/2020	31/3/2019
	Number	Number
ad pepper media	29	21
Webgains	95	92
ad agents	87	74
Administration	14	13

» 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 2019. Reference is therefore made to the information presented in the management report for the 2019 financial year.

» OUTLOOK

As announced on 23 April 2020, the worldwide spread of the COVID-19 pandemic since the beginning of March makes a reliable forecast with respect to our further business performance in the full year 2020 impossible at this point in time. However, we see two opposing developments that will impact revenue performance in the short term: near-term cancellations of advertising budgets, especially in the travel, hotel and transportation sectors, will be offset by stable to positive budget developments, predominantly in the sports, leisure & hobbies, home & garden, toys & games and other sectors of the so-called “stay-at-home economy”. If the current situation were to persist or even deteriorate over the coming months, and if we are not able to offset the decline in sales with customers from the first category, negative effects may outweigh the positive ones.

Nuremberg, 26 May 2020

ad pepper media International N.V.



Dr Jens Körner, CEO

» CONSOLIDATED INCOME STATEMENT

	Q1 2020	Q1 2019
	kEUR	kEUR
Gross sales ¹	21,649	20,654
Media cost ²	-15,808	-15,607
Revenue³	5,841	5,048
Cost of sales	-138	-130
Gross profit	5,703	4,918
Selling and marketing expenses	-3,143	-2,852
General and administrative expenses	-1,743	-1,586
Other operating income	205	85
Other operating expenses	-183	-93
Operating profit	839	473
Financial income	2	12
Financial expenses	-32	-151
Income before taxes	809	334
Income taxes	-79	48
Net income	730	382
Attributable to shareholders of the parent company	647	285
Attributable to non-controlling interests	83	97
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.03	0.01
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.03	0.01
	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	21,000,708	21,000,708
Weighted average number of shares outstanding (diluted)	21,207,956	21,158,232

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 cost relates to payments made to suppliers of ad inventory (commonly referred to as media buys and publishers). Disclosure of media cost information is not required under IFRS; however, it is voluntarily disclosed in the Consolidated Income Statement since management has concluded that the information is useful for users of the financial statements.

3 Revenue is defined pursuant to IFRS 15.

» CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q1 2020	Q1 2019
	kEUR	kEUR
Net income	730	382
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	-35	68
Other comprehensive income	-35	68
Total comprehensive income	695	450
Attributable to non-controlling interests	83	97
Attributable to shareholders of the parent company	612	353

» CONSOLIDATED STATEMENT OF
FINANCIAL POSITION – ASSETS

	31/3/2020	31/12/2019
	kEUR	kEUR
Non-current assets		
Intangible assets	528	359
Property, plant, and equipment	453	391
Right-of-use assets	2,128	2,129
Other financial assets	452	442
Total non-current assets	3,561	3,321
Current assets		
Trade receivables	14,218	14,897
Other receivables	411	340
Income tax receivables	224	218
Other financial assets	43	47
Cash and cash equivalents	20,572	25,229
Total current assets	35,468	40,731
Total assets	39,029	44,052

» CONSOLIDATED STATEMENT OF
FINANCIAL POSITION – EQUITY AND LIABILITIES

	31/3/2020	31/12/2019
	kEUR	kEUR
Equity attributable to shareholders of the parent company		
Issued capital*	1,075	1,075
Share premium	63,782	63,782
Reserves	-47,130	-47,752
Total	17,727	17,105
Non-controlling interests	1,018	935
Total equity	18,745	18,040
Non-current liabilities		
Deferred tax liabilities	39	41
Other liabilities	1,632	1,672
Total non-current liabilities	1,671	1,713
Current liabilities		
Trade payables	13,760	18,593
Contract liabilities	232	146
Other liabilities	2,375	2,982
Other financial liabilities	1,636	2,075
Income tax liabilities	610	503
Total current liabilities	18,613	24,299
Total liabilities	20,284	26,012
Total equity and liabilities	39,029	44,052

*The issued capital consists of shares with a nominal value of EUR 0.05 each. The authorised capital amounts to 21,929,708 shares, of which 21,500,000 (31 December 2019: 21,500,000) are issued and 21,000,708 shares were floating at 31 March 2020 (31 December 2019: 21,000,708)

» CONSOLIDATED STATEMENT OF CASH FLOWS – 1 / 2

	1/1 - 31/3/2020	1/1 - 31/3/2019
	KEUR	KEUR
Net income	730	382
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets, and amortization of intangible assets	281	236
Gain/loss on sale of fixed assets	0	-3
Share-based compensation	10	17
Other financial income and financial expenses	30	139
Income taxes	79	-48
Income from the releases of accrued liabilities	-203	-98
Other non-cash income and expenses	169	-59
Gross cash flow	1,096	566
Change in trade receivables	587	4,266
Change in other assets	-80	-99
Change in trade payables	-4,682	-821
Change in other liabilities	-1,024	-910
Income tax received	30	0
Income tax paid	-6	-31
Interest received	2	0
Interest paid	-32	-6
Net cash flow from / used in operating activities	-4,109	2,965
Purchase of intangible assets and property, plant, and equipment	-318	-28
Proceeds from sale of intangible assets and property, plant, and equipment	0	3
Net cash flow from / used in investing activities	-318	-28

» CONSOLIDATED STATEMENT OF CASH FLOWS – 2/2

	1/1 - 31/3/2020	1/1 - 31/3/2019
	kEUR	kEUR
Payment of lease liabilities	-195	-177
Net cash flow from / used in financing activities	-195	-177
Net decrease/increase in cash and cash equivalents	-4,622	2,763
Cash and cash equivalents at beginning of period	25,229	18,233
Effect of exchange rates on cash and cash equivalents	-35	68
Cash and cash equivalents at end of period	20,572	21,064

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2020

	Balance at 1/1/2020	Total comprehensive income	Share-based payment	Dividends	Balance at 31/3/2020
Issued capital (kEUR)	1,075				1,075
Share premium (kEUR)	63,782				63,782
Reserves					
Treasury reserve (kEUR)	-1,438				-1,438
For employee stock option plans (kEUR)	2,558		10		2,568
Accumulated deficit (kEUR)	-47,715	647			-47,068
Currency translation differences (kEUR)	-1,157	-35			-1,192
Subtotal reserves (kEUR)	-47,752	612	10	0	-47,130
Equity attributable to shareholders of ad pepper media International N.V. (kEUR)	17,105	612	10	0	17,727
Non-controlling interests (kEUR)	935	83			1,018
Total equity (kEUR)	18,040	695	10	0	18,745

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2019

	Balance at 1/1/2019	Total comprehensive income	Share-based payment	Dividends	Balance at 31/3/2019
Issued capital (kEUR)	1,150				1,150
Share premium (kEUR)	63,782				63,782
Reserves					
Treasury reserve (kEUR)	-5,299				-5,299
For employee stock option plans (kEUR)	2,514		17		2,531
Accumulated deficit (kEUR)	-45,281	285			-44,996
Currency translation differences (kEUR)	-1,208	68			-1,140
Subtotal reserves (kEUR)	-49,274	353	17	0	-48,904
Equity attributable to shareholders of ad pepper media International N.V. (kEUR)	15,658	353	17	0	16,028
Non-controlling interests (kEUR)	853	97			950
Total equity (kEUR)	16,511	450	17	0	16,978

» SELECTED EXPLANATORY NOTES

Consolidated segment information (IFRS)

Q1 2020	ad pepper media	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Gross sales	3,098	13,782	4,770	0	0	21,649
Revenue	1,544	2,758	1,539	124	-124	5,841
Thereof external	1,544	2,758	1,539	0	0	5,841
Thereof intersegment	0	0	0	124	-124	0
Gross profit	1,389	2,710	1,480	124	0	5,703
Expenses (including cost of sales) and other income	-886	-2,276	-1,480	-483	124	-5,002
Thereof depreciation and amortisation	-46	-121	-60	-54	0	-281
Thereof other non-cash expenses	-11	-113	-54	0	0	-178
Thereof other non-cash income	15	180	8	8	0	211
EBITDA	704	603	118	-305	0	1,120
Operating profit	658	482	59	-359	0	839
Financial income	0	2	0	0	0	2
Financial expenses	-3	-6	-5	-18	0	-32
Income taxes						-79
Net income for the period						730

Consolidated segment information (IFRS)

Q1 2019	ad pepper media	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Gross sales	2,383	13,787	4,484	0	0	20,654
Revenue	1,182	2,599	1,271	95	-100	5,048
Thereof external	1,178	2,599	1,271	0	0	5,048
Thereof intersegment	5	0	0	95	-100	0
Gross profit	1,067	2,566	1,194	95	-5	4,918
Expenses (including cost of sales) and other income	-660	-2,323	-1,238	-450	95	-4,575
Thereof depreciation and amortisation	-13	-141	-41	-41	0	-236
Thereof other non-cash expenses	-2	-150	-1	-18	0	-170
Thereof other non-cash income	15	85	0	0	0	100
EBITDA	535	417	74	-312	-5	709
Operating profit	523	276	33	-355	-5	473
Financial income	0	2	0	10	0	12
Financial expenses	-1	-9	-4	-137	0	-151
Income taxes						48
Net income for the period						382

1. Basis for the preparation of the Interim Financial Statements

The current condensed interim consolidated financial statements of ad pepper media International N.V. were prepared according to the provisions of the International Financial Reporting Standards IFRS as applicable on the closing date, and are presented in euros (EUR). The comparative figures from the previous year were determined according to the same principles and adjusted where necessary. The quarter-end financial statements meet the requirements of IAS 34. The condensed consolidated interim financial statements do not include all of the information required for the full annual financial statements and should therefore be read in conjunction with the consolidated Annual Report for the year ended 31 December 2019.

The consolidated interim financial statements as at 31 March 2020 were authorised for issue by the Board of Directors on 26 May 2020.

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 2019 except for the adoption of new standards effective from 1 January 2020. 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 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

Amendments to IFRS 7, IFRS 9 and IAS 39:

Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the consolidated financial statements of the Group, as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

3. Consolidated Group

The entities included in consolidation are as follows:

Entity	31/3/2020	31/3/2019
	percent	percent
ad pepper media GmbH, Nuremberg, Germany	100	100
ad pepper media France S.A.R.L., Paris, France	100	100
ad pepper media Spain S.A., Madrid, Spain	65	65
ad pepper media USA LLC, New York, USA	100	100
Webgains Ltd, London, United Kingdom	100	100
ad agents GmbH, Herrenberg, Germany	60	60
Webgains GmbH, Nuremberg Germany	100	0

4. Notes to the Interim Financial Statements

4.1. Revenue from contracts with customers

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

For the three months ended 31 March 2020				
Segments	ad pepper media	Webgains	ad agents	Total
Geographical markets				
Germany	1,040	521	1,539	3,100
United Kingdom		1,841		1,841
Spain	504	236		740
USA		101		101
Other		59		59
Total revenue	1,544	2,758	1,539	5,841

For the three months ended 31 March 2019				
Segments	ad pepper media	Webgains	ad agents	Total
Geographical markets				
Germany	644	626	1,271	2,540
United Kingdom		1,500		1,500
Spain	534	133		668
USA		280		280
Other		60		60
Total revenue	1,178	2,599	1,271	5,048

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 mainly includes income of EUR 151k (Q1 2019: EUR 61k) from reversals of non-disbursed affiliate credits in the Webgains segment that are classified by the ad pepper media Group as not being likely to be paid out. Net foreign exchange gains amount to EUR 20k, while a net foreign exchange loss of EUR 133k was posted in the equivalent prior year's quarter.

Other operating expenses for the first quarter of 2020 chiefly comprise write-downs of receivables of EUR 178k (Q1 2019: EUR 60k).

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 media" (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 2019.

The segment results are measured by EBIT and EBITDA for each segment without differences to IFRS. The segment results thus calculated are reported to the chief operating decision-maker for the purpose of allocating resources and assessing segment performance.

The "dealing at arm's length" principle forms the basis of accounting for intersegment transactions.

Geographical information

The Group operates in four principal geographical areas - Germany, Spain, United Kingdom and the USA.

Information about segment assets are detailed below according to geographical location. Non-current assets do not include financial instruments or deferred tax assets:

	Non-current assets	
	31/3/2020	31/3/2019
	kEUR	kEUR
Germany	1,854	1,385
United Kingdom	978	1,231
Spain	230	50
USA and other	47	99
Total	3,109	2,765

Revenue of EUR 593k (Q1 2019: EUR 160k) came from one single external customer, which is the only client whose transactions represent more than 10 per cent of Group revenue. This revenue is attributable to the ad pepper segment.

6. Treasury stock

Acquisition of treasury stock

By a shareholders' resolution dated 21 May 2019, the Board of Directors was authorised to repurchase treasury stock of up to 50 percent of the issued capital within the following 18 months.

As at 31 March 2020, ad pepper media International N.V. held 499,292 treasury shares (31 March 2019: 1,999,292) at a nominal value of EUR 0.05 each, corresponding to 2.32 percent (31 March 2019: 8.7 percent) of the share capital. According to a shareholders' resolution, these shares can be used for stock option plans or acquisitions.

Sale of treasury stock

No treasury shares were sold during the first three months of 2020 (Q1 2019: 0). No shares were sold under the employee stock option plans (Q1 2019: 20,000).

Number of shares outstanding

The number of shares issued and outstanding as at 31 March 2020 totals 21,000,708 (31 March 2019: 21,000,708). Each share has a nominal value of EUR 0.05.

7. Seasonal influences on business operations

The ad pepper media Group is engaged in the field of online advertising in the broadest sense. Due to the seasonal character of the advertising industry, with its traditional focus on expenditure in the fourth quarter, revenue and, thus, operating profit are generally higher in the second half of the year.

8. Stock options and shareholdings

As at 31 March 2020, a total of 307,400 stock options existed under stock option plans. The exchange ratio for each of the stock options is one share per option. The exercise prices are in the range of EUR 0.665 to EUR 3.795.

The following table lists the individual holdings and option rights of the Supervisory Board and Board of Directors (directly and indirectly) as well as employees.

	Shares as at 31/3/2020	Options as at 31/3/2020
Board of Directors		
Dr Jens Körner		150,000
Former Board of Directors		0
Supervisory Board		
Michael Oschmann		0
Thomas Bauer		10,000
Dr Stephan Roppel		10,000
Employees		137,400
Associated companies		
EMA B.V.	9,486,402	
Euro Serve Media GmbH	556,163	

9. Report on major transactions with related companies and persons

There have been no material changes in transactions with related parties compared with the 2019 financial year.

10. Events after the balance sheet date

At the General Meeting of Shareholders on 19 May 2020 Ms. Dagmar Bottenbruch was appointed as new member of the Supervisory Board.

No significant other events apart from the covid-19 outbreak have occurred after the balance sheet date.

Nuremberg, 26 May 2020
ad pepper media International N.V.



Dr Jens Körner, CEO

» FINANCIAL CALENDAR

All financial and press dates relevant for the capital market at a glance:

Quarterly Report II / 2020	20 August 2020
Quarterly Report III / 2020	17 November 2020

» INVESTOR CONTACT

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 Dr Jens Körner, CEO

Our 2019 Annual Report as well as the Interim Financial Reports for 2020 are available in English at www.adpeppergroup.com under:

Investor relations / Statutory publications / Financial reports

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