

# THIRD QUARTER

UNAUDITED CONDENSED  
INTERIM FINANCIAL STATEMENTS  
AS AT 30 SEPTEMBER 2021

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## » SELECTED GROUP KEY FIGURES

	Q3 2021	Q3 2020	Change	Q1-Q3 2021	Q1-Q3 2020	Change
	kEUR	kEUR	in percent	kEUR	kEUR	in percent
Gross sales	27,718	23,152	19.7	81,757	68,159	20.0
Revenue	7,004	6,011	16.5	20,404	17,968	13.6
Gross profit	6,728	5,795	16.1	19,700	17,364	13.5
EBIT	925	1,247	-25.9	2,677	3,506	-23.6
EBITDA	1,215	1,509	-19.5	3,558	4,313	-17.5
Net income for period	796	1,075	-26.0	2,154	3,105	-30.6
Earnings per share in EUR (basic)	0.03	0.04	-25.0	0.07	0.13	-46.2

	30/9/2021	30/9/2020	Change
	kEUR	kEUR	in percent
Liquid funds*	23,137	24,300	-4.8
Equity	20,954	20,588	1.8
Total assets	43,260	41,887	3.3
No. of employees	246	230	7.0

\*including listed debt securities

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## » THE AD PEPPER SHARE

Key data on the ad pepper share	
Security Identification Number (WKN)	940883
ISIN	NL0000238145
Type of share	Ordinary bearer shares
Stock market segment (Frankfurt Stock Exchange)	Prime Standard
Initial public offering	9 October 2000
Designated Sponsor	Pareto Securities
Capital stock (EUR)	1,075,000
No. of shares	21,500,000
Sector	Advertising

Key share figures	Q1- Q3	Q1- Q3
	2021	2020
XETRA closing price at end of period (EUR)	5.94	3.54
Highest price (EUR)	6.82	3.72
Lowest price (EUR)	4.92	2.30
Market capitalisation at end of period (EUR)	127.7 m	76.1 m
Average no. of shares traded (XETRA) per day	12,082	8,300
Earnings per share (basic) (EUR)	0.07	0.13
Net cash per share* (EUR)	1.12	1.10

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

## Share price performance over the past twelve months (Xetra)



Shareholder structure as at 30/9/2021	Number of shares	Shareholding
		in percent
EMA B.V.	9,486,402	44.12
Treasury stock	808,557	3.76
Euro Serve Media GmbH	556,163	2.59
<b>Subtotal</b>	<b>10,851,122</b>	<b>50.47</b>
Free float	10,648,878	49.53
<b>Total</b>	<b>21,500,000</b>	<b>100.0</b>

## » THE STRUCTURE OF THE AD PEPPER GROUP

ad pepper media International N.V. is the holding company of one of the leading international performance marketing groups. It was founded in 1999 and is thus one of the pioneers in the online marketing business. With ten offices in Germany, Italy, France, Spain, Switzerland, and the United Kingdom the ad pepper Group globally develops performance marketing solutions for its customers.

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

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

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

models in performance-based marketing are: CPM (cost-per-mile), CPC (cost-per-click), CPL (cost-per-lead) and CPA (cost-per-acquisition).

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



## The segments of the ad pepper Group

### **ad pepper**

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

**Offices: Nuremberg / Madrid**

### **Webgains**

Webgains joined the ad pepper Group in 2006. Today, over 1,800 customers worldwide, from start-ups to global brands, rely on the services of Webgains registered and approved affiliate network to deliver sales in over 170 global markets. When it comes to designing local and international campaigns, Webgains not only benefits from its strong publisher network, but also, the extensive experience of over 100 highly motivated experts with excellent market knowledge and a work ethic to never stop learning.

Thanks to partnerships with over 250,000 publishers, Webgains' customers have access to one of the world's leading, performance affiliate marketing networks – offering the largest possible reach. Furthermore, Webgains has recently launched the Affiliate Discovery product to make smarter connections.

The current strategy focuses on a service-oriented and performance-differentiated approach. By investing in talent and technology, Webgains has created the optimum blend of human and artificial intelligence. High-tech advances make it easy to quickly roll out scalable, international campaigns. Meanwhile, customers can count on outstanding data security at all times and benefit from near real-time performance reporting.

**Offices: Nuremberg / Madrid / Munich / Bristol / London / Paris / Milan**

## **ad agents**

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

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

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

### **Office: Herrenberg / Pontresina**

## » GENERAL INFORMATION ABOUT THIS MANAGEMENT REPORT

### **Definitions**

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

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 2020.

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

According to IfW Kiel Institute for the World Economy (IfW), the global recovery has lost momentum in the first half of 2021 amid new surges of COVID-19 cases and supply chain disruptions. IfW still expect world production to rebound strongly after the historic collapse in the previous year but has lowered its forecast for global GDP growth from 6.7 percent to 5.9 percent. At the same time IfW is now slightly more upbeat for the coming year with global production expected to grow by 5 percent (June forecast: 4.8 percent). With the economy gradually slowing towards the end of the forecast horizon, IfW expect still relatively strong annual growth of 3.8 percent in 2023. Consumer price inflation has accelerated markedly over the course of this year, largely due to temporary factors. IfW's baseline forecast expects price pressures to ease in the coming year and monetary policy to remain accommodative. There are, however, upside risks to inflation as large extra savings amassed by private households in many countries over the past year could fuel a sustained rise in prices. In that case, central banks could tighten policy considerably with negative consequences for the growth outlook.

For the euro area economy, IfW is expecting it to rapidly approach its pre-crisis production level. After a strong increase in the second quarter, economic output remains 2.5 percent below the pre-crisis level of production. Sentiment indicators indicate quite an improvement both on firm and consumer side in summer compared to spring; and consumer-related mobility also points to another marked increase in private consumption and economic output during the

third quarter. However, IfW expects the recovery to slow down markedly in the upcoming winter. Previous output losses have largely been caught up; and the pandemic is likely to continue to weigh on economic activity during the cold season. In addition, there are supply chain bottlenecks which slow down industrial production now and probably in the months ahead. Under the assumption that social and economic activity will fully normalise over the course of 2022, the recovery will likely gain grip again in spring 2022. Overall, IfW expects GDP in the euro area to grow by 5.1 percent in 2021, followed by 4.4 percent in 2022 and 2.4 percent in 2023.

## Online advertising market

According to bevh, the German E-Commerce and Distance Selling Association (Bundesverband E-Commerce und Versandhandel e.V.), the third quarter of 2021 (July-September) was the strongest in terms of growth since 2017, with e-commerce revenues of EUR 22.194 billion in goods and EUR 22.467 billion in interactive trade. This corresponds to growth of 14.8 percent and 14.3 percent, respectively. According to bevh, digital direct sales by manufacturers (D2C) maintain strength as no other distribution channel has grown as strongly in percentage terms and remain the only distribution channel to have achieved double-digit growth in every quarter since the outbreak of the pandemic. Multichannel retailers were the absolute frontrunners, as customers continued to shop online even after stores reopened following the pandemic lockdowns. The association expects for 2021 as a whole that trade on online market places, which is largely driven by conventional and online retailers, will generate revenues of well over EUR 10 billion per quarter for the first time.

The bevh furthermore expects that total e-commerce revenue will exceed the EUR 100 billion mark for the first time in the full year 2021.

Source: Bundesverband E-Commerce und Versandhandel e.V.

## » EARNINGS, FINANCIAL AND NET ASSET POSITION

### Earnings position

Gross sales increased by around 20 percent to EUR 27,718k (Q3 2020: EUR 23,152k). Group revenue amounts to EUR 7,004k, which equates to around 17 percent growth (Q3 2020: EUR 6,011k). The revenue level achieved in Q3 2021 thus corresponds to the forecast for the third quarter of approximately EUR 7,000k, which had been announced along with the publication of the half-year results.

Growth was mainly driven by the Webgains segment with an increase of 33 percent to EUR 4,056k (Q3 2020: EUR 3,056k) and the ad agents segment, with an increase in revenue of 31 percent to EUR 2,240k (Q3 2020: EUR 1,707k). The ad pepper segment suffered a decline in revenue of 43 percent to EUR 708k (Q3 2020: EUR 1,248k).

Group EBITDA for the third quarter amounts to EUR 1,215k (Q3 2020: EUR 1,509k). The ad agents segment was able to increase its EBITDA to EUR 593k (Q3 2020: EUR 446k), while the Webgains segment generated EBITDA of EUR 1,049k in the third quarter (Q3 2020: EUR 894k) and the ad pepper segment achieved EBITDA of EUR 110k (Q3 2020: EUR 497k).

In the first nine months of the financial year, the Group generated gross sales of EUR 81,757k (Q1-Q3 2020: EUR 68,159k) and Group revenue of EUR 20,404k (Q1-Q3 2020: EUR 17,968k), corresponding to around 20 percent and 14 percent growth, respectively. EBITDA in the first nine months amounted to EUR 3,558k (Q1-Q3 2020: EUR 4,313k).

### Financial position

Gross cash flow amounted to EUR 2,665k (Q1-Q3 2020: EUR 3,124k), while a figure of EUR 1,143k was reported for the cash flow from operating activities, as against EUR 883k for the first nine months of 2020. Reason for the decrease in gross cash flow was mainly the lower net income for the first nine months of 2021 (Q1-Q3 2021: EUR 2,154k) compared with prior years result (Q1-Q3 2020: EUR 3,105k) The key factor driving the cash inflow from oper-

ating activities was the significant encashment of trade receivables of EUR 2,839k. Cash outflow for investing activities amounted to EUR -214k (Q1-Q3 2020: EUR -1,653k) and relates to minor software purchases. Cash flow from financing activities amounted to EUR -3,300k in the first nine months of 2021 (Q1-Q3 2020: EUR -1,005k) and included cash outflows in conjunction with the conducted share buy-back programme of EUR 1,405k (Q1-Q3 2020: EUR 0k), cash settlements of stock option plans amounting to EUR 780k (Q1-Q3 2020: EUR 0k), leasing payments of EUR 557k (Q1-Q3 2020: EUR 577k) made in conjunction with capitalised right-of-use assets and dividends paid to non-controlling interests amounting to EUR 583k (Q1-Q3 2020: EUR 455k).

### Net asset position

Total assets decreased by EUR 5,581k to EUR 43,260k compared with 31 December 2020. The decrease was partly due to lower trade receivables, which fell by EUR 2,942k to EUR 16,786k (31 December 2020: EUR 19,727k). Correspondingly trade payables fell by EUR 2,983k to EUR 17,756k (31 December 2020: EUR 20,738k), which is particularly due to affiliate and website payments made amounting to EUR 2,084k. Lower VAT liabilities resulted in a decrease in other liabilities by EUR 1,123k to EUR 1,718k (31 December 2020: EUR 2,841k). Financial liabilities amount to EUR 1,166k (31 December 2020: EUR 2,090k), showing a decrease of EUR 924k mainly due to payments made for bonus and leasing liabilities. Right-of-use assets for capitalised leasing contracts for offices and vehicles amount to EUR 1,106k (31 December 2020: EUR 1,568k). Total non-current liabilities amount to EUR 703k (31 December 2020: EUR 1,242k), whereof EUR 625k (31 December 2020: EUR 906k) relate to lease liabilities for capitalised right-of-use assets.

Total liabilities amount to EUR 22,306k (31 December 2020: EUR 28,003k). The Group still has no liabilities to banks. Total equity stands at EUR 20,954k (31 December 2020: EUR 20,838k). The equity ratio increased to 48 percent (31 December 2020: 43 percent).

## » RESEARCH AND DEVELOPMENT ACTIVITIES

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

## » EMPLOYEES

As at 30 September 2021, the ad pepper Group had 246 employees, as against a total of 230 employees at the end of the equivalent period in the previous year. The workforce of the ad pepper Group is assigned to the following segments:

	30/9/2021	30/9/2020
	Number	Number
ad pepper	28	31
Webgains	110	102
ad agents	91	80
Administration	17	17

## » 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 2020. Reference is therefore made to the information presented in the management report for the 2020 financial year.

## » OUTLOOK

In an intact market environment with, in part, dynamic growth rates, we currently expect Group revenue to reach up to EUR 8,000k (Q4 2020: EUR 7,648k) in the upcoming quarter.

Nuremberg, 3 November 2021

ad pepper media International N.V.



Dr Jens Körner, CEO

## » CONSOLIDATED INCOME STATEMENT

	Q3 2021	Q3 2020	1/1 - 30/9/2021	1/1 - 30/9/2020
	KEUR	KEUR	KEUR	KEUR
Gross sales <sup>1</sup>	27,718	23,152	81,757	68,159
Media cost <sup>2</sup>	-20,714	-17,141	-61,353	-50,191
<b>Revenue<sup>3</sup></b>	<b>7,004</b>	<b>6,011</b>	<b>20,404</b>	<b>17,968</b>
Cost of sales	-276	-216	-704	-604
<b>Gross profit</b>	<b>6,728</b>	<b>5,795</b>	<b>19,700</b>	<b>17,364</b>
Selling and marketing expenses	-3,894	-3,349	-11,519	-9,674
General and administrative expenses	-1,922	-1,412	-5,678	-5,257
Other operating income	82	182	402	1,277
Other operating expenses	-69	31 <sup>4</sup>	-227	-204
<b>Operating profit</b>	<b>925</b>	<b>1,247</b>	<b>2,677</b>	<b>3,506</b>
Financial income	1	1	8	5
Financial expenses	-30	-29	-92	-93
<b>Income before taxes</b>	<b>895</b>	<b>1,219</b>	<b>2,594</b>	<b>3,418</b>
Income taxes	-99	-144	-440	-313
<b>Net income</b>	<b>796</b>	<b>1,075</b>	<b>2,154</b>	<b>3,105</b>
Attributable to shareholders of the parent company	556	896	1,547	2,747
Attributable to non-controlling interests	241	179	608	358
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.03	0.04	0.07	0.13
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.03	0.04	0.07	0.13
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	20,733,421	21,000,708	20,765,534	21,000,708
Weighted average number of shares outstanding (diluted)	21,018,123	21,209,513	21,055,535	21,189,956

1 Gross sales represents the total amount billed and billable to clients by the Group, net of discounts, VAT and other sales-related taxes. Disclosure of gross revenue information is not required under IFRS; however, it is voluntarily disclosed in the Consolidated Income Statement since management has concluded that the information is useful for users of the financial statements.

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

3 Revenue is defined pursuant to IFRS 15.

4 Q3 2020 includes EUR 56k releases of current year accruals.

» CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME

	Q3 2021	Q3 2020	1/1 - 30/9/2021	1/1 - 30/9/2020
	KEUR	KEUR	KEUR	KEUR
<b>Net income</b>	<b>796</b>	<b>1,075</b>	<b>2,154</b>	<b>3,105</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Currency translation differences	24	-36	167	-166
Revaluation of listed debt securities	1	6	-2	18
<b>Other comprehensive income</b>	<b>25</b>	<b>-30</b>	<b>165</b>	<b>-148</b>
<b>Total comprehensive income</b>	<b>821</b>	<b>1,045</b>	<b>2,319</b>	<b>2,957</b>
Attributable to non-controlling interests	241	179	608	358
Attributable to shareholders of the parent company	580	866	1,711	2,599

» CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION – ASSETS

	30/9/2021	31/12/2020
	kEUR	kEUR
<b>Non-current assets</b>		
Intangible assets	670	737
Property, plant and equipment	346	412
Right-of-use assets	1,106	1,568
Listed debt securities	1,010	1,012
Other financial assets	371	394
<b>Total non-current assets</b>	<b>3,503</b>	<b>4,123</b>
<b>Current assets</b>		
Trade receivables	16,786	19,727
Other receivables	486	340
Income tax receivables	331	292
Other financial assets	28	29
Cash and cash equivalents	22,126	24,330
<b>Total current assets</b>	<b>39,757</b>	<b>44,718</b>
<b>Total assets</b>	<b>43,260</b>	<b>48,841</b>

» CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION – EQUITY AND LIABILITIES

	30/9/2021	31/12/2020
	kEUR	kEUR
<b>Equity attributable to shareholders of the parent company</b>		
Issued capital*	1,075	1,075
Share premium	63,782	63,782
Reserves	-45,085	-45,176
<b>Total</b>	<b>19,722</b>	<b>19,681</b>
Non-controlling interests	1,182	1,157
<b>Total equity</b>	<b>20,954</b>	<b>20,838</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	78	31
Other liabilities	625	1,211
<b>Total non-current liabilities</b>	<b>703</b>	<b>1,242</b>
<b>Current liabilities</b>		
Trade payables	17,756	20,738
Contract liabilities	234	273
Other liabilities	1,718	2,841
Other financial liabilities	1,166	2,090
Income tax liabilities	729	819
<b>Total current liabilities</b>	<b>21,603</b>	<b>26,761</b>
<b>Total liabilities</b>	<b>22,306</b>	<b>28,003</b>
<b>Total equity and liabilities</b>	<b>43,260</b>	<b>48,841</b>

\*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 20,691,443 shares were floating at 30 September 2021 (31 December 2020: 21,000,708).

## » CONSOLIDATED STATEMENT OF CASH FLOWS – 1/2

	1/1 - 30/9/2021	1/1 - 30/9/2020
	KEUR	KEUR
<b>Net income</b>	<b>2,154</b>	<b>3,105</b>
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment and right-of-use assets, and amortisation of intangible assets	881	807
Gain/loss on sale of fixed assets	-10	-3
Share-based compensation	248	19
Gain/loss on sale of fixed assets	0	2
Other financial income and financial expenses	84	86
Income taxes	440	313
Income from the release of accrued liabilities	-826	-489
Other non-cash income and expenses	-306	-716
<b>Gross cash flow</b>	<b>2,665</b>	<b>3,124</b>
Change in trade receivables	2,839	1,187
Change in other assets	-106	102
Change in trade payables	-2,085	-2,170
Change in other liabilities	-1,580	-772
Income tax received	268	30
Income tax paid	-775	-530
Interest received	8	5
Interest paid	-91	-93
<b>Net cash flow from/used in operating activities</b>	<b>1,143</b>	<b>883</b>
Purchase of intangible assets and property, plant, and equipment	-224	-662
Proceeds from sale of intangible assets and property, plant and equipment	10	3
Purchase of securities	0	-994
<b>Net cash flow from/used in investing activities</b>	<b>-214</b>	<b>-1,653</b>

## » CONSOLIDATED STATEMENT OF CASH FLOWS – 2/2

	1/1 - 30/9/2021	1/1 - 30/9/2020
	KEUR	KEUR
Cash settlement of stock option plans	-780	0
Issuance of shares*	25	27
Payment of lease liabilities	-557	-577
Purchase of treasury shares	-1,405	0
Dividends to non-controlling interests	-583	-455
<b>Net cash flow from/used in financing activities</b>	<b>-3,300</b>	<b>-1,005</b>
Net increase/decrease in cash and cash equivalents	-2,371	-1,775
<b>Cash and cash equivalents at beginning of period</b>	<b>24,330</b>	<b>25,229</b>
Effect of exchange rates on cash and cash equivalents	167	-166
<b>Cash and cash equivalents at end of period</b>	<b>22,126</b>	<b>23,288</b>

\*in conjunction with the execution of equity settled stock options

## » CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2021

	Balance at 1/1/2021	Profit for the period	Other comprehensive income	Share-based payment	Issuance of shares*	Dividends	Purchase of treasury shares	Cash settlement of SOP's	Balance at 30/9/2021
<b>Issued capital (kEUR)</b>	<b>1,075</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,075</b>
<b>Share premium (kEUR)</b>	<b>63,782</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>63,782</b>
<b>Reserves</b>									
Treasury reserve (kEUR)	-2,417	0	0	0	25	0	-1,405	-487	-4,285
For employee stock option plans (kEUR)	2,663	0	0	248	0	0	0	0	2,911
Accumulated deficit (kEUR)	-44,051	1,547	0	0	0	0	0	0	-42,504
Currency translation differences (kEUR)	1,389	0	167	0	0	0	0	0	1,222
Revaluation of listed debt securities (kEUR)	18	0	-2	0	0	0	0	0	16
<b>Subtotal reserves (kEUR)</b>	<b>-45,176</b>	<b>1,547</b>	<b>165</b>	<b>248</b>	<b>25</b>	<b>0</b>	<b>-1,405</b>	<b>-487</b>	<b>-45,085</b>
<b>Equity attributable to shareholders of ad pepper media International N.V. (kEUR)</b>	<b>19,681</b>	<b>1,547</b>	<b>165</b>	<b>248</b>	<b>25</b>	<b>0</b>	<b>-1,405</b>	<b>-487</b>	<b>19,772</b>
Non-controlling interests (kEUR)	1,157	608	0	0	0	-583	0	0	1,182
<b>Total equity (kEUR)</b>	<b>20,838</b>	<b>2,154</b>	<b>165</b>	<b>248</b>	<b>25</b>	<b>-583</b>	<b>-1,405</b>	<b>-487</b>	<b>20,954</b>

\*in conjunction with the execution of equity settled stock options

## » CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2020

	Balance at 1/1/2020	Profit for the period	Other comprehensive income	Share-based payment	Issuance of shares*	Dividends	Purchase of treasury shares	Cash settlement of SOP's	Balance at 30/9/2020
<b>Issued capital (kEUR)</b>	<b>1,075</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,075</b>
<b>Share premium (kEUR)</b>	<b>63,782</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>63,782</b>
<b>Reserves</b>									
Treasury reserve (kEUR)	-1,438	0	0	0	27	0	0	0	-1,411
For employee stock option plans (kEUR)	2,558	0	0	19	0	0	0	0	2,577
Accumulated deficit (kEUR)	-47,715	2,747	0	0	0	0	0	0	-44,968
Currency translation differences (kEUR)	-1,157	0	-166	0	0	0	0	0	-1,323
Revaluation of listed debt securities (kEUR)	0	0	18	0	0	0	0	0	18
<b>Subtotal reserves (kEUR)</b>	<b>-47,752</b>	<b>2,747</b>	<b>-148</b>	<b>19</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-45,107</b>
<b>Equity attributable to shareholders of ad pepper media International N.V. (kEUR)</b>	<b>17,105</b>	<b>2,747</b>	<b>-148</b>	<b>19</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19,750</b>
Non-controlling interests (kEUR)	935	358	0	0	0	-455	0	0	838
<b>Total equity (kEUR)</b>	<b>18,040</b>	<b>3,105</b>	<b>-148</b>	<b>19</b>	<b>27</b>	<b>-455</b>	<b>0</b>	<b>0</b>	<b>20,588</b>

\*in conjunction with the execution of equity settled stock options

## » SELECTED EXPLANATORY NOTES

## Consolidated segment information (IFRS)

Q1 - Q3 2021	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
<b>Gross sales</b>	<b>5,932</b>	<b>57,708</b>	<b>18,122</b>	<b>237</b>	<b>-242</b>	<b>81,757</b>
<b>Revenue</b>	<b>2,878</b>	<b>11,614</b>	<b>5,917</b>	<b>237</b>	<b>-242</b>	<b>20,404</b>
Thereof external	2,874	11,614	5,916	0	0	20,404
Thereof intersegment	4	0	1	237	-242	0
<b>Gross profit</b>	<b>2,573</b>	<b>11,218</b>	<b>5,676</b>	<b>237</b>	<b>-5</b>	<b>19,700</b>
<b>Expenses (including cost of sales) and other income</b>	<b>-2,126</b>	<b>-9,109</b>	<b>-4,880</b>	<b>-1,848</b>	<b>237</b>	<b>-17,727</b>
Thereof depreciation and amortisation	-102	-400	-185	-194	0	-880
Thereof other non-cash expenses	-1	-63	0	0	0	-64
Thereof other non-cash income	442	730	10	13	0	1,195
<b>EBITDA</b>	<b>853</b>	<b>2,904</b>	<b>1,222</b>	<b>-1,417</b>	<b>-5</b>	<b>3,558</b>
<b>Operating profit</b>	<b>751</b>	<b>2,505</b>	<b>1,037</b>	<b>-1,611</b>	<b>-5</b>	<b>2,677</b>
Financial income	0	6	0	3	-1	8
Financial expenses	-6	-22	-14	-51	1	-91
Income taxes	-112	-59	-242	-26	0	-440
<b>Net income for the period</b>	<b>633</b>	<b>2,429</b>	<b>781</b>	<b>-1,685</b>	<b>-5</b>	<b>2,154</b>

## Consolidated segment information (IFRS)

Q1 - Q3 2020	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
<b>Gross sales</b>	<b>8,037</b>	<b>45,097</b>	<b>15,025</b>	<b>0</b>	<b>0</b>	<b>68,159</b>
<b>Revenue</b>	<b>4,138</b>	<b>8,981</b>	<b>4,861</b>	<b>322</b>	<b>-334</b>	<b>17,968</b>
Thereof external	4,129	8,981	4,858	0	0	17,968
Thereof intersegment	9	0	3	322	-334	0
<b>Gross profit</b>	<b>3,708</b>	<b>8,678</b>	<b>4,668</b>	<b>322</b>	<b>-12</b>	<b>17,364</b>
<b>Expenses (including cost of sales) and other income</b>	<b>-2,556</b>	<b>-6,263</b>	<b>-4,275</b>	<b>-1,690</b>	<b>322</b>	<b>-14,462</b>
Thereof depreciation and amortisation	-130	-344	-173	-160	0	-807
Thereof other non-cash expenses	0	-124	-54	0	0	-178
Thereof other non-cash income	98	1,256	8	22	0	1,384
<b>EBITDA</b>	<b>1,712</b>	<b>3,062</b>	<b>759</b>	<b>-1,208</b>	<b>-12</b>	<b>4,313</b>
<b>Operating profit</b>	<b>1,582</b>	<b>2,718</b>	<b>586</b>	<b>-1,368</b>	<b>-12</b>	<b>3,506</b>
Financial income	0	4	0	1	0	5
Financial expenses	-10	-17	-14	-52	0	-93
Income taxes						-313
<b>Net income for the period</b>						<b>3,105</b>

## 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 2020.

The consolidated interim financial statements as at 30 September 2021 were authorised for issue by the Board of Directors on 3 November 2021.

## 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 2020 except for the adoption of new standards effective from 1 January 2021. 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 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

#### *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 IFRS 4 Insurance Contract – deferral to IFRS 9*

The amendments to IFRS 4 affect only companies whose business model is to predominantly issue insurance contracts, hence these amendments had no impact on the consolidated financial statements of the Group.

#### *Amendments to IFRS 3 Business Combinations*

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

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

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

#### *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets*

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

#### *Annual Improvements 2018-2020*

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

**Amendments to IFRS 16 Leases:****COVID-19-Related Rent Concessions beyond 30 June 2021**

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

**3. Consolidated Group**

The entities included in consolidation are as follows:

Entity	30/9/2021	30/9/2020
	in percent	in percent
ad pepper media GmbH, Nuremberg, Germany	100.0	100.0
Webgains GmbH, Nuremberg, Germany	100.0	100.0
ad pepper media France S.A.R.L., Paris, France	100.0	100.0
ad pepper media Spain S.A., Madrid, Spain	65.0	65.0
Webgains S.L., Madrid, Spain	65.0	0.0
ad pepper media USA LLC, New York, USA	100.0	100.0
Webgains Ltd, London, United Kingdom	100.0	100.0
ad agents GmbH, Herrenberg, Germany	60.0	60.0
ad agents AG, Pontresina, Switzerland	60.0	60.0
Webgains Italy S.R.L., Italy, Milan	100.0	100.0

**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 2021				
Segments	ad pepper	Webgains	ad agents	Total
<b>Geographical markets</b>				
Germany	1,586	2,035	5,298	8,920
United Kingdom	0	7,813	0	7,813
Spain	1,288	1,337	0	2,625
USA	0	0	0	0
Other	0	428	618	1,046
<b>Total revenue</b>	<b>2,874</b>	<b>11,614</b>	<b>5,916</b>	<b>20,404</b>

For the nine months ended 30 September 2020				
Segments	ad pepper	Webgains	ad agents	Total
<b>Geographical markets</b>				
Germany	2,852	1,668	4,858	9,378
United Kingdom	0	6,105	0	6,105
Spain	1,277	766	0	2,043
USA	0	268	0	268
Other	0	174	0	174
<b>Total revenue</b>	<b>4,129</b>	<b>8,981</b>	<b>4,858</b>	<b>17,968</b>

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 167k (Q1-Q3 2020: EUR 626k) of time barred claims and income of EUR 158k (Q1-Q3 2020: EUR 590k) 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 132k, while a net foreign exchange loss of EUR 20k was posted in the equivalent prior year's period.

Write downs on receivables included in other operating expenses amount to EUR 64k (Q1-Q3 2020: EUR 164k).

## 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 2020.

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	
	30/9/2021	30/9/2020
	kEUR	kEUR
Germany	1,302	1,765
United Kingdom	658	919
Spain	157	196
Other	4	22
<b>Total</b>	<b>2,122</b>	<b>2,902</b>

In the first nine months of 2021, there is no single customer who accounts for 10 percent or more of the Group's total revenue (Q1-Q3 2020: none).

## 6. Treasury stock

### Acquisition of treasury stock

By a shareholders' resolution dated 18 May 2021, the Board of Directors was authorised to repurchase treasury stock of up to 50 percent of the issued capital within the following 18 months. The Board of Directors made partial use of this authorisation on 2 August 2021 to repurchase up to a maximum of 500,000 of its own shares for a total maximum amount of up to EUR 3,000,000. The share buy-back takes place between 1 September 2021 and 17 November 2022. As a consequence, as of the date of this report, 46,429 shares have been bought back with a value of EUR 286,623 under this buy-back program.

By a shareholders' resolution dated 19 May 2020, the Board of Directors was authorised to repurchase treasury stock of up to 50 percent of the issued capital within the following 18 months. The Board of Directors made partial use of this authorisation on 19 October 2020 and repurchased up to a maximum of 500,000 of its own shares for a total maximum amount of up to EUR 2,250,000. The share buy-back took place from 19 October 2020 until 9 April 2021. During this period, the Company bought back 447,236 shares with a value of EUR 2,249,994.

As at 30 September 2021, ad pepper media International N.V. held 808,557 treasury shares (30 September 2020: 499,292) at a nominal value of EUR 0.05 each, corresponding to 3.76 percent (30 September 2020: 2.32 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 2021 (Q1-Q3 2020: 0). 12,400 shares were sold under the stock option plans (Q1-Q3 2020: 20,000 shares). 210,000 equity settled stock options have been settled in cash in the first nine months of 2021 (Q1-Q3 2020: 0).

### Number of shares outstanding

The number of shares issued and outstanding as at 30 September 2021 totals 20,691,443 (30 September 2020: 21,000,708). Each share has a nominal value of EUR 0.05.

## 7. Seasonal influences on business operations

The ad pepper Group is engaged in the field of online advertising in the broadest sense. Due to the seasonal character of the advertising industry, with its traditional focus on expenditure in the fourth quarter, revenue and, thus, operating profit are generally higher in the second half of the year. However, reference is made to the "Outlook" chapter on page 19.

## 8. Stock options and shareholdings

As at 30 September 2021, a total of 700,000 stock options existed for current members of the Board of Directors, members of the Supervisory Board and employees. The exchange ratio for each of the stock options is one share per option. The exercise price is EUR 1.9751 (Supervisory Board) and EUR 3.50 (Board of Directors and Employees).

	Shares as at 30/9/2021	Options as at 30/9/2021
<b>Board of Directors</b>	<b>0</b>	<b>250,000</b>
Dr Jens Körner	0	250,000
<b>Supervisory Board</b>	<b>0</b>	<b>10,000</b>
Thomas Bauer	0	0
Dr Stephan Roppel	0	10,000
<b>Employees</b>	<b>0</b>	<b>440,000</b>
<b>Associated companies</b>	<b>10,042,565</b>	<b>0</b>
EMA B.V.	9,486,402	0
Euro Serve Media GmbH	556,163	0

## **9. Report on major transactions with related companies and persons**

There have been no material changes in transactions with related parties compared with the 2020 financial year.

## **10. Events after the balance sheet date**

Up until the day of authorisation for publication, no events took place that would have exerted substantial influence on the net assets, financial position or result of operations as at 30 September 2021.

Nuremberg, 3 November 2021  
ad pepper media International N.V.



Dr Jens Körner, CEO

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## » IMPRINT

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Dr Jens Körner, CEO

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Our 2020 Annual Report as well as the Interim Financial Reports for 2021 are available in English at [www.adpeppergroup.com](http://www.adpeppergroup.com) under:

**Investor relations / Publications / Financial reports**

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