

FIRST
QUARTER

UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS
AS AT 31 MARCH 2022

20
» 22

» SELECTED GROUP KEY FIGURES

	Q1 2022	Q1 2021	Change
	kEUR	kEUR	in percent
Gross sales	23,215	28,108	-17.4
Revenue	5,871	6,884	-14.7
Gross profit	5,609	6,638	-15.5
EBIT	-228	1,010	-122.6
EBITDA	33	1,306	-97.5
Net income/(loss) for period	-617	846	-172.9
Earnings per share in EUR (basic)	-0.04	0.03	-233.3

	31/3/2022	31/3/2021	Change
	kEUR	kEUR	in percent
Liquid funds*	20,480	26,403	-22.4
Equity	18,286	20,537	-11.0
Total assets	39,261	46,385	-15.4
No. of employees	265	235	12.8

*Including listed debt and marketable securities.

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» KEY FIGURES AT A GLANCE

Key data about 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	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
	2022	2021
XETRA closing price at end of period (EUR)	3.78	6.30
Highest price (EUR)	5.20	6.70
Lowest price (EUR)	3.71	4.92
Market capitalisation at end of period (EUR)	81.3m	135.5m
Average no. of shares traded (XETRA) per day	6,702	20,543
Earnings per share (basic) (EUR)	-0.04	0.03
Net cash per share* (EUR)	0.97	1.27

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

Share price performance over the past twelve months (Xetra)



Shareholder structure as at 31/3/2022	Number of shares	Shareholding
		in percent
EMA B.V.	9,486,402	44.12
Treasury stock	1,242,128	5.78
Euro Serve Media GmbH	556,163	2.59
Subtotal	11,284,693	52.49
Free float	10,215,307	47.51
Total	21,500,000	100

» THE STRUCTURE OF THE AD PEPPER GROUP

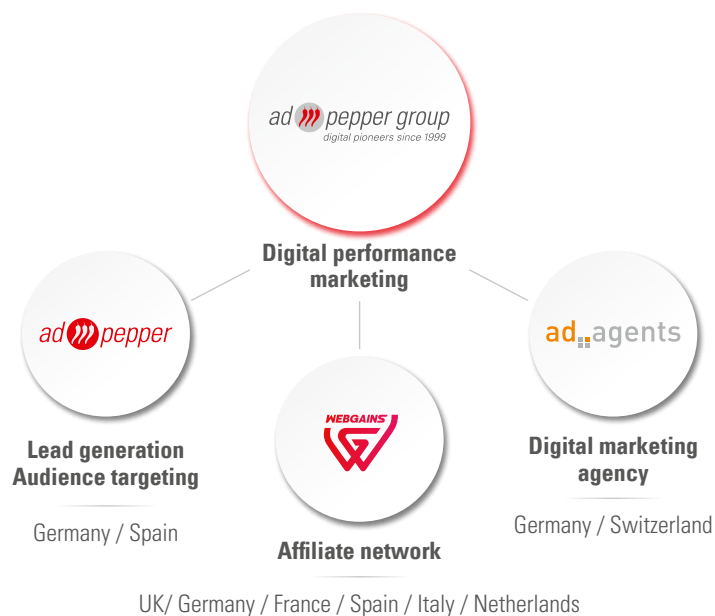
ad pepper media International N.V. is the holding company of one of the leading international performance marketing groups. It was founded in 1999 and is thus one of the pioneers in the online marketing business. With eleven offices in Germany, Italy, France, Spain, Switzerland, the United Kingdom and the Netherlands 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 / Amsterdam / Manchester**

ad agents

ad agents joined the ad pepper Group in 2007. Today it is one of Germany's most successful online and performance marketing agencies – and for a good reason. Their strategies are as unique as their personalised consulting and support services, which are always optimised to suit the situation and the specific requirements of ad agents' 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 2021.

The words "aim", "anticipate", "assume", "believe", "continue", "could", "counting on", "is confident", "estimate", "expect", "forecast", "guidance", "intend", "may", "might", "outlook", "plan", "project", "predict", "seek", "should", "strategy", "want", "will", "would" and similar expressions as they relate to us are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date specified or the date of this report. Unless we are required to do so by law, we accept no obligation to publicly update or revise any forward-looking statements due to new information, changed conditions, or any other future events that had not existed before the publication of this report.

Internal control system

Revenue and profits (EBIT, EBITDA, gross profit) are some of the parameters that the ad pepper Group analyses monthly and compares with the original business plan to control and monitor the development of individual subsidiaries. In addition, further key performance indicators are calculated each month for control purposes and are used within all the operating companies of the ad pepper Group. External indicators are also regularly analysed for company management purposes. In addition, weekly jour fixes as well as regular shareholder meetings are held with the individual subsidiaries.

» MACROECONOMIC FRAMEWORK

The global economy was impacted by inflation and the Ukraine war in the first quarter of 2022. Higher commodity prices and sanctions against Russia had a significant impacts on global price levels in the first three months of 2022.

European and global sanctions will lead to continued pressure on energy security and prices as well as supply chains in the coming months and quarters.

As a consequence, the Kiel Institute for the World Economy (IfW) has significantly lowered its forecast for global growth. The previous estimat of 4.5 percent global growth was corrected to 3.5 percent, and the expectation for 2023 was lowered by 0.4 percent points to 3.6 percent.

According to IfW Kiel, the European recovery in the first months of 2022 had already reached pre-pandemic levels. The high numbers of COVID infections in January and February 2022 had only little impact on the macroeconomic trend in Europe. Consumer and business sentiment likewise underlined the confidence in this development until February.

However, at the end of February, the war in Ukraine completely changed the expectations for Europe. The post-pandemic recovery was dampened by increasing prices, particularly in the energy sector, due to the war in the east of Europe and related sanctions against Russia.

The additional disruptions in the supply chains and the rise in uncertainty reduced the trade activities in Europe and interrupted the recovery in the first half of the year. Nevertheless, the IfW forecasts a stronger economy for the second half of 2022 and beyond. GDP is expected to increase by 2.8 percent in 2022 and by 3.1 percent next year.

After an expected inflation rate of 5.2 percent in Europe in 2022, the IfW sees indicators of a normalisation and forecasts a 2.8 percent increase in consumer prices for 2023.

Online advertising market

As more and more companies reach a high return on their investments (ROI) in digital marketing, spending in this sector will continue to increase. According to a forecast by The Drum, the global market for Digital Marketing Software (DMS) will grow from USD 37.48 billion in 2017 to USD 74.96 billion in 2022.

The global ad market will continue its recovery from the 2020 downturn with 9.1 percent growth in 2022, following growth of 15.6 percent in 2021, according to Zenith's Advertising Expenditure Forecasts report. Retail e-commerce spending is expected to stabilise in 2022, leading to slower growth. Global ad spend will expand by 5.7 percent in 2023 and 7.4 percent in 2024, with brands looking to increase their use of social media, online video, advanced TV and e-commerce channels.

Advertising across all digital channels will account for more than 60 percent of global ad spend for the first time in 2022, reaching 61.5 percent of total expenditure; this share will rise to 65.1 percent by 2024.

Zenith estimates that global ad spend will reach USD 705 billion in 2021, up from USD 634 billion in 2019, and will rise to USD 873 billion by 2024.

In 2021, the global social media advertising market was valued at USD 181.2 billion. Desktop accounted for roughly USD 35 billion and mobile for approximately USD 146 billion. By 2026, the total value of the market is expected to increase to USD 358 billion.

» EARNINGS, FINANCIAL AND NET ASSET POSITION

Earnings position

Gross sales decreased by around 17 percent to EUR 23,215k (Q1 2021: EUR 28,108k). Group revenue amounts to EUR 5,871k, which equates to around 15 percent reduction (Q1 2021: EUR 6,884k).

While the ad pepper segment saw a reduction in revenue of 42 percent to EUR 714k (Q1 2021: EUR 1,234k), Webgains also performed weakly in the first quarter of 2022 with a decline in revenue compared to the prior-year quarter of 17 percent to EUR 3,231k (Q1 2021: EUR 3,888k). A challenging environment with restrained campaign bookings from customers due to supply chain issues as well as subdued e-commerce activities, particularly in the UK, which is the domestic market for Webgains, weighed on the revenue development of both segments. The third segment, ad agents, on the other hand, continued its growth trajectory despite some order cancellations of customers affected by the war in Ukraine and achieved a 9 percent increase in revenue to EUR 1,926k (Q1 2021: EUR 1,762k).

The decline in revenue at Webgains and ad pepper weighed on the operating earnings development of both segments with EBITDA in parts significantly below the corresponding prior-year level in the first quarter of 2022: Webgains generated EUR 133k (Q1 2021: EUR 1,037k), while ad pepper reported EUR 34k (Q1 2021: EUR 534k). The ad agents segment achieved a stable EBITDA of EUR 250k (Q1 2021: EUR 250k).

Financial position

Gross cash flow amounted to EUR 110k (Q1 2021: EUR 830k), while a figure of EUR -1,599k was reported for the cash flow from operating activities, as against EUR 2,158k for the first three months of 2021. Reason for the decrease in gross cash flow was mainly the lower net income for the first three months of 2022 (Q1 2022: EUR -617k) compared with prior year result (Q1 2021: EUR 846k) and the cash outflow for trade payable payments. Cash settlements of stock option plans amounted to zero (Q1 2021: EUR 343k).

Cash outflow for investing activities amounted to EUR -54k (Q1 2021: EUR -21k).

Cash flow from financing activities amounted to EUR -1,357k in the first quarter 2022 (Q1 2021: EUR -1,259k) and included cash outflows in conjunction with the conducted share buy-back program of EUR 1,232k (Q1 2021: EUR 1,073k), and leasing payments of EUR 125k (Q1 2021: EUR 186k) made in conjunction with capitalised right-of-use assets.

Net asset position

Total assets decreased by EUR 7,091k to EUR 39,261k compared with 31 December 2021 (EUR 46,352k). The decrease was partly due to lower trade receivables, which fell by EUR 3,789k to EUR 15,530k (31 December 2021: EUR 19,319k). Correspondingly, trade payables fell by EUR 3,383k to EUR 16,865k (31 December 2021: EUR 20,247k), which is particularly due to affiliate and website payments made amounting to EUR 2,844k. Lower VAT liabilities resulted in a decrease in other liabilities by EUR 1,153k to EUR 1,133k (31 December 2021: EUR 2,286k). Financial liabilities amount to EUR 771k (31 December 2021: EUR 1,609k), showing a decrease of EUR 838k 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 1,103k (31 December 2021: EUR 1,177k). Total non-current liabilities amount to EUR 899k (31 December 2021: EUR 946k), whereof EUR 661k (31 December 2021: EUR 709k) relate to lease liabilities for capitalised right-of-use assets. Total liabilities amount to EUR 20,975k (31 December 2021: EUR 26,264k). The Group still has no liabilities to banks. Total equity stands at EUR 18,286k (31 December 2021: EUR 20,088k). The equity ratio increased to 47 percent (31 December 2021: 43 percent).

» RESEARCH AND DEVELOPMENT ACTIVITIES

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

» EMPLOYEES

As at 31 March 2022, the ad pepper Group had 265 employees, as against a total of 235 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:

	31/3/2022	31/3/2021
	Number	Number
ad pepper	24	31
Webgains	126	104
ad agents	98	86
Administration	17	14

» RISK AND OPPORTUNITY REPORT

There have been no material changes in the opportunity and risk situation of ad pepper media International N.V. compared with the information provided in the Annual Report as at 31 December 2021. Reference is therefore made to the information presented in the management report for the 2021 financial year.

» OUTLOOK

In the quarter ahead, we expect the booking and online consumer behaviour trend to normalise again. From today's point of view, we therefore expect Group revenue to range between EUR 6,300k and EUR 6,500k (Q2 2021: EUR 6,516k).

Nuremberg, 6 May 2022

ad pepper media International N.V.



Dr Jens Körner, CEO

» CONSOLIDATED INCOME STATEMENT

	Q1 2022	Q1 2021
	kEUR	kEUR
Gross sales ¹	23,215	28,108
Media cost ²	-17,344	-21,224
Revenue³	5,871	6,884
Cost of sales	-262	-247
Gross profit	5,609	6,638
Selling and marketing expenses	-4,155	-3,735
General and administrative expenses	-1,866	-1,938
Other operating income	354	178
Other operating expenses	-170	-133
Operating profit	-228	1,010
Financial income	19	6
Financial expenses	-300	-36
Income before taxes	-509	980
Income taxes	-108	-134
Net income	-617	846
Attributable to shareholders of the parent company	-742	686
Attributable to non-controlling interests	125	160
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	-0.04	0.03
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	-0.04	0.03
	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	20,341,211	20,829,275
Weighted average number of shares outstanding (diluted)	20,485,613	21,122,209

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

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

3 Revenue is defined pursuant to IFRS 15.

» CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

	Q1 2022	Q1 2021
	kEUR	kEUR
Net income	-617	846
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	1	186
Revaluation of listed debt securities	-4	-3
Other comprehensive income	-3	183
Total comprehensive income	-620	1,029
Attributable to non-controlling interests	125	160
Attributable to shareholders of the parent company	-745	869

» CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

	31/3/2022	31/12/2021
	kEUR	kEUR
Non-current assets		
Intangible assets	550	628
Property, plant, and equipment	286	346
Right-of-use assets	1,103	1,177
Listed debt and marketable securities	2,785	3,057
Other financial assets	506	391
Total non-current assets	5,230	5,599
Current assets		
Trade receivables	15,530	19,319
Other receivables	420	398
Income tax receivables	354	306
Other financial assets	32	26
Cash and cash equivalents	17,695	20,704
Total current assets	34,031	40,753
Total assets	39,261	46,352

» CONSOLIDATED STATEMENT OF
FINANCIAL POSITION – EQUITY AND LIABILITIES

	31/3/2022	31/12/2021
	kEUR	kEUR
Equity attributable to shareholders of the parent company		
Issued capital*	1,075	1,075
Share premium	63,782	63,782
Reserves	-48,109	-46,182
Total	16,748	18,675
Non-controlling interests	1,538	1,413
Total equity	18,286	20,088
Non-current liabilities		
Deferred tax liabilities	81	81
Other liabilities	818	865
Total non-current liabilities	899	946
Current liabilities		
Trade payables	16,865	20,247
Contract liabilities	468	446
Other liabilities	1,133	2,286
Other financial liabilities	771	1,609
Income tax liabilities	839	730
Total current liabilities	20,076	25,318
Total liabilities	20,975	26,264
Total equity and liabilities	39,261	46,352

*The authorized share capital amounts to EUR 4,000,000 divided into 80,000,000 shares with a par value of EUR 0.05 each, of which 21,500,000 are issued and 20,257,892 shares were floating at 31 March 2022 (31 December 2021: 20,491,197).

» CONSOLIDATED STATEMENT OF CASH FLOWS – 1 / 2

	1/1 - 31/3/2022	1/1 - 31/3/2021
	KEUR	KEUR
Net income	-617	846
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets, and amortisation of intangible assets	261	296
Gain/loss on sale of fixed assets	54	0
Share-based compensation	50	86
Other financial income and financial expenses	281	30
Income taxes	108	134
Income from the release of accrued liabilities	-333	-161
Other non-cash income and expenses	306	-59
Cash settlement of stock option plans*	0	-343
Gross cash flow	110	830
Change in trade receivables	3,716	3,353
Change in other assets	-411	-87
Change in trade payables	-3,059	58
Change in other liabilities	-1,897	-1,920
Income tax paid	-45	-45
Interest received	19	5
Interest paid	-32	-36
Net cash flow from/used in operating activities	-1,599	2,158
Purchase of intangible assets and property, plant, and equipment	-54	-21
Net cash flow from/used in investing activities	-54	-21

*Reallocation according to Annual Report 2021.

» CONSOLIDATED STATEMENT OF CASH FLOWS – 2/2

	1/1 - 31/3/2022	1/1 - 31/3/2021
	kEUR	kEUR
Payment of lease liabilities	-125	-186
Purchase of treasury shares	-1,232	-1,073
Net cash flow from/used in financing activities	-1,357	-1,259
Net increase/decrease in cash and cash equivalents	-3,010	878
Cash and cash equivalents at beginning of period	20,704	24,330
Effect of exchange rates on cash and cash equivalents	1	186
Cash and cash equivalents at end of period	17,695	25,394

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2022

	Balance at 1/1/2022	Profit for the period	Other comprehen- sive income	Total comprehen- sive income	Share-based payment	Purchase of treasury shares	Cash settlement of SOP's	Balance at 31/3/2022
Issued capital (kEUR)	1,075	0	0	0	0	0	0	1,075
Share premium (kEUR)	63,782	0	0	0	0	0	0	63,782
Reserves								
Treasury reserve (kEUR)	-4,906	0	0	0	0	-1,232	0	-6,138
For employee stock option plans (kEUR)	2,827	0	0	0	50	0	0	2,877
Accumulated deficit (kEUR)	-42,962	-742	0	-742	0	0	0	-43,704
Currency translation differences (kEUR)	-1,153	0	1	1	0	0	0	-1,152
Revaluation of listed debt securities (kEUR)	12	0	-4	-4	0	0	0	8
Subtotal reserves (kEUR)	-46,182	-742	-3	-745	50	-1,232	0	-48,109
Equity attributable to shareholders of ad pepper media International N.V. (kEUR)	18,675	-742	-3	-745	50	-1,232	0	16,748
Non-controlling interests (kEUR)	1,413	125	0	125	0	0	0	1,538
Total equity (kEUR)	20,088	-617	-3	-620	50	-1,232	0	18,286

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2021

	Balance at 1/1/2021	Profit for the period	Other comprehen- sive income	Total comprehen- sive income	Share-based payment	Purchase of treasury shares	Cash settlement of SOP's	Balance at 31/3/2021
Issued capital (kEUR)	1,075	0	0	0	0	0	0	1,075
Share premium (kEUR)	63,782	0	0	0	0	0	0	63,782
Reserves								
Treasury reserve (kEUR)	-2,417	0	0	0	0	-1,073	-343	-3,833
For employee stock option plans (kEUR)	2,663	0	0	0	86	0	0	2,749
Accumulated deficit (kEUR)	-44,051	686	0	686	0	0	0	-43,365
Currency translation differences (kEUR)	-1,389	0	186	186	0	0	0	-1,203
Revaluation of listed debt securities (kEUR)	18	0	-3	-3	0	0	0	15
Subtotal reserves (kEUR)	-45,176	686	183	869	86	-1,073	-343	-45,637
Equity attributable to shareholders of ad pepper media International N.V. (kEUR)	19,681	686	183	869	86	-1,073	-343	19,220
Non-controlling interests (kEUR)	1,157	160	0	160	0	0	0	1,317
Total equity (kEUR)	20,838	846	183	1,029	86	-1,073	-343	20,537

» SELECTED EXPLANATORY NOTES

Consolidated segment information (IFRS)

Q1 2022	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Gross sales	1,481	16,216	5,518	0	0	23,215
Revenue	714	3,231	1,926	59	-59	5,871
Thereof external	714	3,231	1,926	0	0	5,871
Thereof intersegment	0	0	0	59	-59	0
Gross profit	635	3,055	1,860	59	0	5,609
Expenses (including cost of sales) and other income	-716	-3,197	-1,743	-502	59	-6,099
Thereof depreciation and amortisation	-36	-99	-67	-59	0	-261
Thereof other non-cash expenses	0	-96	0	0	0	-96
Thereof other non-cash income	11	370	2	8	0	391
EBITDA	34	133	250	-384	0	33
Operating profit	-2	34	183	-443	0	-228
Financial income	0	0	0	20	-1	19
Financial expenses	-3	-10	-5	-283	1	-300
Income taxes	-24	-43	-41	0	0	-108
Net income for the period	-29	-19	137	-706	0	-617

Consolidated segment information (IFRS)

Q1 2021	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Gross sales	2,482	20,043	5,584	0	0	28,108
Revenue	1,234	3,888	1,763	99	-100	6,884
Thereof external	1,234	3,888	1,762	0	0	6,884
Thereof intersegment	0	0	1	99	-100	0
Gross profit	1,105	3,710	1,724	99	-1	6,638
Expenses (including cost of sales) and other income	-742	-2,974	-1,574	-684	99	-5,875
Thereof depreciation and amortisation	-42	-123	-61	-71	0	-296
Thereof other non-cash expenses	-13	-37	0	0	0	-50
Thereof other non-cash income	72	180	6	11	0	269
EBITDA	534	1,037	250	-514	-1	1,306
Operating profit	492	914	189	-584	-1	1,010
Financial income	0	6	0	0	0	6
Financial expenses	-4	-7	-6	-19	0	-36
Income taxes	-54	-43	-37	0	0	-134
Net income for the period	435	869	146	-603	-1	846

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 2021.

The consolidated interim financial statements as at 31 March 2022 were authorised for issue by the Board of Directors on 6 May 2022.

2. Accounting principles

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021 except for the adoption of new standards effective from 1 January 2022. The Group has not prematurely adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New standards, interpretations and amendments:

The following amendments to standards apply for the first time in 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS 3 Business Combinations

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

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

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

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

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

Annual Improvements 2018-2020

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

Amendments to IFRS 16 Leases:

COVID-19-Related Rent Concessions beyond 30 June 2021

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

3. Consolidated Group

The entities included in consolidation are as follows:

Entity	31/3/2022	31/3/2021
	percent	percent
ad pepper media GmbH, Nuremberg, Germany	100	100
Webgains 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
Webgains S.L., 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
ad agents AG, Pontresina, Switzerland	60	60
Webgains Italy S.R.L., Italy, Milan	100	100
Webgains B.V., Amsterdam, Netherlands*	100	0

*Incorporation: 18 November 2021.

4. Notes to the Interim Financial Statements

Revenue from contracts with customers

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

For the three months ended 31 March 2022				
Segments	ad pepper	Webgains	ad agents	Total
Geographical markets				
Germany	337	679	1,548	2,564
United Kingdom	0	1,973	0	1,973
Spain	377	432	0	809
Other	0	147	378	525
Total revenue	714	3,231	1,926	5,871

For the three months ended 31 March 2021				
Segments	ad pepper	Webgains	ad agents	Total
Geographical markets				
Germany	722	734	1,662	3,118
United Kingdom	0	2,653	0	2,653
Spain	512	411	0	923
Other	0	90	100	190
Total revenue	1,234	3,888	1,761	6,884

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 57k (Q1 2021: EUR 109k) of time barred claims and income of EUR 267k (Q1 2021: EUR 60k) from reversals of non-disbursed affiliate credits in the Webgains segment that are classified by the ad pepper Group as not being likely to be paid out.

The net foreign exchange loss amounts to EUR 19k, while a net foreign exchange loss of EUR 77k was posted in the equivalent prior year's period.

Write downs on receivables included in other operating expenses amount to EUR 96k (Q1 2021: EUR 48k).

5. Segment reporting according to IFRS 8

IFRS 8 requires an entity to report financial and descriptive information about its so-called "reportable segments". Reportable segments are either operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity for which separate financial information is available that is evaluated regularly by the chief operating decision-maker for the purpose of allocating resources and assessing performance.

In general, financial information is required to be reported on the same basis as used internally to evaluate the operating segments (management approach). The information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance is focused on the category of services delivered. For this reason, the Group reports segment information for the operating segments of "ad pepper" (lead, mail, banner), "Webgains" (affiliate marketing), "ad agents" (SEM / SEO), and for the non-operating "admin" (administration) segment. The accounting policies of the reportable segments correspond to the Group's accounting policies described in Note [2] of the consolidated Annual Report for the year ended 31 December 2021.

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

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

Geographical information

The Group operates in three principal geographical areas – Germany, United Kingdom and Spain.

Information on segment assets is broken down by geographical location below. Non-current assets do not include financial instruments or deferred tax assets:

	Non-current assets	
	31/3/2022	31/3/2021
	kEUR	kEUR
Germany	1,031	1,554
United Kingdom	466	764
Spain	307	185
Other	135	4
Total	1,939	2,507

In the first three months of 2022, there is no single customer who accounts for 10 percent or more of the Group's total revenue (Q1 2021: none).

6. Treasury stock

Acquisition of treasury stock

By a shareholders' resolution dated 18 May 2021, the Board of Directors was authorised to repurchase treasury stock of up to 50 percent of the issued capital within the following 18 months. The Board of Directors made use of this authorisation on 2 August 2021 to repurchase up to a maximum of 500,000 of its own shares for a total maximum amount of up to EUR 3,000,000. The share buy-back took place between 1 September 2021 and 21 February 2022. 500,000 shares were bought back with a value of EUR 2,681,816 under this buy-back program, which concluded on 21 February 2022.

As at 31 March 2022, ad pepper media International N.V. held 1,242,128 treasury shares (31 March 2021: 767,915) at a nominal value of EUR 0.05 each, corresponding to 5.78 percent (31 March 2021: 3.57 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 three months of 2022 (Q1 2021: 0). No shares were sold under the stock option plans (Q1 2021: 2,400 shares). No equity settled stock options have been settled in cash in the first three months of 2022 (Q1 2021: 178,750).

Number of shares outstanding

The number of shares issued and outstanding as at 31 March 2022 totals 20,257,872 (31 March 2021: 20,732,085). 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.

8. Stock options and shareholdings

As at 31 March 2022, a total of 617,500 stock options existed for current members of the Board of Directors, members of the Supervisory Board and employees. The exchange ratio for each of the stock options is one share per option. The exercise price is EUR 1.9751 (Supervisory Board) and EUR 3.50 (Board of Directors and employees).

	Shares as at 31/3/2022	Options as at 31/3/2022
Board of Directors		
Dr Jens Körner		187,500
Supervisory Board		
Thomas Bauer		0
Dr Stephan Roppel		5,000
Employees		425,000
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 2021 financial year.

10. Events after the balance sheet date

Up until the day of authorisation for publication, no events took place that would have exerted substantial influence on the net assets, financial position or result of operations as at 31 March 2022.

Nuremberg, 6 May 2022

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 / 2022	25 August 2022
Quarterly Report III / 2022	24 November 2022

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 Dr Jens Körner, CEO

Our 2021 Annual Report as well as the Interim Financial Reports for 2022 are available in English at www.adpeppergroup.com under:

Investor relations / Publications / Financial reports



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