

SECOND QUARTER

UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS
AS AT 30 JUNE 2023



» SELECTED GROUP KEY FIGURES

	Q2 2023	Q2 2022	Change	H1 2023	H1 2022	Change
	kEUR	kEUR	in percent	kEUR	kEUR	in percent
Gross sales	20,967	23,191	-9.6	40,559	46,406	-12.6
Revenue	5,399	5,882	-8.2	10,498	11,753	-10.7
Gross profit	5,193	5,637	-7.9	10,085	11,246	-10.3
EBIT (Operating profit)	-385	-472	-18.4	-966	-700	38.0
EBITDA	-118	-186	-36.5	-446	-153	>100.0
Net income/(loss) for period	-388	-414	-6.3	-1,014	-1,030	-1.6
Earnings per share in EUR (basic)	-0.02	-0.04	-50.0	-0.05	-0.07	-28.6

	30/6/2023	30/6/2022	Change
	kEUR	kEUR	in percent
Liquid funds*	21,519	21,049	2.2
Equity	14,446	17,609	-17.9
Total assets	37,117	39,427	-5.9
No. of employees	234	260	-10.0

*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	H1	H1
	2023	2022
XETRA closing price at end of period (EUR)	2.38	2.55
Highest price (EUR)	2.62	5.20
Lowest price (EUR)	1.84	2.55
Market capitalisation at end of period (EUR)	51.2m	54.8m
Average no. of shares traded (XETRA) per day	4,635	10,888
Earnings per share (basic) (EUR)	-0.05	-0.07
Net cash per share* (EUR)	1.00	0.99

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

Share price performance over the past twelve months (Xetra)



Shareholder structure as at 30/6/2023	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	100.0

» THE STRUCTURE OF THE AD PEPPER GROUP

ad pepper media International N.V. is the holding Company of one of Europe's leading international performance marketing groups. Founded in 1999, the ad pepper Group is one of the pioneers in the online marketing business. With eleven offices in Germany, Italy, France, Spain, Switzerland, the United Kingdom and the Netherlands, the ad pepper Group develops performance marketing solutions for its customers around the world.

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

The ad pepper Group provides services to large corporations and major SMEs based in Europe and abroad. Our clients operate primarily in the "Trade & Consumer Goods", "Financial Services", "Telecommunications & Technology" and "Transport and Tourism" sectors. The ad pepper Group strives for long-term client relationships and has been working with some of its clients for more than a decade.

The ad pepper Group focuses on long-term value creation through organic growth in its existing businesses, while also evaluating inorganic growth opportunities through value-accretive acquisitions. The Group is divided into three reporting segments, which work in close cooperation with the holding Company and operate independently in the marketplace: **ad pepper** (performance marketing Company), **ad agents** (digital marketing agency) and **Webgains** (affiliate marketing network). The holding Company assumes responsibility for the transfer of know-how between the segments, the strategic focus, as well as financing and liquidity as part of the overall governance and administration of the Group. The ad pepper Group's overall strategy is to support and strengthen each segment individually, as each business has its own distinctive culture, clients, product range and regional focus. All three business segments offer their clients performance-based solutions. This means that the advertiser only pays if there are measurable results (completion of specific actions). The most common models in performance-based marketing are: CPM (cost-per-mile), CPC (cost-per-click), CPL (cost-per-lead) and CPA (cost-per-acquisition).

The ad pepper Group also offers a broad range of services, such as consulting and the development of strategies for the use of digital technologies, the design, implementation and execution of digital marketing and communication solutions as well as consulting on digital media strategies and digital media technologies and tools. The ever-increasing importance of digital processes for businesses leads to an increase in the corresponding budgets, and the vast amounts of data thus generated require thorough analysis (preferably in real time). To be successful in the field of digital marketing, companies therefore need to develop competencies that go beyond an effective allocation of digital media spend across multiple channels and managing the respective campaigns. And they need help to achieve this. It is therefore not surprising that – in some areas of our business – the ad pepper Group is competing more and more with well-known strategy and IT consultancies that offer consulting services in the digital marketing space.



The segments of the ad pepper Group

ad pepper

The Group's success story began with ad pepper in 1999. As a leading performance marketing Company, ad pepper specialises in lead generation and targeting specific audiences. ad pepper works with its clients to develop on-line marketing strategies for over 50 countries worldwide and uses the latest technologies for each project. Whether at the local, national or international level, ad pepper helps its customers meet their goals by developing the most efficient online marketing strategies for their budget. Taking local conditions into account, ad pepper is able to optimise campaigns for the target markets. Whether working with an agency or a direct client, the aim is always to deliver the best possible result. What sets ad pepper apart from its competitors? Many years of experience – and iLead. This unique platform enables the agency to generate customised campaigns that are adapted to the specific markets of their clients in next to no time. And the iLead platform was developed in-house. With the help of iLead, over 30,000 campaigns have been successfully launched and managed worldwide and millions of qualified leads have been generated.

Offices: Nuremberg / Madrid

Webgains

Webgains has been part of the ad pepper Group since 2006. Today, the registered and approved affiliate network serves over 1,800 clients worldwide, from start-ups to global brands, in more than 170 global markets. When it comes to designing local and international campaigns, Webgains not only benefits from its strong publisher network, but also from the extensive experience of over 100 highly motivated experts with excellent market knowledge, which they continuously develop.

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

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

Offices: Nuremberg / Madrid / Bristol / London / Manchester / Paris / Milan / Amsterdam

ad agents

ad agents joined the ad pepper Group in 2007. Today, it is one of Germany's most successful online and performance marketing agencies – and for a good reason. Their strategies are as unique as their personalised consulting and support services, which are always optimised to suit the situation and the specific requirements of ad agents' clients. ad agents maintains an overview of the entire digital advertising market and adapts its comprehensive service portfolio accordingly, thus supporting its clients with planning and implementing efficient and effective online and performance marketing strategies. ad agents' digital marketing experts always find the perfect strategy to increase our clients' brand awareness and sales – across all digital channels and on all devices.

As a full-service performance marketing agency, ad agents has a sixth sense for trends, extensive experience and transparent reporting structures. They advise and support national and international companies from virtually every industry who partner with ad agents to create exceptional and successful performance marketing campaigns.

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

Office: Herrenberg / Pontresina

» 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.

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 2022.

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

Internal control system

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

» MACROECONOMIC FRAMEWORK

World

A number of factors that contributed to the weakening of the global economy in the past year have recently improved significantly, according to IfW Kiel. However, the sharp tightening of monetary policy has led to significantly higher financing costs and is weighing on growth. Fiscal policy is generally also restrictive. Against this backdrop, global growth is expected to be moderate this year and next. After growing by 3.3 percent in 2022, which is roughly in line with the medium-term trend rate, global output is expected to grow by only 2.8 percent and 3.0 percent in 2023 and 2024, respectively. Although inflation will fall significantly in the coming months on the back of lower commodity prices, underlying inflation is likely to remain elevated for the time being and will not return target levels before the end of the forecast horizon.

Eurozone

Up to the final quarter of 2022, the euro area economy proved strong enough to evade a contraction in output, despite the extremely high energy prices and the associated loss of purchasing power. After energy prices have receded to more moderate levels across the board, and with weakening headwinds from the global economy, the euro zone is expected to gradually regain grip, according to IfW Kiel. Overall, euro area GDP is expected to increase by 1.1 percent in 2023 and 1.6 percent in 2024, according to IfW Kiel. Inflation, which has been high until recently, is expected to gradually subside. Unemployment remains low.

Online advertising market

In the German advertising sector, there's no uptick in the second quarter of 2023 according to Nielsen data. Indeed, the situation seems to be quite the contrary. In this quarter, companies in Germany have spent a gross total of EUR 7,660m on advertising. This denotes a 4 percent reduction in advertising expenditure compared to the previous year (Q2 2022: EUR 7,947m).

Digital advertising, long viewed as a channel for growth, also remains below the previous year's levels. With a gross investment of nearly EUR 966m in the second quarter of 2023 it shows a decline of 3 percent year-on-year (Q2 2022: EUR 992m).

Sources: Nielsen (2023).

» EARNINGS, FINANCIAL AND NET ASSET POSITION

Earnings position

Gross sales were down 10 percent to EUR 20,967k (Q2 2022: EUR 23,191k), while Group revenue amounted to EUR 5,399k, which is 8 percent below the prior-year value (Q2 2022: EUR 5,882k). The Webgains, ad agents and ad pepper segments posted a decrease in revenue of 4 percent, 11 percent and 18 percent to EUR 2,924k (Q2 2022: EUR 3,031k), EUR 1,866k (Q2 2022: EUR 2,108k) and EUR 609k (Q2 2022: EUR 743k).

Group EBITDA stood at EUR -118k in the second quarter (Q2 2022: EUR -186k). At segment level, Webgains contributed Q2 EBITDA of EUR 288k (Q2 2022: EUR -270k), while ad agents came out with EUR 72k (Q2 2022: EUR 212k) and ad pepper with EUR 31k (Q2 2022: EUR 132k).

In total, the ad pepper group generated gross sales in the first six months of 2023 of EUR 40,559k (H1 2022: EUR 46,406k), while Group revenue amounted to EUR 10,498k (H1 2022: EUR 11,753k), representing a decrease of EUR 1,255k or 11 percent. H1 EBITDA came to EUR -446k (H1 2022: EUR -153k).

Financial position

Gross cash flow in H1 2023 amounted to EUR -825k, as against EUR -426k for the first six months of 2022. Reason for the decrease was mainly due to higher non-cash income in relation to the release of the bad debt provision, due to unexpected incoming payments for some major overdue trade receivables.

Cash flow from operating activities shows a figure of EUR -954k as against EUR -610k in the prior years period and is particularly driven by the non-cash positions in the gross cash flow.

Cash flow from investing activities amounted to EUR 3,995k (H1 2022: EUR -1,813k) and consists of an investment in securities of EUR 1,983k and cash inflow due to the maturity of short-term cash deposits amounting to EUR 6,000k.

Cash flow from financing activities amounted to EUR -545k in the first six months of 2023 (H1 2022: EUR -1,890k) and consists of cash outflow for leasing payments of EUR 259k (H1 2022: EUR 279k) made in conjunction with capitalised right-of-use assets and dividends paid to non-controlling interests amounting to EUR 286k (H1 2022: EUR 379k).

Net asset position

Total assets decreased by EUR 6,837k to EUR 37,117k compared with 31 December 2022 (EUR 43,954k). The decrease was mainly due to lower trade receivables, which fell by EUR 5,237k to EUR 12,331k (31 December 2022: EUR 17,568k). Correspondingly, trade payables fell by EUR 4,962k to EUR 15,874k (31 December 2022: EUR 20,836k), which is particularly due to affiliate and website payments made amounting to EUR 4,322k. Lower VAT liabilities resulted in a decrease in other liabilities by EUR 769k to EUR 1,463k (31 December 2022: EUR 2,231k).

Financial liabilities remain stable and amount to EUR 3,516k (31 December 2022: EUR 3,551k). Right-of-use assets for capitalised leasing contracts for offices and vehicles amount to EUR 1,619k (31 December 2022: EUR 1,318k).

Total non-current liabilities amount to EUR 1,162k (31 December 2022: EUR 840k), whereof EUR 1,126k (31 December 2022: EUR 709k) relate to lease liabilities for capitalised right-of-use assets. Total liabilities amount to EUR 22,671k (31 December 2022: EUR 28,288k).

The Group still has no liabilities to banks. Total equity stands at EUR 14,446k (31 December 2022: EUR 15,666k). The equity ratio increased to 39 percent (31 December 2022: 36 percent).

» RESEARCH AND DEVELOPMENT ACTIVITIES

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

» EMPLOYEES

As at 30 June 2023, the ad pepper Group had 234 employees, as against a total of 260 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.

	30/6/2023	30/6/2022
	Number	Number
ad pepper	22	22
Webgains	101	115
ad agents	94	104
Administration	17	19

» RISK AND OPPORTUNITY REPORT

There have been no material changes in the opportunity and risk situation of ad pepper media International N.V. compared with the information provided in the Annual Report as at 31 December 2022. Reference is therefore made to the information presented in the management report for the 2022 financial year.

» OUTLOOK

Various cost optimisation measures were initiated and make us more efficient and leaner as we enter the second half of the year. We are therefore cautiously optimistic with regard to our performance in the upcoming half-year – not least due to a tentative recovery of our customers' e-commerce and advertising activities. However, the general environment remains challenging in view of macroeconomic and geopolitical uncertainties.

» RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, while the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Nuremberg, 9 August 2023
ad pepper media International N.V.



Dr. Jens Körner, CEO

» CONSOLIDATED INCOME STATEMENT

	Q2 2023	Q2 2022	H1 2023	H1 2022
	KEUR	KEUR	KEUR	KEUR
Gross sales ¹	20,967	23,191	40,559	46,406
Media cost ²	-15,568	-17,309	-30,061	-34,653
Revenue³	5,399	5,882	10,498	11,753
Cost of sales	-206	-245	-413	-507
Gross profit	5,193	5,637	10,085	11,246
Selling and marketing expenses	-3,767	-4,220	-7,495	-8,375
General and administrative expenses	-2,133	-1,815	-4,049	-3,681
Other operating income	326	178	548	532
Other operating expenses	-3	-252	-55	-422
Operating profit	-385	-472	-966	-700
Financial income	54	35	76	54
Financial expenses	-12	132	-23	-168
Income before taxes	-343	-305	-912	-814
Income taxes	-45	-109	-101	-216
Net income	-388	-414	-1,014	-1,030
Attributable to shareholders of the parent company	-450	-729	-1,035	-1,470
Attributable to non-controlling interests	63	315	21	440
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	-0.02	-0.04	-0.05	-0.07
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	-0.02	-0.04	-0.05	-0.07
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	20,257,872	20,257,872	20,257,872	20,299,078
Weighted average number of shares outstanding (diluted)	20,257,872	20,259,912	20,257,872	20,373,326

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

	Q2 2023	Q2 2022	H1 2023	H1 2022
	KEUR	KEUR	KEUR	KEUR
Net income	-388	-414	-1,014	-1,030
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	26	39	2	40
Revaluation of listed debt securities	-14	-9	-12	-14
Other comprehensive income, net of tax	12	30	-10	26
Total comprehensive income	-376	-384	-1,023	-1,004
Attributable to non-controlling interests	63	315	21	440
Attributable to shareholders of the parent company	-438	-699	-1,044	-1,444

» CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

	30/6/2023	31/12/2022
	kEUR	kEUR
Non-current assets		
Intangible assets	258	374
Property, plant and equipment	200	230
Right-of-use assets	1,619	1,318
Listed debt and marketable securities	1,968	0
Other financial assets	305	184
Deferred tax assets	82	79
Total non-current assets	4,433	2,185
Current assets		
Securities and deposits with maturity over three months	85	6,076
Trade receivables	12,331	17,568
Other receivables	338	309
Income tax receivables	411	549
Other financial assets	53	258
Cash and cash equivalents	19,466	17,008
Total current assets	32,684	41,769
Total assets	37,117	43,954

» CONSOLIDATED STATEMENT OF
FINANCIAL POSITION – EQUITY AND LIABILITIES

	30/6/2023	31/12/2022
	kEUR	kEUR
Equity attributable to shareholders of the parent company		
Issued capital*	1,075	1,075
Share premium	63,782	63,782
Reserves	-51,322	-50,367
Total	13,535	14,490
Non-controlling interests	911	1,176
Total equity	14,446	15,666
Non-current liabilities		
Other liabilities	1,162	840
Total non-current liabilities	1,162	840
Current liabilities		
Trade payables	15,874	20,836
Contract liabilities	271	465
Other liabilities	1,463	2,231
Other financial liabilities	3,516	3,551
Income tax liabilities	385	365
Total current liabilities	21,509	27,448
Total liabilities	22,671	28,288
Total equity and liabilities	37,117	43,954

*The authorised share capital amounts to EUR 4,000,000 divided into 80,000,000 shares with a par value of EUR 0.05 each, of which 21,500,000 are issued and 20,257,872 shares were floating at 30 June 2023 (31 December 2022: 20,257,872).

» CONSOLIDATED STATEMENT OF CASH FLOWS – 1 / 2

	1/1 - 30/6/2023	1/1 - 30/6/2022
	KEUR	KEUR
Net income	-1,014	-1,030
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets, and amortisation of intangible assets	520	547
Gain/loss on sale of fixed assets	-7	54
Share-based compensation	126	6
Gain/loss on sale of securities and other investments (after bank charges)	-2	120
Other financial income and financial expenses	55	-6
Income taxes	101	216
Income from the release of accrued liabilities	-376	-541
Other non-cash expenses and income	-228	209
Gross cash flow	-825	-426
Change in trade receivables	5,438	4,098
Change in other assets	-55	-27
Change in trade payables	-4,640	-2,290
Change in other liabilities	-981	-1,599
Income tax received	360	0
Income tax paid	-303	-368
Interest received	76	54
Interest paid	-23	-53
Net cash flow from/used in operating activities	-954	-610
Purchase of intangible assets and property, plant and equipment	-69	-122
Proceeds from sale of intangible assets and property, plant and equipment	7	0
Proceeds from sale of securities and maturity of deposits	6,000	1,935
Purchase of securities	-1,983	0
Net cash flow from/used in investing activities	3,955	1,813

» CONSOLIDATED STATEMENT OF CASH FLOWS – 2/2

	1/1 - 30/6/2023	1/1 - 30/6/2022
	kEUR	kEUR
Payment of lease liabilities	-259	-279
Purchase of treasury shares	0	-1,232
Dividends to non-controlling interests	-286	-379
Net cash flow from/used in financing activities	-545	-1,890
Net decrease/increase in cash and cash equivalents	2,456	-688
Cash and cash equivalents at beginning of period	17,008	20,704
Effect of exchange rates on cash and cash equivalents	2	40
Cash and cash equivalents at end of period	19,466	20,056

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2023

	Balance at 1/1/2023	Profit/Loss for the period	Other com- prehensive income	Total com- prehensive income	Share-based payment	Dividends	Purchase of treasury shares	Balance at 30/6/2023
Issued capital (kEUR)	1,075	0	0	0	0	0	0	1,075
Share premium (kEUR)	63,782	0	0	0	0	0	0	63,782
Reserves								
Treasury reserve (kEUR)	-6,138	0	0	0	0	0	0	-6,138
For employee stock option plans (kEUR)	2,906	0	0	0	90	0	0	2,996
Accumulated deficit (kEUR)	-43,910	-1,035	0	-1,035	0	0	0	-44,945
Currency translation basis of preparation differences (kEUR)	-1,153	0	2	2	0	0	0	-1,151
Revaluation of listed debt securities (kEUR)	-3	0	-12	-12	0	0	0	-15
Other reserves (kEUR)	-2,070	0	0	0	0	0	0	-2,070
Subtotal reserves (kEUR)	-50,367	-1,035	-10	-1,044	90	0	0	-51,322
Equity attributable to shareholders of the parent company (kEUR)	14,490	-1,035	-10	-1,044	90	0	0	13,535
Non-controlling interests (kEUR)	1,176	21	0	21	0	-286	0	911
Total equity (kEUR)	15,666	-1,014	-10	-1,023	90	-286	0	14,446

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2022

	Balance at 1/1/2022*	Profit/Loss for the period	Other com- prehensive income	Total com- prehensive income	Share-based payment	Dividends	Purchase of treasury shares	Balance at 30/6/2022
Issued capital (kEUR)	1,075	0	0	0	0	0	0	1,075
Share premium (kEUR)	63,782	0	0	0	0	0	0	63,782
Reserves								
Treasury reserve (kEUR)	-4,906	0	0	0	0	0	-1,232	-6,138
For employee stock option plans (kEUR)	2,827	0	0	0	136	0	0	2,963
Accumulated deficit (kEUR)	-43,017	-1,470	0	-1,470	0	0	0	-44,487
Currency translation basis of preparation differences (kEUR)	-1,162	0	40	40	0	0	0	-1,122
Revaluation of listed debt securities (kEUR)	12	0	-14	-14	0	0	0	-2
Other reserves (kEUR)	-2,812	0	0	0	0	0	0	-2,812
Subtotal reserves (kEUR)	-49,058	-1,470	26	-1,444	136	0	-1,232	-51,598
Equity attributable to shareholders of the parent company (kEUR)	15,799	-1,470	26	-1,444	136	0	-1,232	13,259
Non-controlling interests (kEUR)	958	440	0	440	0	-379	0	1,019
Total equity (kEUR)	16,757	-1,030	26	-1,004	136	-379	-1,232	14,278

*Restated Values. Please refer to Note [2] of the Annual Report 2022.

» SELECTED EXPLANATORY NOTES

Consolidated segment information (IFRS)

H1 2023	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Gross sales	2,372	26,782	11,405	0	0	40,559
Revenue	1,140	5,750	3,608	95	-95	10,498
Thereof external	1,140	5,750	3,608	0	0	10,498
Thereof intersegment	0	0	0	95	-95	0
Gross profit	1,024	5,471	3,495	95	0	10,085
Expenses (including cost of sales) and other income	-1,166	-5,505	-3,752	-1,136	95	-11,464
Thereof depreciation and amortisation	-58	-232	-119	-111	0	-520
Thereof other non-cash expenses	-15	0	0	0	0	-15
Thereof other non-cash income	50	544	19	6	0	619
EBITDA	33	476	-24	-931	0	-446
Operating profit (EBIT)	-25	245	-143	-1,043	0	-966
Financial income	0	6	0	98	-28	76
Financial expenses	-4	-26	-13	-8	28	-23
Income taxes	-36	-10	-55	0	0	-101
Net income for the period	-65	214	-211	-952	0	-1,014

Consolidated segment information (IFRS)

H1 2022	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Gross sales	3,065	30,991	12,350	0	0	46,406
Revenue	1,457	6,262	4,035	123	-124	11,753
Thereof external	1,457	6,262	4,034	0	0	11,753
Thereof intersegment	0	0	1	123	-124	0
Gross profit	1,303	5,915	3,906	123	-1	11,246
Expenses (including cost of sales) and other income	-1,363	-6,618	-3,711	-884	123	-12,453
Thereof depreciation and amortisation	-72	-219	-139	-117	0	-547
Thereof other non-cash expenses	0	-319	0	-24	0	-343
Thereof other non-cash income	75	576	3	21	0	675
EBITDA	166	-137	463	-644	-1	-153
Operating profit (EBIT)	94	-356	324	-761	-1	-700
Financial income	0	16	0	44	-6	54
Financial expenses	-5	-20	-7	-142	6	-168
Income taxes	-55	-80	-81	0	0	-216
Net income for the period	34	-440	236	-859	-1	-1,030

1. Basis for the preparation of the Interim Financial Statements

The current condensed interim consolidated financial statements of ad pepper media International N.V. were prepared according to the provisions of the International Financial Reporting Standards IFRS as applicable on the closing date and are presented in euros (EUR). The comparative figures from the previous year were determined according to the same principles and adjusted where necessary. The quarter-end financial statements meet the requirements of IAS 34. The condensed consolidated interim financial statements do not include all of the information required for the full annual financial statements and should therefore be read in conjunction with the consolidated Annual Report for the year ended 31 December 2022.

The consolidated interim financial statements as at 30 June 2023 were authorised for issue by the Board of Directors on 9 August 2023.

2. Accounting principles

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022 except for the adoption of new standards effective from 1 January 2023. The Group has not prematurely adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

No new standards or improvements have been released by the authorities in the first six months of 2023.

3. Consolidated Group

The entities included in consolidation are as follows:

Entity	30/6/2023	30/6/2022
	percent	percent
ad pepper media GmbH, Nuremberg, Germany	100	100
Webgains GmbH, Nuremberg, Germany	100	100
Webgains France SARL, Paris, France	100	100
ad pepper media Spain S.A., Madrid, Spain	65	65
Webgains S.L., Madrid, Spain	65	65
ad pepper media USA LLC, New York, USA	100	100
Webgains Ltd, Bristol, United Kingdom	100	100
ad agents GmbH, Herrenberg, Germany	60	60
ad agents AG, Pontresina, Switzerland	60	60
Webgains Italy S.R.L. SB., Milan, Italy	100	100
Webgains B.V., Amsterdam, Netherlands	100	100

4. Notes to the Interim Financial Statements

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 six months ended 30 June 2023				
Segments	ad pepper	Webgains	ad agents	Total
Geographical markets				
Germany	478	1,348	2,686	4,512
United Kingdom	0	2,989	0	2,989
Spain	662	909	0	1,571
Other	0	504	922	1,426
Total revenue	1,140	5,750	3,608	10,498

For the six months ended 30 June 2022				
Segments	ad pepper	Webgains	ad agents	Total
Geographical markets				
Germany	735	1,312	3,256	5,303
United Kingdom	0	3,811	0	3,811
Spain	722	793	0	1,515
Other	0	346	778	1,124
Total revenue	1,457	6,262	4,034	11,753

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 20k (H1 2022: EUR 134k) of time barred claims and income of EUR 259k (H1 2022: EUR 386k) 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 31k, while a net foreign exchange loss of EUR 26k was posted in the equivalent prior year's period.

Write downs on receivables included in other operating expenses amount to EUR 14k (H1 2022: EUR 319k), while a release of EUR 216k is included in other operating income due to a positive outcome of few debt cases (H1 2022: EUR 0k).

5. Segment reporting according to IFRS 8

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

In general, financial information is required to be reported on the same basis as used internally to evaluate the operating segments (management approach). The information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance is focused on the category of services delivered. For this reason, the Group reports segment information for the operating segments of "ad pepper" (lead, mail, banner), "Webgains" (affiliate marketing), "ad agents" (SEM / SEO), and for the non-operating "admin" (administration) segment. The accounting policies of the reportable segments correspond to the Group's accounting policies described in Note [2] of the consolidated Annual Report for the year ended 31 December 2022.

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

The “dealing at arm’s length” principle forms the basis of accounting for intersegment transactions.

Geographical information

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

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	
	30/6/2023	30/6/2022
	kEUR	kEUR
Germany	620	1,096
United Kingdom	1,163	585
Spain	208	283
Other	86	128
Total	2,077	2,092

In H1 2023, there is no single customer who accounts for 10 percent or more of the Group’s total revenue (H1 2022: none).

6. Treasury stock

Acquisition of treasury stock

By a shareholders’ resolution dated 13 June 2023, the Board of Directors was authorised to repurchase treasury stock of up to 50 percent of the issued capital within the following 18 months. There is currently no active share repurchase programme.

As at 30 June 2023, ad pepper media International N.V. held 1,242,128 treasury shares (30 June 2022: 1,242,128) at a nominal value of EUR 0.05 each, corresponding to 5.78 percent (30 June 2022: 5.78 percent) of the share capital. According to a shareholders’ resolution, these shares can be used for stock option plans or the cancellation of shares.

Sale of treasury stock

No treasury shares were sold during the first six months of 2023 (H1 2022: 0). No shares were sold under the stock option plans (H1 2022: 0). No equity settled stock options have been settled in cash in the first six months of 2023 (H1 2022: 0).

Number of shares outstanding

The number of shares issued and outstanding as at 30 June 2023 totals 20,257,872 (30 June 2022: 20,257,872). Each share has a nominal value of EUR 0.05.

7. Seasonal influences on business operations

The ad pepper Group is engaged in the field of online advertising in the broadest sense. Due to the seasonal character of the advertising industry, with its traditional focus on expenditure in the fourth quarter, revenue and, thus, operating profit are generally higher in the second half of the year. However, reference is made to the “Outlook” chapter on page 18.

8. Stock options and shareholdings

An employee equity participation programme involving 654,000 options was launched for Supervisory Board members and executive employees in January 2023. The options may be exercised over a period of four years at 25 percent each year, but at the earliest one year after being granted. The fair value of the individual tranches at the time of granting is between EUR 0.355 and EUR 0.613 per issued option. The maximum cost of the programme over the entire time is EUR 26k resp. EUR 302k.

A share appreciation rights programme involving 187,500 options was launched for Board of Directors in January 2023. The options may be exercised over a period of four years at 25 percent each year, but at the earliest one year after being granted. The fair value of the individual tranches at the time of granting was between EUR 0.355 and EUR 0.564 per issued option. The fair value of the individual tranches as at 30 June 2023 is between EUR 0.642 and EUR 0.887.

As at 30 June 2023, a total of 846,500 stock options existed for members of the Board of Directors, members of the Supervisory Board and employees. The exchange ratio for each of the stock options is one share per option. The exercise price is between EUR 1.86 and EUR 1.9751.

	Shares as at 30/6/2023	Options as at 30/6/2023
Board of Directors		
Dr Jens Körner	0	187,500
Supervisory Board		
Michael Oschmann	0	0
Dagmar Bottenbruch	0	18,000
Thomas Bauer	0	18,000
Dr Stephan Roppel	0	23,000
Employees	0	600,000
Associated companies*		
EMA B.V.	9,486,402	0
Euro Serve Media GmbH	556,163	0

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

9. Report on major transactions with related companies and persons

There have been no material changes in transactions with related parties compared with the 2022 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 June 2023.

Nuremberg, 9 August 2023
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 III / 2023

17 November 2023

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

Investor relations / Publications / Financial reports

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