

SECOND QUARTER

UNAUDITED CONDENSED
INTERIM FINANCIAL STATEMENTS
AS AT 30 JUNE 2021

20
» 21

» SELECTED GROUP KEY FIGURES

	Q2 2021	Q2 2020	Change	H1 2021	H1 2020	Change
	kEUR	kEUR	in percent	kEUR	kEUR	in percent
Gross sales	25,931	23,357	11.0	54,039	45,007	20.1
Revenue	6,516	6,116	6.5	13,400	11,957	12.1
Gross profit	6,334	5,866	8.0	12,972	11,569	12.1
EBIT	743	1,420	-47.7	1,752	2,259	-22.4
EBITDA	1,036	1,684	-62.5	2,342	2,804	-16.5
Net income/(loss) for period	512	1,300	-60.6	1,358	2,029	-33.1
Earnings per share in EUR (basic)	0.01	0.06	-83.3	0.05	0.09	-44.4

	30/6/2021	30/6/2020	Change
	kEUR	kEUR	in percent
Liquid funds*	25,002	22,139	12.9
Equity	20,341	19,570	3.9
Total assets	42,692	40,880	4.4
No. of employees	242	218	11.0

*including listed debt securities

» CONTENTS

The ad pepper share	6
Interim Management Report	8
The structure of the ad pepper Group	8
General information about this management report	13
Macroeconomic framework	14
Earnings, financial and net asset position	16
Research and development activities	18
Employees	19
Risk and opportunity report	19
Outlook	19
Responsibility statement	20
Interim Consolidated Financial Statements (IFRS)	22
Consolidated income statement	22
Consolidated statement of comprehensive income	24
Consolidated statement of financial position	26
Consolidated statement of cash flows	30
Consolidated statement of changes in equity	34
Selected explanatory notes	38
Additional Information	52
Financial Calendar	52
Investor Contact	52
Imprint	53

» 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 2021	H1 2020
XETRA closing price at end of period (EUR)	5.96	3.16
Highest price (EUR)	6.82	3.22
Lowest price (EUR)	4.92	2.30
Market capitalisation at end of period (EUR)	128.1m	67.9m
Average no. of shares traded (XETRA) per day	14,309	8,854
Earnings per share (basic) (EUR)	0.05	0.09
Net cash per share* (EUR)	1.16	0.99

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

Share price performance over the past twelve months (Xetra)



Shareholder structure as at 30/6/2021	Number of shares	Shareholding in percent
EMA B.V.	9,486,402	44.12
Treasury stock	762,128	3.54
Euro Serve Media GmbH	556,163	2.59
Subtotal	10,804,693	50.25
Free float	10,695,307	49.75
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 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 our customers.

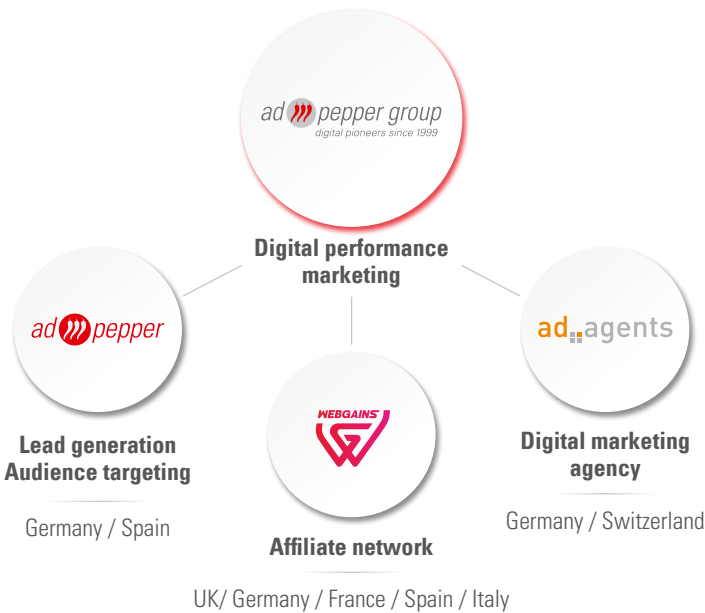
The Company operates within the dynamic environment of digital commerce, which is characterised by dynamic growth in both consumer and advertising expenditure. Channels such as social media, search, video and mobile – to name just a few – continue to expand their market share.

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).

ad pepper 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 – ad pepper 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

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.

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 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 a report published by the International Monetary Fund (IMF) in April 2021, the global prospects remain highly uncertain one year into the pandemic. New virus mutations and the accumulating human toll raise concerns, even as growing vaccine coverage lifts sentiment. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. However, global growth is projected by IMF at 6 percent in 2021, moderating to 4.4 percent in 2022. The projections for 2021 and 2022 are stronger than in IMF's report published in October 2020. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. Looking at ad pepper's core markets, GDP growth for 2021 is projected at 4.4 percent for the euro area and 5.3 percent for the United Kingdom, according to IMF. GDP growth for 2022 has been revised up by 0.7 percentage point to 3.8 percent in the euro area and by 1.9 percentage points in the United Kingdom to 5.1 percent. IMF emphasises in its report that high uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalisation, and the evolution of financial conditions.

Online advertising market

While the pandemic-related lockdown across Europe posed major challenges to brick-and-mortar retail and increased the pressure on store operators to digitalise their businesses, the trend towards increased digital interaction also offered a wide range of new opportunities.

This is substantiated by a study carried out by ePages, which shows the increasing importance of year-end sales for retailers. The study analysed data ranging from new online shops with little to no revenues to established companies that generated revenues of a total of EUR 260 million in the last quarter of 2020. Compared to the average month of September, revenues increased by 29.9 percent in October 2020 and by a remarkable 83.8 percent in November. Therefore, online retailers are expected to continue on their growth course in 2021.

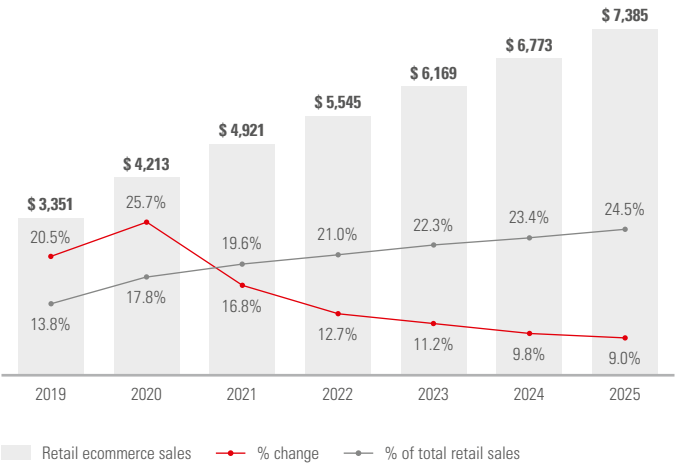
In terms of overall advertising growth, this level has already been surpassed by mid-2021, according to the latest study conducted by GroupM. Again, the pandemic played a crucial role here, as it spurred expansion plans, led to the creation of new small businesses and added fuel to the growing importance of transnational media marketplaces.

According to GroupM, global advertising growth is expected to reach 19 percent in 2021, a significant upward revision from December's forecasts. This represents a level of advertising revenue that is 15 percent higher than in 2019, as 2020 only saw a decline of 3.5 percent according to revised estimates.

With a view to the future, global advertising spend is expected to exceed USD 1 trillion in 2026, compared to USD 641 billion in 2020 and USD 522 billion in 2016. Looking at individual markets, several are expected to grow by more than 20 percent, including the UK, Brazil, China and India. Many other countries, such as Canada, Australia and the US, are expected to achieve growth in the high ten percent range. Most of the growth dynamics reflected here are driven by digital media. The growth forecast for all forms of digital media is 26 percent for 2021.

eMarketer expects retail ecommerce sales worldwide to climb a further ca. 17 percent this year, to USD 4.921 trillion, following a 26 percent surge in 2020, to USD 4.213 trillion.

Retail Ecommerce Sales Worldwide, 2019-2025
trillions, % change, and % of total retail sales



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, food services and drinking place sales, gambling, and other vice goods sales. Source: eMarketer, May 2021

Source: GroupM, ePages, eMarketer

» **EARNINGS, FINANCIAL AND NET ASSET POSITION**

Earnings position

Gross sales increased by 11.0 percent to EUR 25,931k (Q2 2020: EUR 23,357k). Group revenue amounts to EUR 6,516k, corresponding to 6.5 percent growth (Q2 2020: EUR 6,116k). Main growth driver was the ad agents segment with an 18.7 percent increase in revenue to 1,914k (Q2 2020: EUR 1,612k). The Webgains segment also saw double-digit growth, with an increase of 15.9 per-

cent to EUR 3,670k (Q2 2020: EUR 3,167k). The ad pepper segment recorded a decline in revenue of 30.3 percent to EUR 932k (Q2 2020: EUR 1,337k). While ad agents and Webgains were once again able to benefit from a dynamic revenue development with both existing and new customers, the revenue development in the ad pepper segment fell short of our own expectations due to subdued order activity on the part of major customers in the German market.

Group EBITDA for the second quarter amounts to EUR 1,036k (Q2 2020: EUR 1,684k), while the previous year had seen a positive one-off effect of EUR 626k in the Webgains segment. On a comparable basis, EBITDA thus remained on the previous year's level. The ad agents segment was able to increase its EBITDA to EUR 379k (Q2 2020: EUR 191k). The Webgains segment generated EBITDA of EUR 818k in the second quarter (Q2 2020: EUR 1,565k). Despite a decline in revenue, the ad pepper segment achieved a positive EBITDA of EUR 206k (Q2 2020: EUR 503k).

In the full six-month period, the ad pepper Group generated gross sales of EUR 54,039k (H1 2020: EUR 45,007k) and Group revenue of EUR 13,400k (H1 2020: EUR 11,957k), corresponding to increases of EUR 1,443k and 12.1 percent respectively. EBITDA reached EUR 2,342k in H1 2021 (H1 2020: EUR 2,804k).

Financial position

Gross cash flow in H1 2021 amounted to EUR 2,056k (H1 2020: EUR 1,935k), while a figure of EUR 2,453k was reported for the cash flow from operating activities, as against EUR -1,683k for the first six months of 2020. The key factor driving the cash inflow from operating activities was significant encashment of trade receivables of EUR 5,695k. Cash outflow for investing activities amounted to EUR -107k (H1 2020: EUR -1,501k), and relates to minor software purchases. Cash flow from financing activities amounted to EUR -2,827k in the first six months of 2021 (H1 2020: EUR -781k) and included cash outflows in conjunction with the conducted share buy-back programme of EUR 1,116k (H1 2020: EUR 0k), cash settlements of stock option plans amounting to EUR 781k (H1 2020: EUR 0k), leasing payments of EUR 372k (H1 2020: EUR 386k) made in conjunction with capitalised right-of-use assets and dividends paid to non-controlling interests amounting to EUR 583k (H1 2020: EUR 395k).

Net asset position

Total assets decreased by EUR 6,149k to EUR 42,692k compared with 31 December 2020. The decrease was mainly due to lower trade receivables, which fell by EUR 5,797k to EUR 13,930k (H1 2020: EUR 19,727k). Correspondingly trade payables fell by EUR 2,947k to EUR 17,791k (H1 2020: EUR 20,738k) and other liabilities by EUR 1,460k to EUR 1,382k (H1 2020: EUR 2,841k). Right-of-use assets for capitalised leasing contracts for offices and vehicles amount to EUR 1,280k (31 December 2020: EUR 1,568k). Current liabilities decreased from EUR 26,761k as at 31 December 2020 to EUR 21,667k, which is particularly due to affiliate and website payments made amounting to EUR 4,409k and bonus payments made of EUR 612k. Total non-current liabilities amount to EUR 684k (31 December 2020: EUR 1,242k), whereof EUR 651k (31 December 2020: EUR 906k) relate to lease liabilities for capitalised right-of-use assets.

Total liabilities amount to EUR 22,351k (31 December 2020: EUR 28,003k). The Group still has no liabilities to banks. Total equity stands at EUR 20,341k (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 June 2021, the ad pepper Group had 242 employees, as against a total of 218 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.

	30/6/2021	30/6/2020
	Number	Number
ad pepper	29	30
Webgains	112	92
ad agents	85	81
Administration	16	15

» 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

As announced on 15 July 2021, we expect record revenue levels for the Group in the upcoming third quarter in the order of approximately EUR 7,000k, which would correspond to revenue growth of approximately 17 percent (Q3 2020: EUR 6,011k).

» 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 2021

ad pepper media International N.V.

A stylized, handwritten signature in black ink, appearing to be 'JK' or similar initials.

Dr Jens Körner, CEO

» CONSOLIDATED INCOME STATEMENT

	Q2 2021	Q2 2020	H1 2021	H1 2020
	KEUR	KEUR	KEUR	KEUR
Gross sales ¹	25,931	23,357	54,039	45,007
Media cost ²	-19,415	-17,241	-40,639	-33,050
Revenue³	6,516	6,116	13,400	11,957
Cost of sales	-182	-250	-428	-388
Gross profit	6,334	5,866	12,972	11,569
Selling and marketing expenses	-3,890	-3,183	-7,625	-6,325
General and administrative expenses	-1,819	-2,102	-3,757	-3,845
Other operating income	142	890	321	1,095
Other operating expenses	-25	-51	-158	-234
Operating profit	743	1,420	1,753	2,259
Financial income	1	2	7	4
Financial expenses	-25	-32	-61	-64
Income before taxes	718	1,390	1,698	2,199
Income taxes	-207	-90	-340	-170
Net income	512	1,300	1,358	2,029
Attributable to shareholders of the parent company	305	1,204	991	1,851
Attributable to non-controlling interests	207	96	367	178
Basic earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.01	0.06	0.05	0.09
Diluted earnings per share on net income for the year attributable to shareholders of the parent company (EUR)	0.01	0.06	0.05	0.09
	No. of shares	No. of shares	No. of shares	No. of shares
Weighted average number of shares outstanding (basic)	20,735,649	21,000,708	20,781,922	21,000,708
Weighted average number of shares outstanding (diluted)	21,042,538	21,193,433	21,073,436	21,189,329

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 2021	Q2 2020	H1 2021	H1 2020
	KEUR	KEUR	KEUR	KEUR
Net income	512	1,300	1,358	2,029
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences	-43	-96	143	-131
Revaluation of listed debt securities	0	12	-3	12
Other comprehensive income	-43	-84	140	-119
Total comprehensive income	469	1,216	1,498	1,910
Attributable to non-controlling interests	207	96	367	178
Attributable to shareholders of the parent company	262	1,120	1,131	1,732

» CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

	30/6/2021	31/12/2020
	kEUR	kEUR
Non-current assets		
Intangible assets	689	737
Property, plant and equipment	357	412
Right-of-use assets	1,280	1,568
Listed debt securities	1,009	1,012
Other financial assets	375	394
Total non-current assets	3,710	4,123
Current assets		
Trade receivables	13,930	19,727
Other receivables	469	340
Income tax receivables	553	292
Other financial assets	38	29
Cash and cash equivalents	23,992	24,330
Total current assets	38,982	44,718
Total assets	42,692	48,841

» CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

	30/6/2021	31/12/2020
	KEUR	KEUR
Equity attributable to shareholders of the parent company		
Issued capital*	1,075	1,075
Share premium	63,782	63,782
Reserves	-45,457	-45,176
Total	19,400	19,681
Non-controlling interests	941	1,157
Total equity	20,341	20,838
Non-current liabilities		
Deferred tax liabilities	32	31
Other liabilities	652	1,211
Total non-current liabilities	684	1,242
Current liabilities		
Trade payables	17,791	20,738
Contract liabilities	223	273
Other liabilities	1,382	2,841
Other financial liabilities	1,122	2,090
Income tax liabilities	1,149	819
Total current liabilities	21,667	26,761
Total liabilities	22,351	28,003
Total equity and liabilities	42,692	48,841

*The issued capital consists of shares with a nominal value of EUR 0.05 each. The authorised capital amounts to 21,929,708 shares, of which 21,500,000 (31 December 2020: 21,500,000) are issued and 20,737,872 shares are outstanding at 30 June 2021 (31 December 2020: 20,920,181).

» CONSOLIDATED STATEMENT OF CASH FLOWS – 1 / 2

	1/1 - 30/6/2021	1/1 - 30/6/2020
	KEUR	KEUR
Net income	1,358	2,029
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets, and amortisation of intangible assets	589	545
Gain/loss on sale of fixed assets	-10	0
Share-based compensation	167	15
Gain/loss on sale of fixed assets (after bank charges)	0	2
Other financial income and financial expenses	54	58
Income taxes	340	170
Income from the release of accrued liabilities	-348	-348
Other non-cash income and expenses	-94	-536
Gross cash flow	2,056	1,935
Change in trade receivables	5,695	288
Change in other assets	-115	-81
Change in trade payables	-2,558	-3,361
Change in other liabilities	-2,309	-238
Income tax received	0	30
Income tax paid	-261	-196
Interest received	6	4
Interest paid	-61	-64
Net cash flow from/used in operating activities	2,453	-1,683
Purchase of intangible assets and property, plant and equipment	-117	-507
Proceeds from sale of intangible assets and property, plant and equipment	10	0
Purchase of securities	0	-994
Net cash flow from/used in investing activities	-107	-1,501

» CONSOLIDATED STATEMENT OF CASH FLOWS – 2/2

	1/1 - 30/6/2021	1/1 - 30/6/2020
	kEUR	kEUR
Cash settlement of stock option plans	-781	0
Issuance of shares*	25	0
Payment of lease liabilities	-372	-386
Purchase of treasury shares	-1,116	0
Dividends to non-controlling interests	-583	-395
Net cash flow from/used in financing activities	-2,827	-781
Net decrease/increase in cash and cash equivalents	-481	-3,965
Cash and cash equivalents at beginning of period	24,330	25,229
Effect of exchange rates on cash and cash equivalents	143	-131
Cash and cash equivalents at end of period	23,992	21,133

*in conjunction with the execution of equity settled stock options

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2021

	Balance at 1/1/2021	Total comprehensive income	Share-based payment	Dividends	Issuance of shares*	Purchase of treasury shares	Cash settlement of SOP's	Balance at 30/6/2021
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	25	-1,116	-487	-3,996
For stock option plans (kEUR)	2,663	0	167	0	0	0	0	2,830
Accumulated deficit (kEUR)	-44,051	991	0	0	0	0	0	-43,060
Currency translation differences (kEUR)	-1,389	143	0	0	0	0	0	-1,246
Revaluation of listed debt securities (kEUR)	18	-3	0	0	0	0	0	15
Subtotal reserves (kEUR)	-45,176	1,131	167	0	25	-1,116	-487	-45,457
Equity attributable to shareholders of ad pepper media International N.V. (kEUR)	19,681	1,131	167	0	25	-1,116	-487	19,400
Non-controlling interests (kEUR)	1,157	367	0	-583	0	0	0	941
Total equity (kEUR)	20,838	1,498	167	-583	25	-1,116	-487	20,341

*in conjunction with the execution of equity settled stock options

» CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2020

	Balance at 1/1/2020	Total comprehensive income	Share-based payment	Dividends	Issuance of shares	Purchase of treasury shares	Cash settlement of SOP's	Balance at 30/6/2020
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)	-1,438	0	0	0	0	0	0	-1,438
For stock option plans (kEUR)	2,558	0	15	0	0	0	0	2,573
Accumulated deficit (kEUR)	-47,715	1,851	0	0	0	0	0	-45,864
Currency translation differences (kEUR)	-1,157	-131	0	0	0	0	0	-1,288
Revaluation of listed debt securities (kEUR)	0	12	0	0	0	0	0	12
Subtotal reserves (kEUR)	-47,752	1,732	15	0	0	0	0	-46,005
Equity attributable to shareholders of ad pepper media International N.V. (kEUR)	17,105	1,732	15	0	0	0	0	18,852
Non-controlling interests (kEUR)	935	178	0	-395	0	0	0	718
Total equity (kEUR)	18,040	1,910	15	-395	0	0	0	19,570

» SELECTED EXPLANATORY NOTES

Consolidated segment information (IFRS)

H1 2021	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Gross sales	4,521	38,040	11,483	181	-185	54,039
Revenue	2,170	7,558	3,677	181	-185	13,400
Thereof external	2,167	7,558	3,676	0	0	13,400
Thereof intersegment	3	0	1	181	-185	0
Gross profit	1,934	7,295	3,567	181	-5	12,972
Expenses (including cost of sales) and other income	-1,512	-5,950	-3,170	-1,195	180	-11,647
Thereof depreciation and amortisation	-85	-247	-123	-135	0	-590
Thereof other non-cash expenses	-1	-53	0	0	0	-54
Thereof other non-cash income	207	267	10	12	0	495
EBITDA	743	1,855	629	-880	-5	2,342
Operating profit (EBIT)	657	1,608	506	-1,015	-5	1,753
Financial income	0	6	0	2	-1	7
Financial expenses	-7	-12	-10	-33	1	-62
Income taxes	-95	-114	-106	-26	0	-341
Net income for the period	556	1,487	391	-1,072	-5	1,358

Consolidated segment information (IFRS)

H1 2020	ad pepper	Webgains	ad agents	admin	Intersegment elimination	Group
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Gross sales	5,639	29,984	9,384	0	0	45,007
Revenue	2,890	5,925	3,151	226	-235	11,957
Thereof external	2,881	5,925	3,151	0	0	11,957
Thereof intersegment	9	0	0	226	-235	0
Gross profit	2,581	5,754	3,017	226	-9	11,569
Expenses (including cost of sales) and other income	-1,767	-3,989	-2,956	-1,212	226	-9,698
Thereof depreciation and amortisation	-93	-231	-114	-107	0	-545
Thereof other non-cash expenses	-1	-160	-54	0	0	-215
Thereof other non-cash income	44	1,030	8	17	0	1,099
EBITDA	1,216	2,168	309	-880	-9	2,804
Operating profit (EBIT)	1,123	1,936	195	-986	-9	2,259
Financial income	0	3	0	1	0	4
Financial expenses	-7	-11	-10	-36	0	-64
Income taxes	-120	4	-54	0	0	-170
Net income for the period	996	1,932	131	-1,021	-9	2,029

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 June 2021 were authorised for issue by the Board of Directors on 9 August 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.

3. Consolidated Group

The entities included in consolidation are as follows:

Entity	30/6/2021	30/6/2020
	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	0
ad pepper media USA LLC, New York, USA	100	100
Webgains Ltd, London, United Kingdom	100	100
Webgains Italy S.r.l., Milan, Italy	100	0
ad agents AG, Pontresina, Switzerland	60	0
ad agents GmbH, Herrenberg, Germany	60	60

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 2021				
Segments	ad pepper	Webgains	ad agents	Total
Geographical markets				
Germany	1,192	1,433	3,316	5,941
United Kingdom	0	4,975	0	4,975
Spain	974	907	0	1,881
USA	0	0	0	0
Other	0	243	360	603
Total revenue	2,166	7,558	3,676	13,400

For the six months ended 30 June 2020				
Segments	ad pepper	Webgains	ad agents	Total
Geographical markets				
Germany	1,958	1,108	3,151	6,217
United Kingdom	0	4,075	0	4,075
Spain	923	442	0	1,365
USA	0	182	0	182
Other	0	118	0	118
Total revenue	2,881	5,925	3,151	11,957

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 148k (H1 2020: EUR 626k) of time barred claims and income of EUR 106k (H1 2020: EUR 367k) 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 78k, while a net foreign exchange loss of EUR 10k was posted in the equivalent prior year's period.

Write downs on receivables included in other operating expenses amount to EUR 53k (H1 2020: EUR 215k).

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 four 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	
	30/6/2021	30/6/2020
	kEUR	kEUR
Germany	1,438	1,838
United Kingdom	714	920
Spain	171	210
Other	3	33
Total	2,326	3,001

In H1 2021, there is no single customer who accounts for 10 percent or more of the Group's total revenue (H1 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 02 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 will take place between 1 September 2021 and 17 November 2022. As a consequence, as of the date of this report, no shares have been bought back 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 June 2021, ad pepper media International N.V. held 762,128 treasury shares (30 June 2020: 499,292) at a nominal value of EUR 0.05 each, corresponding to 3.54 percent (30 June 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 six months of 2021 (H1 2020: 0). 12,400 shares were sold under the stock option plans (H1 2020: 0). 210,000 equity settled stock options have been settled in cash in the first six months of 2021 (H1 2020: 0).

Number of shares outstanding

The number of shares issued and outstanding as at 30 June 2021 totals 20,737,872 (30 June 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 June 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 30/6/2021	Options as at 30/6/2021
Board of Directors		
Dr Jens Körner	0	250,000
Supervisory Board	0	0
Michael Oschmann	0	0
Thomas Bauer	0	0
Dr Stephan Roppel	0	10,000
Dagmar Bottenbroch	0	0
Employees	0	440,000
Associated companies	0	0
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 June 2021.

Nuremberg, 9 August 2021
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 / 2021	18 November 2021
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» INVESTOR CONTACT

Dr Jens Körner (CEO)
ad pepper media International N.V.
Frankenstraße 150 C (FrankenCampus)
90461 Nuremberg
GERMANY

Phone: +49 (0) 911 929057-0
Fax: +49 (0) 911 929057-157
E-mail: ir@adpepper.com

www.adpeppergroup.com

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Published by

ad pepper media International N.V.
Frankenstraße 150 C (FrankenCampus)
90461 Nuremberg
GERMANY

Phone: +49 (0) 911 929057-0

Fax: +49 (0) 911 929057-157

E-mail: info@adpepper.com

www.adpeppergroup.com

Limited liability public company (N.V.)
Headquarters Amsterdam, The Netherlands
Nuremberg office

Prime Standard, Frankfurt Stock Exchange
ISIN: NL0000238145
HRB Nuremberg 17591
VAT-ID-No.: DE 210757424

Board of Directors:
Dr Jens Körner, CEO

Our 2020 Annual Report as well as the Interim Financial Reports for 2021 are available in English at www.adpeppergroup.com under:

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ad pepper media International N.V.

Frankenstraße 150 C
90461 Nuremberg
GERMANY

www.adpeppergroup.com