



Fyber

Fyber N.V.

Annual Report 2016

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“We believe in creating a world where every person can have affordable access to quality content, while enjoying a pleasant, relevant user experience.

Our products fuel the creation of such quality content by empowering publishers to unlock the true value of their properties through advanced technologies, innovative ad formats and data-driven decision-making.”

### Financial & Operational Highlights 2016

Pro-forma figures <sup>1</sup>	12 months ended 31 December		Change (%)
	2016 (€m)	2015 (€m)	
Revenue	<b>218.1</b>	<b>129.1</b>	<b>68.9%</b>
Gross margin (%)	<b>28.6%</b>	<b>31.5%</b>	<b>-2.9pp</b>
Adjusted EBITDA <sup>2</sup>	<b>-5.8</b>	<b>-12.1</b>	<b>52.4%</b>
Adjusted loss after tax <sup>2</sup>	<b>-22.1</b>	<b>-14.9</b>	<b>-48.0%</b>

- Strong programmatic and video business activity resulted in an increase in pro-forma **gross revenues of +68.9% to €218.1m** compared to €129.1m in 2015 - outperformed guidance, raised twice during the year
- Improved 2016 adj. EBITDA result by 6.4m to -€5.8m vs. 2015. Q4 adjusted EBITDA close to break-even at -€0.5m
- Completed acquisitions of mobile mediation provider Heyzap and real-time bidding (“RTB”) mobile exchange Inneractive, significantly expanding the group’s product offering and global reach
- Successfully delivered on the growth strategy set out in 2015
  - Expanded focus of programmatic trading and video advertising
  - Revenues from programmatic trading and real-time bidding grew by almost 3x from 2015, accounting for 59% of the group’s gross revenues
  - Video revenues increased by almost 2.8x over 2015, representing 44% of the Company’s total revenues
- **HY1 2017 revenue growth above 25%** to more than €119m proves continued strength and leads to Q2’17 adjusted EBITDA profitability of more than €1.2m, while still negative on aggregate for HY1

<sup>1</sup> Pro-forma results show the financials of the group as if Heyzap and Inneractive had been acquired on 1 January 2015

<sup>2</sup> Results adjusted to exclude separately disclosed items as explained in the notes to the consolidated financial statements

# Chief Executive Officer's Statement

2016 has been a year of significant achievement as Fyber made great strides towards its vision of becoming an integrated publisher side ad tech powerhouse. Achieving this vision involves building scale, global reach and comprehensive platform capabilities and we made substantial progress on all three of these fronts during the year under review.

We completed two material acquisitions in 2016, Heyzap and Inneractive, which together increased the Fyber platform's Monthly Active Users ("MAU") from approximately 400m to over 1bn, creating one of the world's largest global mobile advertising technology companies. The acquisitions also greatly increased the Company's global reach, sources of supply and demand, and improved Fyber's capabilities, particularly in the fastest growing areas within ad tech such as programmatic and video advertising.

The successful acquisitions, alongside investment into the existing business, led to exceptional top line growth during the year. Two upgrades to revenue forecasts were issued throughout the course of the year with the Company ultimately delivering 69% growth in revenues on a like-for-like basis.

It was always our strategic intention to integrate the various acquisitions into a single entity with shared values, vision and identity and, post year end, we announced the change of the group's name to Fyber N.V. This represents an important milestone on the road to full integration, anchoring all subsidiaries under this established, globally recognized brand. This will enable us to better leverage our strong, early market positioning in the core areas of mobile, video and advanced programmatic ad tech.

Following the year end, Fyber also made considerable progress in strengthening its finances. The €150m of convertible bonds were restructured, with claims under the bonds subordinated to bank lenders. This paved the way for further financing and since this time the Company has secured a €7.5m working capital facility for Fyber GmbH and an \$18.0m credit facility for Inneractive Ltd. As such, the Company is now on a significantly more solid financial footing from which it can deliver against its future ambitions, including the full integration of the group companies.

Looking ahead, our strategic focus will be on accelerating integration of the subsidiaries and building upon Fyber's strong competitive market position. This will involve investing in talent and technology to expand and further improve our product offering. It is our expectation that this strategy will lead to sustained growth and profitability and we are confident of reaching our targets of more than €280m revenue and an adjusted EBITDA profit of more than €3m for 2017. With the financial restructuring, new management team and a clear strategic focus in place we are well-positioned to further expand our share of the fast-growing market in which we operate. For 2018 we therefore also expect an above market revenue growth rate, delivering gross revenues in excess of at least €360m with further improvements of profitability. This year-on-year growth rate of almost 30%, which is ahead of the 2018 year on year growth rate of 21% for the US digital display programmatic advertising market, reflects the estimated longer term growth trajectory of the business. This is based on Fyber's comprehensive product offering and strong, defensible market positioning.

I am personally grateful for the opportunity I have had to build Fyber from scratch with the Company co-founder Janis Zech, who left the Fyber Board in January 2017. With the full shift to a new Management Board in July, I am delighted to hand over a recognized global ad tech provider on the brink of profitability. Ziv's appointment as CEO designate in September 2016 marked the beginning of a nine month transition period, ensuring a seamless handover process and continuity both for our partners and teams. I am highly confident in the opportunities for the Company and wish the new team every success in accelerating this growth story.

Berlin, 25 July 2017



**Andreas Bodczek**  
Chief Executive Officer

# Chairman's Statement

In 2016, Fyber continued to deliver on its M&A strategy whilst at the same time driving strong growth in its operating business with revenues up 69%. The Company completed two acquisitions, continued the integration of Fyber RTB and started the integration of Inneractive. These acquisitions have transformed the Company and, as evidenced by the ongoing increase in video and programmatic revenues, laid the groundwork for continued rapid growth and sustainable profitability going forward.

Following the year-end, the group solved some key challenges which will further ensure strong foundations for its future development: The Company restructured its €150m of convertible bonds, which will significantly reduce the refinancing risk in 2020; closed a €7.5m working capital facility for Fyber GmbH with BillFront Ltd.; and closed an \$18m credit facility with Bank Leumi for Inneractive Ltd.

These developments were required to fund further growth until cash-generation, as well as meet the earn-out payments for the acquisitions of Heyzap and Inneractive. In addition, the Company is changing the form of its shares from bearer to registered shares, which is expected to increase liquidity in the stock.

The Supervisory Board has played a key role in supporting Fyber's growth strategy during the year, as laid out by the Management Board. We have assisted in evaluating acquisitions, refining the financing strategy and, post the year-end, we played a central role in appointing the new Management Board as announced in June 2017.

The appointment of the new Management Board represents an integral element of building globally aligned operations. Changes to the team, including the appointments of Ziv Elul as CEO, Yaron Zaltsman as CFO, Daniel Sztern as Deputy CEO and Crid Yu as COO, were proposed for approval at the Extraordinary General Meeting convened on 25 July 2017. On behalf of the Supervisory Board I would like to offer a warm welcome to the new team which brings a wealth of experience and will be essential in continuing the successful integration of the group while ensuring we take full advantage of the many opportunities being presented.

In addition, we have further evolved and expanded the Supervisory Board itself, building several supervisory committees including Selection & Appointment, Remuneration & Organization, Audit & Corporate Governance and Strategy. We continue to seek ways by which we might further improve the Supervisory Board to ensure we maintain the highest levels of corporate governance as Fyber continues to grow in both size and stature.

On behalf of the Supervisory Board, I would like to thank the current Management Board of Andreas Bodczek, Janis Zech and Heiner Luntz, who have all been instrumental in building Fyber into a leading global ad tech company, solidly positioned to benefit from the prevailing market trends.

As well as changes to the Management and Supervisory Boards, the Company was rebranded post year-end as Fyber N.V. This underlines the shared vision of the group and the move to becoming a single integrated ad tech company under one recognizable global brand. The focus on a smooth, swift integration of the various businesses in 2017 and 2018 is expected to drive synergies across the group and contribute to continued revenue growth and profit improvements.

Following a strong start to the 2017 financial year the Management Board expects to deliver gross revenues in excess of €280m and adjusted EBITDA in excess of €3m for the full year 2017. For 2018, gross revenues are expected in excess of €360m with further improvements to profitability.

I would also like to express our appreciation to all of the employees of Fyber for their efforts and achievements throughout 2016.

Berlin, 25 July 2017

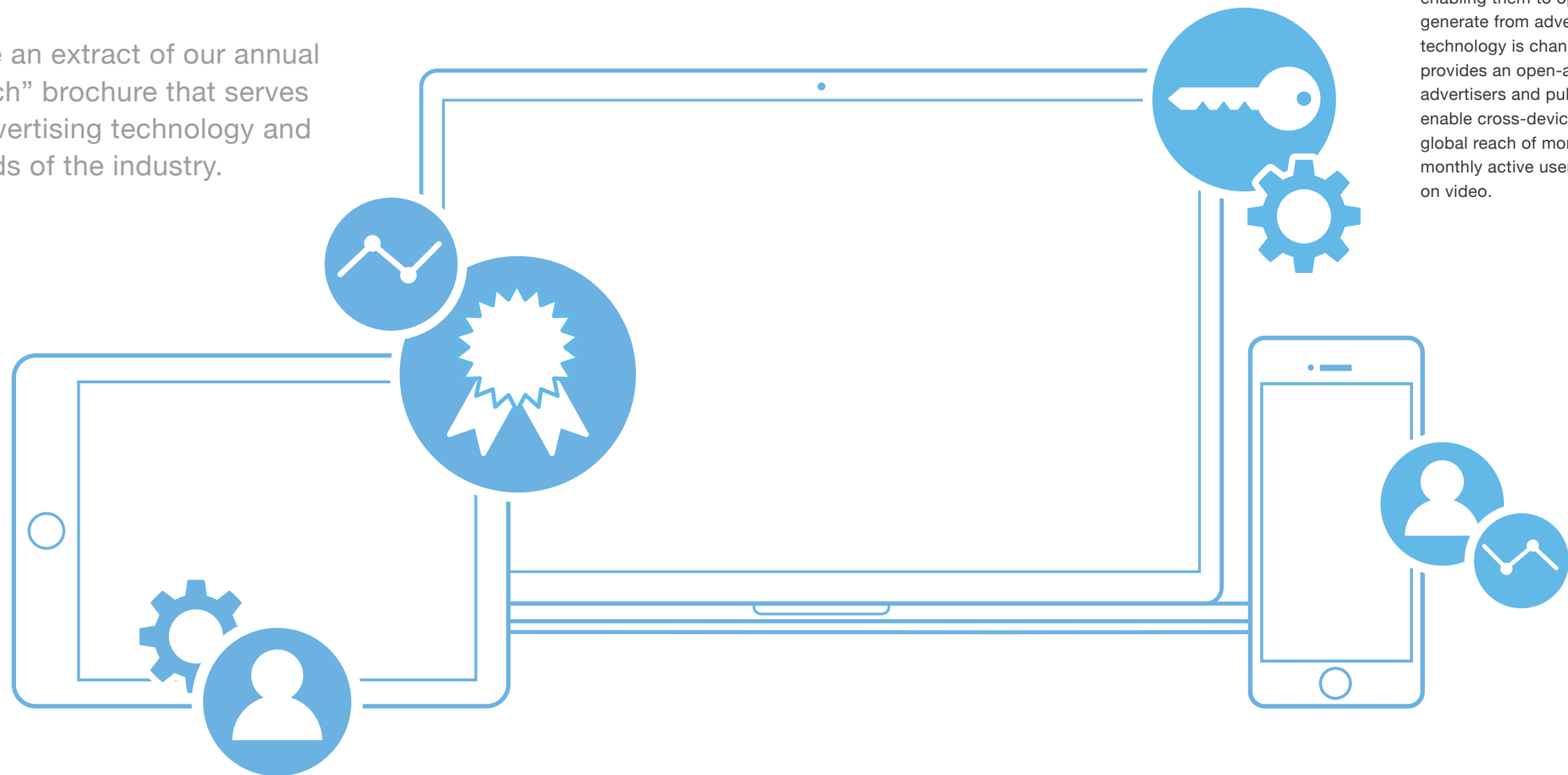


Dirk van Daele  
Chairman of the Supervisory Board

# Powering the Digital Economy with Smart Monetization Solutions

On the following pages we present client case studies from 2016, which illustrate the positive impact that Fyber's offering has had on client campaigns and monetization strategies during the course of the year.

Pages 18 to 25 include an extract of our annual "Understanding Ad Tech" brochure that serves as a quick guide to advertising technology and the global market trends of the industry.



Fyber N.V. ("Fyber" or "the Company"), formerly RNTS Media N.V., is a leading advertising technology company. It empowers app developers and digital publishers to generate business-critical revenue streams with targeted advertising, enabling them to optimize the yield they generate from advertising. Fyber's technology is channel-neutral and provides an open-access platform for advertisers and publishers. Its platforms enable cross-device advertising with a global reach of more than one billion monthly active users and a strong focus on video.



# Fyber RTB drives 50% YoY revenue growth for top broadcasters



AUNIA launched in 2014 as the world's first programmatic private marketplace for the largest broadcasters in Spain—Atresmedia and Mediaset España. The two broadcasters wanted to get the highest revenue for their 120 million monthly cross-platform video impressions from valuable TV audiences.

## Finding the right mix of control and revenue

Mediaset España and Atresmedia sought an RTB provider that would open their premium in-app, mobile web, and desktop video inventory to top brands. They explored an open marketplace, which maximized eCPMs, but didn't provide enough control of ad quality. They then tried direct deals to access high quality advertisers, but this didn't give the highest possible bids and fill rates that an auction provides.

## The premium broadcasters at a glance



### Valuable audiences, such as:



Sports enthusiasts



Stay-at-home moms



Millennials

**120M**

Monthly Video Impressions

**12M**

Monthly Active Users

# Creating a win-win for top broadcasters and advertisers with AUNIA's PMP

Mediaset España and Atresmedia created a private marketplace (PMP) they named "AUNIA", and turned to Fyber RTB to power it programmatically. The PMP met all of their needs:

### Control

The PMP is an "invitation-only" marketplace where select advertisers can bid on premium inventory through deals, much like a private club.

### High eCPMs

By using a closed RTB ecosystem, the broadcasters can protect their inventory value and keep eCPMs high.

### Quality Ad Campaigns

Thanks to the brand-safe environment and effortless buying capabilities, the following major brands and more were quick to sign up:



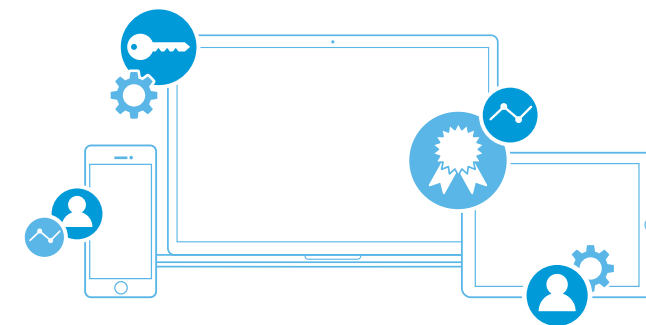
## Exponentially growing AUNIA's ad revenue

Since AUNIA's launch in 2014 it has experienced exponential eCPM and revenue growth, delivered 100% programmatically through Fyber RTB's PMP solution. Today, both Atresmedia and Mediaset España continue to maximize ad revenue through AUNIA and Fyber RTB.

**2X**  
eCPM growth

**50%**  
revenue growth year-over-year

**100%**  
of ad revenue through Fyber RTB



*"With Fyber's PMP solution, we are able to build strong relationships with our premium advertisers, resulting in optimized revenue for our inventory in a brand-safe environment."*

Jose Carlos Cardenal, Trading Manager, AUNIA

# Inneractive's Exchange INNEX – Offering a truly unified auction

## The Technology

As a company that is mobile only, and with over 70% of our inventory coming from in-app (vs. mobile web), we wanted to build a solution that would give our publishers the benefits of true yield optimization for their mobile in-app inventory.

In today's world, publishers with in-app inventory often use a mediation platform, which leverages the waterfall approach. This means that publishers can designate an order in which an ad request gets sent out to various sources. These can be exchanges or other ad networks.

But here is the true pain point. Most exchanges have their own 'waterfall' system for receiving bids from demand partners. In most cases, the RTB auction would have first priority on the exchange. However, sometimes non-RTB networks may offer a price higher than price returned from the RTB auction. INNEX is Inneractive proprietary mobile ad exchange platform. One of the unique selling points of INNEX is that it not only has direct integration with different types of demand (both RTB and non-RTB) but that it has the machine-learning based algorithm of the Unified Auction.

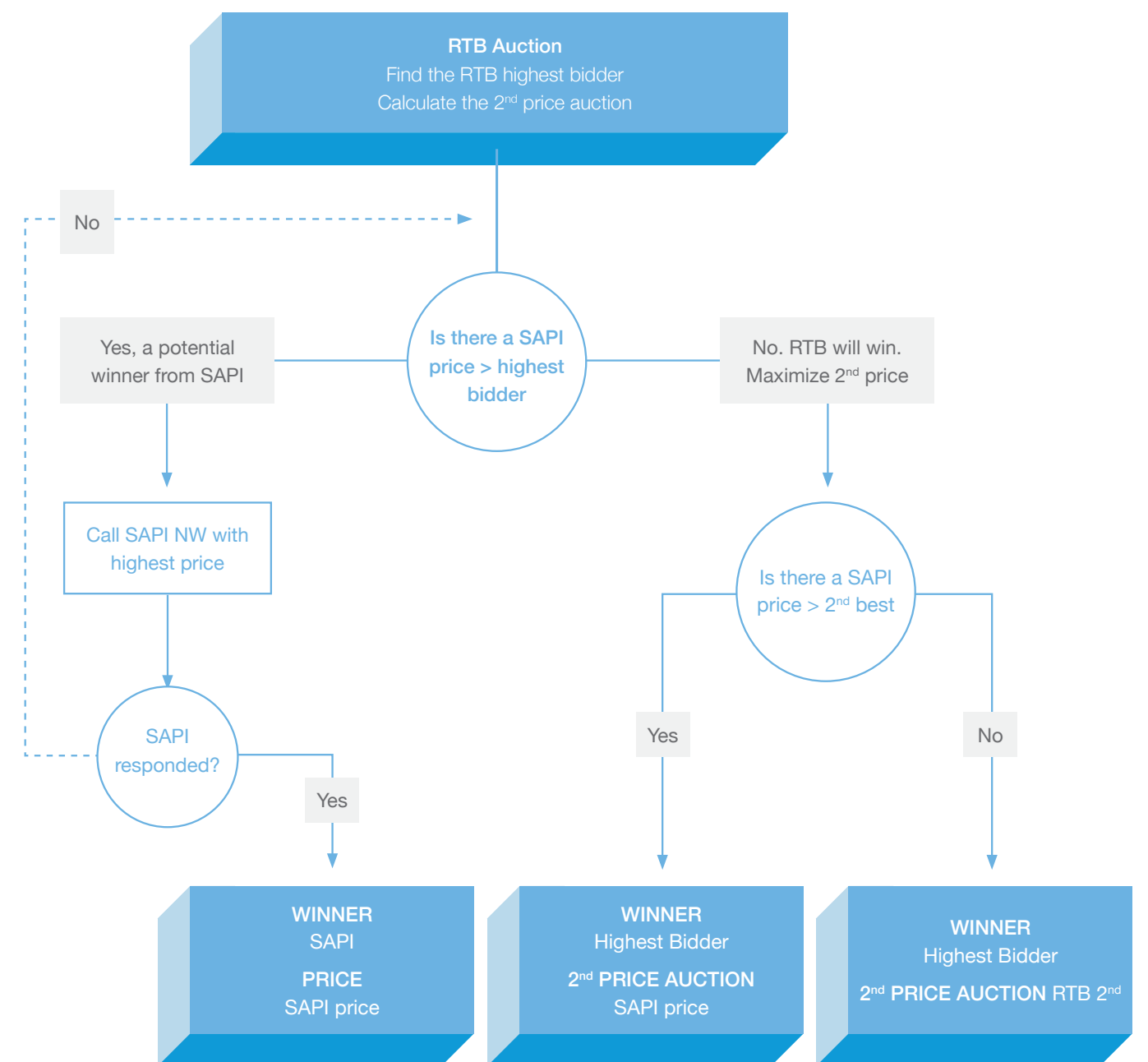
Publishers integrated with our INNEX technology platform are able to truly maximize their revenue by receiving the highest bid, across all demand types (RTB and non-RTB) all for the same latency as RTB and without any type of waterfall – everything competes at the same time.

## How it works

1. Inneractive is connected to multiple demand partners, both RTB and non-RTB
2. When an ad request hits our platform, a simultaneous auction goes out via RTB (the regular RTB auction) as well as to non-RTB demand partners
3. The price returned for the non-RTB demand partners is based on historical data from the past 24 hours (our predictive algorithm) – this happens in parallel and not as a waterfall
4. Our technology checks in real-time whether the highest non-RTB partner bid is higher than the RTB winner
  - A If yes ► the non-RTB partner wins
  - B If no ► we check if the highest non-RTB is higher than the second place in the RTB auction, if yes ► they become the second price and the winning bidder pays that bid+\$0.01

The outcome is essentially that non-RTB clients participate in the auction.

## RTB Auction



Note: SAPI NW – Server API Network – ad networks connected to INNEX via server API and not via RTB integration. Please note this is a simplified version and does not take into account guaranteed or preferred deals (which would get first priority in INNEX).



## The Value Proposition

Our Unified Auction algorithm means publishers do not have to decide in advance on an order in which demand can bid on your traffic (we offer that option, as well). This way we ensure that publishers are maximizing their revenue – truly for every single impression – by allowing various demand partners to compete simultaneously.

Our Unified Auction technology gives publishers the benefits of:

- ▶ Unlimited number of demand partners competing
- ▶ Low latency, no risk with regards to load times
- ▶ The list of partners is dynamic
- ▶ Virtually eliminating the risk of leaving money on the table in a way no solution has offered before

Finally, in addition to the Unified Auction technology, users of INNEX enjoy the following:

- ▶ Access to setting preferred deals that trump auctions
- ▶ Ability to set invite-only private auctions for a set group of demand partners
- ▶ Option to black-list certain demand by demand name, geo, OS type, etc.

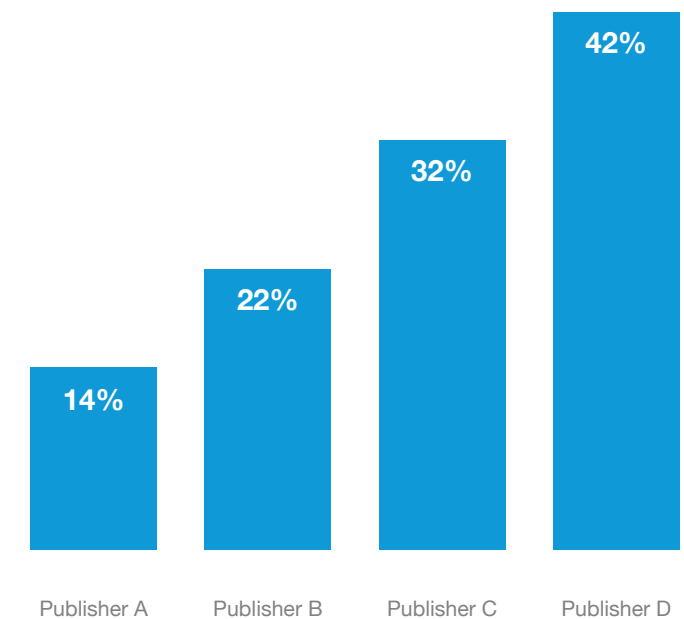
## Boosting MeetMe's Monetization



We looked across our platform and compared bids using our Unified Auction technology with what would happen for that same traffic for the same time period if the ad request only went to the regular RTB auction. Across the board we see an uplift in average eCPM as a result of using the Unified Auction technology.

For example, our client MeetMe, a social discovery app based in the US with over 1 million daily unique users across the globe, we saw an uplift of 22% in eCPMs. Other clients we analyzed at saw an increase of anywhere between 14%–42% uplift in eCPMs from using this technology.

Increase in Average eCPM as a Result of INNEX Unified Auction



*“One of the key technology differentiators of the Inneractive Exchange (INNEX) is its Unified Auction algorithm. It means we can be confident that our inventory is getting the highest available eCPM. I don’t mean higher eCPM on average, but the highest eCPM for every request we send. With Inneractive’s technology all types of demand compete in parallel so we are able to maximize our revenue without harming the user experience by making the page or app load slowly.”*

Bill Alena, CRO at MeetMe

# Understanding Ad Tech — an Extract

Ad tech companies sit between advertisers, who are trying to reach users on computers, smartphones and other devices, and publishers and media companies that attract those people with content. These companies use data, algorithms and computer science to create, target and deliver ads with incredible speed and precision. Ad tech companies can loosely be defined based on whether they primarily serve advertisers (demand) or publishers (supply).

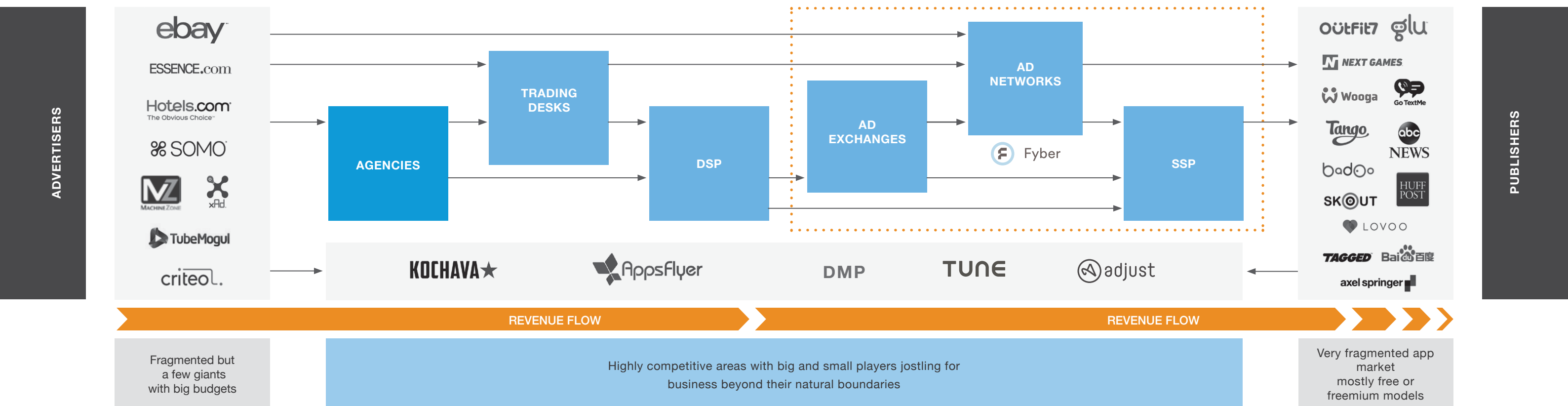
### FROM ADVERTISERS TO PUBLISHERS TO USERS

The diagram below shows a high-level overview of the types of companies that power the advertising technology marketplace.

**Advertisers** can include global Fortune 500 brands like consumer packaged goods (CPG) companies and beverage-makers like Coca-Cola, as well as e-commerce companies and retailers like eBay. Mobile app and game developers can be advertisers as well, particularly when they are trying to acquire new users for their apps.

**Publishers** can include major media companies like The Guardian and AOL/Huffington Post, as well as smaller, independent news and entertainment sites. On mobile, the definition of publisher expands to include app developers of all types, including games, communication apps and social apps.

With programmatic advertising, the revenue flows from advertisers to publishers through automated means – replacing the phone calls, faxes and paper Insertion Orders (IOs) used to manage and track deals in the past.



## Advertiser Objectives

Advertisers seek to get their messages in front of the right audience at the right time – at the best possible price. In some cases, the goal of a campaign is to drive awareness or improve the way their target audience “feels” about the brand. In other cases, they want to

drive an actual purchase. Programmatic advertising gives advertisers access to audiences at scale, with precision targeting, tracking, as well as the ability to attribute whether a campaign was responsible for increasing a specific sale.

### Who supports them?

- Media agencies** Media agencies purchase media on behalf of advertisers, with the goal of getting their messages in front of the right audiences at the best possible price
- Trading desks** As an extension of media agencies, trading desks purchase ads across multiple platforms programmatically
- DSPs** Independent platforms that aggregate demand from advertisers around the world, funnel it into an automated system and then make lightning-fast bids on publisher inventory
- DMPs** Package user data from publishers to allow advertisers (typically through DSPs) to target specific audience segments
- Ad networks** These companies aggregate inventory from a variety of similar publishers to make it more scalable and attractive to advertisers

### Biggest challenges

- Fraud** The growth of ad tech puts an increasing number of companies between advertisers and publishers, and the complexity of the process has created new opportunities for fraud
- Mobile targeting & attribution** Despite the increase in time spent on mobile, targeting and attribution capabilities (particularly in-app) still need to be developed to match advertiser expectations on the desktop or TV

## Publisher Objectives

Publishers seek to earn revenue for the audiences they attract with their content, but only with advertising that doesn't compromise the user experience. While some publishers are heavily involved in the process of integrating, deploying and managing new ad platforms, others would

prefer to allow a third-party partner (like an SSP) to manage the process for them. Programmatic advertising helps expose publishers' inventory to a wider variety of advertiser demand, and boosts the value of their audience by allowing targeting and segmentation.

### Who supports them?

- SSPs** Independent platforms that aggregate inventory from publishers around the world, funnel it into an automated system that exposes it to advertisers, with the goal of delivering the highest yield to the publisher
- DMPs** These platforms package publisher audience data to make it more attractive (and accessible) to advertisers at scale
- Ad networks** Help smaller publishers earn revenue by bundling their inventory to make it more scalable and attractive to advertisers

### Biggest challenges

- Demand fragmentation** As digital advertising explodes, the number of sources of advertiser demand – from agency trading desks, to ad networks, to e-commerce and social platforms also grows
- Technical integration hurdles** On both mobile and desktop, integrating all of the various ad units and tools for transacting programmatically can be labor and resource-intensive – and too many integrations can cause an app or site to run slowly
- Sub-par yield optimization** The fragmented advertising market also leads to increased manual effort and yield loss, if monetization is not done through a specialized provider

## Bringing it all together

Advertising technology companies exist to make this process of buying and selling digital inventory more lucrative (and efficient) for both publishers and advertisers.

Automation can happen on both sides of the table, from buyer workflow tools that streamline the process of selecting and securing ad space across multiple websites and apps, to sell-side analytics that help publishers keep track of every impression delivered.

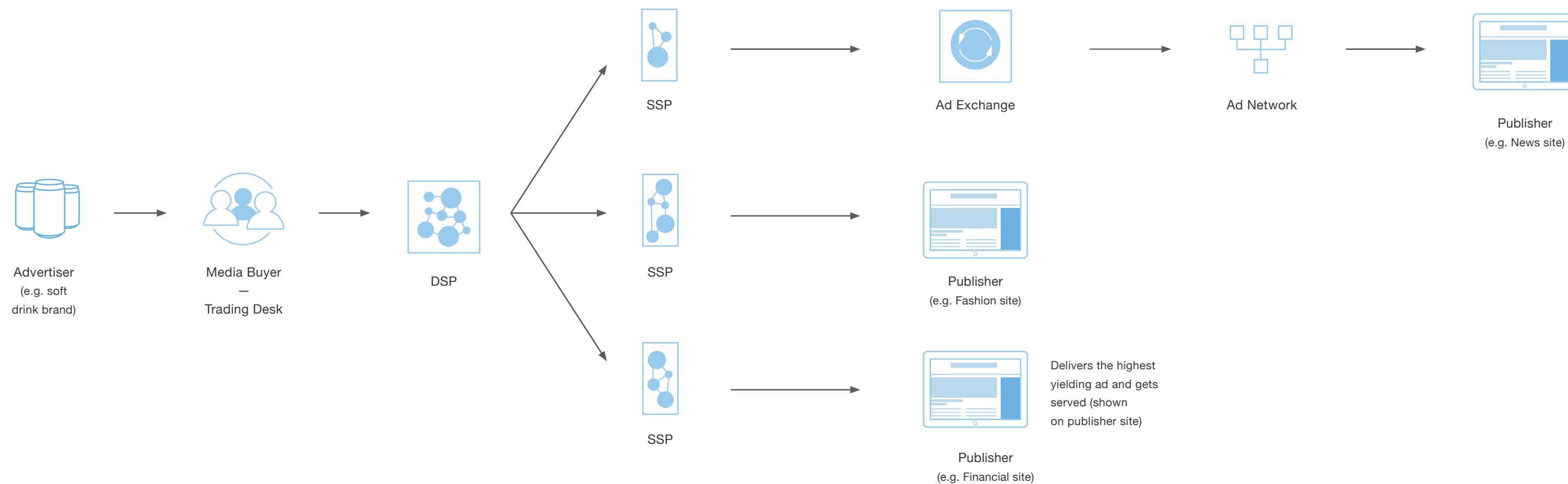
But when the conversation turns to “ad tech,” the focus is typically on programmatic deals – or ad campaigns that have been targeted and purchased via algorithms and trading platforms.

Programmatic deals include an element of competition, as at any given time multiple buyers are bidding on the same set of users (or impressions) on a given site. Publishers benefit from the competition because algorithms can also help select the highest bidder in real-time.

At the other end, there are always multiple sites or apps that may fulfill an advertiser’s need for a specific audience. Programmatic deals give advertisers a combination of scale, reach and precision targeting, also with potential to reach their target user at the perfect time. Here’s what that looks like in action:

### Example 1

Programmatic deal (where the competition happens)



## Understanding RTB

When advertising discussions shift to “programmatic” – typically people are talking about the process of real-time bidding (or RTB). Although the technology behind “ad tech” extends far beyond just RTB, the process of giving advertisers the option of bidding on inventory in “real-time” has been the biggest driver of growth over the past five years.

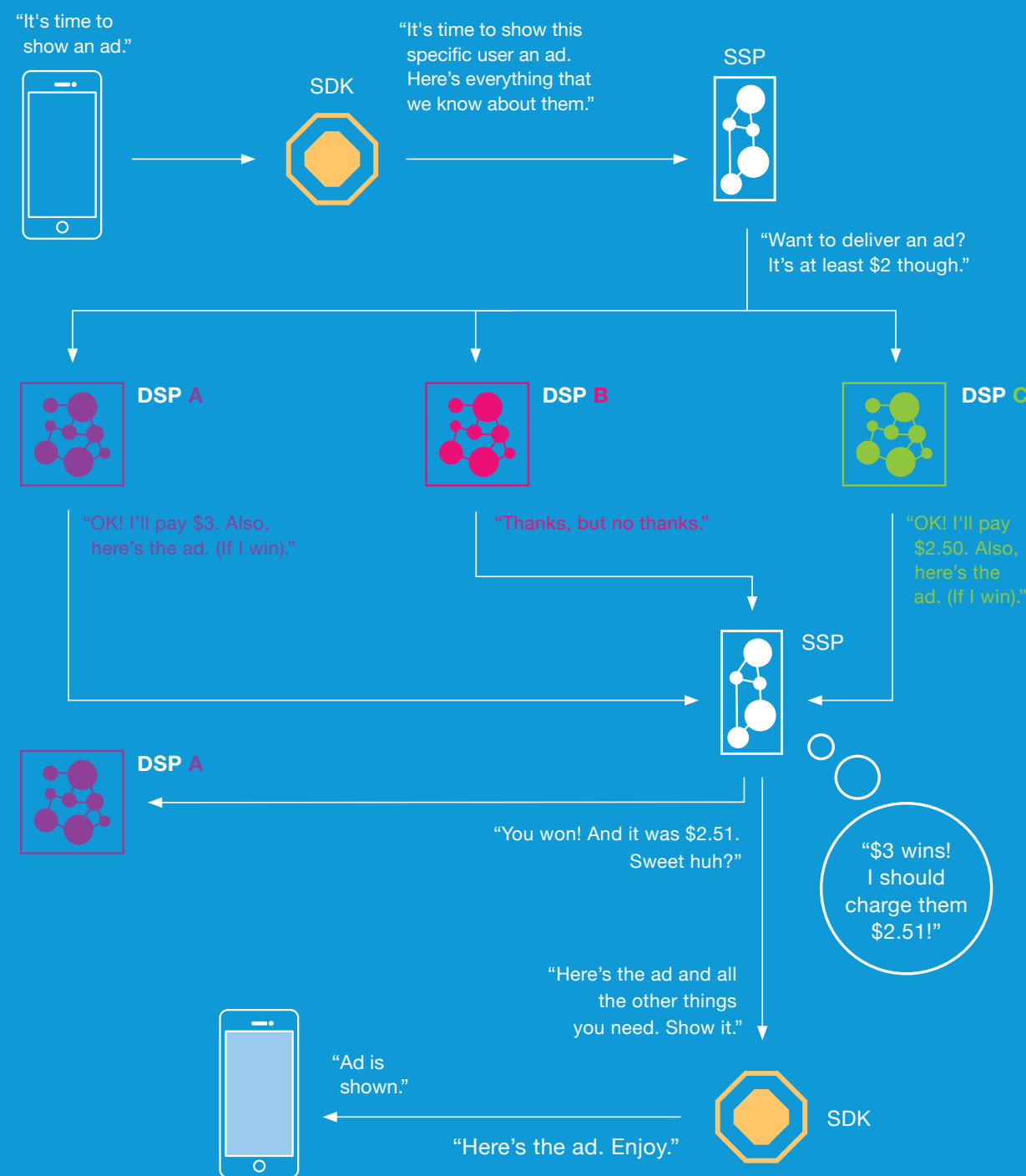
What RTB means at a high level, is that at any given moment, multiple advertisers can bid on a single impression (or time a user visits a media property or app).

Take, for example, the moment in a mobile game where the player watches an ad in-between levels. At that moment, the ad provider powering monetization in the app (typically an SSP) runs an auction with all of the advertisers interested in that player. The advertisers make their bid, the SSP chooses the highest, and then the ad gets “served” to the player.

Both publishers and advertisers can set parameters for RTB – minimum prices and maximum bids, for example – as well as prioritize specific deals and inventory. This split-second process is illustrated in the chart to the left – albeit simplified.

### Example 2

How real-time bidding (RTB) works





# Report of the Management Board

## Market Development

As a provider of neutral advertising technology for publishers, the Company operates in the digital advertising market, more precisely focused on the main areas of growth within this market - mobile, video and advanced programmatic trading of digital ads. The developments of the past year confirm the strong growth trajectory of digital advertising overall. The digital advertising spend reached \$224bn globally in 2016 and is set to grow by more than 60% by 2020.

Mobile ad spend overtook desktop advertising in 2016, this year accounting for \$144bn, 55% of digital advertising. This growth is expected to continue, with mobile making up more than 75% by 2020 of the total digital ad spend worldwide.<sup>1</sup> Within mobile, the in-app environment dominates in terms of the time users spend on their devices, as well as the ad dollars advertisers spend on it. For the US market, eMarketer expects in-app ad spend to reach more than \$43bn this year, making up 75% of the total mobile ad spend.<sup>2</sup>

Digital video ad spend is set to continue its growth in 2017, reaching \$22bn worldwide.<sup>3</sup> According to a new global research study, 83% of advertisers plan to increase their ad spend on digital video ad formats this year, with brand video content being among the biggest expected revenue contributors. Traditional TV advertisers continue to move into the digital space and these are most likely to shift their spend to mobile video. This comes on the back of further increases in usage numbers of digital and mobile video, with 92% of consumers now watching videos online every day and 88% watching more video than they did a year ago.<sup>4</sup>

Video is also of particular interest as the format sees more demand than supply, i.e. advertisers requesting more ad inventory to place video advertising than what is currently available. As ad spend on video continues to grow, outstream video strongly contributes to the market growth, because it allows for video advertising to be included in non-video content, significantly expanding the available supply.

Particularly for video content, the market experiences an ongoing shift towards programmatic trading, with desktop and mobile video expected to have the highest growth rate in programmatic advertising until 2020.<sup>5</sup>

We expect video usage and ad spend on video formats to continue to grow in the medium term, largely based on stronger broadband and new devices, as well as the democratization of producing and distributing high quality video. The introduction of 5G will support the opportunity further and is an important contributor to long term growth.

With programmatic trading becoming the go-to method of placing advertising, and with targeting and viewability constantly evolving, brand advertisers are naturally following their audiences to digital, especially to mobile video. This is reflected in the biggest opportunities marketers are seeing for video advertising in 2017, including the increased engagement of in-app video, the granular audience targeting and the ability to buy mobile ad space programmatically.<sup>6</sup>

84% of marketers value programmatic trading equally or more important to their media strategies in 2017 than direct-sold campaigns. In terms of ad formats, almost 90% of marketers state that video advertising is as or more important than display formats. Combining the two, it becomes clear that programmatic video advertising is one of the core growth drivers in the digital space. While last year a quarter of marketers spent more than 40% of their programmatic budgets on video, this share is expected to rise to 37% in 2017, and growing.<sup>7</sup>

Programmatic trading has already become the dominant way of transacting advertising and by 2018 is expected to account for more than 80%, or \$39bn, of the total US digital display ad spend. It is also expected to account for more than 74%, or \$11bn, of digital video advertising spend in the US in 2018<sup>8</sup>, with the expectation for global markets to mirror this change.

Current developments including the continuous shift to mobile in terms of usage and ad spend, the rise of new forms of interaction with digital media like augmented reality and virtual reality, and the strong growth of international markets like Asia-Pacific are proof points of the positive market outlook for 2017 and beyond.

<sup>1</sup> Source: eMarketer, Mar 2017, Sep 2016

<sup>2</sup> Source: eMarketer Oct 2016

<sup>3</sup> Source: eMarketer, Jan 2017

<sup>4</sup> Source: AOL, Apr 2017

<sup>5</sup> Source: Magna Global, Sep 2016

<sup>6</sup> Source: AOL, Feb 2017

<sup>7</sup> Source: Digiday/Teads, Apr 2017

<sup>8</sup> Source: Magna Global, Sep 2016

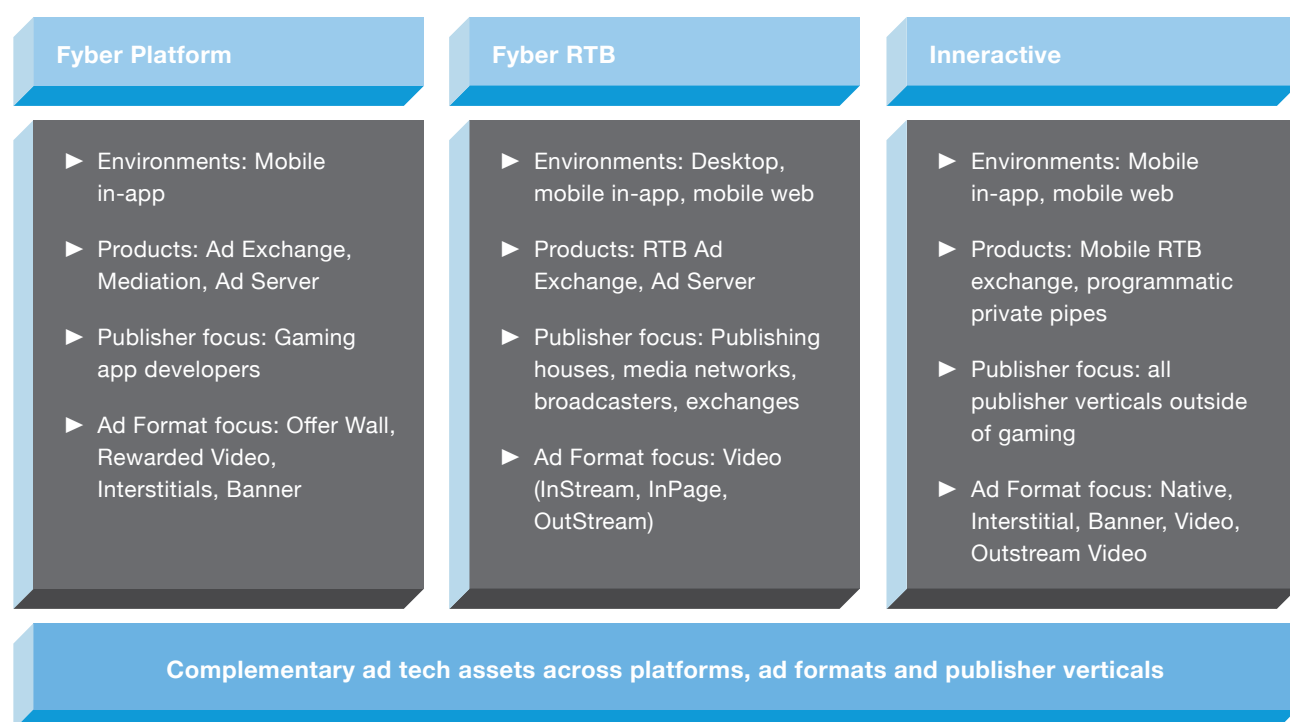
## Business Model & Products

The Company, through its core platforms of **Fyber**, **Fyber RTB** and **Inneractive**, offers a full stack monetization suite, enabling app developers and digital publishers to maximize yield from digital advertising on their properties. Our publisher-focused offering consolidates several layers of the complex value chain, simplifying and streamlining processes for publishers and thereby optimizing the yield they generate from advertising.

### Fyber - Neutral monetization technology for digital publishers

- Monetization platform for app developers and digital publishers on mobile web and desktop: Empowering users to maximize yield from targeted digital advertising
- Video Supply-side Platform (“SSP”): Programmatic cross device monetization for premium video publishers with a Video SSP and Ad Server
- User acquisition platform: Driving app installations through Fyber’s publisher network, helping publishers to acquire quality users and fuel ROI
- Programmatic Ad Exchange: parallel bidding by RTB and non-RTB demand sources, dynamic floor pricing, powering programmatic offline deals via private pipes, unified auction across demand sources
- Comprehensive sets of publisher tools and platform products: Ad network mediation, Ad exchange, Ad Serving; unified auction across the different channels for each group company
- Comprehensive set of ad formats: Rewarded Video, Offer Wall, Banner, Interstitials, Mobile Native video, Native Display, Rich Media, Pre-roll Video
- Neutral technology offering with the purpose of optimizing monetization yield for connected publisher partners; agnostic to ad inventory and demand sources, and with that addressing the reluctance of many publishers to work exclusively with the major consumer platforms, who have the inherent conflict of being publishers themselves

### Highly complementary ad tech assets



## Strong Positioning in a Consolidating Market

As much as 2015 had been a transformational year for Fyber, with the acquisition of Fyber GmbH in 2014 as the anchor investment in digital advertising technology, 2016 was focused on further building out the strong market position on the supply-side. This was achieved by both adding the technological capabilities and growing global reach and scale of the platform. The organic growth of the Fyber Platform and Fyber RTB businesses was supported by two further acquisitions in 2016, mobile mediation provider Heyzap and real-time bidding (RTB) mobile exchange Inneractive. Already today, the combined offering across group companies represents a full stack offering for publishers. It enables web publishers and app developers to centrally realize their advertising monetization strategy by providing a comprehensive set of publisher tools, ad formats and platform products.

Digital advertising is a fast-growing industry, that has experienced rapid evolution and consolidation throughout the past months and years. With consumers moving from more traditional media such as television to digital and further to mobile smart devices, publishers and advertisers are following suit. The market evolved into a solid value chain of trading intermediaries and layers of technology providers enabling the placement of digital advertising on desktop and mobile websites as well as in apps. The consolidation of the market is, among others, driven by traditional media companies and major publishers who fast-track their entrance into the digital sector. Also technology providers who look to strengthen or protect their market position add functionality and market share through M&A. The market also saw advertising companies and agencies building or enhancing their tech stacks to place digital advertising.

Scale, both in terms of the reach on the demand or supply-side of the value chain and breadth of the technology offering, is an important determinant for the players in the market, as clients look to work with one-stop-shops as much as they can.<sup>9</sup> The investments of Adobe into Tubemogul, Verizon into AOL and Yahoo, IronSource into Supersonic, Altice into Teads, Oracle into Crosswise and Comcast into StickyAds are just a few examples of recent M&A activity.

Technology M&A advisors Hamleton Partners identified a convergence between assets and functions in advertising and marketing as well as the entrance of Chinese buyers into the digital sectors, as key drivers in the market. They tracked more than 1,000 deals worth more than £3.4bn in

total, making 2016 the second-highest valued period in the last five years. They expect the consolidation trend to continue and increase, especially in light of the growing importance of technologies such as programmatic trading or big data analytics and businesses looking to add these to their offerings.<sup>10</sup>

In this rapidly changing and consolidating market, Fyber was able to lead and be an active consolidator, building a comprehensive technology offering and reaching more than 1bn monthly unique users.

Once the three complementary acquisitions executed since 2015 are fully integrated, Fyber will become one of the largest neutral tier-one ad tech providers for publishers.

### Fyber’s Key Differentiators

Fyber focused its investment ahead of time into areas that have in the meantime proven to become the fastest growing contributors to the ad tech space: Video, programmatic and data-driven audience segmentation. By further building out its offering, specifically in programmatic trading and video advertising, through organic and acquisition-led growth, the Company was able to secure a defensible market position, among others characterized by:

- Global reach: reaching more than 1bn unique users each month through the apps and digital properties that are integrated with the Company’s platforms; significant reach considering the 2.4bn smartphones users and 3.4bn internet users worldwide in 2017<sup>11</sup>; contributing to the pull factor Fyber creates on the advertiser side
- In-app first: Fyber’s in-app advertising offering was specifically designed and developed for this environment, setting the Company apart from more traditional desktop competitors that are now working on adding in-app capabilities. The two environments are significantly different and the Company’s distinct functionality contributes to its publisher and advertiser reach on mobile in-app, while at the same time offering platforms also for mobile web and desktop
- Video capabilities: video is a technically challenging product and currently the only digital ad format with more demand than supply; Fyber offers rewarded and non-rewarded video formats across screens, specifically designed for the respective environments and offering low latency, functionality and optimized user experience

<sup>9</sup> Source: Business Insider Nov 2016

<sup>10</sup> Source: Hamleton Partners Mar 2017

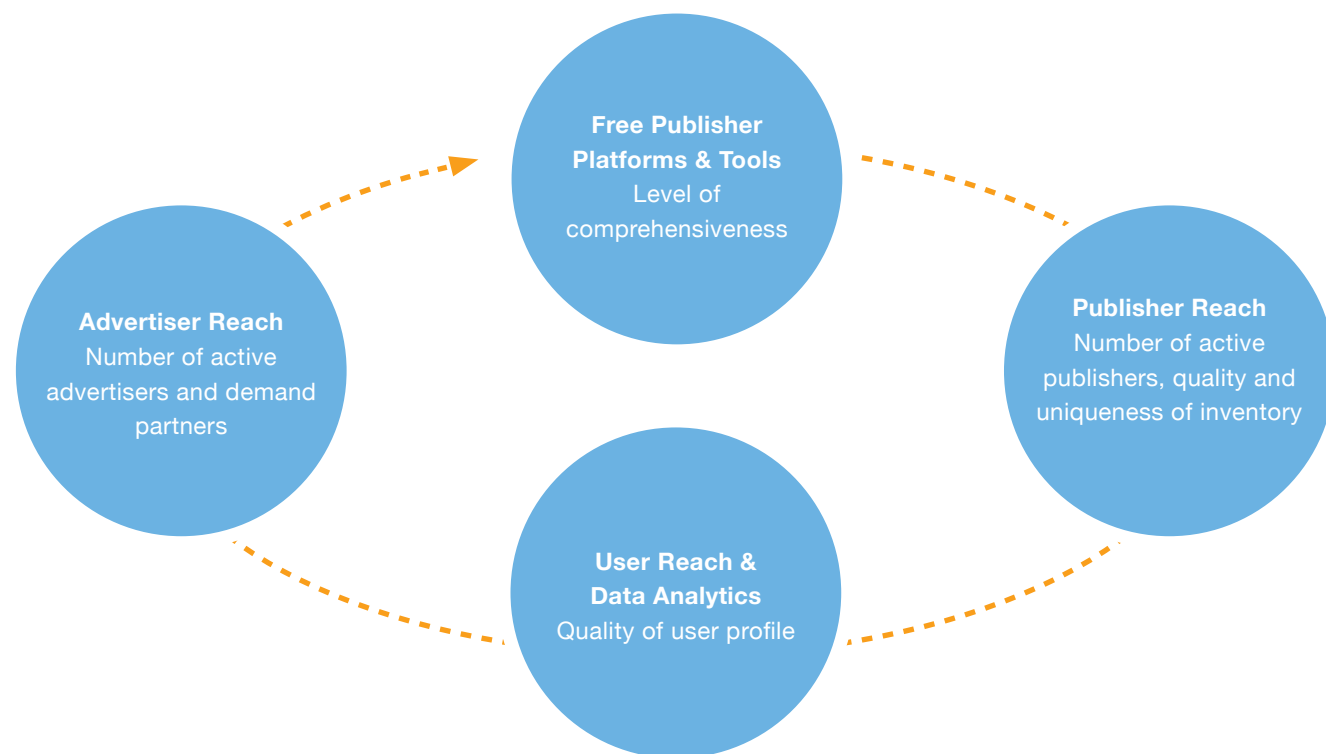
<sup>11</sup> Source: eMarketer, Jan 2017

- Programmatic capabilities: offering programmatic and real-time bidding enabled ad exchanges for mobile in-app, mobile web and desktop inventory; unified auction across RTB and non-RTB demand sources optimizes yield for publishers, in essence what header bidding is offering for the web display environment
- Publisher focus: delivering a crucial service to publishers in offering neutral technology that is geared towards the needs of the publishers, addressing the challenges they are facing when monetizing their properties:
  - Asymmetry of data & knowledge between advertisers and publishers: In many cases advertisers have more data about users available than publishers. The Company's data analytics offering is answering this asymmetry, enabling publisher to maximize yield generation; especially important in a programmatic environment
  - Imbalance between the major internet corporations & consumer platforms and publishers: ultimately publishers are competing with them for ad spend and are losing market share to them if they cannot offer the same ROI and quality brand experience to advertisers
- Targeting, user segmentation & data analytics: enabling publishers to offer targeted user segments to their demand-side partners; optimizing the yield

they generate from ad impressions by combining data from data management platforms and other third-party data providers, the publisher's first-party data and the Company's own ad performance and engagement data

- Publisher vertical diversification: addressing all app verticals outside of the main social media and entertainment platforms, i.e. Gaming, News, Entertainment, Messaging, Productivity, Utilities, etc. as well as premium web publishers
- Value chain consolidation & breadth of publisher tools and services: By offering an ad exchange, ad network mediation and ad serving, the Company consolidates the value chain for publisher, making it easier to connect to all relevant types of demand sources; giving publishers access to these demand sources through one integrated platform and dashboard enables efficient, advanced ad monetization
- Superior growth: at +69% growth in gross revenues year-over-year ("YoY") for 2016 the Company achieved superior growth compared to its addressable markets of digital advertising (+17% 2016 YoY, worldwide), digital programmatic advertising (+46% 2016 YoY, US) or mobile in-app advertising (+51%, 2016 YoY, US)

#### Global scale & data power driving growth



## Growth Strategy & Sustainability of the Business

Further leveraging the global scale and data capabilities are key factors of future growth. The Company's reach among digital publishers and app developers, and with that the number of unique users each month, determine the benefit Fyber proposes to advertisers and other demand-side partners. By adding value to each ad impression<sup>12</sup> through advanced data analytics and user targeting, the Company creates traction on both sides of the value chain. Increasing the available demand and the share of ad spend Fyber can monetize through its Exchanges, the Company is enabled to further invest into the product and publisher tool offering. The below chart depicts the positive interdependence of the offering, with each part of the flywheel reinforcing the next.

Management expects the key differentiators of the business mentioned above and the Company's early positioning in the key growth sectors of digital advertising to enable Fyber to retain margins at current levels. The sustainability of the business will be further underpinned by integrating the acquired assets into one comprehensive technology platform, realizing revenue and cost synergies.

#### Aspects & Milestones of Integration

The three acquisitions following the anchor investment into mobile SSP Fyber GmbH were geared towards strengthening the publisher-side advertising technology offering. All group companies are highly compatible to each other, expanding the Company's global footprint and tech stack. The integration process includes the consolidation into one brand, kicked-off with the renaming of RNTS Media N.V. to Fyber N.V. in June 2017, the formation of one management team, as initiated with

the new Management Board proposed for approval to the Extraordinary General Meeting on 25 July 2017, one corporate structure and ultimately one product offering, providing:

- Market coverage: Across the group companies, Fyber N.V. already today has a global revenue base and is operating across all app and publisher verticals outside the major consumer and social media platforms
- Broad selection of ad formats: To service all publisher verticals, the group offers all relevant non-rewarded and rewarded ad formats on its platforms
- Comprehensive platform: Currently covered across three platforms (Fyber, Fyber RTB, Inneractive), the Company offers a full set of platform products and publisher tools across Ad Exchange, Mediation, Ad Serving, unified analytics and reporting dashboard

The Company's short term growth engines center around advanced programmatic trading, video advertising and the Asia-Pacific region ("APAC"). Through acquisition-growth but also organic development and investment within each of the group companies, the Company saw revenues from programmatic trading and real-time bidding increasing by almost 3x from 2015 and revenues from the different video ad formats by almost 2.8x over 2015.

The further expansion into the premium publisher segments and the APAC market, currently serviced by bringing international demand to Asian publishers and apps with international audiences, are just two areas of future, longer term growth.

#### Road to integration



<sup>12</sup> Instance in app usage, where the user could see an ad; An ad request is being sent to the demand source, generating an ad impression if an ad is actually served to the app or the mobile/desktop website and viewed by the end-user.



## Investments & Technology

While Fyber's management team anticipated the importance of programmatic and real-time bidding technology early - as witnessed by the acquisition of Falk Realtime in May 2015 and Inneractive in July 2016 - the explosive growth realized subsequently has exceeded expectations. Consequently, for 2016 and the coming years, the investment focus will be in this high growth area to further capitalize on the market opportunity.

### Product & Technology Highlights 2016

- By investing into the technology of private market places, Inneractive was able to sign an exclusive agreement with Axel Springer to help monetize its new app Upday
- Inneractive launched Story, an innovative in-feed native video format and subsequently managed to secure an early beta tester, Huffington Post/AOL, as a regular client
- Inneractive rolled out 'Unified Auction', bringing RTB and non-RTB demand partners into one simultaneous auction, optimizing yield for publishers
- The Company released the Fyber Publisher Ad Server as part of the integration of Fyber RTB services into Fyber, making it available to Fyber publishers in order to handle their direct-sold campaigns
- Banner ads were released as an additional ad format, including support for key demand partners such as Google AdMob and Facebook Audience Network
- Fyber RTB set a strong focus on efficiency and performance: reworked aggregation pipeline in order to scale properly with the traffic; separated web server components, optimized bid and ad requests, resulting in lower server cost and increased performance

The Company capitalized €2.1m of investments into its technological assets in 2016, with a focus on its video products, the programmatic offering and general platform capabilities.

## Strategic Developments

In 2016 Fyber successfully completed the acquisitions of Heyzap and Inneractive, and also disposed of its final non-ad-tech business component, BigStar Global, in April 2016.

The Company's strategic focus for 2017 is on further integrating the acquired assets which will drive value for our partners and realize the identified synergies bringing the group to full year profitability on adjusted EBITDA basis.

### Integration of Fyber RTB (former Falk Realtime)

- Revenues of €52.3m, representing a 362% increase on 2015 (€11.3m)
- Cross-referenced business between Fyber RTB and Fyber enabling revenue synergies; back-office functions fully integrated
- EBITDA profitability already achieved; positive outlook and further synergy potentials available

In May 2015 Fyber N.V. acquired Falk Realtime Ltd. through Fyber for a total consideration of €10.75m to strengthen its programmatic & RTB and ad serving technology. The opportune timing of the acquisition is demonstrated by the fact that first year revenues of €11.3m more than quadrupled in 2016 to €52.3m. This strong growth is largely due to the early positioning of the company, enabling it to benefit from the dynamic market development of programmatic and video advertising. Furthermore, the platforms of Fyber RTB and Fyber were connected for cross-referenced business and, while still nascent, this will be a source of continuous future revenue growth. The real-time bidding and ad server technologies were integrated into the Fyber platform and all back-office functions were fully integrated providing seamless services to the whole group.

### Acquisition of Heyzap Inc.

- Added significant reach in the core markets of freemium and gaming apps, making Fyber one of the largest neutral mobile SSPs available
- Market leading position for the provision of Mediation services
- Economies of scale through transferring the acquired business onto the Fyber platform

Heyzap will be fully integrated into Fyber by year-end 2017, together forming the business unit 'Fyber Platform', and will no longer trade separately. In January 2016 the Company acquired Heyzap Inc, a US-based provider of SSP and mediation services. The initial purchase price of \$20m was paid in cash, additional earn-out and retention payments of up to \$25m were dependent on specific earn-out criteria to be fulfilled and measured around the first anniversary of the acquisition.

Heyzap added significant reach in the group's core markets of freemium and gaming apps, making Fyber one of the largest neutral mobile SSPs available today. The Heyzap acquisition also put us in a market leading position for the provision of Mediation services. Core to the strategy of the acquisition was the transition of the acquired business onto the Fyber SSP to attain economies of scale and strengthen the services provided to both, Heyzap's and Fyber's customers e.g. by utilizing Heyzap's know-how of Banner ads on the joint technology platform of Fyber.

Heyzap's mediation business continued to grow rapidly post acquisition while its exchange business showed a flat development over 2015. During the earn-out measurement period just before the acquisition's first anniversary, the earn-out criteria were only partially achieved, leading to an update on the estimated earn-out of less than \$5m. At the same time, the monetization of the increased mediation traffic post migration to the Fyber platform is still expected to make the acquisition valuable for the group.

### Acquisition of Inneractive Ltd.

- Significant growth throughout 2016 increasing revenues to €83.4m in 2016 (€38.9m in 2015)
- Accelerates the move to programmatic and RTB further by adding Inneractive's strong mobile ad exchange, building out the Company's cross-platform offering
- Significantly expands the Company's addressable market, as Inneractive's business is outside the gaming vertical

On 3 March 2016 Fyber N.V. signed a definitive agreement to acquire 100% of the shares in Tel Aviv-based Inneractive Ltd. The acquisition, for an initial purchase price of \$46m, was closed on 19 July 2016. Please refer to the 'Subsequent Events' section below for an update on earn-out payments for 2017 and beyond. The acquisition further accelerated the move to programmatic and RTB as Inneractive added these capabilities to the mobile offering, whereas Fyber RTB is focused on desktop. In addition, Inneractive's business is outside of the gaming vertical, where traditionally Fyber has its stronghold - thus expanding the group's addressable market significantly. Finally, the acquisition gave access to additional advertising formats (e.g. outstream video / native video) that the group did not provide previously and strengthened existing capabilities (e.g. interstitial ad formats). Inneractive has shown significant growth throughout 2016, increasing its revenues from €38.9m in 2015 to €83.4m in 2016. Alongside the significant growth of Fyber RTB this increase further exemplifies the scale of the opportunity presented by programmatic and RTB advertising that Fyber is now addressing on both desktop and mobile.

### Convertible Bonds

In 2015, the Company successfully placed €100m of convertible bonds ("Bonds") with a coupon of 5% p.a. and a conversion price of €4.20, executable at any time during the Bonds' duration until 27 July 2020. The funds raised from the initial tranche were used to repay previous shareholder loans and to finance the Falk Realtime and Heyzap acquisitions, the operating business and 2015 special projects. To fund the Inneractive acquisition, the Company issued a €50m tap of the same Bonds at par during the period from May to July 2016. A Bondholder Meeting held in April 2017 approved a number of proposed changes to the Bonds' terms. Please refer to the 'Subsequent Events' section below for further details.

# Financial Report

## Audit and Basis of Presentation

On 8 February 2017 the Company announced that due to a change in auditors it will publish its audited financial statements for 2016 in July 2017. The change of auditors became necessary as, subsequent to the initial appointment of Ernst & Young Accountants LLP (“EY”) as external auditors at the Annual General Meeting on 21 July 2016, no agreement regarding the engagement could be reached. Therefore, a new auditor had to be identified, selected and appointed. Due to the limited timeframe, no auditor was able to commit to performing the audit for a timely publication which in return led to the publication on 26 July. The audit itself did not lead to any qualifications or substantial changes to the financial statements.

Below we report both on the basis of audited statutory financial statements (“reported”) and on unaudited pro-forma financial statements (“pro-forma”). The pro-forma financials include the acquisitions of Heyzap and Inneractive as if they had already closed on 1 January 2015 - thus providing a like for like comparison of 2016 and 2015 and a focus on organic development. The statutory financial statements include the acquisitions as of the date of their Closing - i.e. 6 January 2016 for Heyzap and 14 July 2016 for Inneractive.

In addition we provide financials adjusted for separately disclosed items (“SDI’s”) and title these “adjusted”.

The different views are presented to provide investors and interested parties with a deeper and more meaningful

understanding of the Company’s performance than on the basis of reported numbers alone.

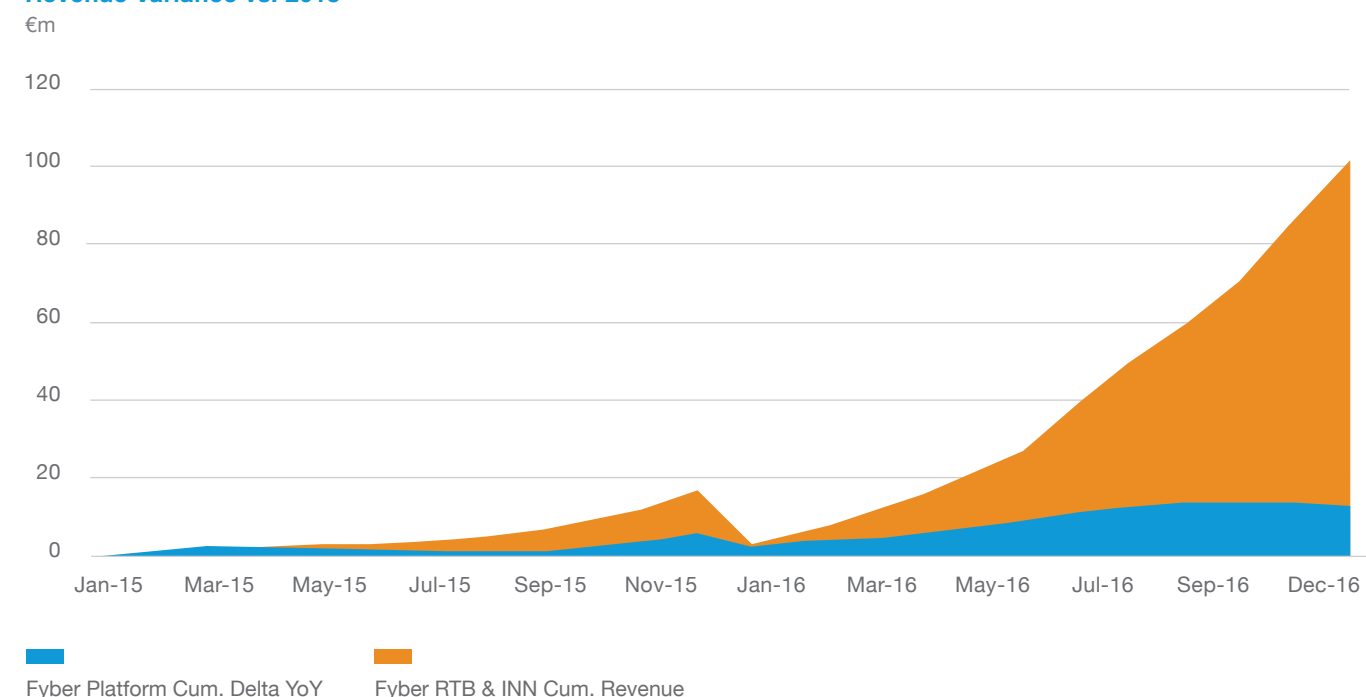
## Business Performance

In 2014 we started transitioning the group into a pure play ad tech company. In 2016 100% of the revenues came from this space, for the first time in the Company’s history. On top of the organic growth of Fyber (acquired in 2014) and Fyber RTB (formerly Falk Realtime, acquired in 2015) two further companies were added to the group with Heyzap in January and Inneractive in July. With these additions, the strategy of building a full stack offering was successfully executed helping to grow existing customers and adding new ones. Overall, the business performance in 2016 was outstanding with very high revenue growth and reduced losses, on the way to growing into profitability through scale.

## Financial Results, Segmental Performance, Statutory Results, Strategic Development

**Revenues, Gross Margin (€) and Gross Margin (%)**  
Reported revenues more than doubled from €81.1m to €176.8m (+€95.7m (+118.0%)) driven by the growth of Fyber Platform (+€13.2m (+20.0%)), Fyber RTB (+€41.0m (+362.2%)) as well as the 2016 acquisition of Inneractive (+€42.4m). Fyber Platform consists of Fyber GmbH and Heyzap, which is not managed separately

### Revenue Variance vs. 2015



Comparing cumulative revenue growth of Fyber Platform (i.e. Fyber including Heyzap) and cumulative revenue growth of Fyber RTB and Inneractive (INN); Revenue contribution from acquisitions shown as of closing date



any longer and therefore no standalone trading numbers for 2016 are provided.

Fyber RTB has seen particularly strong growth following the acquisition in May 2015, and its subsequent successful integration.

Pro-forma revenue development shows a like-for-like increase of revenues from €129.1m to €218.1m (+68.9%) with Inneractive revenues at €83.4m (+€44.4m (+114.1%)) on the back of the successful expansion of programmatic traffic. Seasonal effects continue to show strongly in the overall revenue as well as the growth trends.

Management had taken the strategic decision to invest into building out the Mediation offering, which is expected to drive future accelerated growth through adoption of Fyber's platform solution as an infrastructure amongst publishers, but did not contribute to revenue growth in the short term. Between December 2014 and December 2015, ad impressions on the Mediation Platform grew by more than 300%, evidencing the strengths of Fyber's proposition. The Company further accelerated this growth, with mediated ad impressions growing more than 320% for 2016 YoY.

Reported gross margin (%) decreased to 27.3% in 2016 compared to 30.0% in 2015 reflecting mainly the mix of the high margin (%) Fyber Platform business with the lower margin (%) Fyber RTB business. At the same time, the gross margin (%) of Fyber RTB was increased from 4.9% to 19.3% on the back of new service components and customers added. The acquired Inneractive business provided margins of 28.6%.

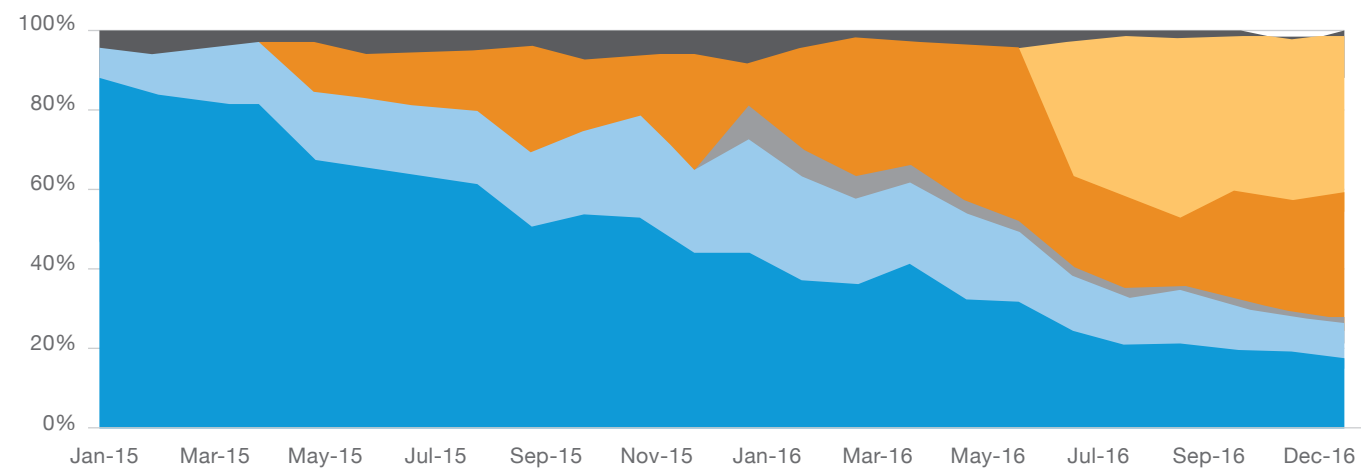
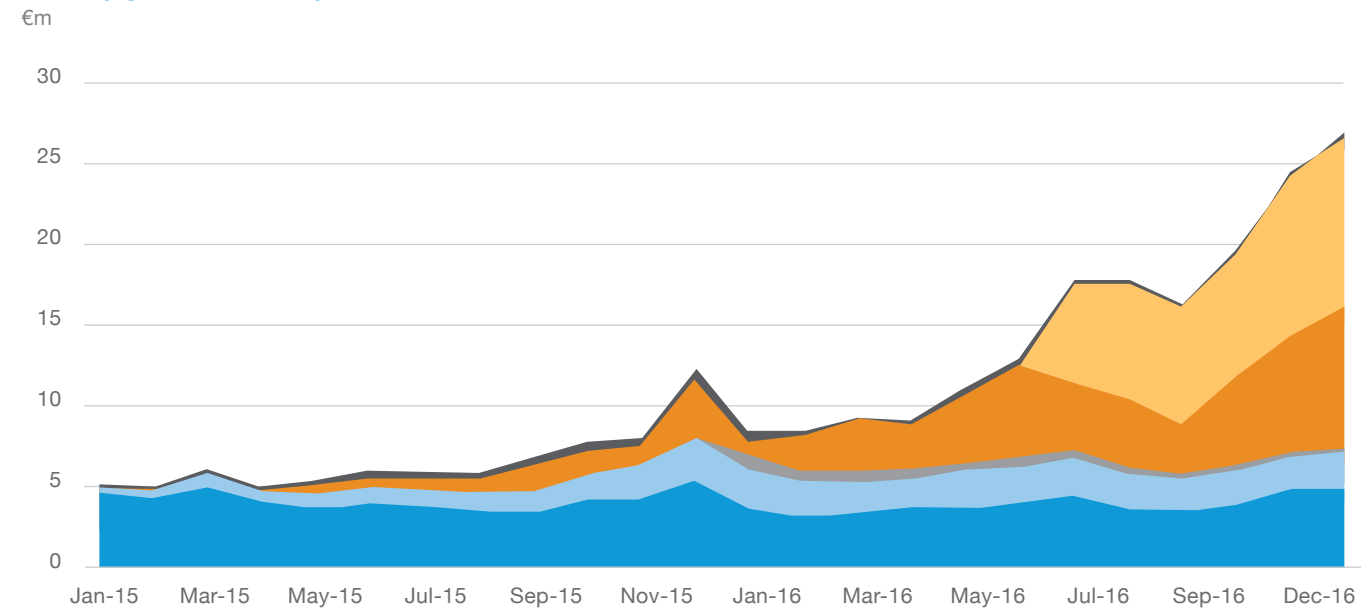
The reported gross margin (€) grew by almost 100% to €48.2m as a combination of reported revenues growing by more than 100% and the gross margin (%) being 2.7pp lower. Of this Fyber Platform contributed 51.2%,

Fyber RTB 20.9% and Inneractive 25.2%.

Pro-forma gross margin (%) was 28.6% vs. 2015 margin of 31.5% (-2.9pp) caused by a mix of reduced margins in Fyber Platform and Inneractive and a higher revenue share of Fyber RTB at lower than the group's average margin. Pro-forma gross margin (€) was €62.4m compared to €40.7m in 2015 (+€21.7m or +53.2%).

Revenues and gross margin were not impacted by separately disclosed items.

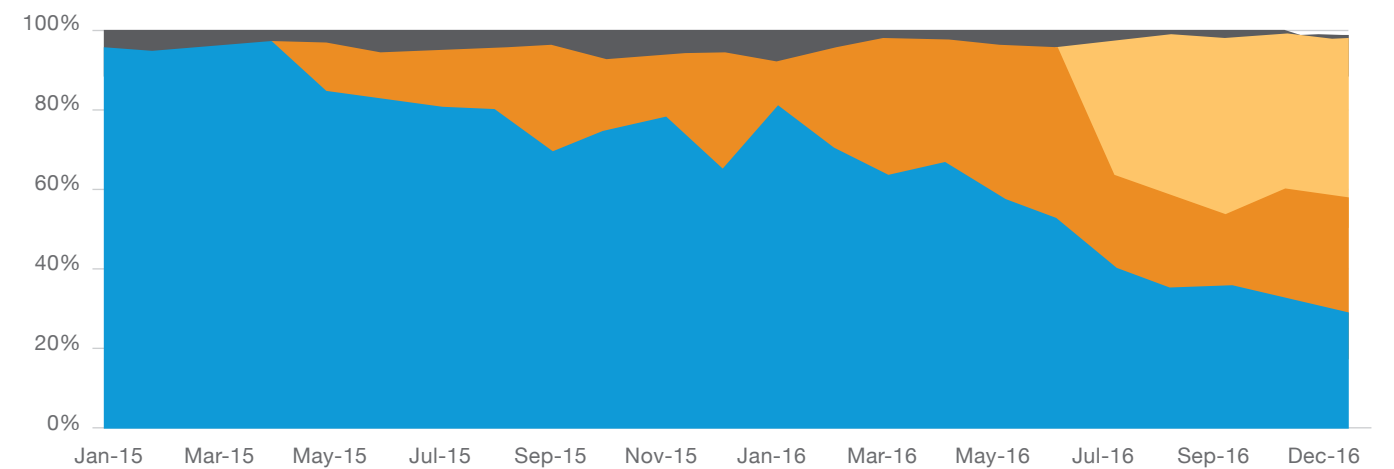
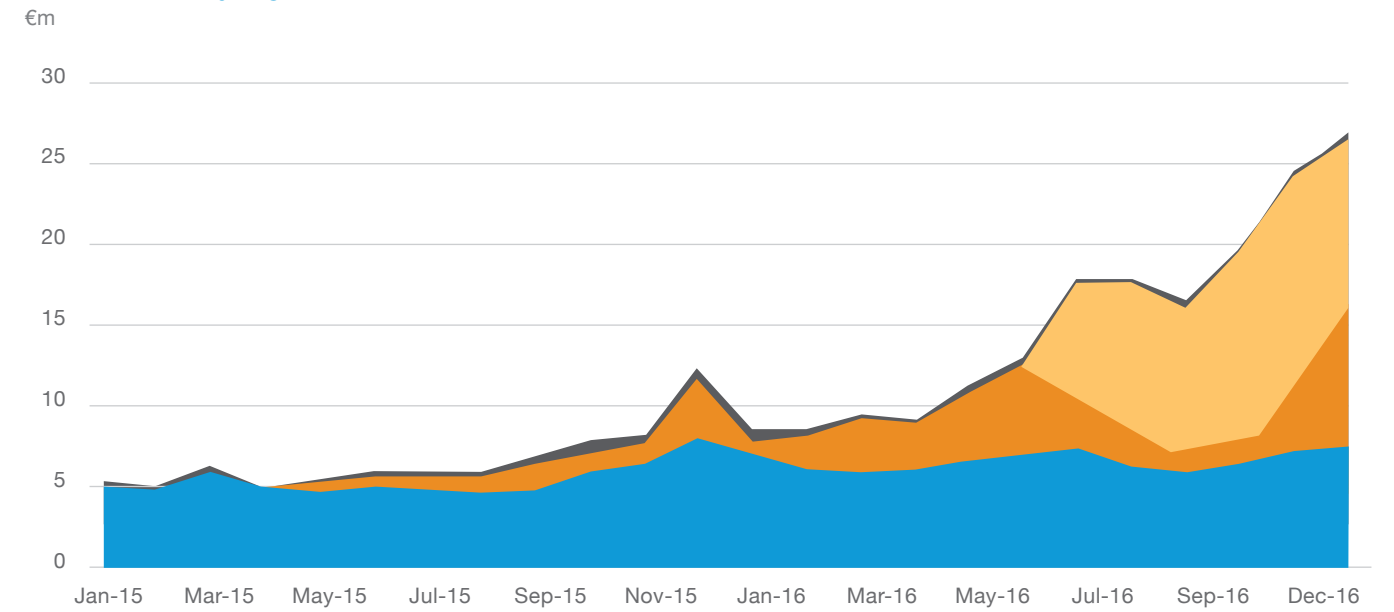
Monthly gross revenue by source



OW RV INT Fyber RTB INN Other

OW = Offer Wall; RV = Rewarded Video; INT = Interstitial Ads; Fyber RTB = programmatic revenues across ad formats; INN = Inneractive revenues across ad formats; Other = Other revenues  
Note: Revenue contribution from acquisitions shown as of closing date

Gross revenue by segment



Fyber RTB Platform Fyber RTB INN Other

Gross revenue comparison between Fyber Platform, Fyber RTB and Inneractive  
Note: Revenue contribution from acquisitions shown as of closing date

## Operating Expenses and Income

Reported operating expenses adjusted for separately disclosed items have increased by 50.8% from €43.0m to €64.9m. Due to the stronger revenue growth of 118.0%, efficiency of operating expenses increased from 53.1% to 36.7% of revenues reinforcing the scaling capabilities built in the prior year. €33.0m (50.9%) were personnel related while €31.9m related to other operating expenses. 65.0% were incurred in Fyber Platform, 12.0% in Fyber RTB and 12.5% in Inneractive. The cost of the holding functions in Fyber N.V. represented 8.1%.

€6.6m of separately disclosed items were adjusted from the reported operating expenses. €2.4m in the personnel expenses for non-cash stock option expenses and acquisition related retention cost and €4.2m cost of the acquisition projects in other operating expenses. Including these items, total reported operating expenses amounted to €71.4m (2015: 48.6m).

Reported other operating income was €14.6m (2015: €4.9m). €8.9m of this are the result of Heyzap related adjustments to the estimated earn-out obligation due to the slower-than-planned transition of Heyzap's customer base. The remaining €5.7m mostly relate to currency gains and are matched by €6.6m of currency losses recorded in the other operating expenses.

Pro-forma operating expenses adjusted for separately disclosed items have increased by 27.6% from €57.9m to €73.9m. On the pro-forma basis, efficiency of operating expenses is even more favorable with a decrease from 44.9% of revenues to 33.9% as the overhead structures are already leveraged against a larger revenue base. Future integration and growth without building of additional structural overhead will further improve this ratio. €37.7m (51.0%) were personnel related while €36.2m related to other operating expenses. 57.1% were incurred in Fyber Platform, 10.5% in Fyber RTB and 23.1% in Inneractive. The cost of the holding functions of Fyber N.V. represented 7.1%.

Pro-forma separately disclosed operating expenses are €8.2m (+€1.6m vs. reported). The increase is due to pre-acquisition items recorded in Inneractive (transaction related personnel and other operating expenses).

Pro-forma other operating income of €14.6m is unchanged against the reported value.

Reported EBITDA was €-8.6m and thus 55.6% reduced vs. €-19.3m in 2015. Pro-forma EBITDA was €-5.1m vs. €-18.1m indicating the impact that full year inclusion of Inneractive and continued growth can have on the future income of the group. Two of the three operating segments of the group are already contributing positive EBITDA:

Fyber RTB with reported €4.4m (8.3% of revenues) and Inneractive with €3.7m (8.7% of revenues) while Fyber Platform continues to operate at a loss (€-15.9m) due to the continued investment into the technology platform, brand and global structure to support the future growth. The holding Fyber N.V. reported EBITDA of €-0.5m.

Reported depreciation, amortization and impairment increases significantly mostly due to the impact of the acquisitions from 2015 €3.9m to 2016 €9.3m (+€5.4m (+136.6%)). Excluding the acquisition related amortization shown as SDI (€5.3m), operating depreciation stands at €4.0m.

Reported finance expenses of €9.4m are €5.9m increased vs. the prior year due to the full year impact of the €100m convertible bonds issued in 2015 and the €50m increase in 2016.

Reported net loss after tax from continuing operations was €-29.2m in 2016 compared to €-23.5m in 2015 with the increased amortization and the financing cost still overcompensating the operating improvements.

Due to an upside on the disposal of BigStar Global, presented as discontinued operations in 2015 and sold in April 2016, the result from discontinued operations improved from €-14.4m in 2015 to €3.4m in 2016. The result is shown as SDI in both years.

Adjusted diluted loss per share in 2016 was €-22ct compared to €-14ct in the same period the year before.

### Balance Sheet

The Company's balance sheet is significantly determined by the following positions:

**Goodwill** Four acquisitions since 2014 for a total consideration of close to €250m in shares and cash have added significant goodwill to the balance sheet. The total amount at 31 December 2016 was €217.0m of which €70.3m related to Fyber Platform, €46.8m related to Inneractive, €98.0m to Fyber RTB and €1.9m to others.

**Other Intangible Assets** Also mostly resulting from the acquisitions this position includes trademarks, acquired technology and customer relationships which are amortized over their useful lives. The value at 31 December 2016 was €40.0m (+€26.3m vs. PY). The increase also includes self-developed software of €2.1m.

**Accounts Receivables** These represent the money due from advertisers for advertisements placed with publishers. The company charges the advertisers the full amount owed. The position grows in line with the overall revenue growth and is particularly high at year-end due to the seasonality with Q4 revenues being the highest in the year.

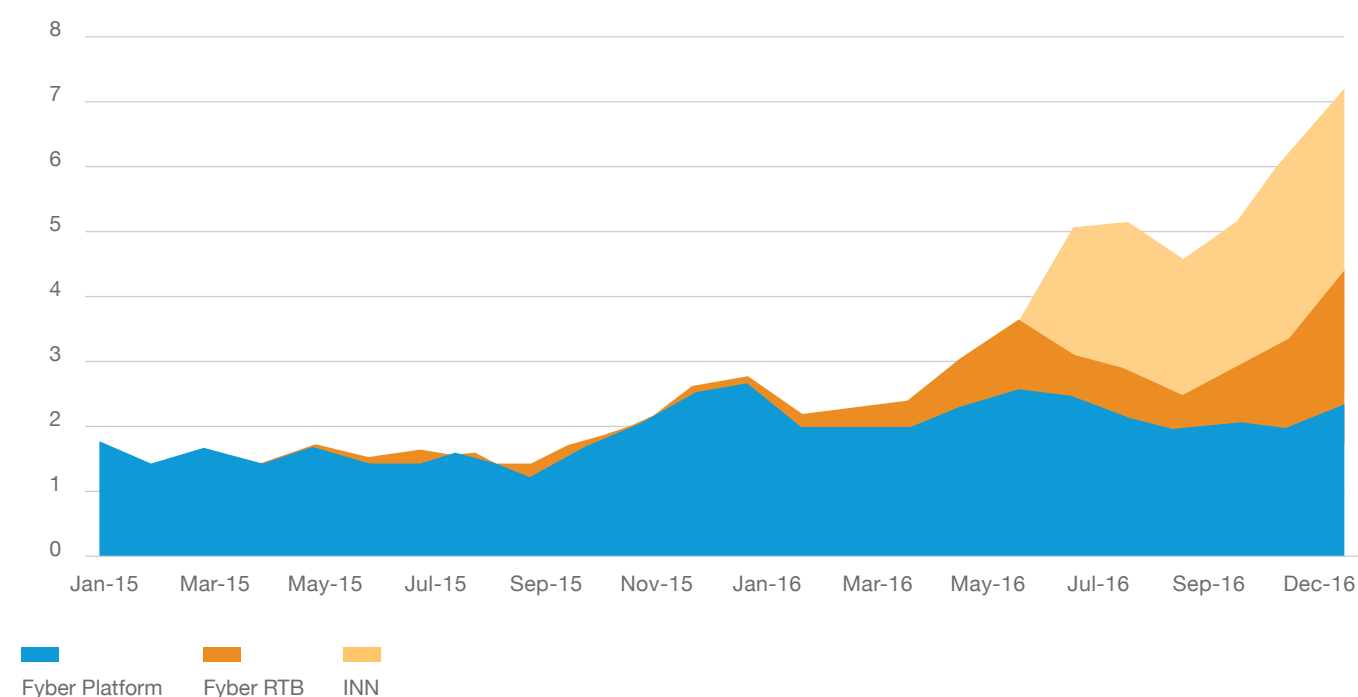
**Long term Borrowings** Includes the €150m Convertible Bonds that have been issued in 2015 and 2016. The difference between the nominal amount and the value disclosed in the Balance Sheet (€136.6m) according to IFRS is caused by a split into equity and debt components and interest assumptions which are independent of the actual terms of the bonds. Please refer to note 4 for details on the differences.

**Short term Employee Benefits Liabilities** This line includes since 2014 a decreasing obligation from Stock Appreciation Rights linked to Fyber before its acquisition in 2014. The obligation is matched by a receivable against the former Fyber shareholders.

**Accounts Payables** These represent the money due to publishers for the advertisements placed with them. The amount represents the revenue share due to the publishers after deduction of the services fees earned by the different companies in the Fyber group. The position also grows in line with the overall revenue growth and is particularly high at year-end due to the seasonality with Q4 revenues being the highest in the year.

### Monthly Gross Margin

€m by entity



Gross margin (€) development for Fyber Platform, Fyber RTB and Inneractive;  
Note: Revenue contribution from acquisitions shown as of closing date

## Cash Flow and Financial Position

Operating cash flow in 2016 was €-22.1m vs. €-12.6m in 2015. Losses before tax were €-27.1m (2015: -€26.6m) and cash generated from operations was €-15.3m (2015: -€10.9m). €5.4m higher interest payments (€-6.6m (2015: -€1.2m)) due to the full year impact of the 2015 €100m convertible bonds issuance and the half-year impact of the 2016 €50m tap issue as well as increased tax payments resulting from profits in Inneractive, Fyber RTB and one regional entity in Fyber Platform lead to a reduction of net cash flow from operations by €9.5m (2016: €-22.1m (2015: -€12.6m)). Apart from taxes, the biggest negative driver in this was an increase of working capital by more than €6.4m due to the substantial expansion of revenues.

Net cash flow from investing activities was €-80.3m mainly for the acquisition of Inneractive and Heyzap, €4.9m related to the purchase of hard- and software as well as the capitalization of self-developed technology. This compares to only €8.4m investing activities in the previous year.

Cash Flow from financing activities was €48.0m mainly from the issuance of the €50m tab on the convertible bonds.

At the end of 2016 the company had €25.0m of cash and cash equivalents. This was a reduction of €54.1m vs. the prior year-end.

Fyber's management had repeatedly stated that additional financing would be needed to fulfill its outstanding earn-out obligations, fund operating losses and working capital requirements as well as bond obligations until cash flow break-even would be reached. By the end of 2016, such financing was still outstanding. However, in May 2017 €7.5m for the Fyber Platform business could be secured from BillFront Ltd., a technology finance provider, and subsequently in June a contract for \$18m for group purposes could be signed through Inneractive Ltd. with Bank Leumi. Israel. With this, the required financing is available. Nevertheless, management will strive to secure one additional facility to provide enough funding security and flexibility for the future.

The Company was able to fulfil its financial obligations at all times throughout the financial year and in the first half of 2017. Based on current financial planning, the company has secured sufficient liquidity for the coming 12 months, also.

## Segmental Performance and Business Development

During 2016 management decided to operate the business in four segments:

- Fyber Platform - which comprises the Fyber business acquired in 2014 plus the Heyzap business acquired in 2016. This business segment operates as a supply-side technology platform focused on the mobile gaming industry.
- Fyber RTB - the business acquired as Falk Realtime in 2015. These operations focus on providing programmatic and real-time bidding capabilities predominantly in the desktop space.
- Inneractive - the company acquired in July 2016 operates a programmatic ad exchange and supply side platform for publishers and advertisers in the mobile space, in differentiation to Fyber Platform outside of the gaming space.
- Other - all other activities, predominantly the holding activities of Fyber N.V.

In addition to information already provided above, the segmental performance is described in Note 35 to the financial statements.

## Going Concern Considerations

In 2016, the Company continued to operate with losses, caused primarily by the further investment into its technology platforms, regional and customer segment expansion for organic growth and acquisitions. The necessary financing was secured from a tap issue of €50m on the €150m Bonds initially placed in 2015.

In 2017, the operating cash flow is expected to improve but still stay negative. This is caused by improved operations with some offset due to higher working capital needs from the expanded business volume. The high negative investing cash flow of 2016 will be reduced as no new acquisitions are planned. At the same time, earn-out payments for both Heyzap (expected \$5m or less) and Inneractive (\$9.8m) will still need to be made.

At 31 December 2016, the Company showed €25.0m in cash. In May 2017 a working capital facility of €7.5m for Fyber Platform has been secured with BillFront. In June 2017 Bank Leumi (ISL) has provided a rolling credit facility for \$18.0m through Inneractive. In addition, negotiations with additional funding partners are ongoing to create further flexibility for the future. Please also refer to Note 2.2.

Management therefore has reasonable expectation that Fyber has adequate resources to continue as a going concern for the foreseeable future.

## Subsequent Events

### Acquisition update

As previously reported in the Prospectus for the listing in Frankfurt and the 2015 Annual Report, the acquisition of Fyber GmbH in 2014 was mostly paid in shares of Fyber N.V. (46,000,000 shares representing €138m out of a total of €150m). Sapinda Asia Ltd. granted the sellers of Fyber a total of four put options against these shares, of which three have been honored but one for 23,000,000 shares due and exercised in February 2016 was not fulfilled. The Fyber sellers and Sapinda Asia Ltd., represented by Lars Windhorst, have subsequently repeatedly tried to agree on a solution but until today have not been successful in doing so. The ultimate remedy for the Fyber sellers, should no solution be found, is the exercise of a "fall-back" right, under which they would pro-rata reverse the 2014 transaction and become shareholders with some special rights in Fyber GmbH again. Since 2016 and until today the Fyber sellers have not exercised this "fall-back" right. Until the "fall-back" is exercised, Fyber N.V. has full control of the Fyber GmbH asset and its subsidiaries. See also Note 3 in the notes to the financial statements. Both 2016 acquisitions included earn-out obligations based on the performance of Heyzap and Inneractive after the purchase. Reference is made to the notes of the financial statements.

For Heyzap, the performance was to be measured in the period of 45 days prior to the first anniversary on 6 January 2017 on the basis of specific performance criteria. In comparison to the maximum contractual amount of \$25m (including retention amounts), the Company calculated less than 10% of this amount. The sellers of Heyzap contested the calculation asking for an amount that is substantially higher. In the 2016 financial accounts management have provided for a final settlement at \$5m. This is expected to be possible, however, a final agreement has not yet been reached.

For Inneractive, the 2016 earn-out component was achieved at 100% due to the outstanding performance of the business in 2016, which exceeded the targets by far. The payment was made in June 2017. Further earn-out payments were due for 2017 (in 2018) and 2018 (in 2019). Management decided in July 2017 to accelerate these payments to 2017 as the targets were very likely to be exceeded as well. The acceleration allowed for overall reduced payments as well as faster integration driving further synergies and improved financial performance.

## Financing

On 18 April 2017 the holders of the Convertible Bonds agreed to the changes of the Bonds' terms proposed by the group's management. Most notably these were:

- Reduction of the fixed interest rate from 5.0% p.a. to 3.0% p.a.
- Reduction of the conversion price from €4.20 to €3.00
- Waiver of the July 2017 coupon payment

These changes improve the cash flow during the critical period until break-even and reduce the refinancing risk in 2020 by making a future conversion much more likely.

In May 2017 Fyber GmbH secured a €7.5m working capital facility from BillFront to finance the operating business of Fyber Platform.

In June Inneractive Ltd signed a revolving credit line for \$18.0m with Bank Leumi, Israel. This facility will be used to finance the cash needs of the overall group both for earn-out and operating needs.

While the two facilities already secured are estimated to provide sufficient financing until cash flow break-even, the company is still in negotiations for additional funding to provide more flexibility should it be needed.

## Governance

Mr Janis Zech stepped down from the Management Board with effect 1 January 2017.

Mr Yaron Valler was appointed as a temporary member to the Supervisory Board on 13 February 2017, pursuant to Article 25.1 of the Company's Articles of Association. Mr Valler represents former shareholders of Fyber GmbH, whose holdings in the Company jointly exceed 10% of shares. Consequently, Mr Valler is not considered to be independent in accordance within the meaning of best practice provision III.2.2. of the Dutch Corporate Governance Code.

On 5 April Mr Thorsten Grenz decided to step down as member and Vice-chairman from the supervisory board with immediate effect.

On 11 April 2017 an Extraordinary Shareholder Meeting approved the following main points:

- Change of name from RNTS Media N.V. to Fyber N.V.
- Change of the form of shares from bearer to registered shares
- Changes to the rules of the Supervisory Board including compensation

- Appointment of Grant Thornton B.V. as external auditors of the Company

On 13 June 2017 the Company announced the execution of the name change to Fyber N.V. as well as strategic management changes - the latter subject to an approval by an Extraordinary General Meeting held on 25 July 2017. The proposed changes include the appointment of Ziv Elul (CEO designate), as Managing Director A, Dani Sztern, currently COO of Inneractive, as Deputy CEO, Crid Yu, currently member of the Supervisory Board, as COO and Yaron Zaltsman as CFO. Current CEO Andreas Bodczek and current CFO Heiner Luntz will be leaving the Company after a transition period.

#### Trading Update 2017

On 31 May 2017 the Company published its business update for the first quarter 2017 with revenues of €49.7m (+17% vs. Q1'16) and adjusted EBITDA of €-5.0m - in line with its expectations and guidance provided for the full year.

The business update for Q2'17 and report for the first half of 2017 will be published on 20 September 2017. Initial consolidated results indicate that revenues for Q2 will exceed €69m and bring the HY1 total to more than €119m with adjusted EBITDA being positive at more than €1.2m in Q2 but still negative for HY1.

The Company's global client base expanded further, both on the supply and demand side, with new partners such as MailOnline, ABC News, Game Hive, Netease, 2K and Youzu as well as new direct demand-side platform integrations for the programmatic business units.

## Risk Management

Risk management is an integral part of Fyber's daily business operations, is promoted by top-level management and designed to ensure that the most relevant strategic, operational, financial and compliance risks are identified, monitored and managed appropriately.

Our approach to risk management, the main risks per category and actions to manage, control and mitigate the risks are, among others, described in this section.

### Approach to Risk Management

Senior management together agrees on the risk management priorities for the group. The group risk profile is discussed and agreed with the Management Board. We update our group risk profile every year in order to manage our most important risks. Over the year, we monitor the mitigating actions in relation to each risk and the trend for each risk.

The business risk profile is taken into account when establishing our strategy, annual business plans and budgets.

Fyber follows a top-down approach whereby management identifies the major risks that could affect the company's business objectives - and assesses the effectiveness of the processes and internal controls in place to manage and mitigate those risks. Assurance on the effectiveness of controls is obtained through management reviews, monitoring dashboards, self-assessments and testing of certain aspects of our internal financial control systems. This, however, does not imply that certainty as to the realization of our business and financial objectives can be provided, nor can the approach of the Company to control its financial reporting be expected to prevent or detect all misstatements, errors, fraud or violations of law or regulations.

The key features of the systems of our Internal Control are as follows:

- Strong governance standards by (a) Ultimate responsibility of the Board and (b) Supervision by the Board through sub-committees of the Supervisory Board
- Defined lines of accountability and delegation of authority, together with reporting and analysis against budgets;
- Minimized operating risk by ensuring that the appropriate infrastructure, controls, policies, systems and people are in place throughout the business;

- Organizational design that supports business objectives and a culture that encourages open and transparent communication;
- Financial shared service center with a centralized Enterprise Resource Planning (ERP) environment which allows us to monitor our business throughout all regions and apply a consistent level of control;
- Centralized treasury operations to manage cash balances and exposure to credit default and currency risks through treasury policies, risk limits and monitoring procedures;
- Ensure the Code of Conduct and internal policies are accessible to all staff via the intranet, which includes whistleblowing facilities;
- Adherence to legal and regulatory requirements; and
- Reliable decision-making support

### Risk Appetite and Impact

Our willingness to assume risks and uncertainties (the risk appetite) differs for each category. The level of the Company's risk appetite gives guidance as to whether Fyber would take measures to control such uncertainties. The overview table shows the appetite and the expected impact on the group's achievement of its strategic, operational and financial objectives if one or more of the main risks and uncertainties were to materialize. The likelihood of the risk taking place is also disclosed. The risks are shown net. This means that the risks are described after taking the risk response into consideration.

Table risk overview

Category	Description	Appetite	Impact	Likelihood
Strategic Risk	Market risk - Failure to respond to market trends	●	●	●
	Restructuring of Management Board - Failure to manage the change of management accordingly	●	●	●
	Integration of acquired company - Failure to manage the move to one integrated ad tech company successfully / leverage synergies	●	●	●
	Failure to increase liquidity of the stock	●	●	●
	Financing risk - Failure to secure financing	●	●	●
	Technology risk - Failure to scale the group's technology platforms	●	●	●
Operational Risks	Personnel risk - Failure to attract, develop, retain and motivate talent	●	●	●
	Infrastructure risk - Failure to secure functioning of the IT infrastructure	●	●	●
	Fraud risk - Failure to detect fraudulent activities	●	●	●
	Technology risk - Open source software programs	●	●	●
Financial Risks	Currency risk - Failure to combat unfavorable movements in foreign currencies	●	●	●
	Working capital risk - Seasonality of advertiser spending	●	●	●
	Credit risk - Pre-financing substantial part of our revenue	●	●	●
	Impairment risk - Failure to meet initial expectations	●	●	●
Compliance Risks	Compliance risk - Failure to comply with relevant laws and regulations	●	●	●
	Data risk - Failure to comply with increasing data security regulations	●	●	●

low ● medium ● high ●



## Group Risk Profile

Below is an overview of the risks that we believe are most relevant to the achievement of our strategy. The sequence of risks below does not reflect an order of importance, vulnerability or materiality. This overview is not exhaustive and should be considered in connection with forward-looking statements. There may be additional risks not yet known to us or which are currently not deemed to be material.

## Strategic Risks

**Fyber may be unable to adapt swiftly to changes in industry or market circumstances, which could have a material adverse impact on its financial condition and results.**

Fyber was incorporated only in February 2012 (as RNTS Media N.V.) and has made significant acquisitions within the last three years, increasing the group's revenue substantially since its inception. The mobile advertising industry is still very much in the early stages of its development. Therefore, trends can develop or disappear very quickly, putting pressure on the company to permanently review and potentially adjust its strategy. The Company is facing the typical risks and difficulties of high growth companies in rapidly developing and changing industries.

### Market Risk – Failure to respond to market trends

#### SPECIFIC RISKS

Underlying technologies and advertising trends may change very quickly leading to obsolete efforts, loss of competitive positioning and revenue. Other market participants with stronger market positions may decide to aggressively push Fyber out of the market. Also, concentration trends amongst advertisers and publishers may lead to direct business relationships which bypass the Fyber platform and thus make the business model obsolete. Major players in the market such as the mobile operators or the providers of application eco systems such as Apple and Google may decide to introduce ad blockers to their systems. These could potentially seriously obstruct the delivery of advertisements to users of mobile apps and thus harm the business of Fyber.

#### RISK RESPONSE

- ▶ We are closely monitoring market developments
- ▶ Fyber has defined programs and processes to support product innovation
- ▶ Our system architecture is continuously being improved to ramp up flexibility for adaptations
- ▶ With the acquisitions in the last years, the Company was able to strengthen the publisher-side advertising technology offering
- ▶ All group companies are highly compatible to each other, expanding the Company's global footprint and tech stack
- ▶ Fyber has a track record of identifying market changes early and investing into winning technologies ahead of time.

### Restructuring of Management Board – Failure to manage the change of management accordingly

#### SPECIFIC RISKS

The Company relies to a significant degree upon the members of the Management Board, for their strategic vision, industry knowledge, execution and leadership. Skilled and experienced management is critical to the ability to execute against the group's strategic vision and maintain the group's performance through the growth and change it anticipates. The restructuring of the Management Team brings certain insecurity and cultural challenges. It will be crucial to manage the transition period accordingly.

#### RISK RESPONSE

- ▶ The new members of the Management Board are very skilled and experienced executives;
- ▶ Transition period to ensure seamless handover;
- ▶ Maintaining transparent and frequent communication with management and staff;

### Integration of acquired company – Failure to manage the move to one integrated ad tech company successfully / leverage synergies

#### SPECIFIC RISKS

The integration process includes the consolidation into one brand, the formation of one management team, as initiated with the new Management Board, one corporate structure and ultimately one product offering. Risks during this process include loss of key personnel, inability to realize synergies, cultural challenges associated with the integration, inability to integrate and benefit from acquired technologies and services in a profitable manner. The group's failure to address these risks could harm the business generally.

#### RISK RESPONSE

- ▶ Setting-up a global post-merger integration program management
- ▶ Engaging external counsel to advise on process and structure to overcome cultural issues
- ▶ Maintaining transparent and frequent communication with management and staff

### Failure to increase liquidity of the stock

#### SPECIFIC RISKS

The group's valuation does not yet reflect the strategic and operational achievements of the Company due to key corporate challenges in financing, shareholder structure, the "fall back" threat in Fyber and others. The low share price may lead to inability to attract strong long term investors, limits the ability to raise new equity and attract key personnel.

#### RISK RESPONSE

- ▶ Longer-term growth trajectory of the business,
- ▶ Renaming the group to Fyber N.V. to anchor the group companies under one strong brand
- ▶ Changing the form of our shares from bearer to registered shares to increase the liquidity if our stock (in progress and completed in August)
- ▶ Restructuring of the €150m convertible bonds, significantly reducing the refinancing risk in 2020, secured further financing

### Description of the risk categories

Strategic risk	Risk relating to prospective earnings and capital arising from strategic changes in the business environment and from adverse strategic business decisions.	Financial risk	Risk relating to financial loss due to the financial structure, cash flows and financial instruments of the business (including capital structure, insurance and fiscal structure) which may impair its ability to provide an adequate return.
Operational risk	Risk relating to current operational and financial performance and capital arising from inadequate or failed internal processes, people and systems or external events.	Compliance risk	Risk resulting from non-compliance with relevant laws and regulations, internal policies and procedures



### Financing – Failure to secure financing

#### SPECIFIC RISKS

Additional financing needs exist for the outstanding earn-out payments on the acquisitions of Heyzap and Inneractive, the operating losses at Fyber Platform and Fyber N.V. holding as well as the coupon on the convertible bonds. The group has already secured facilities with BillFront and Bank Leumi to cover these needs but may, if significant negative deviations from the expected cash flows occur, need access to additional funding.

#### RISK RESPONSE

Management has taken significant steps to reduce the cash needs of the group by:

- ▶ Translating strong revenue growth into improved profitability
- ▶ Reducing the cash outflow related to the convertible bonds by restructuring the terms (reduced interest rate of 3% and waiver on the 2017 July coupon)
- ▶ Decreasing the refinancing risk in 2020 by lowering the conversion price
- ▶ Discussing further facilities to provide flexibility should it be required. Significant assets of the group are still available to support such additional facilities.

### Technology – Failure to scale the Company's technology platforms

#### SPECIFIC RISKS

The group's revenue growth depends largely on the ability to develop a reliable, scalable, secure, high-performance technology infrastructure that can efficiently handle increased usage globally. The platform is scalable in principle. However, only the actual future expansion of the business will prove whether there is enough business available and the platform scales well enough to cover the fixed cost base that has been built.

#### RISK RESPONSE

An initiative was started to move the rest of the client facing components from the Fyber's data center to a cloud data center provider. By doing so, these components will not be limited by the constraints of a data center any longer. This initiative is supposed to be completed end of 2017.

In all of these fields, management addresses the risks by actively monitoring the developments and evaluating the actual exposure to these risks. This includes participation in industry events, discussions with analysts, creating business cases for new developments and securing required financing for at least 12 months on that basis.

Matters of substantial significance are also reviewed with the Supervisory Board through the two-tier board structure. In general, management's risk appetite in this field is low to medium with the potential impact being mostly high. Management sees the likelihood of the risks mostly medium to low.

## Operational and Technology Risks

**The Fyber business depends on personnel, infrastructure, technology and customers.**

In all of these areas lie operational risks that management permanently addresses:

### Infrastructure – Failure to secure functioning of the IT infrastructure

#### SPECIFIC RISKS

The group's success largely depends on the continued and uninterrupted performance of its information technology, network systems and of certain hardware and data centers. Revenue is earned by delivering advertisements to publishers' applications through the platform. A break-down of the platform immediately reduces revenue for the duration of the break-down. A catastrophic failure or disaster of the main data centers may lead to a complete disruption, as the group does not have a 1:1 replica of its server infrastructure in another location at this point.

#### RISK RESPONSE

- ▶ Regular backups;
- ▶ Redundant server structures: every component within a data center is supposed to run in a way that its failure does not impact system functionality, since it will be covered by at least one identically functioning (redundant) component;
- ▶ Moving to the cloud: the move to the cloud (see risk "Technology - Failure to scale the platform") will be implemented in a way that all moved components will run in multiple cloud data centers (e.g. Frankfurt, Oregon, N. Virginia, Singapore). This will guarantee a stable provision of service even if one regional data center fails.
- ▶ Insurance coverage of data center
- ▶ Data centers have alternative power sources: since power is a crucial prerequisite for running a data center, our data center is equipped with redundant power supply.

### Fraud - Failure to detect fraudulent activities

#### SPECIFIC RISKS

The group may be subject to fraudulent and malicious activities undertaken by persons seeking to use its platform to divert or artificially inflate the purchase by buyers through its platform, mainly fraudulently generated advertising impressions overstating the performance of advertising impressions. As we do not own content, we rely in part on publishers for controls with respect of such activities. If fraudulent or other malicious activity is perpetrated by others, and the group fails to detect or prevent it, the affected advertisers may experience or perceive a reduced return on their investment resulting in dissatisfaction with the group's solution, refusals to pay, refund demands or loss of confidence of advertisers or publishers or withdrawal of future business.

#### RISK RESPONSE

- ▶ A dedicated anti-fraud team has been established, tasked to identify unusual patterns ideally already in the design phase of advertising campaigns or latest in the initial user patterns after launch;
- ▶ Use of proprietary technology to identify non-human inventory and traffic;
- ▶ Assessing the quality and performance of advertising on publisher's' properties;
- ▶ Constantly improving our processes for assessing, detecting and controlling fraudulent activity.

### Personnel – Failure to attract, develop, retain and motivate talent

#### SPECIFIC RISKS

Our current and future performance is heavily bound to the performance of individual contributors. It has and will be key to identify and attract this Talent inside and outside of the company, to develop it to the full potential and to retain it within the group. The small candidate market within the ad tech industry as well as long time to hire and unplanned fluctuation could result in substantial delays in product development, sales activities and revenue.

#### RISK RESPONSE

- ▶ Attractive remuneration package
- ▶ Employee stock option program with access for all employees
- ▶ Creation of a positive working environment
- ▶ Structured individual development plan
- ▶ Attractive training and development opportunities
- ▶ Global recruiting set up to identify and attract the best talent on the market

### Technology – Open source software programs

#### SPECIFIC RISKS

The group's products rely on third-party open source software components. The use of open-source may bear the risk that certain licenses could be construed in a way that could impose unanticipated conditions or restrictions to the group. If the group is held to have breached the terms of an open source software license, it could be required to discontinue use of certain code, or to make generally available portions of its proprietary code. Any of these actions could have a material and adverse effect on the group's business, reputation and operating results.

#### RISK RESPONSE

- ▶ The use of open-source software is strictly monitored by the CTOs of the operating entities.
- ▶ In addition a formalized process to regulate and monitor the usage of open source software throughout the group is being developed by the Fyber security department

In addition to the measures already described above, operational risks are furthermore managed through the ongoing budgeting, forecasting and reporting process as well as training activities to constantly improve and update the employees' skills. Management generally considers the likelihood of risks in the operational and technology area as low to medium while evaluating the

financial impact of each event as low to high depending on the specific risk field. The fairly young industry still shows some tolerance e.g. for system downtimes. At the same time, management's risk appetite in this field is low to medium and management seeks to mitigate risks through contracts, service level agreements, insurances and cooperation with established partners.

## Financial Risks

**In the course of its ordinary business, Fyber is exposed to treasury risks and other financial risks including liquidity risk, currency risk and credit risk.**

### Currency Risk – Failure to combat unfavorable movements in foreign currencies

#### SPECIFIC RISKS

The group's reporting currency is the Euro which is also the functional currency of the Parent Company. It is exposed to exchange rate risks, particularly with respect to transactions in foreign currencies arising mainly from the relative value of the Euro compared to the value of the US dollar (USD). The majority of the company's revenues are generated in USD. The group is therefore significantly exposed to currency fluctuations between the USD and Euro.

Unfavorable foreign currency movements such as a weakening of the USD may lead to a reduction of income as USD revenue denominated revenues exceed USD denominated cost.

#### RISK RESPONSE

- ▶ Management seeks to minimize these through natural hedging by increasing its cost base in USD.
- ▶ In securing additional financing, \$18m through Bank Leumi have deliberately been secured in USD.
- ▶ No other hedging or option strategy is applied.

For additional information, please refer to the notes to the consolidated financial statements.

### Working capital risk - Seasonality of advertiser spending

#### SPECIFIC RISKS

The group's results of operations and cash flows vary from quarter to quarter due to the seasonal nature of advertising spending. In contrast to the higher amount of advertising budgets spent during the fourth quarter, the first quarter of the calendar year is typically the slowest in terms of advertising spend. This affects the group's results of operations, cash flows and cash requirements. Seasonal fluctuations could become more pronounced in the future. In addition, digital advertising spend is volatile and unpredictable. As a result, in times of lower advertising spend than expected the group's revenues may be materially adversely affected. Similarly, in times of higher and instantaneously increasing advertising spend and traffic, the group's platform must be able to support substantial increases in the number of publishers and advertisers generating traffic and to support the variety of advertising formats whilst maintaining a stable and effectively functioning infrastructure and reliable service to customers. This flexibility and stability requires significant investments in both organization and technology, which increases the group's cost base.

#### RISK RESPONSE

- ▶ Closely monitoring and actively managing working capital and cash flow
- ▶ permanent review process in connection with monthly results, forecasting and budgeting
- ▶ Regular short term and long term cash forecasts during the year which the Treasury team use to manage cash resources effectively
- ▶ Securing excess contingency funds through bank or other financing partners

**Credit risk – Pre-financing substantial part of our revenue**

**SPECIFIC RISKS**

Fyber charges the advertisers for the gross advertising value delivered to publishers. Typical payment terms with advertisers are 30 days after invoice but can be 60 days or longer. In addition, the group typically experiences slow payment by advertisers as is common in the industry. Typical payment terms with publishers are between 15-45 days. As a consequence, Fyber may pay the publishers before it collects money from advertisers. In view of the fact that the Company has contractual relationships with publishers and with advertisers independently, the group is exposed to credit risk. Advertisers may pay late or not at all.

**RISK RESPONSE**

- ▶ Permanent review process in connection with monthly results, forecasting and budgeting
- ▶ Closely monitoring and actively managing working capital and cash flow
- ▶ KYC procedures
- ▶ Strict approval process for any deviation in payment terms in place
- ▶ General terms & conditions provide for a right to withhold payments from publishers if the underlying advertisers have not yet paid

**Impairment risk - Failure to meet initial expectations**

**SPECIFIC RISKS**

The group has significant goodwill and other intangibles including those acquired in business combinations. Critical changes in market conditions, and therefore in the group's assumptions, could result in a change to the estimated recoverable value and therefore in an impairment charge to the goodwill or other intangible assets.

**RISK RESPONSE**

- ▶ Continuous monitoring of market conditions and business performance to identify any negative variations against initial assumptions underlying the valuation of intangibles.
- ▶ Managing towards budgets and business cases

Management addresses the financial risks mainly through transparency, a culture of open communication and the permanent review process in connection with monthly results, forecasting and budgeting. Matters of substantial significance are also reviewed with the Supervisory Board through the two-tier board structure. Management realize that the expansion of the business does require some risk taking and evaluates its risk appetite as medium. While the group continues to be dependent on additional

liquidity to fund its growth, the risk of not finding these funds is always present. However, due to the strong strategic position already developed and the continuous operating improvement with profitability being clearly visible management estimates this risk to be moderate. Should the risk materialize, it would have a very high, potentially critical impact. Management takes this risk very seriously and therefore constantly reviews capital needs and seeks to secure additional funds rather early.

**Legal and Compliance Risk**

**Fyber is exposed to non-compliance with various laws and regulations in different countries.**

The compliance strategy of Fyber is crafted with the view to ensuring consistency between the conduct of its business operations and the ongoing observance of relevant laws, rules and standards of good market practices. The aim is to shield the organization from legal and regulatory sanction, financial or reputation losses.

**Compliance risk – Failure to comply with relevant laws and regulations**

**SPECIFIC RISKS**

Fyber is subject to numerous German and foreign laws and regulations covering a wide variety of subject matters. New laws and regulations (or new interpretations of existing laws and regulations) may also negatively impact our business. The cost of compliance with these laws and regulations are high and are likely to increase in future.

**RISK RESPONSE**

- ▶ We have processes in place and provide guidance to our employees through guidelines and policies (e.g. Code of Conduct and Insider Trading Regulations);
- ▶ We mitigate the risk by working with well-established external partners such as tax, legal and audit advisors in all countries we are operating,
- ▶ as well as building in-house capabilities through training and qualification measures for existing staff;
- ▶ We are paying continuous attention to latest developments as regards related laws and regulations, accurately understanding their impact and coming up with necessary responses to guarantee that the group addresses the risks arising from such changes.

**SPECIFIC RISK**

With the General Data Protection and e-Privacy Regulation, coming into effect in May of 2018 in Europe as well as the EU E-Commerce Directive, compliance obligations and financial penalties for noncompliance are increasing significantly and could potentially harm our business. We face risks and cost as our service is offered in international markets and may be subject to additional regulations. Any failure on our part to comply with these laws and regulations can result in negative publicity and may subject us to significant liabilities and other penalties

**RISK RESPONSE**

In order to respond to the increasing efforts to process, store, protect and use personal data in compliance with governmental regulations, contractual obligations and other obligations related to privacy and security, the following measures have been implemented:

- ▶ External Data Security Officer appointed, further external advisors are available where needed.
- ▶ A designated project team within the Company has been created to advise and coordinate group wide and to govern data compliance in all sectors.
- ▶ Analysis of existing contractual relationships and update of agreements.
- ▶ Monitoring of changes in governing laws and regulations and assessment in regards to the business.
- ▶ Creation of inter- and intra-company workgroups and training of personnel

As the group is growing fast in a complex environment and is still in the process of establishing and improving its processes, regulatory violations may occur.

Management's risk appetite is low and it estimates the impact of possible violations low to medium.

# Remuneration Report

Pursuant to the Remuneration Policy - as stated in the Corporate Governance Report - members of the Management Board are remunerated via salary components that ensure retention of the board members to market standards as well as individual and group performance.

## Fixed remuneration

The fixed remuneration of the individual members of the Management Board is based on the individual situation, such as employment contracts with subsidiaries or other, and is set at a level that is on par with the rest of the market and reflects the qualifications and contribution required in view of the group's complexity and the extent of the responsibilities of the member of the Management Board.

## Performance-based remuneration

The objective of the performance-based remuneration plan is to motivate and reward high performers who strengthen long term customer relations, and generate income and shareholder value. On an annual basis, performance conditions will be set by the Supervisory Board on or before the beginning of the relevant calendar year. These performance conditions may include criteria concerning the Company's financial performance, qualitative criteria representing Company performance and/or individual performance. The Supervisory Board will annually define the performance ranges, i.e. the values below which no payout will occur (threshold performance), the 'at target' value and the maximum at which the payout will be capped. The Supervisory Board can, at its discretion and only in the event of special circumstances, decide to adjust the variable remuneration. In 2016, there was no need for adjustments in the performance based remuneration. Performance-based remuneration may be disbursed as cash bonus, shares, share-based instruments, including conditional shares and other generally approved instruments, as it may be legally allowed and most advantageous in each jurisdiction.

The performance conditions for members of the Management Board for 2016 relate mainly to the group's 2016 revenue, EBITDA and improved investor awareness for the stock.

## Long term incentive plan / Stock option plan

In line with the Remuneration Policy, the members of the Management Board as well as other employees may become eligible to a (conditional) right to purchase Ordinary Shares against payment of a predetermined exercise price. The Stock Option Plan has been implemented based on the approval of the Supervisory

Board meeting of 10 March 2015 and the additional approval by the Extraordinary General Meeting of Shareholders held on 1 April 2015 for Members of the Board.

In 2016 a new Option Plan has been approved and adopted by the Supervisory Board. Following the acquisition of Inneractive a new Israeli sub-Plan has been implemented based on the approval and adoption of the Supervisory Board on 12 April 2016 and the additional approval of the General Meeting on 15 June 2016 which only applies to persons who are, or are deemed to be, residents of the State of Israel for Israeli tax purposes.

As of 31 December 2016, 9,937,644 Options have been granted to group employees not being members of the Management Board. (6,542,644 are still active as of 31 December 2016). No Ordinary Shares have been issued under the Option Plan as at the date of this report. Unless determined otherwise by the Supervisory Board the Options granted will vest, i.e. options will actually become exercisable, annually over a period of three years in equal portions at the first, second and third anniversary of the start date, subject to continued employment. In principle, vested Options may be exercised until five years from the Start Date.

Inneractive options vest on the second anniversary of the Start Date.

A lock-up period may apply to Ordinary Shares obtained by members of the Management Board and members of the Fyber Management Team after the exercise of Options.

In 2016 the Supervisory Board approved a grant of a total of 4,500,000 options to members of the Management Board. The approval of the grant to Janis Zech and Andreas Bodczek comprises 2,000,000 Options of which 500,000 Options vested on 1 January 2016. During the year 2016, 500,000 additional options vested. The remaining 1,000,000 options for each of the two board members are subject to the following performance based vesting conditions - the vesting will take place on three yearly installments, activating a share price of € 4.00, € 5.50 and € 7.00 on 1 July, of the years 2016, 2017 and 2018 respectively.

The Options of a participant to the Stock Option Plan that have not vested, are forfeited in case the employment, management or other relevant business relationship between a participant and the Company or any subsidiary is terminated for any reason, including but not limited to the death of a participant or long-term illness or disability, prior to the first anniversary of the applicable Start Date.

## Retention bonus pool for Fyber management team

In the course of the acquisition of the Fyber Group in 2014, to promote retention of the members of the Management Board and selected key staff of the group at that time and to safeguard the ability of the group to deliver on the growth strategy a total retention bonus pool of €2.5m has been made available by the group of which €0.9m was reserved for the Management Board. The retention program was limited to September 2016.

## Deferred compensation as a result of reconciliation of the Fyber Virtual Share Program

The Fyber management team received significant (non-recurring) deferred compensation in 2014 consisting of their holdings of virtual Fyber shares under the Fyber Virtual Share Program (VSP). The three programs under the Fyber Virtual Share Program had only marginally differing terms and conditions. After the issuance of the virtual Fyber shares to the respective individuals, they had to complete a vesting period between 12 and 48 months to be eligible to the virtual shares. In case of a sale of more than 75% of Fyber's shares in a single transaction, the vested virtual Fyber shares were executed in a way that employees holding vested virtual shares would be put in a position as if they would be holders of registered shares of Fyber in the amount they held virtual shares and as if they would have sold these shares in the same ratio as Fyber's shareholders and would, therefore, receive an extra payment from Fyber. In the course of the sale of the Fyber Acquisition, Fyber entered into VSP Execution and Reconciliation Agreements with employees who were granted virtual Fyber shares and into an Indemnification Agreement with its shareholders.

By virtue of the VSP Execution and Reconciliation Agreements entered into between employees and Fyber, employees are entitled to deferred compensation linked to their virtual Fyber shares in a total estimated aggregate amount of €21.9m, which will, subject to the put option arrangements being honored by Sapinda Asia Ltd. to the Former Fyber Shareholders, be paid out in single tranches contingent on the execution of each of the put options. In 2015, an amount of €5.7m and in 2016 an amount of €4.6m has been paid out to employees. The outstanding deferred compensation relating to Mr Bodczek and Mr Zech as of the reporting date amounts to €2.5m and €2.8m respectively.

Fyber entered into an indemnification agreement with the Former Fyber Shareholders pursuant to which the latter shall indemnify and/or hold Fyber harmless from all claims arising out of the Fyber Virtual Share Program (and corresponding VSP Execution and Reconciliation Agreements).

Respective liabilities and assets have been recorded in the accounts.

## Pension and Other Benefits

The members of the Management Board do not participate in a pension scheme.

The Company offers the members of the Management Board a competitive package of secondary employment benefits in accordance with those offered to its other employees.

Pursuant to Article 25 of the Articles of Association, the Company provides for and bears costs of an adequate directors and officers insurance for sitting and former members of the Management Board.

## Severance Arrangements

The members of the Management Board in the year under review are not entitled to a contractual severance arrangement.



## Management Board Remuneration in 2016

(€ thousands)	Fixed salary / fee	Variable Bonus	VSP Program	Stock Option Program	Retention	Social Security Contribution	Other emoluments	Total
A. Bodczek*	153	200	1,130	440	273	2	182	2,380
J.Zech*	160	120	1,263	-70	225	8	2	1,708
Heiner Luntz	250	25	0	168	0	4	65	512
Ziv Elul (since June)	98	141	0	25	0	5	38	307
<b>Total</b>	<b>661</b>	<b>486</b>	<b>2,393</b>	<b>563</b>	<b>498</b>	<b>19</b>	<b>287</b>	<b>4,907</b>

## Supervisory Board Remuneration in 2016

(€ thousands)	Remuneration*	One-Off Payment
Dirk van Daele	189	100**
Guy Dubois	189	—
Thorsten Grenz (Since 14 June 2016)	52	—
Jens Schumann (since 14 June 2016)	47	—
Crid Yu (since 14 June 2016)	52	—
Ryan Kavanaugh (until 16 November 2016)	178	—
<b>Total</b>	<b>707</b>	<b>100</b>

## Management Board and Supervisory Board Members' Shareholdings

As of 31 Dec 2016	Number of Ordinary Shares	Number of Options over Ordinary Shares***
A. Bodczek	2,458,177	2,000,000
H. Luntz	7,000	500,000
J. Zech	—	2,000,000
D. van Daele	—	2,000,000
G. Dubois	2,550,000	—
<b>Total</b>	<b>5,015,177</b>	<b>6,950,000</b>

\* Including remuneration for Mr van Daele, Mr Dubois and Mr Kavanaugh also for 2015 as this has been approved retroactively in 2016

\*\* Approved retroactively by the EGM in 2017, not included in financial statements for 2016

\*\*\* Number of options granted with vesting periods started before 31 December 2016

## Management Board Remuneration in 2016

The table on the left page shows the remuneration received by the members of the Management Board during the year ended 31 December 2016, for the period where they had been members of the Management Board.

The other emoluments are mostly related to travel and housing allowances.

## Supervisory Board Remuneration in 2016

The General Meeting determines the remuneration of the members of the Supervisory Board. The Supervisory Board periodically submits proposals to the General Meeting in respect of the remuneration of the Chairman and the other members of the Supervisory Board. The remuneration of the members of the Supervisory Board does not depend on the results of the Company and no Ordinary Shares, options and/or similar rights to subscribe for Ordinary Shares have been granted to the members of the Supervisory Board by way of remuneration for their services as members of the Supervisory Board.

Apart from the remuneration, the members of the Supervisory Board are entitled to reimbursement of costs.

On 1 April 2015 the General Meeting of the Company approved that, with effect from 1 January 2015, each of the members of the Supervisory Board is entitled to an annual remuneration of \$100,000 or less at the discretion

of the Supervisory Board. Furthermore, a one-off additional award for the chairman of €100,000 has been approved by the Extraordinary General Meeting ("EGM") in April 2017 to reflect the significant increase in duties and responsibilities performed in the financial year 2016.

None of the Supervisory Board members were given personal loans, guarantees or any similar financial assistance.

## Management Board and Supervisory Board Members' Shareholdings as of 31 December 2016

The number of Ordinary Shares held by the Management Board members and Supervisory Board members as of the date of the Accounts is set out in the table on the left page.

Mr Bodczek indirectly owns all shares in Adetra Capital Ventures GmbH. Adetra Capital Ventures GmbH holds 2,415,133 Ordinary Shares on behalf of eight previous investors in Fyber. Mr Bodczek has no economic interest in these Ordinary Shares and no voting rights. Adetra Capital Ventures GmbH is one of the Former Fyber Shareholders. After all put options under the Put Option Agreement with Sapinda Asia Ltd. will have been settled, the proceeds will be distributed to the eight investors and Adetra Capital Ventures GmbH will no longer own Ordinary Shares in Fyber N.V..

No additional shares or options have been granted to members of the Supervisory Board during the year.



# Personnel Report

2016 has been a year of modest, business-oriented headcount growth for Fyber. While the Inneractive acquisition added more than 85 employees to the overall workforce, the previous body of the Company grew by less than 15% during the year from 246 to 292 average headcount in 2016. The average pro-forma number of headcount for the group increased from 318 in 2015 to 410 during 2016.

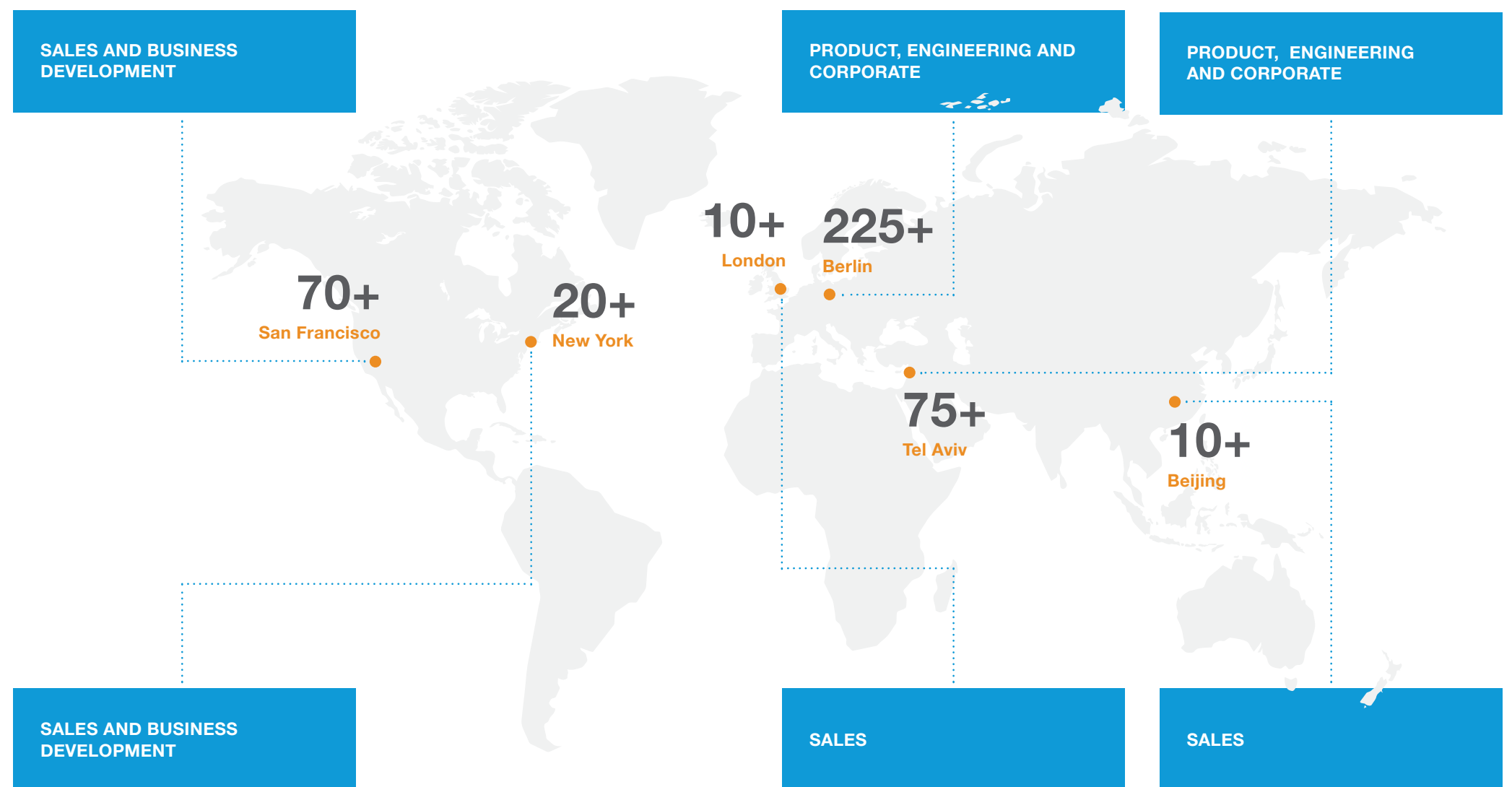
Fyber RTB, which grew their gross revenues by more than 360% in 2016 compared to 2015, increased the average number of employees from 9 to 18 in 2016; Inneractive grew from 72 to 89 in the same timeframe.

Fyber comprises of a highly diverse workforce of more than 40 nationalities in its offices in Berlin, Tel Aviv, San Francisco, New York, Beijing and London.

## Employees by functional area



## Employees by geography



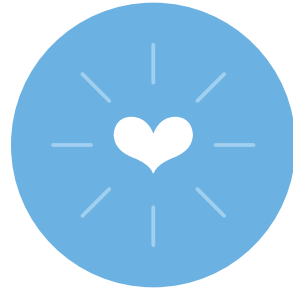
Fyber shares an open and collaborative working culture across offices, which is also expressed in concepts such as the Fyber Values or the Fyber Social Committee.

Fyber employees are living up to the company values that have been established several years ago: Passion, Team Spirit, Courage, Excellence, Pragmatism, Accountability.

Based on these company values, core competencies have been developed in 2016, helping to support creation and maintenance of the desired company culture as part of recruiting and performance management.

During 2016, the “Fyber Social Committee” has been established. This group of volunteers is elected by all employees for a one-year term and works closely with the teams and the management. Among others the committee helps the Fyber executives to better understand the needs of the employees, jointly defines employee benefits and fosters bi-directional communication.

## Fyber Values



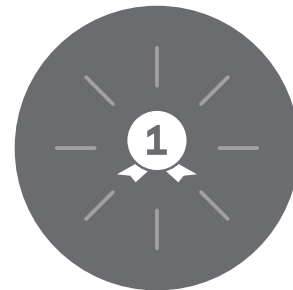
Passion



Team Spirit



Courage



Excellence



Pragmatism



Accountability

## Fyber Social Committee



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## Outlook

Four acquisitions since 2014 have transformed Fyber into a pure ad tech company with a focus on RTB technology and mobile video advertising. The pro-forma revenue growth of more than 68% in 2016 compared to the full year 2015 proves the validity of that focus.

In 2017, Fyber expects to continue the growth achieved in 2016 with a further increase of at least 28%. This is expected to deliver in excess of €280m in revenues and full year profitability of more than €3m at adjusted EBITDA level. The first two quarters' business performance is fully in line with that guidance with revenues in excess of €119m and Q2 being EBITDA positive at more than €1.2m after an initial loss in Q1.

With the secured financing, a clear vision for the future and the strategic and organizational development, for 2018 management expects to continue the strong growth to revenues in excess of at least €360m with further improvements of profitability. The new management will give more detailed guidance regarding the Revenues and the EBITDA for 2018 and also regarding the target and missions for the next 3 years later this year.

Management fully expects that the positive operating performance as well as the clear strategic positioning will eventually also have a strong impact on the valuation of the company and the share price. Management will continue to support this with capital markets information, roadshows and other appropriate measures.

## Responsibility Statement

Based on the activities performed in 2016 and in accordance with best practice provision II.1.5 of the Code, we believe that the risk management and control systems with regard to the financial reporting risks have functioned effectively in 2016, and that the risk management and control systems provide a reasonable assurance that the 2016 financial statements do not contain any errors of material importance. With reference to the statement within the meaning of Article 5:25 (2c) of the Financial Supervision Act, we, the Management Board, state that, to the best of our knowledge:

- The annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and that
- The Management Board Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the company faces.

The above does not imply that Fyber N.V. can provide certainty as to the realization of operational and strategic business and financial objectives. Nor can Fyber N.V.'s approach to internal control over financial reporting be expected to prevent or detect all misstatements, inaccuracies, errors, fraud or violations of laws or regulations.

Berlin, 24 July 2017

### The Management Board

Andreas Bodczek  
Chief Executive Officer

Heiner Luntz  
Chief Financial Officer

Ziv Elul  
Chief Operating Officer

# Corporate Governance Report

## Introduction & Company Structure

Fyber N.V. (until June 2017 named RNTS Media N.V.) is a public limited liability company incorporated under the laws of The Netherlands (naamloze vennootschap), having its corporate seat in Amsterdam, The Netherlands. Its office address is in Berlin, Germany.

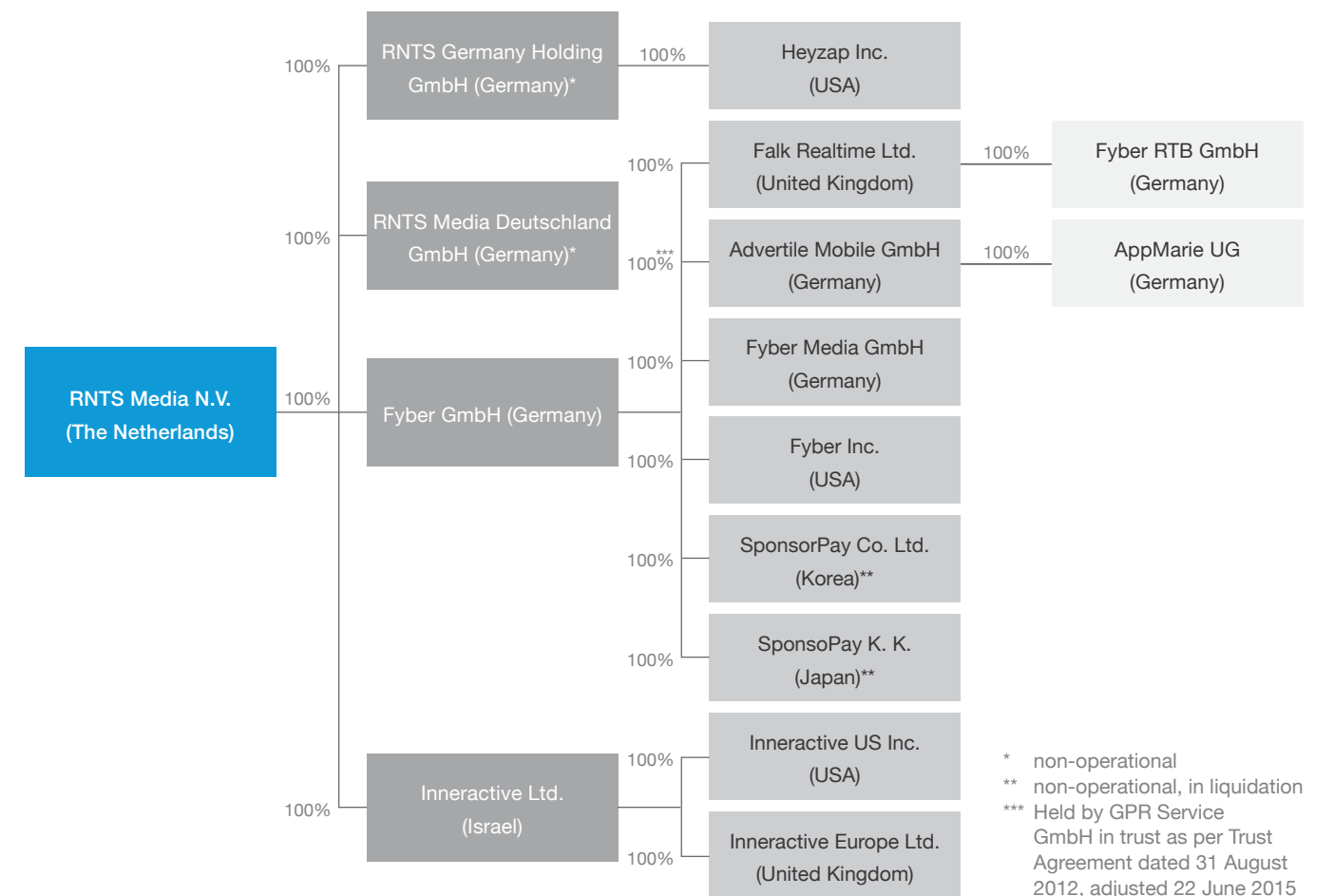
Fyber is listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard) in Germany.

The group consists of sixteen legal entities. SponsorPay Co. Ltd. (Korea), SponsorPay K.K. (Japan), and RNTS Media Deutschland GmbH (Germany) are currently dormant entities, and RNTS Germany Holding GmbH serves as a merger subsidiary. The chart below sets out the group's structure as at 31 December 2016.

Inneractive Ltd. and its subsidiaries and Heyzap Inc. have been acquired in the year under review. For more information about our group companies please refer to 'Business Model & Products' section of this report.

### Company Structure

as per 31 December 2016



## Corporate Governance Approach

Fyber is organized in a two-tier board structure, consisting of a Management Board (raad van bestuur) and a Supervisory Board (raad van commissarissen), accountable to the General Meeting for the performance of their duties.

Our corporate governance structure is based on our strategy and in line with the requirements of the Dutch Civil Code, the Dutch Corporate Governance Code (the Code), applicable securities laws and the rules and regulations of the Frankfurt Stock Exchange. The provisions in the Dutch Civil Code that are referred to as the 'large company regime' (structuurregime) do not apply to the Company. Furthermore, the Company is governed by its articles of association and internal procedures, such as the by-laws of the Management Board and the Supervisory Board.

We continuously monitor and assess our corporate governance structure and compliance with the Code and applicable laws and regulations. In order to drive governance, consistency and functional excellence throughout the Company, the Management Board has established a Code of Conduct, and a set of policies, guidelines and manuals.

In this section, we address our overall corporate governance, and provide information on our compliance with the best practice provisions of the Code. Occasional deviations from the Code are explained and information on the reasons for any such deviations are provided at the end of this section. In case of any substantial changes to the corporate governance structure of Fyber and its compliance with the Code, the shareholders shall be informed at a general meeting.

### Examples of external regulations that affect Fyber:

- Dutch Civil Code
- Frankfurt Stock Exchange rules for Issuers, Prime Standard
- German and Dutch applicable securities laws
- Accounting legislation including International Financial Reporting Standards (IFRS)
- Dutch Corporate Governance Code in the version last amended 10 December 2008 (the "Code"), which is available at <http://www.mccg.nl/de-code>

### Examples of internal control documents:

- Articles of association
- By-laws of Management and Supervisory Board
- Fyber Governance Matrix
- Fyber Code of Conduct
- Insider Trading Policy
- Whistleblower Policy
- Remuneration Policy
- Other policies, guidelines and manuals

## Governance Bodies

The illustration summarizes Fyber's corporate governance structure. Fyber's shareholders ultimately decide the Company's direction, since the shareholders at the general meeting appoint members of the boards and the external auditor.

### Shareholders and General Meeting

Adopts Annual Accounts, appoints Supervisory Board members and Management Board members, determines remuneration of Supervisory and Management Board, appoints the external auditor and adopts articles of association.

### External Auditor

Examines the annual accounts; draws up auditor's statement; reports to the Annual General Meeting

### Supervisory Board

Charged with the supervision of the Management Board and the general course of affairs of the Company; supports Management Board by providing advice, appoints and oversees key executives, approves major transactions and investments; accountable to the General Meeting.

The Supervisory Board has appointed the following committees:

- |  |   |
|--|---|
| 1. Selection & Appointment Committee     | 3. Audit & Corporate Governance Committee |
| 2. Remuneration & Organization Committee | 4. Strategy Committee                     |

### Management Board

Responsible for the day-to-day management of the operations of the Company, for complying with the relevant primary and secondary legislation, for managing the business risks, financial reporting, to ensure financing and for setting and achieving its targets; accountable to the Supervisory Board and the General Meeting.

## The Management Board Role & Procedure

The Management Board is the executive body and is entrusted with the day-to-day management of the operations of the Company. Headed by the Chief Executive Officer ("CEO"), its responsibilities involve setting and achieving the Company's strategic objectives, managing the Company's strategic risks, legal compliance and corporate social responsibility matters insofar as relevant to the Company's business. The Management Board is accountable for this to the Supervisory Board and to the General Meeting. In performing its duties, the Management Board must carefully consider and act in accordance with the interests of the Company and the business connected with it, taking into consideration the interest of all the stakeholders of the Company as a whole.

The Management Board shall in principle meet as often as deemed desirable or required for a proper functioning of the Management Board by one or more Management Board members and be chaired by the CEO. The Management Board members shall endeavor to achieve that resolutions are as much as possible adopted unanimously. Each Management Board member has the right to cast one vote. Where unanimity cannot be reached and the law, the Company's articles of association or Management Board by-laws do not prescribe a larger majority, all resolutions of the Management Board are adopted by an absolute majority of the votes cast. In the event of a tie, the CEO shall have the deciding vote.

The Management Board is required to keep the Supervisory Board informed, to consult with the Supervisory Board on important matters and to submit certain important decisions to the Supervisory Board for its prior approval, including but not limited to a) the operational and financial objectives of the group, b) the strategy designed to achieve these objectives, c) the parameters to be applied in relation to this strategy and d) any corporate social responsibility issues that are relevant to Company, if any.

The Management Board may perform all acts necessary or useful for achieving the Company's corporate purposes, except for those prohibited by law or expressly attributed to the general meeting or the Supervisory Board as a matter of Dutch law or pursuant to the articles of association and the Management Board by-laws.



## Composition



**Andreas Bodczek**  
CEO  
Managing Director A

Nationality	German
Year of Birth	1972
Date of first appointment	October 2014

Qualification: 18 years of experience in managing high-growth businesses, business development, strategic expansion, and financial management.

Operationally responsible for Fyber and Fyber RTB; Co-founder and Chief Executive Officer of Fyber GmbH, prior roles include Chief Executive Officer of Telefónica Deutschland.



**Ziv Elul**  
COO  
Managing Director B

Nationality	Israeli
Year of Birth	1975
Date of first appointment	June 2016

Qualification: 15 years of industry and management experience; on the management of Israel's branch of YPO, a global network of young Chief Executives, deeply involved in the local high tech and startup ecosystem; holds an Executive MBA which he graduated from with honors

Operationally responsible for Inneractive; Co-founder and Chief Executive Officer of Inneractive Ltd.



**Heiner Luntz**  
CFO  
Managing Director A

Nationality	German
Year of Birth	1966
Date of first appointment	June 2016

Qualification: 20 years of acquisition-driven growth experience, previously serving as CFO at information security company NTT Com Security AG, SES Global's ND Satcom and First Data International's Acquisition Group; Qualified Chartered Accountant with Arthur Andersen.

Responsible for the financial management of the group and Investor Relations



**Janis Zech**  
Member  
Managing Director B

Nationality	German
Year of Birth	1984
Date of first appointment	October 2014

Qualification: Berlin/San Francisco-based entrepreneur and angel investor, passionate about mobile and online ventures and co-founder of Fyber GmbH. Under his leadership, Fyber GmbH evolved into a leading mobile SSP. Prior to founding Fyber, Zech served as an entrepreneur-in-residence and analyst at Team Europe, one of Europe's most successful incubators, and invested in several seed-stage startups.

## Appointment, Dismissal & Suspension

The general meeting appoints the members of the Management Board pursuant to and in accordance with a proposal of the Supervisory Board or upon a nomination submitted by the Supervisory Board.

The articles of association provide that the Management Board must consist of at least one member, with the total number of members of the Management Board determined by the Supervisory Board. In 2016 there have been four members: Mr Andreas Bodczek, Mr Ziv Elul, Mr Heiner Luntz and Mr. Janis Zech.

If the Management Board consists of more than one member, the general meeting may designate Managing Directors A, which are authorized to represent the Company alone, and Managing Directors B, authorized to jointly represent the Company with another Managing Director or proxy holder.

The members of the Management Board are appointed for a period of four years with the possibility to re-appoint for consecutive four year terms in accordance with the Code.

As far as regarded necessary, the Management Board discuss and assess together with the Supervisory Board whether its current composition and structure is still appropriate.

The members of the Management Board can be suspended or dismissed at all times by the general meeting. The Supervisory Board is also entitled to suspend members of the Management Board. A suspension by the Supervisory Board may, at any time, be discontinued by the general meeting. Any suspension may be extended one or more times, but may not last longer than six months in aggregated. If, at the end of that period, no decision has been taken regarding cancelling the suspension or dismissal by the general meeting, the suspension shall automatically terminate.

## Remuneration

The Company has defined a remuneration policy governing the remuneration of all of the group's employees, including the Management Board, which has been adopted by the general meeting on 30 June 2014 (the Remuneration Policy). In accordance with the articles of association, the Remuneration Policy was proposed by the Supervisory Board to the general meeting. Any material amendments to the Remuneration Policy or the implementation of a new Remuneration Policy will need to be proposed by the Supervisory Board to the general meeting for adoption. The Remuneration Policy is published on the Company's website: <https://investors.fyber.com/governance>

Pursuant to the Remuneration Policy, the remuneration of the Board members may consist of the following fixed and variable components:

- Fixed remuneration (including fixed supplements);
- Performance-based remuneration (variable pay);
- Long term incentive plan (in the form of a stock option plan);
- Pension schemes
- Other benefits
- Severance payments

For further information about the remuneration of the Management Board members in 2016, reference is made to the Remuneration Policy and the 'Remuneration Report' section in the Report of the Management Board.

## Conflict of Interest

Dutch law provides that a member of the Management Board of a Dutch public limited liability company, may not participate in the adoption of resolutions (including deliberations in respect hereof) if he or she has a direct or indirect personal interest conflicting with the interests of that company. Pursuant to the Management Board by-laws, each member of the Management Board must immediately report any (potential) personal conflict of interest to the Supervisory Board and to the other members of the Management Board and must provide all information relevant to the conflict.

The Management Board by-laws provide detailed rules under which circumstances a conflict of interest of a member of the Management Board exists and determines

that the Management Board member may not be present at the meeting discussing such matters.

During 2016 no conflicts of interest were reported. There were furthermore no transactions in 2016 according to the best practice provisions II. 3.1 to II.3.4, for which there was a conflict of interest between Management Board members and/or Supervisory Directors, that are of material significance to the company and/or to the relevant Management Board and/or Supervisory Directors.

The Management Board by-laws covering the decision-making process among other things, are posted on the Company's investor relations website.

## The Supervisory Board & Report of the Supervisory Board

### Role & Procedure

The Supervisory Board supervises the conduct of management by the Management Board and the general course of affairs of the Company and supports the Management Board by providing advice. The Management Board can also request the Supervisory Board's advice. In performing its duties, the Supervisory Board acts in the interest of the Company as well as that of its stakeholders as a whole.

The Company's articles of association require that certain decisions of the Management Board be subject of the approval of the Supervisory Board.

The Supervisory Board has drawn up a profile for its size and composition taking into account the nature of the Company's business, the Supervisory Board's activities and the desired expertise and background of the Supervisory Board members. The Supervisory Board has discussed the profile at the occasion of its adoption and will subsequently discuss it with each amendment thereof in the General Meeting.

The Supervisory Board will meet whenever its chairman or at least two of its members deem it desirable. The chairman or his substitute will preside over the meeting and minutes will be kept of the proceedings. The Management Board members will attend the meetings unless the Supervisory Board expresses its wish to meet separately. At the meeting of the Supervisory Board, resolutions must be adopted by an absolute majority of the votes cast at the meeting. In the event of a tie in voting the chairman will have a deciding vote, but only if more than two Supervisory Board members are present. A Supervisory Director may not participate in deliberating or decision-making within the Supervisory Board, if with respect to the matter concerned he has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it. If the Supervisory Board considers it necessary, it will obtain information from officers and external advisers of the company and require them to attend its meetings. The Company is providing the necessary resources for this purpose.

Pursuant to the articles of association, the Supervisory Board adopted by-laws of procedure concerning the division of its duties and its working method (the Supervisory Board by-laws), last amended on 11 February 2017 and available on the Company's website: <https://investors.fyber.com/governance>.

### Meetings in 2016

In 2016 the Supervisory Board held four meetings in person and five meetings by conference call. The non-physical meetings were held to discuss financial updates and recent developments within the Company in the months when no physical meetings were scheduled. The Management Board members attended all those meetings either in full or in part. The meetings of the Supervisory Board achieved an overall average attendance rate of 89%.

In compliance with best practice provision III.1.5, it is noted that all members of the Supervisory Board attended most of the meetings of the Supervisory Board, with the exception of Mr. Ryan Kavanaugh, who missed certain meetings. Mr. Kavanaugh was held accountable for his absence.

With the exception referenced in the preceding sentence, all members have had sufficient time available for their duties relating to their membership of the Supervisory Board. Their availability for ad-hoc calls, prompt response on emails and the fact that the members prepared the meetings well, regardless of their attendance at the meetings, and actively participated in the meeting discussions, demonstrate that they were all able to devote adequate attention to the company.

## Composition & Committees

The number of Supervisory Board members is determined by the Supervisory Board. During the financial year 2016, the Supervisory Board consisted of the following members:



**Dirk van Daele**  
Chairman

Nationality **Belgian**  
Year of Birth **1961**  
Date of first appointment **January 2013**  
(reappointment in June 2016)  
Chairman since **June 2014**  
Term of Office **4 years**

**Former Positions:** Broad experience in the commercial banking and alternative finance industries, from 2006 to 2009 he was the Co-Chief Executive Officer at DAM Capital S.à r.l., a joint-venture between Philip Anschutz and Dresdner Bank and subsequently board member and CEO of Belvall Capital S.A. Mr Van Daele holds an MA in Economics from the University of Louvain, Belgium and Licentiaat Toegepaste Economie from the University of Antwerp, Belgium. He was also admitted to the Centre of Creative Leadership in Greenboro, NC, USA.

**Current Positions:** Chief executive officer, member of the board of directors, and controlling shareholder of Anoa Capital S.A., member of the board of Track Group Inc. (former SecureAlert Inc.), and member of the board of Better African Foods Ltd.

**Committees:** Selection and Appointment Committee, Audit & Corporate Governance Committee



**Thorsten Grenz**  
Vice-Chairman

Nationality **German**  
Year of Birth **1958**  
Date of first appointment **June 2016**  
Term of Office **4 years**

**Former Positions:** Mr Grenz has a track record as CEO and CFO in a variety of listed companies and in private equity.

**Current Positions:** Dr. Grenz is Managing Director of KIMBRIA GmbH, an investment and consultancy boutique headquartered in Berlin/Germany and holds several Supervisory Board positions. He serves as President of the Financial Experts Association in Germany, and is a professor at Kiel University faculty for economics.

**Committees:** Audit & Corporate Governance Committee & Selection and Appointment Committee



**Guy Dubois**  
Board Member

Nationality **Belgian**  
Year of Birth **1958**  
Date of first appointment **June 2014**  
Term of Office **4 years**

**Former Positions:** Director and Chief Executive Officer of Gategroup AG, and held various executive leadership roles at Gate Gourmet Holding LLC and Roche Vitamins Inc. He also served on the European Organization for Nuclear Research (CERN) team in Switzerland in various roles, including treasurer and chief accountant. Mr. Dubois holds a degree in financial science and accountancy from the Limburg Business School in Diepenbeek, Belgium.

**Current Positions:** Chairman of the Board of Directors and acting Chief Executive Officer of Track Group, a global tracking and electronic monitoring services company. Member of the Advisory Committee of 4FO Ventures, a Swiss based VC fund. He is also the founder and chairman of Singapore-based Tetra House Pte. Ltd., a provider of consulting and advisory services worldwide.

**Committees:** Audit & Corporate Governance Committee, Remuneration & Organization Committee



**Jens Schumann**  
Board Member

Nationality **German**  
Year of Birth **1973**  
Date of first appointment **June 2016**  
Term of Office **4 years**

**Former Positions:** After finishing his studies in law in 1998, he started working for the internet agency Icon Medialab AG in Hamburg. Co-founded Tipp24 AG (today Zeal Network SE) and IPOed it in 2005, worked as an interim MD for Alecto GmbH.

**Current Positions:** Member of the Supervisory Board for Zeal Network SE London; Vice Chairman of the Board for Lotto24 AG Germany; Member of the Advisory Committee for next media accelerator GmbH Germany

**Committees:** Remuneration & Organization Committee





**Crid Yu**  
Board Member

Nationality **Taiwanese**  
Year of Birth **1969**  
Date of first appointment **June 2016**  
Term of Office **4 years**

**Former Positions:** His digital career started at Google where he spent eight years building their businesses in China, Southeast Asia, and other geographies. At Google he was also an early leader on developing monetization strategies for YouTube and lead a team to launch a new premium ad network.

**Current Positions:** Since 2011, Yu has held several roles in the startup world: among others, he ran strategic partnerships at Buddy Media (sold to Salesforce.com) as well as the North America business for InMobi, and scaled the business for Jana Mobile 3x to become a leading mobile marketing platform in emerging markets.

Committees: Strategy Committee



**Ryan Kavanaugh**  
Board Member

Nationality **US**  
Year of Birth **1974**  
Date of first appointment **June 2014**  
Term of Office **4 years**

**Former Positions:** Mr Kavanaugh began his entertainment industry career as the architect of innovative slate financing arrangements for a number of major studios. He crafted feature-film funding structures for Sony, Universal, Warner Bros and others, introducing more than \$10bn in capital to the sector.

Committees: Strategy Committee

The general meeting held on 15 June 2016 has appointed Prof. Dr. Thorsten Grenz, Jens Schumann and Dr. Crid Yu as new members of the Supervisory Board.

Following the nomination of three new members by the Supervisory Board and the subsequent appointment of these members by the annual general meeting ("AGM") in 2016, the Supervisory Board consisted of six members.

Ryan Kavanaugh stepped down as member of the Supervisory Board with effect of 16 November 2016.

The Supervisory Board strives to retrieve such numerical composition as it not only benefits the overall expertise of the Supervisory Board but it allows different views and expertise to contribute to the decision-making process which stimulates critical and well-balanced supervision by the Supervisory Board and therefore benefits the Company and its stakeholders.

**Rotation Schedule**

According to the Articles of Association, a member of the Supervisory Board is appointed for a period of four years by the General Meeting of Shareholders. A Supervisory Board member can be re-appointed twice. A Supervisory Board member will retire definitively after a total of three terms of four years.

A Supervisory Board member shall retire earlier in the event of inadequate performance, structural incompatibility of interests, and in other instances in which this is deemed necessary by the Supervisory Board.

**Committees**

The Supervisory Board may appoint standing and / or ad hoc committees from among its members, which are charged with tasks specified by the Supervisory Board.

The composition of any committee is determined by the Supervisory Board. If the Supervisory Board consists of more than four members, the Supervisory Board shall establish an audit committee, a remuneration committee and a nomination committee. The Supervisory Board shall establish terms of reference for each committee and may amend these at any time. The Supervisory Board remains collectively responsible for decisions prepared by committees from among its members. A committee may only exercise such powers as are explicitly attributed or delegated to it and may never exercise powers beyond those exercisable by the Supervisory Board as a whole. At least 50% of the members of a committee, among the chairman of the committee, must be independent Supervisory Board members.

Following the expansion of the Supervisory Board in June 2016, the setup of committees as foreseen in the Dutch Corporate Governance Code has been completed as follows for the remainder of the financial year 2016:

Selection and Appointment	Dirk van Daele Thorsten Grenz
Remuneration and Organization	Guy Dubois Jens Schumann
Audit and Corporate Governance	Thorsten Grenz Guy Dubois Dirk van Daele
Strategy (additional)	Crid Yu Ryan Kavanaugh

**Rotation Schedule**

Name (year of birth)	First appointment	Last re-appointment	Date of possible Re-appointment <sup>1)</sup>
Van Daele (1961)	2013	2016	2020
Dubois (1958)	2014	—	2018
Grenz (1958)	2016	—	2020
Schumann (1973)	2016	—	2020
Crid Yu (1969)	2016	—	2020
Kavanaugh (1974)	2016	—	2018

1) For approval by the General Meeting of Shareholders



The Audit Committee is supervising the activities of the Management Board with respect to best practice provision III.5.4 of the Dutch Corporate Governance Code and may decide to invite Management Board members and/or the auditor to its meetings. At least once a year the Audit Committee is meeting the auditor without Management Board members being present.

If the Remuneration Committee makes use of the service of a remuneration advisor, it is verifying that the advisor concerned does not provide advice to the Company's Management Board members as well. In 2016 no remuneration advisor was consulted.

According to the Dutch Act on Management and Supervision ("Wet Bestuur en Toezicht"), the Company shall strive towards achieving a quota of at least 30% women and 30% men on the Supervisory Board. This target has not been reached at present on the Supervisory Board. The Supervisory Board considers diversity, including as concerns gender, a relevant criterion in the board member selection process. It does achieve diversity in nationality but not yet in gender. However, top priority in filling open positions will continue to be the suitability in regards to quality, expertise and experience. In any future vacancies that arise, gender diversity will continue to be one of the criteria in the selection process, and the Company shall continue to strive towards achieving a quota of at least 30% women and 30% men on the Supervisory Board.

## Self-assessment

The Supervisory Board is on a regular basis reviewing and discussing its own functioning, its committees and the chairman's role. Such includes the composition and expertise of the Supervisory Board and its effectiveness on providing oversight on inter alia the Company's strategy, human resources management, risk management and in internal controls. For 2017 the Supervisory Board will continue to do so in a more formalized process.

The relationships between the individual members of the Supervisory Board and between the Supervisory Board and the Management Board were rated high overall. The same applied in view of the atmosphere in the boardroom in terms of encouraging equal contribution, candid discussion and critical thinking.

## Appointment, Dismissal & Suspension

The members of the Supervisory Board are appointed by the general meeting of Shareholders. The Supervisory Board nominates one or more candidates for appointment all in accordance with the articles of association.

For each vacant seat on the Supervisory Board, the Supervisory Board can determine that it will be temporarily occupied by a person (a stand-in) designated by the Supervisory Board.

A Supervisory Board member is appointed for a period of four years and may then be re-appointed once for another four-year period.

Supervisory Board members retire periodically in accordance with the rotation plan to be drawn up by the Supervisory Board in order to avoid, as far as possible, a situation in which many Supervisory Board members retire at the same time. The Supervisory Board may at any time amend the rotation plan. The rotation plan is available on written demand to the Company and is posted on the Company's website.

A Supervisory Board member who is temporarily charged with the management of the Company when seats on the Management Board are vacant or Management Board members are unable to fulfil their duties, shall resign from the Supervisory Board.

The articles of association provide that the general meeting has the authority to suspend and dismiss a member of the Supervisory Board. Any suspension may be extended one or more times, but may not last longer than three months in aggregate. If, at the end of that period, no decision has been taken regarding cancelling the suspension or dismissal by the general meeting, the suspension shall automatically terminate.

## Remuneration

The general meeting determines the remuneration of the members of the Supervisory Board. The Supervisory Board periodically submits proposals to the general meeting in respect of the remuneration of the chairman and the other members of the Supervisory Board. The remuneration of the members of the Supervisory Board does not depend on the results of the Company and no shares, options and/or similar rights to subscribe for shares will be granted to the members of the Supervisory Board by way of remuneration. The Company has, however, issued warrants to one member of the Supervisory Board in 2014 as consideration under a

consulting agreement as described in the prospectus on the Company's website. These warrants are held as a long term investment.

On 1 April 2015 the general meeting of the Company approved that, with effect from 1 January 2015, each of the members of the Supervisory Board is entitled to an annual remuneration of \$100,000 or less at the discretion of the Supervisory Board. Furthermore, a one-off additional award for the chairman of €100,000 has been approved to reflect the significant increase in duties and responsibilities performed in the financial year 2016. For further information about the remuneration of the Supervisory Board members in 2016, reference is made to the Remuneration Report.

Apart from the remuneration, the members of the Supervisory Board are entitled to the reimbursement of costs, the reasonableness of such costs being assessed by the chairman of the Supervisory Board (costs incurred by the chairman are assessed by the vice-chairman, or by the other members of the Supervisory Board if no vice-chairman is in place).

## Independence of Supervisory Board Members

Similar to the by-laws that apply to the management board as described above, Dutch law also provides that a Supervisory Board member of a Dutch public company, such as Fyber, may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal interest conflicting with the interests of the Company.

The Company is aware that Mr Van Daele and Mr Kavanaugh have been, are or are seeking to engage in commercial relationships with the Company through Anoa Capital S.A. in which Mr van Daele is non-executive Chairman and a majority shareholder and/or Knight Global Services LLC where Mr Kavanaugh is serving as CEO. Since the interests of Anoa Capital S.A. and Knight Global Services LLC respectively, do not have to be aligned with the interests of the Company, a potential conflict of interest might arise.

Further, Mr van Daele acted as chairman of the investment committee to Sapinda Invest (part of the Sapinda Group) in 2016, until February 2017. Also, Mr. Dubois is CEO and Mr van Daele is a board member of Track Group Inc., which is majority owned by the Company's shareholder Sapinda Asia Ltd.

Furthermore, the Company entered into business consulting agreements and warrant agreements with Dirk van Daele and Knight Global Services, LLC, a company

indirectly owned by Mr Kavanaugh in 2014. In consideration of the provision of the services, the Company has agreed to issue warrants to Dirk van Daele for a number up to 2,000,000 shares and up to 2,700,00 shares to Knight Global Services, LLC that will be exercisable, in whole or in part, until 14 July 2018 and 28 June 2018 respectively.

Mr Dubois is chairman of the board of directors and acting CEO of Track Group Inc. Although a majority of the issued shares of Track Group Inc. are owned by the Sapinda group, which, together with affiliated parties, is also a significant shareholder in the Company, Mr Dubois does not qualify as dependent as per the formal requirement of best practice provision III.2.2 of the Dutch Corporate Governance Code.

Therefore, two out of six Supervisory Board members could not have been considered to be independent in accordance within the meaning of best practice provision III.2.2. of the Dutch Corporate Governance Code during 2016. We believe the Supervisory Board functioned properly and with the requisite degree of unbiased judgment by its members without its full compliance with best practice provision, as the majority of the Supervisory Board members have been and are fully independent from the Company.

## Shares & Shareholders

### Powers & Responsibility of Shareholders

Shareholders have the right to receive dividends, vote and to execute all other rights as granted under Dutch law and the articles of association.

#### Right to Vote

Each shareholder that holds Shares at the record date may cast one vote for each share held at the record date for the general meeting. Pursuant to Dutch law, no votes may be cast at a general meeting in respect of shares which are held by the Company. Resolutions of the general meeting are passed by an absolute majority of the valid votes cast, except where Dutch law or the articles of association prescribe a greater majority. If there is a tie in voting other than a vote for the election of persons, the proposal concerned will be rejected.

#### The General Meeting of Shareholders

A general meeting of Shareholders is held at least once a year within six months after the end of the preceding financial year and generally takes place in Amsterdam, the Netherlands.

Each shareholder (as well as other persons with voting rights or meeting rights) may attend the general meeting, to address the general meeting and, in so far as they have such right, to exercise voting rights pro rata to its shareholding, either in person or by proxy. Shareholders may exercise these rights, if they are the holders of shares on the record date.

EGMs may be convened when deemed necessary in the interests of the Company, by Management Board or Supervisory Board resolution or when requested in writing to the Management Board or Supervisory Board by shareholders representing at least 10% of the issued capital, with a specification of the topics to be discussed.

The general meeting is convened by public notice, which is also made available via the Company's website at <https://investors.fyber.com/governance>. With the exception of IV.3.3, as explained below, the Company complied to the best practice provisions IV.3 for the provision of information to and logistics of the General Meeting.

The following powers are vested exclusively in the general meeting:

- Adoption and amendment of the articles of association;
- Compilation of the annual report and adoption of the annual accounts;

- Grant of discharge to Management Board and Supervisory Board members;
- Dividend proposal (if applicable);
- Appointment and removal of Supervisory Board members and Management Board members;
- Determination of the Remuneration Policy for Management Board and Supervisory Board members upon proposal from the Supervisory Board;
- Appointment of an external auditor;
- Decision of other matters that are reserved by law or by the articles of association to the general meeting of shareholders.

The minutes and resolutions of the general meeting are recorded in writing. The draft minutes are made available to the shareholders on Fyber's website (<https://investors.fyber.com/governance>) no later than three months after the meeting, after which the shareholders have three months to respond. After this term the minutes are formally adopted.

#### Amendment of the Articles of Association

The general meeting may resolve to amend the articles of association upon a proposal of the Management Board, which proposal requires the approval of the Supervisory Board. A proposal to amend the articles of association must be included in the notice of the general meeting. A copy of the proposal, containing the verbatim text of the proposed amendment, must be lodged with the Company for the inspection of every shareholder and other persons holding meeting rights from the date on which notice of the meeting is given until the end of the general meeting (free of charge). A resolution by the general meeting to amend the articles of association requires an absolute majority of the votes cast.

The Company's articles of association were last amended at the extraordinary general meeting on 11 April 2017 and are available on the website under 'Corporate Documents': <https://investors.fyber.com/governance>.

#### Other Shareholder Rights

Shareholders representing at least 3% of the Fyber share capital may request that an item is added to the agenda or and extraordinary general meeting shall be convened. Such requests must be made in writing to the Management Board or Supervisory Board, must either be substantiated or including a proposal for a resolution, and must be received by the Company at least 60 days, but not exceeding 180 days, before the day of the general meeting.

#### Issue of Shares

The Management Board has the power to issue shares or grant rights to subscribe for shares if so designated by the general meeting or the Company's articles of association. This Management Board resolution is subject to the prior approval of the Supervisory Board. No resolution of the general meeting or the Management Board is required for an issue of shares pursuant to the exercise of a previously granted right to subscribe for shares.

The Extraordinary General Meeting in April 2017 approved amendment of the articles of association of the Company for the purpose of allowing new shares to be issued at the expense of the Company's reserves to participants of the Company's equity award programs, provided that such shares are issued on the terms of such programs and that these equity award programs have been approved by the general meeting of shareholders.

## Independent External Auditor

Based upon recommendation by the audit committee, the Supervisory Board nominates an independent auditor for election at the general meeting of shareholders.

The Management Board and the audit committee have discussed with the Supervisory Board the relationship between the company and the external auditor. EY have been external auditor of the Company since 2012, but no agreement was reached between the Company and Ernst & Young about the engagement for the audit of the Annual Accounts 2016.

Therefore, the Supervisory Board has nominated Grant Thornton from the very select group of audit firms that have the required expertise of performing audits on Dutch listed companies with international operations.

At the EGM on 11 April 2017 Grant Thornton was appointed as auditor of the Company for the Annual Accounts 2016 and 2017.

The functioning of Grant Thornton will be thoroughly assessed ultimately by the fourth year following their appointment, and hence in 2020.

Due to this late appointment Grant Thornton was not able to conclude its audit by the end of April 2017. Consequently, the Company was not able to meet certain filing deadlines imposed by applicable regulations under Dutch and German laws.

### Role & Remuneration

Grant Thornton is responsible for providing an opinion whether the financial statements 2016 give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. The financial statements of the Company comprise the consolidated financial statements and the Company financial statements. Furthermore, Grant Thornton will determine whether the Management Board's report has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code and is consistent with the financial statements, and whether the information required under Sections 392(1), (b) to (h), of Book 2 of the Dutch Civil Code has been annexed.

The audit committee, acting on behalf of the Supervisory Board, is responsible of overseeing the activities and reviewing the performance of Grant Thornton.

The Audit of financial statements 2016 includes the audit of the (consolidated) financial statements of the Company, including the coordination and instruction for the audit of subsidiaries. The procedures regarding the audit work of subsidiaries performed consists of procedures to review the work and the reporting with respect to the audit work performed by Grant Thornton member firms involved in the audit of subsidiaries regarding the reporting packages of the subsidiaries of the Company. For the Israeli subsidiary Inneractive Ltd. EY maintains statutory auditor for the year 2016.

In accordance with the Dutch Corporate Governance Code, Grant Thornton will attend the general meeting in September 2017 and address the audit procedures and auditor's report on the financial statements during the general meeting.

## Internal Audit Function

The Supervisory Board, with the advice of the external auditor, periodically considers the need to establish an internal audit function and following these discussions makes a recommendation to the Management Board. Considering the current size of the operations of Fyber and taking into account its risk profile the Supervisory Board advised to the Management Board that it does not yet deem it necessary to create an internal audit function.

## Compliance with the Dutch Corporate Governance Code

The Management Board and Supervisory Board recognize the importance of good corporate governance and are committed to complying with the best practice provisions of the Code. With the exception of the following provisions, the Company applied the Code since it came to fall within its scope. The nature and reason for these deviations are explained below:

- Best practice provision III.2.1 and III.2.2 (Independence of the Supervisory Board members)

Fyber does not comply with best practice provision III.2.1, which provides that all members of the Supervisory Board, with the exception of not more than one person, shall be independent within the meaning of best practice provision III.2.2.

During 2016, two out of six Supervisory Board members were not considered to be independent in accordance within the meaning of best practice provision III.2.2. of the Dutch Corporate Governance Code.

For further description please refer to "Independence of Supervisory Board members" above.

- Best practice provisions II.2.3, II.2.4 and II.2.7 (Remuneration of Management Board Members), which provide that:
  - With regard to remuneration of members of the Management Board the Supervisory Board shall take into account financial and non-financial indicators with due regard for risks to which variable remuneration may expose the enterprise.
  - Options granted to members of the Management Board shall not be exercised in the first three years after the date of grant and the number of Options to be granted shall be dependent on the achievement of challenging targets specified beforehand.
  - Neither the exercise price nor the other conditions regarding the granted Options shall be modified during the term of the Options, except in so far as prompted by structural changes.

- A Deviation in order to honor existing agreements**

At the time of the acquisition of Fyber GmbH in October 2014 the Management Board of Fyber GmbH consisted of Mr Bodczek and Mr Zech. As part of the transaction, agreements were made that aimed to

incentivize and retain senior Fyber management. In December 2015 the Supervisory Board resolved to grant these options to Mr Bodczek and Mr Zech respectively and they entered into option agreements that include, among other things, the exercise price of these Options which exercise price was based on the share price directly prior to the date of the grant. The terms of these agreements subsequently had to be modified to comply with the aforementioned existing agreements of the Fyber transaction pursuant to which the exercise price equaled the price for which Fyber shares were valued in connection to the Fyber transaction.

- B Deviation because of the nature and purpose of the Stock Option Plan**

The variable (equity based) part of the remuneration package for 2015 included financial-based performance criteria only. These criteria are now deemed especially important since Fyber is active in a consolidating market in which it intends to grow both organically and through M&A transactions that often include share based purchase price considerations. Share performance is therefore considered a crucial driver of Fyber's growth and success.

However as Fyber recruits its staff and management in a competitive international environment, the Stock Option Plan also allows Options to be granted without predetermined performance criteria (the Option grant and the vesting schedule is time based) and stipulates that Options are exercisable within three years from the year the options were granted. The number of Options which may be granted to the members of the Management Board can but does not need to be dependent on the achievement of targets specified beforehand. The remuneration policy does not provide for any share awards to be retained by our members of the Management Board for a period of at least five years or until at least the end of employment.

The character of the share awards as medium to long term components of the remuneration package is further apparent from the fact that the Stock Option Plan provides for a lock-up for shares issued to members of the Management Board of up to 12 months after exercise of these Options.

As described the Stock Option Plan intends to incentivize and retain key management, many of whom are based in the US. In the context of stock option award programs under US law we have been advised by US counsel specialized in incentive programs that a three-year waiting period for the exercise of these options and hurdles for vesting should be deemed too restrictive and not in line with option plans that are considered market

practice in the tech sector. We therefore believe that the Stock Option Plan (including the technical changes that will be submitted to the general Meeting for approval) enables us to attract international skills and talent and retain high caliber members of our Management Board so that a deviation from the Code in this respect is considered justified.

- **Best practice provision III.3.1 (Expertise and composition of the Supervisory Board members)**

The Supervisory Board will be composed in such manner that the combination of experience, expertise and independence of its members satisfies the requirements set out in its profile. We believe that the composition of the Supervisory Board allows it to properly and effectively carry out its duties. The Supervisory Board aspires a diverse composition in terms of, among other things, gender and age in achieving a desired balance in its composition but it does not strictly follow the recommendation of best practice provision III.3.1 to formulate an explicit target on diversity in terms of gender, age or other criteria.
- **Best practice provision III.4.3 (Corporate secretary)**

Due to the size of the company, there is no need for a corporate secretary. Functions that could be exercised by a corporate secretary are conducted by the company's legal department.
- **Best practice provision III.5.3 (Committee reports)**

Due to the size of the company, and the integrated composition of the Supervisory Board and its committees, there is no need for written reports from the Supervisory Board committees.
- **Best practice provision III.6.3 (Conflict of interest)**

This provision is addressed in section 14 of the By-Laws of the Supervisory Board and section 11 of the By-Laws of the Management Board respectively.
- **Best practice provision IV.3.3. (Analysts' reports)**

Fyber engaged Edison Investment Research to prepare analyst research reports in connection to its recent M&A transactions. We have been fully transparent about engagement of Edison and we appear on Edison's website as one of its customers. We feel that our engagement with Edison ensures the quality that we expect from analyst reports and allows us to produce reports to meet with demands of (potential) investors.
- **Other provisions**

The Company is not profitable yet and therefore not in a position to pay dividends. Consequently, it has not included any agenda items to discuss the dividend policy and to propose a dividend payment on the



agenda of the 2016 annual general meeting (Provisions IV.1.4 and IV.1.5) The company has not taken any protective measures to defend against an acquisition (Provision IV.3.11).

The following provisions are not applicable to the Company: IV.1.1 - IV.1.3, IV.2.1 - IV.2.7

## Corporate Governance Statement

Fyber N.V. is required to make a statement concerning corporate governance as referred to in article 2a of the Dutch decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) with effect from 1 January 2010 (the "Decree").

The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree can be found in the following sections of this Annual Report and is deemed to be included and repeated in this statement:

- the information concerning compliance with the principles and best practices of the Corporate Governance Code, including conscious deviation from the compliance of the Corporate Governance Code, can be found in this Annual Report within the relevant sections under 'Corporate Governance';
- the information concerning the main features of the Company's internal control and risk management systems in relation to the financial reporting process of Fyber and its group companies will be published in the Risk Management section of the 'Report of the Management Board';
- the information regarding the operating of the general meeting of shareholders and the authority and rights of the shareholders and holders of certificates of shares and how they can be exercised, can be found within the relevant sections under 'Corporate Governance';
- the information regarding the composition and operating of the Management Board, the Supervisory Board and its committees can be found within the relevant sections under 'Corporate Governance';
- the information concerning the inclusion of the information required by the decree Article 10 European Takeover Directive, as required by article 3b of the Decree, can be found within the relevant sections in the 'Notes to the Consolidated Financial Statements'.





# Equity Information

## Capital Structure

The Company's shares are traded on the Prime Standard of the Frankfurt Stock Exchange under the symbol 'FBE (previously 'RNM') and the ISIN code NL0010315453. The issued capital of Fyber N.V. amounts to €11.453 million and is divided into 114,533,333 common bearer shares, with a nominal value of €0.10 each. The issued capital as of 31 December 2016 consisted entirely of fully paid-up ordinary shares.

The authorized capital amounts to €40.0m and is divided into 400,000,000 shares, with a nominal value of €0.10 each.

The extraordinary general meeting in April 2017 approved the conversion of the Company's shares from bearer shares into registered shares. The bearer shares are currently embodied in three global bearer share certificates which will be cancelled upon the conversion and per which moment a new registered share certificate will be issued to Clearstream Frankfurt. Clearstream Frankfurt will be registered as the Company's shareholder in its register of shareholders. Since the Company's shares are listed and traded via the German giro system, the conversion will not affect the rights or obligations of the shareholders nor will it affect the share trade.

Potential dilution can arise from the exercise of warrants for a total of 4,700,000 shares as well as from the exercise of options under the Stock Option Plan. 11,453,333 options are approved with 8,681,490 being issued. At year-end, Fyber shares were traded for a share price of €2.10. As the strike price for the warrants is

at €3.00 and the weighted average strike price of the stock options is at €3.27, both were out of the money.

Furthermore, at the end of 2016, the Convertible Bond of €150m with a conversion price of €4.20 could have led to a maximum dilution of 35,714,286 shares. Due to the re-setting of the conversion price to €3.00 in the bondholders' meeting held in April 2017, the potential dilution has been increased to 50.000.000.

### Changes in share capital

No changes in share capital occurred during the year in review.

### Share developments

On 31 December 2016, Fyber's market capitalization reached €240.5m on a share price of €2.10. Daily volumes traded continued to be very low with some periods of exception, especially after the acquisition of Inneractive in July. The share price fluctuated between €3.40 and €1.49 during 2016.

In the Company's own assessment the share price development of 2016 and 2017 to date does not reflect the strong operative and strategic achievements during this timeframe. The pending financing and full settlement of the fall back related to the Fyber GmbH acquisition (see 'Note 3') may be contributing factors to this gap. Following the Inneractive acquisition in July, the market valued the strategic potential and importance of the purchase with the share price moving from €1.90 to €3.18 in just a few days. However, by year-end, in spite of very strong operating improvements and increased guidance being issued, it had dropped to €2.10 again as risk perceptions and valuations seemed to have changed.

### Key Fyber share data

Share price data based on Xetra closing values

RNM (FBE from June 2017)	2016	2015
Issued shares	114,533,333	114,533,333
Common bearer shares	114,533,333	114,533,333
Nominal value	€0.10	€0.10
Year-end share price	€2.10	€3.00
High	€3.40	€3.80
Low	€1.49	€2.40

## Major Shareholders

As Fyber has issued bearer shares, there is no exact information on the shareholder structure, the names of the shareholders and the amounts of voting interests they hold, available.

Shareholders owning 3% or more of the issued capital of a listed company (a substantial shareholding or short position) must report this to the Netherlands Authority for Financial Markets (AFM) as soon as this threshold is reached or exceeded.

Subsequently, notifications to the AFM must be done by the shareholder as soon as a substantial shareholding or short position reaches, exceeds or falls below set thresholds. The thresholds are 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95% of the Company's issued share capital.

As at 31 December 2016, the following shareholders owning 3% or more of the Company's voting rights were registered with the AFM:

Shareholders registered above 3%	% of voting rights
Consortia Trustees Limited (Centrics Holding Sarl, Sapinda Invest Sarl, Sapinda Holding BV)	18,53%
FIL Limited (FIL Investments International, FIL Pension Management)	3,87%
Y. Suk Hwa (SYSK Limited)	10,26%

These percentages, which include both direct and indirect capital interests/voting rights, do not necessarily reflect the actual shareholding in the Company due to the notification requirements with the AFM. Please refer to the website of the AFM for further information.

# Unaudited Pro-Forma Financial Statements

For the period from 1 January to 31 December 2016

## UNAUDITED PRO-FORMA FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016 Fyber N.V.

### PRO FORMA INCOME STATEMENT<sup>1</sup>

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR k	1 Jan –	1 Jan –	1 Jan –	1 Jan –	1 Jan –	1 Jan –
	31 Dec 2016	31 Dec 2016	31 Dec 2016	31 Dec 2015	31 Dec 2015	31 Dec 2015
	Adjusted results	Separately disclosed items	Reported results	Adjusted results	Separately disclosed items	Reported results
<b>Revenue</b>	<b>218,120</b>	0	<b>218,120</b>	<b>129,120</b>	0	<b>129,120</b>
Revenue share to third parties	-155,703	0	-155,703	-88,384	0	-88,384
<b>Gross Margin (EUR)</b>	<b>62,417</b>	<b>0</b>	<b>62,417</b>	<b>40,736</b>	<b>0</b>	<b>40,736</b>
Other operating income	5,735	8,890	14,625	5,048	0	5,048
Personnel costs	-37,691	-3,270	-40,961	-31,878	-3,087	-34,965
Other operating expenses	-36,244	-4,909	-41,153	-26,047	-2,915	-28,962
<b>EBITDA</b>	<b>-5,783</b>	<b>711</b>	<b>-5,072</b>	<b>-12,141</b>	<b>-6,002</b>	<b>-18,143</b>
Depreciation, amortization and impairment	-4,048	-7,749	-11,797	-1,551	-7,795	-9,346
<b>EBIT</b>	<b>-9,831</b>	<b>-7,038</b>	<b>-16,869</b>	<b>-13,692</b>	<b>-13,797</b>	<b>-27,489</b>
Finance income	188	0	188	146	0	146
Finance expenses	-9,388	-4,157	-13,545	-6,247	0	-6,247
<b>Loss for the year before tax</b>	<b>-19,031</b>	<b>-11,195</b>	<b>-30,226</b>	<b>-19,793</b>	<b>-13,797</b>	<b>-33,590</b>
Income tax expense	-3,096	0	-3,096	4,844	739	5,583
	<b>-22,127</b>	<b>-11,195</b>	<b>-33,322</b>	<b>-14,949</b>	<b>-13,058</b>	<b>-28,007</b>
Loss for the year from discontinued operations after tax	0	3,383	3,383	0	-14,409	-14,409
<b>Loss for the year after tax</b>	<b>-22,127</b>	<b>-7,812</b>	<b>-29,939</b>	<b>-14,949</b>	<b>-27,467</b>	<b>-42,416</b>
Profit / loss attributable to:						
Owners of the parent	-22,127	-7,812	-29,939	-14,949	-27,467	-42,416
Non-controlling interest	0	0	0	0	0	0
	<b>-22,127</b>	<b>-7,812</b>	<b>-29,939</b>	<b>-14,949</b>	<b>-27,467</b>	<b>-42,416</b>
<b>Earnings per share</b>						
Basic loss per share (EUR)	-0.20	-0.06	-0.26	-0.13	-0.24	-0.37
Diluted loss per share (EUR)	-0.19	-0.06	-0.25	-0.13	-0.22	-0.35

<sup>1</sup>The pro forma income statement is intended to illustrate how the income statement 1 Jan – 31 Dec 2016 would have been affected if Inneractive and Heyzap would have been acquired as per 1 Jan 2015. This pro forma income statement has not been reviewed or audited by Grant Thornton.

# Statutory Financial Statements & Notes to the Financial Statements

Consolidated Financial Statements for the period from 1 January to 31 December 2016

## CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR k	Notes	1 Jan –	1 Jan –	1 Jan –	1 Jan –	1 Jan –	1 Jan –
		31 Dec 2016	31 Dec 2016	31 Dec 2016	31 Dec 2015	31 Dec 2015	31 Dec 2015
		Adjusted results	Separately disclosed items	Reported results <sup>1</sup>	Adjusted results	Separately disclosed items	Reported results <sup>1</sup>
<b>Revenue</b>	7	<b>176,786</b>	0	<b>176,786</b>	<b>81,076</b>	0	<b>81,076</b>
Revenue share to third parties		-128,551	0	-128,551	-56,739	0	-56,739
<b>Gross Margin (EUR)</b>		<b>48,235</b>	<b>0</b>	<b>48,235</b>	<b>24,337</b>	<b>0</b>	<b>24,337</b>
Other operating income	8	5,734	8,890	14,624	4,936	0	4,936
Personnel costs	9	-32,996	-2,354	-35,350	-22,975	-2,635	-25,610
Other operating expenses	10	-31,857	-4,226	-36,083	-20,038	-2,915	-22,953
<b>EBITDA</b>		<b>-10,884</b>	<b>2,310</b>	<b>-8,574</b>	<b>-13,740</b>	<b>-5,550</b>	<b>-19,290</b>
Depreciation, amortization and impairment	11	-4,000	-5,286	-9,286	-1,456	-2,469	-3,925
<b>EBIT</b>		<b>-14,884</b>	<b>-2,976</b>	<b>-17,860</b>	<b>-15,196</b>	<b>-8,019</b>	<b>-23,215</b>
Finance income		187	0	187	146	0	146
Finance expenses	12	-9,216	-201	-9,417	-3,543	0	-3,543
<b>Loss for the year before tax</b>		<b>-23,913</b>	<b>-3,177</b>	<b>-27,090</b>	<b>-18,593</b>	<b>-8,019</b>	<b>-26,612</b>
Income tax gain (expense)	13	-2,148	0	-2,148	2,348	739	3,087
<b>Loss for the year from continuing operations</b>		<b>-26,061</b>	<b>-3,177</b>	<b>-29,238</b>	<b>-16,245</b>	<b>-7,280</b>	<b>-23,525</b>
Profit (loss) for the year from discontinued operations after tax		0	3,383	3,383	0	-14,409	-14,409
<b>Loss for the year after tax</b>		<b>-26,061</b>	<b>206</b>	<b>-25,855</b>	<b>-16,245</b>	<b>-21,689</b>	<b>-37,934</b>
Profit / loss attributable to:							
Owners of the parent		-26,061	206	-25,855	-16,245	-21,689	-37,934
Non-controlling interest		0	0	0	0	0	0
		-26,061	206	-25,855	-16,245	-21,689	-37,934
<b>Earnings per share</b>	15						
<u>For discontinued operations</u>							
Basic loss per share (EUR)		0,00	0,03	0,03	-0,00	-0,12	-0,12
Diluted loss per share (EUR)		0,00	0,03	0,03	-0,00	-0,12	-0,12
<u>For total operations</u>							
Basic loss per share (EUR)		-0,23	0,00	-0,23	-0,14	-0,19	-0,33
Diluted loss per share (EUR)		-0,22	0,00	-0,22	-0,14	-0,18	-0,32

<sup>1</sup> The Reported results represent IFRS figures.



**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR k	Notes	1 Jan –	1 Jan –	1 Jan –	1 Jan –	1 Jan –	1 Jan –
		31 Dec 2016	31 Dec 2016	31 Dec 2016	31 Dec 2015	31 Dec 2015	31 Dec 2015
		Adjusted	Separately disclosed items	Reported results <sup>1</sup>	Adjusted	Separately disclosed items	Reported results <sup>1</sup>
<b>Loss for the year after tax</b>		<b>-26,061</b>	<b>206</b>	<b>-25,855</b>	<b>-16,245</b>	<b>-21,689</b>	<b>-37,934</b>
<u>To be reclassified to profit and loss in subsequent periods</u>							
Exchange differences on currency translation	14	2,347	0	2,347	379	0	379
Income tax effect		0	0	0	0	0	0
		2,347	0	2,347	379	0	379
Actuarial gains on defined benefit plans		0	0	0	-7	0	-7
Income tax effect		0	0	0	0	0	0
		0	0	0	-7	0	-7
<b>Other comprehensive income for the year, net of tax</b>		<b>2,347</b>	<b>0</b>	<b>2,347</b>	<b>372</b>	<b>0</b>	<b>372</b>
<b>Total comprehensive income for the year</b>		<b>-23,714</b>	<b>206</b>	<b>-23,508</b>	<b>-15,873</b>	<b>-21,689</b>	<b>-37,562</b>
Total comprehensive income attributable to:							
Owners of the parent		-23,714	206	-23,508	-15,873	-21,689	-37,562
Non-controlling interest		0	0	0	0	0	0
		-23,714	206	-23,508	-15,873	-21,689	-37,562

<sup>1</sup> The Reported results represent IFRS figures.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2016

EUR k	Notes	31 Dec 2016	31 Dec 2015 Restated <sup>1)</sup>	1 Jan 2015 Restated <sup>1)</sup>
<b>Non-current assets</b>				
Intangible assets				
Goodwill	17	216,951	144,176	144,383
Other intangible assets	18	40,039	13,753	15,346
Property and equipment	19	1,940	2,195	674
Non-current financial assets	20	504	690	12,749
Deferred tax assets	25	0	0	0
		<b>259,434</b>	<b>160,814</b>	<b>173,152</b>
<b>Current assets</b>				
Inventories	21	271	408	556
Trade and other receivables	22	63,539	24,313	16,964
Other current financial assets	23	16,292	14,992	18,209
Other current assets	24	1,109	901	282
Cash and cash equivalents	26	24,982	79,123	12,078
		106,193	119,737	48,089
Assets held for sale		0	618	0
		<b>106,193</b>	<b>120,355</b>	<b>48,089</b>
<b>Total Assets</b>		<b>365,627</b>	<b>281,169</b>	<b>221,241</b>
<b>Equity</b>				
Issued capital	27.1	11,453	11,453	11,453
Share Premium	27.1	184,812	184,812	184,782
Treasury Shares	27.2	-5,049	0	0
Other capital reserves	27.3	17,518	13,366	3,021
Legal reserve	27.4	4,259	3,965	3,037
Accumulated deficit	27.5	-96,093	-69,944	-31,075
Foreign currency translation reserve	27.6	3,544	1,197	818
<b>Equity attributable to shareholders of the company</b>		<b>120,444</b>	<b>144,849</b>	<b>172,036</b>
Non-controlling interests		0	0	-20
<b>Total equity</b>		<b>120,444</b>	<b>144,849</b>	<b>172,016</b>
<b>Non-current liabilities</b>				
Long-term employee benefits liabilities	28	429	613	12,589
Long-term borrowings	29	136,642	88,572	2,869
Deferred tax liabilities	25	4,054	0	249
Other non-current liabilities	30	9,425	68	0
		<b>150,550</b>	<b>89,253</b>	<b>15,707</b>
<b>Current liabilities</b>				
Trade and other payables	31	78,059	24,929	14,271
Short-term employee benefits liabilities	28	14,001	17,473	10,055
Short-term borrowings	32	1,429	0	8,912
Other current liabilities	33	479	163	71
Income tax payables		570	908	209
Short-term provisions	34	95	598	0
		94,633	44,071	33,518
Liabilities directly associated with the assets held for sale		0	2,996	0
		<b>94,633</b>	<b>47,067</b>	<b>33,518</b>
<b>Total liabilities</b>		<b>245,183</b>	<b>136,320</b>	<b>49,225</b>
<b>Total equity and liabilities</b>		<b>365,627</b>	<b>281,169</b>	<b>221,241</b>

<sup>1)</sup> Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made (note 2.5).

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR k	Notes	Equity attributable to owners of the parent									
		Ordinary shares	Share premium	Treasury shares	Other capital reserves	Legal Reserve	Accumulated deficit	Foreign currency translation reserve	Total equity	Non-controlling interest	Total equity
<b>01 Jan 2016</b>	27	<b>11,453</b>	<b>184,812</b>	<b>0</b>	<b>13,366</b>	<b>3,965</b>	<b>-69,944</b>	<b>1,197</b>	<b>144,849</b>	<b>0</b>	<b>144,849</b>
Loss for the year after tax		0	0	0	0	564	-29,531	0	-29,238	0	-29,238
Profit (loss) for the year from discontinued operations after tax		0	0	0	0	0	3,383	0	3,383	0	3,383
Other comprehensive income for the period, net of tax		0	0	0	0	0	0	2,347	2,347	0	2,347
<b>Total comprehensive income for the year</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>293</b>	<b>-25,148</b>	<b>2,347</b>	<b>-23,508</b>	<b>0</b>	<b>-23,508</b>
Share-based payments	9	0	0	0	1,715	0	0	0	1,715	0	1,715
Acquisition of treasury shares		0	0	-5,049	0	0	0	0	-5,049	0	-5,049
Equity component of the convertible bond, net of tax	4	0	0	0	2,437	0	0	0	2,437	0	2,437
<b>Transactions with owners</b>		<b>0</b>	<b>0</b>	<b>-5,049</b>	<b>4,152</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-897</b>	<b>0</b>	<b>-897</b>
<b>31 Dec 2016</b>		<b>11,453</b>	<b>184,812</b>	<b>-5,049</b>	<b>17,518</b>	<b>4,259</b>	<b>-96,093</b>	<b>3,544</b>	<b>120,444</b>	<b>0</b>	<b>120,444</b>
<b>01 Jan 2015</b>	27	<b>11,453</b>	<b>184,782</b>	<b>0</b>	<b>3,021</b>	<b>3,037</b>	<b>-31,075</b>	<b>818</b>	<b>172,036</b>	<b>-20</b>	<b>172,016</b>
Loss for the period after tax		0	0	0	0	928	-24,454	0	-23,525	0	-23,525
Loss for the year from discontinued operations after tax		0	0	0	0	0	-14,409	0	-14,409	0	-14,409
Other comprehensive income for the period, net of tax		0	0	0	0	0	-7	379	372	0	372
<b>Total comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-38,870</b>	<b>379</b>	<b>-37,562</b>	<b>0</b>	<b>-37,562</b>
Acquisition of a subsidiary		0	0	0	0	0	0	0	0	20	20
Share-based payments		0	0	0	2,635	0	0	0	2,635	0	2,635
Discount on low-interest shareholder loans		0	30	0	0	0	0	0	30	0	30
Equity component of the convertible bond, net of tax		0	0	0	7,710	0	0	0	7,710	0	7,710
<b>Transactions with owners</b>		<b>0</b>	<b>30</b>	<b>0</b>	<b>10,345</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,375</b>	<b>20</b>	<b>10,395</b>
<b>31 Dec 2015</b>		<b>11,453</b>	<b>184,812</b>	<b>0</b>	<b>13,366</b>	<b>3,965</b>	<b>-69,944</b>	<b>1,197</b>	<b>144,849</b>	<b>0</b>	<b>144,849</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR k	Notes	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
<b>Loss for the year before tax</b>		<b>-27,090</b>	<b>-26,612</b>
<b>Non-cash items</b>			
Depreciation, amortization and impairment	11	9,286	3,925
Financial income and expenses	12	9,229	3,397
Cash flow from discontinued operations	6	-1,254	-402
Other non-cash effects		460	5,551
Reimbursement of Virtual Share Program by former Fyber shareholders		4,624	6,194
Changes in provisions, employee benefit obligations		-5,084	-3,891
Changes in working capital		-5,494	954
<b>Cash generated from operations</b>		<b>-15,323,</b>	<b>-10,884</b>
Interest received		188	145
Interest paid		-6,619	-1,186
Income tax paid		-380	-690
<b>Net cash flow from operating activities</b>		<b>-22,134</b>	<b>-12,615</b>
Purchases of property and equipment	19	-461	-3,481
Purchases, capitalization of intangible assets	18	-4,949	-2,840
Acquisition of a subsidiary, net of cash acquired		-70,182	-10,455
Change in financial assets, net		-4,673	9,099
Cash flow from discontinued operations		0	-703
<b>Net cash flow from investing activities</b>		<b>-80,265</b>	<b>-8,380</b>
Proceeds from long-term borrowings	29	50,014	115,000
Transaction costs on the issue of convertible bonds	4	-1,198	-1,227
Repayment of long-term borrowings	29	0	-15,000
Proceeds from short-term borrowings	32	0	1,500
Repayment of short-term borrowings	32	-831	-11,783
<b>Net cash flow from financing activities</b>		<b>47,985</b>	<b>88,490</b>
<b>Net changes in cash</b>		<b>-54,414</b>	<b>67,495</b>
Cash at beginning of period	26	79,123	12,078
Net foreign exchange difference		273	31
Net changes in cash		-54,414	67,495
Cash presented in assets held for sale	26	0	-481
<b>Cash and cash equivalents at end of period</b>	26	<b>24,982</b>	<b>79,123</b>

## GENERAL INFORMATION

### 1. Corporate information

Fyber N.V. (formerly RNTS Media N.V.) is building a global provider for Advertising Technology (AdTech) with significant growth potential by acquiring and expanding relevant companies and technologies. Its principal activities are currently provided through different platforms. In 2016 Heyzap was acquired in January and Inneractive Ltd. in July.

Fyber, headquartered in Germany, has developed a mobile advertising technology platform on which the Company's growth strategy is based. Fyber's supply-side platform helps app developers and publishers monetize their traffic more effectively. Fyber's platform comprises amongst others an ad exchange, an ad server and a mediation layer which provides app developers and publishers easier access to a wide range of demand-side partners (predominantly from the mobile gaming space) and advertisers. It also offers software-based solutions (like real-time bidding and programmatic trading, ad analytics & reporting, yield optimization, ad stack management, audience segmentation tools) to increase performance. Fyber also has direct sales and provides consulting services to its partners to help them optimizing the capitalization of their customer base.

Heyzap Inc., San Francisco, USA, has been acquired on 7 January 2016. Heyzap complements Fyber's global activities by offering a mobile monetization platform that operates a Mediation layer, ad exchange and cross-promotion functionalities. Over the course of 2016, Heyzap's monetization platform has been integrated with Fyber's platform, adding relevant mobile ad formats and creating an even more robust suite of mobile app monetization tools.

Inneractive Ltd. headquartered in Tel Aviv, Israel, has been acquired on 19 July 2016. Inneractive is an independent global mobile real-time bidding ad exchange and supply side platform focused on powering native and video ads. The company's mission is to empower mobile publishers to maximize the full potential of their ad inventories by providing powerful technologies for buying and selling mobile ads. Inneractive has offices in San Francisco, New York, London and Beijing.

The Company's shares are traded on the Prime Standard of the Frankfurt Stock Exchange under the ISIN code NL0010315453.

Fyber is incorporated in Amsterdam, The Netherlands, and is registered with the Dutch Chamber of Commerce under the number 54747805. The Company's head-office is at Johannisstraße 20, 10117 Berlin, Germany.

The financial statements of Fyber and its subsidiaries (collectively, the Group) have been signed by the Management and Supervisory Board Members on 25 July 2017 and adopted for publication.

### 2. Accounting policies

#### 2.1. Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the financial

reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code at the balance sheet date.

The consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and the satisfaction of liabilities in the normal course of business. Please refer to note 2.2. for further details.

The consolidated financial statements comprise the full year 2016. The consolidated financial statements provide comparative information in respect of the previous period from 1 January 2015 to 31 December 2015.

The Group's consolidated financial statements are presented in Euro, which is also the parent company's functional currency. All figures are stated in thousands of Euro (EUR k) unless otherwise indicated. Amounts are rounded to the nearest thousand Euro which may cause rounding differences.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for derivative financial instruments.

The consolidated income statement is presented closely aligned to the nature of expense method.

#### 2.2. Going concern considerations

In 2016, the Group continued to operate with losses, caused primarily by the further investment into its technology platforms, regional and customer segment expansion for organic growth and acquisitions. The necessary financing was secured from a tap issue of EUR k 50,000 on the EUR k 100,000 Convertible Bonds initially placed in 2015.

The business concept is based on revenue growth with under proportionate growth in the cost base – thus allowing the company to scale into profitability in the future. For 2017 management is expecting to reach a positive adjusted EBITDA after the first quarter of the year and for the full year.

In 2017, the operating cash flow is expected to improve further vs. 2016 (EUR k -18,404) but still stay negative. This is caused by improved operations with some offset due to higher working capital needs due to the expanded business volume. The high negative investing cash flow of 2016 (EUR k -83,995) will be reduced as no new acquisitions are planned. At the same time, earn-out payments for both Heyzap (expected USD k 5,000 or less) and Inneractive (USD k 9,800) will still need to be made.

At 31 December 2016, the Group showed EUR k 24,982 in cash. Management had announced in Q3 2016 to explore all options for additional financing. Subsequently, in May 2017 a working capital facility of EUR k 7,500 for Fyber Platform has been secured. In addition in June 2017 Bank Leumi (ISL) has provided a rolling credit facility for USD k 18,000 through Inneractive. This facility allows for up-streaming to other group companies for operating and earn-out purposes. Please refer to note 46.2 for further details.

Management therefore has reasonable expectation that Fyber Group has adequate resources to continue as a going concern for the foreseeable future.

#### 2.3. Basis of consolidation

The consolidated financial statements comprise the financial statements of Fyber N.V. and its subsidiaries as at 31 December 2016. Subsidiaries are entities that are controlled, directly or

indirectly, by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if it has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over the investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of the subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date it ceases to control the subsidiary.

The financial statements of the consolidated subsidiaries were prepared as at 31 December 2016, the same balance sheet date as the parent company. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

Total comprehensive income within a subsidiary is attributed to the equity holders of the Group and to the non-controlling interests, even if that results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interests and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

For all of its subsidiaries Fyber NV has control over all voting rights as of 31 December 2016. However, for up to 50% of the voting rights in Fyber GmbH there is a "fall back right" in favor of the former shareholder of Fyber GmbH (the "option"). The option exists since February 2016 but has not yet been exercised. Management assumes, that this option will not be exercised as it would not be in the best economic interest of the former Fyber shareholders, Exercising the fall back right would lead to a disruption in the

integrated business between Heyzap and Fyber GmbH (CGU Fyber platform), create the need for additional financing to be provided by the former Fyber shareholders and reduce the likelihood of success of the Fyber NV group in the market, thus reducing the overall value. Therefore, the likelihood of the option being exercised is considered to be very low and the option is not seen as a substantive right. In consequence, Fyber NV is seen as the only entity having control over Fyber GmbH (and its subsidiaries).

### 2.4. Summary of significant accounting policies

The following significant accounting and valuation principles were applied uniformly across Fyber Group to prepare the financial statements.

#### 2.4.1. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in other operating expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognized either in profit or loss or as change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### 2.4.2. Foreign currencies

The functional currency of the parent of the Group is Euro, which is also the currency in which the Group prepares its financial reports. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### 2.4.2.1. Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates of exchange at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

#### 2.4.2.2. Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Euro at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

The exchange rates of foreign currencies to Euro, that are significant for Fyber Group, were subject to the following changes:

Foreign currency per EUR	Exchange rate at balance sheet date		Average exchange rate	
	31 Dec 2016	31 Dec 2015	2016	2015
US Dollar	1.05	1.09	1.11	1.11

### 2.4.3. Accounting for separately disclosed items

In order to present the performance of the Group in a clear, consistent and comparable format, certain items are disclosed separately in the Income Statement.

Separately disclosed items include:

- One-off costs from restructuring, reorganization and integration;
- Non-cash accounting charges for stock options, warrants;

- Impairment of goodwill, amortization of acquired intangible assets;
- Transaction costs related to acquisitions;
- Income from reversal of such costs;
- Discontinued operations
- Other non-recurring income and costs for all Group companies;
- And all the related tax effects of the items listed above.

Restructuring and reorganization costs, such as reducing overhead and consolidating facilities, are included in the Separately Disclosed Items as Management believes that these effects are not indicative of the normal operating income and expenses.

Certain gains/losses are also disclosed separately, as they are either isolated or cannot be expected to occur again with any regularity or predictability and therefore Management believes that they are not indicative of the normal operating gains and losses. These include for example, gains or losses from items such as the sale of a business or real estate, gains or losses on significant litigation-related matters and discontinued operations.

Separately disclosed items also include non-cash accounting charges for stock options, warrants, impairment of goodwill, and amortization of intangible assets acquired as part of a business combination as well as income from reversal of such costs as all these transactions are without cash impact in the consolidated financial statements. Furthermore, the amortization of acquired intangible assets is included because a significant portion of the purchase price for acquisitions may be allocated to intangible assets.

Lastly, discontinued operations are disclosed separately.

Management believes that the separate disclosure of these items enhances investors' understanding of the company's core operating results and future prospects and allows better comparisons of operating results that are consistent over time and with peer companies. Separately disclosed items are not defined by IFRS and are based on management's judgement.

### 2.4.4. Recognition of income and expenses

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

The service revenue from delivering advertising services is recognized when the service is rendered. This usually occurs when the ad impression was generated which is the ad is fetched from its source and served on the user's device. Depending on the requirements of the specific campaign, further requirements might need to be fulfilled such as the device user has clicked on the ad, downloaded specific content, provided personal data etc.

Other income is recognized when the future inflow of economic benefits from the transaction can be measured reliably and was received by the company during the reporting period.

Operating expenses are recognized either when the corresponding goods are received or services are rendered.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Interest income and expense is recorded using the effective interest method with exception of borrowing costs capitalized according to IAS 23. In 2016 there were no qualifying assets, so that all interest expenses recorded in the P/L.

Income and expenses are not offset unless gains and losses arise from a group of similar transactions unless they are material. For this reason, gains and losses from foreign currency transactions and revaluations are not offset and shown separately in other operating income and other operating expenses.

### 2.4.5. Personnel costs

#### 2.4.5.1. Short-term personnel costs

Short-term personnel costs are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service by the employee and the obligation can be estimated reliably.

#### 2.4.5.2. Share-appreciation rights (SARs)

The fair value of the amount payable to employees in respect of share appreciation rights (SARs), which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognized in profit or loss.

Fyber GmbH issued SAR's in the past. The underlying program has been closed, triggered by the acquisition of Fyber GmbH through Fyber NV in 2014. The purchase price of this acquisition was the last measurement value for the program and determined the liability rising from the SARs taken into account 2014. In 2016 only payments on the liabilities occurred and there were no effects on profit or loss.

#### 2.4.5.3. Stock option program

The fair value of stock options which are granted to employees and which are settled in shares in Fyber N.V., is recognized as an expense with a corresponding increase in capital reserves. The expenses are recorded over the vesting period, the time in which the employees become unconditionally entitled to the right to acquire shares in the parent company at a fixed price. The fair value of the options is not re-measured but changes in the employees' structure during the vesting period are recognized in profit or loss. A forfeiture of options after they have vested has no effect on the Group accounts.

#### 2.4.5.4. Defined contribution plan

The Group periodically contributes to pension plans operated by governmental or private companies and recognizes related expenses while the employees are employed. The contribution made by the company in excess of the required funding amount is recorded as pension asset whereas the contribution amount that falls short of the required funding amount is recorded as pension liabilities.

### 2.4.6. Income tax

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in OCI.

### 2.4.6.1. Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### 2.4.6.2. Deferred taxes

Deferred taxes are recognized to account for the future tax effects of temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, and for tax loss carry-forwards, using the liability method. Deferred taxes are measured on the basis of the tax laws already enacted or substantially enacted for those fiscal years in which it is probable that the differences will reverse or the tax loss carry-forwards can be utilized. Deferred tax assets are recognized for temporary differences or tax loss carry-forwards only when the ability to utilize them in the near future appears to be reasonably certain. Deferred taxes are also recognized for temporary differences resulting from the fair value measurement of assets and liabilities obtained through business combinations. Deferred taxes relating to goodwill are recognized for temporary differences only when the goodwill can be utilized for tax purposes.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

### 2.4.7. Intangible assets

Purchased intangible assets are measured at cost. Intangible assets that have a determinable useful life are amortized over their expected useful lives using the straight-line method, starting from the time when they become available for use by the Group.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Borrowing costs which are directly associated with the development of software that takes a substantial period of time (qualifying assets) are included in the cost of production until the assets in question are ready for their intended use.

The details of amortization are as follows:



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Useful life in years	Amortization method used	Internally generated or acquired
Software	3 - 5	Straight Line	Acquired
Customer contracts	Contract Period	Straight Line	Acquired
Digital content	3	Straight Line	Acquired
Development costs	6	Straight Line	Acquired
Development costs	3	Straight Line	Internally generated
Others	3 - 6	Straight Line	Acquired
Goodwill	-	Impairment Test	Acquired

Intangible assets with an indefinite useful life such as goodwill are not amortized. At the reporting date, the use of these assets by the Group is not limited by any economic or legal restrictions.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from de-recognition (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) are recognized in the income statement.

### 2.4.8. Property and equipment

Property and equipment are measured at cost and are depreciated over their expected useful lives using the straight-line method. For purposes of depreciation, the following useful lives are applied:

	Useful life in years	Depreciation method used
Leaseholds improvements	2 - 3	Straight Line
Other operational and office equipment	3 - 13	Straight Line

Property and equipment are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on the disposal of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) are recognized in the income statement.

### 2.4.9. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

The Group classifies and accounts for leases as either a finance or operating lease, depending on the terms. Leases where the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Lease obligations under operating leases are recognized as an expense on a straight-line basis over the term of the lease. Contingent rents are charged as expenses in the periods in which they are incurred.

As per the reporting date, the Group has not entered into lease contracts that qualify as finance lease.

### 2.4.10. Impairment of intangible assets and property and equipment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Goodwill and intangible assets with an indefinite useful life are not amortized, but will be tested for impairment annually and when circumstances indicate that they may be impaired.

A previously recognized impairment loss for assets excluding goodwill will be reversed when the recoverable amount exceeds the carrying amount of the asset again. The reversal is limited to the amount which would have resulted if previous impairment losses had not been recognized. A recognized impairment loss in goodwill will not be reversed.

### 2.4.11. Financial assets and liabilities

The Group's financial assets are mainly composed of cash and cash equivalents, trade and other receivables and other financial assets. Financial liabilities are mainly composed of trade and other payables and loans and borrowings.

A financial asset is derecognized when the contractual rights to receive cash flows from the financial asset have expired or have been transferred to third parties, or when the Group has assumed a contractual obligation to pay the received cash flows immediately to a third party, under which substantially all the risks and rewards or the power of control were transferred. A financial liability is derecognized when the obligation underlying the liability is discharged or cancelled or has expired.

#### 2.4.11.1. Cash and cash equivalents

The cash and cash equivalents in the statement of financial position consist of cash in banks and cash on hand and short-term deposits with an original maturity of three months or less.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.4.11.2. Loans, receivables and other financial assets

Upon initial recognition, loans, receivables, and other financial assets are measured at fair value plus transaction costs. Subsequently, they are measured at amortized cost, after deduction of any write-downs, using the effective interest method. A write-down is taken when objective indications suggest that the receivable may not be fully collectible. Such an indication might be the insolvency or other considerable financial problems of the debtor. The amount of the write-down is measured as the difference between the carrying amount of the receivable and the present value of the estimated future cash flows from this receivable, discounted by using the original effective interest rate. Write-downs are charged against income both in the form of an account for allowances on doubtful accounts and by means of direct write-downs. The account for allowances on doubtful accounts is used for allowances on doubtful trade receivables. If, in subsequent periods, the fair value has objectively risen, the write-downs are reversed and recognized in income in the appropriate amounts.

### 2.4.11.3. Borrowings and other financial liabilities

Borrowings and other non-derivative financial liabilities are measured at amortized cost by application of the effective interest method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the income statement.

Compound financial instruments like convertible bonds low interest shareholder loans, which include a liability as well as an equity component, are recognized separately with each component. The equity is the remainder of the fair value of the whole instrument at issue date less the fair value of the liability component determined by applying market interest rate for comparable debt without any equity component. Transaction costs on the issue of such financial instruments are allocated on a pro rata basis to each of the components and respectively deducted.

### 2.5. Changes in accounting policies and disclosures

In order to increase clarity, the composition of the other current assets and other current liabilities was adjusted compared to prior years.

From 2016 onwards, other current assets include only non-monetary items such as prepaid expenses. As of 31 December 2015, other receivables amounting to EUR k 1,153 (1 January 2015: EUR k 521), mainly from VAT were presented in this line item. These are now shown in trade and other receivables.

The same differentiation is made for current liabilities. From 2016 onwards, only non-monetary items like deferred income is included in the line item other current liabilities. As of 31 December 2015, other liabilities amounting to EUR k 3,197 (1 January 2015: EUR k 1,206) were presented in this category such as accrued interest on the convertible bonds as well as outstanding payments to social contribution. These items are now shown in the line item trade and other payables.

The prior year numbers have been adjusted respectively.

Further, an amount of EUR k 4,259 (31 December 2015: EUR k 3,965) was recognized as legal reserve for self-developed intangible assets (note 27.4).

### 2.6. Accounting estimates and assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the presentation of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts and presentation of income and expenses during the period. Management based its assumptions and estimates on past experience and on other factors including the prevailing economic environment available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Actual amounts may differ from these estimates under different assumptions and conditions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Information regarding the carrying amounts determined with the use of estimates can be found in the comments on the specific line items.

#### 2.6.1. Measurement of fair values

A number of accounting policies and disclosures require the determination of the fair value of the Group for financial and non-financial assets and liabilities.

To determine the fair value of assets and liabilities, the Group uses observable market data as far as possible. If such inputs are not available, the management defines appropriate valuation methods and input parameters. Based on the inputs used in the valuation techniques, the fair values are classified in different levels in the fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes reclassifications in different levels of the fair value hierarchy at the end of the reporting period in which the change occurred.

#### 2.6.2. Revenue recognition

The recognition of revenue involves certain estimates with respect to, for instance, discounts. The Group regularly reviews the appropriateness of its assumptions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2.6.3. Intangible assets other than goodwill

Management uses assumptions to assess the technical and commercial feasibility and the future economic benefit of internally generated software and digital content. Further estimates were applied by measuring the related development costs and determining the useful lives. In case that an impairment test might be required in accordance with the accounting policies (note 2.4.), management uses significant assumptions on which the recoverable amount is based.

### 2.6.4. Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Management judgment is required to determine the amount of deferred taxes that can be recognized and with respect to changes in tax laws and the amount and timing of future taxable income. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred taxes recognized and the amount of other tax losses and temporary differences not yet recognized. Under such circumstances the carrying amount of recognized deferred taxes may require adjustment.

### 2.6.5. Purchase price allocation

Management uses judgement on whether and when control has been acquired over an investee.

Please refer to note 5. for the judgement and the key assumptions used in the purchase price allocation.

### 2.6.6. Impairment of goodwill

The group tests annually if goodwill has suffered any impairment in accordance with the accounting policies (note 2.4.).

Please refer to note 17. for detailed information on estimates and key assumptions used to determine the necessity of an impairment, including a sensitivity analysis.

### 2.6.7. Measurement of receivables and necessary impairments

Individual receivables and any necessary write-downs are estimated and evaluated on the basis of the individual client's creditworthiness, current economic developments, and an analysis of historical defaults.

Based on historic experience, receivables overdue by more than 180 days are considered to be uncollectable. Consequently a 100% reserve for bad debt is recognized against these receivables (excl. VAT) unless management, in an individual analysis of underlying

factors, comes to a different conclusion. €199k of receivables overdue by more than 180 days have not been included in the bad debt reserve on the basis of this analysis.

### 2.6.8. Measurement of compound financial instruments

The equity component of any convertible loan is determined by deducting the fair value of the financial liability from the fair value of the instrument as a whole. Management judgement is required to assess market interest rate for comparable financial instruments.

Management assume, that the comparable, non-convertible loan would bear an interest of 7.8%. This assumptions is the same as in the prior year.

### 2.7. New and amended standards and interpretations

#### 2.7.1. New currently effective standards and interpretations

New and amended standards, which are effective for annual periods beginning on or after 1 January 2016, were adopted by the Group without significant impact on the consolidated financial statements as of 31 December 2016:

IFRS 11 (Amended)	Accounting for Acquisitions of Interests in Joint Operations
IFRS 14	Regulatory Deferral Accounts
IAS 1 (Amended)	Disclosure Initiative
IAS 16 (Amended) + IAS 38 (Amended)	Clarification of Acceptable Methods of Depreciation and Amortization
IAS 27 (Amendments)	Equity Method in Separate Financial Statements
Annual Improvements to IFRS 2012-2014 Cycle	Various standards
IFRS 10 (Amended) + IFRS 12 (Amended) + IAS 28 (Amended)	Investment Entities: Applying the Consolidated Exception

#### 2.7.2. Standards issued but not yet effective

The following overview outlines those Standards and Interpretations issued by the IASB at 31 December 2016 which have not been applied early, as their application is either not mandatory or endorsement by the European Commission is still pending. The potential impact of these standards on the consolidated financial statements for following years is under assessment by the Group.

##### Effective date: 1 January 2017

IAS 7 (Amended)	Statement of Cash Flows
IAS 12 (Amended)	Recognition of Deferred Tax Assets for Unrealized Losses

##### Effective date: 1 January 2018

Annual Improvements to IFRS 2014-2016 Cycle	Various standards
IAS 40 (Amended)	Transfers of Investment Property

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IFRS 2 (Amended)	Classification and Measurement of Share-Based Payment Transactions
IFRS 4 (Amended)	Applying IFRS 9 with IFRS 4
IFRS 9	Financial instruments
IFRS 15	Revenue from Contracts with Customers and Clarifications
IFRIC 22	Foreign Currency Transactions and Advance Consideration
<u>Effective date: 1 January 2019</u>	
IFRS 16	Leases

### 3. Companies included in the consolidated financial statements

The scope of consolidation, including Fyber N.V. as parent company, comprises fifteen fully consolidated companies. The subsidiaries and participations are as follows:

No.	Company	Country of incorporation	% equity interest
1	Fyber N.V.	The Netherlands	
<b>Fully consolidated subsidiaries</b>			
2	Advertile Mobile GmbH <sup>1)</sup>	Germany	100.00
3	AppMarie UG	Germany	100.00
4	Falk Realtime Ltd. <sup>2)</sup>	United Kingdom	100.00
5	Fyber GmbH <sup>1)</sup>	Germany	100.00
6	Fyber Inc.	USA	100.00
7	Fyber Media GmbH <sup>1)</sup>	Germany	100.00
8	Fyber RTB GmbH <sup>1)</sup>	Germany	100.00
9	Heyzap Inc.	USA	
10	Inneractive Ltd.	Israel	100.00
11	Inneractive Europe Ltd.	United Kingdom	100.00
12	Inneractive USA Inc.	USA	100.00
13	RNTS Germany Holding GmbH <sup>1)</sup>	Germany	100.00
14	RNTS Media Deutschland GmbH	Germany	100.00
15	SponsorPay K.K.	Japan	100.00
16	SponsorPay Korea Co., Ltd.	Republic of Korea	100.00

1) Companies use the exemption of section 264 (3) HGB (German Commercial Code). Therefore, the companies do not publish separate financial statements or have these audited.

2) Fyber N.V. has provided a parental guarantee under section 479C of the Companies Act in respect of its subsidiary undertaking Falk Realtime Limited. Falk

Realtime Limited is exempt from having its individual accounts audited by virtue of section 479A of the Companies Act.

In January 2016, Heyzap Inc., USA, was acquired (note 5.2.).

The investment in Big Star Global Ltd., in 2015 already treated as discontinued operations, was successfully sold in April 2016 (note 6.). In July 2016, the Group acquired Inneractive Ltd. including its subsidiary Inneractive USA Inc. and Inneractive Europe Ltd. (note 5.3.).

As previously reported in the prospectus for the listing in Frankfurt and the 2015 annual report, the acquisition of Fyber GmbH in 2014 was mostly paid in shares of Fyber N.V. (46,000,000 shares representing EUR k 138,000 out of a total of EUR k 150,000). Sapinda Asia Ltd. granted the sellers of Fyber a total of 4 put options against these shares, of which 3 have been honored but 1 for 23,000,000 shares due and exercised in February 2016 was not fulfilled. The Fyber sellers and Sapinda Asia Ltd., represented by Lars Windhorst, have subsequently repeatedly tried to agree on a solution but until today have not been successful in doing so. The ultimate remedy for the Fyber sellers, should no solution be found, is the exercise of a "fall-back" right, under which they would pro-rata reverse the 2014 transaction and become shareholders with some special rights in Fyber GmbH again. Since 2016 and until today the Fyber sellers have not exercised this "fall-back" right. The parties involved are still trying to come to a mutual agreement. Until the "fall-back" is exercised, Fyber N.V. has full control of the Fyber GmbH asset and its subsidiaries, as there are no restrictions on its rights as a 100% shareholder in the meantime. However, should the "fall-back" be exercised, Fyber N.V. would lose control over Fyber GmbH and its subsidiaries, which would lead to a deconsolidation at that time.

### 4. Issue of convertible bonds and net debt

In July 2015, Fyber N.V. has placed senior, unsecured convertible bonds of EUR k 100,000 in aggregate principal amount due in July 2020. In H1 2016 a tap issue of additional EUR k 50,000 was issued with settlement of EUR k 25,000 in June 2016 and EUR k 25,000 in July 2016. The additional bonds were placed based on the same terms as the original issue i.e. a nominal coupon of 5% p.a. payable semi-annually in arrears and a conversion price of EUR 4.20.

Interest on the new bonds accrued starting from the last interest payment in January 2016. EUR k 1,104 interest were accrued until the settlement in June and July 2016 and were collected from bond subscribers in addition to the nominal value of the bonds. Interest earned before the settlement were netted with those owed for the same period having no effect on the income statement.

The convertible bond as a compound financial instrument was upon initial recognition split into a liability and an equity component respectively. The liability component was determined by assuming a market interest rate of 7.8% p.a. Transaction costs for the issue of the new bonds of about EUR k 1,198 relating primarily to fees incurred by the acting Lead Managers to the transaction were allocated to the liability and the equity component on a pro rata basis.

The additional EUR k 50,000 convertible bonds were split into equity and liability as follows:



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EUR k	Equity component	Liability component	Total
Principal Transaction costs	3,614	46,386	50,000
<b>Net proceeds</b>	<b>3,528</b>	<b>45,274</b>	<b>48,802</b>
Deferred tax liabilities	-1,091	0	-1,091
	<b>2,437</b>	<b>45,274</b>	<b>47,711</b>

The equity component is recognized in other capital reserves (note 27.3.).

With the issue of the convertible bonds, net debt developed as follows:

Net debt analysis	31 Dec 2016	31 Dec 2015
	EUR k	EUR k
Long-term borrowings	136,642	88,572
Short-term borrowings	1,429	0
Accrued interest on convertible bond	3,223	2,145
Cash and cash equivalents	-24,982	-79,123
<b>Net debt / (cash)</b>	<b>116,312</b>	<b>11,594</b>

In April 2017, the holders of the Convertible Bonds supported a change of the terms in the following major aspects:

- The interest rate was reduced from 5.00% p.a. to 3.00% p.a.
- The conversion price was reduced from EUR 4.20 to EUR 3.00
- A subordination of the Convertible Bonds against any newly raised debt was approved.

Please refer to note 47.1. for further details.

## 5. Acquisitions in 2016

### 5.1. General information

Effective 7 January 2016, the Group acquired 100% of the share capital of Heyzap Inc. ("Heyzap"), a supply side advertising platform and mediation provider. The maximum consideration has been agreed to be USD k 45,000 including earn out and retention components. In the acquisition business case, management expected a total payment of USD k 36,217 (EUR k 33,478). This payment includes a cash component of USD k 20,177 (EUR k 18,652) as per closing as well as earn out and retention components of USD k 16,040 (EUR k 14,826). The main driver for the earn out component is the growth of revenues under management (ad traffic realized either through direct or mediated demand partners) migrated to the Fyber platform within one year after the acquisition. Management assumed that nearly all revenue under management could be transferred to the Fyber platform within that year and that substantial double-digit growth would continue. Also there was a slight decrease of the exchange revenue assumed for the determination of total consideration.

Heyzap was acquired primarily to expand the reach and liquidity of the Fyber platform by migrating the unique portfolio of Heyzap's publishers and advertisers, both with direct and mediated relationships, the latter one being the centerpiece of the earn out calculation. In addition, certain ad format know-how and technologies were acquired, which will be utilized in the future Fyber platform development (note 5.2.).

Further, the acquisition of 100% of the shares in Inneractive Ltd., Tel Aviv, Israel, a fast-growing supply side platform and ad server for programmatic selling, was closed on 19 July 2016. The maximum consideration has been agreed to be USD k 78,552 (EUR k 70,831) in cash consisting of an initial payment of USD k 46,000 at closing plus earn-out as well as retention components payable over three years – mostly dependent on future revenue growth. A payment of USD k 8,000 was already made at closing into an escrow account to be used against future earn-out payments. In the acquisition business case, management expected a total consideration of USD k 78,552. The company and its subsidiaries are fully consolidated as of the closing date (note 5.3.).

### 5.2. Purchase price allocation of Heyzap

The purchase price allocation considers all knowledge and adjusting events about the conditions that existed at the acquisition date. From the acquisition business case purchase price of EUR k 33,478, two loans of Heyzap have been repaid in an amount of EUR k 969 and an earn-out of EUR k 1,848 in connection with the payment of retention to employees of Heyzap was not recognized as consideration for the shares transferred. The remaining purchase price of EUR k 30,661 was allocated to the identified assets and liabilities of Heyzap as well as goodwill at the date of acquisition as follows:

	Fair value 07 Jan 2016 EUR k
<b>Recognized amounts of identifiable net assets</b>	
-Customer relationships	3,771
-Technology	1,633
-Trademark	604
Intangible assets	6,008
Deferred taxes	
- Deferred tax assets	2,403
- Deferred tax liabilities	-2,403
Security deposits	8
Trade receivables	1,695
Cash and cash equivalents	529
Long-term borrowings	-969
Trade and other payables	-1,902
<b>Identifiable net assets</b>	<b>5,369</b>
Goodwill arising from acquisition	25,292
<b>Purchase consideration transferred</b>	<b>30,661</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The key assumptions of the valuation of the technology are as follows:

	Customer relationships	Technology	Brand
Valuation methodology used	Multi-period excess-earnings method (MEEM)	Relief from royalty	Relief from royalty
Useful life	4 years	6 years	6 years
Tax rate	40%	40%	40%

The goodwill of EUR k 25,292 comprises the value of the expected growth in revenue as well as synergies arising from the acquisition. With the acquisition of Heyzap and the migration of publishers, the reach of the Fyber Platform was expected to grow significantly which in return increases the attractiveness of Fyber Platform for both publishers and advertisers. Further, the acquisition increased the market share and strengthened the position of Fyber in the mediation market. Heyzap was very successful in growing the mediated traffic but did not succeed in turning it into exchange revenues. The Fyber platform provided much better technology support for that important step and would therefore allow significant revenue synergies. Upon closing, Heyzap was considered a part of the ad-monetization segment of the Group. Therefore, the entire goodwill was allocated to this segment. None of the goodwill is expected to be deductible for income tax purposes. Please refer to note 17. for further detail on Goodwill including reallocation due to a subsequent change in the structure of the operating segments.

From the date of the acquisition, Heyzap contributed EUR k 6,825 to the consolidated revenues and EUR k -730 to loss after tax. If the combination had taken place at the beginning of the year, Heyzap would have contributed EUR k 7,243 to consolidated revenue and EUR k -673 to loss after tax.

The acquisition had the following cash effect:

	EUR k
Cash payment	-18,652
Net cash acquired with the subsidiary	529
<b>Net cash flow</b> (included in cash flow from investing activities)	<b>-18,123</b>

While ad revenue under management had been increased significantly on the Heyzap Platform in 2016, the amount of migrated ad revenue under management was clearly behind initial expectations. Therefore, the revaluation of the earn-out as of the reporting date lead to an earn-out of EUR k 4,466. The variance has been recognized in other operating income. Please refer to note 8. for further detail.

### 5.3. Purchase price allocation of Inneractive

The purchase price allocation considers all knowledge and adjusting events about the conditions that existed at the acquisition date. As of the acquisition date a discount of EUR k 911 was recognized on the purchase price of EUR k 70,831 to reflect the respective maturities especially of the earn-out payments. An amount of EUR k 69,920 was allocated to the identified assets and

liabilities of Inneractive as well as goodwill at the date of acquisition as follows:

	19 Jul 2016 EUR k
<b>Recognized amounts of identifiable net assets</b>	
-Customer relationships	14,230
-Technology	7,855
-Trademark	1,190
Intangible assets	23,275
Property and equipment	308
Deferred taxes	
-Deferred tax assets	846
-Deferred tax liabilities	-2,793
Non-current financial assets	56
Trade and other receivables	18,492
Restricted cash	531
Other current assets	682
Cash & equivalents	3,093
Long-term employee benefits liabilities	-158
Trade payables	-14,371
Short-term borrowings	-2,264
Other short-term provisions	-328
Other current liabilities	-1,946
	<b>25,423</b>
Goodwill arising from acquisition	44,499
<b>Purchase consideration transferred</b>	<b>69,920</b>

The key assumptions of the valuation of the identified intangible assets are as follows:

	Customer relationships	Technology	Trademark
Valuation methodology used	Multi-period excess-earnings method (MEEM)	Relief from royalty	Relief from royalty
Useful life	4 years	6 years	6 years
Tax rate	12.0%	12.0%	12.0%

The goodwill of EUR k 44,499 comprises the value of the expected growth in revenue as well as synergies arising from the acquisition. The synergies are expected to result from a better utilization of publisher and advertiser contacts to effect higher fill rates and average revenue for ad impressions delivered. By providing all business units in the group access to the overall inventory, the market will be more liquid, attractive and rewarding for all parties involved. The resulting increase in revenues will provide superior contributions to profitability through economies of scale. Inneractive is considered a single cash generating unit. Therefore, the entire goodwill is allocated to this segment. None of the goodwill is expected to be deductible for income tax purposes.

From the date of the acquisition, Inneractive contributed EUR k 42,437 to the consolidated revenues and EUR k 3,216 income to loss after tax. If the combination had taken place at the

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

beginning of the year, Inneractive would have contributed EUR k 83,353 to consolidated revenue and EUR k 553 income to loss after tax.

The acquisition had the following cash effect:

	EUR k
Cash payment	-55,683
Net cash acquired with the subsidiary	3,624
<b>Net cash flow</b> (included in cash flow from investing activities)	<b>-52,059</b>

### 6. Discontinued operations

In the financial year 2015 management decided to discontinue on the edutainment operations to completely focus on mobile advertising technology. Effective 29 April, 100% of the shares in Big Star Global Co. Ltd. were sold to BSGI LLC, a related party to Mr. Hyunghoon Han, who sold Big Star Global to the Group in December 2013. The purchase price of EUR k 2,654 (USD k 3,000) was settled by two promissory notes issued by BSGI LLC. One of the promissory notes amounting to EUR k 1,327 was immediately used to buy 627,615 treasury shares of Fyber N.V. from Mr. Han. Due to uncertainties in respect to a full recoverability of the remaining promissory note, the note was not recognized as proceeds. Further, a restructuring loan granted to Big Star Global of EUR k 991 was fully impaired. These charges as well as the losses contributed by Big Star Global until its disposal were offset by the use of provisions recognized upon the discontinuation of Big Star Global in 2015. As

	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
	EUR k	EUR
Revenue	942	5,944
Other operating income	27	1,466
Expenses	-1,393	-9,463
Profit from discontinued operations before tax	-424	-2,053
Tax expense	0	0
Profit for the year	-424	-2,161
Re-measurement	0	-12,356
Profit before tax on disposal	2,784	108
Recycling of foreign currency translation reserve	1,023	0
Loss for the year from discontinued operations after tax	3,383	-14,409

## NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### 7. Revenue

The revenues of EUR k 176,786 (2015: EUR k 81,076) shown in the income statement relate solely to the advertising services realized through Fyber Platform incl. Heyzap, Fyber RTB and Inneractive.

Revenues represent the money collected from advertisers while gross margin (EUR) represent these revenues net of pay-outs to publishers. Management considers this Gross representation of revenues as appropriate as the following factors indicate that the Group does not act as an agent:

- The Group has significant responsibility for the services rendered,
- Credit risk is borne by the Group,
- The Group can vary the selling prices and does not get a commission.

### 8. Other operating income

Other operating income breaks down as follows:

	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
	EUR k	EUR k
Income from revaluation of the Heyzap earn-out	8,890	0
Foreign currency transaction gains	5,273	4,757
Rental income	200	0
Income from release of accruals	167	33
Miscellaneous	94	146
<b>Other operating income</b>	<b>14,624</b>	<b>4,936</b>

Income from revaluation of the Heyzap earn-out resulted from an update on the estimate on the performance related earn-out component. Instead of the initially assumed earn-out of EUR k 14,826, as of the reporting date, management rather expects the earn-out to be no more than EUR k 4,743 (USD k 5,000). The reduction resulted from the slower migration of customer accounts to the Fyber platform and the linked performance earn-out criterion of "growth of ad revenue under management on the Fyber platform within 45 days prior to the 1st anniversary of the acquisition" not being fulfilled.

The foreign currency transaction gains are related to the Group's high international business share, which is mostly realized in USD. Both 2016 acquisitions, Heyzap and Inneractive invoice all of their revenues in USD. Due to the related working capital exposure in USD the fluctuation of the exchange rate of the Euro against the USD resulted in respective gains in 2015. Corresponding losses are recorded as other operating expenses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rental income is derived from sub-leases of office space.

### 9. Personnel costs

Personnel costs include fixed and variable salaries including other benefits of the employees of the group companies as well as employer's contribution on social security.

Other benefits include a stock option program implemented for senior management and employees of the Group.

During the year 2016, 3.0 million options were granted and 1.6 million were forfeited due to the employees leaving prior to vesting.

As of 31 December 2016, a total of 8.2 million options were outstanding to employees and senior management including management board members with a weighted average strike price of EUR 3.06. Of the outstanding options, 1.7 million were exercisable. The total fair value of the options has been determined using the Black Scholes model as EUR k 5,400 based on the following assumptions:

Share price: 2.89 – 3.75 EUR

Dividend yield: 0% p.a.

Term of the option: 2.875 years

Risk free interest rate: -0,48% to -0,69% p.a.

Historical volatility: 36%

Fluctuation: 20% p.a.

The options were granted to employees in 5 tranches, depending on when the employees have started. The term of the options was assumed taking into account a maximum exercise period of five years following the start date as well as the expected exercise behavior. As risk-free rate, ECB AAA yields adequate to the relevant term were used.

As the options are settled in shares, the value of the options is locked and not subject to revaluation and is accrued over the vesting period and recognized in personnel costs. Concerning IFRS 2.20 the fluctuation rate is adjusted quarterly and in consequence the number of shares exercisable and the expenses recognized are adjusted.

For two employees the service agreements include specific market conditions. Concerning IFRS 2.21 assumptions over these market conditions have no impact on the valuation of the options granted.

For 2016, the Group recognized personnel costs in connection with the stock option plan in an amount of EUR k 1,715. Due to the specific vesting conditions of the stock option plan, expenses are incurred over-proportionately in 2015 and 2016 with decreasing amounts to be recognized in future periods.

### 10. Other operating expenses

The following table provides an overview of the material items of other operating expenses:

	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
	EUR k	EUR k
IT	9,310	2,978
Foreign currency transactions loss	6,591	3,713
Legal and consulting	2,858	6,055
Professional services and contractors	2,637	2,094
Extension fee for Inneractive closing window	2,254	0
Rent and utilities	1,773	1,337
Travel and entertainment	1,710	1,180
Marketing	1,499	828
Tax and accounting	1,334	1,272
Training and recruiting	1,176	1,254
Bad debt	1,006	513
Service Fees	818	471
Supervisory Board remuneration	707	0
Other provisions	665	496
Publisher integration bonus	297	0
Internal events	258	0
Miscellaneous	1,189	1,258
<b>Other operating expenses</b>	<b>36,083</b>	<b>22,953</b>

IT cost mostly relate to the use of cloud based production and delivery services for Fyber RTB, Inneractive and Heyzap, which all do not operate their own server infrastructure. Fyber GmbH still owns its server infrastructure and therefore records the related cost as depreciation. The strong increase vs. 2015 is due to strong growth in Fyber RTB revenues as well as the first-time inclusion of Inneractive and Heyzap.

Due to delays in the settlement of the fully subscribed convertible bonds tap issue, the company needed to secure an extension of the closing window for the Inneractive acquisition. The relating cost was EUR k 2,254.

Less corporate finance projects in 2016 compared to 2015 led to a reduction of legal & consulting expenses. The main projects in 2016 were the two acquisition of Heyzap and Inneractive. In 2015 the costs relate to the listing upgrade (EUR k 1,725) as well as transactions costs for Falk (renamed to Fyber RTB in 2016) and Fyber (EUR k 1,190), both considered to be non-recurring in nature and therefore included in the separately disclosed items. The remaining amount was primarily incurred for interim management (EUR k 1,034) and general advisory and corporate administration (EUR k 2,106).

Foreign currency loss increased for the same reason as foreign currency gains rose in the same period (note 8.). As a significant part of the Groups cost basis, in particular payouts to publishers, are denominated in foreign currencies, the fluctuation of the value of the Euro as well as the overall payout growth had an adverse effect on the income statement.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The increase of the remaining other operating expenses was primarily driven by overall organic as well as acquisition related business growth.

### 11. Depreciation, amortization and impairment

At the end of the year 2016. The Group recognizes a total of depreciation, amortization and impairment of EUR k 9,286. Amortization of intangible assets accounts for EUR k 8,318 (note 18) and depreciation of tangible assets accounts for EUR k 1,087 (note 19). No impairment charges were recognized.

### 12. Finance expenses

During the reporting year 2016, the Group issued additional convertible bonds amounting to EUR k 50,000. The interest on the total EUR k 150,000 Convertible Bonds now account for EUR k 9,019 of the total of EUR k 11,602 finance expenses. The following table provides an overview of the finance expenses:

	1 Jan - 31 Dec 2016 EUR k	1 Jan - 31 Dec 2015 EUR k
Interest accrued Convertible Bonds	9,020	2,908
Sapinda fees	105	0
Interest to Bank Leumi	61	0
Interest on Shareholder loans	0	467
Interest to Silicon Valley Bank	0	131
Interest to IBB	0	27
Currency effect	0	10
Miscellaneous	231	0
<b>Finance expenses</b>	<b>9,417</b>	<b>3,543</b>

### 13. Income tax expenses

The major components of income tax expense are as follows:

	1 Jan - 31 Dec 2016 EUR k	1 Jan - 31 Dec 2015 EUR k
<b>Breakdown of income tax reported in profit or loss</b>		
Current income tax charge	1,196	740
Deferred tax		
- Relating to the origination and reversal of temporary differences	952	-3,827
<b>Income tax charged to profit or loss</b>	<b>2,148</b>	<b>-3,087</b>
<b>Breakdown of income tax reported in OCI</b>		
<b>Income tax charged to OCI</b>	<b>0</b>	<b>0</b>

Reconciliation of accounting loss to income tax expense / income tax gain:

	1 Jan - 31 Dec 2016 EUR k	1 Jan - 31 Dec 2015 EUR k
<b>Accounting loss before tax</b>	<b>-27,089</b>	<b>-26,612</b>
Applicable tax rate	30.175%	30.175%
Income tax at applicable tax rate	-8,174	-8,030
Non-deductible expenses for tax purposes		
Stock option expenses (note 9.)	518	655
Other expenses not deductible for tax purposes	363	180
Unrecognized deferred tax assets in fiscal year	10,909	5,442
Use of unrecognized deferred tax assets not yet being recognized	-844	-939
Others	-624	-395
<b>Income tax expense (+) / income (-) reported in the statement of comprehensive income</b>	<b>2,148</b>	<b>-3,087</b>

Since the acquisition of Fyber in 2014 the majority of revenues is generated through entities in Germany. Therefore, the tax rate applied in Germany is deemed to be valid as Group tax rate from 2014 onwards. The tax rate of 30.175% contains corporate income tax of 15.825%, including solidarity surcharge, as well as trade tax of 14.35%.

Reconciliation of tax income (-) / expense from the origination and reversal of temporary differences and tax loss carried forward:

	31 Dec 2016 EUR k	31 Dec 2015 EUR k
Changes in deferred tax assets recognized through P&L	2,692	-3,651
Changes in deferred tax liabilities recognized through P&L	-1,740	-176
<b>Tax income (-) / expense from the origination and reversal of temporary differences and tax loss carried forward</b>	<b>952</b>	<b>-3,827</b>

### 14. Other comprehensive income

An income tax effect in relation to the exchange differences on currency translation was not recognized. In case that taxable temporary differences may arise in this respect, the parent is able to control the timing of the reversal of such temporary differences and it is probable that those differences will not reverse in the foreseeable future.

### 15. Earnings per share

Basic earnings per share are calculated by dividing the net income of the year attributable to ordinary equity holders of Fyber N.V. by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net income of the year attributable to ordinary equity holders of

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Fyber N.V. by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the potentially dilutive ordinary shares into ordinary shares.

The basic and diluted earnings per share are:

		1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
Profit / loss attributable to owners of the parent	EUR k	-25,855	-37,934
Weighted average shares outstanding, basic	000s	113,189	114,533
Weighted average shares outstanding, diluted	000s	118,295	119,510
Basic loss per share	EUR	-0.23	-0.33
Diluted loss per share	EUR	-0.22	-0.32

### 16. Separately disclosed items

Please refer to note 2.4.3. for the accounting policies with respect to the recognition of separately disclosed items.

Separately disclosed items break down as follows:

	1 Jan - 31 Dec 2016 EUR k	1 Jan - 31 Dec 2015 EUR k
Non-cash accounting charges for stock options, warrants etc.	-1,715	-2,635
Retention costs related to acquisitions	-639	0
Transaction costs related to acquisitions	-4,226	-1,190
Other non-recurring income and costs	8,890	-1,725
<b>Effect on EBITDA</b>	<b>2,310</b>	<b>-5,550</b>
Amortization of acquired intangible assets	-5,286	-2,469
Other non-recurring financial income and expenses	-201	0
Discontinued operations	3,383	-14,409
Related tax effects of the items listed above	0	739
<b>Effect on loss for the period after tax</b>	<b>206</b>	<b>-21,689</b>

Non-cash stock option charges, warrants etc. in 2016 and 2015 relate to the company's stock option program (note 2.4.5.3.).

Retention costs granted to employees of Heyzap in the course of the acquisition were not recognized as consideration for the shares transferred and are recognized in personnel costs over the retention period 2016 to 2018.

In 2016, transaction costs relate to the acquisitions of Heyzap and Inneractive and consist mainly of due diligence, legal advice and other consultancy services. Transaction costs in 2015 were incurred for the acquisition of Falk Ltd. and Heyzap Inc.

Other non-recurring income and costs in 2016 result from the reduction of the earn-out component of the Heyzap transaction

based on updated estimates in Q4 2016. In 2015, this position contained legal advice, special audit and consultancy costs in connection with the listing upgrade of the Fyber share to be traded on the Prime Standard of the Frankfurt Stock Exchange.

Amortization of acquired intangible assets relates to intangibles identified in the business combinations with Inneractive, Heyzap, Fyber and Falk. The increase from EUR k -2,469 to EUR k -5,286 relates to intangibles recognized following the acquisitions of Heyzap and Inneractive. Please refer to note 5.

Discontinued operations in 2016 and 2015 relate to the discontinuation of Big Star Global (note 6.). The final divestment provided a more favorable outcome than originally estimated.

## NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 17. Goodwill

The goodwill results from acquisitions and breaks down as follows:

	31 Dec 2016 EUR k	31 Dec 2015 EUR k
Fyber, Germany		
- Goodwill as at acquisition of Fyber GmbH	135,080	135,080
- Goodwill as at acquisition of Falk Realtime Ltd.	9,096	9,096
	144,176	144,176
Inneractive Ltd., Israel		
- Goodwill as at acquisition	44,499	0
- Currency effect	2,317	0
Heyzap Inc., USA		
- Goodwill as at acquisition	25,292	0
- Currency effect	667	0
<b>Goodwill</b>	<b>216,951</b>	<b>144,176</b>

The goodwill from the Fyber acquisition as well as the goodwill from the Heyzap acquisition were allocated to the cash generating unit 'Ad monetization' as their cash flows have various significant interdependencies. The CGU uses the EUR as functional currency. The goodwill arising from the Heyzap transaction was determined in USD and converted into EUR. The goodwill is now considered as part of the GCU and therefore only in EUR.

After two additional acquisitions in 2016 and the substantial growth of Fyber RTB, management decided to structure the business around three operating segments: Fyber Platform, Fyber RTB and Inneractive. Please refer to note 36 for further detail.

In this process, the goodwill of the 2015 ad monetization operating segment was reallocated based on the respective values in use of the identified operating segments as of 31 December 2016 (date of reallocation).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In consequence, the goodwill after the reallocation is as follows:

CGU	31 Dec 2016 EUR k
Fyber platform	70,265
Fyber RTB	97,998
Inneractive	46,816
Others	1,872
Fyber platform	70,265
<b>Goodwill</b>	<b>216,951</b>

Due to the change in CGU allocation, no prior year data has been included in the table above.

For all cash generating unit (CGU), the goodwill was tested based on the recoverable amount being the higher of the value in use and the fair value less cost of disposal. The fair value less cost of disposal was determined using actual selling negotiations into account and the value in use was based on cash flow projections that were derived from financial budgets approved by senior management covering a fifteen-year period, of which the first five years are based on a detailed budget and the additional ten years on a high-level cash flow forecast. The key assumptions on the compound average growth rates (CAGR) and the post-tax discount rates of the cash flow projections are as follows:

	Fyber Platform	Fyber RTB	Inneractive
CAGR on gross revenue during the detailed forecast period of 5 years	15.1%	36.1%	36.0%
CAGR on the free cash flow during the high-level forecast period for the next 10 years	9.9%	6.8%	5.1%
CAGR on the free cash flow beyond the forecasted period	2.0%	2.0%	2.0%
CAGR on total expenses during the detailed forecast period of 5 years	3.5%	27.0%	25.6%
Post-tax discount rate	10.58%	10.58%	12.58%

Management expects the different CGU's, which all serve the advertising technology market, to grow strongly beyond the usual five-year forecast period. Advertising technology is a fast-growing industry (e.g. Fyber NV more than doubled its revenue from 2015 to 2016). Management expect, that this growth will continue for more than the next five years. Therefore, the sixth year of planning could not be exemplary for all further years. To address this challenge, the free cash flow (and only the free cash flow) is planned over a high-level period of 10 further years. This high-level planning takes into account that historically high growth rates normally slow down over the long term. Before that background, management decided that a fifteen-year forecast period is more appropriate. This planning period is, as requested in IAS 36.37, not longer than 20 years.

One major assumption for the CGU Fyber platform is that in future there will be significant scalability effects. These effects are based on the market share Fyber has reached and the advertiser and

publisher relationships built in the past. It is assumed that due to a further switch to mobile advertising, there will be a significant growth in this space, which Fyber will be able to service substantially within the infrastructure and cost base already built today.

Based on these assumptions, the recoverable values of the cash generating units exceed their carrying amounts including goodwill and no impairment was recognized.

The calculation of the value in use is most sensitive to the growth rate of gross revenue and total expenses applied both during and beyond the explicit forecast period as well as the post-tax discount rate applied. Therefore, sensitivity tests were performed by varying the following assumptions, holding all other variables constant:

	Fyber Platform	Fyber RTB	Inneractive
10% reduction on gross revenue CAGR during detailed forecast period	No	No	No
Increase of post-tax discount rate by 1%point	No	No	No

None of the sensitivity tests resulted in an impairment need. However, should the significant scalability underlying the impairment test for Fyber Platform not be achieved, an impairment would be required in the future.

### 18. Other intangible assets

	Customer contracts EUR k	Develop- ment EUR k	Techno- logy EUR k	Others EUR k	Total EUR k
<b>Acquisition or production cost</b>					
1 Jan 2015	5,749	5,221	6,939	2,845	20,754
Acquisition of Falk	0	0	1,408	522	1,930
Additions	0	2,619	0	464	3,083
Disposals	0	-67	0	0	-67
Currency effects	28	114	0	63	205
Transfer to assets held for sale	-838	-3,844	0	-876	-5,558
Adjustment 2015 (total amortized cost)	0	5,975	0	-178	5,797
Adjustment 2015 (Disposal of RNTS Ltd)	-305	0	-210	-56	-571
<b>31 Dec 2015</b>	<b>4,634</b>	<b>10,018</b>	<b>8,137</b>	<b>2,784</b>	<b>25,573</b>
1 Jan 2016	4,634	10,018	8,137	2,784	25,573
Acquisition of Heyzap	3,771	0	1,633	604	6,008
Acquisition of Inneractive	14,230	0	7,855	1,190	23,275
Additions	0	2,143	0	672	2,815
Currency effects	790	0	442	159	1,391
<b>31 Dec 2016</b>	<b>23,425</b>	<b>12,161</b>	<b>18,067</b>	<b>5,409</b>	<b>59,062</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Customer contracts EUR k	Develop- ment EUR k	Techno- logy EUR k	Others EUR k	Total EUR k
<b>Amortization and impairments</b>					
1 Jan 2015	628	2,184	427	2,169	5,408
Additions	1,251	1,657	1,278	373	4,559
Disposals	0	-9	0	0	-9
Impairment charges	644	1,136	0	333	2,113
Currency effects	3	69	0	9	81
Transfer to assets held for sale	-838	-3,844	0	-876	-5,558
Adjustment 2015 (total amortized cost)	0	5,995	0	-198	5,797
Adjustment 2015 (Disposal of RNTS Ltd)	-305	0	-210	-56	-571
<b>31 Dec 2015</b>	<b>1,383</b>	<b>7,188</b>	<b>1,495</b>	<b>1,754</b>	<b>11,820</b>
1 Jan 2016	1,383	7,188	1,495	1,754	11,820
Additions	3,174	715	2,419	779	7,087
Currency effects	51	0	36	29	116
<b>31 Dec 2016</b>	<b>4,608</b>	<b>7,903</b>	<b>3,950</b>	<b>2,562</b>	<b>19,023</b>
<b>Carrying amounts</b>					
1 Jan 2015	5,121	3,037	6,512	676	15,346
31 Dec 2015	3,251	2,830	6,642	1,030	13,753
31 Dec 2016	18,817	4,258	14,117	2,847	40,039

Others include mainly the various brands (Inneractive, Heyzap, Fyber) initially recognized through business combinations, as well as acquired software licenses.

The increase of the carrying amount of other intangible assets was driven by the intangibles acquired in the course of the Heyzap and Inneractive transactions as well as ongoing investments into the technology of Fyber Platform and Fyber RTB.

Management observes whether there are any indications, either from external sources (i.e. current market trends, market capitalization of the Group) or from internal sources of information (i.e. internal reports to economical and technical performance, impairment test of GGU) that an asset or a group of assets might be impaired. In 2016, the Group did not recognize any impairment charges, while in 2015 impairments were made in connection with the discontinuation of Big Star Global.

The remaining amortization periods for other intangible assets that are material to the financial statements are as follows:

Asset	Carrying amount EUR k	Remaining amortization period years
Customer contracts	18,817	3
Development	4,258	2 - 3
Technology	14,117	5

### 19. Property and equipment

The following table shows the development of property and equipment:

	Other operational and office equipment EUR k	Fixtures EUR k	Total EUR k
<b>Acquisition or production cost</b>			
1 Jan 2015	674	279	953
Acquisition of Falk	12	0	12
Additions	2,112	2	2,114
Disposal	-116	-2	-118
Currency effects	16	0	16
Transfer to assets held for sale	-68	0	-68
<b>31 Dec 2015</b>	<b>2,630</b>	<b>279</b>	<b>2,909</b>
1 Jan 2016	2,630	279	2,909
Acquisition of Inneractive	309	120	428
Additions	402	2	404
Disposal	-1	0	-1
<b>31 Dec 2016</b>	<b>3,340</b>	<b>401</b>	<b>3,741</b>

#### Amortization and impairments

1 Jan 2015	249	30	279
Additions	369	175	544
Disposal	-78	-1	-79
Currency effects	2	0	2
Impairment charges	36	0	36
Transfer to assets held for sale	-68	0	-68
<b>31 Dec 2015</b>	<b>510</b>	<b>204</b>	<b>714</b>
1 Jan 2016	510	204	714
Additions	1,072	15	1,087
<b>31 Dec 2016</b>	<b>1,582</b>	<b>219</b>	<b>1,801</b>

#### Carrying amounts

1 Jan 2015	425	249	674
31 Dec 2015	2,120	75	2,195
31 Dec 2016	1,758	182	1,940

Fixtures relate to the Group offices in Berlin, Tel Aviv and San Francisco.

### 20. Non-current financial assets

The non-current financial assets break down as follows:

	31 Dec 2016 EUR k	31 Dec 2015 EUR k
Leasehold deposits	275	77
Indemnification claim in respect to Fyber SAR (long-term)	105	613
Other deposits	124	0
<b>Non-current financial assets</b>	<b>504</b>	<b>690</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Leasehold deposits are cash deposits provided as security to the landlord. The deposits are not interest bearing and will be refunded upon the termination of the respective contract.

Other deposits primarily consist of severance provisions mandatory under Israeli law.

### 21. Inventories

The amount of EUR k 271 (2015: EUR k 408) relates to gift cards from third parties like Amazon, Sony PlayStation or Microsoft X-Box that are used as rewards in user acquisition campaigns.

### 22. Trade and other receivables

	31 Dec 2016	31 Dec 2015
	EUR k	EUR k
Trade receivables	59,819	23,160
VAT Receivables	3,153	1,013
Prepayments	539	89
Others	28	51
<b>Trade and other receivables</b>	<b>63,539</b>	<b>24,313</b>

The trade receivables of EUR k 59,819 are net of an allowance for bad debts of EUR k 1,808 (2015: EUR k 1,261), which had developed as follows:

	1-Jan	Ac- quired	Charge for the year	Utilized	Unused amounts reversed	31-Dec
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
2015	1,046	0	583	-91	-277	1,261
2016	1,261	265	1,039	-315	-442	1,808

As at 31 December 2016 and 2015, the aging of trade receivables is as follows:

Total	Neither past due nor impaired	Past due but not impaired					
		< 30 days	30 - 60 days	61 - 90 days	91 - 180 days	> 180 days	
	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k	EUR k
2016	59,819	28,785	27,687	2,373	362	412	199
2015	23,160	10,504	9,470	1,508	513	1,114	51

Trade receivables are non-interest bearing and are generally settled on 30 - 90 day-terms. Please refer to note 41. for further information.

### 23. Other current financial assets

	31 Dec 2016	31 Dec 2015
	EUR k	EUR k
Indemnification claim in respect to Fyber SAR (short term)	15,025	14,780
Cash item in transit	853	0

Accrued interest on deposit account at ADS Securities	296	145
Credit card deposit	118	56
Other	0	11
<b>Other current financial assets</b>	<b>16,292</b>	<b>14,992</b>

The indemnification claim relates to reimbursement of Fyber for any payments that have to be made in connection with the stock appreciation rights that have been triggered by the acquisition of Fyber. This position contains the short-term portion. The long-term portion is recognized in non-current financial assets (note 20.).

### 24. Other current assets

The following table summarizes the components of other current assets:

	31 Dec 2016	31 Dec 2015
	EUR k	EUR k
Prepaid expenses	1,109	901
VAT receivables	0	0
Advance payments	0	0
Income tax receivables	0	0
Others	0	0
<b>Other current assets</b>	<b>1,109</b>	<b>901</b>

### 25. Deferred tax assets and deferred liabilities

The deferred tax assets (DTA) and liabilities (DTL) developed during the reporting period as follows:

	Em- ployee benefit liability	Tax loss carry- forward	Total	Thereof through P&L
	EUR k	EUR k	EUR k	EUR k
1 Jan 2015	0	0	0	0
Offsetting with deferred liabilities as of 1 Jan 2015	0	3,334	3,334	0
Virtual share program (Fyber SAR)	3,483	0	3,483	3,483
Increase of tax loss carried forward to be utilized	0	168	168	168
Offsetting with deferred tax liabilities	-3,483	-3,502	-6,985	0
<b>31 Dec 2015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,651</b>

1 Jan 2016	0	0	0	0
Offsetting with deferred liabilities as of 1 Jan 2016	3,483	3,502	6,985	0
Adjustment	-3,483	3,483	0	0
Employee benefits	85	0	85	0

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Increase of tax loss carried forward to be utilized	0	3,710	3,710	247
Allowance on tax loss carried forward to be utilized	0	-3,304	-3,304	-2,939
Offsetting with deferred tax liabilities	-85	-7,391	-7,476	0
<b>31 Dec 2016</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,692</b>

### Deferred tax liabilities

	Intan- gible assets	Equity com- ponent convert- ible bonds	Total	Thereof through P&L
	EUR k	EUR k	EUR k	EUR k
1 Jan 2015	249	0	249	0
Offsetting with deferred tax assets	3,334	0	3,334	238
Acquisition of Falk Realtime Ltd.	425	0	425	0
Increase of self-generated intangible assets	719	0	719	719
Issue of convertible bonds	0	3,391	3,391	0
Amortization	-875	-271	-1,146	-1,146
Currency effects	13	0	13	13
Offsetting with deferred tax liabilities	-3,865	-3,120	-6,985	0
<b>31 Dec 2015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-176</b>

	Intan- gible assets	Equity com- ponent convert- ible bonds	Total	Thereof through P&L
	EUR k	EUR k	EUR k	EUR k
1 Jan 2016	0	0	0	0
Offsetting with deferred tax assets	3,865	3,120	6,985	0
Adjustment	-2	0	-2	0
Acquisition of Heyzap	2,403	0	2,403	0
Acquisition of Inneractive	2,792	0	2,792	0
Increase of self-generated intangible assets	1,162	0	1,162	1,162
Issue of convertible bonds	0	1,091	1,091	0

Amortization	-2,058	-843	-2,902	-2,902
Offsetting with deferred tax liabilities	-4,110	-3,367	-7,476	0
<b>31 Dec 2016</b>	<b>4,053</b>	<b>0</b>	<b>4,053</b>	<b>-1,740</b>

The Group recognizes deferred tax assets when deductible temporary differences are realizable. There is uncertainty regarding the realization of deductible temporary differences in the future for all Group entities. Therefore, the Group recognizes deferred tax assets arising from temporary differences and tax loss carry forwards for those entities for the time being only to the extent that respective deferred tax liabilities are recognized and which have the similar expectation to be realized as deferred tax assets. For this purpose, only deferred tax liabilities were qualified which relate to the same tax entity and which have the similar expectation to be realized than the deferred tax assets. As a result, the Group recognized deferred tax assets for tax loss carry forwards of Fyber GmbH and Falk GmbH.

### 26. Cash and cash equivalents

Cash and cash equivalents consist of the following items:

	31 Dec 2016	31 Dec 2015
	EUR k	EUR k
Cash at banks	24,853	53,796
Call deposits	104	25,296
Cash in transit	8	30
Cash in hand	17	1
	24,982	79,123
Cash at banks attributable to assets held for sale	0	481
<b>Cash and cash equivalents</b>	<b>24,982</b>	<b>79,604</b>

Cash and cash equivalents are freely available.

### 27. Equity

The components and changes in consolidated equity are summarized in the consolidated statement of changes in equity.

#### 27.1. Issued capital and share premium

The issued capital of Fyber N.V. amounting to EUR k 11,453 is divided into 114,533,333 common shares, with a nominal value of EUR 0.10 each. The issued capital as of 31 December 2016 consisted entirely of fully paid-up ordinary shares. At the reporting date the shares were publicly traded. The Company is listed on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard).

The authorized capital amounts to EUR k 40,000 and is divided into 400,000,000 shares, with a nominal value of EUR 0.10 each.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 27.2. Treasury shares

In the process of the divestment of Big Star Global, Fyber N.V. in 2016 acquired 2,000,000 treasury shares from Mr. Hyunghoon Han. The divestment was done partly (1,372,385 shares) by issuing a put option to Mr. Han, who was but no longer is a related party. The put option is according to IAS 32.16 b) no longer part of the equity and has to be shown as financial liability. Fyber measured the liability with its fair value at grant date (EUR k 4,200). The liability is subsequently measured at cost. In the moment of exercise of any option Fyber NV has to pay the fair value of shares based on the last five days before exercise. Any differences between this fair value and the original calculation are recognized directly in equity. In 2016 there was only one exercise of 686,192 shares, leaving 686,193 options outstanding as of the reporting date. The remaining options were exercised in April 2017 for EUR 1.80.

### 27.3. Other capital reserves

Other capital reserves increase in 2016 by EUR k 4,152 (2015: EUR k 10,345) of which EUR k 1,715 (2015: EUR k 2,635) relate to stock options granted to employees (note 2.4.5.3.) as well as EUR k 2,437 (2015: EUR k 7,710) equity component of the convertible bond (note 4).

### 27.4. Legal reserve

Legal reserve includes in 2016 EUR k 4,259 (2015: 3.965 k) for self-developed intangible assets.

### 27.5. Accumulated deficit

The accumulated deficit includes the income of the companies included in the consolidated financial statements plus actuarial gains that will not be reclassified to profit or loss in subsequent periods.

### 27.6. Foreign currency translation reserve

The foreign currency translation results from the translation of the accounts of the foreign subsidiaries from local currencies, which are the functional currencies of these subsidiaries, into Euro which is the functional currency of the parent company and the reporting currency of the Group.

<b>Foreign currency translation reserve as per 31 Dec 2014</b>	818
Goodwill (arising from acquisition of Big Star Global)	320
Intangible assets (identified at acquisitions in excess to other net assets)	40
Additional currency effects arising from consolidation of subsidiaries	
- Fyber	47
- Big Star Global	-13
- Falk	-15
<b>Foreign currency translation reserve 1 Jan - 31 Dec 2015</b>	<b>379</b>
<b>Foreign currency translation reserve as per 31 Dec 2015</b>	<b>1,197</b>

Goodwill (arising from acquisition of Inneractive)	2,452
Intangible assets (identified at acquisitions in excess to other net assets)	1,278
Recycling of currency translation reserve at disposal of Big Star Global	-1,023
Additional currency effects arising from consolidation of subsidiaries	
- Fyber Platform	-1,006
- Fyber RTB	-335
- Inneractive	981
<b>Foreign currency translation reserve 1 Jan - 31 Dec 2016</b>	<b>2,347</b>
<b>Foreign currency translation reserve as per 31 Dec 2016</b>	<b>3,544</b>

### 28. Employee benefits liabilities

The employee benefits liabilities relate to the remaining obligation from the share appreciation rights (SARs) assumed by Fyber through the 2014 acquisition of Fyber GmbH amounting to EUR k 9,794 as of the balance sheet date.

For further details on share appreciation rights, please refer to note 20. and note 23.

The disbursement schedule on the employee benefit liability is as follows:

	31 Dec 2016	31 Dec 2015
	EUR k	EUR k
Maturity in 1 year	14,001	17,473
Maturity in 2-5 years	429	613
Maturity in 5-10 years	0	0
Maturity in 10 years and more	0	0
<b>Total employee benefits liabilities</b>	<b>14,430</b>	<b>18,086</b>
	31 Dec 2016	31 Dec 2015
	EUR k	EUR k
Unsettled from Fyber SAR	9,366	14,780
Unpaid variable compensation	3,597	2,518
Vacation accrual	1,038	175
<b>Short-term employee benefits liabilities</b>	<b>14,001</b>	<b>17,473</b>

Following the divestment of its subsidiary Big Star Global, the Group does not operate a defined benefit plan anymore. For 2015 figures please refer to the annual report 2015.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 29. Long-term borrowings

Borrowings as of 31 December 2016 amount to EUR k 136,642 and relate to the convertible bonds solely. For more information regarding the convertible bonds please refer to note 4.

### 30. Other non-current liabilities

The other non-current liabilities break down as follows:

	31 Dec 2016	31 Dec 2015
	EUR k	EUR k
Inneractive earn-out due after 1 year	9,306	0
Others	119	68
<b>Other current liabilities</b>	<b>9,425</b>	<b>68</b>

Inneractive earn-out relates to the outstanding contingent consideration from the acquisition of Inneractive. The current portion of the earn-out is carried in trade and other payables (note 31). Please refer to note 5.3 for the further information on the acquisition.

### 31. Trade and other payables

The trade and other payables break down as follows:

	31 Dec 2016	31 Dec 2015
	EUR k	EUR k
Trade payables		
- Publisher payouts	45,632	9,581
- Other trade payables	7,640	9,396
Inneractive earn-out due within 1 year	5,922	0
Accruals	5,648	2,240
Heyzap earn-out due within 1 year	4,466	0
Accrued interest on convertible bond	3,223	2,145
Liabilities from the purchase of treasury shares	2,487	0
Tax payables	1,110	24
Social security	781	992
Others	1,150	551
<b>Trade and other payables</b>	<b>78,059</b>	<b>24,929</b>

The increase of the trade payables is due to the strong business in Q4 2016 as well as the overall increase in revenues and publisher payouts due to the acquisitions.

Accruals relates to services that have been received but not yet invoiced as of the reporting date as well as amounts accrued for the audit of the financial statements and the preparation of tax returns.

Interest on the convertible bonds, payable in January 2017, was accrued in an amount of EUR k 3,223. In the prior year, interest of

EUR k 2,145 had been accrued but shown as part other current liabilities (note 32.).

As of the reporting date, the Group carried liabilities resulting from transactions with treasury shares of EUR k 2,487. From this amount, EUR k 1,441 were recognized from the outstanding put-option granted by the Group in the course of the sale of Big Star Global, valued at EUR 2.10 per share. This option was exercised in April 2017 at a share price of EUR 1.80.

### 32. Short-term borrowings

Borrowings as of 31 December 2016 amount to EUR k 1,429 and consist of a revolving credit facility provided by Bank Leumi.

### 33. Other current liabilities

Other current liabilities consist solely of deferred income of €479k (2015: €163k). Please refer to note 2.5 for further details on the adjustment of 2015 amounts.

### 34. Short-term provisions

	1 Jan 2016	In-crease	Utilisa-tion	Re-versal	31 Dec 2016
	EUR k	EUR k	EUR k	EUR k	EUR k
Onerous contracts	598	0	-503	0	95

The provisions for onerous contracts are made by Fyber for unavoidable costs in connection with moving to a new data center. The contracts for the old data center had a fixed term and continue in some cases until November 2017. Usage of the old data center was discontinued due to it being too small for the increased volumes of the Fyber Platform.

## NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### 35. Cash flow

The cash flow statement was prepared using the indirect method for presentation of operating activities.

In 2016 the acquisition of Heyzap and Inneractive was partly done in cash and partly done by contingent consideration which were recognized in non-current financial liabilities and current financial liabilities. Please refer to notes 5.2 and 5.3 for further information on the cash effect of these acquisitions.

Also the disposal of BigStar Global was done without any cash payments.

Other major non-cash transactions did not occur in 2016.



OTHER DISCLOSURES

36. Operating segments

In 2016 management decided to manage the group in four segments:

Segment	Types of products and services
<b>Fyber Platform</b>	Comprised of the 2014 Fyber acquisition and the 2016 Heyzap acquisition; providing supply side platform and mediation services for mobile publishers predominantly in the gaming industry.
<b>Fyber RTB</b>	Representing the 2015 Falk Realtime acquisition that has grown substantially since then; providing programmatic real time bidding services in the desktop space with a specific focus on video.
<b>Inneractive</b>	Representing the 2016 Inneractive acquisition which provides supply side platform and programmatic services to mobile publishers outside of the gaming industry.
<b>Others</b>	Other services not included in the other segments incl. corporate services.

The financial performance and financial position of each segment for the year ended 31 December 2016 and the reference year ended 31 December 2015 are as follows:

	1 Jan - 31 Dec 2016		
	Revenue	Adjusted EBITDA	Net profit / loss
	EUR k	EUR k	EUR k
<b>Fyber Platform</b>	79,569	-14,644	-23,014
<b>Fyber RTB</b>	52,268	4,502	3,196
<b>Inneractive</b>	42,437	4,061	-129
<b>Others</b>	2,512	-4,803	-9,291
Subtotal from continuing operations	176,786	-10,884	-29,238
Discontinued operations	0	0	3,383
	<b>176,786</b>	<b>-10,884</b>	<b>-25,855</b>

	1 Jan - 31 Dec 2015		
	Revenue	Adjusted EBITDA	Net profit / loss
	EUR k	EUR k	EUR k
<b>Fyber Platform</b>	66,332	-8,380	-16,231
<b>Fyber RTB</b>	11,309	-1,158	-1,134
<b>Inneractive</b>	0	0	0
<b>Others</b>	3,435	-4,202	-6,160
Subtotal from continuing operations	81,076	-13,740	-23,525
Discontinued operations	0	0	-14,409
	<b>81,076</b>	<b>-13,740</b>	<b>-37,934</b>

Reconciliation from the amounts in the statement of financial position to the total amounts of all reportable segments was not prepared since the information of the reportable segments completely match with the amounts shown in the financial statements.

37. Geographic information

Breakdown of revenue according to customers' location:

	1 Jan - 31 Dec 2016				
	Fyber Platform Group	Fyber RTB Group	Inner-active Group	AM Group	Total revenue
	EUR k	EUR k	EUR k	EUR k	EUR k
United States	40,145	27,713	29,867	1,919	99,644
Europe, Middle East and Africa	25,706	24,478	12,570	549	63,303
Asia-Pacific	11,154	60	0	6	11,220
Rest of the world	2,564	17	0	38	2,619
	<b>79,569</b>	<b>52,268</b>	<b>42,437</b>	<b>2,512</b>	<b>176,786</b>

	1 Jan - 31 Dec 2015				
	Fyber Core Group	Fyber RTB Group	Inner-active Group	AM Group	Total revenue
	EUR k	EUR k	EUR k	EUR k	EUR k
United States	29,727	5,932	0	3,343	39,002
Europe, Middle East and Africa	25,481	5,262	0	92	30,835
Asia-Pacific	9,216	82	0	0	9,298
Rest of the world	1,908	33	0	0	1,941
	<b>66,332</b>	<b>11,309</b>	<b>0</b>	<b>3,435</b>	<b>81,076</b>

38. Major customers' information

The Group places its cash with creditworthy financial institutions and performs ongoing credit evaluation of its customers' financial conditions.

The Group provides services only for creditworthy clients and the receivable balances are monitored on an ongoing basis.

For the year ended 31 December 2016, the Group has one major customer who represents 10% or more of the Group's total revenue. The breakdown of top three customers by revenue for the year ended 31 December 2016 is as follows:

	1 Jan - 31 Dec 2016	
	Revenue	Revenue Share
	EUR k	%
BidSwitch GmbH	22,854	12.93%
Tube Mogul	15,220	8.61%
xAd Inc	13,051	7.38%
	<b>51,125</b>	<b>29.82%</b>

39. Capital management

Capital includes equity attributable to shareholders of the parent. An analysis of the Group net debt is shown in note 4.

As of the reporting date, equity ratio was as follows:

	31 Dec 2016	31 Dec 2015
	EUR k	EUR k
Equity attributable to shareholders of the parent	120.444	144.847
Total capital	365.627	281.168
<b>Equity ratio</b>	<b>33%</b>	<b>52%</b>

The primary objective of the Group's capital management is to ensure that it maintains an appropriate capital structure to support its current business and future growth and therefore maximize shareholder's value.

40. Financial assets and liabilities

41. Financial risk management

The Group is exposed to various financial risks which arise out of its business activities. Main risks identified include financial market risks such as currency and interest rate risks, as well as liquidity risks and credit risks. The Group manages these risks in accordance to its risk strategy to mitigate any negative effects on the financial performance and to secure the financial position of Fyber Group.

41.1. Financial market risks

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as foreign exchange rates and interest rates.

41.1.1. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's reporting currency is Euro. The Group is exposed to exchange rate risks in several ways, particularly with respect to transactions in foreign currencies and foreign exchange translation effects, arising mainly from the relative value of the Euro compared to the value of the US dollars (USD). Due to the international nature of the Group's business, the Group currently has foreign sales and accounts receivable denominated in currencies other than the Euro. In addition, the Group purchases advertising in local currencies and incurs a portion of its operating expenses in other currencies than Euro. The Group faces exposure to adverse movements in currency exchange rates, which may cause its revenue and operating results to differ materially from expectations. The Group's operating results could be negatively impacted depending on the amount of revenue or operating expenses that are denominated in foreign currencies.

As exchange rates vary, revenue, operating expenses and other operating results, when translated, may differ materially from expectations. In addition, the Group's revenue and operating results are subject to fluctuation if the mix of US and foreign currency denominated transactions or expenses changes in the future because the Group does not currently hedge its foreign

currency exposure. Thereof, a currency hedging will be considered in the future by the Group.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rate of USD, with all other variables held constant.

	Change in USD rate	Maximum/minimum level	Effect on loss before tax	Effect on equity
			EUR k	EUR k
<b>2016</b>	+ 5.00%	1.17	13	-5,021
	- 5.00%	1.00	-14	5,549
<b>2015</b>	+ 5.00%	1.14	-222	-35
	- 5.00%	1.03	281	44

41.1.2. Interest rate risk

	31 Dec 2016	31 Dec 2015
	EUR k	EUR k
Long-term borrowings		
-fixed interest rate	136,642	88,572
-float interest rate	0	0
	<b>136,642</b>	<b>88,572</b>
Short-term borrowings		
-fixed interest rate	0	0
-float interest rate	1,429	0
	<b>1,429</b>	<b>0</b>

Interest risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. As at 31 December 2016, the Group holds a revolving credit facility in the amount of EUR k 1,429 with a floating interest rate linked to the LIBOR rate. Therefore, interest rate charges in the future will have an impact on cash flows. Please refer to note 29. and 32. for further details on the loans.

	Change in interest rate	Effect on loss after tax
	Basis points	EUR k
<b>2016</b>	+ 10	-1
	- 10	1
<b>2015</b>	+ 10	0
	- 10	0

As the Company does not have financial instruments measured at fair value, changes in the interest rate will have no impact on equity.

41.2. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The carrying amount of trade and other receivables as well as from cash and cash equivalents represent the Group's

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

maximum exposure to credit risk. No other financial asset carries a significant exposure to credit risk.

The Group places its cash with creditworthy financial institutions and performs ongoing credit evaluation of its customers' financial conditions.

The Group provides services only for creditworthy clients and the receivable balances are monitored on an ongoing basis. The Group has no significant exposure to any customer nor does it have any major concentration of credit risk.

Aging analysis of non-derivative financial instruments as of 31 December 2016 and 2015 is as follows:

EUR k	31 Dec 2016					
	Total	Neither past due nor impaired	past due but not impaired			
			<30 days	30-60 days	60-90 days	Over 90 days
Non-current financial assets	504	504	0	0	0	0
Trade and other receivables	63,128	32,095	27,687	2,373	362	611
Other current financial assets	16,293	16,293	0	0	0	0
Cash and cash equivalents	24,982	24,982	0	0	0	0
Assets held for sale	0	0	0	0	0	0
	<b>104,907</b>	<b>73,874</b>	<b>27,687</b>	<b>2,373</b>	<b>362</b>	<b>611</b>

EUR k	31 December 2015					
	Total	Neither past due nor impaired	past due but not impaired			
			<30 days	30-60 days	60-90 days	Over 90 days
Non-current financial assets	690	690	0	0	0	0
Trade and other receivables	23,160	10,504	9,470	1,508	513	1,165
Other current financial assets	14,992	14,992	0	0	0	0
Cash and cash equivalents	79,123	79,123	0	0	0	0
Assets held for sale	618	618	0	0	0	0
	<b>118,583</b>	<b>105,927</b>	<b>9,470</b>	<b>1,508</b>	<b>513</b>	<b>1,165</b>

### 41.3. Liquidity risk

Liquidity risk arises from the possibility that the Group may not be able to meet its financial obligations as they fall due. The Group establishes short and long-term capital management plans and analyses and reviews cash flow budgets with actual cash outflows in order to match the maturity of financial liabilities and financial assets. In order to secure and maintain the liquidity, the Group entered into two new financing facilities in 2017. Please refer to note 2.2 and note 46.2 for further detail.

The aggregate maturities of financial assets and financial liabilities outstanding as of 31 December 2016 and 2015 are as follows:

EUR k	31 Dec 2016			
	Total	Within 1 year	1 year to 5 years	Over 5 years
Financial assets	504	0	504	0
Trade and other receivables	63,539	63,539	0	0
Other current financial assets	16,292	16,292	0	0
Cash and cash equivalents	24,982	24,982	0	0
	<b>105,317</b>	<b>104,813</b>	<b>504</b>	<b>0</b>
Long-term employee benefit liabilities	-429	0	-429	0
Long-term borrowings	-150,000	0	-150,000	0
Other non-current liabilities	-10,223	0	-10,223	0
Trade and other payables	-78,059	-78,059	0	0
Short-term employee benefit liabilities	-14,001	-14,001	0	0
Short-term borrowings	-1,429	-1,429	0	0
Short-term provisions	-96	0	0	0
Income tax liabilities	-570	-570	0	0
Other current liabilities	-479	-479	0	0
	<b>-255,286</b>	<b>-94,538</b>	<b>-160,652</b>	<b>0</b>
	<b>-149,969</b>	<b>10,275</b>	<b>-160,148</b>	<b>0</b>

EUR k	31 Dec 2015			
	Total	Within 1 year	1 year to 5 years	Over 5 years
Financial assets	690	0	690	0
Trade and other receivables	23,160	23,160	0	0
Other current financial assets	14,992	14,992	0	0
Cash and cash equivalents	79,123	79,123	0	0
	<b>117,965</b>	<b>117,275</b>	<b>690</b>	<b>0</b>
Long-term employee benefit liabilities	-613	0	-613	0
Long-term borrowings	-100,000	0	-100,000	0
Trade and other payables	-21,732	-21,732	0	0
Short-term employee benefit liabilities	-17,473	-17,473	0	0
Short-term provisions	-598	598	0	0
Income tax liabilities	-908	-908	0	0
Other current liabilities	-26,215	6,215	20,000	0
	<b>-167,539</b>	<b>-33,300</b>	<b>-80,613</b>	<b>0</b>
	<b>-49,574</b>	<b>83,975</b>	<b>-79,923</b>	<b>0</b>

The increase in outstanding financial liabilities is mainly driven by the long-term borrowings consisting solely of the convertible bond issued by the group in 2015 (note 4.).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 42. Financial assets and liabilities

#### 42.1. Categories of financial assets and liabilities

The carrying values of financial assets and liabilities per category are as follows:

EUR k	31 Dec 2016		
	Total	Available for Sale (fair value)	Loans and Receivables (amortized costs)
Financial assets			
Other non-current financial assets	504	504	0
Trade and other receivables	63,539	0	63,539
Other current financial assets	16,292	16,292	0
Cash and cash equivalents	24,982	0	24,982
	<b>105,317</b>	<b>16,796</b>	<b>88,521</b>

EUR k	31 Dec 2015		
	Total	Available for Sale (fair value)	Loans and Receivables (amortized costs)
Financial assets			
Other non-current financial assets	690	690	0
Trade and other receivables	24,313	0	24,313
Other current financial assets	14,992	14,992	0
Cash and cash equivalents	79,123	0	79,123
	<b>119,118</b>	<b>15,682</b>	<b>103,436</b>

EUR k	31 Dec 2016	
	Total	Measured at amortized costs
Financial liabilities		
Long-term employee benefits liabilities	429	429
Long-term borrowings	136,642	136,642
Other non-current liabilities	9,425	9,425
Trade and other payables	78,059	78,059
Short-term employee benefits liabilities	14,001	14,001
Short-term borrowing	1,429	1,429
	<b>239,985</b>	<b>239,985</b>

EUR k	31 Dec 2015	
	Total	Measured at amortized costs
Financial liabilities		
Long-term employee benefits liabilities	613	613
Long-term borrowings	88,572	88,572
Other non-current liabilities	0	0
Trade and other payables	24,929	24,929
Short-term employee benefits liabilities	17,473	17,473
Short-term borrowing	0	0
	<b>131,587</b>	<b>131,587</b>

#### 42.2. Fair value measurement of financial assets and liabilities

Except for the convertible bonds, carrying values are reasonable approximations of the respective fair values.

	31 Dec 2016	
	Carrying amount EUR k	Fair Value EUR k
Financial liabilities		
Long-term borrowings	136,642	132,000
	<b>136,642</b>	<b>132,000</b>

	31 Dec 2015	
	Carrying amount EUR k	Fair Value EUR k
Financial liabilities		
Long-term borrowings	88,572	100,400
	<b>88,572</b>	<b>100,400</b>

The following tables provide the allocation of the fair value of the financial assets and liabilities into the three levels (note 2.6.1.).

EUR k	31 Dec 2016			
	Total	Level 1	Level 2	Level 3
Contingent consideration	15,130	0	0	15,130
	<b>15,130</b>	<b>0</b>	<b>0</b>	<b>15,130</b>
Long-term borrowings	-132,000	-132,000	0	0
Short-term employee benefits (VSP)	-9,366	0	0	-9,366
Heyzap earn-out	-4,466	0	0	-4,466
Inneractive earn-out	-15,228	0	0	-15,228
	<b>-161,060</b>	<b>-132,000</b>	<b>0</b>	<b>-29,060</b>
Net fair value	<b>-145,930</b>	<b>-132,000</b>	<b>0</b>	<b>-13,930</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EUR k	31 Dec 2015			
	Total	Level 1	Level 2	Level 3
<b>Contingent consideration</b>	15,393	0	0	15,393
	15,393	0	0	15,393
<b>Long-term borrowings</b>	-100,400	-100,400	0	0
<b>Short-term employee benefits (VSP)</b>	-9,081	0	0	-9,081
<b>Heyzap earn-out</b>	0	0	0	0
<b>Inneractive earn-out</b>	0	0	0	0
	-109,481	-100,400	0	-9,081
<b>Net fair value</b>	-94,088	-100,400	0	6,312

The contingent consideration on the assets side and on the liabilities side (short-term employee benefits liabilities) values are based on the agreements following Fyber's purchase.

The indemnification asset in connection with the reimbursement of the payout to employees in connection with the virtual share program (Fyber SAR) that are carried in non-current financial assets and other current financial assets are valued according to their underlying obligations which are carried in long-term employee benefits liabilities and short-term employee benefits liabilities.

The fair value of fixed interest long-term borrowings, which refers to the convertible bond was determined using Level 3 techniques by discounting the expected cash flows with a pre-tax cost of debt of 7.8 – 8.0% p.a. Please refer to note 29. and 32. for further details in respect to borrowings.

For the earn-out of Heyzap and Inneractive and the PPA methods please refer to note 5.2 and 5.3.

The amortized costs of the trade and other receivables, other cash and cash equivalents, trade and other payables and short-term borrowings generally approximate fair values due to the short-term maturities of these instruments

### 42.3. Net results by measurement category

EUR k	1 Jan - 31 Dec 2016			
	Recognized through profit and loss			Net result
	from interest	from revaluation		
		Currency effect	Bad debt	
<b>Financial assets</b>				
Available-for-Sale	0	0	0	0
Loans and Receivables	188	-830	-1,006	-1,648
<b>Financial liabilities</b>				
Measured at amortized costs	-9,417	-488	0	-9,905
	-9,229	-1,318	-1,006	-11,553

EUR k	1 Jan - 31 Dec 2015			
	Recognized through profit and loss			Net result
	from interest	from revaluation		
		Currency effect	Bad debt	
<b>Financial assets</b>				
Available-for-Sale	0	0	0	0
Loans and Receivables	146	658	-513	291
<b>Financial liabilities</b>				
Measured at amortized costs	-3,543	386	0	-3,157
	-3,397	1,044	-513	-2,866

### 43. Relationships with related parties

The following table provides the balances with related parties as at 31 Dec 2016 as well as the total amount of transactions that have been entered with related parties during 2016:

	2016			
	Amounts owed by parties	Amounts owed to parties	Sales to parties	Purchases from parties
	EUR k	EUR k	EUR k	EUR k
Key management personnel	0	0	0	3,221
Shareholder				
- Sapinda Invest S.à r.l.	0	0	0	160
	0	0	0	3,381

The following table provides the balances with related parties as at 31 Dec 2015 as well as the total amount of transactions that have been entered with related parties during 2015:

	2015			
	Amounts owed by parties	Amounts owed to parties*	Sales to parties	Purchases from parties
	EUR k	EUR k	EUR k	EUR k
Key management personnel	0	0	0	2,318
Shareholder				
- Sapinda Asia Ltd.	0	0	0	72
- SYSK Ltd.	0	0	0	67
- Lars Windhorst	0	0	0	21
- Sapinda Invest S.à r.l.	0	0	0	268
	0	0	0	2,746

The purchases from key management personnel consists of compensation of EUR k 3,221 (2015: EUR k 2,091).

Outstanding balances with Anoa Capital S.A. are as follows. The disclosure is made as Mr. Dirk van Daele is CEO and controlling shareholder of Anoa Capital S.A. as well as Chairman of the supervisory board of Fyber N.V.

	Anoa Capital S.A.			
	Amounts owed by parties	Amounts owed to parties	Sales to parties	Purchases from parties
	EUR k	EUR k	EUR k	EUR k
<b>2016</b>	0	0	0	667
<b>2015</b>	0	146	0	1,689

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In 2016, the Group purchased Anoa services in connection with the tap issue on the convertible bonds for EUR k 563 (2015: EUR k 1,125) which was not expensed but directly deducted from the bonds proceeds. Further, Anoa provided general corporate advice resulting in charges of EUR k 104 (2015: EUR k 564). Key management personnel include any person that has the authority and responsibility for planning, directing and controlling of the activities of the entities, directly or indirectly.

The Group considers members of either the Management Board or the Supervisory Board of the parent as such key management personnel for which compensation was recognized as follows:

	31 Dec 2016	31 Dec 2015
	EUR k	EUR k
Share-based payments	563	686
Short-term employee benefits	2,635	1,392
Defined contribution plan	230	130
Termination benefits	0	0
	<b>3,221</b>	<b>2,091</b>

### Management Board

	1 Jan – 31 Dec 2016	1 Jan – 31 Dec 2015
	EUR k	EUR k
Andreas Bodczek	1,250	1,082
Heiner Luntz <sup>3)</sup>	512	0
Janis Zech	445	754
Ziv Elul <sup>3)</sup>	307	0
Roger van Diepen <sup>2)</sup>	0	160
Hyunghoon Han <sup>1)</sup>	0	95
	2,514	2,091

### Supervisory Board

Ryan Kavanaugh <sup>4)</sup>	178	0
Dirk van Daele	189	0
Guy Dubois	189	0
Thorsten Grenz <sup>3)</sup>	52	0
Jens Schumann <sup>3)</sup>	47	0
Crid Yu <sup>3)</sup>	52	0
	707	0
	<b>3,221</b>	<b>2,091</b>

- 1) Member until 30 November 2015
- 2) Member until 30 June 2015
- 3) Member since 15 June 2016
- 4) Member until 16 November 2016

The amounts shown in the table above are those recognized as an expense during the reporting period related to key management personnel. Further, Andreas Bodczek and Janis Zech received short-term employee benefits in connection with the Fyber share appreciation rights (note 20. and note 23.) of EUR k 1,130 (2015: EUR k 1,673) and EUR k 1,263 (2015: EUR k 1,885) respectively. Due to the indemnification mechanism in place, the Group is not finally burdened by these benefits.

Members of the Supervisory Board partly received a remuneration for 2015 and 2016 which was entirely recognized as an expense during the reporting period 2016.

### 44. Other financial commitments

Lease payments for 2016 in an amount of EUR k 9,030 (2015: EUR k 3,110) were included in other operating expenses. Future minimum lease payables under non-cancellable operating leases are as follows:

	31 Dec 16	31 Dec 15
	EUR k	EUR k
Due within one year	1,020	556
Due in one to five years	7,554	0
	<b>8,574</b>	<b>556</b>

Future minimum lease payables under non-cancellable operating leases mainly include future real estate lease payments in the amount of EUR k 8,542.

### 45. Average number of employees

During the financial year 2016, the Group, including all fully consolidated companies at the reporting date, had an average of 410 (2015: 298) employees. Personnel expenses in 2016 amounted to EUR k 35,350. A geographic breakdown as of the reporting date is shown in the following table:

Country	2016	2015
	Number of employees	Number of employees
Germany	237	214
USA	96	52
Korea	0	32
Israel	71	0
UK	3	0
China	3	0
	<b>410</b>	<b>298</b>

### 46. Auditors fee

Grant Thornton was elected to audit the financial statements of the Group for the years 2016 and 2017. Before that, the financial



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

statements of the Group were audited by Ernst & Young Accountants LLP. The following fees have been recognized in other operating expenses:

	1 Jan- 31 Dec 2016	1 Jan- 31 Dec 2015
	EUR k	EUR k
<u>Grant Thornton</u>		
Audit services	438	0
Other confirmation services	0	0
Tax consulting services	0	0
Other services	0	0
<u>Ernst &amp; Young</u>		
Audit services	118	534
Other confirmation services	0	0
Tax consulting services	0	0
Other services	0	0
	556	534

Fees charged by Ernst & Young in 2016 related to audit services for the 2015 financial statements.

### 47. Events after the balance sheet date

#### 47.1. Restructuring of the convertible bond

On 18 April 2017 the holders of the Convertible Bonds agreed to the changes of the Bonds' terms proposed by the Group's management. Most notably these were:

- Reduction of the fixed interest rate from 5.0% p.a. to 3.0% p.a.
- Reduction of the conversion price from €4.20 to €3.00
- Waiver of the July 2017 coupon payment

#### 47.2. Financing Facilities secured

In May 2017 Fyber GmbH secured a EUR k 7,500 working capital facility from BillFront to finance the operating business of Fyber Platform.

In June, Inneractive Ltd signed a revolving credit line for USD 18,000 with Bank Leumi, Israel. This facility will be used to finance the cash needs of the overall group both for earn-out and operating needs.

#### 47.3. Acquisition update

Both 2016 acquisitions included earn-out obligations based on the performance of Heyzap and Inneractive after the purchase.

For Heyzap, the performance was to be measured in the period of 45 days prior to the first anniversary on 6 January 2017 on the basis of specific performance criteria. In comparison to the maximum contractual amount of USD 25,000 (including retention amounts), the Company calculated less than 10% of this amount. The sellers of Heyzap contested the calculation asking for an amount that is

substantially higher. In the 2016 financial accounts management have provided for a final settlement at USD k 5,000, which management still expects to be possible. However, a final agreement has not yet been reached.

For Inneractive, the 2016 earn-out component was achieved at 100% due to the outstanding performance of the business in 2016, which exceeded the targets by far. The payment was made in June 2017. Further earn-out payments were due for 2017 (in 2018) and 2018 (in 2019). In July 2017 management decided to accelerate the earn-out by effecting these payments in July 2017 as the future targets were very likely to be exceeded and an acceleration reduces the overall amount due by approx. USD k3,000. .

#### 47.4. Changes in management board and supervisory board

Mr Janis Zech stepped down from the Management Board with effect 1 January 2017.

Mr Yaron Valler was appointed as a temporary member to the Supervisory Board on 13 February 2017, pursuant to Article 25.1 of the Company's Articles of Association. Mr Valler represents former shareholders of Fyber GmbH, whose holdings in the Company jointly exceed 10% of shares in Fyber N.V.

On 5 April Mr Thorsten Grenz decided to step down as member and Vice-chairman from the supervisory board with immediate effect.

On 13 June 2017 the company announced management changes subject to an approval by an Extraordinary General Meeting to be held on 25 July 2017. The proposed changes include the appointment of Ziv Elul (CEO designate), as Managing Director A, Dani Szttern, currently COO of Inneractive, as Deputy CEO, Crid Yu, currently member of the Supervisory Board, as COO and Yaron Zaltsman as CFO. Current CEO Andreas Bodczek and current CFO Heiner Luntz will be leaving the company after a transition period with Andreas Bodczek taking on an advisory role to the Management Board in the future.

#### 47.5. Other

On 11 April 2017 an Extraordinary Shareholder Meeting approved the following main points:

- Change of name from RNTS Media N.V. to Fyber N.V.
- Change of the form of shares from bearer to registered shares
- Changes to the rules of the Supervisory Board including compensation
- Appointment of Grant Thornton as external auditors of the Company

The change of name has been executed on 13 June 2017.

In June 2017 the management board decided to restrike the stock options previously issued to employees to €1.78. Stock Options issued to members of the management board were not re-set.



# Company Financial Statements & Notes to the Financial Statements

For the period from 1 January to 31 December 2016

## COMPANY INCOME STATEMENT

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR k	Notes	1 Jan –	1 Jan –	1 Jan –	1 Jan –	1 Jan –	1 Jan –
		31 Dec 2016	31 Dec 2016	31 Dec 2016	31 Dec 2015	31 Dec 2015	31 Dec 2015
		Adjusted results	Separately disclosed items	Reported results	Adjusted results	Separately disclosed items	Reported results
<b>Revenue</b>	5	0	0	0	0	0	0
Revenue share to third parties		0	0	0	0	0	0
<b>Gross Margin (EUR)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other operating income	6	596	3,899	4,495	13	108	121
Personnel costs	7	-2,270	-674	-2,945	-976	-465	-1,441
Other operating expenses	8	-4,313	-3,157	-7,470	-3,761	-6,423	-10,184
<b>EBITDA</b>		<b>5,988</b>	<b>68</b>	<b>-5,920</b>	<b>-4,724</b>	<b>-6,780</b>	<b>-11,504</b>
Depreciation, amortization and impairment		-18	0	-18	-8	-13,681	-13,689
<b>EBIT</b>		<b>-6,006</b>	<b>68</b>	<b>-5,938</b>	<b>-4,732</b>	<b>-20,461</b>	<b>-25,193</b>
Finance income	9	4,862	0	4,862	2,304	0	2,304
Finance expenses	10	-9,390	0	-9,390	-3,379	0	-3,379
<b>Loss for the year before tax</b>		<b>-10,534</b>	<b>68</b>	<b>-10,466</b>	<b>-5,807</b>	<b>-20,461</b>	<b>-26,268</b>
Income tax expense		843	0	843	4,433	0	4,433
<b>Loss for the year from continuing operations</b>		<b>-9,691</b>	<b>68</b>	<b>-9,623</b>	<b>-1,374</b>	<b>-20,461</b>	<b>-21,835</b>
Other comprehensive income for the year		0	0	0	0	0	0
<b>Total comprehensive income for the year</b>		<b>-9,691</b>	<b>68</b>	<b>-9,623</b>	<b>-1,374</b>	<b>-20,461</b>	<b>-21,835</b>
<b>Earnings per share</b>							
Basic loss per share (EUR)		-0.09	-0.00	-0.09	-0.01	-0.18	-0.19
Diluted loss per share (EUR)		-0.08	-0.00	-0.08	-0.01	-0.17	-0.18

## COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

EUR k	Notes	31 Dec 2016	31 Dec 2015 Restated <sup>1)</sup>	1 Jan 2015 Restated <sup>1)</sup>
<b>Non-current assets</b>				
Intangible assets	12	6	14	23
Non-current financial assets				
Investment in subsidiaries	13	229,966	156,989	163,106
Other non-current financial assets	14	67,714	27,155	18,424
Deferred tax assets		794	1,041	0
		<b>298,480</b>	<b>185,199</b>	<b>181,553</b>
<b>Current assets</b>				
Trade and other receivables	15	1,576	1,014	402
Other current-financial assets	16	8,441	5,430	0
Other current assets	17	264	312	12
Cash and cash equivalents	18	5,660	67,990	52
		<b>15,941</b>	<b>74,746</b>	<b>466</b>
<b>Total Assets</b>		<b>314,421</b>	<b>259,945</b>	<b>182,019</b>
<b>Equity</b>				
Issued capital	19	11,453	11,453	11,453
Share premium		184,812	184,812	184,782
Treasury shares		-5,049	0	0
Other capital reserves		17,518	13,366	3,021
Accumulated deficit		-57,152	-47,529	-25,694
<b>Total equity</b>		<b>151,582</b>	<b>162,102</b>	<b>173,562</b>
<b>Non-current liabilities</b>				
Long-term borrowings	20	136,642	88,572	2,310
Deferred tax liabilities		0	0	0
Other non-current liabilities		9,305	0	0
		<b>145,947</b>	<b>88,572</b>	<b>2,310</b>
<b>Current liabilities</b>				
Trade and other payables	21	15,021	4,870	2,726
Short-term employee benefits liabilities		676	255	0
Short-term borrowings	22	1,195	0	3,421
Other current liabilities	24	0	0	0
Short-term provisions	25	0	4,146	0
		<b>16,892</b>	<b>9,271</b>	<b>6,147</b>
<b>Total liabilities</b>		<b>162,839</b>	<b>97,843</b>	<b>8,457</b>
<b>Total equity and liabilities</b>		<b>314,421</b>	<b>259,945</b>	<b>182,019</b>

<sup>1)</sup> Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made (note 4.).

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR k	Equity attributable to owners of the parent					
	Ordinary shares	Share premium	Treasury shares	Other capital reserves	Accumulated deficit	Total equity
<b>1 Jan 2016</b>	<b>11,453</b>	<b>184,812</b>	<b>0</b>	<b>13,366</b>	<b>-47,529</b>	<b>162,102</b>
Loss for the year after tax	0	0	0	0	-9,623	-9,623
Other comprehensive income	0	0	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9,623</b>	<b>-9,623</b>
Share-based payments	0	0	0	1,715	0	1,715
Acquisition of treasury shares	0	0	-5,049	0	0	-5,049
Discount of low-interest shareholder loans	0	0	0	0	0	0
Equity component convertible bond, net of tax	0	0	0	2,437	0	2,437
<b>As at 31 Dec 2016</b>	<b>11,453</b>	<b>184,812</b>	<b>-5,049</b>	<b>17,518</b>	<b>-57,152</b>	<b>151,582</b>
<b>1 Jan 2015</b>	<b>11,453</b>	<b>184,782</b>	<b>0</b>	<b>3,021</b>	<b>-25,694</b>	<b>173,562</b>
Loss for the year after tax	0	0	0	0	-21,835	-21,835
Other comprehensive income	0	0	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-21,835</b>	<b>-21,835</b>
Share-based payments	0	0	0	2,635	0	2,635
Acquisition of treasury shares	0	0	0	0	0	0
Discount of low-interest shareholder loans	0	30	0	0	0	30
Equity component convertible bond, net of tax	0	0	0	7,710	0	11,239
<b>As at 31 Dec 2015</b>	<b>11,453</b>	<b>184,812</b>	<b>0</b>	<b>13,366</b>	<b>-47,529</b>	<b>162,102</b>

## COMPANY STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

EUR k	Notes	1 Jan – 31 Dec 2016	1 Jan – 31 Dec 2015
<b>Loss for the year before tax</b>		-10,466	-26,268
Depreciation, amortization and impairment		18	13,689
Financial income and expenses		4,529	1,075
Other non-cash effects		-3,277	464
Changes in provisions, employee benefit obligations		-3,739	4,402
Changes in working capital		17,939	-913
<b>Cash generated from operations</b>		<b>5,003</b>	<b>-7,551</b>
Interest received and paid		-6,400	-666
Income tax paid		844	0
<b>Net cash flow from operating activities</b>		<b>-553</b>	<b>-8,217</b>
Purchases, capitalization of intangible assets		0	0
Acquisition of a subsidiary, net of cash acquired		0	0
Change in investments and financial assets, net		-111,695	-21,430
<b>Net cash flow from investing activities</b>		<b>-111,695</b>	<b>-21,430</b>
Proceeds from the issue of shares		0	0
Transaction costs on the issue of shares		0	0
Proceeds from long-term borrowings		50,014	115,000
Transaction costs on the issue of convertible bonds		-1,198	-1,227
Repayment of long-term borrowings		0	-15,000
Proceeds from short-term borrowings		1,102	6,650
Repayment of short-term borrowings		0	-7,838
<b>Net cash flow from financing activities</b>		<b>49,918</b>	<b>97,585</b>
Net changes in cash		-62,330	67,938
Cash at beginning of period		67,990	52
Net foreign exchange difference		0	0
Net changes in cash		-62,330	67,938
<b>Cash and cash equivalents at end of period</b>		<b>5,660</b>	<b>67,990</b>

## NOTES TO COMPANY FINANCIAL STATEMENTS

### GENERAL INFORMATION

#### 1. Corporate information

Fyber N.V. (formerly RNTS Media N.V.) is building a global provider for Advertising Technology (AdTech) with significant growth potential by acquiring and expanding relevant companies and technologies. Its principal activities are currently provided through different platforms. In 2016 Heyzap was acquired in January and Inneractive Ltd. in July.

Fyber N.V. is incorporated in Amsterdam, The Netherlands, and is registered with the Dutch Chamber of Commerce under the number 54747805. The Company's head-office is at Johannisstraße 20, 10117 Berlin, Germany.

The company financial statements of Fyber N.V. as at 31 December 2016 were authorized for issue along with the consolidated financial statements of Fyber N.V. as at 31 December 2016.

Please refer to note 1. of the notes to the consolidated financial statements for further details.

#### 2. Basis of preparation

The company financial statements are separate financial statements according to IAS 27.17 and the financial reporting requirements included in part 9 of book 2 of the Dutch Civil Code.

The company financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) at the balance sheet date.

The company income statement is presented closely aligned to the nature of expense method.

#### 3. Acquisitions in 2016

In 2016, Fyber N.V. acquired 100% of the share capital of Heyzap Inc, USA and Inneractive Ltd., Israel.

Please refer to note 5. of the notes to the consolidated financial statements for further detail.

#### 4. Summary of significant accounting policies

The significant accounting and valuation principles for the company financial statements were applied uniformly as for the Fyber Group.

Please refer to note 2.4. of the notes to the consolidated financial statements.

Consistent to the adjustment made on group level in terms of presenting other current assets and other current liabilities (see note 2.5. of the notes to the consolidated financial statements), the Company for 2016 only includes prepaid expenses in the line item other current assets and only deferred income in other current liabilities. Prior year figures have been adjusted respectively so that for 2015, a reclassification of EUR k 778 (1 January 2015: EUR k 238) from other current to trade and other receivables has

been made as well as reclassification of EUR k 2,148 from other current liabilities to trade and other payables.

Further to the accounting policies described in the consolidated financial statements, accounting policies we applied specific to company financial statements. In this respect, investments in affiliated companies were accounted for at cost. If any indication exists, that such an investment may be impaired, a respective impairment test is performed.

In the course of these impairment tests, management is required to make further estimates and assumptions. These assumptions are basically the same as for the valuation of the cash generating units for the purpose of impairment testing of goodwill on group level with a reconciliation of the cash generating units to the respective subsidiaries. Please refer to note 17. of the notes to the consolidated financial statements for further information.

## NOTES TO THE COMPANY STATEMENT OF COMPREHENSIVE INCOME

#### 5. Revenue

During the reporting period the Company generated no revenue.

#### 6. Other operating income

Other operating income breaks down as follows:

	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
	EUR k	EUR k
Income from reversal of provisions	3,899	0
Other income from subsidiaries	339	0
Income from sale of investment in subsidiaries	191	108
Income from reversal of accrual	107	9
Miscellaneous	4	0
Foreign currency transaction gains	-45	4
	<b>4,495</b>	<b>121</b>

The income from reversal of provisions relates to risks in connection with the investment in Big Star Global including a comfort letter issued in favor to the subsidiary which ended 31 December 2016.

Other income from subsidiaries relates to Group management services charged to subsidiaries.

Income from the sale of investment in subsidiaries resulted from the disposal of Big Star Global. In 2015, the investment in RNTS Media Co. Ltd. was sold.

## NOTES TO COMPANY FINANCIAL STATEMENTS

### 7. Personnel costs

Personnel costs include current personnel expenses and expenses for the stock option program in the amount of EUR k 674. For further information to the stock option plan, please refer to note 8. of the notes to the consolidated financial statements.

### 8. Other operating expenses

Other operating expenses break down as follows:

	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
	EUR k	EUR k
Legal and consulting costs	278	4,801
Affiliates business wound down	0	4,146
Tax & Accounting	282	911
Travel & Entertainment	192	112
Training & Recruiting	109	54
Rent & Utilities	14	8
Foreign currency transactions loss	1,705	7
Marketing	353	5
Professional services	250	3
Other SG&A	4,287	137
	<b>7,470</b>	<b>10,184</b>

### 9. Finance income

	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
	EUR k	EUR k
<u>Interest from loans granted to subsidiaries</u>		
- Fyber	3,084	1,768
- RNTS Germany Holding	1,416	0
- Fyber RTB	195	13
- Interest accrued Heyzap	13	0
- RNTS Media Deutschland GmbH	0	313
	4,708	2,094
<u>Interest from other debt investments</u>		
- Deposit account with ADS Securities LLC	151	145
- Big Star Global	3	65
	154	210
	<b>4,862</b>	<b>2,304</b>

### 10. Finance expenses

	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
	EUR k	EUR k
Interest accrued Convertible Bond	9,354	2,909
Interest accrued Inneractive	36	0
Interest accrued Sapinda S.à r.l.	0	268
Interest accrued Sapinda Asia Ltd.	0	121
Interest accrued Sysk	0	67
Interest accrued Windhorst	0	10
Interest accrued Fyber	0	4
	<b>9,390</b>	<b>3,379</b>

### 11. Separately disclosed items

Please refer to note 2.4.3. of the notes to the consolidated financial statements for the accounting policies with respect to the recognition of separately disclosed items.

Separately disclosed items break down as follows:

	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
	EUR k	EUR k
Non-cash accounting charges for stock options, warrants etc.	-674	-465
Transaction costs related to acquisitions	-3,157	-552
Other non-recurring income and costs	3,899	-5,763
<b>Effect on EBITDA</b>	<b>68</b>	<b>-6,780</b>
Impairment of goodwill, amortization of acquired intangible assets	0	-13,681
<b>Effect on loss for the period after tax</b>	<b>68</b>	<b>-20,461</b>

Non-cash stock option charges, warrants etc. relate to the stock option program (note 8. of the notes to the consolidated financial statements).

Transaction costs of EUR k 3,157 relate to the acquisitions of Inneractive (EUR k 3,087) which were not eligible for being capitalized to the investment as well cost in connection with an acquisition which was not closed (EUR k 70). Inneractive transaction costs contained an extension fee for Inneractive closing window (EUR k 2,254) as well as foreign currency losses caused by the delay of the Inneractive closing (EUR k 833).

In 2016, other non-recurring income of EUR k 3,899 was recognized resulting from the release of the comfort letter for Big Star Global as some risks anticipated in 2015 did not realize following the successful disposal of Big Star Global in April 2016. In 2015, the discontinuation of Big Star Global resulting in costs of EUR k 5,763 in access to the impairment on investments in Big Star Global and RNTS Media Co. Ltd. of EUR k 13,681.

## NOTES TO COMPANY FINANCIAL STATEMENTS

### NOTES TO THE COMPANY STATEMENT OF FINANCIAL POSITION

#### 12. Intangible assets

Intangible assets contain costs incurred by a complete relaunch of the company's website in 2014, which is amortized straight line over three years.

#### 13. Investment in subsidiaries

	2016				
	Fyber GmbH	Inneractive Ltd.	RNTS Germany Holding GmbH	Big Star Global Co., Ltd.	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
<b>1 Jan 2016</b>	156,961	0	28	0	156,989
Initial purchase	0	69,920	0	0	69,920
Transaction costs	0	727	0	0	727
Stock option contribution	754	287	0	0	1,041
Equity component of low interest loans	1,289	0	0	0	1,289
Impairment	0	0	0	0	0
<b>31 Dec 2016</b>	<b>159,004</b>	<b>70,934</b>	<b>28</b>	<b>0</b>	<b>229,966</b>
	2015				
	Fyber GmbH	Inneractive Ltd.	RNTS Germany Holding GmbH	Big Star Global Co., Ltd.	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
<b>1 Jan 2015</b>	153,386	0	0	9,720	163,106
Initial purchase	0	0	25	0	25
Transactions costs	0	0	3	0	3
Stock option contribution	2,171	0	0	0	2,171
Equity component of low interest loans	1,404	0	0	0	1,404
Debt-to-equity swap	0	0	0	2,500	2,500
Impairment	0	0	0	-12,220	-12,220
<b>31 Dec 2015</b>	<b>156,961</b>	<b>0</b>	<b>28</b>	<b>0</b>	<b>156,989</b>

The increase of investment in subsidiaries in 2016 resulted mainly from the acquisition of Inneractive Ltd. in July 2016 for EUR k 69,920. The acquisition of Heyzap Inc. was made indirectly through RNTS Germany Holding GmbH as the acquiring company. Please refer to note 5. of the notes to the consolidated financial statements for further details on both transactions.

The stock option program of the Company is applied for employees of the subsidiaries consistently. The subsidiaries are not obligated to reimburse the Company.

Fyber GmbH was granted shareholder loans at favorable interest rates of 2% p.a. The repayment amount was discounted at market interest rates of 7.8% p.a., the discount being the equity component of the respective loan.

In 2015 the activities of Big Star Global Co., Ltd., which related mainly to edutainment content, were reclassified as discontinued operations in 2015. Consequently, the investment was fully impaired and successfully sold as of 29 April 2016.

As at the reporting date all subsidiaries are fully owned by the company.

#### 14. Other non-current financial assets

	2016				
	Fyber GmbH	RNTS Germany Holding GmbH	RNTS Media Deutschland GmbH	Big Star Global	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
<b>1 Jan 2016</b>	27,152	0	0	0	27,152
Decrease	0	-451	0	0	-451
Increase	18,041	18,648	0	0	36,689
Low-interest component	0	0	0	0	0
Impairment	0	0	0	0	0
Amortization of loan	2,080	0	0	0	2,080
Interest accrued	827	1,417	0	0	2,244
<b>31 Dec 2016</b>	<b>48,100</b>	<b>19,614</b>	<b>0</b>	<b>0</b>	<b>67,714</b>
	2015				
	Fyber GmbH	RNTS Germany Holding GmbH	RNTS Media Deutschland GmbH	Big Star Global	Total
	EUR k	EUR k	EUR k	EUR k	EUR k
<b>1 Jan 2015</b>	16,911	0	0	1,513	18,424
Decrease	0	0	0	-2,500	-2,500
Increase	10,000	0	569	1,000	11,569
Low-interest component	-1,278	0	0	0	-1,278
Impairment	0	0	-882	-70	-952
Amortization of loan	1,052	0	0	0	1,052
Interest accrued	467	0	313	57	837
<b>31 Dec 2015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,152</b>

The interest rates of loans to affiliated companies are as follows:



## NOTES TO COMPANY FINANCIAL STATEMENTS

	Interest rate
RNTS Deutschland GmbH	7.00%
Fyber GmbH	2.00%
Fyber GmbH	7.80%
RNTS Germany Holding GmbH	7.80%

In the reporting period 2015, a loan to RNTS Media Deutschland GmbH was fully impaired again. The loans to Big Star Global Co., Ltd. were not impaired in 2015, because the company was not wound down during the reporting year, instead it was reclassified as discontinued operations.

### 15. Trade and other receivables

The trade and other receivables consist of intragroup receivables against subsidiaries of EUR k 1,244 (2015: 232), VAT receivables of EUR k 236 (2015: EUR k 777) and other of EUR k 96 (2015: EUR k 5).

Please refer to note 4 for further details on reclassification of 2015 amounts.

### 16. Other current financial assets

Other current financial assets consist of short-term lendings to affiliates and ADS Securities LLC.

EUR k	2016			
	1 Jan	Increase	Decrease	31-Dec
ADS Securities LLC	145	25,151	-19,752	5,544
Big Star Global Co. Ltd.	0	144	-144	0
Fyber GmbH	4,872	281	-5,153	0
Fyber RTB GmbH	413	2,287	0	2,700
Heyzap Inc.	0	197	0	197
<b>Total</b>	<b>5,430</b>	<b>28,060</b>	<b>-25,049</b>	<b>8,441</b>

EUR k	2015			
	1 Jan	Increase	Decrease	31-Dec
ADS Securities LLC	0	145	0	145
Big Star Global Co. Ltd.	0	508	-508	0
Fyber GmbH	0	4,999	-127	4,872
Fyber RTB GmbH	0	413	0	413
<b>Total</b>	<b>0</b>	<b>6,065</b>	<b>-635</b>	<b>5,430</b>

The interest rates of short-term loans are as follows:

	Interest rate
Big Star Global Co., Ltd.	8.00%
Fyber GmbH	5.00%
Falk Realtime, Ltd.	8.00%
ADS Securities LLC	0.75%

### 17. Other current assets

Other current assets relate to prepaid expenses of EUR k 264 (2015: EUR k 312). Please refer to note 4 for further details on reclassification of 2015 amounts.

### 18. Cash and cash equivalents

Cash and cash equivalents consists of cash at banks that is freely available.

### 19. Equity

For a breakdown and a development of equity please refer to the company statement of changes of equity.

The consolidated financial statements as at 31 December 2016 report a positive net equity position of EUR k 120,444. The company financial statements as at 31 December 2016 report a positive net equity of EUR k 151,582.

The following table shows the reconciliation of consolidated and company equity for the year ended 31 December 2016 and 2015:

	2016	2015
	EUR k	EUR k
<b>Total consolidated equity</b>	<b>120,444</b>	<b>144,849</b>
Individual subsidiaries (1)	33,485	17,632
Other comprehensive income (2)	-2,347	-379
	<b>151,582</b>	<b>162,102</b>

(1) Fyber N.V.'s investments in its subsidiaries are accounted for using the cost method. Under the cost method, the investments in the subsidiaries are carried in the Company financial statements at cost. Changes in the net asset value of the subsidiaries are not recognized in the company financial statement while they do fully affect the equity carried in the consolidated financial statements.

(2) Other comprehensive income consists solely of the translation of the accounts of the foreign subsidiaries from Korean Won as well as US-Dollar and actuarial gains disclosed in the Financial Statements of Big Star Global Co., Ltd. Please refer to note 28.4. of the notes to the consolidated financial statements for further details.

The following table shows the reconciliation of consolidated and company net income for the year ended 31 December 2016 and 2015:

## NOTES TO COMPANY FINANCIAL STATEMENTS

	2016	2015
	EUR k	EUR k
<b>Total consolidated loss for the year</b>	<b>-25,855</b>	<b>-37,934</b>
Individual subsidiaries	10,738	11,530
Eliminations	5,494	4,569
<b>Total Company only loss for the year</b>	<b>-9,623</b>	<b>-21,835</b>

### 20. Long-term borrowings

Long-term borrowings as of 31 December 2016 and 2015 compile as following:

Creditor	Annual interest rate as of 31 Dec 2016	31 Dec 2016	31 Dec 2015	Maturity date
		EUR k	EUR k	
Convertible bond	5.000%	136,642	88,572	27 July 2020
		<b>136,642</b>	<b>88,572</b>	

The accrued interest of the convertible bond are recognized in the 'Other current liabilities'. For further details to the convertible bonds, please refer to note 4. of the notes to the consolidated financial statements.

### 21. Trade and other payables

The following table shows the elements of the trade and other payables:

	31 Dec 2016	31 Dec 2015
	EUR k	EUR k
Ineractive earn-out due within 1 year	5,922	0
Accrued interest on the convertible bond	3,223	2,145
Trade payables	2,171	1,417
Accrued expenses	733	1,288
Others	2,972	20
	<b>15,021</b>	<b>4,870</b>

### 22. Short-term borrowings

Short-term borrowings relating solely to a bridge-loan granted by Inneractive Ltd. in the course of the purchase of Inneractive.

### 23. Maturity analysis of financial liabilities

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	2016			
	Total	Within 1 years	1 years to 5 years	Over 5 years
	EUR k	EUR k	EUR k	EUR k
Long-term borrowings	150,000	0	150,000	0
Short-term employee benefits liabilities	676	676	0	0
Trade and other payables	15,021	15,021	0	0
Other current liabilities	0	0	0	0
Other non-current liabilities	9,305	0	9,305	0
Provisions	0	0	0	0
<b>Total</b>	<b>175,002</b>	<b>15,697</b>	<b>159,305</b>	<b>0</b>

	2015			
	Total	Within 1 years	1 years to 5 years	Over 5 years
	EUR k	EUR k	EUR k	EUR k
Long-term borrowings	100,000	0	100,000	0
Short-term employee benefits liabilities	255	255	0	0
Trade and other payables	2,723	2,723	0	0
Other current liabilities	25,000	5,000	20,000	0
Provisions	4,146	4,146	0	0
<b>Total</b>	<b>132,124</b>	<b>12,124</b>	<b>120,000</b>	<b>0</b>

### 24. Other current liabilities

Other current liabilities consist mainly of accrued nominal interest (EUR k 2,145) on the convertible bond paid on 26 January 2016. For more information regarding the convertible bond please refer to note 4. in the consolidated financial statements.

### 25. Short-term provisions

	1 Jan 2016	In-crease	Utiliza-tion	Re-versal	31 Dec 2016
	EUR k	EUR k	EUR k	EUR k	EUR k
Liabilities from Big Star Global	4,146	0	-247	-3,899	0
	<b>1 Jan 2015</b>	<b>In-crease</b>	<b>Utiliza-tion</b>	<b>Re-versal</b>	<b>31 Dec 2015</b>
	EUR k	EUR k	EUR k	EUR k	EUR k
Liabilities from Big Star Global	0	0	0	-4,146	4,146

## NOTES TO COMPANY FINANCIAL STATEMENTS

### OTHER DISCLOSURES

#### 26. Capital management

Capital includes equity attributable to shareholders of the Company. The Company has the following net debts:

	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015
	EUR k	EUR k
Long-term borrowings	136,642	88,572
Short-term borrowings	1,195	0
Accrued interest on convertible bond	3,695	2,145
Cash and cash equivalents	-5,660	-67,990
<b>Net debt</b>	<b>135,872</b>	<b>22,727</b>

The sharp increase in long-term borrowings is reducible to the convertible bond, issued during the reporting period 2015. Please refer to note 4. and note 39. of the notes to the consolidated financial statements for further information.

#### 27. Financial assets and liabilities

##### 27.1. Categories of financial assets and liabilities

The carrying values of financial assets and liabilities per category are as follows:

EUR k	31 Dec 2016		
	Total	Available for Sale (fair value)	Loans and Receivables (amortized costs)
<b>Financial assets</b>			
Investment in subsidiaries	231,436	231,436	0
Other non-current financial assets	66,243	0	66,243
Trade and other receivables	1,576	0	1,576
Other current financial assets	8,441	0	8,441
Cash and cash equivalents	5,660	0	5,660
	<b>313,356</b>	<b>231,436</b>	<b>81,920</b>

EUR k	31 Dec 2015		
	Total	Available for Sale (fair value)	Loans and Receivables (amortized costs)
<b>Financial assets</b>			
Investment in subsidiaries	156,989	156,989	0
Other non-current financial assets	27,155	0	27,155
Trade and other receivables	236	0	236
Other current financial assets	5,430	0	5,430
Cash and cash equivalents	67,990	0	67,990
	<b>257,800</b>	<b>156,989</b>	<b>100,811</b>

EUR k	31 Dec 2016	
	Total	Measured at amortized costs
<b>Financial liabilities</b>		
Long-term borrowings	136,642	136,642
Other non-current liabilities	9,305	9,305
Trade and other payables	15,035	15,035
Short-term employee benefit liabilities	676	676
Short-term borrowings	1,195	1,195
	<b>162,853</b>	<b>162,853</b>

EUR k	31 Dec 2015	
	Total	Measured at amortized costs
<b>Financial liabilities</b>		
Long-term borrowings	88,572	88,572
Other non-current liabilities	0	0
Trade and other payables	2,722	2,722
Short-term employee benefit liabilities	255	255
Short-term borrowings	0	0
	<b>91,549</b>	<b>91,549</b>

##### 27.2. Fair value measurement of financial assets and liabilities

Except for the convertible bond, carrying values are reasonable approximations of the respective fair values. Please refer to note 42.2 of the notes to the consolidated financial statements for further information on the convertible bond.

## NOTES TO COMPANY FINANCIAL STATEMENTS

Please refer to note 2.6.1. and note 42.2 of the notes to the consolidated financial statements for further information regarding the fair value hierarchy.

#### 27.3. Net results by measurement category

EUR k	1 Jan - 31 Dec 2016			
	Recognized through profit and loss			Net result
	from interest	from revaluation	Bad debt	
	Currency effect			
<b>Financial assets</b>				
Available-for-Sale	0	0	0	0
Loans and Receivables	4,862	0	0	4,864
<b>Financial liabilities</b>				
Measured at amortized costs	-9,390	-1,750	0	-11,140
	<b>-4,528</b>	<b>-1,750</b>	<b>0</b>	<b>-6,276</b>

EUR k	1 Jan - 31 Dec 2015			
	Recognized through profit and loss			Net result
	from interest	from revaluation	Bad debt	
	Currency effect			
<b>Financial assets</b>				
Available-for-Sale	0	0	0	0
Loans and Receivables	2,304	0	-5	2,299
<b>Financial liabilities</b>				
Measured at amortized costs	-3,397	-3	0	-3,400
	<b>-1,093</b>	<b>-3</b>	<b>-5</b>	<b>-1,101</b>

#### 28. Financial risk management

Please refer to note 41. of the notes to the consolidated financial statements for further information regarding the financial risk management of the comprehensive Group including the Company.

#### 29. Relationships with related parties

Outstanding balances as at 31 December 2016 and 2015 with subsidiaries, key management personnel and shareholders are as follows:

Subsidiaries	2016			
	Amounts owed by parties	Amounts owed to parties	Sales to parties	Purchases from parties
	EUR k	EUR k	EUR k	EUR k
Advertile Mobile GmbH	16	0	14	0
Big Star Global Co., Ltd. thereof allowance	0	0	15	0
Falk Realtime Ltd	0	0	-15	0
	2	0	2	0

Fyber GmbH	47,153	0	3,332	382
Fyber Inc	0	498	0	364
Fyber Media GmbH	266	0	58	0
Fyber RTB	2,725	0	212	0
Heyzap Inc	196	0	13	0
Inneractive RNTS Germany Holding	0	1,215	0	55
RNTS Media Deutschland GmbH thereof allowance	19,981	0	1,416	0
	348	0	338	0
	-348	0	-338	0
<b>Key management personnel</b>	0	0	0	2,467
<b>Shareholder</b>				
- Sapinda Invest S.à r.l.	0	0	0	111
	<b>70,339</b>	<b>1,713</b>	<b>5,047</b>	<b>3,379</b>

	2015			
	Amounts owed by parties	Amounts owed to parties	Sales to parties	Purchases from parties
	EUR k	EUR k	EUR k	EUR k

Subsidiaries	2015			
	Amounts owed by parties	Amounts owed to parties	Sales to parties	Purchases from parties
	EUR k	EUR k	EUR k	EUR k
RNTS Media Deutschland GmbH thereof allowance	927	0	313	0
Big Star Global Co., Ltd. thereof allowance	-927	0	-313	0
Fyber GmbH	607	0	65	0
Fyber GmbH	-607	0	-65	0
Fyber GmbH	32,231	715	1,768	18
Fyber GmbH	414	0	14	0
<b>Key management personnel</b>	0	0	0	736
<b>Shareholder</b>				
- Sapinda Asia Ltd.	0	0	0	72
- SYSK Ltd.	0	0	0	67
- Lars Windhorst	0	0	0	21
- Sapinda Invest S.à r.l.	0	0	0	268
	<b>326,452</b>	<b>715</b>	<b>1,782</b>	<b>1,209</b>

Outstanding balances with Anoa Capital S.A. are as follows. The disclosure is made as Mr. Dirk van Daele is CEO and controlling

## NOTES TO COMPANY FINANCIAL STATEMENTS

shareholder of Anoa Capital S.A. as well as Chairman of the supervisory board of RNTS Media N.V.

Anoa Capital S.A.				
	Amounts owed by parties	Amounts owed to parties	Sales to parties	Purchases from parties
	EUR k	EUR k	EUR k	EUR k
2016	0	10	0	667
2015	0	146	0	1,689

Please refer to note 42. of the notes to the consolidated financial statements for further details.

Compensation for key management personnel for the year ended 31 December 2016 and 2015 are as follows:

	31 Dec 2016	31 Dec 2015
	EUR k	EUR k
Share-based payments	608	0
Short-term employee benefits	1,859	536
Defined contribution plan	0	0
Termination benefits	0	0
	<b>2,467</b>	<b>536</b>

The amounts shown in the table above are those recognized as an expense during the reporting period related to key management personnel. Key management personnel include any person that has the authority and responsibility for planning, directing and controlling of the activities of the entities, directly or indirectly.

The compensation for members of the management board and supervisory board of the Company are as follows:

		31 Dec 2016	31 Dec 2015
		EUR k	EUR k
<b>Management Board Member</b>			
Andreas Bodczek	share-based payment	440	0
	short-term employee benefits	809	281
Roger van Diepen	employee benefits	0	160
	short-term employee benefits	0	95
Hyunghoon Han <sup>1), 3)</sup>	share-based payment	168	0
	short-term employee benefits	343	0
		<b>1,760</b>	<b>536</b>

1) Compensation was paid by subsidiaries of the Company

2) Member of the Management Board until 30 June 2015

3) Member of the Management Board until 30 November 2015

### Supervisory Board Member

Ryan Kavanaugh	share-based payments	178	0
Dirk van Daele	share-based payments	189	0
	share-based payments	189	0
Guy Dubois	share-based payments	52	0
Thorsten Grenz	share-based payments	52	0
Crid Yu	share-based payments	47	0
Jens Schumann	share-based payments	707	0
		<b>2,467</b>	<b>536</b>

The following table summarize the financial income and expenses of the Company from its related parties in 2016 and 2015:

		2016	
		Finance income	Finance expense
		EUR k	EUR k

### Subsidiaries

Fyber GmbH	3,084	0
RNTS Germany Holding GmbH	1,416	0
RNTS Media Deutschland GmbH	338	0
Fyber RTB GmbH	195	0
Big Star Global Co., Ltd.	15	0
Heyzap Inc	13	0
Inneractive Ltd.	0	36
	<b>5,061</b>	<b>36</b>

### Subsidiaries

		2015	
		Finance income	Finance expense
		EUR k	EUR k
Fyber GmbH	1,768	4	
RNTS Media Deutschland GmbH	313	0	
Big Star Global Co., Ltd.	65	0	
Falk Realtime Limited	14	0	
	<b>2,160</b>	<b>4</b>	

### 30. Other financial commitments

There are no other financial commitments.

### 31. Auditors fee

Grant Thornton was elected to audit the financial statements of the Group for the years 2016 and 2017. Before that, the financial

## NOTES TO COMPANY FINANCIAL STATEMENTS

statements of the Group were audited by Ernst & Young Accountants LLP. The following fees have been recognized in other operating expenses:

	1 Jan-31 Dec 2016	1 Jan-31 Dec 2015
	EUR k	EUR k
<b>Grant Thornton</b>		
Audit services	438	0
Other confirmation services	0	0
Tax consulting services	0	0
Other services	0	0
<b>Ernst &amp; Young</b>		
Audit services	118	442
Other confirmation services	0	0
Tax consulting services	0	0
Other services	0	0
	<b>556</b>	<b>442</b>

### 32. Other information

Please refer to note 47. of the notes to the consolidated financial statements for further information on significant events after the balance sheet date.

According to the article 30 of the articles of association as of 14 June 2017 the management board, with the approval of the supervisory board, may decide that part of the profit realized during a financial year be set aside to increase and / or form reserves. The remaining profit will be put at the disposal of the general meeting.

Distributions may be made only insofar as the Company's equity exceed the amount of the paid in and called up part of the issued capital, increased by the reserves which must be kept by virtue of the law or theses articles of association (see article 30.7).

The management propose, regarding to the distribution of the result for the year 2016, to add the losses to the accumulated deficit.

### 33. Remuneration of the management board and the supervisory board

On 21 September 2016, Mr. Ziv Elul joined the management board. Mr. Janis Zech was a board member until 1 January 2017. Mr. Andreas Bodczek and Mr. Heiner Luntz are still board members of the management board.

Please refer to note 29. of the notes to the Company financial statements for information regarding the remuneration of the management board and to note 47.4 of the notes to the

consolidated financial statements in respect of changes of the management board after the reporting date.

During the financial year 2016, the supervisory board was extended by the appointment of Mr. Thorsten Grenz, Mr. Jens Schumann and Dr. Crid Yu as of 15 June 2016. Mr. Ryan Kavanaugh stepped down as member of the supervisory board with effect of 16 November 2016. Mr. Dirk van Daele and Mr. Guy Dubois are still members of the supervisory board.

Please refer to note 29. of the notes to the company financial statements for information regarding the remuneration of the supervisory board and to note 47.4 of the notes to the consolidated financial statements in respect of changes of the supervisory board after the reporting date.

## Authorization of Consolidated and Company Annual Accounts

Amsterdam, 25 July 2017

### Management Board Members\*

Andreas Bodczek  
Ziv Elul  
Heiner Luntz

### Supervisory Board Members

Dirk van Daele  
Guy Dubois  
Jens Schumann  
Yaron Valler  
Crid Yu

\* On 25 July 2017, hence very shortly before the signing of these annual accounts, three new directors were appointed to the management board of the company, two of whom, Mr Yaron Zaltsman and Mr Daniel Sztern, were not involved with the company in financial year 2016 and were not involved in the preparation of these annual accounts. Mr Yaron Zaltsman and Mr Daniel Sztern have not been asked to sign the annual accounts for that reason. The third new management board member, Dr. Crid Yu, was a supervisory director of the Company until the same date, and signed as such.





# Other Information

## Appropriation of Profit

Articles of association provisions governing profit appropriation

According to the article 30 of the articles of association as of 14 June 2017 the Management Board, with the approval of the Supervisory Board, may decide that part of the profit realized during a financial year be set aside to increase and / or form reserves. The remaining profit will be put at the disposal of the General Meeting.

Distributions may be made only insofar as the Company's equity exceed the amount of the paid in and called up part of the issued capital, increased by the reserves which must be kept by virtue of the law or theses articles of association.

**The appropriation of profit is governed by Article 30 of the Articles of Association, which reads as follows:**

### **Article 30. Profits and Distributions.**

**30.1** The Management Board, with the approval of the Supervisory Board, may decide that part of the profits realized during a financial year be set aside to increase and/or form reserves.

**30.2** The profits remaining after application of Article 30.1 will be put at the disposal of the General Meeting. The Management Board, with the approval of the Supervisory Board, will make a proposal for that purpose. A proposal to pay a dividend will be dealt with as a separate agenda item at the General Meeting of Shareholders.

**30.3** Distributions from the Company's distributable reserves are made pursuant to a resolution of the Management Board, with the approval of the Supervisory Board.

**30.4** Provided it appears from an interim statement of assets signed by the Management Board that the requirement mentioned in Article 30.7 concerning the position of the Company's assets has been fulfilled,

the Management Board may, with the approval of the Supervisory Board, make one or more interim distributions to the Shareholders.

**30.5** The Management Board may, with the approval of the Supervisory Board, decide that a distribution on Shares shall not take place as a cash payment but as a payment in Shares, or decide that the Shareholders shall have the option to receive a distribution as a cash payment and/or as a payment in Shares, out of the profit and/or at the expense of reserves, provided that the Management Board is designated by the General Meeting pursuant to Articles 6.2 and 6.3. With the approval of the Supervisory Board, the Management Board shall determine the conditions applicable to the aforementioned choices.

**30.6** The Company's policy on reserves and dividends shall be determined and can be amended by the Management Board, subject to the

approval of the Supervisory Board. The adoption and thereafter each amendment of the policy on reserves and dividends shall be discussed and accounted for at the General Meeting of Shareholders under a separate agenda item.

**30.7** Distributions may be made only insofar as the Company's equity exceeds the amount of the paid in and called up part of the issued capital, increased by the reserves which must be kept by virtue of the law or these Articles of Association.

### **Article 31. Payment of and Entitlement to Distributions.**

**31.1** Dividends and other distributions shall be made payable within four weeks after adoption, unless the Management Board sets another date for payment.

**31.2** A claim of a Shareholder for payment of a distribution shall be barred after five years have elapsed after the day of payment.

# Financial Calendar 2017

## Results Announcements

H1 2017 Results  
[20 September 2017](#)

Q3 2017 Results  
[22 November 2017](#)

Annual General Meeting  
[28 September 2017](#)

Annual Analyst Meeting  
[27 November 2017](#)

# About Fyber N.V.

FORMERLY RNTS MEDIA N.V.

Fyber is a leading advertising technology company. It empowers app developers and digital publishers to generate business-critical revenue streams with targeted advertising, enabling them to optimize the yield they generate from advertising. Through its core assets, Fyber and Inneractive, the Company's technology infrastructure reaches more than one billion monthly active users. Fyber's technology is channel-neutral and provides an open-access platform for advertisers and publishers. Its platforms enable cross-device advertising with a global reach and a strong focus on video. Fyber was founded in 2010 as RNTS Media and is headquartered in Berlin, Germany. The Company employs more than 390 talented people globally and is listed on the Prime Standard of Frankfurt Stock Exchange under the symbol 'RNM.' In 2016 the fast-growing company won a number of awards including: Deloitte Technology Fast 500™ 2016 EMEA company; was placed in Gruenderszene's Top 50 growth ranking 2016, and won the Golden Bridge Gold Award 2016.

# Editorial

Fyber N.V. (Naamloze Vennootschap) is a public company with limited liability, incorporated under the laws of the Netherlands

Corporate Seat: Amsterdam  
Kamer van Koophandel, KvK number 54747805  
Fyber N.V., Zweigniederlassung Deutschland

Office Address: Johannisstraße 20, 10117 Berlin, Germany  
Amtsgericht Charlottenburg HRB 166541B  
Management Board: Andreas Bodczek (CEO), Heiner Luntz (CFO), Ziv Elul (COO)  
Chairman of the Supervisory Board: Dirk van Daele

VAT ID No.: DE283688947  
ISIN Code: NL0010315453  
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To: the annual meeting of shareholders and the supervisory board  
of Fyber N.V.

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## INDEPENDENT AUDITOR'S REPORT

### A. Report on the audit of the financial statements 2016

#### Opinion

We have audited the financial statements 2016 of Fyber N.V., based in Amsterdam, as set out on pages 86 to 135. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Fyber N.V. as at December 31, 2016, and of its result and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Fyber N.V. as at December 31, 2016 and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at December 31, 2016;
2. the following statements for 2016: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at December 31, 2016;
2. the company profit and loss account for 2016; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

#### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Fyber N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 3.500.000. The materiality is based on 2% of revenue. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of EUR 175.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

#### Scope of the group audit

Fyber N.V. is at the head of a group of entities. The Fyber business, managed from Germany, and the Inneractive business, managed from Israel, form the majority of the business and there are relatively smaller operations in other European countries, as well as in the USA and Asia. The financial information of all these entities is included in the consolidated financial statements of Fyber N.V.

Our group audit mainly focused on the more significant group entities, the Fyber business and Inneractive business, due to their significance and risk characteristics. For these entities, we used Grant Thornton component auditors in Germany and Israel, who are familiar with local laws and regulations, to perform full scope audit procedures. For other group entities we performed review procedures or specific procedures.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated



financial statements as a whole. The group engagement team has visited the component teams.

The group consolidation, financial disclosures and a number of complex items were audited by the group engagement team, with assistance from the component auditors at the company's head office. We involved Grant Thornton specialists to assist the audit team, including specialists from our tax, valuation and IT audit departments.

By performing audit procedures at group entities as mentioned above, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

#### Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed. These matters were addressed in the context of our audit on the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Our audit strategy
<p><i>Going concern</i></p> <p>As the company has rapidly grown, both organically and through acquisitions, funding of the company is a key focus point of management. The availability of sufficient funds by arranging new- and complying with existing financing agreements is a key assumption for the going concern basis of accounting. These cashflows from financing activities need to be in line with those from investment and operating activities. The estimated expected future cash flows from operating activities are largely based on management's expectations and estimates. These are uncertain as they are influenced by subjective elements such as forecasted results and margins from operating activities. As a result we have identified the going concern basis of accounting as a key audit matter. We refer to note 2.2 going concern considerations in the financial statements.</p>	<p>The audit procedures performed consist of, among others, reviewing the cash flow forecast by evaluating the underlying assumptions. For that purpose, we challenged the approved budget including management expectations and estimates. We considered projected cash flows from operating activities in combination with these from investing activities, including CAPEX, acquisitions and divestments. We also reviewed the availability of facilities to provide the company with additional funding, in order to conclude on the appropriateness of using the going concern basis of accounting as well as on the notes thereto.</p>
<p><i>Revenue recognition</i></p> <p>We have identified revenue recognition as a key audit matter because of the industry specific risks. The major revenue generating</p>	<p>Our audit focused, among others, on internal control measures in combination with substantive procedures. Internal</p>

<p>business processes are technology-driven, leading to complexities in assessing the accuracy, completeness and cut off of the revenue recognized. These risk characteristics, in combination with the significance of revenue and accounts receivables are the reason for identifying revenue recognition as a key audit matter.</p>	<p>controls assessed related to proper cut off of revenue, pricing, monthly reconciliation between the tracking data, billing information and revenue recognized for the purpose of assessing the accuracy and completeness of revenue. As these procedures are predominantly technology-driven, we have used our IT audit specialists to support us. Substantive procedures consisted, among others, of analytical procedures, cut off testing, price testing, review of subsequent cash receipts, ratio analysis and journal entry testing.</p>
<p><i>Goodwill</i></p> <p>During the year Heyzap Inc and Inneractive Inc were acquired. As a result of these transactions the recognized goodwill on the balance sheet increased significantly. At December 31, 2016, the goodwill amounts to € 217,0 million (2015: € 144,2 million).</p> <p>Fyber N.V. is required under EU-IFRS to test annually the amount of goodwill for the possible existence of impairments. This annual impairment test is key for our audit, since the estimation process is complex and highly subjective and is based on assumptions. These assumptions are influenced by anticipated future market developments and economic conditions, revenue growth, margin developments, discount rate and terminal growth rates. The key assumptions and sensitivities are disclosed in note 17 of the consolidated financial statements.</p>	<p>Our audit procedures included, among others, obtaining an understanding of the valuation model used as well as the assumptions, such as the WACC, assessment of the cash generating units and the cashflow forecasts. We evaluated the assumptions and cashflow forecasts in relation to the five-year-plan approved by management, involving independent valuation specialists of Grant Thornton to support us in our audit.</p> <p>We also focused on the adequacy of disclosures in the financial statements.</p>

#### B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board's report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

#### C. Report on other legal and regulatory requirements

##### Engagement

We were engaged by the supervisory board in December 2016, and our appointment as auditor of Fyber N.V. was formally confirmed in an extraordinary shareholder meeting on April 11, 2017. We have operated as statutory auditor since that date.

#### D. Description of responsibilities regarding the financial statements

##### Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect, we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, July 25, 2017

Grant Thornton Accountants en Adviseurs B.V.

N.H.B. Jonker