Fyber

Fyber N.V.

Q3 2019 Results Statement

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Fyber N.V. and its subsidiaries ("Fyber" or "the Company") is a leading advertising technology company, developing a next generation platform for the programmatic trading of ads, in a data-driven environment. Its mission is to fuel the creation of quality content by empowering app developers to monetize their content through advanced technologies, innovative ad formats and data-driven decision-making. Fyber provides an open-access technology platform for both publishers and digital advertisers with a global reach, has offices in Berlin, Tel Aviv, San Francisco, New York, London, Beijing and Seoul and employs more than 270 people. The Company is listed on the Prime Standard of Frankfurt Stock Exchange under the symbol 'FBEN'.

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Key Figures

Financial Performance

	For the nine months ended		For the three months ended		For the year ended
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	31 Dec 2018
	in € millions				
Gross revenue	**82.7**	**89.9**	**28.6**	**31.1**	**128.5**
Net revenue	**28.8**	**32.5**	**9.1**	**11.3**	**46.1**
Net revenue margin	34.8 %	36.2 %	31.8 %	36.3 %	35.9 %
IT cost *	(7.2)	(8.7)	(2.4)	(3.0)	(11.2)
R&D cost *	(8.7)	(10.0)	(2.8)	(3.6)	(13.5)
S&M cost *	(11.5)	(15.0)	(3.6)	(4.4)	(19.6)
G&A cost *	(4.7)	(6.7)	(2.0)	(2.2)	(9.0)
EBITDA*	**(3.3)**	**(7.9)**	**(1.7)**	**(1.9)**	**(7.2)**

* Note: Unaudited, adjusted figures – Adjusted EBITDA is excluding one-off impacts such as impairment of goodwill, acquisition related costs and option plans and is not a measure calculated in accordance with IFRS. For further details on the adjustment please refer to the 'Financial performance' table in the 'Business Performance' chapter below.

Statement from the CEO

Dear Shareholders,

In the first three quarters of 2019, Fyber delivered a gross revenue of €83 million at an adjusted EBITDA of -€3 million. The net revenue margin amounted to 35% and we achieved a decrease in the operational cost base of more than 20% compared to the first nine months of 2018 thanks to careful cost management and successful cost saving initiatives in all areas, while not limiting the Company's ability to further develop its technology and products.
The overall gross revenue contracted slightly by 8% compared to the same period last year, underachieving our yearly planning. In part, this is based on the strategic decisions initiated in 2018 to refocus our business on programmatic technologies for app developers. The biggest impact was however Apple's ban of certain ad campaigns within the Offer Wall ad format, the key contributor to Fyber's non-programmatic business.

Nevertheless, Fyber achieved a year-over-year growth of 20% in its core programmatic business, led by our ad exchange Fyber Marketplace and innovative publisher monetization platform Fyber FairBid. For the latter, the initial results show an increase in revenue per user for publishers, driven by our technology enabling more advertisers to compete for each ad impression and improved technical ad delivery. These improvements underline the value we set out to deliver to the market with this product – driving efficiency, transparency and fairness. A recent case study with one our gaming publishers confirmed the benefits of programmatic trading and the opportunities opened up by app bidding. After integrating Fyber FairBid, the game developer decided to maximize operational efficiency by running all monetization 100% programmatically. The unified auction setup yielded significantly better results compared to the traditional mediation model and delivered a 20% uplift in average revenue per daily active user. Additionally, the team found themselves freed from the operational overhead that traditional monetization required and had more time to focus on game development – highlighting key advantages of app bidding and part of the reasons we invested into this technology in the first place.
While we strongly believe in the product, the roll-out to our clients is a time-consuming, technical process and can only be achieved gradually. During the past quarter, the growth in core programmatic business was not able to offset the revenue decline stemming from other products, and we therefore adjusted our gross revenue guidance for the full year 2019 to around €120 million.

We aim to further grow the network of Fyber FairBid clients, both on the side of publishers and advertisers, as we strongly believe our product is aligned with where the mobile advertising market is heading – automated, yet traceable and fair monetization enabling true yield optimization.

We are seeing a consistent increase in the adoption of programmatic technology by app developers and advertisers alike. A recent research report we commissioned reaffirmed this trend, as two-thirds of the surveyed app developers named app bidding and unified auction technology to be the future of ad monetization. Our research also showed strong awareness of this technology among surveyed advertisers, with the majority stating that they will increase their exposure to app bidding or unified auction over the next few years, predicting in some cases

over 60% increase in their investment. With accelerating adoption of programmatic technology in the app ecosystem, we also expect to see our sales cycles shortening as less client education and training will be required.

On the corporate finance side, following the voluntary exchange of half of Fyber's €150 million convertible bonds facility in April this year, bondholders delayed the remaining part of the facility and related interest payments to 2022 – giving us more time and flexibility to achieve our ambitious product and business roadmap laid out for the coming months and years and turn this potential into sustainable growth.

Keeping in mind that we are still in the early stages of our industry's programmatic journey, we remain very positive about the immediate opportunities ahead of us and about Fyber's long-term future, as we continue to execute on our firmly established strategy.

My sincere thanks go out to all our shareholders, bondholders, business partners and employees for their continued trust and support in reaching our goals.

Ziv Elul
Chief Executive Officer
November 2019

Report from the Managment Board

Business Model

Fyber is a leading advertising technology company. Entirely focused on one of the most inspiring and dynamic markets, Fyber connects app developers with advertisers worldwide, enabling them to generate business-critical revenue streams from digital advertising.

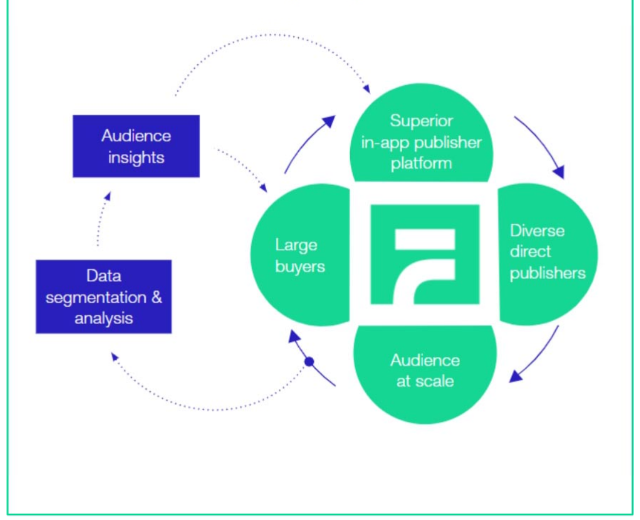
Our vision is to become the primary monetization platform for the in-app environment, providing a powerful platform to publishers that allows them to centrally manage and execute all their monetization strategies across screens, ad formats, industry verticals and geographies.

Fyber's current product offering includes an ad exchange, ad server, programmatic ad network mediation, app bidding, data services, and various publisher tools. Our automated real-time bidding mechanisms ensure the delivery of relevant, high-paying ads, optimizing the yield for publishers with every ad impression. For transactions placed via the Fyber exchange, the Company retains a share of the ad spend advertisers place via the platform.

Fyber's strategy

To work towards the above stated vision, we center our investment and growth strategy around our publisher platform, which offers app developers superior, independent technology and is fully focused on optimizing their yield generation.

The Fyber flywheel



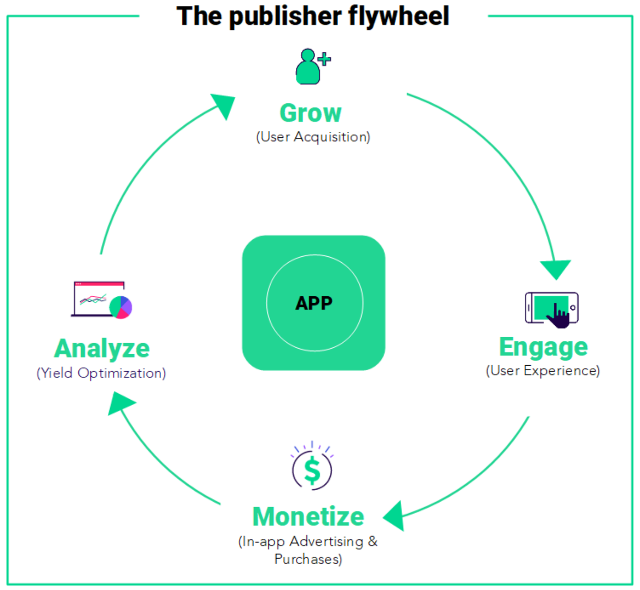
This enables Fyber to directly integrate with major publishers through a software development kit ('SDK') – a close technological integration offering close collaboration and high-quality data insights. Through these direct integrations the Company gains access to a global audience at scale.

The number of publishers, users and the quality of the direct integrations enable Fyber to attract many advertisers and buyers, which in turn is also one of the key selling points to publishers. This positive network effect helps to grow Fyber further, as strengthening each step of the flywheel reinforces all others and creates further momentum for the success of the Company.
Leading data tools enable data-driven decision making, advanced audience segmentation, and the optimization of advertising, as such supporting all aspects of the flywheel.

Q3 2019 Results Statement

Fyber's product focus

Our product focus and investment strategy are centered around supporting app developers along the full circle of their value creation, summarized below in the "publisher flywheel". For this purpose, we are constantly optimizing our existing product portfolio, bringing new innovative publisher tools to the market and expanding our offering to cover all aspects of the publishers' business needs.



App developers' circle of value creation

Grow: Paid user acquisition to grow the app upon its launch and continuously introduce new users to the app

Engage: Improve retention and reduce churn of users by providing a balanced user experience that compliments the app's content and combines brand and performance advertising delivered, among others, via opt-in, non-intrusive ad formats (such as rewarded video ads)

Monetize: Provide publishers with access to high quality advertising campaigns and flexible tools that power tailored ad monetization strategies, thus maximizing yield

Analyze: Provide publishers with the ability to accurately measure ad revenue at the user level, analyze the return on investment for each cohort of acquired users, and optimize both their monetization and user acquisition strategies

Fyber's product suite covers many aspects of the flywheel, led by three core pillars:

Fyber FairBid

Fyber's app bidding solution mends key pain points of current mediation solutions by enabling all types of buyers to compete simultaneously over each ad impression in real-time. This maximizes the competition among demand sources, leads to true yield optimization for app developers and minimizes missed revenue and advertising opportunities for both the supply and the demand side. The product combines the Company's long-standing expertise of mediation and real-time bidding and brings leading demand to publishers through powerful partnerships with key ad networks such as Facebook Audience Network, AdColony or Tapjoy.
In this sense, Fyber FairBid is not only the evolution of mediation by bringing true app bidding to the market, but it is also the central piece of Fyber's integrated technology offering, and geared towards becoming a holistic platform for publishers and their monetization needs.
The release of the new Fyber FairBid in August 2019 expanded the platform beyond app bidding to a comprehensive integrated in-app monetization platform. Fyber FairBid brings together programmatic mediation, traditional mediation, app bidding and a big variety of global demand sources integrations in one easy-to-use publisher dashboard. The product also includes ad placements and instances, two key features app developers use to fine-tune when, where and how ads are displayed within their app, as well as Dynamic Reports tools, that allow for in-depth data insights straight from within the dashboard.

Fyber Marketplace

Fyber Marketplace is a programmatic marketplace for the in-app environment, specialized on display ad formats with a growing source for video demand. The Fyber Marketplace brings together thousands of app developers and their global audiences with a more than 180 local and global advertising partners (demand-side platforms, direct advertisers etc.) that offer campaigns and bid on the app's ad spaces.
The Fyber Marketplace stands out based on a mix of brand and performance advertising with superior ad quality, as well as our consultative expert support in guiding app developers through the programmatic environment and optimizing performance while maintaining ad quality.

Offer Wall Edge

Offer Wall is an opt-in, value-exchange ad format, primarily used within gaming apps. The Offer Wall provides users with a list of offers from various advertisers, ranging from watching a video or completing a survey to trying out another game. Each offer is assigned a specific value in the virtual currency used in the app, and users can choose to complete these offers and collect rewards, that can be used to make progress in the game that they are playing. Fyber is one of the leading providers of this high-value format, continuously introducing improvements to our Offer Wall Edge product, such as a state-of-the-art user interface redesign, more functionality and enhanced reporting tools.
Offer Wall Edge is particularly suitable to complement app developers' in-app purchase strategies. It can help increase the lifetime value of users within games by driving high engagement and because of the inherent higher price levels per ad that this format achieves.

Our Differentiators

We built our strategy and focused our investments around the fastest-growing areas in ad tech: advanced programmatic trading & in-app header bidding, data-driven audience segmentation and video advertising. By enhancing our offering in these areas through organic and acquisition-driven growth we were able to secure a strong market position based on the following key strengths:

One-stop-shop for publisher

We solve many of app developers' key challenges when it comes to monetization by offering the latest technology, a comprehensive mediation platform, an easy-to-use dashboard, access to relevant demand sources and guaranteed yield optimization that puts publishers' interests first

Advanced data insights

Actionable audience insights to create highly desirable user segments & granular real-time reporting to optimize monetization on-the-fly

Expert guidance

Strategic guidance on yield optimization from Fyber's monetization experts

For investors, the Company's value lies among other factors in our market positioning and the growth prospect stemming from our direct publisher integrations – a clear competitive advantage in our field.

- **Fast-growing market dominated by a few key players:** Focused on in-app advertising, one of the fastest growing advertising segments at a CAGR of above 17% between 2018 and 2022 (Source: Fyber estimate based on eMarketer 2019 data), with Fyber being one of the few international independent companies of scale

- **Defensible competitive position:**
  - Deliberate focus on supporting app developers, as all our technology assets were built specifically for this purpose
  - Less competition than on the advertiser side of the value chain, which is dominated by major providers such as Google and Facebook; Fyber is instead partnering with many of these leading demand companies and captures parts of their advertising budgets, which are processed through the Fyber platform
  - Fyber FairBid is at the forefront of publisher monetization technology with mature, battle-tested capabilities across multiple ad tech disciplines, a combination very few companies in this market possess
  - Significant scale of direct integrations that are done with each individual app making it difficult for new challengers to achieve equivalent market position
  - Extensive demand relationships with over 180 individual demand partners providing global advertising coverage for our publishers

- **Direct publisher integrations:** The direct SDK-based integrations with leading publishers are among our main assets, positioning Fyber as a trusted source of high-quality in-app inventory at scale. This is decisive as quality, viewability and brand safety become key selling points

- **Diversified revenue base:** Catering to all publisher verticals with tailored product solutions including gaming, social media, messaging, utility, productivity, entertainment, and news

Business Performance

One of the key pillars of Fyber's strategy is the focus on advanced programmatic trading such as app bidding. Fyber FairBid, our publisher platform including app bidding capabilities, is the strategic feature that is setting us up for sustainable growth, to expand our market share and best support our aim of becoming the independent primary platform of choice for app publishers. The organic growth in Fyber's core programmatic business continued with gross revenue increasing by 20% to €53.4 million (Q1-Q3 2018: €44.5 million).

The non-programmatic business declined notably during the first nine months 2019, by 27% year-over-year ('YoY'), leading to a decrease in **total gross** revenue of 8% to €82.7 million (Q1-Q3 2018: €89.9 million). This is largely based on the negative external effects of Apple's ban on app install campaigns within the Offer Wall ad format. Fyber is one of the leading Offer Wall providers, which is an ad unit that lists various offers by advertisers, ranging from watching a video, completing a survey or installing another game, that users can complete in order to receive a reward within the app they are using. This last category of ads, encouraging users to download other apps, has been banned by Apple in the course of H1 2019, based on their guidelines not to allow for "an interface for displaying third-party apps, extensions, or plug-ins similar to the App Store", apparently in an effort to prevent any manipulation of the app charts.

The Company partly off-set the decline as the income from Offer Wall is diversified across different ad campaign types as well as different app stores unaffected by the ban. Fyber is working on further diversifying the ad format, such as strengthening different ad campaign types and expanding the client groups using them. Additionally, the Company started 2019 from a lower revenue base, as 2018 still included revenues from business with aggregators on the publisher side and charging screen ads. Please refer to our latest Annual Report for details on these so-called 'one-off effects' and their distribution.

Gross revenue composition

	Q1 - Q3 2019	Q1 - Q3 2018	Change YoY	FY 2018	FY 2017	Change YoY
			in € millions, rounded			
Programmatic	53.4	44.5	20 %	65	59	10 %
Non-programmatic	28.0	38.4	-27 %	57	86	-34 %
One-off effects	1.3	7.0	n/a	7	85	-92 %
Reported gross revenue	82.7	89.9	-8 %	129	230	-44 %

P&L Highlights

	For the nine months ended		For the three months ended		For the year ended
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018	31 Dec 2018
			in € millions		
Gross revenue	82.7	89.9	28.6	31.1	128.5
Net revenue	28.8	32.5	9.1	11.3	46.1
Net revenue margin	34.8 %	36.2 %	31.8 %	36.3 %	35.9 %
Other cost of revenue	(14.9)	(18.1)	(5.1)	(6.0)	(23.1)
Gross profit	13.9	14.4	4.0	5.3	23.0
Research & development	(9.7)	(10.3)	(3.1)	(3.8)	(14.0)
Sales & marketing	(12.2)	(15.3)	(3.9)	(4.6)	(20.2)
General & administrative	(6.2)	(7.6)	(2.7)	(2.2)	(10.4)
Depreciation, amortization and impairment	10.3	10.2	4.2	3.2	12.8
Stock option plan & others	0.6	0.7	(0.2)	0.2	1.6
EBITDA*	(3.3)	(7.9)	(1.7)	(1.9)	(7.2)

* Note: Adjusted to eliminate one-off impacts such as acquisition-related costs and option plans.

We define adjusted EBITDA as our consolidated earnings before financial income (expense), income taxes, depreciation and amortization, adjusted to eliminate one-off impacts such as acquisition-related costs, deferred price consideration and option plans. Adjusted EBITDA is not a measure calculated in accordance with IFRS. We have included adjusted EBITDA in this form because it is a key metric used by our Management Board and Supervisory Board to evaluate operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. In particular, we believe that the adjusted EBITDA can act as a useful metric for period-over-period comparisons of our core business. Accordingly, we believe that this metric provides useful information to investors and others in understanding and evaluating our operational results in the same manner our management does.

The **net revenue** margin decreased to 34.8% from 36.2% compared to the first nine months of 2018, due to the increased portion of the programmatic business which has lower margins than the non-programmatic business.

Other cost of revenue includes IT cost and amortization of technology and customer relationships acquired through business combinations and amounted to €14.9 million compared to €18.1 million last year. IT cost, which includes mainly server cost, accumulated to 8.7% of gross revenue, compared to 9.7% last year.

Sales & marketing cost accumulated to €12.2 million, a reduction of 20% compared to last year, and **general & administrative** cost amounted to €6.2 million, a reduction of 18% compared to last year. As we are maintaining our efforts in providing best-in-class technology to our clients we keep a high level of investment into **research & development,** with cost amounting to €9.7 million, reflecting a small reduction of 6% compared to last year.

These developments contributed to limiting the loss in **adjusted EBITDA** for the first nine months of 2019 to €3.3 million compared to €7.9 million for the same period last year. As the organizational integration of former group companies is complete we do not expect additional major reductions going forward, therefore our ability to achieve positive adjusted EBITDA depends on achieving revenue growth.

Cash flow and going concern considerations

in € millions	1 Jan - 30 Sep 2019	1 Jan - 31 Dec 2018
Net cash flow from operating activities	(15.3)	(16.7)
Net cash flow from investing activities	(5.5)	(4.1)
Net cash flow from financing activities	14.9	15.2
Net change in cash and cash equivalents	**(5.9)**	**(5.6)**
Net foreign exchange difference	1.5	0.3
Opening balance cash and cash equivalents	12.3	17.6
Closing balance cash and cash equivalents and cash deposits	**7.9**	**12.3**

The one-off effects that impacted the revenue development outside of Fyber's core business during 2018 resulted in high negative operating results, which were financed mainly by debt facilities provided by Tennor Holding B.V. (formerly Sapinda Holding B.V., "Tennor").

As in recent years and in line with the natural seasonality of the ad tech market, the fourth quarter is forecasted to be the strongest quarter in terms of gross revenue, with the growth trajectory of the core programmatic business to continue at a similar rate. Therefore we do not foresee a substantial reduction in our cash balance by the end of the year.

Based on our estimation that the core programmatic business will continue its growth with similar rates as reported in 2019 and the non-programmatic business will remain stable at current rates, the Company's working capital is sufficient to meet existing payment obligations becoming due within the next 12 months.

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.

Financial and asset position

in € millions	30 Sep 2019	31 Dec 2018
Intangible assets	155.8	155.6
Other assets	15.6	2.3
Cash and cash deposits	7.9	12.3
Trade and other receivables	35.7	31.2
Other financial assets	8.3	8.3
Total assets	**223.3**	**209.7**
Interest bearing loans	123.7	173.0
Trade and other payables	35.4	38.4
Employee benefits liabilities	5.6	8.3
Other liabilities	19.9	4.6
Deferred tax liabilities	0.6	1.0
Total liabilities	**185.2**	**225.3**
Total equity	**38.1**	**(15.6)**

The increase in other assets and other liabilities is due to the first implementation of IFRS16.

Following the recent partial conversion of €74.2 million worth of outstanding convertible bonds (the "Bonds", €150 million original principal, 07/2020, ISIN XS1223161651), the Company is mainly financed through the remaining outstanding amount of Bonds of €75.7 million as well as shareholder loans from Tennor in the aggregate amount of €30 million, half of which mature in June 2021 and the other half in June 2022.

The new maturity date of the Bonds is July 2022, following the delay of the principal and all related interest payments approved by a recent bondholder meeting. Please refer to the 'Subsequent Events' section for more details.

Subsequent Events

Adjourned bondholder meeting completed
On 8 October 2019, the bondholder meeting approved all proposed changes to the Bonds' terms and conditions, including (i) moving the final redemption date from July 2020 to July 2022, (ii) delaying all interest payments until this new redemption date and (iii) amending the conversion price from €3.0 to €0.3, which will be subject to approval by the Extraordinary Meeting of shareholders in December 2019.

Extraordinary Meeting of shareholders convened
The Company convened an Extraordinary Meeting of shareholders for 12 December 2019, to suggest the authorization to issue new shares reflecting the new conversion price of Bonds (€0.3), as well as to appoint the current interim members of the Supervisory Board, Franklin Rios and Tarek Malak, as permanent members.

Financing update
In November 2019, the Company agreed with Bank Leumi to extend its revolving credit facility until end of December 2020 and to reduce the maximum amount of the facility from $15 million to $10 million by June 2020, following a gradual reduction during the first half of 2020. It is intended to offset the reduced financing amount by expanding the drawdown amount of the revolving credit facility from BillFront, which will be possible as the reduction of the Leumi facility frees up collateral that will be attributed to the BillFront facility.

Supervisory Board composition update
Tarek Malak, a veteran of investment bank Rothschild, joined Fyber's Supervisory Board as an interim member on 30 October 2019. He has been with the Tennor Group since 2011, first with Sapinda Deutschland GmbH and later with Sapinda International Services B.V. in Berlin and London and is also a member of the Supervisory Board of Wild Bunch AG, Ichor Coal N.V. and Hertha BSC GmbH & Co.KGaA. His appointment shall be made permanent by the extraordinary General Meeting convened for 12 December 2019.

Equity Information

The Company's shares are traded on the Prime Standard of the Frankfurt Stock Exchange under the symbol 'FBEN' and the ISIN code NL0012377394. As of 30 June 2019, the issued capital of Fyber N.V. amounted to €36,186,641.90, divided into 361,866,419 shares with a nominal value of €0.10 each, thereof 114,533,333 are common registered shares, the 247,333,086 newly issued shares are not registered yet (pending approval of the admission prospectus). The issued capital consisted entirely of fully paid-up ordinary shares. The authorized capital amounted to €120 million.

Key share data as of August 2019

Issuer	Fyber N.V.
Ticker Symbol	FBEN
ISIN	NL0012377394 and NL0013405483 (interim)
Market	Frankfurt Stock Exchange, Prime Standard
Currency	Euro
Number of shares	361,866,419
52 weeks high / -low *	0.37 / 0.08

*Note: as of 15 November 2019

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 of the date of this report, the following shareholders were owning 3% or more of the Company's voting rights:

Major shareholders

	% Voting rights
Advert Finance B.V.	94.1 %

Forecast Report

Programmatic trading
Fyber's core programmatic business is on track. Nevertheless, we still experience delays in the ramp-up with new clients, which negatively impacts the short-term revenue development, but is not expected to influence mid-term growth. Overall, we estimate a 20% YoY growth for the programmatic trading business for the full year 2019, in line with the recent development.

Non-programmatic trading
As described above, we have experienced a decline in revenue from the Offer Wall ad format, the biggest part of Fyber's non-programmatic business, related to the change in Apple's App Store policies banning app-install ad campaigns. This impacted the third quarter performance significantly, with a YoY decline in gross revenue from Offer Wall of more than 33%. In order to fully comply with Apple's policy, the ad campaigns in violation of the new enforcement of their terms were discontinued immediately. Replacement of these campaigns is ongoing but was not able to offset the decrease yet. While current performance in October and November indicates a return to growth in this ad format, we estimate a YoY decline in gross revenue from Offer Wall of 25% for the full year 2019, which is a higher decline than originally forecasted.

To a smaller degree, the overall revenue was impacted by an update of Google's Chrome browser, which brought challenges to the ad tech industry in delivering display ads to Android users. Despite being a browser issue, it also affected the app environment, as many apps use a 'webview' to deliver display ads, which was unavailable until this issue was fully taken care of during the fourth quarter 2019.

Therefore, we forecast the gross revenue for the full year 2019 to be around €120 million (previously: between €130 and 135 million) at an adjusted EBITDA of around -€3 million (previously: break-even).

While the ramp-up of new products took longer than expected and more resources than originally forecasted, we remain confident in our product and business strategy. The following foundations and milestones will support us in returning to growth in 2020 and achieve profitability:

- Capital structure: we successfully finalized our debt restructuring, mainly by delaying the Bonds and shareholder loans and renewing other debt financing facilities, given us the required flexibility and time to deliver on our investments.
- Offer Wall: initial Q4 results indicate the first returns of investment in the product by gaining new customers as well as better monetization results that will have a positive effect on our 2020 revenue. We plan further improvements expanding the growth potential of Offer Wall Edge.
- Core programmatic business: the recent growth achieved with Fyber FairBid and the positive client feedback reassure us in our strategy of becoming the independent primary platform of choice for app publishers and solidifying Fyber as a 'must-have' source of app inventory for leading marketers.

Responsibility Statement

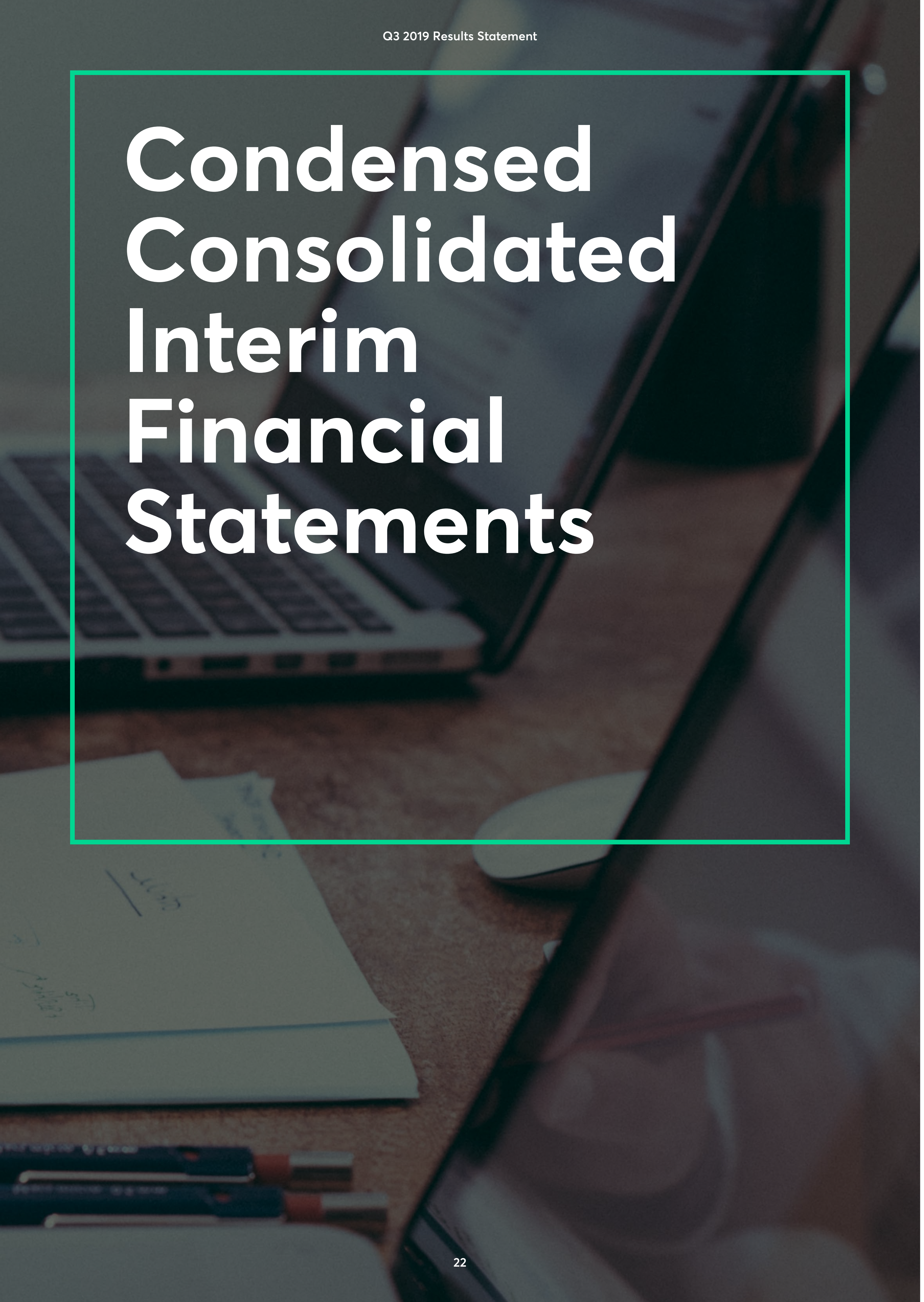
With reference to the statement within the meaning of article 5:25d (2c) of the Financial Supervision Act, the Management Board hereby declares that, to the best of their knowledge:

- the interim financial statements prepared in accordance with IAS 34, "Interim Financial Reporting", give a true and fair view of the assets, liabilities, financial position, profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the interim Management Board report gives a fair review of the information required pursuant to section 5:25d(8)/(9) of the Financial Supervision Act.

Berlin, 27 November 2019

The Management Board
Ziv Elul, CEO
Daniel Sztern, Deputy CEO & COO
Yaron Zaltsman, CFO

Notes regarding the unaudited interim report
All the information in this quarterly financial report is unaudited. This means the information has been subject neither to any audit nor to any review by an independent auditor.



Condensed Consolidated Interim Financial Statements

Consolidated Income Statement

	9 months ended 30 September		3 months ended 30 September	
	2019	2018	2019	2018
	Unaudited			
	in € thousands			
Revenue	**82,716**	**89,916**	**28,612**	**31,081**
Revenue share to third parties	(53,920)	(57,367)	(19,505)	(19,781)
Net revenue	**28,796**	**32,549**	**9,107**	**11,300**
Other cost of revenue	(14,928)	(18,136)	(5,116)	(5,999)
Gross profit	**13,868**	**14,413**	**3,991**	**5,301**
Other operating income	1,348	-	1,348	-
Research and development	(9,722)	(10,304)	(3,111)	(3,830)
Sales and marketing	(12,223)	(15,228)	(3,880)	(4,551)
General and administrative	(6,243)	(7,600)	(2,688)	(2,241)
Other operating expenses	(1,111)	-	(1,111)	-
Earning before interest and tax (EBIT)	**(14,083)**	**(18,719)**	**(5,451)**	**(5,321)**
Net finance costs	(32,736)	(9,908)	(2,734)	(3,281)
Profit (loss) before tax	**(46,819)**	**(28,627)**	**(8,185)**	**(8,702)**
Income tax gain (expense)	154	792	(57)	70
Profit (loss) for the year after tax	**(46,665)**	**(27,835)**	**(8,242)**	**(8,632)**
Profit (loss) attributable to				
Shareholder of Fyber N.V.	(46,665)	(27,835)	(8,242)	(8,632)
Non-controlling interest	-	-	-	-
Earnings per share				
Basic profit (loss) per share (€)	(0.19)	(0.25)	(0.02)	(0.08)
Diluted profit (loss) per share (€)	(0.19)	(0.24)	(0.02)	(0.07)

Consolidated Statement of other Comprehensive Income

	9 months ended 30 September		3 months ended 30 September	
	2019	2018	2019	2018
	Unaudited			
	in € thousands			
Profit (loss) for the year after tax	**(46,665)**	**(27,835)**	**(8,242)**	**(8,632)**
To be reclassified to profit and loss in subsequent periods				
Exchange differences on currency translation	4,172	5,035	3,719	8,556
Income tax effect	-	-	-	-
Other comprehensive income (loss) for the year, net of tax	4,172	(5,035)	3,719	8,556
Total comprehensive income (loss) for the year	**(42,493)**	**(27,198)**	**(4,523)**	**(76)**
Profit (loss) attributable to				
Shareholders of Fyber N.V.	(42,493)	(27,198)	(4,523)	(76)
Non-controlling interest	-	-	-	-

Consolidated Statement of Financial Position

	30 September 2019	31 December 2018
	2019	2018
	Unaudited	Audited
	in € thousands	
Non-current assets		
Intangible assets		
Goodwill	136,878	133,321
Other intangible assets	18,947	22,318
Property and equipment	14,205	1,172
Non-current financial assets	4,562	765
Total non-current assets	**174,592**	**157,576**
Current assets		
Inventories	100	103
Trade and other receivables	35,724	32,207
Other current financial assets	3,774	6,475
Other current assets	1,170	1,030
Cash and cash equivalents	7,902	12,276
Total current assets	**48,670**	**52,091**
Total assets	**223,262**	**209,667**

Consolidated Statement of Financial Position

	30 September 2019	31 December 2018
	2019	2018
	Unaudited	Audited
	in € thousands	
Equity (deficit)		
Issued capital	36,187	11,453
Share premium	254,892	184,812
Treasury shares	(4,745)	(4,745)
Other capital reserves	26,704	25,313
Legal reserve	8,509	7,272
Accumulated deficit	(285,394)	(237,416)
Foreign currency translation reserve	1,926	(2,247)
Equity (deficit) attributable to shareholders of the Company	38,079	(15,558)
Non-controlling interests	-	-
Total equity (deficit)	**38,079**	**(15,558)**
Non-current liabilities		
Long-term employee benefits liabilities	244	217
Long-term borrowings	31,511	154,146
Deferred tax liabilities	628	964
Other non-current liabilities	19,591	3,709
Total non-current liabilities	**51,974**	**159,036**
Current liabilities		
Trade and other payables	35,385	38,418
Short-term employee benefits liabilities	5,311	8,039
Short-term borrowings	92,176	18,824
Income tax payables	337	908
Total current liabilities	**133,209**	**66,189**
Total liabilities	**185,183**	**225,225**
Total equity (deficit) and liabilities	**223,262**	**209,667**

Consolidated Statement of Cash Flows

	9 months ended 30 September	
	2019	2018
	Unaudited	
	in € thousands	
Loss for the year before tax	**(46,819)**	**(28,627)**
Depreciation, amortization and impairment	10,375	10,207
Financial expenses, net	32,481	9,559
Profit from sale of the right-of-use asset through sub lease	(1,348)	-
Other non-cash effects	1,391	619
Changes in provisions, employee benefit obligations	(2,701)	(2,477)
Changes in working capital	(5,991)	661
Cash generated from operations	**(12,612)**	**(10,058)**
Interest paid	(1,975)	(5,722)
Income tax received (paid), net	(753)	(69)
Net cash flow from operating activities	**(15,340)**	**(15,849)**
Purchases of property and equipment	(551)	(795)
Purchases, capitalization of intangible assets	(4,704)	(2,856)
Change in investments and financial assets, net	(212)	(199)
Net cash flow from investing activities	**(5,467)**	**(3,750)**
Proceeds from long-term borrowings	18,000	8,000
Proceeds (repayment) from short-term borrowings	(3,109)	577
Net cash flow from financing activities	**14,891**	**8,577**
Net changes in cash	**(5,916)**	**(11,022)**
Cash at beginning of period	**12,276**	**17,595**
Net foreign exchange difference	1,542	363
Net changes in cash	(5,916)	(11,022)
Cash and cash equivalents at end of period	**7,902**	**6,936**

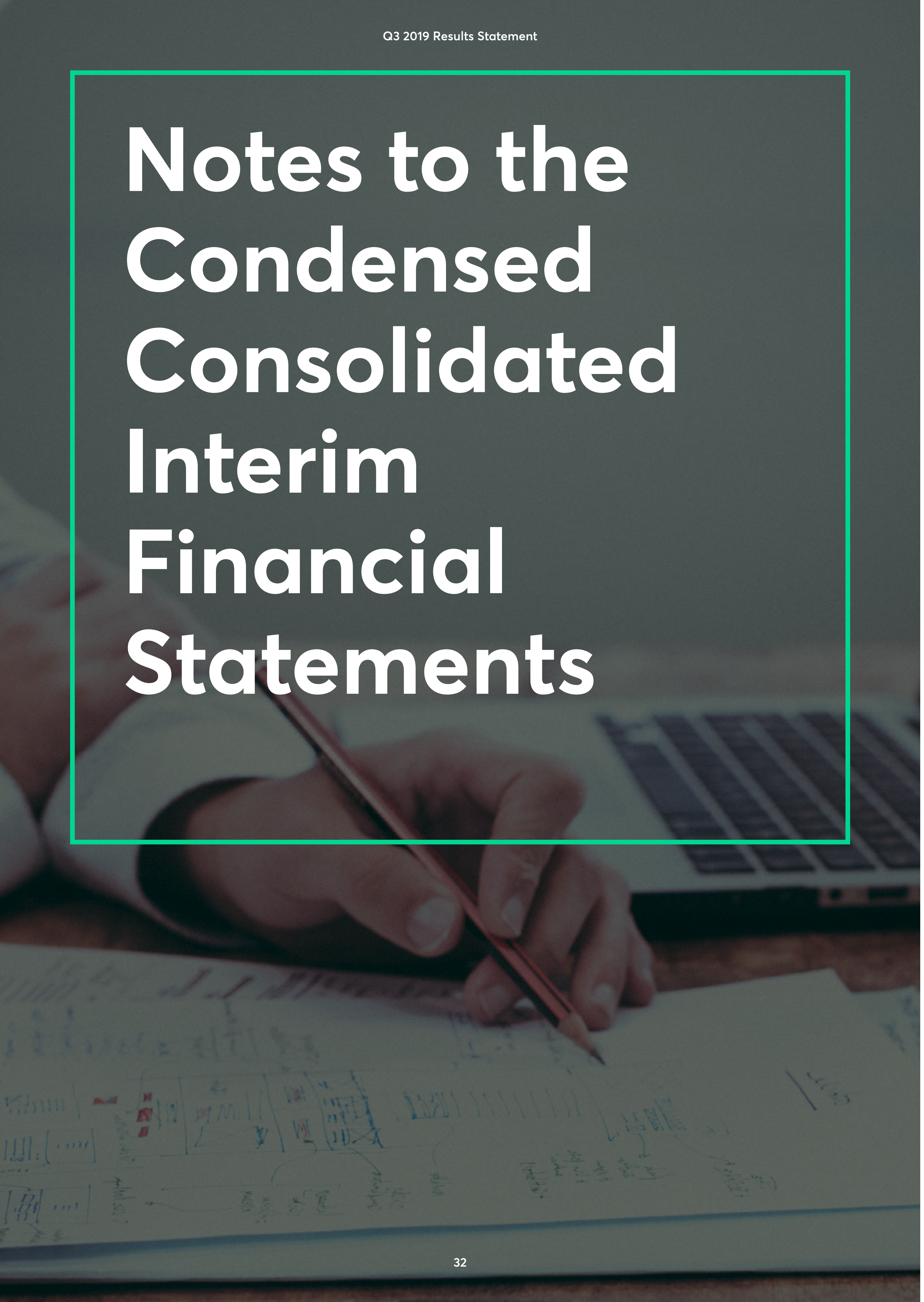
Consolidated Statement of Change in Equity (Deficit)

in € thousands	Unaudited							
	Ordinary shares	Share premium	Treasury shares	Other capital reserves	Legal reserve	Accumulated deficit	Foreign currency translation reserve	Total equity (deficit)
31 Dec 2018	**11,453**	**184,812**	**(4,745)**	**25,313**	**7,272**	**(237,416)**	**(2,247)**	**(15,558)**
Effect of adopting new accounting standards, net of tax	-	-	-	-	-	(76)	-	(76)
01 Jan 2019	**11,453**	**184,812**	**(4,745)**	**25,313**	**7,272**	**(237,492)**	**(2,247)**	**(15,634)**
Loss for the year after tax	-	-	-	-	1,237	(47,902)	-	(46,665)
Other comprehensive income (loss) for the period, net of tax	-	-	-	-	-	-	4,173	4,173
Total comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**1,237**	**(47,902)**	**4,173**	**(42,492)**
Share-based payments	-	-	-	1,391	-	-	-	1,391
Issue of shares upon conversion of convertible bonds	24,734	70,676	-	-	-	-	-	95,410
Transaction costs with respect to bond conversion	-	(596)	-	-	-	-		(596)
Transactions with owners	**24,734**	**70,080**	**-**	**1,391**	**-**	**-**	**-**	**92,605**
30 September 2019	36,187	254,892	(4,745)	26,704	8,509	(285,394)	1,926	38,079

Consolidated Statement of Change in Equity (Deficit)

in € thousands	Audited							
	Ordinary shares	Share premium	Treasury shares	Other capital reserves	Legal reserve	Accumulated deficit	Foreign currency translation reserve	Total equity (deficit)
01 Jan 2018	**11,453**	**184,812**	**(4,745)**	**23,711**	**6,225**	**(200,070)**	**(8,162)**	**13,224**
Loss for the year after tax	-	-	-	-	684	(28,519)	-	(27,835)
Other comprehensive income (loss) for the period, net of tax	-	-	-	-	-	-	5,035	5,035
Total comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**684**	**(28,519)**	**5,035**	**(22,800)**
Share-based payments	-	-	-	619	-	-	-	619
Issue of shares upon conversion of convertible bonds	-	-	-	-	-	-	-	-
Transaction costs with respect to bond conversion	-	-	-	-	-	-	-	-
Transactions with owners	**-**	**-**	**-**	**619**	**-**	**-**	**-**	**619**
30 September 2018	11,453	184,812	(4,745)	24,330	6,909	(228,589)	(3,127)	(8,957)

Notes to the Condensed Consolidated Interim Financial Statements



1. FYBER N.V.

Fyber N.V. (hereinafter referred to as "Company" or together with its subsidiaries as "Fyber" or "Group") is a global provider for advertising technology.

The Company 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 located at Wallstraße 9-13, 10179 Berlin, Germany. The Company's shares are traded on the Prime Standard of the Frankfurt Stock Exchange under the symbol 'FBEN'.

Fyber empowers app developers to monetize their content through advanced technologies, innovative ad formats and data-driven decision making. Fyber provides an open-access platform for both publisher's and digital advertisers with a global reach.

Fyber has offices in Berlin, Tel Aviv, San Francisco, New York, London, Beijing and Seoul and employs more than 270 people.

2. ACCOUNTING POLICIES

2.1. Basis of preparation

The interim condensed consolidated financial statements for the Nine-months period ended 30 September 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The interim condensed consolidated financial statements do not include all the information and disclosures required by International Financial Reporting Standards (IFRS) in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2018. All the information in this interim financial report is unaudited. This means the information has been subject neither to any audit nor to any review by an independent auditor. The accounting policies applied are consistent with the policies applied in the consolidated financial statements for the year ended 31 December 2018 except for the change in accounting policies described in 2.3.

2.2. Going concern consideration

As a result of losses in prior years including a significant impact of an impairment of goodwill recognized in 2017, the Group's equity was amounting to a deficit of €15,558 thousand as of 31 December 2018. Following a voluntary early conversion of €74,200 thousand of convertible bonds into newly issued shares and a loss of €46,665 thousand in the first nine months of 2019, including financing cost of €23,374 thousand from the conversion the equity of the company is amounting to €38,079 thousand as of 30 September 2019.

At the same date, the Group showed €7,902 thousand in cash and cash equivalents including a €15,000 thousand funding from Tennor Holding B.V. obtained between January and August 2019. In September the Group achieved to delay the payment obligation of €15,000 thousand of shareholder loans with Tennor Holding B.V. to June 2021. After the reporting date, the bondholders agreed to extend the maturity of the remaining €75,700 convertible bond including interest to July 2022. Please refer to 8.1 for further detail.

2.3. Changes in accounting policies and disclosures

2.3.1. Leases IFRS 16

The Group has adopted IFRS 16 Leases from 1 January 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group as a lessee, has recognized right-of use assets representing its rights to sue the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in accumulated deficit at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated but remains as previously reported under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

2.3.1.1. Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4. The Group now assess whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not re-assessed.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

As lessee of property and IT-equipment, the Group previously classified leases as operating for finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities only for offices with a remaining term upon the transition or any later commencement date of more than 12 months. Leases of shared offices can all be terminated within 12 months. Lease payments of such short-term leases as well as for low-value assets (i.e. IT-equipment) are recognized as an expense on a straight-line basis over the term of the lease.

The Group presents right-of-use assets in property and equipment, the same line item as it would present underlying assets of the same nature that it owns. The carrying amounts of right-of-use assets are as below:

	2019	
in € thousands	30 Sep	1 Jan
Property and equipment	**12,541**	**4,515**

The Group presents lease liabilities in 'other non-current liabilities' as well as 'trade and other receivables' in the statement of financial position.

2.3.1.2. Recognition of a lease

The Group recognizes a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property and subsequently measured at fair value.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Groups incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain or be exercised or a termination option is reasonably certain to be exercised.

Management as applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

2.3.1.3. Transition

Previously, the Group classified all office leases as operating leases under IAS 17. The term of those lease varies from leases with a three-month termination period up to a fixed period of 10 years. Some leases include an option to renew the lease for an additional three to five years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining leasing payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term remaining after 1 January 2019.
- Used hindsight when determining the lease term of the contract contains options to. extend or terminate the lease

On transition to IFRS 16, the Group recognized right-of-use assets and lease liabilities, recognizing the difference in accumulated deficit. The impact on transition is summarized below.

in € thousands	1 Jan 2019
Right-of-use asset presented in property and equipment	4,515
Lease liabilities presented in other non-current liabilities	3,771
Lease liabilities presented in trade and other liabilities	820
Accumulated deficit	(76)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 4.5% p.a.

2.3.1.4. Berlin office

In 2016, the Group entered into a 10-years lease of an office with ca. 6,600 sqm spread around two floors in Berlin starting in February 2019. Only half of the space is fit-out and ready to be used. Fyber is using around 2,200 sqm for its own operations and started to sublease another 1,300 sqm in August 2019 for the remaining term of the lease. A sublease is considered a sale of the right of use asset. Since the rent for offices has increased significantly from 2016 to 2019, this sublease generated an one-time income of €1,374 thousand calculated as the surplus from the present value of the sublease payments to be received and the right of use asset that is valued as the present value of the lease payments for the respective office part to be made to the owner of the building less any accumulated depreciation.

At the same time, the Group impaired the right of use asset relating to the undeveloped space of 3,100 sqm to reflect the challenges to sublease this area in short period of time. As an alternative to a sublease, the Group is negotiating with the owner of the building to return the space. Before this background, the Group recognized an impairment loss of €1,111 in Q3 2019.

2.3.1.5. Effect for the period

in € thousands	San Francisco and Tel Aviv offices	Berlin office
Right-of-use asset previously classified as operating lease	4,515	-
Right-of-use asset with respect to new leases in 2019	-	13,146
Sale of the right-of-use asset through sub lease	-	(2,460)
Impairment of the right-of-use asset	-	(1,111)
Depreciation of the right-of-use assets	(839)	(747)
Currency effect	284	-
Right-of-use asset as of 30 Sep 2019	3,960	8,581
Lease liabilities as of 30 Sep 2019	4,254	12,596

Also, in relation to those leases under IFRS 16, the Group has recognized depreciation and interest cost, instead of operating lease expense. During the nine months ended 30 September 2019 the Group recognized €1,586 thousand depreciation charges and €350 thousand of interest costs from these leases.

3. LOANS FROM SHAREHOLDERS

Between January and August 2019, the Company received €18,000 thousand from Tennor Holding B.V. These loans adding up to an overall credit facility provided by Tennor Holding B.V. amounting to €30,000 thousand. All loans bear interest of 8% p.a. and €15,000 thousand are due in June 2021 and July 2022 respectively.

4. MAJOR SHAREHOLDERS

In July 2019, Amsterdam-based Advert Finance B.V., a subsidiary of Tennor Holding B.V., concluded gaining control of Fyber N.V. following their participation in the recent voluntary debt-to-equity swap. Advert Finance B.V. initiated a mandatory takeover bid to all shareholders of Fyber, during 2019, bringing the holdings of Advert Finance B.V. in the Company to 88.4% and the total share of voting rights stemming from direct and indirect holdings to 94.1%.

5. SUPERVISORY BOARD COMPOSITION UPDATE

Arjun Metre was approved as a permanent member of the Supervisory Board by the annual general meeting of shareholders held on 12 June 2019.

Furthermore, Franklin Rios, a top executive of the ad tech industry, joined the Company's Supervisory Board in July 2019 as an interim member. Franklin currently serves as Chief Commercial Officer and Global Head of Corporate Development for MediaMath, a leading media and data management technology provider for advertisers worldwide. His appointment shall be approved by an extraordinary meeting of shareholders to be convened later this year.

6. OPERATING SEGMENTS

The Group's operating activities are divided into segments which are defined by management as components of the Group that has discrete financial information available and whose results are regularly reviewed by management for purposes of performance assessment and resource allocation.

As described extensively in the previous in financial communication including the Group's consolidated financial statements for the year ended 31 December 2018, the Group maintains one operating segment – Fyber FairBid.

	Types of products and services
Fyber FairBid	Open access platform for advertisers and publishers for the trading of digital ads of all the relevant formats, including programmatic trading and mediation services, as well as advanced publisher tools.

Q3 2019 Results Statement

in € thousands	Nine months ended 30 September			
	2019		2018	
	Gross revenue	EBITDA	Gross revenue	EBITDA
Fyber FairBid	**82,716**	**(3,708)**	**89,916**	**(8,340)**

7. GEOGRAPHIC INFORMATION

Breakdown of gross revenue according to customers' location:

in € thousands	Nine months ended 30 September	
	2019	2018
	Gross revenue	
North of America	43,464	46,785
Europe, Middle East and Africa	29,715	33,475
Asia-Pacific	8,309	7,611
Rest of the world	1,228	2,045
Total	**82,716**	**89,916**

8. SUBSEQUENT EVENTS

8.1. Bondholder meeting

After the end of the reporting period, the Company convened an adjourned bondholder meeting as of 8 October 2019 in which the bondholder agreed to the following changes to the terms and conditions of the Company's outstanding Bonds: amending the Bonds' conversion price from €3.0 to €0.3 (subject to subsequent approval by the extraordinary meeting of shareholders to be held in October 2019) as well as amending the Bonds' final redemption date from 27 July 2020 to 27 July 2022 delaying all interest payments until this new redemption date.

8.2. Extraordinary Meeting of shareholders convened

The Company convened an Extraordinary Meeting of shareholders for 12 December 2019, to suggest the authorization to issue new shares reflecting the new conversion price of Bonds (€0.30), as well as to appoint the current interim members of the Supervisory Board, Franklin Rios and Tarek Malak, as permanent members.

8.3. Financing update

In November 2019, the Company agreed with Bank Leumi to extend its revolving credit facility until end of December 2020 and to reduce the maximum amount of the facility from $15 million to $10 million by June 2020, following a gradual reduction during the first half of 2020. It is intended to offset the reduced financing amount by expanding the drawdown amount of the revolving credit facility from BillFront, which will be possible as the reduction of the Leumi facility frees up collateral that will be attributed to the BillFront facility.

8.4. Supervisory Board composition update

Tarek Malak, a veteran of investment bank Rothschild, joined Fyber's Supervisory Board as an interim member on 30 October 2019. He has been with the Tennor Group since 2011, first with Sapinda Deutschland GmbH and later with Sapinda International Services B.V. in Berlin and London and is also a member of the Supervisory Board of Wild Bunch AG, Ichor Coal N.V. and Hertha BSC GmbH & Co.KG a.A. His appointment shall be made permanent by the extraordinary General Meeting convened for 12 December 2019.

Q3 2019 Results Statement

Editorial

Fyber N.V. (Naamloze Vennootschap) is a public company with limited liability, incorporated under the laws of the Netherlands
Corporate Seat: Amsterdam
Office Address: Wallstraße 9-13, 10179 Berlin, Germany
Kamer van Koophandel, KvK number 54747805

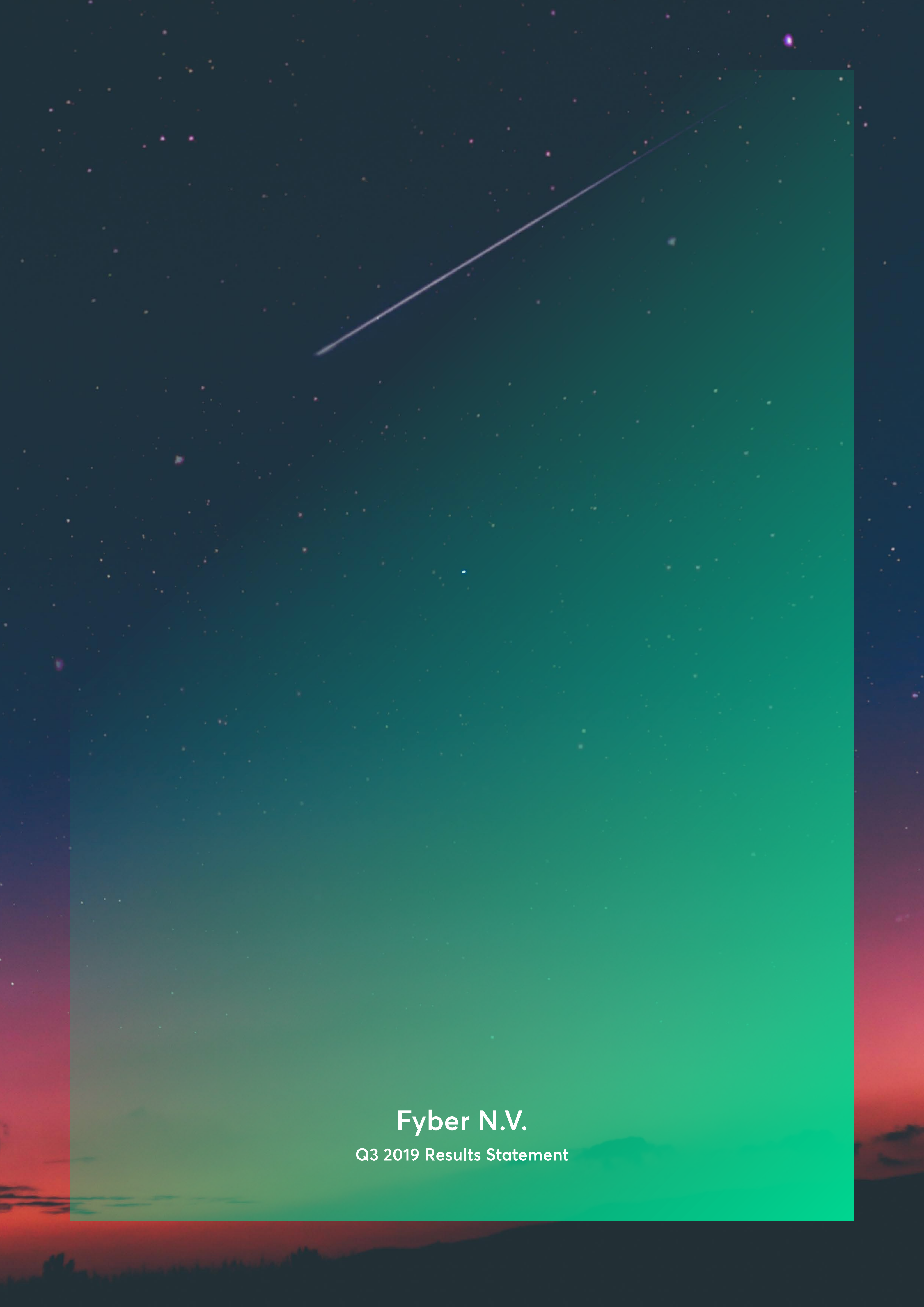
Fyber N.V., Zweigniederlassung Deutschland
Corporate Seat: Berlin, Germany
Amtsgericht Charlottenburg HRB 166541B

Management Board
Ziv Elul (CEO), Dani Sztern (Deputy CEO & COO),
Yaron Zaltsman (CFO)

Chairman of the Supervisory Board
Yair Safrai

VAT ID No.	DE283688947
ISIN Code	NL0012377394 and NL0013405483 (interim)
LEI No.	894500D5B6A8E1W0VL50

Website	https://investors.fyber.com/
Email	ir@fyber.com
Tel.	+49 30 609 855 555



Fyber N.V.

Q3 2019 Results Statement