Fyber

Fyber N.V.

Annual Report 2017

01

Introduction

02

Report of the Management Board

03

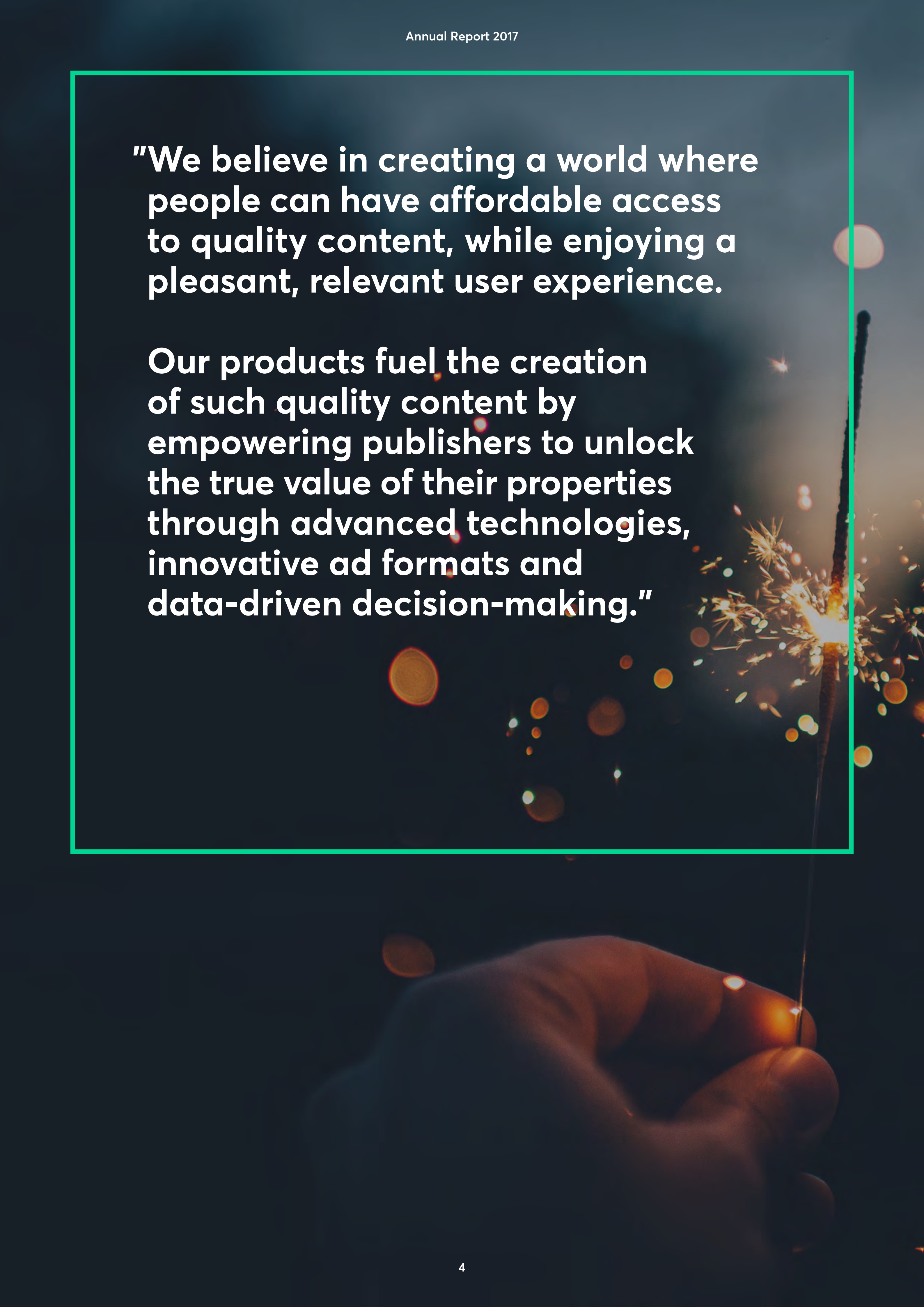
Corporate Governance Report

04

Financial Statements 2017

05

Other Information



"We believe in creating a world where people 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."

Highlights & Key Figures

5% growth in gross revenue to €230 million despite strategic cuts to parts of the business in relation to clean marketplace initiative

Strong 33.6% net revenue margin & €2 million adj. EBITDA profit in Q4 2017

Focus on efficiency and integration of group companies resulted in three profitable quarters

Close to break-even at €(1.2) million adj. EBITDA for full year 2017

Rebranded to 'The New Fyber'

Launched proprietary in-app header bidding technology 'Fyber FairBid'

Financial Performance

	Year Ended December 31		Three months ended 31 December	
	2017	2016	2017	2016
	in € million			
Gross revenue	**229.8**	**218.1**	**52.6**	**71.0**
Revenue share to third parties	(159.9)	(155.7)	(34.9)	(52.4)
Net revenue	**69.9**	**62.4**	**17.7**	**18.6**
Net revenue margin	30.4%	28.6%	33.6%	26.2%
IT cost	(15.5)	(10.3)	(3.5)	(3.4)
R&D cost	(19.2)	(23.4)	(3.8)	(4.9)
S&M cost	(24.3)	(20.4)	(4.9)	(6.6)
G&A cost*	(12.0)	(12.5)	(3.4)	(4.6)
EBITDA*	**(1.2)**	**(4.3)**	**2.0**	**(0.9)**

*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.

€220 to €240 million gross revenue forecast for 2018 - clean marketplace initiative affecting short-term growth but forming important prerequisite for future growth

300+ employees

Positive EBITDA forecast of €5 to €8 million for 2018

Offices in Berlin, Tel Aviv, San Francisco, New York, London, Beijing

Breakdown by Transaction Type

	Year Ended December 31	
	2017	**2016**
Programmatic	67%	60%
Non-programmatic	33%	40%
Total	**100%**	**100%**

Breakdown by Screen Type

	Year Ended December 31	
	2017	**2016**
Mobile	77%	75%
Desktop	23%	25%
Total	**100%**	**100%**

Statement from the CEO

Dear Readers,

The digital advertising industry continued evolving in 2017. We have witnessed further consolidation, with advertising technology players choosing 'sides' supporting either publishers or advertisers, investments in data and mobile video, and an increased emphasis on quality, transparency and removing further intermediaries from the value chain. We believe that today's market requires a clear technology vision, a comprehensive offering with true data-driven value-add to integrated partners and a high-quality network of scale.

Fyber is one of the leading mobile ad tech providers in this exciting market and we are well-positioned for further growth. Our success is based on our clear publisher focus, our strong proprietary technology assets and our vast network of more than ten thousand directly integrated apps and over 1.2 billion monthly active users.

Consequent implementation of our growth strategy

2017 was an important year of innovation and integration for Fyber. The overall focus on efficiency and operational excellence helped deliver positive adjusted EBITDA for the last three quarters of 2017, bringing the full year results close to break-even at €(1.2) million.

We expanded our revenue to €230 million, despite strategically deciding to forego some short-term revenue growth in order to promote the long-term value and defensible market position of the Company, as part of our 'Keeping It Clean' initiative. In this context, we vastly reduced our dependency on aggregated supply, and focused primarily on direct integrations and 'cleaner' traffic. This had an impact on our revenue in 2017, but brings us closer to our strategy of becoming the primary independent in-app monetization platform for publishers globally.

In the past financial year, we have been focused on integrating the four previously acquired companies into one, strong unified company - a process which will be concluded in 2018.

As part of the integration, we implemented a unified global corporate structure and management team, which better represent our joined vision, strategy and business goals. Furthermore, we moved the sales organization into a regional structure, which brings our sales teams closer to the local markets. Having the teams "in the field" will allow them to better target and serve our clients, increase our reach and use the full product portfolio to access untapped markets.

Driving value through integration and R&D excellence

In February 2018, Fyber launched its proprietary header bidding solution Fyber FairBid – the world's first and only mechanism to create a true state of header bidding for the mobile app environment.

Based on our product roadmap, we will roll out our integrated technology platform throughout 2018, making the best technology assets from the group companies accessible to all our clients through one central platform.

The key differentiators of this unified solution are:

1. Our proprietary in-app header bidding technology, enabling programmatic and non-programmatic demand partners to bid in one truly parallel real-time auction
2. Creating a truly 'see-through platform', giving full transparency to all our partners on auction mechanics and granular reporting across mediation and our own ad exchange
3. Providing access to granular audience data that enables a new level of segmentation and targeting

The value we bring to our publisher partners is about data and the knowledge we extract from it, the reach of our network and the technical capabilities and stability of our products and publisher tools.

The unified platform boosts all of these factors: The combination of audiences, data sets and analytics capabilities, products and verticals will be a unique offering on the market – a strong asset to our existing partners and a valuable proposition to future partners.

"The feedback we have received from our customers shows that Fyber's unified product is an effective approach to tackle publishers' challenges, combining both state-of-the-art technology and reliable customer service."

Improved profitability in 2018

2018 will be all about execution for Fyber. Profiting from the foundation work we have completed in 2017, we will conclude the integration of group companies and launch our unified product.

For the full year 2018, we expect gross revenue in the range of €220 million to €240 million with a net revenue margin of more than 31%. More importantly, we forecast positive EBITDA, ranging between €5 million to €8 million, for the first time in company history.

There are two main factors, that will lead to slower gross revenue growth in the current financial year, while being considered important strategic investments into the future growth of Fyber:

1. The full roll-out of our new unified product is expected towards Q4 2018 and therefore we do not expect it to have financial impact this year. Our tech teams are invested in the longer-term integration strategy and not on short-term revenue opportunities which would impact our 2018 growth.
2. Our clean marketplace initiative significantly lowers our revenue base for 2018, due to proactively removing the aggregator business. Accounting for these deliberate cuts, the Company would be growing at market levels during 2018.

I have been deeply impressed by our teams' determination and spirit and it makes me proud to already see the results we have achieved during the first few months in the new company structure.

I formally took over as the CEO of Fyber in July 2017 after an adequate hand-over period. My first moves have been to align the Company behind clear goals and set up the global organization for both efficiency and growth. We have achieved many important milestones, and I am convinced that we now have the framework and structures in place to achieve and exceed our goals for 2018 and beyond.

My sincere gratitude goes out to our employees and partners, for their valuable contributions and trust. I have full confidence in our ability to achieve the goals we set for ourselves and to deliver on Fyber's immense promise.

And a final thank you to our shareholders. We highly appreciate your continued trust and support!

Ziv Elul
Chief Executive Officer
Berlin, April 2018

Statement from the Chairman

Dear Readers,

Fyber continued to deliver on its integration strategy in 2017, completing important milestones in the merging of the product offerings and the advancement of its technology. Fyber's revenue increased by 5% to €230 million compared to 2016. Adjusted EBITDA in the fourth quarter of 2017 amounted to positive €2 million, bringing the full year result to €(1.2) million. The focus on the long-term value creation, the integration and providing a clean, transparent marketplace over short-term revenue growth will ensure Fyber's continuous strong competitive position.

Competitive edge through technological leadership

We strongly believe that the current merger efforts and the roll-out of the joined technology platform, bringing together the strongest assets of each of the group companies, will further strengthen Fyber's position as a leading publisher-focused ad tech provider.

The holistic platform includes an innovative in-app header bidding layer, which was launched in February 2018. Fyber FairBid answers the industry's request for a truly transparent, yield optimizing trading environment. Fyber's capabilities provide parallel bidding of programmatic and non-programmatic demand sources, in-depth data and audience segmentation capabilities and holistic monetization management tools to all its different publisher groups.

Fyber empowers digital publishers and app developers to monetize their content, leveling the playing field against the dominant internet and social media companies and advertisers in general. Among many more, the current product initiatives will have two important effects: (1) Providing publishers with even more data insights and giving them access to an increased number of demand sources in an optimized way – ultimately increasing the price publishers can achieve for their inventory – and (2) Realizing synergies for Fyber by consolidating assets.

Important milestones 2017

The Supervisory Board supported the acquisition-driven growth strategy, also advising on the integration progress during 2017, which led to the first three quarters of positive adjusted EBITDA in the history of Fyber.

The new Management Board was instated as initiated by the Supervisory Board, following approval by the annual General Meeting. I would like to thank the team for their dedication and drive. In line with our jointly set integration roadmap they have implemented changes to the organizational structure of the Company. Thus, within the last year we have successfully managed to form one global management team as well as to reorganize the sales teams in a 'glocal approach', in an effort to service the global customer base with local sales teams. Furthermore, Fyber realized first revenue and cost synergies and initiated the full integration of the group companies, which is expected to be concluded in 2018.

In 2017, the Company also successfully restructured the terms of its convertible bonds, significantly reducing the refinancing risk in 2020. Furthermore, additional debt facilities were put in place to ensure more flexibility until cash generation and provide capital for the final M&A related obligations.

Looking ahead

In 2018, the Company expects to deliver gross revenue in the range of €220 million to €240 million and an EBITDA between €5 million and €8 million – the first full-year EBITDA profit in the history of the Company.

The Supervisory Board supports the decisions made in relation to the clean marketplace initiative, including the cuts of aggregators on the publisher side, investing parts of the short-term revenue growth into the long-term foundations of the Company. In adhering to the increased requirements of the market and its advertising partners, Fyber sets the groundwork to be one of the few selected top tier suppliers in the market. We are convinced that this step, in conjunction with the roll-out of the unified product and a clear focus on profitability, will further strengthen

"Fyber's technology platform answers some of the digital advertising industry's most pressing challenges – true transparency and fair auctioning, publisher-focused data expertise and advanced in-app programmatic bidding."

Fyber's competitive position, preparing the Company for further growth.

The launch of the new Fyber brand in the first quarter of 2018 and the roll-out of the joined technology platform by year-end complete our acquisition-driven growth strategy, which was initiated with the acquisition of Fyber GmbH in 2014.

We are looking forward to continuing the constructive collaboration with the Management Board.

On behalf on the entire Supervisory Board I would like to extend my gratitude to all Fyber employees for their efforts and commitment over the past year.

Dirk van Daele
Chairman of the Supervisory Board
Berlin, April 2018

Powering Digital Advertising

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 digital publishers and app developers to monetize their content through advanced technologies, innovative ad formats and data-driven decision-making. Fyber's technology platform provides an open-access platform for both digital advertisers and publishers, enabling cross-device advertising with a global reach of more than 1.2 billion unique monthly users. Fyber has offices in Berlin, Tel Aviv, San Francisco, New York, London, and Beijing and employs more than 300 people. The Company is listed on the Prime Standard of Frankfurt Stock Exchange under the symbol 'FBEN'.

On the following pages we present two client case studies from 2017, which illustrate the positive impact that Fyber's offering has had on client monetization strategies.

How Fyber Helped Increase Ad ARPDAU 10x in Royal Revolt 2

Royal Revolt 2, by flaregames, is a popular action game that lets players build and defend fantasy kingdoms. Fyber's Monetization and Growth (M&G) team helped flaregames use rewarded video to increase the game's ARPDAU 10x.

Case Study: Ad Monetization

How it worked:

More engagement = more revenue

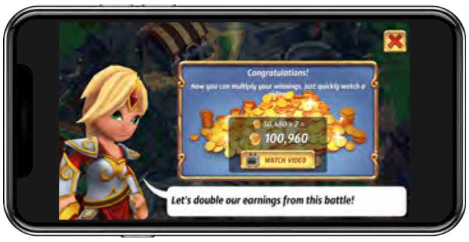
1

Watch a video to get more food
Ad engagement rate:
15%

2

Watch a video for a free chest
Ad engagement rate:
55%

3



Get double rewards after battle
Ad engagement rate:
71%
10x Ad ARPDAU increase

"Working with Fyber, we were able to integrate rewarded video in a way that made the ads and rewards a key element of the game. The increased engagement and Ad ARPDAU were a clear result of the M&G team's industry expertise and knowledge of smart ad placements."

Justin Stolzenberg
Head of Studio,
Flaregames

Guidance from monetization experts

Fyber partnered with flaregames and optimized ad engagement by:

- Performing regular reviews to improve key metrics
- Setting targets based on proprietary data from Fyber's network of similar apps
- Implementing recommendations at every stage

Fyber Helps Drive 120% Higher ARPDAU for Leading Utility App Developer

Rewarded Video improves user engagement and lifetime value

Gismart

Gismart, a mobile app developer based in London, focuses on music-making apps for iOS and Android that have generated over 200 million downloads to date. The apps allow music lovers to play their favorite songs without having any musical skills.

"When choosing a partner, the stability of the platform is of utmost importance to us, but so too is technical support for integration. Fyber was head and shoulders above the competition in this respect and also offered prompt advice on monetization strategies."

Dmitry Miskevich
Ad Monetization Manager,
Gismart

Background

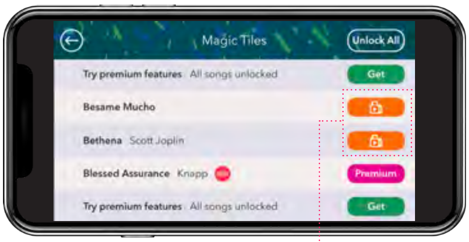
Over time, Gismart had built immensely popular music apps with over 15 million monthly active users (MAU). Nevertheless, despite the popularity of their apps, Gismart did not have an effective monetization strategy in place that would generate sufficient streams of revenue.

Previously, Gismart had worked directly with ad networks and primarily monetized their apps with banner ads, a low eCPM ad format. By engaging Fyber, Gismart's goal was to identify the right strategy as well as ad formats, and by doing so increase their key performance metrics: average revenue per daily active user(ARPDAU) and user lifetime value (LTV).

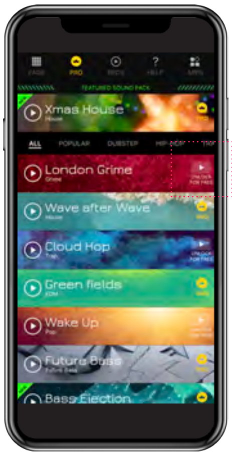
Solution

Through the Fyber monetization platform, Gismart now has access to all sources of high quality demand from leading networks, including Fyber's own exchange. They chose to integrate both interstitial ads and rewarded video, an engaging, opt-in, high eCPM ad format that users love. By watching a short HD-quality video trailer, users get access to premium content such as additional songs and instruments in Gismart's Guitar, Piano, Drums and Beat Maker Go apps.

Some content is only available after watching a short video



Rewarded video provides extended capabilities for loyal users



Native integration and high visibility leads to high engagement rates

"Our users respond positively to the opt-in Rewarded Video format, which gives them access to premium content. This keeps them engaged in our apps, which drives higher ARPDAU and LTV Additionally, many users who had a taste of a premium feature will opt to make an in-app purchase for additional content at a later stage."

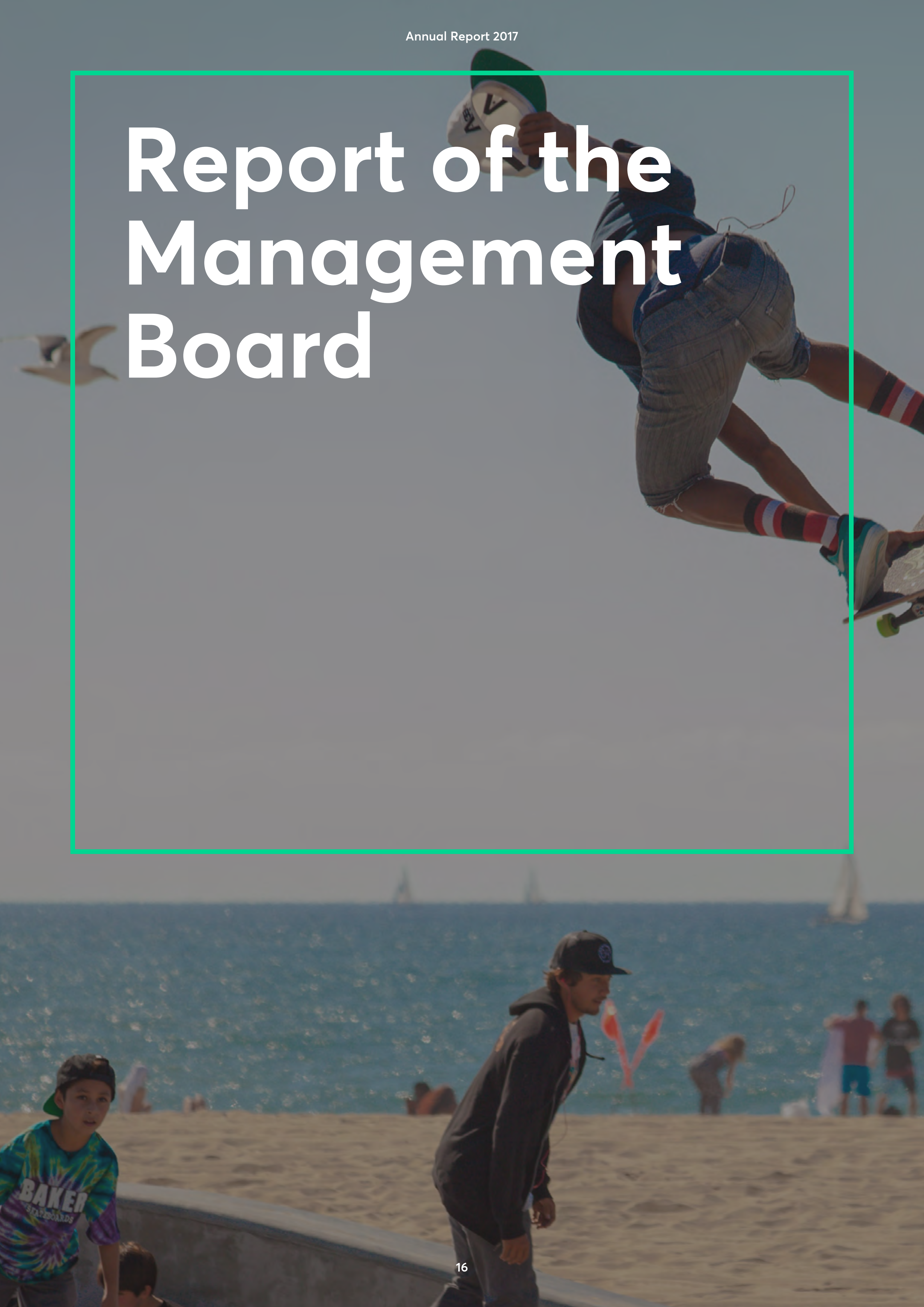
Dmitry Miskevich
Ad Monetization Manager,
Gismart

Results

Gismart now has a time-saving solution that maximizes revenue for their apps. With a unified dashboard, they are able to centrally manage their mediated networks and view reporting data in order to make well-informed, data-driven monetization decisions. Across the board, Gismart saw an immediate impact on key metrics:

- 40% increase in ARPDAU and LTV
- Higher user engagement rates with new ad formats
- Increase in users who make in-app-purchases

Report of the Management Board



Business Model

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

Our vision is to become the leading neutral publisher-facing advertising technology ('ad tech') company, providing a channel-neutral, open-access platform for publishers and advertisers across screens, ad formats, industry verticals and geographies.

Our platforms enable cross-device advertising with a global reach of more than 1.2 billion unique monthly users and a strong focus on video ads. We offer a full-stack monetization suite, including an ad exchange, ad serving, ad network mediation, along with several publisher tools to centrally manage all monetization strategies. 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 exchanges, the Company retains a share of the ad spend advertisers place via the platform.

The importance of independent ad monetization

The rise of mobile devices fundamentally changed the digital landscape and the way users interact with digital content. Smartphones and other portable connected devices often are the primary channels to access the internet, with apps leading by far in terms of time spent, user engagement, customer satisfaction and life-time value.

While consumer spend in the major app stores for 2017 nearly doubled since 2015[1], publishers still face a largely free environment. Users are accustomed to accessing digital content in apps, on the mobile web and on desktop for free.

Publishers are therefore largely dependent on digital advertising to monetize their content and generate stable income. The growing market offers vast monetization potential to digital publishers, yet they face several challenges in accessing this potential.

1 Source: App Annie 2018

Providing solutions for publishers' challenges

- Ecosystem Fragmentation
- Data & Market Power Imbalance
- Video Delivery at Scale

Ecosystem fragmentation

Publishers face a crowded ecosystem and a fragmented pool of advertisers and demand-side players. Manual integration with single advertisers, ad networks or demand-side platforms is not feasible. The process is prone to error, takes up engineering resources to implement and maintain and delivers suboptimal monetization results. Moreover, the market is also very crowded on the publisher-side, with the number of publishers and available apps growing steadily. Publishers need to cut through the noise to reach, attract and retain their target audience.

Our solution: Fyber's publisher-focused monetization solutions provide access to a variety of demand sources through one integration, enabling monitoring, analytics and yield optimization through a single point of access. Specific tools and campaign types support discoverability and the building of a steady user base.

Data & market power imbalance

Advertisers tend to have more data on the users they want to target than publishers. In order to optimize their advertising yield, publishers need access to data and user segmentation tools to understand and analyze their user base, form targeted segments and thus achieve higher prices for ad impressions. Furthermore, publishers are ultimately competing with the major internet companies and social media platforms for advertising spend.

Our solution: Fyber's specific publisher-focused monetization solutions can level the playing field against the major internet companies and advertisers in general. Neutral technology solutions strengthen publishers' competitive position by enabling them to offer their ad inventory in an optimized way and at scale.

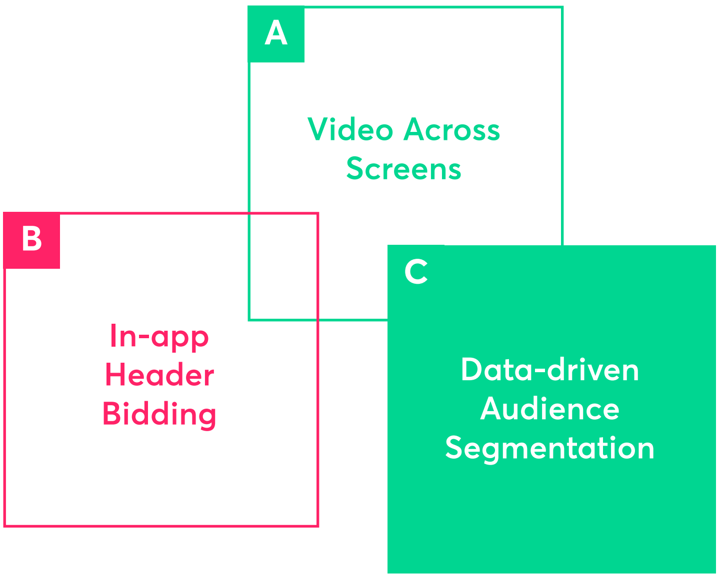
Video delivery at scale
Video is the most sought-after ad format, and currently the only digital ad type with more advertising demand than available supply. The integration of video ads, the smooth delivery, viewability and the measurement of campaign goal achievement is a technical challenge.

Our solution: Fyber's dedicated tech platforms provide reliable and guaranteed video ad delivery across screens, players, formats and environments. They solve challenges around measurement, tracking, viewability and the adoption of different pricing models advertisers request. This enables publishers to open their inventory up to video ads, which on average achieve higher prices than more traditional static ad formats.

We believe that the need for publisher-focused neutral technology, specifically for the fastest growing video ad formats, creates a significant market opportunity for independent providers like Fyber.

Our current product focus and investment strategy going forward are centered around continuing to solve these publisher challenges by further optimizing our existing product portfolio and bringing new innovative ad formats and publishers tools to the market.

Fyber's product focus



A Variety of video ad units (native out-stream, in-stream, non-rewarded, rewarded);
For mobile in-app, mobile web and desktop

B In-app header bidding solution, unifying the auction across real-time bidding ('RTB') and non-RTB demand sources, optimizes yield for publishers;
Offering programmatic and RTB-enabled ad exchanges for mobile in-app, mobile web and desktop inventory

C 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 Fyber's own ad performance and engagement data

Our unified product

Fyber is revolutionizing app monetization by combining true in-app header bidding with advanced data technology and the ability to bring more brand advertising budget to mobile in-app by providing next generation in-app video support.

In-App header bidding

Fyber FairBid auction unifies multiple types of demand partners – ad networks, programmatic partners and direct demand – in real time

Comprehensive video suite

Offering a combination of rewarded and non-rewarded video ad units, and robust support of video formats (VAST and VPAID), enabling reliable viewability and performance measurement

Powerful exchange

First to successfully combine programmatic trading and direct-sales-driven ad placement across user acquisition, direct response & brand campaigns

See-through platform

All transactions carried out via fair auction – visible to all partnerson our transparent, granular reporting interface

Data-driven audience segmentation

Enable both publishers and demand partners to package and target audiences based on the parameters they care about

Inventory management tools that optimize revenue & user experience

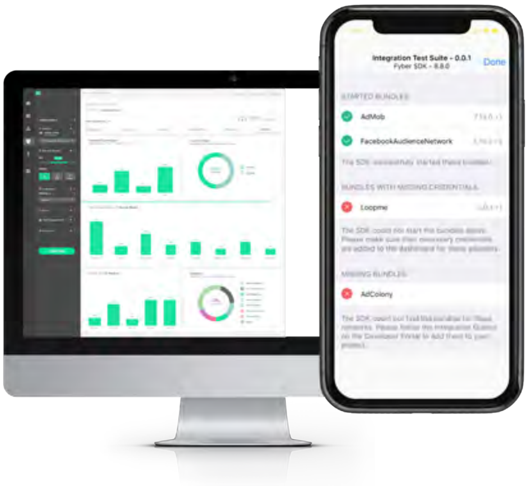
Empower publishers to engage with users based on their tolerance to ads and monetization potential

Our Differentiators

We built our strategy and focused our investments around the fastest-growing areas in ad tech: video advertising, advanced programmatic trading and data-driven audience segmentation. 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:

Powerful technology – Advanced programmatic trading & optimization managed through one central dashboard

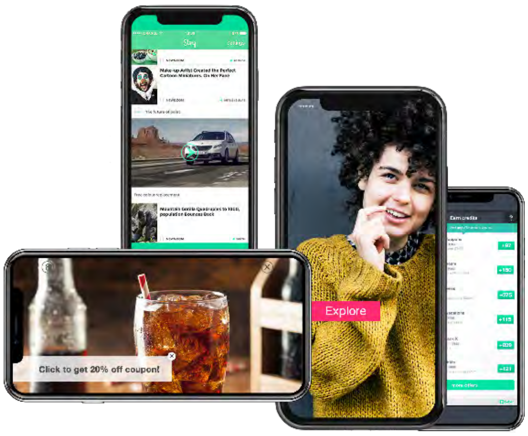
Access to all relevant demand – unified auction across programmatic and non-programmatic demand at scale offering true yield optimization to publishers. Manage and evolve monetization on-the-fly - also on mobile - with a comprehensive set of publisher tools and granular real-time data analytics



Innovative ad formats focused on in-app, but covering all screens

Unobtrusive monetization that engages users across screens, tending to the requirements of the different publisher verticals;

Dedicated video suite gives access to cutting edge video capabilities, supporting rewarded and non-rewarded video formats across screens, all designed to facilitate low latency, broad functionality and optimized user experience



Global Reach

Direct SDK integration with 10k+ apps, reaching 1.2bn monthly unique users

Advanced Data Insights

Actionable audience insights to create highly-desirable user segments based on 1st, 2nd, 3rd-party data

Expert Guidance

Strategic guidance on yield optimization from Fyber's monetization experts

Strategy & Objectives

Fyber's growth strategy centered around the acquisitions of Fyber (supply-side platform focused on freemium apps and game developers), Fyber RTB (real-time bidding ad exchange and ad server), Heyzap (supply-side platform focused on mediation for freemium apps and game developers) and Inneractive (programmatic in-app monetization platform focused on publisher verticals outside of gaming).

The compatible technology and shared vision of all group companies form the basis of our integration plans, which have been kicked off in 2017 and will be concluded with the roll-out of one integrated technology infrastructure during 2018.

The recent unifying rebranding and the launch of our in-app header bidding solution are two key milestones, which were already successfully completed during the first quarter of 2018.

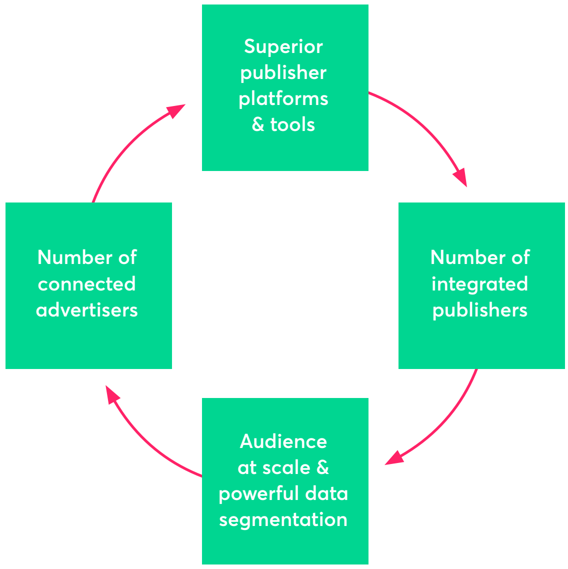
Long-term value creation

The integration of the group companies is key to Fyber's long-term value creation driven by the Management Board. It is aligned with the market trends we observe and will make Fyber one of the largest, most innovative providers of independent publisher-focus monetization technology that services all publisher verticals. We will focus on organically growing the existing business lines, led by programmatic trading and video advertising, and on increasing efficiency throughout the Company. This is expected to positively influence the Company's operational and financial position, substantially growing both top-line revenue and EBITDA.

The growth will also be driven by the expansion of the global client base on the supply- and demand-side as well as the development of existing accounts, as illustrated in the 'Fyber flywheel' below.

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 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 ad exchanges, the Company is able 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.

Fyber's flywheel of growth



We are convinced that the need for publisher-focused neutral technology, especially for the fastest growing video ad formats, creates a significant market opportunity for high-tech providers like Fyber. We plan to continue investing in the aforementioned areas, keeping a strong market position through technological leadership.

Fyber

Integration update & upcoming milestone

With the roll-out of the unified product by the end of 2018, we will conclude our acquisition-driven growth strategy which was initiated with the acquisition of Fyber GmbH in 2014.

Initial technology consolidation

Established Inneractive as a programmatic source of demand on both the Fyber and Heyzap platform

Sales structure

Merged sales teams into a global business organization, switching from a product based structure to a regional structure in order to provide localized service and enhance up-and-cross selling between different client groups

Implementation of synergy potential

Merged office space; Established global corporate management team; Aligned global teams incl. workforce reduction; improved operational efficiency

Rebranding to 'The New Fyber'

Launched new Fyber brand while in parallel sunsetting group company brands, underlining the move towards one integrated company

Unified product

Fully integrated technology and data infrastructure; Roll-out of best-in-class video platform VAMP to all group customers, leveraging unified sales teams

Economic Review

Market Overview

Fyber provides publisher-facing advertising technology solutions with a focus on mobile video ads and the advanced programmatic trading of digital advertising. The continuing growth trends in digital advertising allow for a positive outlook on the market in general and the specific growth opportunity for our company.

Growing global app economy
Over the past decade, the app economy evolved into an established industry. Emerging markets such as China, India or Brazil register immense app download numbers, driven by increased smartphone adoption and the users' willingness to discover new apps. In mature markets such as the US, the growth in download numbers might have slowed, yet the engagement and willingness to spend are increasing.

In total, the global markets showed the highest number of available apps, the most downloads and time spent yet in 2017. Advertisers continue to shift budgets to the mobile space as consumers spend nearly three hours in apps each day on average, and key performance indicators such as consumer attention, interaction and conversion are growing steadily.[2]

US users spend more than 90% of their time on connected mobile devices in apps, as opposed to the mobile web. Accordingly, also the clear majority of mobile ad spending is allocated to in-app.[3]

The global app economy
2017

Downloads exceeded
175
BILLION

+60%
growth from 2015

Each user spent nearly
1.5
MONTHS
in apps per year

+30%
growth from 2015

More than
6
MILLION
available apps

+65%
growth from 2015

Source: eMarketer 2018

2 Source: App Annie 2018, eMarketer 2018
3 Source: eMarketer 2017

As described in the 'Business Model' section, digital publishers and app developers benefit from the growing market, yet face the challenge of building a strong user base and a sustainable business model in a crowded market. Dedicated providers like Fyber enable both discoverability and the monetization through targeted advertising.

Leading app categories in terms of time spent include audio listening, social networking and gaming. The category 'Other' includes productivity, utility, news and entertainment apps. Gaming is the clear leader when it comes to number of downloaded apps globally, followed by utility, entertainment and communication. Fyber's service offering covers all these app categories.

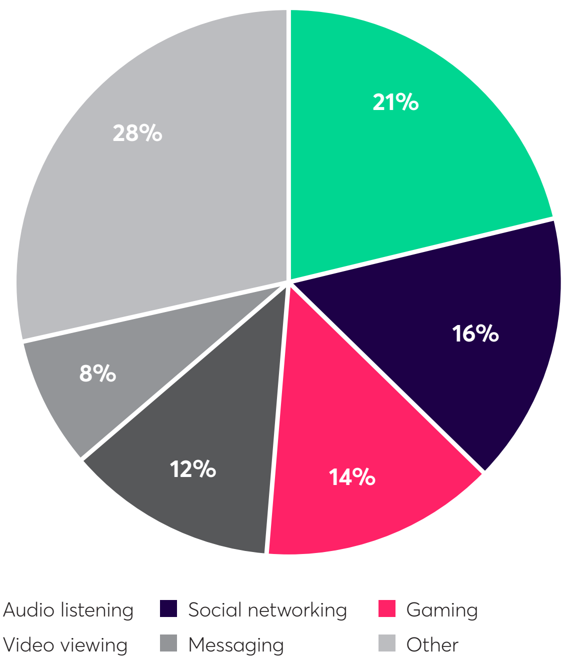
Programmatic advertising driving growth and efficiency

Evolving technology and the implementation of measures to ensure transparency, viewability, brand safety and overall advertising quality contribute to the continued growth of programmatic advertising.

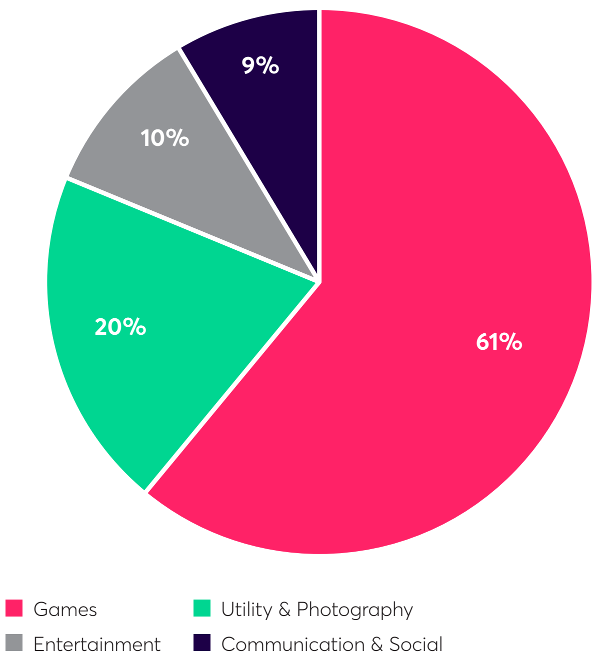
Marketers turn to programmatic buying to access a large number of publishers paired with granular audience data, enabling superior campaign targeting and execution of more sophisticated marketing strategies. For publishers on the other hand, programmatic trading and especially the parallel bidding of programmatic and non-programmatic demand sources in real time can mean a significant increase in monetization yield.

Programmatic video advertising shows the strongest growth. The market research company eMarketer forecasts that more than 75% of all US digital video ad spend will be transacted programmatically by 2019. While still nascent today, programmatic TV advertising will be a factor of future growth – and that is not yet accounting for the sphere of connected TV and over-the-top broadcasting ('OTT'), the delivery of film and TV content via the internet. OTT is currently dominated by non-ad based players like Netflix, but it is a likely growth market for hybrid players that rely on both subscriptions and ad-supported models as the market for paid OTT matures.[4]

In-app time spent by US adults per app category
2017



Top 5 app categories per number of downloads
Worldwide, iOS & Android, Q3 2017



Source: eMarketer 2018

4 Source: eMarketer 2017

Continued consolidation & evolving technology
Looking beyond the sheer growth of the market in terms of ad spend and user interaction, there are key market developments that we have identified over the past year:

- **Increased specialization:** Ad tech providers increasingly focus on either the publisher- or the advertiser-side of the value chain. Recent M&A activities included companies selling parts of their solutions to focus only on one part of the value chain and other companies expanding their tech stacks catering to either publishers or advertisers.

- **Data intelligence:** As probabilistic third-party data is becoming a commodity, only providers with extensive data depth and scale, who are able to combine several data layers including proprietary data, will be able to win the data game.

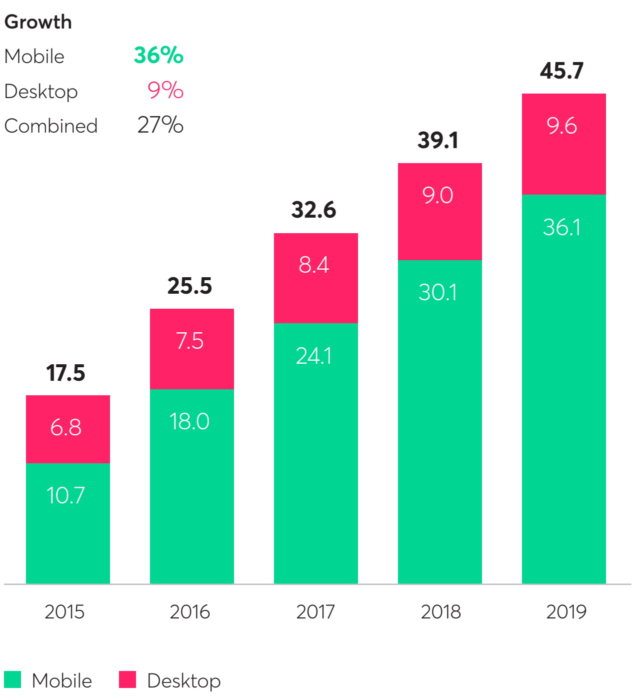
- **Consolidation along the value chain:** In a push for efficiency and transparency clients on both sides of the value chain seek to reduce the number of partners they are working with. Marketers are requesting quality marketplaces at scale, unique in-app traffic,

  comprehensive optimization tools and high levels of viewability and measurement possibilities. Players who cannot provide true, data-driven surplus value will have a hard stand against competition.

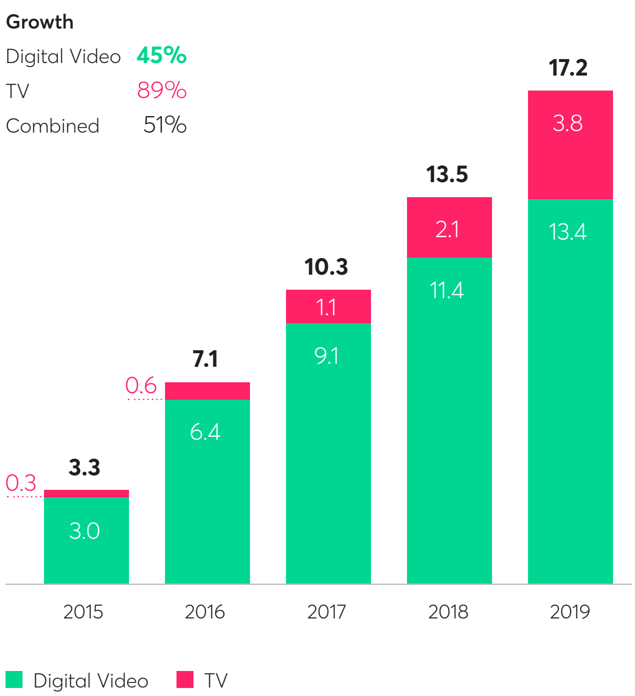
- **Transparency:** IAB-led (Interactive Advertising Bureau) industry initiatives such as Ads.txt or the RTB standards OpenRTB2.5 and OpenRTB3.0 are designed to increase transparency and avoid inefficiencies such as duplicative ad requests.

Fyber is well positioned to benefit from all of the above-mentioned market developments, as it offers direct in-app inventory at scale, enhanced by comprehensive publisher-focused technology that provides yield optimization tools, granular data segmentation and reliable measurement of performance and viewability.

US digital programmatic display ad spend
in $ billion



US programmatic video ad spend
in $ billion



Source: eMarketer 2017, growth rates are CAGR 2015-2019

Business Performance

Basis of presentation and highlights

Below we report based on pro-forma financials which include the acquisitions of Heyzap and Inneractive as if they had already closed on 1 January 2016 – thus providing a like-for-like comparison, which demonstrates our organic growth.

The reporting structure follows the different buying channels and ad formats our technology platforms support. The first component Programmatic vs. Non-programmatic relates to the use of automated processes to purchase digital advertising, as opposed to the traditional way of using manual insertion orders. The second component Video vs. Display relates to the type of ad format, and lastly Mobile vs. Desktop specifies the screen type.

We achieved positive adjusted EBITDA* in the last three quarters of 2017, largely based on the completion of the acquisitions, the identified and partly already implemented synergies and our organic growth. Going forward, the Company's new Management Board, appointed this past July, will focus on further increasing both growth and efficiency in order to expand top-line revenue and EBITDA profit according to the stated guidance (please refer to section 'Forecast Report' below for details).

Focus on programmatic trading

The developments of the past quarters have confirmed our assumption that the market is moving towards programmatic trading. Advertisers are moving away from buying 'digital real estate' to buying targeted audiences, preferably in real time. Therefore, we have been focused on products that will allow growth in this segment. In 2017, two-thirds of our revenue was generated from programmatic trading, compared to 60% during the previous year. Our income from programmatic expanded by 18% year-over-year ('YoY'). Income from direct deals, i.e. ad impressions transacted in a non-programmatic way, was reduced due to our focus on programmatic trading.

As part of the 'Keeping it Clean' initiative, we took the strategic decision to move away from aggregated supply and focus primarily on direct publisher integrations. This initiative is in line with the recent industry trends calling for a cleaning up of the ecosystem. Aggregators add another layer to the value chain of digital advertising, which can create inefficiencies, intransparency, increased chances of fraudulent activities and lower ROI for buyers. While the initiative sets the foundation for Fyber to be one of the few selected top tier suppliers, ensuring our marketplace adheres to the highest standard of quality, it entailed losings of gross revenue of about €40 million in 2017 and lowered the revenue base for 2018. Nevertheless, we are convinced that it is an important investment into the long-term value of the platforms.

Premium video solution built for future growth

Fyber's video offering ensures high quality video demand and optimized yield for the publishers for each ad impression. We mitigate demand fragmentation by connecting publishers to more than 180 leading demand-side platforms ('DSP') across screens and channels, serving innovative non-rewarded and rewarded video ad units. Many of the world's top demand partners and brands connect to and buy our vast global video inventory.

In 2017, around 40% of our revenue was generated from video advertising. The slight decline is due to the fact that a major part of the business with aggregators, which was discontinued as part of our clean marketplace initiative, was based on video advertising. Revenue from display formats increased by 14% due to the growth of Inneractive's business in China.

Capitalizing on our mobile experience

Mobile is dominating the digital space, both in terms of time spent on devices and the placed advertising spend. The growth of high-speed mobile networks, more powerful smartphones and first-time sales in emerging markets have seen smartphones become many people's most important, or only, way to access the internet. As the users spend more time on mobile, and within mobile mostly within apps as opposed to mobile web, advertisers are following suit and are shifting ad budgets from more traditional media to mobile and specifically in-app environments. In 2017, around 77% of our revenue was generated from mobile traffic, in line with our overall strategy and the market development.

* Note: 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.

Breakdown by transaction type

	Year ended 31 December in %		Year ended 31 December in € million		
	2017	2016	2017	2016	Change
Programmatic	67%	60%	153	130	18%
Non-Programmatic	33%	40%	77	88	-13%
Total	**100%**	**100%**	**230**	**218**	**5%**

Breakdown by format

	Year ended 31 December in %		Year ended 31 December in € million		
	2017	2016	2017	2016	Change
Video	39%	43%	90	95	-5%
Display	61%	57%	140	123	14%
Total	**100%**	**100%**	**230**	**218**	**5%**

Breakdown by screen type

	Year ended 31 December in %		Year ended 31 December in € million		
	2017	2016	2017	2016	Change
Mobile	77%	75%	177	164	8%
Desktop	23%	25%	53	54	-2%
Total	**100%**	**100%**	**230**	**218**	**5%**

Profitability

Gross revenue increased by 5% to €229.8 million, driven by a 18% growth of income from programmatic trading. Revenue for Q4 2017 decreased by 26% YoY, yet the net revenue decreased by less than 5% for the same period YoY. The decrease is due to our strategic decision, as part of the 'Keeping it Clean' initiative to move away from aggregated supply. Business from such aggregated supply made up around 30% of gross revenue in the last quarter of 2016. Accounting for this actively discontinued business, gross revenue for Q4 2017 remained flat YoY.

The total net revenue for the full year 2017 increased by more than 12% YoY to €69.9 million - more than double the YoY growth rate of gross revenue. Although the decision to move away from aggregated supply slowed down revenue growth, it significantly increased net revenue margin from 26% in Q4 2016 to 34% in Q4 2017.

Net revenue margin for 2017 amounted to 30.4% compared to 28.6% last year. We expect continuous positive impact from the 'Keeping it Clean' initiative, which will contribute to stabilizing the net revenue margin at a minimum of 31% for 2018 and beyond.

Other cost of revenue includes IT cost and amortization. IT cost, which includes mainly server cost, accumulated to €15.5 million for 2017 or 7% of gross revenue, compared to €10.3 million for the same period last year. Going forward we estimate that IT cost will be around 6% of gross revenue.

As part of the integration of group companies, we are working on realizing the identified synergies, resulting in a positive effect on our operating expenses. The cost for research & development was reduced by 22% for Q4 2017 YoY, while both the cost for sales & marketing and general & administrative were cut by 25% YoY for the same period.

We achieved positive adjusted EBITDA for Q4 2017 at €2.0 million, representing 4% of gross revenue, compared to a loss of €0.9 million in Q4 2016.

The adjusted EBITDA for the full year 2017 accumulated to €(1.2) million compared to €(4.3) million in the previous year. We estimate that the cost reductions communicated in September 2017, which included a workforce reduction of 12% of the employees, will continue to have a positive effect in 2018, resulting in the first full year with positive EBITDA ranging between €5 million to €8 million. The goal achievement will be largely dependent on the successful conclusion of our integration strategy.

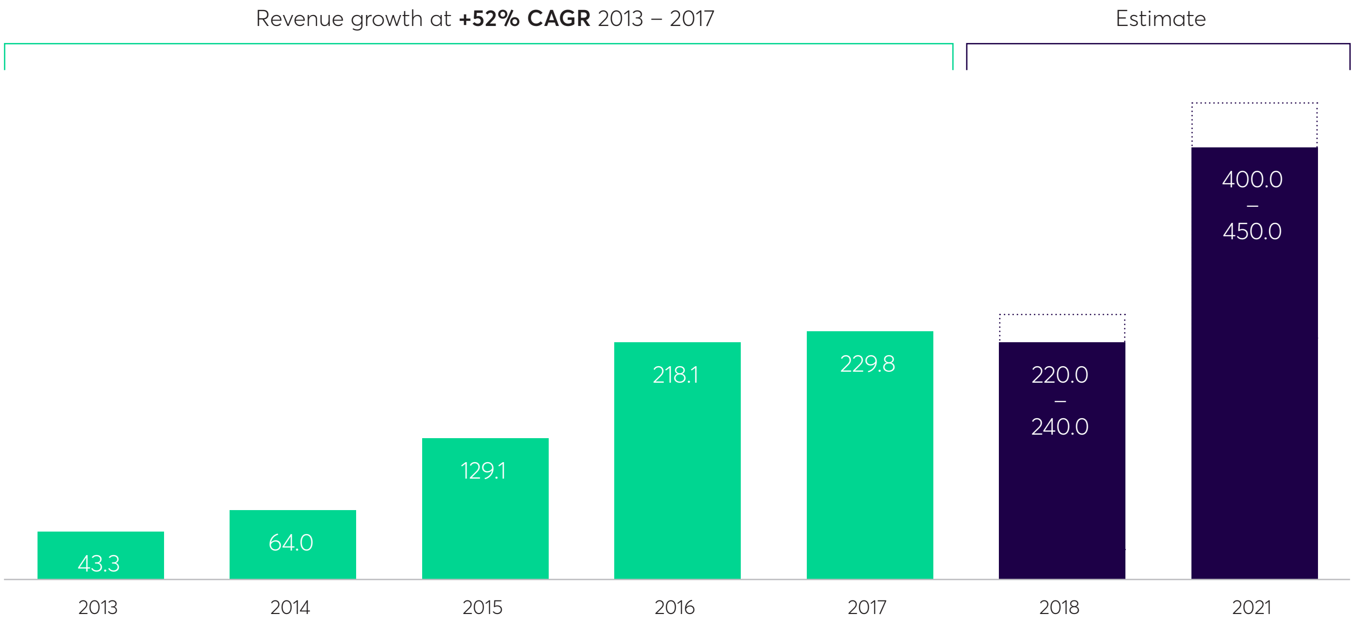
The substantial economies of scale we expect to achieve through the integration of the group companies and the launch and scaling of our integrated technology platform allow us to state a mid-term goal of at least €40 million EBITDA for 2021.

Financial performance

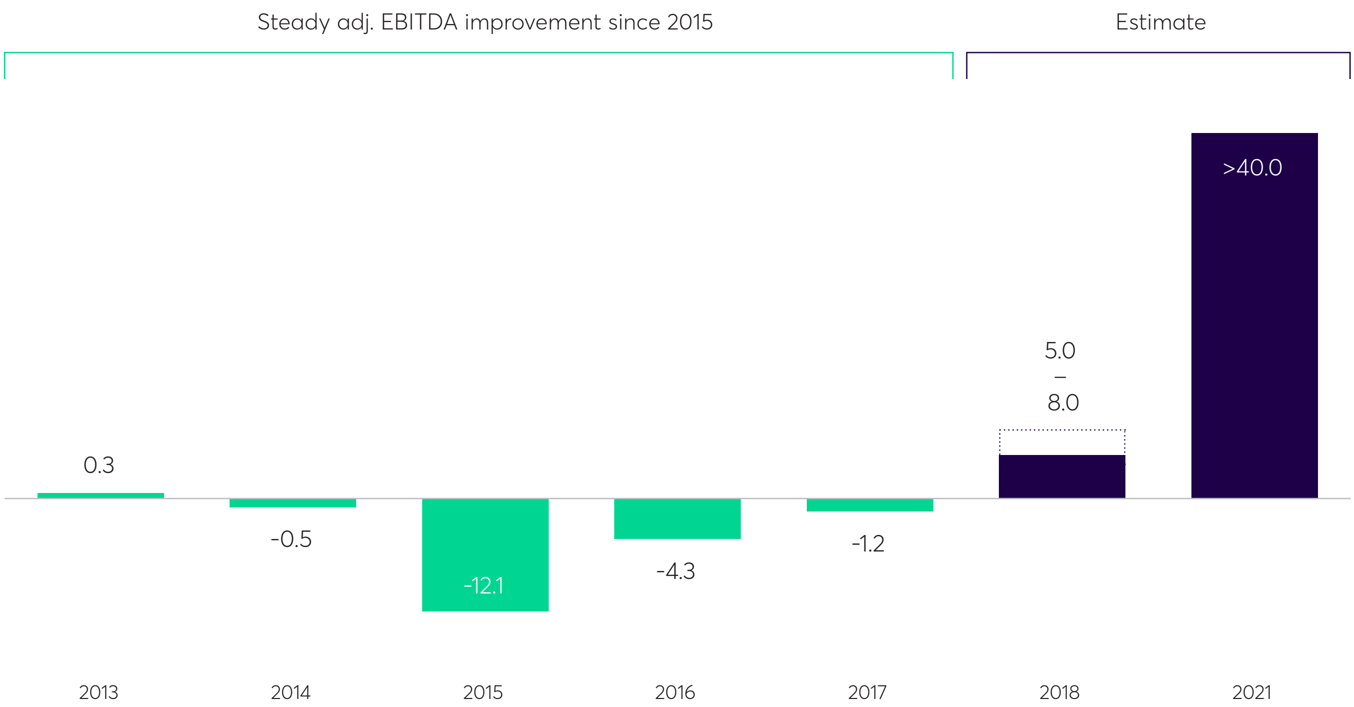
	Year ended 31 December		Three months ended 31 December	
	2017	**2016**	**2017**	**2016**
	in € million			
Gross revenue	**229.8**	**218.1**	**52.6**	**71.0**
Revenue share to third parties	(159.9)	(155.7)	(34.9)	(52.4)
Net revenue	**69.9**	**62.4**	**17.7**	**18.6**
Net revenue margin	30.4%	28.6%	33.6%	26.2%
Other cost of revenue	(27.2)	(21.1)	(7.5)	(6.9)
Gross profit	**42.7**	**41.3**	**10.2**	**11.7**
Research & development	(19.6)	(23.8)	(3.8)	(5.0)
Sales & marketing	(24.6)	(20.7)	(4.9)	(6.6)
General & administrative	(15.7)	(21.5)	(3.1)	(5.7)
Other income	-	9.4	-	9.2
Depreciation, amortization and impairment	12.6	11.8	4.2	3.6
Stock Option Plan	1.1	2.4	(0.6)	-
Other adjustments	2.2	(3.2)	-	(8.2)
EBITDA*	**(1.2)**	**(4.3)**	**2.2**	**(0.9)**
EBITDA margin (%)*	-0.5%	-2.0%	4.1%	-1.3%

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

Gross revenue development
in € million



EBITDA development
in € million



Pro-forma gross revenue and EBITDA (adjusted EBITDA for 2013-2017);
Estimates according to stated guidance, for details please refer to the 'Forecast Report' below.

Cash flow

in € million	Year Ended December 31 2017	2016
Net cash flow from operating activities	(21.3)	(22.1)
Net cash flow from investing activities	1.1	(80.3)
Net cash flow from financing activities	12.9	48.3
Net change in cash and cash equivalents	(7.4)	(54.1)
Opening balance cash and cash equivalents	25.0	79.1
Closing balance cash and cash equivalents and cash deposits	**17.6**	**25.0**

The high negative investing cash flow from 2016 was reduced, as no further acquisitions were made in 2017.

In April 2017, the holders of the Convertible Bonds ('Bonds') agreed to changes of the Bonds' terms, including the reduction of the fixed interest rate from 5.0% p.a. to 3.0% p.a., the reduction of the conversion price from €4.20 to €3.00, and the waiver of the July 2017 coupon payment.

During the year the Company also secured around €25 million of working capital and revolving credit lines from financial institutions to be used for earn-out payments and operating needs.

The net cash from operating expenses remained flat compared to 2016, due to the high working capital needs (€8 million) and interest payments (€7 million).

For 2018 we expect a substantial increase in the cash flow from operating activities, based on the targeted positive EBITDA of at least €5 million and the decrease in trade receivables and payables.

Financial and asset position

in € million	Per 31 December 2017	2016
Intangible assets	157.6	257.0
Other assets	2.2	3.3
Cash and cash deposits	17.6	25.0
Trade and other receivables	42.6	63.5
Other financial assets	11.4	16.8
Total assets	**231.4**	**365.6**
Interest bearing loans	148.0	138.1
Trade and other payables	48.9	78.1
Employee benefits liabilities	13.9	14.4
Other liabilities	5.7	10.5
Deferred tax liabilities	1.8	4.1
Total liabilities	**218.2**	**245.2**
Total equity	**13.2**	**120.4**

Four acquisitions since 2014 for a total consideration of close to €250 million in shares and cash have added significant goodwill to the balance sheet. The change in goodwill is due to the strategic decision to discontinue business with aggregators on the publisher side, which was a major contributor to the revenue of Fyber RTB. Please refer to Note 16 of the Notes to the Financial Statements for further details.

The decrease in trade receivables and payables is due to the lower revenue and cost of revenue in the last quarter of 2017 compared to same period in the previous year.

Subsequent Events

Successful elimination of the 'Fall-back risk'

In January 2018, the former shareholders of Fyber GmbH and the original investors into Fyber N.V. at the time came to an agreement, settling all claims from the former Fyber GmbH shareholders against the Company. With this, 100% ownership of the subsidiary Fyber GmbH was secured.

This also led to an updated shareholder table as follows:

Shareholders registered above 3% of voting rights as of 31 January 2018*	% Voting rights
Stichting Horizon One	38.4%
Abu Dhabi Securities	18.0%
Altera Absolute Global Master Fund	5.5%
FIL Limited (FIL Investments International, FIL Pension Management)	3.4%

*Note: Based on the notification by the shareholder to the AFM.

Launch of in-app header bidding technology 'Fyber FairBid'

In February 2018, Fyber launched Fyber FairBid, the world's first and only ad auction technology to achieve a true state of header bidding for the in-app environment. The Company partnered with AdColony and Tapjoy for the launch of the product and is working with several other prospects to expand the program.

Fyber FairBid builds on Fyber's concept of 'programmatic mediation', bringing together programmatic demand from DSPs, direct campaigns, and mediated networks into one, simultaneous, fair and transparent auction. The technology maximizes the outcome for publishers and advertisers, while also expanding the Company's own revenue base through a transaction fee that will be charged on the campaigns placed through programmatic mediation.

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 described below.

Approach to risk management

Senior management agrees on the risk management priorities for the Company. The risk profile is discussed and agreed with the Management Board and updated annually in order to manage our most important risks. During the year, we monitor the mitigating actions and the trend for each risk.

The business risk profile is taken into account when establishing the Company's 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 controls are as follows:

- Strong governance standards based on the (1) ultimate responsibility of the Management Board and (2) supervision of the Management Board by sub-committees of the Supervisory Board;
- Defined lines of accountability and delegation of authority, together with reporting and analysis against budgets;
- Minimized operating risks 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 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;
- 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, the occurrence likelihood 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 risks are shown 'net', meaning that the risks are described after taking the risk response into consideration.

Risk overview

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

● 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.

Description of 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.
Operational Risks	Risk relating to current operational and financial performance and capital arising from inadequate or failed internal processes, people and systems or external events.
Financial Risks	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.
Compliance Risks	Risk resulting from non-compliance with relevant laws and regulations, internal policies and procedures.

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 years, increasing the group's revenue substantially since its inception. The mobile advertising industry is still 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 rapidly leading to loss of competitive positioning and revenue. 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 ecosystems such as Apple and Google may decide to introduce ad blockers to their systems and/or change their policies to ban certain ad formats. 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 (e.g. different ad formats)
- 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 its 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

Integration risk – 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 under 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 in general.

Risk response

- We have set 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 between management and staff

Capital risk – Failure to increase liquidity of the stock

Specific risks	Risk response
The group's valuation does not yet reflect the strategic and operational achievements of the Company due to key corporate challenges in financing and shareholder structure. The low share price may lead to inability to attract strong long-term investors and limits the ability to raise new equity and attract key personnel.	■ Participating in investors conferences – introducing Fyber to new investors ■ Anchored the group companies under one strong Fyber brand ■ Changed the form of our shares from bearer to registered shares to increase the liquidity of our stock ■ Restructured the Bonds to lower conversion price, reducing the refinancing risk in 2020

Financing risk – Failure to secure financing

Specific risks	Risk response
Additional financing needs stem from the outstanding earn-out payments on the acquisitions of Heyzap and the liabilities in relation to the Company's convertible bonds (ongoing coupon, repayment in July 2020).	■ Management has taken significant steps to reduce the cash needs of the group by: ■ Reducing the cost base allowed the Company to generate positive adjusted EBITDA for the last consecutive three quarters ■ At the date of this report, the Company was well financed to pay its ongoing coupon and working capital needs ■ Restructured the Bonds to lower conversion price, reducing the refinancing risk in 2020

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

Specific risks	Risk response
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.	In the course of 2017 the technology was split into two layers: mediation and exchange. The mediation layer was completely moved into a cloud environment, which means that it is also completely scalable. The underlying exchange layer, which is responsible for Fyber's exchange revenues, is still located in a physical data center, where it can also scale, but only to the extent that physical hardware is provisioned and provided. The exchange layer is planned to be moved to a cloud environment in the course of 2018 as well.

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 Risks

Fyber's business depends on personnel, infrastructure, technology and customers.

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

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

Specific risks	Risk response
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 hiring cycles and unplanned fluctuation could result in substantial delays in product development, sales activities and revenue growth.	■ Providing attractive remuneration package ■ Providing employee stock option program to 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

Infrastructure risk – Failure to secure functioning of the IT infrastructure

Specific risks	Risk response
The group's success largely depends on the continued and uninterrupted performance of its information technology, network systems and certain hardware /data centers. Revenue is earned by delivering advertisements to publishers' applications through the Fyber platform. Down-time of the platform immediately reduces revenue for the duration of the outage. A catastrophic failure or disaster impacting 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.	■ 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 risk - Failure to scale the platform") ensures that the mediation layer services are running in multiple cloud data centers (Frankfurt, N. Virginia). This guarantees 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 risk – Failure to detect fraudulent activities

Specific risks	Risk response
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 and ultimately withdrawal of future business.	■ 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 the launch of each campaign ■ 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

Technology risk – Open source software programs

Specific risks	Risk response
The group's products rely on third-party open source software components. The use of open-software 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.	■ 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 has been 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. Management's risk appetite in this field is low to medium and we seek 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 (EUR) which is also the functional currency of Fyber. It is exposed to exchange rate risks, particularly with respect to transactions in foreign currencies arising mainly from the relative value of the EUR compared to the value of the US dollar (USD). The majority of the Company's revenue is generated in USD. The group is therefore significantly exposed to currency fluctuations between the USD and EUR. 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 risk through natural hedging by increasing its cost base in USD
- In securing additional financing, USD 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 Financial Statements.

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. Since the Company has contractual relationships with publishers and 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

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. In addition, digital advertising spend is volatile and unpredictable. As a result, in times of lower than expected advertising spend the group's revenue 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 increased traffic volumes and the variety of advertising formats whilst maintaining a stable and effectively functioning infrastructure and reliable service to customers. This flexibility and stability require significant investments in both the Company's organization and technology, which increase the 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 banks or other financing partners

Impairment risk – Failure to meet initial expectation

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

Price risk – Failure to maintain current margin levels

Specific risks

Fyber is providing monetization services to digital publishers, based on the business model of charging a revenue share on the advertising spend that is being processed through the Company's ad exchanges.

There is a risk of incurring losses from potential adverse changes in prices of the inventory pur-chased by marketers or the revenue share that the Company is able to charge for its services or other intangible assets.

Risk response

- Provided technology enables publishers to monetize their inventory through advertising; The significant value added justifies current margin levels
- Continuous investment into innovation, product capabilities, technology, global reach and client services to maintain margins
- Investment focus on high-value, high-priced ad formats such as native video

Management addresses the financial risks mainly through transparency 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.

Compliance Risks

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	Risk response
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.	■ 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

Data risk - Failure to comply with increasing data security regulations

Specific risks	Risk response
With the General Data Protection and e-Privacy Regulation, coming into effect in May 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.	■ 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

Fyber's Remuneration Policy aims to attract and retain highly qualified individuals and reward them with a remuneration package that focuses on delivering sustainable performance in line with long-term business strategy of the Company.

This Remuneration Report describes the activities of the Remuneration Committee, the Remuneration Policy and its application in 2017.

Remuneration Policy and application in 2017

The Remuneration Policy has been adopted by the General Meeting on 30 June 2014 upon proposal by the Supervisory Board and governs the remuneration of the members of the Management Board and all employees. The Remuneration Policy is clear and understandable, focuses on long-term value creation for the group, and takes into account the internal pay ratios within the Company. The full policy can be found on the Company's website.

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

i. Fixed remuneration (including fixed supplements)
ii. Performance-based remuneration (variable pay)
iii. Long-term incentive plan
(in the form of a stock option plan)
iv. Pension schemes and other benefits
v. Severance payments

In accordance with best practice provision 3.4.2 of the 2016 Dutch Corporate Governance Code (the 'Code') the main elements of the contracts of the Management Board members are published on the Company's website, as well as the Remuneration Report (as part of the Annual Report).

i. 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.

ii. Performance-based remuneration

The intention of the performance-based bonus scheme is to ensure a uniform bonus structure throughout the organization.

To support the policy objectives, the remuneration package includes a significant variable part in the form of an annual cash bonus incentive and long-term incentive in the form of performance options. The policy does not encourage inappropriate risk-taking. The performance targets for the members of the Management Board are determined annually at the beginning of the year. The variable part of the annual salary ranges between 30% to 50% of the total annual salary. The performance conditions may include criteria concerning the Company's financial performance, qualitative criteria representing the Company's performance with regards to the long-term strategy implementation and/or individual performance.

The Supervisory Board annually defines 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. The performance conditions for members of the Management Board for 2017 are linked to the results of the Company (100% weighting) and include targets of gross revenue, net revenue and EBITDA. The maximum achievable annual incentive is 150% of the annual base compensation.

iii. Long-term incentive plan / Stock option plan

In accordance with its Remuneration Policy, the Company uses a stock option plan ('SOP') for the purpose of awarding, retaining and attracting talented employees and executives.

The boards are of the opinion that share-based incentives increase commitment and motivation on the part of participants in the plan and therefore benefit the Company and support the long-term value creation of Fyber. The SOP is designed to grant options over ordinary shares in the capital of Fyber N.V. to certain Management Board members and employees of Fyber and its subsidiaries following a consistent course of action according to the conditions of the SOP and periodicity of the grants. Unless determined otherwise by the Supervisory Board, the options granted will vest, i.e. options will actually become exercisable, over a period of three years, subject to continued employment. In principle, vested options may be exercised within five years from the start date.

The SOP was originally approved by the extraordinary general meeting ('EGM') held on 1 April 2015 and amended in the 2016 annual General Meeting ('AGM') to accommodate the increase in the number of persons who are eligible to participate in the SOP, as a consequence of organic growth and acquisitions. The SOP (which, for the avoidance of doubt, includes the Israeli subplan) was most recently amended and restated by the Supervisory Board upon recommendation of the Remuneration Committee and approved by the General Meeting at the EGM held on 11 April 2017 to facilitate a so-called cashless exercise of stock options by participants in the SOP.

The revised SOP is available as part of the "EGM April 2017 Annexes to Notice and Agenda" on the Company's website.

As of 31 December 2017, 7,476,644 options have been granted to the Company's employees. No stock options have been granted to the members of the Management Board yet.

iv. Pension and other benefits

Ziv Elul, Daniel Sztern and Yaron Zaltsman are entitled to benefits according to the Israeli provisions of the 'General Approval of the Minister of Labor and Social Welfare Regarding Payments by Employers to a Pension Fund and Insurance Fund in lieu of Severance Pay' with a monthly employer contribution of up to 17.3% of the base salary and the Education Fund ('Keren Hishtalmut') short-term savings plan with a monthly employer contribution of 7.5% of the base salary. In addition, Daniel Sztern and Ziv Elul are entitled to car allowances. Ziv Elul is furthermore entitled to full membership of the 'Young Presidents Organization'.

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.

v. Severance Arrangements

In line with best-practice provisions of the Code 3.2.3, the maximum severance payment to Management Board members amounts to a one-year base salary in case of termination without cause by the Company. For details on severance payments to former members of the Management Board please refer to Note 39 of the Notes to the Financial Statements.

Management Board remuneration in 2017

During its meeting held on 7 June 2017 the Supervisory Board, upon recommendation of the Remuneration Committee, decided on the remuneration of the new Management Board as outlined in the table below, in accordance with the Remuneration Policy as adopted by the General Meeting of shareholders.

Annual remuneration of Management Board members 2017

in € thousands	Fixed	Performance -based*
Ziv Elul, CEO	300	300
Daniel Sztern, Deputy CEO	250	175
Yaron Zaltsman, CFO	250	175
Crid Yu, COO	250	250

*Note: in case of achievement of 100% of the performance targets.

For further details and pro rata remuneration for the period of their serving in 2017 please refer to Note 39 of the Notes to the Financial Statements.

The EGM held on 25 July 2017 appointed Daniel Sztern, Yaron Zaltsman and Crid Yu as new members of the Management Board. Andreas Bodczek and Heiner Luntz resigned as members of the Management Board shortly following this EGM. Janis Zech already stepped down from the Management Board with effect 1 January 2017.

In line with the Code, internal pay ratios are an important input for determining the remuneration of Management Board members. The ratio between the annual total compensation for the CEO and the average annual total compensation for an employee was 16:1 for 2017. The development of this ratio will be monitored and disclosed going forward.

Supervisory Board remuneration in 2017

The General Meeting determines the remuneration of the members of the Supervisory Board. The remuneration of the members of the Supervisory Board does not depend on the results of the Company. 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.

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

Annual remuneration of Supervisory Board members 2017

in € thousands	Annual remuneration
D. v. Daele	200
G. Dubois	100
J. Schumann	100
Y. Valler	100
K. Sehnaoui (interim)	not entitled yet

For details and pro rata remuneration in 2017 please refer to Note 39 of the Notes to the Financial Statements.

The EGM held on 11 April 2017 approved that, effective from 1 January 2017, the annual remuneration of the chairman of the Supervisory Board shall be €200.0 thousand and the annual remuneration for all other members of the Supervisory Board shall be €100.0 thousand. Payment of the remuneration shall be made in quarterly installments during the financial year to which the remuneration relates, payable at the start of every quarter. The remuneration can be adjusted downwards at the discretion of the Supervisory Board.

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

Management Board and Supervisory Board members' shareholdings

The number of ordinary shares held by members of the Management and Supervisory Board as of the date of the accounts is set out in the table below.

as of 31 December 2017	Number of ordinary shares	Number of options over ordinary shares
Z. Elul	98,400	0
D. Sztern	25,300	0
Y. Zaltsman	0	0
C. Yu	25,000	0
D. Van Daele	0	2,000,000*
G. Dubois	2,550,000	0
J. Schumann	50,000	0
Y. Valler	25,000	0
K. Sehnaoui	0	0
Total	**2,773,700**	**2,000,000**

*Note: Fyber N.V. entered into a warrant agreement with Dirk van Daele in 2014, the Company has agreed to issue warrants to Dirk van Daele for a number up to 2,000,000 shares that will be exercisable, in whole or in part, until 14 July 2018.

Remuneration Committee Activities

The Supervisory Board has set up a Remuneration Committee from among its members, confirming Guy Dubois and Jens Schumann as members of this committee in its meeting held on 26 April 2017. The composition of the Remuneration Committee is in accordance with the Code. The duties of the Remuneration Committee are, among others, to make proposals to the Supervisory Board about the selection criteria and appointment procedure for members of the Supervisory Board and Management Board, to monitor the effectiveness and relevance of the Remuneration Policy throughout the year and to consider the extent to which the individual remuneration packages of the Management Board members were in line with the Company's policy.

The Remuneration Committee met five times in person and conducted two calls in the course of 2017, with an overall attendance rate of 100%. The meetings of the Remuneration Committee took place before the meetings of the Supervisory Board.

The performance of the Management Board as a whole and its individual members were discussed by the Remuneration Committee and the Supervisory Board during its meetings held on 26 January 2017, together with the performance appraisal and bonus computation for the preceding year and the performance goals of the Management Board for 2017. The further meetings on 21 March, 26 April, 12 May, 6 June and 6 December covered the following topics: the structure and remuneration of the Management Board as well as the contracts for the new members of the Management Board, the SOP for the members of the Management Board, the review and support of the ongoing search for candidates to fill the Chief Financial Officer position and contract amendments with the then acting Chief Financial Officer Heiner Luntz.

The Remuneration Committee agreed on the key performance indicators (KPIs) and weighting levels set for the performance-based remuneration of the Management Board and periodically reviewed the progress on the achievement of these KPIs. A scenario analysis was carried out within the terms of the Code to evaluate the variable components of the remuneration packages of the Management Board members.

The objectives of the Remuneration Policy for the members of the Management Board are in line with executive remuneration throughout the ad tech industry, that is, to focus on improving the performance of the Company and its long-term value, to motivate and retain board members, and to be able to attract other highly qualified executives, when required. In order to compete for talents, the Remuneration Committee identified a peer group of other ad tech companies for remuneration benchmarking purposes in 2017 to align the Management Board's remuneration levels closer to equivalent positions in the market. These peer companies are either business competitors, i.e. other technology companies with a focus on advertising technology, or companies we compete with for executive talent. The peer group predominantly consists of US-based companies with global operations and Israel-based companies, of comparable size, complexity and international scope. Annual changes to the peer group can be made by the Supervisory Board.

The Remuneration Committee discussed the individual Management Board members' views with regard to the amount and structure of their own remuneration and asked the members of the Management Board to pay attention to the aspects referred to in best practice provision 3.1.2 of the Code.

The Remuneration Committee evaluated its own functioning and concluded that its activities are satisfactory and adequately serve the Company's needs.

Personnel Report

2017 was focused on the integration of group companies, consolidating our teams and processes. This included, among others, the establishment of a unified corporate management and leadership team, the definition of a new set of values for the Company, and the implementation of global IT systems. In addition, we have restructured the business teams by geographies, and initiated the shift of our sales force to be closer to the customers in the designated regions.

The integration efforts also led to a significant reduction of workforce, coming as a result of the above-mentioned restructuring and an increased focus on technology, operational excellence and efficiency. By the end of 2017, the total number of employees, including permanents and working students, was at 330 employees. The current structure supports the existing business as well as our budgeted growth plans going forward. Management does not expect any further substantial changes in headcount.

Employees by functional area & geography

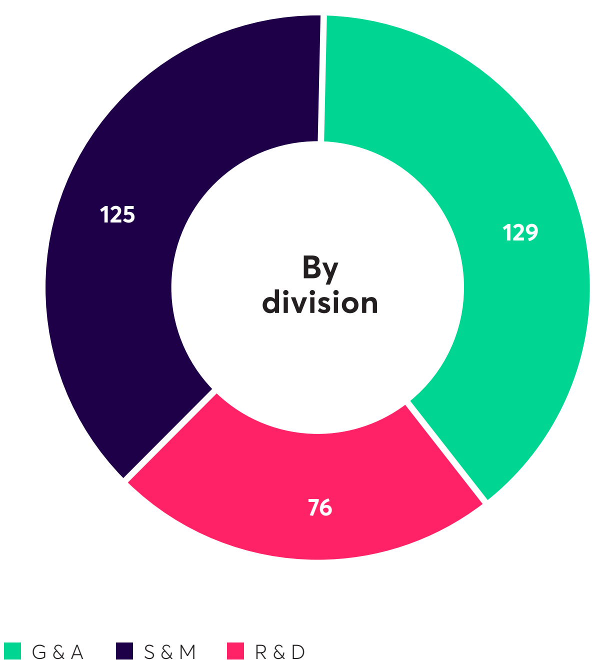
Fyber comprises of a highly diverse workforce of more than 40 nationalities in its offices in Berlin, Tel Aviv, San Francisco, New York, Beijing and London. The below charts give an overview of the number of employees by division, split into General & Administration, Sales & Marketing and Research & Development, as well as by office location.

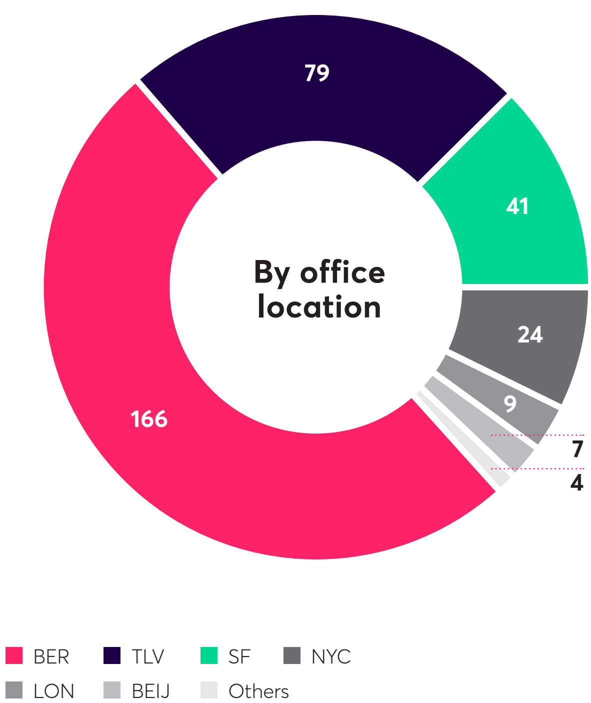
Our company values

Fyber defined a set of joined, equally important values, that best express our focus on technological leadership through innovation, long-term value creation and the creation of a fair, inspiring work environment for all our employees. The Management Board promotes and applies these values thoroughly in all personnel related processes such as hiring, promotions and the review of employee performance.

Fyber's personnel structure

Number of employees as of 31 December 2017, including permanents and working students





Fyber values

Accountability

We value individuals who proactively drive for results, even if it means stepping out of their comfort zone. We celebrate success and learn from failures and either way, we own up to it.

Team Spirit

We believe that two minds are better than one and encourage an environment of collaboration and friendship. We believe that our successes are group efforts.

Innovation

We value creativity and constantly strive to make things better - whether it's in our industry, our technology, or our business approach. We dare to challenge conventions and identify new, exciting ways of adding value.

Mutual Respect

We embrace individuality and honor the diverse cultures and personalities that exist. We believe in creating a work environment that allows people to feel valued and equal, regardless of who they are.

Dedication

We believe each person has a direct contribution to the overall success of Fyber, and value individuals who are committed and passionate about their role and what we do at Fyber.

Diversity

The members of the Management Board and the Supervisory Board recognize the importance of diversity with regards to the composition of the boards and the entire workforce. The gender ration was at 37% female and 63% male at 31 December 2017 across the group. The Company's targets and current status relating to diversity (gender, geographical provenance, education, experience etc.) are described in our Diversity Policy, downloadable from our website. Further details can also be found in the Corporate Governance Report of this Annual Report.

Employee participation body

Following an employee election at Fyber's Berlin office in November 2017, a work council has been established which represents the employees of this office. The members held the constituent meeting on 20 November 2017 and started their training and work at the beginning of 2018. The council is working closely with HR and the members of the Management Board in exercising its co-determination and information rights.

Forecast Report

We are confident that Fyber's strong competitive position and its lean, efficient operation are the foundation for sustainable growth and long-term value creation. The Company delivered positive adjusted EBITDA in the last three quarters of 2017, which is expected to increase as a percentage of revenue over time.

2018 will be an important year of execution for Fyber. The integration will turn the four highly compatible mid-sized group companies into one large tier-1 provider. We plan to launch the holistic technology platform in the course of the year, supporting all publisher verticals through one outlet and under one name – Fyber! As described above, the unified product will further strengthen the Company's position as a technology leader in the digital advertising market. The speed and ease of market adoption among existing clients and the expansion of our network based on the new product's features will be important factors of future growth.

As part of the 'Keeping it Clean' initiative, the Company took the strategic decision during 2017 to move away from aggregated supply and focus primarily on direct publisher integrations. The initiative is in line with the recent industry trends calling for a "cleaning up" of the ecosystem. Aggregators add another layer to the value chain of digital advertising, which can create inefficiencies, intransparency, increased chances of fraudulent activities and lower ROI for buyers.

While the initiative sets the foundation for Fyber to be one of the few selected top tier suppliers, ensuring our marketplace adheres to the highest standard of quality, it entailed losings of gross revenue of about €40 million in 2017 and lowered the revenue base for 2018 by about the same amount. Nevertheless, we are convinced that it is an important investment into the long-term value of the platform. Moreover, it is expected to lead to a slight increase in net revenue margin to at least 31.0% in 2018, compared to an average of 29.5% in last years.

A second factor contributing to this year's revenue development is a recent change in the 'Google Play Store' terms, which bans the use of charging screens adsfrom 1 January 2018 onwards. Previously this was a popular ad format especially in the APAC region and a significant contributor to Fyber's business in China. Although we have high expectations for our unified project, it is too early to predict its exact growth contribution. Given that the full roll-out of the holistic technology platform is expected for the fourth quarter of 2018, the financial impact on the current year will not be significant yet. Taking into account all above mentioned developments and especially the fact, that in our business the fourth quarter is the strongest in terms of revenues, we forecast the gross revenue for 2018 to be in the range of €220 million to €240 million.

In line with the industry's natural seasonality and our financial performance during the last years, we expect the first quarter to contribute less than 15% to the full-year revenue and to be the only quarter with negative EBITDA.

Based on our investments in efficiency and scalability, for the first time we expect a positive EBITDA for full year 2018 ranging between €5 million and €8 million.

This range is lower than our initial expectations published in 2017, stemming from a strategic decision to divert more resources towards key developments in our product. Moreover, this update reflects the revenue reductions based on our clean marketplace initiative and the ban of charging screens ads on Android.

Despite recent changes in this evolving market, management is highly committed to the EBITDA goal and is confident that the investments and strategic positioning form a strong foundation for future growth.

The goal achievement will be largely dependent on the successful conclusion of our integration strategy.

The substantial economies of scale we expect to achieve through the integration of group companies and the launch and scaling of our integrated technology platform allow us to state a mid-term target of at least €40 million EBITDA for 2021 with gross revenues ranging between €400 million and €450 million.

Equity Information

Capital structure

The Company's shares are traded on the Prime Standard of the Frankfurt Stock Exchange under the symbol 'FBEN' and the ISIN code NL0012377394. The issued capital of Fyber N.V. amounts to €11.453 million and is divided into 114,533,333 common registered shares, with a nominal value of €0.10 each. The issued capital as of 31 December 2017 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 conversion became effective on 14 August 2017. Potential dilution can arise from the exercise of warrants for a total of 50,000,000 shares as well as from the exercise of options under the Stock Option Plan. As of 31 December 2017, 7,048,700 options have been issued. At year-end, Fyber shares were traded for a share price of €0.77[5]. As the strike price for the warrants is at €3.00 and the weighted average strike price of the stock options is at €1.87, both were out of the money.

Furthermore, at the end of 2017, the Convertible Bond of €150 million with a conversion price of €3.00 could have led to a maximum dilution of 50.000.000 shares.

Key share data

Issuer	Fyber N.V.
Ticker Symbol	FBEN
ISIN	NL0012377394
Market	Frankfurt Stock Exchange, Prime Standard
Currency	Euro
Number of shares	114,533,333
52 weeks high / -low	2,40 / 0,57

5 Source: XETRA Frankfurt closing value on 29 December 2017

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 2017, the following shareholders owning 3% or more of the Company's voting rights were registered with the AFM:

Major shareholders

	% Voting rights
Former Fyber Shareholders (P+P Pöllath und Partners)	20.3%
Abu Dhabi Securities	18.0%
Altera Absolute Global Master Fund	5.5%
FIL Limited (FIL Investments International, FIL Pension Management)	3.4%

For an updated shareholder structure for 2018, please refer to the chapter 'Subsequent Events'.

Changes in share capital

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

Responsibility Statement

The Management Board is responsible for the design, implementation and operation of Fyber's internal risk management and control systems. In discharging this responsibility, the Management Board has assessed the effectiveness of the Company's internal control and risk management systems in accordance with best practice provision 1.4.3 of the Code. Based on this assessment and to the best of its knowledge and belief, the Management Board states that:

- Fyber's internal risk management and control systems provide reasonable assurance that the Annual Report does not contain any errors of material importance;
- there is a reasonable expectation that Fyber will be able to continue in operation and meet its liabilities for at least twelve months, therefore, it is appropriate to adopt the going concern basis in preparing the Annual Report;
- there are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of Fyber's enterprise in the coming twelve months.

With reference to the statement within the meaning of Article 5:25 (2c) of the Financial Supervision Act, the Management Board states to the best of its knowledge and belief, that:

- 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.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realization of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations. Nor can they provide certainty that we will achieve our objectives.

Berlin, April 2018

The Management Board
Ziv Elul | Chief Executive Officer
Dani Sztern | Deputy Chief Executive Officer
Yaron Zaltsman | Chief Financial Officer
Crid Yu | Chief Operating Officer

Corporate Governance Report

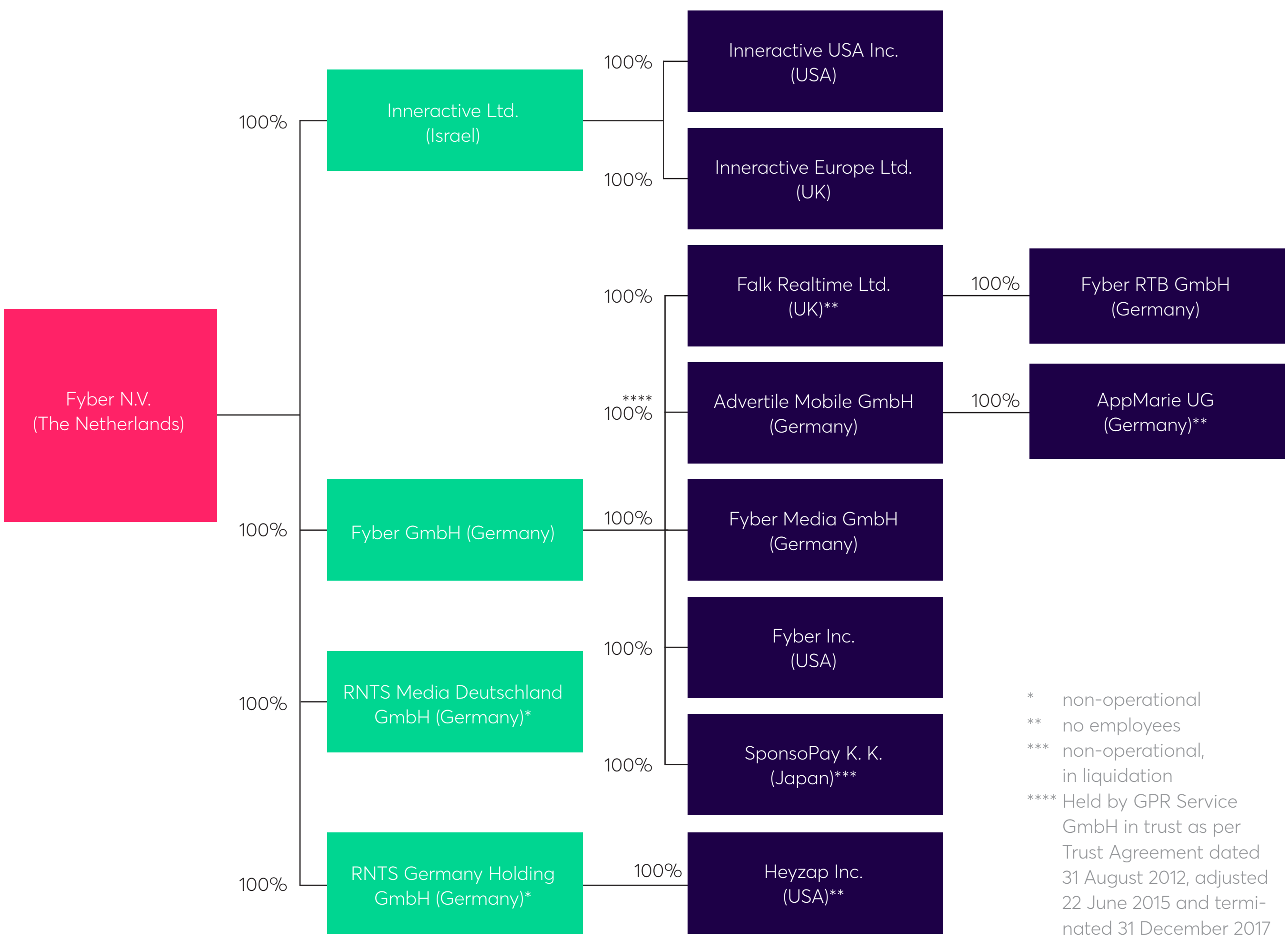
Introduction & Company Structure

Fyber N.V. ('Fyber' or the 'Company') 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 chart below sets out the group's structure as at 31 December 2017.

For more information about our group companies please refer to the Report of the Management Board.

Company structure
as per 31 December 2017



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 of shareholders 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 in the 2016 version (the 'Code'), applicable securities laws and the rules and regulations of the Frankfurt Stock Exchange. We continuously monitor and assess our corporate governance structure and compliance with the Code and applicable laws and regulations. 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. In order to drive governance, consistency and functional excellence throughout the Company, the Management Board has established a set of policies, guidelines and manuals. The Company operates inter alia a code of conduct and a whistleblower scheme, both of which are published on the Company's website. The Management Board monitors the effectiveness and compliance with its internal policies and guidelines, both on the part of itself and of the employees of the group and informs the Supervisory Board in case of any relevant findings.

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

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 December 2016 (the "Code"), which is available at http://www.mccg.nl/

Examples of external regulations that affect Fyber

- Articles of association
- By-laws of Management and Supervisory Board
- Fyber Governance Matrix
- Fyber Code of Conduct
- Fyber Insider Trading Policy
- Fyber Whistleblower Policy
- Fyber 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.

Supervisory Board

Charged with the supervision of the Management Board and the general course of affairs of the Company; approves and supervises the strategy for long-term value creation; supports Management Board by providing advice, appoints and oversees key executives, approves major transactions and investments; accountable to the General Meeting.

Shareholders & General Meeting

Adopt annual accounts, appoints Supervisory Board members and Management Board members, determine remuneration of Supervisory and Management Board, appoint the external auditor and adopt articles of

Management Board

Management Board Responsible for the day-to-day management of the operations of the Company, for complying with the relevant 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.

External Auditor

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

The Management Board

Role & procedure

The Management Board is the executive body entrusted with the day-to-day management of the operations of the Company and is guided by long-term value creation. 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 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 long-term value creation by the Company, c) the parameters to be applied in relation to this strategy and d) any corporate social responsibility issues that are relevant to the 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.

Meetings

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.

Composition

As per December 2017, the Management Board consisted of the following members listed on the following page.

The extraordinary General Meeting ('EGM') held on 25 July 2017 has appointed Daniel Sztern, Yaron Zaltsman and Crid Yu as new members of the Management Board.

Andreas Bodczek and Heiner Luntz resigned as members of the Management Board shortly following this EGM. Janis Zech already stepped down from the Management Board with effect 1 January 2017.

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 members of the Management Board are appointed for a period of four years with the possibility of re-appointment for a consecutive four-year term in accordance with the Code.

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.

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.

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

Each Management Board member may be suspended

Ziv Elul CEO Managing Director A		**Qualification** Ziv brings 15 years of industry and management experience; on the management board 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; co-founder and former CEO of Inneractive Ltd.
Nationality	Israeli	
Year of birth	1975	
Date of first appointment	June 2016	
Daniel Sztern Deputy CEO Managing Director B		**Qualification** Dani brings over 20 years of diverse experience at public and private companies, mainly in the software industry, as both COO and CFO; vast exposure to financing in both private and public markets and actively managing M&A processes; for Fyber, heads corporate strategic projects team, the business and commercial legal department, the system integration department; responsible for the integration process of the acquired assets, overseeing the global operations and driving growth through the optimization of processes across departments and offices.
Nationality	Israeli	
Year of birth	1965	
Date of first appointment	July 2017	
Yaron Zaltsman CFO Managing Director B		**Qualification** Yaron brings extensive knowledge of working within public companies worldwide, and specifically on the Frankfurt Stock Exchange; led the 2015 IPO of ADO Properties on the Frankfurt Stock Exchange, raising €0.4 billion.
Nationality	Israeli	
Year of birth	1974	
Date of first appointment	July 2017	
Crid Yu COO Managing Director B		**Qualification** Since 2011, Crid has held several roles in the startup world, bringing vast industry knowledge to the board; ran strategic partnerships at Buddy Media (sold to Salesforce.com), the North America business for InMobi, scaled the business for Jana Mobile 3x to become a leading mobile marketing platform in emerging markets; worked eight years at Google building their businesses in China, Southeast Asia, and other geographies; early leader on developing monetization strategies for YouTube and led a team to launch a new premium ad network for Google.
Nationality	Taiwanese	
Year of birth	1969	
Date of first appointment	July 2017	

or removed by the General Meeting at any time. A resolution of the General Meeting to suspend or remove a Management Board member other than pursuant to a proposal by the Supervisory Board requires a two-third majority of the votes cast representing more than one-half of the Company's issued capital.

A Management Board member may also be suspended by the Supervisory 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 aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension will end.

Remuneration
The Company has defined a remuneration policy governing the remuneration of all the group's employees, including the Management Board, which has been adopted by the General Meeting on 30 June 2014 (the Remuneration Policy) upon proposal by the Supervisory Board. 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.

Pursuant to the Remuneration Policy, the remuneration of the Management 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 2017, reference is made to the Remuneration Policy and the 'Remuneration Report' section in the Report of the Management Board.

Conflict of interest
The Supervisory Board of Fyber N.V. is responsible for the decision-making on dealing with conflicts of interest between the Company on the one hand and the Supervisory Board members, the Management Board members and the majority shareholders on the other.

The by-laws of the Supervisory Board and the Management Board provide detailed rules on dealing with conflicts of interest among other things and are posted on the Company's website. Those documents also stipulate which transactions are subject to approval of the Supervisory Board and/or the General Meeting.

During 2017 no conflicts of interest were reported. Furthermore there were no transactions in 2017 according to the best practice provisions 2.7.1, 2.7.3 or 2.7.6, for which there was a conflict of interest between Management Board members and/or Supervisory Board members and/or majority shareholders and the Company that are of material significance to the Company and/or to the relevant Management Board and/or Supervisory Board members.

The best practice provisions 2.7.3 to 2.7.5 of the Dutch Corporate Governance Code have been complied with.

The Supervisory Board & Report of the Supervisory Board

Role & procedure

The Supervisory Board is charged with the supervision of the Management Board and the general course of affairs of the group and supports the Management Board by providing advice. The Supervisory Board oversees the strategy for realizing long-term value creation of the group, appointsand monitors key executives, approves major transactions and investments. In performing its duties, the Supervisory Board acts in the interest of the Company as well as that of its stakeholders as a whole and is accountable to the General Meeting.

Pursuant to article 21.4 of Fyber's articles of association and best practice provision 2.3.1 of the Code, the Supervisory Board has adopted by-laws summarizing the modus operandi of the Supervisory Board, complementary to the provisions regarding the Supervisory Board and the Supervisory Board members as contained in applicable legislation and regulations, the articles of association and the rules pertaining to the relationship between Management Board and Supervisory Board as contained in the by-laws of the Management Board (which have been approved by the Supervisory Board). The by-laws are posted on the Company's website.

Meetings

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 Board member 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.

In 2017 the Supervisory Board held five meetings in person and three 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 98%, best practice provision 2.4.4 of the Code is complied with. 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 and actively participated in the meeting discussions, demonstrate that they were all able to devote adequate attention to the company.

Composition & committees

As per December 2017, the Supervisory Board consisted of the following members listed on the following pages:

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

Committees
Audit & Corporate Governance Committee

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. Dirk 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
Chairman of Dare Holdings, member of the board of directors, CEO/ Joint Owner of Anoa Advisory Services, member of the board of Track Group Inc. (former SecureAlert Inc.), and member of the board of Better African Foods Ltd.

Guy Dubois
Board Member

Nationality	Belgian
Year of birth	1958
Date of first appointment	June 2014
Term of office	4 years

Committees
Audit & Corporate Governance Committee, Remuneration & Organization Committee

Former positions
Track Group's CEO from September 2016 to December 2017, Director and CEO of Gategroup AG, held various executive leadership roles at Gate Gourmet Holding LLC and Roche Vitamins Inc. He also served the European Organization for Nuclear Research (CERN) team in Switzerland in various roles, including treasurer and chief accountant. Guy holds a degree in financial science and accountancy from the Limburg Business School in Diepenbeek, Belgium.

Current positions
Founder and chairman of Singapore-based Tetra House Pte. Ltd., a provider of consulting and advisory services worldwide, and chairman of the board of directors of Track Group Inc., a global tracking and electronic monitoring services company.

Jens Schumann
Board Member

Nationality	German
Year of birth	1973
Date of first appointment	June 2016
Term of office	4 years

Committees
Remuneration & Organization Committee

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 in 1999 (today Zeal Network SE) and IPOed it in 2005, worked as an interim MD for Alecto GmbH and the public brand of Alecto (friendsurance).

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.

Yaron Valler
Board Member

Nationality	Israeli
Year of birth	1970
Date of first appointment	February 2017
Term of office	4 years

Committees
Audit & Corporate Governance Committee

Former positions
Yaron managed Hasso Plattner Ventures and invested in companies such as Panaya (sold to Infosys), Fyber GmbH (sold to Fyber N.V.), Delivery Hero and many other leading companies in Berlin and Israel. Before that Yaron led the enterprise software practice at Giza Venture Capital where he invested in companies such as Soluto (sold to Asurion), Yadata (sold to Microsoft) and eGlue (sold to NICE Systems), was an early stage investor at the Technion Incubator, co-founder and VP of business development at Excedo Technologies. He holds
an MBA from INSEAD in France and a B.Sc. in Information Systems Engineering from Ben-Gurion University in Israel.

Current positions

Karim Sehnaoui
Interim Board Member

Nationality	British
Year of birth	1978
Date of first appointment	October 2017
Term of office	Interim

Committees
None

Former positions
Karim is an investment professional with over 17 years' experience in private equity, venture capital, corporate finance and project management and has held several C-Level positions in investment management firms and others, including CEO and CIO positions. He has helped launch and/or is an advisor to, several tech start-ups. He holds a Masters in Engineering from McGill University, Canada and was a Global Leadership Fellow at the World Economic Forum in Geneva, Switzerland.

Current positions
General Manager of The Reference Group SARL, a financial advisory firm based in Geneva; since January 2018, a board member of Track Group, a security tech company based in the US.

On 5 April 2017, Mr Thorsten Grenz decided to step down as member and Vice-chairman of the Supervisory Board with immediate effect.

Mr Yaron Valler has been designated as interim member by the Supervisory Board on 13 February 2017, pursuant to Article 25.1 of the Company's Articles of Association and was approved as member of the Supervisory Board by the AGM on 26 September 2017.

Crid Yu stepped down as member of the Supervisory Board to join the Management Board of the Company effective following the approval of the EGM on 25 July 2017.

Karim Sehnaoui has been designated to join Fyber's Supervisory Board as a temporary member pursuant to Article 25.1 of the Company's articles of association by the Supervisory Board on 05 October 2017. It is expected to have the appointment confirmed and made permanent by the Annual General Meeting of shareholders.

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 & Corporate Governance 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 changes in the composition of the Supervisory Board during 2017, the committees are setup as follows at the end of the financial year 2017:

Audit & Corporate Governance	Guy Dubois Dirk van Daele Yaron Valler
Remuneration & Organization	Jens Schumann Guy Dubois

The **Audit & Corporate Governance Committee** acts as the first contact point of the external auditor and assists the Supervisory Board in supervising the activities of the Management Board with respect to best practice provision 1.5.1 of the Code. It is inter alia monitoring the integrity and quality of Fyber's financial reporting, the compliance with legal and regulatory requirements and the independence and performance of Fyber group's external auditors. The Supervisory Board discussed the items reported on by the Audit & Corporate Governance Committee as per best practice provision 1.5.3 of the Code. The Audit & Corporate Governance Committee may decide to invite Management Board members and/or the auditor to its meetings. At least once a year the committee is meeting the auditor without Management Board members being present.

The **Remuneration & Organization Committee** advises the Supervisory Board, among other things, on the terms and conditions of employment (including their remuneration) of Management Board members and the policies and general principles on which the terms and conditions of employment of Management Board members and of senior executives of Fyber and its subsidiaries are based. It is responsible for formulating the Remuneration Policy in due consideration of best practice provision 3.1.2 of the Code and the implementation of this policy. Reference is made to the 'Remuneration Report' section in the Management Board Report.

The duties of the **Selection & Appointment Committee** regarding the selection and appointment of members of the Management and Supervisory Board are discharged by the Supervisory Board as a whole. The best practice provisions applicable to this committee apply to the entire Supervisory Board.

Diversity

The Supervisory Board members recognize the importance of diversity within the boards of Fyber and believe that the Company's business gains from a wide range of skills and a variety of different backgrounds which reflects the diversity of the Fyber client base. A diverse composition of the Management Board and Supervisory Board contributes to a robust decision-making and proper functioning. The Supervisory Board furthermore recognizes that diversity should not be limited to the boards, but should extend to all areas of the Company.

The targets are laid down in the Diversity Policy of the Company, addressing the concrete targets relating to diversity and aspects relevant to the Company, such as gender, geographical provenance, education and/or (work) experience. The Supervisory Board is reviewing the Diversity Policy and the implementation thereof in dialog with the

Management Board and updates it if and when necessary. The Diversity Policy has been adopted in 2017 and the Company does not yet fully comply with it, as of 31 December 2017, no women are represented in the Supervisory Board and the Management Board. The Supervisory Board considers diversity, including as concerns gender, a relevant criterion in the board member selection process. However, top priority in filling open positions will continue to be the suitability in regards to expertise and experience. In any future vacancies that arise, gender diversity will subsist to be one of the criteria in the selection process, and the Company shall continue to strive towards achieving its diversity targets within the next years.

Appointment, dismissal & suspension

Supervisory Board members are appointed by the General Meeting for a period of four years. The Supervisory Board nominates one or more candidates for appointment, all in accordance with the articles of association and with due regard to the Diversity Policy and the requirements of its profile as stipulated in the Supervisory Board by-laws, which are posted on the Company's website. This profile also reflects the detailed competence and diversity requirements of the Code.

A member of the Supervisory Board is appointed for a period of four years and may then be re-appointed once for another four-year period. After this eight-year period, the Supervisory Board member may be reappointed again for a period of two years, which may be extended by another two years. This 2 x 2 years' extension is subject to justification in the report of the Supervisory Board.

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. 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.

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 posted on the Company's website.

Rotation Plan

Name (year of birth)	Annual remuneration	Last re-	Date of possible re-appointment[1]
Van Daele (1961)	2013	2016	2020[2]
Dubois (1958)	2014	-	2018
Schumann (1973)	2016	-	2020
Valler (1970)	2017	-	2021
Sehnaoui (1978)	2017[1]	-	2021

1 For approval by the General Meeting of Shareholders
2 Subject to justification in the Report of the Supervisory Board

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.

Fyber offers its newly appointed members of the Supervisory Board an orientation program that provides general and specific information about Fyber's financial affairs and facts regarding the advertising technology industry, Fyber's business within the sector, and social and legal affairs of the group. The Supervisory Board regularly discusses whether there are any areas in which its members require further training or education.

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 reflecting the time spend and the responsibilities of their role. 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. Reference is made to the 'Independence of Supervisory Board members' chapter. Any shares in the Company held by Supervisory Board members shall be long-term investments.

The EGM of the Company held on 11 April 2017 approved that, effective from 1 January 2017, the annual remuneration of the Chairman of the Supervisory Board shall be €200 thousands and that the annual remuneration for all other members of the Supervisory Board shall be €100 thousands. Payment of the remuneration shall be effected in quarterly installments (payable at the start of every quarter) during the financial year to which the remuneration relates. The remuneration can be adjusted downwards at the discretion of the Supervisory Board.

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).

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

Independence of Supervisory Board members

Mr Valler represents former shareholders of Fyber GmbH, whose holdings in the Company jointly exceed 10% of shares until December 2017. Consequently, Mr Valler was not considered to be independent within the meaning of best practice provision 2.1.8 par vii of the Code during the year under review.

The Company entered into business consulting agreements and warrant agreements with Dirk van Daele 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 that will be exercisable, in whole or in part, until 14 July 2018. Therefore, Mr van Daele cannot be considered an independent member within the meaning of best practice provision 2.1.8 par ii of the Code.

Thus, two out of five Supervisory Board members cannot be considered to be independent in accordance within the meaning of best practice provision 2.1.8 of the Code during 2017. 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 2.1.8 and 2.1.9.

The Supervisory Board meets the independence requirements of best practice provision 2.1.7 of the Code, as:

- Only one of its members is deemed non-independent in the meaning of 2.1.8 i. through v.;
- The majority of the Supervisory Board members have been and are independent from the Company in the meaning of best practice provision 2.1.8;
- Of the shareholders that hold more than 10 % of the shares in the capital of the Company, not more than one representative is a member of the Supervisory Board.

Assessment

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 reviewed and discussed its own functioning, as well as that of its individual members, its committees and the chairman. The evaluation of the chairman was discussed by the entire Supervisory Board, without the chairman present. The review and discussion included reviews of the composition and expertise of the Supervisory Board, its time management, its effectiveness, its dynamics and succession planning. The Supervisory Board's oversight on the creation of the Company's long-term value strategy, the implementation of the strategy and the principal risk associated with it, the human resources management, risk management and internal controls were also reviewed and discussed on a regular basis during the year.

The Supervisory Board as well as the Management Board are each responsible for stimulating openness and accountability within the organ of which they form part, and between the different organs of the Company.

In 2017, the Supervisory Board of Fyber N.V. exercised its duties as required by law and the statutes with the utmost care. It regularly monitored the management of the Management Board and provided advice on the Company's strategic development and important individual measures, about which the Supervisory Board was regularly and thoroughly informed by the Management Board. This occurred both during and outside of the meetings of the Supervisory Board and its committees in the form of written and oral reports on, for example, all of the major financial KPIs of the Fyber group, the economic situation in the markets, and on deviations in business developments from original plans. Furthermore, the Supervisory Board tackled fundamental questions of corporate planning, including financial, investment, sales volumes, and personnel planning. The Supervisory Board was convinced of the lawfulness, expediency and propriety of the Management Board's leadership.

The CEO and CFO and the chairman of the Supervisory Board were in regular contact outside of Supervisory Board meetings, as well. The former promptly informed the latter of current developments and signficant issues. The Supervisory Board was always involved at an early stage in decisions of major importance. The Supervisory Board passed resolutions on the individual measures that required the approval of the Supervisory Board.

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, accountability, candid discussion and critical thinking.

Shares & Shareholders

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

Right to vote
Shareholders who hold shares on a predetermined record date (mandatory fixed at the 28th day prior to the day of the General Meeting of shareholders) are entitled to attend and vote at the General Meeting of shareholders regardless of a sale of shares after such date. 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 ('Annual General Meeting' or 'AGM') and generally takes place in Amsterdam, the Netherlands. The chairman of the General Meeting is responsible for ensuring the proper conduct of business at meetings.

Extraordinary General Meetings ('EGM') 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 at least 42 calendar days prior to the meeting and also made available via the Company's website. The public notice includes the agenda, explanatory notes to the agenda and a voting proxy. 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 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.

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 Company adheres to the applicable principles and best practice provisions in chapter 4.1, 4.2.1 to 4.2.5 and 4.3 of the Code with regard to the shareholders and the General Meeting. The provisions 4.3.3 to 4.3.6 and chapter 4.4. are not applicable to the Company.

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 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 EGM held on 11 April 2017 and are available on the website under 'Corporate Documents'.

Other shareholder rights

Shareholders representing at least 3% of the Fyber N.V. share capital may request that an item is added to the agenda. Such requests must be made in writing to the Management Board or Supervisory Board, must either be substantiated or include 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 EGM held on 11 April 2017 approved an 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

Appointment

Based upon recommendation by the Audit & Corporate Governance Committee and the Management Board, the Supervisory Board nominates an independent external auditor for appointment by the General Meeting of shareholders. The current auditor of the Company, Grant Thornton Accountants en Adviseurs B.V. ('Grant Thornton') was appointed by the EGM on 11 April 2017 for the annual accounts 2016 and 2017 and by the AGM held on 26 September 2017 for the annual accounts 2018 as well. Ernst & Young Accountants LLP have been external auditor of the Company for the years 2012 to 2015.

Role & procedure

Grant Thornton is responsible for providing an opinion whether the annual financial statements 2017 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 annual 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 Management Board ensures that Grant Thornton receives all necessary information in time to perform the audit and is given the opportunity to comment and respond to this information.

The findings of the external auditor, the audit approach and the risk analysis are discussed with the Audit & Corporate Governance Committee's on an ongoing basis. The external auditor attends the meetings of the Supervisory Board at which the report of the external auditor with respect to the audit of the annual accounts is discussed. In its audit report on the annual accounts to the Management Board and the Supervisory Board of the Company, the external auditor refers to the financial reporting risks and issues that were identified during the audit, internal control matters, and any other matters, as appropriate, requiring communication under the auditing and other standards generally accepted in the Netherlands and Germany. The Supervisory Board may examine the most important points of discussion arising between the external auditor and the Management Board based on the draft of the management letter or the draft audit report.

Assessment

The Audit & Corporate Governance Committee, acting on behalf of the Supervisory Board, is responsible for overseeing the activities and reviewing the performance of the external auditor in consultation with the Management Board. The main conclusions of this assessment shall be communicated to the General Meeting for the purposes of assessing the nomination for the continuous appointment of the external auditor. The Supervisory Board shall give the external auditor a general idea of the content of this report related to their functioning. The Supervisory Board concluded that the relation with the independent auditor is sound and constructive.

Annual financial statements

The annual financial statements are prepared by the Management Board and reviewed by the Supervisory Board upon the advice of its Audit & Corporate Governance Committee and taking into account the report of the external auditor. The Audit & Corporate Governance Committee shall determine whether, and if so, how the external auditor should be involved in the content and publication of financial reports of the Company other than the annual financial statements. Upon approval by the Supervisory Board, the accounts are signed by all members of the Management Board and are published together with the opinion of the external auditor. The Management Board is responsible, under the supervision of the Supervisory Board, for the quality and completeness of such publicly disclosed financial reports. The annual financial statements are presented for discussion and adoption to the Annual General Meeting of shareholders to be convened subsequently.

Internal audit function

In accordance with best practice provision 1.3.6 of the Code, 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

Compliance with the Dutch Corporate Governance Code

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.

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 2.1.9 (Independence of the chairman of the Supervisory Board):** Fyber does not comply with best practice provision 2.1.9 as the chairman was not considered to be independent in the meaning of the best practice provision 2.1.8. For further description please refer to 'Independence of Supervisory Board members' above.

- **Best practice provisions 3.1.2 vii (Remuneration of Management Board Members):** 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 the members of the Management Board for a period of at least five years or until at least the end of employment. No ordinary shares have been issued under the Option Plan as at the date of this report.

  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 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 2.3.4 (Composition of the committees):** Fyber does not comply with best practice provision 2.3.4 as more than half of the members of the Audit & Corporate Governance Committees cannot be considered to be independent within the meaning of best practice provision 2.1.8. For further description please refer to the sections 'Committees' and 'Independence of Supervisory Board members' above.

- **Best practice provision 2.3.5 (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 2.3.10 (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 governance department.

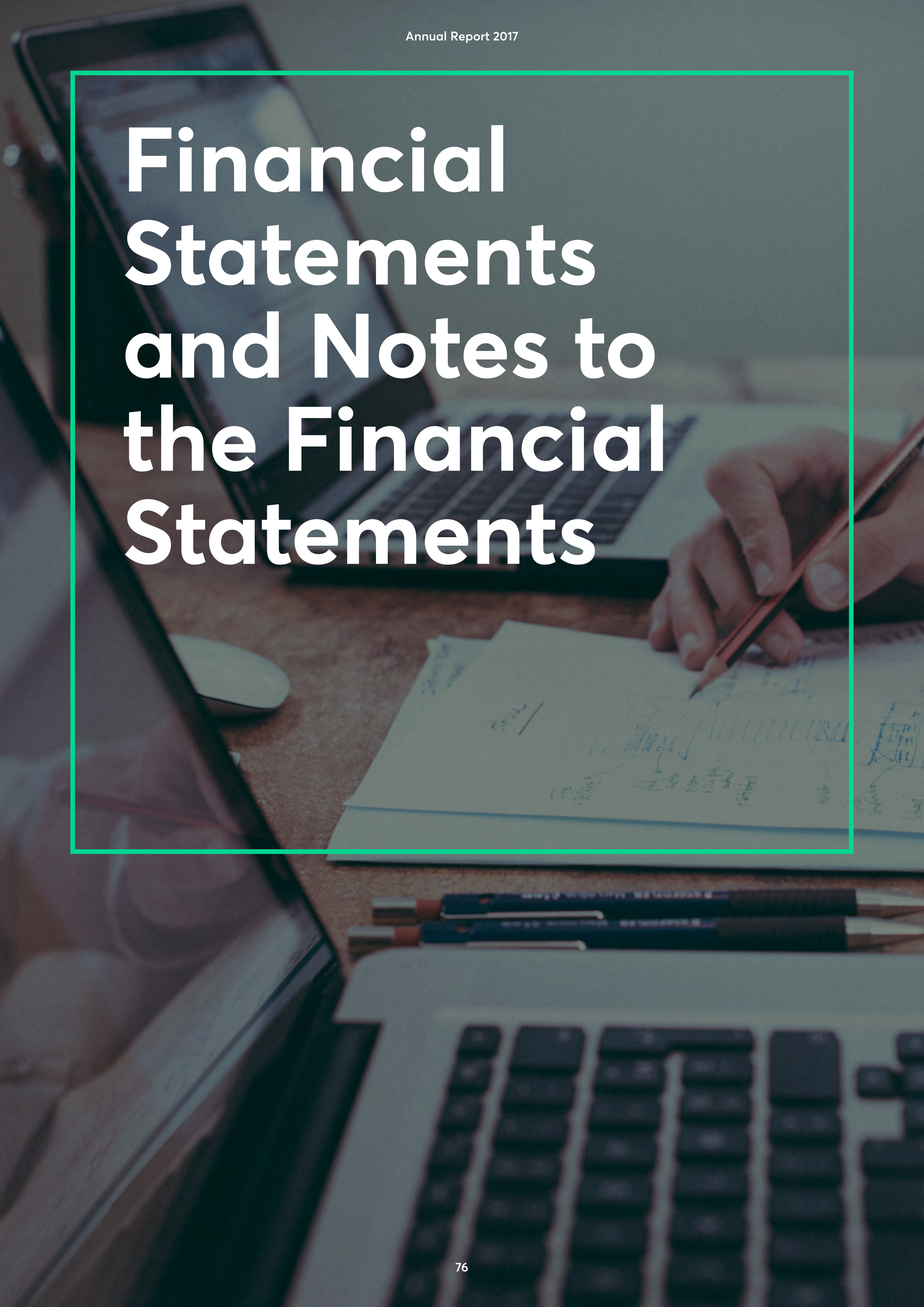
- **Other provisions:** The Company is not profitable yet and therefore not in a position to pay dividends. Consequently, it has not included any agenda items to discuss the dividend policy and to propose a dividend payment on the agenda of the 2017 annual General Meeting of shareholders (best practice provisions 4.1.3 iii. and 4.1.3 iv.). The Company has not taken any protective measures to defend against an acquisition (provision 4.2.6). As the Company has a two-tier governance structure, Chapter 5. of the Code does not apply.

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 in the 'Corporate Governance Report';
- 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;
- 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 in the 'Corporate Governance Report';
- The information regarding the composition, diversity and operating of the Management Board, the Supervisory Board and its committees can be found within the relevant sections in the 'Corporate Governance Report';
- 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'.



Financial Statements and Notes to the Financial Statements

Unaudited Consolidated Income Statement - Pro Forma[1]

	Notes	2017	2016[2]
		Year ended 31 December	
		in € thousand	
Gross revenue		**229,832**	**218,120**
Revenue share to third parties		(159,935)	(155,703)
Net revenue		**69,897**	**62,417**
Other cost of revenue		(27,162)	(21,092)
Gross profit		**42,735**	**41,325**
Other operating income		2,603	9,352
Research and development		(19,600)	(23,849)
Sales and marketing		(24,560)	(20,741)
General and administrative		(15,709)	(21,458)
Other operating expenses		(82,678)	-
Earnings before interest and tax (EBIT)		**(97,209)**	**(15,371)**
Net finance costs		(9,900)	(14,855)
Profit (loss) before tax		**(107,109)**	**(30,226)**
Income tax gain (expense)		5,098	(3,096)
Profit (loss) for the year from continuing operations		**(102,011)**	**(33,322)**
Profit (loss) for the year from discontinued operations after tax		-	3,383
Profit (loss) for the year after tax		**(102,011)**	**(29,939)**
Profit (loss) attributable to			
Shareholders of Fyber N.V.		**(102,011)**	**(29,939)**
Non-controlling interest		**-**	**-**
Earnings per share			
Basic profit (loss) per share (€)		(0.91)	(0.26)
Diluted profit (loss) per share (€)		(0.87)	(0.25)

1) Pro-forma information as if Fyber had acquired both Heyzap Inc. + Inneractive Ltd. as of 1 January 2016.
2) Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made (Notes 2.5).

Consolidated Income Statement

	Notes	2017	2016[1]
		Year ended 31 December	
		in € thousand	
Gross revenue	5	**229,832**	**176,786**
Revenue share to third parties	6	(159,935)	(128,551)
Net revenue		**69,897**	**48,235**
Other cost of revenue	6	(27,162)	(16,416)
Gross profit		**42,735**	**31,819**
Other operating income	7	2,603	9,351
Research and development	8	(19,600)	(15,878)
Sales and marketing	9	(24,560)	(20,584)
General and administrative	10	(15,709)	(20,981)
Other operating expenses	11	(82,678)	-
Earnings before interest and tax (EBIT)		**(97,209)**	**(16,273)**
Net finance costs	12	(9,900)	(10,817)
Profit (loss) before tax		**(107,109)**	**(27,090)**
Income tax gain (expense)	13	5,098	(2,148)
Profit (loss) for the year from continuing operations		**(102,011)**	**(29,238)**
Profit (loss) for the year from discontinued operations after tax		-	3,383
Profit (loss) for the year after tax		**(102,011)**	**(25,855)**
Profit (loss) attributable to			
Shareholders of Fyber N.V.		**(102,011)**	**(25,855)**
Non-controlling interest		**-**	**-**
Earnings per share	15		
From discontinued operations			
Basic profit (loss) per share (€)		-	0.03
Diluted profit (loss) per share (€)		-	0.03
From total operations			
Basic profit (loss) per share (€)		(0.91)	(0.23)
Diluted profit (loss) per share (€)		(0.87)	(0.22)

1) Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made (Note 2.5).

Consolidated Statement of other Comprehensive Income

	Notes	2017	2016
		Year ended 31 December	
		in € thousand	
Profit (loss) for the year after tax		(102,011)	(25,855)
To be reclassified to profit and loss in subsequent periods			
Exchange differences on currency translation		(11,706)	2,347
Income tax effect	14	-	-
Other comprehensive income (loss) for the year, net of tax		(11,706)	2,347
Total comprehensive income (loss) for the year		**(113,717)**	**(23,508)**
Comprehensive income (loss) attributable to			
Shareholders of Fyber N.V.		**(113,717)**	**(23,508)**
Non-controlling interest		-	**-**

Consolidated Statement of Financial Position

	Notes	2017	2016
		Year ended 31 December	
		in € thousand	
Non-current assets			
Intangibale assets			
Goodwill	16	128,140	216,951
Other intangible assets	17	29,465	40,039
Property and equipment	18	1,116	1,940
Non-current financial assets	19	1,110	504
Total non-current assets		**159,831**	**259,434**
Current assets			
Inventories	20	128	271
Trade and other receivables	21	42,642	63,539
Other current financial assets	22	10,319	16,292
Other current assets	23	928	1,109
Cash and cash equivalents	25	17,595	24,982
Total current assets		**71,612**	**106,193**
Total assets		**231,443**	**365,627**

Consolidated Statement of Financial Position

	Notes	2017	2016
		Year ended 31 December	
		in € thousand	
Equity			
Issued capital	26.1	11,453	11,453
Share premium	26.1	184,812	184,812
Treasury shares	26.2	(4,745)	(5,049)
Other capital reserves	26.3	23,711	17,518
Legal reserve	26.4	6,225	4,259
Accumulated deficit	26.5	(200,070)	(96,093)
Foreign currency translation reserve	26.6	(8,162)	3,544
Equity attributable to shareholders of the Company		**13,224**	**120,444**
Non-controlling interests		**-**	**-**
Total equity		**13,224**	**120,444**
Non-current liabilities			
Long-term employee benefits liabilities	27	357	429
Long-term borrowings	28	132,995	136,642
Deferred tax liabilities	24	1,763	4,054
Other non-current liabilities	29	5,136	9,425
Total non-current liabilities		**140,251**	**150,550**
Current liabilities			
Trade and other payables	30	48,881	78,059
Short-term employee benefits liabilities	27	13,535	14,001
Short-term borrowings	31	15,013	1,429
Other current liabilities		-	479
Income tax payables		539	570
Short term provisions		-	95
Total current liabilities		**77,968**	**94,633**
Total liabilities		**218,219**	**245,183**
Total equity and liabilities		**231,443**	**365,627**

Consolidated Statement of Cash Flows

	Notes	Year ended 31 December 2017	2016
		in € thousand	
Loss for the year before tax		**(107,109)**	**(27,090)**
Depreciation, amortization and impairment		92,626	9,286
Financial income and expenses		9,764	9,499
Cash flow from discontinued operations		-	(1,254)
Other non-cash effects		1,596	460
Reimbursement of Virtual Share Program by former Fyber shareholders		-	4,624
Changes in provisions, employee benefit obligations		(634)	(5,084)
Changes in working capital		(14,803)	(5,494)
Cash generated from operations		**(18,560)**	**(15,053)**
Interest received		10	188
Interest paid		(2,339)	(6,889)
Income tax paid		(432)	(380)
Net cash flow from operating activities		**(21,321)**	**(22,134)**
Purchases of property and equipment		(218)	(461)
Purchases, capitalization of intangible assets		(4,099)	(4,949)
Acquisition of a subsidiary, net of cash acquired		-	(70,182)
Change in investments and financial assets, net		5,367	(4,673)
Net cash flow from investing activities		**1,050**	**(80,265)**
Proceeds from long-term borrowings		-	50,014
Transaction costs on the issue/restructuring of convertible bonds		(422)	(1,198)
Proceeds (repayment) from short-term borrowings		13,584	(831)
Net cash flow from financing activities		**13,162**	**47,985**
Net changes in cash		**(7,109)**	**(54,414)**
Cash at beginning of period		**24,982**	**79,123**
Net foreign exchange difference		(278)	273
Net changes in cash		(7,109)	(54,414)
Cash and cash equivalents at end of period		**17,595**	**24,982**

Consolidated Statement of Change in Equity

in € thousands	Notes	Ordinary shares	Share premium	Treasury shares	Other capital reserves	Legal reserve	Accumulated deficit	Foreign currency translation reserve	Total equity
01 Jan 2017		**11,453**	**184,812**	**(5,049)**	**17,518**	**4,259**	**(96,093)**	**3,544**	**120,444**
Loss for the year after tax		-	-	-	-	1,966	(103,977)	-	(102,011)
Other comprehensive income (loss) for the period, net of tax		-	-	-	-	-	-	(11,706)	(11,706)
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**-**	**1,966**	**(103,977)**	**(11,706)**	**(113,717)**
Share-based payments		-	-	-	1,124	-	-	-	1,124
Acquisition of treasury shares		-	-	304	-	-	-	-	304
Equity component of the convertible bonds, net of tax		-	-	-	5,069	-	-	-	5,069
Transactions with owners		**-**	**-**	**304**	**6,193**	**-**	**-**	**-**	**6,497**
31 December 2017		**11,453**	**184,812**	**(4,745)**	**23,711**	**6,225**	**(200,070)**	**(8,162)**	**13,224**

Consolidated Statement of Change in Equity

in € thousands	Notes	Ordinary shares	Share premium	Treasury shares	Other capital reserves	Legal reserve	Accumulated deficit	Foreign currency translation reserve	Total equity
01 Jan 2016		**11,453**	**184,812**	**-**	**13,366**	**3,965**	**(69,944)**	**1,197**	**144,849**
Profit (loss) for the year after tax from continuing operations		-	-	-	-	294	(29,532)	-	(29,238)
Profit (loss) for the year after tax from discontinued operations		-	-	-	-	-	3,383	-	3,383
Other comprehensive income for the period, net of tax		-	-	-	-	-	-	2,347	2,347
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**294**	**(26,149)**	**2,347**	**(23,508)**
Share-based payments		-	-	-	1,715	-	-	-	1,715
Acquisition of treasury shares		-	-	(5,049)	-	-	-	-	(5,049)
Equity component of the convertible bonds, net of tax		-	-	-	2,437	-	-	-	2,437
Transactions with owners		**-**	**-**	**(5,049)**	**4,152**	**-**	**-**	**-**	**(897)**
31 December 2016		**11,453**	**184,812**	**(5,049)**	**17,518**	**4,259**	**(96,093)**	**3,544**	**120,444**

Notes to the Consolidated Financial Statements

1. FYBER N.V.

Fyber N.V. (formerly RNTS Media 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 Johannisstraße 20, 10117 Berlin, Germany. The Company's shares are traded on the Prime Standard of the Frankfurt Stock Exchange under the symbol ‘FBEN’.

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. The company’s technology infrastructure reaches more than one billion monthly active users, providing a channel-neutral open-access platform for advertisers and publishers. It enables cross-device advertising with a global reach and a strong focus on video.

Fyber has offices in Berlin, Tel Aviv, San Francisco, New York, London and Beijing.

2. ACCOUNTING POLICIES

2.1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) as adopted by the European Union 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 have been prepared on a historical cost basis, except for investment properties, certain office properties (classified as property, plant and equipment), derivative financial instruments, available-for-sale (AFS) financial assets and contingent consideration that have been measured at fair value. The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The consolidated financial statements are presented in Euro which is also the functional currency of the parent and unless otherwise indicated all values are rounded to the nearest thousand Euro which may cause rounding differences. The Groups financial year corresponds to the calendar year. Tables that are labelled '2017' or '2016' comprise information about the full year 2017 and 2016 respectively.

2.2. Going concern considerations

In 2017, the Group continued to operate with losses, caused primarily by the ongoing investment into its technology platform as well as into the integration of business organizations and operating processes.

For 2018, management expects the operating cash flow to be still negative, although substantially improved compared to 2017. This assumption is based on a further improvement of gross margins and as well as the exploitation of synergies through integrating the acquired companies resulting primarily in a decrease in the general and administrative expenses.

At 31 December 2017, the Group showed €17,595 thousands in cash. Further, the Group had another €7,495 thousands of working capital facilities available obtained in 2017. Subsequently, in February 2018, the Group obtained a facility loan from its major shareholder, Sapinda, of up to €8,000 thousands of which € 5,000 thousands have been withdrawn as of the date of this report. Please refer to note 43 for further details. Therefore, management has reasonable expectation that Fyber 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 2017. 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 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 2017, the same balance sheet date as the Company. The financial statements of the subsidiaries are prepared for the same reporting period as the 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 N.V. has control over all voting rights as of 31 December 2017. However, for up to 50% of the voting rights in Fyber GmbH there was a “fall back right” in favor of the former shareholder of Fyber GmbH. In January 2018 all claims from the former shareholders of Fyber GmbH against the Company have been settled leaving the Company with a full ownership of Fyber GmbH and its subsidiaries. Please refer to note 43 for further details.

2.4. Summary of significant accounting policies

The following significant accounting and valuation principles were applied uniformly across the 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.

Goodwill is initially measured at cost, as the fair value of the consideration 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 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.

2.4.3. 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.

2.4.4. 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 the Group, were subject to the following changes:

	Exchange rate at the balance sheet		Average exchange rate	
per €	**31 Dec 2017**	**31 Dec 2016**	**31 Dec 2017**	**31 Dec 2016**
US Dollar	1.20	1.05	1.13	1.11

2.4.5. 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 were received or services were rendered.

Interest income and expense is recorded using the effective interest method with exception of borrowing costs capitalized according to IAS 23. In 2017 there were no qualifying assets, so that all interest expenses were recorded in profit and loss. Income and expenses are not offset unless gains and losses arise from a Group of similar transactions unless they are material. From 2017 onwards, the Group no longer presents gains and losses from foreign currency transactions and revaluations separately but together in net finance costs. Please refer to note 2.5.2. for further details.

2.4.6. Personnel costs

2.4.6.1. 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.

2.4.6.2. 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 N.V. 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 in 2014. In 2017, only payments on the liabilities occurred and there were no effects on profit or loss.

2.4.6.3. 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.

2.4.6.4. 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.

2.4.7. 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.

2.4.7.1. 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.

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.

2.4.8. 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:

	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.

2.4.9. 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	Amortization 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.

2.4.10. 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.

2.4.11. 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. The Group tests annually if goodwill has suffered any impairment in accordance with the accounting policies.

2.4.12. 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.

2.4.12.1. 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.

2.4.12.2. 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.

2.4.12.3. 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

2.5.1. Presentation of operating expenses

As per the reporting date, the Group changed the structure of presenting operating expenses from a presentation by nature to a presentation by function. This change in accounting policies have been done in order to improve the transparency by providing additional information about the purpose and the use of an expense according to its enterprise function. Further, this kind of presentation increases comparability with other companies in particular within the Ad Tech industry where the presentation of operating expenses is commonly applied.

Until the end of the financial year 2016 as well as for the purpose of interim financial reporting in 2017, the operating expenses were presented in the consolidated income statement by their nature. Comparative, prior year figures have been adjusted respectively in the consolidated income statement.

The following table shows how the income statement 2017 would have been looked like when Fyber would have continued to present its operating expenses by nature.

	Year ended 31 December	
in € thousands	**2017**	**2016**[1]
Revenue	**229,832**	**176,786**
Revenue share to third parties	(159,935)	(128,551)
Gross Margin (EUR)	**69,897**	**48,235**
Other operating income	2,603	9,351
Personnel costs	(40,619)	(35,350)
Other operating expenses	(36,464)	(29,223)
EBITDA	**(4,583)**	**(6,987)**
Depreciation, amortization and impairment	(92,626)	(9,286)
Earnings before interest and tax (EBIT)	**(97,209)**	**(16,273)**
Finance income	2,903	187
Finance expenses	(12,667)	(9,686)
Foreign exchange gains (losses)	(136)	(1,318)
Profit (loss) for the year before tax	**(107,109)**	**(27,090)**
Income tax gain (expense)	5,098	(2,148)
Profit (loss) for the year from continuing operations	**(102,011)**	**(29,238)**
Profit (loss) for the year from discontinued operations after tax	-	3,383
Profit (loss) for the year after tax	**(102,011)**	**(25,855)**

[1] Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made (Note 2.5.2.).

2.5.2. Presentation of net finance cost

In order to increase comparability of the financial reporting the Group adopted in 2017 the practice commonly applied within the industry to present bank charges, foreign currency gains and losses resulting from transactions denominated in foreign currencies within the finance rather than in the operating result. Further, those gains and losses, which primarily result from currency fluctuation between the Euro and the US Dollar, presented as a net result. This change increases transparency about the net impact of currency fluctuations to profit and loss of the Group as well as about the actual operating performance of the Group.

Until the end of the financial year 2016, foreign currency gains have been presented in other operating income and bank charges as well as foreign currency losses in other operating expenses. Prior year figures have been adjusted respectively.

For 2017, foreign currency gains of €6,046 thousands (€5,273 thousands in 2016), foreign currency losses of €6,182 thousands (€6,591 thousands in 2016) and bank fees of €270 thousands (€269 thousands in 2016) were reclassified to net finance costs.

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.

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, 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. Impairment of goodwill

The Group tests annually if goodwill has suffered any impairment in accordance with the accounting policies. Please refer to note 16. for detailed information on estimates and key assumptions used to determine the necessity of an impairment, including a sensitivity analysis.

2.6.6. 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. €674 thousands (2016: €199 thousands) of receivables overdue by more than 180 days have not been included in the bad debt reserve on the basis of this analysis.

2.6.7. 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 assumption is the same as in the prior year.

2.7. New and amended standards and interpretations

2.7.1. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

2.7.1.1. IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group plans to adopt the new standard on the required effective date and will not restate comparative information.

During 2017, the Group has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9.

2.7.1.2. IFRS 15 Revenue from contracts with customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2017, the Group has performed a detailed impact assessment of all three aspects of IFRS 15. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 15. Overall, the Group expects no significant impact on its statement of financial position and equity.

2.7.1.3. IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2018, the Group will continue to assess the effect of IFRS 16 on its consolidated financial statements. The Group expect an impact on its statement of financial position of about €21,033 thousands in assets side as well as liabilities.

3. COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT

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

	Country of incorporation	% equity interest
Fyber N.V.	The Netherlands	
Advertile Mobile GmbH[1]	Germany	100.00
AppMarie UG	Germany	100.00
Falk Realtime Ltd.[2]	UK	100.00
Fyber GmbH[1]	Germany	100.00
Fyber Inc.	USA	100.00
Fyber Media GmbH[1]	Germany	100.00

Fyber RTB GmbH[1]	Germany	100.00
Heyzap Inc.	USA	100.00
Inneractive Ltd.	Israel	100.00
Inneractive Europe Ltd.	UK	100.00
Inneractive USA Inc.	USA	100.00
RNTS Germany Holding GmbH	Germany	100.00
RNTS Media Deutschland GmbH	Germany	100.00
SponsorPay K.K.	Japan	100.00
SponsorPay Korea Co., Ltd.[3]	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.
[3] SponsorPay Korea Co., Ltd.- company was closed on October 2017.

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 €138,000 thousands out of a total of €150,000 thousands). Sapinda Asia Ltd. granted the sellers of Fyber GmbH 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. In January 2018, all claims from the former shareholders of Fyber GmbH against the Company are fully settled and 100% ownership of the subsidiary Fyber GmbH is secured. For further details, please refer to note 43.

4. RESTRUCTURING OF CONVERTIBLE BOND AND NET DEBT

On 18 April 2017, the holders of the Convertible Bonds agreed to a change of the Bond's 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

The restructuring of the Convertible Bonds has been accounted for as an extinguishment of the existing liability and the recognition of a new liability, mainly due to new terms subordination. The difference between the carrying value of the existing liability and the fair value of the new liability, taking into account all incremental transaction costs is recognized in profit and loss. As a compound financial instrument, the Convertible Bonds were 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 restructuring of the bonds of about €423 thousands were allocated to the liability and the equity component on a pro rata basis. As a result of this transaction the Company recognized a gain of €2,899 thousands in profit and loss (see note 12.).

As of the restructuring date, the liability of € 150,000 thousands were split into equity and liability as follows:

in € thousands	Equity component	Liability component	Total
Principle	21,854	128,146	150,000
Transaction costs	(62)	(361)	(423)
New value before tax	**21,792**	**127,785**	**149,577**
Deferred tax liabilities	(6,576)	-	(6,576)
New value after tax	**15,216**	**127,785**	**143,001**

The equity component is recognized in other capital reserves (note 26.3.).

In 2017, net debt developed as follows:

in € thousands	31 Dec 2017	31 Dec 2016
Long-term borrowings	132,995	136,642
Short-term borrowings	15,013	1,429
Accrued interest on convertible loans	1,934	3,223
Cash and cash equivalents	(17,595)	(24,982)
Net debt (cash)	**132,347**	**116,312**

Long-term borrowings solely consist of the convertible bond liability while short-term borrowings are withdrawn amounts on the working capital facilities.

5. REVENUE

The revenue shown in the income statement relates solely to the advertising services realized. Revenues represent the money collected from advertisers while net revenue represents these revenues net of payouts to publishers.

6. COST OF REVENUE

The Company's cost of revenue consists of revenue share to third parties as well as other cost of revenue.

Revenue share to third parties relates to payments made to suppliers of ad inventory (commonly referred to as publishers) in a transaction that was settled through one of the Company’s various ad tech platforms.

Other cost of revenue corresponds to other expenses for operating these platforms such as hosting costs, maintenance expense of hardware, amortization of self-developed and acquired software, personnel costs, and facilities-related costs. Personnel costs include salaries, bonuses, stock-based compensation, and employee benefit costs and are primarily attributable to personnel in the Company's network operations Group who support the Company's platform. The Company capitalizes costs associated with software that is developed or obtained for internal use and amortizes the costs associated with its revenue-producing platform in cost of revenue over their estimated useful lives. Amortization also includes expenses associated with acquired intangible assets from the Company's business acquisitions that are related to technology and development functions, customer contracts and brands.

in € thousands	2017	2016
Revenue share to third parties	**159,935**	**128,551**
Platform hosting costs and related costs	14,684	7,203
Depreciation and amortization	11,618	8,318
Personnel and related costs	860	895
Other cost of revenue	**27,162**	**16,416**
Total cost of revenue	**187,097**	**144,967**

7. OTHER OPERATING INCOME

Throughout the year 2017, the Group recognized €2,603 thousands of other income from to the revaluation of earn-out liabilities which were agreed upon the acquisition of Inneractive. Originally, these earn-outs were subject to specific goals in the economic performance of Inneractive after the acquisition date and were due in July 2017, 2018 and 2019 respectively. 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. As agreed in the original contracts, the acceleration reduced the overall amount to be paid by €2,603 thousands.

8. RESEARCH AND DEVELOPMENT

The Company's technology and development expenses consist primarily of personnel costs, including stock-based compensation and bonuses, professional services associated with the ongoing development and maintenance of the Company's solution and, to a lesser extent, facilities-related costs, depreciation of equipment and amortization of acquired software licenses. Technology and development costs are expensed as incurred, except for costs that are associated with the development of internally used software that qualifies for capitalization. The Company allocates overhead such as rent and occupancy charges based on headcount.

in € thousands	2017	2016
Personnel and related costs	12,777	11,135
Professional services and consulting	5,132	3,165
Rent and utilities	703	722
Depreciation and amortization	358	386
Other	630	470
Total research and development	**19,600**	**15,878**

9. SALES AND MARKETING

Sales and marketing expense consists primarily of personnel costs, including salaries, bonuses, stock-based compensation, employee benefits costs and commission costs for the Company's sales and marketing personnel. Sales and marketing expense also includes costs for market development programs, advertising, promotional and other marketing activities, and allocated overhead. The Company allocates overhead such as rent and occupancy charges based on headcount.

in € thousands	2017	2016
Personnel and related costs	18,412	14,733
Professional services and consulting	1,335	1,191
Marketing expenses	2,951	2,145
Rent and utilities	1,147	888
Depreciation and amortization	290	298
Other	425	1,329
Total sales and marketing	**24,560**	**20,584**

10. GENERAL AND ADMINISTRATIVE

The Company's general and administrative expenses relates to overhead functions such executive management, finance, legal, compliance, investor relations and human resources and consist primarily of personnel costs, including salaries, bonuses, stock-based compensation, as well as professional service fees for accounting, tax and legal advice and bad debt expense. The Company allocates overhead such as rent and occupancy charges based on headcount.

in € thousands	2017	2016
Personnel and related costs	8,571	8,586
Professional services and consulting	5,433	7,558
Rent and utilities	737	148
Investors relations	367	332
Depreciation and amortization	359	284
Other	242	4,073
Total general and administrative	**15,709**	**20,981**

11. OTHER OPERATING EXPENSES

Throughout the year 2017, the Group recognized €82,678 thousands of other expenses which relates to an impairment of a goodwill of €80,000 thousands (see note 16.) and a loss of €2,678 thousands from the revaluation of the Heyzap earn-out due to ongoing negotiations between Fyber and the sellers of Heyzap. Please refer to note 29. and note 30. For further details on the Heyzap earn-out.

12. NET FINANCE COSTS

The major components of net finance costs are as follows:

in € thousands	2017	2016
Interest expense from Convertible Bonds	10,735	9,020
Gain on convertible loan restructuring	(2,899)	-
Bank interest and bank fees	1,928	479
Net finance costs before currency effect	**9,764**	**9,499**
Currency effect, net	136	1,318
Net finance costs	**9,900**	**10,817**

13. INCOME TAX EXPENSE

The major components of income tax expense are as follows:

in € thousands	2017	2016
Breakdown of income tax reported in profit or loss		
Current income tax charge	681	1,196
Deferred tax		
Relating to the origination and reversal of temporary differences	(5,779)	952
Income tax charged to profit or loss	**(5,098)**	**2,148**
Breakdown of income tax reported in OCI		
Income tax charged to OCI	-	-

Reconciliation of accounting loss to income tax expense / gain:

	2017	2016
Accounting loss before tax	(107,109)	(27,090)
Applicable tax rate	30.175%	30.175%
Income tax at applicable tax rate	(32,320)	(8,174)
Non-deductible expenses for tax purposes		
Goodwill amortization	24,140	-
Stock option expenses	339	518
Other expenses not deductible for tax purposes	(3,500)	363
Unrecognized deferred tax assets in fiscal year	6,484	10,909
Use of unrecognized deferred tax assets not yet being recognized	-	(844)
Others	(241)	(624)
Income tax (gain) expense reported in the statement of comprehensive income	**(5,098)**	**2,148**

Since the acquisition of Fyber GmbH 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 income tax gain and expense from the origination and reversal of temporary differences and tax loss carried forward:

	2017	2016
Changes in deferred tax assets recognized through P&L	6,283	2,692
Changes in deferred tax liabilities recognized through P&L	(504)	(1,740)
Income tax gain (expense) from the origination and reversal of temporary differences and tax loss carried forward	**5,779**	**952**

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. EARNING 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 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:

	Unit	31 Dec 2017	31 Dec 2016
Shareholders of Fyber N.V.	in € thousands	(102,011)	(25,855)
Weighted average shares outstanding, basic	in pcs. thousands	112,556	113,189
Weighted average shares outstanding, diluted	in pcs. thousands	117,747	118,295
Basic loss per share	in €	(0.91)	(0.23)
Diluted loss per share	in €	(0.87)	(0.22)

16. GOODWILL

In 2017, the goodwill recognized through various acquisitions in prior years developed as follows:

in € thousands	31 Dec 2016	Impairment	Currency effect	31 Dec 2017
Fyber Platform	70,265		(3,143)	67,122
Fyber RTB	97,998	(80,000)	-	17,998
Inneractive	46,816		(5,668)	41,148
Others	1,872		-	1,872
Goodwill	**216,951**	**(80,000)**	**(8,811)**	**128,140**

The goodwill is allocated to the cash generating units (CGU) of the Group which corresponds to the operating segments of the Group (see note 33.).

In 2017 an impairment of €80 millions was recognized on the Fyber RTB CGU following the strategic decision to forego some short-term revenue growth in order to promote the long-term value and defensible market position of the Group. In this context, the Group vastly reduced its dependency on aggregated supply and focused primarily on direct integrations. The implementation of this decision was already started in 2017 with an adverse impact on revenue particularly of Fyber RTB. 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 period of thirteen years, 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	17.3%	1.0%	17.4%
CAGR on the free cash flow during the high-level forecast period for the next 8 years	11.8%	16.0%	7.7%
CAGR on the free cash flow beyond the forecasted period	1.0%	1.0%	1.0%
CAGR on total expenses during the detailed forecast period of 5 years	11.7%	0.6%	15.3%
Post-tax discount rate	10.0%	10.0%	11.8%

Throughout the financial year, the Group have been focused on integrating the four, previously acquired, companies into one - a process which will be concluded in 2018. As part of the integration, the Group implemented a unified global corporate structure and management team, which better represents the joined vision, strategy and business goals. The technical integration of rendering the services through a unified platform is ongoing. Therefore, management expects that the structure of the different cash generating units will change in 2018.

Consistent to the company's approach in prior years, management is expecting to grow in all operating CGU's beyond the usual five-year forecast period.

To address this challenge, the free cash flow is planned over a high-level period of 8 further years. This high-level planning takes into account that historically high growth rates normally slow done over the long term. Before that background, management decided that a thirteen-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 except for the Fyber RTB CGU for which an impairment of € 80 millions 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	Inneractive
10% reduction on gross revenue CAGR during detailed forecast period	No	No
Increase of post-tax discount rate by 1%point	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.

17. OTHER INTANGIBLE ASSETS

Other intangible assets developed as follows:

in € thousands	Customer contracts	Development	Technology	Others	Total
Acquisition or production cost					
1 Jan 2016	**4,634**	**10,018**	**8,137**	**2,784**	**25,573**
Acquisition of Heyzap	3,771	-	1,633	604	6,008
Acquisition of Inneractive	14,230	-	7,855	1,190	23,275
Additions	-	2,143	-	672	2,815
Currency effects	790	-	442	159	1,391
31 Dec 2016	**23,425**	**12,161**	**18,067**	**5,409**	**59,062**
Additions	-	4,232	-	54	4,286
Currency effects	(2,230)	-	(1,193)	(428)	(3,851)
31 Dec 2017	**21,195**	**16,393**	**16,874**	**5,035**	**59,497**
Amortization and impairments					
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	-	36	29	116
31 Dec 2016	**4,608**	**7,903**	**3,950**	**2,562**	**19,023**
Additions	5,126	2,266	2,774	1,337	11,503
Currency effects	(272)	-	(168)	(54)	(494)
31 Dec 2017	**9,462**	**10,169**	**6,556**	**3,845**	**30,032**
Carrying amounts					
1 Jan 2016	3,251	2,830	6,642	1,030	13,753
31 Dec 2016	18,817	4,258	14,117	2,847	40,039
31 Dec 2017	**11,733**	**6,224**	**10,318**	**1,190**	**29,465**

Others include mainly the various brands (Fyber, Heyzap and Inneractive) initially recognized through business combinations, as well as acquired software licenses. 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 2017, the Group decided on a unified rebranding, the launch of the new Fyber brand in the first quarter of 2018, therefore the group accelerated the amortization of the Heyzap and Inneractive brands initially recognized through the business combinations. The remaining amortization periods for other intangible assets that are material to the financial statements are as follows:

	Carrying amount in € thousands	**Remaining amortization period** in years
Customer contracts	11,733	2
Development	6,224	2-3
Technology	10,318	4

18. PROPERTY AND EQUIPMENT

The following table shows the development of property and equipment:

in € thousands	**Other operational & office equipment**	**Fixtures**	**Total**
Acquisition or production cost			
1 Jan 2016	**2,630**	**279**	**2,909**
Acquisition of Inneractive	309	120	428
Additions	402	2	404
Disposal	(1)	-	(1)
31 Dec 2016	**3,340**	**401**	**3,741**
Additions	52	6	58
Currency effects	111	28	139
31 Dec 2017	**3,503**	**435**	**3,938**
Amortization and impairments			
1 Jan 2016	**510**	**204**	**714**
Additions	1,072	15	1,087

31 Dec 2016	**1,582**	**219**	**1,801**
Additions	945	4	949
Currency effects	70	2	72
31 Dec 2017	**2,597**	**225**	**2,822**
Carrying amounts			
1 Jan 2016	2,120	75	2,195
31 Dec 2016	1,758	182	1,940
31 Dec 2017	**906**	**210**	**1,116**

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

19. NON-CURRENT FINANCIAL ASSETS

The non-current financial assets breakdown as follows:

in € thousands	31 Dec 2017	31 Dec 2016
Leasehold deposits	1,004	275
Indemnification claim in respect to Fyber SAR (long-term)	-	105
Other deposits	106	124
Non-current financial assets	**1,110**	**504**

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.

20. INVENTORIES

The amount of €128 thousands (2016: €271 thousands) relates to gift cards from third parties like Amazon, Sony PlayStation or Microsoft X-Box that are used as rewards in user acquisition campaigns.

21. TRADE AND OTHER RECEIVABLES

Trade and other receivables break down as follows:

in € thousands	31 Dec 2017	31 Dec 2016
Trade receivables	41,406	59,819
VAT receivables	936	3,153
Prepayments	163	539
Others	137	28
Trade and other receivables	**42,642**	**63,539**

The trade receivables of €41,406 thousands are net of an allowance for bad debts of €1,989 thousands (2016: €1,808 thousands), which had developed as follows:

	1 Jan	Acquired	Charge for the year	Utilized	Unused amounts reversed	31 Dec
2017	1,808	-	1,015	(548)	(286)	1,989
2016	1,261	265	1,039	(315)	(442)	1,808

As at 31 December 2017 and 2016, the aging of trade receivables is as follows:

	Total	Neither past due nor impairment	Past due but not impaired				
			< 30 days	30 - 60 days	61 - 90 days	91- 180 days	> 180 days
2017	41,406	13,961	20,123	4,587	1,023	1,038	674
2016	59,819	28,785	27,687	2,373	362	412	199

Trade receivables are non-interest bearing and are generally settled on 30 - 90 day-terms. Please refer to note 37.2. for further information.

22. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets break down as follows:

in € thousands	31 Dec 2017	31 Dec 2016
Indemnification claim in respect to Fyber SAR (short term)	9,470	9,025
Cash item in transit	-	853
Short-term deposit with ADS Securities incl. accrued interest	-	6.296
Others	849	118
Other current financial assets	**10,319**	**16,292**

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 GmbH.

23. OTHER CURRENT ASSETS

Other current financial assets relate mainly to prepaid expenses.

24. DEFERRED TAX ASSETS AND LIABILITIES

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

in € thousands	Employee benefit liability	Tax loss carry-forward	Total	Thereof through P&L
1 Jan 2016	-	-	-	-
Offsetting with deferred liabilities as of 1 Jan 2016	3,483	3,502	6,985	-
Adjustment	(3,483)	3,483	-	-
Employee benefits	85	-	85	-
Increase of tax loss carried forward to be utilized	-	3,710	3,710	247
Allowance on tax loss carried forward to be utilized	-	(3,304)	(3,304)	(2,939)
Offsetting with deferred tax liabilities	(85)	(7,391)	(7,476)	-

31 Dec 2016	**-**	**-**	**-**	**(2,692)**
Offsetting with deferred liabilities as of 1 Jan 2017	85	7,391	7,476	-
Employee benefits	45	-	45	45
Increase of tax loss carried forward to be utilized	-	15,333	15,333	5,691
Allowance on tax loss carried forward to be utilized	-	(11,414)	(11,414)	-
Offsetting with deferred tax liabilities	(130)	(11,310)	(11,440)	-
31 Dec 2017	**-**	**-**	**-**	**5,736**

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

in € thousands	Intangible assets	Equity component convertible bonds	Total	Thereof through P&L
1 Jan 2016	**-**	**-**	**-**	**-**
Offsetting with deferred tax assets	3,865	3,120	6,985	**-**
Adjustment	(1)	-	(1)	**-**
Acquisition of Heyzap	2,403	-	2,403	**-**
Acquisition of Inneractive	2,792	-	2,792	**-**
Increase of self-generated intangible assets	**1,162**	**-**	**1,162**	1,162
Issue of convertible bonds	-	1,091	1,091	-
Amortization	(2,058)	(844)	(2,902)	(2,902)
Offsetting with deferred tax assets	(4,110)	(3,367)	(7,477)	-
31 Dec 2016	**4,053**	**-**	**4,053**	**(1,740)**
Offsetting with deferred assets as of	4,110	3,367	7,477	-
Increase of self-generated intangible assets	(41)		(41)	(41)
Issue of convertible bonds		1,714	1,714	
Offsetting with deferred tax assets	(6,359)	(5,081)	(11,440)	
31 Dec 2017	**1,763**	**-**	**1,763**	**(41)**

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. The Group did not recognize deferred tax assets arising from temporary differences and tax loss carry forwards on the amount of €22,517 thousands.

25. CASH AND CASH EQUIVALENT

Cash and cash equivalents consist of the following items, all freely available:

in € thousands	31 Dec 2017	31 Dec 2016
Cash at banks	17,359	24,853
Call deposits	229	104
Cash in transit	-	8
Cash in hand	7	17
Cash and cash equivalents	**17,595**	**24,982**

26. EQUITY

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

26.1. Issued capital and share premium

The issued capital of Fyber N.V. amounting to €11,453 thousands is divided into 114,533,333 common shares, with a nominal value of €0.10 each. The issued capital as of 31 December 2017 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 €40,000 thousands and is divided into 400,000,000 shares, with a nominal value of €0.10 each.

26.2. Treasury shares

In the process of the divestment of Big Star Global (a Company held 100% be Fyber till April 2016) to Mr. Hyunghoon Han (hereinafter Mr. Han), Fyber N.V. in 2016 acquired 2,000,000 treasury shares from Mr. 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 (€4,200 thousands). 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 one exercise of 686,192 shares, whereas in 2017 the remaining option (686,193) was exercised for €1.80. resulting in a decrease of the treasury share reserve of €203 thousands. As of the reporting date, the put option exercised in 2017 was not settled.

In addition, during the year 2017, €100 thousands of the convertible loan were converted in to 33,333 shares. The shares for this transaction were transferred out of the treasury shares available to the Company.

As of 31 December 2017, there is an amount of 1,966,667 outstanding treasury shares, of which 686,193 shares are still held by Mr. Han.

26.3. Other capital reserves

Other capital reserves in 2017 corresponds to €23,711 thousands (2016: €17,518 thousands). The increase in 2017 was caused by the vesting of stock options granted to employees in amount of €1,124 thousands (2016: €1,715 thousands) as well as from an increase of the equity component of the convertible bonds by €5,069 thousands (2016: €2,437 thousands) due to restructuring of the convertible bond (2016: tap issue of additional €50 million). Please refer to note 4. for further details.

Initially introduced in 2015, the Company is running a stock option program implemented for senior management and employees of the Group. During the year 2017, 5.3 million options were granted and 8.1 million were forfeited due to the employees leaving prior to vesting (in 2016, 3.0 million and 1.6 million, respectively). As of 31 December 2017, a total of 7.5 million options were outstanding to employees with a weighted average strike price of €1.62 (2016: 8.2 million outstanding option with a weighted average of €3.06). Of the outstanding options, 2.1 million were exercisable (2016: 1.7 million).

Throughout the year 2017 the management board decided to restrike the stock options previously issued to employees to €1.5, except for management employees, which kept strike price agreed upon in the original grant.

The total fair value of the options has been determined using the Black Scholes model as €6,315 thousands based on the following assumptions:

	Assumption
Share price	€1.50 - €2.64
Dividend yield	0% p.a.
Term of the option	2.875 years
Risk free interest rate	(0.65%) - (0.72%) 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 2017, the Group recognized personnel costs in connection with the stock option plan in an amount of €1,124 thousands (2016: €1,715 thousands). Due to the specific vesting conditions of the stock option plan, expenses are incurred over-proportionately in the first year after the grant with decreasing amounts to be recognized in the following future periods.

26.4. Legal reserve

As of 31 December 2017, the legal reserve contained an amount of €6,225 thousands (2016: €4,259 thousands) for self-developed intangible assets.

26.5. 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.

26.6. 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.

in € thousands	Total
1 Jan 2016	**1,197**
Translation of goodwill	2,452
Translation of intangible assets identified at acquisitions in excess to other net assets	1,278
Additional currency effects arising from the translation of subsidiaries	
Fyber Platform	(1,006)
Fyber RTB	(335)
Inneractive	981
Recycling of currency translation reserve at disposal of Big Star Global	(1,023)
Foreign currency translation reserve 1 Jan - 31 Dec 2016	**2,347**
31 Dec 2016	**3,544**
Translation of goodwill	(8,811)
Translation of intangible assets identified at acquisitions in excess to other net assets	(3,121)
Additional currency effects arising from the translation of subsidiaries	
Fyber Platform	4,183
Fyber RTB	(43)
Inneractive	(4,536)
Other	622
Foreign currency translation reserve1 Jan - 31 Dec 2017	**(11,706)**
31 Dec 2017	**(8,162)**

27. 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 €9,470 thousands as of the balance sheet date.

For further details on share appreciation rights, please refer to note 22.

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

in € thousands	31 Dec 2017	31 Dec 2016
Maturity in 1 year	13,535	14,001
Maturity in 2-5 years	357	429
Maturity in 5-10 years	-	-
Maturity in 10 years and more	-	-
Total employee benefits liabilities	**13,892**	**14,430**

The short-term employee benefits liabilities consist of the following:

in € thousands	31 Dec 2017	31 Dec 2016
Unsettled from Fyber SAR	9,470	9,366
Unpaid variable compensation	3,092	3,597
Vacation accrual	973	1,038
Short-term employee benefits liabilities	**13,535**	**14,001**

28. LONG-TERM BORROWING

As of 31 December 2017, the carrying amount of the liability component of the convertible bonds amounts to €132,995 thousands (2016: €136,642 thousands) For more information regarding the convertible bonds please refer to note 4.

29. OTHER NON-CURRENT LIABILITIES

The other non-current liabilities break down as follows:

in € thousands	31 Dec 2017	31 Dec 2016
Inneractive earn-out due after 1 year	1,594	9,306
Heyzap earn-out due after 1 year	3,542	-
Others	-	119
Other non-current liabilities	**5,136**	**9,425**

The Inneractive earn-out relates to the outstanding contingent consideration from the acquisitions of Inneractive and Heyzap. The current portion of the earn-outs is carried in trade and other payables (note 30.). Please refer to note 7. for the further information on the revaluations of the Inneractive and Heyzap earn-out liabilities.

30. TRADE AND OTHER PAYABLES

The trade and other payables break down as follows:

in € thousands	31 Dec 2017	31 Dec 2016
Publisher payouts	34,782	45,632
Other trade payables	1,281	7,640
Inneractive earn-out due within 1 year	1,640	5,922
Accruals	3,949	5,648
Heyzap earn-out due within 1 year	2,894	4,466
Accrued interest on convertible bond	1,934	3,223
Liabilities from the purchase of treasury shares	1,237	2,487
Tax payables	-	1,110
Social security	526	781
Others	638	1,150
Trade and other payables	**48,881**	**78,059**

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 2018, was accrued in an amount of €1,934 thousands.

As of the reporting date, the Group carried liabilities resulting from transactions with treasury shares of €1,237 thousands. From this amount, €1,441 thousands were recognized from the outstanding put-option granted by the Group in the course of the sale of Big Star Global, valued at €2.10 per share. This option was exercised in April 2017 at a share price of €1.80 resulting in an adjustment of the treasury shares share reserve (see note 26.2.).

31. SHORT-TERM BORROWING

In May 2017 Fyber GmbH secured a credit line of €7,495 thousands working capital facility from BillFront to finance the operating business of Fyber Platform, with an interest rate of 10.2%-10.8% p.a. as of the date of this report €4,860 thousands have been withdrawn.

In June 2017, Inneractive Ltd signed a revolving credit line for $18,000 thousands with Bank Leumi, Israel. This facility is used to finance the cash needs of the overall Group both for earn-out and operating needs. As of the reporting date $12,500 thousands have been withdrawn.

As of 31 December 2017, short-term borrowings amount to €15,013 thousands (2016: €1,429 thousands a consist of a revolving credit facility provided by Bank Leumi).

32. CASH FLOW

The cash flow statement was prepared using the indirect method for presentation of operating activities.

Liabilities arising from financing activities developed as follows:

in € thousands	31 Dec 2016	Cash flows	Non-cash changes			31 Dec 2017
			Acquisition	Restructuring of convertible bonds & amortization of discount, net effect	Foreign exchange movement	
Long-term borrowings	136,642	(422)	-	(3,225)	-	132,995
Short-term borrowings	1,429	13,584	-	-	-	15,013
Total liabilities from financing activities	**138,071**	**13,162**	**-**	**(3,225)**	**-**	**148,008**

in € thousands	31 Dec 2015	Cash flows	Non-cash changes: Acquisition	Non-cash changes: Restructuring of convertible bonds & amortization of discount, net effect	Non-cash changes: Foreign exchange movement	31 Dec 2016
Long-term borrowings	88,572	48,816	-	(746)	-	136,642
Short-term borrowings	-	(831)	2,032	-	228	1,429
Total liabilities from financing activities	**88,572**	**47,985**	**2.032**	**(746)**	**228**	**138,071**

33. 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.

In 2017, management examined the Group's financial performance by the following four segments:

	Types of products and services
Fyber Platform	Comprised of the 2014 Fyber GmbH acquisition and the 2016 Heyzap acquisition; providing supply side platform and mediation services for mobile publishers predominantly in the gaming industry.
Fyber RTB	Representing the 2015 Falk Realtime Ltd. acquisition that has grown substantially since then; providing programmatic real-time bidding services in the desktop space with a specific focus on video.
Inneractive	Representing the 2016 Inneractive Ltd. acquisition which provides supply side platform and programmatic services to mobile publishers outside of the gaming industry.
Others	Other services not included in the other segments incl. corporate services.

The financial performance the years ended 31 December 2017 and the reference year ended 31 December 2016 are as follows:

in € thousands	2017		2016	
	Gross revenue	EBITDA	Gross revenue	EBITDA
Fyber Platform	73,567	(9,250)	79,569	(19,207)
Fyber RTB	56,155	6,184	52,268	4,107
Inneractive	98,763	8,607	42,437	7,232
Others	1,347	(10,124)	2,512	881
Total	**229,832**	**(4,583)**	**176,786**	**(6,987)**

Gross revenue and earnings before interest, tax, depreciation and amortization (EBITDA) are the key performance indicators that management are reviewing on a regular basis when assessing performance of the operating segments.

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.

34. GEOGRAPHIC INFORMATION

Breakdown of gross revenue according to customers' location by operating segment:

in € thousands	2017					2016				
	Fyber Plat-form	Fyber RTB	Inner-active	Other	Total gross revenue	Fyber Plat-form	Fyber RTB	Inner-active	Other	Total gross revenue
United states	34,881	22,075	63,628	638	121,222	40,145	27,713	29,867	1,919	99,644
Europe, Middle East and Africa	24,176	34,068	31,639	590	90,473	25,706	24,478	12,570	549	63,303
Asia-Pacific	12,131	12	3,496	45	15,684	11,154	60	-	6	11,220
Rest of the world	2,379	-	-	74	2,453	2,564	17	-	38	2,619
Total	**73,567**	**56,155**	**98,763**	**1,347**	**229,832**	**79,569**	**52,268**	**42,437**	**2,512**	**176,786**

35. MAJOR CUSTOMER'S 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 2017, the Group has one major customer who represents 10% or more of the Group's total gross revenue. The breakdown of the top three customers by gross revenue for the year ended 31 December 2017 is as follows:

in € thousands	Gross revenue	% gross revenue from Group's gross revenue
BidSwitch GmbH	38,642	16.8%
AdColony Inc.	14,011	6.1%
Machine Zone Inc.	13,108	5.7%
Total revenue for 3 top clients	**65,761**	**28.6%**

36. CAPITAL MANAGEMENT

Capital includes equity attributable to shareholders of the parent. An analysis of the Group's net debt is shown in note 4.

As of the reporting date, equity ratio was as follows:

in € thousands	31 Dec 2017	31 Dec 2016
Equity attributable to shareholders of Fyber N.V.	13,224	120,444
Total capital	231,443	365,627
Equity ratio	**5.7%**	**33.0%**

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 shareholders value.

37. 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 the Group.

37.1. 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.

37.1.1. 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 $ rate	Maximum/ minimum level	Effect on loss before tax	Effect on equity
			in € thousands	in € thousands
2017	+ 5.00%	1.29	(156)	(4,440)
	- 5.00%	0.94	173	4,908
2016	+ 5.00%	1.17	13	(5,021)
	- 5.00%	1.00	(14)	5,549

37.1.2. Interest rate risk

As of the reporting date, the Group is funded through borrowings which bears interest based on fixed and floating interest rates as follows:

in € thousands	31 Dec 2017	31 Dec 2016
Long-term borrowings		
Fixed interest rate	132,995	136,642
Float interest rate	-	-
Total long-term borrowings	**132,995**	**136,642**
Short-term borrowings		
Fixed interest rate	4,646	-
Float interest rate	10,367	1,429
Total short-term borrowings	**15,013**	**1,429**

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 2017, the Group holds a revolving credit facility in the amount of €15,013 thousands, €10,367 thousands with a floating interest rate linked to the LIBOR rate, while the rest in with fix interest rate. Therefore, interest rate charges in the future will have an impact on cash flows. Please refer to note 31. for further details on the loans.

	Change in interest rate in basis points	**Effect on loss after tax** in € thousands
2017	+ 10	10
	(10)	(10)
2016	+ 10	(1)
	(10)	1

As the Company does not have financial instruments measured at fair value, changes in the interest rate will have no impact on equity.

37.2. 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 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 2017 is as follows:

in € thousands	**Total**	**Neither past due nor impairment**	**Past due but not impaired**			
			< 30 days	30 - 60 days	61 - 90 days	> 90 days
Non-current financial assets	1,110	1,110	-	-	-	-
Trade and other receivables	42,642	15,197	20,123	4,587	1,023	1,712
Other current financial assets	10,319	10,319	-	-	-	-
Cash and cash equivalents	17,595	17,595	-	-	-	-
Non-derivative financial instruments	**71,666**	**44,221**	**20,123**	**4,587**	**1,023**	**1,712**

Aging analysis of non-derivative financial instruments as of 31 December 2016 is as follows:

in € thousands	Total	Neither past due nor impairment	Past due but not impaired			
			< 30 days	30 - 60 days	61 - 90 days	> 90 days
Non-current financial assets	504	504	-	-	-	-
Trade and other receivables	63,128	32,095	27,687	2,373	362	611
Other current financial assets	16,293	16,293	-	-	-	-
Cash and cash equivalents	24,982	24,982	-	-	-	-
Non-derivative financial instruments	**104,907**	**73,874**	**27,687**	**2,373**	**362**	**611**

37.3. 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 43.1. for further detail.

The aggregate maturities of financial assets and financial liabilities outstanding, based on contractual undiscounted payments, as of 31 December 2017 are as follows:

in € thousands	Total	Within 1 year	1 year to 5 years	> 5 years
Non-current financial assets	1,110	-	1,110	-
Trade and other receivables	42,642	42,642	-	-
Other current financial assets	10,319	10,319	-	-
Cash and cash equivalents	17,595	17,595	-	-
Financial assets	**71,666**	**70,556**	**1,110**	**-**
Long-term employee benefit liabilities	(357)	-	(357)	-
Long-term borrowings	(149,900)	-	(149,900)	-
Other non-current liabilities	(5,136)	-	(5,136)	-
Trade and other payables	(48,881)	(48,881)	-	-
Short-term employee benefit liabilities	(13,535)	(13,535)	-	-
Short-term borrowings	(15,013)	(15,013)	-	-

Income tax liabilities	(539)	(539)	-	-
Financial liabilities	**(233,361)**	**(77,968)**	**(155,393)**	**-**
Total net financial liabilities	**(161,695)**	**(7,412)**	**(154,283)**	**-**

The aggregate maturities of financial assets and financial liabilities outstanding, based on contractual undiscounted payments, as of 31 December 2016 are as follows:

in € thousands	Total	Within 1 year	1 year to 5 years	> 5 years
Non-current financial assets	504	-	504	-
Trade and other receivables	63,539	63,539	-	-
Other current financial assets	16,292	16,292	-	-
Cash and cash equivalents	24,982	24,982	-	-
Financial assets	**105,317**	**104,813**	**504**	**-**
Long-term employee benefit liabilities	(429)	-	(429)	-
Long-term borrowings	(150,000)	-	(150,000)	-
Other non-current liabilities	(10,223)	-	(10,223)	-
Trade and other payables	(78,059)	(78,059)	-	-
Short-term employee benefit liabilities	(14,001)	(14,001)	-	-
Short-term borrowings	(1,429)	(1,429)	-	-
Short-term provisions	(96)	-	-	-
Income tax liabilities	(570)	(570)	-	-
Other current liabilities	(479)	(479)	-	-
Financial liabilities	**(255,286)**	**(94,538)**	**(160,652)**	**-**
Total net financial assets (liabilities)	**(149,969)**	**10,275**	**(160,148)**	**-**

As of the balance sheet date Inneractive Ltd has not meet the Leumi loan covenants' terms, however on March 2018, the issue was solved as Bank Leumi agreed to defer exercising the right to declare the loan as immediately due.

38. FINANCIAL ASSETS AND LIABILITIES

38.1. Categories of financial assets and liabilities

The carrying values of financial assets per category are as follows:

in € thousands	31 Dec 2017			31 Dec 2016		
	Total	**Available for sale (fair value)**	**Loans and receivables (amortized costs)**	**Total**	**Available for sale (fair value)**	**Loans and receivables (amortized costs)**
Other non-current financial assets	1,110	1,110	-	504	504	-
Trade and other receivables	42,642	-	42,642	63,539	-	63,539
Other current financial assets	10,319	10,319	-	16,292	16,292	-
Cash and cash equivalents	17,595	-	17,595	24,982	-	24,982
Total financial assets	**71,666**	**11,429**	**60,237**	**105,317**	**16,796**	**88,521**

The carrying values of financial liabilities per category are as follows:

in € thousands	31 Dec 2017		31 Dec 2016	
	Total	**Measured at costs**	**Total**	**Measured at amortized costs**
Long-term employee benefits liabilities	357	357	429	429
Long-term borrowings	132,995	132,995	136,642	136,642
Other non-current financial liabilities	5,136	5,136	9,425	9,425
Trade and other payables	48,881	48,881	78,059	78,059
Short-term employee benefits liabilities	13,535	13,535	14,001	14,001
Short-term borrowing	15,013	15,013	1,429	1,429
Total financial liabilities	**215,917**	**215,917**	**239,985**	**239,985**

38.2. Fair value measurement of financial assets and liabilities

Except for the convertible bonds, carrying values are reasonable approximations of the respective fair values.

in € thousands	31 Dec 2017		31 Dec 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowings	**132,995**	**97,435**	**136,642**	**132,000**

Except for the convertible bonds that its fair value is classified under level 1, every other financial instruments are classified under level 3.

38.3. Net results by measurement category

in € thousands	1 Jan - 31 Dec 2017				
	Recognized through profit and loss				Net results
	From interest	From valuation			
		Currency effect	Revaluation	Bad debt	
Financial assets					
Loans and Receivables	-	577	-	(1,066)	(489)
Financial liabilities					
Measured at amortized costs	(15,552)	(1,800)	2,814	-	(14,538)
Total	**(15,552)**	**(1,223)**	**2,814**	**(1,066)**	**(15,027)**

in € thousands	1 Jan - 31 Dec 2016				
	Recognized through profit and loss				Net results
	From interest	From valuation			
		Currency effect	Revaluation	Bad debt	
Financial assets					
Loans and Receivables	188	(830)	-	(1,006)	(1,648)
Financial liabilities					
Measured at amortized costs	(9,417)	(488)	-	-	(9,905)
Total	**(9,229)**	**(1,318)**	**-**	**(1,006)**	**(11,553)**

In 2017, a net income from revaluation was recognized resulting from the restructuring of the convertible bonds (€2,889 thousands, see note 11.), and the revaluation of the Inneractive and Heyzap earn-out. While the accelerated payment of the Inneractive earn-out lead to an income of €2,603 thousands (see note 7.), the Heyzap earn-out was expected to be higher than anticipated resulting in an additional expense of €2,678 thousands reflecting the current ongoing negotiation with the sellers (see note 11.).

39. RELATIONSHIPS WITH RELATED PARTIES

39.1. Outstanding balances and transactions

The following table provides the balances with related parties as at 31 Dec 2017 and 2016 as well as the total amount of transactions that have been entered with related parties during 2017 and 2016:

	2017			
in € thousands	Amounts owed by parties	Amounts owed to parties	Sales to parties	Purchases from parties
Key management personnel	-	-	-	4,317
Shareholder				
Sapinda Invest S.à r.l.	-	-	-	45
Total	-	-	-	**4,362**

	2016			
in € thousands	Amounts owed by parties	Amounts owed to parties	Sales to parties	Purchases from parties
Key management personnel	-	-	-	3,221
Shareholder				
Sapinda Invest S.à r.l.	-	-	-	160
Total	**-**	**-**	**-**	**3,381**

The purchases from key management personnel consist of compensation of €4,317 thousands (2016: €3,221 thousands).

39.2. Compensation for 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 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:

in € thousands	31 Dec 2017	31 Dec 2016
Share-based payments	183	563
Short-term employee benefits	4,018	2,635
Defined contribution plan	116	23
Total compensation for key management personnel	**4,317**	**3,221**

in € thousands	Type	2017	2016
Management Board			
Andreas Bodczek[1]	Short-term employee benefits/share-based payments	1,350	1,250
Heiner Luntz[2]	Short-term employee benefits/share-based payments	960	512
Janis Zech	Short-term employee benefits/share-based payments	-	445
Ziv Elul[3]	Short-term employee benefits/share-based payments	666	307
Daniel Sztern[4]	Short-term employee benefits	263	-
Yaron Zaltsman[4]	Short-term employee benefits	218	-
Crid Yu[5]	Short-term employee benefits	260	-
Total Management Board		**3,717**	**2,514**
Supervisory Board			
Dirk van Daele	Short-term employee benefits	200	189
Guy Dubois	Short-term employee benefits	100	189
Thorsten Grenz	Short-term employee benefits	24	52
Jens Schumann	Short-term employee benefits	99	47
Crid Yu[5]	Short-term employee benefits	58	52
Yaron Valler[6]	Short-term employee benefits	95	-
Ryan Kavanaugh	Short-term employee benefits	-	178
Karim Sehnaoui[7]	Short-term employee benefits	24	-
Total Supervisory Board		**600**	**707**
Total compensation for key management personnel		**4,317**	**3,221**

[1] Member until 25 July 2017
[2] Member until 25 July 2017
[3] Member since 15 June 2016
[4] Member since 25 July 2017
[5] Member since July 2017 as part of the Management Board
[6] Member since February 2017
[7] Member since October 2017; subject to approval by the AGM 2018

The amounts shown in the table above are those recognized as an expense during the reporting period related to key management personnel.

The EGM held on 25 July 2017 has appointed Daniel Sztern, Yaron Zaltsman and Crid Yu as new members of the Management Board. Andreas Bodczek and Heiner Luntz resigned as members of the Management Board shortly following this EGM. Janis Zech already stepped down from the Management Board with effect 1 January 2017.

The EGM of the Company held on 11 April 2017 approved that, effective from 1 January 2017, the annual remuneration of the chairman of the Supervisory Board shall be €200 thousand and that the annual remuneration for all other members of the Supervisory Board shall be €100 thousand. Payment of the remuneration shall be made in quarterly installments during the financial year to which the remuneration relates, payable at the start of every quarter. The remuneration can be adjusted downwards at the discretion of the Supervisory Board.

39.3. Payments in relation to the acquisition of Inneractive

According to the Inneractive purchase agreement and its amendments, several employees, at the Company's discretion, are entitled to receive certain payments that are related to the acquisition. As part of these agreements, Mr. Ziv Elul received €4.0 million and Mr. Daniel Sztern received €0.6 million.

As of 31 December 2017, Mr. Ziv Elul was entitled to the following future payments: (i) an amount of €0.6 million subject to his continued employment by the Company until 18 July 2018, and (ii) an amount of €0.6 million, subject to his continued employment by the Company until 18 July 2019. As of 31 December 2017, Mr. Daniel Sztern was entitled to the following future payments: (i) an amount of €0.08 million, subject to his continued employment by the Company until 18 July 2018, and (ii) an amount of €0.08 million, subject to his continued employment by the Company until 18 July 2019.

39.4. Relationships with Anoa Capital S.A.

Outstanding balances with Anoa Capital S.A. and purchase are not included in the tables above. Anyhow, a separate 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.			
in € thousands	Amounts owed by parties	Amounts owed to parties	Sales to parties	Purchases from parties
2017	-	3	-	400
2016	-	-	-	667

In 2017, the Group purchased Anoa services in connection with the restructuring of the convertible bonds for €200 thousands which was not expensed but directly recognized as transaction cost, being expensed over the remaining term of the bon as part of effective interest expense. In 2016, the Group purchased Anoa services in connection with the tap issue on the convertible bonds for €563 thousands which was not expensed but directly deducted from the bonds proceeds.

Further, Anoa provided general corporate advice resulting in charges of €200 thousands (2016: €104 thousands).

40. OTHER FINANCIAL COMMITMENTS

Future minimum lease payables under non-cancellable operating leases for offices are as follows:

in € thousands	31 Dec 2017	31 Dec 2016
Due within one year	1,631	1,020
Due in one to five years	8,974	7,554
Total	**10,605**	**8,574**

41. AVERAGE NUMBER OF EMPLOYEES

During the financial year 2017, the Group, including all fully consolidated companies at the reporting date, had an average of 346 (2016: 410) employees. Personnel expenses in 2017 amounted to €40,619 thousands (2016: €35,350 thousands. A geographic breakdown of the average number of employees as of the reporting date is shown in the following table:

	31 Dec 2017	31 Dec 2016
Germany	182	237
Israel	80	71
USA	65	96
China	10	3
UK	9	3
Total	**346**	**410**

42. AUDITORS FEE

Grant Thornton B.V. was elected to audit the financial statements of the Group for the years 2017 and 2016. Before that, the financial statements of the Group were audited by Ernst & Young Accountants LLP. The following fees have been recognized in other operating expenses:

	2017	2016
Grant Thornton audit services	415	438
Ernst & Young audit services	-	118
Total	**415**	**556**

43. SUBSEQUENT EVENTS

43.1. Loan from Sapinda

On 31 of January 2018, the Company signed a loan agreement with Sapinda, for up to €8,000 thousands. The loan includes two installments. The first installment in the amount of €5,000 thousands was drawn with signing. The second installment can be drawn from June 2018. The loan bears interest of 8% p.a., and shall be due and payable on December 31, 2019

43.2. Successful elimination of the 'Fall-back risk'

In January 2018, the former shareholders of Fyber GmbH and Sapinda came to an agreement, settling all claims from the former Fyber GmbH shareholders against the Company. With this, 100% ownership of the subsidiary Fyber GmbH was secured.

Company Financial Statements

Company Income Statement

	Notes	2017	2016
		Year ended 31 December	
		in € thousand	
Gross revenue		**-**	**-**
Revenue share to third parties		-	-
Net revenue		**-**	**-**
Other cost of revenue		-	-
Gross profit		**-**	**-**
Other operating income		13,950	4,541
Research and development		-	-
Sales and marketing		-	-
General and administrative		(10,792)	(8,702)
Other operating expenses		(31,000)	-
Earnings before interest and tax (EBIT)		**(27,842)**	**(4,161)**
Net finance costs		(972)	(6,305)
Profit (loss) before tax		**(28,814)**	**(10,466)**
Income tax gain (expense)		2,409	843
Profit (loss) for the year from ontinuing operations		**(26,405)**	**(9,623)**
Other comprehensive income for the year		-	-
Total comprehensive income (loss) for the year		**(26,405)**	**(9,623)**
Earnings per share			
Basic profit (loss) per share (€)		(0.23)	(0.09)
Diluted profit (loss) per share (€)		(0.22)	(0.08)

Company Statement of Financial Position

	Notes	Year ended 31 December 2017	2016
		in € thousand	
Non-current assets			
Intangible assets		-	6
Non-current financial assets		-	-
Investment in subsidiaries		200,413	229,966
Other non-current financial aassets		76,190	67,714
Deferred tax assets		-	794
Total non-current assets		**276,603**	**298,480**
Current assets			
Trade and other receivables		7,064	1,576
Other current financial assets		1,736	8,441
Other current assets		241	264
Cash and cash equivalents		964	5,660
Total current assets		**10,005**	**15,941**
Total assets		**286,608**	**314,421**

Company Statement of Financial Position

	Notes	Year ended 31 December 2017	2016
		in € thousand	
Equity			
Issued capital		11,453	11,453
Share premium		184,812	184,812
Treasury shares		(4,745)	(5,049)
Other capital reserves		23,711	17,518
Accumulated deficit		(83,557)	(57,152)
Total equity		**131,674**	**151,582**
Non-current liabilities			
Long-term borrowings		134,730	136,642
Deferred tax liabilities		-	-
Other non-current liabilities		1,594	9,305
Total non-current liabilities		**136,324**	**145,947**
Current liabilities			
Trade and other payables		12,599	15,021
Short-term employee benefits liabilities		621	676
Short-term borrowings		5,390	1,195
Other current liabilities		-	-
Short term provisions		-	-
Total current liabilities		**18,610**	**16,892**
Total liabilities		**154,934**	**162,839**
Total equity and liabilities		**286,608**	**314,421**

Company Statement of Cash Flows

	Notes	2017	2016
		Year ended 31 December	
		in € thousand	
Loss for the year before tax		**(28,814)**	(10,466)
Depreciation, amortization and impairment		31,006	18
Net finance costs before currency effect		3,090	4,529
Other non-cash effects		(597)	(3,277)
Changes in provisions, employee benefit obligations		(41)	(3,739)
Changes in working capital		(11,473)	17,939
Cash generated from operations		**(6,829)**	**5,003**
Interest paid		(83)	(6,400)
Income tax paid		(6)	844
Net cash flow from operating activities		**(6,918)**	**(553)**
Changes in investments and financial assets, net		(3,218)	(111,695)
Net cash flow from investing activities		**(3,218)**	**(111,695)**
Proceeds from long-term borrowings		1,667	50,014
Transaction costs on the issue/restructuring of convertible bonds		(422)	(1,198)
Proceeds (repayment) from short-term borrowings		4,195	(1,102)
Net cash flow from financing activities		**5,440**	**49,918**
Net changes in cash		**(4,696)**	**(62,330)**
Cash at beginning of period		**5,660**	**67,990**
Net changes in cash		(4,696)	62,330
Cash and cash equivalents at end of period		**964**	**5,660**

Company Statement of Change in Equity

in € thousands	Notes	Ordinary shares	Share premium	Treasury shares	Other capital reserves	Accumulated deficit	Total equity
01 January 2017		**11,453**	**184,812**	**(5,049)**	**17,518**	**(57,152)**	**151,582**
Profit (loss) for the year after tax		-	-	-	-	(26,405)	(26,405)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**-**	**(26,405)**	**(26,405)**
Share-based payments		-	-	-	1,124	-	1,124
Acquisition of treasury shares		-	-	304	-	-	304
Equity component of the convertible bonds, net of tax		-	-	-	5,069	-	5,069
Transaction with owners		**-**	**-**	**304**	**6,193**	**-**	**6,497**
31 December 2017		**11,453**	**184,812**	**(4,745)**	**23,711**	**(83,557)**	**131,674**

Company Statement of Change in Equity

in € thousands	Notes	Ordinary shares	Share premium	Treasury shares	Other capital reserves	Accumulated deficit	Total equity
01 January 2016		**11,453**	**184,812**	**-**	**13,366**	**(47,527)**	**162,102**
Profit (loss) for the year after tax		-	-	-	-	(9,623)	(9,623)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**-**	**(9,623)**	**(9,623)**
Share-based payments		-	-	-	1,715	-	1,715
Acquisition of treasury shares		-	-	(5,049)	-	-	(5,049)
Equity component of the convertible bonds, net of tax		-	-	-	2,437	-	2,437
Transaction with owners		**-**	**-**	**(5,049)**	**4,152**	**-**	**(897)**
31 December 2016		**11,453**	**184,812**	**(5,049)**	**17,518**	**(57,152)**	**151,582**

Notes to the Company Financial Statements

1. FYBER N.V.

Fyber N.V. (formerly RNTS Media N.V.) (hereinafter referred to as ‘Company’) is building a global provider for advertising technology (AdTech).

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’s shares are traded on the Prime Standard of the Frankfurt Stock Exchange under the symbol ‘FBEN’.

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. ACCOUNTING POLICIES

2.1. 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 financial statements are presented in Euro which is also the functional currency of the Company and unless otherwise indicated all values are rounded to the nearest thousand Euro which may cause rounding differences.

2.2. 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.

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 16. of the notes to the consolidated financial statements for further information.

2.3. Changes in accounting policies and disclosures

2.3.1. Presentation of operating expenses

Consistent to the adjustment made on group level, the Company changed the presentation of operating expenses. See note 2.5 of the consolidated financial statements for further details.

The following table shows how the income statement 2017 would have been looked like when the Company would have continued to present its operating expenses by nature.

	Year ended 31 December	
in € thousands	**2017**	**2016[1]**
Revenue	**-**	**-**
Revenue share to third parties	-	-
Gross margin	**-**	**-**

Other operating income	13,950	4,541
Personnel costs	(4,135)	(2,945)
Other operating expenses	(6,651)	(5,739)
EBITDA	**3,164**	**(4,143)**
Depreciation, amortization and impairment	(31,006)	(18)
Earnings before interest and tax (EBIT)	**(27,842)**	**(4,161)**
Finance income	8,512	4,862
Finance expenses	(11,602)	(9,416)
Foreign exchange gains (losses)	2,118	(1,751)
Loss for the Year before Tax	**(28,814)**	**(10,466)**
Income tax gain (expense)	2,409	843
Profit (loss) for the year after tax	**(26,405)**	**(9,623)**

[1] Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made (Note 2.2.2.).

2.3.2. Net finance costs

For 2017, foreign currency gains of €2,211 thousands (€45 thousands in 2016), foreign currency losses of €92 thousands (€1,705 thousands in 2016) and bank fees of €24 thousands (€25 thousands in 2016) were reclassified to net finance cost.

3. OTHER OPERATING INCOME

Other operating income breaks down as follows:

in € thousands	2017	2016
Management and shared service charged to subsidiaries	11,264	339
Income from the acceleration of the Inneractive earn-out	2,603	-
Income from reversal of provisions and accruals	17	4,007
Income from sale of investment in subsidiaries	-	191
Miscellaneous	66	4
Total other operating income	**13,950**	**4,541**

As for the Income from Inneractive earn-out of €2,603 thousands, please refer to the note 7 of the notes to the consolidated financial statements.

4. GENERAL AND ADMINISTRATIVE

in € thousands	2017	2016
Personnel costs and related costs	4,233	2,946
Server expenses to be recharged to subsidiaries	2,518	-
Professional services, consulting and other headcount related costs	2,047	1,301
Rent & utilities	1,564	4,086
Marketing costs	430	351
Depreciation and amortization	-	18
Total general and administrative	**10,792**	**8,702**

5. OTHER OPERATING EXPENSES

Other operating expenses corresponds to impairment charges on the Company's investment in Fyber GmbH (see note 7.).

6. NET FINANCE COSTS

in € thousands	2017	2016
Interest from loans granted to subsidiaries, net	(5,313)	(4,571)
Gain from convertible loan restructuring	(2,899)	-
Interest accrued Convertible Bonds	10,675	9,353
Foreign exchange, net	(2,118)	1,751
Other	627	(228)
Total net finance costs	**972**	**6,305**

7. INVESTMENT IN SUBSIDIARIES

in € thousands	Fyber GmbH	Inneractive Ltd.	RNTS Germany Holding GmbH	Total
1 Jan 2017	**159,004**	**70,934**	**28**	**229,966**
Stock option contribution	567	880	-	1,447
Impairment	(31,000)	-	-	(31,000)
31 Dec 2017	**128,571**	**71,814**	**28**	**200,413**
1 Jan 2016	**156,961**	**-**	**28**	**156,989**
Initial purchase	-	69,920	-	69,920
Transaction costs	-	727	-	727
Stock option contribution	754	287	-	1,041
Equity component of low interest loans	1,289	-	-	1,289
31 Dec 2016	**159,004**	**70,934**	**28**	**229,966**

The stock option program of the Company is applied for employees of the subsidiaries consistently. The subsidiaries are not obligated to reimburse the Company.

As of the reporting date, the Company performed an impairment test on its investments in subsidiaries following an impairment on goodwill in the consolidated financial statements (see note 16. to the consolidated financial statements). The basic assumptions underlying to this test were similar to the assumptions used in the impairment test of goodwill. However, other than in the consolidated financial statements, the impairment test was made on the level of the respective investments rather than on single cash generating units. As a result, the Company recognized an impairment loss on its investment in Fyber GmbH of €31 million, reflecting again the short-term impact of the strategic decision to discontinue the business with aggregators.

8. OTHER NON-CURRENT FINANCIAL ASSETS

in € thousands	Fyber GmbH	Inneractive Ltd.	Total
1 Jan 2017	**48,100**	**19,614**	**67,714**
Increase	2,970	-	2,970
Amortization of loan	2,601	-	2,601
Interest accrued	1,466	1,439	2,905
31 Dec 2017	**55,137**	**21,053**	**76,190**

1 Jan 2016	**27,152**	**-**	**27,152**
Decrease	-	(451)	(451)
Increase	18,041	18,648	36,689
Amortization of loan	2,080	-	2,080
Interest accrued	827	1,417	2,244
31 Dec 2016	**48,100**	**19,614**	**67,714**

The interest rates of loans to affiliated companies are as follows:

	Interest rate p.a.
Fyber GmbH	7.8%
RNTS Germany Holding GmbH	7.8%

9. TRADE AND OTHER RECEIVABLES

in € thousands	31 Dec 2017	31 Dec 2016
Subsidiaries	6,627	1,244
VAT	419	236
Others	18	96
Total trade and other receivables	**7,064**	**1,576**

10. OTHER CURRENT FINANCIAL ASSETS

in € thousands	1 Jan 2017	Increase	Decrease	31 Dec 2017
Fyber GmbH	-	601	-	601
Fyber RTB GmbH	2,700	-	(1,757)	943
Heyzap Inc.	197	-	(5)	192
ADS Securities LLC	5,544	-	(5,544)	-
Total	**8,441**	**601**	**(7,306)**	**1,736**

in € thousands	1 Jan 2016	Increase	Decrease	31 Dec 2016
Fyber GmbH	4,872	281	(5,153)	-
Fyber RTB GmbH	413	2,287	-	2,700
Heyzap Inc.	-	197	-	197
ADS Securities LLC	145	25,151	(19,752)	5,544
Big Star Global Co. Ltd.	-	144	(144)	-
Total	**5,430**	**28,060**	**(25,049)**	**8,441**

The interest rates of loans to affiliated companies are as follows:

	Interest rate p.a.
Fyber GmbH	7.8%
Fyber RTB GmbH	7.8% - 8.0%
Heyzap Inc.	8.0%
ADS Securities LLC	0.75%

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash at banks that is freely available.

12. EQUITY

For a breakdown and a development of equity please refer to the Company statement of changes of equity.

The consolidated financial statements as of 31 December 2017 report a positive net equity position of €13,224 thousands (2016: €120,444 thousands) The Company financial statements as of 31 December 2017 report a positive net equity of €162,674 thousands (2016: €151,582 thousands).

The following table shows the reconciliation of consolidated and Company equity for the year ended 31 December 2017 and 2016:

in € thousands	31 Dec 2017	31 Dec 2016
Total consolidated equity	**13,224**	**120,444**
Individual subsidiaries	106,744	33,485
Other comprehensive income	11,706	2,347
Total company equity	**131,674**	**151,582**

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.

The following table shows the reconciliation of consolidated and Company net income for the year ended 31 December 2017 and 2016:

in € thousands	31 Dec 2017	31 Dec 2016
Total consolidated loss for the year	**(102,011)**	**(25,855)**
Individual subsidiaries	19,954	10,738
Eliminations	55,652	5,494
Total company's loss for the year	**(26,405)**	**(9,623)**

13. LONG-TERM BORROWINGS

As of the reporting date, the Company were had long-term borrowings carried at values as follows:

in € thousands	31 Dec 2017	% rate	31 Dec 2016	% rate
Convertible bond	132,995	3.0%	136,642	5.0%
Loan from Inneractive Ltd.	1,735	Libor+6.2%	-	-
Sum	**134,730**		**136,642**	

The accrued interest of the convertible bond is recognized in the 'other current liabilities'. For further details to the convertible bonds and convertible bond restructuring, please refer to note 4. of the notes to the consolidated financial statements.

14. TRADE AND OTHER PAYABLES

The following table shows the elements of the trade and other payables:

in € thousands	31 Dec 2017	31 Dec 2016
Inneractive earn-out due within a year	1,640	5,922
Accrued interest convertible loan	1,934	3,223
Trade payables	6,048	2,171
Accrued expenses	1,363	733
Other	1,614	2,972
Total trade and other payables	**12,599**	**15,021**

15. MATURITY ANALYSIS OF FINANCIAL LIABILITIES

in € thousands	Total	Within 1 years	1 years - 5 years	> 5 years
2017				
Long term borrowings	149,900	-	149,900	
Short term employee benefits liabilities	621	621	-	-
Trade payables and other payables	12,599	12,599	-	-
Other non-current liabilities	1,594	-	1,594	-
Total 2017	**164,714**	**13,220**	**151,494**	**-**
2016				
Long term borrowings	150,000	-	150,000	-
Short term employee benefits liabilities	676	676	-	-
Trade payables and other payables	15,021	15,021	-	-
Other current liabilities	-	-	-	-
Other non-current liabilities	9,305	-	9,305	-
Provisions	**-**	**-**	**-**	-
Total 2016	**175,002**	**15,697**	**159,305**	**-**

16. CAPITAL MANAGEMENT

in € thousands	31 Dec 2017	31 Dec 2016
Long-term borrowings	134,730	136,642
Short-term borrowings	5,390	1,195
Accrued interest on convertible loans	1,934	3,695
Cash and cash equivalents	(964)	(5,660)
Net debt (cash)	**141,090**	**135,872**

17. FINANCIAL ASSETS AND LIABILITIES

17.1. Categories of financial assets and liabilities

The carrying values of financial assets and liabilities per category are as follows:

in € thousands	31 Dec 2017			31 Dec 2016		
	Total	Available for sale (fair value)	Loans and receivables (amortized costs)	Total	Available-for sale (fair value)	Loans and receivables (amortized costs)
Investment in subsidiaries	200,413	200,413		231,436	231,436	-
Other non-current financial assets	76,190	-	76,190	66,243	-	66,243
Trade and other receivables	7,064	-	7,064	1,576	-	1,576
Other current financial assets	1,736	-	1,736	8,441	-	8,441
Cash and cash equivalents	964	-	964	5,660	-	5,660
Total financial assets	**286,367**	200,413	**85,954**	**313,356**	**231,436**	**81,920**

in € thousands	31 Dec 2017		31 Dec 2016	
	Total	Measured at costs	Total	Measured at amortized costs
Long term borrowings	134,730	134,730	136,642	136,642
Other non-current liabilities	1,594	1,594	9,305	9,305
Trade and other payables	12,599	12,599	15,021	15,021
Short-term employee benefit liabilities	621	621	675	675
Short term borrowings	5,390	5,390	1,195	1,195
Total financial liabilities	**154,934**	**154,934**	**162,839**	**162,839**

17.2. Fair value measurement of financial assets and liabilities

Except for the convertible bonds, carrying values are reasonable approximations of the respective fair values. Please refer to note 37.3 of the notes to the consolidated financial statements for further information on the convertible bond. and note 38.2 of the notes to the consolidated financial statements for further information regarding the fair value hierarchy.

17.3. Net results by measurement category

in € thousands	1 Jan - 31 Dec 2017				
	Recognized through profit and loss				Net results
	From interest	From valuation			
		Currency effect	Revaluation	Bad debt	
Financial assets					
Loans and Receivables	5,313	60	-	-	5,373
Available for sale	-	-	(31,000)	-	(31,000)
Financial liabilities					
Measured at amortized costs	(11,302)	(1,260)	5,502	-	(7,060)
Total	**(5,989)**	**(1,200)**	**(25,498)**	**-**	**(32,687)**

in € thousands	1 Jan - 31 Dec 2016				
	Recognized through profit and loss				Net results
	From interest	From valuation			
		Currency effect	Revaluation	Bad debt	
Financial assets					
Loans and Receivables	2,304	-	-	(5)	2,299
Financial liabilities					
Measured at amortized costs	(3,397)	(3)	-	-	(3,400)
Total	**(1,093)**	**(3)**	**-**	**(5)**	**(1,101)**

In 2017, a net income from revaluation was recognized resulting from the restructuring of the convertible bonds (€2,889 thousands, see note 12. of the consolidated financial statements) as well as from the revaluation of the Inneractive earn-out of €2,603 thousands in return for the accelerated payment. (see note 7. of the consolidated financial statements).

18. FINANCIAL RISK MANAGEMENT

Please refer to note 37 of the notes to the consolidated financial statements for further information regarding the financial risk management of the comprehensive Group including the Company.

19. RELATIONSHIPS WITH RELATED PARTIES

19.1. Outstanding balances and transactions

The following table provides the balances with related parties as at 31 Dec 2017 and 2016 as well as the total amount of transactions that have been entered with related parties during 2017 and 2016:

in € thousands	2017			
	Amounts owed by parties	Amounts owed to parties	Sales to parties	Purchases from parties
Subsidiaries				
Heyzap Inc.	570	-	416	-
Fyber Inc.	-	922	-	464
Fyber GmbH	57,202	4,025	2,634	589
Fyber Media GmbH	1,394	1,005	1,747	-
Advertile Mobile GmbH	90	-	86	-
Falk Realtime Ltd	2	119		-
Fyber RTB GmbH	2,761	56	2,420	-
RNTS Media Deutschland GmbH	2	-	-	-
RNTS Germany Holding GmbH	21,400	-	-	-
Inneractive Ltd	1,106	7,865	3,961	914
Key management personnel	**-**	**-**	**-**	**3,669**
Shareholder				
Sapinda Invest S.à r.l.	-	-	-	45
Total	**84,527**	**13,992**	**11,264**	**5,681**

in € thousands	2016			
	Amounts owed by parties	Amounts owed to parties	Sales to parties	Purchases from parties
Subsidiaries				
Advertile Mobile GmbH	16	-	14	-
Big Star Global Co., Ltd.	-	-	15	-
thereof allowance	-	-	(15)	-
Falk Realtime Ltd	2	-	2	-
Fyber GmbH	47,153	-	3,332	382
Fyber Inc	-	498	-	364
Fyber Media GmbH	266	-	58	-
Fyber RTB GmbH	2,725	-	212	
Heyzap Inc	196	-	13	
Inneractive	-	1,215	-	55
RNTS Germany Holding GmbH	19,981	-	1,416	
RNTS Media Deutschland GmbH	348	-	338	
thereof allowance	(348)	-	(338)	
Key management personnel	-	-	-	2,467
Shareholder				
Sapinda Invest S.à r.l.	-	-	-	111
Total	**70,339**	**1,713**	**5,047**	**3,379**

Sales from and to subsidiaries include charges for management and shared services.

The purchases from key management personnel consist of compensation of €3,669 thousands (2016: €2,467 thousands).

19.2. Compensation for key management personnel

Compensation for key management personnel for the year ended 31 December 2017 and 2016 are as follows:

in € thousands	31 Dec 2017	31 Dec 2016
Share-based payments	184	608
Short-term employee benefits	3,485	1,859
Total	**3,669**	**2,467**

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:

in € thousands	Type	2017	2016
Management Board			
Andreas Bodczek[1]	Short-term employee benefits/share-based payments	1,350	1,249
Heiner Luntz[2]	Short-term employee benefits/share-based payments	960	511
Ziv Elul[3]	Short-term employee benefits	300	-
Daniel Sztern[4]	Short-term employee benefits	121	-
Yaron Zaltsman[4]	Short-term employee benefits	78	-
Crid Yu[5]	Short-term employee benefits/share-based payments	260	-
Total Management Board		**3,069**	**1,760**
Supervisory Board			
Dirk van Daele	Short-term employee benefits	200	189
Guy Dubois	Short-term employee benefits	100	189
Thorsten Grenz	Short-term employee benefits	24	52
Jens Schumann	Short-term employee benefits	99	47
Crid Yu[5]	Short-term employee benefits	58	52
Yaron Valler[6]	Short-term employee benefits	95	-
Ryan Kavanaugh	Short-term employee benefits	-	178
Karim Sehnaoui[7]	Short-term employee benefits	24	-

Total Supervisory Board	**600**	**707**
Total	**3,669**	**2,467**

[1] Member until 25 July 2017
[2] Member until 25 July 2017
[3] Member since 15 June 2016
[4] Member since 25 July 2017
[5] Member since July 2017 as part of the Management Board
[6] Member since February 2017
[7] Member since October 2017; subject to approval by the AGM 2018

19.3. Finance income and expenses with related parties

The following table summarize the financial income and expenses of the Company from its related parties in 2017 and 2016:

in € thousands	2017		2016	
	Finance income	Finance expense	Finance income	Finance expense
Subsidiaries				
Heyzap Inc.	14	-	13	-
Fyber GmbH	4,067	-	3,084	-
Fyber RTB GmbH	108	-	195	-
RNTS Media Deutschland GmbH	-	-	338	-
RNTS Germany Holding GmbH	1,419	-	1,416	-
Inneractive Ltd.		295	-	36
Big Star Global Co., Ltd	-	-	15	-
Total	**5,608**	**295**	**5,061**	**36**

19.4. Relationships with Anoa Capital S.A.

Outstanding balances with Anoa Capital S.A. and purchase are not included in the tables above. Anyhow, a separate 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.			
in € thousands	Amounts owed by parties	Amounts owed to parties	Sales to parties	Purchases from parties
2017	-	3	-	400
2016	-	-	-	667

Please refer to note 39.4 of the notes to the consolidated financial statements for further details

20. OTHER FINANCIAL COMMITMENTS

There are no other financial commitments.

21. AUDITORS FEE

Grant Thornton B.V. was elected to audit the financial statements of the Group for the years 2017 and 2016. Before that, the financial statements of the Group were audited by Ernst & Young Accountants LLP. The following fees have been recognized in other operating expenses:

	2017	2016
Grant Thornton audit services	96	438
Ernst & Young audit services	-	118
Total	**96**	**556**

In 2017 the audit fee for Grant Thornton is shown, net of recharges to subsidiaries while the 2016 fees included service for the whole Group. Relating to the audit of the 2016 financial statements, the Company recharged an amount of €181 thousands to its subsidiaries in 2017.

22. OTHER INFORMATION

Please refer to note 43. 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.

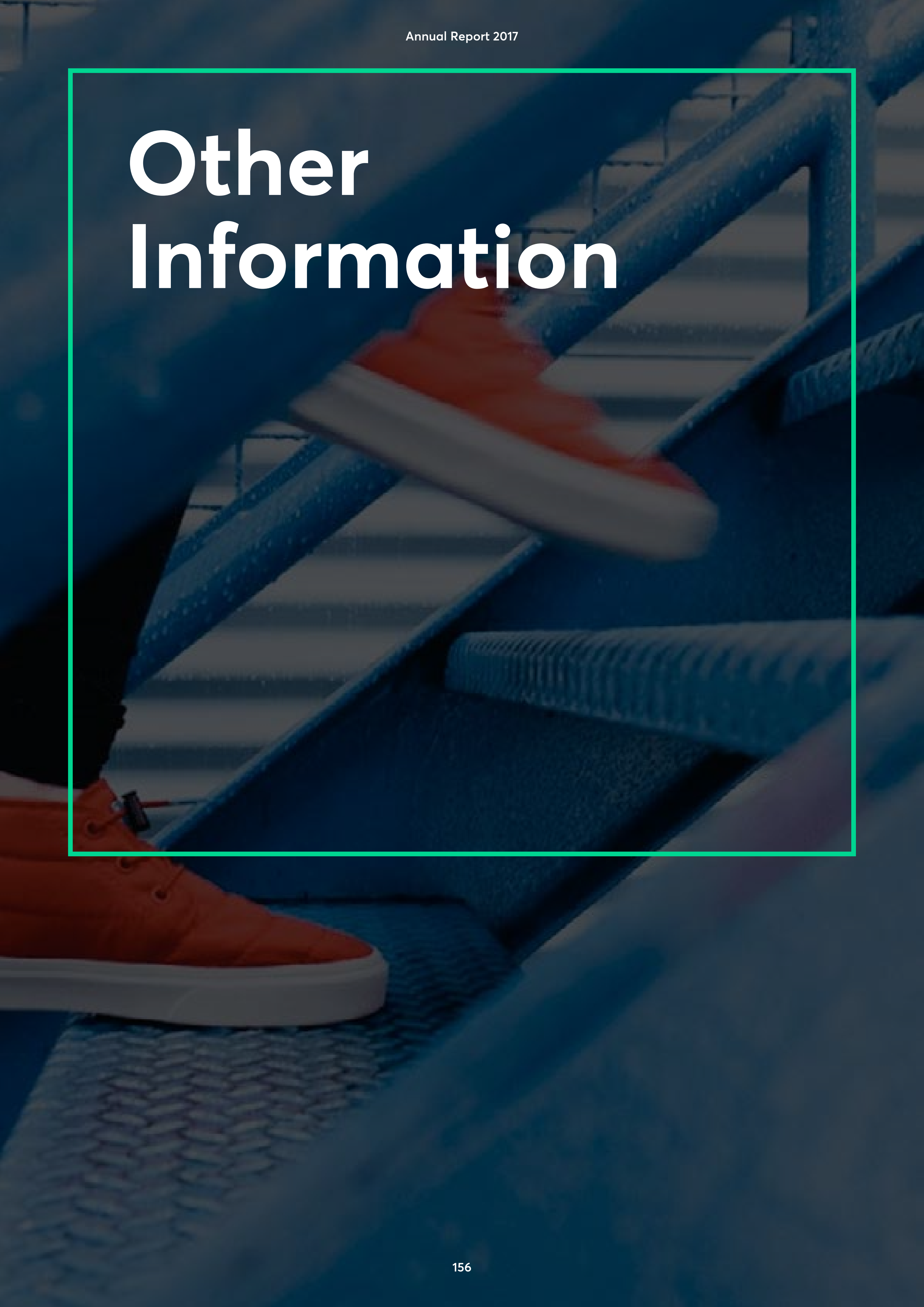
Distributions may be made only insofar as the Company's equity exceed the amount of the paid in and called up part of the issued capital, increased by the reserves which must be kept by virtue of the law or theses articles of association (see article 30.7).

The management propose, regarding to the distribution of the result for the year 2016, to add the losses to the accumulated deficit.

23. REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Please refer to note 39 and 43.3 of the notes to the Company financial statements for information regarding the remuneration of the management board.

Other Information



Financial Calendar

Annual General Meeting 2018
29 May 2018

Q1 2018 Interim Statement
30 May 2018

H1 2018 Interim Statement
29 August 2018

Q3 2018 Interim Statement
21 November 2018

About Fyber

Fyber 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 digital publishers and app developers to unlock the true value of their advertising properties through advanced technologies, innovative ad formats and data-driven decision-making. Fyber's technology platforms enable cross-device advertising with a global reach of more than 1.2 billion unique monthly users, and has a strong focus on video advertising. Fyber has offices in Berlin, Tel Aviv, New York, San Francisco, London and Beijing. The Company employs more than 300 people globally and is listed on the Prime Standard of Frankfurt Stock Exchange under the symbol 'FBEN' and the ISIN NL0012377394.

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
Ziv Elul (CEO), Dani Sztern (Deputy CEO), Yaron Zaltsman (CFO), Crid Yu (COO)

Chairman of the Supervisory Board
Dirk van Daele

VAT ID No.	DE283688947
ISIN Code	NL0012377394
LEI No.	894500D5B6A8E1W0VL50

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

Independent Auditor's Opinion

To: the annual meeting of shareholders and the supervisory board of Fyber N.V.

Grant Thornton
Accountants en Adviseurs B.V.
Laan der Continenten 160
P.O. Box 2259
2400 CG Alphen aan den Rijn
The Netherlands

T 088 - 676 90 00
F 088 - 676 90 10
www.gt.nl

INDEPENDENT AUDITOR'S REPORT

A. Report on the audit of the financial statements 2017

Opinion

We have audited the financial statements 2017 of Fyber N.V., based in Amsterdam, as set out on pages 78 to 157. 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, 2017, and of its result and its cash flows for 2017 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, 2017 and of its result for 2017 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, 2017;

2. the following statements for 2017: 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, 2017;

2. the company profit and loss account for 2017; 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 EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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 2.450.000. The materiality is based on 1% 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 122.500, 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
Going concern 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.	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.
Revenue recognition We have identified revenue recognition as a key audit matter because of the industry specific risks. The major revenue generating 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.	Our audit procedures included considering the appropriateness of the Group's revenue recognition accounting policies. Our audit mainly focused, among others, on substantive procedures. 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. We performed testing over manual journals posted to revenue to identify unusual or irregular items. We also considered the adequacy of the Group's disclosures (in note 2) in respect of revenue.
Goodwill During the year 2016 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, 2017, the goodwill amounts to € 128 million (2016: 217 million), representing 55,4% of the group's total assets. Goodwill is allocated to (groups of) Cash Generating Units (CGU's) for which Fyber N.V. is required to test annually the amount of goodwill for the possible existence of impairments or more frequently if there is a trigger event for testing. This annual impairment test is key for our audit, given the significant judgement and complexity of valuation methodologies used to determine whether the carrying value of goodwill is appropriate, which includes the assumptions used within models to support the recoverable amount of goodwill. 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 16 of the consolidated financial statements.	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. We performed sensitivity analysis by stress testing key assumptions in the model. We included in our team an independent valuation specialists of Grant Thornton to support us in our audit. We also performed substantive procedures in order to determine appropriateness of the impairment of goodwill, which amounts to EUR 80 million in 2017. We also assessed the adequacy of disclosures around goodwill in the financial statements.

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 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 2017, and our appointment as auditor of Fyber N.V. was formally confirmed in an extraordinary shareholder meeting on April 11, 2017 in which we were appointed for the years 2016 and 2017. We have operated as statutory auditor since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

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 scepticism 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. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

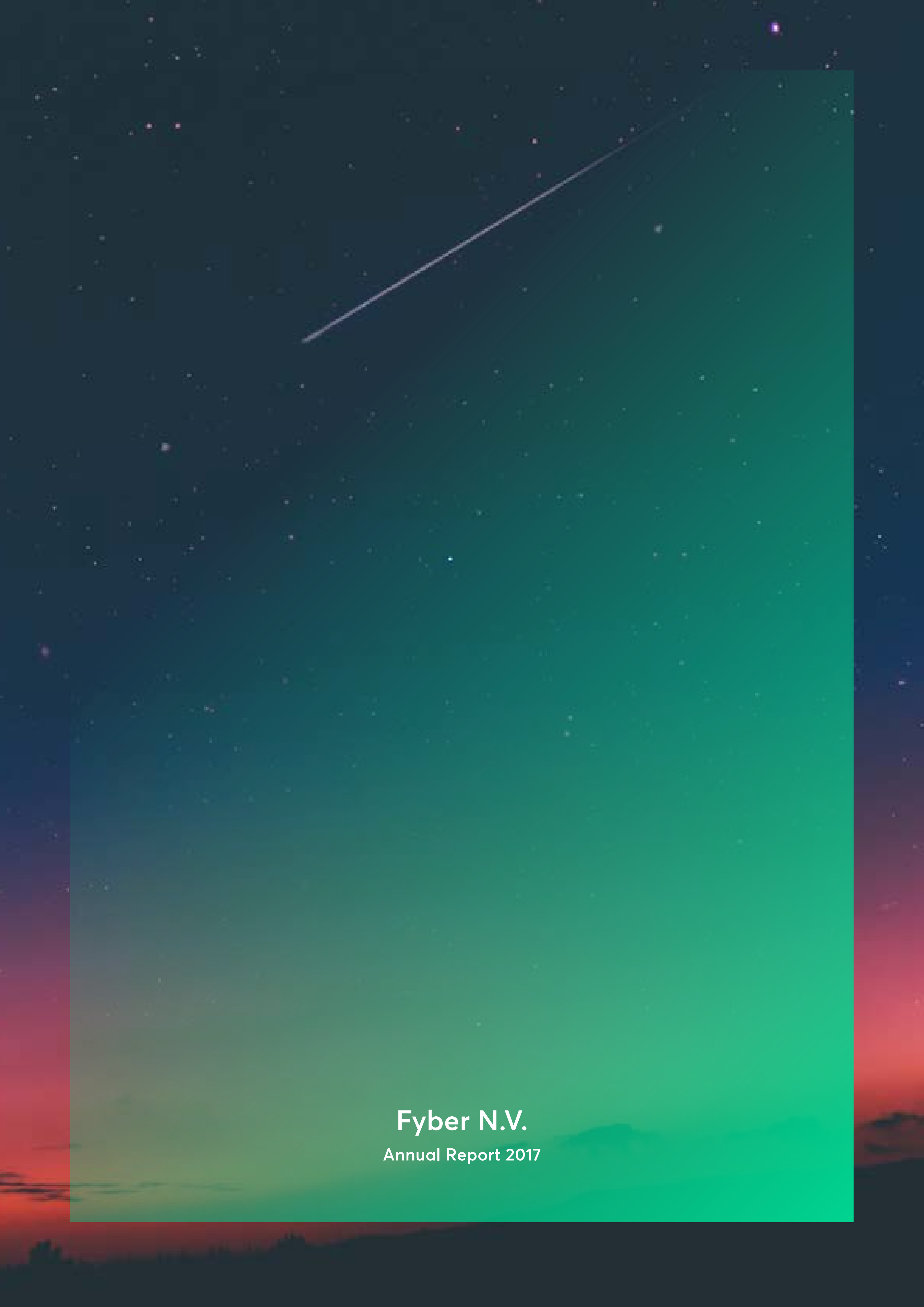
We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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, April 13, 2018

Grant Thornton Accountants en Adviseurs B.V.

N.H.B. Jonker RA



Fyber N.V.

Annual Report 2017