



Fyber N.V.

Challenging second quarter due to one-off effects with increased net revenue margin

Key Facts

- Significant progress in product development and strong market feedback on Fyber's product releases as well as strategic direction on the way to a single, unified platform
- Partnership agreement signed with Facebook Audience Network to join Fyber's proprietary in-app header bidding technology 'Fyber FairBid'
- 'Offer Wall Edge' product launch, a major redesign of one of the core ad formats
- H1 results burdened by one-off effects and strategic decisions to set Fyber up for future growth
- Increased net revenue margin
- Core business is on solid foundations and expected to remain stable in 2018
- Revision of guidance for full-year 2018; confirmation of strong mid-term outlook for 2021

Berlin, 29 August 2018 - Fyber N.V. ("Fyber" or the "Company", FSE:FBEN), a leading advertising technology company, is looking back on a challenging yet productive first half of 2018. The Company continued to deliver on several strategic projects, but one-off merger effects outweighed the positive effects of new product releases and client wins. Gross revenue amounted to €58.8 million in the first half of the year (H1 2017: €119.7 million). Fyber's initiatives to raise the net revenue margin paid off with the margin improving to 36.1% (H1 2017: 29.2%), resulting in a lower decrease in net revenue to €21.2 million (H1 2017: €35.0 million). Due to the reduced cost structure the adjusted EBITDA loss could be minimized at €-6.0 million (H1 2017: €-3.7 million), despite the weaker-than-expected top line.

Necessary strategic decisions and adverse external factors affecting short-term revenue, but underlying business expected to grow

The short-term revenue development was especially burdened by Fyber's 'Keeping it Clean' initiative, Google's ban of charging screen ads and the vast reorganization of Fyber's global sales forces, after the merger.

Taking these adverse influences into account, the Company subsequently updates its guidance for the full year 2018, now expecting gross revenues in the range of €150 to €180 million and an EBITDA around break-even. Management also increases the net revenue margin guidance, now expecting a net revenue margin of 34%.

Adjusted for these one-off effects, the underlying core business is expected to remain stable year-over-year, amounting to at least €141 million in 2018E compared to €145 million in 2017. The residual deviation from the initial forecast is mainly based on the effect of the sales reorganization and the need to invest in training and development on group products.

<i>In € million, rounded</i>	FY 2018 updated forecast	FY 2017	Change YoY	FY 2018 initial forecast
Gross revenue from aggregators	7	56	-88%	25
Gross rev. from charging screen ads	2	29	-93%	7
Core business (= residual gross rev.)	141-171	145	-3%	188-208
Reported/forecasted gross revenue	150-180	230	-35%	220-240

- Fyber's 'Keeping it Clean' initiative included discontinuing parts of the business in a strive for more transparency, efficiency and thus to establish an ad marketplace of highest quality that relies on direct, SDK-based publisher integrations

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- Google's ban of charging screen ads resulted in a decline in gross revenues from this ad format, especially in the APAC regions
- The reorganization of the global sales force into a regional structure, with all member of Fyber's sales teams selling all group products in their respective regions entailed investments into training, account transitioning and structural changes

Achieving the 2018 targets, particularly the higher end of the range, is largely dependent on the speed of integration of the new products and the market adoption of the already released features among existing and potential clients. In line with past experience, the performance of new or upgraded buying mechanisms and ad formats ramps up over time. The Company will release the unified product in several milestones throughout the rest of the current year and the first half of 2019 and will continue to develop and optimize the product thereafter.

Increased net revenue forming the basis of future profitability

Fyber's 'Keeping it Clean' initiative significantly increased its net revenue margin to 37.4% in the second quarter of 2018. The positive effect on the expected net revenue becomes evident when considering the core business, with more than €48 million for the full-year 2018E (2017: €47 million).

<i>In € million, rounded</i>	FY 2018 updated forecast	FY 2017	Change YoY	FY 2018 initial forecast
Net revenue from aggregators	2	14	-86%	6
Net rev. from charging screen ads	1	9	-93%	2
Core business (=residual net rev.)	48-58	47	+2%	60-66
Reported/forecasted net revenue	51-61	70	-27%	68-74

Fyber CEO Ziv Elul, commented: "2018 remains a transition period for Fyber. The integration of four companies is a considerable task, one that we faced head-on with our ambitious product roadmap, which we have been consistently delivering on since last year. The current financials are impacted by our decisions to invest in long-term value creation and technological leadership. Despite the results, market feedback on recent product launches such as Fyber FairBid has been extremely positive and gives us confidence in our value proposition and strategic product vision. To name just one recent win, the collaboration with Facebook is a clear proof point of Fyber's innovation power and makes us one of the few key players in programmatic mediation, globally. We will continue to work hard on building solid, sustainable foundations that will allow for Fyber's future success."

Strong product portfolio and positive market feedback

The integration of the four group companies, and the enhancements of existing features and new buy-side tools is expected to have a positive effect on the win rate of Fyber's marketplace. Furthermore, Fyber's proprietary in-app header bidding technology 'Fyber FairBid' launched in February and brought partnerships with large industry players such as Facebook, AdColony and Tapjoy. These partnerships support the Company in further growing its network of direct publishers – leading to new income streams. The Company also re-launched one of its core products, 'Offer Wall', with a completely new design and optimized user experience. The update was released in July, following a strong beta phase with positive client feedback and proof points of higher engagement rates and revenue per user.

Strong mid-term outlook confirmed

With the transition of the global sales organization now completed, the Company expects a rapid return to previous growth rates and confirms its mid-term outlook for 2021, with gross revenue to exceed €400 million and the EBITDA to exceed €40 million. Moreover, the full integration of group companies is well underway and the Company expects

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a stable expansion of its partner networks both on the publisher and the advertiser side, based on the current offering and the strong product pipeline for 2019.

The complete interim report is available on the Fyber website at: <https://investors.fyber.com/reports-presentations>

Key Figures

In € million	First six months		Change	Full year
	2018	2017	H1 YoY	2017
Gross revenue	58.8	119.7	-51%	229.8
Net revenue	21.2	35.0	-39%	69.9
Net revenue margin	36.1%	29.2%	+6.9pp	30.4%
EBITDA*	-6.0	-3.7	-62%	-1.2

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

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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. Our 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 platform provides an open-access platform for both digital advertisers and publishers with a global reach of more than 1.2 billion unique monthly users. 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.

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