Fyber N.V.

Annual Report 2019

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"We believe in creating a world where people can have affordable access to digital quality content, while enjoying a pleasant, relevant user experience.

Our products fuel the creation of such content by empowering publishers to unlock the true value of their properties through advanced technologies and data-driven decision-making."

Highlights & Key Figures

22% year-over-year growth in the programmatic business in 2019

Positive adjusted EBITDA in Q4 2019

Successful ongoing roll-out of Fyber's proprietary monetization technology Fyber FairBid

Adjusted EBITDA improved by +62%

Completed debt restructuring and returned to positive equity position

Financial Performance

	Year Ended 31 December		Three months ended 31 December**	
	2019	2018	2019	2018
	in € millions			
Revenue* **	119.0	**128.5**	36.3	**38.6**
Cost of sales	(99.5)	(105.6)	(30.6)	(30.0)
Gross profit	19.5	**23.0**	5.6	**8.6**
EBITDA*	(2.7)	**(7.2)**	0.6	**0.6**

* 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.
** Please note that all quarterly figures in this report are unaudited.
*** Please note that starting from the full year 2019, the reporting structure for the revenue, cost of sales and gross profit has been changed. Please refer to Note 3.11.2. of the Notes to the Consolidated Financial Statements for further details.

Celebrating 10 years of Fyber

Fyber started with a simple mission: Help developers earn money from ads, so they could focus on what matters most – creating great content experiences. Back in 2009, Fyber pioneered a new way for web developers to earn money from ads by providing their users with advertising offers they could interact with in return for free premium content.
Over the past decade the Company evolved its platform, creating new ways for developers to succeed as consumer behavior shifted from the web to mobile apps. Today, Fyber is fully focused on the in-app market and grew to be a leading developer and provider of advanced automated advertising technology across app segments and geographies.
While the core of our mission remains unchanged, we continue to drive technological innovation in our field and grow our service spectrum beyond the optimization of advertising revenues for app developers to become a full-stack monetization platform catering to all of the publishers' needs along their user life cycles.

2009
Once upon a time
Fyber (originally SponsorPay) founded. First product, rewarded ad format "Offer Wall", launched on web.

2010
Coming to America
Business expanded to the U.S.

2011
2 years old and mobile
Offer Wall launched on mobile.

2012
Sight, sound, motion
Diversified product spectrum by adding video ads. Rewarded video launched on mobile.

2013
Don't stop us now
Mediation platform, a key part in publishers' monetization tool kit, launched.

2014
Hello, I'm Fyber
SponsorPay rebranded to Fyber and raised €150 million to fund acquisition-driven expansion strategy.

2015
Fyber begins to grow...
Fyber acquired technology company Falk Realtime, integrated and relaunched it as Fyber RTB.

2016
...and grow
Fyber acquired mobile ad tech providers Heyzap & Inneractive

2017
Fyber assemble!
Fyber family of companies assembled as one. Ziv Elul took over as CEO of Fyber

2018
Time for a makeover
Fyber rebranded and launched new flagship product Fyber FairBid.

2019
Thank you for 10 years
Latest version of Fyber FairBid launched.

2020
Onto new adventures
Starting the new decade with innovation, growth and ambitious goals for the future.

Statement from the CEO

Dear Readers,

While 2018 was focused on internal operations, the implementation of our unification roadmap, and the preparations to phase-out legacy products, the past year was all about rolling out the new product suite to the market and setting the Company up to capture new business and realizing growth potentials. Ending the investments into the legacy structures enabled us to focus on the new flagship product Fyber FairBid. Going forward this also frees up important resources to keep developing our existing offering and be more agile in adding new features to our products – always catering to our clients' needs.
Through consolidating existing product features and releasing new ones throughout 2019 we established a stable, well-diversified product stack. Each offering is at a different stage of the life cycle and targets different customer groups. We established relationships with some of the biggest app developers in the industry during the past year, confirming our product direction and investment focus.

Fyber FairBid is at the heart of our vision of becoming the primary independent monetization platform for app developers and mobile publishers. Substantial resources are being spent to support the further adoption and development of the young product. It can be considered one of the few available monetization platforms on the market combining traditional and programmatic mediation capabilities, app bidding and the related real-time reporting.

The Fyber Marketplace is the biggest revenue contributor today. While this programmatic in-app ad exchange is known for its strong display ad format capabilities, our investments will continue to be focused on video advertising and other full screen ad units. While we believe that traditional display advertising will remain a stable contributor to our business and the wider industry, we see the biggest growth potential coming from video ads and different innovative, more complex formats. In the second half of 2019, we initiated a dedicated program to strengthen our video advertising demand from mobile-first demand-side platforms and anticipate seeing the fruits of this already in 2020 with growing the overall revenue and expanding the contribution from video.

Offer Wall Edge, a rewarded ad unit used mostly within gaming apps, remains a pillar of our business, both in terms of revenue contribution as well as the strategic importance of offering a strong user acquisition product to publishers. However, revenues from this format declined by more than 30% year-over-year, due to a change in Apple's policy that rejected the concept of incentivizing users to download apps through a value exchange form of advertising within offer walls. This impacted the segment industry-wide, as it eliminated certain ad campaign types from the offer wall and caused ad spend to weaken.

With that, Fyber's overall revenue amounted to €119 million for the full year 2019 (2018: €129 million) at an adjusted EBITDA of €(3) million (2018: €(7) million) with a positive adjusted EBITDA in the last quarter.
One of our key priorities during 2019 was to overcome the decline in offer wall, and we achieved important steps towards a turn-around already during 2019. We increased the contribution from Android, which is not affected by the ban, and returned to month-over-month growth in revenue from Offer Wall Edge in the second half of the year. This was made possible by a combination of business and product initiatives, onboarding new clients and strengthening the remaining admissible campaign types. We trust to be able to further monetize on the recent product enhancements, grow the circle of partners using the ad format, and return to growth with Offer Wall Edge during 2020.
Although these actions led to a positive start into the year for Fyber, we are now faced with the unprecedented situation of the global COVID-19 pandemic, which is still evolving at the time of this report, leaving the immediate and longer-term effects on the global economy unclear.
Our heartfelt wishes go out to all affected communities, families, businesses as well as to the healthcare employees working tirelessly to fight this crisis. At Fyber, we took decisive steps to ensure the well-being of our workforce and the continuity of our services. We adopted a strict work-from-home policy for all our offices early on. As a global company with a distributed workforce we are used to bridging time zones and collaborating via online tools. With the help of virtual all hands meetings, continuous IT support and regular check-ins by our human resources department with employees we managed a smooth transition, keeping up highest levels of service, quality, productivity and security.

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"We at Fyber are proud to be partnering with many of the world's leading app developers, enabling them to maximize their monetization potential while keeping the balance with the user experience and retention."

As the pandemic unfolded and many countries initiated shelter-at-home or similar procedures, market observers reported growth in the time consumers spend online, on mobile devices and especially within apps. While this is a positive signal for our industry, the impact of a general economic downturn is unclear. With users engaging more with games and other apps, ad supply is set to grow. However, an imbalance with ad demand might lead to a decrease in ad pricing and margins.
We continue to closely monitor the developments and take actions to mitigate the risks stemming from a slowing economy, including additional cost reductions if needed and close cash flow management. We are laser-focused on delivering on our product and business goals for the year even in the face of the current crisis. We will continue to adapt to new developments to the best of our ability, notwithstanding that a global recession would likely have a negative impact on the overall advertising industry, available advertising budgets, and with that on part of our business over time.

Let me express my sincere thanks to our entire team, customers and investors, as well as my fellow board members and Supervisory Directors, for their continued support and confidence.

Yours sincerely,

Ziv Elul
Chief Executive Officer
Berlin, April 2020

Statement from the Supervisory Board

Dear Readers,

Another exciting year passed for Fyber and the dynamic app ad tech market brought many wins and opportunities for Fyber, but also some challenges. Looking at the digital ecosystem, we are now living in a mobile-first world. The number of app downloads, global advertising budgets and the time users spend on mobile continued to grow during the past period, expanding Fyber's addressable market. On the other hand, the Company proved once again how well-diversified the product offering is, withstanding a changed market environment that negatively impacted our offer wall business – one of Fyber's key ad formats.

We were happy to welcome David Simon to Fyber's management team as new Chief Revenue Officer, heading the global sales teams from our New York City office. His expertise, drive and industry proficiency not only strengthen our US activity but will support taking our sales efforts to the next level globally. In close cooperation with the product and technology organization we will continue to innovate on behalf of our clients and set standards in transparent, fair and efficient advertising technology.

Another cornerstone of future growth was laid during 2019 in restructuring existing debt, improving the equity position and securing additional financing to support the product investments and envisioned business expansion. The outstanding convertible bond was reduced to almost half following a voluntary debt-to-equity swap in May 2019. The remaining portion of €76 million was prolonged to July 2022 later in the year. Lastly, the Company extended existing shareholder loans and closed further financing with major shareholder Tennor Holding B.V., equipping Fyber with the necessary financial flexibility in this growth stage.
The Supervisory Board supports the Management Board's strategic orientation and welcomes the continued focus on profitability despite the investment efforts. The adjusted EBITDA for the full year 2019 amounted to €(3) million. Each quarterly result was better than or on par with the respective values for 2018 and the fourth quarter adjusted EBITDA was positive at €0.6 million, despite a 7% decrease in revenue to €119 million compared to 2018.

After Arjun Metre was approved as a permanent member of the Supervisory Board in June, we welcomed Franklin Rios to our team in July 2019, a top executive of the ad tech industry, as well as Tarek Malak, who joined in October 2019. Both appointments as temporary members have been confirmed and made permanent by the extraordinary General Meeting of shareholders held on 12 December 2019. Together, we strive to support Fyber's management team further and achieve our goal of becoming the leading independent monetization platform for app developers and mobile publishers. The focus for 2020 will be on returning to growth and achieving profitability for the full year on an adjusted EBITDA level, increasing the reach and scale of Fyber FairBid and maintaining the growth trajectory of our established products.

Our sincere thanks go to all our clients and partners for their trust and support, the entire team of Fyber for their tireless efforts to bring the Company through break-even to profitability as well as to the Management Board for the cordial cooperation.

With best regards,

The Supervisory Board
Berlin, April 2020

"Fyber delivered on its product roadmap and released a state-of-the-art mobile programmatic monetization platform, while successfully navigating through challenging market conditions."

Powering Digital Advertising

Fyber (Fyber N.V. and its subsidiaries, "Fyber" or "the Company") is a global technology company, developing a next-generation monetization platform for mobile publishers. Fyber combines proprietary technologies and expertise in mediation, real-time bidding, video advertising, and audience segmentation to create holistic solutions that empower app developers and mobile publishers to unlock the true value of their properties. Fyber has offices in Berlin, Tel Aviv, San Francisco, New York, London, Beijing and Seoul employs more than 250 people. The Company is listed on the Prime Standard of Frankfurt Stock Exchange under the symbol 'FBEN'.

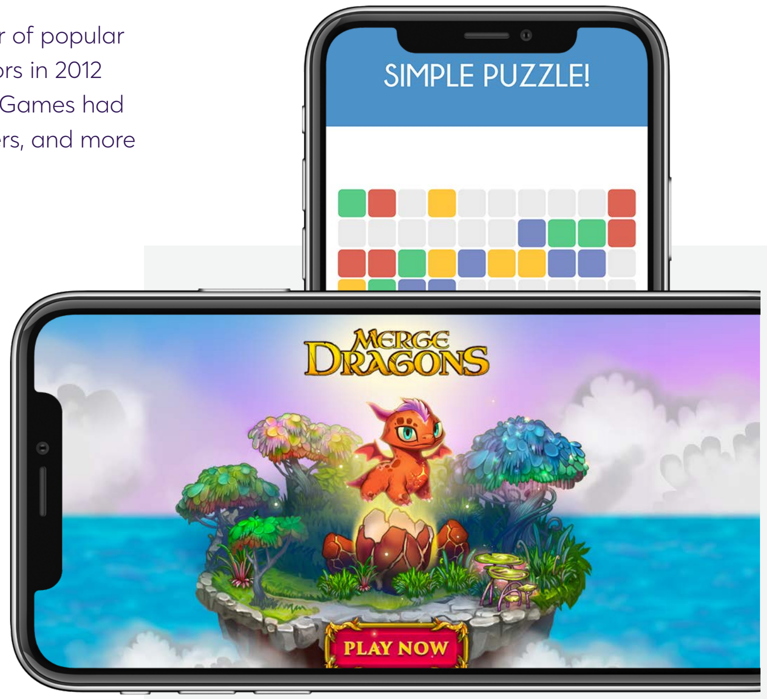
On the following pages we present two client case studies from 2019, which illustrate the positive impact that Fyber's offering has had on its clients' monetization strategies.

GRAM GAMES

Fyber becomes top-tier banner monetization partner for Gram Games

Gram Games, a pioneer in the casual game genre and maker of popular titles such as 1010!, Merged!, and Merge Dragons!, opened its doors in 2012 in Istanbul. By the time Zynga acquired the studio in 2018, Gram Games had become a mobile gaming marvel with millions of daily active users, and more than 250 million global downloads of its free-to-play games.

zynga



The challenge

Gram Games was seeking a partner to help them monetize their casual games, increase competition, and maintain a consistent fill rate from a diverse group of quality advertisers. Because their game portfolio included numerous smaller, banner-heavy titles, Gram Games was acutely focused on gaining incremental revenue from banners.

The solution

With 85% of banners from brand advertisers, Gram Games tapped into Fyber Marketplace's diverse, global demand and scale. From the beginning, the results were consistently positive and over the past two years Gram Games has integrated Fyber Marketplace for all of its banner titles, including their largest game, 1010!.

+ Fyber Marketplace

The results

#2
Banner performer

15-20%
of banner revenue from Fyber Marketplace

"We offer many free-2-play games and banner ads have become an important monetization strategy for us. Through Fyber Marketplace, we now have a steady revenue stream that allows us to spend our time on creating content while giving our users an opportunity to keep playing the games they are most passionate about--for free."

- AYHAN UNALMIS, Product Manager, Gram Games

MELSOFT GAMES

Melsoft's Toy Defense 2 sees 30% uplift in ARPDAU with Fyber FairBid

The Fyber FairBid unified auction outperforms the waterfall in a live A/B test

Melsoft developed and published over 30 successful games for iOS, Android and other platforms. Its games have reached over 60 million players to date and have hit the top 10 app rank in over 50 countries. Key titles include Toy Defense 2, MyCafe, and Farm Frenzy.

The challenge

Existing waterfall vs Programmatic unified auction

Melsoft has been successfully incorporating ads into their monetization strategy for quite some time, using a waterfall-based setup. Despite this success, the Melsoft team felt that ads monetization did not reach its full potential, mainly due to the limitations of having to use historical, aggregated data to optimize the waterfall.

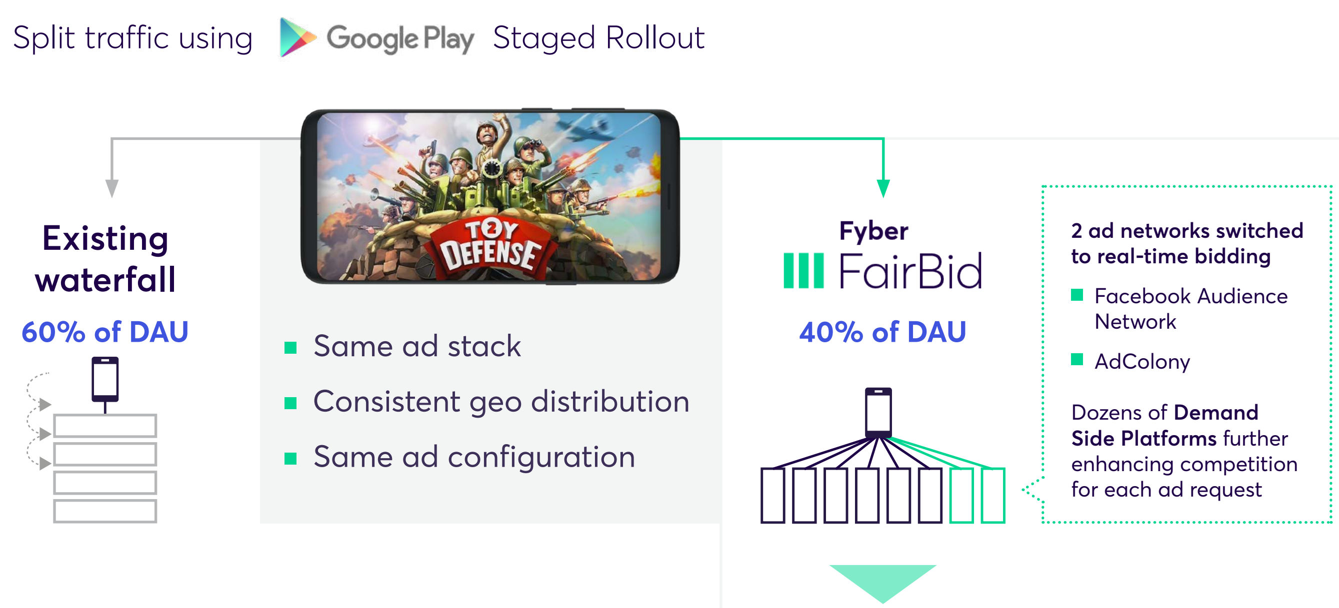
Eager to test the impact of in-app bidding, the Melsoft team was looking to create a clean A/B test to evaluate the performance of a programmatic unified auction vs the performance delivered by its existing waterfall.

"We were very curious to test Fyber FairBid and the potential of programmatic monetization. We found that the effort and resources that went into the integration and setup were very similar to integrations we experienced in the past. The Fyber team provided us with the support and service we needed in order to feel comfortable with the process and we were very happy with the results.."

- ALEKSANDR SHILYAEV, CMO

The solution: Create a clean A/B Test

Using the Google Play Staged Rollout feature, Melsoft transitioned 40% of the Toy Defense 2 user-base to a version of the game that is powered by Fyber FairBid, keeping 60% of users on its existing waterfall setup.



Maximizing competition via Fyber FairBid. The same ad networks were used on both platforms, with AdColony and Facebook Audience Network switching from a waterfall-based integration to a real-time bidding integration on Fyber FairBid.

In addition, Fyber FairBid enabled Demand Side Platforms (DSPs) to compete for every ad request alongside the traditional and bidding ad networks, maximizing competition over ad inventory without requiring any additional demand management resources from Melsoft's team.

Clean A/B test. The geographical distribution of users was kept consistent across both platforms, and no other changes were made to the monetization setup, which was based on rewarded video placements.

30% increase in ARPDAU

50% of revenue from bidding demand partners (ad networks + DSPs)

Efficiency. Receiving real-time, committed prices from bidding demand partners helped the Melsoft team cut back on the work of managing a complex waterfall while providing confidence that the impression was monetized based on the highest bid.

Report of the Management Board

Business Model

Fyber is a leading technology company operating in the field of in-app advertising. The corporate purpose is the development and marketing of a technology platform and software solutions for app developers and mobile publishers, enabling them to generate business-critical revenue streams from digital advertising.

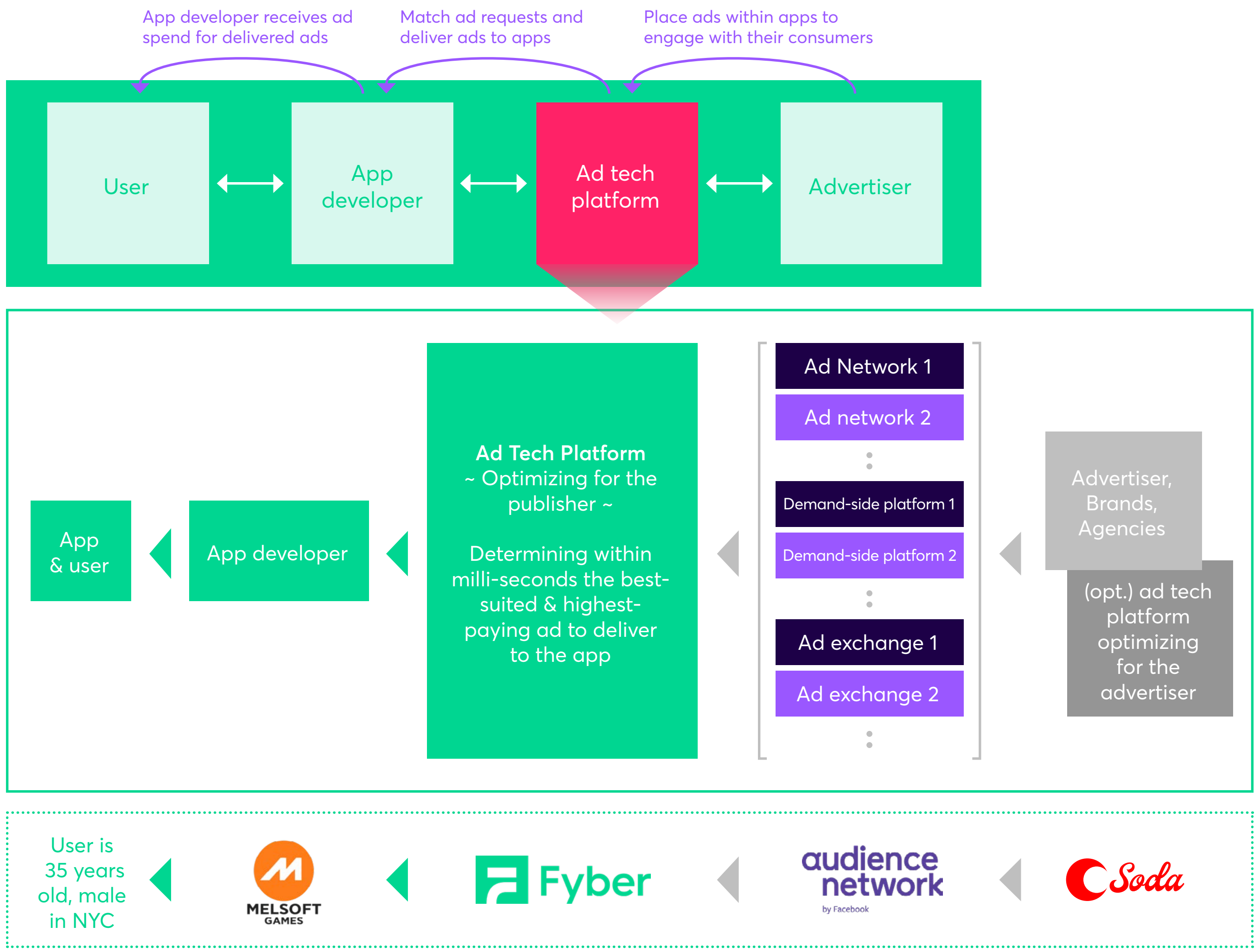
Fyber specializes in software-based automated ('programmatic') trading of advertisements ('ads') and aims to enable mobile app publishers to monetize their digital contents through the placement of targeted, high-quality ads within their apps. The Company connects app developers and their users with advertisers worldwide, who bid on the ad space within the apps. Fyber applies data-driven processes in real-time to ensure that only relevant and lucrative ads are delivered and displayed. As such, Fyber supports app developers in establishing sustainable sources of income, and in maintaining the crucial balance between yield optimization and a positive user experience.

The Company's offering comprises among others

- Ad exchange: a technology platform that enables the real-time trading of advertising impressions between app developers and advertising partners
- Ad mediation: a technology platform providing app developers with the infrastructure to configure ad placements within their apps, connect, manage and optimize a variety of ad networks through a single integration and interface
- App bidding (also referred to as "in-app header bidding"): technology that uses a real-time auction protocol to unify all connected demand sources, regardless of the type of technical integration they use, into a single competitive bidding process for every single ad opportunity. The winner of the auction is determined based on the highest price.
- Data services: including data analytics tools for app developers which provide a better understanding of their own user base, enabling them to form user segments following specific criteria; helps to achieve higher yield from advertisers, who seek to place targeted ads
- Publisher tools: including features such as ad placements and ad instances that enable publishers to fine-tune their monetization strategies; online dashboards that allow for app developers to conveniently manage their ad monetization

For transactions placed via our ad exchange, Fyber Marketplace, the Company retains a share of the ad spend advertisers place via the platform, which is the main source of income and basis of the business model. The majority of the generated yield is paid out to the connected app developers. As such, the Company's revenue potential is directly linked to the successful monetization of its partners' digital contents, aligning Fyber's and the app developers' goals.

High-level view on the value chain and the data flow

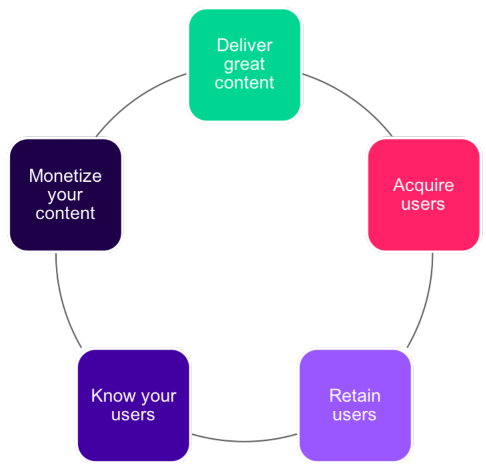


Enable publishers to establish sustainable business models

App developers generally rely on three different approaches to monetize their digital content. They can offer their apps for download against an up-front payment (paid app), offer basic functionality for free and add premium services against payment (freemium app = free app including in-app purchases) or use advertising within free-to-download apps (free app including in-app advertising). Free and freemium apps make up the vast majority of downloads.

The vast number of available apps and the download numbers make it evident how important it is for app developers to navigate the fragmented market efficiently and invest into user experience, user acquisition and monetization.

The growing market offers vast monetization potential to them, yet it also poses several challenges in accessing this potential. Fyber is providing viable solutions for the key challenges faced by publishers:



Some of publishers' key challenges and goals

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Ecosystem fragmentation

Publishers face a crowded ecosystem and a fragmented pool of advertisers and demand-side players. Manual integrations with individual advertisers, ad networks or demand-side platforms are not feasible. The process is prone to error, takes up engineering resources to implement and maintain and delivers suboptimal monetization results. Implementing and optimizing advertising on their properties is not the core business of app developers – building great apps is!

There is a strong market demand for focused technology providers who handle the access to advertising demand and guarantee independent yield optimization for app developers, keeping the interests and needs of app developers in mind at all times.
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.

User experience is key

Once apps have gained a stable following among users it is the publishers' goal to retain them and provide engaging content, while at the same time monetizing their user-base in an optimal way. Digital advertising is an essential revenue stream to most publishers, yet it can only provide a sustainable income model if the user experience is not negatively affected by it.

Our solution: Our platform offers publishers an easy way to manage their monetization strategies, monitor important KPIs and make changes on-the-fly. For example, it is possible to adjust ad intensity for different user groups or do not show any ads to paying users. Fyber's monetization experts are also available to support app developers in establishing a healthy monetization routine and give recommendations about ideal ad implementation based on their industry knowledge and best practices accumulated from our vast partner network.

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 monetization solutions level the playing field for publishers against the major internet companies and advertisers in general. We put them in a position to analyze their user base in detail and structure it in a meaningful way. This approach strengthens publishers' competitive position by enabling them to offer their ad inventory in an optimized way and at scale. Fyber is a neutral provider, in the sense that we are indifferent to demand sources and do not favor any specific partner or own properties over others. Our sole purpose is to maximize the yield for the publishers integrated with our platform.

Video delivery at scale

Video remains among the most attractive ad formats and is 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. 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.

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The product suite

Our product focus and investment strategy are centered around solving these publisher challenges and supporting them along the line of their value creation.

Depending on the publisher's requirements, all or selected aspects of our integrated technology platform are accessible through online dashboards provided by Fyber. The three main pillars of the product suite are:

- Fyber FairBid: Fyber's app bidding solution addresses deficiencies of current mediation solutions by enabling all types of buyers to compete simultaneously over each ad impression in real-time. This maximizes the competition among demand sources, leads to yield optimization for app developers and minimizes missed revenue and advertising opportunities for both the supply and the demand side. The product combines the Company's expertise of mediation and real-time bidding and brings additional demand to publishers. The release of the new Fyber FairBid in August 2019 expanded the platform from a mediation platform with app bidding capabilities to a comprehensive in-app monetization platform for publishers. Fyber FairBid brings together programmatic mediation, traditional mediation, app bidding and a variety of global demand sources integrations in one publisher dashboard.

- Fyber Marketplace: The Fyber Marketplace is a programmatic ad exchange for the in-app environment, specialized on display ad formats with a growing source for video demand. The Fyber Marketplace brings together thousands of app developers and their global audiences with more than 180 local and global advertising partners that offer ad campaigns and bid on the app's ad spaces (predefined spaces and instances within apps, where ads can be displayed at certain points of time during a session of a user engaging with the app).

- Offer Wall Edge: Offer wall is an opt-in, value-exchange ad format, primarily used within gaming apps. It provides users with a list of offers from various advertisers, ranging from watching a video or completing a survey to trying out another game. Each offer is assigned a specific value in the virtual currency used in the app, and users can choose to complete these offers and collect virtual currency rewards that can be used to make progress in the game that they are using.

During the 10-year history, Fyber accomplished a defensible competitive position, based on technology, market focus and direct integrations with its partners. We set a deliberate focus on supporting app developers and our technology assets were built specifically for this purpose. Not only is there less competition than on the advertiser side of the value chain, which is dominated by major providers such as Google and Facebook; Fyber is partnering with many of the leading demand companies and captures parts of their advertising budgets, which are processed through the Fyber platform.
The direct technology-based integrations Fyber maintains with leading app developers are among our main assets. They position the Company as a trusted source of high-quality in-app inventory at scale, which lately gained even more importance as advertisers' appetite for this inventory is rapidly increasing and quality, viewability and brand safety become key selling points in the industry.

Market Update

The global app industry is characterized by dynamic growth in the areas of user time spent with the medium, user purchases and advertising expenditure. The continuing growth trends especially in digital advertising – the leading business field for Fyber – allow for a positive outlook on the market in general and the specific growth opportunity for the Company. Below we outline relevant market data for 2019. The impact of the ongoing COVID-19 pandemic is being monitored. The Company strives to accommodate for any market changes as best as possible and minimize the impact on growth targets.

View on the global app economy 2019

The app economy's general growth trends we previously reported on continued in 2019. The yearly number of app downloads exceeded 200 billion worldwide for the first time in 2019, fueled by emerging markets such as India and Brazil. These regions are often described to be "mobile-first", as mobile connected devices are the preferred and leading way to access online content. Overall, consumers spent 20% more time on mobile devices in 2019 than 2018, representing 220 minutes each day.

Led by the gaming category, which accounted for more than 70% of the overall app store spend across operating systems, users spent more than $120 billion on apps. This is 25% more than all other gaming channels, such as consoles and PC gaming, combined (Source: App Annie 2020).
Mobile game developers and publishers are particularly sophisticated when it comes to achieving optimal monetization results balanced with user experience. Fyber's focus on holistic monetization management is in line with their needs and requirements.

With an estimated 3.2 billion active smartphone users globally in 2019, the expanding app market adds to one of the fundamental challenges for publishers – building a strong user base in a growing and crowded market (Source: Newzoo 2019). Dedicated providers like Fyber enable both discoverability and the monetization through targeted advertising.

View on global digital advertising

Market research company eMarketer puts the global digital advertising spend at more than $330 billion for the full year 2019, which is dominated by the mobile segment and represents almost half of the overall ad market (Source: eMarketer 2019).

Based on their research, we estimate a CAGR for the mobile in-app ad spend in the US alone of above 15% between 2019 and 2022, compared to 6% estimated growth in desktop advertising for the same period.

For the global view, market researcher App Annie assumes even higher growth rates when forecasting the global mobile ad spend to grow by more than 25% year-over-year to $240 billion in 2020 (Source: App Annie 2020).

View on programmatic advertising

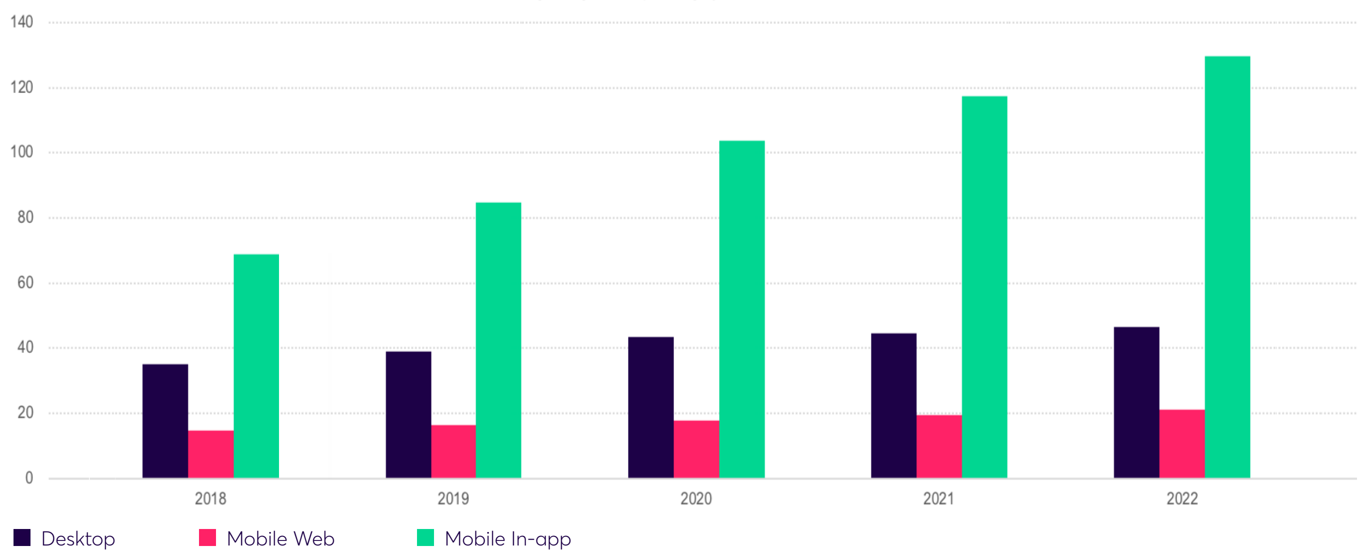
Evolving technology and the implementation of measures to ensure transparency, viewability, brand safety and overall advertising quality contribute to the continued growth of programmatic advertising – referring to the automated process of trading and placing digital ads within apps or websites.

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.

eMarketer estimates that 85% of the US digital display ad market was transacted programmatically in 2019, with two-thirds of the automated spend going towards mobile advertising. By 2021, the share of automation in digital display advertising is set to grow to 88%, or $81 billion, in the US alone (Source: eMarketer 2019).

Fyber is well positioned to benefit from these market trends, as its business is built on direct integrations with app developers, offering state-of-the-art programmatic advertising technology which brings true yield optimization to publishers and high-quality in-app audiences to advertisers worldwide.

US digital ad spending by device, in $bn



Source: Fyber estimate based on eMarketer 2019 data

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Business Performance

The below business performance review gives an overview of Fyber's key financial indicators 2019 compared to the previous period. The various initiatives and related one-off effects impacting the revenue around the integration of former group companies and the move to focus the entire business on the in-app segment have been completed in 2018. As such, 2019 was the first year relying solely on Fyber's core business. The Company's ad space supply now comes exclusively from direct integrations with app developers, as opposed to aggregators on the publisher side. This creates a strong, healthy foundation for our business and is one of the main strategic assets for Fyber. Moreover, we have established a lean cost base, which will allow our business to scale.

One of the key pillars of Fyber's strategy is the focus on advanced programmatic trading. Fyber FairBid, our publisher platform including app bidding capabilities, is the strategic feature that is setting us up for sustainable growth and best supports our aim of becoming the independent primary monetization platform of choice for app publishers. In the meantime, Fyber Marketplace, our programmatic ad exchange, remained the biggest revenue contributor in 2019.

Revenue composition

	Full year			Q4*		
	2019	2018	Change YoY	2019	2018	Change YoY
	in € millions, rounded					
Programmatic business	79	65	22%	25	22	14%
Non-programmatic business	39	57	-32%	11	17	-35%
One-off effects	1	7	-86%	-	0.5	n/a
Reported revenue	**119**	**129**	**-7%**	**36**	**39**	**-8%**

The organic growth in Fyber's programmatic business continued with the revenue increasing by 22% to €79 million, making up 66% of the overall revenue. The growth is based on expanding existing accounts on par with the overall market growth, but also adding new clients over time. The non-programmatic business, which mainly is Fyber's rewarded ad format Offer Wall Edge, was negatively affected by a recent decline of the overall offer wall market, which led to a 32% decrease to €39 million.

Consolidated income statement – Highlights

	Year ended 31 December		Three months ended 31 December**	
	2019	2018	2019	2018
	in € millions			
Revenue* **	**119.0**	**128.5**	**36.3**	**38.6**
Cost of sales	(99.5)	(105.6)	(30.6)	(30.0)
Gross profit	**19.5**	**23.0**	**5.6**	**8.6**
Research & development	(12.8)	(14.0)	(3.1)	(3.7)
Sales & marketing	(15.9)	(20.2)	(3.7)	(5.0)
General & administrative	(8.8)	(10.4)	(2.5)	(2.8)
Depreciation & amortization	17.3	12.8	7.0	2.5
Stock option plan	0.9	1.6	(0.5)	1.0
Other adjustments	(2.9)	-	(2.2)	-
Adj. EBITDA*	**(2.7)**	**(7.2)**	**0.6**	**0.6**
Adj. EBITDA margin (%)*	-2.3%	-5.6%	1.6%	1.7%
Earnings before interest and tax	**(20.5)**	**(21.6)**	**(6.4)**	**(2.7)**
Profit for the year after tax	(48.8)	(35.4)	(2.7)	(7.6)

* 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 impairment of goodwill, acquisition related costs 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.
** Please note that all quarterly figures in this report are unaudited.
*** Please note that starting from the full year 2019, the reporting structure for the revenue, cost of sales and gross profit has been changed. Please refer to Note 3.11.2. of the Notes to the Consolidated Financial Statements for further details.

The overall **revenue** decreased by 7% year-over-year to €119.0 million largely based on a more than 30% decline of our offer wall business compared to 2018. In April 2019, Apple decided to ban the use of certain ad campaign types within this ad format for apps published on their App Store. Offer wall is particularly popular among gaming app developers, among others to promote new games and acquire new users. Related ad campaign types incentivizing the download and usage of apps have been barred by Apple. Through dedicated product and business initiatives focused on the Android business, which is unaffected by the policy change, we managed to close Q4 2019 on par with Q1 2019 and overcame the short-time losses of Q2 and Q3. We do not expect further impact stemming from this policy change and are actively working towards balancing out the revenue contribution from different operating systems once again.

Cost of sales mainly consists of the revenue share paid to third parties, i.e. the yield Fyber generates for app developers and pays out to them, amounting to €78.7 million in 2019. Other components include IT cost, amortization of technology and customer relationships acquired through business combinations and amounted to €20.8 million compared to €23.1 million last year. IT cost, which includes mainly server cost, accumulated to 8.2% of revenue, compared to 8.7% last year. The total cost of sales amounted to 84% of revenue, compared to 82% in 2018.

We continued our efforts to reduce the **operational cost,** mainly in sales & marketing and general & administrative cost, with a total reduction of 20% compared to 2018. The average headcount for the year was reduced by 15%, representing a leaner global organization following the full integration of former group companies and the sun-setting of legacy technology.

Profitability detail

	Year ended 31 December	
in € millions	**2019**	**2018**
Earnings before interest and tax	(20.5)	(21.6)
Total adjustments	17.8	14.3
Thereof depreciation & amortization	17.3	12.8
Thereof 'Stock Options Program'	0.9	1.6
Thereof other adjustments in general & administrative	(0.4)	-
Adjusted EBITDA	**(2.7)**	**(7.2)**

The reduction in operational cost contributed to limiting the loss in adjusted EBITDA to €2.7 million compared to €7.2 million for the same period last year. The adjusted EBITDA for Q4 2019 was positive at €0.6 million. As the organizational integration of former group companies is complete, we do not expect major additional cost reductions going forward. Our ability to achieve positive adjusted EBITDA will depend on delivering revenue growth.

Cash flow and going concern considerations

	Year ended 31 December	
in € millions	**2019**	**2018**
Net cash flow from operating activities	(9.2)	(16.7)
Net cash flow from investing activities	(5.5)	(4.1)
Net cash flow from financing activities	14.9	15.2
Net change in cash and cash equivalents	**0.2**	**(5.6)**
Net foreign exchange difference	0.4	0.3
Opening balance cash and cash equivalents	12.3	17.6
Closing balance cash and cash equivalents and cash deposits	**12.9**	**12.3**

The impact on Fyber's non-programmatic business this year resulted in negative operating results, which are financed mainly by debt facilities provided by Tennor Holding B.V. (formerly Sapinda Holding B.V., "Tennor").

Shareholder loans: The Company has a shareholders loan amounting to €30 million as per 31 December 2019. In September 2019, the Company achieved to delay the payment obligation of €15 million of shareholder loans with Tennor to June 2021 as such as per year end €15 million is due as per June 2021 and €15 million as per June 2022. As per 31 December 2019, certain covenants were breached. Subsequently to year end the shareholder provided the Company with a waiver for these covenant breaches until 30 April 2020. In February 2020, the Company received an additional loan from Tennor amounting to €2 million. The loans bear interest of 8% p.a. and shall be due and payable in June 2022. The Group still has €3 million of undrawn funds under this shareholders loan.

Bank loans: The Company has revolving credit facilities from banks of $15 million and €7.5 million (of which approximately €4.58 million has been drawn) respectively on 31 December 2019. As per 31 December 2019, certain covenants were breached on the $15 million credit facility by the Company. Subsequent to year end on 2 February 2020, the Company received a waiver up to and including 31 December 2019. The €7.5 million credit facility does not have covenants nor events of default. Both revolving credit facilities are due in December 2020 and considered current financing. Based on the current cash flow projections and liquidity analysis the Company is not able to repay these credit facilities in December 2020 if needed. Therefore, the Group depends on the willingness of the banks and shareholder to prolong its financing.

The return to growth in the last months of the year positively affected our cash flow resulting in a cash balance of €12.9 million.

Based on our estimation of continued growth in the programmatic business and a stable non-programmatic business, the Company's working capital is sufficient to meet existing payment obligations becoming due within the next 12 months.

The estimated expected future cash flows from operating activities are largely based on management's expectations and estimates. These are uncertain as they are influenced by subjective elements such as forecasted results, margins from operating activities and the ability to maintain existing bank loan facilities.

As we are now faced with the still evolving COVID-19 pandemic and the effects on the global economy are unclear, Fyber's management is monitoring the cash flow development on a weekly basis. We have the ability to implement swift changes in the operational cost structure to counter possible short-term reductions in revenue and gross profit. Should these reductions come into effect, they pose a threat to our mid-term growth strategy.

Consolidated statement of financial position - Highlights

	Per 31 December	
in € millions	**2019**	**2018**
Intangible assets	148.3	155.6
Other assets	10.0	2.3
Cash and cash deposits	12.9	12.3
Trade and other receivables	29.5	31.2
Other financial assets	8.2	8.3
Total assets	**208.9**	**209.7**
Interest bearing loans	88.6	160.4
Trade and other payables	36.7	38.4
Employee benefits liabilities	5.8	8.3
Other liabilities	12.7	4.6
Deferred tax liabilities	-	1.0
Total liabilities excluding shareholder loans	**143.7**	**212.7**
Shareholders loans*	32.1	12.6
Total equity	**33.1**	**(15.6)**

* full amount coming from Tennor Holding B.V.; principal and accrued interest

Following the partial conversion of €74 million worth of outstanding convertible bonds (the "Bonds", €150 million original principal, 07/2020, ISIN XS1223161651) in May 2019, the Company is mainly financed through the remaining Bonds of €76 million maturing in July 2022, as well as shareholder loans from Tennor.

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

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Forecast Report

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

This is in line with our strategy set out in the Annual Report 2018, which forecasted a 25% growth compared to 2018, representing a revenue between €155 million and €175 million and an adjusted EBITDA between break-even and €5 million. During the year 2019 the guidance was subsequently lowered to a revenue of around €120 million and an adjusted EBITDA of around €(3) million.
While the Company delivered 22% growth compared to 2018 in its programmatic business driven by the Fyber Marketplace, the non-programmatic business was affected by negative external market effects that led to an overall decline of the offer wall market. The decrease resulted from a change in Apple's App Store policies banning app install ad campaigns within the Offer Wall format for apps published through their store. The ban went into effect in the course of the first half of 2019 and could not be offset by other areas of business, as the Company experienced delays with onboarding and scaling new clients throughout the year.

The programmatic business with existing clients remained in line with yearly expectations. The Company was further able to turn around revenue from Offer Wall Edge by diversifying the income base and strengthening contributions from areas unaffected by the Apple ban, mainly from apps running on Android.

As such, Fyber started with a well-defined product portfolio into the new year. The revenue base consists entirely of core products and all ad space supply comes from direct integrations with app developers.

We have developed product-driven growth initiatives for the Fyber Marketplace and Offer Wall Edge, which are expected to positively influence the Company's operational and financial position, growing both the top-line revenue and the EBITDA. Already in the second half of 2019, we have onboarded new differentiated premium supply partners, which will help drive traction with new and potential demand partners.

Nonetheless, faced with the ongoing COVID-19 pandemic, the uncertainties around the effects on the global economy and Fyber's addressable market in particular, the duration and the difficulties to accurately account for all possible consequences, management decided to not announce the outlook for the fiscal 2020 at this point. The situation remains dynamic for the immediate future. The timing for a new outlook can therefore currently not be determined.
The Company implemented measures to prepare for the changing market environment, including a reduction in personnel and operating cost and a close cash flow monitoring. Fyber adheres to all regulations of local government health officials and was an early adopter of working-from-home policies for all offices. We established processes to ensure smooth execution in all areas of business and are working closely with clients to keep up our usual service levels. Negative effects on the wider market based on the spread and impact of COVID-19 may however be outside of the Company's influence. Initial market studies conducted in the early days of the global spread suggest an increase in user time spent on mobile devices and within apps, but also a decrease in advertising spend. An increased supply influx may further lead to a decrease in pricing for digital advertising, which would translate into pressure on our revenue margin.

Potential other influence factors on the achievability of our short-term growth plans include delivering on our product goals of strengthening the video offering on the Fyber Marketplace, onboarding and scaling new clients on Fyber FairBid, the offer wall market and possibly intensifying privacy regulations.
For Offer Wall Edge it will be important to maintain the growth rates on Android, but also to further diversify the business. We want to introduce new demand sources and campaign types to again balance the income between different operating systems, led by iOS and Android, and stabilize the ad format long-term.
Privacy and data protection regulations might lead to industry-wide limitations on tracking and behavioral targeting, straining future growth opportunities for the Company. To date, the impact on Fyber's business has been minor and we understand the move towards more transparency and direct integrations between publishers and tech providers as an opportunity for us, as it is fully in line with our business approach.

Initial preliminary results for Q1 2020 show a continuation of the growth trend in our programmatic business. However, the onset of the COVID-19 pandemic showed first effects on advertising spend and more specifically brand advertising. For Fyber, this leads to an increase of the share of performance advertising and with that to a decline in gross profit due to mix effects. The implications on a full year basis will be assessed on an ongoing basis. Fyber will focus on reducing expenses to offset any future revenue decrease and maintain the goal of a positive adjusted EBITDA for the full year 2020.

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	Q1 2020*	Q1 2019	Change YoY
	in € millions		
Total revenue	30.7	27.5	12%
Total adjusted EBITDA	(1.0)	(1.3)	23%

*Note: all figures preliminary and unaudited

Subsequent Events

Issuance of new shares
In February 2020, €700,000 of convertible bonds had been converted into 2,333,333 newly issued shares. The amount was covered by the existing authorization of the Management Board to issue new shares to accommodate for further Bond conversion requests and was not subject to further approval by share-holders. Consequently, the issued share capital of Fyber N.V. increased to EUR 36,419,975.20 divided into 364,199,752 ordinary shares with a nominal value of EUR 0.10 each.

Conversion from registered to bearer shares
The Company held an extraordinary general meeting of shareholders on 2 April 2020, proposing to change the form of shares from registered shares to bearer shares. The change was approved by present shareholders and the technical implementation was subsequently initiated. The change came following the proposal of Clearstream Frankfurt, the administrator of the German giro system, who considers bearer shares to be better suited to align Dutch corporate law with the administration of the German giro system and to facilitate the operation of Clearstream's securities settlement systems.

Measures to prepare for possible COVID-19 impact
Since January 2020, the Coronavirus outbreak has dramatically expanded into a worldwide pandemic creating macro-economic uncertainty and disruption in the business and financial markets. Many countries around the world, including the countries the company is operating in, have been taking measures designated to limit the continued spread of the Coronavirus, including the closure of workplaces, restricting travel, prohibiting assembling, closing international borders and quarantining populated areas. Such measures present concerns that may dramatically affect the Company's ability to conduct its business effectively, including, but not limited to, adverse effect relating to employees' welfare, slowdown of commerce travel and other activities which are essential and critical for maintaining on-going business activities.

To account for possible negative impacts on the Company's business and growth targets due to the COVID-19 pandemic, Fyber took several measures to adept cost and limit cash outflow. Non-essential investments and projects are being postponed and the Company is working to optimize its working capital. Furthermore, working hours for all employees have been reduced for a period of up to three months in an effort to prepare for a challenging market environment while preserving jobs. This step is in line with local regulations and has been coordinated with employee representatives.

We have evaluated the situation and uncertainties as described in the going concern disclosure in the financial statements.

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Risk Management

Risk management is an integral part of Fyber's daily business operations. It 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 relevant 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 and tracks 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 and discussions, 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 our internal controls system are as follows:

- Strong governance standards based on the (1) ultimate responsibility of the Management Board and (2) supervision of the Management Board by 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 risk 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 risk impact is shown 'net', meaning that the risks are described after taking the risk response into consideration.

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 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 the Company or which are currently not deemed to be material.

Risk overview

low · medium · high

Category	Description	Appetite	Impact	Likelihood
Strategic risks	Market risk – Failure to respond to market trends	low	high	medium
	Market risk – Dependence on app stores and exposure to intense competition	low	high	medium
	Refinancing risk – Failure to repay debt facilities	low	high	medium
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	medium	medium
	Technology risk – Failure to develop and implement the unified product roadmap	low	high	low
	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
	Financing risk – Failure to secure financing and exposure to liquidity risk	low	medium	medium
	Financing risk – Dependence on major creditor	medium	high	medium
	Financing risk – Exposure due to pledging of significant part of assets	medium	medium	medium
	Impairment risk – Failure to meet initial expectations	medium	high	high
	Monitoring risk – Threats to going concern assumption	low	high	medium
	Price risk – Failure to maintain current margin levels	medium	medium	medium
	Capital risk – Volatility of share price and risk of dilution	low	low	medium
Compliance risks	Compliance risk – Failure to comply with relevant laws and regulations	low	medium	medium
	Compliance risk – Potential conflict of interest between major shareholder and others	medium	medium	medium
	Data risk – Failure to comply with increasing data security regulations	low	medium	medium

Description of risk categories

Strategic risks	Risks relating to prospective earnings and capital arising from strategic changes in the business environment and from adverse strategic business decisions.
Operational risks	Risks relating to current operational and financial performance and capital arising from inadequate or failed internal processes, people, systems or external events.
Financial risks	Risks 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 the ability to provide an adequate return.
Compliance risks	Risks 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 in February 2012 (as RNTS Media N.V.) and has made significant acquisitions within the last years, increasing the group's scope, operations and product offering. Although the in-app advertising industry has matured over recent months and years in different aspects, the industry is still fast-paced and characterized by innovation, consolidation and rapid, frequent changes. Therefore, trends can develop or disappear quickly, putting pressure on the Company to permanently review and potentially adjust its strategy. The Company is facing the typical risks and difficulties of tech-nology 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. Fyber's product launches and enhancements may result in software products and services which might not fully meet market demand or customer expectations.

Changes in the fundamental dynamics of the ad tech market's value chain and/or 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 ads 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 & build up a diversified, stable product offering that can withstand changing market environments (e.g. supporting different ad formats, different buying mechanisms and publisher tools)
- 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
- Fyber has a track record of identifying market changes early and investing into winning technologies ahead of time, e.g. Fyber was first-to-market to launch an innovative in-app header bidding mechanism

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Market risk – Dependence on app stores and exposure to intense competition

Specific risks

Through its clients (app developers and mobile publishers) Fyber is dependent on providers of app ecosystems (e.g. Apple and Google as the providers of their app stores). They may decide to change their policies to ban certain ad formats or other services offered by supply-side companies like Fyber or introduce ad blockers.

For instance, in 2019, app developers publishing their apps through Apple's App Store have encountered a policy change by Apple, not allowing the use of a certain ad campaign type within the ad format "Offer Wall". The Company cannot exclude that this could seriously obstruct the delivery of ads to users of mobile apps and as a result, substantially harm Fyber's results of operations, and that similar market changes might occur in the future.

Moreover, the Company has a minor market share and is exposed to intense competition dominated by players such as Google, Facebook and Twitter, which in many cases have greater financial capacity to execute strategic acquisitions, invest in new technology, offer a broader product portfolio and might compete for customers.

If the Company fails to develop a technology platform of significant capacity, grow the partner network and transform into a profitable operation, the competitive position and, as a result, the operating results of the Company might be materially adversely affected.

Risk response

- We are keeping close contact with all major providers to be informed early and proactively understand the motivation of possible policy changes and react accordingly to avoid or minimize revenue impact
- Fyber invested into its technology and product offering and built out a competitive position as an independent platform supporting publishers. We assess this to be a meaningful value proposition and work towards bringing and keeping technological and product capabilities on par with the large competitors and develop market reach and scale necessary to compete more effectively
- Continuous focus on profitability; Established a stable, largely fixed cost base

Refinancing risk – Failure to repay debt facilities

Specific risks

Fyber is presently financed through, amongst other facilities, a debt financing in the form of €75.7 million convertible bonds ("Bonds") and shareholder loans in the aggregate amount of €30 million.

The refinancing risk of repaying the principal and the aggregated interest poses a burden for the Company and hinders its ability to access financing options on the capital markets or attract new investors.

Risk response

Management has taken significant steps to refinance existing debt ahead of maturity:

- Concluded voluntary debt-to-equity exchange of €74.2 million worth of Bonds, almost halving the original outstanding amount of €149.9 million worth of Bonds
- Delayed the maturity of the remaining Bonds including all interest payments until July 2022
- Delayed the maturity date of €15 million of existing shareholder loans with Tennor to June 2021

Moreover, the Company constantly monitors its financial condition, results of operation and other aspects relevant to covenants included in existing financing agreements to ensure all covenants are met.

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.

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

Our current and future performance is heavily bound to the performance of individual contributors. It has and will be key to identify and attract talent inside and outside of the Company, to develop it to its 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.

Risk response

- Providing attractive remuneration package and comprehensive fringe benefits
- Offering an employee stock option program to all employees
- Creating a positive working environment in outstanding offices
- Offering structured individual development plan
- 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

The Company'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. Platform down-time would immediately reduce 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.

Risk response

- Regular backups
- Redundant server structures: every component within a data center is supposed to run in a way that its failure does not impact system functionality, since it will be covered by at least one identically functioning (redundant) component
- Moving to the cloud: the move to the cloud 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

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 to 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. More generally, as a company operating in digital advertising which provides products online and delivers software solutions via the cloud, Fyber is also exposed to cybersecurity attacks of varying degrees, including virtual attacks, disruption, unauthorized access, theft, destruction, espionage, misuse or abuse of data, disruptions to back-up etc.

Risk response

- A dedicated anti-fraud is tasked with identifying unusual patterns ideally already in the design phase of advertising campaigns or during the initial use after the launch of each campaign
- Use of proprietary and external technology to identify non-human ad inventory and traffic
- Assessing the quality and performance of advertising on publishers' properties
- Constantly improving our processes for assessing, detecting and controlling fraudulent activity
- Completed investment into end-to-end encryption of hardware used by employees to fend off cybersecurity attacks

Technology risk – Failure to develop and implement the unified product roadmap

Specific risks

The group's revenue growth depends largely on the ability to develop a reliable, scalable, secure, high-performance technology infrastructure that meets current market needs. The markets in which Fyber operates are characterized by rapidly changing technology and developments. In addition to that the group is unifying their ad tech platforms into one global unified platform.

Risk response

Focused on continuous improvement of the Company's product offerings, bringing new innovative technologies to the market and taking advantage of the integrated product offering. In 2019 important product launches and improvements of existing technology included:

- Release of new version of core product Fyber FairBid, Fyber's holistic publisher monetization platform including app bidding capabilities
- Further investments into the video ad capabilities of our programmatic ad exchange Fyber Marketplace

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Technology risk – Open source software programs

Specific risks

The group's products rely on third-party open source software components. The use of open source software may bear the risk that certain licenses could be construed in a way that could impose unanticipated conditions or restrictions to the group. In addition, new products and services including third-party technologies, might not comply with local standards and requirements or could contain undetected or detected coding errors or defects or could not be mature enough from the customer's point of view, despite all the due diligence efforts which Fyber dedicates to product quality.

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 portions of its proprietary code generally available.
Any of these actions could have a material and adverse effect on the group's business, reputation and operating results.

Risk response

- The use of open source software is strictly monitored by the SVP Technology
- 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 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 cooperations 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 denominated revenue exceeds USD denominated cost. The timing and extent of currency fluctuations may be difficult to predict. Furthermore, the Company may be adversely affected at a time when the same currency movements benefit some of the Company's competitors.

Risk response

- Management seeks to minimize these risks through natural hedging by increasing its cost base in USD
- Refinancing is done in USD, e.g. USD 15 million loan from Bank Leumi has 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.

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, with the fourth quarter typically being the strongest 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.

Also, uncertainty and fluctuations of revenue streams may cause situations where Fyber identifies the need for additional financing due to revenue decreases only on short notice.

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

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 30 and 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 paid

Financing risk – Failure to secure financing and exposure to liquidity risk

Specific risks

The Company requires capital to cover its financial liabilities, current operations and planned expansion of business. These cash and cash equivalents are generated partly through ongoing business activity and partly through external financing.

Liquidity risks stemming from the lack of access to capital can occur when credit facility agreements or shareholder loans are called off, cancelled, reduced or not extended, or budgeted revenue growth numbers cannot be met.

The Company is not cash-flow positive yet, accrued significant losses in past periods, and invests in sales, marketing, product and technology development in order to lay the foundation for future intended growth and profitability with expenses made before earning adequate revenue. Therefore, Fyber may need additional capital in the future to pursue its business objectives. This may not be available on favorable terms, or at all, which could comprise the group's ability to meet its financial obligations and support its forecasted business growth.

Risk response

- Management has taken significant steps to reduce the cash needs of the group by reducing the cost base, realizing synergies stemming from the integration of former group companies and installing a tight ongoing cash flow monitoring

- The Company is constantly screening the market for additional financing options and attracting new capital to either add additional financing if needed, or enhance the existing capital structure

- The general meeting of shareholders has granted authority to the Management Board to issue new shares up to 15% of issued capital in order to ensure continuing flexibility with regard to the financing of the Company and attracting new capital

Financing risk – Dependence on major creditor

Specific risks	Risk response
Tennor is a major creditor and controlling shareholder of the Company. Therefore, Fyber is exposed to Tennor's credit risk and its ability and willingness to fulfil its obligations vis-à-vis the Company. In particular, the Company entered into shareholder loans with Tennor with an aggregated principal amount of EUR 30 million. If Tennor is not able or willing to fulfil its respective obligations vis-à-vis the Company, this would have a severe adverse effect on the Company's financial condition and may cause insolvency.	■ The Company maintains a very good, constructive and trustful working relationship with the major shareholder ■ Two representatives of the major shareholder are members of the Company's Supervisory Board, ensuring supervision of management and financial processes ■ The past track record shows that all obligations vis-à-vis the Company have been fulfilled ■ The shareholding position also reflects, that the goal of building and maintaining a stable, profitable operation that caters to long-term value creation is a shared goal between the Company and the major shareholder

Financing risk – Exposure due to pledging of significant part of assets

Specific risks	Risk response
The Company has pledged significant assets as collateral for financing and operating contracts, namely the Company's shares in all its operating subsidiaries, material parts of their intellectual property, as well as major parts of their existing and future trade receivables. There is a risk that additional financing measures or the extension of existing financing agreements will not be possible due to a lack of available collateral. This could have a negative impact on the net assets, financial position and results of operations of the Group and the Company.	■ The Company set up a balanced financing structure consisting of straight debt facilities, shareholder loans and convertible bonds. The attribution of pledge assets was done considerately and diligently ■ The Company assumes that current outside financing is sufficient to fulfill present growth plans. Should the need arise to add or restructure financing, a possible reattribution of assets would be considered ahead of time ■ For example, in November 2019, the Company agreed with Bank Leumi to extend its revolving credit facility until the end of December 2020 and reduce the maximum amount of the facility from \$15 million to \$10 million by June 2020. It is intended to offset the reduced financing amount by expanding the drawdown amount of the revolving credit facility from BillFront, which will be possible as the reduction of the Leumi facility frees up collateral that will be attributed to the BillFront facility

Impairment risk – Failure to meet initial expectation

Specific risks	Risk response
The group has considerable financial and non-financial assets, copyrights and other intellectual property. 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.	■ 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 ■ Ongoing investments into developing our technology further, updating existing products or releasing new features that meet new or changed market demands

Monitoring risk – Threats to the Company's going concern assumption

Specific risks	Risk response
The Company may be unable to identify threats to the going concern assumption in a timely manner or at all. Even though risk management systems are in place, it cannot be ruled out that critical risks are only identified at a time when reaction and mending are difficult or impossible. This is of particular importance as the Company operates in a fast-paced, rapidly evolving industry, with many of the key products still young to the market and being shaped among others by business and client needs as well as regulatory changes and changes in user behavior.	■ Risk management and monitoring system in place, aiming to identify as early as possible any developments that might jeopardize the going concern of the Company ■ Development of appropriate internal organizational, risk monitoring and risk management structures that enable the Company to identify undesirable developments and risks at an early stage

Capital risk – Volatility of share price and risk of dilution

Specific risks	Risk response
The market price of the Company's Shares has been very volatile in the past. It cannot be ruled out that the market price of the Company's Shares will be subject to major fluctuations in the future, which are not necessarily related to the Company's business performance. A 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. Furthermore, the Company may seek to raise capital in the future through equity or hybrid securities. An issuance of additional equity could potentially reduce the market price of the Company's shares and would dilute the economic and voting rights of the Company's existing shareholders.	■ Debt-to-equity swap of around 49% of the volume of the convertible bonds improved the Company's capital structure and enabled increased liquidity in the future ■ Ongoing investor contact and outreach to interest potential new investor in Fyber to increase trading liquidity

Management addresses the financial risks mainly through close controlling 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 realizes that the expansion of the business requires some risk taking and evaluates its risk appetite as medium. The group continues to be dependent on additional liquidity to fund its growth and the risk of not finding these funds is always present. In addition, the Company faces the refinancing risk of its debt (convertible bonds, straight debt bank facilities, shareholder loans), which matures partly in 2021 and partly in 2022. Due to the significant outstanding amounts and the Company's current position of negative operating cash flow, management estimates this risk to be high. Should the risk materialize, it would have a very high, potentially critical impact for the going concern assumption. This material uncertainty is also further disclosed in the financial statements. 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 risk based on 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
The Company operates globally and currently markets its products and services in more than 180 countries worldwide. The international business activities and processes expose the Company to numerous and often conflicting laws and regulations, policies, standards, or other requirements covering a wide variety of subject matters. As the Company expands into new countries and markets or extends its business activities in these markets, including emerging and high-risk markets, these risks could intensify. 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. Non-compliance could result in the imposition of potentially material penalties and/or sanctions against the Company.	■ 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 the latest developments as regards related laws and regulations, accurately understanding their impact and coming up with the necessary responses to guarantee that the group addresses the risks arising from such changes

Compliance risk – Potential conflict of interest between major shareholder and other shareholders

Specific risks	Risk response
It cannot be excluded that the interests of the major shareholder may conflict with the interests of other shareholders or the interests of the Company. Depending on the presence at the general shareholder meeting of the Company, the major Shareholder could block major decisions requiring a three-quarters majority without the consent of other shareholders, including amendments to the articles of association, corporate actions and mergers, liquidation or a squeeze-out of other shareholders. Conflicts of interest between the major shareholder and the Company or its other shareholders may have a material adverse effect on Fyber.	■ The Company maintains a constructive working relationship with the major shareholder and other shareholders and thereby identifies and undertakes measures to prevent already at an early stage potential conflict of interests between the major shareholder and other shareholders ■ It is one of the key principles of the Management Board to adhere to all relevant legal and governance standards to ensure acting in the best interest of the Company and all its shareholders, including minority shareholders

Data risk – Failure to comply with increasing data security regulations

Specific risks

Fyber collects, stores, processes and uses data in the ordinary course of business to provide its services to customers. The correct use of data, ensuring its integrity and security as well as adhering to all data protection laws and regulations applicable to the Company are imperative to the Company's business operations and reputation.

It may not be possible to prevent cases of data leakage or the misuse of data as a result of human error, technological failure or other factors outside of the Company's control.

Furthermore, the Company may be subject to local data protection laws and regulations, taking effect on the Company's products, services and customer data handling, potentially limiting the effectiveness of serving meaningful ads to users and with that the Company's revenue potential.

Specifically, the Company is subject to the EU's General Data Protection Regulation (EU 2016/679) ("GDPR"), which took effect in May 2018 and regulates data protection for users within the European Economic Area (EEA) as well as the California Consumer Privacy Act of 2018 ("CCPA") which took effect in January 2020, regulating privacy and data protection for residents of California.

Any limitations imposed by stricter interpretation of the existing requirements or by future modifications of the data protection laws could have a significant impact on the Company's business operations and the Company's ability to market its products.

Violations of regulations may lead to damage claims, fines and harm to the Company's reputation, thus materially adversely affecting its business activities, net assets, financial position and results of operations.

Risk response

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

- Investments into product and technology and revision of client contracts to ensure business activities and product features adhere to various data usage regulations currently known
- 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 the long-term business strategy of the Company.

This Remuneration Report describes the remuneration policy and its application in 2019.

Remuneration Policy and application in 2019

The remuneration policy has been adopted by the General Meeting of shareholders on 30 June 2014 upon proposal by the Supervisory Board and governs the remuneration of the members of the Management Board ('Managing Directors'). 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.

There were no changes to this policy in 2019 compared to 2018. As a result of the passing of the Dutch law on 1 December 2019 implementing the EU Directive as regards to the encouragement of long-term shareholder engagement, a proposal to amend the remuneration policy to bring this into line with the new legislation will be made during the annual General Meeting of shareholders scheduled for June 2020. In view of the remuneration policy currently in effect and applied, the change in the law will not result in any material changes to the remuneration policy. The details of the Management Board's and Supervisory Board's remuneration are given each year in the financial statements.

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 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 in 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 Managing Director's responsibilities.

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. 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 40% to 50% of the total annual salary for Managing Directors. 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 2019 have been set in the Supervisory Board meeting on 30 January 2019 and are

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linked to the results of the Company (100% weighting). The maximum achievable annual incentive is 150% of the annual base compensation.

iii. Long-term incentive plan / Fyber's Employee 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. As a long-term incentive, the SOP was created to align the interests of optionees with those of shareholders, linking reward to performance and creating value for Fyber and its stakeholders over the longer term.

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 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 was most recently amended and restated by the Supervisory Board upon recommendation of the Remuneration Committee and approved by the EGM held on 11 April 2017 to facilitate a so-called cashless exercise of stock options by participants in the SOP, whereby a

Share options awarded to Managing Directors

	Main conditions of share options awarded to Managing Directors					Information regarding reported financial year				
						Opening balance		During the year		Closing balance
	Options awarded per 31 Dec 2019	**Strike price**	**Grant date**	**Vesting date**	**Expiration date**	**Options awarded per 1 Jan**	**Options voided**	**Options awarded**	**Options vested**	**Options awarded per 31 Dec**
Ziv Elul	3,000,000	€0.21	30 Jan 2019	6 May 2019	30 Jan 2024	2,950,000	2,950,000	3,000,000	3,000,000	3,000,000
	6,300,000	€0.21	7 May 2019	1 Jun 2022	7 May 2024			6,300,000	1,050,000	6,300,000
Dani Sztern	1,500,000	€0.21	30 Jan 2019	6 May 2019	30 Jan 2024	1,725,000	1,725,000	1,500,000	1,500,000	1,500,000
	3,800,000	€0.21	7 May 2019	1 Jun 2022	7 May 2024			3,800,000	633,333	3,800,000
Yaron Zaltsman	1,500,000	€0.21	30 Jan 2019	6 May 2019	30 Jan 2024	1,625,000	1,625,000	1,500,000	1,500,000	1,500,000
	3,640,000	€0.21	7 May 2019	1 Jun 2022	7 May 2024			3,640,000	606,667	3,640,000
Total	**19,740,000**				in % of issued capital: 5.5%	**6,300,000**	**6,300,000**	**19,740,000**	**8,290,000**	**19,740,000**

portion of the shares allotted may be sold on the market on behalf of the participant in the Stock Option Plan in order to cover the participant's personal taxes incurred in connection with the share allotment.

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

The above table shows the share options awarded to members of the MB for the reported financial year.

The options over ordinary shares awarded to the members of the Management Board in the past have been replaced by options with a lower strike price, based on market price levels of the Fyber shares at the time, by Supervisory Board resolution dated 30 January 2019 in accordance with the remuneration policy and article 7.7 of the SOP. These re-priced options originally granted in 2018 have vested upon the issuance of new shares after a debt-to-equity swap of €74 million convertible bonds in May 2019. The boards saw the necessity for the change in order to maintain the incentivizing effect of the option grants and retain key personnel. Since Fyber was not in a position to compensate by other means, especially not by way of salary increases or bonus payments, because of the restricted liquidity, the boards considered such adjustment to be in the best interest of the Company and all its stakeholders. The option price of options granted to employees has been adjusted in the same way.

Further options have been granted to the Management Board and employees after the debt-to-equity swap to compensate for the dilution effect of the capital increase in accordance with article 14 of the SOP by Supervisory Board resolution dated 30 April 2019. The exercise price was set based on the market value at the time of the shares and the vesting period of three years as stipulated in the remuneration policy.

As of 31 December 2019, a total of 23,495,000 subscription rights to the Company's shares (2018: 7,427,500) have been issued to the Company's employees, and additional 19,740,000 (2018: 6,300,000 options) have been issued to the members of the Management Board. The weighted average exercise price as of 31 December 2019 amounted to €0.23 (2018: €1.95).

No ordinary shares have been awarded to members of the Management Board.

iv. Pension schemes 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, the Management Board members are entitled to car allowances. Ziv Elul is furthermore entitled to full membership of the 'Young Presidents Organization'.

Pursuant to Article 26.3 of the Articles of Association, the Company provides for and bears costs of adequate directors

Annual remuneration of Management Board members 2019

		Fixed remuneration	Variable remuneration*	Proportion of fixed/ variable remuneration*	Total remuneration*
		in € thousands			
Ziv Elul, CEO	2019	300	300	50/50	600
	2018	300	300	50/50	600
Daniel Sztern, Deputy CEO	2019	250	175	59/41	425
	2018	250	175	59/41	425
Yaron Zaltsman, CFO	2019	250	175	59/41	425
	2018	250	175	59/41	425

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

and officers ('D&O') insurance for sitting and former members of the Management Board and Supervisory Board as well as executives of the group.

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 41 of the Notes to the Consolidated Financial Statements..

Management Board remuneration in 2019

The Supervisory Board determines the remuneration of the Management Board members, in accordance with the remuneration policy as adopted by the General Meeting of shareholders. During its meeting held on 7 June 2017 the Supervisory Board decided on the remuneration of the Management Board as outlined in the table on the previous page. In its meeting on 30 January 2019, the Supervisory Board decided that the remuneration of the Management Board members remains unchanged in 2019.

For further details and the Managing Director's actual total remuneration in 2019 please refer to Note 41 of the Notes to the Consolidated Financial Statements.

Pay ratio and five years performance overview

The Code requires Fyber to report on the pay ratio within the Company. The pay ratio used by Fyber reflects the average compensation of the global employee workforce of Fyber on a full-time equivalent ('FTE') basis, relative to the remuneration of the CEO of the company. The remuneration of the CEO and FTE is calculated using the actual fixed and variable remuneration of the respective year excluding social security cost, any other remuneration components and/or one-off payments. The average remuneration of the FTE is calculated as the total remuneration of all FTEs globally (excluding Managing Directors), divided by the average number of Fyber employees on an FTE basis. For Ziv Elul (who was appointed CEO as of 25 July 2017), the fixed and variable remuneration was annualized for the year 2017 in the table to facilitate comparison.

The ratio between the CEO's remuneration and the average remuneration of employees was 6 to 1 for the full year 2019. The increase in ratio compared to 2018 is based on the increase in variable remuneration, since the Managing Directors waived bonus payments in 2018, but resolved to pay 70 per cent of the eligible variable payment component for 2019.

The following table shows the pay ratio over the last five years and the Company performance based on its most important KPIs.

The development of these ratios was affected by acquisitions integrations and changes of Managing Directors over the last five years as well as company performance and will be monitored and disclosed going forward.

Pay ratio

	2019	2018	2017	2016	2015
			in € thousands		
Ziv Elul, CEO	510	300	600	-	-
Andreas Bodczek, former CEO	-	-	-	353	290
Average salary FTE	84	83	84	91	78
Internal pay ratio	6 to 1	4 to 1	7 to 1	4 to 1	4 to 1
Revenue	118,973	128,544	229,832	176,786	81,076
Gross profit	19,395	22,972	42,735	41,325	24,337**
Adjusted EBITDA*	(2,717)	(7,247)	(1,154)	(4,285)	(12,141)

*Note: 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 'Business Performance' sections of the respective annual reports.

** Note: this was categorized as net revenue in 2015, as the categorization into gross profit was not available at the time.

Supervisory Board remuneration in 2019

The individual remuneration of the Supervisory Directors is determined by the General Meeting of shareholders. The remuneration for Supervisory Directors is set at a level which is considered appropriate to attract individuals with the necessary international experience and ability to make an important contribution to the Company's cause. Furthermore, the level of responsibility of each Supervisory Director, the time and effort necessary to diligently accomplish all tasks and fees paid by other companies of a similar size and complexity has to be taken into account.

The Supervisory Directors receive a fixed remuneration for their service, whereas the Chairman of the Supervisory Board is entitled to a higher compensation. Apart from the fixed annual remuneration, the members of the Supervisory Board are entitled to reimbursement for their travel and business-related expenses incurred in their capacity as a Supervisory Board member.

All fees are fully paid out in cash. 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.

For details and pro rata remuneration in 2019 please refer to Note 41 of the Notes to the Consolidated Financial Statements.

Annual remuneration of Supervisory Board members

	Annual remuneration	
in € thousands	2019*	2018
Y. Safrai (chairman)	80	100
F. Rios	50	-
K. Sehnaoui	50	100
T. Malak	50	-
A. Metre	50	-
D. v Daele (former chairman)	-	200
Y. Valler	-	100
G. Dubois	-	100
J. Schumann	-	100
Total	**280**	**700**

*reduced

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. In its meeting on 30 January 2019, the Supervisory Board decided to adjust its remuneration downwards for 2019 because of the financial situation of the Company.

None of the Supervisory Board members were given personal loans, guarantees or any similar financial assistance. None of the Supervisory Board members is holding shares of the Company as per the date of the accounts.

Remuneration committee activities

Due to the composition of the Supervisory Board, there was no designated Remuneration Committee and consequently no report of the Remuneration Committee in 2019. The duties of the Remuneration Committee have been discharged by the Supervisory Board as a whole, which are, among others, to make proposals 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 performance of the Management Board as a whole and its individual members were discussed by the Supervisory Board during its meeting held on 30 January 2019, together with the performance appraisal and bonus computation for the preceding year, the performance goals of the Management Board for 2019 as well as the remuneration of the Management Board for 2019.

The Supervisory Board 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 set by the Supervisory Board for the members of the Management Board are in line with executive

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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 talent, the Supervisory Board identified a peer group of other ad tech companies for remuneration benchmarking purposes in 2019 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 Fyber competes 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 Supervisory Board discussed the individual Management Board members' views regarding 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.

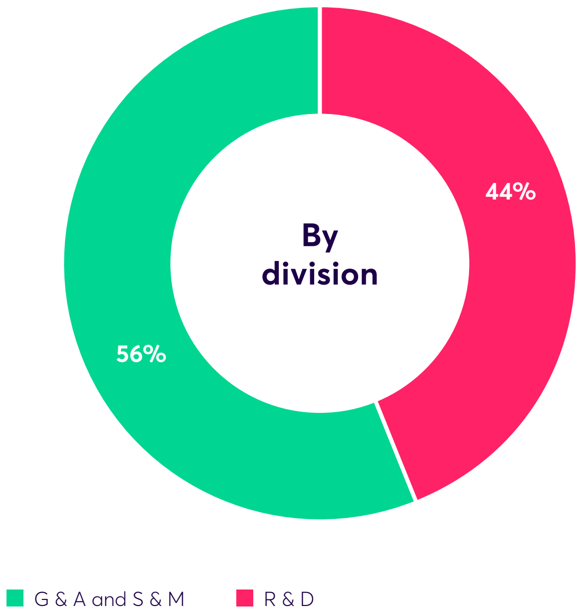
Personnel Report

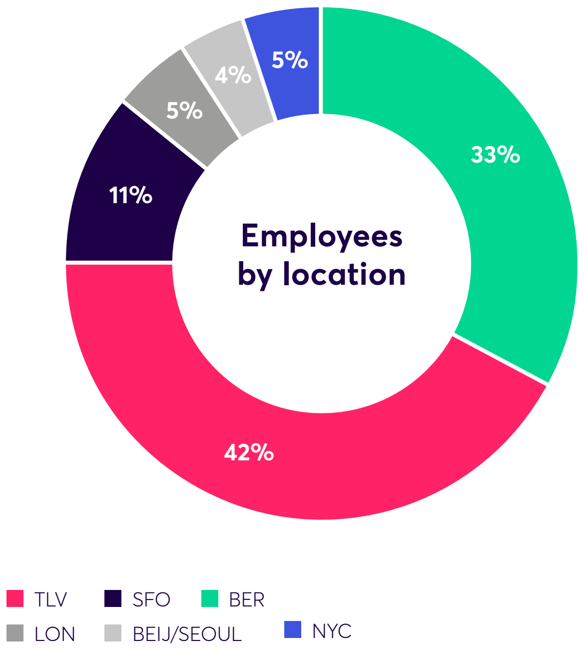
2019 was focused on building stronger synergies between the product and technology departments. Fyber restructured the research & development division to offer better and more efficient services for our customers.
By the end of 2019, the total number of employees, including permanents and working students, was at 253, across the departments research & development ("R&D"), sales & marketing ("S&M") and general & administration ("G&A"). With reducing the headcount, we adapted logically to the needs of an integrated global organization and ensured cost efficiencies. The current structure supports the existing business as well as our budgeted growth plan for 2020.

Employees by division & geography
Fyber shows a highly diverse workforce of more than 35 nationalities in its offices in Berlin, Tel Aviv, San Francisco, New York, Beijing, Seoul, and London. The below charts give an overview of the number of employees by division and office location. Almost 45% of all employees globally are working in R&D. The Company is a technology company, conceptualizing and developing proprietary software solutions in-house and providing them to clients worldwide. As such, R&D is at the heart of Fyber's operations and investment focus, comprising product design and management, software engineering, solution engineering, quality assurance and data science.

Living our company values
Fyber defined a set of joined, equally important values, that best express our focus on technological leadership through

Fyber's personnel structure
Number of employees as of 31 December 2019, including permanent employees and working students/interns





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. In 2019, we conducted the second year in a row 360-degree feedback evaluations among all people managers based on these values and defined leadership skills.

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, regardlessof 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.

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. In 2019 they conducted new elections and worked, in their new structure, harmoniously and closely with HR and the members of the Management Board on different topics regarding their co-determination and information rights.

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 quota of female employees across the group grew during 2019 to 45%. We also promoted two female employees into senior vice president positions. This is a great success and shows our efforts to reach equality not only in salaries, but also in the gender ratio at Fyber.

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.

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. At the end of the year, the issued capital of Fyber N.V. amounted to €36.187 million divided into 361,866,419 common registered shares with a nominal value of €0.10 each. The issued capital as of 31 December 2019 consisted entirely of fully paid-up ordinary shares. The authorized capital amounts to €120.0m and is divided into 1.2 billion shares with a nominal value of €0.10 each.

Potential dilution can arise from the exercise of the remaining Bonds as well as from the exercise of options under the Stock Option Plan. As of the reporting date 42.7 million options were outstanding. At year-end, Fyber shares were traded for a share price of €0.26 (XETRA Frankfurt closing value on 08 April 2020). As the weighted average strike price of the outstanding stock options was at €0.23 as of the reporting date, both were out of the money.
For changes to the share capital following the end of the reporting period please refer to section 'Subsequent Events' above.

Key share data

Issuer	Fyber N.V.
Ticker Symbol	FBEN
ISIN	NL0012377394
Market	Frankfurt Stock Exchange, Prime Standard
Currency	Euro
Number of shares	361,866,419
52 weeks high / -low*	0.37 / 0.09

*Note: as of 08 April 2020

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 2019, the following shareholders owning 3% or more of the Company's voting rights were registered with the AFM:

Major shareholders

	% Voting rights
Advert Finance B.V.	94.1%

Annual Report 2019

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; The expected future cash flows from operating activities is 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. For more information on the going concern assumption and relevant uncertainties, we refer to the Notes to the Financial Statements.
- The Company is mainly financed through the outstanding convertible bonds maturing in July 2022 as well as shareholder loans from Tennor Holding B.V. maturing in June 2021 and June 2022. The Company is aware of the refinancing risk of the remaining Bonds and the straight debt facilities in place and expects to be able to prolong or refinance its debt ahead of maturity.

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, 30 April 2020

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

Corporate Governance Report

Introduction & Company Structure

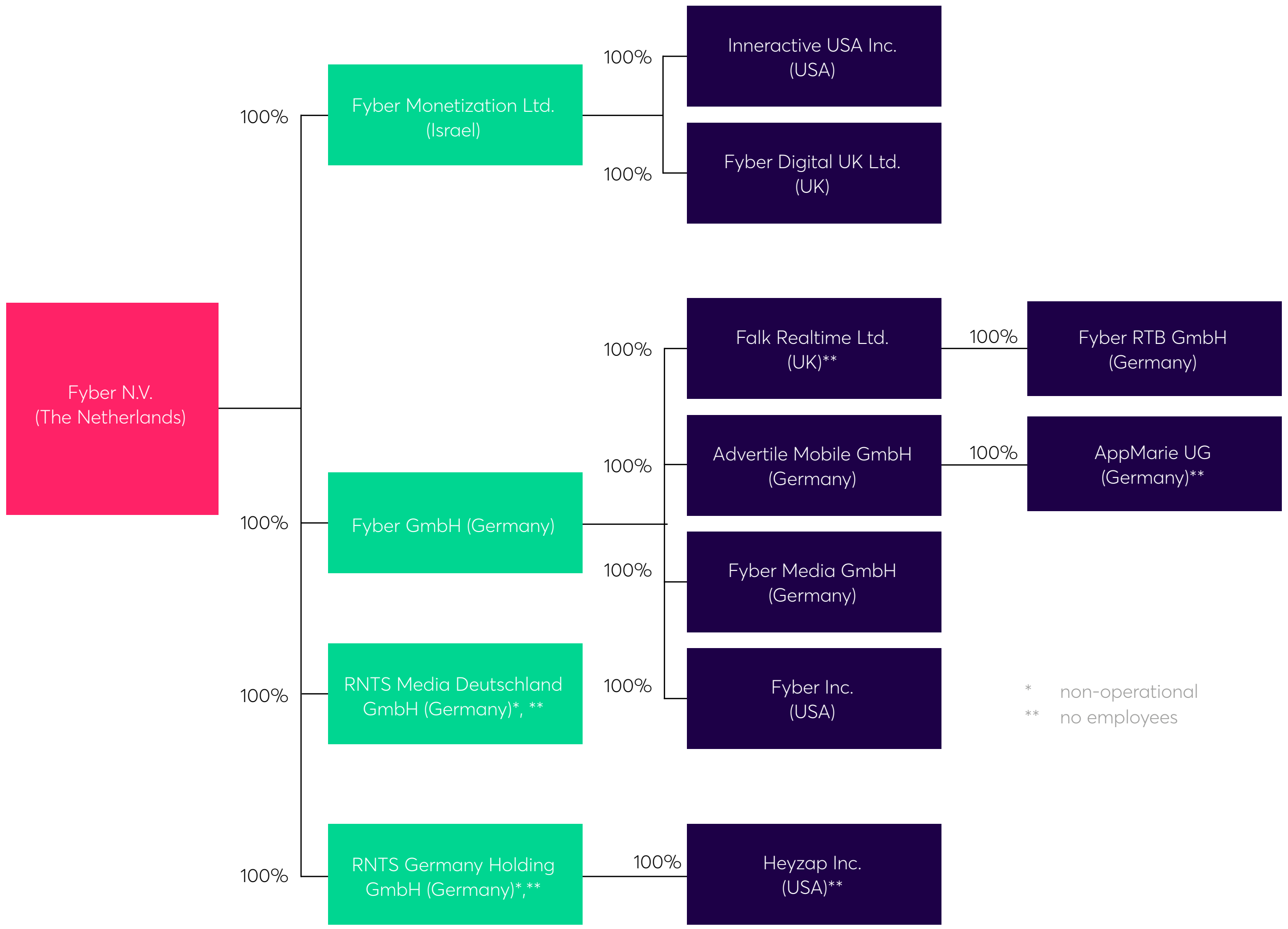
Fyber N.V. ("Fyber" or the "Company") is a public limited liability company incorporated under the laws of The Netherlands (naamloze vennootschap), having its corporate seat in Amsterdam, The Netherlands. Its office address is in Berlin, Germany.

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 of 31 December 2019.

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

Company structure



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 Meeting.

Examples of external regulations that affect Fyber

- Dutch Civil Code
- Frankfurt Stock Exchange rules for Issuers, Prime Standard
- German and Dutch applicable securities laws
- Accounting legislation including International Financial Reporting Standards (IFRS)
- Dutch Corporate Governance Code in the version last amended 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 association.

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

Powers & Function

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.

Composition

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 after consultation with the Management Board.

As per 31 December 2019, the Management Board consisted of the following members:

Ziv Elul
CEO
Managing Director

Nationality	Israeli
Year of birth	1975
Date of first appointment	June 2016
Date of reappointment	AGM 2020

Qualification

Ziv brings more than 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.

Daniel Sztern
Deputy CEO
Managing Director B

Nationality	Israeli
Year of birth	1965
Date of first appointment	July 2017
Date of reappointment	AGM 2020

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.

Yaron Zaltsman
CFO
Managing Director B

Nationality	Israeli
Year of birth	1974
Date of first appointment	July 2017
Date of reappointment	AGM 2020

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.

There have been no changes in the composition of the Management Board during the financial year.

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.

Appointment & removal

The General Meeting appoints Managing Directors upon a nomination by the Supervisory Board in accordance with the articles of association. The Supervisory Board shall make one or more nominations to the General Meeting in case a Managing Director is to be appointed. The nomination must be included in the notice of the Meeting at which the appointment will be considered. If no nomination has been made, this must be stated in the notice. In the event that the Supervisory Board has made a nomination, the resolution of the General Meeting to appoint such nominee shall be adopted by an absolute majority of the votes cast. A resolution of the General Meeting to appoint a Managing Director other than in accordance with a nomination of the Supervisory Board, but in accordance with the agenda for such General Meeting, shall require a majority of two thirds of the votes cast representing more than half of the Company's issued share capital. However, the General Meeting may at its discretion appoint a Managing Director other than upon the nomination of the Supervisory Board, provided that a proposal to appoint such other person has been put on the agenda of the relevant General Meeting. According to the Code, the members of the Management Board are appointed for a maximum period of four years with the possibility of re-appointment for a consecutive four-year term.

The General Meeting may at any time, at the proposal of the Supervisory Board, suspend or remove a Managing Director with a resolution adopted by an absolute majority of votes cast. Should the General Meeting wish to suspend or remove a Managing Director other than in accordance with a proposal of the Supervisory Board, such suspension or dismissal needs to be adopted by two thirds of the votes cast, representing more than half of the Company's issued capital. 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 ends. The Super-visory Board may at all times suspend but not dismiss a Managing Director. The General Meeting may dissolve such suspension by the Supervisory Board at all times.

Meetings & decision-making

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

The Management Board may also adopt resolutions in writing, provided the proposal concerned is submitted to all Managing Directors then in office, none of them object to this form of adoption and the majority of the members vote in favor of the proposed resolution.

Resolutions of the Management Board entailing a significant change in the identity or nature of the Company or its business are subject to the approval of the General Shareholders' Meeting. In addition, certain resolutions of the Management Board reflected in the articles of association, the Management Board by-laws and/or the Supervisory Board by-laws require the (prior) approval of the Supervisory Board.

In each of the above-mentioned situations, the lack of approval (whether from the General Meeting of shareholders or from the Supervisory Board) does not affect the authority of the Management Board or the individual Managing Directors to represent the Company.

Conflict of interest

A Managing Director of the Company may not participate in the decision-making on resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal conflict of interest. If a Managing Director does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (vernietigbaar) and the Managing Director may be liable towards the Company.

A Managing Director who thinks that he or she has or might have a conflict of interest in respect of a proposed resolution of the Management Board, shall notify the CEO and his or her co-members of the Management Board thereof as soon as possible. The Supervisory Board shall, upon receipt of the aforementioned notification and outside the presence of the Managing Director concerned, decide whether this Managing Director has a conflict of interest. In case it is decided that the respective Managing Director has a conflict of interest, he or she may not participate in the consultation and decision-making of the Management Board regarding that particular resolution. If as a consequence none of the Managing Directors may participate in the consultation and decision-making on such resolution, the Supervisory Board shall be authorized to adopt the resolution.

All transactions in which there are conflicts of interest with Managing Directors shall be agreed on terms that are customary for arm's-length transactions in the branch of business in which the Company operates. Decisions to enter into transactions in which there are conflicts of interest with Managing Directors that are of material significance to the Company and/or to the relevant Managing Directors require the approval of the Supervisory Board.

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 upon proposal by the Supervisory Board (the "Remuneration Policy"). 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 2019, reference is made to the Remuneration Policy and the 'Remuneration Report' section in the Report of the Management Board.

Shareholdings

As of the date of the accounts, the direct or indirect shareholdings in the Company of each Managing Director are as follows:

	As of 31 December 2019	
	Number of ordinary shares	**Options on shares**
Z. Elul	549,924	9,300,000
D. Sztern	25,300	5,300,000
Y. Zaltsman	71,535	5,140,000
Total	**646,759**	**19,740,000**

For further information about the Company's stock option program, reference is made to the 'Remuneration Report' section in the Report of the Management Board.

The Supervisory Board & Report of the Supervisory Board

Powers & function

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, appoints and 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.

Composition

The articles of association provide that the Supervisory Board must consist of three or more individuals. The Supervisory Board by-laws stipulate that there is a target number of six Supervisory Directors. The exact number of Supervisory Directors is to be determined by the Supervisory Board, in consultation with the CEO of the Company. Only individuals may be appointed as Supervisory Director.

As per 31 December 2019, the Supervisory Board consisted of the following members:

Yair Safrai
Chairman

Nationality	Israeli
Year of birth	1958
Date of first appointment	February 2019
Term of office	until the end of the AGM 2023

Former positions

Yair is an experienced veteran of Israel's high tech and venture capital industries. He has held various board positions in several high-tech companies and investment funds, inter alia as chairman of Inneractive Ltd., prior to its acquisition by Fyber. In the mid-1990's, Yair co-founded Concord Ventures, served as VP of the Nitzanim Venture Fund, and held key consulting, marketing, and business development positions at IGS Inc. and P.O.C. He holds a B.Sc. in Economics and Management from Tel Aviv University, an MA in International Studies from the Lauder Institute at the University of Pennsylvania, and an MBA from Wharton Business School.

Current positions

He serves as active chairman of the boards of Exent Technologies Ltd., Impact First Investments Ltd. and BeeEye Ltd. (a startup company in the Fintech), Yair is executive chairman in Polymertal Ltd. and a board member in VNT Solutions Ltd., The Time Ltd. (a technological Incubator) and Quick Loris Ltd., all Israeli companies, furthermore he sits on the board of Exent Technologies Inc. based in the US.

Karim Sehnaoui
Supervisory Director

Nationality	British
Year of birth	1978
Date of first appointment	May 2018
Term of office	until the end of the AGM 2022

Former positions

Karim is an investment professional with almost 20 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 Master in Engineering from McGill University, Canada and was a Global Leadership Fellow at the World Economic Forum in Geneva, Switzerland.

Current positions

Karim serves as general manager of The Reference Group SARL, a financial advisory firm based in Geneva, as chief investment officer of ADS Securities LLC, he is a managing director of Elham Management and Investment Group SARL and a board member of Track Group, a security tech company based in the US.

Arjun Metre
Supervisory Director

Nationality	US Citizen
Year of birth	1973
Date of first appointment	June 2019
Term of office	until the end of the AGM 2023

Former positions

Arjun is a veteran of Intel Corporation, where he has served in various roles over the past 14 years – most recently, as investment director leading the media, entertainment and sports technology vertical at Intel Capital. He supported the formation of the OneTeam Collective and served on the executive board. Arjun Metre also served as chief of staff at Intel Capital, where his responsibilities included transaction management, strategic investments, exits and annual investment allocations. Prior to Intel Capital, Arjun led Media & Entertainment Partnerships at Intel Corporation, responsible for business development, strategic planning and key relationships across the media & entertainment segment. He has extensive startup experience with various media & tech companies and holds a B.S. in Management Science from the University of California at San Diego.

Current positions

Arjun is managing director of Ananta Group Inc. and serves as a member of the supervisory board of Wild Bunch AG.

Franklin Rios
Supervisory Director

Nationality	US Citizen
Year of birth	1972
Date of first appointment	December 2019
Term of office	until the end of the AGM 2023

Former positions
Franklin has more than 20 years of management, technology, business development, sales and marketing experience in the digital, e-commerce, telecom and media industries. Prior to joining MediaMath, Franklin was the executive vice president in charge of Digital at Entravision Communications, Corp., a multimedia public company. He served as the president of the Enterprise Solutions Group at Infogroup, a USD 500 million data company, and vice president of Interactive at Vertis Communications, a USD 1.5 billion direct marketing services company. Both Infogroup and Vertis were private equity turnaround assignments. In addition, he ran his own full-service Hispanic advertising agency, Rios Group. He also served as director of sales and sales manager at CSG Systems and Columbine JDS (Harris Broadcasting Systems).

Current positions
Franklin has been chief commercial officer of MediaMath Inc. since January 2018.

Tarek Malak
Supervisory Director

Nationality	German
Year of birth	1976
Date of first appointment	December 2019
Term of office	until the end of the AGM 2023

Former positions
arek studied economics at the University of St. Gallen, Switzerland, and started his career at the investment bank Rothschild in Frankfurt am Main and later in London. As a member of Rothschild's M&A team, he advised companies primarily in the area of telecom, media and technology, real estate, retail and consumer goods. Later he moved to the restructuring team at Rothschild, where he advised companies in real estate, travel and leisure industry, as well as trade and consumer goods.

Current positions
Since 2011, Tarek is with the Tennor Group, first with Sapinda Deutschland GmbH and later with Sapinda International Services B.V. in Berlin and London. Tarek is a member of the supervisory board of Wild Bunch AG (chairman since 2017), Ichor Coal N.V. (chairman since 2019) and Hertha BSC GmbH & Co.KG a.A.

Mr Dirk van Daele stepped down effective 1 January 2019 as member and chairman of the Supervisory Board. Mr Yaron Valler handed in his resignation as member of the Supervisory Board shortly afterwards on 3 January 2019.
Yair Safrai's interim appointment as acting member of the Supervisory Board has been formalized in the extraordinary General Meeting of shareholders on 21 February 2019. He was appointed as the new chairman of the Supervisory Board on the same day.

Arjun Metre 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 30 January 2019. His appointment was confirmed and made permanent by the annual General Meeting of shareholders held on 12 June 2019.

Franklin Rios and Tarek Malak have been designated to join Fyber's Supervisory Board as temporary members pursuant to Article 25.1 of the Company's articles of association by the Supervisory Board on 9 July 2019 and on 30 October 2019 respectively. Both appointments have been confirmed by the extraordinary General Meeting of shareholders held on 12 December 2019.

Appointment & removal
Supervisory Directors are appointed by the General Meeting upon a nomination of the Supervisory Board in accordance with the articles of association. The Supervisory Board shall make one or more nominations in case a Supervisory Director is to be appointed. The nomination must be included in the notice of the General Meeting at which the appointment will be considered. If no nomination has been made, this must be stated in the notice. In the event that the Supervisory Board has made a nomination, the resolution of the General Meeting to appoint such nominee shall be adopted by an absolute majority of the votes cast. A resolution of the General Meeting to appoint a Supervisory Director other than in accordance with a nomination of the Supervisory Board, but in accordance with the agenda for such General Meeting, shall require an absolute majority of the votes cast representing more than one-third of the Company's issued share capital. If a proposal to appoint a person not nominated by the Supervisory Board is supported by an absolute majority of the votes cast, but this majority does not represent at least one-third of the Company's issued capital, a new meeting can be convened in which the resolution can be adopted by an absolute majority of the votes cast, irrespective of the part of the Company's issued capital represented. The Supervisory Board shall appoint one of its members as chairman and may appoint one of its members as vice-chairman.

Any nomination by the Supervisory Board must be drawn up with due observance of the profile (profielschets) for the size and the composition of the Supervisory Board as stipulated in the Supervisory Board by-laws and with regard to the Diversity Policy. The profile sets out the scope and composition of the Supervisory Board, taking into account the nature of the business, its activities, and the desired expertise and the background of the Supervisory Directors and is reflecting the detailed competence and diversity requirements of the Code. Both, the Supervisory Board by-laws and the Diversity Policy are made publicly available on the Company's website.

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 Supervisory Board can designate a temporary (stand-in) member to occupy a vacant position within the Supervisory Board in accordance with Article 25.1 of the articles of association of the Company. This interim appointment has to be formalized by the next General Meeting of shareholders.

The General Meeting of shareholders may at any time, at the proposal of the Supervisory Board, suspend or remove a Supervisory Director with a resolution adopted by an absolute majority of votes cast. Should the General Shareholders' Meeting wish to suspend or remove a Supervisory Director other than in accordance with a proposal of the Supervisory Board, such suspension or dismissal needs to be adopted by two thirds of the votes cast, representing more than half of the Company's issued capital. 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 on termination of the suspension or on removal, the suspension ends.

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)	First appointment	Last re-appointment	Date of possible re-appointment
Safrai (1958)	2019	-	2023
Sehnaoui (1978)	2018	-	2022
Metre (1973)	2019	-	2023
Rios (1972)	2019	-	2023
Malak (1976)	2019	-	2023

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. A Supervisory Director 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.

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.

Diversity

The Supervisory Directors 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 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 2019, 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 regard 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.

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 & Organization Committee and a Selection & Appointment 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, shall be independent Supervisory Board members.

Following the changes in the composition of the Supervisory Board during 2019, no committees are set up at the end of the financial year 2019. The duties of the Audit & Corporate Governance Committee, the Remuneration & Organization Committee and the Selection & Appointment Committee as described in the terms of reference for each committee are discharged by the Supervisory Board as a whole. The best practice provisions applicable to these committees apply to the entire Supervisory Board.

Meetings & decision-making

The Supervisory Board shall meet as often as deemed necessary for the proper functioning of the Supervisory Board, with a minimum of four meetings per year. The Supervisory Board shall meet earlier than scheduled if this is deemed necessary by the chairman, by two other Supervisory Directors, or by the Management Board. 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. 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.
At a meeting, the Supervisory Board may only pass valid resolutions if at least half of the Supervisory Directors are present or represented. The Supervisory Board may also adopt resolutions in writing, provided the proposal concerned is submitted to all Supervisory Directors then in office and none of them objects to this form of adoption. If no unanimity can be reached and no larger majority is stipulated by Dutch law or pursuant to the articles of association or the Supervisory Board By-Laws, the Supervisory Board may adopt resolutions with an absolute majority of the votes cast. If there is a tie of votes, the chairman of the Supervisory Board shall have a casting vote if more than two Supervisory Directors are present or represented.

In 2019 the Supervisory Board held four meetings in person and one meeting by conference call. The non-physical meeting was held to discuss the annual report and agenda of the annual General Meeting of shareholders as well as recent developments within the Company. 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 100%, and thus 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.

Conflict of interest

Similar to the rules that apply to the Managing Directors described above, a Supervisory Director of the Company may not participate in the decision-making on resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal conflict of interest. This also applies to the Company. A Supervisory Director who thinks that he or she has or might have a conflict of interest in respect of a proposed resolution of the Supervisory Board, shall notify the chairman of the Supervisory Board. The chairman of the Supervisory Board will inform the vice-chairman of the Supervisory Board of any conflict of interest or potential conflict of interest that he or she has or might have as soon as possible. The Supervisory Board shall decide, outside the presence of the Supervisory Director concerned, whether a conflict of interest exists. If all Supervisory Directors have a conflict of interest in respect of a proposed resolution of the Supervisory Board, then the Supervisory Board shall decide on the relevant resolution on the basis of section 2:140 paragraph 5, last sentence, of the Dutch Civil Code, meaning that the resolution will be decided on by the General Meeting. All transactions in which there are conflicts of interest with Supervisory Directors shall be agreed on terms that are customary for arm's-length transactions in the branch of business in which Fyber operates. Decisions to enter into transactions in which there are conflicts of interest with Supervisory Directors that are of material significance to the Company and/or to the relevant Supervisory Directors require the approval of the Supervisory Board.

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 2019 no conflicts of interest were reported. There were furthermore no transactions in 2019 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. There is no family relationship between any Supervisory Director and any Managing Director.
The best practice provisions 2.7.3 to 2.7.5 of the Dutch Corporate Governance Code have been complied with.

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 spent 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. Any shares in the Company held by Supervisory Board members shall be long-term investments.

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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 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. Neither does one of the Supervisory Directors hold any shares of the Company.

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 committee 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 2019, 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 significant 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.

Independence of Supervisory Board members

Mr Yair Safrai cannot be considered independent within the meaning of Best Practice provision 2.1.8 par iii. of the Code as Mr Safrai has had a consulting relationship with an affiliated company in the year prior to the appointment.

Mr Karim Sehnaoui entered into an employment relationship with a shareholder, whose holdings in the Company exceed ten percent of shares until 6 May 2019. Consequently, Mr Sehnaoui cannot be considered independent within the meaning of best practice provision 2.1.8 par vii. of the Code.

Mr Arjun Metre and Mr Tarek Malak cannot be considered independent within the meaning of Best Practice provision 2.1.8 par vii. of the Code as both are representatives of a shareholder holding more than ten percent of the shares in the Company.

Best practice provision 2.1.7 par i. of the Code is complied with, as any of the criteria referred to in best practice provision 2.1.8 par i. To v. inclusive are applicable to not more than one member of the Supervisory Board.

The Supervisory Board does not meet the independence requirements of best practice provision 2.1.7 par ii. and iii. of the Code, as:

- More than half of the total number of Supervisory Board members cannot be considered to be independent in accordance with the meaning of best practice provision 2.1.8 of the Code during 2019;

- More than one representative of the shareholders that hold more than 10 % of the shares in the capital of the Company is a member of the Supervisory Board.

Thus, as of the end of 2019 four out of five members of the Supervisory Board cannot be considered independent within the meaning of the best practice provision 2.1.8 of the Code. We nevertheless trust that the Supervisory Board members operate independently and critically vis-à-vis one another, the management board and any particular interests involved. In order to safeguard the proper functioning and the requisite degree of unbiased judgment by its members notwithstanding the current status regarding compliance with best practice provision 2.1.7, 2.1.8 and 2.1.9 of the Code, the set decision making and voting procedures are of utmost importance to the management bodies of Fyber. Reference is made to the sections 'Meetings & Decision-making' and 'Conflict of interest' in this Report of the Supervisory Board.

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 AGM held on 12 June 2019 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.

Independent External Auditor

Appointment

Based upon recommendation by the Audit & Corporate Governance Committee (if any) and the Management Board, the Supervisory Board nominates an independent external auditor for appointment by the Annual General Meeting of shareholders.

KPMG Accountants N.V., Laan van Langerhuize 1, 1186 DS Amstelveen, the Netherlands ("KPMG") has been appointed as the external auditor of the Company for the financial year ending on 31 December 2019 and 31 December 2020 by the AGM on 12 June 2019.

Role & procedure

KPMG is responsible for providing an opinion whether the annual financial statements 2019 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, KPMG 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 KPMG 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 Chairman of the Supervisory Board or the Audit & Corporate Governance Committee (if in place) 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, Germany and Israel. 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 operations of Fyber and taking into account its risk profile the Supervisory Board advised the Management Board that it does not yet deem it necessary to create an internal audit function.

Compliance with the Dutch Corporate Governance Code

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

- **Best practice provision 2.1.7** (Independence of the Supervisory Board) Fyber does not comply with best practice provision 2.1.7 as the criteria ii. and iii. for the composition of the Supervisory Board in order to safeguard its independence are not met. For further description please refer to 'Independence of Supervisory Board members' above.

- **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 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.

- **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, we have been advised 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.

- **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 2018 annual General Meeting of shareholders (best practice provisions 4.1.3 pat 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 of the Report of the Management Board;

- The information regarding the operating of the General Meeting of shareholders and the authority and rights of the shareholders and holders of certificates of shares and how they can be exercised, can be found within the relevant sections 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'.

Consolidated Financial Statements 2019

Consolidated Income Statement

	Notes	Year ended 31 December 2019	2018
		in € thousands	
Revenue	6	**118,973**	**128,544**
Cost of sales	8, 9	(99,520)	(105,572)
Gross profit		**19,453**	**22,972**
Other operating income	7	1,348	-
Research and development expenses	8, 10	(12,775)	(13,962)
Sales and marketing expenses	8, 11	(15,910)	(20,196)
General and administrative expenses	8, 12	(8,774)	(10,398)
Other operating expenses	13	(3,843)	-
Earnings before interest and tax (EBIT)		**(20,501)**	**(21,584)**
Finance income		72	3
Finance costs		(28,800)	(14,069)
Net finance costs	14	**(28,728)**	**(14,066)**
Profit (loss) before tax		**(49,229)**	**(35,650)**
Income tax gain (expense)	15	460	230
Profit (loss) for the year after tax		**(48,769)**	**(35,420)**
Profit (loss) attributable to			
Shareholders of Fyber N.V.		(48,769)	(35,420)
Non-controlling interest			-
Earnings per share			
Basic profit (loss) per share (€)	17	(0.18)	(0.31)
Diluted profit (loss) per share (€)	17	(0.18)	(0.31)

The notes on pages 91 to 145 are an integral part of these consolidated financial statements.

Consolidated Statement of other Comprehensive Income

	Notes	Year ended 31 December 2019	2018
		in € thousands	
Profit (loss) for the year after tax		(48,769)	(35,420)
To be reclassified to profit and loss in subsequent periods			
Exchange differences on currency translation	28.6	1,992	5,915
Income tax effect	15	-	-
Other comprehensive income (loss) for the year, net of tax		1,992	5,915
Total comprehensive income (loss) for the year		**(46,777)**	**(29,505)**
Comprehensive income (loss) attributable to			
Shareholders of Fyber N.V.		**(46,777)**	**(29,505)**
Non-controlling interest		**-**	**-**

The notes on pages 91 to 145 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Notes	2019	2018
		Year ended 31 December	
		in € thousands	
Non-current assets			
Goodwill	18	134,932	133,321
Other intangible assets	19	13,402	22,318
Intangible assets		**148,334**	**155,639**
Property and equipment	20	8,519	1,172
Non-current financial assets	21	4,272	765
Deferred tax assets	26	-	-
Total non-current assets		**161,125**	**157,576**
Current assets			
Inventories	22	82	103
Trade and other receivables	23	29,531	32,207
Other current financial assets	24	3,898	6,475
Prepayments	25	1,430	1,030
Cash and cash equivalents	27	12,876	12,276
Total current assets		**47,817**	**52,091**
Total assets		**208,942**	**209,667**

The notes on pages 91 to 145 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Notes	2019	2018
		Year ended 31 December	
		in € thousands	
Equity (deficit)			
Issued capital	28.1	36,187	11,453
Share premium	28.1	250,389	184,812
Treasury shares	28.2	(4,745)	(4,745)
Other capital reserves	28.3	30,489	25,313
Legal reserve capitalized self-developed intangible assets	28.4	7,980	7,272
Retained earnings	28.5	(286,969)	(237,416)
Foreign currency translation reserve	28.6	(255)	(2,247)
Equity (deficit) attributable to shareholders of the Company		**33,076**	**(15,558)**
Non-controlling interests		-	-
Total equity (deficit)		**33,076**	**(15,558)**
Non-current liabilities			
Employee benefits	29	238	217
Loans and borrowings	30	102,725	154,146
Deferred tax liabilities	26	-	964
Other non-current liabilities	31	12,536	3,709
Total non-current liabilities		**115,499**	**159,036**
Current liabilities			
Trade and other payables	32	36,701	38,418
Employee benefits	29	5,517	8,039
Loans and borrowings	33	17,950	18,824
Current tax liabilities		199	908
Total current liabilities		**60,367**	**66,189**
Total liabilities		**175,866**	**225,225**
Total equity (deficit) and liabilities		**208,942**	**209,667**

The notes on pages 91 to 145 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Notes	Year ended 31 December 2019	2018
		in € thousands	
Loss for the year after tax		**(48,769)**	**(35,420)**
Income tax gain (expense)		(460)	(230)
Depreciation, amortization and impairment		17,274	12,540
Net finance costs	14	28,728	13,684
Profit from sale of the right-of-use asset through sublease	3.11.1.5	(1,348)	-
Share based payments		929	1,602
Changes in provisions, employee benefit obligations		(2,501)	(5,636)
Changes in working capital		1,340	3,183
Cash generated from operations [1]		**(4,807)**	**(10,277)**
Interest paid		(3,215)	(6,228)
Income tax paid		(1,213)	(395)
Income tax received		-	195
Net cash flow from operating activities		**(9,235)**	**(16,705)**
Purchases of property and equipment	20	(806)	(682)
Purchases of and development expenditures for intangible assets	19	(4,576)	(3,778)
Net proceeds (payments) from investments and financial assets		(123)	345
Net cash flow from investing activities		**(5,505)**	**(4,115)**
Proceeds from non-current loans and borrowings	30	18,000	12,000
Proceeds (repayment) from current loans and borrowings		(1,217)	3,179
Payment of lease liabilities		(1,887)	-
Net cash flow from financing activities		**14,896**	**15,179**
Net changes in cash and cash equivalents		**156**	**(5,641)**
Cash and cash equivalents		**12,276**	**17,595**
Net foreign exchange difference		444	322
Net changes in cash and cash equivalents		156	(5,641)
Cash and cash equivalents at end of period		**12,876**	**12,276**

The notes on pages 91 to 145 are an integral part of these consolidated financial statements.
[1] Lease payments for short-term leases, lease payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability are classified as cash flows from operating activities.

Consolidated Statement of Change in Equity

in € thousands	Notes	Issued capital	Share premium	Treasury shares	Other capital reserves	Legal reserve	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interest	Total equity (deficit)
31 Dec 2018		**11,453**	**184,812**	**(4,745)**	**25,313**	**7,272**	**(237,416)**	**(2,247)**	**(15,558)**	**-**	**(15,558)**
Effect of adopting new accounting standards, net of tax	3.11.1.4		-	-	-	-	(76)	-	(76)	-	(76)
01 Jan 2019		**11,453**	**184,812**	**(4,745)**	**25,313**	**7,272**	**(237,492)**	**(2,247)**	**(15,634)**	**-**	**(15,634)**
Loss for the year after tax		-	-	-	-	708	(49,477)	-	(48,769)	-	(48,769)
Other comprehensive income (loss) for the period, net of tax		-	-	-	-	-	-	1,992	1,992	-	1,992
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**-**	**708**	**(49,477)**	**1,992**	**(46,777)**	**-**	**(46,777)**
Share-based payments	28.3	-	-	-	929	-	-	-	929	-	929
Issue of shares upon conversion of convertible bonds	5	24,734	66,428	-	-	-	-	-	91,162	-	91,162
Transaction costs with respect to bond conversion	5	-	(851)	-	-	-	-	-	(851)	-	(851)
Equity component of the convertible bond, net of tax		-	-	-	4,247	-	-	-	4,247	-	4,247
Transactions with shareholders		**24,734**	**66,577**	**-**	**5,176**	**-**	**-**	**-**	**95,487**	**-**	**95,487**
31 Dec 2019		36,187	250,389	(4,745)	30,489	7,980	(286,969)	(255)	33,076	-	33,076

The notes on pages 91 to 145 are an integral part of these consolidated financial statements.

Consolidated Statement of Change in Equity

in € thousands	Notes	Issued capital	Share premium	Treasury shares	Other capital reserves	Legal reserve	Accumu-lated deficit	Foreign currency translation reserve	Total	Non-controlling interest	Total equity (deficit)
01 Jan 2018		**11,453**	**184,812**	**(4,745)**	**23,711**	**6,225**	**(200,949)**	**(8,162)**	**12,345**	**-**	**12,345**
Loss for the year after tax		-	-	-	-	1,047	(36,467)	-	(35,420)	-	(35,420)
Other comprehensive income (loss) for the period, net of tax		-	-	-	-	-	-	5,915	5,915	-	5,915
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**-**	**1,047**	**(36,467)**	**5,915**	**(29,505)**	**-**	**(29,505)**
Share-based payments		-	-	-	1,602	-	-	-	1,602	-	1,602
Issue of shares upon conversion of convertible bonds		-	-	-				-		-	-
Transaction costs with respect to bond conversion		-	-	-	-	-	-	-	-	-	-
Transactions with shareholders		**-**	**-**	**-**	**1,602**	**-**	**-**	**-**	**1,602**	**-**	**1,602**
31 Dec 2018		11,453	184,812	(4,745)	25,313	7,272	(237,416)	(2,247)	(15,558)	-	(15,558)

The notes on pages 91 to 145 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL

1.1 Reporting entity and relationship with parent company

Fyber N.V. (hereinafter referred to as "Company" or together with its subsidiaries as "Fyber" or "Group") is a company with limited liability (naamloze vennootschap) incorporated under the laws of the Netherlands. The Company is a global provider for advertising technology.

The Company is incorporated in Amsterdam, The Netherlands and is registered with the Dutch Chamber of Commerce under the number 54747805. The Company's head-office is located at Wallstraße 9-13, 10179 Berlin, Germany. The Company's shares are traded on the Prime Standard of the Frankfurt Stock Exchange under the symbol 'FBEN'.

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

Fyber has offices in Berlin, Tel Aviv, San Francisco, New York, London, Beijing and Seoul and employs more than 250 people.

1.2 Financial reporting period

These financial statements cover the year 2019, which ended at the balance sheet date of 31 December 2019.

1.3 Going concern

As a result of losses in prior years, the Group showed a total equity deficit of €15,558 thousand as of 31 December 2018. Following a voluntary early conversion of €74,200 thousand of convertible bonds into newly issued shares amounting to €49,771 thousand in 2019 the equity of the company amounts to €32,582 thousand as of 31 December 2019. In October 2019, the bondholders agreed to extend the maturity of the remaining €75,700 convertible bond including interest to July 2022.

On 31 December 2019, the Group reported €12,831 thousand in cash and cash equivalents.

The group has a shareholders loan amounting to EUR 30 million as per 31 December 2019. In September 2019, the Group achieved to delay the payment obligation of €15,000 thousand of shareholder loans with Tennor Holding B.V. to June 2021 as such as per year end EUR 15 million is due as per June 2021 and EUR 15 million as per June 2022. As per 31 December 2019, certain covenants were breached. Subsequently to year end the Shareholder provided the Group with a waiver for these covenant breaches until 30 April 2020.

Furthermore, we note that the Group has revolving credit facilities from banks of USD 15 million and EUR 7.5 million (of which approximately EUR 4.58 million has been drawn) respectively on 31 December 2019. As per 31 December 2019, certain covenants were breached on the USD 15 million credit facility by the Group. Subsequent to year end on 2 February 2020, the Group received a waiver up to and including 31 December 2019. The EUR 7.5 million credit facility does not have covenants nor events of default. Both revolving credit facilities are due in December 2020 and considered current financing. Based on the current cash flow projections and liquidity analysis the Group is not able to repay these credit facilities in December 2020 if needed. Therefore, the Group depends on the willingness of the banks and shareholder to prolong its financing.

Since January 2020, the Coronavirus outbreak has dramatically expanded into a worldwide pandemic creating macro-economic uncertainty and disruption in the business and financial markets. Many countries around the world, including the countries the company is operating in, have been taking measures designated to limit the continued spread of the Coronavirus, including the closure of workplaces, restricting travel, prohibiting assembling, closing international borders and quarantining populated areas. Such measures present concerns that may dramatically affect the Company's ability to conduct its business effectively, including, but not limited to, adverse effect relating to employees' welfare, slowdown of commerce travel and other activities which are essential and critical for maintaining on-going business activities.

Given the uncertainty around the extent and timing of the future spread or mitigation of COVID-19 and around the imposition or relaxation of protective measures, the Company cannot reasonably estimate the impact to its future results of operations, cash flows or financial condition; infections may become more widespread and the limitation on the ability to work, travel, as well as any closures or supply disruptions, may be extended for longer periods of time and to other locations, all of which would have a negative impact on the Company's business, financial condition and operating results. In addition, the unknown scale and duration of these developments have macro and micro negative effects on the financial markets and global economy which could result in an economic downturn that could affect demand for the Company's products and have an adverse effect on its operations and financial results, earnings, cash flow and financial condition.

Consequently, the uncertainties of COVID-19 could further negatively impact the willingness of the bank to prolong its financing.

These events and conditions relating to the company's financing position indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

However, Management is still positive that it will be able to prolong the credit facilities before repayment in December 2020.

The measures taken by management of the Group included the successful bond conversion during financial year 2019, the delay of repayment of the EUR 15 million shareholder loan to June 2021, cost cutting measures in April 2020, extension on the breached covenants and the expectation that the banks are willing to renew the credit facilities due in December 2020.

In February 2020, the Group already received additional funding amounting to €5 million (of which €2 million was drawn in February 2020) by Tennor Holding B.V. which added to the €30 million of the existing credit facility from the same source. Please refer to notes 30 and 45.2 for further details.

Based on the above, our current knowledge and taking into account the currently available information and uncertain future developments of COVID-19, management has reasonable expectation that Fyber will be able to prolong its financing and therefore has adequate financial resources to continue as a going concern.

Based on the above these financial statements have been prepared on the basis of the going concern assumption.

2 BASIS OF PREPARATION

2.1. Statement of compliance

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 1.3 for further details.

The consolidated financial statements of the Group have been authorized for issue by the Supervisory Board as of 29 April 2020.

2.2. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, share based payments, that have been measured at fair value. Please refer to note 28.3 for further details.

2.3. Functional and presentation currency

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 Group's financial year corresponds to the calendar year. Tables that are labeled '2019' or '2018' comprise information about the full year 2019 and 2018 respectively.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1. Basis of consolidation

The consolidated financial statements comprise the financial statements of Fyber N.V. and its subsidiaries as at 31 December 2019. 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 2019, 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 2019.

3.1.1 Business combinations and goodwill

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

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.

3.1.2 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.

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	
per €	31 Dec 2019	31 Dec 2018
US Dollar	1.12	1.14

3.1.3 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.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation

of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

3.2. Recognition of income and expenses

Revenue from contracts with customers is recognized when control of services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. 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. 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.

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 2019 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. Gains and losses from foreign currency transactions and revaluations are presented together in net finance costs.

3.3. Personnel costs

3.3.1. 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.

3.3.2. 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 amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met. 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.

3.3.3. 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.

3.4. 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.

3.4.1. 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.

Current tax assets and liabilities are offset only if certain criteria are met.

3.4.2. Deferred income tax

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 is not recognized for: – temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; – temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and – taxable temporary differences arising on the initial recognition of goodwill.

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.

3.5. Intangible assets

Other intangible assets, including customer relationships and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. 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. Please refer to note 3.7. for further details

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.

3.6. Property and equipment

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

	Useful life in years	Depreciation method used
Leaseholds improvements	2 - 3	Straight line
Other operational and office equipment	3 - 13	Straight line
Right of use assets (leases)	3-10	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.

3.6.1. Leases

The Group has adopted IFRS 16 Leases from 1 January 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group as a lessee, has recognized right-of use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Please refer to not 3.13. for further details.

3.7. Impairment of non-financial assets

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. Goodwill is tested annually for impairment.

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. Please refer to note 17 for further details about estimates and assumptions applied.

3.8. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out principle.

3.9. Financial instruments

3.9.1. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price. ii. Classification and subsequent measurement Financial assets On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

3.9.2. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: – it is held within a business model whose objective is to hold assets to collect contractual cash flows; and – its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: – it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and – its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

Notes to the Consolidated Financial Statements for the year ended 31 December 2019

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model);
- how those risks are managed; – how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL- These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost- These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI- These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI- These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

3.9.3. Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred, or liabilities assumed) is recognized in profit or loss.

3.9.4. Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in euro that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured. Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

3.10. 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.

3.11. Changes in accounting policies and disclosures

The Group applied IFRS 16 and for the first time in 2019. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

3.11.1. IFRS 16 Leases

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

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

3.11.1.1. Definition of a lease

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2019

	2019	
in € thousands	31 Dec	1 Jan
Property and equipment	6,992	4,515

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

3.11.1.2. Recognition of a lease

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

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

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

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

3.11.1.3. Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.11.1.4. Transition

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

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

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

Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term remaining after 1 January 2019.

Used hindsight when determining the lease term of the contract contains options to. extend or terminate the lease

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

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

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

3.11.1.5. Berlin office

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract. The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (please refer to note 3.9.3). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight line basis over the lease term as part of 'other revenue'. Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification

In 2016, the Group entered into a 10-years lease of an office with ca. 6,600 sqm spread around two floors in Berlin starting in February 2019. Only half of the space is fit-out and ready to be used. Fyber is using around 2,200 sqm for its own operations and started to sublease another 1,300 sqm in August 2019 for the remaining term of the lease. A sublease is considered a sale of the right of use asset. Since the rent for offices has increased significantly from 2016 to 2019, this sublease generated an one-time income of €1,348 thousand recognized in other operating income (see note 7.), calculated as the surplus from the present value of the sublease payments to be received and the right of use asset that is valued as the present value of the lease payments for the respective office part to be made to the owner of the building less any accumulated depreciation.

At the same time, the Group recognized an impairment of € 1,112 thousand with respect to the right of use asset relating to the undeveloped space of 3,100 sqm in the second floor. As a fit-out would have required considerable time and funds, management decided finally to return the area to the landlord at the end of the 2019.

3.11.1.6. Balance sheet effect

in € thousands	Office leases
Balance at 1 January	4,515
Additions to right-of-use assets	13,145
Remeasurement of right-of-use asset due to contract modification	22
Sale of the right-of-use asset through sub lease	(2,570)
Impairment of the right-of-use asset	(1,112)
Depreciation of the right-of-use assets	(2,110)
Disposal of right-of-use asset due to return of office space	(5,117)
Currency effect	219
Right-of-use asset as of 31 Dec 2019	6,992
Net investment in sub leases as of 31 Dec 2019	3,783

Notes to the Consolidated Financial Statements for the year ended 31 December 2019

3.11.1.7. Amounts recognized in profit or loss

in € thousands	Office leases
Depreciation charges	2,110
Interest income on net investment in sub leases	37
Interest expenses on lease liabilities	458
Income from sub-leasing right-of-use assets presented in 'other operating income'	(1,348)
Impairment of the right-of-use asset	1,112

3.11.1.8. Amounts recognized in statement of cash flows

in € thousands	2019
Total cash outflow for leases	1,887

3.11.2. Presentation of revenue, cost of sales, gross profit and finance costs

Starting from the full year 2019, the Group changed the reporting structure for the revenue, cost of sales and gross profit in order to be in line with accounting standards IAS 1.82 and IFRS 15, as follows:

Gross revenue changed into revenue. Revenue share to third parties and Other cost of revenue will no longer be presented and instead, both will be presented under Cost of sales. Net finance costs will be presented as a result of two items called: Finance income and Finance costs.

The following tables present the changes made:

Before:

in € thousands	2019	2018
Gross revenue	**118,973**	**128,544**
Revenue share to third parties	(78,711)	(82,458)

Net revenue	40,262	46,086
Other cost of revenue	(20,809)	(23,114)
Gross profit	19,453	22,972
Net finance costs	**(28,728)**	**(14,066)**

After:

in € thousands	2019	2018
Revenue	118,973	128,544
Cost of sales	(99,520)	(105,572)
Gross profit	19,453	22,972
Finance income	72	3
Finance costs	(28,800)	(14,069)
Net finance costs	**(28,728)**	**(14,066)**

3.12. 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 and are explained in the respective notes to which they relate to.

3.12.1. 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.

3.12.2. Revenue recognition

Revenue recognition model includes five steps for analyzing transactions so as to determine when to recognize revenue and at what amount. Furthermore, IFRS 15 provides new and more extensive disclosure requirements than those that exist under current guidance. The standard introduces a new five-step model for recognizing revenue from contracts with customers: (1) Identifying the contract with customer. (2) Identifying distinct performance obligations in the contract. (3) Determining the transaction price. (4) Allocating the transaction price to distinct performance obligations. (5) Recognizing revenue when the performance obligations are satisfied. The Group earns its revenue from providing user acquisition services by using technological tools and developments. The Company's business is based on optimizing real time trading of digital advertising between buyers and sellers. The revenue is comprised of different pricing schemes such as Cost per Mil Impression (CPM), performance-based metrics that include Cost per Click (CPC) and Cost per Action (CPA) options. Revenue from advertising services is recognized by multiplying an agreed amount per Mil Impression/click/ action with the volumes of these units delivered. The Group acts as the principle in these arrangements and reports revenue earned and costs incurred on a gross basis.

3.12.3. 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. Please refer to note 18 for further details about estimates and assumptions applied.

3.12.4. 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.

Please refer to the notes 15 and 26 for further details about estimates and assumptions applied.

3.12.5. Impairment of goodwill

The Group tests annually if goodwill has suffered any impairment in accordance with the accounting policies. Please refer to note 18 for detailed information on estimates and key assumptions used to determine the necessity of an impairment, including a sensitivity analysis.

3.12.6. Measurement of receivables and necessary impairments

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. And event of default is generally considered when a financial asset is 90 days overdue The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults by debtors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 3.9 and note 23.

3.12.7. 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.

Please refer to the note 5 and 30 for further details about estimates and assumptions applied.

3.13. Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020and earlier adoption is permitted; however, the Group has not early adopted new or amended standards in preparing these consolidated financial statements.

- Definition of Material (Amendments to IAS 1 and IAS 8)

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency. The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.
The amendments to the definition of Material is not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

The revised Conceptual Framework is not expected to have a significant impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements for the year ended 31 December 2019

- Definition of a Business (Amendments to IFRS 3)

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

The amendments to the definition of Business is not expected to have a significant impact on the Group's consolidated financial statements.

- IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2022. For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The new standard is not expected to have a significant impact on the Group's consolidated financial statements.

4 COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT

The scope of consolidation, including Fyber N.V. as parent Company, comprises fourteen 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
Fyber Monetization Ltd.	Israel	100.00
Fyber Digital UK Ltd.	UK	100.00
Inneractive USA Inc.	USA	100.00
RNTS Germany Holding GmbH	Germany	100.00
RNTS Media Deutschland GmbH	Germany	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.

5 RESTRUCTURING OF CONVERTIBLE BOND AND NET DEBT

By disclosure of inside information (ad hoc announcement) pursuant to Art. 17 MAR on 25 April 2019, the Management Board disclosed the results of the voluntary exchange offer regarding the EUR 149,900,000 outstanding convertible bonds. The offer was made to bondholders to tender any or all of such convertible bonds in exchange for up to 499,666,667 newly to be issued shares in the capital of Fyber N.V. The offer period started on 14 March 2019 and closed on 24 April 2019.

During the offer period, 742 convertible bonds were tendered. Bondholders were offered to tender any or all of their convertible bonds for exchange by Fyber N.V. at an exchange price of EUR 0.30 per share, resulting in 333,333 shares per convertible bond. Therefore, the 742 bonds which are tendered represent 247,333,086 shares, which were issued on 6 May 2018 and are subject to the Prospectus as of 18 December 2019.

Further, the bondholders agreed on 8 October 2019 to a restructuring of the remaining bonds. The maturity date was extended from 27 July 2020 to 27 July 2022 and in return, the exchange price was reduced from €3.00 to €0.30 per share.

The development of the convertible bonds in 2019 can be found in the table below:

	01 Jan 19	2019	06 May 19	08 Oct 19	31 Dec 19
in pcs		Accruing of Interest	Conversion	Restructuring	
Convertible bonds	**1,499**	**-**	**(742)**	**-**	**757**
Issued shares	114,533,333	-	247,333,086	-	361,866,419
Treasury shares	(1,966,667)	-	-	-	(1,966,667)
Outstanding shares	**112,566,666**	**-**	**247,333,086**	**-**	**359,899,752**

in € thousands					
Convertible bonds nominal amount	149,900	-	(74,200)	-	75,700
Convertible bonds carried in loans and borrowings including interest accrued	141,587	7,677	(72,036)	(6,739)	70,489
Issued capital	11,453	-	24,734	-	36,187
Equity component of the convertible bonds	15,216	-	4,247	-	19,464
Share premium	184,812	-	65,577	-	250,389
Transactions costs	-	-	851	26	877
Finance income	-	-	-	6,713	6,713
Finance expenses	-	(7,677)	(23,373)	-	(31,050)

The finance expenses upon conversion amounting to € 23,373 thousands was recognized based on the fair value of the additional shares that have been issued due to the decreased exercise price of € 0.30 in order to induce bondholders to convert. A similar loss is not expected to be recorded in case that the remaining are converted to the terms and conditions as amended in October 2019.

The finance income on the restructuring amount to € 6,713 was determined using the modification accounting on which the effect on the fair value of the convertible bond was determined as the difference of the present value of cash flows before and after the restructuring by applying the original effective interest rate.

In 2019, net debt developed as follows:

in € thousands	31 Dec 2019	31 Dec 2018
Non-current loans and borrowings	102,725	154,146
Current loans and borrowings	17,950	18,824
Cash and cash equivalents	(12,876)	(12,276)
Net debt (cash)	**107,799**	**160,694**

6 REVENUE

Revenue model recognition includes five steps for analyzing transactions so as to determine when to recognize revenue and at what amount. Furthermore, IFRS 15 provides new and more extensive disclosure requirements than those that exist under current guidance. The standard introduces a new five-step model for recognizing revenue from contracts with customers: (1) Identifying the contract with customer. (2) Identifying distinct performance obligations in the contract. (3) Determining the transaction price. (4) Allocating the transaction price to distinct performance obligations. (5) Recognizing revenue when the performance obligations are satisfied.

The Group earns its revenue from providing user acquisition services by using technological tools and developments. The Company's business is based on optimizing real time trading of digital advertising between buyers and sellers. The revenue is comprised of different pricing schemes such as Cost per Mil Impression (CPM), performance-based metrics that include Cost per Click (CPC) and Cost per Action (CPA) options. Revenue from advertising services is recognized by multiplying an agreed amount per Mil Impression/click/ action with the volumes of these units delivered. The Group acts as the principle in these arrangements and reports revenue earned and costs incurred on a gross basis. Please refer to notes 3.2 and 35 for further details.

7 OTHER OPERATING INCOME

In 2019, the Group realized other operating income of €1,348 thousand (2018: 0 thousand) from the sublease if parts of its office in Berlin (see note 3.11.1.5 for further details).

8 EXPENSES BY NATURE

in € thousands	31 Dec 2019	31 Dec 2018
Revenue share to third parties	78,711	82,458
Personnel costs and related costs		
Fixed salaries	15,287	18,485
Variable salaries (bonus)	2,561	3,341
Stock based plan	932	1,613
Social security contribution	1,906	2,338
Other benefits	4,189	4,580
Total of personnel costs and related costs	**24,875**	**30,357**
Platform hosting costs and related costs	9,525	10,870
Depreciation and amortization	13,432	12,751
Professional services, consulting, and licenses	5,786	8,040
Rent & utilities	2,413	2,480
Marketing expenses	1,498	2,381
Other	739	791
Total cost of sales, selling and distribution, administrative and research and development expenses	**136,979**	**150,128**

9 COST OF SALES

The Company's cost of sales consists primarily 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 sales 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 sales 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	2019	2018
Revenue share to third parties	78,711	82,458
Platform hosting costs and related costs	9,525	10,870
Depreciation and amortization	11,043	11,893
Personnel costs and related costs	241	351
Total cost of sales	**99,520**	**105,572**

10 RESEARCH AND DEVELOPMENT EXPENSES

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	2019	2018
Personnel costs and related costs	8,052	8,897
Professional services, consulting, and licenses	2,725	3,858
Rent and utilities	780	858
Depreciation and amortization	972	303
Other	246	46
Total research and development	**12,775**	**13,962**

11 SALES AND MARKETING EXPENSES

Sales and marketing expense consist 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	2019	2018
Personnel and related costs	11,662	15,038
Professional services, consulting, and licenses	1,027	1,348
Marketing expenses	1,401	2,170
Rent and utilities	885	1,067
Depreciation and amortization	793	347
Other	142	226
Total sales and marketing expenses	**15,910**	**20,196**

12 GENERAL AND ADMINISTRATIVE EXPENSES

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	2019	2018
Personnel and related costs	4,920	6,071
Professional services, consulting, and licenses	2,034	2,834
Rent and utilities	748	555
Investors relations	97	211
Depreciation and amortization	624	208
Other	351	519
Total general and administrative expenses	**8,774**	**10,398**

13 OTHER OPERATING EXPENSES

Other operating expenses amounting to €3,843 thousand (2018: €0 thousands) related to impairments of self-developed software (€1,712 thousand), technology and customer contracts acquired through business combinations (€1,019 thousand) and right-of-use asset (€1,112 thousand). Please refer to notes 3.7, 19 and 3.11.1.5, respectively, for further details.

14 NET FINANCE COSTS

The major components of net finance costs are as follows:

in € thousands	2019	2018
Other interest income	(72)	(3)
Finance income	**(72)**	**(3)**
Interest expense from Convertible Bonds	7,677	10,620
Loss on convertible loan conversion	23,373	-
Loss (gain) on convertible loan restructuring	(6,713)	516
Interest on shareholder loans	1,678	575
Bank interest and bank fees	1,889	1,822
Interest on lease liabilities	458	-*
Other finance expenses, net	70	154
Currency effect, net	368	382
Finance costs	**28,800**	**14,069**
Net finance costs	**28,728**	**14,066**

* Note: The Group initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. See Note 3.11.1.4.

15 INCOME TAX EXPENSE

The major components of income tax expense are as follows:

in € thousands	2019	2018
Breakdown of income tax reported in profit or loss		
Current income tax charge	503	501
Deferred tax		
Relating to the origination and reversal of temporary differences	(963)	(731)
Income tax charged to profit or loss	**(460)**	**(230)**

Reconciliation of accounting loss to income tax expense / gain:

	2019	2018
Accounting loss before tax	(49,229)	(35,650)
Applicable tax rate	30.175%	30.175%
Income tax at applicable tax rate	(14,855)	(10,757)
Non-deductible expenses for tax purposes		
Interest barrier	6,425	1,549-
Stock option expenses	420	41
Convertible bonds	1,275	1,864
Self-developed assets	1,513	213
Amortization of intangible assets	2,108	1,722
Different tax regime	1,365	183
Used tax loss carryforward	(325)	(203)
Unrecognized deferred tax assets in fiscal year	1,891	5,325
Others	(277)	(167)
Income tax (gain) expense reported in the statement of comprehensive income	**(460)**	**(230)**

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:

	2019	2018
Changes in deferred tax assets recognized through P&L	(1,517)	(6,000)
Changes in deferred tax liabilities recognized through P&L	2,480	6,731
Income tax (gain) expense from the origination and reversal of temporary differences and tax loss carried forward	**963**	**731**

16 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.

17 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 2019	31 Dec 2018
Profit (loss) attributable to shareholders of Fyber N.V.	in € thousands	(48,769)	(35,420)
Weighted average shares outstanding, basic	in pcs. thousands	274,519	112,567
Weighted average shares outstanding, diluted	in pcs. thousands	276,244	112,583
Basic loss per share	in €	(0.18)	(0.31)
Diluted loss per share	in €	(0.18)	(0.31)

18 GOODWILL

In 2019, the goodwill recognized through various acquisitions in prior years, developed as follows:

in € thousands	31 Dec 2018	Currency effect	31 Dec 2019
Fyber FairBid	133,321	1,611	134,932

in € thousands	31 Dec 2017	Currency effect	31 Dec 2018
Fyber FairBid	128,140	5,181	133,321

The Group's goodwill resulted from the acquisition of the four platform businesses between 2014 and 2016. Goodwill is tested whenever a triggering event occurred but at least once per year. In 2019, the Company continued facing challenges in the rapidly developing advertising technology industry. Following a change in Apple's App Store policies banning app install ad campaigns within the Offer Wall, the most important non-programmatic ad format in Fyber's product suite, the Company was forced to make two adjustments to its previously communicated guidance, one in August 2019 and another in November 2019. Management reviewed the situation concluding that taking the circumstances as a whole, the decline in revenues were not considered a triggering event as the core programmatic business continued to grow as expected, broad sales initiatives started promising primarily with respect of stabilizing Offer Wall revenues as well as a high level of cost discipline mitigating the decline in revenue.

Further, the sensitivity of the Group's goodwill to an impairment loss had been decreased in prior years. In 2017 a significant impairment of €80 million was recognized and in 2018 goodwill was re-grouped to just one cash generating unit following a change in the management's approach with respect to the recognition of the Group's activities as one operating segment.

The yearly impairment test was made 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 possible 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 FairBid
CAGR on revenue during the detailed forecast period of 5 years	25.04%
CAGR on the free cash flow during the high-level forecast period for the next 6 years	17.19%
CAGR on the free cash flow beyond the forecasted period	1.00%
CAGR on total expenses during the detailed forecast period of 5 years	8.65%
Post-tax discount rate	9.41%

The business plan which is underlying the impairment test assumes, that this revenue development in the core business continues in 2019 and slowing down over the detailed planning period.

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

To address this challenge, the free cash flow is planned over a high-level period of 6 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 Eleven-year forecast period is more appropriate. This assessment is 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 shift of advertising budgets 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 unit exceed its carrying amounts including goodwill.

The calculation of the value in use is most sensitive to the growth rate of 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 FairBid
10% reduction on revenue CAGR during detailed forecast period	No
Increase of post-tax discount rate by 1% point	No

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

19 OTHER INTANGIBLE ASSETS

Other intangible assets developed as follows:

in € thousands	Customer contracts	Development	Technology	Others	Total
Acquisition or production cost					
1 Jan 2018	**21,195**	**16,393**	**16,874**	**5,035**	**59,497**
Additions	-	3,770	-	-	3,770
Disposal	-	-	-	(44)	(44)
Currency effects	785	142	414	100	1,441
31 Dec 2018	**21,980**	**20,305**	**17,288**	**5,091**	**64,664**
Additions	-	4,560	-	16	4,576
Currency effects	405	40	213	43	701
31 Dec 2019	**22,385**	**24,905**	**17,501**	**5,150**	**69,941**

Amortization and impairments					
1 Jan 2018	**9,462**	**10,169**	**6,556**	**3,845**	**30,032**
Additions	5,270	2,833	2,881	925	11,909
Disposal	-	-	-	(125)	(125)
Currency effects	276	31	111	112	530
31 Dec 2018	**15,008**	**13,033**	**9,548**	**4,757**	**42,346**
Additions	4,438	3,664	2,839	147	11,088
Impairment	84	1,712	935	-	2,731
Currency effects	243	(4)	93	42	374
31 Dec 2019	**19,773**	**18,405**	**13,415**	**4,946**	**56,539**
Carrying amounts					
1 Jan 2018	11,733	6,224	10,318	1,190	29,465
31 Dec 2018	6,972	7,272	7,740	333	22,318
31 Dec 2019	**2,612**	**6,500**	**4,086**	**204**	**13,402**

Others include mainly the Fyber brand (Fyber, Heyzap and Inneractive) initially recognized through business combination, 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. 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	2,612	0.5
Development	6,500	1-2.5
Technology	4,086	2.5

During the financial year 2019, the Group further integrated the different platforms which finally resulted in the launch of FairBid 2.0. Following a successful release in June 2019, a sunset of the legacy platforms was initiated. Fyber RTB was shut down in September 2019, the AppBounty app has been suspended in December 2019 and the old Fyber Mediation as well as the Heyzap platform was officially closed in March 2020. Management considered such extensive technological shift to FairBid 2.0 a triggering event for any technology carried in intangible assets, irrespective of whether self-developed or acquired through business combinations. Following a respective review including exploration of a possible sale of assets, resulted in the following impairments:

in € thousands	Fyber RTB	Heyzap	FairBid 1.0	Fyber platform incl. AppBounty	Other tools	Total
Development	-	-	756	704	252	1,712
Technology and customer contracts	392	627	-	-	-	1,019
Total	**392**	**627**	**756**	**704**	**252**	**2,731**

In case that self-developed and acquired technology is not included in the current or future technology stack of Fyber, it has been fully impaired based on the respective project which usually refers to a distinct tool or feature.

20 PROPERTY AND EQUIPMENT

The following table shows the development of property and equipment:

in € thousands	Other operational & office equipment	Fixtures	Right of use assets	Total
Acquisition or production cost				
1 Jan 2018	3,503	435	-	3,938
Additions	138	544	-	682
Disposal	(40)	(220)	-	(260)
Currency effects	44	15	-	59
31 Dec 2018	3,645	774	-	4,419
Recognition of right-of-use asset on initial application of IFRS 16	-	-	4,515	4,515
Additions	509	297	13,145	13,951
Sale of the right-of-use asset through sub lease	-	-	(2,707)	(2,707)
Remeasurement of right-of-use asset due to contract modification	-	-	22	22
Disposal	(137)	(1)	(6,743)	(6,881)
Currency effects	28	10	218	256
31 Dec 2019	4,045	1,080	8,450	13,575

Amortization and impairments				
1 Jan 2018	**2,597**	**225**	**-**	**2,822**
Additions	449	207	-	656
Disposal	(37)	(220)	-	(257)
Currency effects	26	-	-	26
31 Dec 2018	**3,035**	**212**	**-**	**3,247**
Additions	328	115	2,110	2,553
Sale of the right-of-use asset through sub lease	-	-	(136)	(136)
Disposal	(101)	(1)	(1,626)	(1,728)
Impairment	-	-	1,112	1,112
Currency effects	7	3	(2)	8
31 Dec 2019	**3,269**	**329**	**1,458**	**5,056**
Carrying amounts				
1 Jan 2018	906	210	-	1,116
31 Dec 2018	610	562	-	1,172
31 Dec 2019	**776**	**751**	**6,992**	**8,519**

Fixtures relate to the Group's offices in Berlin, Tel Aviv and San Francisco. Right of use assets, related to offices lease agreements other than short term. Please refer to note 3.11.1 for further details.

21 NON-CURRENT FINANCIAL ASSETS

The non-current financial assets breakdown as follows:

in € thousands	31 Dec 2019	31 Dec 2018
Leasehold deposits	853	765
Non-current net investment in leases	3,419	-
Non-current financial assets	**4,272**	**765**

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.

The non-current net investment in leases relates to the sublease of the Berlin office. Please refer to 3.11.5 for further detail.

22 INVENTORIES

The amount of €82 thousand (2018: €103 thousand) relates to gift cards from third parties like Amazon, Sony PlayStation or Microsoft X-Box that are used as rewards in user acquisition campaigns.

23 TRADE AND OTHER RECEIVABLES

Trade and other receivables break down as follows:

in € thousands	31 Dec 2019	31 Dec 2018
Trade receivables	28,201	30,628
VAT receivables	806	1,446
Prepayments	367	-
Others	157	133
Trade and other receivables	**29,531**	**32,207**

The trade receivables of €28,201 thousand are net of an allowance for bad debts of €1,326 thousand (2017: €1,811 thousand), which had developed as follows:

	1 Jan	Retained earnings*	Charge for the year	Utilized	Unused amounts reversed	31 Dec
2019	**1,811**	**-**	**(515)**	**2,371**	**(2,341)**	**1,326**
2018	1,989	879	1,424	(1,343)	(1,138)	1,811

* Note: In 2018 the Group applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. Differences arising from the adoption of IFRS 9 recognized directly in retained earnings and other components of equity.

As at 31 December 2019 and 2018, the aging of trade receivables is as follows:

	Total	Current	Allowance for bad debt	Past due but not impaired				
				< 30 days	30 - 60 days	61 - 90 days	91- 180 days	> 180 days
2019	**28,201**	**20,550**	**(1,326)**	**5,539**	**1,219**	**706**	**572**	**941**
2018	30,628	21,244	(1,811)	6,618	1,949	983	606	1,039

Trade receivables are non-interest bearing and are generally settled on 30 - 90 day-terms. Please refer to note 39.2. for further information.

24 OTHER CURRENT FINANCIAL ASSETS

Other current financial assets break down as follows:

in € thousands	31 Dec 2019	31 Dec 2018
Indemnification claim in respect to Fyber SAR (short term)	2,967	5,171
Current net investment in leases	364	-
Deposit for credit card and rent	567	1,304
Other current financial assets	**3,898**	**6,475**

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. For further details on share appreciation rights, please refer to note 29.

The current net investment in leases relates to the sublease of the Berlin office. Please refer to 3.11.1.5. for further details.

25 PREPAYMENTS

Prepayments relates primarily to integrations bonus for publishers of €518 thousand (2018: €8 thousand), licenses of €435 thousand (2018: €823 thousand) and others of €477 thousand (2018: €200 thousand).

26 DEFERRED TAX ASSETS AND LIABILITIES

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

Notes to the Consolidated Financial Statements for the year ended 31 December 2019

in € thousands	Employee benefit liability	Tax loss carry-forward	Other	Total	Thereof through P&L
1 Jan 2018	**-**	**-**	**-**	**-**	**5,736**
Offsetting with deferred liabilities as of 1 Jan 2017	130	11,310	-	11,440	-
Employee benefits	30	-	-	30	30
Increase of tax loss carried forward to be utilized	-	728	-	728	660
Allowance on tax loss carried forward to be utilized	-	(6,598)	-	(6,598)	(6,598)
Other	-	-	161	161	161
Offsetting with deferred tax liabilities	(160)	(5,440)	(161)	(5,761)	-
31 Dec 2018	**-**	**-**	**-**	**-**	**(5,747)**
Offsetting with deferred liabilities as of 1 Jan 2018	160	5,440	161	5,761	-
Employee benefits	(2)	-	-	(2)	(2)
Decrease of tax loss carried forward to be utilized	-	(1,492)	-	(1,492)	(1,492)
Allowance on tax loss carried forward to be utilized	-	-	-	-	-
Other	-	-	(22)	(22)	(22)
Offsetting with deferred tax liabilities	(158)	(3,948)	(139)	(4,245)	-
31 Dec 2019	**-**	**-**	**-**	**-**	**(1,516)**

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 2018	**1,763**	**-**	**1,763**	**(41)**
Offsetting with deferred tax assets	6,359	5,081	11,440	-
Increase of self-generated intangible assets	(3,905)	-	(3,905)	(3,905)
Issue of convertible bonds	-	(2,573)	(2,573)	(2,573)
Offsetting with deferred tax assets	(3,253)	(2,508)	(5,761)	-
31 Dec 2018	**964**	**-**	**964**	**6,478**
Offsetting with deferred assets as of	3,253	2,508	5,761	-

Increase of self-generated intangible assets	(1,544)	-	(1,544)	(1,544)
Issue of convertible bonds	-	(936)	(936)	(936)
Offsetting with deferred tax assets	(2,673)	(1,572)	(4,245)	-
31 Dec 2019	**-**	**-**	**-**	**(2,480)**

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 €35,328 thousand.

27 CASH AND CASH EQUIVALENT

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

in € thousands	31 Dec 2019	31 Dec 2018
Cash at banks	12,805	12,263
Cash in hand	71	13
Cash and cash equivalents	**12,876**	**12,276**

28 EQUITY

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

28.1. Issued capital and share premium

The issued capital of Fyber N.V. amounting to €36,187 thousand is divided into 361,866,419 common shares, with a nominal value of €0.10 each and developed like follows:

in pcs	2019	2018
1 Jan	114,533,333	114,533,333
Issue of shares upon conversion of convertible bond	247,333,086	-
31 Dec	**361,866,419**	**114,533,333**

Notes to the Consolidated Financial Statements for the year ended 31 December 2019

On 24 April 2019, the conversion period ended with convertible bonds with a nominal amount of €74.2 million contributed to be converted into 247 million new shares. Please refer to note 4 for further details.

The issued capital as of 31 December 2019 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 thousand and is divided into 400,000,000 shares, with a nominal value of €0.10 each.

28.2. Treasury shares

As of 31 December 2019, there is an amount of 1,966,667 outstanding treasury shares (2018: 1,966,667):

In 2016 1,966,667 had been acquired in the process of the divestment of Big Star Global by Fyber. Out of this amount 686,193 shares which had been tendered to the company in 2017 for a price of €1.80 per share, are still held by Mr Hyunghoon Han. In return, the consideration for the shares has not been paid by the company yet. Please refer to note 32 for further details.

In 2017, €100 thousand 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.

In January 2020, 89, 413 shares were delivered to employees who had exercised their stock option plan into shares.

28.3. Other capital reserves

Other capital reserves in 2019 correspond to €30,489 thousand (2018: €25,313 thousand).

The bond conversion in 2019 resulted in an increase of the equity component on the amount of €4,247 thousand due to the change in the conversion price from the original €3.00 to €0.30 per share. Please refer to note 5 for further details.

In addition to that, initially introduced in 2015, the Company is running a stock option program implemented for senior management and employees of the Group. During the year 2019, 43.2 million options were granted and 13.9 million were forfeited due to the employees leaving (in 2018, 9.2 million and 3.1 million, respectively) and 11.1 million due restructuring of options. As of 31 December, 2019, a total of €42.7 million options were outstanding to employees, including 19.7 million granted to the management board, with a weighted average strike price of €0.23 (2018: 13.7 million outstanding option with a weighted average of €1.95). Of the outstanding options, 17.0 million were exercisable (2018: 9.7 million).

Throughout the year 2017 the management board decided to restrike the stock options previously issued to employees to €0.21.

Reconciliation of outstanding share options:

	Number of options 2019	Weighted-average exercise price 2019	Number of options 2018	Weighted-average exercise price 2018
Outstanding at 1 Jan	13,727,500	1.95	7,676,644	1.62
Expired	(8,000)	1.50	-	-
Forfeited during the year	(13,950,611)	1.77	(3,125,444)	1.39
Exercised during the year	(278,750)	0.21	-	-
Granted during the year	43,235,000	0.23	9,176,300	1.81
Outstanding at 31 Dec	**42,725,139**	**0.23**	**13,727,500**	**1.95**
Exercisable at 31 Dec	**17,048,453**	**0.22**	**9,681,137**	**2.06**

The total fair value of the outstanding options has been determined using the Black Scholes model amounting to €2,404 thousand (2018: €7,305 thousand) based on the following assumptions:

	Assumptions	
	2019	2018
Share price	€0.21-€0.40	€0.15-€3.75
Dividend yield	0% p.a.	0% p.a.
Term of the option	2.875 years	2.875 years
Risk free interest rate	(0.53%) - (0.73%) p.a.	(0.11%) - (0.96%) p.a.
Historical volatility	62%	54%
Fluctuation	20% p.a.	20% p.a.

The options were granted to employees in 4 tranches in 2019, 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 2019, the Group recognized personnel costs in connection with the stock option plan in an amount of €932 thousand (2018: €1,613 thousand). 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.

28.4. Legal reserve capitalized self-developed intangible assets

As of 31 December 2019, the legal reserve contained an amount of €7,980 thousand (2018: €7,272 thousand) for self-developed intangible assets.

28.5. Retained earnings

The retained earnings/deficit includes the income of the companies included in the consolidated financial statements plus first adoption of new accounting standards directly in retained earnings.

28.6. 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 2018	**(8,162)**
Translation of goodwill	5,181
Translation of intangible assets identified at acquisitions in excess to other net assets	840
Additional currency effects arising from the translation of subsidiaries	(106)
Foreign currency translation reserve 1 Jan - 31 Dec 2018	**5,915**
31 Dec 2018	**(2,247)**
Translation of goodwill	1,611
Translation of intangible assets identified at acquisitions in excess to other net assets	282
Additional currency effects arising from the translation of subsidiaries	99
Foreign currency translation reserve 1 Jan - 31 Dec 2019	**1,992**
31 Dec 2019	**(255)**

29 EMPLOYEE BENEFITS

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 €2,961 thousand as of the balance sheet date (2018: €4,854 thousand).

For further details on share appreciation rights, please refer to note 24.

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

in € thousands	31 Dec 2019	31 Dec 2018
Maturity in 1 year	5,517	8,039
Maturity in 2-5 years	238	217
Maturity in 5-10 years	-	-
Maturity in 10 years and more	-	-
Total employee benefits liabilities	**5,755**	**8,256**

The current employee benefits liabilities consist of the following:

in € thousands	31 Dec 2019	31 Dec 2018
Unsettled from Fyber SAR	2,961	4,854
Unpaid variable compensation	1,513	2,188
Vacation accrual	1,039	911
Other	4	86
Short-term employee benefits liabilities	**5,517**	**8,039**

30 NON-CURRENT LOANS AND BORROWINGS

Non-current loans and borrowings developed during the reporting period as follows:

	2019			2018		
	Convertible Bond	Shareholder loans	Total	Convertible Bond	Shareholder loans	Total
1 Jan	**141,587**	**12,559**	**154,146**	**132,995**	**-**	**132,995**
Loan disbursement	-	18,000	18,000	-	12,000	12,000
Bond conversion	(72,063)	-	(72,063)	-	-	-
Amortization of discount	7,677	1,677	9,354	8,076	559	8,635
Restructuring	(6,739)	-	(6,739)	516	-	516
31 Dec	**70,489**	**32,236**	**102,725**	**141,587**	**12,559**	**154,146**

As of 31 December 2019, the carrying amount of the liability component of the convertible bonds amounts to €70,489 thousand (2018: €141,587 thousand). For more information regarding the convertible bonds please refer to note 5.

In 2018 and 2019, the Company received four individual loans from Tennor Holding B.V. A nominal amount of €8,000 thousand and €4,000 thousand in 2018 and of €3,000 thousand and €15,000 thousand in 2019. All loans bear interest of 8% p.a. and € 15,000 thousand each mature in June 2021 and in June 2022 respectively.

31 OTHER NON-CURRENT LIABILITIES

The other non-current liabilities break down as follows:

in € thousands	31 Dec 2019	31 Dec 2018
Heyzap earn-out due after 1 year	3,797	3,709
Lease liabilities	8,739	-
Other non-current liabilities	**12,536**	**3,709**

The Heyzap earn-out relates to the outstanding contingent consideration from the acquisition of Heyzap Inc. in 2016. The current portion of the earn-outs is carried in trade and other payables (note 32). As of the balance sheet date, Fyber has not come a final agreement with the sellers of Heyzap Inc. with respect to the valuation and timing of the earn-out. The liability is valued based on the expected outcome of the negotiations.

32 TRADE AND OTHER PAYABLES

The trade and other payables break down as follows:

in € thousands	31 Dec 2019	31 Dec 2018
Trade payables	23,006	21,659
Lease liabilities	2,346	-
Other payables	2,716	4,978
Inneractive earn-out due within 1 year	358	2,406
Accruals	2,760	4,115
Heyzap earn-out due within 1 year	3,084	3,030
Liabilities from the purchase of treasury shares	1,237	1,237
Social security	276	231

Others	918	762
Trade and other payables	**36,701**	**38,418**

Trade payables related to the outstanding amount the Group owe to its publishers.

The liability relating to the Inneractive earn-out relates to outstanding retention payments that the Group agreed to employees in the course the acquisition of Inneractive Ltd. in 2016.

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.

The Heyzap earn-out relates to the current portion of the outstanding contingent consideration from the acquisition. Please refer to note 31 for further details.

As of the reporting date, the Group carried liabilities resulting from the purchase of treasury shares amounting to €1,237 thousand (see note 28.2.).

33 CURRENT LOANS AND BORROWINGS

As of 31 December 2019, short-term borrowings amount to €17,950 thousand (2018: €18,824 thousand) and consist of two revolving credit facilities from BillFront obtained through Fyber GmbH and from Bank Leumi obtained through Fyber Monetization Ltd.

In December 2019, Fyber GmbH secured and prolonged a credit line of €7,500 thousand working capital facility from BillFront to finance the operating business, with an interest rate of 10.2%-10.8% p.a. As of the reporting date €4,491 thousand have been withdrawn (31 December 2018: €5,708 thousand).

On 6 December 2018, Fyber Monetization Ltd. as borrower entered into an USD 15,000 thousand revolving credit facility agreement with Bank Leumi as lender.

Pursuant to the terms and conditions of the Leumi credit line, the lender made available revolving credit facilities up to an amount of USD 13,500 thousand. The amount available is borrowing based, i.e. at no time the aggregate outstanding amount under the Leumi credit line shall exceed the amount of a defined borrowing base formula. The Company uses the Leumi credit line for general corporate purposes and operating requirements. The availability period of the Leumi credit line is one year and may be extended from time to time at the sole discretion of Bank Leumi.

In November 2019, the borrower entered into an agreement with the lender to extend the Leumi credit line until end of December 2020 and to reduce the maximum amount of the Leumi credit line from USD 13,500 thousand to USD 10,000 thousand by June 2020, following a gradual reduction until 30 June 2020. Fyber contemplates to offset the reduced financing amount from the Leumi credit line in full (USD 5,000 thousand) by expanding the drawdown amount of the BillFront credit line (as defined below), which will be possible as the reduction of the Leumi credit line frees up collateral that will be attributed to the BillFront credit line (as defined below).

As of the date of this report, the Leumi credit line was entirely drawn.

Notes to the Consolidated Financial Statements for the year ended 31 December 2019

34 STATEMENT OF CASH FLOWS

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

Liabilities arising from financing activities developed as follows:

in € thousands	1 Jan 2019	Cash flows	Non-cash changes		31 Dec 2019
			Restructuring of convertible bonds & amortization of discount, net effect	Foreign exchange movement	
Non-current loans and borrowings	154,146	18,000	(69,421)	-	102,725
Current loans and borrowings	18,824	(1,217)	-	343	17,950
Total liabilities from financing activities	**172,970**	**16,783**	**(69,421)**	**343**	**120,675**

in € thousands	1 Jan 2018	Cash flows	Non-cash changes		31 Dec 2018
			Restructuring of convertible bonds & amortization of discount, net effect	Foreign exchange movement	
Non-current loans and borrowings	132,995	12,000	9,151	-	154,146
Current loans and borrowings	15,013	3,179	-	632	18,824
Total liabilities from financing activities	**148,008**	**15,179**	**9,151**	**632**	**172,970**

35 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 prior financial reports, operating segment were mainly recognized along the four companies that were acquired since 2014: Fyber platform including Heyzap, Fyber RTB and Inneractive.

Since then, the Company invested heavily in the integration of its activities. The technical integration started with the creation of internal integrations between the existing platforms to benefit from synergies. With the release of "Fyber FairBid" (hereinafter referred to as "FairBid") the Company entered the next stage towards the unified platform. Under the unified platform, all of the Company's products, publisher tools and ad formats accessible through one single integration and dashboard, with FairBid at the heart of this offering.

Parallel to the technical integration, management was working on the integration of business processes and the general administration.

In the context of this integration activities, management is no longer holding on to review and assess the performance of the existing platforms on a separate basis. In addition, future forecasts are going to be prepared based on the potential of the unified platform only.

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

The financial performance for the years ended 31 December 2019 and the reference year ended 31 December 2018 are as follows:

	2019		2018	
in € thousands	Revenue	EBITDA	Revenue	EBITDA
Fyber FairBid	118,973	(3,225)	128,544	(8,833)

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.

In 2019, the Group recognized impairment losses of €3,843 thousand within Fyber FairBid (2018: €0 thousand).

36 GEOGRAPHIC INFORMATION

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

	2019	2018
in € thousands	Revenue	Revenue
United states	77,929	67,299
Europe, Middle east and Africa	30,219	47,248
Asia-Pacific	8,896	11,441
Rest of the world	1,929	2,556
Total	**118,973**	**128,544**

Breakdown of main relevant assets according to customers' location by operating segment:

	31 Dec 2019			31 Dec 2018		
in € thousands	Intangible assets	Property and equipment	Total	Intangible assets	Property and equipment	Total
Germany	67,022	4,159	**71,181**	71,477	277	**71,754**
Israel	56,617	2,357	**58,974**	58,168	780	**58,948**
United states	24,695	1,996	**26,691**	25,898	111	**26,009**
United Kingdom	-	7	**7**	97	4	**101**
Total	**148,334**	**8,519**	**156,853**	**155,639**	**1,172**	**156,811**

37 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 2019. The breakdown of the top three customers by revenue for the year ended 31 December 2019 is as follows:

in € thousands	Revenue	% revenue from Group's revenue
Moon Active Ltd	4,158	3.5%
The Trade Desk Inc	2,563	2.2%
BidSwitch GmbH	2,526	2.1%
Total revenue for 3 top clients	**9,247**	**7.8%**

38 CAPITAL MANAGEMENT

Capital includes equity attributable to shareholders of the parent. An analysis of the Group's net debt is shown in note 5.

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

in € thousands	31 Dec 2019	31 Dec 2018
Equity attributable to shareholders of Fyber N.V.	33,076	(15,558)

Total assets	208,942	209,667
Equity ratio	**15.8%**	**(7.4%)**

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.

39 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.

39.1. 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.

39.1.1. 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. Management is constantly reviewing the situation and 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
2019	+ 5.00%	1.18	323	(3,037)
	- 5.00%	0.47	(357)	3,357
2018	+ 5.00%	1.20	139	(4,296)
	- 5.00%	1.09	(154)	4,748

39.1.2. 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 2019	31 Dec 2018
Non-current loans and borrowings		
Fixed interest rate	102,725	154,146
Float interest rate	-	-
Total loans and borrowings	**102,725**	**154,146**
Current loans and borrowings		
Fixed interest rate	4,491	5,708
Float interest rate	13,459	13,116
Total current loans and borrowings	**17,950**	**18,824**

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 2019, the Group holds a revolving credit facility in the amount of €17,950 thousand, €13,459 thousand 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 33. for further details on the loans.

	Change in interest rate in basis points	Effect on loss after tax in € thousands
2019	+ 10	13
	(10)	(13)
2018	+ 10	13
	(10)	(13)

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

39.2. 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. Please refer to the notes 3.9 and 3.12.1 for further details about the recognition and measurement of expected credit losses.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group has no significant exposure to any customer nor does it have any major concentration of credit risk. Please refer to note 36 for further details.

Aging analysis of non-derivative financial instruments as of 31 December 2019 is as follows:

in € thousands	Total	Allowance for bad debt	Current	Past due			
				< 30 days	30 - 60 days	61 - 90 days	> 90 days
Non-current financial assets	4,272	-	4,272	-	-	-	-
Trade and other receivables	29,531	(1,326)	21,880	5,539	1,219	706	1,513
Other current financial assets	3,898	-	3,898	-	-	-	-
Cash and cash equivalents	12,876	-	12,876	-	-	-	-
Non-derivative financial instruments	**50,577**	**(1,326)**	**42,926**	**5,539**	**1,219**	**706**	**1,513**

Aging analysis of non-derivative financial instruments as of 31 December 2018 is as follows:

in € thousands	Total	Allowance for bad debt	Current	Past due			
				< 30 days	30 - 60 days	61 - 90 days	> 90 days
Non-current financial assets	765	-	765	-	-	-	-
Trade and other receivables	32,207	(1,811)	22,823	6,618	1,949	983	1,645
Other current financial assets	6,475	-	6,475	-	-	-	-
Cash and cash equivalents	12,276	-	12,276	-	-	-	-
Non-derivative financial instruments	**51,723**	**(1,811)**	**42,339**	**6,618**	**1,949**	**983**	**1,645**

39.3. 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 additional financing facilities with Tennor Holding B.V. amounting to €15,000 thousand in 2019. After the reporting date, the Group received another €2,000 as addition to the shareholder loans. Please refer to note 45.2. for further details.

The aggregate maturities of financial assets and financial liabilities outstanding, based on contractual undiscounted payments, as of 31 December 2019 are as follows:

in € thousands	Total	Within 1 year	1 year to 5 years	> 5 years
Non-current financial assets	4,272	-	2,113	2,159
Trade and other receivables	29,531	29,531	-	-
Other current financial assets	3,898	3,898	-	-
Cash and cash equivalents	12,876	12,876	-	-
Financial assets	**50,577**	**46,305**	**2,113**	**2,159**
Non-current employee benefits	(238)	-	(238)	-
Non-current loans and borrowings	(111,538)	-	(111,538)	-
Other non-current liabilities	(12,536)	-	(9,536)	(3,000)
Trade and other payables	(36,701)	(36,701)	-	-
Current employee benefits	(5,517)	(5,517)	-	-
Current loans and borrowings	(17,950)	(17,950)	-	-
Current tax liabilities	(199)	(199)	-	-
Financial liabilities	**(184,679)**	**(60,367)**	**(121,312)**	**(3,000)**
Total net financial liabilities	**(134,102)**	**(14,062)**	**(119,199)**	**(841)**

Long-term borrowings include all interest that have been delayed to the maturity of the bond in July 2020. As mentioned in note 1.3, the Group is currently not be able to repay the convertible bond and the loans from Tennor Holding B.V. which will fall due in June 2022. The management is currently exploring options to respond to the situation which occurs in July 2021 and 2021.

The aggregate maturities of financial assets and financial liabilities outstanding, based on contractual undiscounted payments, as of 31 December 2018 are as follows:

in € thousands	Total	Within 1 year	1 year to 5 years	> 5 years
Non-current financial assets	765	-	765	-
Trade and other receivables	32,207	32,207	-	-
Other current financial assets	6,475	6,475	-	-
Cash and cash equivalents	12,276	12,276	-	-
Financial assets	**51,723**	**50,958**	**765**	**-**
Non-current employee benefits	(217)	-	(217)	-

Non-current loans and borrowings	(164,393)	-	(164,393)	-
Other non-current liabilities	(3,709)	-	(3,709)	-
Trade and other payables	(38,418)	(38,418)	-	-
Current employee benefits	(8,039)	(8,039)	-	-
Current loans and borrowings	(18,824)	(18,824)	-	-
Current tax liabilities	(908)	(908)	-	-
Financial liabilities	**(234,508)**	**(66,189)**	**(168,319)**	**-**
Total net financial liabilities	**(182,785)**	**(15,231)**	**(167,554)**	**-**

As of the balance sheet date the Group has not met the covenants' terms with respect to the loan obtained from Bank Leumi, however in April 2019, Bank Leumi agreed to defer exercising the right to declare the loan as immediately due.

40 FINANCIAL ASSETS AND LIABILITIES

40.1. Categories of financial assets and liabilities

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

in € thousands	31 Dec 2019		31 Dec 2018	
	Total	**Measured at amortized costs**	**Total**	**Measured at amortized costs**
Other non-current financial assets	4,272	4,272	765	765
Trade and other receivables	29,531	29,531	32,207	32,207
Other current financial assets	3,898	3,898	6,475	6,475
Cash and cash equivalents	12,876	12,876	12,276	12,276
Total financial assets	**50,577**	**50,577**	**51,723**	**51,723**

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

in € thousands	31 Dec 2019		31 Dec 2018	
	Total	**Measured at amortized costs**	**Total**	**Measured at amortized costs**
Non-current employee benefits	238	238	217	217
Non-current loans and borrowings	102,725	102,725	154,146	154,146
Other non-current liabilities	12,536	12,536	3,709	3,709
Trade and other payables	36,701	36,701	38,418	38,418
Current employee benefits	5,517	5,517	8,039	8,039
Current loans and borrowings	17,950	17,950	18,824	18,824
Total financial liabilities	**175,667**	**175,667**	**223,353**	**223,353**

40.2. 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 2019		31 Dec 2018	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Non-current loans and borrowings	102,725	83,713	154,146	82,445

The convertible bonds are listed in Frankfurt Stock Exchange under XS1223161651, where the last closing price before 31 December 2019 was set at 68% (55% in 2018).

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

40.3. Net results by measurement category

in € thousands	1 Jan - 31 Dec 2019					
	Recognized through profit and loss				**Recognized in equity**	**Net results**
	From interest	**From valuation**			**From valuation**	
		Currency effect	Revaluation	Bad debt	Transition to IFRS 9	
Financial assets						
Amortized costs	-	(31)	-	(350)	-	(381)
Financial liabilities						
Measured at amortized costs	(11,699)	(345)	(16,660)	-	-	(28,704)
Total	**(11,699)**	**(376)**	**(16,660)**	**(305)**	**-**	**(29,085)**

in € thousands	1 Jan - 31 Dec 2018					
	Recognized through profit and loss				Recognized in equity	Net results
	From interest	From valuation			From valuation	
		Currency effect	Revaluation	Bad debt	Transition to IFRS 9	
Financial assets						
Amortized costs	-	236	-	(518)	(933)	(1,215)
Financial liabilities						
Measured at amortized costs	(13,684)	(1,212)	(516)	-		(14,896)
Total	**(13,684)**	**(958)**	**(516)**	**(518)**	**(933)**	**(16,111)**

The conversion of the convertible in May 2019 resulted in a finance expense of €23,373 thousand and the restructuring of the remaining convertible bond in October 2019 lead to a finance income amounting to €6,713 thousand. Please refer to note 5 for further details.

In 2018, the restructuring of the convertible bonds mainly encompassing the delay of the interest payments until the maturity date of bonds and in return, the increase of the interest rate from 3% to 3.5% p.a. resulting in loss of €516 thousand.

The effect from the first-time application of IFRS 9 in 2018 on the valuation of receivables was recognized directly in retained earnings.

41 RELATIONSHIPS WITH RELATED PARTIES

41.1. Outstanding balances and transactions

The following table provides the balances with related parties as at 31 Dec 2019 and 2018 as well as the total amount of transactions that have been entered with related parties during 2019 and 2018:

in € thousands	2019			
	Amounts owed by parties	Amounts owed to parties	Sales to parties	Purchases from parties
Key management personnel	-	289	-	1,454
Shareholder				
Tennor Holding B.V.	-	32,236	-	1,677
Total	**-**	**32,525**	**-**	**3,131**

in € thousands	2018			
	Amounts owed by parties	Amounts owed to parties	Sales to parties	Purchases from parties
Key management personnel	-	419	-	3,915
Shareholder				
Tennor Holding B.V.	-	12,559	-	575
Total	**-**	**12,978**	**-**	**4,490**

As of 31 December 2019, earn-out payments relating to the acquisition of Fyber Monetization Ltd. (formerly Inneractive Ltd.) amounting to € 289 thousand (2018: €419 thousand) of which €136 thousand (2018: €384 thousand) were owed to Ziv Elul, € 78 thousand (2018: €35 thousand) to Dani Sztern and €75 thousand (2018: € 0 thousand) to Yaron Zaltsman. See note 39.3 for further detail.

The purchases from key management personnel consist of compensation of €1,454 thousand (2018: €3,915 thousand).

41.2. 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 2019	31 Dec 2018
Share-based payments	(115)	1,318
Short-term employee benefits	1,128	1,567
Variable benefits	220	168
Termination benefits	-	650
Defined contribution plan	221	212
Total compensation for key management personnel	**1,454**	**3,915**

in € thousands	Type	2019	2018
Management Board			
Ziv Elul[1]	Share-based payments	29	677
	Short-term employee benefits	342	319
	Variable benefits	133	80
	Defined contribution plan	83	76
	Total	**587**	**1,152**
Daniel Sztern[2]	Share-based payments	(71)	338
	Short-term employee benefits	284	267
	Variable benefits	77	35

	Defined contribution plan	69	65
	Total	**359**	**705**
Yaron Zaltsman[2]	Share-based payments	(73)	296
	Short-term employee benefits	305	253
	Variable benefits	10	53
	Defined contribution plan	69	65
	Total	**311**	**667**
Crid Yu[3]	Share-based payments	-	-
	Short-term employee benefits	-	197
	Variable benefits	-	-
	Termination	-	650
	Defined contribution plan	-	5
	Total	**-**	**852**
Total Management Board		**1,257**	**3,376**
Supervisory Board			
Dirk van Daele[4]	Short-term employee benefits	-	200
Guy Dubois[5]	Short-term employee benefits	-	42
Jens Schumann[6]	Short-term employee benefits	-	71
Yaron Valler[7]	Short-term employee benefits	-	100
Karim Sehnaoui[8]	Short-term employee benefits	50	101
Yair Safrai[9]	Short-term employee benefits	76	25
Arjun Metre[10]	Short-term employee benefits	46	-
Franklin Rios[11]	Short-term employee benefits	25	-
Total Supervisory Board		**197**	**539**
Total		**1,454**	**3,915**

[1] Member since June 15, 2016
[2] Member since July 25, 2017
[3] Member until September 30, 2018
[4] Member until January 1, 2019
[5] Member until May 29, 2018
[6] Member until September 15, 2018
[7] Member until January 3, 2019
[8] Member since October 1, 2017

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[9] Member since October 1, 2018
[10] Member since January 31, 2019
[11] Member since July 1, 2019

Tarek Malak, a veteran of investment bank Rothschild, joined Fyber's Supervisory Board as an interim member on 30 October 2019 and officially appointed by an Extraordinary General Meeting of Shareholders on 12 December 2019. He waived his claim for a remuneration for 2019 voluntarily.

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

In 2018, the annual remuneration of the chairman of the Supervisory Board was €200 thousand and that the annual remuneration for all other members of the Supervisory Board was €100 thousand each. 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. On 30 January 2019, the Supervisory Board decided to reduce their annual remuneration down to €80 thousand for the chairman and to €50 thousand for all other members of the Supervisory Board.

41.3. 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. Until the reporting date, Mr. Ziv Elul received of total € 5.36 million and Mr. Dani Sztern €0.8 million respectively.

The Inneractive acquisition agreement included an allocation of retention bonuses to Inneractive employees and management. At of the reporting date, Mr. Ziv Elul is entitled to an amount of €136 thousand, Mr. Daniel Sztern is entitled to an amount of €78 thousand and Mr. Yaron Zaltsman Sztern is entitled to an amount of €75 thousand. Subject to their continued employment by the Company. Further, there is an unallocated retention amount of €117 thousands which the Company is obligated to donate to a charity in case it will not be used for retention of management and employees. The retention plan shall be set for July 2020 and the amount allocated according to the volume of stock options granted. As of 31 December, 2019,

Due to their specific nature, these earn-outs are unconditional as they are just re-allocated to the remaining beneficiaries in case that employment conditions of beneficiary are not met. Therefore earn-outs were recognized as consideration transferred during the purchase price allocation and they have not been included in the key management compensation presented in note 41.2.

42 OTHER FINANCIAL COMMITMENTS

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

in € thousands	31 Dec 2019 *	31 Dec 2018
Due within one year	-	2,847
Due in one to five years	-	9,740
Total	**-**	**12,587**

* The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. See note 3.11.1 for further detail.

Until 2018 Other financial commitments resulting primarily from an office lease in Berlin with a fixed term of 10 years which the Group entered into in 2016. Since then, the Group took some cost saving initiatives and business teams were following are more local approach with building up stronger representation in the relevant markets. As a result, the Group will finally occupy only 30% of the office. The remaining office was subleased. Please refer to note 3.11.1.5 for further details.

43 AVERAGE NUMBER OF EMPLOYEES

During the financial year 2019, the Group, including all fully consolidated companies at the reporting date, had an average of 266 (2018: 295) employees. Personnel expenses in 2019 amounted to €24,875 thousand (2018: €30,357 thousand. A geographic breakdown of the average number of employees as of the reporting period is shown in the following table:

	2019	2018
Germany	96	128
Israel	101	85
USA	49	60
China	9	11
UK	11	11
Total	**266**	**295**

The above number breaks down to the functions as follows:

	2019	2018
Cost of sales	15	13
Research and development	93	106
Sales and marketing	84	103
General and administrative	74	73
Total	**266**	**295**

44 AUDITORS FEE

KPMG Accountants N.V. was elected to audit the financial statements of the Group for the years 2019. In 2018, these services had been provided by Grant Thornton B.V. The audit fees have been recognized in other operating expenses. The following fees were charged by KPMG Accountants N.V. to the company, its subsidiaries and other consolidated companies, as referred to in Section 2:382a(1) and (2) of the Dutch Civil Code:

Notes to the Consolidated Financial Statements for the year ended 31 December 2019

in € thousands	2019 KPMG Accountants N.V.	2019 Other KPMG Network	2019 Total KPMG	2018 Grant Thornton B.V.
Audit of the financial statements	137	280	417	461
Tax-related advisory services	-	90	90	-
Total	**137**	**370**	**507**	**461**

The above mentioned audit fees relates to the audit of the financial year 2019 and 2018 respectively and do not represent the costs expensed during the year.

45 SUBSEQUENT EVENTS

45.1. COVID-19

Since January 2020, the Coronavirus outbreak has dramatically expanded into a worldwide pandemic creating macro-economic uncertainty and disruption in the business and financial markets. Many countries around the world, including the countries the company is operating in, have been taking measures designated to limit the continued spread of the Coronavirus, including the closure of workplaces, restricting travel, prohibiting assembling, closing international borders and quarantining populated areas. Such measures present concerns that may dramatically affect the Company's ability to conduct its business effectively, including, but not limited to, adverse effect relating to employees' welfare, slowdown of commerce travel and other activities which are essential and critical for maintaining on-going business activities.

To account for possible negative impacts on the Company's business and growth targets due to the COVID-19 pandemic, Fyber took several measures to adept cost and limit cash outflow. Non-essential investments and projects are being postponed and the Company is working to optimize its working capital. Furthermore, working hours for all employees have been reduced for a period of up to 3 months in an effort to prepare for a challenging market environment while preserving jobs. This step is in line with local regulations and has been coordinated with employee representatives.

We have evaluated the situation and uncertainties as described in the going concern disclosure.

45.2. Shareholder's loan

In February 2020, the Company received an additional loan from Tennor Holding B.V. amounting to €2,000 thousands. The loans bear interest of 8% p.a. and shall be due and payable in 31 March 2023.

45.3. Bank loans

The Group has revolving credit facilities from banks of USD 15 million and EUR 7.5 million (of which approximately EUR 4.58 million has been drawn) respectively on 31 December 2019. As per 31 December 2019, certain covenants were breached on the USD 15 million credit facility by the Group. Subsequent to year end on 2 February 2020, the Group received a waiver up to and including 31 December 2019. The EUR 7.5 million credit facility does not have covenants nor events of default.

45.4. Conversion of convertible bonds

In February 2020, €700 thousand of convertible bonds had been converted into 2,333,333 newly issued shares.

Company Financial Statements

Company Income Statement

	Notes	2019	2018
		Year ended 31 December	
		in € thousands	
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Other operating income	3	13,353	15,672
Research and development expenses		-	-
Sales and marketing expenses		-	-
General and administrative expenses	4	(13,407)	(17,087)
Other operating expenses	5	(25,871)	(20)
Earnings before interest and tax (EBIT)		**(25,925)**	**(1,435)**
Finance income		5,746	5,801
Finance costs		(26,721)	(13,092)
Net finance costs	6	(20,975)	(7,291)
Profit (loss) before tax		**(46,900)**	**(8,726)**
Income tax expense		-	-
Profit (loss) for the year after tax and total comprehensive income for the year		**(46,900)**	**(8,726)**
Earnings per share			
Basic profit (loss) per share (€)		(0.17)	(0.08)
Diluted profit (loss) per share (€)		(0.17)	(0.08)

The notes on pages 157 to 172 are an integral part of these company financial statements.

Company Statement of Other Comprehensive Income

	Notes	2019	2018
		Year ended 31 December	
		in € thousands	
Profit (loss) for the year after tax		(46,900)	(8,726)
Other comprehensive income (loss) for the year, net of tax		-	-
Total comprehensive income (loss) for the year		**(46,900)**	**(8,726)**

The notes on pages 157 to 172 are an integral part of these company financial statements.

Company Statement of Financial Position

	Notes	Year ended 31 December 2019	2018
		in € thousands	
Non-current assets			
Property and equipment		5	-
Non-current financial assets			
Investment in subsidiaries	7	202,686	201,946
Other non-current financial aassets	8	65,337	81,915
Deferred tax assets		-	-
Total non-current assets		**268,028**	**283,861**
Current assets			
Trade and other receivables	9	12,226	8,148
Other current financial assets	10	-	1,808
Prepayments		189	229
Cash and cash equivalents	11	304	633
Total current assets		**12,719**	**10,818**
Total assets		**280,747**	**294,679**

The notes on pages 157 to 172 are an integral part of these company financial statements.

Annual Report 2019

Company Statement of Financial Position

	Notes	Year ended 31 December 2019	2018
		in € thousands	
Equity			
Issued capital	12	36,187	11,453
Share premium	12	250,389	184,812
Treasury shares	12	(4,745)	(4,745)
Other capital reserves	12	30,489	25,313
Accumulated deficit	12	(139,184)	(92,284)
Total equity	12	**173,136**	**124,549**
Non-current liabilities			
Loan and borrowings	13	102,725	154,146
Deferred tax liabilities		-	-
Other non-current liabilities		-	-
Total non-current liabilities		**102,725**	**154,146**
Current liabilities			
Trade and other payables	14	4,147	8,421
Employee benefits		739	1,260
Loans and borrowings		-	6,303
Total current liabilities		**4,886**	**15,984**
Total liabilities		**107,611**	**170,130**
Total equity and liabilities		**280,747**	**294,679**

The notes on pages 157 to 172 are an integral part of these company financial statements.

Annual Report 2019

Company Statement of Cash Flows

	Notes	Year ended 31 December 2019	2018
		in € thousands	
Loss for the year after tax		**(46,900)**	(8,726)
Income tax expense		-	-
Depreciation and impairment	5	25,871	-
Financial income and expenses		20,975	7,291
Other non-cash effects		160	1,601
Changes in provisions, employee benefit obligations		(521)	639
Changes in working capital		(10,868)	(8,067)
Cash generated from operations		**(11,283)**	**(7,261)**
Interest paid		(738)	(4,520)
Income tax paid		-	-
Net cash flow from operating activities		**(12,021)**	**11,787**
Purchases of property and equipment		(5)	-
Change in investments and financial assets, net		-	(1,457)
Net cash flow from investing activities		**(5)**	**(1,457)**
Proceeds from non-current loans and borrowings		18,000	12,000
Proceeds (repayment) from current loans and borrowings, net		(6,303)	912
Net cash flow from financing activities		**11,697**	**12,912**
Net changes in cash and cash equivalents		**(329)**	**(331)**
Cash and cash equivalents at beginning of period		**633**	**964**
Net changes in cash and cash equivalents		(329)	(331)
Cash and cash equivalents at end of period		**304**	**633**

The notes on pages 157 to 172 are an integral part of these company financial statements.

Company Statement of Changes in Equity

in € thousands	Notes	Ordinary shares	Share premium	Treasury shares	Other capital reserves	Accumulated deficit	Total equity
01 Jan 2019		**11,453**	**184,812**	**(4,745)**	**25,313**	**(92,284)**	**124,549**
Profit (loss) for the year after tax from continuing operations and other comprehensive income for the period, net of tax		-	-	-	-	(46,900)	(46,900)
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**-**	**(46,900)**	**(46,900)**
Share-based payments		-	-	-	929	-	929
Issue of share capital		24,734	66,428	-	-	-	91,162
Transaction costs from share issue		-	(851)	-	-	-	(851)
Equity component of the convertible bond, net of tax		-	-	-	4,247	-	4,247
Transaction with shareholders		**24,734**	**65,577**	**-**	**5,176**	**-**	**95,487**
31 Dec 2019	12	**36,187**	**250,389**	**(4,745)**	**30,489**	**(139,184)**	**173,136**

The notes on pages 157 to 172 are an integral part of these company financial statements.

Company Statement of Changes in Equity

in € thousands	Notes	Ordinary shares	Share premium	Treasury shares	Other capital reserves	Accumulated deficit	Total equity
01 Jan 2018		**11,453**	**184,812**	**(4,745)**	**23,711**	**(83,558)**	**131,674**
Profit (loss) for the year after tax from continuing operations and other comprehensive income for the period, net of tax		-	-	-	-	(8,726)	(8,726)
Total comprehensive income (loss) for the year		**-**	**-**	**-**	**-**	**(8,726)**	**(8,726)**
Share-based payments		-	-	-	1,602	-	1,602
Acquisition of treasury shares		-	-	-	-	-	-
Equity component of the convertible bonds, net of tax		-	-	-	-	-	-
Transaction with shareholders		-	-	-	1,602	-	1,602
31 Dec 2018		**11,453**	**184,812**	**(4,745)**	**25,313**	**(92,284)**	**124,549**

The notes on pages 157 to 172 are an integral part of these company financial statements.

Notes to the Company Financial Statements

1 FYBER N.V.

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

The Company is incorporated in Amsterdam, The Netherlands and is registered with the Dutch Chamber of Commerce under the number 54747805. The Company's head-office is located at Wallstraße 9-13, 10179 Berlin, Germany. The Company's shares are traded on the Prime Standard of the Frankfurt Stock Exchange under the symbol 'FBEN'.

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

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 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and with Section 2:362(9) of the Dutch Civil Code unless otherwise disclosed. 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

Further to the accounting policies described in note 3 of the notes to the consolidated financial statements, accounting policies we applied specific to Company financial statements. In this respect, investments in subsidiaries were accounted for at cost less accumulated impairment.

The Company is reviewing periodically whether its assets and liabilities are covered by the impairment test of the cash generating unit of the Group Fyber FairBid. Assets that are reconciled to this cash generating unit are not considered impaired as long as the carrying value of those assets is not exceeding the recoverable value of the cash generating unit. The recoverable value is the higher of amount of the value in use and fair value less costs to sell. Net debts of the Company are not taken into account when determining the recoverable value of the cash generating unit in this respect.

Assets that are not covered by the cash generating unit Fyber FairBid are tested independently when there are indications for an impairment. Please refer to note 5 for impairments being recognized in 2019 and notes 3.7 and 18 of the notes to the consolidated financial statements for further information on the impairment test on the level of the Group.

Share based payments to employees of subsidiaries are increasing investment in subsidiaries. Other, than that, all significant accounting and valuation principles for the Company financial statements were applied uniformly as for the Fyber Group.

2.3. Changes in accounting policies and disclosures

The Group applied IFRS 16 Leases for the first time in 2019. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Company. The Company has no impact from IFRS 16 Leases.

3 OTHER OPERATING INCOME

Other operating income breaks down as follows:

in € thousands	2019	2018
Management and shared service charged to subsidiaries	12,395	15,610
Income from reversal of provisions and accruals	921	47
Miscellaneous	37	15
Total other operating income	**13,353**	**15,672**

4 GENERAL AND ADMINISTRATIVE EXPENSES

in € thousands	2019	2018
Server expenses to be recharged to subsidiaries	6,031	8,812
Personnel costs and related costs*	3,432	4,915
Professional services, consulting and other headcount related costs	1,534	1,618
Marketing costs	650	1,021
Rent & utilities	1,760	721
Total general and administrative expenses	**13,407**	**17,087**

* Number of head count in the Company as of 31 December 2019 is 15 (31 December 2018: 16)

5 OTHER OPERATING EXPENSES

Other operating expenses corresponds to impairment charges on the Company's investments.

In 2019, the Company recognized an impairment in relation to their investment in the Heyzap platform through its subsidiaries RNTS Germany Holding GmbH and Heyzap Inc. The Heyzap platform was acquired in 2016 and played an important role in building an integrated platform resulting in the release of Fyber FairBid 2.0 in September 2019. Following the successful launch of Fyber FairBid 2.0, the Heyzap platform was gradually sunset with the final shutdown happening in March 2020. Based on an analysis of the remaining net assets of RNTS Germany Holding GmbH and its subsidiary Heyzap Inc., investments in subsidiaries, other non-current and other current financial assets, and trade receivables were impaired as follows.

Notes to the Company Financial Statements for the year ended 31 December 2019

in € thousands	Note	RNTS Germany Holding GmbH	Heyzap Inc.	Total
Investment in subsidiaries	7	28	-	28
Other non-current financial assets	8	23,893	-	23,893
Trade and other receivables	9	367	1,344	1,711
Other current financial assets	10	-	239	239
Total		**24,288**	**1,583**	**25,871**

In 2018, shareholder loans to RNTS Media Deutschland GmbH amounting to €20 thousand have been impaired.

6 NET FINANCE COSTS

in € thousands	2019	2018
Interest from loans granted to subsidiaries, net	(5,746)	(5,275)
Finance income	**(5,746)**	**(5,275)**
Loss from convertible bond conversion	23,373	-
Gain from convertible bond restructuring	(6,713)	516
Interest accrued on convertible bonds	7,677	10,620
Foreign exchange, net	322	638
Interest on loan from shareholders	1,677	575
Other	385	217
Finance costs	**26,721**	**12,566**
Total net finance costs	**20,975**	**7,291**

7 INVESTMENT IN SUBSIDIARIES

in € thousands	Fyber GmbH	Fyber Monetization Ltd.	RNTS Germany Holding GmbH	Total
1 Jan 2019	**128,561**	**73,357**	**28**	**201,946**
Stock option contribution	359	409	-	769
Impairment	-	-	(28)	(28)
31 Dec 2019	**128,920**	**73,766**	**-**	**202,686**
1 Jan 2018	**128,571**	**71,814**	**28**	**200,413**
Stock option contribution	(10)	1,543	-	1,533
Impairment		-	-	-
31 Dec 2018	**128,561**	**73,357**	**28**	**201,946**

The stock option program of the Company is applied for employees of the subsidiaries consistently. The subsidiaries are not obligated to reimburse the Company. The impairment of the investment in RNTS Germany Holding GmbH followed the plan of sunsetting the Heyzap Platform. Please refer to note 5 or further details.

8 OTHER NON-CURRENT FINANCIAL ASSETS

in € thousands	Fyber GmbH	Fyber RTB GmbH	RNTS Germany Holding GmbH	Total
1 Jan 2019	**59,441**	**-**	**22,474**	**81,915**
Increase	601	1,046	-	1,647
Impairment	-	-	(23,893)	(23,893)
Interest accrued	4,249	-	1,419	5,668
31 Dec 2019	**64,291**	**1,046**	**-**	**65,337**
1 Jan 2018	**55,137**	**-**	**21,053**	**76,190**
Increase	-	-	-	-
Amortization of loan	-	-	-	-
Interest accrued	4,304	-	1,421	5,725
31 Dec 2018	**59,441**	**-**	**22,474**	**81,915**

Notes to the Company Financial Statements for the year ended 31 December 2019

The increase of the loans granted to Fyber GmbH and Fyber RTB GmbH relates to reclassification of loans including accrued interest thereon from current to non-current. Please refer to note 10 for further detail.

An impairment of the loan to RNTS Germany Holding GmbH was recognized as a result of the upcoming sunset of the Heyzap platform. Please refer to note 5 for further details.

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

	Interest rate p.a.
Fyber GmbH	2-8%
Fyber RTB GmbH	7.8-8%
RNTS Germany Holding GmbH	7.8%

9 TRADE AND OTHER RECEIVABLES

in € thousands	31 Dec 2019	31 Dec 2018
Subsidiaries	11,815	7,206
VAT	366	878
Others	45	64
Total trade and other receivables	**12,226**	**8,148**

In 2019 the Company recognized impairment losses of trade receivables relating to the subsidiaries RNTS Germany Holding GmbH and Heyzap Inc. amounting to € 1,711 thousand. Please refer to note 5 for further details.

10 OTHER CURRENT FINANCIAL ASSETS

in € thousands	1 Jan 2019	Increase	Decrease	Impairment	31 Dec 2019
Fyber GmbH	601	-	(601)	-	-
Fyber RTB GmbH	983	63	(1,046)	-	-
Heyzap Inc.	224	15		(239)	-
Total	**1,808**	**78**	**(1,647)**	**(239)**	**-**

in € thousands	1 Jan 2018	Increase	Decrease	Impairment	31 Dec 2018
Fyber GmbH	601	-	-	-	601
Fyber RTB GmbH	943	40	-	-	983
Heyzap Inc.	192	32	-	-	224
Total	**1,736**	**72**	**-**	**-**	**1,808**

The decrease in the loans granted to Fyber GmbH and Fyber RTB GmbH relates to reclassification from current to non-current as it is not expected that these loans will be repaid with the next 12 months. Please refer to note 8 for further details.

The loan directly granted to Heyzap Inc. was impaired following a plan to sunset the Heyzap platform. Please refer to note 5 for further details.

The interest rates of loans to subsidiaries are as follows:

	Interest rate p.a.
Fyber GmbH	7.8%
Fyber RTB GmbH	7.8% - 8.0%
Heyzap Inc.	8.0%

11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist 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 2019 report a positive net equity position of €33,076 thousand (2018: €15,558 thousand negative). The Company financial statements as of 31 December 2019 report a positive net equity of €173,136 thousand (2018: €124,549 thousand).

The following table shows the reconciliation of consolidated and Company equity for the year ended 31 December 2019 and 2018:

Notes to the Company Financial Statements for the year ended 31 December 2019

in € thousands	31 Dec 2019	31 Dec 2018
Total consolidated equity	33,076	(15,558)
Individual subsidiaries accumulated profit	124,986	107,849
Other comprehensive income, accumulated	255	2,247
Eliminations and profit of subsidiaries, accumulated	14,819	30,011
Total company equity	**173,136**	**124,549**

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 less accumulates impairment. 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 2019 and 2018:

in € thousands	31 Dec 2019	31 Dec 2018
Total consolidated loss for the year	(48,769)	(35,420)
Individual subsidiaries profit after tax	17,041	14,959
Eliminations	(15,172)	11,735
Total Company's loss for the year	**(46,900)**	**(8,726)**

13 NON-CURRENT LOANS AND BORROWINGS

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

in € thousands	31 Dec 2019	% rate	31 Dec 2018	% rate
Convertible bond	70,489	3.5%	141,587	3.5%
Loan from Tennor	32,236	8.0%	12,559	8.0%
Total	**102,725**		**154,146**	

For further details to the convertible bonds and convertible bond restructuring, please refer to note 5 of the notes to the consolidated financial statements.

In terms of loan from Tennor, please refer to note 30 non-current loans and borrowings 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 2019	31 Dec 2018
Subsidiaries	1,952	1,597
Accrued expenses	404	2,067
Inneractive earn-out due within a year	357	2,406
Trade payables	181	1,096
Other	1,252	1,255
Total trade and other payables	**4,147**	**8,421**

15 MATURITY ANALYSIS OF FINANCIAL LIABILITIES

in € thousands	Total	Within 1 years	1 years to 5 years	> 5 years
2019				
Non-current loans and borrowings - convertible debt	70,489	-	70,489	-
Non-current loans and borrowings from Tennor	32,236	-	32,236	-
Current loans and borrowings	-	-	-	-
Current employee benefits liabilities	739	739	-	-
Trade and other payables	4,147	4,147	-	-
Total 2019	**107,611**	**4,886**	**102,725**	**-**
2018				
Non-current loans and borrowings - convertible debt	149,900	-	149,900	-
Non-current loans and borrowings from Tennor	12,559	-	12,559	-
Current loans and borrowings	6,303	6,303	-	-
Current employee benefits liabilities	1,260	1,260	-	-
Trade and other payables	8,421	8,421	-	-
Total 2018	**178,443**	**15,984**	**162,459**	**-**

Notes to the Company Financial Statements for the year ended 31 December 2019

16 CAPITAL MANAGEMENT

in € thousands	31 Dec 2019	31 Dec 2018
Non-current loans and borrowings	102,725	154,416
Current loans and borrowings	-	6,303
Cash and cash equivalents	(304)	(633)
Net debt (cash)	**102,421**	**159,816**

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:

	31 Dec 2019		31 Dec 2018	
	Total	Measured at amortized costs	Total	Measured at amortized costs
Investment in subsidiaries	202,561	202,561	201,946	201,946
Other non-current financial assets	65,337	65,337	81,915	81,915
Trade and other receivables	12,226	12,226	8,148	8,148
Other current financial assets	-	-	1,808	1,808
Cash and cash equivalents	304	304	633	633
Total financial assets	**280,428**	**280,428**	**294,450**	**294,450**

in € thousands	31 Dec 2019		31 Dec 2018	
	Total	Measured at amortized costs	Total	Measured at amortized costs
Non-current loans and borrowings	102,725	102,725	154,146	154,146
Other non-current liabilities	-	-	-	-
Trade and other payables	4,147	4,147	8,421	8,421
Short-term employee benefit liabilities	739	739	1,260	1,260

Current loans and borrowings	-	-	6,303	6,303
Total financial liabilities	**107,611**	**107,611**	**170,130**	**170,130**

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 notes 5 and 30 of the notes to the consolidated financial statements for further information on the convertible bond, and note 39.3 of the notes to the consolidated financial statements for further information regarding the fair value hierarchy.

17.3. Net results by measurement category

	1 Jan - 31 Dec 2019				
	Recognized through profit and loss				
	From interest	From valuation			Net results
in € thousands		Currency effect	Revaluation	Impairment	
Financial assets					
Measured at amortized costs	5,746	59	-	(25,871)	(20,066)
Financial liabilities					
Measured at amortized costs	(9,735)	75	(16,660)	-	(26,320)
Total	**(3,989)**	**134**	**(16,660)**	**(25,871)**	**(46,386)**

In 2019, a net loss from revaluation was recognized resulting from the restructuring of the convertible bonds of €16,660 thousand (€23,373 loss coming from bond conversion and €6,713 income resulted from convertible bond restructuring), see note 5 of the consolidated financial statements).

In 2019, financial assets relating to RNTS Germany Holding GmbH and Heyzap Inc. have been impaired amounting to € 25,871 thousand. Please refer to note 5 for further details.

	1 Jan - 31 Dec 2018				
	Recognized through profit and loss				
	From interest	From valuation			Net results
in € thousands		Currency effect	Revaluation	Impairment	
Financial assets					
Measured at amortized costs	5,801	(4)	-	-	5,861
Financial liabilities					
Measured at amortized costs	(12,378)	63	(516)	-	(14,154)
Total	**(6,577)**	**59**	**(516)**	**-**	**(8,293)**

In 2018, a loss from revaluation was recognized resulting from the restructuring of the convertible bonds of €516 thousand, see note 5 of the consolidated financial statements.

18 FINANCIAL RISK MANAGEMENT

Please refer to note 39 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 2019 and 2018 as well as the total amount of transactions that have been entered with related parties during 2019 and 2018:

	2019			
in € thousands	Amounts owed by parties	Amounts owed to parties	Sales to parties	Purchases from parties
Subsidiaries				
Advertile Mobile GmbH	234	17	45	-
Falk Realtime Ltd	2	128	-	-
Fyber GmbH	70,224	1,368	2,152	368
Fyber Inc.	8	123	-	570
Fyber Media GmbH	2,440	-	2,026	-
Fyber Monetization Ltd.	3,334	819	7,781	2,422
Inneractive USA, Inc.	-	211	-	577
Fyber RTB GmbH	1,390	12	414	-
Heyzap Inc.	243	-	596	-
RNTS Germany Holding GmbH	-	-	-	-
RNTS Media Deutschland GmbH	2	-	-	-
Key management personnel	-	289	-	1,454
Shareholder				
Tennor Holding B.V.	-	32,236	-	1,677
Total	**77,877**	**35,203**	**13,013**	**7,068**

in € thousands	2018 Amounts owed by parties	2018 Amounts owed to parties	2018 Sales to parties	2018 Purchases from parties
Subsidiaries				
Advertile Mobile GmbH	189	-	59	-
Falk Realtime Ltd	2	118	-	-
Fyber GmbH	61,994	-	3,515	1,200
Fyber Inc.	-	2,084	-	1,103
Fyber Media GmbH	2,173	-	1,759	-
Fyber Monetization Ltd.	1,544	7,279	7,121	8,266
Inneractive USA, Inc.	-	273	-	589
Fyber RTB GmbH	2,655	-	1,931	1,476
Heyzap Inc.	1,382	-	1,225	827
RNTS Germany Holding GmbH	22,840	-	-	-
RNTS Media Deutschland GmbH	2	-	-	-
Key management personnel	-	-	-	3,915
Shareholder				
Tennor Holding B.V.	-	12,559	-	575
Total	**92,781**	**22,313**	**15,610**	**17,984**

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

The purchases from key management personnel consist of compensation of €1,454 thousand (2018: €3,915 thousand). In 2019, amounts owed by RNTS Germany Holding GmbH of €24,260 thousand and Heyzap Inc. of €1,583 thousand were impaired. Please refer to note 5 for further details.

19.2. Compensation for key management personnel

Compensation for key management personnel for the year ended 31 December 2019 and 2018 are as follows:

in € thousands	31 Dec 2019	31 Dec 2018
Share-based payments	(115)	1,318
Short-term employee benefits	1,128	1,567
Variable benefits	220	168
Termination benefits	-	650
Defined contribution plan	221	212
Total compensation for key management personnel	**1,454**	**3,915**

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	2019	2018
Management Board			
Ziv Elul[1]	Share-based payments	29	677
	Short-term employee benefits	342	319
	Variable benefits	133	80
	Defined contribution plan	83	76
	Total	**587**	**1,152**
Daniel Sztern[2]	Share-based payments	(71)	338
	Short-term employee benefits	284	267
	Variable benefits	77	35
	Defined contribution plan	69	65
	Total	**359**	**705**
Yaron Zaltsman[2]	Share-based payments	(73)	296
	Short-term employee benefits	305	253
	Variable benefits	10	53
	Defined contribution plan	69	65
	Total	**311**	**667**
Crid Yu[3]	Share-based payments	-	-
	Short-term employee benefits	-	197
	Variable benefits	-	-
	Termination	-	650
	Defined contribution plan	-	5
	Total	**-**	**852**

Total Management Board		**1,257**	**3,376**
Supervisory Board			
Dirk van Daele[4]	Short-term employee benefits	-	200
Guy Dubois[5]	Short-term employee benefits	-	42
Jens Schumann[6]	Short-term employee benefits	-	71
Yaron Valler[7]	Short-term employee benefits	-	100
Karim Sehnaoui[8]	Short-term employee benefits	50	101
Yair Safrai[9]	Short-term employee benefits	76	25
Arjun Metre[10]	Short-term employee benefits	46	-
Franklin Rios[11]	Short-term employee benefits	25	-
Total Supervisory Board		**197**	**539**
Total		**1,454**	**3,915**

[1] Member since June 15, 2016
[2] Member since July 25, 2017
[3] Member until September 30, 2018
[4] Member until January 1, 2019
[5] Member until May 29, 2018
[6] Member until September 15, 2018
[7] Member until January 3, 2019
[8] Member since October 1, 2017
[9] Member since October 1, 2018
[10] Member since January 31, 2019
[11] Member since July 1, 2019

Tarek Malak, a veteran of investment bank Rothschild, joined Fyber's Supervisory Board as an interim member on 30 October 2019. Tarek Malak voluntarily waived the proceeds for his services.

19.3. Finance income and expenses with related parties

The following table summarizes the financial income and expenses of the Company from its related parties in 2019 and 2018:

	2019		2018	
in € thousands	Finance income	Finance expense	Finance income	Finance expense
Subsidiaries				
Fyber GmbH	4,247	-	4,304	-
Fyber Monetization Ltd.	-	300	-	601
Fyber RTB GmbH	63	-	63	-
Heyzap Inc.	15	-	14	-
RNTS Germany Holding GmbH	1,421	-	1,420	-
RNTS Media Deutschland GmbH	-	-	-	20
Total	**5,746**	**300**	**5,801**	**621**

Notes to the Company Financial Statements for the year ended 31 December 2019

20 OFF-BALANCE SHEET LIABILITIESOTHER FINANCIAL COMMITMENTS

20.1. Guarantee

In 2017 Fyber N.V. entered in 2 different loan agreements as guarantor, as following:

1. In 2017 Fyber N.V. entered into a loan agreement between BillFront GmbH and Fyber GmbH as a guarantor for Fyber GmbH. The company guarantees to indemnify outstanding obligations from Fyber GmbH. The entire guarantee amounts up to the entire facility credit of €7,500 thousand. As of 31 December 2019 an amount of €4,491 thousands had been withdrawn. Please refer to note 32 of the notes to the consolidated financial statements for further information.
2. In 2017 Fyber N.V. entered into a revolving credit facility agreement between bank Leumi and Fyber Monetization Ltd. as a guarantor for Fyber Monetization Ltd. The company guarantees to indemnify outstanding obligations from Fyber Monetization Ltd. The entire guarantee amounts up to the entire facility credit of USD 15,000 thousand. As of 31 December 2019 an amount of USD 15,000 thousand had been withdrawn. Please refer to note 32 of the notes to the consolidated financial statements for further information.

20.2. Fiscal unity for Value Added Tax ('VAT') purposes

The Company is the head of a fiscal unity for German VAT purposes with Fyber GmbH, Fyber Media GmbH, Fyber RTB GmbH, Falk Realtime Limited and Advertile Mobile GmbH as controlled entities. The head of the fiscal unity prepares the overall VAT return including all controlled entities of the fiscal unity. Therefore, the Company has a joint liability concerning the German VAT tax due by any of these companies.

21 AUDITORS FEE

The following fees have been recognized in other operating expenses:

in € thousands	2019			2018
	KPMG Accountants N.V.	Other KPMG Network	Total KPMG	Grant Thornton B.V.
Audit of the financial statements	137	280	417	461
Tax-related advisory services	-	8	8	-
Total	**137**	**288**	**425**	**461**

The above mentioned audit fees relates to the audit of the financial year 2019 and 2018 respectively and do not represent the costs expensed during the year.

22 REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The composition of the management board and supervisory board is the same for both, the Company and the Group. Therefore, p lease refer to note 41.2 and 41.3 of the notes to the consolidated financial statements for information regarding the remuneration of the management board and the supervisory board.

23 SUBSEQUENT EVENTS

Please refer to note 45 of the notes to the consolidated financial statements for information regarding significant events after the balance sheet date.

Amsterdam, 30 April 2020

The Management Board	The Supervisory Board
Ziv Elul, CEO	Yair Safrai, Chairman of the Supervisory Board
Yaron Zaltsman, CFO	Tarek Malak, Chairman of the Audit Committee

24 OTHER INFORMATION

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 2019, to add the losses to the accumulated deficit.

Auditor's report

The auditor's report with respect to the financial statements is set out on the next pages.

Independent auditor's report

To: the Annual meeting of Shareholders and the Supervisory Board of Fyber N.V.

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Fyber N.V. as at 31 December 2019 and of its result and its cash flows for the year then ended, 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.

What we have audited

We have audited the financial statements 2019 of Fyber N.V. (hereafter: “the Company”) based in Amsterdam, the Netherlands.

The financial statements comprise:

1. the consolidated and company statement of financial position as at 31 December 2019;
2. the following consolidated and company statements for 2019: the income statement, the statement of other comprehensive income, the statement of changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the ‘Our responsibilities for the audit of the financial statements’ section of our report.

We are independent of Fyber N.V. in accordance with the ‘Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten’ (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to the paragraph Going Concern (note 1.3) in the notes of the financial statements which indicates that the Company depends on future positive cash flows and the willingness of the lenders to continue financing the Company. This could further be negatively impacted by the uncertainties caused by COVID-19. These conditions indicate the existence of a material uncertainty which may cast doubt about the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Uncertainties related to the potential effects of COVID-19 are relevant to understanding our audit of the consolidated financial statements. All audits assess and challenge the reasonableness of estimates made by companies, the related disclosures and the appropriateness of the going concern assumption of financial statements. The appropriateness of the going concern assumption depends on assessments of the future economic environment and the company's future prospects and performance. The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of this report its effects are subject to significant levels of uncertainty. We have evaluated the situation and uncertainties as described in the aforementioned disclosure and consider the disclosure to be adequate. However, an audit cannot predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to COVID-19.

Audit approach

Summary

Materiality

- Materiality of EUR 720 thousand for the consolidated financial statements
- 0.6% of total revenue
- 0.2% of total assets
- Materiality of EUR 525 thousand for the company financial statements

Group audit

- 98% of total assets
- 97% of total revenue

Key audit matters

- Impairment testing on goodwill
- Convertible bonds accounting treatment
- Fraudulent revenue recognition

Opinion

Unqualified opinion with material uncertainty related to going concern

Materiality

Based on our professional judgement we determined the materiality for the consolidated financial statements as a whole at EUR 720 thousand and for the company financial statements as a whole at EUR 525 thousand.

The materiality for the consolidated financial statements is determined with reference to total revenue (0.6%). We consider total revenue as the most appropriate benchmark because the main focus of stakeholders is, amongst other metrics, on revenue. Moreover revenue appears to be more appropriate as this benchmark is less volatile than profit before tax.

The materiality for the company financial statements is determined with reference to total assets (0.2%). We consider total assets as the most appropriate benchmark because the main focus of stakeholders is, amongst other metrics, on total assets due to the holding and finance activities of the parent company.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the consolidated and company financial statements for qualitative reasons.

We agreed with the Management Board that unadjusted misstatements in excess of EUR 36 thousand and EUR 26 thousand which are identified during the audit of the consolidated and company financial statements respectively, 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 components. The financial information of this group is included in the financial statements of Fyber N.V.

Our group audit mainly focused on significant components (namely Fyber Monetization Ltd., Fyber Media GmbH and Fyber GmbH) that are (i) of individual financial significance to the group, and (ii) that, due to their specific nature or circumstances, are likely to include significant risks of material misstatement of the financial statements of Fyber N.V. At these significant components we performed audits for group reporting purposes on a complete set of financial information.

We have:

— Used the work of KPMG Israel and KPMG Germany for the audit of Fyber Monetization Ltd., Fyber Media GmbH and Fyber GmbH.

— Set component materiality levels, which ranged from EUR 158 thousand to EUR 532 thousand, based on the mix of size and risk profile of the components within the group to reduce the aggregation risk to an acceptable level

— Provided detailed instructions to the component auditors, covering amongst others the significant risks of material misstatement, and the information required to be reported back to the group audit team.

— For the significant components in scope of the group audit, held conference calls and physical meetings with the auditor of the significant components. During these meetings and calls, the planning, risk assessment, procedures performed, findings and observations reported to the group auditor were discussed in more detail and any further work deemed necessary by the group audit team was then performed.

— Reviewed the work performed by KPMG component auditors in our group audit file.

— Performed selected audit procedures ourselves at Fyber N.V. with respect to compliance with specific Dutch disclosure requirements and those related to communication to those charged with governance.

This resulted in an audit coverage of 98% of total assets and 97% of total revenues.

For the remaining components, we performed analytical procedures at the aggregated group level in order to corroborate our assessment that there are no risks of material misstatements within these remaining group entities.

By performing the procedures mentioned above at significant components, 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 financial statements.

Audit scope in relation to fraud

In accordance with the Dutch standards on auditing we are responsible for obtaining a high (but not absolute) level of assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error.

As part of our risk assessment process we have evaluated events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud ('fraud risk factors') to determine whether fraud risks are relevant to our audit. During this risk assessment we made use of our own forensic specialist.

We communicated identified fraud risks throughout our team and remained alert to any indications of fraud throughout the audit. This included communication from the group to component audit teams of relevant fraud risks identified at group level.

In accordance with the auditing standard we evaluated the fraud risks that are relevant to our audit:

— Fraud risk in relation to revenue recognition, being the risk with respect to an overstatement of revenues throughout the year and during the cut-off period close to the financial year-end (the presumed risk).
— Fraud risk in relation to management override of controls to meet targets and/or expectations (the presumed risk).

Our audit procedures included an evaluation of the design and implementation of internal controls relevant to mitigate these risks and substantive audit procedures, including detailed testing of high risk journal entries and evaluation of management bias, such as estimates relating to goodwill impairment testing. In determining the audit procedures we made use of the Company's evaluation in relation to fraud risk management (prevention, detections and response), including the set-up of ethical standards to create a culture of honesty. Furthermore, in relation to the correct recognition of revenues throughout the year and for the period close to the financial year-end, we carried out inspection and testing of documentation such as contracts with customers and credit notes.

As part of our evaluation of any instances of fraud, we inspected the incident register/whistle blowing reports and follow up by management.

We communicated our risk assessment and audit response to the Management Board and the Supervisory Board. Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character.

Our procedures to address fraud risks did result in a key matter. We refer to the key audit matter related to fraudulent revenue recognition.

We do note that our audit is based on the procedures described in line with applicable auditing standards and are not primarily designed to detect fraud.

Audit scope in relation to non-compliance with laws and regulations

We have evaluated facts and circumstances in order to assess laws and regulation relevant to the Company. In this evaluation we made use of our own forensic specialist.

We identified laws and regulations that could reasonably be expected to have a material effect on the financial statements based on our general understanding and sector experience, through discussion with relevant management and evaluating the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the group to component audit teams of relevant laws and regulations identified at group level. The potential effect of these laws and regulations on the financial statements varies considerably:

- Firstly, the Company is subject to laws and regulations that directly affect the financial statements including taxation and financial reporting (including related company legislation). We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognized or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation.

Based on the nature of operations and their geographical spread, the areas that we identified as those most likely having such an indirect effect include laws and regulations regarding the data privacy.

Auditing standards limit the required audit procedures to identify non-compliance with laws and regulations that have an indirect effect to inquiring of relevant management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not identify any additional actual or suspected non-compliance other than those previously identified by the Company in the above mentioned area. We considered the effect of actual or suspected non-compliance as part of our procedures on the related financial statement items.

Our procedures to address compliance with laws and regulations did not result in the identification of a key audit matter.

We do note that our audit is not primarily designed to detect non-compliance with laws and regulations and that 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 errors or fraud, including compliance with laws and regulations.

The more distant non-compliance with indirect laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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 Management Board and 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 of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing on goodwill

Description

As indicated in note 18, the carrying value of goodwill as at 31 December 2019 amounts to EUR 134.9 million. The goodwill resulted from the acquisition of four platform businesses between 2014 and 2016. The goodwill relates to one cash generating unit (CGU) only.

Under IFRS–EU the Company is required to test the amount of goodwill for impairment at least annually. The impairment tests were significant to our audit due to the complexity of the assessment process, judgements and key input assumptions involved which are affected by expected future market and economic developments.

Our response

We evaluated the design and implementation of controls with respect to management's impairment testing process.

We challenged the CGU definition, cash flow projections included in the annual goodwill impairment test and assessed the appropriateness of this and other data used by comparing them to external and historical data, such as external market growth expectations, and by analysing sensitivities in Fyber valuation model.

Our audit procedures included the involvement of a valuation specialist to assist us in evaluating the assumptions, in particular the (terminal) growth and pre-tax discount rates, and the valuation methodology and model used by Fyber.

We applied sensitivity analysis and assessed possible biases of management, challenged the overall outcome and consistency and the historical accuracy of management's estimates and retrospective review procedures.

We assessed the adequacy of the disclosure in note 18 to the consolidated financial statements.

Our observation

We consider management's key assumptions and estimates to be within the acceptable range and we assessed that the disclosure in note 18 meets the requirements of EU-IFRS.

Convertible bonds accounting treatment

Description

As indicated in notes 5 and 28, in order to restructure the company's financing position, the company converted EUR 72 million of convertible bonds (carrying amount) outstanding as at 31 December 2019 into equity. This conversion significantly impacted equity (EUR 95 million increase) and resulted in a financial expense of EUR 23 million.

Subsequent to this conversion certain terms of the remaining (not converted) bond were amended which resulted in the modification of these remaining bonds. This modification resulted in a financial income of EUR 7 million .

The accounting of the convertible bonds and in particular the modification of the terms of the remaining (not converted) bonds was significant to our audit because of the complexity of the applied derecognition accounting of IFRS 9 financial instruments which includes significant judgments by management.

Our response

We evaluated the design and implementation of controls with respect to management's accounting process for the conversion of the bonds.

We obtained an understanding of the conversion and the modification accounting applied by management and obtained the approval of the bondholders and shareholders' meetings.

Our audit procedures on the conversion included, amongst others, reconciliations with the underlying convertible bonds agreement, recalculation of the financial expense resulting from the conversion and reconciliation with underlying audit evidence.

Our audit procedures on the modification accounting included, amongst others, the involvement of a financial instrument specialist to assist us in evaluating the key assumptions and estimates of management. We evaluated the appropriateness of the implementation of the quantitative and qualitative indicators based on the derecognition requirements of IFRS 9. We considered whether management judgements relating to these quantitative and qualitative indicators gave rise to any indicators of management bias.

We evaluated the completeness, accuracy and relevance of data used in calculating the quantitative indicators by assessing the model and key inputs used, and performing a recalculation.

We assessed the adequacy of the disclosures in notes 5 and 28 to the consolidated financial statements.

Our observation

We consider management's key assumptions and estimates to be within the acceptable range and we assessed that the disclosures in notes 5 and 28 meet the requirements of EU-IFRS.

Fraudulent revenue recognition

Description

Based on the business environment there is a pressure to meet the requirements of third parties, to achieve bank covenant ratios, results and financial (incentive) targets. In addition the major revenue generating business processes are mainly based on manual interfaces between the IT systems leading to an opportunity to manipulate revenue.

Revenue recognition was significant to our audit because of the fraud risk relating to the existence of the revenue recognized.

Our response

We evaluated the design and implementation of relevant anti-fraud revenue controls.

Our substantive audit procedures included, amongst other, detailed testing of high risk journal entries and evaluation of management bias.

In response to the risk of overstatement of revenue we selected and reconciled sales transactions with supporting source documentation such as customer contracts. We inspected the sales contracts to determine whether significant risks and rewards were transferred in the current year. In addition we tested whether revenue was appropriately recognized by performing credit note testing after year-end.

Furthermore we evaluated the revenue reconciliations between the IT systems which management performed, and assessed the differences resulting from these reconciliations by inspecting supporting documentation.

Our observation

The results of our procedures relating to the risk of fraudulent revenue recognition were satisfactory.

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.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- 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 less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the Annual meeting of Shareholders as auditor of Fyber N.V. on 12 June 2019 as of the audit for the year 2019 and have operated as statutory auditor ever since that financial year.

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 audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Management Board for the financial statements

The Management Board 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, The Management Board 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, the Management Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management Board 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 engagement 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.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 30 April 2020

KPMG Accountants N.V.

A.P.A. Greebe RA

Appendix:
Description of our responsibilities for the audit of the financial statements

KPMG Accountants N.V., registered with the trade register in the Netherlands under number 33263683, is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity.

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- 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 the risk 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 the Management Board;
- concluding on the appropriateness of Management Board' 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 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.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

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 audits 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.

Other Information

Financial Calendar

Q1 2020 Interim Statement
27 May 2020

Annual General Meeting 2020
11 June 2020

H1 2020 Interim Statement
26 August 2020

Q3 2020 Interim Statement
25 November 2020

About Fyber

Fyber is an app monetization company, developing a next-generation monetization platform for app developers. Fyber combines proprietary technologies and expertise in mediation and real-time bidding with centralized revenue data to help app developers discover better ways to monetize mobile games. Fyber has seven global offices in Berlin, San Francisco, New York, London, Tel Aviv, Beijing, and Seoul and is publicly traded on the Frankfurt Stock Exchange under the symbol FBEN.

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: Wallstraße 9-13, 10179 Berlin, Germany
Amtsgericht Charlottenburg HRB 166541B

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

Chairman of the Supervisory Board
Yair Safrai

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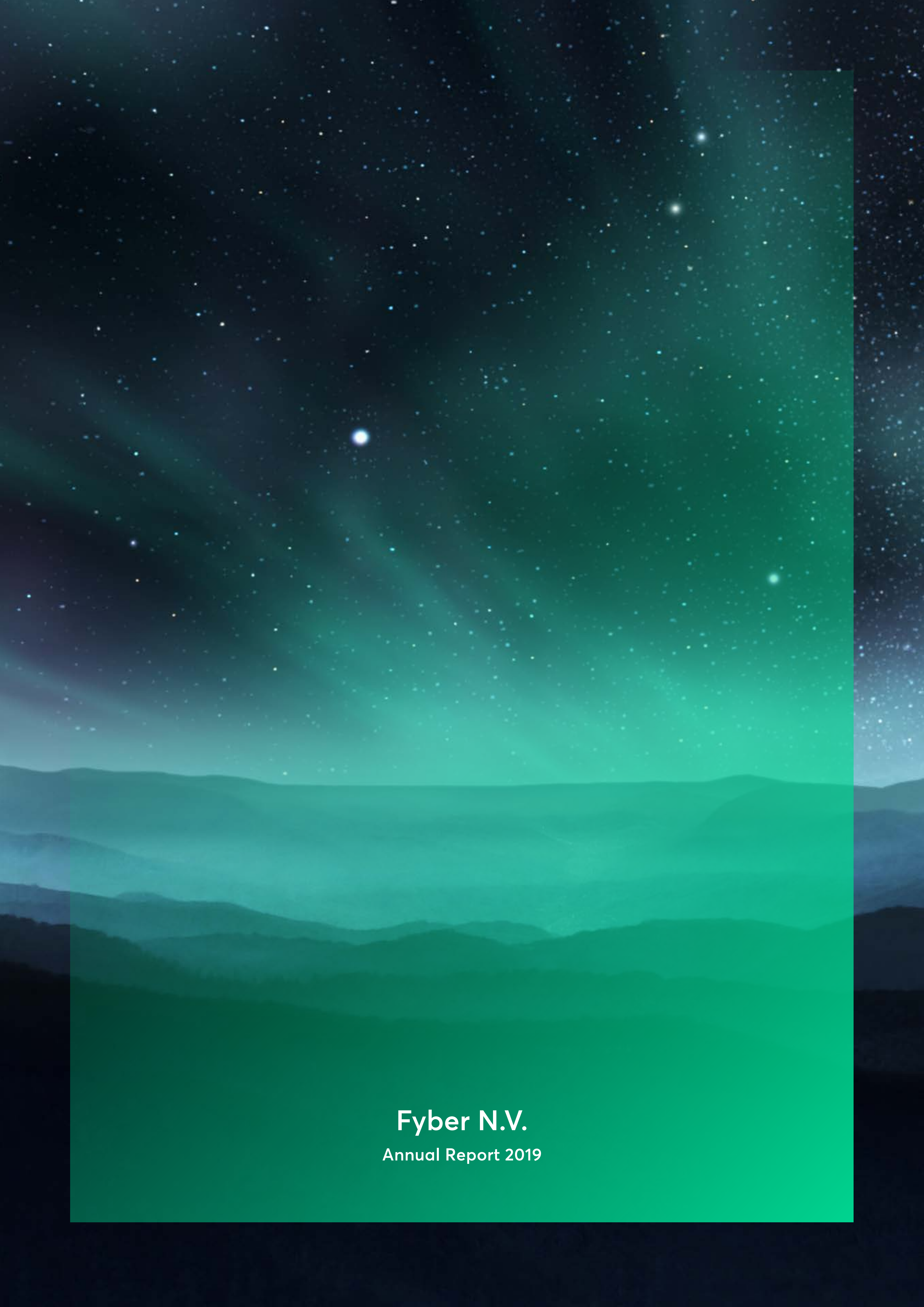

Fyber N.V.

Annual Report 2019