

RNTS Media N.V.

Preliminary First Quarter 2017 Interim Statement

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RNTS Media

Q1 2017 – Key Developments

RNTS Media N.V. (“RNTS”, “the Company” or “the Group”) is a leading advertising technology company. It empowers app developers and digital publishers to generate business-critical revenue streams through targeted advertising. Through its core assets, Fyber and Inneractive, the Company’s technology infrastructure reaches more than one billion monthly active users. RNTS technology is channel-neutral and provides an open-access platform for advertisers and publishers. Its platforms enable cross-device advertising with a global reach and a strong focus on video.

Strategic and Operational Highlights

Continued growth of video advertising and programmatic trading in line with expectations and seasonality

Gross revenues up 17% to €49.7m, gross margin (EUR) up 11% to €14.6m for Q1 compared to the same period last year

Adjusted EBITDA for Q1 widened from €-1.4m to €-5.0m reflecting further investment into the core business that will deliver the strong

growth in 2017 and beyond. As Q1 is seasonally the weakest quarter, the losses against the higher cost base increased. This was in line with management’s expectations reflected in the guidance for EBITDA in excess of €3m for the full year

Signed €7.5m credit facility for Fyber business unit

Further expansion of global partner network on supply and demand side for all Group companies

Financial Highlights

	3 months ended 31 March		
	2017 (€m)	2016 (€m)	Change (%)
Revenue	49.7	42.5	17.1%
Gross margin (%)	29.4%	31.0%	-1.6pp
Adjusted EBITDA ¹	-5.0	-1.4	-257.1%

¹ Results adjusted to exclude separately disclosed items in line with recent financial reporting practice

Chief Executive Officer's Statement

We are reporting a very good start to the year, in line with our expectations and the natural seasonality of the first quarter. Driven by video advertising and programmatic trading, revenues increased by 17% to €49.7m compared to €42.5m in the first quarter of 2016. Based on this and the strong growth in 2016, management increased the guidance during the first quarter. We expect to deliver gross revenues in excess of €280m and adjusted EBITDA in excess of €3m for the full year 2017.

Highlights in the first quarter included the rollout of the collaboration between Fyber and Japan's most popular messaging app, LINE, in monetizing their inventory with video ads; the signing of a deal between MailOnline and Inneractive to support the programmatic monetization of their mobile app; and the awarding of Gruenderszene's growth award 2016.

Our development pipeline is robust and we look forward to delivering on our integration plans throughout the remainder of the year. The focus will be on driving the cross-referenced revenue between Fyber, Fyber RTB and Inneractive and the initial technical integration of components between the Fyber and Inneractive platforms.

The deep-stack offering, combined with the critical scale of global demand partners integrated with our platforms, enables us to extend business with existing publisher partners. At the same time, the efforts of integrating all acquired assets and driving profitability and scalability initiatives within each of the companies is expected to drive the Group to profitability in 2017 – a goal we are successfully progressing towards.

Berlin, 31 May 2017



Andreas Bodczek
Chief Executive Officer

Report of the Management Board

Market Developments

As a provider of neutral advertising technology for publishers, the Company operates in the digital advertising market, more precisely focused on the main areas of growth within this market – mobile, video and advanced programmatic trading of digital ads.

The developments of the past year confirm the strong growth trajectory of digital advertising overall. Digital advertising spend reached \$224bn globally in 2016 and is set to grow more than 60% by 2020. Mobile ad spend overtook desktop advertising in 2016, this year accounting for \$144bn, 55% of digital advertising.¹ The in-app environment dominates mobile in terms of the time users spend on their devices, as well as the ad dollars advertisers spend on it.

Digital video ad spend is set to further accelerate in 2017, reaching \$22bn worldwide.² According to a new global research study, 83% of advertisers plan to increase their ad spend on digital video ad formats this year, with brand video content being among the biggest expected revenue contributors. Traditional TV advertisers continue to move into the digital space and these are most likely to shift their spend to mobile video. This comes on the back of further increases in usage numbers of digital and mobile video, with 92% of consumers now watching videos online every day and 88% watching more video than they did a year ago.³

We expect video usage and ad spend on video formats to continue to grow in the medium term, largely based on the introduction of 5G, stronger broadband and new devices, as well as the democratization of producing and distributing high quality video.

With programmatic trading becoming the go-to method of placing advertising, and with targeting and viewability constantly evolving, brand advertisers are naturally following their audiences to digital, especially to mobile video. This is reflected in the biggest opportunities marketers are seeing for video advertising in 2017, including the increased engagement of in-app video, the granular audience targeting and the ability to buy mobile ad space programmatically.⁴

Programmatic trading has already become the dominant way of transacting advertising and by 2018, is expected to account for more than 80%, or \$39bn, of the total digital display ad spend. It is also expected to account for more than 75%, or \$11bn, of digital video advertising spend in the US in 2018⁵, with the expectation for global markets to mirror this change.

Within programmatic, and especially in the mobile advertising environment, programmatic direct or so-called programmatic guaranteed is the area of fastest growth.⁶

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

¹ Source: eMarketer, Mar 2017, Sep 2016

² Source: eMarketer, Jan 2017

³ Source: AOL, Apr 2017

⁴ Source: AOL, Feb 2017

⁵ eMarketer, Apr 2017

⁶ eMarketer, Apr 2017, Sep 2016

Product Offering

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

Video monetization is a core focus of the Company's offering, enabling publishers to monetize their inventory with different non-rewarded and rewarded video ad formats. Innovative outstream formats address the fact that the market currently offers more demand for video advertising than there is available supply by making it possible to include video ads in non-video content. This sets publishers up to benefit from the higher yield generated from video advertising in comparison to more traditional display ad units. We are continuously investing in the technical capabilities of the formats, countering concerns such as load times, and optimizing the delivery and viewability of our video products.

The automated marketplace connects publishers to leading global demand sources. It allows for parallel bidding of real-time bidding ("RTB") and non-RTB sources, programmatic and managed campaigns, the setting up of private marketplaces, and the close control of transactions through one powerful dashboard. Continuous investment into features supporting brand safety, tracking, campaign management and other publisher tools will ensure our market standing as a provider of premium programmatic technology. The Company's scale, both in terms of the breadth of technological capabilities and the global reach of more than one billion monthly active users, makes it one of the few independent top tier marketplaces for digital advertising.

Across all ad formats and platform services, our proprietary ad ranking algorithms ensure delivery of only the highest-paying suitable ads, presenting publishers with actionable insights to make the most of their monetization strategies.

Strategic Developments

Since the initial investment into advertising technology with the Fyber acquisition in late 2014, RNTS Media's strategy was to build a full stack solution for the monetization of audiences in all publisher verticals. All subsequent acquisitions added components to this strategy. Depending on the complexity of the technology and the business of each acquired unit, the speed of integration was set at different levels from full integration for Heyzap, which is not trading independently any longer, to business cooperation between Fyber and Inneractive.

In Q1 2017 the target of a full integration over the next two years was defined. Management is committed to transforming RNTS Media from a holding structure into one global ad tech business on the basis of a joint organization, operation and technology base under the name of Fyber. This will allow the Company to deliver the best value to customers around the world as well as to shareholders.

The phased approach that has now been defined, will allow for cross platform utilization of demand and supply in the near future leading to improved fill rates and higher returns.

At the same time, management has decided, within its full stack strategy, to focus on the fastest growing areas of mobile, video and programmatic advertising. RNTS will continue to focus on increasing its already strong market position in these areas, driving organic growth based on the combined offering of the Group companies.

Business, Product and Technology Highlights

- Expansion of our client base on both the supply and demand side for all Group companies, including MailOnline, ABC News, Game Hive and Netease as well as new direct demand-side platform integrations for our programmatic business units and a strong pipeline for the second quarter
- Product and technology investments were focused on broadening the functionality of the publisher dashboards, strengthening the programmatic auction capabilities, including our own adapter for Prebid.js header bidding wrapper, and further improvements of our campaign optimization algorithms

Financing Update

RNTS Media successfully placed €150m of convertible bonds ("Bonds") in two tranches in 2015 and 2016. After a restructuring in April 2017, the Bonds pay a coupon of 3% p.a. and can be converted at €3.00 at any time during the Bonds' duration until 27 July 2020. The funds raised were used to repay previous shareholder loans and to finance acquisitions and ongoing business operations. To further finance the Company until cash-generation and cover the earn-out payments for Heyzap and Inneractive, RNTS has reviewed a variety of financing options. In May 2017 Fyber GmbH secured a €7.5m working capital facility from BillFront Ltd., a technology finance provider, to finance the operating business of Fyber (incl. Heyzap). Negotiations for other facilities are ongoing.

Subsequent Events

- A Bondholder Meeting held in April approved a number of changes to the terms of the Bonds, including, a reduction of the conversion price of the Bonds from €4.20 to €3.00 per share; the reduction of the fixed interest rate payable from 5.00% to 3.00% p.a.; the waiver of the coupon payable in July 2017; and the subordination of claims under the Bonds to new funding being secured. The changes improve the cash flow during the critical period until break-even and reduce the refinancing risk in 2020 by making a future conversion much more likely, significantly adding to the foundations of full financing.
- The Company moreover concluded an extraordinary general meeting on 11 April, at which all proposed resolutions were approved. The resolutions include, inter alia, changing the official name of the Company to Fyber N.V.; changing the form of the shares from bearer shares to registered shares; and the issuance of new shares at the expense of the reserves of the Company to participants in the Stock Option Plan.

Financial Report

As the various acquisitions have occurred at different times, all financial data is adjusted to include them as of 1 January 2016. For 2017, statutory and pro-forma numbers are identical. On this pro-forma basis, Q1 2017 revenues increased by 17.1% from €42.5m to €49.7m.

The Q1 performance reflects a combination of the strong seasonality in our business, with Q1 being the weakest

period in the year, the strategic focus on the programmatic business and the impact of having built a business for a larger revenue base. While the Group was close to break-even in Q4 2016 on substantially the same cost base, in Q1 2017 the adjusted EBITDA was at €-5.0m, a €-3.6m change on Q1 2016. This was in line with management's expectations.

The gross margin (EUR) increased from €13.2m to €14.6m (+10.6%). The average gross margin (%) fell from 31.0%

	Gross Revenue	Gross Margin (%)
Fyber (incl. Heyzap)	€17.8m (-8.2%)	31.4% (-0.7pp)
Fyber RTB	€13.2m (+106.5%)	25.7% (+14.5pp)
Inneractive	€18.2m (+14.9%)	29.9% (-6.4pp)

to 29.4% due to the mix effect of Fyber RTB increasing its share of revenue from 15.1% to 26.6%. Fyber RTB has a gross margin that is still lower than the Group's average, despite having grown from 11.2% in 2016 to 25.7% in 2017. In addition Inneractive has experienced some temporary pressure on its margin. This is largely related to ramp-up cost of entering the Chinese market with the expectation of recovery later in the year.

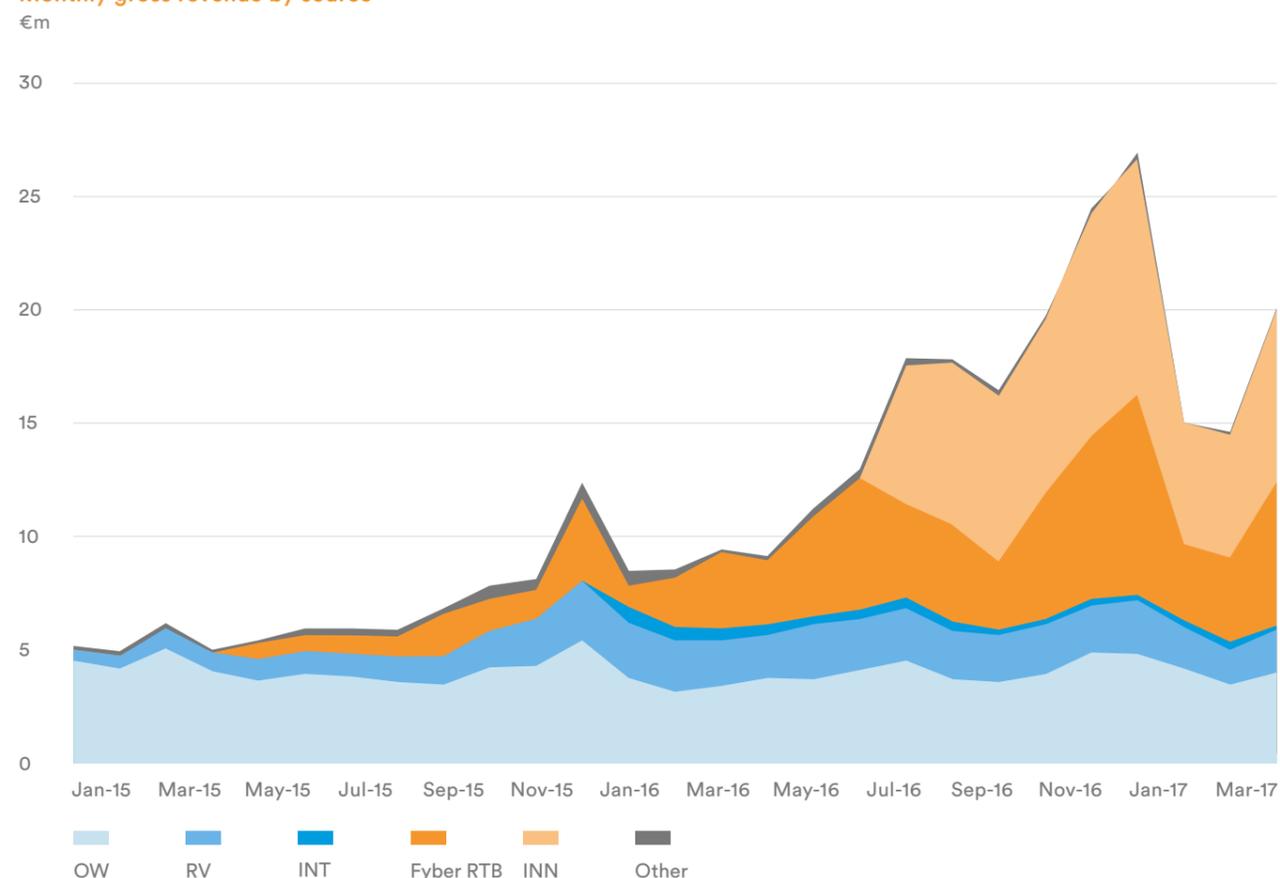
Operating expenses increased compared to Q1 2016 due to the need to support the higher revenue base. This was particularly true in the Inneractive business where more technology capacity has been built to support the huge market opportunity. However, the cost base is almost stable in comparison to Q4 2016, with minor further expansions mainly linked to a targeted China team being built in Beijing.

Separately disclosed items related to non-cash stock option expenses and amortization of intangibles in Q1 2017 amounted to €-2.4m vs. €-3.2m in Q1 2016.

Outlook

Management reiterates previous guidance for revenue in excess of €280m and adjusted EBITDA in excess of €3m. The focus on the fast growing fields of video advertising and programmatic & RTB, as well as the integration of the businesses acquired in 2015 and 2016, will enable this revenue growth of almost 30%. The funding already secured in May will be supplemented by additional facilities currently under discussion and expected to close in the near future.

Monthly gross revenue by source



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

Disclaimer

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About RNTS Media N.V.

RNTS Media is a leading advertising technology company. It empowers app developers and digital publishers to generate business-critical revenue streams with targeted advertising, enabling them to optimize the yield they generate from advertising. Through its core assets, Fyber and Inneractive, the Company's technology infrastructure reaches more than one billion monthly active users. RNTS technology is channel-neutral and provides an open-access platform for advertisers and publishers. Its platforms enable cross-device advertising with a global reach and a strong focus on video. RNTS Media was founded in 2010 and is headquartered in Berlin, Germany. The Company employs more than 380 people globally and is listed on the Prime Standard of Frankfurt Stock Exchange under the symbol 'RNM'. In 2016, the fast-growing company won a number of awards including: Deloitte Technology Fast 500™ 2016 EMEA company; placed in Gruenderszene's Top 50 growth ranking 2016; and won the Golden Bridge Gold Award 2016. For more information visit www.rntsmmedia.com.

Results Announcements

FY 2016 Results	26 July 2017
H1 2017 Results	20 September 2017
Q3 2017 Results	22 November 2017

Annual General Meeting	28 September 2017
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Annual Analyst Meeting	27 November 2017
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