RNTS Media N.V.

First Quarter Interim Statement

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RNTS MEDIA
Q1 2016 – Statement

Key Facts

- Strong growth in Rewarded Video and Real-time bidding (RTB) driving revenues
- Completed acquisition of Heyzap in January 2016. Numerous synergies realised with mediated ad impressions growing 94% over Q4 2015
- Issue of €50m of convertible bonds earmarked for closing of Inneractive acquisition fully subscribed on 11 May 2016, though subscribers did not settle their commitments by date of this report
- Closing of Inneractive acquisition announced on 3 March 2016 is dependent on the proceeds of the convertible bonds placement. Contractual time window for closing the transaction expires on 5 June 2016
- Alternative funding structure through revolving credit facility and remaining proceeds of the initial 2015 convertible bonds placement could not be applied to close the transaction by 31 May 2016
- Fyber selected as one of only three companies to connect with Facebook's native partner program
- Successful disposal of BigStar Global for up to $3m in deferred payments
- Fyber Ad Server launched, expanding offering to better serve publishers' needs

Financial Highlights

	3 months ended 31 March		
Pro-forma figures[1]	2016 (€m)	2015 (€m)	Change (%)
Revenue	26.0	18.0	47.9%
Gross margin (%)	27.9%	33.0%	-5.1 pp
Adjusted EBITDA[2]	-3.1	-2.0	-51.9%
Adjusted loss after tax[2]	-5.7	-2.4	-139.4%

1 Pro-forma results show the financials of the Group as if Heyzap had been acquired on 1 January 2015
2 Results adjusted to exclude separately disclosed items as explained in the notes to the consolidated financial statements in the Annual Report 2015

Andreas Bodczek, CEO of RNTS Media, commented:

"At the end of May, the position of the company could hardly be more torn: We have achieved a strong revenue performance in the first quarter, during which the mobile advertising technology market delivered superior growth rates in comparison to the wider ad tech industry and Heyzap, the acquisition closed in January, has performed very strongly. At the same time, we could not expect that the fully subscribed €50m convertible bonds tap issue and the alternative funding structure that we had created would not be available by the end of May. We will continue to pursue these two options with undivided focus, but without these funds, we will not be able to close the Inneractive transaction announced in March and thus would have to fully review our strategic positioning and growth path.

"Should Inneractive not be closed by 5 June 2016, the deal is likely to be lost. We will then release an updated financial outlook in due course, with the expectation for it to be significantly lower than previously disclosed."

Chief Executive Officer's Statement

Dear Shareholders,

During the past two years, we have positioned the Company to fully focus on advertising technology and set strong foundations to turn investment into growth in 2016. RNTS Media achieved a solid first quarter in 2016 and continued the positive growth trend of 2015, albeit from a smaller base due to natural seasonality effects of the industry. We also managed to achieve major milestones in the implementation of our strategy such as the closing of the Heyzap acquisition, the divestment of the last remaining non-core business and the further integration of Falk Realtime acquired in 2015.

Revenues during the first three months of 2016 grew 48% compared to the same period last year, to €26.6m. This was mainly driven by strong growth in the Rewarded Video and Real-time bidding products.

We continue to see strong growth in the markets in which we operate, validating our decision to fully focus our strategy on mobile advertising technology, powering the app economy with smarter monetization solutions. The progress we have made during the quarter means we remain in line to achieve our stated target of reaching a €200m run rate by the end of the 2016 financial year, provided that we can close the acquisition of Inneractive announced on 3 March 2016.

Active role in industry consolidation

In December 2015, the Group acquired Heyzap, a mobile supply-side platform[1] offering similar functionalities to RNTS Media's core asset Fyber. The acquisition was completed in January and we are pleased with the positive development in the first quarter and the synergies we have been able to realise. Heyzap adds significant reach in the Group's core markets of freemium and gaming apps, making RNTS Media one of the largest independent[2] mobile SSPs available today. The Heyzap acquisition also puts us in a market leading position in the provision of Mediation[3] services. Heyzap continues to expand its market reach with mediated ad impressions[4] growing by 94% from 8.6bn in the last quarter of 2015 to 16.6bn in the first quarter of 2016. Specific synergy-generating activities such as the development of Banner ads on the joint technology platform of Fyber, which started immediately after completing the acquisition, are developing according to plan and are expected to be finished later this year.

Shortly afterwards, on 3 March 2016, the Company announced the signing of definitive agreements to acquire Tel Aviv-based Inneractive, a leading and fast-growing RTB exchange and infrastructure provider focused on display and video advertising. The deal closing conditions have in the meantime all been fulfilled with the exception of the payment of the initial purchase price of $46m. This payment is dependent on the availability of either the proceeds of the $50m tap issue of the convertible bonds, which were fully subscribed on 11 May 2016 but were not settled in cash as of the date of this report, or the drawdown of the €37m revolving credit facility plus cash remaining from the initial 2015 convertible bonds placement and currently deposited with a bank. We continue to pursue both of these funding options but also realize that the contractual window for closing the Inneractive transaction closes on 5 June 2016.

Inneractive would complement Fyber and the earlier acquisitions by diversifying and greatly enlarging RNTS Media's target market with app segments such as Utility, Productivity and Messaging, which are mainly powered by display advertising, i.e. Banner and Native ads. Based on the time users spend with different app categories, this more than triples RNTS Media's addressable market.[5]

Inneractive saw 335% YoY growth in ad requests during the first quarter and we are confident that the planned initiatives to connect Fyber's and Inneractive's monetization platforms would further accelerate this development and also increase the overall take rate for the Group.

Further strategic developments

We are pleased to announce that Fyber is one of only three companies selected to connect with Facebook in their recently launched 'Native Partner Program'. With that, Fyber is able to add the Facebook Audience Network to its Mediation platform as one source of demand, exposing the connected app developers to native advertising-enabled demand from Facebook's three million advertisers. To be chosen as an anchor member for this program underlines the strong capabilities of our technology platform and the international relevance we have achieved over the last months.

In addition to several smaller product and optimization initiatives, we also launched a publisher Ad Server[6]. This expands our platform to a full-stack offering, especially catering to the needs of specific publisher groups that require an Ad Server to realize all their monetization strategies, preferably by using only one technology provider. As such, this broadens our addressable market on the supply-side and drives technical lock-in with the app developers, laying the foundations for further organic growth with existing clients, while adding new clients.

We will continue to invest into our technology, consolidate the acquired assets and with that build a lean, scalable organization positioned to further benefit from the fast-growing market environment. Putting the app developers' needs at the forefront of all decision making, we will continue to define integrated app monetization across ad formats and app verticals.

Berlin, 31 May 2016

Andreas Bodczek
Chief Executive Officer

1 Supply-side platform (SSP): Software solution app developers and publishers use to manage and optimize their monetization strategies. SSPs tap into many sources of advertising demand and offer tools to manage these demand sources centrally, with the goal to generate highest yield for the publisher. Yield optimization: SSPs facilitate the bidding process on ad space, potentially in real-time (RTB - real-time bidding), guaranteeing that only highest-paying ads are being delivered to the app and ultimately shown to the app user.

2 Independent SSP: agnostic to the offered ad space or the implemented demand sources, the independent SSP only focuses on generating highest yield for the app developer, not conflicting with own resources or inventory, contrary to e.g. media companies that promote their own ad inventory, focus on app users as their end clients and offer services for app developers only as a side product.

3 Mediation: Connecting app developers to a large number of demand sources like ad networks (aggregators of ad space supply and matching it with advertiser demand), offering integration, management and optimization of all ad networks activated on the monetization platform through one single technical integration.

4 Ad request: when an app or website user reaches a place in an app where an ad could be shown, the app automatically sends an ad request to the connected SSP, which starts the auction and determines the best suited ad based on predefined criteria with regards to content and pricing of the ad. Ad impression: If the ad request is filled and an ad is delivered to the user, this generates an ad impression. Mediated ad impressions are impressions generated on the mediation platform of the SSP

5 Time spent with apps per app category: 15% Gaming, 41% Entertainment, Messaging/Social, Utility and Productivity (Source: Flurry Analytics, June 2015)

6 Technology fully integrated with the SSP platform, that enables app developers to set up direct deals with advertisers and cross-promotion campaigns to promote their own apps within their properties to e.g. support new app launches and drive user engagement within their apps

Market Developments

The underlying dynamics of our target market of mobile advertising remains unchanged from the detailed report we included in last year's Annual Report 2015. Global growth in mobile ad spend remains strong and is projected to grow at a 35% CAGR 2014-2019, from $43bn in 2014 to more than $195bn in 2019.

As previously reported there is a disparity between the time a user spends interacting with different types of media and the advertising budgets allocated to these channels. This is particularly true for mobile and digital media, where ad budgets not yet reflect the growing share users spent with that same media. On the other hand, more traditional forms of media such as print and TV still attract high levels of advertising spend despite an ongoing decline in the hours users spend interacting with them. However, the growing traction of digital media advertising is gradually closing this gap.

eMarketer recently published its updated US market report for the first quarter of 2016, raising its growth outlook for digital and especially mobile advertising in the US while lowering its growth projections for TV ad spend.

US digital ad spend is expected to grow at over 15% this year and from $68bn in 2016 to more than $105bn by 2020. RNTS' target market of mobile continues to be the fastest growing segment, expected to grow by 38% in 2016. As a result of this growth mobile will represent more than 63% of the total US digital ad spend for the full year 2016.

Conversely eMarketer's report revised growth for TV advertising in the US is to 2.5% for 2016, compared to 4.5% for the third quarter last year, with a long term growth forecast of 2% per year. As such TV is expected to make up less than one third of total US ad spend by 2020.

Longer term the US mobile market alone is expected to reach $77bn by 2020, representing a 29% CAGR between 2014 and 2019. Within this, the video ad format is growing even faster, at a 32% CAGR 2014-2019.

Looking from a buying technology perspective, programmatic trading takes the lead, with US mobile programmatic display ad spending growing at almost 70% CAGR 2014-2017, from $4bn to $21bn, making up 69% of total mobile display ad spending. Also, within mobile programmatic advertising, video shows strong development, growing at a 174% CAGR 2014-2017, albeit from a small base. This underlines RNTS Media's strategy to strengthen its technology both in terms of programmatic trading and video advertising. Since rolling out programmatic trading in May 2015, following the acquisition of Falk Realtime, the segment grew 400%+ in 2015 and continued to grow strong in the first quarter of 2016, being up 240% and making up one third of total revenues as of March 2016.

A recent market study by ClickZ confirms these trends and highlights programmatic display, programmatic mobile and programmatic video as the top three investment categories for advertisers and agencies during 2016. Their research results also suggest a considerable market opportunity given the early stage mobile advertising is still in. 56% of the participating advertisers would consider themselves as 'beginners' in mobile advertising (mobile advertising being, at best, a bolt-on to otherwise mainly desktop-focused activities) vs. 31% who describe themselves as 'intermediate' (successful mobile advertising strategies in place, but mostly ad hoc and not properly integrated).

With the continuous shift toward mobile in terms of the time users spend interacting with media, along with further developments in technology and the methods by which to execute targeted advertising strategies, these ratios are poised to change in favour of mobile advertising and with that also RNTS Media.

(Source: eMarketer, Mar 2016; eMarketer Apr 2016; ClickZ Intelligence Apr 2016)

Financial Review

In November 2015, German legislators amended the German Securities Trading Act (Wertpapierhandelsgesetz) by eliminating the requirement for public companies to issue quarterly financial reports for the first and third quarters. The newly amended German Transparency Directive became effective and prompted the Frankfurt Stock Exchange to amend its rules and allow companies to prepare and publish quarterly interim statements rather than quarterly financial reports.

According to the new requirements, RNTS Media made changes to its own reporting activities and will now publish interim statements for the first and third quarters of the financial year in condensed form. For the half-year, the Company will continue to prepare and publish a half-year report according to section 37w of the German Securities Trading Act (Wertpapierhandelsgesetz).

This interim statement presents the key events of the first quarter of 2016 and their impact on the financial position and the results of operations. We also refer to our 2015 Annual Report for more information on the Company, that are not covered in detail in this quarterly update.

The accounting and valuation principles applied to the 2015 consolidated financial statements remain the same as those applied in the first quarter of 2016.

Highlights

	3 months ended 31 March		
Pro-forma figures[1]	2016 (€m)	2015 (€m)	Change (%)
Revenue	26.0	18.0	47.9%
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Adjusted EBITDA[2]	-3.1	-2.0	-51.9%
Adjusted loss after tax[2]	-5.7	-2.4	-%

1 Pro-forma results show the financials of the Group as if Heyzap had been acquired on 1 January 2015
2 Results adjusted to exclude separately disclosed items as explained in the notes to the consolidated financial statements in the Annual Report 2015

Revenues for the first quarter 2016 were strong at €26.6m representing growth of €8.6m (+47.9%) compared to the same period of 2015. Trends previously witnessed, and on which RNTS Media has previously commented, continued:

- Softening of Offer Wall revenues (-24.7%) due to the mature product life cycle;
- Strong growth of Rewarded Video Ad Format (+247.7%) resulting from the more modern and consumer appealing user experience;
- Real-Time Bidding, representing the integrated activities of Falk Realtime and Fyber's real-time bidding offering (both now renamed Fyber RTB), delivered explosive growth and contributed €6.5m in the first quarter.

In addition, through the acquisition of Heyzap in January we have introduced Interstitials, the next addition to the portfolio of ad-formats offered by Fyber. In Q1 2016 this has already contributed €1.9m of revenues to the overall performance. The interstitial offering will be fully available through the Fyber platform by end of Q2 2016.

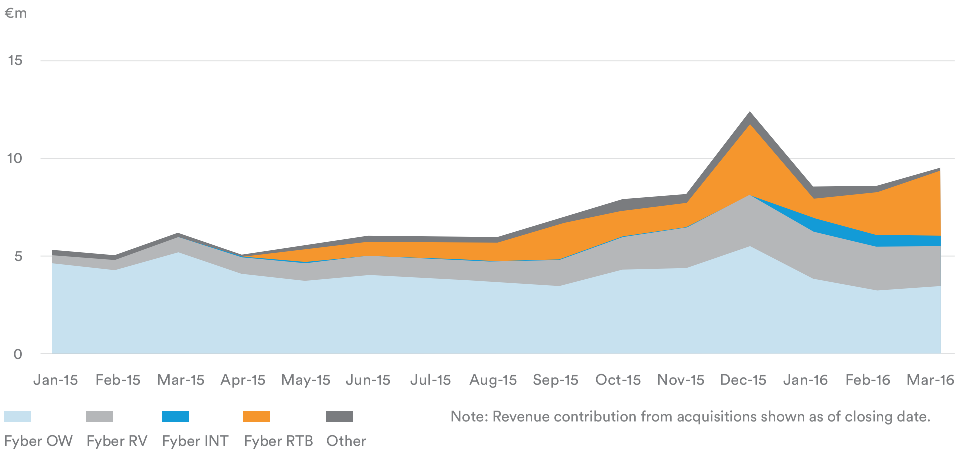
At the same time, due to seasonality, Q1 2016 revenue was not as strong as Q4 2015 (-€5.0m (-15.9%)). However, Q1 2016 growth rates confirmed the continued successful execution of the strategy defined in 2015.

Gross Margin (EUR) grew by 25.2% to €7.4m, with average gross margin (%) for the Group declining from 33.0% to 27.9%. The gross margin decline was caused by the higher share of Fyber RTB revenues at margins significantly below the Group's average. Margin from the remainder of Group revenues increased to 33.2% from 33.0% a year ago. A main driver of this development was the higher share of the rewarded video product.

Adjusted EBITDA was -€3.1m vs. -€2.0m a year ago and -€2.8m in Q4 2015. The increased loss was due to investment into personnel, data center capacity, back office systems and a general strengthening of the organization. This investment is expected to be maintained at similar levels going forward and not increased further. Therefore, anticipated future growth is expected to lead to reduced losses.

Headcount increased from 276 full-time employees ("FTE") at the end of Q4 2015 to 281 FTE at the end of the first quarter 2016. While headcount dropped slightly within Fyber Group there has been an overall increase due to the acquisition of Heyzap with 17 FTE. During the course of the year we plan to slightly increase headcount in relevant areas such as Technology to further build our competitive positioning. For RNTS Media there is headcount growth expected due to the acquisition of Inneractive Group with approximately 80 FTE joining.

Monthly gross revenue by source



Note: Revenue contribution from acquisitions shown as of closing date.

INT = Interstitial Ads; OW = Offer Wall; RV = Rewarded Video; Fyber RTB = Real-time bidding (former Falk Realtime); Other = Other revenues; 'Fyber RTB' shows total programmatically monetised traffic across formats

Key Developments

Closing of Heyzap acquisition

The acquisition of the San Francisco-based mobile advertising technology company Heyzap completed on 7 January 2016. The deal consisted of an initial cash consideration of $20m, with potential earn-out payments in cash and shares of up to $25m upon achievement of certain performance targets by 2017.

Heyzap, like Fyber, operates a mobile SSP and as such enhances RNTS Media's global reach, expanding its client base both on the supply and the demand side, and creates a robust suite of publisher tools. Both companies invested heavily into their Mediation offering over the last years, putting the Group into a market leading position for Mediation.

The acquisition also fast-forwards the development of the technology stack with regards to the supported ad formats. Heyzap features the two main display ad formats, Banner and Native ads, and the Group is working towards implementing these on the Fyber platform as a first step towards fully integrating Heyzap's platform with Fyber's by the end of the year.

During the first quarter, Heyzap saw strong growth in the reach of its platform, with mediated ad impressions up 94% QoQ, growing from 8.6bn to more than 16.6bn monthly impressions. The integration with Fyber, and especially its advanced Ad Exchange[7], is expected to enhance the monetization of traffic Heyzap is processing on it's platform, increasing the outcome for connected publishers and with that the Group's revenue.

Acquisition of Inneractive

The signing of definitive agreements to acquire 100% of the shares in Inneractive Ltd, Tel Aviv, Israel, for an initial cash consideration of $46m and potential earn-out and retention payments of up to $26m upon the achievement of certain ambitious growth targets over the next three years was announced on 3 March 2016. After the fulfilment of all closing conditions, including a mandatory waiting period for mergers in Israel, the closing is now exclusively dependent on sufficient funding being available before the time window for closing expires on 5 June 2016. Failure to close the transaction will lead to forfeiture of a $8m break-up fee.

Unlike Falk Realtime and Heyzap, Inneractive would be run as a separate business unit within RNTS Media in parallel with Fyber.

Inneractive recorded a strong first quarter, with revenues up 147% compared to the same period 2015 to €15.4m.

Convertible Bonds Placement and Alternative Funding

Following the settlement of the initial tranche of €100m out of €150m senior unsecured convertible bonds in August 2015, on 11 May 2016 the Company announced that the tap issue of an additional €50m convertible bonds was fully subscribed and expected to settle within the next days. The instrument's details such as duration and strike price remained unchanged. The proceeds of the tap issue were earmarked to fund the initial payment for the Inneractive acquisition and the funding of ongoing operations. By 31 May 2016 the parties subscribing the tap issue did not settle their commitments.

In addition, the company's attempts to secure the funding of the Inneractive closing through an existing revolving credit facility and funds remaining from the initial 2015 €100m convertible bonds placement did not yet materialize by 31 May 2016.

Management continues to pursue both paths to secure the funding for the Inneractive acquisition to achieve closing by 5 June 2016.

7 Ad Exchange: Digital marketplace connecting supply and demand-side; enabling app developers & publishers and advertisers to sell and buy advertising space.

Update on Fyber RTB

Falk Realtime has been acquired in May 2015 to strengthen the Group's programmatic and real-time trading capabilities. The integration with the Fyber platform made good progress over the course of the last year and is expected to be finished by the end of the third quarter 2016. To underline the integrated offering, Falk Realtime was rebranded as Fyber RTB and is operated as an integral part of RNTS Media's core asset Fyber.

Update on BigStar Global

In line with the stated strategy to focus solely on advertising technology, the Group decided to discontinue the non-core business of Korean edutainment software provider BigStar Global ('BSG'). In May 2016, BSG was sold to a group of private investors led by BSG's CEO Hyounghoon Han and Korean-American entrepreneur Jonathan Kim for a purchase price of up to $3m in payment deferred until profitability of the group can be achieved. In addition, certain additional financial support was agreed. The full financial impact of the transaction will be evaluated in the H1 financial statements. At this time management does not expect any further negative impact from the transaction.

Launch of the Fyber Ad Server

During the first quarter of 2016, Fyber launched its Publisher Ad Server, largely building on technology and expertise gained through the acquisition of Falk Realtime.

This product further expands Fyber's offering with regards to platform products, i.e. different ways for app developers to connect with a large number of demand sources. While the Mediation platform and the Ad Exchange are mainly about enabling advertisers to bid on targeted ad inventory offered by the app developers that are connected to our platform, Ad Serving allows publishers to set up direct deals with advertisers and cross-promotion campaigns for their apps within their own properties.

This opens Fyber up to new app developer groups that use Ad Serving as one mainstay of their monetization strategy.

The Ad Serving layer is fully integrated with the other parts of the monetization platform to ensure yield optimization across all demand sources, meaning that campaigns run simultaneously across direct, programmatic and mediated networks to identify the highest bidder.

Further strategic developments and Outlook

Not securing sufficient funding within the first days of June would put the strategically important Inneractive acquisition at risk. This overshadows many strong strategic achievements in the first quarter of 2016.

We are pleased that Fyber is one of only three companies selected to connect with Facebook in their recently launched 'Native Partner Program'. With that, Fyber is able to add the Facebook Audience Network to its Mediation platform as one source of demand, exposing the connected app developers to native advertising-enabled demand from Facebook's three million advertisers. To be chosen as an anchor member for this program underlines the strong capabilities of our technology platform and the international relevance we have achieved over the last months.

In addition to several smaller product and optimization initiatives, we also launched a publisher Ad Server. This expands our platform to a full-stack offering, especially catering to the needs of specific publisher groups that require an Ad Server to realize all their monetization strategies, preferably by using only one technology provider. As such, this broadens our addressable market on the supply-side and drives technical lock-in with the app developers, laying the foundations for further organic growth with existing clients, but also to add new clients on the back of this investment.

Overall the financial performance for the first quarter 2016 was within management's expectations. Provided that we can still close the Inneractive transaction, management therefore confirms the guidance previously provided (annual pro-forma revenues of €160m+ and year-end revenue run-rate of €200m while improving adjusted EBITDA).

However, should the funding needed to close the Inneractive transaction not be available, management will review and determine the strategic path forward under the changed financing situation. Without new financing it is unlikely that we will still have a chance to take the role of an active consolidator in the market and to invest into our technology and a lean, scalable organization in the same way as previously intended. In parallel to searching for new funding sources, we would therefore also review our guidance previously provided and expect to lower it significantly.

Financial Calendar 2016

Results Announcements

Q1 2016 Results	31 May 2016
H1 2016 Results & Analyst Call	21 September 2016
Q3 2016 Results	23 November 2016

Annual Meetings

Annual General Meeting	15 June 2016
Annual Analyst Meeting	23 November 2016

Editorial

RNTS Media N.V. (Naamloze Vennootschap) is a public company with limited liability, incorporated under the laws of the Netherlands
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