



INTERIM REPORT

FIRST QUARTER 2019

Berlin, 29 May 2019

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LETTER TO THE SHAREHOLDERS

Dear Shareholders,

YOC Group has been among the leading independent providers of mobile advertising in Europe since 2001.

Our goal is to create an ideal digital advertising experience for advertisers, publishers and users of the mobile web.

To this end, we develop eye-catching digital advertising products which achieve to create a lasting brand awareness and reach out to people through appealing and fascinating ads. This is why we have conceptualised and developed our new proprietary trade platform **VIS.X®**, which we introduced into the market at the beginning of 2018.

VIS.X® is a programmatic supply-side platform of the next generation which facilitates the efficient media trade of visible and high-impact advertising products.

VIS.X® allows our clients to purchase high-quality advertising inventory combined with the YOC advertising products fitting their advertising strategy, in an automated and thereby scalable manner, day and night.

We regard the technological opportunities of **VIS.X®** as visionary. Although we have at this stage by far not reached the full potential of our platform, although we are still going to extend **VIS.X®** by many functionalities and although we will expand our marketplace by continuously adding new well-renowned premium publishers, we are on the right course in terms of strategy, positioning YOC as a technology-based provider of high-impact programmatic advertising at the top of the advertising market.

The focus in the ongoing financial year 2019 is on further developing our platform and significantly increasing the trade volume processed by **VIS.X®**.

We therefore expect sales revenues ranging between EUR 15.5 million and EUR 16.5 million with a disproportionately low increase in the cost structure.

This should also result in a further improvement in operating earnings before interest, taxes, depreciation and amortization (EBITDA) of between EUR 0.2 million and EUR 0.5 million.

The first three months of the current 2019 financial year did not yet reach this growth level - the YOC Group achieved an increase in revenues of around 6 % to EUR 2.9 million compared with the same period in the previous year (3M/2018: EUR 2.7 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) were EUR -0.1 million (3M/2018: EUR -0.1 million), as in the prior-year period.

However, due to the increased programmatic trade volume via our **VIS.X®** platform, we expect a noticeable increase in sales of around 15 % year-on-year for the first half of fiscal year 2019, as well as a related further increase in profitability.

Dear valued shareholders, with our unique technology platform **VIS.X®** and our self-developed advertising formats and long-standing expertise, YOC continues to evolve as a leading provider of advertising technology in Europe.

We are adding many new functions to **VIS.X®**. We are expanding our coverage and the available media inventory substantially by continuously integrating new publishers. We are connecting many new demand side platforms with **VIS.X®**, thus facilitating access to our platform for many media buyers. All these steps increase our trade volume and help us stand out from competitors. Our team is driving this development with their strong commitment.

I wish to express my sincere thanks for the trust you have placed in us. I am looking forward to our continued cooperation.

Kind regards,



Dirk-Hilmar Kraus

CEO

YOC AT A GLANCE

REVENUE AND EARNINGS (IN KEUR)

Total Revenue
Middle and Eastern Europe ¹⁾
Rest of Europe ²⁾
Gross profit margin (in %)
Total output
EBITDA
EBITDA margin (in %)
Earnings after tax
Earnings per share (diluted in EUR)
Earnings per share (basic in EUR)

3M/2019	3M/2018	CHANGE IN TOTAL	CHANGE IN %
2.878	2.719	159	6
2.846	2.239	607	27
32	480	-448	-93
38,1	38,0	0	0
3.015	3.012	3	0
-140	-142	2	1
-4,6	-4,7	0,1	n.a
-373	-278	-95	-34
-0,11	-0,09	-0,02	-22
-0,11	-0,09	-0,02	-22

EMPLOYEES

Average number of employees ³⁾
Number of employees at end of March
Total revenue per employee (in kEUR)
Total output per employee (in kEUR)

3M/2019	3M/2018	CHANGE IN TOTAL	CHANGE IN %
45	55	-10	-18
42	56	-14	-25
64	49	15	29
67	55	12	22

FINANCIAL POSITION AND LIQUIDITY (IN KEUR)

Total assets
Cash flow from operative activities

3M/2019	3M/2018	CHANGE IN TOTAL	CHANGE IN %
4.525	6.224 ⁴⁾	-1.699	-27
-77	-419	342	82

Where rounded figures are used, differences may occur due to commercial rounding.

1) Germany, Austria, Switzerland, Poland and Netherlands

2) Spain and Great Britain

3) Based on permanent employees

4) as of 31/12/2018

INTERIM CONSOLIDATED MANAGEMENT REPORT

BUSINESS DEVELOPMENT OF YOC GROUP IN THE FIRST THREE MONTHS OF 2019

KEY FIGURES

In the first three months of 2019 financial year, the YOC Group recorded **total revenues** of EUR 2.9 million (3M/2018: EUR 2.7 million). This corresponds to an increase of around 6 % compared with the same period of the previous year.

On the **German-speaking market**, revenues increased by 29 % year-on-year. The subsidiary in **Poland**, set up in financial year 2016, developed pleasingly and achieved to realise 24 % growth through increasing sales contributions.

On the other hand, the sales targets in the **British and Spanish markets** could not be achieved. Accordingly, the cost structure was adjusted. For the year as a whole, however, both locations are expected to stabilise.

In particular, the proprietary technological platform **VIS.X®**, introduced into the market in 2018, added to the revenue development of the first quarter 2019 with steadily growing sales shares. The trade platform **VIS.X®** allows for the programmatic (automated) trade of highly effective advertising products by YOC, positioning the company as a provider of high-quality advertising technology.

At the same time, the revenue share of self-developed ad tech products increased, leading to the company's **gross margin** reaching a quota of 38 % in the first three months of financial year 2019 (3M/2018: 38 %).

Operating earnings before interest, taxes, depreciation and amortization (EBITDA) remained unchanged at EUR -0.1 million (3M/2018: EUR -0.1 million).

The **operating cash flow** in the reporting period came to EUR -0.1 million (3M/2018: EUR -0.4 million). In addition to the result after taxes, this resulted from the seasonal change in working capital.

RANGE OF SERVICE

With its growth of expertise since 2001, YOC develops innovative digital advertising formats, making them available through its marketplace for both traditional and automated real-time trade (programmatic advertising). With its cutting-edge technology, developed in-house, along with a tremendous coverage, the company operates at the forefront of the advertising market.

YOC's proprietary products create positive brand awareness and contribute substantially to changing the advertising market.

This way advertising clients reach their goals, while the self-developed, unobtrusive formats improve the user experience. Our long-standing experience, transparent processes, our software and excellent service create trust in YOC and convince both customers and partners.

Of the top 500 global advertisers, a large number use YOC's technology. Our clients include well renowned brands such as **Deutsche Telekom, Audi, McDonald's, Volkswagen, Mercedes-Benz, Netflix, Coca-Cola, Samsung, Garnier** or **Sky**.

Our around 400 integrated well-selected international partners with a direct global coverage of more than 200 million monthly active users (MAU) include premium publishers such as **Mail Online, Trinity Mirror, Kurier, Kronenzeitung, Der Tagesspiegel, Bunte.de** or **Eurosport**. They trust in YOC due to our technological and market specific skills as well as a long-standing profitable partnership.

The focus of the company is on positioning itself as a technological provider of its proprietary supply-side platform **VIS.X®** as well as mobile advertising products and solutions in the core markets in Great Britain, Germany, Austria, Spain, Poland - and since the third quarter of 2018 also the Netherlands.

YOC develops its own scalable technological platform, delivering new products through all sales channels in demand, especially in the strongly growing and highly automated environment of programmatic advertising.

As a result of the modified technological framework parameters, YOC has over the past years assumed a stronger position in the market for digital advertising and undergone decisive changes. To this end, the company has internalised important elements of the value chain in mobile advertising and also tackled the issue of online advertising.

This includes the development of proprietary, high-performing advertising products that on the one hand unfold a strong advertising effect for advertisers and on the other do not intrude on the internet user's consumption of media content.

What is more, the company set up a comprehensive system landscape over the past years, consisting of self-developed, innovative software and prominent solutions by well-known external providers like Google, SAP or Salesforce. On this basis, YOC is able to serve all relevant sales channels in a scalable manner.

The mix of a modern and scalable supply-side platform, innovative advertising products and a high-performing technological infrastructure is the striking competitive feature by which YOC clearly stands out from other market participants.

YOC'S SUPPLY-SIDE PLATFORM (SSP): VIS.X®

In addition to the established product lines, YOC has developed a new platform for highly automated media trade and introduced it into the market at the beginning of 2018. This strategy aims at delivering the solution to one of the prevailing problems of the digital advertising market: satisfying the demand for the programmatic purchase of highly impact advertising formats.

Most of the platforms available in the market concentrate on standard products, so that the product lines developed by YOC in-house - as well as eye-catching advertising formats from several third-party providers - were not available for programmatic booking.

With **VIS.X®**, YOC establishes a new programmatic trading venue for international, brand-safe inventory by premium publishers - positioning itself in the market as a provider of high-quality advertising technology.

The platform combines the publishers' advertising inventory with YOC's own products via private marketplaces in an integral auction, thereby offering the advertisers all relevant products in one transaction.

In line with the buyers' targeting data and individual campaign goals, YOC provides the appropriate auctioning mechanisms for an efficient media purchase. The purchasing process for advertisers, media agencies as well as their trading desks does not require further technological adaptations to the existing infrastructure.

Already available advertising media are transformed into YOC's in-house, promotionally effective products and delivered through **VIS.X®** in real-time. The technology developed by YOC thereby unfolds the full potential of programmatic advertising, making **VIS.X®** the ideal platform for effective digital advertising.

By integrating several hundred publishers and due to the high performance of **VIS.X®**, the trading desks are offered high scalability in real-time as well as international premium inventory for their media purchase.

The full inventory of one publisher is offered to all buyers at the same time. This ensures ideal monetising for the publishing partner. At the same time, the platform offers YOC's advertising client's premium inventory, high transparency as well as brand safety, leading to better advertising results.

Hence, the use of **VIS.X®** provides the publishers, trading desks or advertisers with a sustainable competitive edge.

The company benefits from its independence from third-party suppliers, positioning itself as a strong technology provider with a scalable business model. This constantly drives the company to further develop the in-house supply-side platform (SSP) **VIS.X®** and thereby increase the platform's performance capacity.

In the past financial year 2018, **VIS.X®** was protected and registered as a European trademark by the European Patent Office.

PRODUCT LINES

The company successfully commercialises its product lines **YOC Understitial Ad®**, **YOC Inline Video Ad**, **YOC Mystery Ad®** as well as the **YOC Mystery Scroller®**.

The aim of these products is to spread the advertising messages of advertisers among the end users in an effective and purposeful way. The use of different methods of display, interactive elements as well as unobtrusive operating principles leads to a better acceptance with users.

Adding to this, other than traditional standard formats, the YOC products allow for enhanced methods of measuring different interaction and retrieval statistics. This is how, on the one hand, they contribute substantially to the measurability of marketing success for advertisers, while on the other hand enhancing the potential for optimising the advertising effect with the end users.

In particular those product variants with video components offer advertisers the possibility to advertise their brands and products audio-visually on mobile devices in a comprehensive and highly scalable manner.

The core characteristic of **YOC Understitial Ad®** is its effective but nonetheless unobtrusive placement in the content environment of a website. Advertisers reach the smartphone or desktop users with large-scale advertising material without disrupting them in their user habits.

In this advertising medium, YOC unites technological experience with expertise in targeting users in digital environments.

Last financial year 2018, **YOC Understitial Ad®** was further improved. Especially the video version was enhanced with the newest software protocols and received new components.

Following the success of the mobile format **YOC Understitial Ad®**, the company also introduced a version for the desktop advertising market:

YOC Understitial Desktop Ad is just as unobtrusive in the editorial content as the mobile product, and it is opened successively by scrolling a page until it becomes fully visible. The online advertising format is available for HTML5, video or image content. Here, too, the intention not to intrude on the users' digital habits is the main focus.

Meanwhile, YOC improves monetising for publishers with this product extension, as advertising campaigns based on **YOC Understitial Ad®** are available both for mobile and online sale. On top of this, the development of **YOC Understitial Desktop Ad** strengthens the holistic communication approach of the advertisers.

YOC Inline Video Ad is an innovative digital advertising format which allows advertisers to place video ads on traditional websites without own video content. It is compatible with the standards of the branch (VAST and VPAID) and plays the video ad in high quality. The special feature of this product is that it can be used anywhere and that no fixed placement within the publisher's website is required.

The integrated automatic start-stop system only lets the video play when the user is actually viewing it on his smart phone display or monitor, and it pauses as soon as it moves out of the visible range by scrolling.

This significantly improves the viewability and, as a consequence, the advertising effect for the advertiser.

YOC Mystery Ad® is a full-screen mobile advertising format which has won several awards. The product's special feature lies in the possibility of inviting the user to interact with the brand message through any number of creative elements. **YOC Mystery Ad®** hence offers comprehensive design options that guarantee to attract great attention with the users.

In mid-2018, YOC introduced its fourth advertising format into the market: **YOC Mystery Scroller®**. The advantage of the **YOC Mystery Scroller®** is its reactive scrolling technology: animations, effects and videos can be adapted to the user's scrolling behaviour.

YOC Mystery Scroller® is supported by all mobile browsers, only using around 30 % of the display. The ad remains visible at all times, without disturbing the reading flow. Due to its proactive nature, **YOC Mystery Scroller®** does not just play an advertising format but gives it a special touch without annoying transitions.

Aside from the mentioned YOC-owned products, the company also offers traditional advertising formats that follow the internationally applicable IAB and MMA standards. Moreover, the team of experts at YOC is able to develop additional functionalities such as responsive formats, enhanced tracking possibilities or the use of special advertising media within standard formats. Measuring viewability has advanced to becoming a decisive factor for managing, optimising and analysing a campaign.

In financial year 2018, YOC hence further extended its technological infrastructure for measuring and analysing the viewability of mobile ad formats.

The YOC products follow the standards of the market (IAB and MRC) and thereby offer advertisers internationally comparable performance indicators for the effectiveness of their digital advertising. As a consequence, YOC provides alternative payment models for its advertising clients based on the collected viewability data. A campaign is only charged for when for example a video has been played in full length in the user's field of vision.

All YOC product lines, with the exception of the **YOC Inline Video Ad**, have been protected and registered with the European Patent Office in past financial year 2018 for brand safety reasons.

ADDITIONAL DIGITAL SERVICES

YOC offers its advertising clients effective mobile and online advertising solutions for successful advertising campaigns:

CREATIVE SERVICES

For already more than a decade, YOC has advised advertisers on the right choice of mobile advertising formats and, as the case may be, also handles the production of advertising media. Aside from these services, the company's specialists also provide their expertise in managing the campaigns on digital devices.

YOC HUB

The business intelligence platform **YOC Hub** is both a tool for internal process management at YOC and for publishers to control and optimise their marketing activities. In addition, the company's own platform **VIS.X®** is controlled by **YOC Hub**.

The enhanced support of the programmatic business segment through dedicated reporting simplifies the daily operating business. Through the comprehensive and freely configurable software surface of **YOC Hub**, users gain an up-to-date overview of the YOC products' marketing success.

DEVELOPMENT OF PROFITABILITY

The new accounting standard IFRS 16 has been applicable since 01 January 2019. It regulates the recognition, measurement, disclosure and disclosure requirements for leases.

For a more detailed presentation of the revaluation and reclassification effects, please refer to the section "Principles for the preparation of the financial statements, accounting and valuation methods" in the notes of the interim report.

REVENUE TREND AND OVERALL PERFORMANCE

In the first three months of the current 2019 financial year, the YOC Group increased **total revenues** by around 6 % year-on-year to EUR 2.9 million (3M/2018: EUR 2.7 million).

At EUR 3.0 million, the Group's **total output** was at the previous year's level (3M/2018: EUR 3.0 million).

GROSS PROFIT

In the reporting period, the **gross margin** ratio remained constant at 38 % compared with the previous year (3M/2018: 38 %). The continued increase of the gross margin is an important element of the further sustained positive corporate development and at the same time reflects the adjusted market position of the company.

PERSONNEL EXPENSES AND STAFF DEVELOPMENT

Compared with the previous year, **the average headcount** (excluding the Management Board) of the Group fell to 45 employees (3M/2018: 55 employees). As of 31 March 2019, the YOC Group employed 42 permanent staff. Compared with the previous year, this represented a decline of 25 % (3M/2018: 56 permanent employees).

Personnel expenses of EUR 0.97 million were slightly below the expense level of the same period last year (3M/2018: EUR 1.04 million).

OTHER OPERATING EXPENSES

In the first three months of the financial year 2019, the **other operating expenses** remained at the previous year's level at EUR 0.4 million (3M/2018: EUR 0.4 million). Overall, the cost-cutting measures implemented over the past years in various fields continued to take effect.

EBITDA

Operating earnings before interest, taxes, depreciation and amortization (EBITDA) remained unchanged at EUR -0.1 million (3M/2018: EUR -0.1 million).

POST-TAX PROFIT OR LOSS

YOC Group recognised **scheduled depreciation** in the amount of EUR 0.13 million (3M/2018: EUR 0.07 million), a negative **financial result** in the amount of EUR 0.04 million (3M/2018: EUR -0.02 million) as well as **taxes on income and revenue** in the amount of EUR 0.06 million (3M/2018: EUR 0.04 million).

Earnings after tax (including corporate functions) thus came to EUR -0.4 million in the reporting period (3M/2018: EUR -0.3 million).

FINANCIAL POSITION AND NET ASSETS

As of 31 March 2019, YOC Group's **cash and cash equivalents** amounted to EUR 0.3 million.

OPERATING CASH FLOW

The **operating cash flow** is determined using the indirect method. The starting point for determining the operating cash flow is the net income after taxes in the reporting period, amounting to EUR -0.4 million (3M/2018: EUR -0.3 million). The operating cash flow includes all cash transactions that are not attributable to investing or financing activities.

The **operating cash flow** came to EUR -0.1 million in the reporting period (3M/2018: EUR -0.4 million).

In addition to the result after taxes, this resulted from the seasonal change in working capital.

CASH FLOW FROM INVESTING ACTIVITIES

The outflow of cash from **investment activities** in the amount of EUR 0.1 million (3M/2018: EUR 0.1 million) includes mainly the activatable internal development costs connected to the further development of the company's technological platforms and innovative products amounting and external development costs.

In the fixed assets, the additions and disposals are balanced.

CASH FLOW FROM FINANCING ACTIVITIES

The **cash flow from financing activities** of EUR -0.2 million (3M/2018: EUR 0 million) results from the reduction of loan and leasing liabilities.

OPPORTUNITIES, RISKS AND OUTLOOK

OPPORTUNITIES AND RISKS

Being a service provider with an international focus, YOC Group is active in a dynamic market which naturally brings about certain corporate and branch-specific as well as financial risks.

Main risks include market and competition risks, technological risks, liability risks, personnel risks, planning risks, organisational as well as financial and treasury risks. These risks are influenced by our own business activities as well as external factors. YOC Group has taken measures to detect such possible risks in time and to reduce them.

To this end, an adequate risk management system has been developed which records and evaluates risks by means of a company-wide risk inventory at regular intervals and, if necessary, constantly monitors them.

YOC Group's risk policies which have been set by the Management Board remain unchanged and are a vital part of the corporate policy, in line with the pursuit of sustainable growth, growth in company value and securing the company's existence in the long-term.

For this purpose, necessary risks are consciously taken, while taking into account the risk-return-ratio, in order to make use of market opportunities and to exhaust the success potential inherent in them. By means of anticipatory risk control as part of the internal control system, risks and opportunities can be detected and evaluated at an early stage so that a timely and appropriate response is possible, and efficient management can be guaranteed for the company's success.

The measures that are to be taken in line with risk control are being implemented in the respective operating units.

OUTLOOK

The use of the internet has already permeated peoples' daily lives to a large extent. Its various possibilities along with the bulk of content provided online affect the continuously increasing daily internet consumption. Especially people who go online with their mobile devices while on the move use the internet much more intensely compared to the overall population: on average 209 minutes daily. In the group of users under 30 years of age, the daily usage was even 278 minutes.¹⁾

In order to stay relevant for this generation, both publishers and advertisers need to provide attractive information and entertainment products. For publishers this implies not to overstrain their users with advertisements and ideally even to offer them additional value through creative formats. For advertisers, on the other hand, it means to exactly know their target group and to address them in a creative way. In this light, the call for creative and highly effective formats becomes even more relevant. Studies show that rich media formats, i.e. formats that allow for integrating multifarious media such as video, audio or HTML5, create interaction levels five times as high as standard banners achieve, leading to a higher and more positive brand awareness.²⁾

For some years, YOC has already positioned itself in this business segment with numerous attractive product lines and features and will participate in the growth of the market by providing interactive and highly effective advertising formats in the programmatic environment. The automation of the media trade was as yet, however, met hesitantly especially in Germany.

But also, in the European context the market currently offers few supply-side platforms that can service the demand for mobile programmatic advertising in connection with highly effective advertising products. Further reservations arise from the concern of many advertisers that their ad could appear in negatively connoted environments.

This shows all the more the relevance of secure premium environments and especially their transparency.

Against this backdrop, YOC saw the need for corresponding in the past year: By developing the new proprietary supply-side platform **VIS.X®** in 2018, YOC not only offers highly effective advertising formats that meet the requirements of the Coalition For Better Ads³⁾, but can now also trade them via platform-based programmatic sales channels. By binding premium publishers and their high-quality inventory, YOC moreover covers the strong demand for brand safety, i.e. for secure advertising environments, and will thereby in future participate in the further expansion of programmatic trade in Europe.

In financial year 2019, the Management Board devotes special attention to stabilising the dynamic growth of the programmatic platform trade and thereby to implementing the defined business strategy. To this end it is necessary that all YOC subsidiaries adapt the new market positioning and implement all relevant tasks. Meanwhile, YOC Group's internationalisation shall be further advanced. By introducing its own technology platform **VIS.X®** into the market, the company will achieve a sustainable competitive edge as well as independence from third party providers through the programmatic trade of highly effective advertising products. On top of this, aside from the existing business, further revenue will be generated successfully in the programmatic real-time trade.

Expectations for financial year 2019 are positive. Altogether, YOC Group reckons with **sales revenues** ranging between **EUR 15.5 million and EUR 16.5 million** in financial year 2019, with the cost structure merely rising at a disproportionately low rate.

On the basis of this revenue forecast, the company expects a further improvement in **operating earnings before interest, taxes, depreciation and amortization (EBITDA)** of between **EUR 0.2 million and EUR 0.5 million** for the 2019 financial year.

1) ARD/ZDF. ARD/ZDF-Onlinestudie 2018. 10.10.2018. <http://www.ard-zdf-onlinestudie.de/ardzdf-onlinestudie-2018/>. Access on: 11.03.2019.

2) Adform. Standard vs. Rich Media! Who will win the battle?. Website of adform. 09.17.2012. <https://blog.adform.com/rich-media/standard-vs-rich-media/>. Access on: 03.11.2019.

3) Coalition for Better Ads. The Bad Ads Standards. No publication date. <https://www.betterads.org/standards/>. Access on: 11.03.2019.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Q1/2019 (UNAUDITED)

All figures in EUR

	Q1/2019	Q1/2018
Revenue	2.878.079	2.718.548
Own work capitalised	70.489	85.141
Other operating income	65.948	208.635
Total output	3.014.517	3.012.324
Expenses for goods and services	1.782.232	1.686.212
Personnel expenses	974.221	1.043.517
Other operating expenses	398.097	424.365
Earnings before interest, taxes, depreciation and amortization	-140.033	-141.770
Depreciation and amortisation expenses	133.999	74.843
Earnings before interest and taxes	-274.032	-216.613
Financial expenses	40.176	23.860
Financial result	-40.176	-23.860
Earnings before taxes	-314.208	-240.473
Income taxes	59.072	37.744
Net income continuing operations	-373.280	-278.217
Net income	-373.280	-278.217

EARNINGS PER SHARE

Earnings per share basic	-0,11	-0,09
Earnings per share diluted	-0,11	-0,09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net income	-373.280	-278.217
Net other comprehensive income to be reclassified through profit or loss in subsequent periods:		
Unrealised gains/losses from foreign currency translation	-7.656	5.617
Total other comprehensive income	-7.656	5.617
Total comprehensive income	-380.936	-272.600

Where rounded figures are used, differences may occur due to commercial rounding.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31/03/2019 (UNAUDITED)

All figures in EUR

	31/03/2019	31/12/2018
ASSETS		
Non-current assets	1.621.613	844.641
Property, plant and equipment	90.690	96.189
Intangible assets	776.237	747.287
Deferred tax assets	1.209	1.165
Rights of use from leasing	753.477	0
Current assets	2.903.154	5.379.230
Trade receivables	2.219.043	4.532.281
Other receivables	337.835	182.720
Tax receivables	11.949	0
Cash and cash equivalents	334.327	664.228
Total assets	4.524.767	6.223.871
EQUITY AND LIABILITIES		
Equity	-4.275.542	-3.894.606
Subscribed capital	3.292.978	3.292.978
Additional paid in capital	20.961.224	20.961.224
Retained earnings	-28.436.659	-28.063.379
Other comprehensive income from currency translation differences	-42.767	-35.111
Own shares	-50.319	-50.319
Non-current liabilities	2.859.464	2.430.181
Provisions	79.868	79.714
Liabilities from leasing	579.129	0
Other financial liabilities	2.200.467	2.350.467
Current liabilities	5.940.844	7.688.296
Prepayments received	3.504	12.485
Trade payables	2.534.072	3.426.506
Other liabilities	406.011	575.906
Other financial liabilities	2.387.187	3.610.140
Liabilities from leasing	175.529	0
Tax liabilities	69.942	46.760
Provisions	364.598	16.500
Total equity and liabilities	4.524.766	6.223.871

Where rounded figures are used, differences may occur due to commercial rounding.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS Q1/2019 (UNAUDITED)

All figures in EUR

	3M/2019	3M/2018
Net income	-373.280	-278.217
Depreciation and amortisation	133.999	74.843
Taxes recognised in the income statement	59.072	37.744
Interest recognised in the income statement	40.176	23.860
Other non-cash income and expenses	-12.540	-31.828
Cash-Earnings	-152.573	-173.598
Changes in receivables and other receivables	2.146.174	919.975
Changes in liabilities, prepayments and other liabilities	-2.341.175	-1.431.435
Changes in provisions	348.252	312.626
Changes in other assets and liabilities	1.182	0
Interest paid	-62.653	-22.006
Income taxes paid	-16.500	-24.417
Cash flow from operating activities	-77.291	-418.855
Purchase of property, plant and equipment	-5.910	-7.872
Purchase of intangible assets	-17.104	-30.000
Outflow from development costs	-70.489	-85.141
Disposal of assets	84	0
Cash flow from investing activities	-93.419	-123.013
Repayment of lease liabilities	-59.191	0
loan repayment	-100.000	0
Cash flow from financing activities	-159.191	0
Net increase / decrease	-329.901	-541.868
Cash and cash equivalents at the beginning of the period	664.228	984.244
Cash and cash equivalents at the end of the period	334.327	442.378

Where rounded figures are used, differences may occur due to commercial rounding.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31/03/2019 (UNAUDITED)

All figures in EUR

	SUBSCRIBED CAPITAL	ADDITIONAL PAID IN CAPITAL	RETAINED EARNINGS	OTHER COMPREHENSIVE INCOME FROM CURRENCY TRANSLATION	OWN SHARES	TOTAL
as of 01/01/2018	3.292.978	20.641.091	-27.904.959	-70.306	-50.319	-4.091.514
Net income	0	0	-278.217	0	0	-278.217
Currency translation differences	0	0	0	5.617	0	5.617
Comprehensive income	0	0	-278.217	5.617	0	-272.600
as of 31/03/2018	3.292.978	20.641.091	-28.183.176	-64.689	-50.319	-4.364.114

as of 01/01/2019	3.292.978	20.961.224	-28.063.379	-35.111	-50.319	-3.894.606
Net income	0	0	-373.280	0	0	-373.280
Currency translation differences	0	0	0	-7.656	0	-7.656
Comprehensive income	0	0	-373.280	-7.656	0	-380.936
as of 31/03/2019	3.292.978	20.961.224	-28.436.659	-42.767	-50.319	-4.275.542

Where rounded figures are used, differences may occur due to commercial rounding.

➤ No shares are held by non-controlling shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

YOC AG, with headquarters at Greifswalder Str. 212, Berlin, Germany, is an international provider of Mobile Advertising.

YOC AG is listed in the Prime Standard of the Frankfurt Stock Exchange under the identification number WKN 593273 / ISIN DE 0005932735.

PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS, ACCOUNTING AND VALUATION METHODS

Principles for the preparation of the financial statements

YOC AG's interim report as of 31 March 2019 was prepared in compliance with the German Securities Trading Act (WpHG).

The interim consolidated financial statements were prepared as condensed financial statements pursuant to IAS 34 and comply with Section 315a of the German Commercial Code (HGB) in accordance with the rules of the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union and valid on the reporting date as well as the interpretations of the IFRS Interpretations Committee (IFRS IC) approved by the IASB.

The condensed and unaudited interim consolidated financial statements of YOC AG do not contain all the information and disclosures necessary for the preparation of complete financial statements at the end of the financial year.

It is therefore to be recommended to read the interim report along with the Annual Report 2018.

Standards and interpretations requiring mandatory application in the current financial year

In the ongoing financial year 2019, all standards that were mandatory as of 01 January 2019 were complied with.

IFRS 16 regulates the recognition, measurement, presentation and disclosure of leases. The standard provides a single accounting model for the lessee.

IFRS 16 was published in January 2016 and is to be applied for the first time to financial years beginning on or after 01 January 2019. This results in the lessee recognising all assets and liabilities under leases in the balance sheet unless the lease term is 12 months or less or the asset is of low value (either option).

For accounting purposes, the lessor continues to distinguish between finance and operating leases. The lessor's accounting model is not materially different from that in IAS 17 - Leases.

The Company makes use of the modified retrospective application. The Company has not made use of the possibility of early application. The new regulations relate to the accounting and valuation of rental leases that were previously classified as operating leases.

In the context of the first-time application, leases with a remaining term of up to one year were treated as short-term leases.

The office space leased by the company leads to corresponding rights of use and correlating leasing liabilities. The leasing liabilities in accordance with IFRS 16 are discounted using the marginal borrowing rate as of 01 January 2019. The weighted average interest rate is 7.9 %.

Published standards and interpretations that are not yet mandatory

IFRIC 23 rules the requirements for recognition and measurement of uncertain income tax items. This interpretation is to be applied to taxable profits (tax losses), tax bases, unused tax losses, unused tax credits and to tax rates, where there is uncertainty regarding the income tax treatment according to IAS 12.

The company is currently assessing the implications of applying the interpretation to the consolidated financial statements.

The YOC AG Management Board assumes that the above-mentioned standards and interpretations will be applied in the financial statements of the financial year in which they become mandatory, if cases should occur in which they apply.

NOTES TO KEY DEVELOPMENTS IN THE STATEMENT OF FINANCIAL POSITION AND COMPREHENSIVE INCOME

OTHER DISCLOSURES TO FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents,

31/03/2019
(IN KEUR)

FINANCIAL ASSETS

Cash and cash equivalents	
Trade receivables	
Other assets	

FINANCIAL LIABILITIES

thereof long-term

Fixed rate borrowing	
YOC Convertible Bond 2018 - 2020	

thereof short-term

Trade payables	
Fixed rate borrowing	
Other financial liabilities	

	CARRYING AMOUNT	FAIR VALUE (IFRS 9)
	334	334
	2.219	2.219
	338	338
	750	750
	1.270	1.270
	2.534	2.534
	250	250
	2.317	2.317

31/03/2018
(IN KEUR)

FINANCIAL ASSETS

Cash and cash equivalents	
Trade receivables	
Other assets	

FINANCIAL LIABILITIES

thereof long-term

Fixed rate borrowing	
YOC Convertible Bond 2018 - 2020	

thereof short-term

Trade payables	
Fixed rate borrowing	
Other financial liabilities	

	CARRYING AMOUNT	FAIR VALUE (IFRS 9)
	442	442
	2.049	2.049
	181	181
	300	300
	0	0
	2.637	2.637
	1.000	1.000
	2.331	2.331

trade receivables, other current assets and other current financial liabilities approximate their fair values mainly due to the short maturities of these instruments.

For reasons of materiality, the fair value of these short-term balance sheet items is equated with their carrying amount.

The following table shows the carrying amounts, fair values and categorisation in accordance with IFRS 9.

REVENUE AND TOTAL OUTPUT

In the first three months of the current 2019 financial year, the YOC Group increased **total revenues** by around 6 % year-on-year to EUR 2.9 million (3M/2018: EUR 2.7 million). At EUR 3.0 million, the Group's **total output** was at the previous year's level (3M/2018: EUR 3.0 million).

GROSS PROFIT

In the reporting period, the **gross margin** ratio remained constant at 38 % compared with the previous year (3M/2018: 38 %).

EBITDA

Operating earnings before interest, taxes, depreciation and amortization (EBITDA) remained unchanged at EUR -0.1 million (3M/2018: EUR -0.1 million).

SEGMENT REPORTING

Segment reporting is based on the internal management structure. The Group is therefore made up of the following reportable business segments:

1. Middle and Eastern Europe
2. Rest of Europe

For the formation of the abovementioned reportable business segments, the business segments of Germany, Austria and Switzerland as well as since 2016 Poland and since 2018 Netherlands are assigned to the Middle and Eastern Europe segment, while the UK and Spain are assigned to the Rest of Europe segment, as they show similar economic characteristics (inter alia regarding growth dynamics and gross profit margin) and are comparable in terms of their products, range of services, customers, processes and marketing methods.

Sales revenue is calculated based on the revenue generated by the subsidiaries in the respective countries.

Internal sales between the segments are predominantly obligations which are passed on without a surcharge. Internal sales within a segment are eliminated accordingly.

The corporate functions item contains income and expenses that occurred in the parent company and cannot be directly allocated to any business segment, in particular levies and holding costs.

On top of this, sales revenue is generated for the central revenue optimisation of the international publisher portfolio of YOC Group and is recharged internally.

The following table shows the results of the different segments. In accordance with the internal reporting structure, EBITDA is used to measure the earnings:

SEGMENT REPORTING

(in kEUR)

01/01/2019 - 31/03/2019

External revenue	
Internal revenue	
Total revenue	
Own work capitalised	
Other operating income	
Total output	
Costs of goods sold	
Personnel expenses	
Other operating expenses	
EBITDA	

MIDDLE AND EASTERN EUROPE	REST OF EUROPE	CORPORATE FUNCTIONS	CONSOLIDATION	YOC GROUP
1.815	32	1.031	0	2.878
940	28	128	-1.095	0
2.755	60	1.159	-1.095	2.878
0	0	70	0	70
36	11	201	-181	66
2.790	71	1.430	-1.277	3.015
1.722	43	1.112	-1.094	1.782
431	129	414	0	974
324	43	214	-183	398
313	-144	-309	0	-140

01/01/2018 - 31/03/2018

External revenue	
Internal revenue	
Total revenue	
Own work capitalised	
Other operating income	
Total output	
Costs of goods sold	
Personnel expenses	
Other operating expenses	
EBITDA	

1.771	480	467	0	2.719
386	59	194	-640	0
2.157	539	661	-640	2.719
0	0	85	0	85
73	47	280	-191	209
2.231	586	1.026	-831	3.012
1.298	377	651	-639	1.686
389	249	406	0	1.044
247	130	238	-191	424
296	-169	-268	-1	-142

In the **segment Middle and Eastern Europe region**, the total revenue including internal revenues increased by 28 % to kEUR 2,755 (Q1/2018: kEUR 2,157). The operating result in this segment rose only slightly to kEUR 313 (Q1/2018: kEUR 296). The reason for this is an internal licensing.

By contrast, the sales targets in the Spanish market and the UK were not met in the first three months of financial year 2019.

This is due to the implementation of the new product strategy taking longer than scheduled.

Revenues of the **Rest of Europe segment** fell to kEUR 60 (Q1/2018: kEUR 539).

Due to a corresponding adjustment of the cost structure, EBITDA of kEUR -144 remained almost at the previous year's level (Q1/2018: kEUR -169).

The EBITDA of YOC Group is reconciled to net income as follows:

RECONCILIATION

(in kEUR)

	3M/2019	3M/2018
EBITDA	-140	-142
Depreciation and amortisation	-134	-75
Financial result	-40	-24
Net income before taxes	-314	-240
Taxes	-59	-38
Net income	-373	-278

As of 31 March 2019, trade and other receivables in the **Middle and Eastern Europe region** came to kEUR 1,290 (previous year: kEUR 1,266), in the **Rest of Europe region** to kEUR 147 (previous year: kEUR 579) and in the **corporate functions** to kEUR 782 (previous year: kEUR 204).

Liabilities in the **Middle and Eastern Europe region** came to kEUR 1,853 (previous year: kEUR 1,425), in the **Rest of Europe region** to kEUR 243 (previous year: kEUR 789) and in the **corporate functions** to kEUR 437 (previous year: kEUR 423).

CASH FLOW STATEMENT

As of 31 March 2019, YOC Group's **cash and cash equivalents** amounted to EUR 0.3 million.

The **operating cash flow** came to EUR -0.1 million in the reporting period (3M/2018: EUR -0.4 million). In addition to the result after taxes, this resulted from the seasonal change in working capital.

The outflow of cash from **investment activities** in the amount of EUR 0.1 million (3M/2018: EUR 0.1 million) includes mainly the activatable internal development costs connected to the further development of the company's technological platforms and innovative products amounting and external development costs. In the fixed assets, the additions and disposals are balanced.

The **cash flow from financing activities** of EUR -0.2 million (3M/2018: EUR 0 million) results from the reduction of loan and leasing liabilities.

EVENTS AFTER THE INTERIM REPORTING PERIOD

There were no other significant events after 31 March 2019 up to the date of publication of the interim consolidated financial statements.

REPORT ON RISKS AND OPPORTUNITIES

The financial instruments of the YOC Group include trade accounts payable, cash and cash equivalents, other assets and trade accounts payable, other liabilities and the YOC convertible bond 2018–2022.

It is possible that the YOC convertible bond 2018–2022 was not or only partially converted into YOC shares on the repayment date. In this case, 112 % of the non-converted bonds would be repaid.

All other information on the company- and industry-specific and financial risks of the YOC Group and its management is provided in the risk report of the Group management report, which forms part of the audit by the auditor.

GUARANTEES, CONTINGENT LIABILITIES AND SIMILAR OBLIGATIONS

Depending on a specific exercise scenario, payment obligations may arise from the virtual stock option program under certain circumstances.

There are no other contingencies, warranties, contingent liabilities or similar obligations.

RELATED PARTY DISCLOSURES

For the purposes of IAS 24, related companies and persons are generally defined as members of the Management Board and of the Supervisory Board of YOC AG along with their family members and companies controlled by these persons. Persons in key positions and their close family members are also considered related parties (according to IAS 24.9).

Since 01 January 2015, YOC AG's obligations to the Management Board member Dirk-Hilmar Kraus amounting to kEUR 180 have been subject to interest at a rate of 5 % p. a. and reported under non-current financial liabilities.

Beyond that, no significant business transactions with related companies or persons took place in the period under review.

STATEMENT OF RESPONSIBILITY BY THE MANAGEMENT BOARD

I assure, to the best of my knowledge, that the consolidated financial statement conveys a true and fair view of the assets, financial position and results of operation of the group according to the applicable accounting principles, and that the business performance including the business results and the situation of the group are described in the Group Management Report so as to convey a true and fair view of the facts and circumstances as well as the material risks and opportunities of the group's expected development.

Berlin, 29 May 2019

A handwritten signature in blue ink, appearing to read "Dirk-Hilmar Kraus". The signature is written in a cursive style with a large initial 'D'.

Dirk-Hilmar Kraus
The Management Board

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FINANCIAL CALENDAR

24 JUNE 2019

Annual General Meeting YOC AG

21 AUGUST 2019

Interim Report First Half 2019

20 NOVEMBER 2019

Interim Report Third Quarter 2019

IMPRINT

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