ANNUAL REPORT 2016
YOC AG

yoc MOBILE ADVERTISING

YOC at a Glance

YOC at a Glance (in kEUR)	2016	2015	Change	Change in %
Revenue and earnings				
Total revenue	11,960	9,735	2,225	23
Middle and Eastern Europe[1]	8,352	6,350	2,002	32
Rest of Europe[2]	3,607	3,385	223	7
Gross profit margin (in %)	36.5	33.2	3	10
Total output	12,486	11,432	1,054	9
EBITDA[3]	-1,126	-1,104	-22	-2
EBITDA margin (in %)	-9	-10	k.A.	k.A.
Earnings after tax	-1,699	-1,514	-185	-12
Earnings per share (diluted in EUR)	-0.52	-0.47	-0.05	-11
Earnings per share (basic in EUR)	-0.52	-0.47	-0.05	-11
Employees				
Average number of employees[4]	50	53	-3	-6
Number of employees at end of December	48	52	-4	-8
Total revenue per employee (in kEUR)	239	184	56	30
Total output per employee (in kEUR)	250	216	34	16
Financial position and liquidity				
Total assets	3,989	3,868	121	3
Cash flow from operative activities	-952	-1,295	343	26

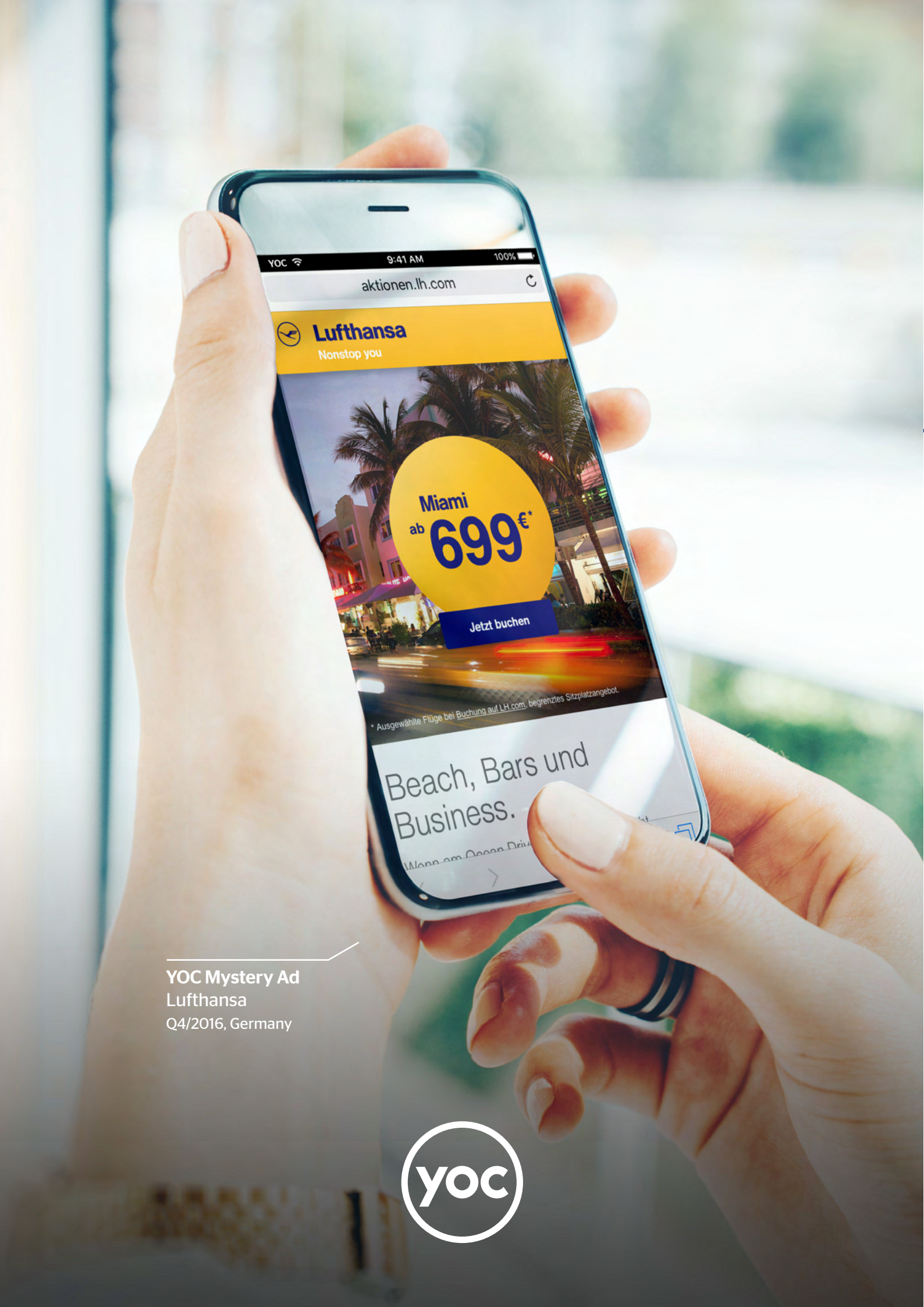
[1] Germany, Austria, Switzerland and Poland

[2] Spain and Great Britain

[3] Includes one-off special effects of 969 kEUR in FY2015

[4] Based on permanent employees

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



YOC Mystery Ad
Lufthansa
Q4/2016, Germany

Index of Contents

1 To our Shareholders

2 Group Management Report

3 Consolidated Financial

YOC & Shazam
Visual Recognition Campaign for BMW
Q4/2016, Austria

1

To our Shareholders

Letter to the Shareholders

Dear Shareholders,

YOC Group is one of the leading independent providers of mobile advertising products and solutions in Europe, based on our growth of expertise since 2001.

Over the past three years, we have modified the company's business model and established a significantly stronger position in the market for mobile advertising. The company's focus is on developing innovative, scalable and platform-independent ad tech products that provide for a positive brand experience with the mobile web user and on the other hand support the advertisers in reaching their set marketing goals.

In financial year 2016, we were able to expand the availability of our internally developed products in the booming sales channel of highly automated sales via interacting trade systems in real time (programmatic sales), and thereby positively distinguish the company from competitors. Mobile programmatic advertising has developed into a key resource of revenue growth within the company – in the fourth quarter 2016 around one fourth of the entire sales revenue was already generated through automated trade channels.

Over the past financial year, YOC Group increased its revenue by around 23 % to EUR 12.0 million (2015: EUR 9.7 million). Aside from the German-speaking locations, the Spanish subsidiary contributed substantially to this result. The market entry in Poland also led to increasing revenue contributions in the course of the year. Business development at the British company still stagnated in the past financial year. We were, however, able to reverse this trend in the second half of 2016 – and even more so in the fourth quarter. Thereby, YOC Group reached its set goal – finishing the final quarter of the reporting year with a balanced operating result – with a positive result before depreciation/amortisation (EBITDA) amounting to EUR 0.2 million.

The increasing business volume is equally reflected in the growing revenue per employee. This key value improved by 30 % to kEUR 239 (2015: kEUR 184). In a two-year-comparison this means an improvement by 50 % (revenue per employee 2014: kEUR 159).

Our partners appreciate our positioning in programmatic mobile advertising and value our new products and our technology. This in turn helps the company to claim a larger part of the value created. In financial year 2016, the gross profit margin increased by three per cent to 36 % (2015: 33 %). Compared to 2013 (29 %), this even implies an increase of seven per cent.

Alongside the positive development on the side of revenue and gross profit, we kept the company's fixed costs stable at the previous year's level. Likewise, in the ongoing financial year 2017 no significant increase is to be expected on the side of cost.

As a consequence, YOC Group achieved positive earnings before depreciation/amortisation in the amount of EUR -1.1 million (2015: EUR -1.1 million). In the previous year, one-time positive special effects amounting to around EUR 0.9 million bolstered the operating result. Hence, the EBITDA of financial year 2016 adjusted for special effects improved by around EUR 0.9 million.

Behind these developments stands our team of proven experts in mobile advertising, who strengthen the technology-based positioning of YOC every day through their strong commitment and outstanding expertise, and who advance the company on international level. Therefore, I wish to express my sincere thanks to all of the company's staff.

Thanks must also go to our Supervisory Board which prudently and courageously backs this team.

Dear valued Shareholders, the company has taken decisive steps forward in financial year 2016, allowing us to look ahead to the future with confidence. I am certain that we will achieve value-adding goals, these being firstly to strengthen our position as a product based provider in the market for mobile advertising, and secondly to achieve a further significant improvement of profitability. The developments in the first months of the current financial year encourage us to be optimistic in this regard.

For financial year 2017 we cautiously calculate a further growth in revenue between 20 % and 25 %. In the first quarter of 2017, the company already achieved revenue growth by presumably 35 % year-on-year, exceeding our own expectations.

Through our mobile advertising products, advertising becomes more valuable, individual and creative. Advertising with YOC means reaching out to people, enter-taining, inspiring as well as creating fascination for brands and their products.

I sincerely thank you for the trust you have placed in us. We are looking forward to continuing our cooperation in future.

Kind regards,

Dirk-Hilmar Kraus
The Management Board

Report by the Supervisory Board

In financial year 2016, the Supervisory Board fully and diligently carried out the tasks and duties incumbent upon it by law, the Articles of Association and the Rules of Procedure. It devoted close attention to the company's position, regularly advised the Management Board on the management of the company, and continuously monitored its activities. The Supervisory Board was convinced by the lawful, functional and proper manner displayed by the management.

It also monitored whether appropriate steps were taken in respect of risk management and compliance. The Supervisory Board also monitored whether the Management Board took suitable measures as required under Sect. 91 Para. 2 of the German Stock Corporation Act (AktG).

The Supervisory Board was directly involved in all decisions of fundamental importance to the company and discussed them in detail. By means of regular written and oral reports from the Management Board, the Supervisory Board kept itself duly apprised of the company's sales and revenue performance, its business operations, prospective business policy and corporate planning, as well as its risk management and internal control systems.

When the Management Board made decisions or took measures that, by law or the Management Board's current Rules of Procedure, were subject to approval by the Supervisory Board, the Supervisory Board gave its approval only after a thorough review of the documents submitted to it and thorough discussion.

In addition to numerous technical issues, measures subject to approval and the company's business performance, matters discussed in depth by the Supervisory Board in the financial year 2016 included fundamental issues of corporate strategy, financing, development of the international business as well as personnel decisions. Short-term, medium-term, and long-term issues were treated equally.

Composition of the Supervisory Board

YOC AG's Supervisory Board in 2016 comprised three members: Chairman is Dr Nikolaus Breuel, Deputy Chairman is Konstantin Graf Lambsdorff. The third Supervisory Board member is Sacha Berlik.

Key issues in the Supervisory Board's activities

The Supervisory Board held a total of five face-to-face meetings in the period under review. Further meetings were conducted by telephone, and the Supervisory Board passed resolutions by correspondence. The Supervisory Board was kept informed of the current state of business and all important business transactions by the Management Board. The Supervisory Board was informed by the Management Board of matters of particular significance also between meetings. Furthermore, the Supervisory Board Chairman met with the Management Board regularly to share information and advice.

The Supervisory Board also made use of the option of discussing matters without the presence of the Management Board. In the face-to-face meetings and other decision-making activities in financial year 2016, the Supervisory Board was at all times fully present and constituted a quorum. There were no indications of potential conflicts of interest among the Supervisory Board members in financial year 2016.

The Supervisory Board gave top priority to economic and strategic issues such as the business development in Germany, Austria, Poland, Spain and Great Britain, product development, the transformation of the business model as well as the company's liquidity planning and financing measures.

In the Supervisory Board meeting on 12 February 2016, following a review of the development in financial year 2015, the Supervisory Board dealt with the current revenue situation of the YOC national subsidiaries as well as the development of liquidity. The meeting on 18 April 2016 focused mainly on the annual financial statement 2015. The Supervisory Board approved of as of the same date with the respective resolution.

On 19 April 2016, the Supervisory Board decided on a capital increase with the exclusion of subscription rights from authorised capital 2015/I. Five days later, the Supervisory Board resolved all draft resolutions for the YOC AG General Meeting. In the meeting on 07 July 2016 - as in earlier meetings – the focus was on liquidity planning and the state of business activities in Great Britain. The Supervisory Board discussed the development of regional sales activities and further liquidity planning in its session on 13 October 2016.

On 08 December 2016, the Supervisory Board authorised the company's business plan for financial year 2017. In the same meeting, the board thoroughly dealt with the current state and planning of product development in depth.

Audit of the Annual and Consolidated Financial Statements

The auditor appointed by the Supervisory Board, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, audited the annual and consolidated financial statements prepared by the Management Board, along with the condensed management and Group management reports for the financial year 2016 and provided them with a clean audit certificate.

During the course of its audit, the auditor found, in summary, that the Management Board had set up a risk management system compliant with legal requirements and that this system is fundamentally suited to detect tendencies early on which might put the company's further positive development at risk. The above documents and the audit reports were made available to all members of the Supervisory Board in a timely manner. The documentation was thoroughly examined and discussed in the presence of the auditor during the meeting on 20 April 2017 concerning the statement of financial position. The auditor reported on the key results of its audit and stood by to provide additional information. The auditor also discussed the scope, main emphases, and costs of the audit. There were no circumstances that might give cause for concern as regards the auditor's impartiality. The Supervisory Board acknowledged the auditor's report and approved the findings of the audit. They also concurred with the Management Board's evaluation of the position of YOC AG and the YOC Group.

As its own examination resulted in no objections, the Supervisory Board approved the annual and consolidated financial statements prepared by the Management Board, along with the management and Group management reports prepared in condensed form for the financial year 2016. The annual financial statements of YOC AG were thereby adopted.

Corporate Governance

The Supervisory Board studied the recommendations of the German Corporate Governance Code again in financial year 2016. In this context, the Supervisory Board also reviewed whether the executive remuneration was adequate and within the customary range.

The Supervisory Board also discussed the efficiency of its activities and the contents of the Declaration on Corporate Governance, including the Declaration of Conformity with the German Corporate Governance Code pursuant to Sect. 161 AktG. The Management Board and the Supervisory Board renewed their joint Declaration of Conformity in February 2017.

The company largely complies with the recommendations of the German Corporate Governance Code. The Declaration of Conformity, along with notes explaining deviations from the recommendations, forms a part of the Declaration on Corporate Governance in this annual report. It has also been made permanently accessible on the company's webpage.

Further information on corporate governance at YOC AG can be obtained from the corporate governance report published in this annual report.

Personnel changes on the Management Board

As of 30 September 2016 Michael Kruse resigned from the YOC AG.

Thanks to the members of the Managment Board and all YOC AG staff

The Supervisory Board would like to thank the Management Board and all staff of YOC AG and of all other companies in the Group for their high level of commitment over the past financial year.

Berlin, April 2017

Dr. Nikolaus Breuel
Chairman
The Supervisory Board

Corporate Governance Report

YOC AG attaches great importance to corporate governance, the principles of which aim to ensure the responsible and long-term value-driven management and control of our company. Efficient cooperation between the Management Board and the Supervisory Board, respect for the shareholders' interests and open and transparent corporate communications are key aspects of good and responsible company management and corporate control.

The Management Board and Supervisory Board report on corporate governance at YOC AG as follows:

YOC AG complies with the recommendations of the "Government Commission on the German Corporate Governance Code" in the current version of 05 May 2015 with the exception of Item 3.8 Para. 3, Item 4.1.5, Item 4.2.1, Item 4.2.2 Para. 2, Item 5.1.2 Para. 1 Sent. 2, Item 5.1.2 Para. 2 Sent. 3, Item 5.3.1, 5.3.2 and 5.3.3, Item 5.4.1 Para. 2, Item 5.4.3 Sent. 2, and Item 7.1.2 Sent. 4.

The Management Board and the Supervisory Board of YOC AG have adopted the declaration on the Corporate Governance Code (Declaration of Conformity 2016) included at the end of this report.

It has been published on the YOC AG website at www.yoc.com (Investor Relations section).

1. Shareholders and general meeting

YOC AG reports to its shareholders four times in the financial year on business developments and net assets, financial position and results of operations of the consolidated companies. Matters upon which the General Meeting decides include the appropriation of profit, discharge of the Management Board and the Supervisory Board, and election of the auditor. Amendments to the Articles of Association and corporate actions are resolved by the General Meeting alone and implemented by the Management Board.

Shareholders may submit countermotions to resolutions proposed by the Management Board or the Supervisory Board and challenge resolutions of the General Meeting.

Unless the law or the Articles of Association provide otherwise, a majority of the votes cast is required for the General Meeting to pass resolutions.

The Articles of Association can be viewed on the YOC AG website at www.yoc.com (Investor Relations section).

The Management Board makes use of electronic communication channels, in particular the Internet, to facilitate shareholder access to information on the General Meeting and to allow shareholders to vote in absentia by appointing a proxy. Shareholders are also provided with all necessary reports and documentation beforehand via the company website.

2. Management and control structure

As required by the German stock corporation law, YOC AG has a two-tier management and control structure comprising a Management Board and a Supervisory Board.

There is a strict separation between management personnel (Management Board) and corporate control personnel (Supervisory Board) within this two-tier management system. The law does not permit anyone to sit on both the Management Board and the Supervisory Board simultaneously. Each of these two bodies has its own duties and responsibilities which are clearly defined by law.

The Management Board is responsible for the management of the company, while the Supervisory Board advises and monitors the Management Board.

2.1 Management Board

The Management Board consisted of one member as of 31 December 2016. Up-to-date information on the sole member of the Management Board Dirk-Hilmar Kraus can be found in this Annual Report. Further information is available online at www.yoc.com (Investor Relations section).

The Management Board has sole responsibility for the management of the company and exercises control over the consolidated companies. It has a duty to act in the interests of the company and is committed to increasing the sustainable company value. It is responsible for defining the company's strategic direction in consultation with the Supervisory Board.

The Management Board works in close cooperation with the Supervisory Board, informing the latter regularly, promptly and in detail on all issues relevant to the company concerning strategy, strategy implementation, planning, business development, financial position and results of operations, compliance and corporate risks.

The Management Board is responsible for drawing up the quarterly reports, half-year and annual financial statements of YOC AG and the consolidated financial statements. It ensures compliance with statutory provisions and appropriate risk management within the company.

2.2 Supervisory Board

The Supervisory Board of YOC AG consists of three members, elected in accordance with Sect. 101 AktG [German Stock Corporation Act] in conjunction with Sect. 10 Para. 2 of the Articles of Association, by the General Meeting for the term of office ending with the conclusion of the General Meeting that resolves on the discharge for the fourth financial year following their election.

More information on the members of the Supervisory Board can be found at www.yoc.com (Investor Relations section) and in this Annual Report.

The Supervisory Board monitors and advises the Management Board with regard to the management of the business. At regular intervals the Supervisory Board discusses business development and planning along with strategy and its implementation with the Management Board.

The Supervisory Board approves the annual financial statements and takes note of and approves the consolidated financial statements following discussion with the auditor and its own review. It also appoints the Management Board.

Fundamental decisions affecting YOC AG are subject to its approval. These include decisions or measures that would significantly change the company's net assets, financial position or results of operations. The information and reporting obligations of the Management Board were defined by the Supervisory Board.

The members of the Supervisory Board make their decisions independently and are not bound by the demands or instructions of third parties. Furthermore, consultancy, service and other agreements between YOC AG and its subsidiaries on the one hand and members of the Supervisory Board on the other hand are subject to approval by the Supervisory Board.

3. Remuneration report

The Remuneration report is based on the "Recommendations of the German Corporate Governance Code". It summarises the principles which are applied in setting the remuneration of the Management Board of YOC AG and explains the amount and structure of the Management Board members' income.

It also describes the principles according to which the Supervisory Board members are remunerated and the amount of their remuneration.

The Remuneration report further contains particulars which, under German commercial law, must be included as part of the notes to the consolidated financial statements pursuant to Sect. 314 HGB [German Commercial Code] and the Group Management Report pursuant to Sect. 315 HGB.

3.1 Remuneration of the Management Board

The Supervisory Board is responsible for setting the Management Board's remuneration. In doing so, it considers the company's size and activities, the company's economic and financial position, the duties of the Management Board member in question and, for comparative purposes, the amount and structure of management board remuneration elsewhere in the industry.

Management Board remuneration is performance-based. Remuneration is designed to be competitive in the market for highly qualified management personnel and to offer an incentive for successful performance. In financial year 2016 it consisted of a fixed basic remuneration amount, a variable component and participation in the phantom stock option programme.

- The basic remuneration is cash remuneration in a fixed amount for the year as a whole which is specific to the Management Board member's area of responsibility and is paid out in twelve monthly instalments.

- The variable component consists of cash remuneration as profit-sharing based on YOC AG's results of operations according to IFRS (EBITDA) and is subject to an upper limit.

- With the participation in the phantom stock option programme set up in 2014, members of the Management Board selected by the Supervisory Board receive phantom stock options.

The phantom stock option programme simulates the actual holding of shares in the company's equity capital by the beneficiaries. Other than in a stock option programme with "actual" stock options, the exercising of phantom options does not authorise to subscribe to company shares, but rather entitle the holder to claim a certain amount of money in cash from the company as further defined in the option terms and conditions.

The phantom options do not give the holder any participation rights in the company under commercial law, in particular no share-based claim to rights of information or participation, voting rights or participation in net profit.

3.2 Remuneration of the Supervisory Board

Supervisory Board remuneration was set by the General Meeting of YOC AG on the basis of a proposal by the Management Board and Supervisory Board.

Supervisory Board remuneration is fixed at kEUR 12.5 for one financial year. The chairman of the Supervisory Board receives twice this amount and the deputy chairman 1.5 times this amount. For each face-to-face meeting of the Supervisory Board, each member of the Supervisory Board receives the amount of kEUR 1.0; the chairman of the Supervisory Board receives twice that; and the deputy chairman 1.5 times that amount.

No remuneration was granted for personally rendered services apart from the board activities, particularly for any consulting or referral services.

Remuneration for the activities of the Supervisory Board came to a total of kEUR 73 in financial year 2016.*

Remuneration of the Supervisory Board in 2016 (in kEUR)

Name	Fixed remuneration	Attendance Fee	Total
Dr Nikolaus Breuel (Chairman)	23	10	33
Konstantin Graf Lambsdorff	17	8	24
Sacha Berlik	11	5	16
Total	**51**	**23**	**73**

*In support of the company, each member of the Supervisory Board waived 10 % of their fixed remuneration in the financial year 2016. This has been considered in the calculations.

4. Accounting and auditing

The consolidated financial statements and interim reports are drawn up in accordance with the IFRS. The consolidated financial statements are drawn up by the Management Board and reviewed by the auditor and the Supervisory Board.

The consolidated financial statements for the financial year 2016 were not completed by the deadline for public disclosure of 90 days after the end of the financial year as defined in Sect. 7.1.2 Sent. 4 of the German Corporate Governance Code.

The company will make every effort to comply with the recommendation according to Sect. 7.1.2 Sent. 4 of the German Corporate Governance Code, but cannot guarantee compliance for 2017.

It was agreed with the auditor, Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart, Berlin branch, that the chairman of the Supervisory Board would immediately be informed of any reasons precluding the employment of the auditor and any conflicts of interest arising during the audit. It was furthermore agreed that the auditor would immediately report on all issues and events of significance for the work of the Supervisory Board which are revealed during the conduct of the audit.

5. Transparency

YOC AG provides all capital market participants with information on a uniform, comprehensive, prompt and simultaneous basis. The business situation and results of YOC AG and

YOC Group are reported in the annual report, the half-year report and the interim reports.

In addition, information is passed on through ad-hoc communications, when the law so requires, and through press releases and the company website.

To ensure that all capital market participants are treated equally, YOC AG also publishes all information relevant to capital markets simultaneously in German and English on the company website. The financial reporting dates are published on the financial calendar with sufficient advance notice. Changes in the make-up of the shareholder structure which must be reported according to Sect. 26 WpHG [Securities Trading Act] and the purchase and sale of shares of individuals holding management positions within YOC AG (Directors' Dealings according to Sect. 15a WpHG) are also published by the Management Board.

The tables below list all holdings of members of the Management Board and the Supervisory Board which directly or indirectly exceed 1% of shares issued by the company:

Management Board holdings as of 31 December 2016

Name	Number of shares
Dirk-Hilmar Kraus	607,685

6. Further information on the YOC AG share option programme

2009 saw the launch of the YOC Management Incentive Programme with a total of up to 175,000 subscription rights. One subscription right entitles the holder to acquire one share in YOC AG. Subscription rights for the acquisition of YOC shares could be granted to members of the Management Board (up to 115,500 subscription rights) and to employees (up to 59,500 subscription rights). Subscription rights under the YOC Management Incentive Programme could be issued in precisely defined acquisition periods, for the last time in financial year 2012.

As of 31 December 2016, no subscription rights for the acquisition of shares have been granted to former members of the Management Board, while subscription rights for the acquisition of 20,000 shares have been granted to employees.

The subscription rights may be exercised by the holders no earlier than three years after they were issued. The exercise price of the subscription rights is based on the average Xetra closing price of the YOC share for the last eight stock trading days before the beginning of the acquisition period. However, the exercise price must be at least equal to the closing price of the YOC share on the day on which the subscription rights were issued. The prerequisites for exercising subscription rights include the holder's on-going employment with the company at the time of exercise and the fulfilment of certain performance targets. The performance targets include an increase in the YOC share price.

The subscription rights can be exercised only during precisely specified exercise periods. Exercise periods are based on the timing of the company press conference on the annual results and the publication of the report on the first half of the year. Each exercise period comprises 17 stock trading days. All holders of subscription rights are obliged to comply with the provisions of insider trading law.

No subscription rights were exercised before the end of financial year 2016.

7. Further information on the YOC AG phantom stock option programme

With the participation in the phantom stock option programme set up in 2014, a) members of the company's Management Board selected by the Supervisory Board and b) employees in the second management tier and other designated staff members selected by the Management Board receive phantom stocks.

The phantom stock option programme simulates the actual holding of shares in the company's equity capital by the beneficiaries. Other than in a stock option programme with 'actual' stock options, the exercising of phantom options does not authorise to subscribe to company shares, but rather entitle the holder to claim a certain amount of money in cash from the company as further defined in the option terms and conditions.

The phantom options do not give the holder any participation rights in the company under commercial law, in particular no share-based claim to rights of information or participation, voting rights or participation in net profit.

Members of the Management Board who are holders of option rights may be granted 80,000 phantom stock options altogether.

Employees in the second management tier as well as other designated staff members who are holders of option rights may be granted up to 20,000 phantom stock options each. The phantom stock option programme for employees in the second management tier and other designated staff members is limited to a total of 90,000 phantom options. New phantom options may be issued in the amount of expired options.

Phantom stocks could be issued in 2014 for the first time, within one month after publication of the interim report for the third quarter or of the annual financial statements respectively. The last time phantom stocks may be acquired will be the issuance period in financial year 2017.

As of the reporting date on 31 December 2016, 40,000 phantom stock options have been issued to members of the Management Board and further 60,000 to employees in the second management tier and other designated staff members.

The phantom options may be exercised by their holders no earlier than three years after they have been issued. The exercise price is based on the average Xetra closing rate of YOC shares in the last 30 trading days before the subscription rights are granted. The exercise of the subscription rights is linked, among other things, to an on-going employment relationship for at least one year after the issuing date of subscription rights as well as the fulfilment of certain performance goals. These performance goals include an increase in the YOC share price.

The subscription rights of the phantom options may be exercised only during specific exercise periods. These exercise periods are connected with the publication of the company's interim reports, half-year reports or annual reports respectively. The exercise periods each encompass 19 bank working days.

8. Declaration by the Management Board and Supervisory Board of YOC AG, pursuant to Sect. 161 AktG, of compliance with the German Corporate Governance Code in the version of 05 May 2015 (2016 Declaration of Conformity)

According to Sect. 161 AktG, the Management Board and the Supervisory Board of a listed company must annually declare that the recommendations of the "Government Commission on the German Corporate Governance Code" in the official part of the electronic Federal Gazette published by the German Federal Ministry of Justice were and are complied with, or which recommendations for valid reasons were or are not applied. The declaration must be made publicly available on the company website.

The German Corporate Governance Code (DCGK) contains provisions not all of which are equally binding. Aside from descriptions of current company law, it contains recommendations which companies may disregard, in which case, however, they must annually disclose that they have done so. According to Sect. 161 AktG, departures from the recommendations of the DCGK must be justified. Furthermore, the DCGK contains suggestions which companies may disregard without disclosing that they have done so.

The following declaration concerns the period since the last Declaration of Conformity from February 2016, and refers to the requirements of the DCGK in its current version of 05 May 2015.

The Management Board and the Supervisory Board of YOC AG declare that the recommendations made by the "Government Commission on the German Corporate Governance Code" are and were fundamentally complied with in the past. The Management Board and the Supervisory Board of YOC AG also intend to comply with it in the future. Only the following recommendations of the German Corporate Governance Code were and are not applied:

- **Item 3.8 Para. 3 DCGK:** The company is of the opinion that the motivation and responsibility with which the members of the Supervisory Board carry out their duties will not be improved by an insurance excess. The D&O liability insurance serves to safeguard against the company's material own risks and at most serves as a second-line defence of the assets of the members of those bodies. The D&O insurance for the Supervisory Board was therefore taken out without an excess.

- **Item 4.1.5 DCGK:** The appropriate representation of women in the two management levels below the Management Board is subject to individual qualification for the respective position. Based on this premise, the Management Board will pay attention to diversity when filling leading positions, and strive to accomplish an appropriate representation of women.

- **Item 4.2.1 DCGK:** According to item 4.2.1 of the DCGK, the Management Board is to consist of several persons and have a chairman or spokesman. During the financial year 2016, the YOC AG Management Board only partially consisted of two persons. Since 01 October 2016, the Management Board has only had one member. In agreement with the Supervisory Board and Management Board, the company for the time being abstains from appointing further members to the Management Board, as management-related duties have been partially delegated to the second management level.

- **Item 4.2.2. Para. 2 DCGK:** The Supervisory Board is to consider the relationship between the remuneration of the Management Board and that of the senior management and overall staff, also in terms of its development over time. For this comparison, the Supervisory Board determines how senior management and the relevant staff are to be differentiated. Such an explicit differentiation has not taken place, so as not to limit the economic scope for salary negotiations.

- **Item 5.1.2 Para. 1 Sent. 2 DCGK:** Currently, all members of the Supervisory Board are male, so that the requirements for diversity were not met in full. Membership of the Supervisory Board is first and foremost based on individual suitability for the board.

- **Item 5.1.2 Para. 2 Sent. 3 DCGK:** No age limit for members of the Management Board has been set by the Supervisory Board. The members of the Supervisory Board are convinced that the suitability for company management depends largely on individual capabilities.

- **Items 5.3.1, 5.3.2 and 5.3.3 DCGK:** As the Supervisory Board of YOC AG has only three members, it would be neither practical nor in accordance with best practice standards to set up committees, particularly an audit committee or nomination committee. The purpose of setting up an audit committee as proposed by the DCGK is to increase the efficiency of auditing. This aim would not be achieved at YOC AG as nearly all members of the plenum would have to sit on the audit committee. Similarly, nearly all plenum members would have to sit on the nomination committee, which would not bring any improvement in the preparation of Supervisory Board recommendations regarding candidates proposed by the shareholders.

- **Item 5.4.1 Para. 2 DCGK:** An appropriate representation of women cannot be specified in advance, as Board membership is determined by individual qualification. No age limit or limit for the length of job tenure has been set for Supervisory Board members. A candidate's ability to monitor and act as a coequal contact for the Management Board as a member of the Supervisory Board depends mainly on individual capabilities.

- **Item 5.4.3 Sent. 2 DCGK:** According to Item 5.4.3 Sent. 2 DCGK, the next General Meeting is to be set as the deadline for an application for the judicial appointment of a Supervisory Board member. To ensure continuity and efficient and productive work in the Supervisory Board, no deadline was set for the application for the judicial appointment of the present Supervisory Board members.

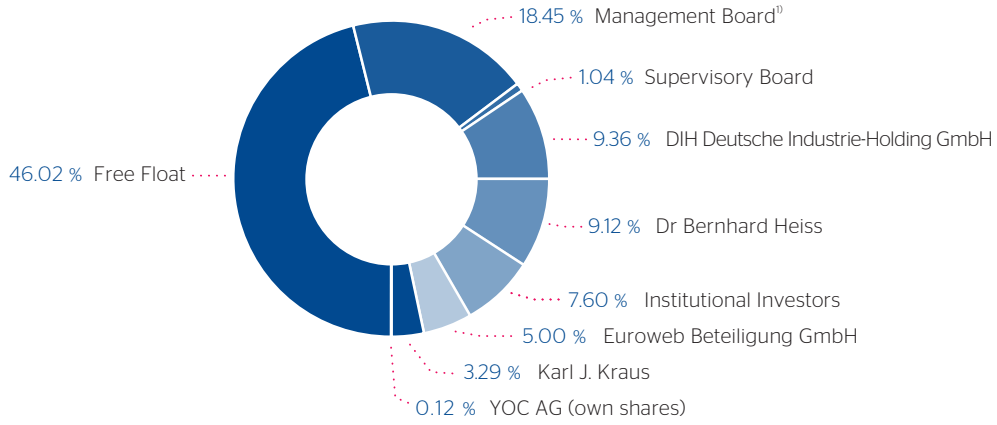
- **Item 7.1.2 Sent. 4 DCGK:** The company will endeavour to comply with the recommendation that the consolidated financial statements be made available to the public within 90 days after the end of the financial year and the interim reports within 45 days after the end of the reporting period. The company can, however, not always guarantee that it will do so, as this would be possible only with significantly increased personnel and organisational effort, and thus with considerable additional cost. They are hence published within the statutory and stock exchange time limits.

Berlin, February 2017

YOC AG
The Management Board
The Supervisory Board

The YOC Share

Shareholders YOC AG



[1)] The ownership interest held by dkam GmbH is attributed to Mr Dirk-Hilmar Kraus

shareholder structure 31/12/2016

YOC AG share and TecDAX Performance Index developments

YOC AG +87,50 %

TecDAX + 0,11 %

Performance of YOC shares and TecDAX Performance Index	YOC AG	TecDAX Performance Index
04/01/2016	1.95	1,810.34
30/12/2016	3.60	1,812.40
Change	+87.50 %	+0.11 %

Share price date (in EUR)	2016	2015	Change
Year-end market price	3.60	1.92	87.50 %
Peak price	4.75	3.65	30.14 %
Lowest price	1.80	1.69	6.50 %

Information on the listing	
Stock type	Domestic Shares
Trading place	Xetra
Stock exchange segment	Prime Standard
Securities identification number	593273
ISIN	DE0005932735
Number of shares as of 31/12/2016	3,292,978

YOC Interstitial Ad
Sony Music
Q4/2016, Great Britain

2

Group Management Report

YOC Product Overview

YOC developed new innovative formats in financial year 2016 in its pursuit to provide a special brand experience through creative and user-centred ad formats. Moreover, advertisers rely on the well-established creative mobile ad formats by YOC for their wide-reaching campaigns. The following provides an overview of YOC's new products and bestsellers:

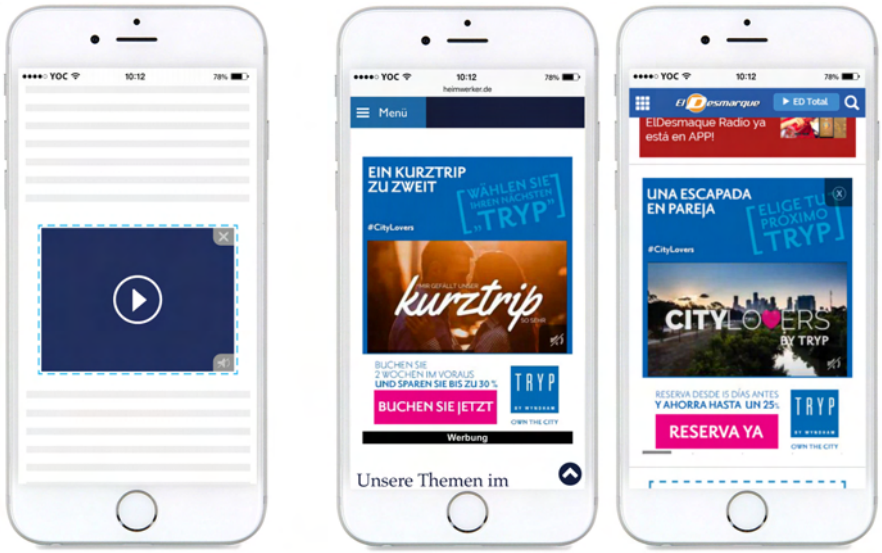
New YOC Mobile Ad Products

YOC Inline Video Ad

The non-intrusive YOC Inline Video Ad is an alternative to pre-roll in the mobile web. As the video starts only if at least 50 % of it is within the viewport, the advertising material gains a high level of customer attention from the first second.

The facts:

- Positive brand awareness
- Emotional approach
- High video visibility
- Subtitles when muted



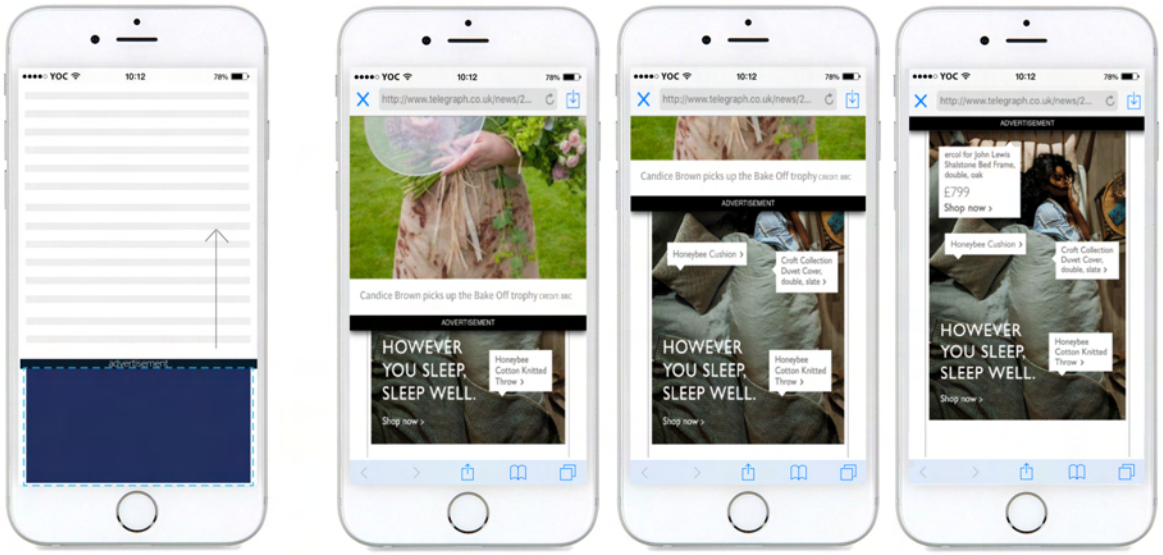
YOC Inline Video Ad, TRYP, Q4/2016 Germany and Spain

YOC Understitial Ad

YOC Understitial Ad is a full-screen mobile ad format which is directly integrated into the editorial content of a site. By scrolling down, the creative is revealed gradually until it is fully visible.

The facts:

- Eye-catching full-screen ad
- Unobtrusive inline-embedding
- User-friendly interaction
- No interruption of reading process



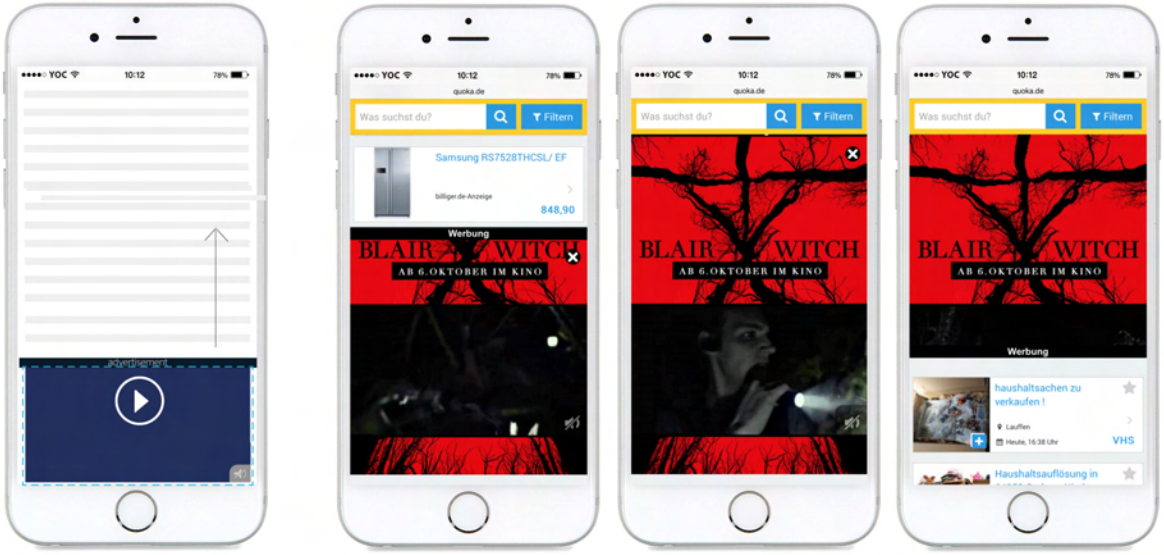
YOC Understitial Ad, John Lewis, Q4/2016, Great Britain

YOC Understitial Video Ad

YOC Understitial Video Ad combines the advantages of eye-catching mobile video ads with the user-centric characteristics of YOC Understitial Ad.

The facts:

- Emotional approach
- Integration of video
- Unobtrusive inline-embedding
- Automatic start-stop



YOC Understitial Video Ad, Blair Witch, Q3/2016, Germany

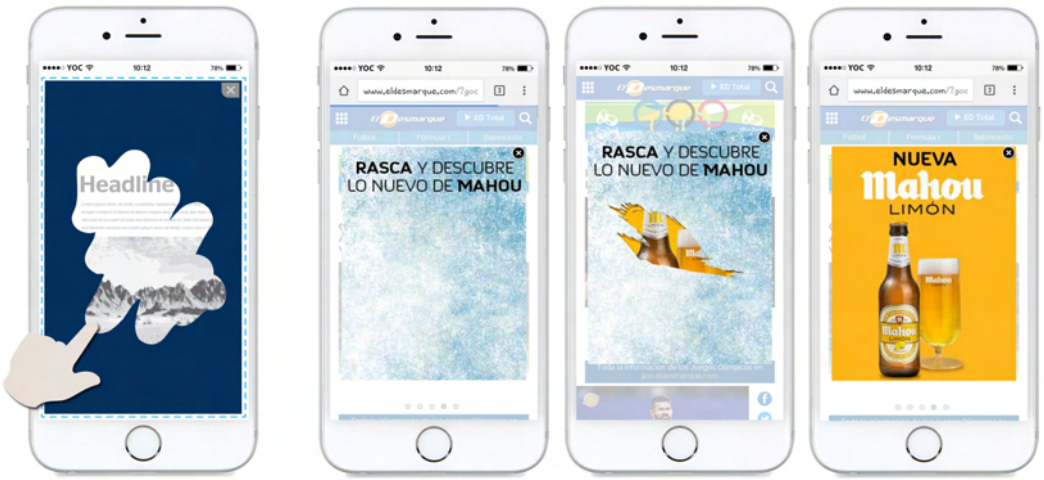
The Creative Bestsellers

YOC Mystery Ad

Honoured with the Cannes Mobile Lions Gold Award, YOC Mystery Ad is an interactive ad format. Creative elements like swiping, shaking and others can be integrated.

The facts:

- High user engagement
- Characteristics of a product can be experienced
- Varied HTML5 effects applicable



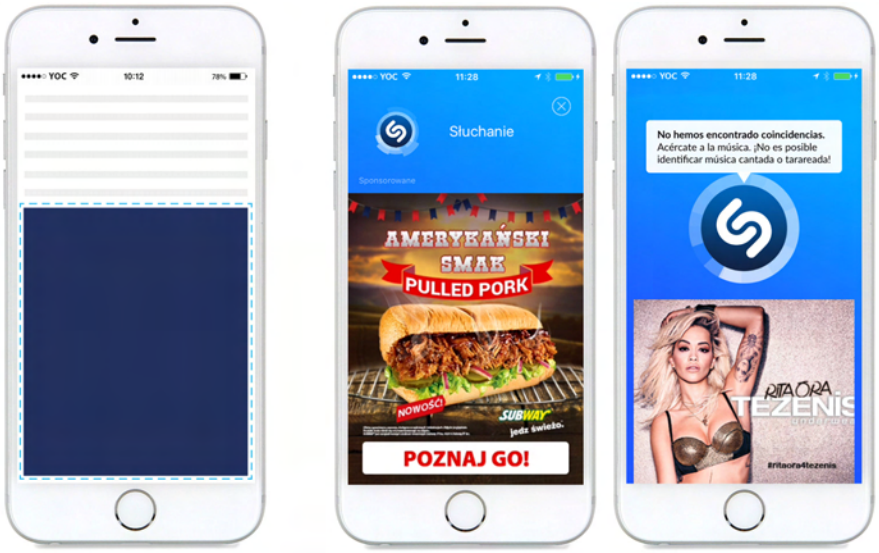
YOC Mystery Ad, Mahou, Q3/2016, Spain

Shazam Special Formats

The cooperation with Shazam in Austria, Poland and Spain provides advertisers with advertising spaces specifically adapted for Shazam in a highly attractive and promotionally effective surrounding.

The facts:

- Rich media compatible
- High level of brand-awareness
- Wide reach



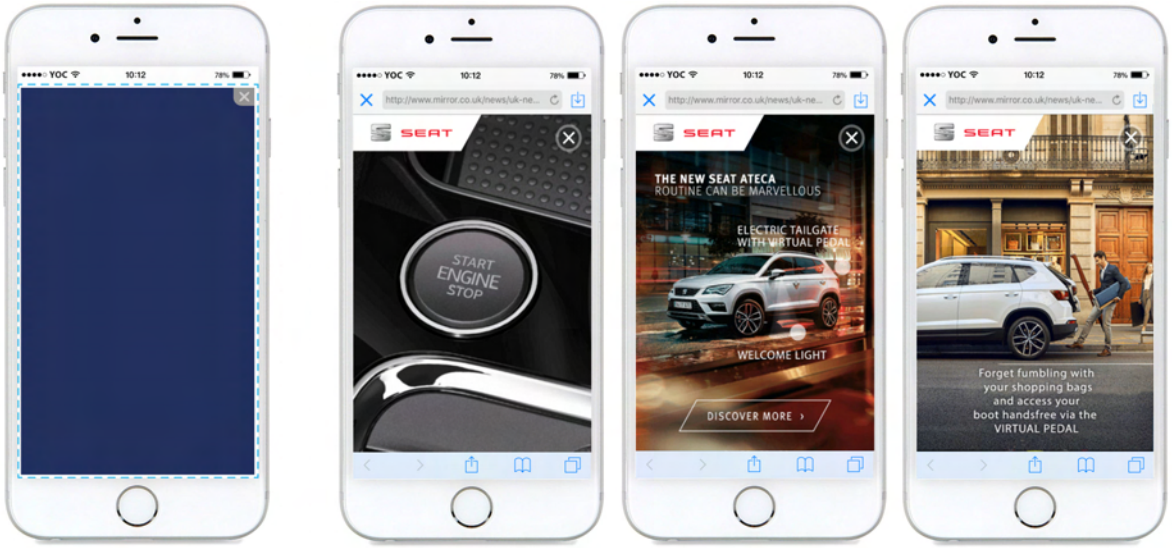
Shazam Format, Subway, Q4/2016, Poland; Rita Ora, Q4/2016, Spain

YOC Interstitial Ad

An eye-catching full-screen ad format which is displayed to users when they access a mobile website or app.

The facts:

- Full-screen overlay format
- Eye-catching



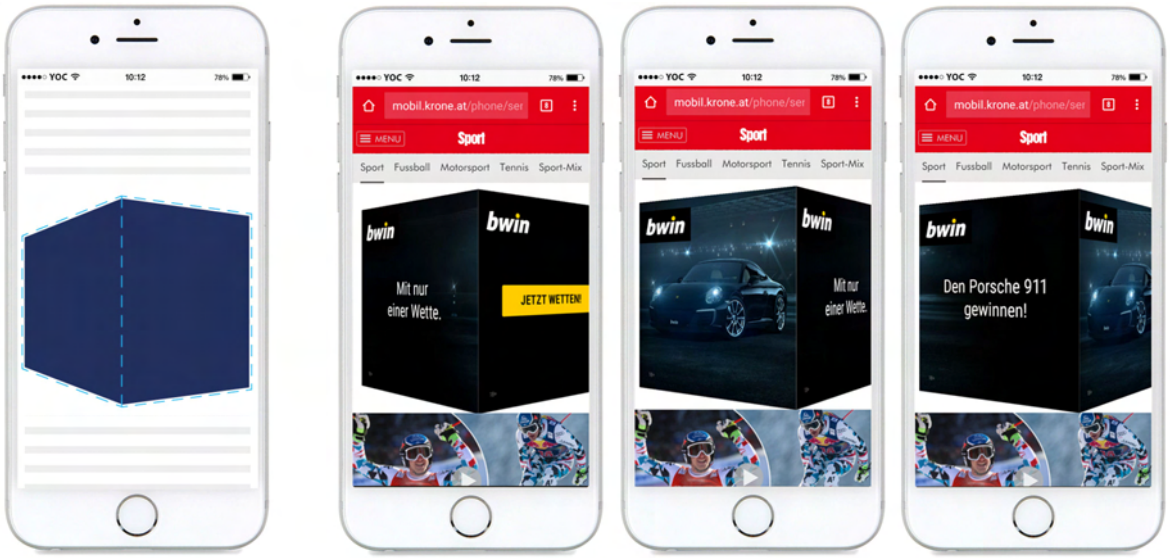
YOC Interstitial Ad, SEAT, Q3/2016, Great Britain

YOC Cube Ad

The YOC Cube Ad consists of four images which are arranged like a cube. The user can rotate the cube by swiping to view all four advertising surfaces.

The facts:

- High user-engagement
- Both inlay and overlay arrangement possible
- Eye-catching



YOC Cube Ad, bwin, Q1/2017, Austria

Mobile Advertising Market Environment

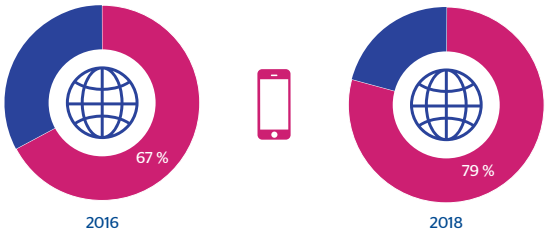
Pervasiveness of smartphones forms basis for internet consumption

The mobile web is becoming ever more important in the daily lives of people. Around the world, already 68 % used the mobile web in 2016. Zenith, a media agency operating worldwide, predicts that it will be 79 % in 2018 based on a study of the 60 leading digital markets (Zenith 2016b).

In Germany, the public-service media declare the smartphone to be the device used most frequently to access the internet. They say that around two thirds of the population go online on the train, in cafés or when visiting friends (ARD/ZDF 2016).

The reason for the steadily increasing usage rates is the spreading of mobile devices. Zenith assigns the highest smartphone penetration to Western Europe and Asia. In Ireland, 92 % of the population own a smartphone, followed by Singapore (91 %), Spain (88 %), Norway (86 %) and South Korea (84 %). Germany has a smartphone penetration of 79 %. In 2018, the Irish are to remain the front runners with a smartphone prevalence of 94 %, followed by Switzerland and Singapore (each 92 %) as well as Norway and Taiwan (each 91 %; Zenith 2016b).

Global Mobile Internet Usage



Source: Zenith Mobile Advertising Forecast 2016

Smartphones are clearly more popular for mobile usage than tablets, which is due to the tablet's reputation as a luxury good, the purchase of which is optional (Zenith 2016b). The prevalence of tablets thus depends largely on the region and income levels. Currently, 15 % of the global population own a tablet. By 2018, it is to increase to around 17 %.

The highest tablet penetration is to be seen in Singapore with 75 %. The last place is shared by China and Thailand (each 3 %). In Europe, Great Britain and Germany show the highest penetration of this mobile device with around 38 million and 37 million regular tablet users.

In Spain, 21 million people use a tablet – it is thus the country with the fifth highest penetration in Europe (Statista 2016c).

Quick information determines user behaviour

The constantly growing number of mobile devices and the quick access to information change the user behaviour. According to the research institute Statista, the smartphone is most frequently used to receive and send emails (25.6 %), to retrieve weather information (23.5 %), to open maps (19.6 %), to view videos (14.8 %) and to consult reference works (Statista 2016a).

The heavily increasing number of situations in which people take up their smartphone or tablet is reflected in the daily usage time of the mobile internet: Users of mobile devices are online 35 minutes longer every day – altogether two and three quarters of an hour on average (ARD/ZDF 2016).

As Google states, mobile web users do intensive research before buying a product, and they are better informed as they read product reviews 2.3 times as often as PC-based web users. Every second holiday travel is already researched via mobile web before booking (Google 2016).

During research, web users switch between the devices such as smartphone, tablet or laptop up to 26 times before finally booking their travel. They always use exactly that device which appears to be the most time-saving (Google 2016). 69 % of mobile web users use their smartphone or tablet for mobile shopping.

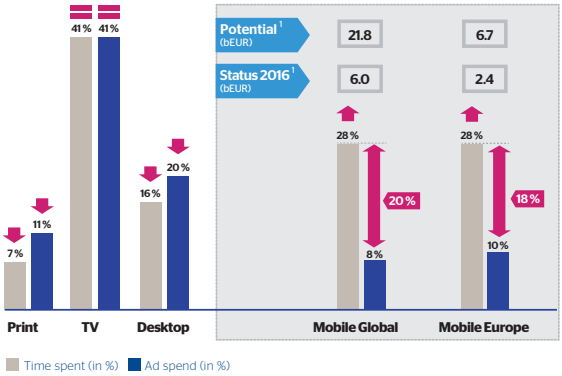
For the German m-commerce this means more than 40 % growth in financial year 2016 (eMarketer 2016a). Currently 60 % of all consumers still prefer buying products in a local shop - although most do research on their smartphone first. Analyses show that 50 % of those users who researched a product on their smartphones visited a shop to buy that product the same day (Google 2015).

Mobile usage vs. mobile advertising spending

Mobile web usage has once again taken enormous steps forward in financial year 2016. Nevertheless there is still a gap between the usage of the mobile channel and the

connected advertising spending. This can be observed in the leading advertising markets in the US, China, Great Britain and Germany.

Huge Potential for Mobile Advertising: Media Usage vs. Ad Spend



[1] Without Google and Facebook
Sources and base for YOC estimation: Global figures Time spent. Zenith 2016; Global figures Ad Spend: Carat 2016, Europe figures: eMarketer 2016

Experts at the media agency group Carat state that the worldwide spending for mobile advertising in financial year 2016 came to EUR 39.5 billion. This corresponds to 7.6 % of the total advertising spending (Carat 2016). The research company eMarketer estimates mobile advertising spending in Western Europe (the third largest advertising market after the US and China) at EUR 15.7 billion in 2016 (including Google and Facebook). By 2020, this number is already expected to have doubled (eMarketer 2016c).

In Germany, the net advertising spending for mobile advertising (without Facebook and Google) came to between EUR 0.4 billion and EUR 0.5 billion in 2016 (Basis Nielsen 2017). This corresponds to a 2.5 % share of the total advertising spending of EUR 19.6 billion in Germany (Zenith 2016b). eMarketer already calculated spending for mobile advertising in Germany to come to EUR 2.4 billion in financial year 2016, though they also factored in Facebook and Google (eMarketer 2017). This corresponds to a 12 % share of the total German advertising spending.

Compared to all other media channels, mobile advertising spending is the one with the highest growth rates. With growth rates of up to 50 %, the advertising volume of mobile advertising develops stronger than expected, and it is the driving force within the digital media. Digital media – comprising search engine and desktop-based display advertising as well as mobile advertising - show an overall 15.6 % growth and hold a 27.7 % market share of the total advertising income worldwide (Carat 2016).

In contrast to that, the traditional print media are losing further sales shares (newspapers -7.1 %, magazines -2.5 %). In financial year 2017, the experts at Zenith expect, spending for mobile advertising worldwide will exceed the budgets of newspapers, magazines, cinemas and outdoor advertising all taken together. For the first time, the market share of mobile advertising spending (forecast 2017: 10.1 %) is to exceed the volume of desktop-based display advertising (forecast 2017: 8.5 %; Zenith 2016b).

In Western Europe eMarketer expects a 35 % increase in market shares of digital advertising in financial year 2016. Here too, mobile advertising with a 45 % growth rate is primarily responsible for this exceptional development. The global trend is reflected in Germany, the second largest European advertising market, where print and desktop advertising are on the decline, while the share of mobile advertising spending continues to increase.

Based on the strong growth trend of the programmatic trade of digital advertising spaces in 2016, mobile programmatic advertising becomes more and more relevant within the media mix. In its programmatic advertising forecast, Zenith ascribes EUR 37.0 billion to programmatic advertising in all digital channels worldwide over the past financial year, whereby the US account for around two thirds of these, the US being the global driver of growth for programmatic advertising (Zenith 2016c). On a global level, this trade channel has the best chances to spread further in North America and Europe (BVDW 2016).

For mobile programmatic advertising in Germany, eMarketer expects advertising spending to amount to around EUR 469 million in financial year 2016 (eMarketer 2016b). By 2018 the domestic analysts reckon with a marked increase of the automated programmatic trade. Mobile programmatic advertising alone will likely account for EUR 1.0 billion in advertising spending (eMarketer 2016b).

Outlook

The mobile web substantially changes the life of its users. Still, the current advertising spending attributable to mobile advertising does not yet adequately reflect the actual user habits. Numerous forecasts however make

clear that advertising budgets move towards the mobile web with growing speed, and that advertisers and media agencies are thereby following the users.

The media agency group Zenith predicts that the mobile web will already supersede the stationary internet as the most important digital advertising channel in the ongoing financial year. Worldwide, in 2017 EUR 94.2 billion will already be spent on mobile internet advertising, while advertising via stationary internet will come to EUR 92.4 billion according to the study (Zenith 2016a).

Aside from the quantitative growth of mobile advertising spending, the quality of advertising formats will become more and more important in future (IAB 2016). They need to excite users and be less obtrusive. This development is described under the term „non-intrusive advertising", a trend that implies that the mobile advertising formats do not interfere with the user's surfing habits, and thus shall be embedded in the content of a mobile web page or mobile application. This is often achieved by using mobile video advertising, as users today wish to experience a product or brand in pictures and/or sound rather than read about it. Mobile video advertising is thus currently the driving force behind mobile advertising. By 2020, Forbes expects more than EUR 100 billion spending worldwide for mobile video advertising alone (Forbes 2016).

The success of mobile advertising campaigns in the end always requires measurable evidence. This is why international technical standards have been established for the delivery of mobile advertising campaigns, in order to measure the quality of delivery in regard to their visibility. The aim is on the one hand to offer the user a valuable advertising experience, and on the other to register the advertisement's reproduction and the following interaction of the mobile web user with the advertisement.

Range of Services

YOC is one of the leading independent providers of mobile advertising products and solutions in Europe, building on an expertise in this business sector grown since 2001. Renowned brands such as Telefónica, Vodafone, McDonald's, Coca-Cola, Mercedes, Volkswagen, Samsung and Unilever already use the YOC technology. The around 400 well-selected international partners include premium publishers like Shazam, The Telegraph, krone.at, Tagesspiegel and Eurosport who trust in YOC's technology and market-specific expertise based on long-standing profitable partnerships.

The company's focus is on positioning itself as a provider of mobile advertising products and solutions in the core markets in Great Britain, Germany, Austria, Spain and Poland. Hence, YOC develops new products and scalable in-house technologies which it delivers through all sales channels in demand, in particular in the booming and highly automated mobile programmatic advertising environment.

Over the past three years YOC, as a consequence of the modified technological parameters, assumed a stronger position in the market for mobile advertising and realised crucial changes. To this end, the company internalised important elements of the value chain in mobile advertising. This relates to the development of our own performant advertising products that on the one hand unfold a strong advertising effect for advertisers and on the other hand do not interfere with the user. Adding to this, the company built an effective system infrastructure, comprising internally developed software and solutions from renowned external suppliers like Google, SAP or Salesforce. On this basis, YOC services all relevant sales channels.

Combining innovative mobile advertising products with a high-performing IT-based infrastructure is the outstanding competitive feature through which YOC clearly stands out from its competitors.

YOC products

The company introduced the product lines YOC Understitial Ad, YOC Inline Video Ad as well as YOC Mystery Ad into the market. Our products aim at effectively launching the mobile advertising messages of advertisers targeted at the end consumer. The application of various methods of display, additional interactive elements and unobtrusive operating principles ultimately lead to an improved acceptance with users. Also, in contrast to traditional standard formats the YOC products enable enhanced methods of measuring different statistics on interaction and retrieval, and thus contribute considerably to making advertising success measurable for advertisers.

Especially those product types with video components provide advertisers with possibilities for a comprehensive and highly controllable audio-visual marketing of their brands and products on mobile devices.

The core characteristic of **YOC Understitial Ad** is its effective but unobtrusive placement in the content environment of a mobile web page or mobile application. Advertisers reach out to the smartphone user with a fullscreen advertisement without interfering with his user habits. In this advertising tool, YOC combines its technological experience with its competence in targeting users in mobile environments. In financial year 2016, YOC Understitial Ad was significantly improved and a newly developed video component has been embedded.

In the past financial year 2016, the company developed **YOC Inline Video Ad**. This innovative mobile advertising format enables advertisers to place video ads on classic web pages. It is compatible with the branch-specific standards and plays videos on demand in high quality. The special feature of this format is that it is universally applicable and does not require a fixed placement within the mobile website of a publisher. Through integrated functions such as a start-stop automatic, the video only plays when the user is actually viewing it.

YOC Mystery Ad is an award-winning fullscreen mobile advertising format. The special feature of this product is that it provides the possibility to encourage the user with various creative interactions. YOC Mystery Ad hence offers extensive creative possibilities to guarantee a high attention of the user.

Aside from the abovementioned products, YOC offers all classic types of advertising in accordance with the international IAB and MMA standards. In addition, the team of experts at YOC is able to develop additional functions such as responsive formats, enhanced tracking options or employing particular advertising media within the standard formats upon customer request.

For the control, optimisation and evaluation of a campaign, the measurement of visibility, also called viewability, has advanced to becoming a decisive factor. Hence, YOC developed a new technological infrastructure in financial year 2016 in order to measure and evaluate the mobile advertising formats' viewability. The YOC products follow market-specific measurement standards (IAB and MAC) and thus offer advertisers internationally comparable performance indicators for their success in mobile advertising. YOC, as a consequence, opens up alternative pricing models for its advertising clients, based on the retrieved viewability data. Billing of a campaign here only follows when, for example, a video has been played fully within the field of vision of the user.

Additional mobile advertising services

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

Creative services

For more than a decade, YOC has advised advertisers on the right choice of mobile advertising formats and, as the case may be, also produced the advertising material. Along with these services, our experts also provide their know-how when it comes to modulating campaigns on mobile devices.

Re-engagement

YOC's re-engagement solution is a complex measure to increase the branding effect and recognition factor of a brand or a product. In order to reach this goal, YOC uses data-driven user recognition so as to draw the user's attention to a brand by addressing him sequentially. This solution can be further used to increase user rates of apps or to encourage potential customers of an online shop to buy a product.

YOC Hub

The business intelligence platform YOC Hub on the one hand facilitates the internal process management at YOC and on the other serves as a tool for publishers to manage and optimise marketing activities. The comprehensive and independently configurable software interface of YOC Hub gives users an up-to-date overview of the marketing success of the YOC products.

Business Development YOC Group

In financial year 2016, YOC Group took a decisive step towards profitability, achieving around 23 % revenue growth to EUR 12.0 million (2015: EUR 9.7 million). The perceptible growth in revenue begun in the second half of 2015 thus continued through the complete financial year 2016.

In all quarters, YOC faced double-digit revenue growth. In the final quarter of 2016, the company saw a revenue plus of 24 % year-on-year. Key elements of this development are the company's positioning as a product-based provider of mobile programmatic advertising, the related development of successful products in a rapidly changing branch, and binding and recruiting skilled personnel.

The increased business volume is reflected in the 30 % increase in revenue per employee to kEUR 239 (2015: kEUR 184). This is a 50 % rise in a two-year comparison (revenue per employee 2014: kEUR 159).

The efficiency of the new products is reflected in the gross profit margin rising by three per cent year-on-year to 36 % (2015: 33 %) or rising by seven per cent as compared to 2013 (2014: 32 %; 2013: 29 %).

The operating result before depreciation/amortisation in financial year 2016 came to EUR -1.1 million (2015: EUR -1.1 million). In the previous year, one-time restructuring gains amounted to around EUR 0.9 million. The adjusted EBITDA thereby improved by around EUR 0.9 million in financial year 2016.

International business

YOC Group in financial year 2016 benefitted from its presence in the core European markets, from its range of innovative products and a long-standing market expertise since 2001.

In February 2016, YOC opened a further office in Poland. For the start of the new Warsaw branch, the company – as in Spain and Austria before – had an exclusive co-operation with Shazam, one of the leading mobile applications for music and TV recognition worldwide.

Beside the Berlin headquarters and a branch office in Dusseldorf, the company hence has four other subsidiaries in Great Britain (London), Spain (Madrid), Austria (Vienna) and Poland (Warsaw).

The German-speaking business locations in Austria and Germany continued to develop at a high level in financial year 2016. Especially the German market grew with a significant increase in revenue of 28 % (2015: 9 %). In Austria, YOC Group is the market leader, coming first in the Austrian marketer ranking. The revenue growth in financial year 2016 was still based on the high demand for the various versions of the proprietary product YOC Understitial Ad.

The Spanish subsidiary had the highest revenue growth of all YOC locations at 85 % (2015: 97 %), as the reconstruction work of recent years materialised. The successful exclusive partnerships with well-known publishers such as Shazam or El Desmarque and the growing share of programmatic sales played a crucial role in the development in this market.

The market entrance in Poland went off well, as the branch delivered increasing sales contributions over the course of the year.

The below-budget revenue performance in Great Britain on the other hand adversely affected the overall growth of the company. After replacing the complete management and staff in financial year 2016, the British subsidiary achieved to regain increased revenues in the second half of the year through the programmatic sale of YOC in-house products. Overall, YOC Mobile Advertising Ltd. in financial year 2016 merely achieved stagnating revenues year-on-year, while generating strong revenue growth in the final quarter of the reporting year.

Advertisers and publishers

In the past financial year, the company attracted renowned advertisers for the launch of new user-centric products. In co-operation with Unilever, YOC launched the new YOC Inline Video Ad. Brau Union was the co-operation partner for YOC Understitial Vertical Video Ad. For a cross-media out-of-home campaign, YOC and Shazam collaborated with automobile manufacturer BMW.

YOC achieved to further expand the international publisher portfolio in the past year. The company intensified relationships across Europe with premium publishers such as Der Tagesspiegel, Börsennews, krone.at, Shazam, El Desmarque, Kidealia, Trinity Mirror or Evening Standard and Independent (ESI Media).

On this basis, the company is able to offer its advertising clients a broad and attractive international coverage. With the business-intelligence platform YOC Hub publishers can manage, evaluate and optimise their marketing activities.

During financial year 2016, YOC was hence once more able to convince numerous international advertisers from various branches: Airbnb, Telefónica, McDonald's, Converse, Mercedes-Benz, Coca-Cola, Samsung, Netflix, Lufthansa, BMW, Coty, Ford, Deutsche Bahn, Google, Microsoft and many others utilised YOC's products for effective mobile advertising.

Transformation of the business model

Being a product-based mobile programmatic advertising provider, YOC Group is a mobile advertising service provider with automated platforms and expertise in technology with a focus on products, service and quality.

The change of the business model entered into a new productive phase in financial year 2016. YOC continuously expanded its programmatic trade of mobile inventory. At the same time, the product development plays an increasingly important role by constantly developing new products for the company and introducing them into the market.

The globally competitive YOC advertising products achieve the desired branding and awareness effects of the advertiser without intruding on the individual who uses the mobile web. Hence, the business model is being transformed to becoming an innovative provider of high-priced mobile advertising products.

In the past financial year, the company was able to connect its programmatic platforms with even more publishers. YOC is continuously expanding its activities in the private auctions and preferred deals sections, in order to make mobile programmatic advertising available in the market for its publishers and advertisers.

European YOC publishers such as Shazam, El Desmarque, The Telegraph, Eurosport etc. are attached to various platforms via YOC, and advertisers such as Samsung, McDonald's, Sainsbury or Starbucks use these automated media trade platforms for buying mobile advertising products by YOC.

Product development and infrastructure

The IT strategy in financial year 2016 followed three main goals:

1) New and further development of mobile advertising products,
2) A full integration of programmatic trade channels and products in all country organisations,
3) Improving the process automation for the purpose of scalability and efficiency.

By developing interactive and unobtrusive mobile advertising products, YOC stands out from comparable competitors. By means of these products, renowned advertisers achieve to reach out to their customers systematically and effectively. In 2016 the company released the new YOC Inline Video Ad. This mobile advertising format makes it possible to discreetly place high-quality video advertising on standard (non-video) web pages.

YOC Understitial Ad, which YOC already introduced into the market in the second half of 2015, has been equipped with numerous functional improvements. In addition, a video component for high-resolution and large-format videos has been integrated. These innovative YOC video components are of great significance for our clients.

YOC was further able to integrate the self-developed advertising products into programmatic trade processes. This expansion of the programmatic infrastructure played a major part in the company's revenue growth over the past financial year.

Process automation and scalability were consistently improved further during financial year 2016. YOC has an efficient IT system infrastructure, enabled by proprietary software products. The underlying technology platforms are being developed in-house and are noted for their flexibility, performance strength, reliability and scalability. They dispose over various interfaces which enable the integration of interconnected applications. To this end, YOC has its own IT departments that manage and further design the software concerned.

In addition, the company's own IT infrastructure is enhanced by software solutions from renowned partners from the technology and advertising field such as SAP, Google or Salesforce.

Developing tools for process automation is an important element of YOC's IT services. A flexible and scalable system enables us to combine various different technologies.

The data collected therefrom is subsequently used to support the business processes and for automation, business intelligence and controlling purposes. The centralised evaluation of data arisen during business operations helps gaining insights on changes and chances, which enables the company to respond quickly to any circumstances.

The database and application servers used by YOC are installed in Berlin and administered by the in-house IT department. Further servers are operated and managed by YOC in a TÜV-certified computing centre. In order to permanently secure a high service quality in delivering internally developed products, and with regard to the marked internationalisation, a new co-operation was agreed on with a service provider in 2016.

Thereby, YOC is now able to secure a swift and reliable delivery through 32 data centres in 27 different countries.

Employees

Compared to the previous year, the average staff number (without Management Board) of YOC Group was reduced by 6 % to 50 employees (2015: 53 employees).

As of 31 December 2016, YOC Group had 48 permanent employees, down 8 % from the previous year (2015: 52 permanent employees).

In financial year 2016, YOC was able to bind top performers to the company and win new qualified staff members for key positions.

A shortage of specialists was thereby effectively countered by the company.

Development of Profit YOC Group

Revenue trend and overall performance

In financial year 2016, YOC Group recognised kEUR 11,960 in total revenue (2015: kEUR 9,735). This corresponds to an increase by around 23 % year-on-year.

The successful transformation of YOC Group into a mobile premium programmatic provider has improved the group's earnings situation both on the side of revenues and of gross profits.

The group's total output was kEUR 1,054 above the previous year's level at kEUR 12,486 (2015: kEUR 11,432).

Revenue by region

Revenue in the German-speaking market increased by 25 % year-on-year (2015: 13 %) to EUR 7.9 million (2015: EUR 6.3 million).

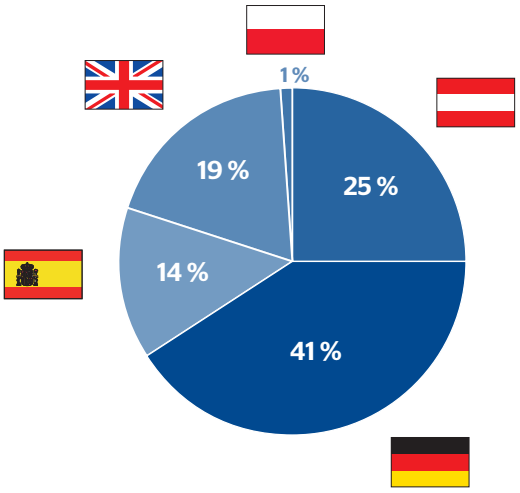
Particularly in Germany, YOC was able to seize the opportunities of a growing market by launching new products, leading to a 28 % growth in revenue (2015: 9 %).

The Spanish subsidiary saw a further significant revenue increase by 85 % (2015: 97 %) following the formation of a new team in 2014. The revenue goals set in the past financial year for the German, Austrian and Spanish markets were either met or exceeded.

In Poland, a new market for YOC Group, increasing revenue growth was also seen over the course of the year 2016.

In Great Britain, however, business was still not yet satisfying in the first half of 2016. Even so, the development in the second half of 2016 and especially in the final quarter shows that the personnel measures and consistent introduction of programmatic products have taken effect and significant improvements were made in regard to revenue and results. Altogether, the branches in Great Britain, Spain and Poland recognised a revenue increase by 18 % to EUR 4.0 million (2015: EUR 3.4 million).

The revenue contribution per region in the reporting period can be broken down as follows:



Gross income

As material expenses increased merely disproportionately lower than the trend for revenue by 17 % to kEUR 7,588 (2015: kEUR 6,504), we were able to increase the gross profit margin from 33.2 % to 36.5 % in financial year 2016. This increase forms a major component of our sustained positive corporate development.

Personnel expenses and personnel development

The average number of employees (without the Management Board) of YOC Group was reduced by 6 % year-on-year to 50 employees (2015: 53 employees). As of 31 December 2016, YOC Group had 48 permanent employees (2015: 52 employees).

Personnel expenses were slightly above the previous year's level at EUR 4.0 million (previous year: EUR 3.9 million). The increased business volume is reflected in the 30 % increase of the revenue per employee year-on-year to kEUR 239 (2015: kEUR 184).

The steady increase of productivity becomes particularly apparent in a two-year comparison, showing a 50 % improvement (revenue per employee 2014: kEUR 159).

The personnel cost ratio, which sets personnel expenses in relation to the total output, decreased to 32 % (2015: 34 %).

Other operating expenses

In financial year 2016, other operating expenses were slightly below the previous year's figure at EUR 2.0 million (2015: EUR 2.1 million). Overall, the restructuring measures taken in financial year 2015 and further in financial year 2016 in order to save costs in various areas took effect, so that the ratio of other operating expenses in relation to the total output decreased from 18 % in the previous year to 16 % in financial year 2016.

EBITDA

Operating earnings before interest, taxes and depreciation/amortisation are still overall negative at EUR -1.1 million in financial year 2016, remaining unchanged to the previous year's reporting period (2015: EUR -1.1 million).

Adjusted for one-time special effects in the previous year amounting to kEUR 906, which are included in the other operating income of kEUR 969 along with other operating expenses in the amount of kEUR 63, the adjusted EBITDA improved by kEUR 893 year-on-year (2015: kEUR -1,104).

Thereby, the operating income adjusted for special effects once again improved significantly, by 47 %. This is mainly due to the 23 % revenue growth, the 3 % increase of the gross profit margin as well as further improving cost efficiency.

Net income

Earnings after tax (including corporate functions) came to EUR -1.7 million in the reporting period (2015: EUR -1.5 million).

YOC Group recognised scheduled depreciation and amortisation amounting to EUR 0.4 million (2015: EUR 0.3 million), a negative financial result at EUR 0.1 million (2015: EUR 0.0 million), and taxes on income and revenue in the amount of EUR 0.1 million (2015: 0.1 million).

Development of Financial Position and Net Assets YOC Group

Non-current assets

The non-current assets came to EUR 0.5 million as of the reporting date (2015: EUR 0.7 million). The decline is mainly due to a decline in **intangible assets** from EUR 0.6 million to EUR 0.4 million. In the company's self-developed software item, in-house developments amounting to EUR 0.2 million (2015: EUR 0.5 million) were capitalised.

Scheduled amortisation and depreciation amounted to EUR 0.4 million.

Property, plant and equipment remained at the previous year's level at EUR 0.1 million (2015: EUR 0.1 million), owing to the reduced investment needs.

Current assets

The current assets amounted to EUR 3.5 million as of the reporting date (2015: EUR 3.2 million), rising by EUR 0.3 million year-on-year.

Trade receivables increased by EUR 0.7 million to EUR 2.7 million as of the reporting date (2015: EUR 2.0 million). This development is, inter alia, due to the risen business volumes in Spain and Poland, and related long payment periods compared with the other European countries.

The EUR 0.2 million decline in **other assets** is based mainly on realising claims against the buyer of the affiliate marketing business segment from refunding interest for other taxes in the amount of EUR 0.2 million.

Cash and cash equivalents decreased by EUR 0.2 million to EUR 0.7 million (2015: EUR 0.9 million). This is mainly a result of the negative cash flow from the operating business in the financial year under review.

Equity

As of 31 December 2016, YOC Group's equity came to EUR -3.6 million (previous year: EUR -2.5 million). On 19 April 2016, the YOC AG Management Board and Supervisory Board decided on a capital increase from authorised capital against cash contribution in the amount of 180,505 new shares, excluding subscription rights for existing shareholders. With an issue price of EUR 2.77 per share, the company gained gross issue proceeds of EUR 0.5 million.

The **annual result** of EUR -1.7 million (2015: EUR -1.5 million) has an counteracting effect, leading to an overall decline in equity by EUR 1.1 million.

The **currency translation** differences in the amount of EUR -0.1 million (2015: EUR -0.2 million) arisen from the translation of GBP into EUR in the financial statement of the British subsidiary are reflected in the results with no effect on net income, leading to the equity capital improving by EUR 0.1 million. This effect can be attributed to the devaluation of the British pound against the euro at the end of 2016 and currently.

Non-current liabilities

As of the reporting date, non-current liabilities of YOC Group increased by EUR 0.5 million to EUR 1.0 million year-on-year. The increase is first of all due to agreements with investors on taking up non-current loans in the amount of EUR 0.5 million as an accompanying measure to the capital increase in April 2016.

Current liabilities

In financial year 2016, the current liabilities increased by EUR 0.8 million to EUR 6.6 million (2015: EUR 5.8 million).

Trade payables increased by EUR 0.7 million to EUR 2.5 million (2015: EUR 1.8 million) due to the increased business volume.

Other financial liabilities include almost exclusively liabilities from invoices not yet received amounting to EUR 3.3 million (previous year: EUR 3.3 million). These, in turn, contain mainly provisions for agency reimbursements in the amount of EUR 2.0 million (2015: EUR 1.0 million).

Agency agreements and the related agency reimbursements are of special importance for our business model. They present a kind of sales guarantee or minimal sales volume with the relevant media agency group.

In return, they receive a contractually agreed reimbursement in the subsequent year from the relevant operating subsidiary of YOC AG.

Liabilities from **advances received, other liabilities** and **tax liabilities** decreased altogether by EUR 0.3 million to EUR 0.5 million (2015: EUR 0.8 million).

Cash flow

As of the reporting date, YOC Group's cash and cash equivalents amounted to EUR 0.7 million. Liquidity decreased by EUR 0.2 million as compared to the previous year's reporting date.

The outflow of cash includes the **operating cash flow** amounting to EUR -1.0 million (2015: EUR -1.3 million), cash outflow from investing activities amounting to EUR -0.2 million (2015: EUR -0.1 million) and cash inflow from financing activities amounting to EUR 1.0 million (2015: EUR 1.1 million).

The operating cash flow of EUR -1.0 million thus mainly reflects the consolidated operating result before depreciation and amortisation amounting to EUR -1.1 million (2015: EUR -1.1 million).

The **outflow of cash from investing activities** in the amount of EUR 0.2 million comprises mainly internal development costs in connection with further developing technological platforms and innovative products in the amount of EUR 0.2 million. In the tangible assets item, in- and outflow of cash are balanced.

The EUR 1.0 million **cash flow from financing activities** results firstly from the capital increase in April 2016 from authorised capital against cash contribution in the amount of 180,505 new shares, excluding subscription rights for existing shareholders. With an issue price of EUR 2.77 per share, the company gained EUR 0.5 million in gross issue proceeds.

Secondly, the company agreed with some investors on taking out an accompanying loan in the amount of EUR 0.5 million at standard market conditions, maturing in financial year 2018, which extends beyond the capital increase.

Research and development

Costs for research and development of new products or technological innovations during financial year 2016 came to EUR 0.1 million (2015: EUR 0.07 million). The company's product development is focused on creating own advertising formats, the automated trade of mobile advertising spaces in the mobile programmatic advertising sector, the business intelligence tool YOC Hub for publishers, which provides publishers with real-time information on marketing and optimising, as well as on YOC Audience, a product that optimises the delivery of advertisements through targeting criteria in order to increase the effectiveness of advertising.

For the further growth of YOC Group, for strengthening its market position and automating internal processes, it is essential to stay competitive in the field of technology, which is why we are pushing ahead with developing and improving our products and platforms internally.

Summary of the results of operations, financial position and net assets

The thorough realisation of the restructuring process over the past financial years and the strategic reorientation are reflected in the increased business volume, resulting in the first positive operating result before interest, taxes, depreciation and amortisation (EBITDA) on a quarterly basis since financial year 2011, at EUR 0.2 million in the final quarter 2016 (EBITDA Q4/2015: EUR -0.1 million).

The overall operating business of YOC Group improved by EUR 0.9 million year-on-year.

The cost-cutting measures are taking effect and in financial year 2017 will remain at the same level as in 2016.

YOC Group's total assets show a minor increase by 2 % to EUR 4.0 million (2015: EUR 3.9 million) – influenced firstly by the capital increase from April 2016 and secondly by the overall still not sufficient cash flow.

Adding to the successful implementation of financing measures in financial year 2016 (a capital increase with accompanying loan), the Management Board took out a further loan of EUR 0.5 million in the first quarter 2017.

Forecast Report YOC Group

Global advertising market

The global media agency group Carat calculates the worldwide advertising investments at around EUR 520 billion in 2016 (Carat 2016). This means a 4 % increase year-on-year, attributable in particular to the mobile, online video and social media channels.

Internationally, the digital media channels saw their market share of the total advertising income growing from 15.6 % to 27.7 %. The most lucrative medium remained the TV (market share 41.1 %). The traditional print media such as newspapers suffered a further downturn in sales and, as a consequence, a decline in the market share by 11 % to around 7.1 %. Outdoor advertising and radio remained stable at 6.9 % and 6.4 %. Drivers of growth were, along with major sporting events like the European football championship and Olympic Games, also the US presidential elections.

Advertising spending for mobile media

Carat calculates the mobile advertising volume worldwide at EUR 39.5 billion in financial year 2016, corresponding to a share of around 7.6 % of the total advertising spending (Carat 2016). With growth rates of up to 50 % the advertising volume of this channel developed stronger than previously expected, acting as the driving force within the digital media (comprising search engine and desktop-based display advertising as well as mobile advertising). Around 85 % of this advertising spending can be attributed to Google and Facebook.

The same picture can be drawn on European level for financial year 2016: For Western Europe, eMarketer calculated advertising spending amounting to EUR 15.7 billion (including Google and Facebook). By 2020, this figure is already expected to have doubled (eMarketer 2016c).

In Germany, the mobile advertising volume stood at EUR 2.4 billion in 2016 (eMarketer 2017). This figure corresponds to a 12 % share of the total German advertising spending. Not counting in the advertising turnovers at Facebook and Google, the advertising budget came to between EUR 0.4 million and EUR 0.5 million (Nielsen 2017). This corresponds to 2.5 % of the total German advertising spending (Zenith 2016c).

The advertising volume for mobile advertising worldwide will thus continue to increase significantly at double-digit growth rates in the years to come.

Outlook

Due to the so far successful transformation of the business model and the results achieved in this context, YOC Group expects constant growth.

The transformation to a mobile premium programmatic provider elevates the company to a whole new product level. With the market position thus strengthened, we expect to further increase gross profits while at the same time pushing forward the independence from larger co-operations. Investment in innovative technologies and products as well as the automation of internal processes are part of the corporate strategy to support the development which is already underway.

Following a 23 % revenue growth in 2016 year-on-year, the main focus of the management is on stabilising the dynamic growth of the programmatic platform business and hence realising the defined corporate strategy. To this end it is crucial that all YOC branches adapt the new market positioning and realise all relevant tasks.

Expectations for the coming financial year 2017 are optimistic. In the German, Austrian and Spanish markets, the set targets were either met or exceeded.

In Great Britain, the rigorous reestablishment of the whole team and the focus on programmatic sales already resulted in growing revenues over the second half of 2016, and strongly growing revenues since the fourth quarter of 2016.

Altogether, YOC expects a significant growth in sales revenues by around 20 % to 25 % for the financial year 2017, with the cost structure remaining stable year-on-year. The positive economic circumstances support this prognosis.

Based on the outlined development, YOC Group reckons with further improved operating results in financial year 2017.

For financial year 2017, however, the company still expects a slightly negative operating cash flow and EBITDA. The point of break-even is aimed at in the medium term. In order to improve liquidity, the company realised a debt capital measure in the first quarter of 2017, resulting in a liquidity inflow of EUR 0.5 million.

In order to provide for sufficient liquidity in the forecast period, the company and the group need to realise the planned business performance, in particular a significant growth in revenue and markedly improved operating results. The existence of the parent company, and thereby of the group, as a going concern depends on our achieving the planned business performance.

Development of Profit YOC AG

YOC AG, with headquarters in Berlin, is the parent company of all companies included in YOC Group.

In addition to the corporate functions, YOC AG operates a central performance unit for the mobile performance advertising segment, and a central yield optimisation unit to increase monetising for the advertising spaces provided by all publishers of YOC Group for marketing.

On top of this, the complete product development segment has been operated within YOC AG since financial year 2016 (previously YOC Mobile Advertising GmbH).

Revenue development and overall performance

In financial year 2016, the company gained sales revenue amounting to EUR 3.0 million (2015: EUR 0.3 million). EUR 0.8 million of these can be attributed to the central performance unit (2015: EUR 0.3 million), and further EUR 1.2 million to the yield optimisation segment (2015: EUR 0.0. million).

In addition, YOC AG gained EUR 1.0 million (2015: EUR 0.8 million) in revenue from charging on advanced costs and from a levy for corporate functions expenses to the subsidiaries which for the first time must be recognised as revenue pursuant to the German Accounting Directive Implementation Act (BilRUG) (previous year: other operating earnings).

Other operating earnings added EUR 0.1 million (2015: EUR 1.9 million) to the total output. The decline by EUR 1.8 results from the positive one-time special effects in the previous year amounting to EUR 0.9 million (earnings from an out-of-court-settlement in the amount of EUR 0.75 million and further EUR 0.1 million from charging on costs to belboon GmbH which had been sold in 2014, and the sale of dispensable fixed assets). In addition, income from charging on advanced costs and from the levy for corporate functions expenses to the subsidiaries amounting to EUR 1.1 million (2015: EUR 0.8 million) is for the first time recognised as revenue in accordance with the German Accounting Directive Implementation Act (BilRUG).

The total output of the company was EUR 0.9 million above the previous year's level at 3.1 million (2015: EUR 2.2 million).

Cost of materials

Costs for services received in the amount of EUR 2.0 million (2015: EUR 0.3 million) include mainly publisher remuneration for performance campaigns and costs for the central yield optimisation segment.

Personnel expenses and personnel development

As compared to the previous year, the average staff number of YOC AG increased to 20 permanent employees (2015: 12 permanent employees), mainly due to the integration of the central product and platform development unit from YOC Mobile Advertising GmbH effective 01 January 2016.

As of 31 December 2016, YOC AG employed 21 permanent full-time employees (31 December 2015: 16 permanent employees).

For the phantom stock option programme launched in September 2014 (share-based compensation with cash settlement), personnel provisions of EUR 0.1 million were recognised in profit or loss in the reporting period (previous year: EUR 0.0 million).

The growth in staff numbers and the increased provisions for personnel expense from the phantom stock option programme resulted in an overall increase of personnel expenses by EUR 0.7 million to EUR 1.9 million (2015: EUR 1.2 million).

Other operating expense

In financial year 2016, other operating expenses were significantly below the previous year's figures at EUR 1.0 million (2015: EUR 1.7 million).

The decline by EUR 0.7 million is primarily due to one-time special effects in the previous year amounting to EUR 0.5 million. These were caused by claims waivers granted to the subsidiaries YOC France S.A.S. and YOC Spain S.L. in the amount of EUR 0.4 million as well as a devaluation of the variable purchase price component of the former subsidiary belboon GmbH, sold in financial year 2014, by EUR 0.1 million recognised in profit or loss.

In addition, legal and consulting costs (including the audit of the financial statements, tax consulting and other con-

sulting services) were down EUR 0.2 million year-on-year to EUR 0.2 million (2015: EUR 0.4 million).

EBITDA

Operating earnings before interest, taxes depreciation and amortisation came to EUR -1.8 million in financial year 2016 (2015: EUR -1.0 million).

Investment result and financial result

In the reporting year, the investment and financial result was increased by EUR 1.0 million to EUR 0.7 million (2015: EUR -0.3 million).

The result from the profit-and-loss transfer agreement with YOC Mobile Advertising GmbH came to EUR 0.6 million in financial year 2016 (loss transfer 2015: EUR -0.8 million).

Profits distributed to YOC AG by the Austrian subsidiary added EUR 0.2 million (2015: EUR 0.3 million) to the investment result in the past financial year 2016.

The interest result came to EUR -0.1 million in the reporting year (2015: EUR 0.1 million).

Depreciation

Depreciation on intangible assets and property, plant and equipment came to EUR 0.4 million in the reporting period (2015: EUR 0.1 million). The increase is due to the first-time depreciation of the internally developed software acquired from YOC Mobile Advertising GmbH as of end 2015 amounting to EUR 0.6 million.

Net income

The company's net income came to EUR -1.5 million in the reporting period (2015: EUR -1.4 million).

Development of Financial Position and Net Assets YOC AG

As of 31 December 2016, YOC AG's total assets came to EUR 5.4 million (2015: EUR 3.5 million).

The annual deficit amounting to EUR -1.5 million in 2016 resulted in an increase of the annual deficit not covered by equity to EUR 2.0 million (2015: EUR 1.0 million). This was countered by the performed capital increase.

Fixed assets

The overall assets (without financial assets) came to EUR 1.4 million as of the reporting date (2015: EUR 1.4 million). Intangible assets were down EUR 0.3 million due to depreciation (2015: EUR 0.6 million). The financial assets increased due to a loan granted to YOC Spain S.L. by EUR 0.35 million to EUR 1.1 million.

Equity

On 19 April 2016, the Management Board and Supervisory Board of YOC AG decided on a capital increase from authorised capital against cash contribution in the amount of 180,505 new shares, excluding subscription rights for existing shareholders. With an issue price of EUR 2.77 per share, the company gained gross issue proceeds in the amount of EUR 0.5 million.

Liabilities

The company agreed with some investors on taking out an accompanying loan in the amount of EUR 0.5 million at standard market conditions, maturing in mid 2018, which extends beyond the capital increase. Liabilities towards shareholders increased to EUR 0.8 million accordingly.

Investments

The sale of dispensable tangible assets led to EUR 0.01 million in earnings.

Summary of the results of operations, financial position and net assets

YOC AG produced an overall annual deficit of EUR -1.5 million, yet the financial year 2016 saw significant operating improvements.

Adding to the successful implementation of financing measures in financial year 2016 (a capital increase with accompanying loan), the Management Board took out a further loan of EUR 0.5 million in the first quarter 2017 in order to improve the financial position.

Forecast Report YOC AG

The business performance of YOC AG is closely related to that of YOC Group, as YOC AG is a holding within the group and is responsible for coordinating the group-wide development, sales, services and marketing units.

Economic conditions

Due to the close ties between YOC AG and YOC Group, we kindly refer to the paragraph on economic conditions in the chapter "Forecast YOC Group".

Outlook

In addition to the corporate functions, YOC AG operates a central performance unit for the mobile performance advertising segment, and a central yield optimisation to increase monetising for the advertising spaces provided by all publishers of YOC Group for marketing. On top of this, the complete product development segment has been operated within YOC AG since financial year 2016 (before YOC Mobile Advertising GmbH).

A further substantial expansion of staff numbers (21 permanent employees as of 31 December 2016) is not planned.

Overall, YOC AG expects a significant growth in revenues by between 20 % and 25 % and an improved, albeit negative operating result in financial year 2017. However, within the framework of the tax group YOC AG expects positive profit contributions from the transfer of profit and losses by YOC Mobile Advertising GmbH to YOC AG.

For YOC Mobile Advertising GmbH, we expect growing revenues in the double-digit percentage range over the coming year. Due to the positive result of the Austrian subsidiary YOC Central Eastern Europe GmbH in financial year 2016, further positive revenue contributions are budgeted from the distribution of profits.

For the subsidiaries YOC Spain S.L. and YOC Mobile Advertising Ltd., we expect revenue growth in the double-digit percentage range in financial year 2017. In 2017, no profit distribution is expected yet from both companies. It is however expected that these branches will generate positive revenue contributions and add to improving the results at YOC AG in the medium term.

In the German and Austrian markets serviced by YOC, the targets set for the first quarter of 2017 were either met or exceeded. Solely in Spain and Poland, the company faced marginal negative deviations to the defined goals.

In Great Britain, the development over the past months shows that the personnel measures taken and the thorough introduction of programmatic products have taken effect, and the planned figures for revenue and profit or loss were exceeded.

YOC AG reckons with an overall positive investment result for financial year 2017 and an overall improved, but still negative annual result.

Liquidity planning at YOC is mainly made on group level. Hence we would kindly refer to the explanations in the chapter „Outlook" of YOC Group. Due to the size of the mother company in relation to the group, the very close interrelation of services within the group and the centralised treasury functions, the financial position of the group and of YOC AG are comparable.

Based on the outlined developments, YOC AG expects to further improve the operating earnings situation in financial year 2017.

In order to improve liquidity, the company realised a debt capital measure resulting in a liquidity inflow of EUR 0.5 million in the first quarter of 2017.

In order to provide for sufficient liquidity in the forecast period, the company and the group need to realise the scheduled business development, in particular a significant growth in revenue and markedly improved operating results. The continued existence of the company as a going concern depends on achieving the planned business performance.

Opportunities and Risk Report

Principles of risk and opportunity management

YOC Group takes a comprehensive, systematic approach to opportunity and risk management to achieve its goals. This ensures that the company is able to recognise and diligently seize opportunities without disregard for the associated risks. A continual development of the opportunity and risk management system to adapt to rapidly changing market and business conditions is the foundation for sustainable growth. To that end, the company consciously takes necessary risks while weighing them against the potential rewards in order to take advantage of market opportunities and exploit the potential for success inherent in them.

A key element of this system is the internal reporting of relevant operational key performance indicators. This provides a means for early detection and assessment of risks and opportunities.

The Management Board monitors the implementation of risk control measures and the realisation of opportunities in the operating units. The appropriateness of the risk management methods and processes used to identify, assess, control, monitor and communicate risks is reviewed at regular intervals and adjusted in response to internal and external developments.

Opportunity management

Our product portfolio, know-how and innovative capacity enable us to seize the opportunities resulting from our corporate actions and to successfully meet the challenges arising from the abovementioned risks.

Risk management

Market risks and risks of competition

YOC Group is active in a rapidly developing market. This environment demands highly flexible procedures and structures. Changes in market and competitive conditions, such as the appearance in the market of a new competitor, are among the risks which YOC Group seeks to anticipate through constant market and company monitoring. In particular the business development department works to ensure that emerging trends and new developments are detected.

Changes in economic factors resulting in declines in orders especially in the advertising sector may also have an impact on YOC Group's development.

Given its broad range of products and services and its diversified customer base, YOC Group is well positioned to withstand such developments. The risk of a decline in sales as a result of conditions in the economy as a whole is estimated to be low.

Technological risks

YOC Group pursues a uniform IT strategy which involves constant monitoring and further development of its IT systems. The speed of technological innovation in the market demands a great deal of flexibility and increasingly poses a risk. A large part of the problem is the lack of standards in some areas of the technological environment. Substitutes or products from competitors could weaken YOC Group's competitive position. Technological innovation must therefore be promoted in the interest of long-term success and to strengthen the company's market position.

Because of the highly dynamic nature of the market for digital advertising technologies (ad tech), investments in the development of new products and technologies always bear the risk that such investments could prove to be unprofitable.

When selecting IT systems, YOC Group for the most part chooses industry-specific standard software from reputable providers. The arrangements for information security comprise the implementation of encryption mechanisms, firewalls and virus scanners.

Precautionary measures against technical equipment failure have been taken through the parallel operation of technical applications so that client orders are processed smoothly at all times.

In addition, backup systems protect the database against a possible loss of data and ensure that it is consistently available.

Financial and treasury risks

YOC Group set up its own treasury function for planning and monitoring cash flows. The liquidity management unit helps the Management Board monitor the effectiveness of liquidity support measures by tracking business performance and cash flow fluctuations. Management decisions rely, among other things, on key performance indicators which provide information on the company's capital structure.

The risk of default by debtors is countered by a rigorous accounts receivable management which monitors the age distribution of receivables and manages those whose payment is in doubt.

As of 31 December 2016, the company had cash and cash equivalents in the amount of EUR 0.7 million. By focusing the business model on mobile advertising, the operating results have improved and operating losses were consequently reduced.

The operating earnings situation is being further optimised through an increase in revenue and gross profit. As a consequence, liquidity requirements are on a constant decline. Due to the currently still slightly negative operating cash flow, the company realised a debt capital measure in the first quarter of 2017 in order to improve liquidity, resulting in a liquidity inflow of EUR 0.5 million.

The continued existence of the company and the group as a going concern depends on achieving the planned business performance.

Legal risks and liability risks

To avoid legal risks, external lawyers are engaged to review substantial legal transactions. YOC Group protects itself against claims and potential liability risks with a comprehensive insurance cover which is subject to ongoing review. The current directors & officers liability insurance policy protects the management in the event of financial losses to the company.

Neither YOC AG nor one of its subsidiaries was a party in any ongoing or foreseeable judicial or arbitral proceedings in financial year 2016 that might have a material impact on the financial position of the company or the group. No negative developments are expected for the coming financial year either.

Legislative decisions such as a change in the data protection law also could have a negative effect on YOC Group's business activities.

As the financial statements are being drawn up, however, YOC Group is not aware of any plans for legislative changes in the foreseeable future that would significantly affect it.

Personnel risks

The successful development of YOC Group depends on its ability to attract and earn the loyalty of qualified employees. Owing to vigorous growth in the market of relevance to YOC Group, the labour market for personnel with the required knowledge and experience is extremely competitive.

The risk of staff shortages is monitored and avoided with the support of a group-wide staff planning system. Staff development measures and a performance-based remuneration system which is subject to regular review by the Management Board ensure that we remain competitive in the market for personnel.

Training and advanced education programmes also guarantee that several key members of staff work in each company segment. Rules on replacement and succession ensure the safeguarding of business procedures and decision-making processes. Employees who handle confidential information are obliged to comply with the applicable rules and to deal with confidential information in a responsible manner.

Planning risks

Forecasts for revenue and expenses involve planning risks. Considering the dynamic nature of the market, short and medium-term planning is based on essential estimates and assumptions, particularly with regard to revenue developments.

Regular review of these assumptions allows the Management Board to react to outcomes that diverge from plans and to initiate countermeasures accordingly.

Inspection and Risk Management Report on the Accounting Process

(Pursuant to Sect. 289 Para. 5 and Sect. 315 Para. 2 No. 5 German Commercial Code (HGB))

For both YOC AG and YOC Group, the existing control and risk management system comprises the entirety of all organisational provisions and measures for identifying, assessing and communicating risks and dealing with the risks of entrepreneurial activity.

As regards the (group) accounting process, the internal financial control system is designed and continually developed to ensure that the relevant accounting principles and standards are observed and that the accounts are rendered properly.

This is to ensure that the financial reporting provides a true and fair view of the real circumstances of YOC AG's and YOC Group's net assets, financial position and results of operations.

The Management Board bears all responsibility for the internal control and risk management system as it relates to the (group) accounting process.

All companies covered in the consolidated financial statements are integrated through a defined management and reporting structure. Operational responsibility is vested in the Management Board which is assisted by the management of the accounting department.

We regard the following elements of YOC Group's internal control and risk management system as essential to the (group) accounting process:

- Procedures for identifying, assessing and documenting all essential business processes and areas of risk relating to accounting, including the associated key controls. These encompass financial and accounting processes along with administrative and operational business processes which generate information that is essential for the compilation of the annual and consolidated financial statements, including the management and group management reports,
- Process-integrated controls (EDP-assisted controls and access restrictions, the dual-control principle, separation of functions, analytical controls),
- Standardised financial accounting processes,
- Ensuring uniform accounting through group-wide guidelines and procedures,
- Regular internal group reporting as well as profit and loss accounting and monthly results reporting, including the analysis and reporting of essential developments and target/performance deviations.

The effectiveness of the internal control and risk management system related to (group) accounting is reviewed and evaluated through regular preventive control tests. A group-wide reporting system has the task of ensuring that the Management Board and Supervisory Board receive regular and timely information. The Management Board and Supervisory Board are regularly apprised of the current risk situation and the functioning, effectiveness and adequacy of the internal control and risk management system.

In the opinion of the Management Board, the processes, systems and controls in place are a sufficient guarantee that the accounting processes are followed in conformity with the relevant accounting principles.

Information on Shares and Management Board Explanatory Report

(Pursuant to Sect. 289 Para. 4 and Sect. 315 Para. 4 of the German Code of Commercial Law (HGB))

Subscribed capital

As of 31 December 2016, YOC AG's subscribed capital amounted to EUR 3,292,978, divided into 3,292,978 no-par ordinary shares made out to bearer. The shares are not categorised into different classes. The same rights and obligations are associated with all shares. Each share guarantees one vote at the General Meeting and entitles the holder to a share of the company's profits. Excepted are shares held by the company itself which confer no rights on the company.

Restrictions on voting rights or the transfer of shares

There are no restrictions on the voting rights associated with shares in YOC AG or the transfer of shares in YOC AG.

Ownership interest in capital exceeding 10 % of the voting rights

The following direct or indirect ownership interests in YOC AG capital which exceed 10 % of the voting rights are based on voting rights announcements pursuant to Sect. 21 of the German Securities Trading Act (WpHG) received and published by the company in the financial year 2016 and earlier.

- Mr Dirk-Hilmar Kraus, Frankfurt am Main, indirectly controls ownership interest in the company amounting to 15.6 % of the subscribed capital (equivalent to 513,882 voting rights) through dkam GmbH, Frankfurt am Main. Mr Dirk-Hilmar Kraus directly controls ownership interest in the company amounting to 2.85 % of the subscribed capital (equivalent to 93,803 voting rights).

Shares with special rights which confer supervisory power

There are no shares with special rights which confer supervisory powers.

Type of voting rights control if employees have an ownership interest in capital but do not immediately exercise their supervisory rights

The General Meeting of YOC AG decided on the YOC Management Incentive Programme on 15 July 2009. Under this programme, subscription rights were granted to members of the Management Board and employees of the company for the first time in autumn 2009.

Because the terms for exercising these rights under the YOC Management Incentive Programme have not yet been satisfied, no shares have been transferred as yet to the members of the Management Board or the company's employees.

Whenever YOC AG issues shares to employees under the YOC Management Incentive Programme, the shares will be transferred directly to the employees. Like other shareholders, employees so benefitted may exercise the rights their shares afford them in accordance with the provisions of law and the Articles of Association.

Rules for the appointment and dismissal of members of the Management Board and for amending the Articles of Association

The provisions of law governing the appointment and dismissal of members of the Management Board are found in Sect. 84 and Sect. 85 of the German Stock Corporation Act (AktG). Sect. 7 Para. 2 of YOC AG's Articles of Association provides for a consistent regulation.

Pursuant to Sect. 119 Para. 1 No. 5 AktG and Sect. 179 AktG, the Articles of Association can be amended only by a resolution of the General Meeting. Unless mandatory provisions of the law provide otherwise, resolutions of the General Meeting are passed pursuant to Sect. 133 AktG and Sect. 22 Para. 1 of the Articles of Association of YOC AG with a simple majority of the votes cast and, where applicable, with a simple majority of the

represented capital. Changes to the business purpose require a 75 % majority of the represented capital according to Sect. 179 Para. 2 AktG; the company does not make use of the right to determine a larger capital majority in the Articles of Association. Pursuant to Sect. 181 Para. 3 AktG, amendments to the Articles of Association become effective upon entry in the Commercial Register.

The Supervisory Board is authorised to pass amendments to the Articles of Association that concern only the drafting (Sect. 17 of the Articles of Association of YOC AG).

The authority of the Management Board concerning the possibility of distributing or buying shares

Acquisition of own shares

The resolution passed by the General Meeting on 25 August 2015 authorises the company to buy its own shares until 24 August 2020. This authorisation allows shares to be acquired in a volume not exceeding 10 % of the share capital existing at the time of the resolution. Other shares in the company's possession or attributable to it according to Sect. 71 et seq. AktG count towards this limit of 10 % of the share capital.

The details of the authorisation are contained in the invitation to the General Meeting of 25 June 2015 which is available on the YOC AG web page (see agenda item 5 and the related report by the Management Board). At the end of the financial year 2016, the company still held 4,000 of its own shares (equivalent to approximately 0.12 % of the share capital).

Authorised capital

Sect. 6 Para. 5 of the Articles of Association of YOC AG provides for authorised capital 2016/I. The resolution passed by the General Meeting on 08 July 2016 authorises the Management Board to increase the share capital of the company, on one or several occasions, up to a total of EUR 1,646,489 by 07 July 2021 by issuing new bearer shares against cash contributions and/or contributions in kind with the approval of the Supervisory Board.

The Management Board was also authorised, inter alia, to exclude subscription rights of shareholders under certain conditions subject to the Supervisory Board's approval.

The details of the authorisation are contained in the invitation to the General Meeting of 08 July 2016 which is available on the YOC AG web page (see agenda item 5 and the related report by the Management Board).

Contingent Capital 2015/I

Pursuant to Sect. 6 Para. 8 of the Articles of Association of YOC AG, the share capital of the company was contingently increased by up to EUR 1,000,000 by issuing up to 1,000,000 new shares made out to bearer.

The contingent capital increase is used to grant shares to bearers or creditors of convertible bonds as well as option right holders from option bonds. The shares are being issued upon the resolution by the General Meeting of 25 August 2015 until 24 August 2020. The contingent capital increase is only realised to the extent that the option bonds or convertible bonds are actually exercised or conversion obligations from such a bond are fulfilled and that no other forms of fulfilment are used to service these rights.

The new shares resulting from the exercise of subscription rights entitle the holder to share in the profits from the beginning of the financial year in which the subscription rights become effective following the exercise of convertible or option rights or the fulfilment of convertible obligations. The Management Board is authorised, subject to the consent of the Supervisory Board, to determine the further details of the implementation of the contingent capital increase.

The details of the authorisation are contained in the invitation to the General Meeting of 25 August 2015 which is available on the YOC AG web pages (see agenda item 7 and the related report by the Management Board).

Contingent Capital 2009/I

In accordance with Sect. 6 Para. 7 of YOC AG's Articles of Association, the share capital of the company was contingently increased by up to EUR 175,000 through the issue of up to 175,000 new shares made out to bearer. The contingent capital increase is used to operate the YOC Management Incentive Programme and for the subscription rights issued under this programme. The contingent capital increase is only realised to the extent that those entitled to subscribe exercise their subscription rights.

The new shares resulting from the exercise of subscription rights entitle the holder to share in the profits from the beginning of the financial year for which, at the time at which the subscription right is exercised, no resolution of the General Meeting has yet been passed concerning the use of the net income. The Management Board is authorised, subject to the consent of the Supervisory Board, to determine the further details of the implementation of the contingent capital increase.

As of 31 December 2016, no subscription rights have been issued to former members of the Management Board, while subscription rights for 20,000 shares have been issued to former staff members. By the end of the financial year 2016, no subscription rights have been exercised from the entire stock option programme set up in 2009. The exercise price of the issued subscription rights stands at EUR 7.37. The exercising of subscription rights is not considered likely.

Key agreements of the company that are subject to a change in control resulting from a takeover bid

The company has entered into no essential agreements which are subject to the condition of a change in control resulting from a takeover bid.

Compensation agreements made between the company and members of the Management Board or employees in the event of a takeover bid

The phantom stock option programme provides that, in the event of a takeover bid for purposes of Sect. 29, 35 of the German Securities Acquisition and Takeover Act (WpÜG), the entire phantom stock options assigned to an option holder shall be classified as non-forfeitable before the expiration of the vesting period ("accelerated vesting"), provided that the employment of the option holder exists and is not under notice at that point of time.

Declaration on Corporate Governance

(Sect. 289a German Commercial Code (HGB); Sect. 315 Para. 5 HGB)

The Declaration on Corporate Governance pursuant to Sect. 289a HGB and Sect. 315 Para. 5 HGB includes the Declaration of Conformity in accordance with Sect. 161 of the German Stock Corporation Act (AktG), relevant information concerning company management practices and a description of the working methods of the Management Board and the Supervisory Board, as well as disclosures pursuant to Sect. 289a Para. 2 Nos 4 and 5 HGB concerning regulations promoting the equal representation of women and men in leading positions.

This declaration forms part of the Management Report of YOC AG and YOC Group for the financial year 2016. According to Sect. 317 Para. 2 Sent. 4 HGB, the information pursuant to Sect. 289a Para. 2 HGB and Sect. 315 Para. 5 HGB is not among the information that is subject to an auditor's scrutiny.

Declaration by the Management Board and Supervisory Board of YOC AG in accordance with Sect. 161 Stock Corporation Act (AktG) on the German Corporate Governance Code in the version of 05 May 2015 (Declaration of Conformity 2016)

According to Sect. 161 AktG, the Management Board and the Supervisory Board of a listed company must annually declare that the recommendations of the "Government Commission on the German Corporate Governance Code" in the official part of the electronic Federal Gazette published by the German Federal Ministry of Justice were or are complied with, or which recommendations for valid reasons were or are not applied.

The declaration must be made publicly available on the company website.

The German Corporate Governance Code (DCGK) contains provisions, not all of which are equally binding. Aside from descriptions of current company law, it contains recommendations which companies may deviate from, in which case, however, they are obliged to disclose this annually.

According to Sect. 161 AktG, deviations from the recommendations of the DCGK must be justified. Furthermore, the DCGK contains suggestions which companies may disregard without disclosing that they have done so. The following declaration concerns the period since the last Declaration of Conformity of February 2016, and refers to the requirements of the DCGK in its current version of 05 May 2015.

The Management Board and the Supervisory Board of YOC AG declare that the recommendations made by the "Govern-

ment Commission on the German Corporate Governance Code" are and were fundamentally complied with in the present and past. The YOC AG Management Board and Supervisory Board also intend to comply with it in the future. Only the following recommendations of the German Corporate Governance Code were and are not applied:

- **Item 3.8 Para. 3 DCGK:** The company is of the opinion that the motivation and responsibility with which the members of the Supervisory Board carry out their duties will not be improved by an insurance excess. The D&O liability insurance serves to safeguard against the company's material own risks and at most serves as a second-line defence of the assets of the members of those bodies. The D&O insurance for the Supervisory Board was therefore taken out without an excess.

- **Item 4.1.5 DCGK:** The appropriate representation of women in the two management levels below the Management Board is subject to individual qualification for the respective position. Based on this premise, the Management Board will pay attention to diversity when filling leading positions, and strive to accomplish an appropriate representation of women.

- **Item 4.2.1 DCGK:** According to item 4.2.1 of the DCGK, the Management Board is to consist of several persons and have a chairman or spokesman. During the financial year 2016, the YOC AG Management Board only partially consisted of two persons. Since 01 October 2016, the Management Board has only had one member. In agreement with the Supervisory Board and Management Board, the company for the time being abstains from appointing further members to the Management Board, as management-related duties have been partially delegated to the second management level.

- **Item 4.2.2. Para. 2 DCGK:** The Supervisory Board is to consider the relationship between the remuneration of the Management Board and that of the senior management and overall staff, also in terms of its development over time. For this comparison, the Supervisory Board determines how senior management and the relevant staff are to be differentiated. Such an explicit differentiation has not taken place, so as not to limit the economic scope for salary negotiations.

- **Item 5.1.2 Para. 1 Sent. 2 DCGK:** Currently, all members of the Supervisory Board are male, so that the requirements for diversity were not met in full. Membership to the Supervisory Board is first and foremost based on individual suitability for the board.

- **Item 5.1.2 Para. 2 Sent. 3 DCGK:** No age limit for members of the Management Board has been set by the Supervisory Board. The members of the Supervisory Board are convinced that the suitability for company management depends largely on individual capabilities.

- **Items 5.3.1, 5.3.2 and 5.3.3 DCGK:** As the Supervisory Board of YOC AG has only three members, it would be neither practical nor in accordance with best practice standards to set up committees, particularly an audit committee or nomination committee. The purpose of setting up an audit committee as proposed by the DCGK is to increase the efficiency of auditing. This aim would not be achieved at YOC AG as nearly all members of the plenum would have to sit on the audit committee. Similarly, nearly all plenum members would have to sit on the nomination committee, which would not bring any improvement in the preparation of Supervisory Board recommendations regarding candidates proposed by the shareholders.

- **Item 5.4.1 Para. 2 DCGK:** An appropriate representation of women cannot be specified in advance, as Board membership is determined by individual qualification. No age limit or limit for the length of job tenure has been set for Supervisory Board members. A candidate's ability to monitor and act as a coequal contact for the Management Board as a member of the Supervisory Board depends mainly on individual capabilities.

- **Item 5.4.3 Sent. 2 DCGK:** According to Item 5.4.3 Sent. 2 DCGK, the next General Meeting is to be set as the deadline for an application for the judicial appointment of a Supervisory Board member. To ensure continuity and efficient and productive work in the Supervisory Board, no deadline was set for the application for the judicial appointment of the present Supervisory Board members.

- **Item 7.1.2 Sent. 4 DCGK:** The company will endeavour to comply with the recommendation that the consolidated financial statements be made available to the public within 90 days after the end of the financial year and the interim reports within 45 days after the end of the reporting period. The company can, however, not always guarantee that it will do so, as this would be possible only with significantly increased personnel and organisational effort, and thus with considerable additional cost.

They are hence published within the statutory and stock exchange time limits.

Berlin, February 2017

YOC AG
The Management Board
The Supervisory Board

The declaration has been made permanently available to the public on the YOC AG website (www.yoc.com) under "Investor Relations". Earlier versions of the Declaration of Conformity can also be found there.

Information concerning company management practices

Basic principles

Sustainable economic, ecological and social action is a defining element of the corporate culture at YOC AG. This also includes integrity in dealings with employees, investors, customers, suppliers, authorities, interest groups, other stakeholders and the public.

YOC AG is a stock corporation with its registered office in Germany. Therefore, the formal framework for corporate governance is based on German law, in particular the stock corporation law and the law on capital markets, and on the Articles of Association of YOC AG.

Being a service company, YOC AG depends on its ability to win and maintain the trust of its customers and business partners through exemplary behaviour. The objective is to act in a credible, trustworthy and reliable manner and to convey a corresponding image.

Transparency

A uniform, comprehensive and prompt information policy in relation to employees, investors, customers, suppliers, authorities, interest groups and other stakeholders ranks high in importance at YOC AG.

The aforementioned parties are all provided with information by YOC AG on a uniform, comprehensive, prompt and simultaneous basis. The business situation and operating results of YOC AG and YOC Group are reported in the annual report, the mid-year report and the interim reports. Further information is passed on through ad-hoc communications, when the law so requires, and through the company's websites.

All messages, presentations and notices, along with the current financial calendar, can be viewed on the company website (www.yoc.com) under "Investor Relations".

Changes in the composition of the shareholder structure which must be reported (Announcements of Voting Rights, Sect. 21 et seq. WpHG) and any transaction conducted on own account of individuals holding management positions within YOC AG as well as persons closely associated with them relating to shares or debt instruments of YOC AG and to derivatives or other financial instruments linked thereto (Directors' Dealings according to Sect. 15a WpHG (up to 02 July 2016) or Art. 19 of the Market Abuse Regulation (MAR) (since 03 July 2016)) are also published by the company.

YOC AG also maintains the required insider registers (until 02 July 2016 in accordance with Sect. 15b WpHG; since 03 July 2016 in accordance with Art. 18 MAR).

The individuals concerned were and are informed of the legal duties and sanctions.

Risk management

YOC Group is one of Europe's leading providers of product-based mobile advertising solutions and as such is exposed to many of the opportunities and risks specific to the branch and the companies. YOC AG has an established, comprehensive and effective system which enables the company to detect, assess, report on and deal with opportunities and risks associated with all functions and business processes at an early stage. The aim of this system is to systematically detect risks at the earliest possible time, assess the likelihood of their occurrence, estimate their potential qualitative and quantitative effects and initiate effective countermeasures.

Risk management is regularly discussed and further developed at Management Board and Supervisory Board level. Further information on the company's risk management, on the specific risks to which the company finds itself exposed and on the accounts-related internal control and risk management system can be found in the risk report that forms part of the company's group management report.

Description of the operating principles of the Management Board and Supervisory Board

Being a German stock corporation, YOC AG is subject to the German Stock Corporation Act. A dual management system is therefore required by law. The Management Board and Supervisory Board have autonomous powers

but collaborate closely and in confidence in the discharge of their statutory duties.

Management Board

The Management Board has sole responsibility for the management of the company. It has a duty to act in the interest of the company and is committed to the sustainable development of the company. The Management Board responsibilities include determining the company's strategic direction in consultation with the Supervisory Board and managing the business of the company.

The Management Board manages the company's business in accordance with the relevant laws, the Articles of Association and its Rules of Procedure. The members of the Management Board bear joint responsibility for corporate governance, work together cooperatively and keep each other regularly informed of important actions and events in their business areas.

Notwithstanding the joint responsibility of all members of the Management Board, each member manages the business area assigned to him, apart from those matters that must be decided by the Management Board as a whole, on his own responsibility. More detailed rules are set forth in the Rules of Procedure for the Management Board enacted by the Management Board with the Supervisory Board's approval.

The members of the Management Board are appointed by the Supervisory Board. The term of office served by Management Board members must not exceed five years. Management Board members may however be appointed more than once. The Supervisory Board may appoint a member of the Management Board as chairman of the Management Board.

Mr Dirk-Hilmar Kraus has been appointed to the Management Board of YOC AG effective 10 September 2013. Mr Michael Kruse resigned from the YOC AG Management Board effective 30 September 2016.

The Management Board does not have a chairman. The Management Board reports to the Supervisory Board regularly, promptly and fully on key issues relating to the Group's business development, strategy and planning, risk situation and compliance. It also confers with the Supervisory Board before all important strategic decisions.

In addition, the Management Board regularly confers with the members of the company's second management tier. The Management Board has not formed any committees.

Supervisory Board

It is the duty of the Supervisory Board to advise and supervise the Management Board. It is involved in strategy and planning and in all issues which are of fundamental importance to the company. Important decisions by the Management Board are subject to its approval.

This includes the corporate planning for the year ahead prepared by the company once a year (the budget), which is submitted to the Supervisory Board by the Management Board, discussed with the Supervisory Board and adjusted as needed.

The Supervisory Board also assigns the audit mandate to the auditor appointed by the General Meeting.

The Supervisory Board holds at least four meetings per year. The YOC AG Supervisory Board has three members, none of whom were previously on the company's Management Board. The Supervisory Board is elected by the General Meeting. The Supervisory Board has not formed any committees.

The working practices of the Supervisory Board are set out in the Rules of Procedure. Resolutions of the Supervisory Board are usually passed in face-to-face meetings. In addition, meetings may be held and resolutions passed through written communication, by telephone or telex, or with the aid of other means of telecommunication. The company's Management Board attends the meetings regularly, and other members of the company's extended management are also invited to attend as needed.

The first face-to-face meeting of the year to be held after the preparation and auditing of the annual financial statements (the "statement of financial position meeting") is attended also by the company's auditors who present their report of the completed audit to the Supervisory Board.

The agenda and proposed resolutions for the Supervisory Board meetings are communicated to all participants in writing sufficiently well in advance of the meetings. When decisions are necessary at short notice, they may be made by the written circulation procedure.

All meetings of the Supervisory Board are recorded in writing.

The chairman of the Supervisory Board annually explains the activities of the Supervisory Board at the General Meeting and in his report to the shareholders, which is printed in the company's Annual Report.

Specifications promoting the equal participation of women and men in leading positions

The "Law for the equal participation of women and men in leading positions in the private and public sectors" for the first time obligates the Management Boards and Supervisory Boards of certain German companies to determine target figures for the proportion of women on the Supervisory Board, Management Board and the following two levels of management and to define by when the respective proportion of women is to be achieved.

The companies were obliged to resolve on their target figures and set a deadline by 30 September 2015. The deadline for reaching the target figure was to be set as no later than 30 June 2017 in the first specification.

Representation of women on the Supervisory Board
The Supervisory Board of YOC AG presently includes no women. As the term of office for the current members of the Supervisory Board ends in 2017 or rather 2018 and neither an expansion of the Supervisory Board nor resignations are intended, the Supervisory Board of YOC AG resolved that the status quo of women representing the Supervisory Board is to be maintained as of the appointed date of 30 June 2017 and a target figure of 0 % to be aspired

Representation of women on the Management Board
The Management Board of YOC AG presently includes no women. As the sole member of the Management Board was appointed up to the year 2017 and neither an expansion of the Management Board nor resignation is intended, the Supervisory Board of YOC AG resolved that the status quo of women representing the Management Board is to be maintained as of the appointed date of 30 June 2017 and a target figure of 0 % to be aspired.

Representation of women in the two levels of management below the Management Board
The Management Board of YOC AG resolved that by 30 June 2017 at least 20 % of the positions within the first level of management below the Management Board shall be held by women.

The first level of management below the Management Board corresponds with the level of directors. As of 31 December 2016 no directorship was held by a woman. With the same deadline, at least 20 % of the positions within the second level of management below the Management Board shall be held by women.

The second level of management below the Management Board includes the "Head of" level. As of 31 December 2016, 40 % of these positions were held by women.

Berlin, April 2017

YOC AG
The Management Board
The Supervisory Board

Remuneration Report

The remuneration report is based on the "Recommendations of the German Corporate Governance Code". It summarises the principles which are applied in setting the remuneration of the Management Board of YOC AG and explains the amount and structure of the Management Board members' income.

It also describes the principles according to which the Supervisory Board members are remunerated and the amount of their remuneration.

The remuneration report further contains particulars which, under German commercial law, must be included as part of the notes to the consolidated financial statements pursuant to Sect. 314 HGB (German Commercial Code) and the Group Management Report pursuant to Sect. 315 HGB.

Remuneration of the Management Board

The Supervisory Board is responsible for setting the Management Board's remuneration. In doing so, it considers the company's size and activities, the company's economic and financial position, the duties of the Management Board member in question and, for comparative purposes, the amount and structure of management board remuneration elsewhere in the industry.

The Management Board remuneration is performance-based. The remuneration is designed to be competitive in the market for highly qualified management personnel and to offer an incentive for successful performance.

It is generally comprised of a fixed basic remuneration amount plus a variable component.

- The basic remuneration is cash remuneration in a fixed amount for the year as a whole which is specific to the Management Board member's area of responsibility and is paid out in twelve monthly instalments.

- The variable component consists of cash remuneration as profit-sharing on YOC AG's results of operations according to IFRS (EBITDA) and is subject to an upper limit.

- With the participation in the phantom stock option programme set up in 2014, members of the Management Board selected by the Supervisory Board receive phantom stock options. The phantom stock option programme simulates a stock option programme with an actual share in the company's equity capital by the beneficiaries. Other than in a stock option programme with "actual" stock options, the exercising of phantom options does not authorise to subscribe to company shares, but rather entitle the holder to claim a certain amount of money in cash from the company as further defined in the option terms and conditions. The phantom options do not give the holder any participation rights in the company under commercial law, in particular no share-based claim to rights of information or participation, voting rights or participation in net profit..

Remuneration Management Board 2016

	short-term benefits		
Name	**Fixed compensation*** (in kEUR)	**Variable compensation** (in kEUR)	**Phantom stock options granted in 2014**
Dirk-Hilmar Kraus	210	10	40,000
Michael Kruse	217	0	0
Total	**427**	**10**	**40,000**

*including contractual fringe benefits

In financial year 2016, kEUR 427 of the ongoing Management Board remuneration were cash-effective.

From the phantom stock option programme, the Management Board members together hold 40,000 phantom stock options at their fair value of EUR 2.45 each.

Remuneration of the Supervisory Board

Supervisory Board remuneration was set by the General Meeting of YOC AG on the basis of a proposal by the Management Board and the Supervisory Board. Supervisory Board remuneration is fixed at kEUR 12.5 for one financial year. The chairman of the Supervisory Board receives twice this amount and the deputy chairman 1.5 times this amount.

For each face-to-face meeting of the Supervisory Board, each member of the Supervisory Board receives the amount of kEUR 1.0; the chairman of the Supervisory Board receives twice that; and the deputy chairman 1.5 times that amount.

Remuneration for the activities of the Supervisory Board came to a total of kEUR 73 in financial year 2016.

Remuneration Supervisory Board 2016 (in kEUR)

Name	**Fixed compensation**	**Attendance allowance**	**Total**
Dr Nikolaus Breuel (Supervisory Board chairman)	23	10	33
Konstantin Graf Lambsdorff	17	8	24
Sacha Berlik	11	5	16
Total	**51**	**23**	**73**

Events after the Statement of Financial Position Reporting Date

In January 2017, the company took out a EUR 0.5 million loan from a shareholder at standard market conditions.

After that, no other events occurred with a significant effect on net assets, financial position and results of operation.

Berlin, 20 April 2017

Dirk-Hilmar Kraus
The Management Board

YOC Inline Video Ad
7 UP
Q3/2016, Poland

3

Consolidated Financial Statements

and information on the Management and Supervisory Board

Consolidated Statement of Comprehensive Income

Consolidated Income Statement (in EUR)	Note #	2016	2015
Revenue	5.1	11,959,554	9,734,615
Own work capitalised	5.2	184,074	229,646
Other operating income	5.3	342,059	1,467,579
Total output		12,485,688	11,431,840
Expenses for goods and services	5.4	7,588,417	6,503,885
Personnel expenses	5.5	3,991,461	3,921,730
Other operating expenses	5.6	2,031,902	2,110,489
EBITDA		-1,126,093	-1,104,264
Depreciation and amortisation expenses	6.1/6.2	348,268	275,676
Impairments	6.1/6.2	67,352	0
EBIT		-1,541,713	-1,379,940
Financial income	5.7	0	470
Financial expenses	5.7	67,884	21,268
Financial result		-67,884	-20,798
EBT		-1,609,597	-1,400,738
Income taxes	5.8	89,496	60,632
Net income continuing operations		-1,699,094	-1,461,370
Net income discontinued operations		0	-52,669
Net income		-1,699,094	-1,514,039
Earnings per share			
Earnings per share basic	5.10	-0.52	-0.49
Earnings per share diluted	5.10	-0.52	-0.49
Earnings per share continuing operations			
Earnings per share basic	5.10	-0.52	-0.47
Earnings per share diluted	5.10	-0.52	-0.47

Consolidated statement of comprehensive income (in EUR)	Note #	2016	2015
Net income		-1,699,094	-1,514,039
Net other comprehensive income to be reclassified through profit or loss in subsequent periods			
Unrealised gains/losses from foreign currency translation	5.12	135,009	-110,103
Total other comprehensive income		135,009	-110,103
Total comprehensive income		-1,564,085	-1,624,142

Consolidated Statement of Financial Position

Consolidated statement of financial position (in EUR)	Note #	31/12/2016	31/12/2015
ASSETS			
Non-current assets		**536,597**	**674,364**
Property, plant and equipment	6.1	96,956	76,804
Intangible assets	6.2	438,174	595,561
Deferred tax assets	5.8	1,467	1,998
Current assets		**3,452,298**	**3,193,505**
Trade receivables	6.3	2,668,757	1,992,832
Other receivables	6.3	123,992	330,686
Cash and cash equivalents	6.4	659,549	869,986
Total assets		**3,988,895**	**3,867,869**
EQUITY AND LIABILITIES			
Equity		**-3,606,571**	**-2,514,712**
Subscribed capital	6.5	3,292,978	3,112,473
Additional paid in capital	6.5	20,649,438	20,380,508
Retained earnings	6.5	-27,382,819	-25,706,515
Other comprehensive income from currency translation differences	6.5	-115,849	-250,858
Own shares	6.5	-50,319	-50,319
Non-current liabilities		**1,038,085**	**556,886**
Provisions	6.6	58,085	76,886
Other financial liabilities	6.8	980,000	480,000
Current liabilities		**6,557,381**	**5,825,695**
Prepayments received	6.7	18,338	49,411
Trade payables	6.7	2,490,974	1,790,458
Other liabilities	6.7	505,672	687,020
Other financial liabilities	6.8	3,346,028	3,250,131
Tax liabilities	6.8	22,869	48,675
Provisions	6.6	173,500	0
Total equity and liabilities		**3,988,895**	**3,867,869**

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement (in EUR)	Note #	2016	2015
Net income continuing operations		-1,699,094	-1,461,370
Net income discontinued operations		0	-52,669
Depreciation, amortisation and impairments		415,621	276,543
Taxes recognised in the income statement		89,496	60,632
Interest recognised in the income statement		67,884	20,798
Other non-cash income and expenses		87,724	370,083
Deconsolidation result		0	37,816
Cash-Earnings		-1,038,369	-748,167
Result from disposal of assets		-400	-47,656
Changes in receivables and other receivables		-469,232	-380,461
Changes in liabilities, prepayments and other liabilities		543,200	-100,879
Changes in provisions		154,699	12,058
Interest received		0	470
Interest paid		-27,719	-7,726
Income taxes paid		-114,675	-22,690
Cash flow from operating activities	7.1	-952,496	-1,295,051
Disposal of business units		0	160,000
Purchase of property, plant and equipment		-37,595	-44,088
Purchase of intangible assets		-11,260	0
Outflow from development costs		-192,788	-293,409
Disposal of assets		11,477	78,630
Cash flow from investing activities	7.1	-230,166	-142,955
Inflows from capital increases		499,999	800,015
Transaction costs related to issuance of new shares		-27,774	-39,837
Issuance of loans		500,000	300,000
Cash flow from financing activities	7.1	972,225	1,060,179
Net increase / decrease		-210,437	-333,738
Cash and cash equivalents at the beginning of the period	7.2	869,986	1,203,724
Cash and cash equivalents at the end of the period	7.2	659,549	869,986

Consolidated Statement of Changes in Equity

Consolidated statement of changes in equity (in EUR)	Note #	Subscribed capital	Additional paid in capital	Retained earnings	Other comprehensive income from currency translation differences	Own shares	Total
as of 01/01/2015		**2,858,500**	**19,902,539**	**-24,220,215**	**-140,755**	**-50,319**	**-1,650,250**
Net income				-1,514,039			-1,514,039
Currency translation differences	5.12/8				-110,103		-110,103
Comprehensive income		**0**	**0**	**-1,514,039**	**-110,103**	**0**	**-1,624,142**
Issuance of subscribed capital	6.5/8	253,973	546,042				800,015
Transaction costs including tax benefits	6.5/8		-39,837				-39,837
Stock option programme	6.5/8		-28,236	27,738			-498
as of 31/12/2015		**3,112,473**	**20,380,508**	**-25,706,516**	**-250,858**	**-50,319**	**-2,514,712**
as of 01/01/2016		**3,112,473**	**20,380,508**	**-25,706,516**	**-250,858**	**-50,319**	**-2,514,712**
Net income				-1,699,094			-1,699,094
Currency translation differences	5.12/8				135,009		135,009
Comprehensive income		**0**	**0**	**-1,699,094**	**135,009**	**0**	**-1,564,085**
Issuance of subscribed capital	6.5/8	180,505	319,494				499,999
Transaction costs including tax benefits	6.5/8		-27,774				-27,774
Stock option programme	6.5/8		-22,790	22,790			0
as of 31/12/2016		**3,292,978**	**20,649,438**	**-27,382,819**	**-115,849**	**-50,319**	**-3,606,571**

No shares are held by non-controlling shareholders

Notes

1. General Information about the Company

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.

The consolidated financial statements of YOC AG as of 31 December 2016 have been prepared pursuant to Sect. 315a of the German Commercial Code (HGB) in accordance with the principles of the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), London, United Kingdom, and with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as applicable in the European Union (EU) as effective on the reporting date.

The consolidated financial statements of YOC AG conform to the IFRS as mandatory in the European Union from 01 January 2016. The consolidated financial statements provide a fair presentation of the company´s net assets, financial position and results of operations.

The Management Board of YOC AG prepared the consolidated financial statements and authorised their submission to the company's Supervisory Board on 12 April 2017.

2. Application of New or Amended Standards

2.1 Standards and interpretations to be applied in the current financial year

The following new or revised standards or interpretations were applicable for the first time in financial year 2016:

- **Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation** have no impact on the financial statements of YOC AG. The amendments are to be applied for the first time in financial years beginning on or after 01 January 2016.

- Improvements to IFRS (2010-2012)
  The Improvements are a collective standard dealing with changes in various IFRS. The Improvements are to be applied for the first time for financial years beginning on or after 01 February 2015. They do not affect YOC AG.

- Improvements to IFRS (2012-2014)
  The Improvements are a collective standard dealing with changes in various IFRS. The Improvements are to be applied for the first time for financial years beginning on or after 01 January 2016. They do not affect YOC AG.

- Amendments to IAS 19 – Employee Contributions
  The amendment is to be applied for the first time for financial years beginning on or after 01 February 2015. The amendment regulates how contributions from employees or third parties to a pension plan should be attributed to periods of service. They do not affect the financial statements of YOC AG.

- **Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations** do not apply to YOC AG. The amendment is to be applied for the first time for financial years beginning on or after 01 January 2016.

- **Amendments to IAS 1 – Disclosure Initiative** do not apply to YOC AG. The amendment is to be applied for the first time for financial years beginning on or after 01 January 2016.

2.2 Published standards and interpretations whose application is not yet mandatory

The following table shows new and revised standards which are not yet mandatory in financial year 2016 or which have not yet gone through the EU endorsement process:

Title	Temporal Scope	EU-Endorsement ensued?	Application for YOC?	Impact on financial statements expected?
IFRS 9 Financial instruments	01/01/2018	yes	under examination	under examination
IFRS 15 Revenue from contracts from customers	01/01/2018	yes	yes	under examination
IFRS 16 Leases	01/01/2019	no	yes	under examination
Amendment of IFRS 10 and IAS 28 - Sales or contributions of assets between an investor and its associate / joint venture	indefinitely postponed	no	no	n/a
Amendment of IAS 12 - Recognition of deferred tax assets for unrealised losses	01/01/2017	no	under examination	under examination
Amendment of IAS 7 - Disclosure Initiative: liabilities reconciliation arising from financing activities	01/01/2017	no	yes	no significant impact

On 24 July 2014, the IASB published the final standard IFRS 9 Financial Instruments (IFRS 9 [2014]) which contains the results of all stages of the IFRS 9 project and replaces both IAS 39 Financial Instruments: Recognition and Measurement and all earlier versions of IFRS 9 Financial Instruments.

The standard contains new provisions on classification and measurement, on impairment and hedge accounting. IFRS 9 is to be applied for the first time for the financial year beginning on or after 01 January 2018. The standard has been adopted by the EU on 22 November 2016. The implications of these new regulations are being analysed by the group. The present status of analysis does not lead us to expect any significant implications of the amended regulations for net assets, financial position and results of operation.

IFRS 15 has been published in May 2014 and adopted by the EU on 22 September 2016. For financial years beginning on or after 01 January 2018, either the full retrospective application or a modified retrospective application is mandatory. An early application of the standard is permitted. It introduces a new model for recognising revenue in five analytical steps which shall be applied to all revenues from contracts with customers. The core principle of the standard is that a company shall recognise revenue at the time of transfer of goods or services to customers in the amount of the return which the company may expect in exchange for the transfer of these goods or services.

The basic principles in IFRS 15 offer a structured approach to evaluate and recognise revenue. The standard is to be applied in all kinds of companies across all branches and thus replaces all other existing regulations regarding revenue recognition (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services).

Application of the new standard requires more valuations and arbitrary decisions as compared to the standards that currently apply for revenue recognition, as the amount of revenues to be recognised is determined by the amount of the return which the company may expect in exchange for the transfer of goods or services. Particular challenges may arise especially in the case that a return is variable.

The present status of analysis does not lead us to expect any significant implications of the amended regulations for net assets, financial position and results of operation.

IFRS 16 specifies how leases will be recognised, measured, presented and disclosed. The standard provides a single accounting model for the lessee. This requires lessees to recognise all assets and liabilities for leases unless the lease term is 12 months or less or it has a low value (in each case optional). Lessors continue to classify leases as operating or finance leases for accounting purposes. The lessor's accounting model remains substantially unchanged from that in IAS 17 – Leases.

IFRS 16 was issued in January 2016 and is to be applied for the first time for financial years beginning on or after 01 January 2019.

The present status of analysis does not lead us to expect any significant implications of the amended regulations for net assets, financial position and results of operation. As regards the amount of operating leases currently not recognised as assets or liabilities, we kindly refer to chapter 6.8.

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

3. Consolidation

3.1 Consolidation principles

The consolidated financial statements include those companies which YOC AG controls. Control of an investee is considered to exist when the group is exposed, or has rights to, variable returns from its involvement with the investee, and is able to apply its power of disposition over the affiliated company to affect those yields.

The inclusion of subsidiaries in the consolidated financial statements begins from the date on which YOC AG achieves control over the subsidiary. It ends at the time at which control of the subsidiary is lost. The separate financial statements of the consolidated companies are prepared as of the reporting date of the consolidated financial statements. All intra-group earnings and expenses as well as intercompany assets, liabilities and equity capital are eliminated in full.

3.2 Consolidated companies

The companies of YOC Group that were consolidated as of 31 December 2016 are as follows:

	Fully consolidated companies	Share in %	Held through no.	Since
Domestic				
1	YOC AG, Berlin	-	-	-
2	YOC Mobile Avertising GmbH, Berlin	100%	1	11/03/09
Foreign				
3	YOC Mobile Advertising Ltd., London, Great Britain	100%	1	01/01/07
4	YOC Central Eastern Europe GmbH, Vienna, Austria	100%	1	01/06/09
5	YOC Spain, S.L., Madrid, Spain	100%	1	22/09/09

4. Accounting and Measurement Principles

4.1 General principles

YOC AG functions as the parent company of the group and directly holds a 100 % interest in all of the companies in the YOC Group. The financial year for all subsidiaries coincides with the calendar year.

The consolidated statement of financial position is structured according to IAS 1, "Presentation of Financial Statements", and the principle of maturity. Consequently, the statement items are divided into non-current and current assets or liabilities respectively. Assets and liabilities are generally classified as current when they have a remaining term to maturity or turnover within the scope of ordinary business operations of less than one year. Accordingly, assets and liabilities are classified as non-current when they remain within the company for more than one year.

The annual financial statements of the companies included in these consolidated financial statements are based on uniform accounting and measurement principles. The consolidated financial statements are presented in Euros. For purposes of clarity and comparability, all amounts are generally (unless otherwise declared) stated in kEUR. Minor rounding differences may occur as a result of commercial rounding of individual items and percentages. The total income is presented in two separate statements: the income statement according to the expense method and the statement of comprehensive income.

The accounting and measurement principles described below have been applied to the consolidated financial statements:

Property, plant and equipment

Property, plant and equipment is measured at historical or production cost and depreciated on a straight-line basis over the expected economic life (3 to 8 years). If there is an indication of impairment, an impairment test also is performed.

Gains and losses from asset disposals are recognised in other operating income or in other operating expenses respectively.

Investment subsidies and public grants for the acquisition of property, plant and equipment are recorded on the grant date by deducting the grant from the cost, and are depreciated over the useful lives of the assets in the form of reduced depreciation or recorded in income upon disposal of the grant-supported assets.

Intangible assets

Intangible assets include both acquired and self-developed intangible assets. Acquired intangible assets are valued at cost and, if applicable, less accumulated depreciation and impairment.

They include both those intangible assets which have been acquired as a result of business combinations, if they meet the recognition criteria of IFRS 3, and those intangible assets which have been acquired separately.

Internally-generated intangible assets from which it is probable that future economic benefits will flow to the group and which meet the recognition criteria of IAS 38, "Intangible Assets", are measured at the production costs incurred during the development phase of the assets.

The capitalised development costs comprise only directly attributable costs. Research costs and development costs that cannot be capitalised are recognised in full as expense in the periods in which they are incurred.

Unless intangible assets have an indefinite useful life, they are amortised on a straight-line basis over their expected useful life. In the case of internally-generated intangible assets, amortisation begins from the date on which the assets are completed.

If there are indications of impairment, an impairment test is also performed. If impairment losses occur, intangible assets are written down to their recoverable amount.

The useful lives are as follows:

Intangible assets	Useful live in years
Internally developed software	3
Acquired software and licences	3 – 5

They are subsequently measured at amortised cost, if necessary, using the effective interest method less any impairment losses resulting from the difference between the carrying amount of the receivable and the estimated future cash flows that are expected from this receivable.

Losses arising from the impairment loss are recorded under other operating expenses. Other receivables that are not financial instruments as defined by IFRS 7 are first recognised at acquisition cost. They are subsequently valued at amortised cost subject to impairment. All recognised receivables and other assets are current.

Cash and cash equivalents

Cash and cash equivalents, including cash-in-hand and bank balances, are assigned to the "loans and receivables" category. Short-term deposits with a maturity of up to 90 days and low risk of value fluctuation are categorised as cash equivalents.

Cash and cash equivalents are measured at nominal value.

Deferred tax

Deferred taxes are recognised on temporary differences between the tax valuations of assets and liabilities and their carrying amounts in the consolidated financial statements, and on loss carryforwards, to accurately account for future tax liability and relief.

Deferred taxes were measured using the expected tax rates based on current law as of the end of the financial year. The tax calculations took into consideration the circumstances particular to the individual legal entities.

For foreign companies, the tax rates used were those specific to the country in which they are based. Deferred tax liabilities have been recognised for all taxable temporary differences. Deferred tax assets have been recognised in those cases in which it is sufficiently certain that they can be realised in the near future.

The tax effect of tax loss carryforwards was capitalised to the extent to which the future use of such loss carryforwards is expected. Deferred tax assets and liabilities are presented net to the extent that a legal claim to set-off against the same tax authority exists.

Equity

Own shares are measured at cost and deducted from equity with no effect on the income statement. This is reported in a separate item in the statement of financial position. Buying, selling, issuing and recalling of own shares are recognised with no effect on the income statement.

Provisions

Provisions are made for present legal and constructive obligations to third parties if the obligation is likely to lead to a future outflow of resources and the amount of the obligation can be reliably estimated.

Provisions are recognised at the expected settlement amount, with long-term provisions being recognised at present value. To calculate the present value, provisions are discounted to the reporting date on the basis of a risk- and duration-adequate market interest rate.

Advances received, liabilities and tax liabilities

The liabilities explained in the Notes to the financial statements comprise prepayments received, trade payables, other financial and non-financial liabilities and tax liabilities. Prepayments received are recognised at their settlement values.

Financial liabilities as defined by IFRS 7 are trade payables, financial liabilities, and liabilities for invoices not yet received. These are initially recognised at fair value. Non-current liabilities are subsequently measured at amortised cost using the effective interest method.

Current liabilities are subsequently measured at the settlement amount, without discount. Tax liabilities are recognised in the amount of the anticipated tax payments.

Share-based payments

Equity-settled

The first and second management levels in the YOC Group were granted subscription rights to shares of YOC AG within the YOC Management Incentive Programme. These are measured at the fair value of the equity instruments on the day they are granted and recognised on a straight-line basis over the vesting period as personnel expense through capital reserves. On every reporting date the estimation regarding the number of equity instruments that vest is reviewed.

The effects of modifications to the original estimates are, when known, recognised in profit or loss, subject to adjustment of the capital reserves, over the remaining period to vesting.

Cash-settled

Members of the Management Board and of the second level of management as well as staff members have been granted share-based compensation with cash settlement within the framework of the phantom stock option programme introduced in September 2014. These phantom options are measured on their issuing date and subsequent fixed dates at fair value, and recognised as personnel expense in their proportion of the vesting period until fulfilment. On every reporting date and on every settlement date, the obligations recognised are revaluated through profit or loss.

Revenues and expenses
YOC Group generates its revenue by performing mobile advertising services. Revenue is recognised at the time of service and on a gross basis, as YOC acts as the principal in transactions with advertisers.

YOC enters into contractual relationships with both publishers and advertisers. The company establishes the selling prices of the sold advertisements, performs all billing and collection activities and bears sole responsibility for fulfilment of the advertising services. Accordingly, YOC acts as the principal in these arrangements and, therefore, reports earned revenue and incurred costs related to these transactions on a gross basis.

Services are rendered by providing advertising services based on the agreements with the advertisers.

The quantity of delivered ad formats provides the basis for calculating revenues.

Deliveries are usually measured in ad impressions, clicks, downloads or other activities of mobile web users. Deliveries are performed by using software applications and advertising formats developed in-house at YOC. Advertisers are predominantly charged for ad impressions on a CPM-basis (cost per mille). The performance-based pricing models CPC (cost per click) and CPI (cost per install) are also being applied.

Related publisher remunerations are recognised on an accrual basis as purchased services in cost for materials.

Revenue is measured at the fair value of the counter performance and net of amounts from bonus agreements with customers and net of discounts or similar deductions.

Interest
Interest income and expenses are recognised in profit or loss according to the effective interest method.

Leasing
Within YOC Group, there are operating leases, but no finance leases.

Under operating leases, the incurred expenses are recognised on a straight-line basis as expense over the term of the contract. When incentives are granted for entry into an operating lease, these are allocated on a straight-line basis over the term of lease, unless another systematic basis accords with actual use over the course of time.

Assets which have been acquired within a finance lease are recognised at the inception of the lease at fair value or at the lower present value of the minimum lease payments, and subsequently depreciated separately.

Regarding the liability towards the lessor, the respective amount is treated as liabilities.

4.2 Important judgements and estimation uncertainties

Preparing the consolidated financial statements in accordance with IFRS requires making assumptions and judgements which concern the future and which, naturally, do not have to accord with circumstances occurring later.

Such assumptions and estimates affect the recognition and measurement of assets and liabilities as well as income and expenses.

The estimates and assumptions in these consolidated financial statements are based on empirical values and other factors that are considered plausible and commercially reasonable under the given circumstances.

Since assumptions and estimates may differ from actual values and have a significant effect on the company's net assets, financial position and results of operations, these assumptions and estimates are subject to regular review. Key estimates and assumptions are made in respect of the following issues in particular:

Deferred tax assets
Deferred tax assets are recognised if sufficient taxable income is available in the future (see also item 5.8).

Recognition takes into account projected results from operations and the earnings effects from the reversal of taxable timing differences. Based on the projected future taxable income, the company's management assesses on each reporting date the recoverability of deferred tax assets.

As future business developments are uncertain and to some extent beyond the control of the company's management, it is necessary to make assumptions in order to estimate the amount of taxable income in the future as well as the date on which deferred tax assets will be realised. Estimated values are adjusted in the period in which sufficient information is available for such an adjustment. If the management proceeds from the assumption that deferred tax assets will remain fully or partially unrealised, a value adjustment is made in the corresponding amount.

Development cost

The group capitalises development costs for those internally developed intangible assets which are likely to be of benefit the group in future and which meet the recognition criteria of IAS 38 Intangible Assets. The initial recognition of cost is based on the management's assessment that technical and economic feasibility is given. The internally developed software is valuated at the production cost arisen during the development stage of the assets in question. The carrying amount of the capitalised development cost was kEUR 420 as of 31 December 2016 (2015: kEUR 570).

4.3 Management of capital and going concern

The Management Board is informed of the development of YOC Group's own capital through regular reporting of key figures. The aim is to cover the company's short- to medium-term financing needs through equity. In addition, liquidity risks are monitored regularly in order to analyse cash flow fluctuations and detect liquidity shortages early on and take countermeasures.

Accounting and measurement are generally based on the going concern principle.

Following the successful implementation of restructuring measures until the end of financial year 2014 along with improved operating results, the company's liquidity situation is continuously stabilising.

In order to cover the liquidity requirements, the following additional financing measures were taken in the reporting year:

- On 19 April 2016, Management Board and Supervisory Board of YOC AG decided on a capital increase from authorised capital against cash contribution in the amount of 180,505 new shares, excluding subscription rights for existing shareholders. With an issue price of EUR 2.77 per share, the company gained gross issue proceeds in the amount of EUR 0.5 million.

- In addition, the company and some investors agreed on accompanying the capital increase by taking out a EUR 0.5 million loan at standard market conditions, maturing in October 2018.

For financial year 2017, YOC Group reckons with a further improved operating earnings situation based on the developments outlined above. In the first quarter 2017 the company implemented a debt capital measure so as to improve liquidity, leading to a EUR 0.5 million cash inflow. In order to have sufficient liquidity in the forecast period, the company needs to realise the business development as scheduled, and in particular to achieve a significant increase in revenue and, with it, improved operating results.

With regard to liquidity risks, we also refer to the chapters "Development of Financial Position and Net Assets YOC Group" and "Opportunities and Risk Report" in the Group Management Report.

4.4 Currency effects and currency translation

The functional currency of the parent company and the presentation currency of the group is the euro.

When transactions are invoiced in a foreign currency, receivables and liabilities are translated into the functional currency and entered in the accounting records at the exchange rate applicable on the closing date of the transaction. Receivables and liabilities existing on the reporting date are adjusted to take exchange rate fluctuations into account.

For the annual financial statements of foreign subsidiaries, currencies are translated according to the functional currency concept. The functional currency of a subsidiary is its national currency.

Assets and liabilities of affiliated companies whose functional currency is not the euro are translated into euros at an exchange rate that is valid on the reporting date. Changes during the year as well as expenses and income are translated into euros using annual average exchange rates.

	Closing rate		Average rate	
	31/12/16	31/12/15	2016	2015
1 Euro = Pound Sterling (GBP)	0.8564	0.7371	0.8170	0.7262
1 Euro = US Dollar (USD)	1.0536	1.0925	1.1064	1.1097
1 Euro = Polish Zloty (PLN)	4.4100	4.3627	4.3582	4.1789

Equity is translated using the historical exchange rate. Differences resulting from the translation at end-of-period exchange rates are recorded as exchange differences in equity.

Currency is translated based on the following exchange rates:
The following table indicates the sensitivity of the group's consolidated pre-tax earnings when compared to a reasonably possible significant exchange rate change as a percentage of the pound sterling (GBP) or the US dollar (USD).

All monetary items in foreign currency are factored into the sensitivity. All other variables remain constant in the analysis.

4.5 Interest effects

Foreign currency	Foreign exchange rate trend (in %)	Effect on comprehensive income before tax (in kEUR)
2016		
pound sterling (GBP)	+5	0
	- 5	0
US dollar (USD)	+5	-3
	- 5	3
2015		
pound sterling (GBP)	+5	0
	- 5	0
US dollar (USD)	+5	-4
	- 5	4

An increase of the three-month EURIBOR by two per cent would have no significant effect on financial results, as the shareholder loans are not coupled to the development of EURIBOR.

5. Notes to the Statement of Comprehensive Income

5.1 Revenue

YOC Group achieved a 23 % increase in sales revenue to kEUR 11,960 in financial year 2016 (2015: kEUR 9,735). Reductions in revenue remained stable at 62 % in the year under review (2015: 62 %).

The reductions in revenue include reimbursements, premiums, agency commissions and other discounts to customers.

Revenue (in kEUR)	2016	2015
Revenue	31,309	25,584
Revenue deductions	19,350	15,849
Total	**11,960**	**9,735**

5.2 Own work capitalised

In 2016, **development costs for internally developed software** amounting to kEUR 184 (2015: kEUR 230) were capitalised. In the current financial year, the company's development efforts were focused on the business intelligence tool YOC Hub. YOC Hub provides publishing partners of YOC Group with a reporting and analysis tool which allows real-time management and evaluation of marketing activities.

The recognition criteria of IAS 38 have been met. The directly attributable costs were capitalised as production costs for internally developed software. Production costs were determined on the basis of work days, calculated at daily rates per employee.

Research and development costs related to new products and technological innovations in financial year 2016 came to kEUR 100 in total (2015: kEUR 70).

The company's focus here was on programmatic media trade and on supplying or connecting efficient demand-side platforms (DSP), setting up private marketplaces (PMP) for the automated trade of advertising spaces, and on introducing in-house advertising formats into the market and making them available for programmatic real-time trade.

5.3 Other operating income

The company's **other operating earnings** came to kEUR 342, kEUR 1,126 below the previous year's level (2015: kEUR 1,468). This is mainly due to positive special effects recognised in the previous year in the amount of kEUR 969. These included primarily earnings from an out-of-court settlement in the amount of kEUR 750, and from derecognising time-barred liabilities in the amount of kEUR 192.

Other operating income (in kEUR)	2016	2015
Income from derecognition of invoices not yet received	69	67
Income from recharging disbursed costs	61	73
Income from derecognition of liabilities due to limitation of claims	57	181
Income from derecognition of personnel liabilities	46	12
Income from letting office space	14	20
Income from foreign exchange and currency translation	12	117
Income from selling fixed assets	11	51
Income from out-of-court settlement	0	750
Income from derecognition of other liabilities	0	110
Income from the reversal of provisions	0	21
Other income	72	66
Total	**342**	**1,468**

5.4 Expenses for goods and services

The **costs of materials for external services** increased by kEUR 1,084 to kEUR 7,588 (2015: kEUR 6,504). They include mainly costs for the infrastructure for providing services and for the remuneration of publishers. Material costs thus increased at a disproportionately slower pace than revenues, due to new high-margin products and the growth of the programmatic business.

5.5 Personnel expenses

Personnel expenses were slightly above the previous year's level at kEUR 3,991 (2015: kEUR 3,922).

Personnel expense (in kEUR)	2016	2015
Wages and salaries	3,410	3,360
Social security costs	581	562
Total	**3,991**	**3,922**

Social security costs include contributions to direct insurance policies at kEUR 11 (2015: kEUR 13) as well as contributions to the statutory / public pension fund (contribution-oriented scheme) at kEUR 179 (2015: kEUR 181).

YOC Group's average staff number (without Management Board) was reduced by 6 % year-on-year to 50 employees (2015: 53 employees).

As of 31 December 2016, YOC Group had 48 permanent employees (2015: 52 employees).

Number of employees	2016	2015
Annual average	50	53
At the end of year	48	52

Consequently, productivity increased by kEUR 184 to kEUR 239 revenue per employee (+30 %), due to the increased revenue and at the same time decreased average number of employees.

5.6 Other operating expenses

Other operating expenses were down kEUR 78 from the previous year to kEUR 2,032 (2015: kEUR 2,110).

Other operating expense (in kEUR)	2016	2015
Current operating expense	559	582
Marketing, communication and media placement	489	404
Legal and consulting expense	287	455
Outside services	192	105
Travel costs	126	124
Expense from currency translation	107	42
Recruiting and training expense	83	97
Stock exchange listing fees	49	43
Allowances on receivables	18	39
Other operating expense	122	219
Total	**2,032**	**2,110**

The current operating expenses item was slightly reduced by kEUR 23 to kEUR 559 (2015: kEUR 582). The cost reduction is based on the rents and corresponding incidental costs in all locations amounting to kEUR 310 (2015: kEUR 333).

Other substantial items included in current operating expenses are expenditures for insurance, contributions and tax in the amount of kEUR 111 (2015: kEUR 80) along with expenditures for repairs, maintenance and servicing of operating and office equipment and software in the amount of kEUR 52 (2015: kEUR 68) as well as expenditures for renting servers in the amount of kEUR 35 (2015: kEUR 35).

The **marketing, communication, media placement** item in the amount of kEUR 489 (2015: kEUR 404) includes mainly costs for marketing and public relations. The increase can be attributed among others to the higher presence at industry fairs.

Legal and consulting costs were down kEUR 168 year-on-year to kEUR 287 (2015: kEUR 455). This includes in particular legal consulting costs of kEUR 53 (2015: kEUR 168), external accounting fees and costs for preparing and auditing the annual financial statements of altogether kEUR 166 (2015: kEUR 163). The increased cost for tax advice in the previous year atkEUR 80 resulted from an external tax audit. The respective cost in financial year 2016 came to kEUR 22. The other consulting expenses remained almost unchanged at kEUR 45 (2015: kEUR 44).

Exchange losses resulting from **currency exchange** increased by kEUR 65 to kEUR 107 (2015: kEUR 42). The **miscellaneous other operating expenses** item includes, among other things, compensation expenses for the Supervisory Board amounting to kEUR 73 (2015: kEUR 70).

5.7 Interest

Interest from non-current liabilities includes mainly interest expense from shareholder loans. Interest expense from non-current liabilities includes no amount attributable to long-term finance leasing.

Net interest (in kEUR)	2016	2015
Interest expense from non-current liabilities	68	21
Interest expense	**68**	**21**
Financial result	**-68**	**-21**

5.8 Income taxes

Tax expense for the financial year 2016 consists of the following:

Income taxes (in kEUR)	2016	2015
Actual income taxes		
Actual taxes on domestic income	0	0
Actual taxes on foreign income	89	57
Total actual income taxes	**89**	**57**
Deferred taxes		
Deferred domestic taxes	0	0
Deferred foreign taxes	0	1
Total deferred taxes	**0**	**1**
Total income taxes	**89**	**58**

The **actual income taxes** comprise corporate income tax, trade tax, solidarity surcharge and the foreign taxes on income and earnings.

The deferred taxes recognised in profit or loss are broken down as follows:

Deferred taxes recognised through profit or loss (in kEUR)	2016	2015
From temporary differences	0	8
From loss carryforwards and tax credits	0	-7
Total deferred taxes recognised through profit or loss	**0**	**1**

The expected tax expense is obtained by multiplying comprehensive income before tax by the parent company's tax rate of 30.25 % (2015: 30.21 %). The relevant tax rate is calculated according to the tax provisions in effect on the closing date to the financial statements. Corporate income tax, solidarity surcharge and trade tax are taken into account accordingly.

For German tax purposes, the deferred taxes are accounted for using a corporate income tax rate of 15 % and a solidarity surcharge of 5.5 %. The trade tax is calculated using a 3.5 % base rate and the respective multiplier specific to local municipality.

The following table shows the reconciliation between expected and actually reported tax expense for the Group:

	2016		2015	
Reconciliation	**kEUR**	**%**	**kEUR**	**%**
Comprehensive income before taxes	**-1,610**		**-1,453**	
Relevant tax rate		**30**		**30**
Expected tax expense	**-487**		**-439**	
Changes resulting from deviations to the tax measurement basis				
Tax-exempt income, tax-exempt amounts and benefits	-6		-8	
Non-tax deductible expense	49		146	
Tax effects for the Group				
Deconsolidation	0		53	
Tax rate differences				
Effects of differing foreign tax rates	21		6	
Recognition and measurement of deferred tax assets				
Impairment of deferred taxes on loss carryforwards	0		135	
Non-recognition of deferred tax assets on loss carryforwards	515		109	
Use of non-deferred loss carry forwards	0		-6	
Write-up of deferred tax assets on loss carryforwards	-9		0	
Changes of permanent differences				
Changes of permanent differences	7		0	
Changes in tax rates on deferred taxes				
Changes in tax rates on deferred taxes	0		39	
Other				
Other	-1		23	
Actual tax expense per income statement	**89**		**58**	

The following deferred tax assets and deferred tax liabilities were recognised on differences and on loss carryforwards:

Deferred tax assets / liabilities (in kEUR)	2016		2015	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	1	56	2	7
Fixed assets	0	0	0	0
Phantom stock options	53	0	0	0
Tax loss carryforwards and benefits	3	0	7	0
Total	**57**	**56**	**9**	**7**
Netting	-56	-56	-7	-7
Recognised on statement of financial position	**1**	**0**	**2**	**0**

Deferred taxes on items on the statement of financial position relating to foreign ownership interests are recognised with due regard to the tax conditions applicable to the company in question. Deferred tax on tax loss carryforwards are recognised subject to whether they can be realised in future.

As of 31 December 2016, deferred taxes on tax loss carryforwards amounting to kEUR 13,748 (2015: kEUR 13,780) from corporate income taxes and amounting to kEUR 12,672 (2015 kEUR 12,718) from trade taxes were not recognised. Due to the external tax audit in the German group companies concluded in the reporting period, the tax loss carryforwards decreased by kEUR 1,519 as of 01 January 2016.

In the foreign subsidiaries, deferred taxes on tax loss carryforwards amounting to kEUR 3,471 (2015: kEUR 3,085) were not recognised. As of the reporting date, no tax receivables were recognised (2015: kEUR 0).

Tax liabilities amounted to kEUR 23 as of 31 December 2016 (2015: kEUR 49).

5.9 Result discontinued operations

The earning components of discontinued operations can be broken down as follows as of 31 December 2015:

Result discontinued operations (in kEUR)	**2015**
Total output	302
Costs	317
EBITDA	**-15**
Depreciation	1
Earnings before taxes	**-16**
Income taxes	0
Net income	**-16**
Result deconsolidation	-37
Total result	**-53**

The revenue and expense resulted primarily from the affiliate marketing business segment which had been sold in financial year 2014. The result of the deconsolidation concerned primarily the deconsolidation of YOC France S.A.S. as of 31 December 2015.

5.10 Earnings per share

The registered share capital as of 31 December 2016 is divided into 3,292,978 bearer shares (previous year: 3,112,473 shares) each with a nominal value of EUR 1.00 per share.

To calculate the undiluted earnings per share, the earnings attributable to ordinary shareholders of YOC AG are divided by the weighted average number of ordinary shares in circulation during the year.

In financial year 2016, the weighted average number of shares used to calculate the undiluted earnings per share was 3,236,832 (2015: 3,027,343 shares).

The stock options offered under the stock option programme had no dilutive effect in financial year 2016, as it would reduce the loss per share.

5.11 Segment reporting

Segment reporting is based on the internal management structure. At the beginning of the new financial year 2016, the presentation of segment reporting was changed due to adjustments to the internal reporting structure. The previous year's figures were adjusted accordingly.

The group is since divided into the following reportable business segments:

1. Middle and Eastern Europe (previously D-A-CH)
2. Rest of Europe

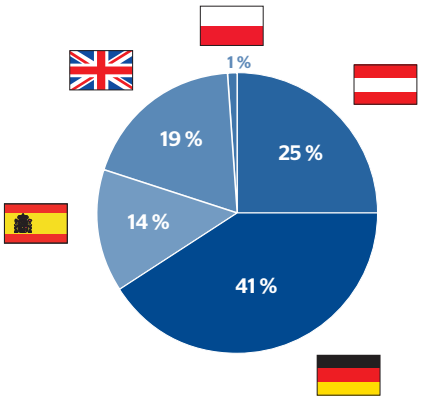
For the formation of the above mentioned reportable business segments, the business segments of Germany, Austria and Switzerland as well as since Q1/2016 Poland are assigned to the Middle and Eastern Europe segment (before: D-A-CH), while the UK and Spain are assigned to the Rest of Europe segment, as 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.

France was still contained in the Rest of Europe segment in the previous year and has been eliminated with the deconsolidation of YOC France S.A.S. as of 31 December 2015.

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.

The revenue share per region in the reporting period was as follows:



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)	**Middle and East Europe**	**Rest of Europe**	**Corporate Functions**	**Consolidation**	**YOC Group**
01/01/2016 - 31/12/2016					
External revenue	8,352	3,607	0	0	11,960
Internal revenue	237	350	0	-588	0
Total revenue	8,589	3,958	0	-588	11,960
Own work capitalised	0	0	184	0	184
Other operating income	258	20	1,135	-1,071	342
Total output	8,848	3,978	1,319	-1,659	12,486
Costs of goods sold	5,601	2,675	0	-688	7,588
Personnel expenses	1,458	927	1,607	0	3,991
Other operating expenses	1,249	802	887	-906	2,032
EBITDA	**540**	**-426**	**-1,175**	**-64**	**-1,126**
01/01/2015 - 31/12/2015					
External revenue	6,350	3,385	0	0	9,735
Internal revenue	177	54	0	-231	0
Total revenue	6,527	3,439	0	-231	9.735
Own work capitalised	0	0	230	0	230
Other operating income	126	168	1,821	-647	1,468
Total output	6,653	3,606	2,050	-877	11,432
Costs of goods sold	4,351	2,423	0	-270	6,504
Personnel expenses	1,219	1,078	1,625	0	3,922
Other operating expenses	665	732	1,322	-608	2,110
EBITDA	**417**	**-626**	**-897**	**1**	**-1,104**

Operating earnings in the Middle and Eastern Europe region improved due to a 32 % revenue growth to kEUR 8,589 (previous year: kEUR 6,527) in the current year and strict savings on the side of costs.

Owing to start-up losses of the Mobile Performance marketing unit and of the Polish branch, the operating result shows a moderate increase by kEUR 123 to kEUR 540 overall (previous year: kEUR 417).

In the Rest of Europe region, the Spanish subsidiary achieved a significant growth in revenue as compared to the previous year. In Great Britain, however, business development was still unsatisfying particularly in the first half of 2016.

Nevertheless, the positive development in the final quarter shows that the personnel measures taken and the thorough introduction of programmatic products have taken effect, and thus we were able to make progress on the side of revenue and results.

The segment's sales revenue increased by 15 % to kEUR 3,958 (previous year: kEUR 3,439). As a result, the EBITDA improved by kEUR 200 to kEUR -426 (previous year: kEUR -626).

The EBITDA is reconciled to net income as follows:

Reconciliation (in kEUR)	2016	2015
EBITDA	**-1,126**	**-1,104**
Depreciation and amortisation	-416	-276
Financial result	-68	-21
Net income before taxes	**-1,610**	**-1,401**
Taxes	-89	-61
Net income from discontinued operation	0	-53
Net income	**-1,699**	**-1,514**

As of 31 December 2016, trade and other receivables came to kEUR 1,265 in the Middle and Eastern Europe region (previous year: kEUR 929), and kEUR 1,403 in the Rest of Europe region (previous year: kEUR 1,064). Liabilities in the Middle and Eastern Europe region came to kEUR 3,252 (previous year: kEUR 3,004) and in the Rest of Europe region to kEUR 2,205 (previous year: kEUR 1,985).

5.12 Other comprehensive income

Other comprehensive income in financial year 2016 contains changes arising from currency translations amounting to kEUR 135 (2015: kEUR -110).

6. Notes to Individual Items in the Statement of Financial Position

6.1 Property, plant and equipment

The **property, plant and equipment** item includes mainly operating and office equipment as well as IT infrastructure such as server systems.

As of 31 December 2016, the consolidated statement of financial position contained property, plant and equipment in the amount of kEUR 97 (2015: kEUR 77). Scheduled depreciation on property, plant and equipment came to kEUR 50 in the financial year under review (2015: kEUR 77). There were no limits on disposal or restrictions for individual items of property, plant and equipment.

Likewise, no property, plant or equipment has been pledged or otherwise given as security.

Property, plant and equipment in the financial year 2016 developed as follows:

Changes to property, plant and equipment (in kEUR)

Acquisition costs	
As of 01/01/2015	**1,149**
Changes in scope of consolidation	-10
Additions	41
Disposals	251
Currency translation effects	1
As of 31/12/2015	**931**
Depreclation	
As of 31/1272015	**1,004**
Changes in scope of consolidation	-10
Additions	77
Disposals	218
Currency translation effects	1
As of 31/12/2015	**854**
Net carrying amount as of 31/12/2015	**77**

Acquisition costs	
As of 31/12/2016	**931**
Changes in scope of consolidation	0
Additions	72
Disposals	20
Currency translation effects	-3
As of 31/12/2016	**981**
Depreciation	
As of 31/12/2016	**854**
Changes in scope of consolidation	0
Additions	50
Disposals	18
Currency translation effects	-3
As of 31/12/2016	**884**
Net carrying amount as of 31/12/2016	**97**

6.2 Intangible assets

Those parts of the internally developed software that have already been completed are amortised according to plan on a straight-line basis over a useful life of three years.

As of 31 December 2016, the remaining useful lives were between 1.0 and 3.0 years (2015: between 1.0 and 3.0 years).

The scheduled amortisation of intangible assets came to kEUR 298 in financial year 2016 (2015: kEUR 199). In addition, a one-time impairment of kEUR 67 was made (2015: kEUR 0). There were no limits on disposal or restrictions on individual intangible assets. Likewise, no intangible assets have been pledged or given as security.

The intangible assets developed as follows:

Changes of intangible assets (in kEUR)	Internally developed software	Website and trademark rights	Acquired soft-ware and licences	Customer bases	Total
Acquisition costs					
As of 01/01/2015	**1,716**	**98**	**435**	**2,325**	**4,573**
Changes in scope of consolidation	0	0	-7	-2,186	-2,193
Additions	490	0	0	0	490
Disposals	-197	0	0	0	-197
As of 31/12/2015	**2,009**	**98**	**428**	**139**	**2,673**
Depreciation					
per 01.01.2015	**1,242**	**85**	**419**	**2,325**	**4,071**
Changes in scope of consolidation	0	0	-7	-2,186	-2,193
Additions	196	3	0	0	199
As of 31/12/2015	**1,438**	**88**	**412**	**139**	**2,077**
Net carrying amount as of 31/12/2015	**570**	**10**	**16**	**0**	**596**
Acquisition costs					
As of 01/01/2016	**2,009**	**98**	**428**	**139**	**2,673**
Additions	208	0	0	0	208
Disposals	0	0	10	0	10
As of 31/12/2016	**2,217**	**98**	**438**	**139**	**2,891**
Depreciation					
As of 01/01/2016	**1,438**	**88**	**412**	**139**	**2,077**
Additions	291	4	3	0	298
Disposals	0	0	10	0	10
Value reduction	67	0	0	0	67
As of 31/12/2016	**1,796**	**92**	**405**	**139**	**2,433**
Net carrying amount as of 31/12/2016	**420**	**5**	**33**	**0**	**457**

6.3 Receivables and other assets

Trade receivables as of 31 December 2016 amounted to kEUR 2,669 (2015: kEUR 1,993). They include the following:

Trade receivables (in kEUR)	2016	2015
Trade receivables before impairment	2,684	2,044
Specific valuation allowance	-16	-51
Total	**2,669**	**1,993**

Value adjustments on trade receivables developed as follows:

Changes in specific valuation allowance (in kEUR)	2016	2015
As of 01/01/	**51**	**36**
Additions	16	43
Reversals	-51	-28
As of 31/12/	**16**	**51**

The management of receivables accommodates a balanced age structure through the continuous analysis of the receivables amount. Receivables older than 60 days are subject to detailed analysis.

Should there be any earlier indications that an individual adjustment is necessary, the respective receivables are impaired accordingly.

The following table shows an analysis of the age structure of trade receivables which are reported in the statement of financial position on the reporting date:

Trade receivables maturity analysis (in kEUR)	2016	2015
Up to 30 days*	2,279	1,934
31 days to 90 days	246	48
91 days to 180 days	120	6
From 181 days	24	5
Due value-adjusted receivables as of 31/12	16	51
Total trade receivables	**2,684**	**2,045**

*Thereof receivables amounting to kEUR 1,721 are neither due nor impaired on 31/12/2016 (2015: kEUR 1,299)

The **other assets** item amounting to kEUR 124(2015: kEUR 331) includes mainly claims against the tax author-ity for value added tax in the amount of kEUR 66 (2015: kEUR 0), advance payments in the amount of kEUR 28 (2015: kEUR 77) and paid

security deposits in the amount of kEUR 27 (2015: kEUR 45). Advance payments have been made, inter alia, for insurance, membership fees, rents and royalties.

In the previous year, they contained claims against the buyer of the former Affiliate Marketing segment from a company audit amounting to kEUR 186, which were realised in full during the reporting year.

No further impairments of other assets have occurred.

All receivables and other assets are short-term items. There are no exceptional default risks, or concentrations of default risks, on YOC Group receivables. The carrying amounts presented above reflect the group's maximum default risk on such receivables and other assets.

6.4 Cash and cash equivalents

Cash and cash equivalents comprise all bank and cash assets along with short-term deposits and cheques amounting to a total kEUR 660 (2015: kEUR 870). Bank accounts held in a foreign currency were translated using the end-of-period exchange rate.

As of 31 December 2016, no cash assets had been pledged as security. A credit line in the amount of kEUR 80 granted by the company's principal bank was not made use of as of the reporting date.

6.5 Equity

On 19 April 2016, YOC AG Management Board and Supervisory Board decided on a capital increase from authorised capital against cash contribution in the amount of 180,505 new shares, excluding subscription rights for existing shareholders. With an issue price of EUR 2.77 per share, the company gained gross issue proceeds amounting to kEUR 500.

The **number of shares of the company** stands at 3,292,978 after the capital increase (2015: 3,112,473). Of the 3,292,978 shares with a nominal value of EUR 1.00, YOC AG holds 4,000 as its own shares (see explanations further below). Treasury shares are presented as a deduction from the equity capital.

In the annual general meeting on 08 July 2016, new authorised capital was approved, whereby the Management Board is entitled to increase the company's share capital - with the Supervisory Board's approval - one or more times until 07 July 2021, up to a nominal amount of EUR 1,646,489, by issuing new shares for cash contributions and/or contributions in kind.

The following table shows the shareholder structure of YOC AG as of 31 December 2016:

Shareholders of YOC AG	Ownership interests
Management Board[1]	18.45
Supervisory Board	1.04
DIH Deutsche Industrie Holding GmbH	9.36
Dr Bernhard Heiss	9.12
Institutional Investors	7.60
Euroweb Beteiligung GmbH	5.00
Karl J. Kraus	3.29
YOC AG (own shares)	0.12
Free float	46.02
Total	**100.0**

[1] The ownership interest held by dkam GmbH is attributed to Mr Dirk-Hilmar Kraus

In financial year 2009, contingent capital was created in order to grant subscription rights under a stock option programme to the management and employees of the company as well as affiliated companies for the first time.

Of the total volume of 175,000 possible subscription rights, 115,500 shares, i.e. up to 66 % of the total volume, may be granted to members of the YOC AG Management Board (last 2012). A total of 59,500 shares, i.e. up to 34 % of the total volume, could be granted to employees of YOC AG and employees of its affiliates. Each subscription right entitles the holder to purchase one share in YOC AG at the exercise price.

The exercise price is equivalent to 100 % of the unweighted average Xetra closing rate of YOC shares in the last eight trading days before the beginning of the subscription period in which the subscription rights are granted, but not less than the closing price of the share on the date when the subscription rights are granted. The subscription rights may be exercised only during specific exercise periods, but no earlier than three years after they have been granted, and for the last time in 2017.

Exercise of these subscription rights is linked to an increase in the stock market price of YOC shares of at least 15 % in the third year following the granting of the subscription rights, at least 20 % in the fourth year and at least 25 % in the fifth year.

In addition, the person exercising such rights must have been continuously employed by YOC AG or one of its affiliates since the subscription rights were granted. The right to exercise the subscription rights remains intact if the employment contract is terminated due to long-term illness, inability to work, retirement, or if the employment contract is consensually terminated or is terminated by reason of parental leave.

In the event of a takeover bid for the shares of YOC AG according to Sect. 29 Para. 35 German Securities Acquisition and Takeover Act (WpÜG), the subscription rights can be exercised within an additional exercise period as long as the statutory waiting period of two years is observed. The following table shows the number and the weighted average exercise price (WAEP) in euro along with the performance of the share options during the financial year:

	2016		2015	
Development of stock options	Number	WAEP	Number	WAEP
Outstanding as of 01/01	36,000	16.09	44,250	17.69
Forfeited during the period	0	0	4,125	16.11
Expired during the period	16,000	27.00	4,125	33.22
Outstanding as of 31/12	20,000	7.37	36,000	16.09
Exercisable as of 31/12	0	0	0	0

As of 31 December 2016, the weighted average contract remaining term was 0.0 years (2015: 0.0 years), and the weighted average fair value of the options was EUR 3.00 (2015: EUR 6.22). The exercise price for the options expiring in September of the current financial year stands at EUR 7.37.

The fair value of the share options was ascertained by means of a Monte Carlo simulation, taking the following assumptions as a basis:

Valuation parameters of stock options	Options September 2012
Expected dividend yield	0 %
Interest of riskless assets	0.47 %
Vesting period in years	3.3
Volatility	50 %

Volatility was ascertained in previous years using historical changes in share prices of a group of companies which are comparable with YOC AG. So far, no options have been exercised from the stock option programme set up in financial year 2009.

In accordance with the resolution of the General Meeting of 25 August 2015, the share capital of the group has been contingently increased by up to EUR 1,000,000 by issuing up to 1,000,000 new shares made out to bearer. The contingent capital increase is used to grant shares to bearers or creditors of convertible bonds as well as option right holders from option bonds. The shares are being issued upon authorisation until 24 August 2020.

The contingent capital increase is only realised to the extent that the option bonds and convertible bonds are actually exercised or conversion obligations from such bonds are fulfilled and that no other forms of fulfilment are used to service these rights.

As of 31 December 2016, the **capital reserve** amounted to kEUR 20,649 (2015: kEUR 20,381). The change in the capital reserve in the reporting year is the result of the premium from the capital increase from April 2016 less transaction costs along with a reposting of the expired parts of the stock option programme from 2009 into retained earnings in the amount of kEUR 23 (2015: kEUR 28).

The **retained earnings** item reflects the cumulative results of past financial years, with a value of kEUR -27,383 as of 31 December 2016 (2015: kEUR -25,707). The difference to the previous year stems from the annual result of kEUR -1,699 as well as from reposting the expired parts of the stock option programme from the capital reserve in the amount of kEUR 23 (2015: kEUR 28).

In financial year 2016, as in the previous year, YOC AG held 4,000 of its own shares, valued at an average EUR 12.56 per share.

6.6 Provisions

The **provisions** are comprised as follows:

Provisions (in kEUR)	As of 01/01/16	Reversal	Addition	As of 31/12/16
Archiving provisions	35	0	22	57
Other provisions	42	0	133	175
Total	**77**	**0**	**155**	**232**

As of 31 December 2016, YOC Group had provisions amounting to a total of kEUR 232 (2015: kEUR 77). These contain non-current provisions for archiving and for the phantom stock option programme introduced in financial year 2014 for the Management Board, managers and employees.

The archiving provision is a consequence of the duty to preserve business records. The applied discount rate is based on the interest rates published by the Bundesbank for the various maturities. In 2016, it was 2.1 % on average (2015: 3 %).

With the phantom stock option programme launched in September 2014 (share-based payment with cash compensation), 100,000 phantom options were granted to staff and Management Board members by end of 2016 (2015: 95,000). Phantom options may be granted for the first time in 2014, and for the last time in 2017.

They may be exercised no earlier than three years after they have been granted, and only if the share price is at least 25 % higher than on the issuing date and at least EUR 5.00. The phantom options are to be exercised within twelve months after the waiting period has expired.

After three years, the options become non-forfeitable.

The fair value as of 31 December 2016 is EUR 2.45 per option, and was ascertained by means of the Black-Scholes model, taking the following assumptions as a basis: expected dividend yield 0 %, risk-free interest rate -0.76 %, vesting period one year, and an expected volatility of 150 %.

6.7 Liabilities

As of 31 December 2016, YOC Group's **liabilities** amounted to kEUR 7,542 (2015: kEUR 6,383). They include received advance payments, trade payables, tax liabilities, other liabilities and other financial liabilities.

As of 31 December 2016, **trade payables** came to kEUR 2,491 (2015: kEUR 1,790).

Other liabilities, amounting to kEUR 506 as of 31 December 2016 (2015: kEUR 687), can be broken down as follows:

	2016		2015	
Other liabilities (in kEUR)	**Total**	**Of which current**	**Total**	**Of wich current**
Liabilities arising from personnel matters	325	325	439	439
Liabilities from operating taxes	163	163	230	230
Miscellaneous other liabilities	18	18	18	18
Total	**506**	**506**	**687**	**687**

Liabilities arising from personnel matters include mainly bonus and commission claims amounting to kEUR 182 (2015: kEUR 278), liabilities for payroll and church taxes, social security obligations, trade association commitments and a disabled persons' levy amounting to kEUR 107 (2015: kEUR 106) as well as commitments for unused vacation days amounting to kEUR 36 (2015: kEUR 41).

Other financial liabilities, in a total amount of kEUR 4,326 as of 31 December 2016 (2015: kEUR 3,730), include current liabilities in the amount of kEUR 3,346 (2015: kEUR 3,250).

They break down as follows:

	2016		2015	
Other financial liabilities (in kEUR)	**Total**	**Of which current**	**Total**	**Of which current**
Liabilities from invoices not yet received	3,225	3,225	3,170	3,170
Shareholder loans	800	0	300	0
Miscellaneous other financial liabilities	301	121	260	80
Total	**4,326**	**3,346**	**3,730**	**3,250**

The other financial liabilities item in the current year comprises mainly liabilities from purchase invoices not yet received. They contain obligations for financial reporting and audit costs of YOC AG amounting to kEUR 87 (2015: kEUR 95).

Also included in this item are liabilities for customers' overpayments amounting to kEUR 121 (2015: kEUR 69). Hedging relationships are not reported.

6.8 Other financial obligations

As of 31 December 2016, there were **financial obligations** for prospective lease instalments for office space, operating and office equipment.

Of the financial obligations from operating leases (including rental expenses), the following are to be paid in the years to come:

Other financial obligations (in kEUR)	2016	2015
Up to 1 year	147	193
1 – 5 years	317	458
More than 5 years	0	0
Total	**464**	**650**

Rent-free periods for operating leases are recognised on a straight-line basis over the lease term as a reduction of current rent expenses. In financial year 2016, the minimum lease payments from operating leases recognised in profit or loss amounted to kEUR 303 (2015: kEUR 348). There were no lease commitments according to IFRIC 4.

As of 31 December 2016, no liabilities existed from finance lease agreements (2015: kEUR 0).

6.9 Other disclosures on financial instruments

The following table shows the carrying amounts and fair values, the categorisation according to IAS 39, and fair-value hierarchy of the financial assets and liabilities recognised in the consolidated financial statements:

31/12/2016 (in kEUR)	**Carrying amount**	**Fair value**	**Measurement category IAS 39[1]**	**Fair value hierarchy**
Financial assets				
Cash and cash equivalents	660	660	LaR	n/a
Trade receivables	2,669	2,669	LaR	n/a
Other assets	71	71	LaR	n/a
Financial liabilities				
Fixed rate borrowing	800	800	FLAC	Level 2
Trade payables	2,491	2,491	FLAC	n/a
Other financial liabilities	3,526	3,526	FLAC	n/a

31/12/2015 (in kEUR)	**Carrying amount**	**Fair value**	**Measurement category IAS 39[1]**	**Fair value hierarchy**
Financial assets				
Cash and cash equivalents	870	870	LaR	n/a
Trade receivables	1,993	1,993	LaR	n/a
Other assets	331	331	LaR	n/a
Financial liabilities				
Fixed rate borrowing	300	300	FLAC	Level 2
Trade payables	1,790	1,790	FLAC	n/a
Other financial liabilities	3,430	3,430	FLAC	n/a

[1] AfS: available for sale financial assets
LaR: loans and receivables
FLAC: other financial liabilities measured at amortized cost

The carrying amounts of payment instruments, trade and other receivables, other current assets and other current financial liabilities are identical with their fair value due to their short maturities.

The fair value of these current items in the statement of financial position is equated with their recognised value on grounds of materiality.

The following table shows the future non-discounted contractually agreed cash outflows in relation to the financial instruments:

Non-discounted cash outflow

Maturity analysis (in kEUR)	**Carrying amount as of 31/12/2016**	**Up to 1 year**	**1 to 5 years**
Other liabilities	506	506	0
Other financial liabilities	4,326	3,346	980
Trade payables	2,491	2,491	0

Maturity analysis (in kEUR)	**Carrying amount as of 31/12/2015**	**Up to 1 year**	**1 to 5 years**
Other liabilities	687	687	0
Other financial liabilities	3,730	3,250	480
Trade payables	1,790	1,790	0

YOC Group has a group-wide cash management system by which the liquidity of the group companies is monitored on a daily basis.

As of 31 December 2016, as in the previous year, the maximum contingency risk was equal to the carrying amount of all financial assets owed to third parties.

Revenue and expenditures along with profits and losses from financial instruments which are recognised in the income statement are presented in the table below:

	2016		2015	
Items of income, expense, gains or losses (in kEUR)	**Net profit / net losses**	**Total interest income and expense** (effective interest method)	**Net profit / net losses**	**Total interest income and expense** (effective interest method)
Loans and receivables (including cash and cash equivalents)	38	0	39	0
Financial liabilities measured at amortised cost	0	12	0	21
Total	**38**	**12**	39	21

Net gains or net losses according to IFRS 7.20 (a) include interest for liabilities to financial institutions, changes in impairment of receivables, and results of measuring financial instruments at fair value.

Total interest income and total interest expense according to IFRS 7.20 (b) include mainly interest expenses resulting from application of the effective interest method along with interest expenses from leasing liabilities.

7. Notes to the Cash Flow Statement

7.1 Cash flow from individual activities

On the reporting date, cash and cash equivalents of YOC Group amounted to kEUR 660. Liquidity decreased by kEUR 210 as compared to the previous year's reporting date.

Operativing 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 for the past financial year, amounting to kEUR -1,699 (2015: kEUR -1,461).

The operating cash flow includes all cash transactions of the financial year that are not attributable to investing or financing activities.

The operating cash flow at kEUR -952 (2015: kEUR -1,295) basically reflects the consolidated operating result before depreciation and amortisation in the amount of kEUR -1,126 (2015: kEUR -1,104).

Cash flow from investing activities
The kEUR 230 cash outflow from investing activities comprises primarily internal development costs in connection with the further development of technological platforms and innovative products in the amount of kEUR 193. In- and outflow of cash for tangible assets are balanced.

Cash flow from financing activities
The kEUR 972 cash flow from financing activities results firstly from the capital increase from authorised capital against cash contribution in the amount of 180,505 new shares, excluding subscription rights for existing shareholders. With an issue price of EUR 2.77 per share, the company gained gross issue proceeds in the amount of kEUR 500.

Secondly, the company agreed with some investors on taking up a loan in the amount of kEUR 500, extending beyond the capital increase, at standard market conditions, maturing in October 2018.

7.2 Cash funds

The cash funds comprise cash in hand and bank balances along with short-term deposits with a maturity of up to 90 days which have only a slight value fluctuation risk. As of 31 December 2016, cash funds amounted to kEUR 660 (2015: kEUR 870).

8. Notes to the Statement of Change in Equity

Apart from the annual net loss of kEUR 1,699 recognised in the retained earnings, the following issues have an effect on equity:

Currency translation effects arising from consolidating the foreign subsidiary YOC Mobile Advertising Ltd. led to an increase in equity by kEUR 135, due to the revaluation of the euro to the British pound (2015: kEUR -110).

The capital increase realised in April 2016 brought gross issue proceeds of kEUR 500 in total (net kEUR 472).

9. Other Disclosures

9.1 Guarantees, contingent liabilities and similar obligations

No guarantees, contingent liabilities or similar obligations exist.

9.2 Events after the statement of financial position reporting date

In January 2017 the company took out a further loan in the amount of EUR 0.5 million from a shareholder at standard market conditions.

After that, no further events have occurred with a significant effect on net assets, financial position and results of operations.

9.3 Report on risks and opportunities

The disclosures on company- and industry-specific risks as well as financial risks of YOC Group and its management are made in the risk report of the Group Management Report, which is subject to auditing.

9.4 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).

Obligations of YOC AG towards the Management Board member Dirk-Hilmar Kraus in the amount of kEUR 180 have been bearing interest at an annual rate of 5 % since 01 January 2015 and are now recognised in non-current financial liabilities.

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

9.5 Management Board and Supervisory Board remuneration

Remuneration of the Management Board

Appointed Management Board members in the financial year 2016 were Dirk-Hilmar Kraus and Michael Kruse (until 30 September 2016). The following table shows the breakdown of the remuneration components for each Management Board member:

Remuneration Management Board 2016

	short-term benefits		
Name	**Fixed compensation*** (in kEUR)	**Variable compensation** (in kEUR)	**Phantom stock options granted in 2014**
Dirk-Hilmar Kraus	210	10	40,000
Michael Kruse	217	0	0
Total	**427**	**10**	**40,000**

*including contractual fringe benefits

In financial year 2016, the remuneration for the Management Board of YOC AG included a fixed salary component of kEUR 427 in total (2015: kEUR 370). The remuneration for Mr Kruse included an amount of kEUR 100 related to the termination of the employment relationship. A variable component based on the operating results of YOC Group was remunerated with kEUR 10 in the current financial year (2015: kEUR 0).

From the phantom stock option programme set up in financial year 2014, the Supervisory Board granted a total amount of 40,000 phantom stock options with a fair value of EUR 1.45 each to the Management Board in financial year 2014. Other than in a stock option scheme with "actual" stock options, the exercising of phantom options does not authorise to subscribe to company shares, but rather entitles the holder to claim a certain amount of money in cash from the company as further defined in the option terms and conditions.

The phantom options do not give the holder any participation rights in the company under commercial law, in particular no share-based claim to rights of information or participation, voting rights or participation in net profit.

In financial year 2016, kEUR 53 were recognised as share-based remuneration expense pro rata (2015: kEUR 14). kEUR 427 of the ongoing Management Board remuneration were effective for payment.

Other than the above, no advances, loans, security payments, pension promises or similar benefits were granted to the Management Board.

Remuneration of the Supervisory Board

The compensation received by the YOC AG Supervisory Board comprises fixed remuneration amounting to kEUR 51 (2015: kEUR 48) and attendance allowances amounting to kEUR 23 (2015: kEUR 22). Supervisory Board remuneration in financial year 2016 thus came to a total kEUR 73.

The following table shows the breakdown of the remuneration for each member of the Supervisory Board in 2016:

Remuneration Supervisory Board 2016 (in kEUR)

Name	Fixed compensation	Attendance allowance	Total
Dr Nikolaus Breuel (Supervisory Board chairman)	23	10	33
Konstantin Graf Lambsdorff	17	8	24
Sacha Berlik	11	5	16
Total	**51**	**23**	**73**

In support of the company, each member of the Supervisory Board waived 10 % of their fixed remuneration in financial year 2016. This has been considered in the calculations.

No advances, loans, security payments, pension promises or similar benefits were granted to the Supervisory Board. Similarly, other than their Supervisory Board activities, the Supervisory Board members did not perform any advisory or referral services for YOC Group.

9.6 Auditor's fees

The following fees were incurred for the services performed by the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Berlin:

Auditor's fees (in kEUR)	2016	2015
Audit of financial statements	54	54
Tax consulting services	41	81
Other services	5	21
Total	**100**	**156**

9.7 Declaration of Conformity with the German Corporate Governance Code

The Declaration of Conformity with the German Corporate Governance Code (Deutscher Corporate Governance Kodex) pursuant to Sect. 161 of the German Stock Corporation Act (AktG) was issued by the Management Board and the Supervisory Board and has been made permanently accessible to YOC AG's shareholders on the web page at www.yoc.com in the "Investor Relations" section.

Berlin, 20 April 2017

Dirk-Hilmar Kraus
The Management Board

Statement of Responsibility Made by the Management Board

(Pursuant to Sect. 37y No. 1 Securities Trading Act (WpHG) in conjunction with Sect. 297 Para. 2 Sent. 4 and Sect. 315 Para. 1 Sent. 6 German Commercial Code (HGB))

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, 20 April 2017

Dirk-Hilmar Kraus
The Management Board

Audit Opinion

Regarding the consolidated financial statements and the combined management and group management reports, we provided the audit opinion as follows:

"We have audited the consolidated financial statements prepared by YOC AG, Berlin, comprising the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the notes to the consolidated financial statements, together with the combined management and group management reports for the fiscal year from 01 January to 31 December 2016. The preparation of the consolidated financial statements and the group management report in accordance with the IFRS Standards as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [Handelsgesetzbuch: German Commercial Code] are the responsibility of the company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and with due regard to generally accepted standards for the audit of financial statements as promulgated by the IDW [Institut der Wirtschaftsprüfer: Institute of Public Auditors in Germany]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a sample basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRS Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statement, complies with the legal requirements, as a whole provides an accurate picture of the Group's position and suitably presents the opportunities and risks of future development.

Without qualifying this opinion, we draw attention to the information provided by the Management Board in the sections "Outlook" in the Forecast Report YOC Group and "Financial and treasury risks" in the Group Management Report. There it is stated that the continuation of the parent entity and thus the Group as a going concern is at risk. In order to provide for sufficient liquidity in the forecast period, it is necessary that the company and the Group realise the planned business performance, in particular a considerable growth in revenues and significantly improved operating results. The continuation of the parent company and thus the Group as a going concern depends on achieving to realise the planned business performance."

Berlin, 20 April 2017

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr Roeders	Glöckner
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Management Board

The Management Board consisted of the following member in the financial year 2016 (as of 31 December 2016):

DIRK-HILMAR KRAUS
Businessman, Berlin
Dirk Kraus was reappointed on 10 September 2013 as member of the Management Board of YOC AG. He had previously been represented on the Management Board of the company from 2001 to 2012 – since 2005 as CEO of the company. He founded YOC AG with a partner in Berlin in 2001 after working for Roland Berger Strategy Consultants as a senior advisor dealing mainly with the restructuring and strategic reorientation of companies. Dirk Kraus does not hold any other mandates.

Supervisory Board

The Supervisory Board was composed as follows in the financial year 2016 (as of 31 December 2016):

DR NIKOLAUS BREUEL
Businessman, Berlin
Dr Nikolaus Breuel is Chairman of the Supervisory Board at YOC AG. He has a longstanding experience as a CEO in the field of services. His core competences lie in the definition and implementation of corporate strategies and restructurings.

- YOC AG: Chairman of the Supervisory Board (since 01/2014)
- D+S communication center management GmbH: Member of the Supervisory Board (since 08/2016)
- D+S communication center management GmbH: Managing director (until 07/2016)
- Karl-J. Kraus GmbH: Managing partner (since 2012)

KONSTANTIN GRAF LAMBSDORFF

Lawyer, Berlin

Konstantin Graf Lambsdorff is Deputy Chairman of the Supervisory Board at YOC AG and a lawyer and specialist for tax law. For over 20 years he has advised companies and investors on shareholding, finance and transactions. Konstantin Graf Lambsdorff is one of the founding partners of Lambsdorff Rechtsanwälte, spin-off of a major international law firm focused on growth enterprises.

- YOC AG: Deputy Chairman of the Supervisory Board (since 01/2014)
- PRIMUS Immobilien AG, Chairman of the Supervisory Board (since 2008)
- Dr. Förster AG: Member of the Supervisory Board (since 07/2016)
- Lambsdorff Rechtsanwälte PartGmbB: Partner (since 2012)

SACHA BERLIK

Businessman, Cologne

Sacha Berlik is the third member of the Supervisory Board at YOC AG. The entrepreneur and investor is managing director EMEA at The Trade Desk. Before that, he was general manager at DataXu, one of the leading companies worldwide in programmatic buying (automated trade of advertising spaces). Aside from the digital agency Oridian (now Ybrant Digital), he established one of the first European ad networks, Active Agent, and planned the online presence for the large German private TV station Sat. 1.

- YOC AG: Member of the Supervisory Board (since 01/2014)
- The Trade Desk: Managing Director EMEA (since 2016)

Financial Calendar 2017

08-10 May

DVFA Spring Conference
Frankfurt

30 May

Interim Report First Quarter 2017
Berlin

30 August

Interim Report First Half 2017
Berlin

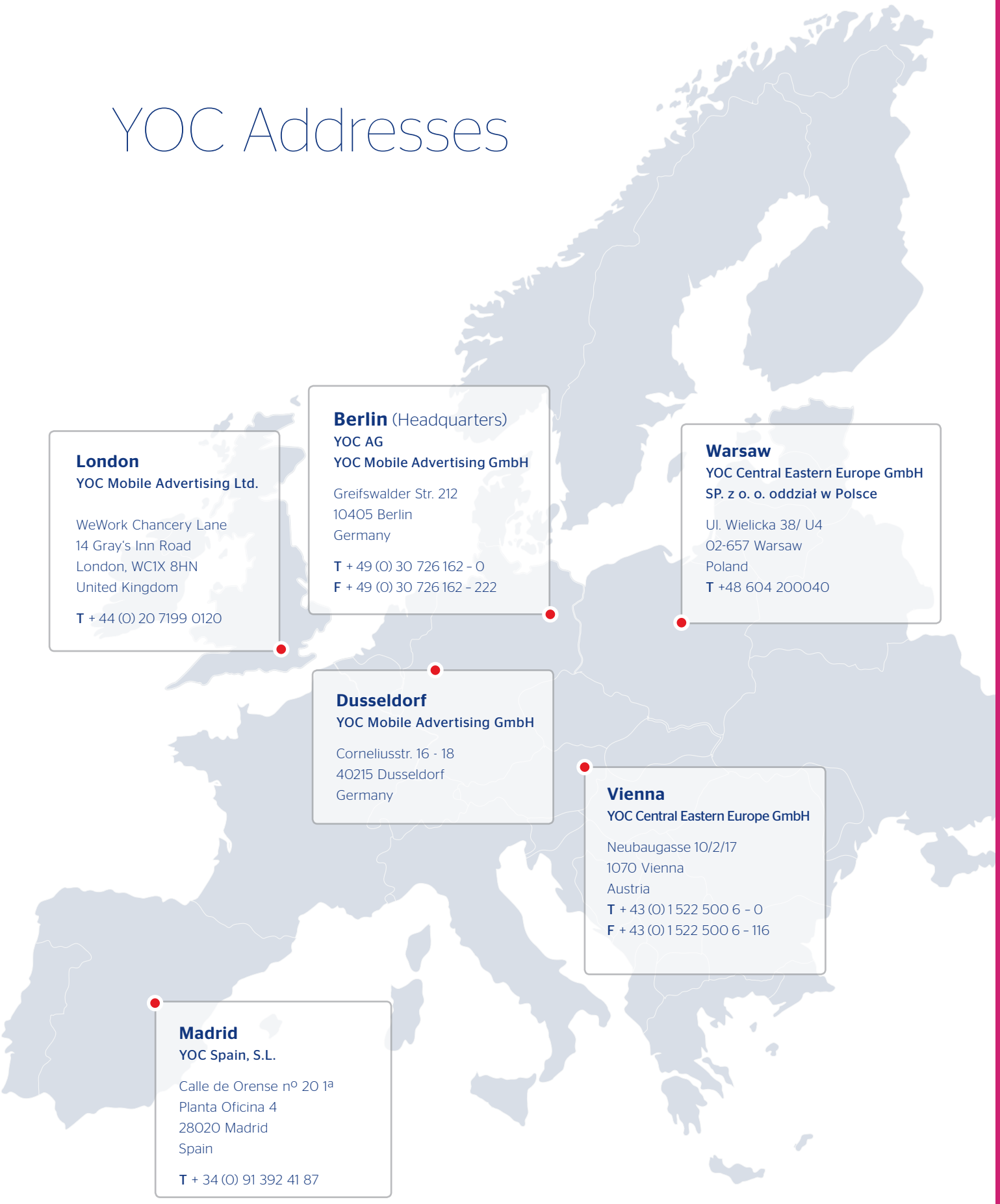
29 November

Interim Report Third Quarter 2017
Berlin

12-13 December

Munich Capital Market Conference
Munich

YOC Addresses



London
YOC Mobile Advertising Ltd.

WeWork Chancery Lane
14 Gray's Inn Road
London, WC1X 8HN
United Kingdom

T + 44 (0) 20 7199 0120

Berlin (Headquarters)
YOC AG
YOC Mobile Advertising GmbH

Greifswalder Str. 212
10405 Berlin
Germany

T + 49 (0) 30 726 162 – 0
F + 49 (0) 30 726 162 – 222

Warsaw
YOC Central Eastern Europe GmbH
SP. z o. o. oddział w Polsce

Ul. Wielicka 38/ U4
02-657 Warsaw
Poland
T +48 604 200040

Dusseldorf
YOC Mobile Advertising GmbH

Corneliusstr. 16 - 18
40215 Dusseldorf
Germany

Vienna
YOC Central Eastern Europe GmbH

Neubaugasse 10/2/17
1070 Vienna
Austria
T + 43 (0) 1 522 500 6 – 0
F + 43 (0) 1 522 500 6 – 116

Madrid
YOC Spain, S.L.

Calle de Orense nº 20 1ª
Planta Oficina 4
28020 Madrid
Spain

T + 34 (0) 91 392 41 87

Imprint

Publisher

YOC AG
Greifswalder Str. 212
10405 Berlin
Germany

T + 49 (0) 30 726 162 – 0
F + 49 (0) 30 726 162 – 222
info@yoc.com

District Court of Berlin:
Commercial Register No. 77285

Overall Design and Editorial

YOC AG
Investor Relations
ir@yoc.com
www.yoc.com

Design

Tobias Spitzer
www.illustratore.de

info@yoc.com
www.yoc.com

yoc