YOC AG
ANNUAL REPORT
2018

www.yoc.com

THE CREATORS OF
HIGH-IMPACT AD FORMATS

AMSTERDAM BERLIN DÜSSELDORF LONDON MADRID WARSAW VIENNA

YOC GROUP AT A GLANCE

REVENUE AND EARNINGS (IN KEUR)	2018	2017	CHANGE IN TOTAL	CHANGE IN %
Total Revenue	14,486	14,372	114	1
Middle and Eastern Europe[1]	13,147	10,691	2,456	23
Rest of Europe[2]	1,339	3,681	-2,342	-64
Gross profit margin (in %)	38.6	38.8	-0.2	-1
Total output	15,436	15,000	436	3
EBITDA	377	-83	460	554
EBITDA-margin (in %)	2.4	-1.0	3.4	n.a.
Earnings after tax	-158	-530	372	70
Earnings per share (diluted in EUR)	-0.05	-0.16	0.11	69
Earnings per share (basic in EUR)	-0.05	-0.16	0.11	69

EMPLOYEES

Average number of employees[3]	54	51	3	6
Number of employees at 31th December	46	53	-7	-13
Total revenue per employee	268	282	-14	-5
Total output per employee	322	294	28	10

FINANCIAL POSITION AND LIQUIDITY (IN KEUR)

Total assets	6,224	4,715	1,509	32
Cash flow from operative activities	-1,043	149	-1,192	-800

1) Germany, Austria, Switzerland, Poland and Netherlands
2) Spain and Great Britain
3) Based on permanent employees

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

The new accounting standards IFRS 15 „Revenue from Contracts with Customers“ and IFRS 9 „Financial Instruments“ have been applied since 01 January 2018. The previous year's figures have not been adjusted. For further information, please refer to the section „Basis of preparation and accounting policies“.

STOP ADVERTISING.
START TELLING A STORY.

01 TO OUR SHAREHOLDERS

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Mercedes-Benz, Austria
YOC Mystery Ad®
Q2 / 2018

iab WebAd Award 2018:
„best mobile campaign"
Silver Award

01 TO OUR SHAREHOLDERS

EFFICIENCY. HIGH-IMPACT. SCALABILITY. TROUGH OUR TRADING PLATFORM VIS.X®.

LETTER TO THE SHAREHOLDERS

Dear Shareholders,

YOC Group has been among the leading independent providers of mobile advertising in Europe since 2001. Our goal is to create an ideal digital advertising experience for advertisers, publishers and users of the mobile web. To this end, we develop eye-catching digital advertising products which achieve to create a lasting brand awareness and reach out to people through appealing and fascinating ads. This is why we have conceptualised and developed our new proprietary trade platform **VIS.X®**, which we introduced into the market at the beginning of 2018.

VIS.X® is a programmatic supply-side platform of the next generation which facilitates the efficient media trade of visible and high-impact advertising products. **VIS.X®** allows our clients to purchase high-quality advertising inventory combined with the YOC advertising products fitting their advertising strategy, in an automated and thereby scalable manner, day and night.

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

Parallel to this we have extended our product portfolio in financial year 2018 by introducing another highly effective advertising format, the **YOC Mystery Scroller®**, which already contributes perceptibly to the revenue development. By successively developing new product lines, we constantly provide the advertising market with innovative high-quality advertising products and make them available for programmatic real-time trade through **VIS.X®**.

The first half of 2018 was marked by two significant challenges for the digital advertising industry – and therefore for us – followed by a strong market instability as well as a perceptible reticence of advertising clients:

- When the EU-wide General Data Protection Regulation (GDPR) for the protection of personal data came into force in May 2018, this required all market participants to introduce it in structure and content or, more specifically, to modify the technological platforms and to make juridical adjustments to all agreements with partners, suppliers and clients.
- The introduction of the “Coalition for Better Ads” in February 2018, which aims at establishing world-wide standards for better digital advertising, at first led to insecurities on the publishers’ side. In order to eliminate possible conflicts with the initiative, they minimised the media units for advertising formats.

Against this backdrop, our sales revenue of the first half-year 2018 declined by 15 % year-on-year. We were however already able to resume the growth path of the past years in the second half-year and to significantly increase the trade volume in the third and fourth quarter. With a continuously growing share in the revenue, it was particularly our proprietary technological platform **VIS.X®** that contributed to this revenue development. As a consequence, we were able to achieve a slight overall revenue growth to EUR 14.5 million in the past financial year 2018 (2017: EUR 14.4 million).

I am pleased that, as in previous years, we also succeeded in further increasing YOC Group’s profitability. The operating result before interest, tax, depreciation and amortisation (EBITDA) for the past year 2018 came to EUR 0.4 million, EUR 0.5 million higher than in the previous year (2017: EUR -0.1 million).

The focus in the ongoing financial year 2019 is on further developing our platform and significantly increasing the trade volume processed by **VIS.X®**. For financial year 2019 we expect the sales revenues to grow by at least 10 %, with the cost structure merely rising at a disproportionately low rate and, as a result, further increasing profitability. The developments of the first half of 2019 give us cause to be optimistic in this regard.

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

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

My first thanks therefore go to all colleagues who work passionately every day on realising our vision of adding to the benefit of advertisers, publishers as well as mobile web users. I also wish to thank our Supervisory Board which stands behind this team with prudence and courage.

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

Kind regards,

DIRK-HILMAR KRAUS
CEO

REPORT OF THE SUPERVISORY BOARD

In financial year 2018, 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 impressed 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 2018 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

The YOC AG Supervisory Board was comprised of three members in 2018: Dr Nikolaus Breuel was the Board's chairman.

Deputy chairman was Konstantin Graf Lambsdorff. The Board was completed by Sacha Berlik as the third member.

KEY ISSUES IN THE SUPERVISORY BOARD'S ACTIVITIES

A total of five meetings of the Supervisory Board were held during the reporting period. 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 2018, 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 2018.

The main focus of the Supervisory Board was on economic and strategic aspects such as the business development in all regional offices of the Group, product development, the further transformation of the business model into a provider of advertising technology – and in this context mainly the development of the company's proprietary **VIS.X®** trade platform – as well as the Group's economic planning.

- The **meeting of 20 April 2018** was primarily dedicated to the annual and financial statements 2017 which were approved by the Supervisory Board through the corresponding resolution. Further items on the agenda were the discussion of our product and technology development, the completed market introduction of the trade platform **VIS.X®** as well as the company's liquidity planning.

- The **Supervisory Board meeting of 07 June 2018** focused on the upcoming annual general meeting, the business development of the first half of financial year 2018 as well as the state of development in the technology and products section.

- In the **meeting of 14 August 2018**, the first extrapolation for financial year 2018 and the further development of liquidity were under discussion, including the issuing of the YOC convertible bonds 2018-2022. Further topics in this meeting were the sales activities in the Spanish and British markets.

- In the **meeting of 09 October 2018**, the extrapolation for financial year 2018 was discussed along with the further development of liquidity. Further topics of this meeting were the business development in the British and Spanish markets as well as an initial rough planning for financial year 2019.

- The **105th meeting of the YOC AG Supervisory Board took place on 11 December 2018.** The Supervisory Board approved the company's economic planning for financial year 2019. In this context, the board dealt with the liquidity planning for financial year 2019. A further focus in this meeting was on the discussion of the current progress of the supply-side platform **VIS.X®**.

In addition, the Supervisory Board passed several **resolutions** in financial year 2018. These included, among others, resolutions on the German Corporate Governance Code from 16 February 2018, and from 28 June 2018 and 02 July 2018 in the context of the YOC convertible bonds 2018-2022.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2018

The auditor appointed by the Supervisory Board, the 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 2018 and issued an unqualified audit opinion. 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 12 April 2019 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 in regards of 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 2018. 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 2018. 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 2019.

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

There were no personnel changes in the company's Management in financial year 2018.

THANKS TO THE MANAGEMENT BOARD AND ALL EMPLOYEES

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 2019

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 declared compliance in the present and future with the German Corporate Governance Code in the current version of 07 February 2017, with the exceptions of Item 3.8 Para. 3, Item 4.1.3 Sent.2 and 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. 3, Item 5.4.1 and Item 7.1.2 Sent. 3. The Management Board and the Supervisory Board of YOC AG have adopted the declaration on the Corporate Governance Code (Declaration of Conformity 2018) included at the end of this report.

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

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.

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.

MANAGEMENT BOARD

The Management Board consisted of one member as of 31 December 2018. 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.

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, 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.

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.

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 2018 it consisted of a fixed basic remuneration amount, a variable component and participation in the phantom stock option program:

- 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 (EBITDA) according to IFRS and is subject to an upper limit.

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

The phantom stock option program simulates the actual holding of shares in the company's equity capital by the beneficiaries. Other than in a stock option program 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 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 chair 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 chair 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 79 in financial year 2018.

REMUNERATION OF THE SUPERVISORY BOARD IN 2018 (IN KEUR)

NAME	FIXED REMUNERATION	ATTENDANCE FEE	TOTAL
Dr Nikolaus Breuel (Chairman)	25	10	35
Konstantin Graf Lambsdorff	19	8	26
Sacha Berlik	13	5	18
TOTAL	56	23	79

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 2018 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. 3 of the German Corporate Governance Code.

The company will make every effort to comply with the recommendation according to Sect. 7.1.2 Sent. 3 of the German Corporate Governance Code but, cannot guarantee compliance for 2019.

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.

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, to the extent required by law, 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.

Reportable changes to the shareholder structure pursuant to Para. 40 WpHG as well as the purchase and sale of shares by persons holding leading positions in YOC AG (Directors' Dealings pursuant to Art. 19 of EU Regulation No. 596/2014 on market abuse) are also being published by the Management Board.

FURTHER INFORMATION ON THE YOC AG PHANTOM STOCK OPTION PROGRAM

With the participation in the phantom stock option program 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 program simulates the actual holding of shares in the company's equity capital by the beneficiaries. Other than in a stock option program 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 program 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.

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 phantom options may be exercised by their holders no earlier than three years after they have been issued. 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. 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.

Of the total 100,000 virtual stock options issued, 80,000 were exercised in fiscal year 2018.

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 07 FEBRUARY 2017 (DECLARATION OF CONFORMITY 2018)

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 of varying binding effect. 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 of February 2018 and refers to the requirements of the DCGK in its current version of 07 February 2017. 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 4.1.3 Sent. 2 and 3 DCGK:** YOC AG has taken appropriate steps based on the company's risk situation in order to ensure the observance of legal regulations and the company's rules and regulations. The existing risk management is under annual review during the annual audit, where no objections have been made so far. Due to the positive experiences of the past and the size of the company, the Management Board and Supervisory Board do not deem necessary the introduction of a special compliance management system that goes beyond the existing risk management. We also abstain, for the time being, from installing a secure whistleblower system as the Management Board and Supervisory Board are of the opinion that currently the practical experience with such a system in Germany is not sufficient. Hence it is first to be awaited whether the arguments made against a whistleblower system, including in particular high costs, possible negative effects on the corporate climate and a proneness to misuse, will be of actual significance and which solutions to prevent these points will take root. The Management Board and Supervisory Board will continue to observe the evolving practices in this field.

- **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. The YOC AG Management Board consisted of one person in financial year 2018. In agreement with the Supervisory Board and the 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 Supervisory Board positions are held by men. 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:** An age limit for the Supervisory Board does not appoint members of the Executive Board has been determined. The members of the Supervisory Board are convinced that the aptitude to manage the company will depend to a large extent on the individual performance.

- **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. 3 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 5.4.1 DCGK:** In order to implement the German "Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector", which came into force in May 2015, the company's Supervisory Board has determined target figures for the representation of women on the Supervisory Board and Management Board. Beyond fulfilling this legal requirement, the Supervisory Board has not defined any specific goals for its composition. The Supervisory Board has recommended and will recommend those candidates for election that it has found most suitable for the position to be filled on the Supervisory Board, following careful consideration and taking into account the specific situation of the company. Insofar, the Supervisory Board implicitly has always defined a "skills profile" for the vacancy to be filled on the Supervisory Board and will continue to do so. As a matter of course, in making nominations the Supervisory Board has been and will be led by the selection criteria of the German Corporate Governance Code. A permanent skills profile for the body as a whole, however, does not exist in writing, also with regard to the size of the Supervisory Board.

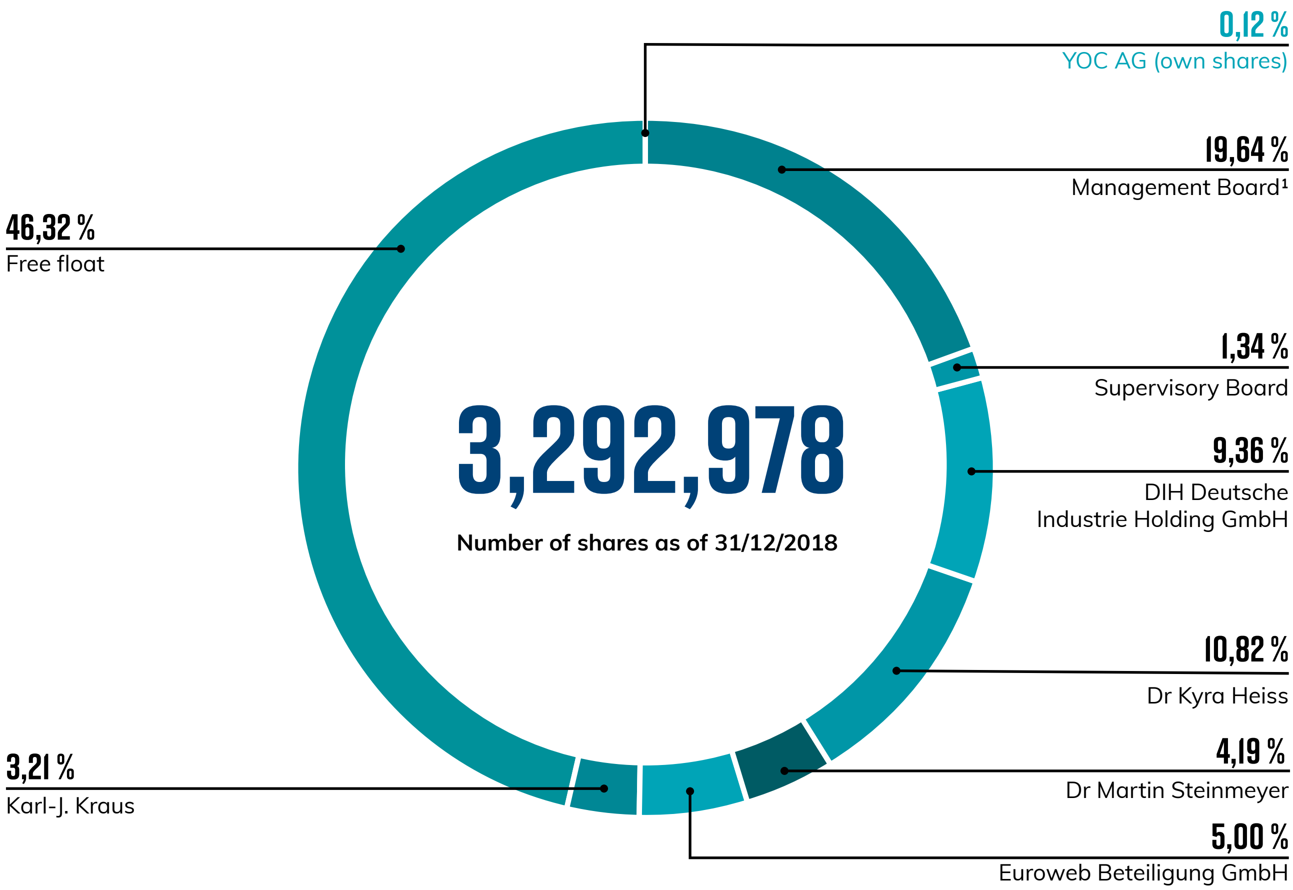
- **Item 7.1.2 Sent. 3 DCGK:** The company will endeavour to comply with the recommendation that the consolidated financial statements be made available to the public within 90 days after the end of the financial year and the interim reports within 45 days after the end of the reporting period. The company 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 2019

YOC AG
THE MANAGEMENT BOARD
THE SUPERVISORY BOARD

THE YOC SHARE

SHAREHOLDER STRUCTURE YOC AG



INFORMATION ON THE LISTING

DOMESTIC SHARES
STOCK TYPE

593273
SECURITIES IDENTIFICATION NUMBER

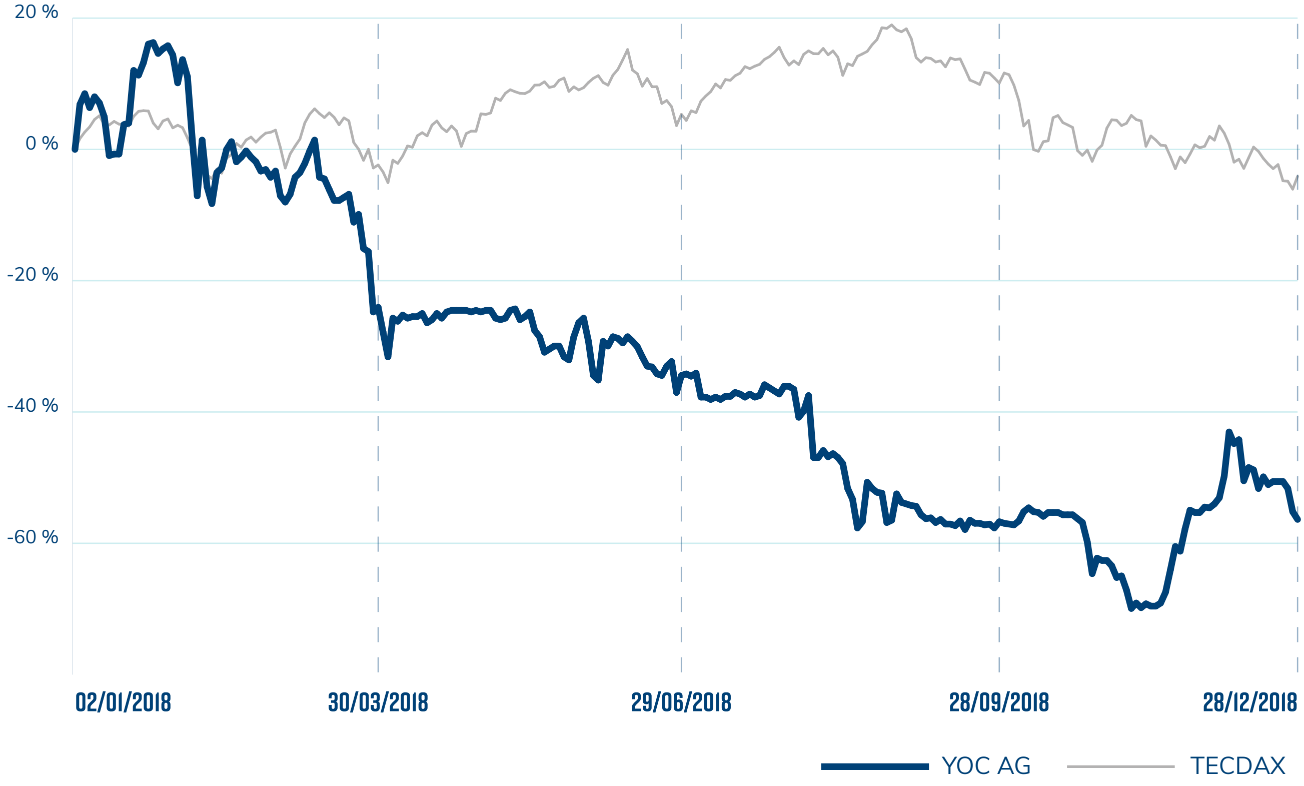
XETRA
TRADING PLACE

DE0005932735
ISIN

PRIME STANDARD
STOCK EXCHANGE SEGMENT

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

SHARE PRICE DEVELOPMENT OF YOC AG IN FINANCIAL YEAR 2018



SHARE PRICE DATA IN A YEAR-ON-YEAR COMPARISON

8.28 € / 3.70 €
YEAR-END MARKETPRICE 2017 / 2018

-55.31 %
CHANGE

9.85 € / 9.86 €
PEAK PRICE 2017 / 2018

+0.10 %
CHANGE

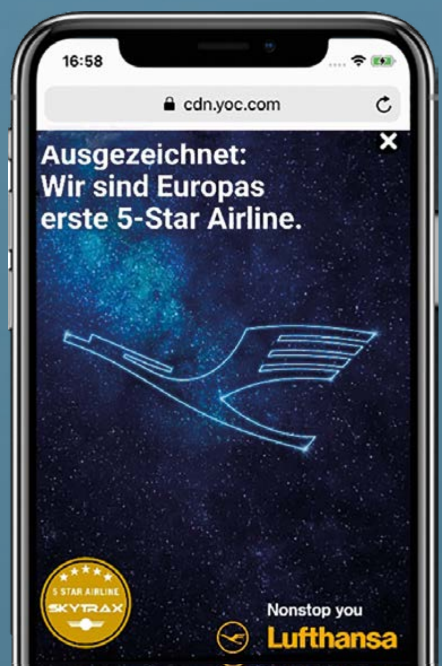
3.30 € / 2.55 €
LOWEST PRICE 2017 / 2018

-22.73 %
CHANGE

DEVELOPMENT IN 2018

YOC SHARE	TECDAX INDEX
8.48 € AS OF 02/01/2018	**2,554.91 €** AS OF 02/01/2018
3.70 € AS OF 28/12/2018	**2,450.18 €** AS OF 28/12/2018
-56.37 % CHANGE	**-4.10 %** CHANGE

Deutsche Lufthansa, Germany
YOC Understitial Ad®
Q1 / 2018



02 COMBINED MANAGEMENT REPORT

YOC PRODUCT OVERVIEW

Aiming to provide mobile users a special brand experience through innovative and creative advertising formats, YOC developed new highly effective products in the financial year 2018.

The proprietary advertising platform **VIS.X®**, the new centerpiece of YOC, is able to fit any advertising creative automatically and without any additional technology into these products and deliver them as engaging brand messages programmatically and at scale to the right target group. Advertisers use YOC's well-established high-impact formats for a wide reach of marketing campaigns, while publishers can refine their inventory with YOC products and efficiently monetize it.

The following presentation of new developments and bestsellers provides an overview of YOC products.

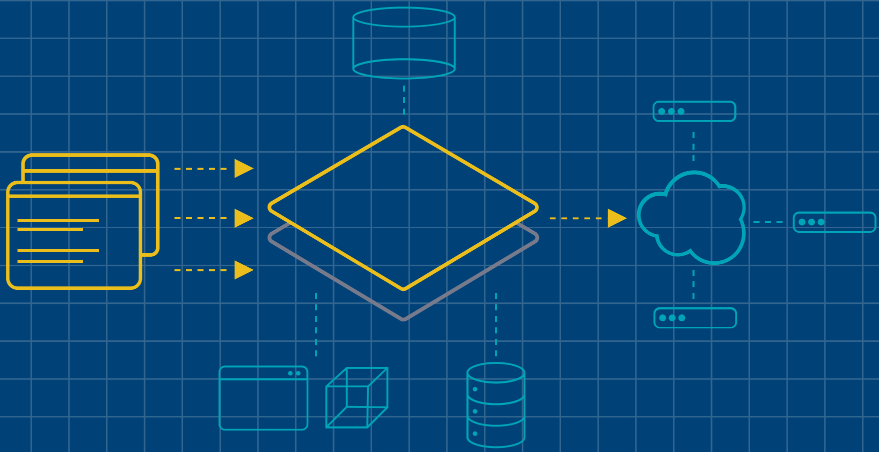
VIS.X®

YOC INLINE VIDEO AD

YOC UNDERSTITIAL AD®

YOC MYSTERY AD®

YOC MYSTERY SCROLLER®



VIS.X®

VIS.X® is a new and unique kind of advertising technology that enables efficient execution of media and high-impact ad products at scale. Via Private Marketplaces **VIS.X®** wraps the inventory in a holistic auction offering all available products in one transaction to buyers, consequently optimizing the bidstream. YOC has developed this platform to unlock the real value of digital advertising – making **VIS.X®** the go-to-platform for high-impact programmatic advertising.

HIGH-IMPACT AD FORMATS

Transactions can be executed with YOC's proprietary high-impact ad formats without further adjustments on the buyer's DSP – the creative technology layer inside **VIS.X®** transforms regular creative assets into high-impact, rich media ads in real-time at transaction level.

BRAND-SAFE PREMIUM INVENTORY

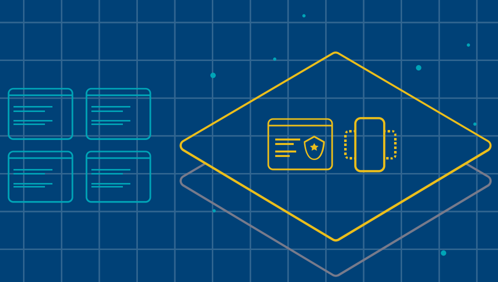
Hundreds of world renowned publishers are already integrated and connected with **VIS.X®**, offering premium inventory to buyers at scale.

HOLISTIC APPROACH

VIS.X® enables publishers to connect their monetization stack directly or via header bidding. The inventory is offered to all buyers at the same time and optimized for the best possible effective sell-through, thanks to a holistic auction approach.

PRIVATE MARKETPLACE

Buyers get priority access to our premium inventory and high-impact formats through Private Auctions or Preferred Deals. Depending on the buyers' data, campaign goals and preferred processes, we will match the right auction mechanics for efficient media buying.

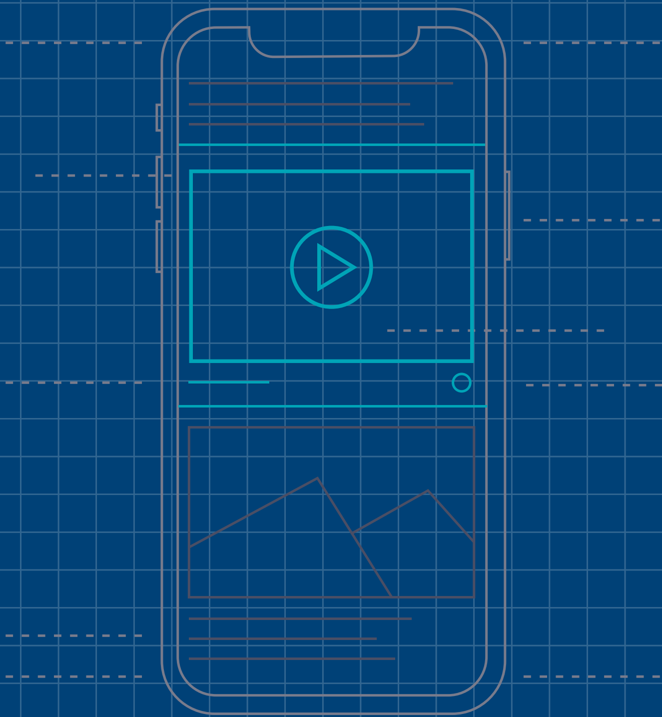


YOC INLINE VIDEO AD

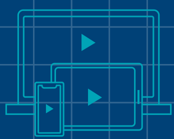
The most exciting and effective way to share your story to the world: Using the **YOC Inline Video Ad** your message can be shared across display and video placements. The video only starts playing when the ad is at least 50 % in view, guaranteeing your audience's attention.

YOC's proprietary video technology (IVA) transcodes any video asset to auto-play across all devices.

Scan the QR code now and watch it live.



AT A GLANCE



ALL PLATFORMS

CPM, VCPM, CPCV

PRICING MODELS

AMP, IAB VAST, IAB VPAID, MRC

STANDARDS

46 %

VIDEO COMPLETION RATE

10 %

HIGHER BRAND AWARENESS

100 %

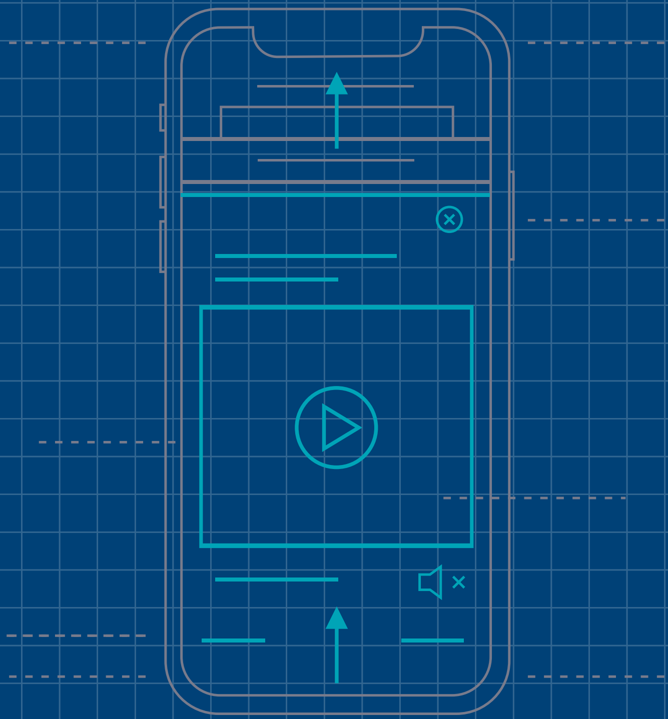
VIEWABILITY GUARANTEED

YOC UNDERSTITIAL AD®

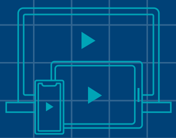
Take center stage using the **YOC Understitial Ad®**. A user initiated format, allowing the individual to reveal the ad by scrolling up or down. The non-intrusive full screen ad format is delivered without interrupting the user's reading flow.

It creates noticeably higher engagement rates using HTML5, 16:9 or vertical video, guaranteeing an enjoyable user experience. Unlock the best branding effect.

Scan the QR code now and watch it live.



AT A GLANCE



ALL PLATFORMS

CPM, VCPM, CPCV

PRICING MODELS

IAB VAST, IAB VPAID, MRC

STANDARDS

3,5X

HIGHER CTR

4,2X

HIGHER VCTR WITH VIDEO OR HTML5

100 %

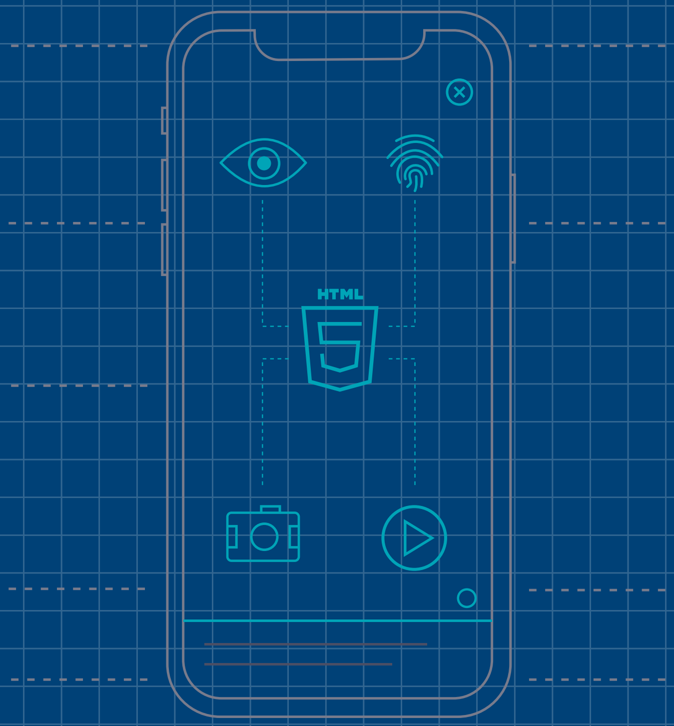
VIEWABILITY GUARANTEED

YOC MYSTERY AD®

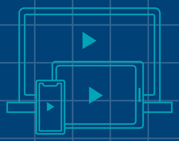
The **YOC Mystery Ad®** received several recognized industry awards including iab webAD and Golden Cannes Mobile Lion award. This innovative product allows users to interact directly with the campaign, creating a memorable and personalised brand experience.

Add layers of interaction and transform your creative idea into an engaging advertising solution. The possibilities are endless.

Scan the QR code now and watch it live.



AT A GLANCE



ALL PLATFORMS

CPM, CPC

PRICING MODELS

HTML5, MRC, IAB VAST

STANDARDS

5,5X

HIGHER TIME SPENT

1,6X

HIGHER ENGAGEMENT RATE

7,2X

HIGHER USER-INITIATED PLAYRATE

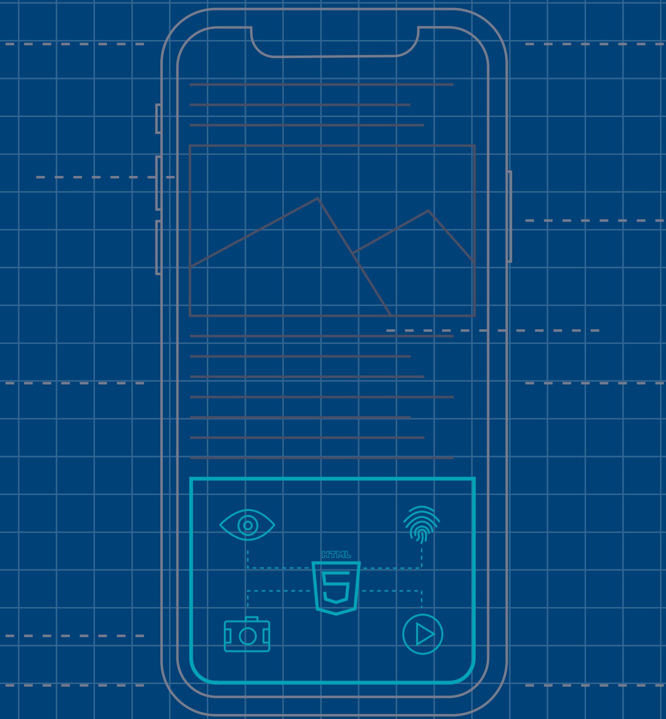
YOC MYSTERY SCROLLER® NEW!

With the launch of the **YOC Mystery Scroller®** in the second quarter of 2018, the company emphasises its strategic goal of continuously introducing innovative, high-impact ad formats to the market and enabling the execution through the company's platform **VIS.X®**.

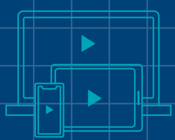
YOC reactive-scroll technology makes it possible for users to interact with your advertising message.

Rich media ad content dynamically changes when the user scrolls up or down the screen. The act of scrolling itself initiates animations, personalized effects and video transitions within the ad unit. **YOC Mystery Scroller®** is supported by all mobile browsers and takes up just 30 % of a mobile device's screen. The advert remains on screen without interfering with the user's journey.

Scan the QR code now and watch it live.



AT A GLANCE



ALL PLATFORMS

CPM, VCPM, CPC

PRICING MODELS

IAB VAST, IAB VPAID, MRC

STANDARDS

1,5X

HIGHER CTR

2X

HIGHER vCTR WITH VIDEO OR HTML5

100 %

VIEWABILITY GUARANTEED

MOBILE ADVERTISING MARKET ENVIRONMENT

MOBILE INTERNET USE HAS BECOME AN EVERYDAY HABIT

The mobile internet has become a matter of course in peoples' everyday lives. According to the annual Zenith Mobile Advertising Forecasts, 63 % of the worldwide population own a smartphone.[1] The same study assessed a smartphone penetration of 81 % in Germany for 2018. With regard to target groups relevant to advertising, there even is almost full coverage.[2]

The spread of mobile phones combined with more affordable and faster data plans has strongly influenced the use of media over the past years.[3] This led to an annual increase of the mobile media sector by an average 44 % since 2010, resulting also in a growth of the overall use of media, as users can now access media contents anytime and anywhere.[4] The online portal Statista even states that the personal media use via smartphones today already exceeds that of desktop devices. [5] This tendency is also driven by improved transmission technologies and a significantly higher availability of mobile-optimised contents.[3]

As a result, we have also seen a steady growth of the mobile internet use since 2010. The data volume of mobile internet traffic has steadily increased since 2014. In 2018, the worldwide data volume on mobile devices came to 17 Exabytes per month.[6] By 2021, a further growth to 49 Exabytes per month is expected. This corresponds to a 280 % increase.[6]

With an average weekly internet use of 14.6 hours, the smartphone now comes first before all other devices.[7]

This is, among other things, due to the fact that it is the most personal of all devices which accompanies us throughout the day. This is important for the advertising industry: concepts which consider the current situation of the user, the so-called micro-moment, and which invite to interact, are particularly promising.[8]

The German advertising service provider Gruner + Jahr E|MS found out in their annual survey on the user behaviour of German smartphone owners that the smartphone is being used first and foremost for information search.[9] 84 % of all consumers use their smartphones to retrieve up-to-date information. At the same time, 69 % of the surveyed persons claimed that saving time was one of their main reasons for using the mobile internet.[9] Interestingly, only 39 % stated that they used their smartphones to maintain social contacts. Nevertheless, social networks remain one of the main motives for use at 60 %.[9]

According to the same study, the smartphone's significance for shopping is also clearly increasing: an average of 75 % of those questioned already made purchases on their mobile devices.[9] In the age group from 20 to 29, it was even 90 %.[9]

A study by Worldpay, one of the leading payment service providers, shows that the worldwide purchase of goods and services will reach an annual volume of EUR 44.3 billion by 2022, bringing mobile commerce ahead of desktop shopping.[10]

1) Zenith Media. Smartphone penetration to reach 66% in 2018. Website of Zenith Media. 10.16.2017. https://www.zenithmedia.com/smartphone-penetration-reach-66-2018/. Accessed on: 03.11.2019.
2) Schobelt, Frauke. Zenith Mobile Advertising Forecast - Weltweite Smartphone-Verbreitung steigt 2018 auf 66 Prozent. W&V Newssite. 10.16.2017. https://www.wuv.de/digital/weltweite_smartphone_verbreitung_steigt_2018_auf_66_prozent. Accessed on: 03.11.2019.
3) Zenith Media. Mobile internet to reach 28% of media use in 2020. Website of Zenith Media. 05.29.2018. https://www.zenithmedia.com/smartphone-penetration-reach-66-2018/. Accessed on: 03.11.2019.
4) Zenith Media. 26% of media consumption will be mobile in 2019. Website of Zenith Media. 05.30.2017. https://www.zenithmedia.com/26-of-media-consumption-will-be-mobile-in-2019/. Accessed on: 03.11.2019.
5) SevenOne Media. n.d. Which of the following devices do you personally use to consume media?. Statista. 10.2018. https://www.statista.com/statistics/818077/personal-media-consumption-devices-germany/. Accessed on: 03.11.2019.
6) Cisco Systems. Datenvolumen des Internet-Traffics über mobile Endgeräte weltweit in den Jahren 2014 bis 2016 sowie eine Prognose bis 2021 (in Exabyte pro Monat). Statista. 02.2017. https://de.statista.com/statistik/daten/studie/172511/umfrage/prognose---entwicklung-mobiler-datenverkehr/. Accessed on: 03.11.2019.
7) Postbank. Durchschnittliche Nutzungsdauer des Internets pro Woche nach Endgeräten in Deutschland im Jahr 2018 (in Stunden). Statista. Zugriff. 06.2019. https://de.statista.com/statistik/daten/studie/875945/umfrage/dauer-der-internetnutzung-pro-woche-in-deutschland-nach-endgeraeten/. Accessed on: 03.11.2019.
8) Bundesverband Digitale Wirtschaft (BVDW) e.V.. Mobile im Zentrum der digitalen Transformation. Website of BVDW. No release date. https://www.bvdw.org/themen/digitales-marketing/mobile-marketing/. Accessed on: 03.11.2019.
9) G+J|ems. G+J MOBILE 360° STUDIE. In: Website von G+J|ems. 06 2018. https://www.gujmedia.de/fileadmin/Media-Research/Mobile-Studien/mobile_studie_360_grad_2018.PDF. Accessed on: 11.03.2019.
10) Feigl, Maximilian. Globaler Mobile Commerce überholt Desktop-Shopping bis 2022. Website gfm News. 01.29.2019. http://www.gfm-nachrichten.de/news/single-loca/article/globaler-mobile-commerce-ueberholt-desktop-shopping-bis-2023.html. Accessed on: 03.11.2019.

MOBILE ADVERTISING SPENDING ON FURTHER GROWTH

The current market analysis by Zenith predicts a further increase of the worldwide spending on advertising.[11] According to the media experts, the worldwide advertising spending increased by 4.5 % in financial year 2018 and should see a further increase by 4.2 % in the ongoing financial year 2019. In this context, digital advertising spending is becoming the top investment goal, already taking a leading position in 26 out of 58 markets. The decisive growth drivers are, according to the agency network Dentsu Aegis, the mobile, programmatic and social media sectors.[12] Of the total spending for digital advertising, mobile display advertising is the market environment relevant to YOC.

For the year 2017, the Zenith Mobile Advertising Forecasts recorded a 35 % growth in total mobile advertising spending; the same study expects a further 21 % growth on average to EUR 164 billion worldwide by 2020.[11] At the same time, however, the increase of total advertising investments in all other media channels is slowing down. Hence, spending for mobile advertising will be twice that of investment in desktop-based online advertising.[11]

Of the total mobile advertising spending worldwide, around 42 % can be attributed to mobile display advertising, according to IAB, corresponding to a worldwide booking volume of EUR 49 billion.[13]

A study by eMarketer however shows that the large providers like Facebook, Google and Amazon together have a 63 % share of the mobile advertising market.[14] Based on our own estimates, we believe that the market share of the large providers above account for around 80 % of the total digital advertising spending.

The IAB Europe AdEx Benchmark Study predicts more than EUR 19 billion investment in digital display advertising in the European market in 2018.[15] This corresponds to a 10 % growth year-on-year. According to the IAB Europe & IHS Markit Report, the mobile sector shows the largest investment growth in this field.[16]

PROGRAMMATIC MEDIA BUYING TO BECOME STANDARD PURCHASING METHOD IN 2019

According to the Zenith Programmatic Marketing Forecasts, in the ongoing financial year 2019, already 62 % of the overall digital advertising spending will be traded through programmatic, automated sales.[17] This corresponds to a worldwide booking volume of US-Dollar 70 billion.[17] In the coming year 2020, this share is to increase to 65 % (corresponding to a volume of US-Dollar 84 billion).[17] This shows that the programmatic trade has already become an integral part of digital advertising worldwide.[17]

The main drivers of this development are the United States of America who clearly take the leading role in the automated processing of digital advertising. The research institute eMarketer states that the expenses booked by programmatic trade already account for around 84 % of the total spending in the US in the ongoing financial year 2019. Of these, another 80 % can supposedly again be attributed to mobile advertising.[18]

In Europe, as IAB Europe states, in financial year 2017 already 62 % of all digital ad spending was traded through programmatic sales. This corresponds to a market volume of EUR 12 billion for programmatic ad spending. More than half of these, 56 %, can be attributed to mobile advertising.[19]

Admittedly, the General Data Protection Regulation (GDPR), introduced EU-wide in mid-2018, has inhibited the growth of digital advertising purchased programmatically in the past year 2018.[20] eMarketer, however, does not expect the GDPR to have long-term effects on the programmatic trade of digital advertising. On the contrary, this kind of trade will take root as the standard purchase model for all media.[21]

In European and worldwide comparison, the share of digital advertising traded programmatically is relatively low in Germany, accounting for 41 % according to the Zenith Programmatic Marketing Forecasts.[17]

11) Lux, Dirk. Mobile Advertising wird bis 2020 über 30% des Werbemarktes einnehmen. Website of Zenith Media. 06.19.2018. https://www.zenithmedia.de/mobile-advertising-wird-bis-2020-ueber-30-prozent-des-werbemarkts-einnehmen/. Accessed on: 03.11.2019.
12) Leibfried, Timm. Ad Spend Forecast: Dentsu Aegis Network senkt Wachstumsprognose für Deutschland. Website of Dentsu Aegis Network. Press release of dentsu aegis network. 01.10.2019. http://www.dentsuaegisnetwork.de/m/de-DE/PDF/20190110_DAN_Ad%20Spend%20Forecast%20Januar_final.pdf. Accessed on: 03.11.2019.
13) iab.austria. IAB Europe: Europäischer Markt für digitale Werbung innerhalb von fünf Jahren verdoppelt. Website of iab.austria. No release date. https://www.iab-austria.at/iab-europe-adex-052018/. Accessed on: 03.11.2019.
14) eMarketer. Net Mobile Ad Revenue Growth Worldwide, by Company, 2016-2020 (% change). Website of eMarketer. 03.21.2018. https://www.emarketer.com/Chart/Net-Mobile-Ad-Revenue-Growth-Worldwide-by-Company-2016-2020-change/217143. Access on: 03.11.2019.
15) AdEx. AdEx Benchmark Study 2017. Website of iab Europe. 05.23.2018. https://www.iabeurope.eu/wp-content/uploads/2018/05/IAB-Europe_AdEx-Benchmark-2017-results-at-Interact_23.05.18-V3.pdf. Accessed on: 03.11.2019.
16) AdEx. AdEx Benchmark H1 2018 Study. Website of iab Europe. 11.12.2018. https://www.iabeurope.eu/research-thought-leadership/resources/adex-benchmark-h1-2018-study/. Accessed on: 03.11.2019.
17) Lux, Dirk. 65% der digitalen Medien werden programmatisch. Website of Zenith Media. 11.19.2018. https://www.zenithmedia.de/65-prozent-der-digitalen-medien-werden-programmatisch/. Accessed on: 03.11.2019.
18) eMarketer. US programmatic ad spending forecast update 2018. Website of eMarketer. 10.11.2018. https://www.emarketer.com/content/us-programmatic-ad-spending-forecast-update-2018. Accessed on: 03.11.2019.
19) iab Europe. European Programmatic Market Sizing Report 2017. Website iab Europe. 09.2018. https://www.iabeurope.eu/wp-content/uploads/2018/09/IAB-Europe_IHSM_European-Programmatic-Market-Sizing-Report-2017_FINAL-1.pdf. Accessed on: 03.11.2019.
20) von Rauchhaupt, Jens. Programmatic wird 2019 zur Standardeinkaufsmethode. Website ADZINE. 11.20.2018. https://www.adzine.de/2018/11/programmatic-wird-2019-zur-standardeinkaufsmethode/. Accessed on: 03.11.2019.
21) von Abrams, Karin. Programmatic Ad Spending in Germany 2019. Website eMarketer. 01.09.2019. https://www.emarketer.com/content/programmatic-ad-spending-in-germany-2019.Accessed on: 03.11.2019.

The online marketing and ad tech magazine ADZINE expects programmatic ad spending in Germany to increase further to around 47 % of all digital ad spending in financial year 2020.[20]

In financial year 2017, the booking volume for advertising traded programmatically in Germany came to EUR 1.1 billion.[17] The same survey predicts a booking volume of EUR 1.4 billion in programmatic buying for 2018 and EUR 1.9 billion for financial year 2019.

Mobile advertising already accounted for 56.5 % of the total volume in 2017.[19] The programmatic display advertising market environment relevant to YOC shows an annual growth of around 20 %, according to research institute eMarketer.[22] eMarketer expects the German market's reservations against the automated trade to continuously decrease, as advertisers and publishers recognise the advantages of programmatic advertising and put them ahead of the supposed downsides such as, for example, the fraudulent auctioning of non-existent media spaces or lacking transparency. In addition, programmatic advertising has strongly advanced in quality and thereby established itself in the premium segment.

Associations like the Interactive Advertising Bureau (IAB) or the German Association for the Digital Economy (BVDW), who advocate the standardisation of processes and regulations in the programmatic advertising field, are major influences to this development.[21]

RANGE OF SERVICES

With its growth of expertise since 2001, YOC develops innovative digital advertising formats, making them available through its marketplace for both traditional and automated real-time trade (programmatic advertising).

With its cutting-edge technology, developed in-house, along with a tremendous coverage, the company operates at the forefront of the advertising market.

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

This way advertising clients reach their goals, while the self-developed, unobtrusive formats improve the user experience.

Our long-standing experience, transparent processes, our software and excellent service create trust in YOC and convince both customers and partners.

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

Our around 400 integrated well-selected international partners with a direct global coverage of more than 200 million monthly active users (MAU) include premium publishers such as **Mail Online, Trinity Mirror, Kurier, Kronenzeitung, Der Tagesspiegel, Bunte.de** or **Eurosport.**

They trust in YOC due to our technological and market-specific skills as well as a long-standing profitable partnership.

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

YOC develops its own scalable technological platform, delivering new products through all sales channels in demand, especially in the strongly growing and highly automated environment of programmatic advertising. As a result of the modified technological framework parameters, YOC has over the past years assumed a stronger position in the market for digital advertising and undergone decisive changes.

To this end, the company has internalised important elements of the value chain in mobile advertising and also tackled the issue of desktop advertising. This includes the development of proprietary, high-performing advertising products that on the one hand unfold a strong advertising effect for advertisers and on the other do not intrude on the internet user's consumption of media content.

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

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

22) eMarketer. Programmatic Advertising in Germany: Greater Confidence Spending Herald a Mature Marketplace. Website eMarketer. 01.24.2018. https://www.emarketer.com/Report/Programmatic-Advertising-Germany-Greater-Confidence-Spending-Herald-Mature-Marketplace/2002169. Accessed on: 03.11.2019.

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

In addition to the established product lines, YOC has developed a new platform for highly automated media trade in financial year 2017 and introduced it into the market at the beginning of 2018. This strategy aims at delivering the solution to one of the prevailing problems of the digital advertising market: satisfying the demand for the programmatic purchase of highly effective advertising formats.

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

With **VIS.X®**, YOC establishes a new programmatic trading venue for international, brand-safe inventory by premium publishers – positioning itself in the market as a provider of high-quality advertising technology. The platform combines the publishers' advertising inventory with YOC's own products via private marketplaces in an integral auction, thereby offering the advertisers all relevant products in one transaction.

In line with the buyers' targeting data and individual campaign goals, YOC provides the appropriate auctioning mechanisms for an efficient media purchase.

The purchasing process for advertisers, media agencies as well as their trading desks does not require further technological adaptations to the existing infrastructure.

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

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

The full inventory of one publisher is offered to all buyers at the same time. This ensures ideal monetising for the publishing partner. At the same time, the platform offers YOC's advertising client's premium inventory, high transparency as well as brand safety, leading to better advertising results. Hence, the use of **VIS.X®** provides the publishers, trading desks or advertisers with a sustainable competitive edge. The company benefits from its independence from third-party suppliers, positioning itself as a strong technology provider with a scalable business model. This constantly drives the company to further develop the in-house supply-side platform (SSP) **VIS.X®** and thereby increase the platform's performance capacity. In the past financial year 2018, **VIS.X®** was protected and registered as a European trademark by the European Patent Office.

PRODUCT LINES

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

The aim of these products is to spread the advertising messages of advertisers among the end users in an effective and purposeful way.

The use of different methods of display, interactive elements as well as unobtrusive operating principles leads to a better acceptance with users.

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

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

The core characteristic of **YOC Understitial Ad®** is its effective but nonetheless unobtrusive placement in the content environment of a website. Advertisers reach the smartphone or desktop users with large-scale advertising material without disrupting them in their user habits. In this advertising medium, YOC unites technological experience with expertise in targeting users in digital environments.

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

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

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

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

YOC Inline Video Ad is an innovative digital advertising format which allows advertisers to place video ads on traditional websites without own video content. It is compatible with the standards of the branch (VAST and VPAID) and plays the video ad in high quality.

The special feature of this product is that it can be used anywhere and that no fixed placement within the publisher's website is required.

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

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

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

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

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

Aside from the mentioned YOC-owned products, the company also offers traditional advertising formats that follow the internationally applicable IAB and MMA standards.

Moreover, the team of experts at YOC is able to develop additional functionalities such as responsive formats, enhanced tracking possibilities or the use of special advertising media within standard formats.

Measuring viewability has advanced to becoming a decisive factor for managing, optimising and analysing a campaign. In financial year 2018, YOC hence further extended its technological infrastructure for measuring and analysing the viewability of mobile ad formats.

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

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

ADDITIONAL DIGITAL ADVERTISING SERVICES

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

CREATIVE SERVICES

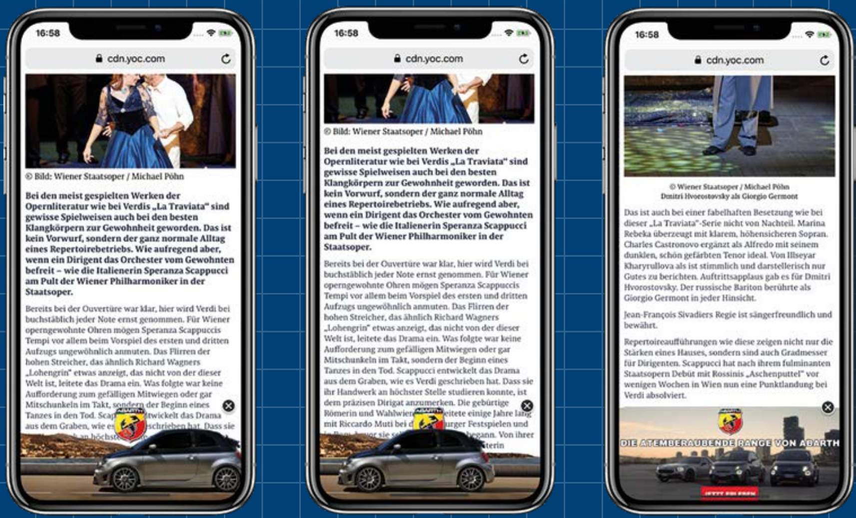
For already more than a decade, YOC has advised advertisers on the right choice of mobile advertising formats and, as the case may be, also handles the production of advertising media. Aside from these services, the company's specialists also provide their expertise in managing the campaigns on digital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

YOC HUB

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

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

EXTENDING THE PRODUCT PORTFOLIO WITH THE YOC MYSTERY SCROLLER® NEW!



With **YOC Mystery Scroller®,** YOC has extended its product portfolio with another high-performing ad format which unites interactivity with creativity. It uses a reactive scrolling technology and allows for the users to interactively steer themselves through the advertising content by scrolling.

The ad format constantly remains in the user's visible field, but without disturbing his surfing activity. The creative options for display result in an above-average level of attention and high click rates.

Scan the QR code now and watch it live.

BUSINESS DEVELOPMENT YOC GROUP

In financial year 2018, YOC Group increased their **sales revenue** to EUR 14.5 million (2017: EUR 14.4 million). The first half of 2018 was challenging for the whole branch and our company, with a fifteen percent revenue drop after the EU General Data Protection Regulation (GDPR) came into effect and the Coalition for Better Ads (a global initiative to improve digital advertising) was introduced. In the second half-year, however, the company already achieved to realise around 15 % revenue growth.

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

At the same time, the revenue share of self-developed ad tech products increased, leading to the company's **gross margin** reaching a quota of 39 % in the past financial year 2018. In a five-year comparison, this improved by ten percentage points (2013: 29 %).

As a result, the YOC Group achieved **operating earnings before interest, taxes, depreciation and amortisation (EBITDA)** of EUR 0.4 million in the 2018 financial year and improved this by EUR 0.5 million compared with the previous year (2017: EUR -0.1 million). This development is based on the consistent implementation of the defined strategy: the scaling of the trade volume of highly effective self-developed ad formats in the programmatic context with the help of the proprietary platform **VIS.X®**.

The **operating earnings before interest, taxes, depreciation and amortisation (EBITDA)** of the reporting year 2018 was also positively influenced by a release of provisions for the phantom stock option program in the amount of EUR 0.2 million (previous year: EUR 0 million).

INTERNATIONAL BUSINESS

In financial year 2018, the YOC Group benefitted from its presence in the core European markets, from its range of innovative products, its highly qualified specialist staff and a long-standing market expertise since 2001.

Aside from the Berlin headquarters, the company has altogether five branch offices in Great Britain (London), Spain (Madrid), Austria (Vienna), Poland (Warsaw) and in Germany (Düsseldorf). In the financial year 2018, internationalisation was further accelerated with the opening of a location in the Netherlands (Amsterdam).

The German-speaking business locations in **Germany and Austria** continued to develop at a high level in financial year 2018. Especially the German market grew once more with a significant increase in revenue of 40 % (2017: 19 %).

In Austria, YOC Group is the market leader, once again coming first in the Austrian marketer ranking. The revenue growth in financial year 2018 was based on the high demand for the various versions of the proprietary product **YOC Understitial Ad®**.

The **Polish** subsidiary, set up in the second half of 2016, developed favourably with 30 % revenue growth year-on-year. Following around two years of development work, the revenue share of the Polish market is on a constant rise. In the **Spanish and British markets**, sales revenues in fiscal year 2018 were down on the previous year.

ADVERTISER AND PUBLISHER

Over the past reporting period, the number of well-renowned, international advertisers further increased: **Deutsche Telekom, Audi, McDonald's, Volkswagen, Garnier, Mercedes-Benz, Netflix, Coca-Cola, Samsung** or **Sky** use the YOC products for effective mobile advertising.

On top of this, the publisher basis was also further expanded. The company is thereby able to offer the YOC products to advertising clients with a large and attractive international coverage. In the past financial year 2018, the YOC products have been increasingly integrated into our publishers' media contents. This enabled the company to significantly improve monetising for our publishers, as the company's products achieve higher prices than standard products. This is at the core of our defined strategy, leading to increasing numbers of new publishers who capitalise on the YOC technology, alongside our existing partners.

With the business intelligence platform **YOC Hub**, which has been significantly advanced in financial year 2018, publishers can manage, analyse and optimise their marketing activities.

DISTINCT FOCUS ON AD TECHNOLOGY

In financial year 2018, YOC Group transformed into an ad tech provider by further developing and launching its own supply-side platform for the highly automated media trade.

YOC's new proprietary platform **VIS.X®** provides a unique marketplace on which access to millions of users on all kinds of devices becomes possible through direct trade or automated real-time trade.

This creates a high-volume media trade between first-class advertisers and high-quality publishers in an efficient and scalable manner. At the same time, the company's product development becomes increasingly important, constantly developing new products and introducing them into the market. The globally competitive YOC advertising products succeed to attain the branding and awareness effects desired by the advertisers, without intruding on peoples' internet use.

Over the past financial year, the company achieved to connect its programmatic platforms with large numbers of new publishers. YOC is continuously building its activities through so-called private marketplaces in order to make programmatic advertising available in the market to its publishers and advertisers.

In private marketplaces, a predefined inventory of YOC products may be traded either at a fixed rate or in an auction with selected buyers. In addition, YOC provides an open marketplace in which the integrated inventory is auctioned off to the highest bidders in real-time.

European publishers such as **El Desmarque, Vocento, Kronenzeitung, Mail Online, Eurosport** and several hundred other well-known media companies have integrated the YOC products and are connected to the new proprietary platform **VIS.X®**. They benefit from considerable additional monetising.

International advertisers such as **Audi, Mondelēz, Nestlé, Samsung, Mercedes-Benz** as well as hundreds of other branded companies and service providers use our platform to purchase appropriate and highly efficient advertising products. They hence benefit from significantly greater attention for the advertised brands and products with the envisaged target groups.

PRODUCT DEVELOPMENT AND INFRASTRUCTURE

In financial year 2018, the IT and product strategy focused on automating and scaling the business model by achieving three goals:

- Development and further development of **VIS.X®** platform for the automated media trade combined with highly effective advertising products;
- Further development of our own advertising product lines;
- Improvement of the YOC-owned business intelligence and reporting tool **YOC Hub**.

At the beginning of financial year 2018, YOC launched the highly scalable platform for automated media trade, **VIS.X®**. This platform realises the media trade in combination with the self-developed advertising products via mobile and desktop advertising spaces. A special focus, besides fulfilling the usual functionalities of the market, is on providing and handling particularly efficient advertising media for advertising clients. The market introduction of **VIS.X®** was an important milestone in the past financial year, which at the same time influenced the further development of other software products at YOC. By developing interactive and unobtrusive digital advertising products, YOC stands out from comparable competitors. These products help well-renowned advertisers approach their customers in a target-oriented and sustainable manner. To this end, our product range was strongly improved with regard to visibility and usability.

All products were equipped with the possibility to successfully measure the actual viewability and to calculate the fees based on viewability. This opens up a significantly more efficient targeting approach for advertisers.

In addition, the technological infrastructure of the company has been improved to meet the demands of the market for scalability, in particular with regard to the automated trade.

Therefore, the **YOC Understitial Ad®**, the **YOC Mystery Ad®**, classic formats and compatibility with the most important third party providers for complex Advertising formats in digital environments built into **VIS.X®** and released for programmatic trade.

In the course of financial year 2018, all YOC product lines were redesigned or extended in order to expand their functionality across platforms from the mobile to the stationary internet.

YOC Hub is YOC's proprietary business intelligence and reporting tool. The steady development was consistently advanced in financial year 2018 by introducing new functions. **YOC Hub** bundles all relevant transactional data through all sales channels in a user-friendly platform. In this context, an interface with the **VIS.X®** platform was also established in financial year 2018, so that these data are now also available for the platform's users almost in real-time. The standardised display of all necessary traffic data allows for short decision-making paths and optimised processes. **VIS.X®** is entirely controlled via **YOC Hub** and thus fully integrated in the corporate processes.

All in all, YOC has a high-performance IT system landscape as well as proprietary software products. The underlying technological platforms are being developed in-house and excel through flexibility, performance, reliability and scalability. They have several interfaces which allow for the integration of interconnected applications. To this end, YOC has own IT departments who oversee and further conceptualise each software product.

The company's IT infrastructure is completed with software solutions by well-renowned partners from the technology and advertising field such as SAP, Google or Salesforce.

The database and application servers used by YOC are installed in Berlin and managed by the in-house IT department. Further servers are being operated and managed by YOC in a TÜV-certified computing centre. In order to secure the long-term quality of service in delivering our self-developed products, and with view to the strong internationalisation, we integrated new service providers. Since then, YOC has been able to ensure a reliable and extraordinarily efficient delivery in numerous data centres across different countries. On top of this, further capacities were set up in the Amazon and Google computing centres in 2018, in order to ensure a high service quality for all clients and users in operating the **VIS.X®** platform.

DEVELOPMENT OF PROFIT YOC GROUP

REVENUE TREND AND OVERALL PERFORMANCE

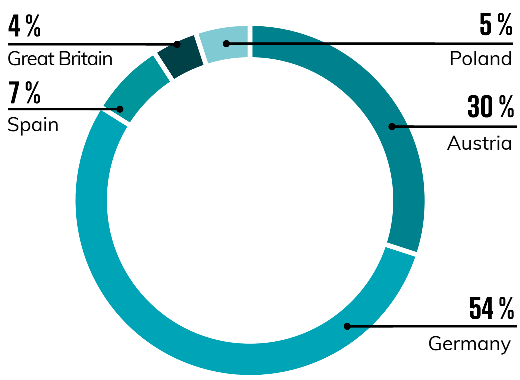
In fiscal year 2018, the company recorded **revenue** growth of 1 % to EUR 14.5 million (2017: EUR 14.4 million). The successful transformation of YOC Group into a mobile premium programmatic provider will further improve the group's earnings situation both on the side of revenues and of gross profits.

The group's **total output** was EUR 0.4 million above the previous year's level at EUR 15.4 million (2017: EUR 15.0 million).

REVENUE BY REGION

Revenues in the **German-speaking market** increased by 28 % year-on-year (2017: 25 %) to EUR 12.2 million (2017: EUR 9.5 million). Particularly in Germany, YOC Group was able to seize the opportunities of a growing market by launching new products, leading to a 40 % growth in revenue (2017: 19 %).

The subsidiary in **Poland**, set up in financial year 2016, developed pleasingly and achieved to realise 30 % growth through increasing sales contributions. In the **Spanish and British markets**, sales revenues in fiscal year 2018 were down on the previous year. The revenue contribution per region in the reporting period can be broken down as follows:



GROSS MARGIN

The **gross margin** remained at the previous year's level at 39 % (2017: 39 %). In the context of the development over the past five years, which was characterised by the increasing focus on technology as well as YOC's proprietary advertising product lines, the gross margin improved by ten per cent (2013: 29 %).

The further increase of the gross margin is a vital element of a sustained positive business development.

PERSONNEL EXPENSES AND PERSONNEL DEVELOPMENT

The **average number of employees** (without Management Board) increased by 6 % to 54 **employees** (2017: 51 employees).

As of 31 December 2018, YOC Group had 46 **permanent employees** (2017: 53 employees).

In financial year 2018 the **personnel expenses** decreased by EUR 0.1 million to EUR 4.2 million (2017: EUR 4.3 million). The decline in personnel expenses is mainly due to the discontinuance of personnel provisions from the virtual stock option program in the previous year.

The **personnel cost** ratio, which sets personnel expenses in relation to the total output, decreased to 27 % (2017: 29 %).

In financial year 2018, YOC Group 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.

OTHER OPERATING EXPENSES

In financial year 2018, the **other operating expenses** remained at the previous year's level at EUR 2.0 million. Overall, the measures taken during the last years in order to save costs in various areas took effect, so that the ratio of other operating expenses in relation to the total output remained constant at 13 % compared with the previous year (2017: 13 %).

EBITDA

Operating earnings before interest, taxes, depreciation and amortisation (EBITDA) in financial year 2018 came to EUR 0.4 million (2017: EUR -0.1 million) and improved by EUR 0.5 million.

NET INCOME

YOC Group recognised **scheduled depreciations** in the amount of EUR 0.3 million (2017: EUR 0.3 million), a negative **financial result** of EUR 0.2 million (2017: EUR 0.1 million) and **taxes on income and revenue** in the amount of EUR 0.1 million (2017: EUR 0.1 million).

Earnings after tax (including corporate functions) thus came to EUR -0.2 million in the reporting period (2017: EUR -0.5 million) and improved by EUR 0.3 million.

DEVELOPMENT OF FINANCIAL POSITION AND NET ASSETS YOC GROUP

NON-CURRENT ASSETS

The non-current assets came to EUR 0.8 million as of the reporting date (2017: EUR 0.6 million). The rise is mainly due to the inflow of **intangible assets**.

In the company's self-developed software item, in-house developments amounting to EUR 0.4 million (2017: EUR 0.3 million) were capitalised.

Property, plant and equipment remained at the previous year's level at EUR 0.1 million (2017: EUR 0.1 million), owing to the reduced investment needs.

Scheduled amortisation and depreciation amounted to a total of EUR 0.3 million and remained at the previous year's level (2017: EUR 0.3 million).

CURRENT ASSETS

The current assets amounted to EUR 5.4 million as of the reporting date (2017: EUR 4.1 million), rising by EUR 1.3 million year-on-year.

Trade receivables increased by EUR 1.4 million to EUR 4.5 million as of the reporting date (2017: EUR 3.1 million). This development is, among others, due to the general increase of the business volume as well as longer payment periods.

Other assets increased by EUR 0.1 million and amounted to EUR 0.2 million at the balance sheet date (2017: EUR 0.1 million).

As of 31 December 2018 **cash and cash equivalents** decreased by EUR 0.3 million to EUR 0.7 million (2017: EUR 1.0 million).

EQUITY

As of 31 December 2018, YOC Group's **equity** came to EUR -3.9 million (2017: EUR -4.1 million).

The equity increase results from the recognition of the equity component of the convertible bond in the amount of EUR 0.3 million in additional paid in capital, combined with the **annual result** of EUR -0.2 million (2017: EUR -0.5 million).

The **currency translation differences** arisen from the translation of GBP into EUR in the financial statement of the British subsidiary as well as the Polish branch of PLN in EUR are reflected in the results with no effect on net income, leading to the equity capital improving by EUR 0.035 million (2017: EUR 0.07 million).

This effect can be attributed to the devaluation of the British pound against the Euro at the end of 2018 and currently.

NON-CURRENT LIABILITIES

As of the reporting date, the company's non-current liabilities increased by EUR 1.2 million year-on-year to EUR 2.4 million (2017: EUR 1.2 million). The issue of the YOC convertible bond 2018 – 2022 in July 2018 with a numinal volume of EUR 1.5 million, a **present value** of EUR 1.3 million and a maturity date of 2022 indicates this increase.

CURRENT LIABILITIES

In financial year 2018, the current liabilities increased slightly by EUR 0.1 million to EUR 7.7 million (2017: EUR 7.6 million).

Trade payables increased by EUR 0.8 million to EUR 3.4 million (2017: EUR 2.6 million).

Other financial liabilities include almost exclusively liabilities from invoices not yet received amounting to EUR 3.6 million (2017: EUR 4.1 million). These, in turn, contain mainly provisions for agency reimbursements in the amount of EUR 1.9 million (2017: EUR 2.5 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.

Liabilities from advances received, other liabilities and tax liabilities as of 31 December 2018 amounted to EUR 0.6 million (2017: EUR 0.7 million).

CASH FLOW

On the reporting date, YOC Group's **cash and cash equivalents** amounted to EUR 0.7 million. Liquidity decreased by EUR 0.3 million as compared to the previous year's reporting date (2017: EUR 1.0 million).

OPERATING CASH FLOW

The **operating cash flow** is determined using the indirect method. The starting point for determining the operating cash flow is the net income after taxes for the past financial year, amounting to EUR -0.2 million (2017: EUR -0.5 million). The operating cash flow includes all cash transactions of the financial year that are not attributable to investing or financing activities.

YOC Group operating cash flow came to EUR -1.0 million in the reporting period (2017: EUR 0.1 million), the reasons being the negative post-tax result, mainly the structure of receivables and the reduction of liabilities as well.

CASH FLOW FROM INVESTING ACTIVITIES

The outflow of cash from **investment activities** in the amount of EUR 0.6 million (2017: EUR 0.3 million) includes mainly the activatable internal development costs connected to the further development of the company's technological platforms and innovative products amounting to EUR 0.4 million and external developement costs of further EUR 0.1 million.

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

CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from **financing activities** in the amount of EUR 1.3 million (2017: EUR 0.5 million) is due to the inflow of cash from the issuance of YOC convertible bonds 2018-2022 in the amount of EUR 1.5 million with a term ending on 31 July 2022 as well as a loan taken out in the amount of EUR 0.3 million at standard market conditions. At the same time, loan liabilities in the amount of EUR 0.5 million have been settled.

RESEARCH AND DEVELOPMENT

Costs for research and development of new products or technological innovations during financial year 2018 came to EUR 0.4 million (2017: EUR 0.2 million).

The company's product development is focused on

- Development and further development of **VIS.X®** platform for the automated media trade combined with highly effective advertising products;

- Further development of our own advertising products lines;

- Improvement of the YOC-owned business intelligence and reporting tool **YOC Hub**.

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 implementation of measures for a strategic realignment led to an increased business volume of YOC Group. At the same time, the measures for cost reduction taken over the past years had a lasting impact: the fixed costs were kept at an almost constant level.

Taking the provisions of EUR 0.3 million formed in the previous year into account (2018: EUR 0.0 million), the company's personnel expenses saw a slight increase only in the reporting year.

The company's other operating expenses did not increase.

As a consequence, YOC Group achieved to constantly increase their operating result in the past financial years.

It achieved **operating earnings before interest, taxes, depreciation and amortisation (EBITDA)** amounting to EUR 0.4 million (2017: EUR -0.1 million) in financial year 2018.

YOC Group's **total assets** increased by EUR 1.5 million to EUR 6.2 million (2017: EUR 4.7 million). This is partly attributable to the issue of the YOC convertible bond 2018-2022 in the amount of EUR 1.5 million with a term until 2022.

FORECAST REPORT YOC GROUP

The use of the internet has already permeated peoples' daily lives to a large extent. Its various possibilities along with the bulk of content provided online affect the continuously increasing daily internet consumption. Especially people who go online with their mobile devices while on the move use the internet much more intensely compared to the overall population: on average 209 minutes daily. In the group of users under 30 years of age, the daily usage was even 278 minutes.[23]

In order to stay relevant for this generation, both publishers and advertisers need to provide attractive information and entertainment products. For publishers this implies not to overstrain their users with advertisements and ideally even to offer them additional value through creative formats. For advertisers, on the other hand, it means to exactly know their target group and to address them in a creative way.

In this light, the call for creative and highly effective formats becomes even more relevant. Studies show that rich media formats, i.e. formats that allow for integrating multifarious media such as video, audio or HTML5, create interaction levels five times as high as standard banners achieve, leading to a higher and more positive brand awareness.[24]

For some years, YOC has already positioned itself in this business segment with numerous attractive product lines and features and will participate in the growth of the market by providing interactive and highly effective advertising formats in the programmatic environment. The automation of the media trade was as yet, however, met hesitantly especially in Germany. But also, in the European context the market currently offers few supply-side platforms that can service the demand for mobile programmatic advertising in connection with highly effective advertising products. Further reservations arise from the concern of many advertisers that their ad could appear in negatively connoted environments. This shows all the more the relevance of secure premium environments and especially their transparency.

Against this backdrop, YOC saw the need for corresponding in the past year: By developing the new proprietary supply-side platform **VIS.X®** in 2018, YOC not only offers highly effective advertising formats that meet the requirements of the Coalition For Better Ads[25], but can now also trade them via platform-based programmatic sales channels.

By binding premium publishers and their high-quality inventory, YOC moreover covers the strong demand for brand safety, i.e. for secure advertising environments, and will thereby in future participate in the further expansion of programmatic trade in Europe. The first half of 2018 was challenging for the whole branch and the company, with a fifteen percent revenue drop after the EU General Data Protection Regulation (GDPR) came into effect and the Coalition for Better Ads (a global initiative to improve digital advertising) was introduced. In the second half-year, however, the company already achieved to realise around 15 % revenue growth.

In financial year 2019, the Management Board devotes special attention to stabilising the dynamic growth of the programmatic platform trade and thereby to implementing the defined business strategy. To this end it is necessary that all YOC subsidiaries adapt the new market positioning and implement all relevant tasks. Meanwhile, YOC Group's internationalisation shall be further advanced.

By introducing its own technology platform **VIS.X®** into the market, the company will achieve a sustainable competitive edge as well as independence from third party providers through the programmatic trade of highly effective advertising products. On top of this, aside from the existing business, further revenue will be generated successively in the programmatic real-time trade.

In financial year 2018, the projected sales revenues of the company could not be fully achieved due to the EU General Data Protection Regulation (DGPR) coming into effect and the Coalition for Better Ads being introduced. Nevertheless, the company accomplished to increase the **operating earnings before interest, taxes, depreciation and amortisation (EBITDA)** to EUR 0.4 million.

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

On the basis of this revenue forecast, the company expects a further improvement in **operating earnings before interest, taxes, depreciation and amortization (EBITDA)** of between EUR 0.2 million and EUR 0.5 million for the 2019 financial year. The first-time application of IFRS 16 will support the forecast with a positive effect of up to EUR 0.3 million.

This effect will also improve operating cash flow by up to EUR 0.3 million. The financing cash flow will be reduced accordingly by this amount. As a consequence, the company's cash flow will not be affected by the first-time application of IFRS 16.

In order to provide for sufficient liquidity in the forecast horizon without making use of capital measures, the company and the Group need to realise the business development as planned, including in particular a significant revenue increase and improved operating results. The continued existence of the parent company and hence the Group relies on the successful realisation of the planned business development.

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

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

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

DEVELOPMENT OF PROFIT YOC AG

YOC AG, with headquarters in Berlin, is the parent company of all companies included in YOC Group. Along with the corporate functions, the complete product and platform development segment is held at YOC AG. In addition, YOC AG operates the central revenue optimisation in order to increase the monetising of advertising spaces made available by all publishers of YOC Group.

REVENUE DEVELOPMENT AND OVERALL PERFORMANCE

In financial year 2018, YOC AG gained **sales revenue** amounting to EUR 6.5 million (2017: EUR 4.9 million). **External revenues** of EUR 3.6 million (2017: EUR 2.1 million) result from programmatic trading via the YOC platform **VIS.X®** and other technology platforms for monetizing the international advertising inventory of publisher partners.

Total sales to affiliated companies amounted to EUR 2.9 million (2017: EUR 2.8 million). These revenues result primarily from the passing on of expenses incurred for corporate functions and further operational services.

Other operating income rose to EUR 0.4 million in the past fiscal year (2017: EUR 0.04 million). The increase is primarily due to income from the reversal of provisions for personnel expenses in connection with the virtual stock option plan. At EUR 7.0 million, the company's **total operating performance** in the year under review was EUR 2.0 million higher than in the previous year (2017: EUR 5.0 million).

COSTS OF MATERIAL

Costs for services received in the amount of EUR 4.2 million (2017: EUR 3.2 million) mainly include fees for publishers and technical server cost.

PERSONNEL EXPENSES AND PERSONNEL DEVELOPMENT

As of 31 December 2018, the YOC AG Management Board still comprised one member. In the 2018 financial year, the Management Board member was in part also appointed Managing Director of subsidiaries of YOC AG.

As of 31 December 2018, YOC AG had 22 **permanent employees** (31 December 2017: 26 employees). In financial year 2018 the **personnel expenses** decreased by EUR 0.3 million to EUR 1.6 million (2017: EUR 1.9 million). The decline in personnel expenses is mainly due to the discontinuance of personnel provisions from the virtual stock option program in the previous year.

OTHER OPERATING EXPENSES

In financial year 2018, the **other operating expenses** correspond to the previous year's figure at EUR 1.0 million (2017: EUR 1.0 million).

EBITDA

In fiscal year 2018, **earnings before interest, taxes, depreciation and amortization (EBITDA)** amounted to EUR 0.2 million and thus improved by EUR 1.2 million year-on-year (2017: EUR -1.0 million).

The income from the release of personnel provisions in the amount of EUR 0.2 million had a supporting effect in the year under review.

INVESTMENT AND FINANCIAL RESULT

The investment result and financial result of YOC AG in the reporting year came to EUR 0.4 million (2017: EUR 0.5 million).

The result from the **profit transfer agreement** with YOC Mobile Advertising GmbH came to EUR 0.4 million in financial year 2018 (2017: EUR 0.4 million).

In financial year 2018, the Austrian subsidiary YOC Central Eastern Europe GmbH distributed **profits** from financial year 2017 in the amount of EUR 0.2 million (2017: EUR 0.3 million) to YOC AG.

The **interest results** of YOC AG came to EUR -0.2 million in the reporting year (2017: EUR -0.2 million).

DEPRECIATION

Depreciation on intangible assets and property, plant and equipment came to EUR 0.1 million in the reporting period (2017: EUR 0.2 million).

In addition, impairment losses on financial assets amounted to EUR 0.4 million (2017: EUR 0.0 million).

NET INCOME

The company's **net income** came to EUR 0.03 million and increased by EUR 0.8 million in the reporting period (2017: EUR -0.7 million).

DEVELOPMENT OF FINANCIAL POSITION AND NET ASSETS YOC AG

As of 31 December 2018, YOC AG's total assets came to EUR 8.2 million (2017: EUR 6.2 million).

FIXED ASSETS

The overall **assets** came to EUR 2.2 million as of the reporting date (2017: EUR 1.3 million) and has changed only insignificantly. The increase resulted primarily from investments in the YOC technology platform **VIS.X®** for the programmatic trading of highly effective advertising products and the conversion of short-term intercompany loans into long-term intercompany loans.

EQUITY

As of 31 December 2018, YOC AG equity came to EUR -2.4 million (2017: EUR -2.7 million).

The equity increase results from the recognition of the equity component of the convertible bond in the amount of EUR 0.3 million in additional paid in capital, combined with the **annual result** of EUR 0.03 million (2017: EUR -0.7 million).

LIABILITIES

YOC AG's **liabilities** rose by a total of EUR 2.5 million to EUR 7.6 million in the reporting period (2017: EUR 5.1 million). The increase is due, among other things, to the issue of the YOC convertible bond 2018-2022 in the amount of EUR 1.5 million with a term until 31 July 2022 and the increase in liabilities to affiliated companies by EUR 1.2 million to EUR 4.5 million (2017: EUR 3.3 million).

Liabilities to shareholders were reduced in the reporting period by EUR 0.2 million to EUR 1.1 million (2017: EUR 1.3 million).

SUMMARY OF THE RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

YOC AG was able to increase its business activities in the 2018 financial year and closed the year under review with net income of EUR 0.03 million (2017: net loss of EUR 0.7 million).

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 Report YOC Group”.

OUTLOOK

In addition to the corporate functions, YOC AG operates a central platform and product development unit and a central revenue optimisation unit to increase monetising for the advertising spaces provided by all publishers of YOC Group.

Overall, YOC AG expects YOC Group revenues to grow and the operating result to further improve in 2019.

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 2019, further positive revenue contributions are budgeted from the distribution of profits.

For the subsidiaries YOC Mobile Advertising Ltd. and YOC Spain S.L., revenue growth is again expected for 2019. However, no profit distributions are yet expected from both companies for 2019. In the medium-term, however, we assume that these subsidiaries will generate positive earnings contributions and contribute to YOC AG's earnings growth.

Overall, YOC AG also therefore expects a positive investment result for the financial year 2019.

Liquidity planning at YOC is mainly made on group level. Hence, we would kindly refer to the explanations in the chapter „Forecast Report 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.

In financial year 2018, the business development at YOC AG was realised as projected. Based on the outlined developments, YOC AG expects the annual result in financial year 2019 to remain at the previous year's level. In order to provide for sufficient liquidity in the forecast horizon without making use of capital measures, the company and the Group need to realise the business development as planned, including in particular a significant revenue increase and improved operating results. The continued existence of the company relies on the successful realisation of the planned business development.

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

A) 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 products section and the country organisations work 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.

B) 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 Technology), 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 IT security covers the company's entire information technology, including office IT, systems and applications. As is the case with other companies, it is possible that the company could become the target of cyber-attacks.

In order to minimise risks, we take a number of steps, which include, among others, staff training, comprehensive monitoring of our networks and information systems as well as the application of encryption methods, firewalls and virus scanners.

Precautionary measures against the breakdown of technical equipment were taken by the parallel operation of applications, in order to ensure the smooth execution of client orders at any time.

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

C) 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. Neither YOC AG nor any of its subsidiaries had any significant receivables defaulted in the past two financial years 2017 and 2018.

As of 31 December 2018, the company had cash and cash equivalents in the amount of EUR 0.7 million.

In the course of focusing the business model on the mobile advertising segment, the operating earnings situation significantly improved over the past five financial years. The operating earnings situation will be further optimised by both increased revenues and gross profits. The continued existence of the company and the Group relies on the successful realisation of the planned business development.

D) 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 2018 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.

E) 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 ensures the competitiveness in the market for personnel.

Training and advanced education programs 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.

F) PLANNING RISKS

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

The continued existence of the company and the Group relies on the successful realisation of the planned business development. 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. 4 and Sect. 315 Para. 4 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 Director Finance.

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. 289a Para. 1 and Sect. 315a Para. 1 of the German Commercial Code HGB)

SUBSCRIBED CAPITAL

As of 31 December 2018, 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. 33 et seq. of the German Securities Trading Act (WpHG) received and published by the company in the financial year 2018 and earlier.

- Mr Dirk-Hilmar Kraus, Germany, has informed the company that his voting rights share in YOC AG as of 31 December 2018 came to 19.64 % (corresponding to 646,685 of altogether 3,292,978 voting rights).
- Dr Kyra Heiss, Germany, has informed the company on 18 December 2018 – in accordance with Sect. 33 Para. 1 WpHG – that her voting rights share in YOC AG as of 31 August 2018 came to 10.82 % (corresponding to 356,384 of altogether 3,292,978 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 YOC Management Incentive Programme launched by the Annual General Meeting of YOC AG in the 2009 financial year has expired. As part of this program, subscription rights were issued to members of the Management Board and employees of the company for the first time in autumn 2009.

Since the exercise conditions of the YOC Management Incentive Program were not fulfilled, no shares were transferred to members of the Management Board or employees of the company. There are no other programs or agreements.

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, 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

A) 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 2018, the company still held 4,000 of its own shares (equivalent to approximately 0.12 % of the share capital).

B) 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.

C) CONTINGENT CAPITAL

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).

In the context of this authorisation, YOC AG in July 2018 issued convertible bonds in the total nominal amount of around EUR 1.5 million, with conversion rights for altogether 193,825 ordinary shares of YOC AG.

COMPENSATION AGREEMENTS MADE BETWEEN THE COMPANY AND MEMBERS OF THE MANAGEMENT BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

The exercise of 20,000 virtual stock options is linked to a takeover offer for the shares of YOC AG pursuant to Sect. 29, 35 WpÜG with an indefinite term.

No resulting liabilities were recognized as of the balance sheet date. Reference is also made to the section entitled "Remuneration of the Management Board".

Beyond this, there are no material agreements of the company that are subject to the condition of a change of control following a takeover bid.

DECLARATION CORPORATE GOVERNANCE

(Sect. 289f German Commercial Code HGB; Sect. 315d HGB)

The Declaration on Corporate Governance pursuant to Sect. 289f HGB and Sect. 315d 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. 289f Para. 2 No. 4 HGB concerning regulations promoting the equal representation of women and men in leading positions.

This declaration is part of the management report of YOC AG and the Group for the 2018 financial year.

According to Sect. 317 Para. 2 Sent. 4 HGB, the information pursuant to Sect. 289f Para. 2 HGB and Sect. 315d 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, PURSUANT TO SECT. 161 AKTG, OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE IN THE VERSION OF 07 FEBRUARY 2017 (DECLARATION OF CONFORMITY 2018)

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 of varying binding effect. 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 of February 2018 and refers to the requirements of the DCGK in its current version of 07 February 2017.

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 4.1.3 Sent. 2 and 3 DCGK:** YOC AG has taken appropriate steps based on the company's risk situation in order to ensure the observance of legal regulations and the company's rules and regulations. The existing risk management is under annual review during the annual audit, where no objections have been made so far. Due to the positive experiences of the past and the size of the company, the Management Board and Supervisory Board do not deem necessary the introduction of a special compliance management system that goes beyond the existing risk management. We also abstain, for the time being, from installing a secure whistleblower system as the Management Board and Supervisory Board are of the opinion that currently the practical experience with such a system in Germany is not sufficient. Hence it is first to be awaited whether the arguments made against a whistleblower system, including in particular high costs, possible negative effects on the corporate climate and a proneness to misuse, will be of actual significance and which solutions to prevent these points will take root. The Management Board and Supervisory Board will continue to observe the evolving practices in this field.

- **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. The YOC AG Management Board consisted of one person in financial year 2018. In agreement with the Supervisory Board and the 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 Supervisory Board positions are held by men. 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:** An age limit for the Supervisory Board does not appoint members of the Executive Board has been determined. The members of the Supervisory Board are convinced that the aptitude to manage the company will depend to a large extent on the individual performance.

- **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. 3 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 5.4.1 DCGK:** In order to implement the German "Law on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector", which came into force in May 2015, the company's Supervisory Board has determined target figures for the representation of women on the Supervisory Board and Management Board. Beyond fulfilling this legal requirement, the Supervisory Board has not defined any specific goals for its composition. The Supervisory Board has recommended and will recommend those candidates for election that it has found most suitable for the position to be filled on the Supervisory Board, following careful consideration and taking into account the specific situation of the company. Insofar, the Supervisory Board implicitly has always defined a "skills profile" for the vacancy to be filled on the Supervisory Board and will continue to do so. As a matter of course, in making nominations the Supervisory Board has been and will be led by the selection criteria of the German Corporate Governance Code. A permanent skills profile for the body as a whole, however, does not exist in writing, also with regard to the size of the Supervisory Board.

- **Item 7.1.2 Sent. 3 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 2019

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 (Announcements of Voting Rights, Sect. 33 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 Art. 19 EU Regulation 596/2014 (Market Abuse Regulation) are also published by the company.

YOC AG furthermore keeps an insider list according to Art. 18 EU Regulation 596/2014. The individuals who are to be included in the insider list 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. The Management Board of YOC AG currently has only one member.

Mr Dirk-Hilmar Kraus has been appointed to the Management Board of YOC AG with effect from 10 September 2013 and has assumed the function of CEO of the company.

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.

DIVERSITY CONCEPT

The Management Board and Supervisory Board of YOC AG have hitherto not formulated an individual diversity concept in accordance with Sect. 289f Para. 2 No. 6 HGB concerning the composition of the body authorised to represent the group and of the Supervisory Board with regard to aspects such as age, gender, educational or professional backgrounds.

The Management Board and the Supervisory Board opine that aside from the objectives for the composition of Management Board and Supervisory Board and the measures so far implemented and projected to foster diversity, an additional diversity concept does not effectuate a substantial additional value.

The Management Board and the Supervisory Board will, however, re-evaluate in financial year 2019 whether an individual diversity concept will be developed.

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.

REPRESENTATION OF WOMEN ON THE SUPERVISORY BOARD

The YOC AG Supervisory Board had resolved that up to the fixed date of 30 June 2017, the status quo of the representation of women on the Supervisory Board was to be retained and a target figure of 0 % thus to be pursued. This objective was met at the expiry of this period. The Supervisory Board of YOC AG presently still includes no women.

As an expansion of the Supervisory Board is not intended and a change to the Supervisory Board personnel is neither targeted nor foreseeable due to the current members' expertise which is of great importance to the company, the YOC AG Supervisory Board has agreed effective 30 June 2017 that the status quo for the representation of women on the Supervisory Board will be maintained and hence a target figure of 0 % is envisaged until 30 June 2022.

REPRESENTATION OF WOMEN ON THE MANAGEMENT BOARD

The YOC AG Supervisory Board had resolved that up to the fixed date of 30 June 2017, the status quo of the representation of women on the Management Board was to be retained and a target figure of 0 % thus to be pursued.

This objective was met at the expiry of this period. The Management Board of YOC AG presently still includes no women. As an expansion of the Management Board and a change to the Board's personnel are neither intended nor foreseeable, the YOC AG Supervisory Board has agreed effective 30 June 2017 that the status quo for the representation of women on the Management Board shall be maintained and hence a target figure of 0 % is envisaged until 30 June 2022.

REPRESENTATION OF WOMEN IN THE TWO LEVELS OF MANAGEMENT BELOW THE MANAGEMENT BOARD

The Management Board of YOC AG had 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. At the expiry date one director position was held by a woman. This corresponds to 33.33 %.

The Management Board of YOC AG had resolved with effect from the end of 30 June 2017 that by 30 June 2022 at least 20 % of the positions within the first level of management below the Management Board shall again be held by women. The first level of management below the Management Board corresponds with the level of directors.

With the same deadline of 30 June 2017, at least 20 % of the positions within the second level of management below the Management Board shall be held by women. As of 30 June 2017, 50 % of these positions were held by women.

With the deadline of 30 June 2022, at least 20 % of the positions within the second level of management below the Management Board shall again be held by women. The second level of management below the Management Board includes the "Head of" level.

Berlin, April 2019

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.

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 (EBITDA) according to IFRS and is subject to an upper limit.
- With the participation in the phantom stock option program set up in 2014, members of the Management Board selected by the Supervisory Board receive phantom stock options. The phantom stock option program simulates a stock option program with an actual share in the company's equity capital by the beneficiaries. Other than in a stock option program 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.

The YOC AG Management Board remuneration in financial year 2018 included a fixed component of altogether kEUR 150 (2017: kEUR 165). No variable component was paid in financial year 2018 (2017: kEUR 5).

In addition, the exercising of the phantom stock option program set up in financial year 2014 led to payments in the amount of kEUR 69 (2017: kEUR 0). The exercise of a further 20,000 virtual stock options is linked to a takeover offer for the shares of YOC AG pursuant to Sections 29, 35 WpÜG with an indefinite term. No resulting liabilities were recognized as of the balance sheet date.

Hence, kEUR 219 of the ongoing Management Board remuneration were due for payment in financial year 2018 (2017: kEUR 170).

Other than these, no prepayments, credits, securities, pension promises, or similar advantages were issued to the Management Board.

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 chair 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 chair 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 79 in financial year 2018.

REMUNERATION MANAGEMENT SUPERVISORY BOARD 2018 (IN KEUR)

NAME	FIXED REMUNERATION	ATTENDANCE FEE	TOTAL
Dr Nikolaus Breuel (Chairman)	25	10	35
Konstantin Graf Lambsdorff	19	8	26
Sacha Berlik	13	5	18
TOTAL	56	23	79

EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION REPORTING DATE

After the reporting date, no further events of special importance have occurred that imply a significant impact on the net assets, financial position and results of operation.

Berlin, 28 April 2019

DIRK-HILMAR KRAUS

THE MANAGEMENT BOARD

Breitling, Austria & Poland
YOC Understitial Video Ad®
Q4 / 2018

03 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

All figures in EUR

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT	NOTE #	2018	2017
Revenue	5.1	14,486,355	14,371,547
Own work capitalised	5.2	352,039	244,548
Other operating income	5.3	597,676	384,155
Total output		**15,436,070**	**15,000,250**
Expenses for goods and services	5.4	8,890,814	8,793,176
Personnel expenses	5.5	4,219,679	4,320,443
Other operating expenses	5.6	1,948,258	1,969,636
Earnings before interest, taxes, depreciation and amortization		**377,320**	**-83,006**
Depreciation and amortisation expenses	6.1/6.2	287,202	274,581
Earnings before interest and taxes		**90,118**	**-357,587**
Financial expenses	5.7	186,553	87,245
Financial result		**-186,553**	**-87,245**
Earnings before taxes		**-96,435**	**-444,832**
Income taxes	5.8	61,243	85,654
Net income continuing operations		**-157,678**	**-530,486**
NET INCOME		-157,678	-530,486

EARNINGS PER SHARE

EARNINGS PER SHARE	NOTE #	2018	2017
Earnings per share basic	5.9	-0.05	-0.16
Earnings per share diluted	5.9	-0.05	-0.16

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	NOTE #	2018	2017
Net income		**-157,678**	**-530,486**
Net other comprehensive income to be reclassified through profit or loss in subsequent periods: Unrealised gains/losses from foreign currency translation	5.11	35,195	45,543
Total other comprehensive income		**35,195**	**45,543**
TOTAL COMPREHENSIVE INCOME		**-122,483**	**-484,943**

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

The new accounting standards IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments” have been applied since 01 January 2018. The previous year’s figures have not been adjusted. For further information, please refer to the section “Basis of preparation and accounting policies”.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All figures in EUR

ASSETS

ASSETS	NOTE #	31/12/2018	31/12/2017
Non-current assets		**844,641**	**580,595**
Property, plant and equipment	6.1	96,189	84,824
Intangible assets	6.2	747,287	494,467
Deferred tax assets	5.8	1,165	1,305
Current assets		**5,379,230**	**4,134,507**
Trade receivables	6.3	4,532,281	3,052,041
Other receivables	6.3	182,720	98,222
Cash and cash equivalents	6.4	664,228	984,244
TOTAL ASSETS		**6,223,871**	**4,715,102**

EQUITY AND LIABILITIES

EQUITY AND LIABILITIES	NOTE #	31/12/2018	31/12/2017
Equity		**-3,894,606**	**-4,091,514**
Subscribed capital	6.5	3,292,978	3,292,978
Additional paid in capital	6.5	20,961,224	20,641,091
Retained earnings	6.5	-28,063,379	-27,904,959
Other comprehensive income from currency translation differences	6.5	-35,111	-70,306
Own shares	6.5	-50,319	-50,319
Non-current liabilities		**2,430,181**	**1,246,188**
Provisions	6.6	79,714	466,188
Other financial liabilities	6.8	2,350,467	780,000
Current liabilities		**7,688,296**	**7,560,428**
Prepayments received	6.7	12,485	50,403
Trade payables	6.7	3,426,506	2,625,519
Other liabilities	6.7	575,906	647,062
Other financial liabilities	6.7	3,610,140	4,091,684
Tax liabilities	5.8	46,760	42,411
Provisions	6.6	16,500	103,350
TOTAL EQUITY AND LIABILITIES		**6,223,871**	**4,715,102**

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

The new accounting standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have been applied since 01 January 2018. The previous year's figures have not been adjusted. For further information, please refer to the section "Basis of preparation and accounting policies".

CONSOLIDATED CASH FLOW STATEMENT

All figures in EUR

CONSOLIDATED CASH FLOW STATEMENT	NOTE #	2018	2017
Net income		-157,678	**-530,486**
Depreciation and amortisation		287,202	274,581
Taxes recognised in the income statement		61,243	85,654
Interest recognised in the income statement		186,553	87,245
Other non-cash income and expenses		378,621	51,965
Cash-Earnings		755,941	**-31,041**
Result from disposal of assets		0	-1,026
Changes in receivables and other receivables		-1,512,142	-357,513
Changes in liabilities, prepayments and other liabilities		346,632	352,194
Changes in provisions		-473,324	337,953
Interest paid		-88.173	-85,896
Income taxes paid		-72,412	-66,000
Cash flow from operating activities	**7.1**	-1,043,478	**148,671**
Purchase of property, plant and equipment		-68,929	-43,279
Purchase of intangible assets		-154,549	-31,856
Outflow from development costs		-352,040	-251,732
Disposal of assets		977	2,892
Cash flow from investing activities	**7.1**	-574,541	**-323,975**
Issuance of loans		300,000	500,000
Repayment of loans		-500,000	0
Issuance of YOC convertible bond 2018 – 2022		1,550,600	0
Transaction costs convertible bond		-52,597	0
Cash flow from financing activities	**7.1**	1,298,003	**500,000**
Net increase / decrease		-320,016	**324,696**
Cash and cash equivalents at the beginning of the period	**7.2**	984,244	**659,549**
Cash and cash equivalents at the end of the period	**7.2**	664,228	**984,244**

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

The new accounting standards IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments” have been applied since 01 January 2018. The previous year’s figures have not been adjusted. For further information, please refer to the section “Basis of preparation and accounting policies”.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All figures in EUR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	NOTE #	SUBSCRIBED CAPITAL	ADDITIONAL PAID IN CAPITAL	RETAINED EARNINGS	OTHER COMPREHENSIVE INCOME FROM CURRENCY TRANSLATION	OWN SHARES	TOTAL
As of 01/01/2017		**3,292,978**	**20,649,438**	**-27,382,819**	**-115,849**	**-50,319**	**-3,606,571**
Net income				-530,485			-530,485
Currency translation differences	5.11/8				45,543		45,543
Comprehensive income		**0**	**0**	**-530,485**	**45,543**	**0**	**-484,942**
Stock option program	6.5		-8,347	8,347			0
As of 31/12/2017		**3,292,978**	**20,641,091**	**-27,904,959**	**-70,306**	**-50,319**	**-4,091,514**
As of 01/01/2018		3,292,978	20,641,091	-27,904,959	-70,306	-50,319	-4,091,514
Adjustment IFRS 15 as of 01/01/2018	2.1			-743			-743
Net income				-157,678			-157,678
Currency translation differences	5.11/8				35,195		35,195
Comprehensive income				**-158,421**	**35,195**		**-123,226**
Issue of YOC convertible bond 2018 – 2022			320,133				320,133
As of 31/12/2018		3,292,978	20,961,224	-28,063,379	-35,110	-50,319	-3,894,606

No shares are held by non-controlling shareholders.

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

The new accounting standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have been applied since 01 January 2018. The previous year's figures have not been adjusted. For further information, please refer to the section "Basis of preparation and accounting policies".

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

YOC AG is listed in the Prime Standard of the Frankfurt Stock Exchange under the identification number WKN 593273 / ISIN DE0005932735.

The consolidated financial statements of YOC AG as of 31 December 2018 have been prepared pursuant to Sect. 315e 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 2018. 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 23 April 2019.

2. APPLICATION OF NEW OR AMENDED STANDARDS

2.1 STANDARDS AND INTERPRETATIONS TO BE APPLIED IN THE CURRENT FINANCIAL YEAR

In the ongoing financial year 2018, all standards that were mandatory as of 01 January 2018 were complied with. On 24 July 2014, the IASB published the final **IFRS 9** standard "Financial Instruments (IFRS 9 [2014]) which became obligatory on 01 January 2018. IFRS 9 in particular substitutes IAS 39 and introduces new rules for classification and valuation as well as new regulations on hedge accounting.

If the cash flows of one financial asset only exist of interest and principal payments and the asset is intended to be held, it is subsequently measured at amortised acquisition cost. If the business model provides a sale of the financial asset, it is recognised at fair value through equity.

In all other cases, the financial asset is to be measured at fair value through profit and loss.

The financial assets and financial liabilities of YOC AG are recognised at amortised acquisition cost.

The YOC convertible bonds 2018 – 2022 are recognised at fair value through profit and loss.

Besides regulating the classification, IFRS 9 results in changes of the credit loss model. Therefore, not only incurred losses must be recognised, but also already expected shortfalls. All financial assets that are recognised at fair value through equity are subject to the new credit loss provisions.

YOC will apply the simplified procedure for the measurement of credit loss from trade receivables. This results in the establishment of impairment losses in the amount of credit shortfalls which are to be expected over the entire term of the respective asset.

The company has compared the losses on receivables of the past five financial years with the trade receivables of the according reporting dates and calculated an average annual default rate of 0.13 %.

EXPECTED FAILURE (IN KEUR)	2018	AVERAGE DEFAULT RATE	WEIGHT-ING	EXPECTED DEFAULT RATE	EXPECTED FAILURE
Up to 30 days*	4,418	0.13 %	25 %	0.03 %	1
31 days to 90 days	74	0.13 %	50 %	0.07 %	0
91 days to 180 days	24	0.13 %	100 %	0.13 %	0
From 181 days	16	0.13 %	100 %	0.13 %	0
TOTAL	4,532				2

* Thereof receivables amounting to kEUR 3,119 (2017: kEUR 2,209) are neither due nor impaired on 31/12/2018.

Due to this transition, an expected credit loss of kEUR 2 was recognised as of 31 December 2018.

The risk of credit loss is countered by a strict accounts receivable management which is oriented towards monitoring the receivables' age structure and managing doubtful receivables. In the past financial years significant credit losses have occurred neither at YOC AG nor at its subsidiaries. The company also expects very few credit losses in future.

IFRS 15 was published in May 2014 and recognised by the EU on 22 September 2016. Since 01 January 2018, the full retrospective application or modified retrospective application has been mandatory. YOC makes use of the option for modified application. YOC thereby renounces the adjustment of the reference period.

The new standard envisages a five-step procedure by which the amount of revenue and the point of time or period of time of realisation are to be calculated.

The model is as follows: Identification of the customer agreement, identification of the separate contractual obligations, determination of the transaction price, allocation of the transaction price to the separate contractual obligations and realisation of revenues at fulfilment of individual contractual obligations.

The standard further contains a reviewed concept for determining principal-agent relationships and a resulting gross or net result of sales revenues. In addition, the new standard in future requires qualitative and quantitative notes which significantly extend beyond the current regulations.

Based on individual contractual arrangements and our general business model, YOC has evaluated the applicability of the reviewed principles for revenue recognition and found that the previous revenue recognition is only subject to a minor change related to the relevant contractual arrangements of financial year 2018. With regard to our assessment of the application of the principal agent criteria, we refer to the section “Accounting and Measurement Principals” under “Important Judgements and Estimation Uncertainties”.

The change results from separating the delivery of creative services and of campaigns. In few cases, the creative services were already delivered in their entirety before the start of a campaign. Until now, the revenue was spread equally over the whole campaign period. With the application of IFRS 15, the recognition is made separately from other services and immediately upon realisation. The changes made as of 01 January 2018 due to the application of IFRS 15 are as follows (this overview only shows those balance sheet items which are subject to change due to the first-time application of IFRS 15):

EQUITY AND LIABILITIES (IN EUR)	CARRYING AMOUNT IN ACCORDANCE WITH IAS 18 31/12/2017	RECLAS-SIFICA-TIONS	CARRYING AMOUNT IN ACCORDANCE WITH IFRS 15 01/01/2018
Equity	**-27,904,959**	**-743**	**-27,905,702**
Retained earnings	-27,904,959	-743	-27,905,702
Current liabilities	**4,091,684**	**743**	**4,092,427**
Other financial liabilities	4,091,684	743	4,092,427

The consolidated income statement for financial year 2018 only shows a slight change due to the application of IFRS 15.

The new measurement of sales revenues account for a revenue increase by kEUR 1. All other items remain unchanged.

The following list contains relevant items in the financial statement as of 31 December 2018 according to IFRS 15 as well as previous accounting pursuant to IAS 18 / IAS 11 and the connected interpretations:

EQUITY AND LIABILITIES (IN EUR)	IFRS 15 31/12/2018	IAS 18 31/12/2018	CHANGE
Equity	**-28,063.379**	**-28,063,285**	**-94**
Retained earnings	-28,063,379	-28,063,285	-94
Current liabilities	**3.610,140**	**3,610,046**	**94**
Other financial liabilities	3,610,140	3,610,046	94

Other than these, no other significant changes have resulted at YOC AG in financial year 2018 from IFRS standards or IFRIC interpretations which were to be applied for the first time. No other announcements were published by the IASB or IFRIS IC whose mandatory application will have significant effects on the company's consolidated financial statements.

2.2 PUBLISHED STANDARDS AND INTERPRETATIONS WHOSE APPLICATION IS NOT YET MANDATORY

IFRS 16 regulates the recognition, measurement, presentation and disclosure of leases. The standard provides a single accounting model for the lessee. This leads to the lessee having to recognise all assets and liabilities from leases unless the lease term is 12 months or less or it has a low value (in each case optional). The lessor continues to classify leases as finance or rental lease for accounting purposes.

The lessor's accounting model hereby remains substantially unchanged from that in IAS 17 – Leases.

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

The YOC Group will not make use of an early application. In addition, the company will make use of the modified retrospective application. The first-time application for financial year 2019 will affect the net assets, financial position and results of operations. The new regulations regard the accounting and measurement of rental leases which were hitherto classified as operating leases.

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

The office spaces rented by the company lead to the relevant rights of use and corresponding lease obligations.

The rental agreement for the Berlin headquarters is due to expire in 2020. In the course of negotiating the follow-up contract, it is possible that further rental obligations will arise in future.

The leasing liabilities according to IFRS 16 are discounted using the incremental borrowing rate of interest as of 01 January 2019. The weighted average interest rate will be 6.0 %.

The first-time application of IFRS 16 is expected to have a positive effect of kEUR 252 on the EBITDA. This will not affect the annual result. In addition, the operating cash flow will likely improve by kEUR 252 accordingly.

The financing cash flow will again be reduced by the same amount.

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

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

Furthermore, the IASB has published several other announcements which are not relevant for the company and which are therefore not expected to affect it.

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

The following table shows new and revised standards which are not yet mandatory in financial year 2018:

DESIGNATION	TEMPORAL SCOPE	EU-ENDORSEMENT ENSUED?	APPLICATION FOR YOC?	IMPACT ON FINANCIAL STATEMENTS EXPECTED?
IFRS 16 – Leases	01/01/2019	Yes	Yes	Yes, essential effects
IFRIC 23 – Uncertainty over Income Tax Treatments	01/01/2019	Yes	Yes	Under examination

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 inter-company earnings and expenses as well as assets, liabilities and equity capital are eliminated in full.

3.2 CONSOLIDATED COMPANIES

Five companies were consolidated in YOC Group as of 31 December 2018:

	FULLY CONSOLIDATED COMPANIES	SHARE IN %	HELD THROUGH NO.	SINCE
	DOMESTIC			
1	YOC AG, Berlin	-	-	-
2	YOC Mobile Advertising 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 expenses 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 (three to eight 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.

Capitalized development costs include directly attributable costs as well as an internally calculated general cost key.

Research costs and development costs that cannot be capitalised are recognised in full as expenses 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:

	USEFUL LIVE IN YEARS
Internally developed software	3 – 5
Acquired software and licences	3 – 8
Operating and office equipment	3 – 8

RECEIVABLES AND OTHER ASSETS

In accordance with IFRS 9, receivables and other assets are allocated to the category “at amortised cost” (previous year: “loans and receivables”) and carried at transaction price. Contract assets include revenues generated but not yet invoiced as of the balance sheet date.

For reasons of materiality, contract assets are recognized under trade receivables.

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.

For trade receivables, the first-time application of IFRS 9 resulted in the formation of the following new provisions an expected failure rate. Impairment losses for no other financial instruments were formed. All recognised receivables and other assets are current.

CASH AND CASH EQUIVALENTS

In accordance with IFRS 9, cash in hand and bank balances are allocated to the category “at amortised cost” (previous year: “loans and receivables”).

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 carry forwards, 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 carry forwards was capitalised to the extent to which the future use of such loss carry forwards 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. In accordance with IFRS 15, liabilities include contract liabilities from advance payments received resulting from performance obligations to customers.

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

Members of the Management Board and employees of the second management level were appointed to the Supervisory Board within the framework of the virtual stock option program launched on 30 September 2014 granted cash-settled share-based payments.

The virtual options were measured at fair value in the past reporting periods up to their exercise in fiscal year 2018 and recorded under personnel expenses in the amount of the pro rata vesting until settlement. The remaining virtual stock options are linked to a takeover bid for the shares of YOC AG in accordance with Sections 29, 35 WpÜG with indefinite term. As of the balance sheet date, no resulting liabilities are reported in the balance sheet.

REVENUES

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 concludes contracts with advertisers. The company determines the selling prices of the advertising media sold at its own discretion, provides essential technical integration services to enable the delivery of digital advertising campaigns, performs mainly billing and collection activities and performs advertising services independently in its own name and for its own account.

In addition, YOC monitors economic access to the publishers' advertising inventory at all times. As a result, YOC acts as principal and therefore reports gross revenues and corresponding costs. 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 expenses 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:

REVENUE RECOGNITION

As part of the first-time application of IFRS 15, the assessment of the recognition of revenue as principal or agent was reviewed on the basis of the revised requirements of the new accounting standard.

The company performed an in-depth analysis of all the requirements of IFRS 15 for a principal position with regard to the business model of the YOC Group.

Key elements taken into account in the discretionary decision were the following in particular, the assessment of the significant extent of integration services provided by the YOC Group, the assumption of the risk of performance failure and default for the full advertising service, the economic control of the advertising inventory of publishers and the ability of the company to determine the price with advertisers.

In accordance with this discretionary decision, the YOC Group as principal and generated revenues of kEUR 14,486 (2017: kEUR 14,372) in the 2018 financial year.

The cost of materials includes payments to publishers in the amount of kEUR 8,200 (2017: kEUR 8,225).

A different decision would have led to the recognition of the difference between revenues and compensation to publishers as revenue recognition.

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 352 (2017: kEUR 245) as of 31 December 2018.

ISSUE OF YOC CONVERTIBLE BOND 2018 – 2022

In the past financial year 2018, the company issued convertible bonds in the total nominal amount of kEUR 1,551.

The convertible bonds may be transformed into 193,825 ordinary YOC AG shares. This corresponds to around 5.89 % of the company's capital stock.

The conversion price of EUR 8,00 corresponded to a conversion premium of around 51 % on the YOC share's XETRA closing price at the end of the subscription period on 23 July 2018.

The convertible bonds' maturity begins on 01 August 2018 and ends at the end of 31 July 2022.

Each individual bond bears 4.40 % interest p. a. on the nominal value during the entire term, unless it has already been repaid or converted into shares of the company in accordance with Sect. 7 of the terms of the convertible bonds.

The company is authorised to repay the convertible bonds early. An early repayment is allowed on 15 October 2019 at 104 % of the nominal amount, on 31 July 2020 at 107 % of the nominal amount and on 31 July 2021 at 110 % of the nominal amount.

The company must repay the individual bonds on 31 July 2022 at 112 % of the nominal value, unless the individual convertible bonds have already been repaid or converted.

The holders of the convertible bonds during the term have the irrevocable right to convert each individual convertible bond in whole or in part at the conversion ratio on the conversion date into YOC AG bearer shares with a calculated share in the capital stock of EUR 1.00 each within the conversion periods.

The conversion period begins on 20 September 2019 and ends on 31 March 2022. Within this conversion period, the conversion may be announced on every business day during the last ten business days of each calendar quarter.

The conversion right is excluded during certain excluded periods.

The share price of EUR 5.22 as of the end of the purchase period of the convertible bond, an effective interest of around 14 %, calculated on the grounds of the historical volatility of around 55 %, along with the bond's maximum maturity ending July 2022, result in an amount of around kEUR 300 for the shareholders' conversion right which is to be recognised in equity.

The effective interest for the individual bond was calculated based on the contractual terms and a valuation of the equity component, and breaks down as follows: around 4 % are attributed to the amount of cash-effective annual interest, around 4 % are attributed to the amount of the convertible bond's premium which is due upon maturity and repayment at the end of term, and further 6 % are attributed to the fair value of the equity component (of the issued share options) at the time of issuance of the convertible bonds.

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.

Expectations for the coming 2019 financial year are optimistic. For the 2019 financial year, the company expects a further improvement in operating cash flow and EBITDA.

In order to provide for sufficient liquidity in the forecast horizon without making use of capital measures, the company and the Group need to realise the business development as planned, including in particular a significant revenue increase and improved operating results.

The continued existence of the company relies on the successful realisation of the planned business development. 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 Euro using annual average exchange rates.

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:

	CLOSING RATE		AVERAGE RATE	
	31/12/18	31/12/17	2018	2017
1 Euro (EUR) = Pound Sterling (GBP)	0.9005	0.8880	0.8850	0.8763
1 Euro (EUR) = US-Dollar (USD)	1.1438	1.1979	1.1800	1.1299
1 Euro (EUR) = Polish Zloty (PLN)	4.2948	4.1796	4.2634	4.2592

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), Polish Zloty (PLN) or the US-Dollar (USD).

FOREIGN CURRENCY	FOREIGN EXCHANGE RATE TREND IN %	EFFECT ON COMPREHEN-SIVE INCOME BEFORE TAX (IN KEUR)
2018		
Pound Sterling (GBP)	+5	0
	- 5	0
US-Dollar (USD)	+5	-8
	- 5	9
Polish Zloty (PLN)	+5	-4
	- 5	5
2017		
Pound Sterling (GBP)	+5	-6
	- 5	6
US-Dollar (USD)	+5	2
	- 5	-2
Polnische Zloty (PLN)	+5	-9
	- 5	9

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

4.5 INTEREST EFFECTS

An increase of the three-month EURIBOR by two percent would not significantly affect the financial result, as neither the shareholder loans nor the YOC convertible bonds 2018-2022 from financial year 2018 are linked to the EURIBOR development.

5. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

5.1 REVENUE

YOC Group achieved a 1 % increase in **sales revenue** to kEUR 14,486 in financial year 2018 (2017: kEUR 14,372).

Reductions in revenue increased to 70 % in the year under review (2017: 64 %).

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

REVENUE (IN KEUR)	2018	2017
Revenue	47,701	39,786
Revenue deductions	33,216	25,414
TOTAL	14,486	14,372

YOC makes use of the leniency rules of IFRS 15, whereby outstanding obligations from contracts with an expected initial term of up to one year as well as revenues recognised in accordance with invoicing are exempt from the disclosure requirement.

5.2 OWN WORK CAPITALISED

Development costs for internally developed software in the amount of kEUR 352 (2017: kEUR 245) were activated in 2018. In the past financial year, the company focused the developmental activities on further advancing VIS.X®, a new technological platform for the highly automated media trade.

Through the programmatic trade of highly effective advertising products with VIS.X®, YOC Group gains a substantial competitive edge as well as independence from third-party providers.

In addition, the business intelligence tool YOC Hub was further developed in financial year 2018. YOC Hub offers YOC Group's publishing partners a reporting and analysis tool which allows for managing and analysing the marketing activities in real time.

Meanwhile, all YOC product lines were redesigned or enhanced in the course of financial year 2018 in order to extend their functionality across platforms from the mobile to the stationary internet. Furthermore, the company developed YOC Mystery Scroller® and introduced the new product line into the market in the third quarter of 2018.

The recognition criteria of IAS 38 have been met. The directly attributable direct costs are capitalized as production costs and an internally calculated overhead cost key for internally generated software.

The production cost is calculated based on the number of workdays, measured at daily rates per employee. The costs for development of new products and technological innovations amounted to kEUR 421 in financial year 2018 (2017: kEUR 232).

The company here focused on the programmatic media trade and on providing or linking high-performing demand-side platforms (DSP), on setting up private marketplaces (PMP) for the automated trade of advertising spaces as well as on introducing the in-house advertising formats into the market and making them available for programmatic real-time trade.

5.3 OTHER OPERATING INCOME

The Group's **other operating income** came to kEUR 598, kEUR 214 above the previous year's level (2017: kEUR 384).

OTHER OPERATING INCOME (IN KEUR)	2018	2017
Income from the derecognition of virtual stock options	228	0
Income from derecognition of invoices not yet received	157	229
Income from derecognition of liabilities due to limitation of claims	130	84
Income from foreign exchange and currency translation	36	4
Income from benefits in kind	14	20
Income from letting office space	11	0
Income from derecognition of personnel liabilities	4	23
Income from selling fixed assets	1	3
Income from recharging disbursed costs	0	18
Other income	17	3
TOTAL	598	384

5.4 MATERIAL COSTS

Material expenses for services increased by kEUR 98 to kEUR 8,891 (2017: kEUR 8,793) and included mainly costs and publisher remuneration and for the service infrastructure.

5.5 PERSONNEL EXPENSES

In financial year 2018 the **personnel expenses** decreased by kEUR 100 to kEUR 4,220 (2017: kEUR 4,320).

PERSONNEL EXPENSES (IN KEUR)	2018	2017
Wages and salaries	3,537	3,673
Social security costs	682	647
TOTAL	4,220	4,320

The decline in personnel expenses is mainly due to the discontinuance of personnel provisions from the virtual stock option program in the previous year.

Social security costs include contributions to direct insurance policies at kEUR 10 (2017: kEUR 9) as well as contributions to the statutory / public pension fund (contribution-oriented scheme) at kEUR 234 (2017: kEUR 198).

The average number of employees (without Management Board) increased by 6 % to 54 **employees** (2017: 51 employees).

As of 31 December 2018, YOC Group had 46 permanent employees (2017: 53 employees).

NUMBER OF EMPLOYEES	2018	2017
Annual average	54	51
At the end of year	46	53

5.6 OTHER OPERATING EXPENSES

The **other operating expenses** was kEUR 22 below the previous year's figure at kEUR 1,948 (2017: kEUR 1,970).

The **current operating expenses** item was slightly reduced by kEUR 9 to kEUR 540 (2017: kEUR 549).

Substantial items within the current operating expenses comprised rental expenses including corresponding incidental costs in all locations amounting to kEUR 322 (2017: kEUR 326), expenditure for insurance, contributions and tax in the amount of kEUR 66 (2017: kEUR 74), expenditure for repairs, maintenance and servicing of operating and office equipment and software in the amount of kEUR 42 (2017: kEUR 45), expenditure for licences in the amount of kEUR 54 (2017: kEUR 44) as well as expenditure for renting servers in the amount of kEUR 37 (2017: kEUR 42).

The **marketing, communication and media placement** item amounting to kEUR 407 (2017: kEUR 571) above all contains cost for marketing, public relations and investor relations. The decline is based on the absence of one-time costs incurred in the previous year for developing a new company website and for implementing the company's new corporate identity. In addition, the marketing expenses were chosen more efficiently and target-oriented.

The **outside services** increased to kEUR 277 (2017: kEUR 145). One of the causes for the increased expenses lies in the costs for entering the market in the Netherlands.

The **legal and consulting expenses** increased slightly by kEUR 21 year-on-year to kEUR 272 (2017: kEUR 251). This includes in particular legal consulting costs of kEUR 71 (2017: kEUR 30), external accounting fees and costs for preparing and auditing the annual financial statements of altogether kEUR 173 (2017: kEUR 171) as well as costs for tax advise of kEUR 26 (2017: kEUR 39). Other consulting expenses were reduced to kEUR 3 (2017: kEUR 11).

Exchange losses resulting from **currency exchange** increased by kEUR 64 to kEUR 97 (2017: kEUR 33).

Other operating expenses in the amount of kEUR 144 (2017: kEUR 139) includes, among others, expenses for Supervisory Board remuneration amounting to kEUR 79 (2017: kEUR 79).

OTHER OPERATING EXPENSES (IN KEUR)	2018	2017
Current operating expenses	540	549
Marketing, communication and media placement	407	571
Outside services	277	145
Legal and consulting expenses	272	251
Travel costs	126	132
Expense from currency translation	97	33
Recruiting and training expenses	57	92
Stock exchange listing fees	27	56
Allowances on receivables	1	2
Other operating expenses	144	139
TOTAL	1,948	1,970

5.7 INTEREST

The **interest** item includes mainly interest expenses from shareholder loans as well as the YOC convertible bonds 2018 – 2022. The interest expenses from long-term liabilities do not contain any amount attributable to long-term finance leasing.

NET INTEREST (IN KEUR)	2018	2017
Interest expenses from current liabilities	34	2
Interest expenses from non-current liabilities	153	85
Interest expenses	**187**	**87**
FINANCIAL RESULT	-187	-87

5.8 INCOME TAXES

Tax expenses for the financial year 2018 consists of the following:

INCOME TAXES (IN KEUR)	2018	2017
ACTUAL INCOME TAXES		
Actual taxes on domestic income	0	0
Actual taxes on foreign income	62	86
Total actual income taxes	**62**	**86**
DEFERRED TAXES		
Deferred domestic taxes	0	0
Deferred foreign taxes	0	0
Total deferred taxes	**0**	**0**
OTHER TAXES		
Other taxes on domestic income	-1	0
Total other taxes	**-1**	**0**
TOTAL INCOME TAXES	61	0

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)	2018	2017
From temporary differences	165	94
From loss carryforwards and tax credits	-165	-94
TOTAL DEFERRED TAXES RECOGNISED THROUGH PROFIT OR LOSS	0	0

The item Other taxes includes refunds from sales taxes. The expected tax expenses is obtained by multiplying comprehensive income before tax by the parent company's tax rate of 30.32 % (2017: 30.32 %). 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 expenses for the Group:

RECONCILIATION (IN KEUR)	2018		2017	
Comprehensive income before taxes	**-96**		**-445**	
Relevant tax rate		30 %		30 %
Expected tax expenses	**-29**		**-135**	
CHANGES RESULTING FROM DEVIATIONS TO THE TAX MEASUREMENT BASIS				
Tax-exempt income, tax-exempt amounts and benefits	-1		-2	
Non-tax deductible expenses	66		53	
TAX EFFECTS FOR THE GROUP				
Consolidation effects	15		0	
TAX RATE DIFFERENCES				
Effects of various tradetax rates	0		0	
Effects of differing foreign tax rates	49		-28	
RECOGNITION AND MEASUREMENT OF DEFERRED TAX ASSETS				
Impairment of deferred taxes on loss carryforwards	-42		0	
Non-recognition of deferred tax assets on loss carryforwards	107		227	
Use of non-deferred loss carryforwards	0		-32	
Write-up of deferred tax assets on loss carryforwards	-92		0	
CHANGES IN TAX RATES ON DEFERRED TAXES				
Changes in tax rates on deferred taxes	0		0	
NON-PERIODIC EFFECTS				
Taxes from previous years	-8		2	
OTHER				
Other	-2		1	
ACTUAL TAX EXPENSES	62		86	

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

DEFERRED TAX ASSETS / LIABILITIES (IN KEUR)	2018		2017	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	0	165	1	94
Receivables	2	0	0	0
Provisions	5	0	94	0
Tax loss carryforwards and benefits	158	0	0	0
Total	**165**	**165**	**95**	**94**
Netting	-165	-165	-94	-94
RECOGNISED STATEMENT OF FINANCIAL POSITION	0	0	1	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 carry forwards are recognised subject to whether they can be realised in future.

As of 31 December 2018, deferred taxes on tax loss carry forwards amounting to kEUR 14,187 (2017: kEUR 14,351) from corporate income taxes and amounting to kEUR 13,074 (2017: kEUR 13,255) from trade taxes were not recognised.

In the foreign subsidiaries, deferred taxes on tax loss carry forwards amounting to kEUR 3,972 (2017: kEUR 3,383) were not recognised.

As of the reporting date, no tax receivables were recognised (2017: kEUR 0). Tax liabilities amounted to kEUR 47 as of 31 December 2018 (2017: kEUR 42).

5.9 EARNINGS PER SHARE

The registered share capital of the company as of 31 December 2018 is divided into 3,292,978 bearer shares (previous year: 3,292,978 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 2018, the weighted average number of shares used to calculate the undiluted earnings per share remained unchanged at 3,292,978. The total of 193,825 new shares to be created in the event of a possible conversion under the YOC convertible bond 2018 – 2022 are not included in the calculation of earnings per share.

5.10 SEGMENT REPORTING

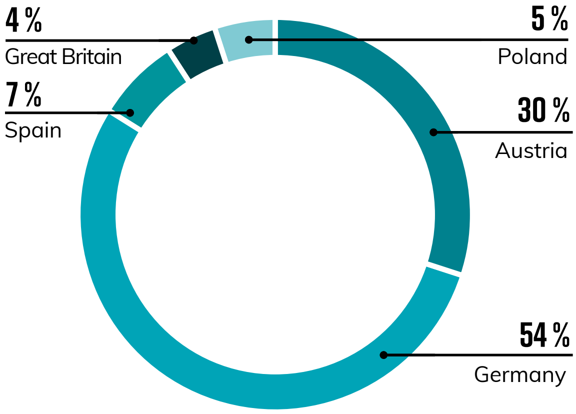
Segment reporting is based on the internal management structure. The Group is therefore made up of the following reportable business segments:

- Middle and Eastern Europe (former: D-A-CH)
- Rest of Europe

For the formation of the abovementioned reportable business segments, the business segments of Germany, Austria and Switzerland as well as since 2016 Poland and since 2018 Netherlands are assigned to the Middle and Eastern Europe segment (former: 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. Sales revenue is calculated based on the revenue generated by the subsidiaries in the respective countries. Internal sales between the segments are predominantly obligations which are passed on without a surcharge. Internal sales within a segment are eliminated accordingly.

The **Corporate Functions** item contains income and expenses that occurred in the parent company and cannot be directly allocated to any business segment, in particular levies and holding costs. On top of this, sales revenue is generated for the central yield optimisation of the international publisher portfolio of YOC Group and is recharged internally.

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



In the **segment Middle and Eastern Europe** region, the total revenue including internal revenues increased by 25 % to kEUR 12,533 (2017: kEUR 10,059). Meanwhile, the operating result in this segment increased by kEUR 74 to kEUR 605 (2017: kEUR 531). The reason for this is an internal licensing.

In the past financial year 2018, revenues in the Spanish and British markets declined year-on-year. The revenue goals were thus not met in both markets. For financial year 2019, however, we expect the Spanish and British subsidiaries to stabilise. As a result, the **Rest of Europe segment's** revenues decreased to kEUR 1,555 (2017: kEUR 4,344). Consequently, this segment's EBITDA fell to kEUR -575 (2017: kEUR 162).

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

SEGMENT REPORTING (IN KEUR) 01/01/2018 - 31/12/2018	MIDDLE AND EAST EUROPE	REST OF EUROPE	CORPORATE FUNCTIONS	CONSOLIDATION	YOC GROUP
External revenue	9,599	1,339	3,549	0	14,486
Internal revenue	2,934	216	696	-3,846	0
Total revenue	**12,533**	**1,555**	**4,245**	**-3,846**	**14,486**
Own work capitalised	0	0	352	0	352
Other operating income	117	187	2,584	-2,290	598
Total output	**12,650**	**1,741**	**7,181**	**-6,136**	**15,436**
Costs of goods sold	7,699	973	4,244	-4,025	8,891
Personnel expenses	1,690	972	1,558	0	4,220
Other operating expenses	2,656	372	1,029	-2,108	1,948
EBITDA	605	-575	349	-2	377

SEGMENT REPORTING (IN KEUR) 01/01/2017 - 31/12/2017	MIDDLE AND EAST EUROPE	REST OF EUROPE	CORPORATE FUNCTIONS	CONSOLIDATION	YOC GROUP
External revenue	8,526	3,681	2,165	0	14,372
Internal revenue	1,533	663	1,006	-3,203	0
Total revenue	**10,059**	**4,344**	**3,171**	**-3,203**	**14,372**
Own work capitalised	0	0	245	0	245
Other operating income	360	189	1,606	-1,770	384
Total output	**10,419**	**4,533**	**5,021**	**-4,973**	**15,000**
Costs of goods sold	6,146	2,668	3,178	-3,199	8,793
Personnel expenses	1,507	1,014	1,799	0	4,320
Other operating expenses	2,235	689	814	-1,769	1,970
EBITDA	531	162	-770	-6	-83

The EBITDA is reconciled to net income as follows:

RECONCILIATION (IN KEUR)	2018	2017
EBITDA	**377**	**-83**
Depreciation and amortisation	-287	-275
Financial result	-187	-87
Net income before taxes	**-97**	**-445**
Taxes	-61	-86
NET INCOME	-158	-530

As of 31 December 2018, trade and other receivables in the **Middle and Eastern Europe region** came to kEUR 2,968 (2017: kEUR 1,745), in the **Rest of Europe region** to kEUR 353 (2017: kEUR 918) and in the **Corporate Functions** section to kEUR 1,107 (2017: kEUR 389).

Liabilities in the **Middle and Eastern Europe region** came to kEUR 2,429 (2017: kEUR 1,413), in the **Rest of Europe** region to kEUR 312 (2017: kEUR 822), and in the **Corporate Functions** section to kEUR 685 (2017: kEUR 390).

6. NOTES TO INDIVIDUAL ITEMS IN THE STATEMENT OF FINANCIAL POSITION

6.1 PROPERTY, PLANT AND EQUIPMENT

The **property, plant and equipment** item include mainly operating and office equipment as well as IT infrastructure such as server systems. Property, plant and equipment in the financial year 2018 developed as follows:

CHANGES TO PROPERTY, PLANT AND EQUIPMENT IN 2017 (IN KEUR)

ACQUISITION COSTS

As of 01/01/2017	**981**
Additions	37
Disposals	-285
Currency translation effects	0
AS OF 31/12/2017	733

DEPRECIATION

As of 01/01/2017	**854**
Additions	47
Disposals	-283
Currency translation effects	-1
AS OF 31/12/2017	647
Net carrying amount as of 31/12/2017	**85**

As of 31 December 2018, the consolidated statement of financial position contained property, plant and equipment in the amount of kEUR 96 (2017: kEUR 85). Scheduled depreciation on property, plant and equipment came to kEUR 45 in the financial year under review (2017: kEUR 47). 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.

CHANGES TO PROPERTY, PLANT AND EQUIPMENT IN 2018 (IN KEUR)

ACQUISTION COSTS

As of 01/01/2018	**733**
Additions	59
Disposals	-269
Currency translation effects	0
AS OF 31/12/2018	523

DEPRECIATION

As of 01/01/2018	**648**
Additions	45
Disposals	-266
Currency translation effects	-1
AS OF 31/12/2018	427
Net carrying amount as of 31/12/2018	**96**

6.2 INTANGIBLE ASSETS

As of 31 December 2018, the remaining useful lives were between one and eight years (2017: between three and eight years).

The scheduled amortisation of **intangible assets** came to kEUR 242 in financial year 2018 (2017: kEUR 227).

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:

DEVELOPMENT OF INTANGIBLE ASSETS (IN KEUR)	INTERNALLY DEVELOPED SOFTWARE	WEBSITE AND TRADEMARK RIGHTS	ACQUIRED SOFTWARE AND LICENCES	CUSTOMER BASES	TOTAL
ACQUISITION COSTS					
As of 01/01/2017	**2,217**	**110**	**405**	**139**	**2,871**
Additions	252	0	31	0	284
AS OF 31/12/2017	2,469	110	436	139	3,154
DEPRECIATION					
As of 01/01/2017	**1,797**	**92**	**405**	**139**	**2,433**
Additions	222	4	1	0	227
AS OF 31/12/2017	2,019	96	406	139	2,660
Net carrying amount as of 31/12/2017	**450**	**13**	**31**	**0**	**494**

DEVELOPMENT OF INTANGIBLE ASSETS (IN KEUR)	INTERNALLY DEVELOPED SOFTWARE	WEBSITE AND TRADEMARK RIGHTS	ACQUIRED SOFTWARE AND LICENCES	CUSTOMER BASES	TOTAL
ACQUISITION COSTS					
As of 01/01/2018	**2,469**	**110**	**436**	**139**	**3,154**
Additions	352	0	143	0	496
Disposals	0	0	-127	0	-127
AS OF 31/12/2018	2,821	110	452	139	3,522
DEPRECIATION					
As of 01/01/2018	**2,019**	**96**	**406**	**139**	**2,660**
Additions	219	1	22	0	242
Disposals	0	0	-127	0	-127
AS OF 31/12/2018	2,238	97	300	139	2,775
Net carrying amount as of 31/12/2018	**583**	**12**	**152**	**0**	**747**

6.3 RECEIVABLES AND OTHER ASSETS

Trade receivables as of 31 December 2018 amounted to kEUR 4,532 (2017: kEUR 3,052). They include the following:

TRADE RECEIVABLES (IN KEUR)	2018	2017
Trade receivables before impairment	4,534	3,052
Specific valuation allowance	0	0
Expected credit loss (IFRS 9)	-2	0
TOTAL	4,532	3,052

Trade accounts receivable and other assets as of the balance sheet date include contract assets in the amount of kEUR 224 in accordance with IFRS 15.

Value adjustments on trade receivables developed as follows:

CHANGES IN SPECIFIC VALUATION ALLOWANCE (IN KEUR)	2018	2017
As of 01/01/	0	**0**
Additions	2	0
Reversals	0	0
Usage	0	0
AS OF 31/12/	2	0

With the mandatory application of IFRS 9, the following changes were made the formation of a valuation allowance on the basis of an expected default rate on receivables from Trade receivables in the 2018 financial year.

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)	2018	2017
Up to 30 days*	4,418	2,918
31 days to 90 days	74	95
91 days to 180 days	24	30
From 181 days	16	8
TOTAL TRADE RECEIVABLES	4,532	2,684

* Thereof receivables amounting to kEUR 3,119 are neither due nor impaired on 31/12/2018 (2017: kEUR 2,209).

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 **other assets** in the amount of kEUR 183 (2017: kEUR 98) include mainly paid security deposits in the amount of kEUR 69 (2017: kEUR 66) and receivables from advance payments in the amount of kEUR 112 (2017: kEUR 29). Advance payments have been made, inter alia, for insurance, membership fees, rents and royalties.

No impairments of other assets have occurred in financial year 2018. 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 amounting to a total kEUR 664 (2017: kEUR 984).

Bank accounts held in a foreign currency were translated using the end-of-period exchange rate.

As of 31 December 2018, no cash assets had been pledged as security.

6.5 EQUITY

The **number of shares of the company** stands at 3,292,978 (2017: 3,292,978 shares).

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 1,646,489.00 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 2018:

SHAREHOLDERS OF YOC AG	OWNERSHIP INTERESTS
Management Board*	19.64 %
Supervisory Board	1.34 %
Dr Kyra Heiss	10.82 %
DIH Deutsche Industrie Holding GmbH	9.36 %
Euroweb Beteiligung GmbH	5.00 %
Dr Martin Steinmeyer	4.19 %
Karl-J. Kraus	3.21 %
YOC AG (own shares)	0.12 %
Free float	46.32 %
TOTAL	100.00 %

* The ownership interest held by dkam GmbH is attributed to Mr Dirk-Hilmar Kraus.

In accordance with the resolution passed by the Annual General Meeting on 25 August 2015, the share capital of 1,000,000.00 by issuing up to 1,000,000 new shares to the company in the amount of up to EUR 1,000,000.00 bearer no-par value shares.

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. On 28 June 2018, the Management Board resolved on the issuance of convertible bonds (ISIN: DE000A2NBE59 / WKN: A2NBE5), approved by the Supervisory Board on 03 July 2018. In the context of the subscription offer and a subsequent private placement, convertible bonds have been placed in the total nominal value of EUR 1,550,600.00.

The total nominal value of EUR 1,550,600.00 is divided into 15,506 individual bearer convertible bonds, all of which are on equal terms and which may be transformed into 193,825 ordinary YOC AG shares.

This corresponds to around 5.89 % of the company's capital stock as of 31 December 2018.

As of the issue date of the convertible bonds, a division into debt capital and equity capital was introduced. The debt capital component considers one-off payments as of the convertible bonds' due date.

The equity capital component has been recognised in capital provisions and calculated using a Black-Scholes option valuation model.

As of 31 December 2018, the **capital provision** remained unchanged at kEUR 20,961 (2017: kEUR 20,641). The capital provision increase is the result of recognising the equity capital component of the YOC convertible bonds 2018 – 2022 in the amount of kEUR 320 (2017: kEUR 0).

The **retained earnings** item reflects the cumulative results of past financial years, with a value of kEUR -28,023 as of 31 December 2018 (2017: kEUR -27,905). The difference to the previous year stems from the annual result 2018.

In financial year 2018, 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 AND SHARE-BASED REMUNERATION

The **provisions** are comprised as follows:

PROVISIONS (IN KEUR)	AS OF 01/01/2018	RE-VERSAL	RELEASE	ADDITION	AS OF 31/12/2018
Long-term					
Archiving provisions	56	0	0	24	80
Short-term					
Other provisions	514	270	228	0	16
TOTAL	570	270	228	24	96

As of December 31, 2018, the YOC Group recognized provisions totaling kEUR 96 (2017: kEUR 570).

These include long-term provisions for archiving costs of kEUR 80 (2017: kEUR 56) and provisions for the virtual stock option plan of kEUR 16 (2017: kEUR 514).

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 2018, it was 2 % on average (2017: 3 %).

As part of the virtual stock option program launched in September 2014 (share-based payments with cash settlement), a total of 100,000 virtual options were issued to employees and the Management Board at a base price of EUR 1.70 to EUR 1.90 per share by the end of 2017.

Virtual options could be issued for the first time in 2014, within one month of the publication of the interim report for the third quarter or the annual report. For the last time, virtual options of this virtual stock option program could be acquired during the issue period of the 2017 financial year. The beneficiaries were entitled to purchase the virtual options for a period of at least three years and upon reaching a minimum of EUR 5.00 per share (minimum performance target) can be exercised after the respective issue.

Of the 100,000 virtual stock options issued in total by the end of the 2017 financial year, 80,000 were exercised in the 2018 financial year. As of 31 December 2017, the provisions for the virtual stock option program amounted to a total of kEUR 514 (31.12.2018: kEUR 16).

Personnel expenses in fiscal year 2018 do not include expenses from stock options (2017: kEUR 339).

The reversal of provisions in the year under review resulted from the difference between the higher share price on the balance sheet date 2017 and the actual average exercise price in the financial year 2018.

As a result, provisions amounting to kEUR 270 were utilized in the financial year 2018 in the amount of the payment to the beneficiaries. The remaining difference in provisions of kEUR 228 was released to income.

The remaining 20,000 virtual stock options are linked to a takeover offer for the shares of YOC AG pursuant to Sections 29, 35 WpÜG with an indefinite term.

No resulting liabilities were recognized as of the balance sheet date.

6.7 LIABILITIES

As of 31 December 2018, **liabilities** amounted to kEUR 10,022 (2017: kEUR 8,237).

Non-current liabilities amounted to kEUR 2,350 (2017: kEUR 780), consisting of shareholder loans of kEUR 1,080 (2017: kEUR 780) and the present value of the YOC convertible bond 2018 – 2022 of kEUR 1,270 (2017: kEUR 0).

The current liabilities in the amount of kEUR 7,672 (2017: kEUR 7,457) comprised advance payments received, trade payables, tax liabilities, other liabilities and other financial liabilities.

As of 31 December 2018, **trade payables** came to kEUR 3,427 (2017: kEUR 2,626).

Other liabilities, amounting to kEUR 576 as of 31 December 2018 (2017: kEUR 647), can be broken down as follows:

OTHER LIABILITIES (IN KEUR)	2018		2017	
	TOTAL	SHORT-TERM	TOTAL	SHORT-TERM
Liabilities arising from personnel matters	361	361	395	395
Liabilities to supervisory board	19	19	19	19
Liabilities from operating taxes	178	178	215	215
Miscellaneous other liabilities	18	18	18	18
TOTAL	576	576	647	647

Liabilities arising from **personnel matters** include mainly bonus and commission claims amounting to kEUR 229 (2017: kEUR 229), liabilities for payroll and church taxes, social security obligations, trade association commitments and a disabled persons' levy amounting to kEUR 89 (2017: kEUR 120) as well as commitments for unused vacation days amounting to kEUR 43 (2017: kEUR 46).

As of December 31, 2018, current **other financial liabilities** totaling kEUR 3,610 (2017: kEUR 4,092) consisted of the following:

OTHER FINANCIAL LIABILITIES (IN KEUR)	2018	2017
Liabilities from invoices not yet received	3,207	3,211
Shareholder loans	200	700
Miscellaneous other financial liabilities	203	181
TOTAL	3,610	4,092

Other financial liabilities in financial year 2018 included liabilities from **invoices not yet received** amounting to kEUR 3,207 (2017: kEUR 3,211). They included liabilities for audit costs of YOC AG in the amount of kEUR 76 (2017: kEUR 74).

The **shareholder loans** were reduced due to a partial repayment of kEUR 200 in 2018.

Other **financial liabilities** mainly include overpayments and prepayments from customers amounting to kEUR 203 (2017: kEUR 181). Hedging relationships are not recognized in the balance sheet.

6.8 OTHER FINANCIAL OBLIGATIONS

As of 31 December 2018, there were financial obligations for outstanding 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)	2018	2017
Up to 1 year	199	151
1 - 5 years	51	172
TOTAL	250	324

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 2018, the minimum lease payments from operating leases recognised in profit or loss amounted to kEUR 324 (2017: kEUR 335).

As of 31 December 2018, no liabilities existed from finance lease agreements (2017: kEUR 0).

6.9 OTHER DISCLOSURES ON FINANCIAL INSTRUMENTS

The following table shows the carrying amounts, fair values, the classification for 2018 in accordance with IFRS 9 and for the previous year in accordance with IAS 39 and the fair value hierarchy of the financial assets and liabilities recognised in the consolidated financial statements:

ACCORDING TO IFRS 9 31/12/2018 (IN KEUR)	CARRYING AMOUNT	AMORTIZED COSTS
FINANCIAL ASSETS		
Cash and cash equivalents	664	664
Trade receivables	4,532	4,532
Other assets	183	183
FINANCIAL LIABILITIES		
thereof long-term		
Fixed rate borrowing	1,080	1,080
YOC convertible bond 2018 – 2020	1,270	1,270
thereof short-term		
Trade payables	3,427	3,427
Fixed rate borrowing	200	200
Other financial liabilities (without loans)	3,410	3,410

ACCORDING TO IAS 39 31/12/2017 (IN KEUR)	CARRYING AMOUNT	FAIR VALUE	MEASUREMENT[1]
FINANCIAL ASSETS			
Cash and cash equivalents	984	984	LaR
Trade receivables	3,052	3,052	LaR
Other assets	98	98	LaR
FINANCIAL LIABILITIES			
Fixed rate borrowing	1,300	1,300	FLAC
Trade payables	2,626	2,626	FLAC
Other financial liabilities (without loans)	3,572	3,572	FLAC

1) **AfS:** available for sale financial assets;
LaR: loans and receivables;
FLAC: other financial liabilities measured at amortized cost

The fixed-interest loans consist exclusively of short-term and long-term shareholder loans. These are agreed at normal market conditions with an average term of up to two years. 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:

MATURITY ANALYSIS (IN KEUR)	CARRYING AMOUNT AS OF 31/12/2018	NON-DISCOUNTED CASH-OUTFLOW UP TO 1 YEAR	1 TO 5 YEARS
Other liabilities	576	576	0
Other financial liabilities	6,241	3,610	2,631
Trade payables	3,427	3,427	0
MATURITY ANALYSIS (IN KEUR)	**CARRYING AMOUNT AS OF 31/12/2017**	**UP TO 1 YEAR**	**1 TO 5 YEARS**
Other liabilities	647	647	0
Other financial liabilities	4,872	4,092	780
Trade payables	2,626	2,626	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 2018, 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:

PROFITS AND LOSSES FROM FINANCIAL INSTRUMENTS (IN KEUR)	2018	2017
FINANCIAL ASSETS		
Amortized costs	-2	0
FINANCIAL LIABILITIES		
Continuing acquisition cost	-1	2
Loan / convertible bond	-161	86
TOTAL	-164	88

The net gains and losses in the category Amortised cost of assets result from the new impairment model in accordance with IFRS 9. The net gains and losses in the category convertible bonds in liabilities result from the interest payments and compounding for the loans as well as the YOC convertible bond 2018 – 2022.

7. NOTES TO THE CASH FLOW STATEMENT

7.1 CASH FLOW FROM INDIVIDUAL ACTIVITIES

On the reporting date, YOC Group 's **cash and cash equivalents** amounted to kEUR 664. Liquidity decreased by kEUR 320 as compared to the previous year's reporting date.

OPERATING CASH FLOW

The operating cash flow is determined using the indirect method. The starting point for determining the operating cash flow is the net income after taxes for the past financial year, amounting to kEUR -158 (2017: kEUR -530). 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** amounted to kEUR -1,043 in the reporting period (2017: kEUR 149). In addition to the negative result after taxes, this resulted from the increase in receivables and the reduction of liabilities.

CASH FLOW FROM INVESTING ACTIVITIES

The outflow of cash from **investment activities** in the amount of kEUR 575 (2017: kEUR 324) includes mainly the internal development costs connected to the further development of the company's technological platforms and innovative products amounting to kEUR 352.

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

CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from **financing activities** in the amount of kEUR 1,298 (2017: kEUR 500) is due to the inflow of cash from the issuance of convertible bonds in the amount of kEUR 1,551 with a term ending on 31 July 2022 as well as a loan taken out in the amount of kEUR 300 at standard market conditions. At the same time, loan liabilities in the amount of kEUR 500 have been settled.

The following table shows the change between the opening balance sheet and the closing balance sheet values of liabilities from financing activities in accordance with IAS 7:

LIABILITIES FROM FINANCING ACTIVITIES ACCORDING TO IAS 7 (IN KEUR)	AS OF 01/01/2018	REDEMPTION*	RAISING*	NON-CASH EFFECTIVE	AS OF 31/12/2018
Prepayments received	50	-50	0	12	12
Trade payables	2,626	-2,553	0	3,354	3,427
Other liabilities	647	-647	0	576	576
Other financial liabilities	4,872	-3,406	1,570	2,924	5,961
TOTAL	8,195	-6,656	1,570	6,866	9,976

* Cash effective

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 2018, **cash funds** amounted to kEUR 664 (2017: kEUR 984).

8. NOTES TO THE STATEMENT OF CHANGE IN EQUITY

Apart from the annual net loss of kEUR 158 (2017: kEUR -530 kEUR) recognised in retained earnings, the following issues have an effect on equity:

The accounting treatment of the equity component from the YOC convertible bond 2018 – 2022 led to an increase in capital reserves of kEUR 320.

Currency translation effects arising from consolidating the British YOC Mobile Advertising Ltd. led to an increase in Group equity kEUR -35 (2017: kEUR -70).

9. OTHER DISCLOSURES

9.1 GUARANTEES, CONTINGENT LIABILITIES AND SIMILAR OBLIGATIONS

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

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

9.2 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION REPORTING DATE

After the reporting date, no other events occurred that had a significant impact on the net assets, financial result and result of operations.

9.3 REPORT ON RISKS AND OPPORTUNITIES

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

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

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

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

In addition, the Supervisory Board and the Management Board agreed in connection with the exercise of the virtual stock option plan by Mr Kraus in the 2018 fiscal year on the exercise of the virtual stock option plan. In order to increase the company's profitability, the payment was adjusted by kEUR 17.

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

The Management Board in financial year 2018 still consisted of one member. You can find current information on the CEO of YOC AG, Dirk-Hilmar Kraus, in this financial statement.

The YOC AG Management Board remuneration in financial year 2018 included a fixed component of altogether kEUR 150 (2017: kEUR 165). No variable component was paid in financial year 2018 (2017: kEUR 5). In addition, the exercising of the phantom stock option program set up in financial year 2014 led to payments in the amount of kEUR 69 (2017: kEUR 0).

Hence, kEUR 219 of the ongoing Management Board remuneration were due for payment in financial year 2018 (2017: kEUR 170).

Other than these, no prepayments, credits, securities, pension promises or similar advantages were issued to the Management Board.

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 chair 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 chair 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 79 in financial year 2018.

REMUNERATION OF THE SUPERVISORY BOARD IN 2018 (IN KEUR)

NAME	FIXED REMUNERATION	ATTENDANCE FEE	TOTAL
Dr Nikolaus Breuel (Chairman)	25	10	35
Konstantin Graf Lambsdorff	19	8	26
Sacha Berlik	13	5	18
TOTAL	56	23	79

9.6 AUDITOR'S FEES

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

AUDITOR'S FEES (IN KEUR)	2018	2017
Audit of financial statements	56	56
Tax consulting services	23	22
Other services	0	6
TOTAL	79	83

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, February 2019

DIRK-HILMAR KRAUS
THE MANAGEMENT BOARD

STATEMENT OF RESPONSIBILITY 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. 5 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, 28 April 2019

DIRK-HILMAR KRAUS
THE MANAGEMENT BOARD

INDEPENDENT AUDITOR'S REPORT

„TO YOC AG, BERLIN

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

AUDIT OPINION

We audited the consolidated financial statements of YOC AG, Berlin, and its subsidiaries (the group), comprising the consolidated statement of financial position as of 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year beginning 01 January and ending 31 December 2018 as well as the notes to the consolidated financial statements, including a summary of the relevant accounting methods. Furthermore, we audited the group management report of YOC AG for the fiscal year beginning 01 January and ending 31 December 2018.

In accordance with the German statutory provisions, we did not audit for content the Declaration on Corporate Governance and the Declaration of Conformity with the Corporate Governance Code included in the group management report.

According to our assessment based on the insights gained during the audit,

- these consolidated financial statements are in accordance with the IFRS as applicable in the EU and the German statutory provisions pursuant to Sect. 315e Para. 1 HGB, and – considering these regulations – convey a true and fair view of the net assets and financial position of the group as of 31 December 2018 as well as its results of operation for the fiscal year beginning 01 January and ending 31 December 2018, and

- the supplementary group management report conveys an overall true and fair view of the group's situation. In all substantial matters this group management report presents consolidated financial statements which are in line with the legal provisions, it complies with the German statutory provisions and appropriately presents the chances and risks of the future development. Our audit opinion on the group management report does not extend to the content of the above-mentioned Corporate Governance Report and the Declaration of Compliance with the Corporate Governance Code.

Pursuant to Sect. 322 Para. 3 Sent. 1 HGB we declare that our audit did not lead to any objections to the appropriateness of the consolidated financial statements and the group management report.

BASIS FOR THE AUDIT OPINION

We performed our audit of the consolidated financial statements and the group management report in accordance with Sect. 317 HGB and the EU Regulation on specific requirements regarding statutory audit of public-interest entities (in the following called EU Regulation 537/2014), taking into account the German principles for appropriate auditing determined by the Institute of Public Auditors in Germany (IDW).

Our responsibility according to these provisions and basic principles is further explained in the section "Responsibility of the auditor for the audit of the consolidated financial statements and the group management report" of our audit report. We are independent from the group entities in accordance with the European and German provisions for trade and professional law, and we fulfilled our other German professional obligations in accordance with these requirements.

Furthermore, we declare according to Art. 10 Para. 2 letter f EU Regulation 537/2014 that we did not render any prohibited non-audit services according to Art. 5 Para. 1 EU Regulation 537/2014.

In our opinion, the audit evidence obtained is sufficient and appropriate for serving as a basis for our audit opinions on the consolidated financial statements and the group management report.

SUBSTANTIAL UNCERTAINTY IN CONNECTION WITH THE CONTINUATION OF CORPORATE ACTIVITIES

We refer to the Management Board's explanations in the section "Forecast Report YOC Group" in the combined Management and Group Management Report. In order to provide for sufficient liquidity in the forecast horizon without making use of capital measures, the company and the group need to realise the business development as planned, including in particular a significant revenue increase and improved operating results.

YOC Group aims to achieve a revenue between EUR 15.5 million and EUR 16.5 million and operating earnings before interest, taxes, depreciation and amortisation (EBITDA) between EUR 0.2 million and EUR 0.5 million in the fiscal year 2019.

The continued existence of the parent company and hence the group relies on the successful realisation of the planned business development. We hereby indicate that a substantial uncertainty exists which can raise significant doubts as to the company's ability to continue as a going concern and which presents an existential risk according to Sect. 322 Para. 2 Sent. 3 HGB.

Our audit opinion is not modified in regard to this circumstance.

ISSUES OF SPECIAL IMPORTANCE FOR THE AUDIT

Issues of special importance for the audit are such issues that to our professional judgement appeared to be the most significant in our audit of the consolidated financial statements for the fiscal year beginning 01 January and ending 31 December 2018.

These issues were considered in connection with our audit of the consolidated financial statements as a whole and in establishing our audit opinion; we do not provide a separate audit opinion on these issues.

Adding to the circumstance described in the section "Substantial uncertainty in connection with the continuation of corporate activities", we have found the below circumstances as being issues of special importance which shall be disclosed in our audit report.

1. REVENUE RECOGNITION

Reasons for determination as audit issue of special relevance

YOC Group generates its revenue by performing mobile advertising services. The companies of YOC Group here stand between the advertisers and publishers of advertising inventory.

In the fiscal year under review, the new standard for revenue recognition IFRS 15 Contracts with Customers is to be applied for the first time. In this context, YOC Group's companies are to be categorised as principal or agent with regard to revenue recognition in line with the IFRS 15 regulations.

The categorisation is discretionary due to the underlying criteria. For these reasons, the recognition of revenue observing the first-time application of the new IFRS 15 standard's provisions is an issue of special importance for the audit.

Audit procedure

In the context of our audit activities, we acknowledged the accounting and measurement methods for recognising sales revenues according to the criteria defined in IAS 15 Contracts with Customers which were applied in the consolidated financial statements of the YOC Group.

In this context, we devoted special attention to the categorisation of YOC Group's companies as principal or agent.

In order to determine the YOC Group's companies' status as principal or agent, we analysed and discussed with the legal representatives in particular the extent of integration services rendered by YOC Group, the assumption of the risk of default or failure for the advertising service as a whole, the economic control of the advertising inventory of publishers and the capacity of the company to determine the price with advertisers.

To this end, we examined, among others, examples of service agreements from the different sales channels and analysed samples of relevant transactions with view to the above-mentioned criteria.

Our audit activities have not revealed any objections regarding the recognition of revenue.

Reference to related disclosures

Disclosures regarding the accounting and measurement principles of sales revenues are contained in Chapter 4.1 "General principles" and in Chapter 4.2 "Important judgements and estimation uncertainties" of the Notes to the Financial Statements.

Disclosures on the composition of sales revenues can be found in Chapter 5 "Notes to the Statement of Comprehensive Income" of the Notes to the Financial Statements, under "Revenue".

2. RECOVERABILITY OF SELF-DEVELOPED SOFTWARE

Reasons for determination as audit issue of special relevance

The self-developed software was activated based on the assumption of a future recoverability of the corresponding platforms and software products in the operating business.

The assumption of a future recoverability is based on predictions regarding in particular the expected future cash flows from using the software and is therefore subject to discretion.

Due to the discretionary nature of the assumptions on a future recoverability made by the legal representatives, we consider the recoverability of self-developed software to be an audit issue of special relevance.

Audit procedure

For the assessment of a future recoverability of the corresponding platforms and applications, we acknowledged the scheduled future cash inflows for the self-developed software based on the YOC Group's liquidity and business planning.

We discussed the assumptions underlying the planning with the legal representatives and acknowledged them, taking into account the historical results.

We further evaluated the reliability of their planning by viewing the deviations between planned and actual results in the past. We also sample tested evidence of the usage of the activated software and applications.

Our audit activities led to no objections regarding the assessment of a recoverability of self-developed software.

Reference to related disclosures

Disclosures regarding the accounting and measurement principles of self-developed software are included in Chapter 4 “Accounting and Measurement Principles” of the Notes to the Financial Statements, under “Intangible assets”.

The composition of self-developed software is explained in Chapter 6 “Notes to Individual Items in the Statement of Financial Position” of the Notes to the Financial Statements, under “Intangible Assets”.

OTHER INFORMATION

The Supervisory Board is responsible for the Report by the Supervisory Board. In all other cases, the legal representatives are responsible for other information.

Other information comprises the information included in the Declaration on Corporate Governance pursuant to Sect. 315e Para. 1 HGB, which is included in the “Corporate Governance Report” of the Group Management Report, and further the other components of the Financial Statements, with the exception of the audited consolidated financial statements and group management report as well as our audit report, in particular:

- The “Statement of Responsibility by the Management Board” pursuant to Sect. 297 Para. 2 Sent. 4 HGB and Sect. 315 Para. 1 Sent. 5 HGB,
- The “Report by the Supervisory Board”,
- The “Letter to the Shareholders”,
- The “YOC Share” section.

We received a version of these before providing this audit opinion.

Our audit opinions on the consolidated financial statements and the group management report do not extend to the other information, and we therefore neither provide an audit opinion nor any other form of audit conclusions on these.

In the context of our audit we are responsible for reading the other information and for acknowledging whether the other information:

- Shows substantial inconsistencies when compared to the consolidated financial statements, group management report or the insights we gained during our audit, or
- Appears to be substantially misstated in any other way.

In the case that, based on our performed work, we come to the conclusion that any of this other information is substantially misrepresented, we are obligated to report on this. We do not have anything to report in this regard.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The legal representatives are responsible for preparing the consolidated financial statements which are in accordance with the IFRS as to be applied in the EU and the additional German statutory provisions pursuant to Sect. 315e Para. 1 HGB in all substantial matters, and that the consolidated financial statements, taking into account these provisions, convey a true and fair view of the net assets, financial position and results of operation.

Moreover, the legal representatives are responsible for the internal controls that they determined as necessary to enable the preparation of consolidated financial statements which are free from substantial – intentional or unintentional – misstatements.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the ability of the group to continue as a going concern.

They are further responsible for presenting issues in connection with the continuation as a going concern, when relevant.

In addition, they are responsible for accounting based on the principle of going concern, unless it is intended to liquidate the group or to discontinue the business operations, or there is no realistic alternative to it.

Furthermore, the legal representatives are responsible for preparing the group management report which conveys an overall appropriate picture of the group’s situation and which is in all material respects consistent with the consolidated financial statements, in accordance with the German statutory provisions and presents the chances and risks of the future development correctly.

In addition, the legal representatives are responsible for the precautions and measures (systems) which they deemed necessary in order to prepare group management reports in accordance with the applicable German statutory provisions, and in order to be able to provide sufficient appropriate evidence for the statements made in the group management report.

The Supervisory Board is responsible for monitoring the accounting process of the group for preparing the consolidated financial statements and the group management report.

AUDITOR’S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

It is our aim to gain sufficient certainty as to whether the consolidated financial statements as a whole are free from substantial - intentional or unintentional - misstatements, and whether the group management report conveys an overall true and fair view of the group’s situation and is consistent in all substantial matters with the consolidated financial statements and the insights gained during the audit, whether it is in accordance with the German statutory provisions and accurately presents the chances and risks of the future development, as well as to provide an audit report which contains our audit opinions on the consolidated financial statements and the group management report.

Sufficient certainty is a high degree in certainty, but no guarantee that an audit performed in accordance with Sect. 317 HGB and EU Regulation 537/2014, taking into account the German principles for appropriate auditing determined by the Institute of Public Auditors in Germany (IDW), always detects a substantial misstatement.

Misstatements can result from breaches of law or from errors and are viewed as substantial when it can be reasonably expected that they affect the economic decisions made by addressees based on these consolidated financial statements and the group management report individually or as a whole.

During the audit we exercise professional discretion and maintain a critical attitude. Furthermore, we:

- Identify and evaluate the risks of substantial - intentional or unintentional - misstatements in the consolidated financial statements and the group management report, plan and perform audit activities in reaction to these risks, and obtain audit evidence which is sufficient and appropriate to serve as a basis of our audit opinions. The risk that substantial misstatements are not detected is higher with breaches of law than with errors, as breaches of law can include fraudulent cooperation, forgeries, intentional incompleteness, misleading presentations or bypassing of internal controls;

- Gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of the precautions and measures relevant to the audit of the group management report in order to plan audit activities which are appropriate under the given circumstances, but not with the goal of providing an audit opinion on the efficacy of these systems;

- Assess the appropriateness of the accounting methods applied by the legal representatives as well as the justifiability of the estimated values presented by the legal representatives and of related disclosures;

- Draw conclusions on the appropriateness of the accounting principle of going concern applied by the legal representatives and, based on the obtained audit evidence, whether a substantial uncertainty exists in connection with events or circumstances which can raise significant doubts as to the group's ability to continue as a going concern. When we come to the conclusion that a substantial uncertainty exists, we are obliged to draw attention in our audit report to the related disclosures in the consolidated financial statements and in the group management report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained by the date of our audit report. Future events or circumstances can, however, lead to the group having to discontinue its business operations;

- Assess the overall presentation, structure and content of the consolidated financial statements including the disclosures and whether the consolidated financial statements present the underlying business transactions and events in a way that the consolidated financial statements, in accordance with the IFRS as they are to be applied in the EU and the applicable German statutory provisions pursuant to Sect. 315e Para. 1 HGB, convey a true and fair view of the group's net assets, financial position and results of operation;

- Request sufficient appropriate audit evidence for the accounting information of the companies or business activities within the group, in order to provide audit opinions on the consolidated financial statements and the group management report. We are responsible for supervising, monitoring and performing the audit of the consolidated financial statements. We carry sole responsibility for our audit opinions;

- Assess the consistency of the group management report with the consolidated financial statements, its compliance with law and the picture it conveys of the group's situation;

- Conduct audit activities on the future-oriented statements in the group management report as presented by the legal representatives. Based on sufficient appropriate audit evidence, we therein retrace in particular the significant assumptions used by the legal representatives as a basis for future-oriented data, and assess the proper deduction of the future-oriented data from these assumptions. We do not provide a separate audit opinion on the future-oriented data and their underlying assumptions. There is a considerable unavoidable risk that future events deviate substantially from the future-oriented data.

With the persons responsible for monitoring we discuss, among others, the planned scope and schedule of the audit and significant audit findings, including potential flaws in the internal control system which we detect during our audit.

We provide the persons responsible for monitoring with a declaration that we observed the relevant independence requirements, and discuss with them all relationships and other circumstances of which can be reasonably expected that they affect our independence, and the protective measures taken in this regard.

Among the circumstances which we discussed with the persons responsible for monitoring we determine those circumstances which were most significant in the audit of the consolidated financial statements for the current reporting period, and which therefore constituted the audit issues of particular importance.

We describe these circumstances in the audit report, unless statutory provisions or other regulations exclude the public disclosure of these circumstances.

OTHER STATUTORY AND REGULATORY REQUIREMENTS

Other disclosures according to Art. 10 EU Regulation 537/2014

We were elected by the General Meeting on 15 June 2018 as public auditors of the consolidated financial statements.

We were assigned to this task by the Supervisory Board on 05 November 2018. We have been group auditors for YOC AG without interruption since financial year 2010.

We declare that the audit opinions included in this audit report are consistent with the additional report to the Supervisory Board pursuant to Art. 11 EU Regulation 537/2014 (audit report).

Responsible auditor

The public auditor responsible for the audit is Gunnar Glöckner."

Berlin, 23 April 2019

ERNST & YOUNG GMBH
WIRTSCHAFTSPRÜFERGESELLSCHAFT

GLÖCKNER	BEHRENDT
AUDITOR	AUDITOR

MANAGEMENT BOARD

The Management Board consisted of one member as of 31 December 2018:

DIRK-HILMAR KRAUS

BUSINESS, BERLIN

Dirk-Hilmar Kraus was reappointed as member of the Management Board of YOC AG on 10 September 2013.

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-Hilmar Kraus does not hold any other mandates.

SUPERVISORY BOARD

As of 31 December 2018, the Supervisory Board consisted of three members:

DR NIKOLAUS BREUEL

BUSINESSMAN, BERLIN

Dr Nikolaus Breuel is Chairman of the Supervisory Board at YOC AG.

He has a long-standing experience as a CEO in the field of services. His core competences lie in the definition and implementation of corporate strategies and restructuring.

Mandates:

- Executive Manager Karl-J. Kraus GmbH
- YOC AG: Chairman of the Supervisory Board since 01/2014, member since 06/2013

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.

Mandates:

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

SACHA BERLIK

BUSINESSMAN, COLOGNE

Sacha Berlik is the third member of the YOC AG Supervisory Board. The entrepreneur and investor is Managing Director EMEA at The Trade Desk, the worldwide leading and independent business in programmatic media buying (automated trade of advertising spaces). Before this, he was General Manager at DataXu, also a programmatic media buying company operating worldwide.

Aside from the digital agency Oridian with 22 offices worldwide, he built one of the first European ad networks, Active Agents, and planned the online presence of the major German private TV channel Sat 1.

Mandates:

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

FINANCIAL CALENDAR 2019

13 TO 15 MAY 2019

Spring Conference
Frankfurt

29 MAY 2019

Interim Report First Quarter 2019
Berlin

21 AUGUST 2019

Interim Report First Half 2019
Berlin

20 NOVEMBER 2019

Interim Report Third Quarter 2019
Berlin

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