

# YOC AG ANNUAL REPORT 2019





# THE CREATORS OF HIGH-IMPACT AD FORMATS

AMSTERDAM

BERLIN

DUSSELDORF

HAMBURG

MADRID

VIENNA

WARSAW

# YOC GROUP AT A GLANCE

REVENUE AND EARNINGS (IN KEUR)	2019	2018 (ADJUSTED)	CHANGE IN TOTAL	CHANGE IN %
Total revenue	15,105	13,941	1,164	8
National	9,082	8,177	905	11
International	6,023	5,764	259	5
Gross profit margin (in %)	39.0	37.9	1.1	n.a.
Total output	15,695	14,821	874	6
EBITDA	578	572	6	1
EBITDA margin (in %)	3.7	3.9	-0.2	n.a.
Earnings after tax	-473	-158	-315	-154
Earnings per share (diluted in EUR)	-0.14	-0.05	-0.07	-140
Earnings per share (basic in EUR)	-0.12	-0.05	-0.07	-140

## EMPLOYEES

Average number of employees <sup>1)</sup>	48	48	0	0
Number of employees at 31th December	51	42	9	21
Total revenue per employee (in kEUR)	315	290	25	9
Total output per employee (in kEUR)	327	309	18	6

## FINANCIAL POSITION AND CASH FLOW (IN KEUR)

Total assets at 31th December	6,472	6,224	248	4
Cash flow from operative activities	1,213	-1,043	2,256	216

<sup>1)</sup> Based on permanent employees

The use of rounded amounts and key figures may result in differences due to commercial rounding.

The new accounting standard IFRS 16 „Lease Accounting“ has been applied since 01 January 2019. The previous year's figures have not been adjusted. For more detailed information, please refer to the section „Application of new and amended standards“.

**STOP ADVERTISING.**  
**START TELLING A STORY.**

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National Geographic, Germany  
YOC Live Poll Ad  
Q2 / 2019





# 01 TO OUR SHAREHOLDERS

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# LETTER TO THE SHAREHOLDERS



## Dear Shareholders,

Since 2001, the YOC Group has been one of the leading independent providers of mobile advertising in Europe. We have set ourselves the goal of creating an optimal digital advertising experience for advertisers, digital media content providers and mobile Internet users.

That's why we develop attention-grabbing digital advertising products that achieve sustained brand awareness and reach, appeal and inspire people. And this is why we have designed and developed **VIS.X®**, our proprietary trading platform.

**VIS.X®** is a next-generation programmatic supply-side platform that enables the efficient media trade of visible and attention-grabbing advertising products. Since 2018, **VIS.X®** has enabled our customers to purchase high-quality advertising inventory in combination with YOC's advertising products around the clock in an automated and therefore scalable manner in accordance with their advertising strategy. At the same time **VIS.X®** helps our publisher partners to better monetize their media inventory.

The times during which this Annual Report is prepared are turbulent, highly challenging and influencing the lives of people around the world. The corona epidemic was an unforeseen event for the global community of states, but also for the world economy. The challenges are as varied as they are enormous. No one, whether individual, institution or economic entity, remains unaffected. It is precisely the economic consequences of international "shut-down" measures that have a strong impact and threaten entire macro-economies such as individual companies or business models. Relaxation measures are still being discussed, but they have not yet been decided. The predominant goal remains to stem the spread of the coronavirus SARS-CoV-2 and thus slow down the pandemic.

We are also affected by the corona virus. After two successful first months of the 2020 financial year, we already had to accept cancellations and declines in bookings in March. The months of April, May and June 2020 are likely to be particularly affected, before we should see increased, profitable growth again in the second half of 2020.

In order to limit the overall impact of the corona crisis, we have already initiated appropriate countermeasures:

- As a precautionary measure, YOC AG applied for a EUR 0.7 million loan from their principal bank within the context of the German KfW corona virus aid (KfW-Corona-Hilfe).
- As of 01 April 2020 the company made use of the possibilities for short-time work created by the respective countries within the European Union in order to reduce the personnel expense during the government-imposed contact restrictions and restrictions on movement.

To anticipate: We will not only overcome this crisis, but will continue to grow stronger. In the last two years, we have been able to significantly accelerate our strategic thrust and expand our programmatic business on the basis of our proprietary technology. The automated trading of our mobile advertising products is now of particular help to us, as it is much less affected by the effects of the corona crisis than traditional insertion order.

Although we decided to discontinue our activities in the UK market for profitability reasons, we were able to increase our revenues (excluding the discontinued operation in the UK market) at Group level by 8 % to EUR 15.1 million (2018: EUR 13.9 million). This development is due to increased trading via the company's own technology platform VIS.X®, whose transaction volume grew by 357 % to EUR 3.1 million.

As a result, various parameters of our business model increased in fiscal year 2019:

- The transaction volume of our self-developed advertising formats accounted for around 50 % of the company's total sales;
- The sales share of programmatic (automated) trade grew to 35 %;
- Revenue per employee increased by 9 % to kEUR 315 (2018: kEUR 290);
- The gross profit ratio was 39 %;
- The operating result (EBITDA) reached EUR 0.6 million.

In the current fiscal year 2020, we are adding many new functions to our platform VIS.X®. We are greatly expanding our reach and the available media inventory by continuously integrating new publishers. We are connecting new purchasing platforms to VIS.X® and thus enabling many media buyers to access our platform. We continuously develop innovative, highly effective advertising products and make them programmatically tradable in real time via VIS.X®. All these steps further increase our trading volume and position YOC as a technology-based provider of high-impact programmatic advertising at the top of the advertising market.

My first thank go to all my colleagues who, not only in the 2019 financial year, but especially now, every day, work with passion to implement our vision for the benefit of advertisers, publishers and mobile Internet users. I would also like to thank our Supervisory Board, which stands behind us with prudence and courage.

Dear shareholders, despite the difficulties we are currently facing in the context of the corona crisis, we are positive about the future. We are sticking to our long-term strategy and continue to invest in innovations. Based on our unique technology platform VIS.X® in combination with our proprietary advertising formats and our many years of know-how, we expect to emerge from the corona crisis in a stronger competitive position than before.

I would like to thank you very much for the trust you have placed in us and look forward to continuing our cooperation with you.

All the best to you and your families. Stay healthy and safe.

Kind regards,



DIRK-HILMAR KRAUS  
CEO

# REPORT OF THE SUPERVISORY BOARD

In financial year 2019, 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 2019 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 2019: 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 opportunity to discuss matters without the presence of the Management Board. In the face-to-face meetings and other resolutions adopted in the 2019 financial year, the Supervisory Board had a quorum and was complete at all times. There were no indications of possible conflicts of interest on the part of Supervisory Board members in the 2019 financial year, nor were any such conflicts reported by the members of the Supervisory Board.

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 further development of the company's proprietary VIS.X® trade platform—as well as the Group's economic planning.

- In the **Supervisory Board Meeting on 20 February 2019** the Supervisory Board addressed the preliminary, unaudited consolidated facts and figures for the previous financial year 2018. In addition, the defined switching points for the envisaged disproportional increase of the sales volume through the company's proprietary trade platform VIS.X® were outlined.
- The **meeting on 12 April 2019** was mainly dedicated to the annual and consolidated financial statements 2018. The Supervisory Board approved both by resolution following the session. Further items on the agenda were the expected business development in the first half-year 2019, the product and technology development as well as the company's liquidity planning.
- The **meeting on 24 June 2019** once more focused on the business development of the first half of financial year 2019 as well as the state of development in the technology and products section. Further topics in this meeting were the sales activities in the Spanish and British markets.

- In the **meeting of 18 September 2019**, the extrapolation for financial year 2019 was discussed along with the further development of liquidity. Further topics of this meeting were the business development in the Spanish market as well as an initial rough planning for the 2020 financial year.
- The **110th meeting of the YOC AG Supervisory Board was held on 04 December 2019**. The Supervisory Board dealt intensively with the economic and liquidity plans for financial year 2020. Another focus of this meeting was on the discussion of the current progress of the YOC-owned supply-side platform **VIS.X®**.

In addition, the Supervisory Board passed several **resolutions** in financial year 2019: Among others, on 20 February 2019 regarding the German Corporate Governance Code (Declaration of Conformity) and on 04 December 2019 regarding the non-audit services by the auditor as of 01 January 2020 (Pre-Approval Policy).

The resolution on the convention of the annual general meeting 2019 and on the proposed resolutions which were to be presented was adopted on 30 April 2019.

## CORPORATE GOVERNANCE

The Supervisory Board studied the recommendations of the German Corporate Governance Code again in financial year 2019. In this context, the Supervisory Board 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 2020.

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 2019.

## AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS 2019

The auditors appointed by the Supervisory Board, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, audited the annual and consolidated financial statements prepared by the Management Board and the combined management report for YOC AG and the Group for the 2019 financial year 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 20 April 2020 concerning the statement of financial position. The auditor reported on the key results of its audit and stood by to provide additional information.

The auditor also discussed the scope, main emphases, and costs of the audit. There were no circumstances that might give cause for concern as regards the auditor's impartiality. The Supervisory Board acknowledged the auditor's report and approved the findings of the audit. They also concurred with the Management Board's evaluation of the position of YOC AG and the YOC Group.

As its own examination resulted in no objections, the Supervisory Board approved the annual and consolidated financial statements prepared by the Management Board, along with the management and Group management reports prepared in condensed form for the financial year 2019. The annual financial statements of YOC AG were thereby adopted.

## 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 2020



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 the Supervisory Board declare compliance in the present and future with the German Corporate Governance Code in the current version of 07 February 2017 with the exception of Item 3.8 Para. 3, Item 4.1.3 DCGK 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, Items 5.3.1, 5.3.2 and 5.3.3, Item 5.4.1 Para. 2, Item 5.4.1, Item 5.4.6 and Item 7.1.2 Para. 3. The YOC AG Management Board and Supervisory Board have adopted the Declaration on the Corporate Governance Code (Declaration of Conformity 2019) included at the end of this report.

It has been published on the YOC AG website at [www.yoc.com](http://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](http://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 2019. 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](http://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](http://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. According to the Supervisory Board's assessment, all members of the Supervisory Board are independent pursuant to the German Corporate Governance Code in the version of 07 February 2017.

## 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 2019 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 2019.

### REMUNERATION OF THE SUPERVISORY BOARD IN 2019 (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
<b>TOTAL</b>	<b>56</b>	<b>23</b>	<b>79</b>

## 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 2019 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 2020.

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 Sect. 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 2019)

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 2019 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 2019. 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. 2 DCGK:** An appropriate representation of women cannot be specified in advance, as Board membership is determined by individual qualification. No age limit or limit for the length of job tenure has been set for Supervisory Board members. A candidate's ability to monitor and act as a coequal contact for the Management Board as a member of the Supervisory Board depends mainly on individual capabilities.

› **Item 5.4.1 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 5.4.6 DCGK:** The chairmanship or membership to committees were not and are not taken into consideration in the Supervisory Board remuneration, as the Supervisory Board has not formed any committees.

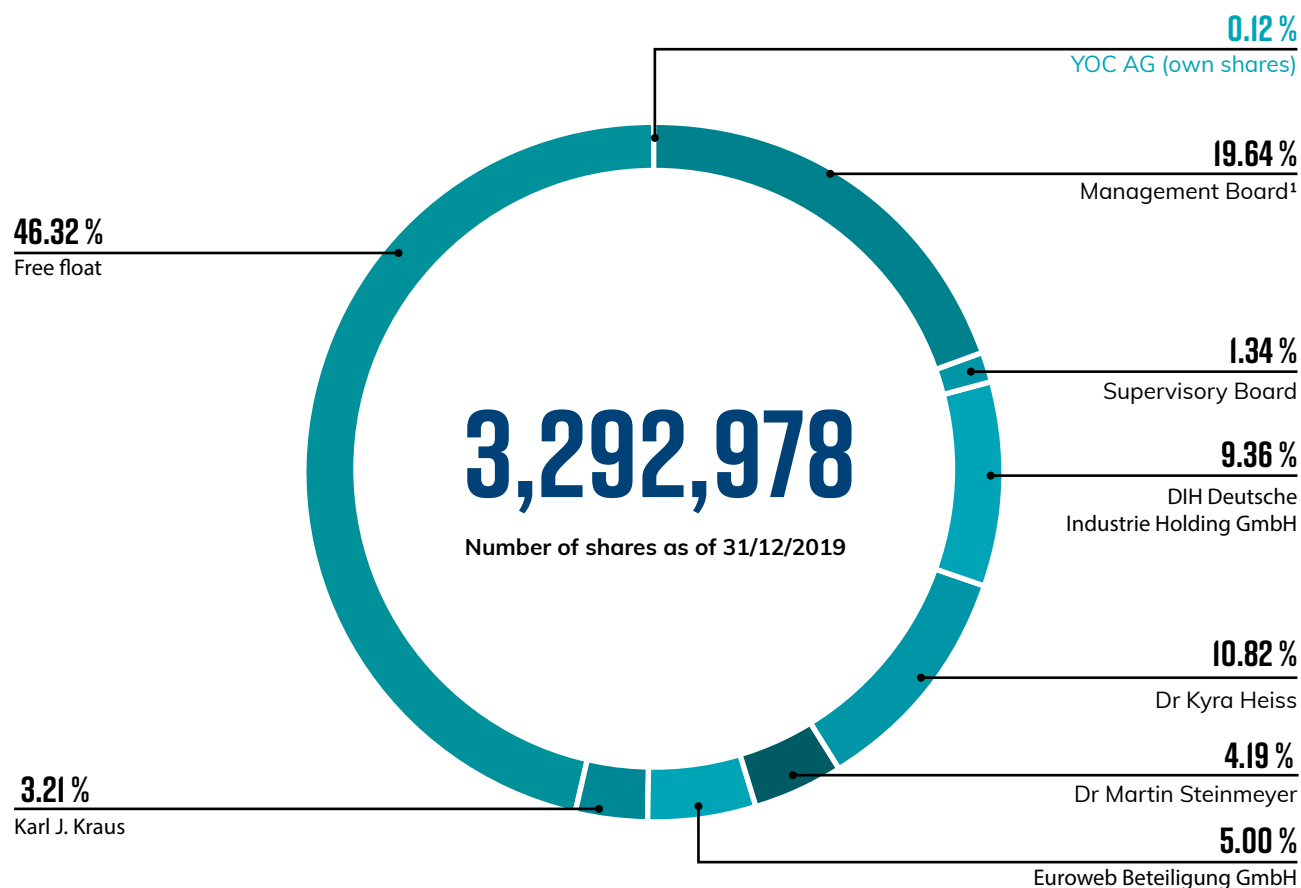
› **Item 7.1.2 Sent. 3 DCGK:** The company will endeavour to comply with the recommendation that the consolidated financial statements be made available to the public within 90 days after the end of the financial year and the interim reports within 45 days after the end of the reporting period. The company 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 2020

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

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

Two silver awards  
"best data insight campaign"  
and "best mobile campaign"

Nespresso, Austria  
YOC FLIP AD  
Q2 / 2019





# 02 MARKET ENVIRONMENT, RANGE OF SERVICES AND PRODUCTS

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39 Range of Services

# 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 2019.

The proprietary advertising platform **VIS.X®**, the 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<sup>®</sup>**

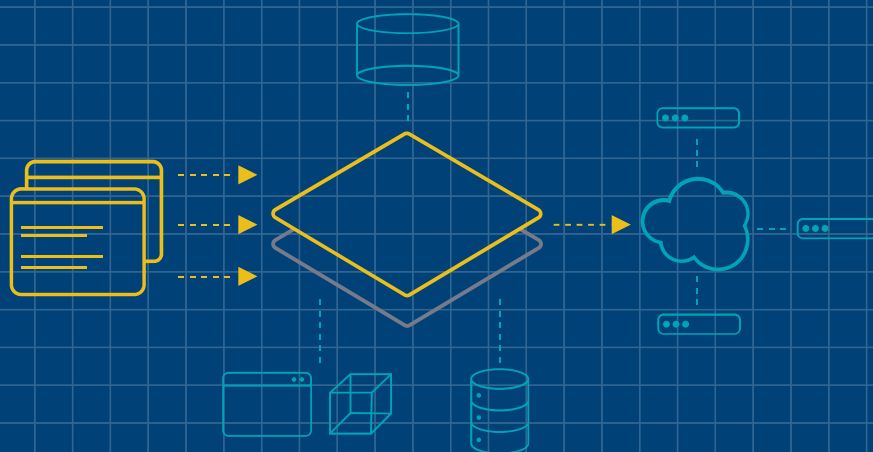
**YOC INLINE VIDEO AD**

**YOC UNDERSTITIAL AD<sup>®</sup>**

**YOC MYSTERY AD<sup>®</sup>**

**YOC MYSTERY SCROLLER<sup>®</sup>**

**YOC ADS PLUS**



## VIS.X®

VIS.X® is a 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.

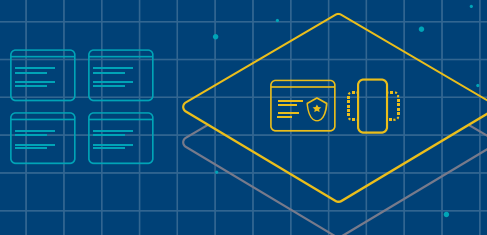


## HOLISTIC APPROACH

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

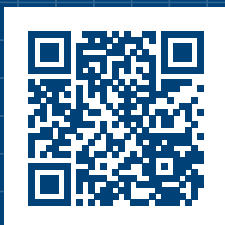
Buyers get priority access to our premium inventory and high-impact formats through Private Auctions or Preferred Deals. Depending on the buyers' data, campaign goals and preferred processes, we will match the right auction mechanics for efficient media buying.



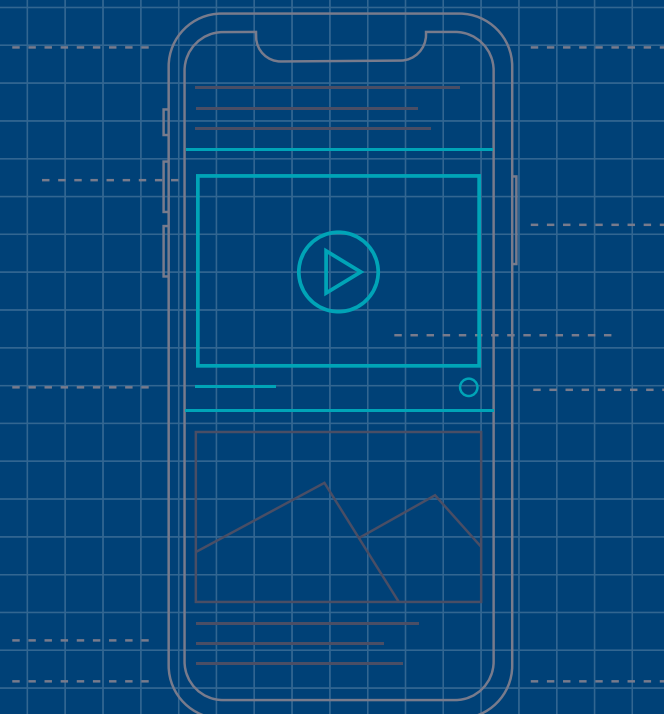
# YOC INLINE VIDEO AD

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.

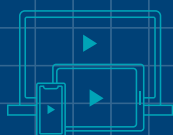
YOC's proprietary video technology (IVA) transcodes any video asset to auto-play across all devices.



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

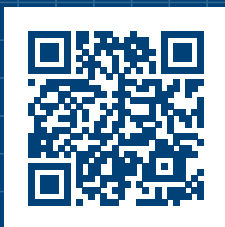
**100 %**

VIEWABILITY GUARANTEED

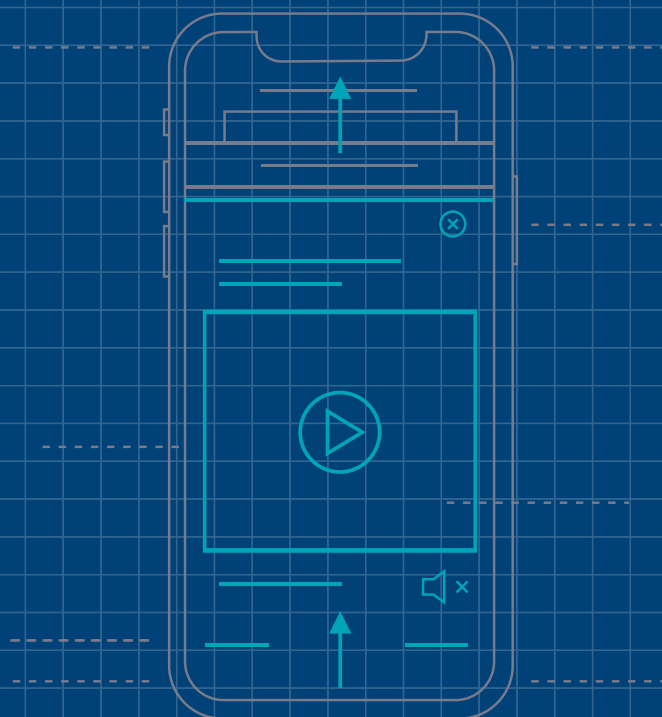
# YOC UNDERSTITIAD<sup>®</sup>

Take center stage using the **YOC Understitial Ad<sup>®</sup>**. 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.

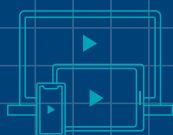
It creates noticeably higher engagement rates using HTML5, 16:9 or vertical video, guaranteeing an enjoyable user experience. Unlock the best branding effect.



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

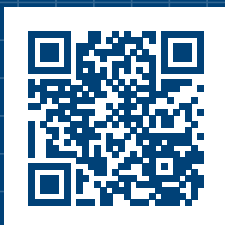
**100%**

VIEWABILITY GUARANTEED

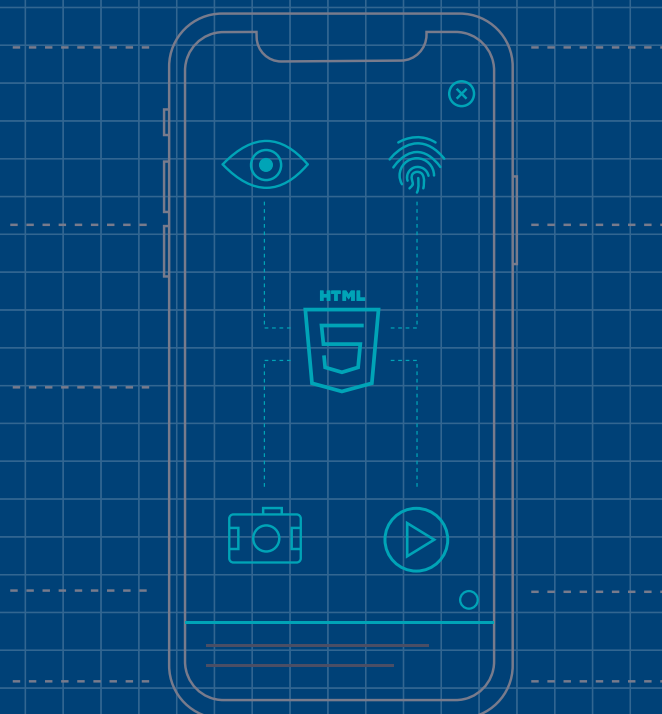
# YOC MYSTERY AD®

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

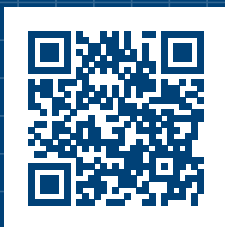
**7,2X**

HIGHER USER-INITIATED PLAYRATE

# YOC MYSTERY SCROLLER®

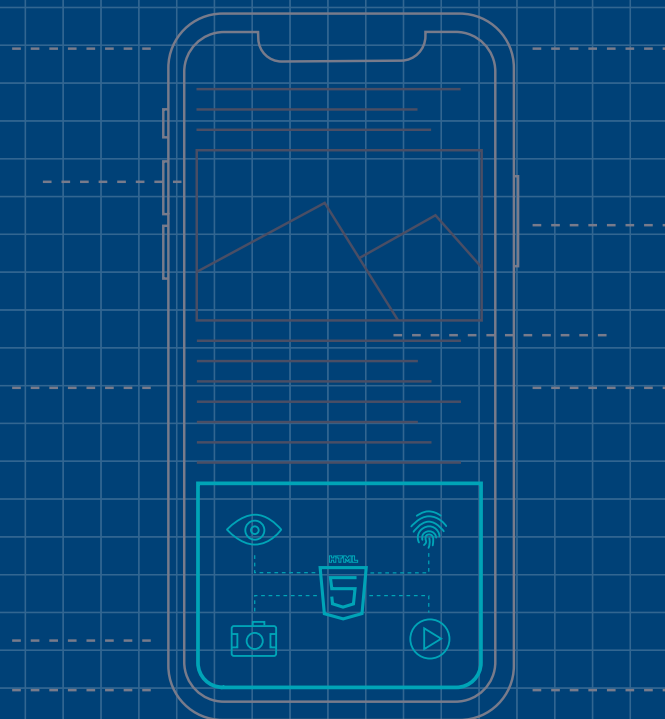
YOC reactive-scroll technology makes it possible for users to interact with your advertising message.

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.

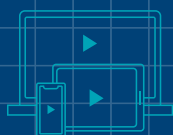


Scan the QR code now and watch it live.





## 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

# YOC ADS PLUS **NEW!**

**YOC Ads Plus** are creative extensions of YOC's high-impact formats. Every **YOC Ads Plus** format promises better awareness, a unique user experience and the highest quality. Formats of the **YOC Ads Plus** product range are characterized by exclusivity, individual support from YOC's creative team and above-average performance in terms of viewability and interaction rates.

## YOC LIVE POLL AD

The **YOC Live Poll Ad** asks for user preferences in real time and then transmits the results of a live voting to the users. The direct involvement with the advertiser's brand or products results in very intensive and direct communication with the target group.

## YOC FLIP AD

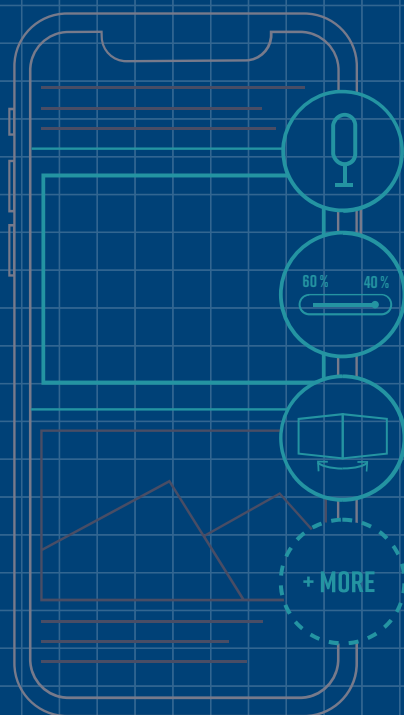
By using the **YOC Flip Ad**, the displayed advertising creative changes according to the scrolling behaviour of the user and several images, videos and animations become visible.

## YOC VOICE AD

Through voice-based interaction, the **YOC Voice Ad** adds a new communication channel to the company's product range and allows users to immerse themselves directly in the advertised product world.



Scan the QR code now and watch it live.



## YOC AUGMENTED REALITY AD

With the **YOC Augmented Reality Ad**, products can be virtually integrated into the lives of users and can be tested through simulation in the live environment.

## YOC STORY AD

The **YOC Story Ad** allows advertisers to tell their own story through images, videos, GIFs, polls and stickers. These are combined into small contributions and offer an extension of social campaigns on the mobile web.

# MARKET ENVIRONMENT MOBILE PROGRAMMATIC ADVERTISING

## USERS ACCESS THE INTERNET PRIMARILY VIA SMARTPHONE

For several years now, smartphones have been a matter of course in people's everyday lives. The number of smartphone users worldwide is increasing every year, reaching 3.2 billion people in 2019, bringing the global smartphone density to 45%.<sup>1</sup> In comparison, Germany already has a share of 81%.<sup>2</sup> Among the advertising-relevant target groups, almost complete user coverage can be observed.<sup>2</sup>

The great importance of smartphones is also evident in terms of media use. The digital market research service provider eMarketer forecasts total media consumption of around ten hours per day for Germany in 2020.<sup>3</sup> The multitude of end devices and the enormous range of digital platforms make it possible to deal with media content almost everywhere and at any time.<sup>4</sup> Digital media use is increasingly replacing previously non-digital use. Traditional channels, such as television, radio and print, still have a considerable audience, but there has been a downward trend in usage for years.<sup>3</sup> On the other hand, mobile is now considered the most used channel for the consumption of digital content.<sup>5</sup> Daily usage here already amounts to an average of 3 hours and 40 minutes.<sup>6</sup>

This development is also reflected in mobile Internet use. Since 2015, the time people worldwide use to access the mobile Internet has increased from 80 to 130 minutes per day.<sup>7</sup> This corresponds to an average growth rate of 13% per year. This change has been driven by the availability of affordable smartphones, faster connections, better screens and innovative mobile applications. For 2021, the global media agency Zenith forecasts that mobile Internet usage will increase to 31% of global media consumption, compared to 27% in the current fiscal year.<sup>7</sup>

A study on the development of the mobile ecosystem by the German Association for Information Technology, Telecommunications and New Media (bitkom) shows that smartphones are an important and useful companion in everyday life for the vast majority of people. 87% of users see mobile devices as a great relief in everyday life. 73% even state that they can no longer imagine life without a smartphone.<sup>8</sup> The same results were also obtained in the annual study on the usage behavior of German smartphone owners by the advertising service provider Gruner + Jahr E|MS. It shows that smartphones are almost completely replacing personal computers and laptops, especially among younger age groups.<sup>9</sup>

There is also a significant increase in parallel use of television and the Internet, driven by the high penetration of smartphones and tablets. 92% of parallel users in the age group of 14-49-year-olds use a smartphone while watching TV. This represents possible points of contact between the different media, which offer advertisers new opportunities.<sup>3</sup>

## MOBILE ADVERTISING AS STRONG GROWTH DRIVER OF ONLINE ADVERTISING

Zenith's Advertising Expenditure Forecast expects all global advertising spending to grow by 4.7% in 2019.<sup>10</sup> According to the experts, Central-/Eastern Europe are said to have been the fastest growing region with a growth rate of 6.3%. For the current fiscal year 2020, Zenith expects a further increase of global advertising spending of 4.3%.<sup>11</sup>

- 1) Statista (2019): Prognose zur Anzahl der Smartphone Nutzer weltweit, [online] <https://de.statista.com/statistik/daten/studie/309656/umfrage/prognose-zur-anzahl-der-smartphone-nutzer-weltweit/> [20.01.2020].
- 2) Statista (2019): Anteil der Smartphone-Nutzer in Deutschland, [online] <https://de.statista.com/statistik/daten/studie/585883/umfrage/anteil-der-smartphone-nutzer-in-deutschland/> [20.01.2020].
- 3) SevenOne Media (2019): Media Activity Guide 2019, [online] <https://www.sevenonemedia.de/documents/924471/1111769/Media+Activity+Guide+2019/040352cd-a958-6876-6541-93630deee1c7> [20.01.2020].
- 4) SevenOne Media (2019): Media Activity Guide 2019, [online] <https://www.sevenonemedia.de/documents/924471/1111769/Media+Activity+Guide+2019/040352cd-a958-6876-6541-93630deee1c7> [20.01.2020].
- 5) Adzine (2019): Device Nutzungsanalyse mobile schlägt Desktop, [online] <https://www.adzine.de/2019/03/device-nutzungsanalyse-mobile-schlaegt-desktop/> [20.01.2020].
- 6) GfM (2020): 240 Milliarden Dollar Umsatz durch mobile advertising prognostiziert, [online] [https://www.gfm-nachrichten.de/news/240-milliarden-dollar-umsatz-durch-mobile-advertising-prognostiziert/?mc\\_cid=d884889634&mc\\_eid=2c40615624](https://www.gfm-nachrichten.de/news/240-milliarden-dollar-umsatz-durch-mobile-advertising-prognostiziert/?mc_cid=d884889634&mc_eid=2c40615624) [20.01.2020].
- 7) Zenith Media (2019): Consumers will spend 800 hours using mobile internet devices this year, [online] <https://www.zenithmedia.com/consumers-will-spend-800-hours-using-mobile-internet-devices-this-year/> [20.01.2020].
- 8) Bitkom (2019): Smartphone Markt wächst um 3 Prozent auf 34 Milliarden Euro, [online] <https://www.bitkom.org/Presse/Presseinformation/Smartphone-Markt-waechst-um-3-Prozent-auf-34-Milliarden-Euro> [22.01.2020].
- 9) Gruner + Jahr E|MS (2019): Mobile 360° Studie, [online] [https://www.gujmedia.de/fileadmin/Media-Research/Mobile-Studien/mobile\\_studie\\_360\\_grad\\_2019.pdf](https://www.gujmedia.de/fileadmin/Media-Research/Mobile-Studien/mobile_studie_360_grad_2019.pdf) [21.01.2020].
- 10) Zenith Media (2019): Adspend Forecasts March 2019 executive summary, [online] <https://www.zenithmedia.com/wp-content/uploads/2019/03/Adspend-forecasts-March-2019-executive-summary.pdf> [21.01.2020].
- 11) Zenith Media (2018): Personalisierte und zielgenau ausgestreute Kommunikation treibt Wachstum voran, [online] <https://www.zenithmedia.de/personalisierte-und-zielgenau-ausgesteuerte-kommunikation-treibt-werbemarktwachstum-voran/> [21.01.2020].

For the first time, digital advertising channels account for more than half of global advertising investments.<sup>12</sup> According to a study by eMarketer, these rose by around 18 % in fiscal 2019 to a value of around USD 333 billion.<sup>12</sup> Mobile is establishing itself as a strong growth driver with a growth rate of 2 %.<sup>13</sup>

The growth of the digital advertising market is driven by the online video and social media sectors. These channels are benefiting from continuous technological improvements in smartphone technology, transfer rates and targeting, combined with strong growth in investment in content. The 5G technology, which has been launched in various markets since the beginning of the year (e.g. USA, South Korea or Switzerland), will further enhance the brand experience by making mobile connections much faster and more responsive.<sup>14</sup>

This has led to rapid growth in the mobile advertising market in recent years. In 2019, spending on mobile advertising worldwide amounted to 190 billion US dollars. This growth is expected to continue into 2022 and increase to 280 billion dollars.<sup>13</sup> The annual growth rate is thus more than 10 %.<sup>13</sup> According to Statista's Digital Market Outlook, mobile advertising will account for 50 % of global digital advertising spending by 2021 and finally surpass the desktop sector by 2022.<sup>13</sup>

In America, mobile advertising will already account for 67 % (87 billion US dollars) of total digital advertising expenditure in 2019. Further growth to 72 % is expected by 2023 (146 billion US dollars).<sup>15</sup>

In contrast, mobile advertising expenditure in Europe will account for only 35 % of digital advertising expenditure in 2019.<sup>16</sup> This corresponds to a value of 75 billion euros.<sup>17</sup> Growth is expected to reach 40 % by 2023.<sup>18</sup> Similar values are also recorded in Germany. The media category Mobile is expected to account for a share of around 32 % by 2020, overtaking TV advertising spending of around 31 % for the first time.<sup>16</sup> Within mobile advertising, mobile video is the driving force with an annual growth rate of 21 %.<sup>13</sup>

However, a large part of the advertising investments is attributable to the Walled Gardens of the major US platforms. The combined worldwide revenue from digital advertising of Google (31 %), Facebook (20 %) and Amazon (14 %) accounts for more than 60 % of total digital advertising spending.<sup>13</sup> In Germany, this figure even amounts to around 75 % of total expenditure.<sup>18</sup>

## PROGRAMMATIC MEDIA BUYING IS THE STANDARD PURCHASING METHOD

According to Zenith's Programmatic Marketing Forecast, 69 % of global digital advertising spending in the current fiscal year 2020 will be handled programmatically, i.e. automated.<sup>19</sup> Programmatic advertising investments continue to rise - but with declining growth rates. The industry is facing several challenges regarding data protection and the supply chain, which must be overcome in order to achieve higher growth again. Zenith expects a further increase in global advertising spending on digital media until financial year 2021, when a volume of 72 % will already be traded programmatically.<sup>19</sup>

The United Kingdom and the USA are the most developed programmatic markets. In 2019, 87 % and 82 % of digital media were already being traded programmatically here.<sup>19</sup> eMarketer predicts that by 2021, 88 % of all advertising spending will be traded programmatically in the USA as well. Two-thirds of all spending will be in mobile advertising.<sup>20</sup> Investments in the mobile advertising market will continue to drive growth.<sup>20</sup>

A similarly strong growth is also taking place in Europe. The share of programmatic advertising expenditure is already at 72 % and is showing a growth rate of more than 30 %.<sup>21</sup> More than half of all advertisers now invest over 40 % of their display advertising spend in programmatic methods, representing growth of more than 10 % compared to the 2018 financial year. Buy-Side stakeholders are also increasingly recognising the potential of programmatic advertising for scalable execution of branding campaigns. Programmatic advertising, traditionally often regarded as a performance medium, is thus experiencing a change in perception, which suggests further growth.<sup>22</sup>

In Germany, programmatic advertising already accounts for 70 % of spending on digital display advertising and is growing at a rate of more than 15 % per year. Spending on mobile programmatic advertising is growing almost twice as fast as total spending on programmatic advertising.<sup>23</sup> As a result around 78 % of total spending on mobile advertising was delivered programmatically in 2019.<sup>24</sup>

12) eMarketer (2019): Global digital ad spending 2019, [online] <https://www.emarketer.com/content/global-digital-ad-spending-2019> [22.01.2020].

13) Statista (2019): Mobile internet advertising revenue worldwide, [online] <https://www.statista.com/statistics/303817/mobile-internet-advertising-revenue-worldwide/> [22.01.2020].

14) Zenith Media (2019): Internetwerbung wird 2021 mehr als die Hälfte der globalen Werbeausgaben ausmachen, [online] <https://www.zenithmedia.de/internet-werbung-wird-2021-mehr-als-die-haelfte-der-globalen-werbeausgaben-ausmachen/> [22.01.2020].

15) Statista (2019) Mobile advertising spending in the United States, [online] <https://www.statista.com/statistics/269916/mobile-advertising-spending-in-the-united-states/> [23.01.2020].

16) Dentsu Aegis Network (2020): Ad spend forecast, [online] <https://www.dentsuaegisnetwork.com/de/de/ad-spend-forecast/> [24.01.2020].

17) Statista (2019): Digitale Werbung Europa, [online] <https://de.statista.com/outlook/216/102/digitale-werbung/europa> [24.01.2020].

18) DMI (2019): Google und Facebook dominieren digitalen Werbemarkt, [online] <https://www.dmi-org.com/wp/tag/emarketer/> [23.01.2020].

19) Zenith Media (2019): Programmatische Werbung erzielt erstmals über 100 Mrd. USD., [online] <https://www.zenithmedia.de/programmatische-werbung-erzielt-erstmal-ueber-100-mrd-usd/> [23.01.2020].

20) eMarketer(2019): US programmatic ad spending forecast 2019, [online] <https://www.emarketer.com/content/us-programmatic-ad-spending-forecast-2019> [23.01.2020].

21) IAB Europe (2019): IAB European Programmatic Ad Spend 2018 Report, [online] [https://iab europe.eu/wp-content/uploads/2019/09/IAB-Europe\\_European-Programmatic-Ad-Spend-2018-Report\\_Sept-2019.pdf](https://iab europe.eu/wp-content/uploads/2019/09/IAB-Europe_European-Programmatic-Ad-Spend-2018-Report_Sept-2019.pdf) [24.01.2020].

22) IAB Europe (2019): IAB Europe Attitudes to Programmatic Advertising Report 2019, [online] [https://iab europe.eu/wp-content/uploads/2019/09/IAB-Europe-Attitudes-to-Programmatic-Advertising-Report-2019\\_Sept-2019.pdf](https://iab europe.eu/wp-content/uploads/2019/09/IAB-Europe-Attitudes-to-Programmatic-Advertising-Report-2019_Sept-2019.pdf) [24.01.2020].

23) eMarketer (2019): Germany programmatic digital display ad spending, [online] <https://www.emarketer.com/content/germany-programmatic-digital-display-ad-spending> [24.01.2020].

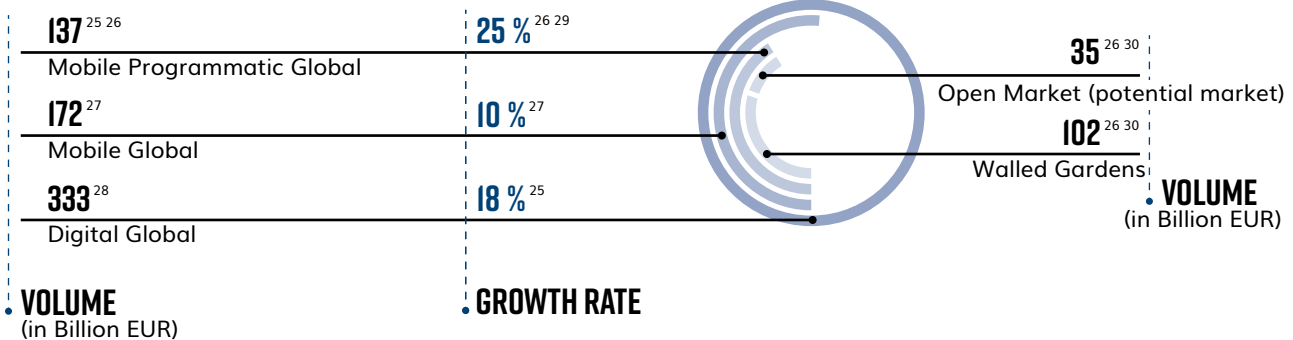
24) Statista (2019): Digital Advertising Germany, [online] <https://www.statista.com/outlook/216/137/digital-advertising/germany?currency=eur#market-revenueYearDesktopMobile> [24.01.2020].

This corresponds to a volume of more than 4.1 billion euros.<sup>23 24</sup> It is assumed that the distribution of advertising expenditure in programmatic mobile media buying is similar to that of total digital advertising expenditure.

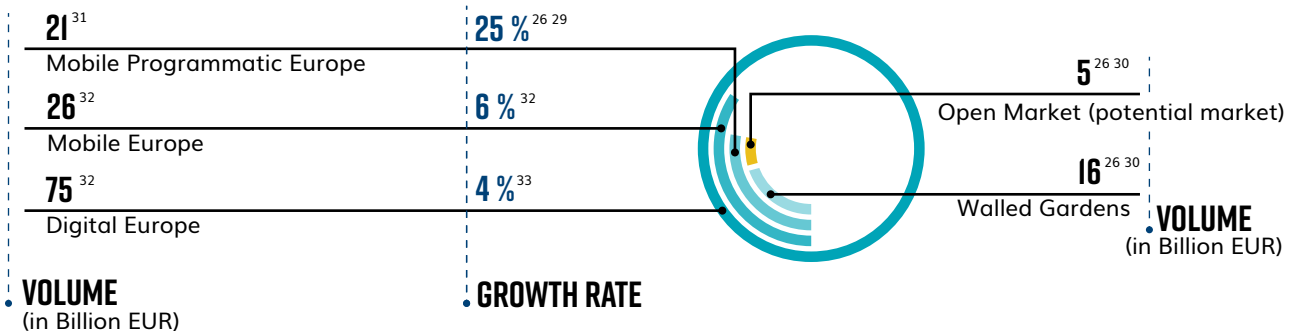
Thus, approximately 75 % of the total expenditure goes to Google, including YouTube, Facebook and Amazon. This results in a market volume of around one billion euro for the open mobile programmatic market in Germany.

## OVERVIEW MARKET VOLUMES AND DEVELOPMENT 2019

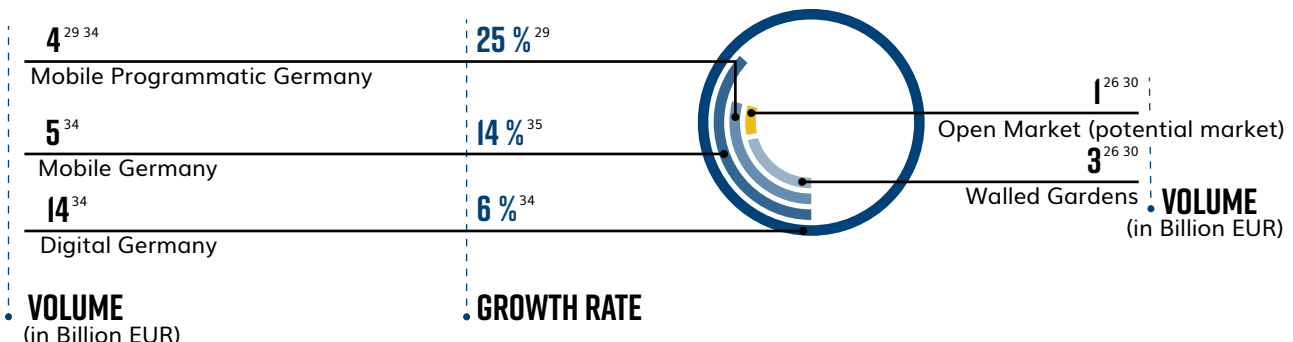
### GLOBAL



### EUROPE



### GERMANY



25) Zenith Media (2019): Programmatische Werbung erzielt erstmals über 100 Mrd. USD., [online] <https://www.zenithmedia.de/programmatische-werbung-erzielt-erstmals-ueber-100-mrd-usd/> [23.01.2020].

26) In-house calculation

27) Statista (2019): Mobile internet advertising revenue worldwide, [online] <https://www.statista.com/statistics/303817/mobile-internet-advertising-revenue-worldwide/> [22.01.2020].

28) eMarketer (2019): Global digital ad spending 2019, [online] <https://www.emarketer.com/content/global-digital-ad-spending-2019> [22.01.2020].

29) eMarketer (2019): Germany programmatic digital display ad spending, [online] <https://www.emarketer.com/content/germany-programmatic-digital-display-ad-spending> [24.01.2020].

30) DMI (2019): Google und Facebook dominieren digitalen Werbemarkt, [online] <https://www.dmi-org.com/wp/tag/emarketer/> [23.01.2020].

31) iab Europe (2019): The current state of the programmatic advertising market, [online] <https://iab europe.eu/blog/the-current-state-of-the-programmatic-advertising-market/> [24.01.2020].

32) Statista (2019): Digitale Werbung Europa, [online] <https://de.statista.com/outlook/216/102/digitale-werbung/europa> [24.01.2020].

33) Zenith Media (2018): Personalisierte und zielgenau ausgesteuerte Kommunikation treibt Werbemarktwachstum voran, [online] <https://www.zenithmedia.de/personalisierte-und-zielgenau-ausgesteuerte-kommunikation-treibt-werbemarktwachstum-voran/> [22.01.2020].

34) Statista (2019): Digital Advertising Germany, [online] <https://www.statista.com/outlook/216/137/digital-advertising/germany?currency=eur#market-revenueYearDesktopMobile> [24.01.2020].

35) <https://www.dentsuaegisnetwork.com/de/de/ad-spend-forecast-> [24.01.2020].

# 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.

Many of the world's 500 largest advertisers use YOC technology. Our customers include well-known brands such as **Deutsche Telekom, Audi, McDonald's, Garnier, Volkswagen, Mercedes-Benz, Netflix, Coca-Cola, Samsung** and **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 **Kurier, Kronenzeitung, Bunte.de, Der Tagesspiegel, Grupa RMF** or **Eurosport**.

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

The company positions itself as an ad technology provider with its proprietary supply side platform **VIS.X®** and with mobile advertising products and solutions in the core markets of Germany, Austria, Spain and Poland.

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.

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

The supply side platform **VIS.X®**, which was introduced at the beginning of 2018, was expanded in the financial year 2019 and has established itself with a significant share of the company's revenues. 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 has established a new programmatic trading venue for international, brand-safe inventory by premium publishers and is 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. **VIS.X®** is registered and protected as a European trademark by the European Patent Office since 2018.

## ----- PRODUCT LINES

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

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.

**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.

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 2019, 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 for brand safety reasons.

## EXPANSION OF THE PRODUCT PORTFOLIO TO INCLUDE YOC ADS PLUS

**YOC Ads Plus** are creative extensions of our proprietary high-impact products. We keep pursuing our mission of offering a better advertising experience for everyone.

The new product line includes a variety of formats, which can be individually adapted to the customer's wishes.

### YOC STORY AD

The **YOC Story Ad** offers an extension of social campaigns into the premium mobile web. Pictures and videos are combined to a small series, which can be individually adapted with various extras such as GIFs, polls and stickers. Advertisers can thereby tell their own story and create a new kind of advertising experience. For the user, the advertising experience is interactive and entertaining due to the different elements.

### YOC AUGMENTED REALITY AD

Through the use of Augmented Reality, products can be virtually integrated into the lives of potential customers. After activating the camera, users are given the opportunity to deal intensively with the advertised products and a simulation in the live environment can be tested. The **YOC Augmented Reality Ad** thus creates a captivating, realistic product experience.

### YOC LIVE POLL AD

The **YOC Live Poll Ad** engages users in real time by asking their preferences and displaying the results of a live voting to the users afterwards. The direct involvement with the advertiser's brand or products results in very intensive and direct communication with the target group.

### YOC FLIP AD

By using the **YOC Flip Ad**, the displayed advertising creative changes according to the scrolling behaviour of the users, so that several pictures, videos and animations become visible.

Amongst other, the advertising content can also be adapted to the current weather condition. This high level of interactivity attracts the user's attention without disturbing the reading flow.

### YOC VOICE AD

Through voice-based interaction, the **YOC Voice Ad** adds a new communication channel to the company's product range and immerses the user directly in the advertised product world.

The voice-controlled, highly effective ad format thus offers countless user-centered and persuasive possibilities for conveying an advertising message.

## 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.

Audi, Germany  
YOC Mystery Ad®  
Q1 / 2019



# 03 GROUP MANAGEMENT REPORT

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# BUSINESS DEVELOPMENT YOC GROUP

Pursuant to IFRS 5, the closure of the British branch office requires the separate presentation of the discontinued business, and the adjustment of the previous year's statement of account for better comparability.

In the 2019 financial year, the company, without consideration of the discontinued business in the British market, increased their **sales revenue** on Group level to EUR 15.1 million (2018 EUR 13.9 million).

As a consequence, the **operating result before interest, tax, depreciation and amortisation (EBITDA)** in the past financial year 2019 came to EUR 0.6 million (2018: EUR 0.6 million). The first-time application of IFRS 16 in the 2019 financial year had a positive effect on the EBITDA, improving by EUR 0.2 million.

Particularly the proprietary technological platform **VIS.X®**, introduced into the market at the beginning of financial year 2018, processed a significantly increased trade volume.

The proprietary platform VIS.X® allows the programmatic (automated) trade of highly effective advertising products by YOC, positioning the company as a provider of high-quality advertising technology.

## INTERNATIONAL BUSINESS

In financial year 2019, YOC Group benefited from their presence in five European markets, from their range of innovative products, their highly qualified personnel and a market expertise grown since 2001.

Beside the Berlin headquarters, the company has branch offices in Spain (Madrid), Austria (Vienna), Poland (Warsaw) and Germany (Düsseldorf and, since January 2020, Hamburg).

The German-speaking locations in **Germany and Austria** continued to develop on a high level in financial year 2019. Especially the **German market** once again improved with a significant 14% rise in revenue (2018: 40%). In **Austria**, the company's business volume grew by 20% (2018: 10%). Moreover, they were able to defend the first place in the Austrian marketer ranking.

The **Polish** subsidiary, set up in the second half of 2016, continued its positive development, gaining a 6% revenue growth year-on-year. Their revenue contribution is hence continuously strengthened.

In the **Spanish market**, however, sales revenues in the 2019 financial year declined year-on-year.

The Management Board in 2019 decided in consultation with the Supervisory Board to discontinue business at the British subsidiary YOC Mobile Advertising Ltd., leading to all activities being discontinued in the third quarter.

## ADVERTISER AND PUBLISHER

In the past reporting period, a large number of well-known international advertisers such as **Audi, Deutsche Telekom, McDonald's, Mercedes-Benz, Netflix, Volkswagen, Coca-Cola, Samsung, Garnier** and **Sky** used YOC's technology and products for effective mobile advertising.

In addition, the company achieved to further expand its bedrock of publishers. The company is thereby equipped to offer its own advertising formats with a large and attractive international coverage to advertisers.

This way, the proprietary YOC products were increasingly integrated into our publishing partners' media contents. As a result, the company was able 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 2019, publishers can manage, analyse and optimise their marketing activities.

## DISTINCT FOCUS ON AD TECHNOLOGY

Already 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 proprietary platform **VIS.X®** provides a 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 is of high importance, constantly developing new products and introducing them into the market. The 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**, **WetterOnline** 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 a considerable additional monetising.

International advertisers such as **Audi**, **Mondelēz**, **Samsung**, **Mercedes-Benz**, **Nestlé** 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 2019, 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 non-intrusive 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.

**YOC Hub** is YOC's proprietary business intelligence and reporting tool. The steady development was consistently advanced in financial year 2019 by introducing new functions. **YOC Hub** bundles all relevant transactional data through all sales channels in a user-friendly platform.

The standardised display of all necessary traffic data allows 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 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 reliable and exceptionally high-performance delivery in numerous data centres in various countries.

# DEVELOPMENT OF PROFIT YOC GROUP

The following report on the earnings situation does not include the business activities – discontinued in the 2019 financial year – of the subsidiary YOC Mobile Advertising Ltd. which is currently in liquidation. Due to the separate disclosure according to IFRS 5, the earnings component of the British subsidiary is reported in discontinued operations.

The previous year's figures were adjusted accordingly for better comparability.

## REVENUE TREND AND OVERALL PERFORMANCE

In financial year 2019, the company saw a **revenue growth** of 8% to EUR 15.1 million (2018: EUR 13.9 million). The successful transformation of YOC Group into a provider of high-quality ad technology is leading to sustained positive business development.

The Group's **total output** is EUR 0.9 million above the previous year's level at EUR 15.7 million (2018: EUR 14.8 million).

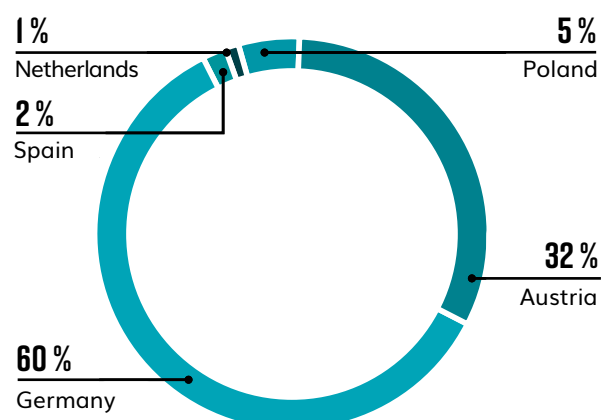
## REVENUE BY REGION

In the 2019 financial year, revenues in the **German-speaking markets** increased by 15 % year-on-year to EUR 14.0 million (2018: EUR 12.2 million).

The location in **Poland**, which was established in 2016, generated sales revenues of EUR 0.7 million (2018: EUR 0.7 million).

The activities in **Spain** showed a decline in sales revenues to EUR 0.3 million (2018: EUR 1.0 million).

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



## GROSS MARGIN

Due to the significantly increasing revenue contribution of the technological platform **VIS.X®**, we achieved to improve the **gross margin** to 39% (2018: 38%) in the reporting period.

In the context of the development over the past six 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 in the gross profit ratio is an important element in the sustained positive development of the company.

## PERSONNEL EXPENSES AND PERSONNEL DEVELOPMENT

The **average number of staff** (without Management Board) of YOC Group remained constant at 48 employees.

As of 31 December 2019, YOC Group had 51 permanent employees (31 December 2018: 42 permanent employees).

In the 2019 financial year, the **personnel expense** slightly increased by EUR 0.2 million to EUR 4.0 million (2018: EUR 3.8 million).

The personnel expense ratio, which regards the personnel expense in relation to the total output, remained at the previous year's level at 26%.

In the past financial year, the YOC Group retain top performers to the company and allure new qualified employees for key positions.

The shortage of skilled workers was society effectively.

## OTHER OPERATING EXPENSES

In fiscal 2019, **other operating expenses** amounted to EUR 1.9 million (2018: EUR 1.8 million).

Overall, the cost reducing measures implemented in various areas in recent years have had an effect, with the result that the ratio to total operating performance remained constant at 12 % compared with the previous year (2018: 12%).

The first-time application of IFRS 16 influenced this development by EUR 0.2 million.

## EBITDA

The **operating result before interest, tax, depreciation and amortisation (EBITDA)** remained at the previous year's level at EUR 0.6 million in financial year 2019 (2018: EUR 0.6 million). The first-time application of IFRS 16 influenced this development by EUR 0.2 million.

## NET INCOME

The **post-tax result** (including corporate functions) came to EUR -0.4 million (2018: EUR 0.04 million) in the reporting period.

In the 2019 financial year, the YOC Group recognised **planned depreciation** in the amount of EUR 0.6 million (2018: EUR 0.3 million). The EUR 0.3 million increase can be traced back to the first-time application of IFRS 16, as rights of use from leases are henceforth recognised.

The **financial result** was EUR -0.3 million as compared to the previous year (2018: EUR -0.2 million).

**Taxes on income and revenue** in the amount of EUR 0.1 million also remained unchanged (2018: EUR 0.1 million).

## POST-TAX RESULT DISCONTINUED OPERATIONS

The result of the discontinued subsidiary YOC Mobile Advertising Ltd. reduced profits by altogether EUR 0.1 million in the past financial year.

The Management Board in 2019 decided in consultation with the Supervisory Board to discontinue business at the British subsidiary YOC Mobile Advertising Ltd. Therefore, the liquidation of the company was filed for at the Companies House at the end of 2019. As of the date of balance, the liquidation was not yet carried out. The liquidation took place on 31 March 2020.

Pursuant to IFRS 5, the company recognised YOC Mobile Advertising Ltd.'s result as a discontinued operation. The result of discontinued operations amounted to EUR -0.1 million in 2019 (2018: EUR -0.2 million).

## POST-TAX RESULT YOC GROUP

As a result of the above-mentioned factors, the Group concluded the 2019 financial year with a loss of around EUR 0.5 million (2018: EUR 0.2 million).

# DEVELOPMENT OF FINANCIAL POSITION AND NET ASSETS YOC GROUP

## NON-CURRENT ASSETS

As of the reporting date, the **non-current assets** came to EUR 2.2 million (2018: EUR 0.8 million).

The increase compared to the previous year is mainly due to the first-time application of IFRS 16 and the associated recognition of **rights of use from leasing** in the amount of EUR 1.0 million (2018: EUR 0 million).

In the **self-developed software** item, in-house developments of EUR 0.4 million were activated (2018: EUR 0.4 million).

**Property, plant and equipment** remained on the previous year's level at EUR 0.1 million due to the low investment requirements (2018: EUR 0.1 million).

Planned depreciation came to a total EUR 0.6 million (2018: EUR 0.3 million). The EUR 0.3 million increase is due to the first-time application of IFRS 16 and the related recognition of rights of use from leases (2018: EUR 0.0 million).

## CURRENT ASSETS

**Current assets** amounted to EUR 4.3 million as of the reporting date (2018: EUR 5.4 million).

**Trade and other liabilities** were reduced by EUR 1.5 million to EUR 3.0 million (2018: EUR 4.5 million) as of the reporting date. Despite the general increase in business volume, this development is attributable to a simultaneous improvement in payment behaviour.

**Other assets** increased by EUR 0.1 million, amounting to EUR 0.3 million as of the reporting date (2018: EUR 0.2 million).

As of 31 December 2019, the **liquid assets** saw an increase by EUR 0.3 million to EUR 1.0 million (2018: EUR 0.7 million).

## EQUITY

As of 31 December 2019, YOC Group's **equity capital** amounted to EUR -4.4 million (2018: EUR -3.9 million), based on the **annual result** of EUR -0.5 million (2018: EUR -0.2 million).

The **currency translation differences** from translating the British subsidiary's annual result from GBP into EUR, and the Polish subsidiary's result from PLN into EUR, are reflected in the results with no effect on the net income, improving the equity capital by EUR 0.015 million (2018: EUR 0.035 million).

## NON-CURRENT LIABILITIES

As of the reporting date, the **non-current liabilities** of the company rose by EUR 0.8 million to EUR 3.2 million (2018: EUR 2.4 million) year-on-year.

The first-time application of IFRS 16 and related recognition of **leasing liabilities** in the amount of EUR 0.9 million (2018: EUR 0 million) are accountable for this increase.

## CURRENT LIABILITIES

The **current liabilities** slightly decreased by EUR 0.1 million to EUR 7.6 million in the 2019 financial year (2018: EUR 7.7 million).

**Trade and other liabilities** increased by EUR 0.4 million to EUR 3.8 million (2018: EUR 3.4 million).

**Other financial liabilities** amounting to EUR 3.1 million included almost exclusively liabilities from invoices not yet received (2018: EUR 3.6 million).

These again included mainly provisions from agency refunds in the amount of EUR 1.7 million (2018: EUR 1.9 million).

The conclusion of agency contracts and the related agency refunds are of special relevance to our business model.

They form a kind of revenue guarantee or minimum purchase volume with the regarding media agencies.

In return, the agencies receive a contractually fixed reimbursement.

Liabilities from **advances received, other liabilities** and **tax liabilities** came to EUR 0.5 million (2018: EUR 0.6 million) as of 31 December 2019.

## CASH FLOW

As of the reporting date, the YOC Group's **liquid assets** amounted to EUR 1.0 million. The liquidity increase was EUR 0.3 million year-on-year (2018: EUR 0.7 million).

### OPERATING CASH FLOW

The **operating cash flow** is determined by the indirect method. Starting point for the calculation is the post-tax result of the past financial year in the amount of EUR -0.5 million (2018: EUR -0.2 million).

The operating cash flow includes all cash-effective transactions of the financial year that are not allocated to investing or financing activities. The operating cash flow of YOC Group in the 2019 reporting year amounted to EUR 1.2 million (2018: EUR -1.0 million). This reflects the post-tax result as well as business-related changes to the working capital.

### CASH FLOW FROM INVESTING ACTIVITIES

The outflow of cash from **investing activities** in the total amount of EUR 0.6 million (2018: EUR 0.6 million) first and foremost contains the recognizable internal development costs related to the further development of the company's technological platforms and innovative products amounting to EUR 0.3 million as well as external development costs in the amount of EUR 0.1 million. In the fixed assets, additions and disposals are balanced.

### CASH FLOW FROM FINANCING ACTIVITIES

The cash flow from **financing activities** of EUR -0.3 million (2018: EUR 1.3 million) results from the repayment of loan and leasing liabilities.

## 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 the YOC Group.

In financial year 2019, they achieved an operating result before interest, tax, depreciation and amortisation (EBITDA) amounting to EUR 0.6 million (2018: EUR 0.6 million).

YOC Group's balance sheet total increased by EUR 0.3 million to EUR 6.5 million (2018: EUR 6.2 million).



# FORECAST REPORT YOC GROUP

The use of the internet is already established to a high degree in the daily lives of people. The wide-ranging possibilities and the abundance in online contents result in the continued increase of the daily internet use.

Above all, people who are online with their mobile devices when they are on the move use the Internet much more intensively than the overall population: Among the under-50s, just over 90 percent use the Internet at least occasionally while on the move.<sup>36</sup>

In order to stay relevant for these generations, both publishers and advertisers need to present attractive offers for information and entertainment. For publishers this means not to overstrain their users with advertisements, and ideally even offer them added value through creative formats. Whereas for advertisers this means to know their target group well and address them in a creative way.

In this light, the call for creative and highly effective formats becomes even more relevant. Rich media formats allowing for the integration of a wide variety of media such as video, audio or HTML5 create higher interaction rates compared to standard banners, hence leading to a stronger and more positive brand awareness.

For several years, YOC has already positioned itself in this business field with a large number of attractive product lines and features, and it expects to participate in the growth of the market by providing interactive and highly effective advertising formats in the programmatic environment. In the European context, the market currently scarcely offers supply-side platforms which can serve the demand for mobile programmatic advertising combined with highly effective advertising products.

Further reservations arose as many advertisers were concerned their ads could appear in environments with negative connotations. This underlines even more the relevance of secure premium environments, and in particular their transparency.

This has given rise to a need for action at YOC: With the launch of the new proprietary supply-side platform **VIS.X®** in the year 2018, YOC does not merely offer highly effective advertising formats that comply with the rules of the Coalition for Better Ads<sup>37</sup>, but can now also trade and deliver them platform-based via programmatic trading channels.

By binding premium publishers and their high-quality inventory, the company moreover covers the strong demand for brand safety, and hence secure advertising environments, and will thus participate in the further expansion of programmatic trade in Europe in the future.

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 branches adapt the new market positioning and implement all relevant tasks.

The proprietary platform **VIS.X®** allowed the company to gain a substantial competitive edge as well as independence from third-party providers through the programmatic trade of highly effective advertising products.

In the 2019 financial year, the company's predicted **sales revenues** were not fully realised. There is a 3% deviation from the lower forecast threshold. The company generated an **operating result before interest, taxes, depreciation and amortisation (EBITDA)** in the amount of EUR 0.6 million.

For the ongoing 2020 financial year, the company so far foresaw Group-wide **sales revenues** amounting to EUR 17.0 million to EUR 18.0 million, and an **operating result before interest, taxes, depreciation and amortisation (EBITDA)** amounting to EUR 1.0 million to EUR 1.5 million.

However, the world-wide spread of the novel coronavirus SARS-CoV-2 increased distinctly in the first quarter of 2020. Due to the uncertainty as to the duration of the crisis, the full extent of its implications for society at the time being cannot be reliably quantified.

The further spread of the coronavirus SARS-CoV-2 is followed by negative impacts especially in the advertising industry. The YOC AG Management Board with view to the unexpected decline in orders for the current second quarter of 2020 decided on 09 April 2020 not to uphold the forecast for the year 2020 as a whole and developed alternative planning scenarios. As soon as a reasonably reliable assessment of the further business development for the year 2020 is possible, YOC AG will publish a prognosis that is adjusted accordingly.

Following two successful months at the beginning of the 2020 financial year, the company had to face cancellations and a decline in orders as early as March 2020. Particularly hard hit by this development will most likely be the months of April, May and June 2020. For the second half-year, we expect a stronger revenue growth year-on-year. Building on this planning assumption, we would see a positive EBITDA for the year as a whole. Based on the currently foreseeable economic developments, the company further introduced appropriate countermeasures, among others in connection with the utilisation of state funds.

36) <http://www.ord-zdf-onlinestudie.de/ordzdf-onlinestudie-2019/>. Abruf am: 06.12.2019.

37) Coalition for Better Ads. The Bad Ads Standards. Kein Veröffentlichungsdatum. <https://www.betterads.org/standards/>. Abruf am: 27.02.2020.

The company's going concern relies on the successful implementation of those measures taken to counter the effects of the coronavirus crisis, and on the scheduled development of the operating business not substantially falling behind the adjusted expectations.

The company currently assesses various alternative financing opportunities, which can partly be utilised

with no preconditions from third parties. In order to have sufficient liquidity in the forecast horizon and to secure the continuation of business activities, the company must be able to make use of additional financing opportunities along with implementing the countermeasures and achieving to realise the adjusted planning goals.

## 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 yield optimisation in order to increase the monetising of advertising spaces made available by all publishers of YOC Group.

### REVENUE DEVELOPMENT AND OVERALL PERFORMANCE

The **sales revenues** of YOC AG in the 2019 financial year came to a total EUR 7.7 million (2018: EUR 6.5 million).

The EUR 4.9 million in **external revenues** (2018: EUR 3.6 million) are a result of the programmatic trade for monetising the publishing partners' international advertising inventory via the YOC platform **VIS.X®** as well as other technological platforms.

The **total output with affiliated companies** amounted to EUR 2.8 million (2018: EUR 2.9 million). These revenues are largely due to the charging-on of costs incurred for corporate functions and other operating services.

**Other operating earnings** decreased by EUR 0.3 million to EUR 0.1 million in the past financial year 2019 (2018: EUR 0.4 million). The decline is based on earnings from a reversal of personnel provisions in the context of the phantom stock option programme in the previous year which did not occur in 2019.

The company's **total output** in the reporting year was EUR 0.9 million above the previous year's at EUR 7.9 million (2018: EUR 7.0 million).

### COSTS OF MATERIAL

**Costs for services** received in the amount of EUR 5.7 million (2018: EUR 4.2 million) mainly include fees for publishers in the context of central yield optimization, technical server costs and expenses for performance campaigns.

### PERSONNEL EXPENSES AND PERSONNEL DEVELOPMENT

As of 31 December 2019, the YOC AG Management Board still comprised one member.

The Management Board member in the 2019 financial year was in part also appointed CEO to YOC AG subsidiaries.

In the period under review, the company had an average of 26 permanent employees (2018: 27). At the end of the financial year, YOC AG had 27 **permanent employees** (31 December 2018: 22 permanent employees).

The **personnel expense** in the year under report increased by EUR 0.1 million to EUR 1.7 million (2018: EUR 1.6 million).

### OTHER OPERATING EXPENSES

In the 2019 financial year, the **other operating expense** amounted to EUR 1.4 million (2018: EUR 1.0 million). The rise is mainly due to the depreciation of short-term loans to YOC Mobile Advertising Ltd. in the amount of EUR 0.2 million.

### EBITDA

In the 2019 financial year, the **operating result before interest, tax, depreciation and amortisation (EBITDA)** came to EUR -1.0 million (2018: EUR 0.2 million). The decline in the EBITDA was due to the increased material costs as a result of increased costs for operating the company-owned platforms as well as adjustments to internal allocations by EUR 0.7 million.

In addition, depreciations on short-term loans to YOC Mobile Advertising Ltd. in the amount of EUR 0.2 million had to be made. Taking into account the previous year's one-off other operating expenses from releasing personnel provisions, the EBITDA was reduced by a further EUR 0.2 million.

## INVESTMENT AND FINANCIAL RESULT

The **investment and financial result** of YOC AG in the reporting year came to EUR 0.6 million (2018: EUR 0.4 million).

The result of the **profit-and-loss transfer agreement** with YOC Mobile Advertising GmbH for the 2019 financial year amounted to EUR 0.8 million (2018: EUR 0.4 million).

In the 2019 financial year, the Austrian subsidiary YOC Central Eastern Europe GmbH distributed **profits** from the 2018 financial year in the amount of EUR 0.1 million to YOC AG.

In the ongoing 2020 financial year, the distribution of profits by YOC Central Eastern GmbH to YOC AG for the 2019 financial year will likely amount to EUR 0.3 million.

The YOC AG **interest result** in the 2019 financial year came to EUR -0.3 million (2018: EUR -0.2 million).

## DEPRECIATION

**Depreciation** on intangible assets in property, plant and equipment had an effect of EUR 0.1 million in the reporting period (2018: EUR 0.1 million).

In addition, the interest in YOC Mobile Advertising Ltd. in the amount of EUR 0.5 million was fully depreciated due to the discontinuation of business. In this context, the remaining non-current loans to YOC Mobile Advertising Ltd. in the amount of EUR 0.7 million (2018: EUR 0.4 million) were depreciated.

## NET INCOME

The **net income** of YOC AG in the 2019 financial year came to EUR -1.7 million (2018: EUR 0.03 million).

The change to the **post-tax result** is negatively impacted by one-off effects in the amount of EUR 1.5 million. They result from the discontinuation of activities in the British market amounting to EUR 1.3 million as well as other operating earnings in the amount of EUR 0.2 million which had positively influenced the result in the 2018 financial year.

# DEVELOPMENT OF FINANCIAL POSITION AND NET ASSETS YOC AG

As of 31 December 2019, YOC AG's **total assets** came to EUR 9.5 million (2018: EUR 8.2 million).

## FIXED ASSETS

As of the reporting date, the total **fixed assets** amounted to EUR 1.3 million (2018: EUR 2.2 million).

The decline is a result of the changes to the **financial assets** to EUR 0.6 million (2018: EUR 1.8 million) as of 31 December 2019 due to the closure of YOC Mobile Advertising Ltd. and the related depreciation of company shares as well as loans by YOC AG.

The **intangible assets** increased by EUR 0.1 million to EUR 0.5 million in the reporting period (2018: EUR 0.4 million) and are largely based on investment in YOC's technological platform **VIS.X®** for the programmatic trade of highly effective advertising products.

The **property, plant and equipment** item remains almost unchanged year-on-year at EUR 0.1 million (2018: EUR 0.1 million).

## EQUITY

YOC AG's **equity capital** as of 31 December 2019 came to EUR -4.0 million (2018: EUR -2.4 million). The decline in equity capital is due to the annual result of EUR -1.7 million (2018: EUR 0.03 million) which has been strained extensively by the British subsidiary's closure with depreciations amounting to EUR 1.4 million.

## LIABILITIES

YOC AG's **liabilities** increased by a total EUR 1.3 million to EUR 8.9 million in the reporting period (2018: EUR 7.6 million).

The increase is mainly a result of the increase in liabilities against affiliated companies by EUR 1.4 million to EUR 5.9 million (2018: EUR 4.5 million).

**Liabilities against shareholders** were reduced by EUR 0.1 million to EUR 1.0 million in the reporting period (2018: EUR 1.1 million).

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

While YOC AG achieved to increase their business activities in the 2019 financial year, they finished the

reporting year with an annual loss of EUR 1.7 million (2018: EUR 0.03 million). The change to the post-tax result is mainly negatively impacted by one-off effects in the amount of EUR 1.5 million. They result from the discontinuation of activities in the British market amounting to EUR 1.3 million as well as other operating earnings in the amount of EUR 0.2 million which had positively influenced the result in the 2018 financial year.

# 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 yield 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 improve in 2020.

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.

Due to the steady increase of the programmatic trade volume, we expect a double-digit revenue growth at YOC Mobile Advertising GmbH in the financial year to come.

Due to the positive result of the Austrian subsidiary YOC Central Eastern Europe GmbH, further positive profit contributions from profit distributions are also planned for the 2020 financial year.

The Spanish and Polish subsidiaries are expected to realise a growth in revenue and results, but no distribution of profits as yet in 2020. In the medium term, however, we expect these subsidiaries to generate positive profit contributions and add to the increase of YOC AG's results

Overall, YOC AG therefore expects a positive investment result for the 2019 financial year and an improved annual result overall.

Liquidity planning at YOC is mainly made on group level. Hence, we would kindly refer to the explanations in the chapter „Outlook of YOC Group“.

Due to the size of the mother company in relation to the group, the very close interrelation of services within the group and the centralised treasury functions, the financial position of the group and of YOC AG are comparable.

In the 2019 financial year, the business development of YOC AG was not realised as anticipated due to the closure of the British branch and the related depreciations.

Based on the outlined developments, YOC AG in financial year 2020 expects an increased operating result (EBITDA), and, as a consequence, an improved annual result year-on-year.

However, the world-wide spread of the novel coronavirus SARS-CoV-2 increased distinctly in the first quarter of 2020. Due to the uncertainty as to the duration of the crisis, the full extent of its implications for society at the time being cannot be reliably quantified.

The further spread of the coronavirus SARS-CoV-2 is followed by negative impacts especially in the advertising industry.

The YOC AG Management Board with view to the unexpected decline in orders for the current second quarter of 2020 decided on 09 April 2020 not to uphold the forecast for the year 2020 as a whole and developed alternative planning scenarios.

As soon as a reasonably reliable assessment of the further business development for the year 2020 is possible, YOC AG will publish a prognosis that is adjusted accordingly.

Following two successful months at the beginning of the 2020 financial year, the company had to face cancellations and a decline in orders as early as March 2020. Particularly hard hit by this development will most likely be the months of April, May and June 2020.

For the second half-year, we expect a stronger revenue growth year-on-year. Building on this planning assumption, we would see a positive EBITDA for the year as a whole.

Based on the currently foreseeable economic developments, the company further introduced appropriate countermeasures, among others in connection with the utilisation of state funds.

The company's going concern relies on the successful implementation of those measures taken to counter the effects of the coronavirus crisis, and on the scheduled development of the operating business not substantially

falling behind the adjusted expectations. The company currently assesses various alternative financing opportunities, which can partly be utilised with no preconditions from third parties. In order to have sufficient liquidity in the forecast horizon and to secure the continuation of business activities, the company must be able to make use of additional financing opportunities along with implementing the countermeasures and achieving to realise the adjusted planning goals.

# 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.

With regard to the uncertainties regarding the spread of the coronavirus SARS-CoV-2, we refer to the statements in the Company's forecast report.

### 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 bad debts is countered by a stringent debtor management system that focuses on monitoring the age structure of receivables and managing doubtful accounts. In the past three financial years, neither YOC AG nor its subsidiaries have defaulted on significant receivables.

As of 31 December 2019, the company had cash and cash equivalents in the amount of EUR 1.0 million. For the risks regarding the development of liquidity in the context of the spread of coronavirus SARS-CoV-2 we refer to the forecast report.

The company currently assesses various alternative financing opportunities, which can partly be utilised with no preconditions from third parties.

In order to have sufficient liquidity in the forecast horizon and to secure the continuation of business activities, the company must be able to make use of additional financing opportunities along with implementing the countermeasures taken in the context of the COVID-19 crisis and achieving to realise the adjusted planning goals.

### 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 2019 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.

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

The successful realisation of corporate planning in the ongoing financial year depends on the course of events related to the spread of the SARS-COV-2 virus, which is difficult to estimate at the time of preparation of the financial statements.

# 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 2019, 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.

- **Dirk-Hilmar Kraus**, Germany, has informed the company that his voting rights share in YOC AG as of 31 December 2019 came to 19.64 % (corresponding to 646,685 of altogether 3,292,978 voting rights). These shares are in part held directly by Mr Dirk-Hilmar Kraus or by dkam GmbH which is indirectly linked to him.
- **Dr Kyra Heiss**, Germany, has informed the company on 18 December 2019 – 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.

## 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.

The Management Board is authorised to exempt subscription rights of the shareholders partially or as a whole **(i)** in order to exclude fractional amounts from the shareholders' subscription rights, **(ii)** in order to exclude the shareholders' subscription rights where required to grant to holders or creditors of conversion or option rights and/or holders or creditors of convertible bonds or option bonds with conversion or option obligations, which were or are issued by the company or a group company, subscription rights in the amount they would be entitled to as shareholders following the exercise of the convertible or option rights, or following the fulfilment of the conversion or option obligations; **(iii)** in the event of capital increases against tangible assets for the (also indirect) acquisition of companies, parts of companies or a share in a company, or of other items of property, **(iv)** in the event of capital increases against contributions in cash, if the issue

amount of the shares is not significantly below the stock exchange price of the already listed shares at the time of the final determination of the issue price, and if all shares issued under the exclusion of subscription rights pursuant to Sect. 186 Para. 3 Sent. 4 AktG (German Stock Corporation Act) neither exceed 10% of the share capital at the time of becoming effective nor at the time of exercising this authorisation.

To be taken into account in this limitation are those shares that were sold or issued or are to be issued during the term of this authorisation until the time it is exercised due to other authorisations in the direct or corresponding application of Sect. 186 Para. 3 Sent. 4 AktG with the exclusion of subscription rights, **(v)** in order to issue shares as staff shares to employees of the company.

### 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 MANAGE- MENT BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER BID

The exercising of 20,000 phantom stock options is coupled with a takeover bid for the YOC AG shares pursuant to Sect. 29, 35 WpÜG (German Securities Acquisition and Takeover Act) with no specified maturity date. As of the reporting date, no liabilities have been recognised hereof. We also refer to the section "Management Board remuneration".

Other than that, the company entered into no material agreements that are subject to 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 2019 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 2019)

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 2019 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 2019. 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.

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

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

› **Item 5.4.1 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 5.4.6 DCGK:** The chairmanship or membership to committees were not and are not taken into consideration in the Supervisory Board remuneration, as the Supervisory Board has not formed any committees.

› **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 2020

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](http://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.

The framework for corporate governance therefore derives from German law, in particular the stock corporation and capital market legislation, as well as the German Corporate Governance Code (as far as no deviations to it were declared), the YOC AG articles of association and the Management and Supervisory Boards' rules of procedure.

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.

In addition, so-called ad-hoc communications are published pursuant to Art. 17 of EU Regulation No. 596/2014 on market abuse through a European media cluster and the company's web pages, if required by law. All announcements, presentations and communications as well as the current financial calendar can be viewed on the company's web pages ([www.yoc.com](http://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 a providers of product-based mobile advertising technology 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.

The risk of the spread of the coronavirus SARS-COV-2 is constantly monitored and continues to be discussed by the Management Board and Supervisory Board.

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. Since October 2016, Dirk-Hilmar Kraus has been the sole member to the YOC AG Management Board.

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 2020 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 2020

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 2019 included a fixed component of altogether kEUR 165 (2018: kEUR 150).

No variable component was paid in financial year 2019 (2018: kEUR 0).

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 2019.

### REMUNERATION MANAGEMENT SUPERVISORY BOARD 2019 (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
<b>TOTAL</b>	<b>56</b>	<b>23</b>	<b>79</b>

# EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION REPORTING DATE

The Management Board and the Supervisory Board in the past financial year 2019 decided to discontinue the business of the British subsidiary YOC Mobile Advertising Ltd.

The company's liquidation has meanwhile been carried out as of 31 March 2020 by the responsible Companies House in London.

Mr Dirk-Hilmar Kraus provided the company with a short-term loan in the amount of EUR 0.2 million in February 2020.

The world-wide spread of the novel coronavirus SARS-CoV-2 constantly accelerated in the first quarter of 2020.

In the face of the continuous evolution of the situation, the full extent of its implications for our society at the time being cannot be reliably quantified.

Due to the further dynamic evolution of the situation and with view to the unexpected decline in orders for the current second quarter of 2020, the YOC AG Management Board on 09 April 2020 decided not to uphold the forecast for the year 2020 as a whole.

In this context, the company reacted by introducing the following countermeasures:

- › As a precautionary measure, YOC AG applied for a EUR 0.7 million loan from their principal bank within the context of the German KfW corona virus aid (KfW-Corona-Hilfe).
- › The company as of 01 April 2020 made use of the possibilities for short-time work created by the respective countries within the European Union in order to reduce the personnel expense during the government-imposed contact restrictions and restrictions on movement.

Other than these, no other events took place after the reporting date which had significant effects on the net assets, financial position and results of operations.

Berlin, 17 April 2020



DIRK-HILMAR KRAUS

THE MANAGEMENT BOARD



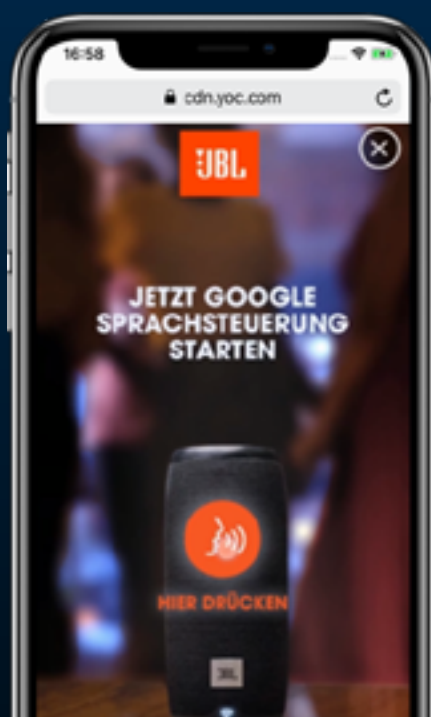


JBL, Austria  
YOC Voice Ad  
Q1 / 2019



# 04 CONSOLIDATED FINANCIAL STATEMENTS

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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

All figures in EUR

## CONSOLIDATED INCOME STATEMENT

	NOTE #	2019	2018 (ADJUSTED)
Revenue	6.1	15,105,209	13,940,548
Own work capitalised	6.2	314,270	352,039
Other operating income	6.3	275,479	528,765
<b>Total output</b>		<b>15,694,957</b>	<b>14,821,353</b>
Expenses for goods and services	6.4	9,215,615	8,663,329
Personnel expenses	6.5	4,027,301	3,781,261
Other operating expenses	6.6	1,873,788	1,805,035
<b>Earnings before interest, taxes, depreciation and amortization</b>		<b>578,253</b>	<b>571,728</b>
Depreciation and amortisation expenses	7.1/7.2/7.3	563,382	287,116
<b>Earnings before interest and taxes</b>		<b>14,871</b>	<b>284,612</b>
Financial income		15	0
Financial expenses	6.7	250,720	183,194
Financial result		-250,705	-183,194
<b>Earnings before taxes</b>		<b>-235,834</b>	<b>101,418</b>
Income taxes	6.8	145,271	61,120
<b>Net income continuing operations</b>		<b>-381,105</b>	<b>40,298</b>
Net income discontinued operations	5.1	-91,409	-197,976
<b>Net income continuing operations</b>		<b>-472,514</b>	<b>-157,678</b>
<b>NET INCOME</b>		<b>-472,514</b>	<b>-157,678</b>

## EARNINGS PER SHARE

Earnings per share basic	6.9	-0.14	-0.05
Earnings per share diluted	6.9	-0.14	-0.05

## EARNINGS PER SHARE CONTINUING OPERATIONS

Earnings per share basic	6.9	-0.12	0.01
Earnings per share diluted	6.9	-0.12	0.01

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<b>Net income</b>		<b>-472,514</b>	<b>-157,678</b>
Net other comprehensive income to be reclassified through profit or loss in subsequent periods:	9		
Unrealised gains/losses from foreign currency translation		14,355	35,195
<b>Total other comprehensive income</b>		<b>14,355</b>	<b>35,195</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>-458,159</b>	<b>-122,483</b>

When using rounded amounts and key figures, differences may occur due to commercial rounding. The previous year's figures were adjusted due to the application of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. For further information we refer to Chapter 5 "Result of discontinued operations".

The new accounting standard IFRS 16 Leases is applicable since 01 January 2019; the previous year's figures were not adjusted. For further information we refer to Chapter 2 "Application of new or amended standards".

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All figures in EUR

ASSETS	NOTE #	31/12/2019	31/12/2018
<b>Non-current assets</b>		<b>2,170,423</b>	<b>844,641</b>
Property, plant and equipment	7.1	126,091	96,189
Intangible assets	7.2	1,043,944	747,287
Rights of use from leasing	7.3	1,000,388	0
Deferred tax assets	6.8	0	1,165
<b>Current assets</b>		<b>4,301,090</b>	<b>5,379,230</b>
Trade receivables	7.4	3,024,147	4,532,281
Other receivables	7.4	285,129	182,720
Cash and cash equivalents	7.5	991,814	664,228
<b>TOTAL ASSETS</b>		<b>6,471,513</b>	<b>6,223,871</b>

## EQUITY AND LIABILITIES

<b>Equity</b>		<b>-4,352,765</b>	<b>-3,894,606</b>
Subscribed capital	7.6	3,292,978	3,292,978
Additional paid in capital	7.6	20,961,224	20,961,224
Retained earnings	7.6	-28,535,893	-28,063,379
Other comprehensive income from currency translation differences	7.6	-20,756	-35,111
Own shares	7.6	-50,319	-50,319
<b>Non-current liabilities</b>		<b>3,194,498</b>	<b>2,430,181</b>
Provisions	7.7	68,903	79,714
Leasing liabilities	7.8	853,610	0
Other financial liabilities	7.8	2,271,985	2,350,467
<b>Current liabilities</b>		<b>7,629,780</b>	<b>7,688,296</b>
Prepayments received	7.8	901	12,485
Trade payables	7.8	3,810,615	3,426,506
Other liabilities	7.8	422,339	575,906
Other financial liabilities	7.8	3,113,313	3,610,140
Leasing liabilities	7.8	224,350	0
Tax liabilities	6.8	58,262	46,760
Provisions	7.7	0	16,500
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,471,513</b>	<b>6,223,871</b>

When using rounded amounts and key figures, differences may occur due to commercial rounding.

The new accounting standard IFRS 16 Leases is applicable since 01 January 2019; the previous year's figures were not adjusted. For further information we refer to the chapter "Application of new or amended standards".

# CONSOLIDATED CASH FLOW STATEMENT

All figures in EUR

## CONSOLIDATED CASH FLOW STATEMENT

	NOTE #	2019	2018
Net income continuing operations	9	-381,105	40,299
Net income discontinued operations	9	-91,409	-197,976
Depreciation and amortisation		570,067	287,116
Taxes recognised in the income statement		146,469	61,120
Interest recognised in the income statement		247,496	183,194
Other non-cash income and expenses		-263,659	378,708
<b>Cash-Earnings</b>	<b>8.1</b>	<b>227,859</b>	<b>752,460</b>
Changes in receivables and other receivables		1,405,725	-1,512,142
Changes in liabilities, prepayments and other liabilities		-182,305	350,106
Changes in provisions		-27,311	-473,324
Changes in other assets and liabilities		77,572	0
Interest received		15	0
Interest paid		-109,758	-88,166
Interest paid leasing		-65,685	0
Income taxes paid		-113,462	-72,412
<b>Cash flow from operating activities</b>	<b>8.1</b>	<b>1,212,649</b>	<b>-1,043,478</b>
Purchase of property, plant and equipment		-85,145	-68,929
Purchase of intangible assets		-149,982	-154,549
Outflow from development costs		-393,055	-352,040
Disposal of assets		10,735	977
<b>Cash flow from investing activities</b>	<b>8.1</b>	<b>-617,446</b>	<b>-574,541</b>
Issuance of convertible bond		0	1,550,600
Repayment of lease liabilities		-167,618	0
loan repayment		-200,000	-500,000
Issuance of loans		100,000	300,000
Transaction costs convertible bond		0	-52,597
<b>Cash flow from financing activities</b>	<b>8.1</b>	<b>-267,618</b>	<b>1,298,003</b>
<b>Net increase / decrease</b>		<b>327,584</b>	<b>-320,016</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>8.2</b>	<b>664,228</b>	<b>984,244</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>8.2</b>	<b>991,814</b>	<b>664,228</b>

When using rounded amounts and key figures, differences may occur due to commercial rounding.

The new accounting standard IFRS 16 Leases is applicable since 01 January 2019; the previous year's figures were not adjusted. For further information we refer to the chapter "Application of new or amended standards".

# 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
<b>As of 01/01/2018</b>		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	6.10			-157,678			-157,678
Currency translation differences	4.4/9				35,195		35,195
<b>Comprehensive income</b>				-158,421	35,195		-123,226
Issue of YOC convertible bond 2018 – 2022			320,133				320,133
<b>As of 31/12/2018</b>		3,292,978	20,961,224	-28,063,379	-35,110	-50,319	-3,894,606

<b>As of 01/01/2019</b>		3,292,978	20,961,224	-28,063,379	-35,110	-50,319	-3,894,606
Net income	6.10			-472,514			-472,514
Currency translation differences	4.4/9				14,355		14,355
<b>Comprehensive income</b>	9			-472,514	14,355		-458,159
<b>As of 31/12/2019</b>		3,292,978	20,961,224	-28,535,893	-20,756	-50,319	-4,352,765

No shares are held by non-controlling shareholders.

When using rounded amounts and key figures, differences may occur due to commercial rounding.

The new accounting standard IFRS 16 Leases is applicable since 01 January 2019, the previous year's figures were not adjusted. For further information we refer to the chapter "Application of new or amended standards".

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# I. 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 000593273 / ISIN DE0005932735.

The consolidated financial statements of YOC AG as of 31 December 2019 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 2019. 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 15 April 2020.

## 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 2019, all standards that were mandatory as of 01 January 2019 were complied with.

**IFRS 16** regulates the recognition, measurement, presentation and disclosure of leases. The standard provides a single accounting model for the lessee. **IFRS 16** was published in January 2016 and is to be applied for the first time to financial years beginning on or after 01 January 2019. This 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 leases or operating leases for accounting purposes.

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

The company makes use of the modified retrospective application. The transition effect is recognised as of 01 January 2019. The previous year's statement is not adjusted.

The new regulations at YOC affect the accounting and measurement of rental leases which were hitherto classified as operating leases.

The office spaces rented by the company lead to the respective rights of use and corresponding lease obligations. The leasing liabilities according to **IFRS 16** are discounted over their remaining term using the incremental borrowing rate as of 01 January 2019.

The weighted average interest rate is 5.75%. This interest rate is based on the operating credit line provided by the principal bank.

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 company hence waives the option to recognise only long-term leases. As a result of not electing this option, both the user rights and the leasing liabilities will increase.

The company has entered into several leasing contracts that include options for renewal and termination. It evaluates to its own discretion whether there is adequate security that the option for renewal or termination of the lease is or is not exercised.

In determining the contract periods, all facts and circumstances are considered that offer an economic incentive to exercise renewal options or not to exercise termination options.

After the provision date, the YOC Group determines the term for the leasing relationship anew when and if a significant event or a change in circumstances arises.

Based on the operating lease liabilities as of 31 December 2018, the following transfer to the opening balance of lease liabilities as of 01 January 2019 was established:

#### RECONCILIATION OF LEASING LIABILITIES ACCORDING TO IFRS 16 (IN KEUR)

Operating lease commitments as of 31 December 2018	250
Adjustment obligations from operating leases from contractual options	983
Short-term and low-value leasing relationships	50
Effect of discounting at the marginal borrowing rate as of 01 January 2019	-205
<b>Additional liabilities recognised due to the first-time application of IFRS 16 as of 01 January 2019</b>	<b>1,078</b>

The first-time modified retrospective application of IFRS 16 has the following effects:

#### EFFECT ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION INCREASE/DECREASE (IN KEUR)

	31/12/19	01/01/19
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##### ASSETS

Rights of use from leasing	1,000	1,246
<b>Total assets</b>	<b>1,000</b>	<b>1,246</b>

##### LIABILITIES

Non-current liabilities from leasing	854	1,078
Current liabilities from leasing	224	168
<b>Total liabilities</b>	<b>1,078</b>	<b>1,246</b>

#### EFFECT ON CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME INCREASE/DECREASE (IN KEUR)

Other operating Expenses	-233
Earnings before interest, taxes, depreciation and amortization	233
Depreciation and amortisation expenses	245
Earnings before interest and taxes	-12
Financial expenses	66
<b>Net Income</b>	<b>-78</b>

#### EFFECT ON CONSOLIDATED CASH FLOW STATEMENT INCREASE/DECREASE (IN KEUR)

2019

Changes in liabilities, prepayments and other liabilities	233
Interest paid	-66
<b>Cash flow from operating activities</b>	<b>168</b>
Repayment of liabilities from leasing	-168
<b>Cash flow from financing activities</b>	<b>-168</b>

There is no significant impact on the undiluted and diluted earnings per share.

Pursuant to IFRS 9, a debt instrument may be valued at amortised acquisition cost or at fair value through other comprehensive income (with no effect on profit or loss) if the contractually agreed cash flows reflect only repayments of principal and interest on the principal amount outstanding (the so-called SPPI criteria), and the debt instrument is held in the context of a business model which is consistent with this classification.

The changes to IFRS 9 clarify that a financial asset fulfils the SPPI criteria regardless of which event or which circumstance effects the termination of the contract, and which contractual party pays or receives the appropriate compensation for the premature termination of the contract. These changes had no impact on the consolidated financial statements.

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 implementation of the changes had no significant impact on the consolidated financial statements.

#### ANNUAL IMPROVEMENTS

The changes to IFRS 3, "Business Combinations", specify that a company which obtains control of a business which constitutes a joint operation shall apply the regulations for a successive business combination, including the remeasuring of previously held shares in assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures his, her or its entire previously held share in the joint operation. A company applies these changes to business combinations when the acquisition date is the beginning of a financial year beginning on or after 01 January 2019, or any date thereafter.

A premature application is permitted. These changes did not affect the consolidated financial statements as no transactions were made which resulted in a joint control.

**IFRS 11, "Joint Arrangements"**, was also adjusted. A company which participates in a joint operation, but does not have joint control of it, could obtain joint control over such a joint operation whose activities constitute a business pursuant to **IFRS 3**. These changes specify that the previously held shares in such a joint operation are not to be remeasured. These changes are to be applied by any company to transactions in which it obtains joint control at the beginning of the first financial year beginning on or after 01 January 2019, or thereafter. A premature application is permitted. These changes did not affect the consolidated financial statements as no transactions were made which resulted in a joint control.

The changes to **IAS 12, "Income Taxes"**, specify that the tax consequences of dividends are connected more directly with past transactions or business events which generated distributable profits than with distributions to shareholders. Hence a company recognises the tax consequences of dividends in the statement of comprehensive income, in other comprehensive income or in equity, depending on where it originally recognised these past transactions or business events. The changes apply for financial years beginning on or after 01 January 2019, a premature application is, however, permitted. For the first time, the company applies these changes to tax consequences of dividends which were recognised at or after the beginning of the earliest comparative period presented. As the current approach of the Group is in accordance with these changes, the application did not affect the consolidated financial statements.

The changes to **IAS 23, "Borrowing Costs"**, specify that an entity shall treat funds, which were originally borrowed in order to develop a qualified asset, as part of the general external funds if the total activities necessary to prepare this asset for its envisaged use or sale are largely concluded. The company shall apply the changes to borrowing costs occurring at or after the beginning of the financial year in which the company applies the changes for the first time. The changes apply for financial years beginning on or after 01 January 2019, a premature application is, however, permitted.

As the current approach of the company is in accordance with these changes, the application did not affect the consolidated financial statements.

## 2.2 PUBLISHED STANDARDS AND INTERPRETATIONS WHOSE APPLICATION IS NOT YET MANDATORY

In October 2018, the IASB published changes to **IFRS 3, "Business Combinations"**. The changes clarify how to determine whether a business or a group of assets was acquired. The changed definition of a business emphasizes that the creation of outputs by a business focuses on goods and services provided to customers. The previous definition focused on the return in the form of dividends, reduced cost and other economic uses for shareholders and others. The differentiation between a business and a group of assets is substantial as the acquirer recognises goodwill or financial assets only when acquiring a business.

These changes become effective for the financial years beginning on or after 01 January 2020.

The implementation of the changes will have no significant impact on the consolidated financial statements. The provisions are yet to be incorporated into European law by the EU.

In May 2017, the IASB published **IFRS 17, "Insurance Contracts"**, which regulates the accounting principles with regard to the recognition, measurement, presentation and disclosure for insurance contracts within the standard's scope of application. **IFRS 17** replaces the **IFRS 4** regulations which had given entities the possibility of a further application of national accounting standards. This led to the application of a multitude of different accounting principles.

**IFRS 17** solved this problem of a lack in comparability of financial statements created by **IFRS 4** by requiring standardised accounting for all insurance contracts, thereby creating benefits for both investors and insurance companies. Insurance obligations are recognised by using current values instead of historical acquisition costs. The information is constantly updated, providing the addressees of financial statements with more useful information for decision making.

**IFRS 17** becomes effective for any financial years beginning on or after 01 January 2021.

The implementation of the changes will have no significant impact on the consolidated financial statements. The provisions are yet to be incorporated into European law by the EU.

In January 2020, the IASB has adopted changes to **IAS 1** regarding a limited adjustment of the evaluation criteria for classifying liabilities as current or non-current. The changes to **IAS 1** only regard the recognition of liabilities in the presentation of the financial position, but not the amount or date of recognising assets, liabilities, expenses or earnings or corresponding information.

These changes mainly ensure that:

- the classification as non-current liability depends on the company's right as of the reporting date to defer settlement of the liability by at least twelve months following the end of the reporting period. This right must be substantive. Moreover, any conditions for exercising such a right must be fulfilled as of the reporting date, failing which it is deemed a current liability.
- the actual intention of the management to settle such a liability within twelve months following the reporting date is immaterial for the classification of a liability, and
- the settlement refers to the transfer of cash instruments, equity instruments or other financial assets or contributions to the counterparty.

These changes are to be applied from 01 January 2020.

A premature application of these changes is permitted, provided they have been endorsed by the EU.

In October 2018, the IASB published changes to IAS 8, "Accounting Policies", changes in accounting estimates and errors. The changes aimed at standardising the definition of the concept of "materiality" in all standards and clarifying certain aspects of the definition.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The Group assumes that the changes to the definition of "materiality" have no significant impact on the consolidated financial statements.

Furthermore, the IASB has published several other announcements which are of no relevance to the company and which the company therefore does not expect to affect it. The YOC AG Management Board assumes that the above-mentioned standards and interpretations will be applied in the consolidated financial statements of the financial year in which they become mandatory, if cases should occur in which they apply.

## 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

Six companies were consolidated in YOC Group as of 31 December 2019:

FULLY CONSOLIDATED COMPANIES	HELD THROUGH NO. SINCE		
	SHARE IN %	HELD THROUGH NO.	SINCE
<b>DOMESTIC</b>			
1 YOC AG, Berlin	-	-	-
2 YOC Mobile Advertising GmbH, Berlin	100 %	1	11/03/2009
<b>FOREIGN</b>			
3 YOC Mobile Advertising Ltd., London, Great Britain	100 %	1	01/01/2007
4 YOC Central Eastern Europe GmbH, Vienna, Austria	100 %	1	01/06/2009
5 YOC Spain, S.L., Madrid, Spain	100 %	1	22/09/2009
6 YOC Poland Sp. z o. o., Warsaw, Poland	100 %	1	04/04/2019

The Management Board in financial year 2019 decided in consultation with the Supervisory Board to discontinue business at the British subsidiary YOC Mobile Advertising Ltd. Consequently, an application for liquidation of the company was submitted to Companies House at the end of 2019.

As of the date of balance, the liquidation was not yet carried out. The liquidation took place on 31 March 2020.

# 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.

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

The useful lives are as follows:

## RECEIVABLES AND OTHER ASSETS

Pursuant to **IFRS 9**, receivables and other assets are allocated to "at amortised acquisition cost" and recognised at their transaction price. The contract assets include those revenues that have been generated, but not yet invoiced as of the reporting date. Contract assets are, on grounds of materiality, recognised as trade and other receivables.

They are subsequently measured at amortised acquisition cost, where required, under application of the effective interest method minus any impairment resulting from a difference between the booking value of the receivable and the estimated future cash flow to be expected from this receivable.

Impairment losses are recognised as other operating expense. Other assets that are not financial instruments pursuant to **IFRS 7** are initially recognised at acquisition cost. They are subsequently measured at amortised acquisition cost taking into consideration any impairments.

The application of **IFRS 9** resulted in the formation of expected credit loss (ECL) for trade and other receivables. No impairment on other financial instruments has occurred.

The Group uses a simplified method for calculating the expected credit loss from trade and other receivables. Hence, it does not retrace changes in the credit risk but instead charts a risk prevention based on the expected credit loss over the full term on every reporting date.

The Group has drawn up a value adjustment matrix based on its previous experiences with credit losses, adjusted for future-oriented factors specific to the debtors and for economic conditions.

All receivables and other assets recognised are current.

## CASH AND CASH EQUIVALENTS

Payment instruments including cash balances and bank balances are allocated to "at amortised acquisition cost" pursuant to **IFRS 9**. Cash equivalents comprise short-term investments with a remaining term at purchase of up to 90 days, which display a low risk of fluctuations in value. 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 include advances received, trade and other liabilities, other financial and non-financial liabilities, tax debts and, since 01 January 2019, leases.

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.

They are 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.

## LEASES

As of 31 December 2018, pursuant to IAS 17 YOC Group had operating leases, but no financing leases. Within the context of operating leases, the expenses incurred are recognised as expense on a straight-line basis over the term of the contract.

When incentives are granted to enter into an operating leasing relationship, these are distributed on a straight-line basis over the term of the contract unless a different

systematic foundation corresponds with the actual useful life.

The first-time application of IFRS 16 led to changes in the accounting principles of leases.

As of 01 January 2019, rights of use and corresponding liabilities from leasing relationships are to be recognised.

Rights of use from leases are capitalised at the beginning of the term at present value and depreciated on a straight-line basis.

Leasing liabilities are recognised from the time they are being used at present value of those lease payments not yet settled and measured through the incremental borrowing rate. They are updated according to the effective interest method.

Interest expenses are recognised in the financial result.

For liabilities against the lessor, the appropriate amount is classified as liabilities. Repayments of these liabilities are shown in the cash flow statement as cash flow from financing activities.

## 4.2 IMPORTANT JUDGEMENTS AND ESTIMATION UNCERTAINTIES

The preparation of the consolidated financial statements in accordance with IFRS requires assumptions and discretionary decisions to be made that relate to the future and, by their very nature, do not have to correspond to circumstances that will occur 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 15,105 (2018: kEUR 13,941) in the 2019 financial year.

The cost of materials includes payments to publishers in the amount of kEUR 8,561 (2018: kEUR 7,997).

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 6.8).

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 valued at the production cost arisen during the development stage of the assets in question.

The carrying amount of the capitalised development cost was kEUR 393 (2018: kEUR 352) as of 31 December 2019.

### LEASES

The YOC Group is required to determine the lease terms. They are based on the basic term of the respective lease and, after careful consideration, the relating options for renewal and termination.

The company has entered into several leasing contracts that include options for renewal and termination.

The Management assesses the exercise of renewal and termination options based on economic principles in order to determine whether the exercise of the respective options is reasonably certain. For leases with an indefinite term it is assumed that the lease object will be used by the YOC Group within the following 24 months. It is also assumed that all options for renewal will be exercised.

The company also considers short-term leases as well as low-value leases.

For the valuation of leases, the YOC Group makes use of the incremental borrowing rate. The weighted average interest rate is 5.75 %. This interest rate is based on the operating credit line provided by the principal bank.

## 4.3 MANAGEMENT OF CAPITAL AND GOING CONCERN

The Management Board is informed of the YOC Group's development of equity through regular reporting of key figures such as revenue development, profit contribution or EBITDA.

The objective is to cover the financing requirements with equity capital in the short to medium term. In addition, a regular monitoring of liquidity risks is carried out in order to analyse cash flow fluctuations and to recognise liquidity shortages on time and to take countermeasures.

Accounting and measurement are generally carried out under the assumption of going concern.

For the ongoing 2020 financial year, the company so far foresaw Group-wide **sales revenues** amounting to EUR 17.0 million to EUR 18.0 million, and an **operating result before interest, taxes, depreciation and amortisation (EBITDA)** amounting to EUR 1.0 million to EUR 1.5 million.

However, the world-wide spread of the novel coronavirus SARS-CoV-2 increased distinctly in the first quarter of 2020. Due to the uncertainty as to the duration of the crisis, the full extent of its implications for society at the time being cannot be reliably quantified.

The further spread of the coronavirus SARS-CoV-2 is followed by negative impacts especially in the advertising industry.

The YOC AG Management Board with view to the unexpected decline in orders for the current second quarter of 2020 decided on 09 April 2020 not to uphold the forecast for the year 2020 as a whole and developed alternative

planning scenarios. As soon as a reasonably reliable assessment of the further business development for the year 2020 is possible, YOC AG will publish a prognosis that is adjusted accordingly.

Following two successful months at the beginning of the 2020 financial year, the company had to face cancellations and a decline in orders as early as March 2020. Particularly hard hit by this development will most likely be the months of April, May and June 2020. For the second half-year, we expect a stronger revenue growth year-on-year. Building on this planning assumption, we would see a positive EBITDA for the year as a whole. Based on the currently foreseeable economic developments, the company further introduced appropriate countermeasures, among others in connection with the utilisation of state funds. The company's going concern relies on the successful implementation of those measures taken to counter the effects of the coronavirus crisis, and on the scheduled development of the operating business not substantially falling behind the adjusted expectations.

The company currently assesses various alternative financing opportunities, which can partly be utilised with no preconditions from third parties. In order to have sufficient liquidity in the forecast horizon and to secure the continuation of business activities, the company must be able to make use of additional financing opportunities along with implementing the countermeasures and achieving to realise the adjusted planning goals.

## 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	
	31/12/19	31/12/18	2019	2018
1 Euro (EUR) = Pound Sterling (GBP)	0.8537	0.9005	0.8769	0.8850
1 Euro (EUR) = US-Dollar (USD)	1.1199	1.1438	1.1194	1.1800
1 Euro (EUR) = Polish Zloty (PLN)	4.2576	4.2948	4.2933	4.2634

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 PERCENTAGE POINTS)	EFFECT ON COMPREHENSIVE INCOME BEFORE TAX (IN KEUR)
<b>2019</b>		
Pound Sterling (GBP)	+5	0
	- 5	0
US-Dollar (USD)	+5	-36
	- 5	40
Polish Zloty (PLN)	+5	9
	- 5	-9
<b>2018</b>		
Pound Sterling (GBP)	+5	0
	- 5	0
US-Dollar (USD)	+5	-8
	- 5	9
Polnische Zloty (PLN)	+5	-4
	- 5	5

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 2019 are linked to the EURIBOR development.

# 5. RESULT OF DISCONTINUED OPERATIONS

## 5.1 DISCONTINUED OPERATIONS

Pursuant to IFRS 5, the closure of the British branch office requires the separate presentation of the discontinued business, and the adjustment of the previous year's statement of account for better comparability.

The revenue components of discontinued operations are composed of the following as of 31 December 2019:

NET INCOME DISCONTINUED OPERATIONS (IN KEUR)	2019	2018
Total output	54	615
Costs	141	809
EBITDA	-87	-194
Depreciation	6	1
Financial result	3	-3
Earnings before taxes	-90	-198
Income taxes	1	0
NET INCOME	-91	-198

Earnings per share (diluted in EUR)	-0.03	-0.06
Earnings per share (basic in EUR)	-0.03	-0.06

As of 31 December 2019, liabilities of the British company in the amount of kEUR 21 remain in the consolidated statement of financial position. No assets remain as of the reporting date.

## 5.2 CASH FLOW DISCONTINUED OPERATIONS

The cash flow from discontinued operations can be broken down as follows:

CASH FLOW FROM DISCONTINUED OPERATIONS (IN KEUR)	2019	2018
Cash flow from operating activities	2	-57
Cash flow from investing activities	0	0
Cash flow from financing activities	-7	0
TOTAL	-5	-57

# 6. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

## 6.1 REVENUE

The YOC Group recognised an 8% increase of the **sales revenue** to kEUR 15,105 in financial year 2019 (2018: kEUR 13,941). The percentage of reductions in revenue increased to 71% in the reporting period (2018: 70%).

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

REVENUE (IN KEUR)	2019	2018
Revenue	51,602	47,091
Revenue deductions	36,497	33,150
<b>TOTAL</b>	<b>15,105</b>	<b>13,941</b>

The YOC Group 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.

## 6.2 OWN WORK CAPITALISED

**Development costs for internally developed software** in the amount of kEUR 314 (2018: kEUR 352) were activated in 2019. 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 2019.

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 2019 in order to extend their functionality across platforms from the mobile to the stationary internet. Furthermore, the company developed YOC Ads Plus and introduced the new product line into the market in the fourth quarter of 2019.

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 471 in financial year 2019 (2018: kEUR 421).

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.

## 6.3 OTHER OPERATING INCOME

The Group's **other operating income** amounted to kEUR 275 (2018: kEUR 529). The decrease is based mainly on earnings from a reversal of personnel provisions in the context of the virtual stock option programme in the previous year in the amount of kEUR 228 which did not occur in 2019.

OTHER OPERATING INCOME (IN KEUR)	2019	2018
Income from derecognition of invoices not yet received	144	105
Income from derecognition of liabilities due to limitation of claims	57	130
Income from derecognition of personnel liabilities	15	4
Income from selling fixed assets	11	1
Income from benefits in kind	10	14
Income from foreign exchange and currency translation	2	21
Income from derecognition of virtual stock options	0	228
Income from letting office space	0	11
Other income	36	15
<b>TOTAL</b>	<b>275</b>	<b>529</b>

## 6.4 MATERIAL COSTS

Material expenses for services received increased to kEUR 9,216 (2018: kEUR 8,663) and contain mainly expenses for publisher remunerations incurred as well as the technological infrastructure for rendering services.

## 6.5 PERSONNEL EXPENSES

In the 2019 financial year, the **personnel expense** increased at a disproportionately low rate compared to the revenue development, by kEUR 246 to kEUR 4,027 (2018: kEUR 3,781). The personnel expense ratio thus remains unchanged year-on-year at 26 % (2018: 26 %).

PERSONNEL EXPENSES (IN KEUR)	2019	2018
Wages and salaries	3,351	3,143
Social security costs	676	638
<b>TOTAL</b>	<b>4,027</b>	<b>3,781</b>

The **social contributions** include kEUR 6 (2018: kEUR 6) in contributions to direct insurance schemes as well as kEUR 256 (2018: kEUR 230) in contributions to statutory pension schemes (defined contribution plan). The average number of staff (without Management Board) remained on the previous year's level at 48 employees (2018: 48 employees). As of 31 December 2019, the YOC Group had 51 **permanent employees** (2018: 42 employees).

## 6.6 OTHER OPERATING EXPENSES

OTHER OPERATING EXPENSES (IN KEUR)	2019	2018
Outside services	397	254
Marketing, communication and media placement	390	360
Current operating expense	367	499
Legal and consulting expense	260	254
Recruiting and training expense	97	61
Travel costs	91	121
Stock exchange listing fees	48	27
Expense from currency translation	28	89
Allowances on receivables	13	1
Other operating expense	183	139
<b>TOTAL</b>	<b>1,874</b>	<b>1,805</b>

The **other operating expense** was kEUR 69 above the previous year's figure at kEUR 1,874 (2018: kEUR 1,805). The classification of rental expense as operating lease due to the first-time application of **IFRS 16** positively influenced this development by kEUR 233.

## 6.7 INTEREST

The **interest** item includes mainly interest expenses from shareholder loans as well as the YOC convertible bonds 2018 – 2022. In addition, the first-time application of **IFRS 16** led to interest from leases being recognised in the amount of kEUR 66.

The interest expenses from long-term liabilities do not contain any amount attributable to long-term finance leasing.

NET INTEREST (IN KEUR)	2019	2018
Interest expense from current liabilities	20	34
Interest expense from non-current liabilities	230	150
<b>Interest expenses</b>	<b>251</b>	<b>184</b>
<b>FINANCIAL RESULT</b>	<b>-251</b>	<b>-184</b>

## 6.8 INCOME TAXES

Tax expenses for the financial year 2019 consists of the following:

INCOME TAXES (IN KEUR)	2019	2018
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### ACTUAL INCOME TAXES

Actual taxes on domestic income	0	0
Actual taxes on foreign income	145	62
<b>Total actual income taxes</b>	<b>145</b>	<b>62</b>

### DEFERRED TAXES

Deferred domestic taxes	0	0
Deferred foreign taxes	0	0
<b>Total deferred taxes</b>	<b>0</b>	<b>0</b>

### OTHER TAXES

Other domestic taxes	0	-1
<b>Total other taxes</b>	<b>0</b>	<b>-1</b>
<b>TOTAL INCOME TAXES CONTINUING OPERATIONS</b>	<b>145</b>	<b>61</b>
Total income taxes discontinued operations	1	0
<b>TOTAL INCOME TAXES</b>	<b>146</b>	<b>61</b>

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)	2019	2018
From temporary differences	500	165
From loss carryforwards and tax credits	-500	-165
<b>TOTAL DEFERRED TAXES RECOGNISED THROUGH PROFIT OR LOSS</b>	<b>0</b>	<b>0</b>

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 30.30% (2018: 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)	2019	2018
Comprehensive income before taxes continuing operations	-236	101
Comprehensive income before taxes discontinued operations	-90	-197
<b>Profit before taxes</b>	<b>-326</b>	<b>-96</b>
Relevant tax rate	30 %	30 %
<b>Expected tax expense</b>	<b>-99</b>	<b>-29</b>

#### CHANGES RESULTING FROM DEVIATIONS TO THE TAX MEASUREMENT BASIS

Tax-exempt income, tax-exempt amounts and benefits	-241	-1
Non-tax deductible expense	234	66

#### TAX EFFECTS FOR THE GROUP (IN KEUR)

	2019	2018
Consolidation effects	0	15

#### TAX RATE DIFFERENCES

Effects of various trade tax rates	0	0
Effects of differing foreign tax rates	-140	49

#### RECOGNITION AND MEASUREMENT OF DEFERRED TAX ASSETS

Impairment of deferred taxes on loss carryforwards	0	-42
Non-recognition of deferred tax assets on loss carryforwards	108	107
Use of losses carry-forward	17	0
Use of non-deferred loss carryforwards	63	0
Write-up of deferred tax assets on loss carryforwards	1	-92

#### CHANGES OF PERMANENT DIFFERENCES

Changes of permanent differences	212	0
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#### NON-PERIODIC EFFECTS

Taxes from previous years	-15	-8
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#### OTHER

Other	6	-2
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#### ACTUAL TAX EXPENSE PER INCOME STATEMENT

Tax expense recognised in the income statement	145	62
Income tax expense attributable to the discontinued operations	1	0
<b>TOTAL</b>	<b>146</b>	<b>62</b>

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

DEFERRED TAX ASSETS / LIABILITIES (IN KEUR)	2019		2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets	0	219	0	165
Rights of use from leasing (IFRS 16)	0	276	0	0
Receivables	0	1	2	0
Provisions	0	0	5	0
Accounts payable trade	0	4	0	0
Leasing liabilities (IFRS 16)	302	0	0	0
Tax loss carry- forwards and benefits	198	0	158	0
<b>Total</b>	<b>500</b>	<b>500</b>	<b>165</b>	<b>165</b>
Netting	-500	-500	-165	-165
<b>RECOGNISED ON STATEMENT OF FINANCIAL POSITION</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 2019, deferred taxes on tax loss carry forwards amounting to kEUR 15,645 (2018: kEUR 14,187) from corporate income taxes and amounting to kEUR 14,437 (2018: kEUR 13,074) from trade taxes were not recognised.

As of the reporting date, no tax receivables were recognised (2018: kEUR 0). Tax liabilities amounted to kEUR 58 as of 31 December 2019 (2018: kEUR 47).

## 6.9 EARNINGS PER SHARE

The registered share capital of the company as of 31 December 2019 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 2019, 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.

## 6.10 SEGMENT REPORTING

Segment reporting is based on the internal management structure and the corresponding reporting.

At the beginning of the second quarter of 2019, the internal reporting and external corporate communications were remodeled.

The Group is consequently sectioned into **Corporate Functions** and the following reportable business segments:

- National
- International

For the formation of the above-mentioned reportable business segments, the regions Austria, Spain, Poland and The Netherlands are for the first time combined to the **International Segment** in the context of drawing up the half-year financial statements 2019, as these regions show similar economic characteristics and are also comparable with regard to their products, services, customers, processes, structures and sales principles.

Up until the half-year financial statements 2019, the Great Britain region was also recognised within the International Segment. By terminating the business activities and the related application pursuant to IFRS 5, the region was eliminated from the segment and the previous year's figures were adjusted accordingly.

The sales revenues are calculated based on the revenue generated by the national subsidiaries in the respective countries. Internal revenues between the segments are mainly advance payments.

Internal revenues within each segment are eliminated accordingly.



The following table shows the results of the individual segments. In accordance with the internal reporting structure, the EBITDA is used as parameter:

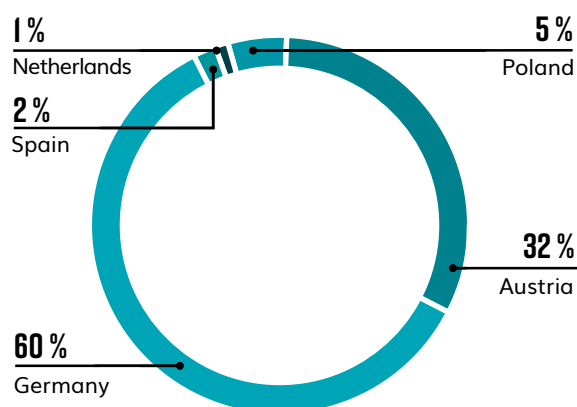
SEGMENT REPORTING (IN KEUR)	NATIONAL	INTERNATIONAL	CORPORATE FUNCTIONS	CONSOLIDATION	YOC GROUP
<b>01/01/2019 – 31/12/2019</b>					
External revenue	5,623	4,583	4,900	0	15,105
Internal revenue	3,147	1,440	721	-5,307	0
<b>Total revenue</b>	<b>8,769</b>	<b>6,023</b>	<b>5,620</b>	<b>-5,307</b>	<b>15,105</b>
Own work capitalised	0	0	314	0	314
Other operating income	242	85	830	-881	275
<b>Total output</b>	<b>9,011</b>	<b>6,108</b>	<b>6,765</b>	<b>-6,189</b>	<b>15,695</b>
Costs of goods sold	5,362	3,425	5,692	-5,263	9,216
Personnel expenses	1,152	1,134	1,741	0	4,027
Other operating expenses	764	1,175	808	-873	1,874
<b>EBITDA</b>	<b>1,733</b>	<b>375</b>	<b>-1,476</b>	<b>-53</b>	<b>578</b>

SEGMENT REPORTING (IN KEUR)	NATIONAL	INTERNATIONAL	CORPORATE FUNCTIONS	CONSOLIDATION	YOC GROUP
<b>01/01/2018 – 31/12/2018</b>					
External revenue	5,590	4,802	3,549	0	13,941
Internal revenue	2,158	962	696	-3,816	0
<b>Total revenue</b>	<b>7,748</b>	<b>5,764</b>	<b>4,245</b>	<b>-3,816</b>	<b>13,941</b>
Own work capitalised	0	0	352	0	352
Other operating income	156	148	1,328	-1,103	529
<b>Total output</b>	<b>7,904</b>	<b>5,912</b>	<b>5,925</b>	<b>-4,919</b>	<b>14,821</b>
Costs of goods sold	4,921	3,380	4,244	-3,882	8,663
Personnel expenses	983	1,239	1,558	0	3,781
Other operating expenses	667	984	1,029	-875	1,805
<b>EBITDA</b>	<b>1,332</b>	<b>308</b>	<b>-907</b>	<b>-162</b>	<b>572</b>

The **Corporate Functions segment** includes revenue and expense incurred in the parent company and not directly attributable to any business segment, in particular levies and holding costs.

In addition, sales revenues in the area of central revenue optimisation of the international publisher portfolio of YOC Group are generated in the parent company and recharged internally.

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



In the **National Segment** the total revenue including internal revenues was increased by around 13 % to kEUR 8,769 (2018: kEUR 7,748).

In addition, the first-time application of **IFRS 16** has a positive effect, leading to the EBITDA improving by kEUR 20. As a result, the EBITDA increased by kEUR 401 year-on-year to kEUR 1,733 (2018: kEUR 1,332).

The sales revenue of **international business operations** increased by 4 % to kEUR 6,023 (2018: kEUR 5,764). The sales revenues in **Austria** and **Poland** increased by around 18 % year-on-year.

The activities in Spain, however, saw a decline at EUR 0.3 million sales revenues (2018: EUR 1.0 million).

The EBITDA of the **international business operations**, positively influenced by kEUR 86 through the first-time application of **IFRS 16**, increased by kEUR 67 year-on-year to kEUR 375 (2018: kEUR 308). This corresponds to an increase by around 22 %.

The EBITDA of the **Corporate Functions segment** was positively influenced by kEUR 127 through the first-time application of **IFRS 16**.

The EBITDA reconciles to the post-tax result as follows:

RECONCILIATION (IN KEUR)	2019	2018
EBITDA	578	572
Depreciation and amortisation	-563	-287
Financial result	-251	-183
Net income before taxes	-236	101
Taxes	-145	-61
Net income from discontinued operations	-91	-198
NET INCOME	-473	-158

As of 31 December 2019, trade and other receivables amounted to kEUR 1,300 (2018: kEUR 2,046) in the **National Segment**, kEUR 752 (2018: kEUR 1,381) in the **International Segment** and kEUR 972 (2018: kEUR 1,105) in the **Corporate Functions segment**.

Trade and other liabilities amounted to kEUR 2,154 (2018: kEUR 1,867) in the **National Segment**, kEUR 979 (2018: kEUR 874) in the **International Segment** and kEUR 678 (2018: kEUR 685) in the **Corporate Functions segment**.

The first-time application of **IFRS 16** and related capitalisation of rights of use led to the non-current assets amounting to kEUR 807 (2018: kEUR 0) with the German companies, and further kEUR 47 (2018: kEUR 0) with the international companies of the YOC Group.

# 7. NOTES TO INDIVIDUAL ITEMS IN THE STATEMENT OF FINANCIAL POSITION

## 7.1 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 2019 developed as follows:

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

#### ACQUISITION COSTS

As of 01/01/2018	733
Changes in scope of consolidation	0
Additions	59
Disposals	-269
Currency translation effects	0
<b>AS OF 31/12/2018</b>	<b>523</b>

#### DEPRECIATION

As of 01/01/2018	648
Changes in scope of consolidation	0
Additions	45
Disposals	-266
Currency translation effects	0
<b>AS OF 31/12/2018</b>	<b>427</b>
<b>Net carrying amount as of 31/12/2018</b>	<b>96</b>

As of 31 December 2019, the consolidated statement of financial position contained property, plant and equipment in the amount of kEUR 126 (2018: kEUR 96). Scheduled depreciation on property, plant and equipment came to kEUR 49 in the financial year under review (2018: kEUR 45).

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 2019 (IN KEUR)

#### ACQUISITION COSTS

As of 01/01/2019	523
Changes in scope of consolidation	0
Additions	79
Disposals	0
Currency translation effects	0
<b>AS OF 31/12/2019</b>	<b>602</b>

#### DEPRECIATION

As of 01/01/2019	427
Changes in scope of consolidation	0
Additions	49
Disposals	0
Currency translation effects	0
<b>AS OF 31/12/2019</b>	<b>476</b>
<b>Net carrying amount as of 31/12/2019</b>	<b>126</b>

## 7.2 INTANGIBLE ASSETS

As of 31 December 2019, the remaining useful lives were between one and eight years (2018: between three and eight years). The scheduled amortisation of **intangible assets** came to kEUR 276 in financial year 2019 (2018: kEUR 242). 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 2018 (IN KEUR)	INTERNALLY DEVELOPED SOFTWARE	WEBSITE AND TRADEMARK RIGHTS	ACQUIRED SOFTWARE AND LICENCES	CUSTOMER BASES	TOTAL
<b>ACQUISITION COSTS</b>					
As of 01/01/2018	2,469	110	436	139	3,154
Changes in scope of consolidation	0	0	0	0	0
Additions	352	0	143	0	496
Disposals	0	0	-127	0	-127
Reposting	0	0	0	0	0
AS OF 31/12/2018	2,821	110	452	139	3,522
<b>DEPRECIATION</b>					
As of 01/01/2018	2,019	96	406	139	2,660
Changes in scope of consolidation	0	0	0	0	0
Additions	219	1	22	0	242
Disposals	0	0	-127	0	-127
Reposting	0	0	0	0	0
AS OF 31/12/2018	2,238	97	300	139	2,775
Net carrying amount as of 31/12/2018	583	13	152	0	747

DEVELOPMENT OF INTANGIBLE ASSETS 2019 (IN KEUR)	INTERNALLY DEVELOPED SOFTWARE	WEBSITE AND TRADEMARK RIGHTS	ACQUIRED SOFTWARE AND LICENCES	CUSTOMER BASES	TOTAL
<b>ACQUISITION COSTS</b>					
As of 01/01/2019	2,821	110	452	139	3,522
Changes in scope of consolidation	0	0	0	0	0
Additions	393	0	180	0	573
Disposals	0	0	0	0	0
Reposting	0	0	0	0	0
AS OF 31/12/2019	3,215	110	632	139	4,095
<b>DEPRECIATION</b>					
As of 01/01/2019	2,238	97	300	139	2,775
Changes in scope of consolidation	0	0	0	0	0
Additions	255	0	21	0	276
Disposals	0	0	0	0	0
Reposting	0	0	0	0	0
AS OF 31/12/2019	2,493	97	322	139	3,051
Net carrying amount as of 31/12/2019	722	13	310	0	1,044

## 7.3 RIGHTS OF USE FROM LEASES

In the context of the first-time application of IFRS 16, leases with a remaining term of up to one year were treated as short-term leases. The rental of office spaces by the company leads to the respective rights of use and corresponding lease obligations.

As of 31 December 2019, the rights of use from leases amounted to kEUR 1,000 (2018: kEUR 0). The related planned depreciations for the 2019 financial year amounted to kEUR 245 (2018: kEUR 0).

The rights of use from leases developed as follows:

### CHANGES OF USE FROM LEASING 2019 (IN KEUR)

#### ACQUISITION COSTS

As of 01/01/2019	0
Changes in scope of consolidation	0
Additions	1,246
Disposals	0
Currency translation effects	0
AS OF 31/12/2019	1,246

#### DEPRECIATION

As of 01/01/2019	0
Changes in scope of consolidation	0
Additions	245
Disposals	0
Currency translation effects	0
AS OF 31/12/2019	245
Net carrying amount as of 31/12/2019	1,000

## 7.4 RECEIVABLES AND OTHER ASSETS

Trade receivables as of 31 December 2019 amounted to kEUR 3,024 (2018: kEUR 4,532). They include the following:

TRADE RECEIVABLES (IN KEUR)	2019	2018
Trade receivables before impairment	3,031	4,534
Specific valuation allowance	-5	0
Expected credit loss (IFRS 9)	-2	-2
TOTAL	3,024	4,532

Trade receivables included, pursuant to IFRS 15, assets amounting to kEUR 9 as of the reporting date (2018: kEUR 224).

Value adjustments on trade receivables developed as follows:

### CHANGES IN SPECIFIC VALUATION ALLOWANCE (IN KEUR)

	2019	2018
As of 01/01/	2	0
Additions	5	2
Reversals	0	0
Usage	0	0
AS OF 31/12/	7	2

Receivables older than 60 days are subject to detailed analysis. Should there be any earlier indications that an individual adjustment is necessary, the respective receivables are impaired accordingly. The following table shows an analysis of the age structure of trade receivables which are reported in the statement of financial position on the reporting date:

	2019	2018	EXPECTED CREDIT LOSS (IN %)
Up to 60 days*	3,018	4,471	0.02
61 days to 90 days	5	21	0.04
91 days to 180 days	1	24	0.08
From 181 days	0	16	0.08
Due valud-adjusted receivables as of 31/12/	0	0	0.00
TOTAL TRADE RECEIVABLES	3,024	4,532	

\* thereof receivables amounting to kEUR 2,484 are neither due nor impaired on 31/12/2019 (2018: kEUR 3,119)

The management of receivables accommodates a balanced age structure through the continuous analysis of the receivables amount.

The other assets in the amount of kEUR 285 (2018: kEUR 183) include mainly paid security deposits in the amount of kEUR 78 (2018: kEUR 69) and receivables from advance payments in the amount of kEUR 126 (2018: kEUR 112). Advance payments have been made, inter alia, for insurance, membership fees, rents and royalties.

No impairments of other assets have occurred in financial year 2019. 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.

## 7.5 CASH AND CASH EQUIVALENTS

**Cash and cash equivalents** comprise all bank and cash assets along with short-term deposits amounting to a total kEUR 992 (2018: kEUR 664).

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

As of 31 December 2019, no cash assets had been pledged as security.

## 7.6 EQUITY

The **number of shares of the company** stands at 3,292,978 (2018: 3,292,978 shares) as of 31 December 2019.

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 2019:

SHAREHOLDERS OF YOC AG	OWNERSHIP
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 %
<b>TOTAL</b>	<b>100.00 %</b>

\* 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 2019.

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 2019, the **capital provision** remained unchanged at kEUR 20,961 (2018: kEUR 20,961).

The **retained earnings** item reflects the cumulative results of past financial years, with a value of kEUR -28,536 as of 31 December 2019 (2018: kEUR -28,063). The difference to the previous year stems from the annual result 2019.

In financial year 2019, as in the previous year, YOC AG held 4,000 of its **own shares**, valued at an average EUR 12.56 per share

## 7.7 PROVISIONS AND SHARE-BASED REMUNERATION

The **provisions** are comprised as follows:

PROVISIONS (IN KEUR)	AS OF 01/01/2019	RE-VERSAL	RELEASE	ADDITION	AS OF 31/12/2019
<b>Long-term</b>					
Provisions for archiving	80	11	0	0	69
<b>Short-term</b>					
Other provisions	16	16	0	0	0
<b>TOTAL</b>	<b>96</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>69</b>

As of 31 December 2019, the YOC Group recognised a total kEUR 69 in provisions (2018: kEUR 96), comprising solely non-current provisions for archiving costs. The provision for archiving results from the legal obligation to retain company documents.

It is discounted in accordance with the interest rates published by the German Bundesbank for the relevant remaining terms. In the 2019 financial year the average interest rate was 2% (2018: 2%).

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. 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.

## 7.8 LIABILITIES

As of 31 December 2019, **liabilities** amounted to kEUR 10,755 (2018: kEUR 10,022).

LIABILITIES 31/12/2019 (IN KEUR)	CURRENT	NON-CURRENT	TOTAL
Trade payables	3,811	0	3,811
Liabilities from leasing	224	854	1,078
Shareholder loan	225	955	1,180
YOC convertible bond 2018 – 2022	0	1,317	1,317
Other financial liabilities	2,888	0	2,888
Other liabilities	481	0	481
<b>TOTAL</b>	<b>7,629</b>	<b>3,126</b>	<b>10,755</b>

LIABILITIES 31/12/2018 (IN KEUR)	CURRENT	NON-CURRENT	TOTAL
Trade payables	3,427	0	3,427
Liabilities from leasing	0	0	0
Shareholder loan	200	1,080	1,280
YOC convertible bond 2018 – 2022	0	1,270	1,270
Other financial liabilities	3,410	0	3,410
Other liabilities	635	0	635
<b>TOTAL</b>	<b>7,672</b>	<b>2,350</b>	<b>10,022</b>

In the context of the transition to IFRS 16, **lease liabilities** amounting to kEUR 1,078 were recognised as of 31 December 2019.

The **shareholder loans** can be broken down as follows:

SHAREHOLDER LOANS (IN KEUR)	DURATION	AMOUNT	INTEREST RATE
Current loans	1 – 7 months	225	6%
Non-current loans	12 – 24 months	955	5% – 7,25%
<b>TOTAL</b>		<b>1,180</b>	

Trade receivables are in part ordered as securities for shareholder loans.

In the past 2018 financial year, 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 01 August 2018 and ends with 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 Para. 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 20 September 2019 and ends 31 March 2022.

Within this conversion period, the conversion may be announced on any business day during the last 10 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, along with an effective interest of around 14%, calculated on the grounds of the historical volatility of around 55%, and the bond's maximum maturity date of July 2022 result in an amount of around kEUR 300 to be recognised in equity for the shareholder's conversion right.

As of 31 December 2019, **other financial liabilities** amounting to kEUR 2,888 (2018: kEUR 3,410) comprise the following:

OTHER FINANCIAL LIABILITIES (IN KEUR)	2019		2018	
	TOTAL	OF WHICH CURRENT	TOTAL	OF WHICH CURRENT
Liabilities from invoices not received yet	2,698		3,207	
Miscellaneous other financial liabilities	190		203	
<b>TOTAL</b>	<b>2,888</b>		<b>3,410</b>	

**Other liabilities** as of 31 December 2019 in the amount of kEUR 481 (2018: kEUR 635) comprised the following:

OTHER LIABILITIES (IN KEUR)	2019		2018	
	TOTAL	OF WHICH CURRENT	TOTAL	OF WHICH CURRENT
Liabilities arising from personnel matters	384	384	361	361
Liabilities to supervisory board	19	19	19	19
Liabilities from operating taxes	1	1	178	178
Liabilities from income taxes	58	58	47	47
Advance payments received	1	1	12	12
Miscellaneous other liabilities	18	18	18	18
<b>TOTAL</b>	<b>481</b>	<b>481</b>	<b>635</b>	<b>635</b>

Liabilities from **personnel matters** included bonus and commission claims in the amount of kEUR 233 (2018: kEUR 229), liabilities from income and church taxes, social security contributions, trade association commitments and a disabled persons compensatory levy in the total amount of kEUR 101 (2018: kEUR 89) as well as obligations for vacation days unused as of the reporting date in the amount of kEUR 51 (2018: kEUR 43).

## 7.9 OTHER DISCLOSURES ON FINANCIAL INSTRUMENTS

The carrying amounts of cash instruments, trade receivables, other current assets and other current financial liabilities nearly correspond with their fair value, mainly due to the short maturity of these instruments.

On grounds of materiality, the fair value for these current items in the Statement of Financial Position is equated to the carrying value.

The following table shows the carrying amounts, fair values and the classification pursuant to IFRS 9.

EVALUATION CATEGORIES 31/12/2019 ACCORDING TO IFRS 9 (IN KEUR)	CARRYING AMOUNT	AMORTIZED COSTS
---	--------------------	--------------------

#### FINANCIAL ASSETS

Cash and cash equivalents	992	992
Trade receivables	3,024	3,024
Other assets	285	285

#### FINANCIAL LIABILITIES

##### thereof long-term

Fixed rate borrowing	955	955
YOC convertible bond 2018 – 2020	1,317	1,317
Liabilities from leasing	854	854

##### thereof short-term

Trade payables	3,811	3,811
Liabilities from leasing	224	224
Fixed rate borrowing	225	225
Other financial liabilities (without loans)	2,888	2,888

EVALUATION CATEGORIES 31/12/2018 ACCORDING TO IFRS 9 (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

Fixed-interest loans include solely current and non-current shareholder loans. These are borrowed at standard market conditions with a maturity of up to two years.

The following table shows the future undiscounted contractually agreed cash outflows related to the financial instruments:

	NON-DISCOUNTED CASH-OUTFLOW		
MATURITY ANALYSIS (IN KEUR)	CARRYING AMOUNT AS OF 31/12/2019	UP TO 1 YEAR	1 TO 5 YEARS

Other liabilities	422	422	0
Other financial liabilities	5,385	3,128	2,272
Trade payables	3,811	3,811	0
Liabilities from leasing	1,078	224	854

MATURITY ANALYSIS (IN KEUR)	CARRYING AMOUNT AS OF 31/12/2018	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
Liabilities from leasing	0	0	0

The YOC Group has a Group-wide liquidity management which monitors the Group companies' liquidity on a daily basis. As in the previous year, the maximum risk of default as of 31 December 2019 corresponded with the total carrying amounts of all financial liabilities against third parties.

Revenues and expenses as well as profits and losses from financial instruments recognised in the statement of comprehensive income are presented in the table below:

PROFITS AND LOSSES FROM FINANCIAL INSTRUMENTS (IN TEUR)	2019	2018
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#### FINANCIAL ASSETS

Amortized cost	0	-2
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#### FINANCIAL LIABILITIES

Amortized cost	192	161
TOTAL	192	160

# 8. NOTES TO THE CASH FLOW STATEMENT

## 8.1 CASH FLOW FROM INDIVIDUAL ACTIVITIES

On the reporting date, YOC Group's **cash and cash equivalents** amounted to kEUR 992.

Liquidity decreased by kEUR 328 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 -473 (2018: kEUR -158).

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 1,213 in the reporting period (2018: kEUR -1,043).

In addition to the negative result after taxes, this resulted from the decrease in receivables and the Increase of liabilities.

### CASH FLOW FROM INVESTING ACTIVITIES

The cash outflow from **investing activities** in the amount of kEUR 617 (2018: kEUR 575) comprises primarily development costs related to the further development of technological platforms of the company and innovative products.

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 -268 (2018: kEUR 1,298) results from cash outflows due to loan repayments in the amount of kEUR 200 as well as the repayment of lease liabilities in the amount of kEUR 168 (2018: kEUR 0).

Simultaneously, cash inflows occurred in the amount of kEUR 100 from a loan taken out at standard market conditions.

The following table shows the change between the opening balance and the closing balance of liabilities from financing activities pursuant to IAS 7:

LIABILITIES FROM FINANCING ACTIVITIES ACCORDING TO IAS 7 (IN KEUR)	AS OF 01/01/2019	REDEMPTION*	RAISING*	NON-CASH EFFECTIVE	AS OF 31/12/2019
Other financial liabilities	2,550	-200	100	47	2,497
Liabilities from leasing	1,246	-168	0	0	1,078
<b>TOTAL</b>	<b>3,796</b>	<b>-368</b>	<b>100</b>	<b>47</b>	<b>3,575</b>

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
Other financial liabilities	1,480	-500	1,798	-227	2,551
Liabilities from leasing	0	0	0	0	0
<b>TOTAL</b>	<b>1,480</b>	<b>-500</b>	<b>1,798</b>	<b>-227</b>	<b>2,551</b>

\* Cash effective

## 8.2 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 2019, **cash funds** amounted to kEUR 992 (2018: kEUR 664).

## 9. NOTES TO THE STATEMENT OF CHANGE IN EQUITY

Apart from the annual net loss of kEUR 473 (2018: kEUR 158) recognised in retained earnings, the following issues have an effect on equity: Currency translation effects arising from consolidating the foreign subsidiaries

YOC Mobile Advertising Ltd. and YOC Poland Sp. z o.o. resulted in a decrease in Group equity by kEUR -14 (2018: kEUR -35).

## 10. OTHER DISCLOSURES

### 10.1 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.

### 10.2 EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION REPORTING DATE

The Management Board and the Supervisory Board in the past financial year 2019 decided to discontinue the business of the British subsidiary YOC Mobile Advertising Ltd.

The company's liquidation has meanwhile been carried out as of 31 March 2020 by the responsible Companies House in London.

Mr Dirk-Hilmar Kraus provided the company with a short-term loan in the amount of EUR 0.2 million in February 2020.

The world-wide spread of the novel coronavirus SARS-CoV-2 constantly accelerated in the first quarter of 2020. In the face of the continuous evolution of the situation, the full extent of its implications for our society at the time being cannot be reliably quantified.

Due to the further dynamic evolution of the situation and with view to the unexpected decline in orders for the current second quarter of 2020, the YOC AG Management

Board on 09 April 2020 decided not to uphold the forecast for the year 2020 as a whole.

In this context, the company reacted by introducing the following countermeasures:

- As a precautionary measure, YOC AG applied for a EUR 0.7 million loan from their principal bank within the context of the German KfW corona virus aid (KfW-Corona-Hilfe).
- The company as of 01 April 2020 made use of the possibilities for short-time work created by the respective countries within the European Union in order to reduce the personnel expense during the government-imposed contact restrictions and restrictions on movement.

Other than these, no other events took place after the reporting date which had significant effects on the net assets, financial position and results of operations.

### 10.3 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.

## 10.4 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).

YOC AG's obligations to their Management Board member Dirk-Hilmar Kraus in the amount of kEUR 180 have been carrying a 5% interest rate p. a. since 01 January 2015 and are recognised in non-current financial liabilities.

In addition, Dirk-Hilmar Kraus has provided the company with a loan of kEUR 100 in the course of 2019 for financing the further growth of the company. The loan carries an interest of 6% p. a. and is recognised in non-current financial liabilities. This loan is due for repayment in July 2021.

The total amount of loans provided to the company by Dirk-Hilmar Kraus was kEUR 280 (2018: kEUR 180). Both loans are not secured.

The resulting interest expense came to kEUR 11 in the 2019 financial year (2018: kEUR 9).

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

## 10.5 MANAGEMENT BOARD AND SUPERVISORY BOARD REMUNERATION

### REMUNERATION OF THE MANAGEMENT BOARD

The Management Board in financial year 2019 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 2019 included a fixed component of altogether kEUR 165 (2018: kEUR 150). No variable component was paid in financial year 2019 (2018: kEUR 0).

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 2019 (2018: kEUR 79).

### REMUNERATION OF THE SUPERVISORY BOARD IN 2019 (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
<b>TOTAL</b>	<b>56</b>	<b>23</b>	<b>79</b>

## 10.6 AUDITOR'S FEES

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

AUDITOR'S FEES (IN KEUR)	2019	2018
Audit of financial statements	66	56
Tax consulting services	18	23
<b>TOTAL</b>	<b>84</b>	<b>79</b>

## 10.7 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](http://www.yoc.com) in the "Investor Relations" section.

Berlin, February 2020



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, 17 April 2020



DIRK-HILMAR KRAUS  
THE MANAGEMENT BOARD

# AUDIT REPORT BY THE INDEPENDENT AUDITOR

„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 2019, 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 2019 as well as the notes to the consolidated financial statements, including a summary of the relevant accounting methods. We further audited the group management report of YOC AG for the fiscal year beginning 01 January and ending 31 December 2019. 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 2019 as well as its results of operation for the fiscal year beginning 01 January and ending 31 December 2019, 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 abovementioned 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 chapter "Forecast report YOC Group" in the combined Management and Group Management Report, as well as chapter 4.3 "Management of capital and going concern" in the Notes to the Financial Statements, in which the Management Board specifies that the company, in order to have sufficient liquidity in the forecast horizon under consideration of the impacts of the coronavirus crisis, relies on achieving to realise the adjusted planning goals and being able to make use of additional financing opportunities. The company currently assesses different financing opportunities and assumes that one of the considered measures can be claimed. The YOC Group aimed to achieve a revenue of EUR 17.0 million to EUR 18.0 million for the 2019 financial year, and an operating result before interest, taxes and depreciation/amortisation (EBITDA) between EUR 1.0 million and EUR 1.5 million. Due to the uncertainties in connection with the coronavirus crisis, the company



developed a scenario in which especially the first half of 2020 will be affected by cancellations and declines in orders. For the second halfyear, the company reckons with a stronger revenue growth year-on-year as well as a positive EBITDA for the total 2020 financial year. The company's going concern relies on the successful implementation of those measures taken to counter the effects of the coronavirus crisis, and on the scheduled development of the operating business not substantially falling behind the adjusted expectations and additional financing opportunities being successfully utilised. 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.

Pursuant to Art. 10 Sect. 2 Letter c) ii EU Regulation 537/2014, we summarise our audit reaction with regard to this risk as follows: Within the context of our audit procedures, we analysed the group planning for the years 2020 and 2021 on monthly and company levels and discussed the basic assumptions with the legal representatives. A special focus lay on planning a scenario for the company with view to the effects of the coronavirus crisis. We debated with the legal representatives the basic assumptions regarding the effects from the further expected course of the coronavirus crisis on cash flow and EBITDA, taking into account the revenue development at YOC Group in the first quarter of 2020, acquired sufficient and appropriate evidence and on this basis valued the effects on liquidity planning. In our analysis of the company's planning we also took into account public data regarding expectations for the impact of the coronavirus crisis on the advertising economy. We further requested and considered audit evidence on the existence and possibility of utilising alternative financing opportunities from potential financing partners.

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 2019. 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.

## 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.

With view to the recognition of revenues, the YOC Group's companies are to be categorised as principal or agent pursuant to the IFRS 15 regulations. The categorisation is discretionary due to the underlying criteria. For these reasons, the recognition of revenue observing the application of the 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 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 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 abovementioned 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.

The composition of revenues is explained in Chapter 6 "Notes to the Statement of Comprehensive Income" in the Notes to the Financial Statements, under "Revenue".

## 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 flow 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 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.

The composition of self-developed software is explained in Chapter 7 "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. 315d HGB 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:

- › In 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 "The YOC Share",
- › The "Declaration of Conformity 2019",
- › The "YOC Product Overview",
- › The "Mobile Programmatic Advertising Market Environment"
- › The "Range of Services", and
- › The "Inspection and Risk Management Report on the Accounting Process".

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 a substantial misrepresentation of this other information occurs, 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 of not detecting substantial misstatements 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 their 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 24 June 2019 as public auditors of the consolidated financial statements. We were assigned to this task by the Supervisory Board on 01 August 2019. 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, 17 April 2020

ERNST & YOUNG GMBH  
WIRTSCHAFTSPRÜFERGESELLSCHAFT

GLÖCKNER  
AUDITOR

BEHRENDT  
AUDITOR



# MANAGEMENT BOARD

The Management Board consisted of one member as of 31 December 2019:

## DIRK-HILMAR KRAUS

### BUSINESSMAN, 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 2019, 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)
- Lambsdorff Rechtsanwälte PartGmbH: Partner (since 2012)
- YOC AG: Deputy Chairman of the Supervisory Board (since 01/2014)



## SACHA BERLIK

### BUSINESSMAN, COLOGNE

Sacha Berlik is the third member to the YOC AG Supervisory Board. Up until the end of 2019, the entrepreneur and investor was Managing Director EMEA at The Trade Desk, the worldwide leading and independent company in programmatic media buying (automated trade of advertising spaces). Previously, he had founded the first European programmatic advertising agency in 2008, which he sold to DataXu at the end of 2011. Until 2015 he was General Manager Europe at DataXu, another company active worldwide in programmatic media buying. It was sold to the US video streaming platform Roku in 2019.

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

Mandates:

- YOC AG: Member of the Supervisory Board (since 01/2014)





# FINANCIAL CALENDAR 2020

**27 MAY 2020**

Report on the first quarter 2020  
Berlin

**19 AUGUST 2020**

Interim Financial Report 2020  
Berlin

**18 NOVEMBER 2020**

Report on the third quarter of 2020  
Berlin

**08 TO 09 DECEMBER 2020**

Munich Capital Market Conference  
Munich

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## LAYOUT & DESIGN

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