



INTERIM REPORT

THIRD QUARTER 2018

Berlin, 22 November 2018

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LETTER TO THE SHAREHOLDERS

Dear Shareholders,

The YOC Group has been one of the leading independent mobile advertising providers in Europe since 2001. With our expertise, we create advertising formats that appeal to, inspire and reach people. Our supply side platform VIS.X enables the trade of these highly visible and attention-grabbing advertising products. This enables us to meet market requirements and position ourselves as a technology-based player in high-impact programmatic advertising.

VIS.X enables our customers to buy high-quality advertising inventory from our publisher partners in combination with YOC advertising products around the clock in an automated and therefore scalable manner in accordance with their advertising strategy. The technological possibilities of VIS.X are trend-setting. With VIS.X, we are strategically on the right track and will realize permanently increasing trading volumes.

At the same time, with the introduction of the YOC Mystery Scroller, we expanded our product portfolio in the third quarter of 2018 to include a further high impact advertising format, which is already making a noticeable contribution to revenue development. With the successive development of new product lines, we are pursuing the goal of continuously providing the advertising market with innovative, high-quality advertising products and making them immediately tradable via VIS.X.

For us, strengthening competitiveness implies acceptance of and compliance with standards in programmatic advertising. As one of the first market players, YOC signed the Code of Conduct of the German Association for the Digital Economy (BVDW) and committed itself to act transparently and in accordance with the rules and regulations set out in the Code of Conduct and to contribute to improving the quality of the market.

From an economic point of view, the first half of 2018 was disappointing for us with a fifteen percent decline in sales.

The entry into force of the EU General Data Protection Regulation (GDPR) and the introduction of the Coalition for Better Ads (a global initiative to improve digital advertising) at the beginning of the 2018 financial year represented a lasting change in the overall parameters and represented a tremendous challenge for us.

However, in the third quarter of 2018 we were able to stop the negative revenue trend and already achieved revenues at the previous year's level of EUR 3.3 million as well as a balanced operating result before depreciation and amortization (EBITDA).

As a result, the company recorded a revenue of EUR 9.1 million in the first nine months of 2018 (9M/2017: EUR 10.1 million). The decline in sales in the current fiscal year was thus reduced to 10 %.

EBITDA after nine months remained at EUR -0.4 million (9M/2017: EUR -0.5 million).

Dear shareholders, our company is back on the growth path as the first weeks of the fourth quarter continued to be successful. We expect higher revenue for the second half of the year compared with the same period last year, so that we will continue to noticeably reduce the decline in revenue for 2018 as a whole.

Thank you for your confidence and I look forward to continuing to work with you.

Kind regards,



Dirk-Hilmar Kraus

CEO

YOC AT A GLANCE

REVENUE AND EARNINGS (IN KEUR)

	9M/2018	9M/2017	CHANGE IN TOTAL	CHANGE IN %
Total Revenue	9.069	10.057	-988	-10
Middle and Eastern Europe ¹⁾	7.811	6.687	1.124	17
Rest of Europe ²⁾	1.258	3.370	-2.112	-63
Gross profit margin (in %)	38,0	37,9	0	0
Total output	9.742	10.461	-719	-7
EBITDA	-429	-475	46	10
EBITDA margin (in %)	-4,4	-4,5	k.A.	k.A.
Earnings after tax	-777	-755	-22	-3
Earnings per share (diluted in EUR)	-0,24	-0,23	-0,01	-4
Earnings per share (basic in EUR)	-0,24	-0,23	-0,01	-4

EMPLOYEES

Average number of employees ³⁾	55	50	5	10
Number of employees at end of September	53	52	1	2
Total revenue per employee (in kEUR)	165	201	-36	-18
Total output per employee (in kEUR)	177	209	-32	-15

FINANCIAL POSITION AND LIQUIDITY

Total assets	4.354	3.704 ⁴⁾	650	18
Cash flow from operative activities	-1.226	-321	-905	-282

1) Germany, Austria, Switzerland, Poland and Netherlands

2) Spain and Great Britain

3) Based on permanent employees

4) as of 31/12/2017

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

The new accounting standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have been applied since 01 January 2018. The previous year's figures have not been adjusted. For further information, please refer to the section "Basis of preparation and accounting policies", page 16 f.

INTERIM CONSOLIDATED MANAGEMENT REPORT

BUSINESS DEVELOPMENT OF YOC GROUP IN THE FIRST NINE MONTHS OF 2018

KEY FIGURES

After a 15 % decline in revenues in the first half of financial year 2018, revenues in the third quarter were up year-on-year.

As a result, the company recognised a revenue decline of around 10 % to EUR 9.1 million (9M/2017: EUR 10.1 million) in the first nine months of 2018.

On the **German-speaking market**, revenues increased by 16 % year-on-year.

The subsidiary in **Poland**, set up in financial year 2016, developed pleasingly and achieved to realise 28 % growth through increasing sales contributions.

In the current financial year 2018, the turnover from the **Spanish market** stagnated as compared to the previous year's reporting period. The revenue goals in **Great Britain**, on the other hand, were not met.

This is due on the one hand to the confusion owed to the introduction of the "Coalition for Better Ads" and on the other to the implementation of the new product strategy for the British market falling behind schedule.

We, however, expect stabilisation in the Spanish and British locations.

The **gross margin** of 38 % corresponds to the level of the previous year (9M/2017: 38 %).

The **operating result before depreciation and amortisation (EBITDA)** improved by EUR 0.1 million to EUR -0.4 million (9M/2017: EUR -0.5 million) compared to previous year.

The **operating cash flow** in the reporting period came to EUR -1.2 million (9M/2017: EUR -0.3 million). In addition to the negative result after taxes, this resulted from the reduction of liabilities.

RANGE OF SERVICE

With its growth of expertise since 2001, YOC develops innovative digital advertising formats, making them available through its marketplace for both traditional and automated realtime trade (programmatic advertising). With its cutting-edge technology, developed in-house, and tremendous media 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. In this way, advertising clients reach their goals - while at the same time the self-developed, unobtrusive formats improve the user experience.

Through its long-standing expertise, transparent procedures and an excellent service, YOC creates trust and equally convinces customers and partners.

More than 500 renowned brands such as **Disney, Ford, McDonald's, Mercedes-Benz, Netflix, Coca-Cola, Samsung** or **Unilever** already use the YOC technology.

The 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 **Shazam, The Telegraph, Daily Mirror, Kurier, Kronenzeitung, Bunte.de, Der Tagesspiegel** or **Eurosport**. They trust in YOC's services due to our technological and market-specific expertise and based on a long-standing profitable partnership.

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

Hence, YOC develops its own scalable in-house technology platform and delivers new products through all sales channels in demand, in particular the booming and highly automated programmatic advertising environment.

Over the past years YOC, as a result of the modified technological framework parameters, assumed a stronger position in the market for digital advertising and realised crucial changes.

To this end, the company internalised important elements of the value chain in mobile advertising and tackled the issue of online advertising.

This includes the development of our own performant advertising products that on the one hand unfold a strong advertising effect for advertisers and on the other hand do not interfere with the internet users' consumption of media content.

Adding to this, the company over the past years built an extensive system infrastructure, comprising internally developed innovative software and well-known solutions from renowned external suppliers like Google, SAP or Salesforce.

Within this framework, YOC is able to service all relevant sales channels on a scalable basis.

The combination of a modern and scalable supply-side platform **VIS.X**, innovative advertising products and an efficient technological infrastructure is the striking competition factor through which YOC clearly stands out from other market players.

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

Adding to its established product lines, YOC has developed a new platform for the highly automated media trade and introduced it to the market at the beginning of 2018.

The company thereby pursues the target to deliver the solution for one of the prevailing problems of the digital advertising market: Meeting the demand for the programmatic, i.e. highly automated purchase of highly effective advertising formats.

Most of the platforms available in the market focus on standard products, so that the product lines developed at YOC internally as well as high-profile advertising formats of several external providers were not available for programmatic booking.

Through **VIS.X**, YOC establishes a new programmatic trading platform for international brand-safe inventory by premium publishers - positioning the company in the market as a provider of high-quality advertising technology. The platform unites the publishers' advertising inventory with YOC-owned products via private marketplaces in an integral auction, offering purchasers all relevant products in one transaction.

In accordance with the purchasers' targeting data and individual campaign goals, YOC provides the appropriate auction mechanisms for an efficient media purchase.

The purchase process for advertisers, media agencies and their procurement organisations (trading desks) does not call for further technological adjustments to the existing infrastructure. Already existing advertising material is transformed by **VIS.X** into YOC's in-house, promotionally effective products and delivered in real time.

In so doing, the technology developed by YOC unlocks the full potential of programmatic advertising. **VIS.X** is thereby becoming the ideal platform for effective digital advertising.

By integrating several hundred publishers and with the high-performance level of **VIS.X**, the trading desks are offered a high scalability in realtime and international premium inventory for their media purchase.

The full inventory of a publisher is offered to all purchasers at the same time. This leads to ideal monetising for the publishing partners. At the same time, the platform provides YOC's advertising clients with premium inventory, high transparency and brand safety, leading to improved advertising results.

The development of **VIS.X**, as a result, creates a sustainable competitive advantage for the attached publishers, trade desks or advertisers.

The company benefits from its independence from third party suppliers and positions itself as a strong provider of technology with a scalable business model. This has driven the company to develop its own supply-side platform (SSP).

PRODUCT LINES

The company successfully promotes its product lines **YOC Understitial Ad**, **YOC Inline Video Ad**, **YOC Mystery Ad** as well as **YOC Mystery Scroller**. Our products aim at effectively launching the advertising messages of advertisers targeted at the end consumer.

The application of various methods of display, interactive elements and unobtrusive operating principles leads to an improved acceptance with users. In addition, compared to the classic standard formats, the YOC products allow for enhanced methods of measuring various statistics on interaction and usage. They thereby contribute significantly to the measurability of marketing success for advertisers, while on the other hand raising the potential for optimising the advertising impact on end users.

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

The core characteristic of **YOC Understitial Ad** is its effective but unobtrusive placement in the content environment of a web page. Advertisers reach out to the smartphone user through a large-screen advertisement without interfering with his user habits. In this advertising tool, YOC combines its technological experience with its competence in targeting users in digital environments.

In the past financial year 2017, **YOC Understitial Ad** saw further improvements. In particular the newly developed video version received new components.

Proceeding from the success of **YOC Understitial Ad**, the company introduced its first desktop advertising format into the market in 2017:

Like the mobile product, **YOC Understitial Desktop Ad** operates unobtrusively within the editorial content and is opened successively by scrolling through a page, until it is fully visible. The online advertising format is available for HTML5, video or image content. At the core is, once again, the intention not to restrain the user in his digital habits.

At the same time, YOC through this product extension improves monetising for publishers, as advertising campaigns that are based on **YOC Understitial Ad** can be purchased via mobile and online simultaneously. On top of this, the development of **YOC Understitial Desktop Ad** strengthens the holistic communication approach of advertisers.

YOC Inline Video Ad is an innovative digital advertising format which allows advertisers to publish video ads on classic websites without their own video content. It is compatible with the branch-specific standards (VAST and VPAID) and plays videos in high quality. The special feature of this product is that it is universally applicable and does not require a fixed placement within the website of a publisher.

The integrated start-stop automatic only lets the video play when the user is actually viewing it on his smartphone display or monitor, it stops as soon as it leaves the visible range through scrolling. This significantly improves the viewability and, as a consequence, the advertising appeal of the advertiser.

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

In September 2018 YOC extended its product portfolio with **YOC Mystery Scroller**. With this high-quality advertising format can create animations, Effects and videos on the scrolling behavior of the user can be tuned.

YOC Mystery Scroller is supported by all mobile browsers and uses only about 30 % of the screen. The display remains permanently in the visible area, but without obstructing the reading flow. Through its proactivity, the **YOC Mystery Scroller** does not simply play an advertising format, but gives it a special touch without disturbing transitions.

Aside from the abovementioned products, YOC offers all classic types of advertising in accordance with the international IAB and MMA standards.

In addition, the team of experts at YOC is able to develop additional functions such as responsive formats, enhanced tracking options or employing particular advertising media within the standard formats upon customer request.

For the management, optimisation and evaluation of a campaign, the measurement of viewability has advanced to becoming a decisive factor. YOC therefore further extended its technological infrastructure for measuring and evaluating the viewability of mobile advertising formats.

Moreover, the company entered into a cooperation with Oracle subsidiary MOAT in order to have an independent third party with great market acceptance constantly verify the above-average viewability and interaction rates of the YOC product lines.

The YOC products follow market-specific measurement standards (IAB and MRC), thus offering advertisers internationally comparable performance indicators for their success in digital advertising.

YOC consequently sets up alternative pricing models for its advertising clients based on the retrieved viewability data. Billing of a campaign here only follows when, for example, a video has been played fully within the field of vision of the user.

ADDITIONAL MOBILE ADVERTISING SERVICES

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

CREATIVE SERVICES

For more than a decade, YOC has advised advertisers on the right choice of mobile advertising formats and as the case may be, also produced the advertising material.

Along with these services, our experts also provide their know-how when it comes to modulating campaigns on mobile devices.

RE-ENGAGEMENT

YOC's re-engagement solution is a complex measure to increase the branding effect and recognition factor of a brand or a product. In order to reach this goal, YOC uses data-driven user recognition to draw the user's attention to a brand by addressing him sequentially.

This solution can be further used to increase user rates of apps or to encourage potential customers of an online shop to buy a product.

YOC HUB

The business intelligence platform **YOC HUB** on the one hand facilitates the internal process management at YOC, and on the other serves as a tool for publishers to manage and optimise marketing activities.

In addition, the company-owned platform **VIS.X** is being operated by **YOC HUB**.

The enhanced support of the programmatic business segment through dedicated reporting simplifies the daily operating business. The comprehensive and independently configurable software interface of **YOC HUB** gives users an up-to-date overview of the marketing success of the YOC products.

DEVELOPMENT OF PROFITABILITY

The new accounting standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have been applicable since 01 January 2018. The previous year's figures have not been adjusted. The application of the standards has no material impact on the development of the YOC Group's results of operations.

For a more detailed presentation of the revaluation and reclassification effects, please refer to the section "Principles for the preparation of the financial statements, accounting and valuation methods" in the notes of the interim report, page 16 f.

REVENUE TREND AND OVERALL PERFORMANCE

In the first nine months of 2018, YOC Group recognised EUR 9.1 million in **total revenue** (9M/2017: EUR 10.1 million). This corresponds to a decline by around 10 % year-on-year, after a decline in sales on first half of the year was still 15 %.

The group's **total output** was EUR 0.8 million below the previous year's level at EUR 9.7 million (9M/2017: EUR 10.5 million).

GROSS INCOME

The **cost of materials** in the reporting period amounted to EUR 5.6 million (9M/2017: EUR 6.2 million). The gross margin of 38 % corresponds to the level of the previous year (9M/2017: 38 %).

The successful transformation of the YOC Group into a technology-based provider of high-impact programmatic advertising will further improve the group's earnings position in the second half of the year.

The continued increase of the gross margin is an important element of the further sustained positive corporate development and at the same time reflects the adjusted market position of the company.

PERSONNEL EXPENSES AND PERSONNEL DEVELOPMENT

Compared to the previous year, the **average number of employees** (without Management Board) of YOC Group increased to 55 employees (9M/2017: 50 employees). As of 30 September 2018, YOC Group had 53 permanent employees. Compared to the previous year, this means a 2 % increase (9M/2017: 52 permanent employees).

The **personnel expense** in the amount of EUR 3.1 million were lower than in the previous year's reporting period (9M/2017: EUR 3.3 million).

Due to the decline in revenue, the revenue per employee decreased by 18 % year-on-year to kEUR 165 (9M/2017: kEUR 201).

OTHER OPERATING EXPENSES

In the first nine months of the financial year 2018, the **other operating expenses** remained at the previous year's level at EUR 1.4 million (9M/2017: EUR 1.4 million).

Overall, the cost-cutting measures implemented over the past years in various fields continued to take effect. The relation of other operating expenses to the total output rose by 2 % to 15 % (9M/2017: 13 %).

EBITDA

The **operating result before depreciation and amortisation (EBITDA)** improved by EUR 0.1 million to EUR -0.4 million (9M/2017: EUR -0.5 million) compared to previous year.

POST-TAX PROFIT OR LOSS

YOC Group recognised **scheduled depreciation** in the amount of EUR 0.2 million (9M/2017: EUR 0.2 million), a negative **financial result** in the amount of EUR 0.1 million (9M/2017: EUR 0.1 million) as well as **taxes on income and revenue** in the amount of EUR 0.1 million (9M/2017: EUR 0.02 million).

Earnings after tax (including corporate functions) thus came to EUR -0.8 million in the reporting period (9M/2017: EUR -0.8 million).

FINANCIAL POSITION AND NET ASSETS

As of 30 September 2018, YOC Group's **cash and cash equivalents** amounted to EUR 0.9 million.

The **operating cash flow** in the reporting period came to EUR -1.2 million (9M/2017: EUR -0.3 million). In addition to the negative result after taxes, this resulted from the reduction of liabilities.

The **cash flow from investing activities** came to EUR -0.4 million in the first nine months of the ongoing financial year 2018 (9M/2017: EUR -0.2 million). Overall, the company invested EUR 0.2 million in internal development in connection with the further development of technological platforms and new products.

The **cash flow from financing activities** of EUR 1.5 million (9M/2017: EUR 0.5 million) resulted entirely from the issue of a convertible bond with a term until 31 July 2022.

OPPORTUNITIES, RISKS AND OUTLOOK

OPPORTUNITIES AND RISKS

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

Main risks include market and competition risks, technological risks, liability risks, personnel risks, planning risks, organisational as well as financial and treasury risks.

These risks are influenced by our own business activities as well as external factors.

YOC Group has taken measures to detect such possible risks in time and to reduce them. To this end, an adequate risk management system has been developed which records and evaluates risks by means of a company-wide risk inventory at regular intervals and, if necessary, constantly monitors them.

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

For this purpose, necessary risks are consciously taken, while taking into account the risk-return-ratio, in order to make use of market opportunities and to exhaust the success potential inherent in them.

By means of anticipatory risk control as part of the internal control system, risks and opportunities can be detected and evaluated at an early stage so that a timely and appropriate response is possible, and efficient management can be guaranteed for the company's success.

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

OUTLOOK

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

The transformation to a high-impact programmatic advertising provider elevates the company to a whole new product level. With the market position thus strengthened, we expect to further increase gross profits while at the same time pushing forward the independence from larger co-operations.

Investment in innovative technologies and products as well as the automation of internal processes are part of the Corporate strategy to support the development which is already underway. Against this backdrop, YOC saw the need for corresponding action in the past year:

By developing the new proprietary supply-side platform **VIS.X** in 2017, YOC not only offers highly effective advertising formats that meet the requirements of the Coalition for Better Ads (global initiative for the increased acceptance of digital advertising), but can now also trade them via platform-based programmatic sales channels.

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

Following a revenue growth of more than 20 % each in the past two financial years 2016 and 2017, the main focus of the management is on stabilising the dynamic growth of the programmatic platform business and hence realising the defined corporate strategy.

To this end it is crucial that all YOC branches adapt the new market positioning and realise all relevant tasks. Meanwhile, we will continue to pursue the company's internationalisation.

By introducing its own technology platform **VIS.X**, the company will achieve a sustainable competitive edge as well as independence from third party providers through the programmatic trade of highly effective advertising products.

On top of this, aside from the existing business, further revenue will be generated successively in the programmatic real-time trade.

The Management Board of the company has adjusted the sales forecast for the full year 2018 to EUR 13.0-14.0 million following the final evaluation of the preliminary figures for the first half of 2018.

Previously, an increase in annual sales in the lower double-digit percentage range had been forecast.

As a result, the goal of further improving earnings in 2018 will not be achieved either. Rather, the

Management Board expects EBITDA for 2018 as a whole to be approximately EUR -0.4 million.

The main reasons for the adjustment of the sales forecast are the slower market launch of the new **VIS.X** trading platform compared to the original forecast, the impact on sales due to the entry into force of the EU-wide Data Protection Ordinance (DSGVO) and the introduction of the "Coalition for better Ads", which resulted in increased restraint in the digital advertising market.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Q3/2018 (UNAUDITED)

All figures in EUR

	Q3/2018	Q3/2017
Revenue	3.337.378	3.320.644
Own work capitalised	72.841	76.244
Other operating income	142.546	8.595
Total output	3.552.765	3.405.483
Expenses for goods and services	2.027.721	2.030.271
Personnel expenses	995.480	1.134.886
Other operating expenses	518.533	484.431
Earnings before interest, taxes, depreciation and amortization	11.031	-244.105
Depreciation and amortisation expenses	58.767	58.900
Earnings before interest and taxes	-47.736	-303.005
Financial expenses	34.884	24.577
Financial result	-34.884	-24.577
Earnings before taxes	-82.620	-327.582
Income taxes	26.332	-40.596
Net income continuing operations	-108.952	-286.986
Net income	-108.952	-286.986

EARNINGS PER SHARE

Earnings per share basic	-0,03	-0,09
Earnings per share diluted	-0,03	-0,09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net income	-108.952	-286.986
Net other comprehensive income to be reclassified through profit or loss in subsequent periods:		
Unrealised gains/losses from foreign currency translation	4.779	3.675
Total other comprehensive income	4.779	3.675
TOTAL COMPREHENSIVE INCOME	-104.173	-283.311

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

The new accounting standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have been applied since 01 January 2018. The previous year's figures have not been adjusted. For further information, please refer to the section "Basis of preparation and accounting policies", page 16 f.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 9M/2018 (UNAUDITED)

All figures in EUR

	9M/2018	9M/2017
Revenue	9.069.623	10.056.863
Own work capitalised	239.788	173.868
Other operating income	432.576	229.823
Total output	9.741.988	10.460.554
Expenses for goods and services	5.619.813	6.244.080
Personnel expenses	3.112.601	3.310.027
Other operating expenses	1.438.286	1.381.004
Earnings before interest, taxes, depreciation and amortization	-428.711	-474.557
Depreciation and amortisation expenses	212.628	200.189
Earnings before interest and taxes	-641.339	-674.746
Financial expenses	82.099	64.672
Financial result	-82.099	-64.672
Earnings before taxes	-723.438	-739.418
Income taxes	53.073	15.703
Net income continuing operations	-776.512	-755.120
Net income	-776.512	-755.120

EARNINGS PER SHARE

Earnings per share basic	-0,24	-0,23
Earnings per share diluted	-0,24	-0,23

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net income	-776.512	-755.120
Net other comprehensive income to be reclassified through profit or loss in subsequent periods:		
Unrealised gains/losses from foreign currency translation	19.660	38.072
Total other comprehensive income	19.660	38.072
TOTAL COMPREHENSIVE INCOME	-756.852	-717.048

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

The new accounting standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have been applied since 01 January 2018. The previous year's figures have not been adjusted. For further information, please refer to the section "Basis of preparation and accounting policies", page 16 f.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30/09/2018 (UNAUDITED)

All figures in EUR

	30/09/2018	31/12/2017
ASSETS		
Non-current assets	750.045	580.596
Property, plant and equipment	89.822	84.824
Intangible assets	659.009	494.467
Deferred tax assets	1.215	1.305
Current assets	3.604.438	4.134.506
Trade receivables	2.595.998	3.052.041
Other receivables	147.525	98.222
Tax receivables	4.600	0
Cash and cash equivalents	856.315	984.244
Total assets	4.354.483	4.715.102
EQUITY AND LIABILITIES		
Equity	-4.849.108	-4.091.514
Subscribed capital	3.292.978	3.292.978
Additional paid in capital	20.641.091	20.641.091
Retained earnings	-28.682.213	-27.904.959
Other comprehensive income from currency translation differences	-50.646	-70.306
Own shares	-50.319	-50.319
Non-current liabilities	2.419.638	1.246.188
Provisions	89.038	466.188
Other financial liabilities	2.330.600	780.000
Current liabilities	6.783.953	7.560.428
Prepayments received	12.553	50.403
Trade payables	2.520.008	2.625.519
Other liabilities	530.556	647.062
Other financial liabilities	2.311.252	4.091.684
Tax liabilities	42.411	42.411
Provisions	1.367.173	103.350
Total equity and liabilities	4.354.483	4.715.102

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

The new accounting standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have been applied since 01 January 2018. The previous year's figures have not been adjusted. For further information, please refer to the section "Basis of preparation and accounting policies", page 16 f.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS 9M/2018 (UNAUDITED)

All figures in EUR

	9M/2018	9M/2017
Net income	-776.512	-755.120
Depreciation and amortisation	212.628	200.189
Taxes recognised in the income statement	53.073	15.703
Interest recognised in the income statement	82.099	64.672
Other non-cash income and expenses	37.111	28.031
Cash-Earnings	-391.601	-446.525
Result from disposal of assets	0	176
Changes in receivables and other receivables	454.737	273.549
Changes in liabilities, prepayments and other liabilities	-2.054.244	-1.820.715
Changes in provisions	886.673	1.781.068
Interest paid	-63.947	-58.911
Income taxes paid	-58.024	-49.500
Cash flow from operating activities	-1.226.403	-320.858
Purchase of property, plant and equipment	-39.485	-29.274
Purchase of intangible assets	-121.458	-16.856
Outflow from development costs	-239.788	-181.052
Disposal of assets	1.202	2.640
Cash flow from investing activities	-399.529	-224.542
Issuance of loans	0	500.000
Issuance of convertible bond	1.550.600	0
Transaction costs convertible bond	-52.597	0
Cash flow from financing activities	1.498.003	500.000
Net increase / decrease	-127.929	-45.400
Cash and cash equivalents at the beginning of the period	984.244	659.549
Cash and cash equivalents at the end of the period	856.315	614.147

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

The new accounting standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have been applied since 01 January 2018. The previous year's figures have not been adjusted. For further information, please refer to the section "Basis of preparation and accounting policies", page 16 f.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30/09/2018 (UNAUDITED)

All figures in EUR

	SUBSCRIBED CAPITAL	ADDITIONAL PAID IN CAPITAL	RETAINED EARNINGS	OTHER COMPREHENSIVE INCOME FROM CURRENCY TRANSLATION	OWN SHARES	TOTAL
as of 01/01/2017	3.292.978	20.649.438	-27.382.819	-115.849	-50.319	-3.606.571
Net income	0	0	-755.119	0	0	-755.119
Currency translation differences	0	0	0	38.072	0	38.072
Comprehensive income	0	0	-755.119	38.072	0	-717.047
Transaction costs including	0	-8.347	8.347	0	0	0
as of 30/09/2017	3.292.978	20.641.091	-28.129.591	-77.777	-50.319	-4.323.618

as of 01/01/2018	3.292.978	20.641.091	-27.904.959	-70.306	-50.319	-4.091.514
Net income	0	0	-776.512	0	0	-776.512
Adjustment IFRS15 as of 01.01.2018	0	0	-743	0	0	-743
Currency translation differences	0	0	0	19.660	0	19.660
Comprehensive income	0	0	-777.255	19.660	0	-757.595
as of 30/09/2018	3.292.978	20.641.091	-28.682.213	-50.646	-50.319	-4.849.108

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

The new accounting standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have been applied since 01 January 2018. The previous year's figures have not been adjusted. For further information, please refer to the section "Basis of preparation and accounting policies", page 16 f.

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

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

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

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

Principles for the preparation of the financial statements

YOC AG's interim report as of 30 September 2018 was prepared in compliance with the German Securities Trading Act (WpHG).

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

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

It is therefore to be recommended to read the interim report along with the Annual Report 2017.

Accounting and valuation measures

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

The standard contains new provisions on classification and measurement, on impairment and hedge accounting. IFRS 9 is to be applied for the first time for the financial year beginning on or after 01 January 2018. The standard has been adopted by the EU on 22 November 2016.

The transition to IFRS 9 as of 30 September 2018 have only minor adjustment effects before deferred taxes. A lump-sum value adjustment of kEUR 1 was formed for trade receivables.

No impairment losses were recognized for other financial instruments.

IFRS 15 has been published in May 2014 and adopted by the EU on 22 September 2016. For financial years beginning on or after 01 January 2018, either the full retrospective application or a modified retrospective application is mandatory.

An early application of the standard is permitted. It introduces a new model for recognising revenue in five analytical steps which shall be applied to all revenues from contracts with customers.

The core principle of the standard is that a company shall recognise revenue at the time of transfer of goods or services to customers in the amount of the return which the company may expect in exchange for the transfer of these goods or services.

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

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

The model is as follows: Identification of the customer agreement, identification of the individual performance obligations, determination of the transaction price, allocation of the transaction price to the individual performance obligations as well as recognition of revenues at fulfilment of individual performance obligations. The standard further contains a revised concept for determining principal-agent relationships and a resulting gross or net recognition of sales revenues. The new standard henceforth also requires qualitative and quantitative explanatory notes that go far beyond the current regulations.

YOC has applied IFRS 15 since 01 January 2018 and uses the option of modified application. YOC has therefore decided not to adjust the comparative period.

YOC has reviewed the applicability of the revised revenue recognition principles on the basis of individual contracts and its fundamental business model and has come to the conclusion that there will be a slight change in the previous revenue recognition based on the relevant contractual relationships in the 2018 financial year.

The change results from the separation from the provision of creative services and campaign delivery.

In in a few cases, the creative work has already been fully completed before the start of the campaign. Until now, sales have been distributed evenly over the campaign period.

With the application of IFRS 15, the disclosure is made separately from other services and immediately after fulfillment.

The adjustments made through the application of IFRS 15 are as follows as of 01 January 2018 (The overview only shows the balance sheet items affected by the changes from the first-time application of IFRS 15):

EQUITY AND LIABILITIES

Equity
Retained earnings
Current liabilities
Other financial liabilities

CARRYING AMOUNT IN ACCORDANCE WITH IAS 18/IAS 11 31/12/2017	RECLASSIFICATIONS	CARRYING AMOUNT IN ACCORDANCE WITH IFRS 15 01/01/2018
-27.904.959	-743	-27.905.702
-27.904.959	-743	-27.905.702
4.091.684	743	4.092.427
4.091.684	743	4.092.427

The consolidated income statement as of 30 September 2018 changes only slightly due to the application of IFRS 15.

The revaluation of revenues increased revenues by kEUR 1. All other positions remain unchanged.

The following overview contains relevant financial statement items as of 30 September 2018 in accordance with IFRS 15 and according to previous accounting in accordance with IAS 18/IAS 11 and the corresponding interpretations:

EQUITY AND LIABILITIES

Equity
Retained earnings
Current liabilities
Other financial liabilities

IFRS 15 30.06.2018	IAS 18/IAS 11 30.06.2018	CHANGE
-28.682.213	-28.682.814	600
-28.682.213	-28.682.814	600
2.311.252	2.311.852	-600
2.311.252	2.311.852	-600

IFRS 16 specifies how leases will be recognised, measured, presented and disclosed.

The standard provides a single accounting model for the lessee.

This requires lessees to recognise all assets and liabilities for leases unless the lease term is 12 months or less or it has a low value (in each case optional). Lessors continue to classify leases as operating or finance leases for accounting purposes.

The lessor's accounting model remains substantially unchanged from that in IAS 17 – Leases. IFRS 16 was issued in January 2016 and is to be applied for the first time for financial years beginning on or after 01 January 2019.

The Group will not make use of the possibility of early application. The first-time application is expected to have an impact on the balance sheet and an improvement in reported EBITDA, but not a change in the annual result.

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

The Management Board of YOC AG assumes that the above-mentioned standards and interpretations will be applied, if cases of application occur, in the consoli-

dated financial statements of the financial year in which they become mandatory.

The following table shows new and revised standards which are not yet mandatory in financial year 2018 or which have not yet gone through the EU endorsement process:

TITLE	TEMPORAL SCOPE	EU-ENDORSEMENT ENSUED?	APPLICATION FOR YOC?	IMPACT ON FINANCIAL STATEMENTS EXPECTED?
IFRS 9 - Financial instruments	01/01/2018	yes	yes	no significant impact
IFRS 15 - Revenue from contracts with customers	01/01/2018	yes	yes	under examination
IFRS 16 - Leases	01/01/2019	no	yes	under examination
Amendment of IFRS 10 and IAS 28 - Sales or contributions of assets between an investor and its associate / joint venture	indefinitely postponed	no	no	n/a

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

OTHER DISCLOSURES REGARDING FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents,

30/09/2018
(IN KEUR)

Financial assets
Cash and cash equivalents
Trade receivables
Other assets
Financial liabilities
Fixed rate borrowing
Trade payables
Other financial liabilities

CARRYING AMOUNT	FAIR VALUE	MEASUREMENT CATEGORY IAS 39 ¹⁾	FAIR VALUE HIERARCHY
856	856	LaR	n/a
2.596	2.596	LaR	n/a
148	148	LaR	n/a
2.851	2.851	FLAC	n/a
2.520	2.520	FLAC	n/a
1.791	1.791	FLAC	n/a

31/12/2017
(IN TEUR)

Financial assets
Cash and cash equivalents
Trade receivables
Other assets
Financial liabilities
Fixed rate borrowing
Trade payables
Other financial liabilities

CARRYING AMOUNT	FAIR VALUE	MEASUREMENT CATEGORY IAS 39 ¹⁾	FAIR VALUE HIERARCHY
984	984	LaR	n/a
3.052	3.052	LaR	n/a
98	98	LaR	n/a
1.300	1.300	FLAC	n/a
2.626	2.626	FLAC	n/a
3.572	3.572	FLAC	n/a

- 1) AfS: available for sale financial assets
LaR: loans and receivables
FLAC: other financial liabilities measured at amortised cost.

other current financial liabilities nearly match their fair value, mainly due to their short maturities.

In accordance with the principle of materiality, the fair value of these current items is equated with their book value.

The following table shows the carrying amounts and fair values of the financial assets and liabilities recognised in the interim financial statements as well as their classification according to IAS 39 and their level within the fair value hierarchy:

REVENUE TREND AND OVERALL PERFORMANCE

In the first nine months of 2018, YOC Group recognised EUR 9.1 million in **total revenue** (9M/2017: EUR 10.1 million). This corresponds to a decline by around 10 % year-on-year, after a decline in sales on first half of the year was still 15 %.

The group's **total output** was EUR 0.8 million below the previous year's level at EUR 9.7 million (9M/2017: EUR 10.5 million).

GROSS INCOME

The **cost of materials** in the reporting period amounted to EUR 5.6 million (9M/2017: EUR 6.2 million). The **gross margin** of 38 % corresponds to the level of the previous year (9M/2017: 38 %).

POST-TAX PROFIT OR LOSS

The **operating result before depreciation and amortisation (EBITDA)** improved by EUR 0.1 million to EUR -0.4 million (9M/2017: EUR -0.5 million) compared to previous year.

SEGMENT REPORTING

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

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

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

previous year's reporting period. The revenue goals for Great Britain were, however, not met.

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

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

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

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

SEGMENT REPORTING

(in kEUR)

01/01/2018 - 30/09/2018

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

MIDDLE AND EASTERN EUROPE	REST OF EUROPE	CORPORATE FUNCTIONS	CONSOLIDATION	YOC GROUP
---------------------------	----------------	---------------------	---------------	-----------

6.017	1.085	1.967	0	9.069
1.744	173	615	-2.532	0
7.761	1.258	2.583	-2.532	9.069
0	0	240	0	240
119	74	1.041	-801	433
7.880	1.332	3.863	-3.333	9.742
4.676	854	2.622	-2.532	5.620
1.175	710	1.228	0	3.113
1.120	319	800	-801	1.438
909	-551	-787	-0	-429

01/01/2017 - 30/09/2017

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

5.697	2.841	1.518	0	10.057
1.019	529	704	-2.251	0
6.716	3.370	2.222	-2.251	10.057
0	0	174	0	174
272	100	637	-779	230
6.988	3.470	3.033	-3.030	10.461
4.163	2.098	2.231	-2.247	6.244
1.106	791	1.413	0	3.310
918	572	674	-782	1.381
801	10	-1.285	-1	-475

In the **segment Middle and Eastern Europe region**, the total revenue including internal revenues increased by 16 % to kEUR 7,761 (previous year: kEUR 6,716). Meanwhile, the operating result in this segment increased by kEUR 108 to kEUR 909 (previous year: kEUR 801). The reason for this is an internal licensing.

In the first nine month of 2018, the turnover from the Spanish market stagnated as compared to the

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

We expect the Spanish and British branches to stabilise in the second half-year of 2018.

The **Rest of Europe segment's** sales revenue decreased by 63 % to kEUR 1,258 (previous year:

kEUR 3,370). As a result, the EBITDA decreased by kEUR 561 to kEUR -551 (previous year: kEUR 10).

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

RECONCILIATION (in kEUR)		9M/2018	9M/2017
EBITDA		-429	-475
Depreciation and amortisation		-213	-200
Financial result		-82	-65
Net income before taxes		-724	-739
Taxes		-53	-16
Net income		-777	-755

As of 30 September 2018, trade and other receivables in the **Middle and Eastern Europe region** came to kEUR 1,638 (previous year: kEUR 1,414), in the **Rest of Europe region** to kEUR 395 (previous year: kEUR 781) and in the **corporate functions** section to kEUR 563 (previous year: kEUR 218).

Liabilities in the **Middle and Eastern Europe region** came to kEUR 1,646 (previous year: kEUR 1,301), in the **Rest of Europe region** to kEUR 529 (previous year: kEUR 782), and in the **corporate functions** section to kEUR 344 (previous year: kEUR 240).

CASH FLOW STATEMENT

As of 30 September 2018, YOC Group's **cash and cash equivalents** amounted to EUR 0.9 million.

The **operating cash flow** in the reporting period came to EUR -1.2 million (9M/2017: EUR -0.3 million). In addition to the negative result after taxes, this resulted from the reduction of liabilities.

The **cash flow from investing activities** came to EUR -0.4 million in the first nine months of the ongoing financial year 2018 (9M/2017: EUR -0.2 million). Overall, the company invested EUR 0.2 million in internal development in connection with the further development of technological platforms and new products.

The **cash flow from financing activities** of EUR 1.5 million (9M/2017: EUR 0.5 million) resulted entirely from the issue of a convertible bond with a term until 31 July 2022.

GUARANTEES, CONTINGENT LIABILITIES AND SIMILAR OBLIGATIONS

As in the annual consolidated statements from 31 December 2017, no guarantees, contingent liabilities and similar obligations exist.

RELATED PARTY DISCLOSURES

No significant business transactions were performed with related companies or persons during the period under review.

EVENTS AFTER THE INTERIM REPORTING PERIOD

There were no other significant events after 30 September 2018 up to the date of publication of the interim consolidated financial statements.

STATEMENT OF RESPONSIBILITY BY THE MANAGEMENT BOARD

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

Berlin, 22 November 2018



Dirk-Hilmar Kraus
The Management Board

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FINANCIAL CALENDAR

29 APRIL 2019

Annual Report 2018

29 MAY 2019

Interim Report First Quarter 2019

21 AUGUST 2019

Interim Report First Half 2019

20 NOVEMBER 2019

Interim Report Third Quarter 2019

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