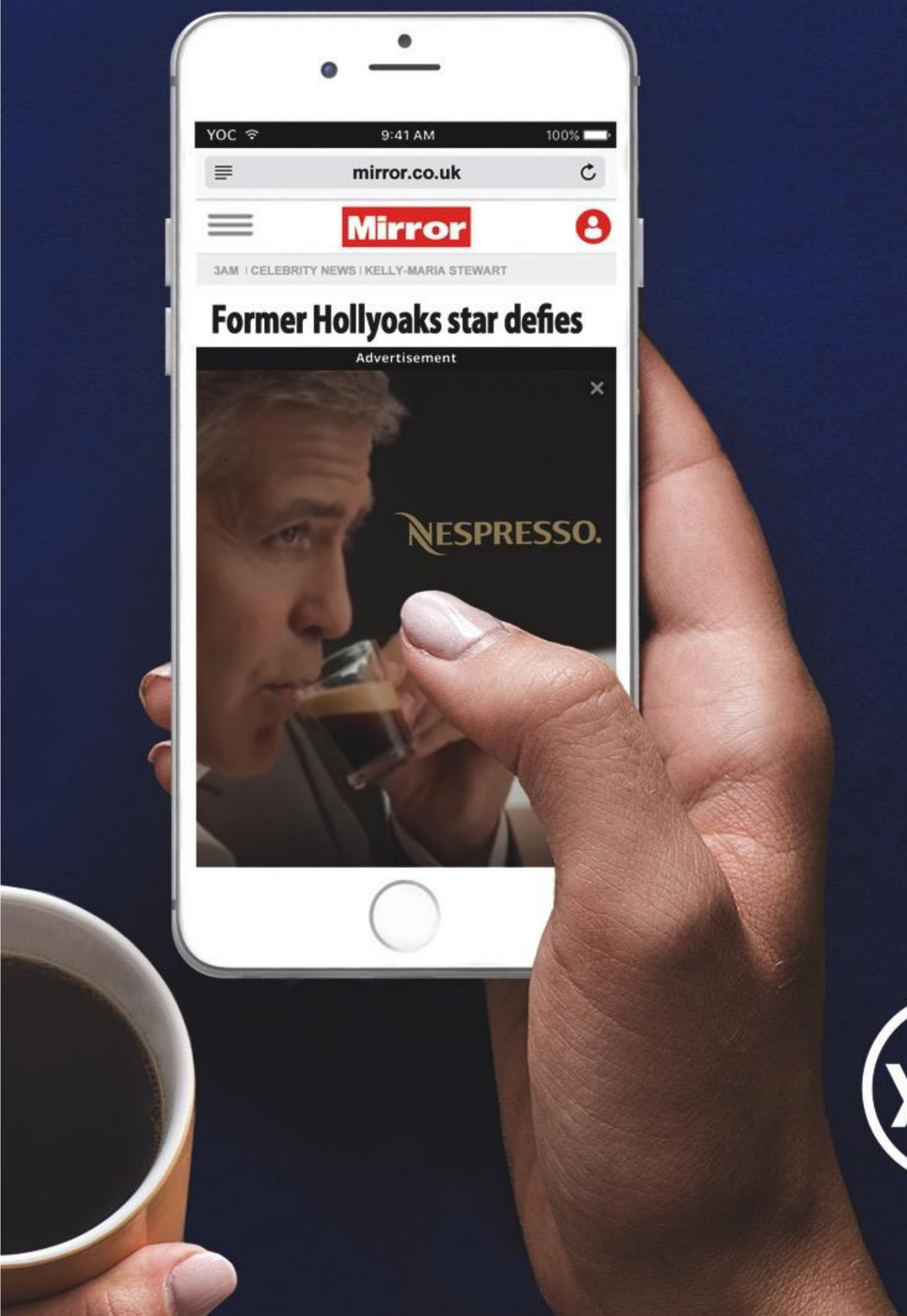
INTERIM REPORT FIRST QUARTER 2017

YOC AG



yoc MOBILE ADVERTISING

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Letter to the Shareholders

Dear Shareholders,

YOC Group is one of the leading independent providers of mobile advertising in Europe, based on our growth of expertise since 2001. Through our mobile advertising products, advertising becomes more valuable, individual and creative. Advertising with YOC means reaching out to people, entertaining, inspiring and creating fascination for brands and their products.

In the first quarter, YOC Group realised revenue growth of more than 36 % to EUR 3.09 million (3M/2016: EUR 2.27 million). At the same time, the rising business volume is reflected in an increase of the revenue per employee from kEUR 43 to kEUR 63.

In particular the British subsidiary YOC Mobile Advertising Ltd. successfully continued its growth from the final quarter 2016, achieving a 120 % increase in revenue year-on-year. The German-speaking locations also developed successfully with 28 % revenue growth in the first quarter. The markets in Poland and Spain contributed to the revenue development of YOC Group as anticipated.

In particular the dynamically increasing proportion of automated sales via interacting trading systems in real-time (programmatic advertising) results in a steady growth of YOC Group. Its revenue contribution today already accounts for around one third of total revenues (3M/2016: 12 %).

The positive business development at the beginning of the financial year is grounded on the development of innovative, scalable and platform-independent ad tech products. As a result, we achieved to further increase the gross profit margin to 35 % (3M/2016: 34 %).

The growth in revenue, the slightly increased gross profit margin and the consistent cost efficiency of the company clearly affected the operating result before depreciation/amortisation (EBITDA). As a consequence, we achieved to increase the EBITDA by 73 % to EUR -0.1 million in the first quarter (3M/2016: EUR -0.4 million).

Over the past three years we modified the company's business model and built a notably stronger position in the market for mobile advertising. The company's focus is on developing innovative, scalable and platform-independent ad tech products which help establish a positive brand experience with the mobile internet user, while contributing to advertisers reaching their envisaged marketing goals. To this end, the company is already equipped with a solid base through its programmatic channels and traditional direct sales.

Dear valued Shareholders, we are further advancing this strategic transformation to a product-based provider of mobile advertising, as it allows us, on the one hand, to create lasting and continuously growing benefits for our partners, and on the other to generate extra profit opportunities for our company.

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

Kind regards,

Dirk-Hilmar Kraus

YOC at a Glance

(in kEUR)	Q1/2017	Q1/2016	Change in total	Change in %
Revenue and earnings				
Total revenue	3.094	2.270	825	36
Middle and Eastern Europe[1]	2.062	1.502	560	37
Rest Of Europe[2]	1.032	768	264	34
Gross profit margin (in %)	35,2	34,4	1	2
Total output	3.291	2.469	822	33
EBITDA	-118	-440	322	73
EBITDA margin (in %)	-3,6	-17,8	k.A.	k.A.
Earnings after tax	-211	-555	344	62
Earnings per share (diluted in EUR)	-0,06	-0,18	0,12	67
Earnings per share (basic in EUR)	-0,06	-0,18	0,12	67
Employees				
Average number of employees[3]	49	53	-4	-8
Number of employees at end of March	50	57	-7	-12
Total revenue per emplyoee (in kEUR)	63	43	20	47
Total output per employee (in kEUR)	67	47	21	44
Financial position and liquidity				
Total assets	3.871	3.989[4]	-118	-3
Cash flow from operative activities	-343	-396	53	13

1) D-A-CH and Poland
2) Spain and United Kingdom
3) Based on permanent employees
4) at 31/12/2016

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

Interim Consolidated Management Report

(unaudited)

Business development of YOC Group in the first three months of 2017

Key figures

In the first three months of financial year 2017, YOC Group recorded kEUR 3,094 in total revenue (3M/2016: kEUR 2,270), a 36.3 % increase year-on-year.

Pushing forward with product innovations which promise higher gross margins, the gross profit margin increased to 35.2 % (3M/2016: 34.4 %). This development substantiates the company's repositioning as a product based provider in mobile advertising and constitutes an important component of the sustained positive business development.

Operating earnings of YOC Group before depreciation/amortisation (EBITDA) in the first three months of financial year 2017 stood at kEUR -118 (3M/2016: kEUR -440) and improved by kEUR 322 as compared to the previous year.

The operating cash flow came to kEUR -343 in the period under review (3M/2016: kEUR 396).

Range of services

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

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

Over the past three years YOC, as a consequence of the modified technological parameters, assumed a stronger position in the market for mobile advertising and realised crucial changes. To this end, the company internalised important elements of the value chain in mobile advertising. This relates to the development of our own performant advertising products that on the one hand unfold a strong advertising effect for advertisers and on the other hand do not interfere with the user.

Adding to this, the company built an effective system infrastructure, comprising internally developed software and solutions from renowned external suppliers like Google, SAP or Salesforce. On this basis, YOC services all relevant sales channels.

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

YOC products

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

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

The core characteristic of YOC Understitial Ad is its effective but unobtrusive placement in the content environment of a mobile web page or mobile application. Advertisers reach out to the smartphone user with a fullscreen advertisement with-out interfering with his user habits. In this advertising tool, YOC combines its technological experience with its competence in targeting users in mobile environments. In last inancial year 2016, YOC Understitial Ad was significantly improved and a newly developed video component has been embedded.

In the past financial year 2016, the company developed YOC Inline Video Ad. This innovative mobile advertising format enables advertisers to place video ads on classic web pages. It is compatible with the branch-specific standards and plays videos on demand in high quality. The special feature of this format is that it is universally applicable and does not require a fixed placement within the mobile website of a publisher. YOC Hub's comprehensive and freely configurable software interface provides our publishing partners with an up-to-date overview of the marketing success of the YOC products.

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

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

For the control, optimisation and evaluation of a campaign, the measurement of visibility, also called viewability, has advanced to becoming a decisive factor. Hence, YOC developed a new technological infrastructure in the past in order to measure and evaluate the mobile advertising formats' viewability.

The YOC products follow market-specific measurement standards (IAB and MRC) and thus offer advertisers internationally comparable performance indicators for their success in mobile advertising. YOC, as a consequence, opens up alternative pricing models for its advertising clients, based on the retrieved viewability data. Billing of a campaign here only follows when, for example, a video has been played fully within the field of vision of the user.

Additional mobile advertising services

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

Creative Services

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

Re-Engagement

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

YOC Hub

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

Development of net assets, financial position and results of operation

Results of operation

Revenue trend and overall performance

In the first quarter of financial year 2017, YOC Group recognised total revenue amounting to kEUR 3,094 (3M/2016: kEUR 2,270). This corresponds to an increase by around 36 % year-on-year. The successful transformation of YOC Group to a mobile premium programmatic provider improves the company's profit situation on both the revenue and gross profit sides.

The company's total output is kEUR 822 above the previous year's level at kEUR 3,291 (3M/2016: kEUR 2,469).

Gross income

As material expenses increased merely disproportionately lower than the trend for revenue, namely by 35 % to kEUR 2,006 (3M/2016: kEUR 1,490), we were able, in consequence, to further increase the gross profit margin from 34 % to 35 % during the first three months of financial year 2017.

This increase forms a major component of our sustained positive corporate development.

Personnel expenses and personnel development

Compared to the previous year, the average number of employees (without Management Board) of YOC Group was reduced by 8 % to 49 employees (previous year: 53 employees).

As of the reporting date on 31 March 2017, YOC Group had 50 permanent employees (previous year: 57 employees).

Personnel expenses almost remained at the previous year's level at kEUR 962 (previous year: kEUR 977). The increasing business volume is reflected in the revenue per employee increasing by 47 % to kEUR 63 year-on-year (3M/2016: kEUR 43).

The personnel cost ratio, which sets personnel expenses in relation to the total output, dropped to 29 % (3M/2016: 40 %).

Other operating expenses

In the first three months of financial year 2017, other operating expenses remained exactly at the previous year's level at kEUR 441 (3M/2016: kEUR 441). Overall, the cost-reducing measures implemented in connection with the restructuring in financial years 2014 and 2015 and those from the past financial year continued to take effect, leading to the ratio of other operating expenses in relation to the total output dropping from 18 % in the previous year to 13 % in the first three months 2017.

EBITDA

The operating earnings of YOC Group before depreciation came to kEUR -118 in the first three months of financial year 2017 (3M/2016: kEUR -440), improving by kEUR 332 year-on-year (+73 %).

This is mainly due to the 36 % revenue growth, the gross profit margin increasing by around 1 % along with further increasing cost efficiency.

Post-tax profit or loss

The Group's earnings after tax came to kEUR 211 (3M/2016: kEUR -555).

Financial position and net assets

As of 31 March 2017, cash and cash equivalents of YOC Group amounted to kEUR 761.

The operating cash flow was further improved, amounting to kEUR -343 in the period under review (3M/2016: kEUR -396).

Cash flow from investing activities came to kEUR -56 in the first three months of financial year 2017 (3M/2016: kEUR -50).

Altogether, kEUR 42 were invested in internal development in connection with the advancement of technological platforms and new products.

Opportunities, risks and outlook

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

Following a 23 % revenue growth in financial year 2016, the Management Board's main focus is to stabilise the dynamic growth of the programmatic platform business and hence to implement the defined corporate strategy. To this end it is crucial that all YOC branches adapt the new market positioning and accomplish all relevant tasks.

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

Based on the outlined developments, YOC Group hence reckons with a further significantly improved operating earnings situation for the ongoing financial year 2017. From financial year 2018, assuming that the positive development continues, the company should achieve profitable operating results.

For financial year 2017, the company however still expects a slightly negative operating cash flow and EBITDA. A point of break-even is aimed at in the medium term.

In order to increase liquidity, the company implemented a debt capital measure in the first quarter of 2017, leading to an inflow of cash in the amount of EUR 0.5 million.

Interim Consolidated Financial Statements

(unaudited)

Consolidated Statement of Comprehensive Income

Consolidated Income Statement (in EUR)	Q1/2017	Q1/2016
Revenue	3.094.110	2.269.550
Own work capitalised	44.384	48.647
Other operating income	152.994	150.576
Total output	3.291.487	2.468.773
Expenses for goods and services	2.006.224	1.489.656
Personnel expenses	961.802	977.464
Other operating expenses	441.166	441.471
EBITDA	-117.704	-439.817
Depreciation and amortisation expenses	70.223	84.369
Impairments	0	16.838
EBIT	-187.927	-541.025
Financial expenses	16.813	6.725
Financial result	-16.813	-6.725
EBT	-204.740	-547.750
Income taxes	6.586	7.619
Net income continuing operations	-211.326	-555.370
Net income	-211.326	-555.370
Earnings per share		
Earnings per share basic	-0,06	-0,18
Earnings per share diluted	-0,06	-0,18

Consolidated statement of comprehensive income (in EUR)	Q1/2017	Q1/2016
Net income	-211.326	-555.370
Net other comprehensive income to be reclassified through profit or loss in subsequent periods		
Unrealised gains/losses from foreign currency translation	17.095	60.366
Total other comprehensive income	17.095	60.366
Total comprehensive income	-194.231	-495.004

Interim Consolidated Financial Statements
(unaudited)

Consolidated Statement of Financial Position

Consolidated Statement of Financial Positions (in EUR)	31/03/2017	31/12/2016
ASSETS		
Non-current assets	518.255	536.597
Property, plant and equipment	92.648	96.956
Intangible assets	424.151	438.174
Deferred tax assets	1.456	1.467
Current assets	3.352.485	3.452.298
Trade receivables	2.442.847	2.668.757
Other receivables	149.005	123.992
Cash and cash equivalents	760.633	659.549
Total assets	3.870.741	3.988.895
EQUITY AND LIABILITIES		
Equity	-3.800.801	-3.606.571
Subscribed capital	3.292.978	3.292.978
Additional paid in capital	20.649.438	20.649.438
Retained earnings	-27.594.145	-27.382.819
Other comprehensive income from currency translation differences	-98.754	-115.849
Own shares	-50.319	-50.319
Non-current liabilities	1.539.885	1.038.085
Provisions	59.885	58.085
Other financial liabilities	1.480.000	980.000
Current liabilities	6.131.658	6.557.381
Prepayments received	47.949	18.338
Trade payables	2.065.353	2.490.974
Other liabilities	485.247	505.672
Other financial liabilities	2.842.675	3.346.028
Tax liabilities	12.953	22.869
Provisions	677.481	173.500
Total equity and liabilities	3.870.741	3.988.895

Interim Consolidated Financial Statements

(unaudited)

Consolidated Statement of Cash Flows

Consolidated Cash Flow Statement (in EUR)	3M/2017	3M/2016
Net income	-211.326	-555.370
Depreciation and Amortisation	70.223	101.208
Taxes recognised in the income statement	6.586	7.619
Interest recognised in the income statement	16.813	6.725
Other non-cash income and expenses	20.968	43.370
Cash-Earnings	-96.736	-396.447
Result from disposal of assets	76	-400
Changes in receivables and other receivables	200.897	-125.814
Changes in liabilities, prepayments and other liabilities	-915.538	-330.998
Changes in provisions	505.780	478.530
Interest paid	-21.066	-13.537
Income taxes paid	-16.500	-7.432
Cash flow from operating activities	-343.087	-396.099
Purchase of property, plant and equipment	-10.727	-4.338
Outflow from development costs	-47.175	-45.172
Disposal of assets	2.073	0
Cash flow from investing activities	-55.829	-49.510
Issuance of loans	500.000	0
Cash flow from financing activities	500.000	0
Net increase / decrease	101.084	-445.609
Cash and cash equivalents at the beginning of the period	659.549	869.986
Cash and cash equivalents at the end of the period	760.633	424.377

Interim Consolidated Financial Statements
(unaudited)

Consolidated Statement of Changes in Equity

Consolidated of Statement Changes in Equity (in EUR)	Subscribed capital	Additional paid in capital	Retained earnings	Other comprehensive income from currency translation differences	Own shares	Total
as of 01/01/2016	3.112.473	20.380.508	-25.706.516	-250.858	-50.319	-2.514.712
Net income	0	0	-555.370	0	0	-555.370
Currency translation differences	0	0	0	60.366	0	60.366
Comprehensive income	0	0	-555.370	60.366	0	-495.004
as of 31/03/2016	3.112.473	20.380.508	-26.261.885	-190.492	-50.319	-3.009.716
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	-211.326	0	0	-211.326
Currency translation differences	0	0	0	17.095	0	17.095
Comprehensive income	0	0	-211.326	17.095	0	-194.231
as of 31/03/2017	3.292.978	20.649.438	-27.594.144	-98.754	-50.319	-3.800.801

» No shares are held by non-controlling shareholders

Notes to the financial statements

1. General information

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

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

2. Principles for the preparation of the financial statements, accounting and valuation methods

Principles for the preparation of the financial statements

YOC AG's interim report as of 31 March 2017 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 2016.

Accounting and valuation measures

In the first three months of 2017, all standards that have been mandatory since 01 January 2017 have been applied:

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

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

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

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

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

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

In summary, no accounting standards that are to be applied for the first time in financial year 2017 have any effect on the presentation of net assets, financial position or results of operation in the consolidated interim financial statements.

Impact of future accounting and valuation measures

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

Title	Temporal Scope	EU-Endorsement ensued?	Application for YOC?	Impact on financial statements expected?
IFRS 9 - Financial instruments	01/01/2018	yes	under examination	under examination
IFRS 15 - Revenue from contracts 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
Amendment of IAS 12 - Recognition of deferred tax assets for unrealised losses	01/01/2017	no	under examination	under examination
Amendment of IAS 7 - Disclosure Initiative: liabilities reconciliation arising from financing activities	01/01/2017	no	yes	no significant impact

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

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

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

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

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

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

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

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

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

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

3. Notes to key developments in the Statement of Financial Position and the Statement of Comprehensive Income

Other disclosures regarding financial instruments

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:

31/03/2017 (in kEUR)	Carrying amount	Fair Value	Measurement category IAS 39[1)]	Fair value hierarchy
Financial assets				
Cash and cash equivalents	761	761	LaR	n/a
Trade receivables	2.443	2.443	LaR	n/a
Other assets	149	149	LaR	n/a
Financial liabilities				
Fixed rate borrowing	1.300	1.300	FLAC	n/a
Trade payables	2.065	2.065	FLAC	n/a
Other financial liabilities	3.023	3.023	FLAC	n/a

31/12/2016 (in kEUR)	Carrying amount	Fair Value	Measurement category IAS 39[1)]	Fair value hierarchy
Financial assets				
Cash and cash equivalents	660	660	LaR	n/a
Trade receivables	2.669	2.669	LaR	n/a
Other assets	124	124	LaR	n/a
Financial liabilities				
Fixed rate borrowing	800	800	FLAC	n/a
Trade payables	2.491	2.491	FLAC	n/a
Other financial liabilities	3.526	3.526	FLAC	n/a

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

The carrying amounts of cash and cash equivalents, trade and other receivables, other current assets and 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.

Sales revenue

The Group's revenue increased by 36.3 % year-on-year to kEUR 3,094 (3M/2016: kEUR 2,270).

Gross income

Material expenses show a relatively low increase by 34.6 % to kEUR 2,006 (3M/2016: kEUR 1,490) as compared to the development of revenue. As a consequence, the gross profit margin increased from 34.4 % to 35.2 %.

Other operating income

In the first three months of financial year 2017, the other operating earnings in the amount of kEUR 153 (3M/2016: kEUR 151) remained at the previous year's level.

Operating earnings before income tax, depreciation and amortisation (EBITDA)

Taking into account the abovementioned effects, the EBITDA came to a total kEUR -118 (3M/2016: kEUR -440).

As a consequence, the EBITDA shows improved by kEUR 322 (+73.0 %) as compared to the previous year.

4. 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 Q1/2016 Poland are assigned to the Middle and Eastern Europe segment (before: D-A-CH), while the UK and Spain are assigned to the Rest of Europe segment, as they show similar economic characteristics (inter alia regarding growth dynamics and gross profit margin) and are comparable in terms of their products, range of services, customers, processes and marketing methods.

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)	Middle and Eastern Europe	Rest of Europe	Corporate functions	Consolidation	YOC Group
01/01/2017 - 31/03/2017					
External revenue	1.571	1.032	492	0	3.094
Internal revenue	317	182	353	-851	0
Total revenue	**1.888**	**1.213**	**845**	**-851**	**3.094**
Own work capitalised	0	0	44	0	44
Other operating income	113	51	186	-197	153
Total output	**2.000**	**1.264**	**1.075**	**-1.049**	**3.291**
Costs of goods sold	1.191	821	843	-849	2.006
Personnel expenses	332	228	401	0	962
Other operating expenses	256	182	202	-199	441
EBITDA	**221**	**33**	**-371**	**-1**	**-118**
01/01/2016 - 31/03/2016					
External revenue	1.311	768	190	0	2.270
Internal revenue	174	41	97	-312	0
Total revenue	**1.485**	**809**	**288**	**-312**	**2.270**
Own work capitalised	0	0	49	0	49
Other operating income	128	10	193	-181	151
Total output	**1.613**	**819**	**530**	**-493**	**2.469**
Costs of goods sold	948	561	287	-306	1.490
Personnel expenses	283	262	432	0	977
Other operating expenses	224	200	204	-186	441
EBITDA	**158**	**-204**	**-393**	**-1**	**-440**

The operating result in the Middle and Eastern Europe region improved accordingly in the first quarter of 2017 due to the 27 % revenue growth to kEUR 1,888 (previous year: kEUR 1,485) along with the continuously increasing gross profit margin.

Due to start-up losses in Poland, the operating result improved only moderately by kEUR 63 to kEUR 221 in total (previous year: kEUR 158).

In the Rest of Europe region, the British subsidiary achieved to recognise a significant growth in revenue as compared to the previous year. The revenue contribution by the Spanish company is equivalent to that of the previous year's reporting period.

As a consequence of a significantly growing sales volume, increased gross profit margin and improved cost efficiency, the EBITDA improved by kEUR 237 to kEUR 33 (previous year: kEUR -204).

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

Reconciliation (in kEUR)	3M/2017	3M/2016
EBITDA	-118	-440
Depreciation and amortisation	-70	-101
Financial result	-17	-7
Net income before taxes	-205	-548
Taxes	-7	-8
Net income	-211	-555

As of 31 March 2017, trade and other receivables in Middle and Eastern Europe came to kEUR 1,352 (31 March 2016: kEUR 903) and in the Rest of Europe region to kEUR 1,091 (31 March 2016: kEUR 1,134).

5. Cash flow statement

As of 31 March 2017, cash and cash equivalents of YOC Group amounted to kEUR 761.

The operating cash flow was further improved, amounting to kEUR -343 in the period under review (3M/2016: kEUR -396).

Cash flow from investing activities came to kEUR -56 in the first three months of financial year 2017 (3M/2016: kEUR -50).

6. Guarantees, contingent liabilities and similar obligations

As in the annual consolidated statements from 31 December 2016, no guarantees, contingent liabilities and similar obligations exist.

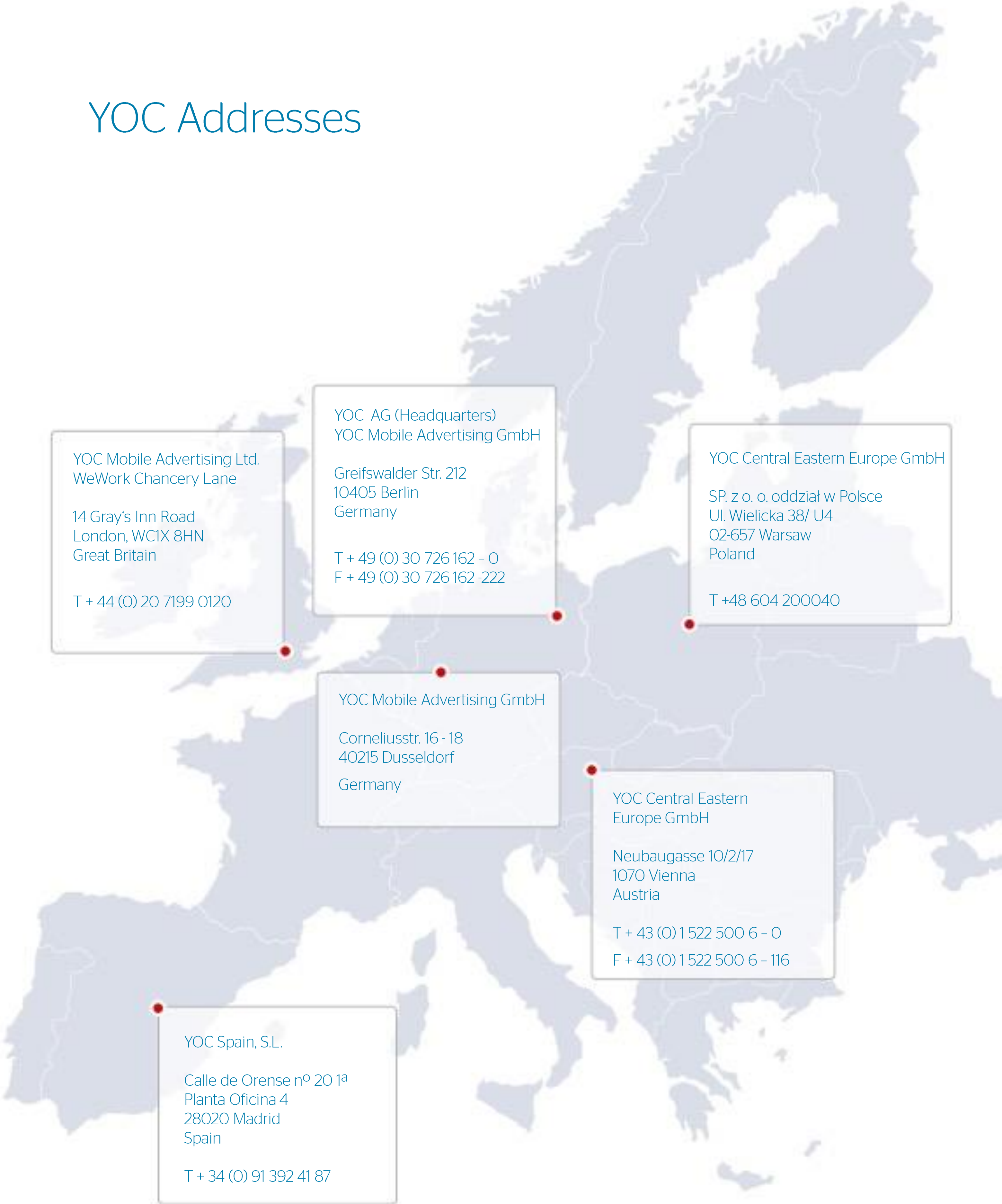
7. Related party disclosures

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

8. Events after the interim reporting period

As of the publication date of the interim report, no significant events occurred after 31 March 2017.

YOC Addresses



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