

Buy EUR 24.00 Price EUR 13.30 Upside 80.5 %	Value Indicators: EUR DCF: 24.12	Warburg ESG Risk Score: 2.5 ESG Score (MSCI based): 3.0 Balance Sheet Score: 4.0 Market Liquidity Score: 0.5	Description: Technologically leading provider of digital advertising (high-impact formats)
	Market Snapshot: EUR m Market cap: 46.2 No. of shares (m): 3.5 EV: 44.9 Freefloat MC: 30.4 Ø Trad. Vol. (30d): 16.48 th	Shareholders: Freefloat: 65.71 % Management: 18.89 % Dr. Kyra Heiss: 10.25 % Karl-J. Kraus: 5.15 %	Key Figures (WRE): 2023e Beta: 1.3 Price / Book: 10.9 x Equity Ratio: 27 % Net Fin. Debt / EBITDA: 0.4 x Net Debt / EBITDA: 0.4 x

Using AI to make high-impact ads even more impactful; Initiation with Buy

YOC AG is a leading provider in the field of high-impact digital advertising formats. High-impact ads represent a form of advertising strategically crafted to stimulate more meaningful engagement than classic banners or performance-based marketing. These advertisements (e.g. high-end image campaigns for expensive products) incorporate rich media elements, such as video, audio, and interactive features (as opposed to simple static images and text). High-impact ads prove to be highly effective (as shown by various Nielsen studies) in capturing user attention and prompting reaction. For advertisers, this means reaching relevant target groups, fostering a positive impact on brand metrics, and securing ad placements in environments with high reach and innovative appeal.

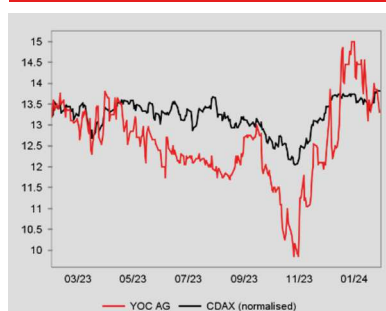
For publishers (providers of advertising space), this entails achieving premium positioning, facilitating high monetization, and ensuring user retention rather than loss. Consideration is also given to the viewer (user) in terms of providing a better user experience and a positive, non-intrusive ad experience.

Just as significant as this strategic focus is YOC's technological platform, which enables the automated delivery of advertising, VIS.X® for programmatic ad serving. VIS.X® stands out as a unique technology platform because it facilitates the automatic trading of high-impact digital advertising rather than merely the more straightforward banners, as traded by the conventional programmatic advertising platforms. Its distinctive feature lies in the automated delivery and playout of high-impact ads developed by YOC. The platform is seamlessly connected to global purchasing platforms such as The Trade Desk, Xandr (Microsoft), Google, and others. Boasting a high reach, it spans over 2,700 premium publisher sites and apps across Europe. The scalability of the platform is a main driver of YOC's profitability, which is achieved by a continuous increase in trading volume helped by acquisitions, new formats (new ad types), technology (e.g. AI) and new channels (e.g. apps, in-game advertising).

The strategic focus on high-impact ads coupled with an innovative technological infrastructure and the adept use of AI to increase campaign-efficiency positions YOC not only as a unique partner for advertisers to implement high-impact advertising campaigns but also as a sought-after ally for publishers capable of delivering premium, high-margin formats.

This combination has enabled YOC to demonstrate impressive growth in recent years, a trend further bolstered by the increasing demand for high-quality online advertising. The trajectory of growth remains robust, in line with the ongoing trend towards more, and higher-quality, online advertising. The margin is expected to rise further flanked by the ongoing scalability of the platform and the surge in efficiency with the use of AI.

We initiate coverage of the company with a Buy recommendation. The stock shows significant upside potential compared to the target price of EUR 24.

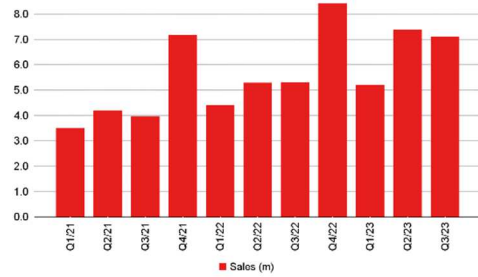


Rel. Performance vs CDAX:	
1 month:	-11.9 %
6 months:	10.2 %
Year to date:	-11.9 %
Trailing 12 months:	-8.2 %

Company events:	
29.04.24	FY 2023
27.05.24	Q1
19.08.24	Q2
18.11.24	Q3

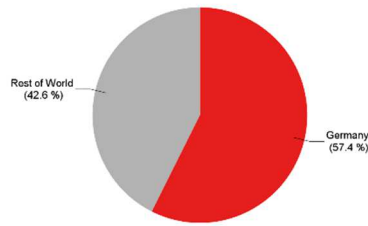
FY End: 31.12. in EUR m	CAGR (22-25e)	2019	2020	2021	2022	2023e	2024e	2025e
Sales	20.7 %	14.9	15.5	18.8	23.4	30.0	35.8	41.2
Change Sales yoy		n.a.	4.3 %	21.6 %	24.4 %	28.0 %	19.5 %	15.0 %
Gross profit margin		41.1 %	43.9 %	45.9 %	47.2 %	49.2 %	49.7 %	50.7 %
EBITDA	26.7 %	0.8	1.8	2.8	3.5	4.3	5.6	7.0
Margin		5.6 %	11.9 %	15.1 %	14.8 %	14.5 %	15.7 %	17.1 %
EBIT	31.0 %	0.3	1.1	2.0	2.3	3.0	3.9	5.2
Margin		2.2 %	7.3 %	10.7 %	9.9 %	10.0 %	11.0 %	12.7 %
Net income	27.1 %	-0.5	0.3	2.1	2.3	2.6	3.6	4.8
EPS	27.2 %	-0.14	0.09	0.59	0.67	0.75	1.03	1.38
EPS adj.	27.2 %	-0.14	0.09	0.59	0.67	0.75	1.03	1.38
DPS	-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCFPS		0.34	0.30	0.76	0.68	0.44	0.94	1.27
FCF / Market cap		6.9 %	7.6 %	7.9 %	4.8 %	3.3 %	7.1 %	9.5 %
EV / Sales		1.4 x	1.2 x	2.0 x	2.2 x	1.6 x	1.3 x	1.0 x
EV / EBITDA		24.8 x	10.0 x	13.0 x	14.9 x	11.1 x	8.0 x	5.7 x
EV / EBIT		63.8 x	16.2 x	18.4 x	22.1 x	16.1 x	11.4 x	7.7 x
P / E		n.a.	43.9 x	16.4 x	20.9 x	17.7 x	12.9 x	9.6 x
P / E adj.		n.a.	43.9 x	16.4 x	20.9 x	17.7 x	12.9 x	9.6 x
FCF Potential Yield		-3.9 %	2.7 %	6.2 %	5.5 %	5.2 %	7.0 %	9.7 %
Net Debt		4.4	5.3	3.5	2.9	1.9	-1.3	-5.8
ROCE (NOPAT)		n.a.	n.a.	95.4 %	63.2 %	51.2 %	56.8 %	70.8 %
Guidance:	Revenues of EUR 29-30m, increased profitability							

Sales development
in EUR m



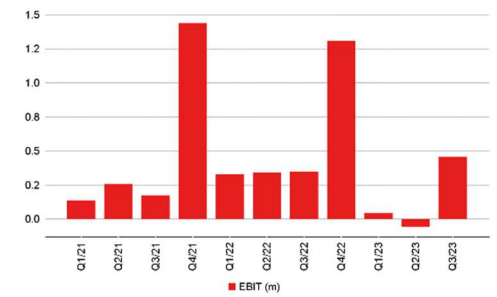
Source: Warburg Research

Sales by regions
2022; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

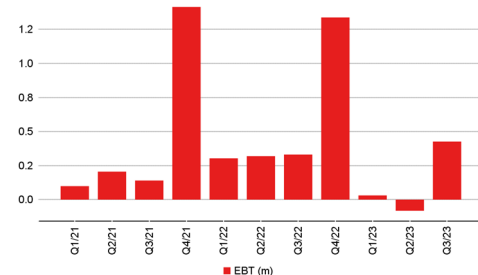
Company Background

- YOC is a technologically leading provider in the niche market of high-impact advertising formats for sophisticated brand advertising campaigns.
- The company is considered a pioneer in these forms of advertising.
- The company's own VIS.X® platform enables programmatic trading of key formats and connects key advertisers and publishers.
- The company generates around half of its sales internationally. In addition to the DACH region, the company is primarily active in Northern Europe.

Competitive Quality

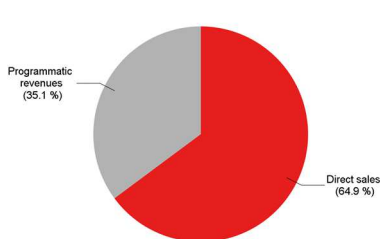
- YOC and its management team led by founder Dirk Kraus have considerable experience in the area of high-impact advertising formats.
- Industry analyst Nielsen regularly classifies high-impact ad formats as extremely effective for brand advertising.
- YOC's core market, brand advertising, allows significantly higher margins and more attractive contracts than conventional performance marketing.
- The company's own programmatic platform VIS.X® provides an additional technological competitive advantage.

EBT development
in EUR m



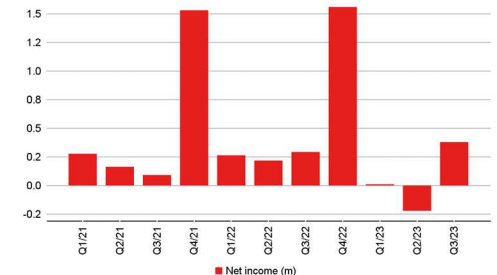
Source: Warburg Research

Sales by segments
2022; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

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Summary of Investment Case

Investment triggers

- YOC addresses the steadily growing market of online advertising with a technologically innovative approach including the use of AI. Greater awareness of the company's association with such technological advancement could lift the valuation.
- YOC is very small and below the radar of the vast majority of the investment community, which also offers a chance for the stock to be discovered.

Valuation

- In 2020 for the first time the company showed its ability to earn money with a platform-based business model after years of losses and many years of honing its strategic focus. Since 2020, the stock has already tripled.
- Based on the DCF model (WRe) YOC shows attractive upside potential to its PT of EUR 24.
- The peer group valuation is only of limited significance as the companies differ strongly.

Competitive Quality

- The DNA of the company is the programmatic delivery of proprietary high-impact advertising formats. The management team and the leading developers have decades of experience in focusing on this topic.
- The focus on high-impact formats and innovation within this field clearly separates YOC from competitors, who are mainly active in the distribution of standard, rather than high-impact, advertising formats.
- The company's technological platform (VIS.X®) forms an additional competitive advantage as it enables advertisers and publishers to connect and trade properties on a programmatic level with state-of-the-art technology and reporting tools (a software module to create a (graphical) overview of the state and success of media campaigns).

Growth

- General growth in online advertising: The online advertising market experiences annual growth of 10-20%. Simultaneously, the potential of the target market is enhanced by the rising proportion of programmatic advertising, which is the highly automated and instantaneous placement of online advertising to a suitable target audience based on algorithmic software and data analytics.
- Growth in new advertising formats: The company has already demonstrated its ability to develop innovative high-impact advertising formats for brand advertising with products such as the YOC Understitial Ad®, YOC Mystery Ad®, and YOC Mystery Scroller® and further innovations can be expected.
- Growth by technological advancement: In the year 2020, for example, the VIS.X® Software Development Kit (SDK) was launched, enabling the deployment of YOC's high-impact advertising formats within native apps. Additionally, in 2021, a proprietary ad server was implemented to enhance performance for publishers. YOC aims to develop the VIS.X® platform into a full-stack solution, encompassing all relevant services of programmatic trading for high-impact advertising formats.
- Growth by AI: YOC maximizes advertising impact and margin with the strategic use of artificial intelligence, e.g. with automated AB-testing, the company assesses campaign effectiveness, ad materials, and strategies across various contexts for optimal results. This AI-driven approach has so far yielded impressive outcomes for its clients, showcasing YOC's commitment to cutting-edge technology.
- Growth by expanding the sales team: Currently, there are nearly 30 FTEs in this department and they are integral to YOC's success. Our projections include an enlargement of the sales team, domestically and internationally, to support the planned growth.
- Growth by acquisition and internationalization: The acquisitions of TheIndustry AG (Switzerland, 2022) and Nostemedia Oy (Finland, 2023) demonstrate YOC's ability to scale its expertise internationally. The combination of acquisitions with YOC's strong technological position (scaling the VIS.X® platform) presents significant potential for inorganic growth on an international scale.
- Growth by organic expansion: Thanks to standardized and scalable processes YOC is able to benefit from the global applicability of its platform VIS.X® by entering new markets independently.
- A further potential growth option is the out-licensing of the VIS.X® platform (or parts of it) to third parties. This would require further development costs, but could become an interesting option in the future.

Warburg versus consensus

- The estimates (WRe) do not differ significantly from the consensus.

Company Overview

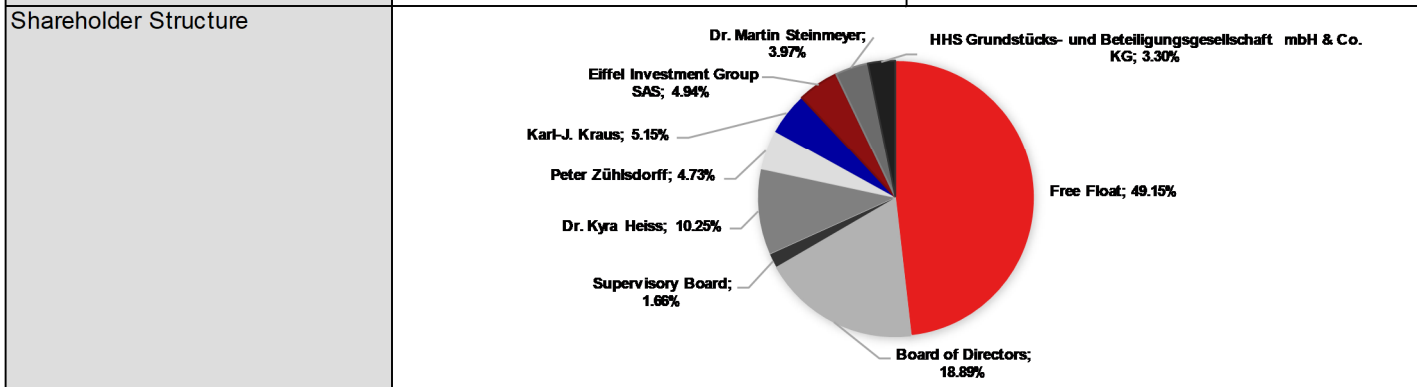
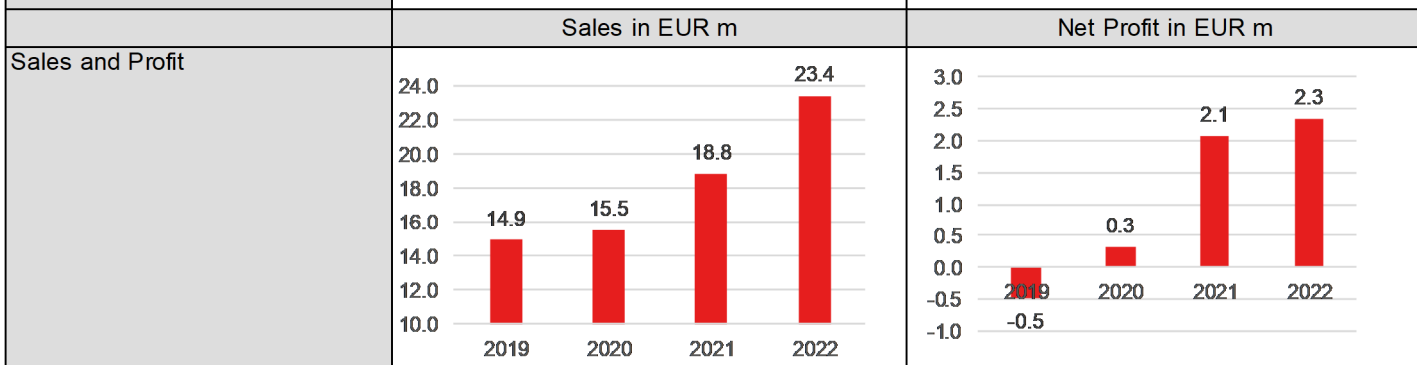
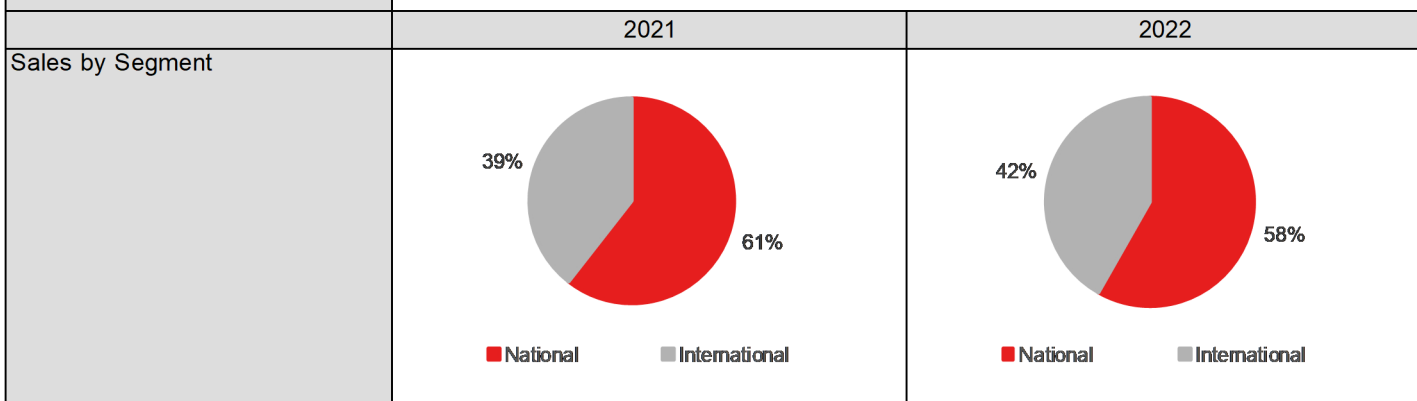


YOC is a technology company and develops software for the digital advertising market. By combining its programmatic trading platform VIS.X® and YOC's high-impact advertising formats, the company enables an optimal online advertising experience for advertisers, publishers and users.

Business Model
YOC AG offers a versatile range of products to generate revenue. The company is specialised in the field of innovative mobile advertising solutions, which range from interactive advertising formats to prominent ad-placements to video formats.

2022 Sales in EUR m 23.4

2022 EBITDA in EUR m 3.47



Guidance Revenues of EUR 29-30m, increased profitability

Source: Warburg Research

Competitive Quality

- YOC is strategically positioned within the brand marketing segment, known for its high client willingness to spend attractive marketing budgets.
- The company's competitive advantages are underscored by technologically leading formats, a cutting-edge platform, and a longstanding reputation.
- YOC actively embraces advancements in the AI field and applies them to pioneering and promising products.

Brand advertising is the more attractive segment

YOC AG strategically positions itself within the domain of brand advertising, setting it apart from the prevalent landscape of performance-based marketing, where most competitors operate. Brand advertising and performance-based marketing represent distinct approaches in the advertising sphere. Performance-based marketing primarily revolves around very price-sensitive and measurable outcomes, focusing on metrics such as click-through rates, conversions, and return on investment for high-volume standard advertising formats (e.g. simple banners). It is solely transaction-oriented, emphasizing immediate and quantifiable results.

In contrast, YOC's emphasis on brand advertising focuses on a brand's identity, recognition, and emotional connection with the audience by using high-impact and innovative formats. Brand advertising seeks to create a strong, positive perception of the brand and to foster customer loyalty and long-term relationships. Unlike the immediate and transactional nature of performance-based marketing, brand advertising looks beyond short-term metrics and aims to establish a lasting presence in the minds of consumers but also provide relevant metrics. YOC's strategic differentiation lies in providing innovative formats on a programmatic basis with measurable results.

In this segment, customers value and demand innovative advertising formats and are generally more willing to pay for intelligently implemented brand advertising campaigns. While prices for performance-marketing campaigns range between EUR 1.50-3.50 per thousand contacts (CTU) YOC can generate a multiple of that with intelligent high-impact advertising formats.

Niche market of high-impact advertising formats

Within brand advertising, YOC specializes in the niche market of high-impact advertising formats, a form of advanced digital advertising that targets greater audience engagement by using video, audio, or interactive features, as opposed to standard static images and text. YOC AG has a rich history pioneering advertising solutions competing with only a handful of European players able to deliver high-impact advertising formats. One standout creation is the YOC Understitial Ad®, introduced in 2013 and still among the most bought formats at YOC.

YOC Understitial Ad®: Users control the interaction by revealing the full-screen ad through scrolling, preserving the user's reading flow. Utilizing HTML5, 16:9, and vertical videos ensures a pleasant user experience and significantly higher interaction rates.

Apart from the YOC Unterstitial Ad®, the array of formats available at YOC include:

- YOC Inline Video Ad: Seamlessly integrating into both display and video placements, this format ensures optimal user attention by initiating video playback only when at least 50% of the ad is visible. YOC's proprietary video technology (IVA) autonomously transcodes all video assets for automatic cross-device playback.
- YOC Mystery Ad®: A versatile and interactive ad product, YOC Mystery Ad® engages users in various ways, leveraging smartphone functionalities. This format effectively

**Brand advertising is demanding,
but also brings more money**

**YOC is a pioneer
of high impact formats**

combats banner blindness and has received industry accolades, including the iab WebAD Award and the Golden Cannes Mobile Lion.

- YOC Mystery Scroller®: Using Reactive-Scroll Technology, animations, effects, and videos synchronize with the user's scrolling behaviour. Occupying just under 30% of the screen, the YOC Mystery Scroller® remains in view without disrupting the reading experience, adding a unique touch to the advertising format.
- YOC Branded Takeover: Combining multiple high-impact formats, YOC Branded Takeover maximizes branding impact by occupying all desired ad spaces on a page simultaneously.
- YOC Sitebar: A fully responsive, high-impact format located at the sides of the screen, YOC Sitebar ensures maximum visibility without hindering the user's reading flow. Interactive elements offer additional engagement opportunities.
- YOC Skins: Providing prominent ad placement, YOC Skins frame the screen, guaranteeing full attention to the brand and message. Available for Mobile Web, App, and Desktop, it gradually builds up on mobile devices and can be combined with other formats.
- YOC Zoom Ad: The latest video ad format with dynamic ad unit display, YOC Zoom Ad unfolds to 20% of the screen when the user scrolls to the ad, presenting a captivating video experience.

These formats distinctly deviate from traditional banners/videos, making them ideal for brand campaigns. However, their complexity in delivery is notable and is discussed in more detail below.

High impact = more success for brands

Success is measurable

The dynamic expansion and promising prospects of the digital advertising market have attracted many market participants over the years, leading to a generally competitive environment. Nevertheless, YOC AG has established itself as a pioneer in the field of mobile brand advertising, securing a promising position in the niche market of programmatic trading of high-impact ad formats within the field of brand advertising. In this subsegment of brand marketing, there are only a handful of competitors in Europe. The focus on high-impact formats forms a clear competitive advantage in the brand advertising field with customers willing to spend more for a better performance.

The functionality and impact of YOC's ad formats on market participants have been examined in three studies conducted by the market research company Nielsen. The studies, titled "The Effectiveness of High-Impact Ad Formats" (2020), "Planning for Impact" (2021), and "From Awareness to Action" (2023), comprehensively illuminate how these products influence stakeholders in the market.

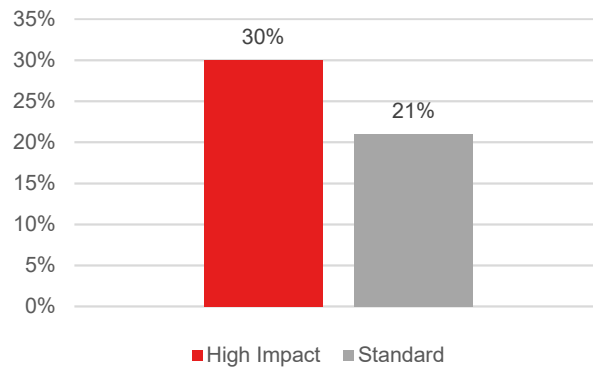
High impact ads are characterized by their above-average advertising effectiveness. The first study, "The Effectiveness of High-Impact Ad Formats" (2020), provides evidence of the effectiveness of high-impact compared to conventional advertising formats in terms of increasing brand and product awareness. This becomes particularly evident in the following aspects:

Increased brand and ad recall

Increases in aided and unaided recall

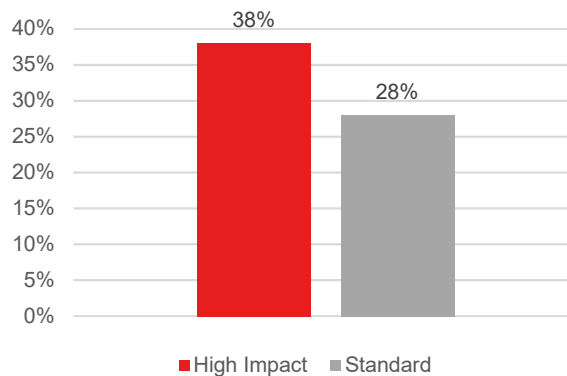
When recalling a brand, a distinction is made between aided and unaided recall. With the use of the high-impact advertising format, there was a 36%-increase in aided brand recall as 38% of the participants recognized the brand. Unaided brand recall was identified in only 30% of participants exposed to high-impact advertising formats. Nevertheless, this represents a significant increase compared to the 21% observed for standard ads.

Unaided brand recall



Source: Nielsen 2020, Warburg Research

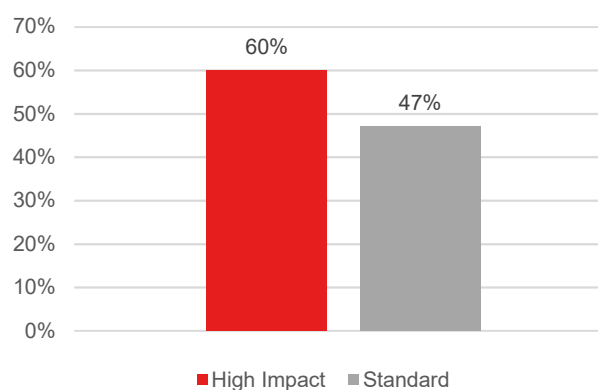
Aided brand recall



Source: Nielsen 2020, Warburg Research

The content of high-impact advertising remained in the memory of 60% of the respondents, whereas only 47% of participants recalled the content of standard ad formats. This represents a 28%-increase in ad recall.

Ad recall



Source: Nielsen 2020, Warburg Research

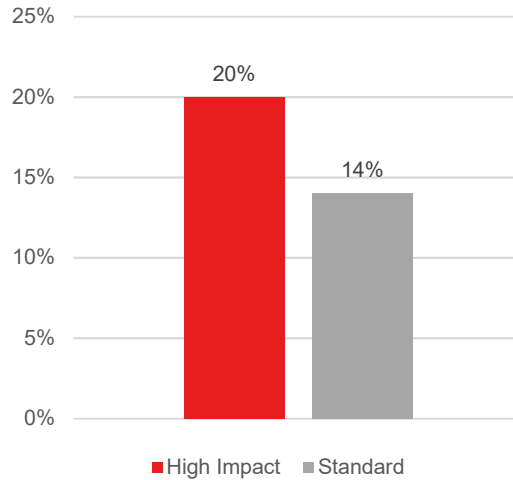
Increased advertising appeal

The innovative high-impact advertising format allows for an increase of more than a third in perceived ad appeal compared to the conventional advertising format. Approximately

Much more appealing

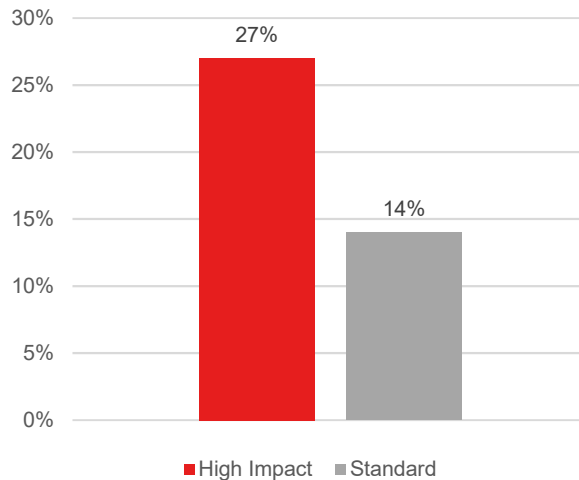
20% of participants rated the high-impact advertising formats as “attractive” or even “very attractive”. In contrast, only 14% of respondents indicated that standard ad formats were similarly appealing. This represents an impressive 43% increase in ad appeal with the use of high-impact formats. It is worth highlighting that the YOC Branded Takeover advertising format showed a remarkable 93%-increase in ad appeal.

Ad appeal



Source: Nielsen 2020, Warburg Research

Ad appeal YOC branded takeover

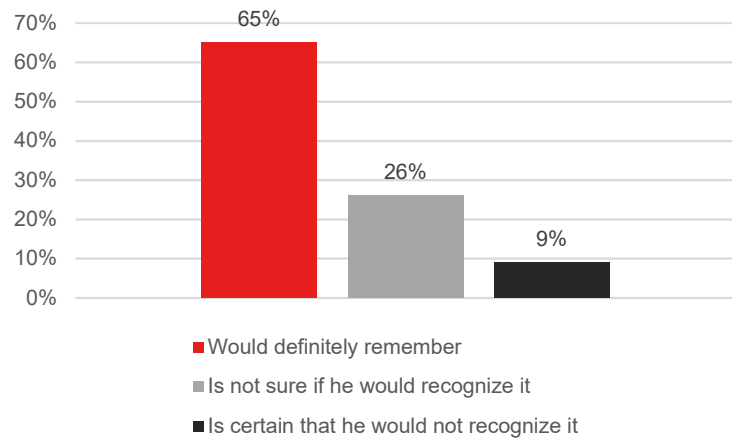


Source: Nielsen 2020, Warburg Research

Promotion of ad recognition and recall of ad content

Of the 953 participants, 61% were able to recall the high-impact advertising, whereas this percentage was only 49% for standard formats. This suggests that the recall of the content of high-impact advertising may be higher. Almost two-thirds of the respondents stated that they were certain which brand the ad was referring to.

Recall of advertising content



Source: Nielsen 2020, Warburg Research

In the second study, "Planning for Impact" (2021), the effectiveness of different advertising formats was once again examined, this time with a special focus on the selection of the advertising format and the number of advertising contacts (i.e. how many times a viewer was exposed to an ad) to optimize brand awareness. The results of the first study were reaffirmed in this context. With high-impact ad formats the brand is perceived more positively and is more memorable while the advertising is considered more attractive, even if the number of advertising contacts is lower than the number of contacts with standard advertising formats.

Additional insights were gained regarding the perception of advertising. It was demonstrated that ads created using highly effective advertising formats were perceived as significantly more innovative (50% better), memorable (20% better), and different (an 88% improvement). In addition to the higher advertising effectiveness overall, it was evident that high-impact advertising formats also lead to a faster increase in advertising impact.

The latest study by Nielsen, carried out in 2023 and titled "From Awareness to Action: Does High-Impact Advertising Provoke User Engagement", documents the link between user engagement and the high-impact advertising format. It provides renewed insights into the effectiveness of these advertising formats.

Increase in purchase intention

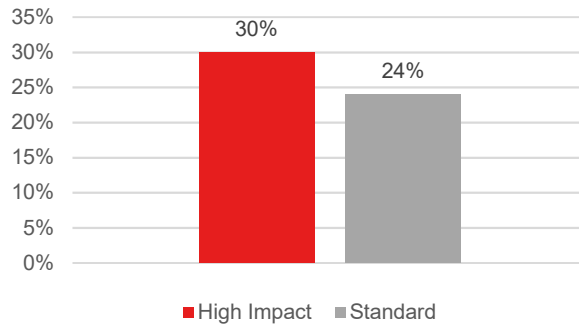
The use of high-impact advertising formats increases customer recommendations for advertised brands/products by 16%. This increase, in turn, results in an impressive 23% boost in the intent to purchase.

Promotion of user engagement & brand recall

The high-impact advertising format is characterized by increased viewer interactivity with the ad content, resulting in a boost of up to 17% in user engagement and a significant improvement in brand recall. Consequently, this format proves beneficial not only for the advertised product but also for the brand itself.

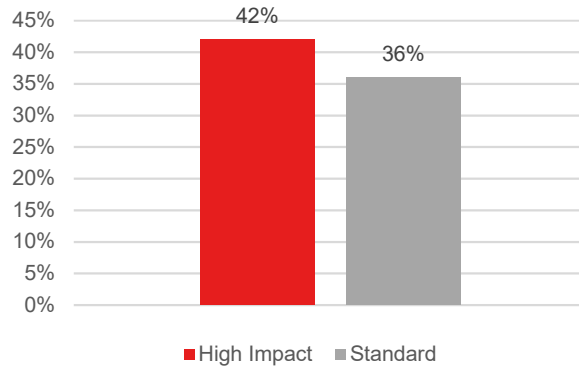
Higher purchase intent

Purchase intent after exposure to advertising



Source: Nielsen 2023, Warburg Research

User engagement

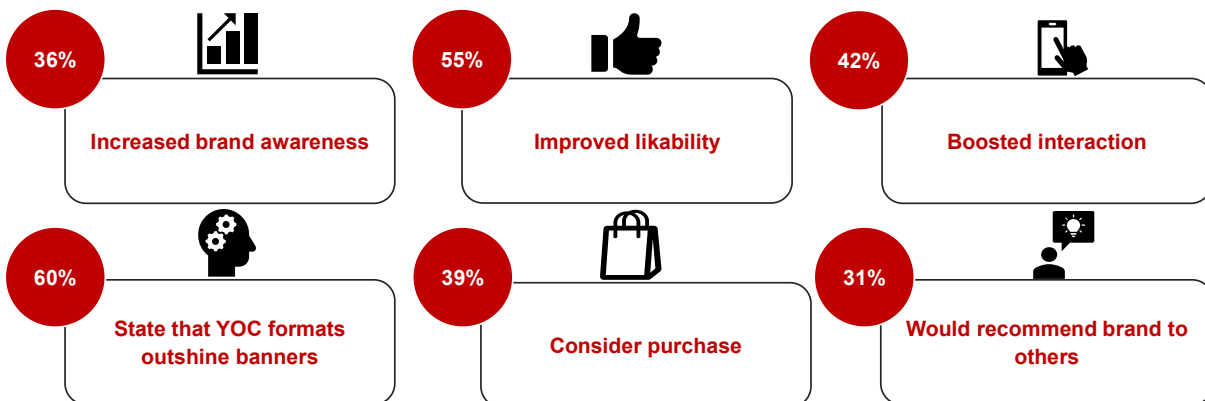


Source: Nielsen 2023, Warburg Research

Artificial intelligence plays a crucial role when it comes to optimized alignment. VIS.X® AI (see below) automatically recognizes the most suitable format for the product or company (optimized alignment between advertising content and campaign objectives). This allows the creation of an optimal format that aligns with the goals of the respective campaign.

The three studies show the following overall benefits of high-impact advertising formats compared to standard formats:

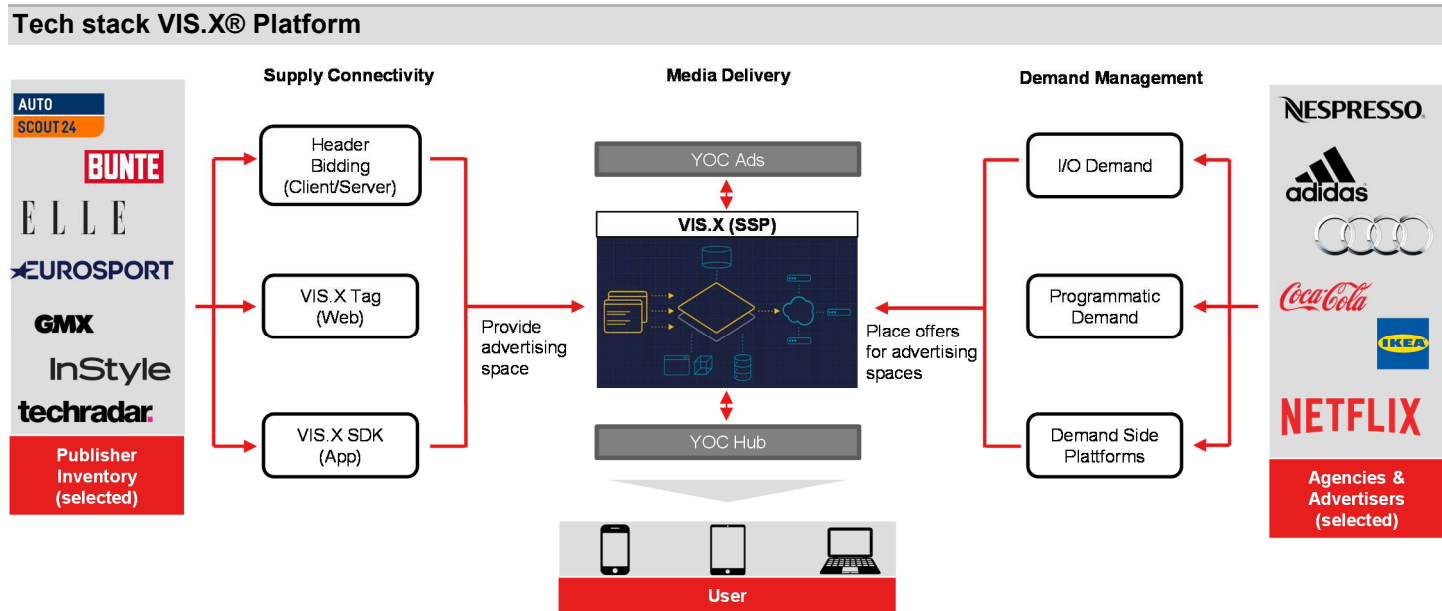
Benefits of high-impact advertising formats



Source: Warburg Research

A state-of-the-art platform

Besides the leading high-impact advertising formats (YOC Ads) and the proven superiority of these formats in brand advertising campaigns, as shown in the Nielsen studies, the technology behind the campaigns (platform / tech stack) plays a crucial role. VIS.X® is the vital technological side of YOC’s unique selling proposition:



Source: Warburg Research

50% already programmatic

As shown above, VIS.X® connects the inventory of publishers with campaigns of the advertisers on the basis of its own platform, which functions as a supply side platform (SSP). The development of the crucial SSP started in 2016 and went into operation in 2018 as it became clear that standard platforms were not able to handle the technologically demanding high-impact advertising formats (e.g. video ads interacting with all sensors of a mobile device). This courageous and expensive decision to develop its own SSP has been paying off for a couple of years now as half of all YOC campaigns are now automated (“programmatic”) and 100% of YOC’s revenues are routed over VIS.X® today.

The platform consists of the following decisive elements:

Supply connectivity

- Header Bidding: Algorithm-based process for publishers to tender their advertising space in a digital real-time auction
- VIS.X® Tag (Web): Connection for direct relationships to publishers manually.
- VIS.X® SDK (software development kit): Providing app developers with the opportunity to use advertising formats in native applications (e.g. apps, games)

Media delivery

- YOC Ads: The technology layer in VIS.X® upgrades and enhances the advertising material and transforms it into effective rich media ads
- YOC Hub: Reporting tool for advertisers and publishers (a software module to create a (graphical) overview of the state and success of media campaigns)

Demand management

- I/O (insertion order) Demand: Direct customized one-to-one deals with advertisers
- Programmatic Demand: Platform for programmatic (i.e. highly automated) delivery of campaigns

- Demand Side Platform: Integration interface to all essential DSPs (e.g.: theTradeDesk, Xandr oder Google DV360)

The role of artificial intelligence (VIS.X® AI)

The company recognized the potential of machine learning for its business model at an early stage. There is significant potential in the ongoing optimization of ad placements or the procurement of advertising space and this remains a key focus of development for YOC.

Artificial intelligence plays an absolutely central role for YOC, especially in the optimization of two crucial aspects of advertising campaigns:

- **Optimizing a campaign in terms of advertising assets and delivery:** VIS.X® AI determines in real time the optimal combination of YOC advertising formats, websites and placement within a website or application as well as display options for the formats. Advertisers benefit from VIS.X® AI in the form of a significant increase in results from their digital advertising campaigns. YOC has the capability to create a variety of advertising material within the context of campaigns, either manually or in automated processes (e.g., videos, banners, interactive components). These can be deployed across various YOC ad formats, resulting in numerous campaign possibilities of displaying (such as which advertising material is most suitable which publisher at what time, etc.). These vectors in turn, generate countless possibilities of different combinations. This is where artificial intelligence comes into play: it automatically tests campaigns and determines optimal efficiency. The effort of manually selecting the most efficient campaign configuration by, for example, creating potential advertising formats distributed across 150 different publishers in 24 different time slots, each subject to constantly varying costs, would be next to impossible. The significant increase in performance that can be generated by VIS.X® AI is particularly evident in combination with the YOC Universal Video Ad. Artificial intelligence optimizes the delivery of diverse and engaging video material by selecting the YOC advertising formats that achieve the best performance values in combination with all available advertising space. Using data generated during the campaign, VIS.X® AI develops algorithms that make decisions based on recognized patterns and thereby realizes self-improving, effective campaign control. Around 10% of all YOC's campaigns are delivered on the basis of AI and the trend is strongly positive.
- **Optimizing the delivery of a campaign in terms of media buying:** A typical brand campaign is quantified by specific parameters. The advertiser specifies, for example, the type of advertising material to be presented on which type of media with what success criteria. Such a target specification could include, for instance, an alcohol manufacturer only paying for a video ad if it has been 80%-viewed, displayed exclusively between 8 p.m. and 11 p.m., and shown only in a sports-related context. From YOC's perspective, this campaign needs to be optimized in terms of the prices of the advertising materials, and there may be contingencies with publishers. Artificial intelligence often identifies significantly more cost-effective delivery options than a manual approach could achieve. The potential of this technology, in terms of increasing the gross margin, can be estimated at a minimum of 10 percentage points (WRe). This can, and will, be distributed to the publisher too. In this way, VIS.X® AI opens up attractive potential for publishers to optimize the monetization of their inventory.

Brand campaigns are quantified by the customer (advertiser) within a framework of success parameters. While this allows YOC to regularly meet the formal goals of the campaign, in practice, it often results in paying very attractive prices for advertising space. Pushing this aspect significantly can lead to dissatisfaction on the client's side. Therefore, YOC usually prioritizes cost optimization with a focus on the overall campaign – placing client satisfaction at the forefront. However, AI offers the opportunity for both sides to benefit: increased effectiveness for the customer and lower costs for YOC.

The potential of AI is huge

Since the introduction of VIS.X® AI at the beginning of the third quarter of 2023, YOC has already implemented more than a hundred campaigns and deals. The target variables to be optimized, such as video completion rate (VTR), were increased by an average of at least 20%-30% with the use of VIS.X® AI and, in some cases, significantly higher uplifts in campaign results were achieved. The positive feedback from the market confirms that artificial intelligence opens up significant potential for the further development of YOC's product range in general.

The view of the advertiser

Advertisers choose YOC for its extensive inventory (over 2,700 partners, many of them highest quality, highly differentiated over all relevant segments, see below) which enables advertisers to address a broader and more relevant audience. The very effective high impact advertising formats offered by YOC contribute to an increase in effectiveness, as shown. With a focus on reaching substantial and pertinent target groups at scale and on the basis of a leading technology (programmatic campaigns, transformation of ads, AI-features, reporting-tools...) YOC becomes a preferred partner as the list of connected advertisers shows.

Attractive advertisers choose YOC

Advertisers trust YOC



Examples, source: Warburg Research

Agencies gladly cooperate with YOC

A pivotal aspect of success in the online advertising realm is the ability to convince clients to launch campaigns. YOC, specializing in brand campaigns, possesses key competencies, notably in the most innovative ad formats from a client's perspective, as highlighted earlier. These unique formats, designed for avant-garde brand campaigns, set YOC apart, as they are not widely offered by other industry players - a success substantiated by numerous studies. Recognizing this, agencies involved in 85% of campaigns run by YOC for their respective advertisers (brands), appreciate the effectiveness of these advertising tools. As a result, since its inception, YOC has consistently prioritized engaging with and optimizing collaboration with agencies. YOC excels at enabling agencies to regularly provide their clients with cutting-edge formats and technologies, empowering agencies to offer their end-clients the most innovative advertising solutions available in the market.

The view of the publisher

For publishers the decision to connect to YOC's platform is straightforward and has no real downside apart from the initial cost of setting up a technological connection or business relationship. The partner gains access to multiple clients that guarantee optimal monetization with very high-price brand campaigns (see above). The advantage of premium positioning with top global advertisers further enhances the appeal of the publisher by its association with top brands. Additionally, publishers can achieve higher

Connecting to VIS.X® is a no-brainer for publishers

user loyalty through the implementation of engaging high-quality advertising formats rather than less appealing standard formats

An inventory of over 2,700 premium publisher sites and the list of high-quality partners of YOC underlines this aspect:

Publishers trust YOC

News	Business & Tech	Lifestyle & Tech	Sports	Music & Entertainment

Source: Warburg Research

Internationalization enables complementary growth

YOC's strategic focus on high-impact advertising formats, supported by its proprietary technology platform, enables a targeted and value-driven acquisition strategy. This approach is particularly effective in smaller European countries where competitors may share a similar positioning and have complementary specific know-how but lack the technological expertise (for instance suitable platform technology). Acquisitions, as seen in the recent additions of companies in economically leading countries like Finland and Switzerland, extend YOC's network on both the advertiser and publisher fronts. These acquisitions not only broaden YOC's footprint but also provide access to valuable regions for brand marketing campaigns and, in some cases, introduce new technologies.

Professionalizing the market for highly effective formats in attractive regions

theINDUSTRY AG

On January 26, 2022, YOC acquired theINDUSTRY AG (100%) based in Zurich, bolstering its presence in the central European market. Amidst a period of substantial growth in automated trading of digital ad formats in Switzerland, YOC AG provided immediate benefits to Swiss market participants with its VIS.X® technology platform, in the field of high-impact ad formats. The Swiss market was the next logical step after YOC successfully established its VIS.X® technology platform in its core market. With VIS.X® YOC enabled Swiss media companies and digital content providers to achieve higher monetization.

The purchase price was divided into a fixed component of CHF 0.4m and variable components, making this a relatively small acquisition.

Nostemedia Oy

A little over a year later, on March 28, 2023, YOC AG acquired 100% of Nostemedia Oy, a Finnish digital advertising provider based in Helsinki. This strategic move aimed to expand YOC's presence in the Northern European region. Nostemedia Oy, known for its expertise in media sales of digital ad formats, was integrated into the YOC Group, fostering rapid growth and synergies. This increased YOC's trading volume on the VIS.X® platform in the Northern European market. Nostemedia Oy's CEO, Antti Kaiponen, saw this as an opportunity to establish VIS.X® as a leading technology platform for high-impact

advertising formats in Finland, where high-impact advertising was merely traded non-programmatically and was not AI-supported.

The purchase price consisted of a fixed component amounting to EUR 1.23m, along with additional variable components dependent on the operational results of Nostemedia Oy for the fiscal years 2023 to 2026. YOC AG anticipates a medium-term annual EBITDA contribution from this acquisition ranging from EUR 0.5 to 0.7m.

Analysis of Return on Capital

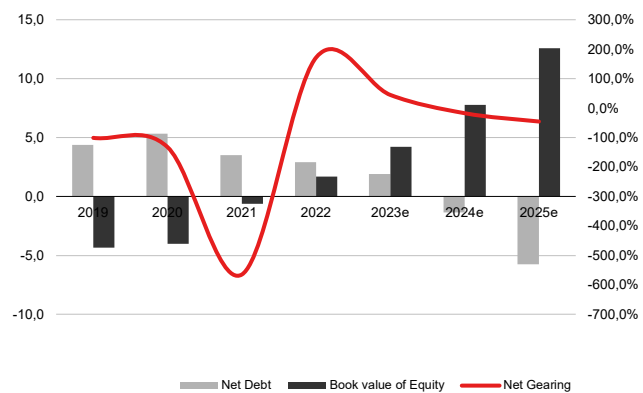
- A good earnings situation is followed by a decrease in net debt
- CF shows robust positive trend despite a “corona bump”
- ROCE not meaningful

Capital employed

As a classic IT service provider, YOC AG does not have any relevant business assets. In this respect, the consideration of capital employed is reduced to a simple consideration of the debt situation.

No relevant capital employed

Strong balance sheet (2022)



Source: Warburg Research

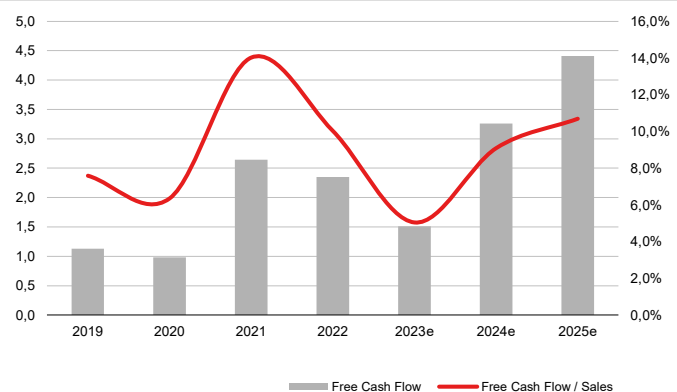
This shows that the company will significantly reduce net debt in the coming years with the support of strong cash flows. Even two smaller acquisitions made in 2022 and in 2023 will not derail the reduction in net debt. Net liquidity should be available from 2025 onwards. However, smaller strategic acquisitions are expected in the future - which puts this ceteris paribus consideration (without hypothetical acquisitions) into perspective.

Profitability and returns

Following robust development of the operating result, the cash flow situation at YOC is also developing very solidly. A healthy underlying upward trend in cash-flow profitability can be seen in the years 2019 to 2025.

A solid CF trend

Free cash flow / sales



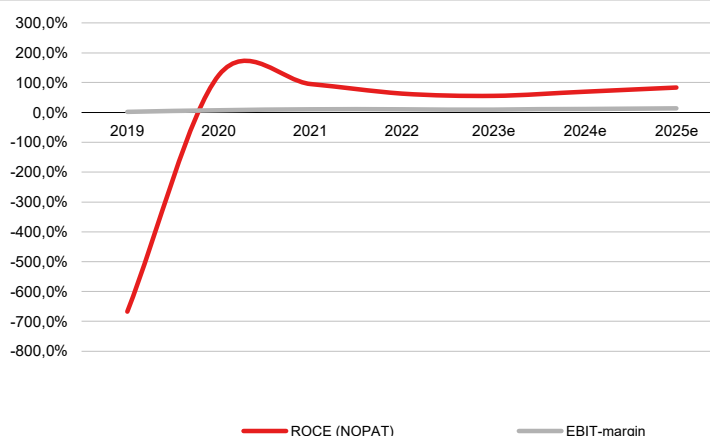
Source: Warburg Research

The 10%-mark should be reached by 2025 flanked by scaling of the operational business. The Covid years of 2020 and 2021 were noticeable exceptions. While the 2020 financial year tended to be burdened in terms of cash flow, an atypical recovery in cash flow followed in 2021. A return to the typical trend is expected to be seen from 2022 onwards.

Examining YOC's ROCE requires a retrospective look at the company's history. Founded in 2001 by current CEO Dirk Kraus, the company was among the pioneers of mobile marketing in the early 2000s but later faced near-insolvency. In 2011/2012, there was intense boardroom conflict at the mobile marketing company, leading to the departure of Dirk Kraus in 2012. At the low-point of the company's history in 2013, Kraus returned, initiating a financial and strategic repositioning, along with a significant downsizing. However, since 2014, the company has experienced increasing revenues, culminating in a profitable platform business today. Nonetheless, until 2021, the company still carried negative equity from its early years and the downsizing in 2013. The equity only turned positive in 2022 and remains too low as a basis compared to the earnings shown in the period under review. The consideration of capital employed, low for IT service providers like YOC anyway, leads to attractive returns of 80% (ROCE/EBIT) in 2025e.

ROCE not meaningful

ROCE



Source: Warburg Research

Growth / Financials

- Based on solid market growth, YOC shows several vectors of growth
- People, technology, acquisitions, AI...
- ...leads to a scaling, attractive earnings profile

Several vectors of growth

The basis: solid market growth

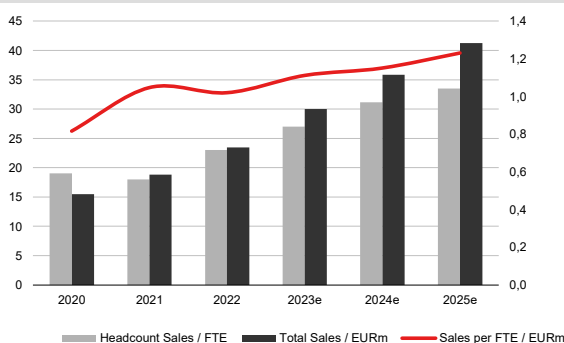
The digital advertising market, with a volume of approximately EUR 110bn (thereof EUR around 7bn mobile advertising in the German core market) is dimensions larger than YOC AG. At the same time, the company only occupies the niche of high-impact advertising formats. Therefore, growth rates generally play a subordinate role in the company's development. Nevertheless, they form an important indication for the overall market. The fact that the online advertising market has grown by an annual rate of 17% in recent years and, even in recession years, still maintains growth rates of around 10% while hitting 20% in regular times, forms a solid foundation for YOC's growth.

The vectors of the individual potential

A growing sales team

While the execution of advertising campaigns is highly automated and carried out by the company's VIS.X® programmatic platform, the initiation of business relationships and campaign planning with advertisers still requires the support and guidance of a sales team. On the publishing side, Publisher Managers take on tasks such as reporting (figures, success rates...) and also strive for the continuous expansion of the premium portfolio. The currently 27 FTEs in this area are, accordingly, a crucial component of YOC's success. There are two drivers of growth here: the number of sales FTEs and growing revenue-per-sales-FTE due to the ongoing automatization of campaigns over VIS.X®.

Sales team and efficiency drive the revenue



	2020	2021	2022	2023e	2024e	2025e
Headcount Sales / FTE	19	18	23	27	31	34
Total Sales / EURm	15,5	18,8	23,4	30,0	35,8	41,2
Sales per FTE / EURm	0,8	1,0	1,0	1,1	1,2	1,2

Source: Warburg Research

The ability to grow the sales team while also growing the relevant metrics (sales per sales employee) shows the high quality of YOC's growth. Expanding the sales team offers the opportunity for even stronger growth – but we model a moderate expansion with increasing sales per FTE.

More advertising formats

With the YOC Understitial Ad®, YOC Mystery Ad®, and YOC Mystery Scroller®, the company has repeatedly demonstrated its ability to create innovative high-impact advertising formats for brand advertising. As evidenced by the previously mentioned Nielsen study results, these formats achieve significantly better brand perception than standard formats. This allows YOC AG to establish itself against competitors with these formats and command higher prices based on their enhanced effectiveness. Recently, the company introduced another product innovation, the YOC Zoom Ad, as a complement to the existing product portfolio. Furthermore, YOC has made all its high-impact advertising formats available for desktop inventory (not only mobile) of publishers and developed dedicated high-impact products for desktop inventory. Trading with these formats on desktops already constitutes more than 10% of the annual revenue for the YOC Group. The development of new innovative advertising formats could also be AI-supported – like the product solution YOC Universal Video Ad powered by AI - at least when it comes to testing various parameters of existing formats (sizes, colour schemes, durations...) automatically achieving best results. Providing more choices for the clients should have a positive impact on sales potential.

Internationalization and acquisitions

The consideration for further internationalization primarily stems from the acquisition of the INDUSTRY in Switzerland and Nostemedia OY in Finland, successfully completed in Q1/2022 and Q1/2023. These companies align seamlessly with YOC's strategic focus, boasting expertise in mobile brand advertising and a local premium publisher network. By integrating with VIS.X®, the teams in Switzerland and Finland can now offer clients programmatic execution of high-impact formats, providing added value to both advertisers and publishers.

The acquisitions will immediately elevate the respective target companies to a technological forefront within their markets, driven by the integration of the VIS.X platform. This is anticipated to result in an outsize growth effect for the overall group. Together, both companies are poised to contribute approximately EUR 6m to the revenue by the fiscal year 2025, indicating an annual growth rate of around 20 to 25%.

Not explicitly considered in the current planning are additional acquisitions nor the opportunity of organic growth by new foundations. Particularly in smaller countries (the Netherlands is an interesting option) where the competitive landscape for high-end formats is not as mature, such acquisitions could immediately generate substantial value. Typically, both the buyer and the seller recognize this opportunity, leading to favourable pricing arrangements.

Deeper value chain and more channels

YOC allocates approximately 7% of its annual revenue to the continuous development of its proprietary platform software as it expands the capabilities of VIS.X®. For instance, in 2022 the VIS.X® Software Development Kit (SDK) was launched, enabling the display of YOC's high-impact advertising formats within native apps. Additionally, in 2021, a dedicated Ad-Server was implemented to enhance performance for publishers, especially in order-based campaigns, and to tap into additional budget sources. YOC's objective is to develop the VIS.X® platform into a Full-Stack solution, encompassing all essential services for the programmatic trading of high-impact advertising formats.

YOC's focus and core competence lies in enhancing advertising effectiveness with the proprietary VIS.X® platform in conjunction with its in-house advertising formats. Historically, YOC AG has concentrated on mobile advertising. However, VIS.X® is device-agnostic and demonstrates comparable performance on desktop devices. YOC incorporated this channel into its service offering at the beginning of 2022 and it has already achieved a revenue share of more than 10% today.

Furthermore, the market for Connected TV (CTV) holds significant promise for the brand advertising sector. Online campaigns can be extended to TV sets, resulting in additional

impressions. Targeting options such as cross-device targeting, weather targeting, or household targeting are particularly appealing.

As a prospective advertising channel, in-game advertising should be mentioned, where ads are displayed within games and can be integrated with other devices. VIS.X® is technologically capable of serving these advertising spaces, and we anticipate a publisher network will be built up in this area as well.

The expansion of VIS.X® trading platform capabilities includes apps, CTV and games. But the greatest potential lies in the most recent development of AI capabilities.

AI potential

As described in the previous section, the application of AI encompasses two main aspects of the business. Firstly, it is applied to the optimization of a campaign in terms of advertising assets and delivery (“perfect campaign for the client”). Approximately 10% of all YOC campaigns are AI-based and there is a robust positive trend. Secondly, AI is applied to the optimization of the delivery of a campaign in terms of media buying (“best media buying for YOC”): The potential impact of this technology on increasing the gross margin is conservatively estimated at a minimum of 10pp (WRe). This enhancement will also be extended to publishers (“better pay-out for the assets”). Therefore, VIS.X® AI presents compelling opportunities for publishers to optimize the monetization of their inventory.

Software licencing

Due to the competitive advantages VIS.X® offers in the programmatic trading of display advertising formats, the software would be highly appealing to YOC’s market competitors as well. However, the company faces the challenge of weighing the unique features of its proprietary solution for its own advertising business against attractive licensing revenues that could be generated by commercially marketing VIS.X® to third parties. Apart from this, making and maintaining a “standard software” based on VIS.X® would require additional development resources. A decision with regards to VIS.X® licencing business has not been made yet but could become an interesting option.

Organic growth

Besides the mentioned factors, there’s also potential for further organic growth by setting up new offices in a new market or region. This is slower, but cheaper than further acquisitions. The VIS.X® software platform of the company allows the “easy” opening of new regions and markets. This becomes an interesting choice, if no appropriate target could be identified for acquisitions. YOC plans to apply this path of internationalization in 2024.

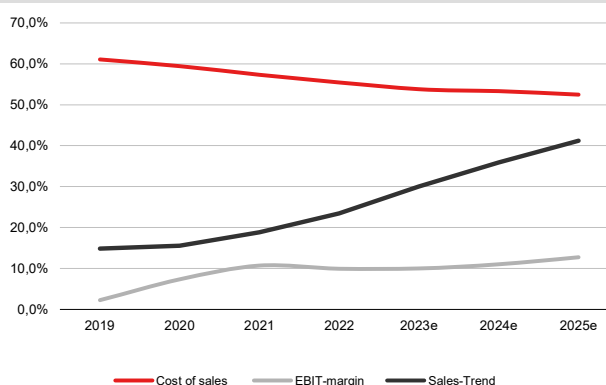
Sales and earnings expectations show scaling

The past years have been characterized by a significant increase in margin with growing revenue volume.

VIS.X® infrastructure can scale

The expectation (WRe) is based on further scaling. The cost of materials (highest cost position, see below) mainly include compensation for publishers and technical expenses for operating the VIS.X® technology platform and the company’s server infrastructure. In particular, platform-dependent costs are expected to scale and, with the support of AI, compensation for publishers is expected to shrink (see below). The costs of materials are expected to be reduced (relatively) by approximately 1pp per year as these costs become relatively less significant with higher volume (a massive trend also visible in the past). Personnel expenses should also scale slightly with volume. Due to general high cost pressure in many areas, no significant scaling is expected in other operating expenses.

Scaling in cost of sales drives EBIT



Source: Warburg Research

Taxes: As of December 31, 2022, active deferred taxes on tax loss carry-forwards from corporate income tax amount to EUR 9m and from trade tax amount to EUR 7m are available. This results in a very low tax burden in the short term. The taxes will gradually be increased to 35% in the group in the years starting from 2029.

The following profit and loss statement expectation is derived from the assumptions mentioned above:

Expected P&L (WRe) – EUR

in EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Sales	14.9	15.5	18.8	23.4	30.0	35.8	41.2
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.3	0.5	0.6	0.6	0.9	1.1	1.3
Total sales	15.2	16.0	19.4	24.1	30.9	36.9	42.5
Material Expenses	9.1	9.2	10.8	13.0	16.1	19.1	21.6
Gross profit	6.1	6.8	8.6	11.1	14.8	17.8	20.9
Personnel expenses	3.7	3.7	4.6	5.6	7.4	9.1	10.0
Other operating income	0.3	0.1	0.4	0.5	0.3	0.3	0.3
Other operating expenses	1.8	1.4	1.7	2.5	3.3	3.4	4.2
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	0.8	1.8	2.8	3.5	4.3	5.6	7.0
Depreciation of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	0.8	1.8	2.8	3.5	4.3	5.6	7.0
Amortisation of intangible fixed assets	0.5	0.7	0.8	1.1	1.3	1.7	1.8
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.3	1.1	2.0	2.3	3.0	3.9	5.2
Interest income	0.0	0.0	0.0	0.1	0.1	0.1	0.2
Interest expenses	0.2	0.3	0.2	0.1	0.2	0.1	0.1
Financial result	-0.2	-0.3	-0.2	0.0	-0.2	0.0	0.1
Recurring pretax income from cont. operations	0.1	0.9	1.9	2.3	2.8	3.9	5.3
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	0.1	0.9	1.9	2.3	2.8	3.9	5.3
Taxes total	0.1	0.2	0.0	0.0	0.2	0.4	0.5
Net income from continuing operations	-0.1	0.6	1.9	2.3	2.6	3.6	4.8
Income from discontinued operations (net of tax)	-0.4	-0.3	0.2	0.0	0.0	0.0	0.0
Net income before minorities	-0.5	0.3	2.1	2.3	2.6	3.6	4.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-0.5	0.3	2.1	2.3	2.6	3.6	4.8

Source: Warburg Research

Expected P&L (WRe) - percentage

in % of Sales	2019	2020	2021	2022	2023e	2024e	2025e
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Increase / decrease in inventory	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Own work capitalised	2.1%	3.3%	3.3%	2.7%	3.0%	3.0%	3.2%
Total sales	102.1%	103.3%	103.3%	102.7%	103.0%	103.0%	103.2%
Material Expenses	61.0%	59.4%	57.3%	55.5%	53.8%	53.3%	52.5%
Gross profit	41.1%	43.9%	45.9%	47.2%	49.2%	49.7%	50.7%
Personnel expenses	24.9%	23.8%	24.2%	23.7%	24.7%	25.3%	24.2%
Other operating income	1.7%	0.5%	2.2%	1.9%	1.0%	0.8%	0.8%
Other operating expenses	12.3%	8.7%	8.9%	10.7%	11.0%	9.5%	10.2%
Unfrequent items	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA	5.6%	11.9%	15.1%	14.8%	14.5%	15.7%	17.1%
Depreciation of fixed assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITA	5.6%	11.9%	15.1%	14.8%	14.5%	15.7%	17.1%
Amortisation of intangible fixed assets	3.4%	4.6%	4.5%	4.9%	4.5%	4.7%	4.4%
Impairment charges and amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT	2.2%	7.3%	10.7%	9.9%	10.0%	11.0%	12.7%
Interest income	0.0%	0.0%	0.0%	0.2%	0.2%	0.3%	0.5%
Interest expenses	1.7%	1.7%	0.8%	0.4%	0.7%	0.3%	0.2%
Financial result	-1.7%	-1.7%	-0.8%	-0.2%	-0.5%	0.0%	0.2%
Recurring pretax income from cont. operations	0.5%	5.6%	9.9%	9.8%	9.5%	11.0%	12.9%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBT	0.5%	5.6%	9.9%	9.8%	9.5%	11.0%	12.9%
Taxes total	1.0%	1.4%	0.0%	-0.2%	0.8%	1.0%	1.3%
Net income from continuing operations	-0.4%	4.2%	9.8%	10.0%	8.7%	10.0%	11.6%
Income from discontinued operations (net of tax)	-2.7%	-2.2%	1.1%	0.0%	0.0%	0.0%	0.0%
Net income before minorities	-3.2%	2.0%	11.0%	10.0%	8.7%	10.0%	11.6%
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	-3.2%	2.0%	11.0%	10.0%	8.7%	10.0%	11.6%

Source: Warburg Research

Valuation

- The central valuation approach is the DCF model which implies significant upside
- The relative valuation is of limited significance due to completely different approaches and sizes of the set of comparable companies

DCF valuation

The key approach for the valuation of YOC forms the DCF model.

DCF valuation basic assumptions

Our DCF model assumptions can be summarised as follows:

- From 2022-25 the estimated growth rate is 20.7% compared to the historical growth rate of around 17% (including small acquisitions). Further acquisitions are not included in the assumptions.
- On the basis of margin increases (as addressed under “scaling of business” above), net profitability is set to increase from 9.9% in 2022 to 12.7% in 2025 and is expected to increase incrementally until the terminal margin of 15% is reached (2028).
- Apart from this, there are no other special assumptions in the DCF model.
- A core assumption regarding the WACC is a long-term debt ratio of 0% as the company only uses bank facilities to a very small extent.

On this basis, the DCF model indicates a significant upside (see next page).

DCF model implies huge upside

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	
Sales	30.0	35.8	41.2	45.8	50.3	54.4	58.2	61.1	64.1	67.3	70.7	74.2	77.9	2.5 %
Sales change	28.0 %	19.5 %	15.0 %	11.0 %	10.0 %	8.0 %	7.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	
EBIT	3.0	3.9	5.2	6.1	7.0	8.2	8.7	9.2	9.6	10.1	10.6	11.1	11.7	15.0 %
EBIT-margin	10.0 %	11.0 %	12.7 %	13.3 %	13.9 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	
Tax rate (EBT)	8.1 %	9.3 %	10.2 %	10.0 %	15.0 %	25.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %
NOPAT	2.8	3.6	4.7	5.5	5.9	6.1	5.7	6.0	6.3	6.6	6.9	7.2	7.6	
Depreciation	1.3	1.7	1.8	1.8	2.0	2.2	2.3	2.4	2.6	2.7	2.8	3.0	3.1	4.0 %
in % of Sales	4.5 %	4.7 %	4.4 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	
Changes in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in Liquidity from														
- Working Capital	1.6	0.8	0.7	-0.8	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.4
- Capex	0.9	1.2	1.5	1.8	2.0	2.2	2.3	2.4	2.6	2.7	2.8	3.0	3.1	
Capex in % of Sales	3.0 %	3.3 %	3.6 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	1.7	3.3	4.3	6.3	5.5	5.7	5.3	5.7	5.9	6.2	6.6	6.9	7.2	8
PV of FCF share of PVs	1.7	3.0	3.7	4.9	4.0	3.8	3.2	3.2	3.1	3.0	2.9	2.8	2.7	45
	9.64 %			38.47 %										51.89 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	10.00 %	Financial Strength	1.30
Cost of debt (after tax)	4.9 %	Liquidity (share)	1.30
Market return	7.50 %	Cyclicality	1.30
Risk free rate	2.00 %	Transparency	1.30
		Others	1.30
WACC	8.73 %	Beta	1.30

Valuation (m)

Present values 2035e	42		
Terminal Value	45		
Financial liabilities	5		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	2	No. of shares (m)	3.5
Equity Value	84	Value per share (EUR)	24.12

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Delta EBIT-margin						
		1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	3.00 %	3.25 %	-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.50	9.7 %	19.62	19.91	20.23	20.56	20.92	21.30	21.72	18.20	18.98	19.77	20.56	21.35	22.14	22.92
1.40	9.2 %	21.07	21.42	21.80	22.21	22.64	23.12	23.63	19.67	20.52	21.36	22.21	23.05	23.89	24.74
1.35	9.0 %	21.87	22.26	22.67	23.12	23.61	24.14	24.71	20.49	21.37	22.25	23.12	24.00	24.88	25.75
1.30	8.7 %	22.72	23.15	23.62	24.12	24.66	25.25	25.89	21.39	22.30	23.21	24.12	25.03	25.94	26.85
1.25	8.5 %	23.65	24.12	24.64	25.19	25.80	26.46	27.19	22.35	23.30	24.25	25.19	26.14	27.09	28.04
1.20	8.2 %	24.64	25.17	25.75	26.37	27.05	27.79	28.61	23.40	24.39	25.38	26.37	27.36	28.34	29.33
1.10	7.7 %	26.89	27.55	28.27	29.05	29.92	30.88	31.94	25.81	26.89	27.97	29.05	30.13	31.21	32.30

- The key assumption of the DCF model is a solid growth path...
- ...together with a typical scaling in the margin.

Peer group

Highly heterogeneous peer group

The selected peer group shows companies which are comparable as they are all active in online advertising. But as the business models (descriptions see below), sizes, history and profitability differ very strongly, the picture is highly heterogeneous.

Peer group (key data)

Company	LC	Price in LC	MC in LC m	EV in LC m	EPS			Sales			EBITDA			EBIT		
					23e	24e	25e	23e	24e	25e	23e	24e	25e	23e	24e	25e
ad pepper media International N.V.	EUR	2.24	49.2	31.3	-0.03	0.00	0.02	22.5	23.7	25.9	0.5	1.4	2.4	-0.6	0.4	1.4
Azerion Group N.V.	EUR	1.76	211.1	364.8	0.02	0.11	0.19	530.0	615.8	689.4	66.7	79.2	94.9	46.1	59.8	73.1
Criteo SA Sponsored ADR	USD	24.74	1,391.8	1,346.4	2.82	2.86	2.92	1,007.0	1,050.2	1,126.0	276.1	295.6	334.0	183.2	198.1	219.6
Digital Turbine, Inc.	USD	5.61	568.3	889.6	0.63	0.72	0.79	572.2	623.1	669.8	107.2	125.4	146.7	-163.4	-6.6	12.9
DoubleVerify Holdings, Inc.	USD	40.44	6,874.2	6,864.9	0.70	0.80	0.97	572.3	707.7	866.4	180.9	219.0	275.1	141.2	176.0	234.0
Innovid Corp.	USD	1.32	185.5	158.7	-0.21	0.00	0.04	137.6	155.7	176.6	17.9	23.3	30.4	-17.6	2.7	10.9
Invibes Advertising NV	EUR	6.02	26.9	13.6	-0.55	-0.34	-0.16	28.1	32.5	39.8	0.5	1.0	2.6	-1.5	-1.5	-0.5
Magnite, Inc.	USD	9.23	1,272.4	1,637.5	0.53	0.68	0.95	544.0	589.7	658.4	166.2	185.0	216.7	-185.2	-18.0	54.6
MGI - Media and Games Invest SE Class A	EUR	0.90	143.5	50.2	0.11	0.14	0.20	303.4	325.5	357.7	96.4	100.0	114.3	96.0	63.2	74.8
Outbrain, Inc.	USD	3.99	200.1	167.8	0.20	0.09	0.17	940.0	994.0	1,062.8	29.8	44.0	52.0	-1.2	20.1	25.7
Perion Network Ltd	USD	29.81	1,402.2	982.0	3.23	3.26	3.71	742.0	887.7	997.0	168.5	184.6	221.0	121.9	143.3	177.4
PubMatic, Inc. Class A	USD	15.07	765.0	695.4	0.03	0.11	0.39	260.5	285.8	323.0	72.3	85.2	103.8	-5.6	4.2	31.0
Trade Desk, Inc. Class A	USD	69.39	34,021.7	33,551.7	1.26	1.41	1.73	1,922.0	2,316.0	2,788.1	759.0	911.0	1,139.9	179.0	332.5	526.7
YOC AG	EUR	13.70	47.6	49.5	0.75	1.03	1.38	30.0	35.8	41.2	4.3	5.6	7.0	3.0	3.9	5.2

Source: FactSet, Warburg Research; Prices and estimates as of 22.01.2024

According to the data, the selected peer group does not yield any meaningful multiples.

Multiples

Company	LC	Price in LC	MC in LC m	EV in LC m	P / E			EV / Sales			EV / EBITDA			EV / EBIT		
					23e	24e	25e	23e	24e	25e	23e	24e	25e	23e	24e	25e
ad pepper media International N.V.	EUR	2.24	49.2	31.3	n.a.	n.a.	112.0 x	1.4 x	1.3 x	1.2 x	68.0 x	21.7 x	13.2 x	n.a.	76.2 x	23.0 x
Azerion Group N.V.	EUR	1.76	211.1	364.8	107.4 x	16.2 x	9.1 x	0.7 x	0.6 x	0.5 x	5.5 x	4.6 x	3.8 x	7.9 x	6.1 x	5.0 x
Criteo SA Sponsored ADR	USD	24.74	1,391.8	1,346.4	8.8 x	8.6 x	8.5 x	1.3 x	1.3 x	1.2 x	4.9 x	4.6 x	4.0 x	7.3 x	6.8 x	6.1 x
Digital Turbine, Inc.	USD	5.61	568.3	889.6	8.9 x	7.8 x	7.1 x	1.6 x	1.4 x	1.3 x	8.3 x	7.1 x	6.1 x	n.a.	n.a.	69.2 x
DoubleVerify Holdings, Inc.	USD	40.44	6,874.2	6,864.9	57.8 x	50.9 x	41.7 x	12.0 x	9.7 x	7.9 x	38.0 x	31.3 x	25.0 x	48.6 x	39.0 x	29.3 x
Innovid Corp.	USD	1.32	185.5	158.7	n.a.	n.a.	33.0 x	1.2 x	1.0 x	0.9 x	8.9 x	6.8 x	5.2 x	n.a.	58.7 x	14.6 x
Invibes Advertising NV	EUR	6.02	26.9	13.6	n.a.	n.a.	n.a.	0.5 x	0.4 x	0.3 x	27.2 x	13.6 x	5.2 x	n.a.	n.a.	n.a.
Magnite, Inc.	USD	9.23	1,272.4	1,637.5	17.4 x	13.6 x	9.7 x	3.0 x	2.8 x	2.5 x	9.9 x	8.9 x	7.6 x	n.a.	n.a.	30.0 x
MGI - Media and Games Invest SE Class A	EUR	0.90	143.5	50.2	8.6 x	6.5 x	4.6 x	0.2 x	0.2 x	0.1 x	0.5 x	0.5 x	0.4 x	0.5 x	0.8 x	0.7 x
Outbrain, Inc.	USD	3.99	200.1	167.8	20.0 x	44.3 x	23.5 x	0.2 x	0.2 x	0.2 x	5.6 x	3.8 x	3.2 x	n.a.	8.3 x	6.5 x
PubMatic, Inc. Class A	USD	15.07	765.0	695.4	502.3 x	137.0 x	38.6 x	2.7 x	2.4 x	2.2 x	9.6 x	8.2 x	6.7 x	n.a.	165.6 x	22.5 x
Trade Desk, Inc. Class A	USD	69.39	34,021.7	33,551.7	55.1 x	49.3 x	40.2 x	17.5 x	14.5 x	12.0 x	44.2 x	36.8 x	29.4 x	187.4 x	100.9 x	63.7 x
Average					118.0 x	43.7 x	28.8 x	3.3 x	2.8 x	2.4 x	17.6 x	11.5 x	8.6 x	43.3 x	57.7 x	23.0 x
Median					20.0 x	16.2 x	23.5 x	1.4 x	1.3 x	1.2 x	9.2 x	7.6 x	5.6 x	8.0 x	39.0 x	22.5 x
YOC AG	EUR	13.70	47.6	49.5	18.3 x	13.3 x	9.9 x	1.7 x	1.4 x	1.2 x	11.4 x	8.8 x	7.0 x	16.5 x	12.6 x	9.5 x
Valuation difference to Median					9%	22%	136%	-17%	-6%	0%	-19%	-13%	-20%	-52%	210%	137%
Fair value per share based on Median					14.96	16.67	32.39	11.21	12.88	13.71	11.02	11.80	10.90	6.34	43.69	33.28

Source: FactSet, Warburg Research; Prices and estimates as of 22.01.2024

Description of the peers

The peer group comparison includes international and domestic digital advertising companies. While this comparison provides an indication of value, it is tempered by differences between the companies in terms of growth, geographic positioning, company size or competitive positioning.

Ad pepper media International N.V. (approx. 300 employees)

Ad pepper media International N.V. is an investment holding company providing digital marketing services and technology solutions. Its segments include Ad Pepper, Webgains, and Ad Agents, offering strategies, campaign design, and performance marketing services. The company was founded in 1999, and is headquartered in Germany.

Azerion Group N.V. (approx. 1,400 employees)

Azerion Group NV is involved in operating a digital entertainment and media platform. The company provides technology solutions for automating the buying and selling of digital advertising inventory, catering to advertisers, publishers, and game creators. Additionally, Azerion is actively involved in the development, publishing, distribution, and operation of online social, casual games, and digital content. Established in 2013, the company is headquartered in the Netherlands.

Criteo SA (approx. 3,500 employees)

Criteo SA is a global tech company specializing in digital performance marketing for e-commerce. It operates in two segments: Marketing Solutions, offering personalized ads across various platforms, and Retail Media, allowing retailers to monetize data through personalized ads. The company was founded in 2005 and is headquartered in Paris, France.

Digital Turbine, Inc. (approx. 800 employees)

Digital Turbine, Inc. specializes in media and mobile communication innovation, delivering a comprehensive platform solution for mobile operators, app developers, OEMs, and third parties. Operating in three segments: On Device Media (ODM), In App Media-AdColony (IAM-A), and In App Media-Fyber (IAM-F), the company enables monetization for app developers, providing advertising solutions such as display, native, and video. Founded in 1998, Digital Turbine is headquartered in Austin, Texas.

DoubleVerify, Inc. (approx. 600 employees)

DoubleVerify, Inc. founded in 2008 and based in New York City, is a software platform for digital media measurement and analytics. It offers online media verification and campaign effectiveness solutions, ensuring quality advertising environments and optimizing digital ad investments for advertisers.

Innovid Corp. (approx. 550 employees)

Innovid Corp. is involved in operating a software platform that provides technological infrastructure for creating, delivering, and measuring TV/video ads across Connected TV (CTV), linear TV, and mobile and desktop TV environments. The company was founded in 2007 and is headquartered in New York, NY.

Invibes Advertising N.V. (approx. 200 employees)

Invibes Advertising N.V. is a company that specializes in providing digital in-feed advertising services. They provide a brand buying solution that closely resembles in-feed ads on social media but is specifically optimized for display on premium media outlets. The company was established in 2011 and has its headquarters in Belgium.

Magnite, Inc. (approx. 900 employees)

Magnite, Inc. provides a technology solution for automating the purchase and sale of digital advertising inventory. The company offers applications and services for digital advertising sellers, covering websites, mobile applications, and other digital media properties. Magnite was founded in 2007 and is headquartered in New York.

MGI-Media and Games Invest SE (approx. 800 employees)

MGI - Media & Games Invest SE operates an advertising software platform featuring first-party game content. The company integrates a programmatic ad software and data platform with its own portfolio of games. The platform encompasses the entire value chain, catering to advertisers and publishers across various channels such as in-app, mobile web, web, DOOH (Digital Out of Home), and connected TV. Founded in 2011, the company is based in Stockholm, Sweden.

Nexxen International Ltd. (approx. 1,100 employees)

Nexxen International Ltd. specializes in providing digital marketing and advertising solutions. The company delivers a comprehensive software platform designed to empower advertisers to connect with targeted audiences and assist publishers in optimizing the returns on their digital advertising inventory. Nexxen maintains a central emphasis on video, data, and Connected TV (CTV) within its operations. The key products offered by Nexxen International Ltd. include the Nexxen DSP and Nexxen SSP platforms. Established in 2007, the company is headquartered in Tel Aviv, Israel.

Outbrain, Inc. (approx. 800 employees)

Outbrain, Inc. is involved in the creation and management of a recommendation platform that drives the open web. The platform facilitates the delivery of online, mobile, and video content to audiences, simultaneously assisting publishers in gaining insights into their audiences through data analysis. The company operates across various segments, including the USA, Europe, The Middle East, Africa, and other regions. Founded in 2006, Outbrain, Inc. is based in New York, NY.

Perion Network Ltd (approx. 450 employees)

Perion Network Ltd. is a global technology company that provides advertising solutions to brands, agencies, and publishers. It operates in North America (mainly the US), Europe, and other regions. The company's solutions encompass Publisher Platform, Search Monetization, SORT-Cookieless Targeting, High Impact Creative, and Actionable Monitoring. The company was founded in 1999 and is headquartered in Holon, Israel.

PubMatic, Inc. (approx. 900 employees)

PubMatic, Inc. specializes in offering a cloud infrastructure platform designed for advertising transactions. The company's technology and infrastructure serve both Internet content creators and advertisers. PubMatic operates in various geographical segments, including the United States, EMEA (Europe, the Middle East, and Africa), APAC (Asia-Pacific), and the Rest of the World. Founded in 2006, the company is headquartered in Redwood City, California.

The Trade Desk (TTD) (approx. 2.800 employees)

The Trade Desk, Inc. provides a technology platform for advertising buyers, offering products like audio, mobile, and native advertising, as well as a data management platform. Headquartered in Ventura, California, the company operates in the United States and internationally.

Company & Products

Company profile

The YOC AG, based in Berlin, Germany, is a technology company that develops software for the digital advertising market. It is considered one of the leading companies in the field of digital advertising. Since its establishment in 2001, the company has evolved into a trusted partner for advertisers worldwide looking to optimize their advertising presence. The company's list of advertisers includes, Samsung, McDonald's, Lufthansa, and Volkswagen to name but a few. Such reliable and resilient partners enable the company to generate consistent revenues.

The products available to advertisers include:

- VIS.X®
- YOC Inline Video Ad
- YOC Understitial Ad®
- YOC Mystery Ad®
- YOC Mystery Scroller®
- YOC Branded Takeover
- YOC Sitebar
- YOC Skins
- YOC Zoom Ad

Innovative digital advertising solutions

YOC is a company that specialises in innovative digital advertising solutions. With products such as the YOC Mystery Scroller® and YOC Branded Takeover, it offers creative advertising formats for maximum attention and brand awareness. The YOC Sitebar and YOC Skins ensure prominent ad placements with responsive design for optimal visibility on a wide range of different devices. The YOC Zoom Ad is an attention-grabbing video ad format that increases brand awareness through maximum viewability. YOC enables customers to individually select and combine high-impact formats for their advertising campaigns. YOC offers flexible options to place and manage advertising in private deals or I/O bookings both processed on the **VIS.X® platform**.

- **YOC Inline Video:** YOC Inline Video enables video to be integrated into native ad formats, resulting in a seamless and engaging user experience. This product is designed to maximize the effectiveness of video advertising.
- **YOC Understitial Ad®:** YOC Understitial Ad offers a full-screen advert that sits underneath the content, capturing the user's full attention.
- **YOC Mystery Ad®:** This product allows advertisers to engage their target audience with elements like interactive puzzles and games. Users actively interact with the ads, which can increase attention and engagement.
- **YOC Mystery Scroller®:** The YOC Mystery Scroller uses reactive scrolling technology to seamlessly adapt animations, effects and videos to the user's scrolling behaviour. Supported by all mobile browsers, it takes up only about 30% of the screen, but remains permanently visible without interrupting the reading flow. Thanks to its proactivity, the YOC Mystery Scroller® adds a special touch to advertising formats without creating disruptive transitions.
- **YOC Branded Takeover:** The YOC Branded Takeover offers an unprecedented level of attention with multiple brand touch points on one page. Advertisers can choose from a variety of high-impact YOC formats and customize the number and order. With endless

**YOC AG is a leading
adtech company in Germany**

**High-impact advertising for
maximum brand awareness**

creative possibilities, the YOC Branded Takeover promises maximum awareness generation.

- **YOC Sitebar:** The YOC Sitebar is a fully responsive, highly effective format that maximizes visibility by using the ad unit space efficiently. It remains visible at all times as the page is scrolled, without interrupting the flow of reading. Built-in interactive elements allow the advertising message to unfold creatively.
- **YOC Skins:** The YOC skins offer an eye-catching advertising placement that ensures full attention for the brand and advertising message in the immediately visible area. Available for mobile web, apps and desktop, the ad builds up gradually on mobile devices. On desktop, the format can be combined with other YOC products such as YOC Mobile Skin, YOC Mystery Ad, YOC Mystery Scroller and more.
- **YOC Zoom Ad:** The YOC Zoom Ad is an eye-catching video advertising format designed to increase brand awareness. The dynamic ad unit display maximizes the visibility of the advertisers' video. The YOC Zoom Ad is available on all devices.

Product portfolio		
High Impact Advertisement	Description	Format
YOC Inline Video	Optimised video format for maximum attention	Video format
YOC Zoom Ad	Attention-grabbing video ad format for maximum viewability	
YOC Understitial Ad®	Full-screen ads without disturbing the reading flow	Prominent advertising placement
YOC Skins	Eye-catching and prominent ad placement for high visibility	
YOC Sitebar	Prominent ad placement without impeding reading flow	
YOC Branded Takeover	Maximum brand presence with creative advertising formats	Interactive advertising format
YOC Mystery Ad®	Interactive advertising message with a creative surprise effect	
YOC Mystery Scroller®	Scroll-adapted animations for eye-catching advertising impact	

Sources: YOC AG, Warburg Research

Tailored advertisement for diverse audiences

The dynamic expansion and promising prospects of the digital advertising market have attracted a large number of players over the years, resulting in a highly competitive environment overall. Nevertheless, YOC AG has established itself as a pioneer in the field of digital brand advertising and has carved out a promising position in the niche market of programmatic trading of high-impact advertising formats. YOC AG's products serve different peer groups.

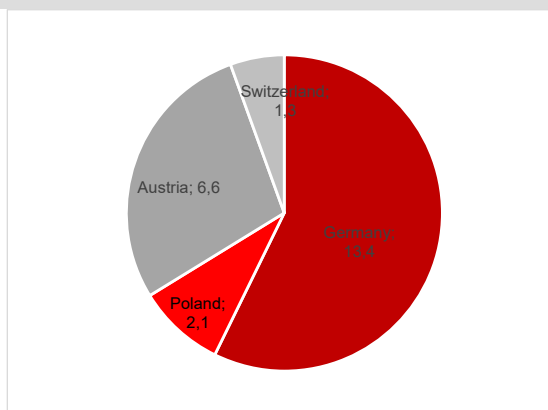
- The **premium publishers** benefit from a high level of monetization, allowing YOC to support quality journalism to remain free and independent.
- **Customers** are given the opportunity to increase awareness of their brands and products with high quality advertising inventory and wide media reach.
- At the same time, **internet users** receive relevant and unusual advertising messages without interrupting their reading flow.
- To best meet these needs, YOC has developed **VIS.X®**, a leading technology platform for high-impact advertising, and combined it with the attention-grabbing ad formats.

The vision to provide a better advertising experience for everyone

Regional segmentation

YOC AG has established a strong position in the DACH region in particular. In 2022, 57% of total revenues were generated in Germany, the company's main market. In 2022, YOC AG acquired the Swiss company theINDUSTRY AG, which was renamed YOC Switzerland AG. With the acquisition of the Swiss company, YOC AG is now represented in the entire DACH region. In 2023, YOC AG acquired the Finnish company Nostemedia Oy to start business activities in the Nordic region. In the future, YOC AG expects to expand further into the attractive Nordic region.

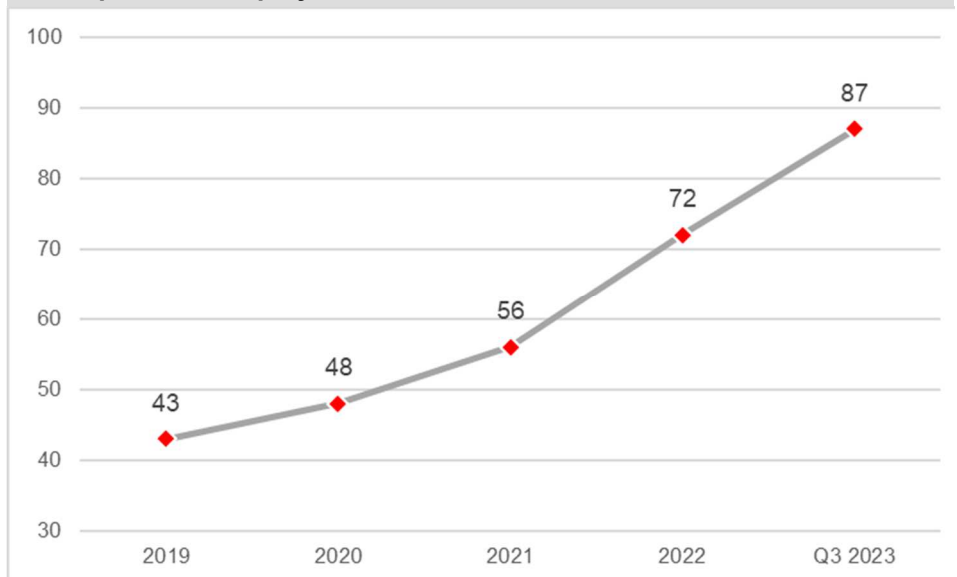
Sales by region 2022



in EUR m / Source: YOC AG, Warburg Research

As Germany is the largest market for YOC AG, the majority of employees are based in one of the three German offices. However, as the company is expected to expand into new markets, more employees will be needed in these markets.

Development of employee numbers

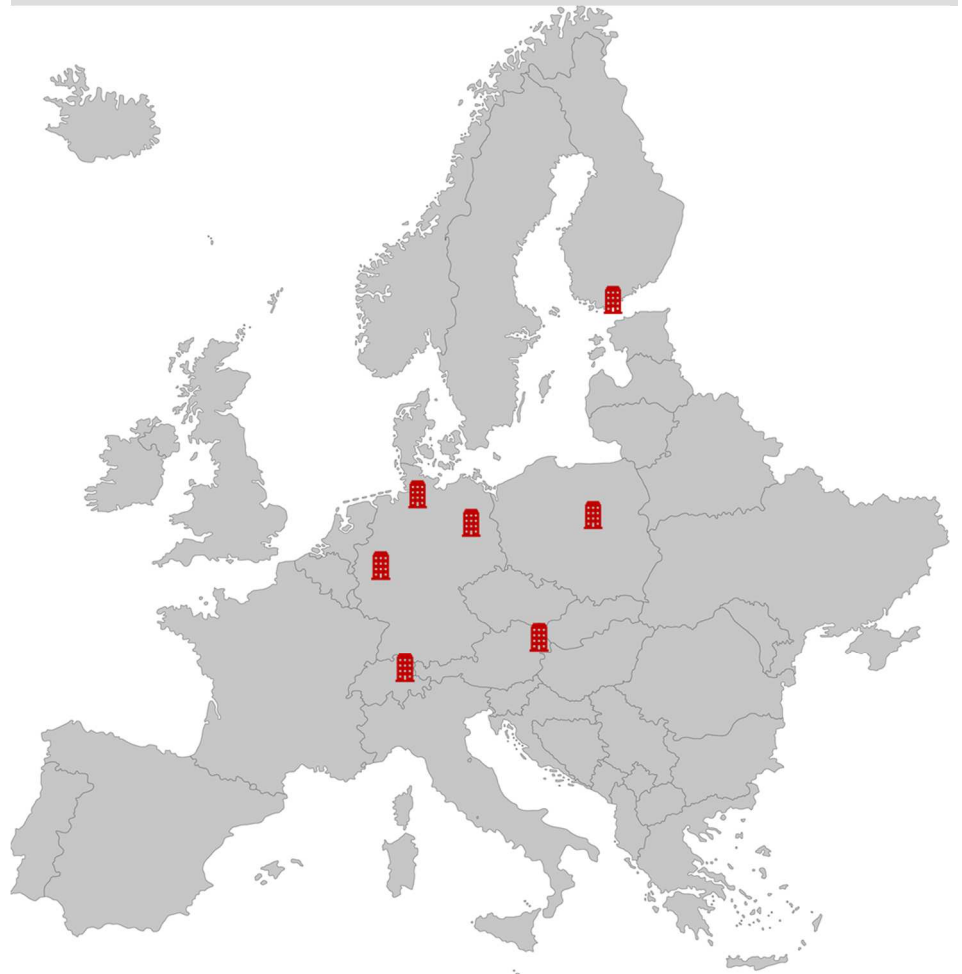


Source: YOC AG, Warburg Research

Locations

YOC AG is headquartered in Berlin, Germany. In addition to Berlin, the company has other German offices in Hamburg and Duesseldorf. In order to strategically expand the business to other markets, YOC AG also has offices in surrounding countries, including Austria, Finland, Poland and Switzerland.

YOC AG locations

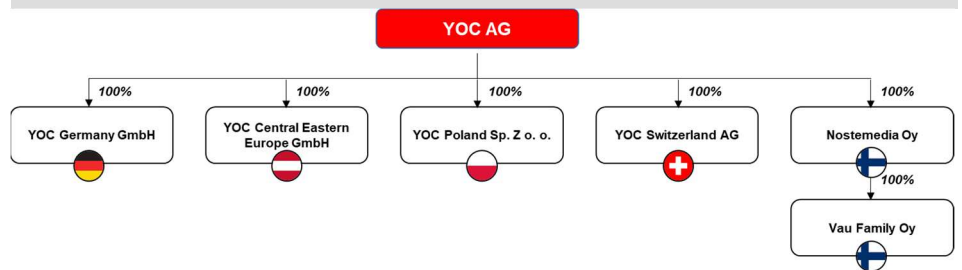


Sources: YOC AG, Warburg Research

Group structure

YOC AG acts as the parent company and directly holds 100% stakes in several subsidiaries, most of which serve as international branches. The Group (as of 09/23) has five first-tier subsidiaries under the YOC AG and one second-tier subsidiary. It currently has subsidiaries in Berlin (Germany), Vienna (Austria), Warsaw (Poland), Zurich (Switzerland) and Helsinki (Finland).

YOC AG structure



Sources: YOC AG, Warburg Research

Management team



Dirk-Hilmar Kraus (Founder and Chief Executive Officer)

Dirk Kraus is the founder of YOC AG and initially led the company as CEO from 2005 to 2012. After leaving the company for a short period of time, he returned to the helm in September 2013. After graduating in business administration from the WHU Otto Beisheim School of Management, he worked as a consultant in strategy development at Roland Berger.



Evgenij Tovba (Chief Technology Officer)

Evgenij Tovba has been working for the company since 2009. Before being appointed CTO in 2017, he held the position of Director Technology. In his role, he is responsible for the development of the company's VIS.X® platform and proprietary high-impact products as well as IT operations, and product marketing.



Jan Gräwen (Chief Commercial Officer)

Having worked in various senior management positions at the company before, his role as CCO is to further develop and to test new high-impact products as well as new channels for the VIS.X® platform. He is also responsible for the Berlin, Duesseldorf and Hamburg offices. Previously, Jan Gräwen held several senior positions at Ströer. He is a graduate of business administration.



Maximilian Pruscha (Chief Operations Officer)

Maximilian Pruscha's focus as the COO is to further develop the YOC country organizations, which includes the existing YOC companies and further growth in the European market. He established YOC as the leading mobile advertising player in Austria and is responsible for the Austrian business of YOC.






Sebastian Bauermann (Chief Financial Officer)

As the YOC Group's CFO, Sebastian Bauermann is responsible for the financial management of the company, which includes corporate controlling, financial reporting, liquidity management, budgeting processes and business modelling.

Supervisory board

Members of the supervisory board

		
Dr. Nikolaus Breuel	Konstantin Graf Lambsdorff	Sacha Berlik
Chairman of the board	Member of the board	Member of the board

Sources: YOC AG, Warburg Research

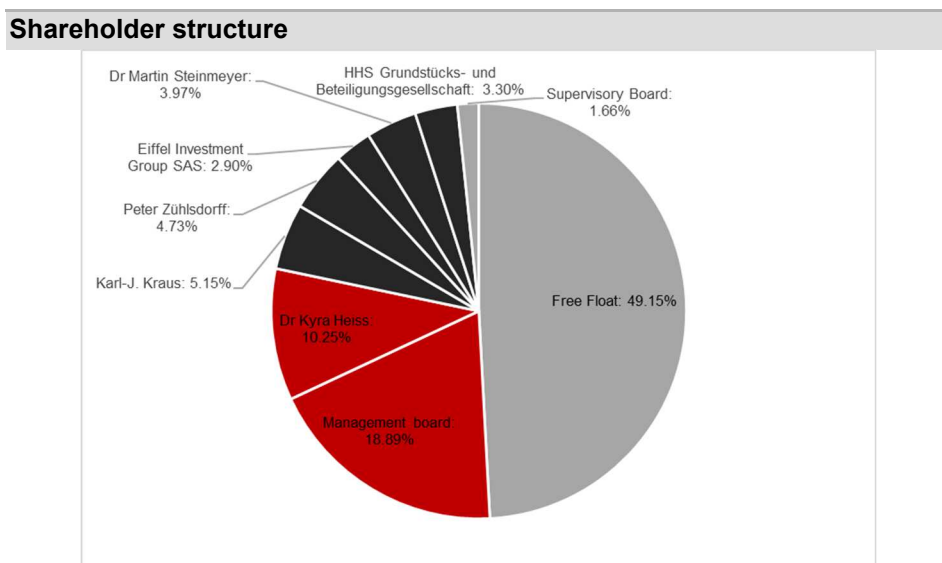
Shareholder structure

YOC AG went public on the Entry Standard of the Frankfurt Stock Exchange in June 2006 and has been listed in the Prime Standard since 2009. As a result of the exercise of a conversion right by Eiffel Investment Group SAS in 2018, bonds with a nominal value of EUR 1.5m were converted into shares of YOC AG on July 31, 2022, one year before the original maturity date. As a result, the company's share capital increased to 3,476,478 shares.

The YOC AG has a free float of 49.15% (or 65.71 excluding stakes of less than 5%). Alongside the shares held by the management board, Dr. Kyra Heiss is the largest individual shareholder with a stake of 10.25%. Other major private shareholders are Karl-J. Kraus with 5.15% and Peter Zühlsdorff with 4.73%.

Dr. Martin Steinmeyer holds 3.97% and HHS Grundstücks- und Beteiligungsgesellschaft mbH & Co. KG, the Investment vehicle of Max H.-H. Schaber (CEO and founder of Datagroup), holds 3.3%. Eiffel Investment Group SAS holds a position of 2.9% of the shares and the Supervisory Board holds 1.66%.

Between 2022 and 2023, shareholder Peter Zühlsdorff reduced his stake in YOC AG by 4.14%, which can be attributed less to the company's performance than to the restructuring of his entire portfolio for personal reasons. In addition, Eiffel Investment Group SAS sold 2.04% of the company's shares, all of which became free float.



Sources: YOC AG, Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e	
Sales	30.0	35.8	41.2	45.8	50.3	54.4	58.2	61.1	64.1	67.3	70.7	74.2	77.9	
Sales change	28.0 %	19.5 %	15.0 %	11.0 %	10.0 %	8.0 %	7.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	2.5 %
EBIT	3.0	3.9	5.2	6.1	7.0	8.2	8.7	9.2	9.6	10.1	10.6	11.1	11.7	
EBIT-margin	10.0 %	11.0 %	12.7 %	13.3 %	13.9 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	
Tax rate (EBT)	8.1 %	9.3 %	10.2 %	10.0 %	15.0 %	25.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	35.0 %	
NOPAT	2.8	3.6	4.7	5.5	5.9	6.1	5.7	6.0	6.3	6.6	6.9	7.2	7.6	
Depreciation	1.3	1.7	1.8	1.8	2.0	2.2	2.3	2.4	2.6	2.7	2.8	3.0	3.1	
in % of Sales	4.5 %	4.7 %	4.4 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	
Changes in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	1.6	0.8	0.7	-0.8	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.4	0.4	
- Capex	0.9	1.2	1.5	1.8	2.0	2.2	2.3	2.4	2.6	2.7	2.8	3.0	3.1	
Capex in % of Sales	3.0 %	3.3 %	3.6 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	
- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	1.7	3.3	4.3	6.3	5.5	5.7	5.3	5.7	5.9	6.2	6.6	6.9	7.2	8
PV of FCF	1.7	3.0	3.7	4.9	4.0	3.8	3.2	3.2	3.1	3.0	2.9	2.8	2.7	45
share of PVs	9.64 %			38.47 %										51.89 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	10.00 %	Financial Strength	1.30
Cost of debt (after tax)	4.9 %	Liquidity (share)	1.30
Market return	7.50 %	Cyclicality	1.30
Risk free rate	2.00 %	Transparency	1.30
		Others	1.30
WACC	8.73 %	Beta	1.30

Valuation (m)

Present values 2035e	42		
Terminal Value	45		
Financial liabilities	5		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	2	No. of shares (m)	3.5
Equity Value	84	Value per share (EUR)	24.12

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	3.00 %	3.25 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.50	9.7 %	19.62	19.91	20.23	20.56	20.92	21.30	21.72	1.50	9.7 %	18.20	18.98	19.77	20.56	21.35	22.14	22.92
1.40	9.2 %	21.07	21.42	21.80	22.21	22.64	23.12	23.63	1.40	9.2 %	19.67	20.52	21.36	22.21	23.05	23.89	24.74
1.35	9.0 %	21.87	22.26	22.67	23.12	23.61	24.14	24.71	1.35	9.0 %	20.49	21.37	22.25	23.12	24.00	24.88	25.75
1.30	8.7 %	22.72	23.15	23.62	24.12	24.66	25.25	25.89	1.30	8.7 %	21.39	22.30	23.21	24.12	25.03	25.94	26.85
1.25	8.5 %	23.65	24.12	24.64	25.19	25.80	26.46	27.19	1.25	8.5 %	22.35	23.30	24.25	25.19	26.14	27.09	28.04
1.20	8.2 %	24.64	25.17	25.75	26.37	27.05	27.79	28.61	1.20	8.2 %	23.40	24.39	25.38	26.37	27.36	28.34	29.33
1.10	7.7 %	26.89	27.55	28.27	29.05	29.92	30.88	31.94	1.10	7.7 %	25.81	26.89	27.97	29.05	30.13	31.21	32.30

- The key assumption of the DCF model is a solid growth path...
- ...together with a typical scaling in the margin.

Valuation	2019	2020	2021	2022	2023e	2024e	2025e
Price / Book	n.a.	n.a.	n.a.	28.5 x	10.9 x	5.9 x	3.7 x
Book value per share ex intangibles	-1.64	-1.67	-0.71	-0.29	0.62	1.88	3.46
EV / Sales	1.4 x	1.2 x	2.0 x	2.2 x	1.6 x	1.3 x	1.0 x
EV / EBITDA	24.8 x	10.0 x	13.0 x	14.9 x	11.1 x	8.0 x	5.7 x
EV / EBIT	63.8 x	16.2 x	18.4 x	22.1 x	16.1 x	11.4 x	7.7 x
EV / EBIT adj.*	63.8 x	16.2 x	18.4 x	22.1 x	16.1 x	11.4 x	7.7 x
P / FCF	14.5 x	13.2 x	12.7 x	20.7 x	30.5 x	14.2 x	10.5 x
P / E	n.a.	43.9 x	16.4 x	20.9 x	17.7 x	12.9 x	9.6 x
P / E adj.*	n.a.	43.9 x	16.4 x	20.9 x	17.7 x	12.9 x	9.6 x
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
FCF Potential Yield (on market EV)	-3.9 %	2.7 %	6.2 %	5.5 %	5.2 %	7.0 %	9.7 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Sales	14.9	15.5	18.8	23.4	30.0	35.8	41.2
Change Sales yoy	n.a.	4.3 %	21.6 %	24.4 %	28.0 %	19.5 %	15.0 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.3	0.5	0.6	0.6	0.9	1.1	1.3
Total Sales	15.2	16.0	19.4	24.1	30.9	36.9	42.5
Material expenses	9.1	9.2	10.8	13.0	16.1	19.1	21.6
Gross profit	6.1	6.8	8.6	11.1	14.8	17.8	20.9
<i>Gross profit margin</i>	<i>41.1 %</i>	<i>43.9 %</i>	<i>45.9 %</i>	<i>47.2 %</i>	<i>49.2 %</i>	<i>49.7 %</i>	<i>50.7 %</i>
Personnel expenses	3.7	3.7	4.6	5.6	7.4	9.1	10.0
Other operating income	0.3	0.1	0.4	0.5	0.3	0.3	0.3
Other operating expenses	1.8	1.4	1.7	2.5	3.3	3.4	4.2
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	0.8	1.8	2.8	3.5	4.3	5.6	7.0
<i>Margin</i>	<i>5.6 %</i>	<i>11.9 %</i>	<i>15.1 %</i>	<i>14.8 %</i>	<i>14.5 %</i>	<i>15.7 %</i>	<i>17.1 %</i>
Depreciation of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	0.8	1.8	2.8	3.5	4.3	5.6	7.0
Amortisation of intangible assets	0.5	0.7	0.8	1.1	1.3	1.7	1.8
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.3	1.1	2.0	2.3	3.0	3.9	5.2
<i>Margin</i>	<i>2.2 %</i>	<i>7.3 %</i>	<i>10.7 %</i>	<i>9.9 %</i>	<i>10.0 %</i>	<i>11.0 %</i>	<i>12.7 %</i>
EBIT adj.	0.3	1.1	2.0	2.3	3.0	3.9	5.2
Interest income	0.0	0.0	0.0	0.1	0.1	0.1	0.2
Interest expenses	0.2	0.3	0.2	0.1	0.2	0.1	0.1
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	0.1	0.9	1.9	2.3	2.8	3.9	5.3
<i>Margin</i>	<i>0.5 %</i>	<i>5.6 %</i>	<i>9.9 %</i>	<i>9.8 %</i>	<i>9.5 %</i>	<i>11.0 %</i>	<i>12.9 %</i>
Total taxes	0.1	0.2	0.0	0.0	0.2	0.4	0.5
Net income from continuing operations	-0.1	0.6	1.9	2.3	2.6	3.6	4.8
Income from discontinued operations (net of tax)	-0.4	-0.3	0.2	0.0	0.0	0.0	0.0
Net income before minorities	-0.5	0.3	2.1	2.3	2.6	3.6	4.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-0.5	0.3	2.1	2.3	2.6	3.6	4.8
<i>Margin</i>	<i>-3.2 %</i>	<i>2.0 %</i>	<i>11.0 %</i>	<i>10.0 %</i>	<i>8.7 %</i>	<i>10.0 %</i>	<i>11.6 %</i>
Number of shares, average	3.3	3.3	3.5	3.5	3.5	3.5	3.5
EPS	-0.14	0.09	0.59	0.67	0.75	1.03	1.38
EPS adj.	-0.14	0.09	0.59	0.67	0.75	1.03	1.38

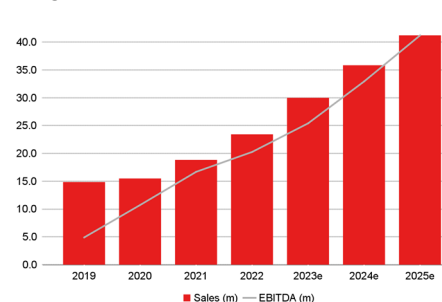
*Adjustments made for:

Guidance: Revenues of EUR 29-30m, increased profitability

Financial Ratios

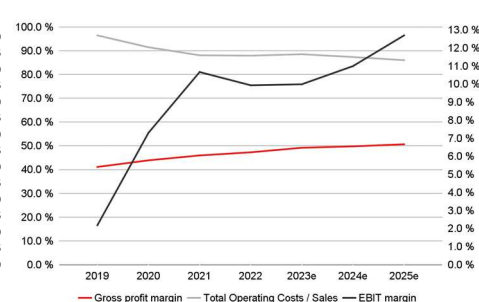
	2019	2020	2021	2022	2023e	2024e	2025e
Total Operating Costs / Sales	96.5 %	91.4 %	88.1 %	87.9 %	88.5 %	87.3 %	86.1 %
Operating Leverage	n.a.	57.8 x	3.6 x	0.7 x	1.0 x	1.6 x	2.2 x
EBITDA / Interest expenses	3.4 x	7.0 x	18.9 x	36.4 x	21.7 x	56.3 x	70.5 x
Tax rate (EBT)	183.6 %	25.6 %	0.4 %	-2.0 %	8.1 %	9.3 %	10.2 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	345,443	322,758	330,459	360,538	369,419	401,323	439,544

Sales, EBITDA
in EUR m



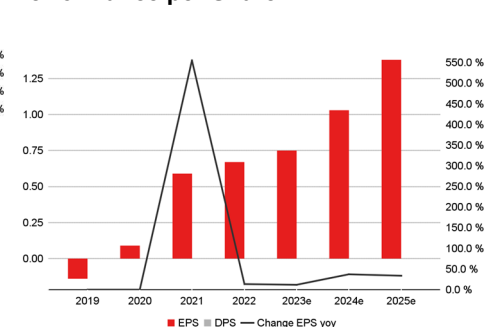
Source: Warburg Research

Operating Performance
in %



Source: Warburg Research

Performance per Share



Source: Warburg Research

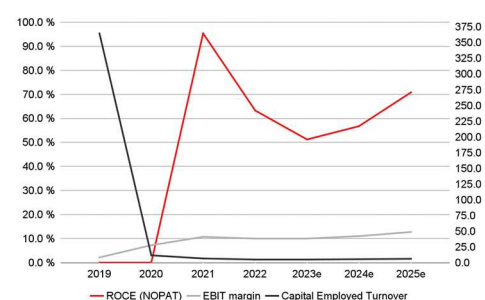
Consolidated balance sheet

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Assets							
Goodwill and other intangible assets	1.0	1.5	1.9	2.7	2.1	1.3	0.6
thereof other intangible assets	1.0	1.5	1.9	2.2	1.5	0.7	0.0
thereof Goodwill	0.0	0.0	0.0	0.6	0.6	0.6	0.6
Property, plant and equipment	0.1	0.1	0.1	0.2	1.4	1.7	2.1
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term assets	1.0	0.8	0.9	1.3	0.7	0.7	0.7
Fixed assets	2.2	2.3	2.9	4.2	4.1	3.7	3.3
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	3.0	3.9	5.1	5.5	7.9	9.4	10.8
Liquid assets	1.0	0.9	1.8	1.7	3.2	6.5	10.9
Other short-term assets	0.3	0.1	0.2	0.2	0.2	0.2	0.2
Current assets	4.3	4.9	7.0	7.4	11.3	16.1	21.9
Total Assets	6.5	7.2	9.9	11.6	15.5	19.7	25.2
Liabilities and shareholders' equity							
Subscribed capital	3.3	3.3	3.5	3.5	3.5	3.5	3.5
Capital reserve	21.0	21.0	22.1	22.1	22.1	22.1	22.1
Retained earnings	-28.5	-28.2	-26.2	-23.8	-21.2	-17.6	-12.8
Other equity components	-0.1	0.0	0.0	0.0	-0.1	-0.1	-0.1
Shareholders' equity	-4.4	-4.0	-0.6	1.7	4.2	7.8	12.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	-4.4	-4.0	-0.6	1.7	4.2	7.8	12.6
Provisions	0.1	0.4	0.6	0.7	0.7	0.7	0.7
thereof provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities (total)	5.4	6.2	5.3	4.6	5.1	5.1	5.1
Short-term financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	3.8	3.1	2.9	3.0	3.9	4.6	5.3
Other liabilities	1.5	1.6	1.8	1.5	1.5	1.5	1.5
Liabilities	10.8	11.2	10.6	9.9	11.2	11.9	12.6
Total liabilities and shareholders' equity	6.5	7.2	9.9	11.6	15.5	19.7	25.2

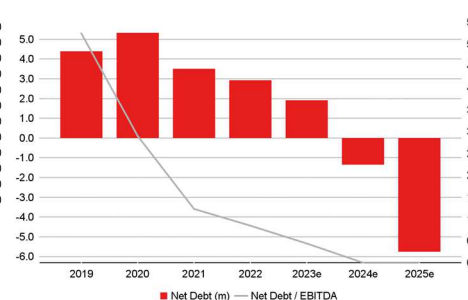
Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Efficiency of Capital Employment							
Operating Assets Turnover	-22.5 x	18.6 x	8.3 x	9.3 x	5.7 x	5.6 x	5.5 x
Capital Employed Turnover	364.8 x	11.8 x	6.5 x	5.1 x	4.9 x	5.6 x	6.0 x
ROA	-21.8 %	13.4 %	70.5 %	55.8 %	63.2 %	97.7 %	143.3 %
Return on Capital							
ROCE (NOPAT)	n.a.	n.a.	95.4 %	63.2 %	51.2 %	56.8 %	70.8 %
ROE	21.7 %	-7.4 %	-89.1 %	430.6 %	88.3 %	59.5 %	47.0 %
Adj. ROE	21.7 %	-7.4 %	-89.1 %	430.6 %	88.3 %	59.5 %	47.0 %
Balance sheet quality							
Net Debt	4.4	5.3	3.5	2.9	1.9	-1.3	-5.8
Net Financial Debt	4.4	5.3	3.5	2.9	1.9	-1.3	-5.8
Net Gearing	-100.9 %	-132.7 %	-564.4 %	171.5 %	45.3 %	-17.3 %	-45.7 %
Net Fin. Debt / EBITDA	524.8 %	289.9 %	123.1 %	84.4 %	44.0 %	n.a.	n.a.
Book Value / Share	-1.3	-1.2	-0.2	0.5	1.2	2.2	3.6
Book value per share ex intangibles	-1.6	-1.7	-0.7	-0.3	0.6	1.9	3.5

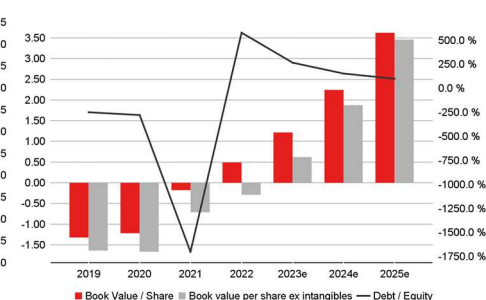
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

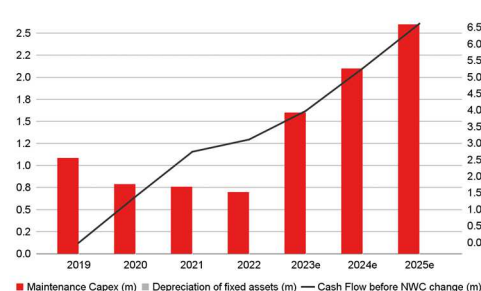
Consolidated cash flow statement

In EUR m	2019	2020	2021	2022	2023e	2024e	2025e
Net income	-0.5	0.3	2.1	2.3	2.6	3.6	4.8
Depreciation of fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.6	0.7	0.8	1.1	1.3	1.7	1.8
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash income and expenses	-0.1	0.3	-0.2	-0.4	0.0	0.0	0.0
Cash Flow before NWC change	0.0	1.4	2.7	3.1	4.0	5.3	6.6
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	1.4	-0.7	-1.2	-0.4	-2.4	-1.5	-1.4
Increase / decrease in accounts payable	-0.2	0.3	1.2	-0.2	0.9	0.7	0.7
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	1.2	-0.4	0.0	-0.7	-1.6	-0.8	-0.7
Net cash provided by operating activities [1]	1.2	1.0	2.7	2.5	2.4	4.5	5.9
Investments in intangible assets	-1.0	-0.8	-0.7	-0.6	-0.7	-0.9	-1.1
Investments in property, plant and equipment	-0.1	0.0	-0.1	-0.1	-0.2	-0.3	-0.4
Payments for acquisitions	0.0	0.0	0.0	-0.3	-2.0	-0.5	-0.3
Financial investments	-0.5	-0.9	-1.0	-1.1	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash provided by investing activities [2]	-0.6	-0.9	-1.1	-1.4	-2.9	-1.7	-1.8
Change in financial liabilities	-0.4	-0.4	-0.7	-1.1	2.0	0.5	0.3
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.1	0.2	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	-0.1	0.0	0.0	0.0	0.0
Net cash provided by financing activities [3]	-0.3	-0.2	-0.7	-1.1	2.0	0.5	0.3
Change in liquid funds [1]+[2]+[3]	0.3	-0.1	0.9	-0.1	1.5	3.3	4.4
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	1.0	0.9	1.8	1.7	3.2	6.5	10.9

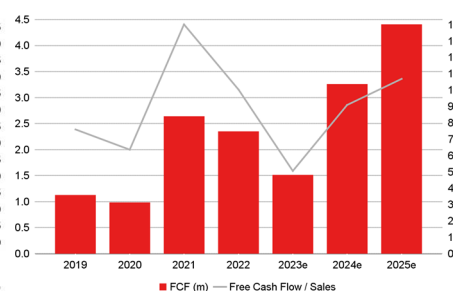
Financial Ratios

	2019	2020	2021	2022	2023e	2024e	2025e
Cash Flow							
FCF	1.1	1.0	2.6	2.4	1.5	3.3	4.4
Free Cash Flow / Sales	7.6 %	6.4 %	14.0 %	10.0 %	5.0 %	9.1 %	10.7 %
Free Cash Flow Potential	-0.8	0.5	2.3	2.8	2.5	3.2	3.9
Free Cash Flow / Net Profit	-238.6 %	316.1 %	127.9 %	100.6 %	57.8 %	91.2 %	91.9 %
Interest Received / Avg. Cash	0.0 %	0.0 %	0.0 %	3.2 %	2.0 %	2.1 %	2.3 %
Interest Paid / Avg. Debt	9.1 %	4.6 %	2.6 %	1.9 %	4.1 %	1.9 %	1.9 %
Management of Funds							
Investment ratio	7.3 %	5.1 %	4.0 %	3.0 %	3.0 %	3.3 %	3.6 %
Maint. Capex / Sales	7.3 %	5.1 %	4.0 %	3.0 %	5.3 %	5.9 %	6.3 %
Capex / Dep	212.0 %	111.9 %	90.4 %	61.4 %	66.7 %	71.2 %	82.7 %
Avg. Working Capital / Sales	-2.6 %	-0.2 %	7.7 %	9.5 %	10.3 %	11.9 %	12.2 %
Trade Debtors / Trade Creditors	79.4 %	126.9 %	175.2 %	181.2 %	202.6 %	204.3 %	203.8 %
Inventory Turnover	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Receivables collection period (days)	74	91	98	85	96	96	96
Payables payment period (days)	153	121	98	85	88	88	89
Cash conversion cycle (Days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

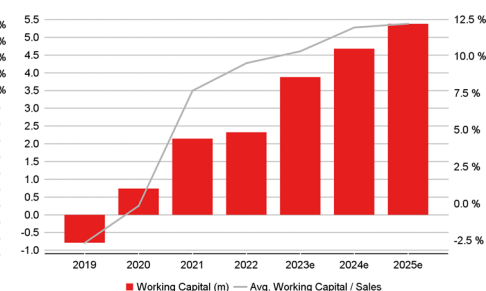
CAPEX and Cash Flow
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
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-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

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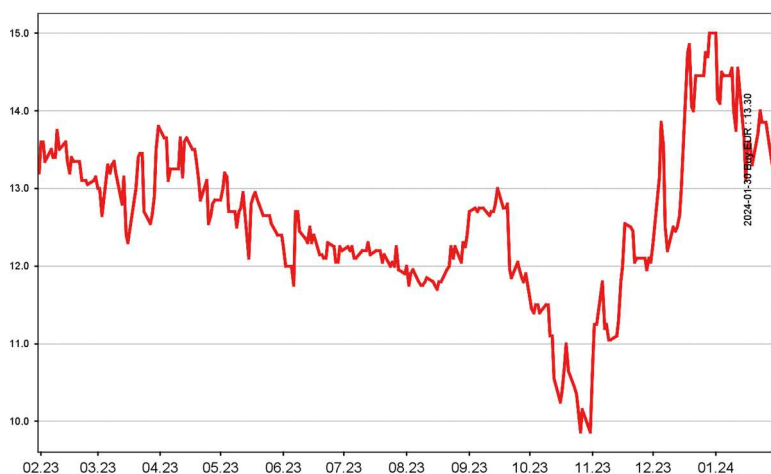
Rating	Number of stocks	% of Universe
Buy	151	72
Hold	46	22
Sell	7	3
Rating suspended	7	3
Total	211	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	46	82
Hold	7	13
Sell	0	0
Rating suspended	3	5
Total	56	100

PRICE AND RATING HISTORY YOC AG AS OF 30.01.2024



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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