

S/Z/G/

A black and white photograph showing a person's hand pointing at a tablet. The tablet screen displays various financial data visualizations, including a line graph with an upward trend, a bar chart, and a smaller line graph. The background is blurred, suggesting an office or meeting environment.

**Interim report
as per September 30, 2018**

Key financial figures

Sales

(in kEUR)

2014	34,345
2015	41,863
2016	47,199
2017	45,373
2018	48,062

9M 2018

48,062

Operating income

(in kEUR)

2014	3,041
2015	3,856
2016	4,347
2017	3,389
2018	4,545

9M 2018

4,545

Financial income

(in kEUR)

2014	1,703
2015	1,584
2016	1,139
2017	1,429
2018	335

9M 2018

335

Income before taxes

(in kEUR)

2014	4,744
2015	5,440
2016	5,486
2017	4,818
2018	4,880

9M 2018

4,880

Net income

(in kEUR)

2014	3,755
2015	4,032
2016	4,173
2017	3,371
2018	3,693

9M 2018

3,693

Earnings per share

undiluted (in EUR)

2014	0.28
2015	0.30
2016	0.30
2017	0.31
2018	0.27

9M 2018

0.27

Operating cash flow

(in kEUR)

2014	9,369
2015	-3,011
2016	178
2017	2,923
2018	9,205

9M 2018

9,205

Sales by employee

annualised (in kEUR)

2014	103
2015	104
2016	112
2017	103
2018	102

2018

102

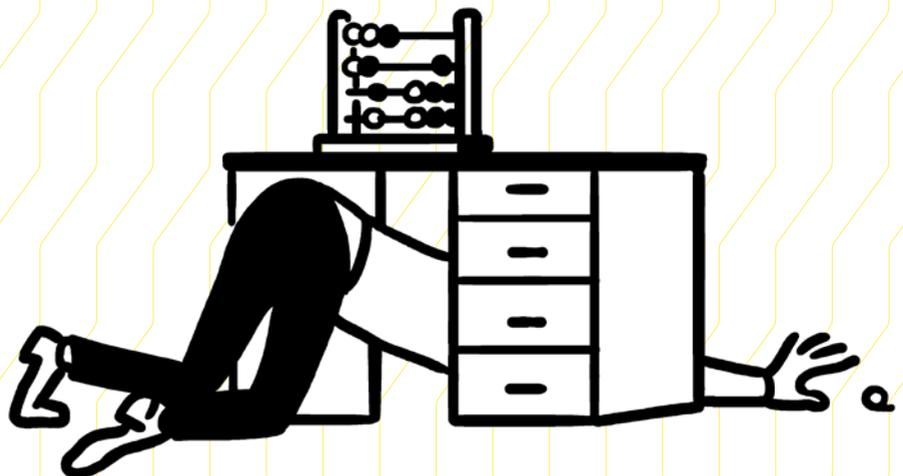
Balance sheet structure

Current assets	39%
Non current assets	61%
Equity	49%
Liabilities	51%

Equity

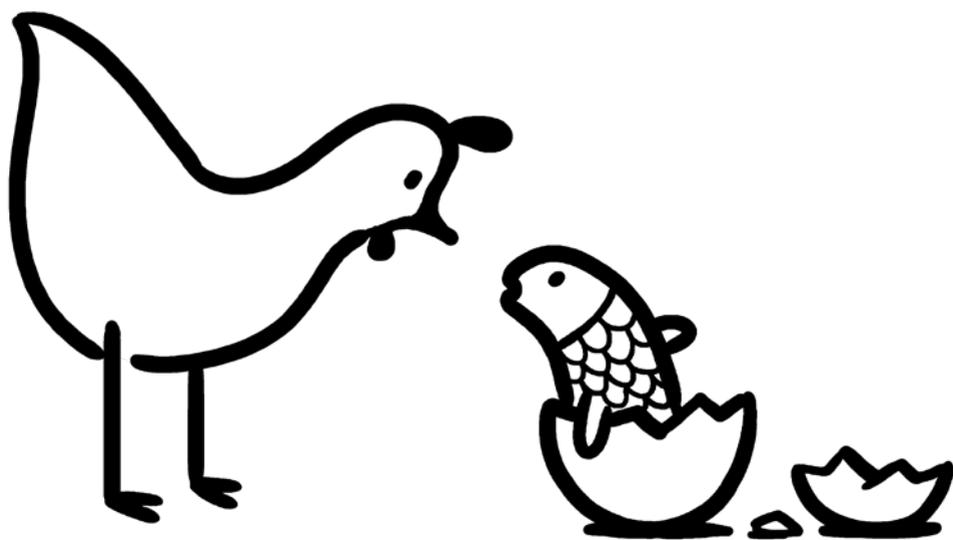
49%

<p>Sales by segments</p> <table border="0"> <tr> <td>Germany</td> <td>69%</td> </tr> <tr> <td>United Kingdom</td> <td>20%</td> </tr> <tr> <td>Others</td> <td>11%</td> </tr> </table> <p>Germany 69%</p>	Germany	69%	United Kingdom	20%	Others	11%	<p>Sales by clients' volume</p> <table border="0"> <tr> <td>Top 5</td> <td>26%</td> </tr> <tr> <td>Top 6-10</td> <td>14%</td> </tr> <tr> <td>Others</td> <td>60%</td> </tr> </table> <p>Top 5 26%</p>	Top 5	26%	Top 6-10	14%	Others	60%	<p>Sales allocation by vertical markets</p> <table border="0"> <tr> <td>Automotive</td> <td>29%</td> </tr> <tr> <td>Consumer goods</td> <td>23%</td> </tr> <tr> <td>Services</td> <td>20%</td> </tr> <tr> <td>Finance/Insurance</td> <td>16%</td> </tr> <tr> <td>Telecommunications/IT</td> <td>9%</td> </tr> <tr> <td>Others</td> <td>3%</td> </tr> </table> <p>Automotive 29%</p>	Automotive	29%	Consumer goods	23%	Services	20%	Finance/Insurance	16%	Telecommunications/IT	9%	Others	3%		
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Others	3%																											
<p>Portfolio structure of cash and marketable securities</p> <table border="0"> <tr> <td>Bank deposit</td> <td>44%</td> </tr> <tr> <td>Corporate and government bonds</td> <td>56%</td> </tr> </table> <p>Corporate and government bonds 56%</p>	Bank deposit	44%	Corporate and government bonds	56%	<p>Employees by function</p> <table border="0"> <tr> <td>Media</td> <td>22%</td> </tr> <tr> <td>Strategy/consulting</td> <td>21%</td> </tr> <tr> <td>Technology</td> <td>17%</td> </tr> <tr> <td>Design</td> <td>14%</td> </tr> <tr> <td>Project management</td> <td>12%</td> </tr> <tr> <td>Administration</td> <td>14%</td> </tr> </table> <p>Media 22%</p>	Media	22%	Strategy/consulting	21%	Technology	17%	Design	14%	Project management	12%	Administration	14%	<p>Shareholder structure</p> <table border="0"> <tr> <td>WPP plc., St. Helier</td> <td>50.33%</td> </tr> <tr> <td>Hauck & Aufhäuser</td> <td>3.09%</td> </tr> <tr> <td>HANSAINVEST</td> <td>3.03%</td> </tr> <tr> <td>Treasury stocks</td> <td>0.54%</td> </tr> <tr> <td>Free float</td> <td>43.01%</td> </tr> </table> <p>WPP plc. 50.33%</p>	WPP plc., St. Helier	50.33%	Hauck & Aufhäuser	3.09%	HANSAINVEST	3.03%	Treasury stocks	0.54%	Free float	43.01%
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Business development and Management Report

	3. Quarter			January-September		
	2018	2017	Change	2018	2017	Change
	in kEUR	in kEUR		in kEUR	in kEUR	
Sales	15,839	15,093	4.9%	48,062	45,373	5.9%
EBITDA	2,199	1,573	39.8%	6,142	4,486	36.9%
EBITDA margin	13.9%	10.4%	3.5pp	12.8%	9.9%	2.9pp
EBIT	1,751	1,283	36.5%	4,545	3,389	34.1%
EBIT margin	11.1%	8.5%	2.6pp	9.5%	7.5%	2.0pp
Financial income	100	521	-80.8%	335	1,429	-76.6%
Income before taxes	1,851	1,804	2.6%	4,880	4,818	1.3%
Net income	1,369	1,203	13.8%	3,693	3,371	9.6%
Earnings per share (EUR)	0.10	0.11	-9.7%	0.27	0.31	-14.2%
Liquid assets	17,675	9,904	78.5%	13,663	9,904	38.0%
Operating cash flow	4,314	5,671	n.a.	9,205	2,923	n.a.
Employees incl. freelancers	603	618	-2.4%	603	618	-2.4%

1. General

The following Group Management Report provides information on the performance of the SYZYGY Group (hereinafter referred to as “SYZYGY”, the “Group” or the “Company”). The consolidated financial statements on which the Group Management Report is based have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial year corresponds to the calendar year.

This short version of the Group Management Report is an optional quarterly financial report, focusing on company-related information. It does not include any comments on general trends in the economy and in the advertising market. Since these trends are not subject to short-term changes, please see the relevant information in the 2018 interim report.

2. Group profile

2.1. Business activities and structure

The SYZYGY Group is an international provider of creative, technological and media services for digital marketing. Overall, the Group had around 600 employees, including freelancers, at locations in Germany, the UK, Poland and the US as at the balance sheet date.

The Group consists of SYZYGY AG as the holding company and eleven subsidiaries:

- Ars Thanea SA
- Catbird Seat GmbH
- different GmbH
- Hi-ReS! London Ltd
- SYZYGY Berlin GmbH
- SYZYGY Deutschland GmbH
- SYZYGY Digital Marketing Inc
- SYZYGY Media GmbH
- SYZYGY UK Ltd
- Unique Digital Marketing Ltd
- USEEDS° GmbH

The SYZYGY Group's operating units cover the entire digital marketing value chain: from strategic consulting to project planning, concepts and design to technical realisation of brand platforms, business applications, websites, hosting, digital campaigns and mobile apps. Performance marketing and media services such as media planning, search engine marketing/optimisation and affiliate programmes are also a major business area. In addition, SYZYGY helps clients meet customer experience and usability requirements and assists them at every stage of the user-centred design process. Digital illustrations and animations round off the range of services.

The business focus is on the automotive, telecommunications/IT, services, consumer goods and financial/insurance sectors.

2.2. Group management

The organisational structure of the SYZYGY Group is decentralised. As the management holding company, SYZYGY AG manages the subsidiaries on the basis of quantitative and qualitative targets (management by objectives). The management teams in the individual companies operate largely independently, within the constraints of their targets and budgets. A control and reporting system is in place for management and monitoring purposes within the Group. It compares the financial figures against the budget on a monthly basis, while also highlighting key opportunities and risks.

DRS 20 stipulates that financial and non-financial performance indicators must be included in reporting if they are also used for the Group's internal management.

Financial performance indicators

The main financial performance indicators used for managing the SYZYGY Group are sales and earnings before interest and taxes (EBIT). They are presented and explained in detail in the following Management Report.

Non-financial performance indicators

As part of its reporting on sustainability, SYZYGY AG has issued a declaration of conformity that addresses the German Sustainability Code and its individual standards, while also assessing the relevance for the SYZYGY Group. The action areas with strategic importance for SYZYGY in this respect are

- client relationships,
- employees,
- growth and development of the Group,
- economic efficiency,
- environmental protection and
- corporate governance.

The SYZYGY Group pursues a style of corporate management based on sustainable growth. It adopts measures based on the above action areas that help drive the successful long-term performance of the SYZYGY Group. Further information on sustainability is available in the SYZYGY AG declaration of conformity under ir.syzygy.net and "Sustainability".

SYZYGY AG is exempt from preparing a non-financial declaration in accordance with Article 315b (2) sentence 2, HGB. The parent company, WPP plc., St. Helier, Jersey, publishes the non-financial declaration on its website at wpp.com/wpp/sustainability/.

2.3. Employees

The headcount at the SYZYGY Group declined slightly in the period covered by the report. The SYZYGY Group had a total of 555 permanent employees as at September 30, 2018. This represents a reduction of 12 people compared with June 30, 2018, or of 34 compared with the end of the same period of the previous year. Almost every unit in the SYZYGY Group registered a small decline in headcount compared with the previous quarter. Only SYZYGY Media (+5 people) and different (+6 people) increased their staff numbers. Year-on-year, the integration of 67 employees from different into the Group was unable to offset the job cuts at SYZYGY Berlin GmbH (-40 people), SYZYGY Deutschland GmbH (-21 people) and the London-based agencies (-30 people).

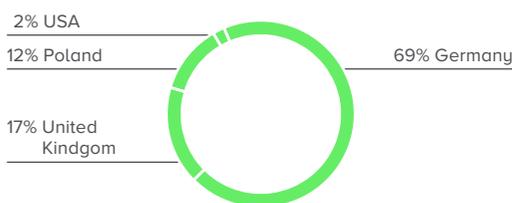
On average over the period, 607 people – including 48 freelancers – worked for the SYZYGY Group. Annualised sales per head were therefore EUR 102,000 (previous year: EUR 103,000, with an average headcount of 587, including 30 freelancers).

The number of freelancers was around 48 (based on FTEs) as at the reporting date, 3 fewer than in Q3 2017.

The following table shows the distribution of permanent employees by region:

Employees	09/30/2018	09/30/2017
Germany	379	377
United Kingdom	96	126
Poland	67	71
United States	13	15
Total	555	589

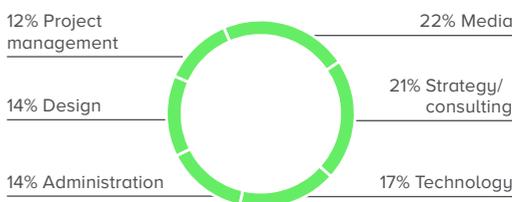
Employees by region



The proportion of employees in each function/work area has not changed significantly and breaks down as follows:

Employees	09/30/2018	09/30/2017
Media	124	143
Strategy/consulting	115	59
Technology	97	108
Administration	77	77
Design	77	104
Project management	65	98
Total	555	589

Employees by function



2.4. Net assets, financial position and results of operations of the SYZGY Group

2.4.1. Results of operations

The SYZGY Group reports billings and sales. The sales figures are arrived at by deducting media costs from billings. Media costs are incurred in the media companies as transitory items on the revenue and expenses side.

In the period under review, the SYZGY Group saw growth with regard to both figures. Billings were up 9 per cent to EUR 126.4 million compared with the same period of the previous year, while sales advanced by 6 per cent to EUR 48.1 million.

The positive performance of the German companies in particular contributed to this result, with the integration of different also being a factor.

Sales allocation by vertical markets



Sales by sector

Sales to automotive clients remained virtually unchanged compared with the previous year (30 per cent). Sales in the consumer goods sector decreased by four percentage points (previous year: 27 per cent) and with companies from the telecommunications/IT industry decreased by three percentage points (previous year: 12 per cent). Other sectors gained in importance, and due to changes in the client structure the "Services" sector was introduced and the financial sector was expanded to include insurance companies. 40 per cent of SYZGY's total sales were generated from its ten largest clients, a significant drop of 10 percentage points compared with the same period in the prior year.

2.4.2 Operating expenses and depreciation

The cost of sales rose by 4 per cent to EUR 34.8 million, thus increasing at a slightly slower rate than sales. Gross margin increased slightly compared with the prior-year period, rising from 26 to 28 per cent.

General administrative expenses increased by 18 per cent to EUR 5.6 million.

Sales and marketing costs totalled EUR 4.7 million in the first three quarters of 2018, representing a rise of 4 per cent.

Depreciation of fixed assets amounted to EUR 1.6 million, which was significantly up on the corresponding period of the prior year (EUR 1.1 million).

2.4.3. Operating income and EBIT margin

The SYZGY Group's operating profit rose by 34 per cent, increasing from EUR 3.4 million to EUR 4.5 million compared with the same period of the previous year; the EBIT margin thus increased to 9.5 per cent (previous year: 7.5 per cent).

2.4.4. Financial income

SYZGY generated financial income of EUR 0.3 million in the first nine months of 2018. This figure is 77 per cent below the prior-year period and corresponds to an annualised return of 4.7 per cent on average available securities holdings. Financial income primarily comprises interest income from corporate bonds and gains realised on securities.

2.4.5 Income taxes, net income, earnings per share

Business performance at the SYZYGY Group is reflected in pre-tax income of EUR 4.9 million, roughly the same as in the previous year (EUR 4.8 million). After income taxes of EUR 1.2 million, net income was EUR 3.7 million.

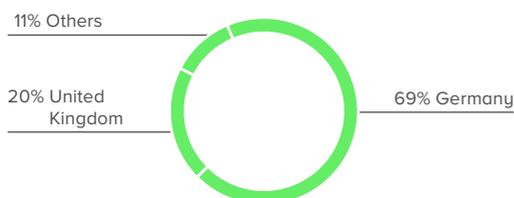
Undiluted earnings per share were EUR 0.27, based on the average available 13,421 thousand shares qualifying for participation in the profits and after deducting minority shares of EUR 0.1 million. This is below the level achieved in the same period of the prior year (EUR 0.31).

2.4.6. Segment reporting

In accordance with IFRS 8, which is based on the management approach, SYZYGY uses geographical criteria to report segments and thus distinguishes between Germany, the UK and "Other". The latter category includes Ars Thanea and SYZYGY Digital Marketing Inc. Under IFRS 8.13, these companies are not big enough to be reported as geographically independent segments.

In the third quarter of 2018, the individual segments contributed to earnings as follows, compared with the same period in the previous year:

Share of Group sales (consolidated)



	Germany		United Kingdom		Others (Poland + USA)	
	2018	2017	2018	2017	2018	2017
9M in kEUR						
Sales (not consolidated)	34,289	28,037	10,177	11,417	5,593	6,229
Operating income (EBIT)	4,632	2,314	203	921	741	891
Operating income (EBIT) in %	13,5	8,3	2,0	8,1	13,2	14,3
Share of Group sales (consolidated) in %	69	61	20	25	11	14

2.4.7. Financial position

SYZYGY had liquidity reserves totalling EUR 17.7 million as at the balance sheet date, corresponding to an increase of EUR 1.7 million or 11 per cent compared with December 31, 2017. Both components were up: liquid funds increased by EUR 0.8 million to EUR 7.8 million, while securities holdings rose from EUR 9.0 million to EUR 9.9 million.

56 per cent of funds were invested in corporate bonds, while 44 per cent were accounted for by bank deposits. The average residual maturity of the bonds was 6.1 years.

Total cash flow of the SYZYGY Group was positive as at the reporting date, at EUR 0.7 million. Positive operating cash flow of EUR 9.2 million exceeded the negative cash flow from investment operations of EUR -2.1 million and the negative cash flow from financing activities, reflecting payment of the dividend of EUR 5.2 million. Positive operating cash flow is mainly due to positive net income of EUR 3.7 million and the rise in current liabilities to EUR 6.5 million.

Negative cash flow from investment operations is primarily the result of acquiring securities worth EUR 4.3 million and selling securities in the amount of EUR 2.9 million.

2.4.8. Asset situation

The SYZYG Group's total assets increased slightly to EUR 107.5 million as at the reporting date. The increase of EUR 2.9 million compared with December 31, 2017 represents a small rise of 3 per cent.

Non-current assets declined slightly by EUR 1.0 million to EUR 65.5 million. This decline is almost exclusively attributable to the reduction in other intangible assets and fixed assets by EUR 1.0 million to EUR 6.9 million, as depreciation exceeds investments by this amount.

Current assets, meanwhile, increased by EUR 3.8 million, or 9 per cent, to EUR 42.0 million. This was due to a rise in accounts receivable of EUR 20.3 million to EUR 21.7 million and an increase in securities and in liquid funds by 11 per cent or EUR 1.7 million to EUR 17.7 million.

At EUR 53.1 million, equity was EUR 2.8 million or 5 per cent below the figure as at December 31, 2017. The decrease is due to the profit distribution of EUR 5.2 million on June 20, 2018. This corresponds to an equity ratio of 49 per cent.

Other net income was EUR -0.6 million for the period under review, with the result that other accumulated net income amounted to EUR -2.4 million, i.e. 24 per cent below the figure as at December 31, 2017. This item mainly comprises unrealised rate changes for foreign currency positions and unrealised price changes on securities.

At EUR 34.6 million, current liabilities were EUR 8.3 million or 24 per cent higher than the level as at year-end 2017 (EUR 26.4 million). This mainly includes a rise in accounts payable of EUR 6.6 million and an increase in advance payments received of EUR 0.7 million.

2.5. Expected performance of the SYZYG Group

Although the macroeconomic outlook is marked by uncertainty, SYZYG believes that conditions are very favourable for further growth. The continuing shift of marketing budgets to digital channels is an additional source of support and impetus. Having said that, purely online advertising, to which the above statistics refer, represents just one aspect of the complex digital marketing sector and only makes up part of the Group's portfolio of services.

The Management Board of SYZYG AG is maintaining the forecast and expects double-digit sales growth in the current financial year, with a rise in the EBIT margin in the upper single-digit range. Growth is expected chiefly in Germany, while the performance of all other segments will be broadly unchanged or decline somewhat.

The results of the SYZYG Group will be determined by the performance of the operating units and the future interest income of SYZYG AG.

Bad Homburg v. d. H., November 2, 2018

SYZYG AG
The Management Board

SYZYG AG, Bad Homburg v.d.H.

Consolidated balance sheet as at September 30, 2018

Assets	09/30/2018	09/30/2017	12/31/2017
	kEUR	kEUR	kEUR
Non-current assets			
Goodwill	58,125	44,203	58,165
Other Fixed assets, net	6,853	5,593	7,834
Fixed Asset Investments	200	200	200
Other assets	264	642	219
Deferred tax assets	52	532	35
Total non-current assets	65,494	51,170	66,453
Current assets			
Cash and cash equivalents	7,775	5,549	7,017
Marketable securities	9,900	4,355	8,964
Accounts receivable, net	21,749	20,931	20,279
Prepaid expenses and other current assets	2,537	8,371	1,865
Total current assets	41,961	39,206	38,125
Total assets	107,455	90,376	104,578
Equity and Liabilities			
	09/30/2018	09/30/2017	12/31/2017
	kEUR	kEUR	kEUR
Equity			
Common stock*	13,500	13,010	13,500
Additional paid-in capital	27,069	22,326	27,069
Own shares	-407	-407	-407
Accumulated other comprehensive income	-2,396	-2,118	-1,815
Retained earnings	15,695	17,201	18,033
Equity attributable to shareholders of SYZYG AG	53,461	50,012	56,380
Minorities	-330	-308	-447
Total Equity	53,131	49,704	55,933
Non-current liabilities			
Long term liability	19,403	11,732	21,871
Deferred tax liabilities	276	189	411
Total non-current liabilities	19,679	11,921	22,282
Current liabilities			
Tax accruals	508	1,639	255
Accrued expenses	9,401	11,759	9,216
Customer advances	7,103	3,489	6,376
Accounts payable	14,403	9,514	7,754
Other current liabilities	3,230	2,350	2,762
Total current liabilities	34,645	28,751	26,363
Total liabilities and equity	107,455	90,376	104,578

* Contingent Capital kEUR 1,200 (prior year: kEUR 1,200).

The accompanying notes are an integral part of the financial statements.

SYZYG AG, Bad Homburg v.d.H.

Consolidated statement of comprehensive income as at September 30, 2018

	3. Quarter			January-September			
	2018	2017	Change	2018	2017	12/31/2017	Change
	kEUR	kEUR		kEUR	kEUR	kEUR	
Billings	41,927	49,725	-16%	126,389	115,722	152,165	9%
Media costs	-26,088	-34,632	-25%	-78,327	-70,349	-91,496	11%
Sales	15,839	15,093	5%	48,062	45,373	60,669	6%
Cost of revenues	-11,087	-11,248	-1%	-34,827	-33,622	-46,150	4%
Sales and marketing expenses	-1,455	-1,785	-18%	-4,714	-4,527	-6,271	4%
General and administrative expenses	-1,815	-1,524	19%	-5,562	-4,715	-7,389	18%
Other operating income/expense, net	269	747	-64%	1,586	880	3,237	80%
Operating profit (EBIT)	1,751	1,283	36%	4,545	3,389	4,096	34%
Financial income, net	100	521	-81%	335	1,429	1,440	-77%
Income before income taxes (EBT)	1,851	1,804	3%	4,880	4,818	5,536	1%
Income taxes	-482	-601	-20%	-1,187	-1,447	-1,301	-18%
Total net income of the period	1,369	1,203	14%	3,693	3,371	4,235	10%
thereof net income share to other shareholders	36	-183	-120%	123	-606	-754	n.a.
thereof net income share to shareholders of SYZYG AG	1,333	1,386	-4%	3,570	3,977	4,989	-10%
Items that will not be reclassified to profit and loss:	0	0	n.a.	0	0	0	n.a.
Items that will or may be reclassified to profit and loss:							
Currency translation adjustment from foreign business operations	162	-453	n.a.	-162	-561	-149	-71%
Net unrealized gains/losses on marketable securities, net of tax	128	-200	-164%	-419	-20	-115	n.a.
Other comprehensive income	290	-653	-144%	-581	-581	-264	0%
Comprehensive income	1,659	550	202%	3,112	2,790	3,971	12%
thereof income share to other shareholders	43	-189	-123%	117	-601	-740	-119%
thereof income share to shareholders of SYZYG AG	1,616	739	n.a.	2,995	3,391	4,711	-12%
Earnings per share from total operations (basic in EUR)	0.1	0.11	0%	0.27	0.31	0.39	-15%

The accompanying notes are an integral part of the financial statements.

SYZGY AG, Bad Homburg v.d.H.

Statement of changes in equity as at September 30, 2018

	Number of shares (in 1,000)	Common stock	Additional paid-in capital	Own shares	Retained earnings	Accum. other compre- hensive income			Minority interest	Total equity
						Foreign exchange currency	Unrealised gains and losses	Equity attributable to shareholders of SYZGY AG		
	Shares	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
January 1, 2017	12,828	12,828	20,537	-407	18,071	-1,827	290	49,492	293	49,785
Net income of the period					4,989			4,989	-754	4,235
Other comprehen- sive income						-163	-115	-278	14	-264
Comprehensive income					4,989	-163	-115	4,711	-740	3,971
Capital Increase	672	672	6,532					7,204	0	7,204
Dividend					-4,847			-4,847	0	-4,847
Payment to minorities					-180			-180	0	-180
December 31, 2017	13,500	13,500	27,069	-407	18,033	-1,990	175	56,380	-447	55,933
January 1, 2018	13,500	13,500	27,069	-407	18,033	-1,990	175	56,380	-447	55,933
Net income of the period					3,570			3,570	123	3,693
Other comprehen- sive income						-162	-419	-581	-6	-587
Comprehensive income					3,570	-162	-419	2,989	117	3,106
Dividend					-5,236			-5,236	0	-5,236
Payment to minorities					-672			-672	0	-672
Sept. 30, 2018	13,500	13,500	27,069	-407	15,695	-2,152	-244	53,461	-330	53,131

The accompanying notes are an integral part of the financial statements.

SYZYG AG, Bad Homburg v.d.H.

Consolidated statement of Cash Flows as at September 30, 2018

	January-September		
	2018	2017	2017
	kEUR	kEUR	kEUR
Period net income	3,693	3,371	4,235
Adjustments to reconcile income from operations to net cash provided by operating activities			
– Depreciation on fixed assets	1,597	1,097	2,083
– Profit (-) and loss (+) on sale of securities	-18	-1,110	-1,254
– Profit (-) / loss (+) on sale of fixed assets	25	12	87
– changes in Earn-Out liabilities	-1,052	-2,013	-3,175
– Profit (-)/Loss(+) on sale of fixed asset investments	-27	-106	-106
– Other non-cash income and expenses	-398	84	349
Changes in operating assets and liabilities:			
– Accounts receivable and other assets	-1,981	-1,165	2,623
– Customer advances	712	-1,332	1,547
– Accounts payable and other liabilities	6,530	3,511	-1,512
– Tax accruals and payables, deferred taxes	124	574	-99
Cash flows provided by operating activities	9,205	2,923	4,778
Changes in other non-current assets	-43	-2	468
Investments in fixed assets	-639	-3,410	-5,263
Purchases of marketable securities	-4,261	-5,542	-11,809
Proceeds from sale of marketable securities	2,902	17,553	19,256
Changes from fixed asset investments	-13	80	80
Acquisition of consolidated entities less liquid funds	0	-7,221	-6,598
Cash flows used in investing activities	-2,054	1,458	-3,866
Change in bank loans	-551	0	4,762
dividend paid to minority shareholders	-672	-180	-180
dividend paid to shareholders of SYZYG AG	-5,236	-4,847	-4,847
Cash flows from financing activities	-6,459	-5,027	-265
Total	692	-646	647
Cash and cash equivalents at the beginning of the period	7,017	6,571	6,571
Exchange rate differences	66	-376	-201
Cash and cash equivalents at the end of the period	7,775	5,549	7,017

The accompanying notes are an integral part of the financial statements.

Operating cashflow includes paid interest in the amount of kEUR 26 (prior year: kEUR 9), received interest in the amount of kEUR 132 (prior year: kEUR 326) as well as paid taxes in the amount of kEUR 410 (prior year: kEUR 971).

SYZYGY AG, Bad Homburg v.d.H.

Notes to the Consolidated Financial Statements

Accounting

Pursuant to the provisions of Article 50 para 6 BörsO (German stock exchange regulations) in conjunction with Article 37 w para 2 WpHG, the financial report of SYZYGY AG for the first nine months of 2018 comprises interim consolidated financial statements and an interim Group Management Report. The interim consolidated financial statements were prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) for interim financial reporting as applicable within the European Union. The unaudited interim financial statements were prepared in compliance with IAS 34 and in accordance with DRS 16. Accordingly, the company elected to produce a short-form report, compared with the consolidated financial statements as at December 31, 2017. The Management Report was prepared in accordance with the applicable requirements of the WpHG. The interim financial report has not been audited in accordance with section 37 (w) para 7 of the German Securities Trading Act (WpHG).

The same accounting and consolidation principles were applied as described in the notes to the financial statements in the 2017 annual report. Individual items in the balance sheet and consolidated statement of comprehensive income are likewise presented using the same valuation principles as described and applied in the annual report for 2017. The financial figures and associated information must therefore be read in conjunction with the annual report on the consolidated financial statements for 2017.

Business activities of the SYZYGY Group

The SYZYGY Group is an international provider of creative, technological and media services for digital marketing. SYZYGY AG acts as a management holding company that provides its subsidiaries with central services relating to strategy, design, planning, technology development, accounting, IT infrastructure and finance. SYZYGY AG also supports the subsidiaries in their new business activities. As operating entities, the subsidiaries are responsible for providing consultancy and other services. With branches in Bad Homburg v. d. H., Berlin, Frankfurt/Main, Hamburg, London, Munich, New York and Warsaw, they offer large global companies an integrated portfolio of solutions, from strategic consulting to project planning, concepts and design to technical realisation of brand platforms, business applications, websites, hosting, online campaigns and mobile apps. Online media services such as media planning, search engine marketing/optimisation and affiliate programmes are also a major business area. In addition, SYZYGY helps clients meet customer experience and usability requirements and assists them at every stage of the user-centred design process. Digital illustrations and animations round off the range of services. The Group's business focus is on the automotive, telecommunications/IT, services and consumer goods industries, as well as finance and insurances.

Scope of consolidation and principles

As at September 30, 2018, the following subsidiaries were included in the consolidated financial statements of SYZYGY AG and fully consolidated:

- Ars Thanea S.A., Warsaw, Poland (Ars Thanea for short)
- Catbird Seat GmbH, Munich, Germany (Catbird Seat for short)
- different GmbH, Berlin, Germany (different for short)
- Hi-ReS! London Ltd, London, United Kingdom (Hi-ReS! LON for short)
- SYZYGY Berlin GmbH, Berlin, Germany (SYZYGY BER for short)
- SYZYGY Deutschland GmbH, Bad Homburg v. d. H., Germany (SYZYGY Deutschland for short)
- SYZYGY Digital Marketing Inc., New York City, United States of America (SYZYGY NY for short)
- SYZYGY Media GmbH, Hamburg, Germany (SYZYGY Media DE for short)
- SYZYGY UK Ltd, London, United Kingdom (SYZYGY UK for short)
- Unique Digital Marketing Ltd, London, United Kingdom (Unique Digital UK for short)
- USEEDS° GmbH, Berlin, Germany (USEEDS for short)

Effective January 1, 2018 SYZYGY has acquired a further 10 percent of the shares in USEEDS° GmbH. The entry in the commercial register took place on March 12, 2018.

Information on general consolidation principles is provided in the 2017 annual report from page 67 onwards.

Application of release Standards (IFRS) and Interpretation (IFRIC)

The impact of first-time application of amended IFRS 16 on the SYZYGY Group's consolidated net assets, financial position and results of operations has been examined and SYZYGY expects that total assets will increase by around EUR 30 million. As this increase is reflected both in assets and in liabilities, but not in equity, the equity ratio will fall. At the current level of interest rates, SYZYGY expects only a marginal effect on operating income (EBIT) and on financial income. As a rule, the right-of-use asset value (cash value plus initial direct costs less lease incentive) of the leasing or rental payments is recognised as an asset and amortised over the life of the agreements. A rental or leasing liability is recognised in the same amount as the asset. The difference between payment flow and amortisation is recognised as an expense in financial income and is dependent on the underlying interest rate. SYZYGY will carry out a more detailed analysis as part of the planning process for the 2019 financial year.

Segment reporting

Application of IFRS 8 requires segment reporting in accordance with the Group's management approach. SYZYGY thus bases segment reporting on geographical lines.

As the holding company, SYZYGY AG mainly delivers services to the operating units and therefore needs to be considered separately as a provider of central functions. The UK segment consists of SYZYGY UK, Unique Digital UK and Hi-ReS! LON.

The Germany segment comprises Catbird Seat, different, SYZYGY Berlin, SYZYGY Deutschland, SYZYGY Media and USEEDS. SYZYGY NY is no longer reported as a geographically distinct segment. Therefore, it is presented with Ars Thanea in the area "Other segments". The comparative figures have been adjusted accordingly.

September 30, 2018	Germany	UK	Other segments	Central functions	Consolidation	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Billings	76,714	25,062	26,610	250	-2,247	126,389
Media costs	-42,425	-14,885	-21,017	0	0	-78,327
Sales	34,289	10,177	5,593	250	-2,247	48,062
of which internal sales	1,037	22	1,188	0	-2,247	0
Operating income (EBIT)	4,632	203	741	-1,031	0	4,545
Financial income	106	129	-8	2,938	-2,830	335
Earnings before tax (EBT)	4,738	332	733	1,907	-2,830	4,880
Assets	74,532	19,657	12,798	88,750	-88,282	107,455
of which non-current assets	47,164	9,832	6,890	1,092	0	64,978
of which goodwill	43,545	8,024	6,556	0	0	58,125
Investments	970	32	46	121	0	1,169
Depreciation and amortisation	1,069	279	153	96	0	1,597
Impairment on goodwill	0	0	0	0	0	0
Segment liabilities	25,198	7,381	4,900	33,559	-16,714	54,324
Employees as per balance sheet date	356	96	80	23	0	555

September 30, 2017	Germany	UK	Other segments	Central functions	Consolidation	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Billings	50,864	36,289	29,330	3,046	-3,807	115,722
Media costs	-22,827	-24,872	-22,650	0	0	-70,349
Sales	28,037	11,417	6,229	3,046	-3,356	45,373
of which internal sales	2,449	59	848	0	-3,356	0
Operating income (EBIT)	2,314	921	891	-737	0	3,389
Financial income	133	0	-4	1,720	-420	1,429
Earnings before tax (EBT)	2,447	921	887	983	-420	4,818
Assets	47,401	24,746	13,925	66,578	-62,274	90,376
of which non-current assets	32,690	9,061	6,940	1,105	0	49,796
of which goodwill	29,653	8,024	6,526	0	0	44,203
Investments	1,618	791	49	1,080	0	3,538
Depreciation and amortisation	824	128	131	14	0	1,097
Impairment on goodwill	0	0	0	0	0	0
Segment liabilities	8,921	11,577	4,985	17,661	-2,472	40,672
Employees as per balance sheet date	354	126	86	23	0	589

The individual segments apply the same accounting principles as the consolidated entity. The criteria primarily used by SYZYGY AG to assess the performance of the segments include sales and EBIT. Sales to third parties are allocated on the basis of the registered office of the company unit that makes the sale. Information on the geographical regions in relation to segment sales and non-current assets can be derived from the segment disclosures summarised below. Sales included in segment reporting consist of sales to external clients and intersegment sales. Transactions within segments, which are charged at market prices, were eliminated.

Segment assets are equivalent to total assets plus the goodwill attributable to the respective segment, less receivables attributable to companies in the same segment.

Segment investments comprise investments in intangible assets and fixed assets.

Segment liabilities correspond to total liabilities excluding equity plus minority shares attributable to the respective segment, less liabilities attributable to companies in the same segment.

Treasury stock

SYZYGY is authorised to resell or call in treasury shares, to offer them to employees of the company as compensation, or to offer treasury shares to third parties in the course of acquiring companies. Treasury shares do not entitle SYZYGY to any dividend or voting rights. The extent of the share buyback is shown as a separate item to be deducted from equity.

On May 29, 2015, the Annual General Meeting authorised the Management Board to acquire a maximum of 10 per cent of the Company's outstanding shares until May 28, 2020.

As of September 30, 2018, SYZYGY held 73,528 treasury shares at an average acquisition cost of EUR 5.54.



Directors' dealings

Current holdings of shares and transactions carried out in the period under review are disclosed in the following tables:

Management Board: Shares

[Number of shares]	Lars Lehne	Erwin Greiner	Frank Ladner	Total
As at December 31, 2017	10,000	0	0	10,000
Purchases	0	0	0	0
Sales	0	0	0	0
As at September 30, 2018	10,000	0	0	10,000

Supervisory Board: Shares

[Number of shares]	Wilfried Beeck	Rupert Day	Andrew Payne	Ralf Hering	Total
As at December 31, 2017	10,000	0	0	0	10,000
Purchases	0	0	0	0	0
Sales	0	0	0	0	0
As at September 30, 2018	10,000	0	0	0	10,000

The members of the Management Board and Supervisory Board do not hold any options.

Management Board: Stock programme

In the 2013 financial year, the Group set up a stock programme whereby the Group undertook to transfer a certain number of shares to employees after 3 years. Alternatively, the employee is entitled to receive the market value as at the date of transfer in cash, instead of the shares. In 2017, before joining the Management Board, Frank Ladner received an entitlement of 10,000 SYZYG shares as part of the stock programme, due in 2020.

Management Board: Phantom stocks

[Number of shares]	Lars Lehne	Erwin Greiner	Frank Ladner	Total
As at December 31, 2017	240,000	45,000	0	285,000
Additions	0	80,000	55,000	135,000
Disposals	0	0	0	0
As at September 30, 2018	240,000	125,000	75,000	420,000

The phantom stock programme was launched in 2015. Under this arrangement the eligible employee receives the difference between the share price on the date of granting and the share price on exercise of the phantom stocks as a special payment. 40 per cent of the phantom stocks granted (Tranche 1) are not exercisable until at least 2 years have elapsed and will lapse after 3 years at the latest, while 60 per cent of the phantom stocks granted (Tranche 2) are not exercisable until at least 3 years have elapsed and will lapse after 4 years at the latest. The maximum price increase is limited to 60 per cent for Tranche 1 and to 90 per cent in the case of Tranche 2.

The base price for 45,000 phantom stocks from Erwin Greiner is EUR 9.00, the base price from Lars Lehne is EUR 9.13 and the additions for Erwin Greiner and Frank Ladner are based at EUR 11.25. Further information can be found in the Annual Report 2017 starting on page 64.

Shareholder structure

As of September 30, 2018, the shareholders' structure has changed slightly compared to December 31, 2017.

The shareholders' structure of the Company at the reporting date was as follows:

in Thousand	Shares	per cent
WPP plc., St. Helier	6,795	50.33
Hauch & Aufhaeuser Fund Services S.A.	416	3.09
HANSAINVEST Hanseatische Investment GmbH	408	3.03
Free Float	5,807	43.01
Treasury Stock	74	0.54
Total	13,500	100.00

Bad Homburg v. d. H., November 2, 2018

SYZYG AG

The Management Board

Financial calendar 2018/2019

German Equity Forum, Frankfurt 11/26-28	MKK – Munich Capital Market Conference 11/11-12	Annual Report 2018 (English version: 04/12) 03/29
3-Month-Report (English version: 05/10) 05/03	Annual General Meeting, Frankfurt 06/07	Half-Year-Report (English version: 08/09) 08/02
9-Month-Report (English version: 11/08) 11/01		

All dates are subjects to change.

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WILFRIED BEECK
MANAGEMENT BOARD: LARS LEHNE,
ERWIN GREINER, FRANK LADNER

