

SYZYG GROUP

Bad Homburg, February 7, 2024

SYZYG GROUP increases sales by 2 per cent to EUR 71.7 million in 2023 – operating EBIT margin around 7 per cent

- Sales increase to EUR 71.7 million (+2 per cent compared to previous year)
- Adjusted operating income (excluding goodwill write-downs and restructuring costs) of EUR 5.2 million (-16 per cent compared to previous year), corresponding to an operating EBIT margin of around 7 per cent
- Core German market: Sales of EUR 57.4 million (+4 per cent compared to previous year) and an EBIT margin of 10 per cent after adjusting for restructuring costs and goodwill write-downs
 - Weakness in strategy consulting division led to restructuring costs of around EUR 1.2 million and goodwill write-downs of EUR 4.7 million
 - All other divisions showed growth in revenues and margins
- UK and US segment: Sales of EUR 8.4 million (-16 per cent compared to previous year) and an EBIT margin of 9 per cent
- Poland segment: Sales of EUR 6.1 million (+3 per cent compared to previous year) and an EBIT margin of 16 per cent
- Suspension of dividend for 2023 financial year to boost equity and liquidity
- **Outlook for 2024:** Sales at the previous year's level with an EBIT margin of around 10 per cent

Provisional figures indicate that the SYZYG GROUP increased its sales by 2 per cent to EUR 71.7 million in the 2023 financial year. It generated operating income of EUR 5.2 million, adjusted for goodwill write-downs (EUR 4.7 million) and restructuring costs (EUR 1.2 million), corresponding to an EBIT margin of around 7 per cent.

The core German market continued to provide a stable environment for the SYZYG GROUP, even though the result was affected by the weakness in the strategy consulting division. From the second quarter of 2023 onwards, strategy consultancy firm different posted weaker performance than originally expected in its product and service innovation business. This was attributable to the reluctance on the part of several existing clients to invest, budget cuts and the generally recessionary market environment. The associated restructuring measures led to expenditure of EUR 1.2 million in the third and fourth quarter and a goodwill write-down of EUR 4.7 million in the period covered by the report. The SYZYG GROUP's operational viability and cash flow are unaffected by these effects.

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All other divisions of the German business showed growth in revenues and margins thanks to a robust business with existing clients and success in acquiring new clients.

Overall, sales increased by 4 per cent to EUR 57.4 million, with an operating profitability of 10 per cent. Around 80 per cent of total sales are attributable to the Group's home market.

In the UK and US, sales were down by 16 per cent to EUR 8.4 million, due to a reluctance on the part of some existing clients to invest. The operating EBIT margin was 9 per cent.

The Polish company was able to increase its sales compared to the previous year. Sales were up 3 per cent at EUR 6.1 million, with an EBIT margin of 16 per cent.

Financial income was negative at EUR -1.3 million in the reporting period, resulting in total net income of some EUR -2.7 million after taxes. Earnings per share amounted to around EUR -0.21.

"Following implementation of the restructuring measures in the strategy consultancy division, the SYZYG GROUP is very well positioned as we enter the 2024 financial year. Due to ongoing strong demand for our services in the digital experiences space, we expect to maintain our previous level of sales in 2024, despite a recession in Germany, combined with significantly improved profitability," says SYZYG GROUP CTO Frank Ladner.

Proposed dividend for the 2023 financial year

The SYZYG GROUP is committed to sharing business performance appropriately with its shareholders and at the same time maintaining the continuity of dividends. Due to negative total net income and in order to strengthen the SYZYG GROUP's capital base and liquidity reserves, the Management Board and Supervisory Board have decided to recommend suspending the dividend payment for the 2023 financial year as a one-off measure at the Annual General Meeting. This decision underlines the Group's commitment to creating a solid financial basis for sustainable growth.

Forecast

Based on the information available to date, the SYZYG GROUP expects sales to be maintained at the previous year's level in the 2024 financial year, with an EBIT margin of around 10 per cent before goodwill write-downs.

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kEUR	2023	2022	Change
Sales	71,742	70,612	2%
Operating income (EBIT, adjusted)	5,235	6,208	-16%
EBIT margin (adjusted)	+7.3%	+8.8%	-1.5pp
Restructuring costs	-1,196	0	n.a.
Goodwill write-downs	-4,737	-11,413	n.a.
Operating income (EBIT)	-698	-5,205	+87%
EBIT margin	-1.0%	-7.4%	+6.4pp
Financial income	-1,291	-849	-52%
Net income before tax	-1,989	-6,054	+67%
Net income	-2,746	-7,381	+63%
Cash flow from operating activities	10,243	12,563	-18%
Earnings per share (EUR)	-0.21	-0.56	+63%

The full annual report for 2023 will be available from March 28, 2024 at www.szygy-group.net/investors.

About the SYZYG GROUP

The SYZYG GROUP is one of the leading consultancy and implementation partners for digital experiences in Germany. We believe that positive digital experiences have a major impact on the quality of customer relationships – making them vital for brand and corporate success.

The SYZYG GROUP was established in 1995 and has a presence across four countries in Bad Homburg, Berlin, Frankfurt, Hamburg, Munich, London, New York and Warsaw. As a public company, SYZYG AG has been listed on the Prime Standard of the Frankfurt Stock Exchange since 2000.

In addition to **SYZYG** as the core brand, the Group includes enterprise technology specialist **SYZYG Techsolutions**, performance marketing and media specialist **SYZYG Performance**, design studio **Ars Thanea** and strategy consultancy **different**.

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The SYZYGY GROUP's approximately 600 specialists support brands such as BMW, Bosch, the German government, Commerzbank, Consorsbank, Eucerin, HUK-Coburg, Hymer, Kyocera, Lufthansa, Mazda, Mercedes-Benz, Miles & More, mobile.de, o2 Telefónica, PayPal, Porsche, Volkswagen, Wempe and Wirex.

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