

# SYZYGY GROUP

## Disclosure of inside information pursuant to Article 17 of the Market Abuse Regulation (MAR)

Bad Homburg, July 4, 2023

### **SYZYGY GROUP reduces forecast for revenue growth for the 2023 financial year to a low single-digit percentage range**

- Sales to increase in lower single-digit percentage range instead of previously forecast growth of 6-8%
- EBIT margin of 5-7% before goodwill write-down compared to previously forecast figure of around 9-10%
- Order restraint and budget cuts in consulting business of service and product innovations lead to lower growth assumption
- Capacity adjustment in the consulting business as well as the focusing of the service portfolio causes restructuring expenses of around 1.5 percentage points of the EBIT margin
- Associated goodwill write-down of approximately EUR 4.2 million
- Restructuring and focusing will be commenced immediately and completed in the third quarter of 2023
- Development of the core business continues to develop positively all around according to plan – currently increasing number of consulting requests for brand, transformation and sustainability.
- SYZYGY GROUP's sales of EUR 30 million from January to May (+5% sales growth)

Based on sales performance in the second quarter of 2023, the SYZYGY GROUP expects sales to be below previous expectations in the second half of the year, leading to a corresponding adjustment of its trading forecast for the 2023 financial year.

The consulting business in the area of product and service innovation within SYZYGY GROUP recorded an increasingly weaker development than originally expected in March, particularly in the course of the second quarter of 2023. The main reasons for this are the investment restraint of several existing customers, resulting budget cuts as well as the generally recessive market environment. Overall, when the annual forecast was confirmed at the end of April 2023, significantly stronger demand for consulting services for product and service innovation was expected. This expectation has changed significantly in the current quarter. Therefore, it is necessary to adjust the growth forecast of SYZYGY GROUP.

The adjustment of the cost structures will only become apparent with a time lag, which means that the restructuring expenses will burden the EBIT margin in the current year. Around 1.5 percentage points of

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the EBIT margin are attributable to restructuring and focusing. The measures will be initiated immediately and completed in the 3rd quarter 2023. As a result, this will also lead to a goodwill impairment of around EUR 4.2 million.

The Group's core businesses, including Digital Transformation in Marketing and Sales, Digital Marketing, and IT Services, continue to show an all-around positive development and are on track. In addition, we are currently seeing a growing number of consulting requests in the areas of brand, transformation, and sustainability.

In this context, the SYZYGY GROUP generated total sales of around EUR 30 million in the first 5 months of the financial year (January to May), corresponding to sales growth of 5 per cent on the prior-year period.

## Forecast 2023

Based on the information available to date, the SYZYGY GROUP expects sales growth in the lower single-digit percentage range in the 2023 financial year, with an EBIT margin of between 5 and 7 per cent before goodwill write-down.

This year's Annual General Meeting will be held on July 11, 2023 as a virtual event without the physical presence of shareholders. The Management Board and Supervisory Board will propose a dividend of EUR 0.22 per share for the 2022 financial year at the Annual General Meeting.

The full quarterly report as at March 31, 2023 will be available from July 28, 2023 at [www.syzygy-group.net/investors](http://www.syzygy-group.net/investors).

## About the SYZYGY GROUP

The SYZYGY GROUP has around 600 specialists dedicated to digitisation of brands and business processes. Together, we build long-lasting customer relationships through better digital experiences. The SYZYGY 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, SYZYGY AG has been listed on the Prime Standard of the Frankfurt Stock Exchange since 2000.

The SYZYGY GROUP includes leading consultancy and implementation partner for marketing and sales transformation **SYZYGY**, enterprise technology specialist **SYZYGY Techsolutions**, performance marketing and media specialist **SYZYGY Performance**, VR specialist **SYZYGY Xrealities**, strategy consultancy **different** and design studio **Ars Thanea**.

The SYZYGY GROUP companies support brands such as BMW, Bosch, the German government, Commerzbank, Consorsbank, Deliveroo, Eucerin, Frankfurt Book Fair, Fisker, Hymer, Kyocera, Lufthansa,

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Mazda, Mercedes-Benz, Miles & More, mobile.de, o2 Telefónica, PayPal, Porsche, Volkswagen, Wempe and Wirex.

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