

SYZYG GROUP

Half-Year- Report

/

06

30
2023

Interim Report

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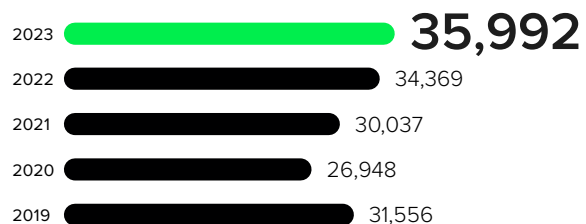
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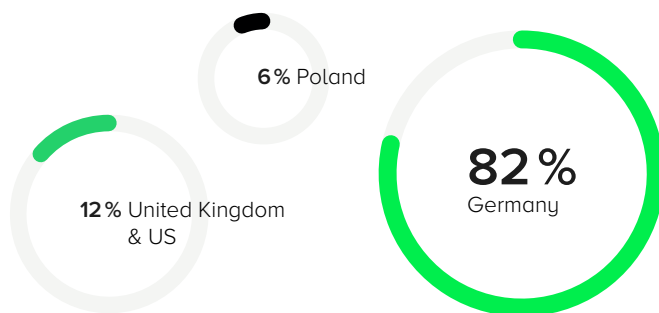


Key financial figures

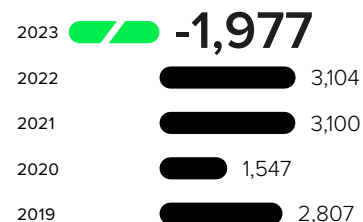
as per 06/30/2023



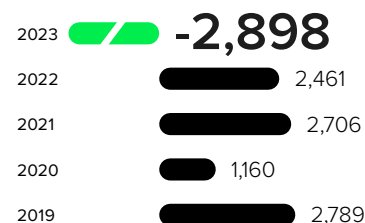
Development of sales (in kEUR)



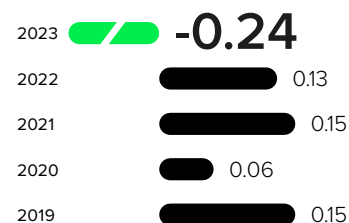
Sales by segments



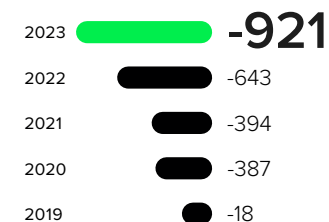
Operating income (in kEUR)



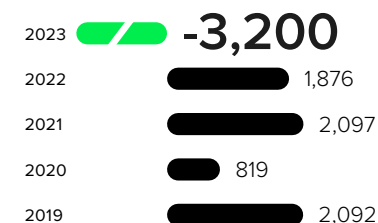
Income before taxes (in kEUR)



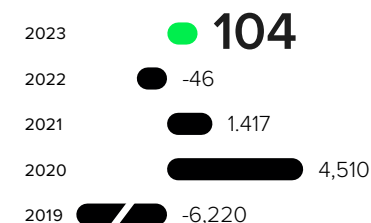
Earnings per share undiluted (in EUR)



Financial income (in kEUR)

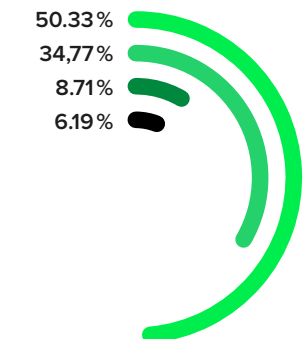


Net income (in kEUR)



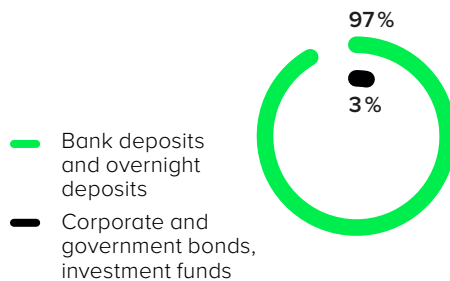
Operating cash flow (in kEUR)



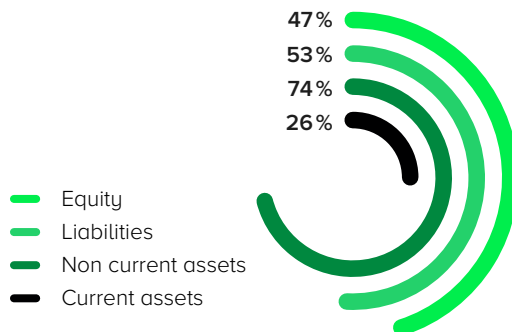


WPP plc., St. Helier
 Private investors/others
 Institutional investors
 HANSAINVEST

Shareholder structure



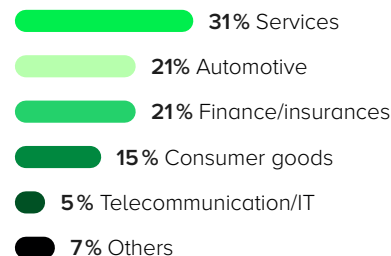
Portfolio structure of cash and marketable securities



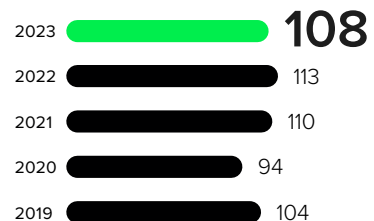
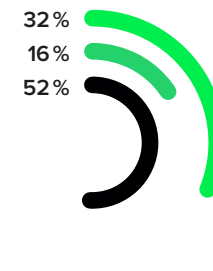
Equity
 Liabilities
 Non current assets
 Current assets

Balance sheet structure

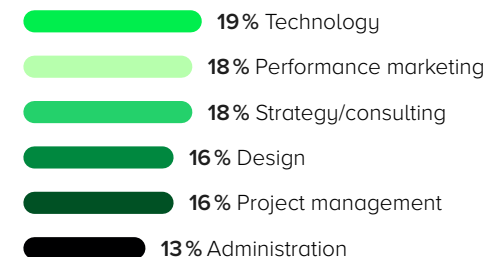
The SYZYGY GROUP's core business, particularly the digital transformation of marketing and sales, digital marketing and IT services, continues to perform well overall.



Sales allocation by vertical markets

Sales by employee
annualised (in kEUR)

Sales by clients' volume



Employees by function



Business development and Group Management Report

	2. Quarter			January - June		
	2023	2022	Change	2023	2022	Change
	kEUR	kEUR		kEUR	kEUR	
Sales	17,244	17,321	0%	35,992	34,369	5%
Operating Income (EBIT) before goodwill write-downs	515	1,477	-65%	2,228	3,104	-28%
EBIT margin before goodwill write-downs	3.0%	8.5%	-5.5pp	6.2%	9.0%	-2.8pp
Operating Income (EBIT) incl. goodwill write-downs	-3,690	1,477	n.a.	-1,977	3,104	n.a.
EBIT margin incl. goodwill write-downs	-21.4%	8.5%	-29.9pp	-5.5%	9.0%	-14.5pp
Financial result	-253	-508	50%	-921	-643	-43%
Earnings before taxes (EBT)	-3,943	969	n.a.	-2,898	2,461	n.a.
Net income	-3,978	787	n.a.	-3,200	1,876	n.a.
Earnings per share (EUR)	-0.30	0.05	n.a.	-0.24	0.13	n.a.
Liquid assets and marketable securities	4,623	4,855	-5%	4,623	4,855	-5%
Operating cash flow	537	-1,736	n.a.	104	-46	n.a.
Employees incl. Freelancers	671	628	7%	671	628	7%

1. General

The following Group Management Report provides information on the performance of the SYZYGY GROUP (hereinafter referred to as “SYZYGY”, the “Group”, the “SYZYGY 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.

2. Group profile

For information on the SYZYGY GROUP's structure, strategy and management, please refer to the explanatory notes in the 2022 management report (2022 Annual Report, page 56 ff.).

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

- Ars Thanea S.A.
- different GmbH
- SYZYGY Deutschland GmbH
- SYZYGY Digital Marketing Inc.
- SYZYGY Performance Marketing GmbH
- SYZYGY UK Ltd.
- Unique Digital Marketing Ltd.



3. Economic report

3.1. General economic development

In the section below, we present additional information and highlight new developments compared with the 2022 management report (2022 Annual Report, page 56 ff.).

The global economy is gradually recovering, albeit slowly. This recovery is due to lower energy prices and generally falling inflation, which is having a positive impact. Supply bottlenecks have also eased and the financial situation of private households is comparatively stable. Following several relatively weak years, the International Monetary Fund (IMF) expects the global economy to grow again this year by 2.8 per cent overall, while the Organisation for Economic Cooperation and Development (OECD) puts the figure at 2.7 per cent. A moderate improvement to 2.9 per cent is forecast for 2024. Further economic performance will ultimately depend on how quickly inflation can be brought under control. Core inflation remains high, even though inflation rates are coming down in some major economies. Forecasts by the International Monetary Fund (IMF) indicate that global inflation will be 7 per cent this year and 4.9 per cent next year, while the OECD is predicting headline inflation of 6.6 per cent in 2023 and 4.3 per cent in 2024.

Several economic research institutes have downgraded their forecasts for German economic growth in the current year. The Kiel Institute for the World Economy (IfW Kiel), for example, expects a fall of 0.3 per cent compared to the previous year. There are nevertheless signs of a recovery as consumer spending is picking up again. However, there are challenges such as sickness levels, the slump in government spending, and skills shortages. Gross domestic product is still 0.5 per cent below the pre-pandemic level. The IfW forecasts growth of 1.8 per cent in 2024, with an inflation rate of 2.1 per cent. The energy crisis and tight monetary policy have weighed more heavily on the German economy than anticipated. The ifo Institute's predictions are similar. It expects gross domestic product to fall 0.4 per cent this year and increase by 1.5 per cent next year. Inflation is predicted to fall from 6.9 per cent in 2022 to 5.8 per cent in 2023, and then decline to 2.1 per cent in 2024.

The latest OECD forecast likewise assumes that the German economy will stagnate this year, although growth of 1.3 per cent is predicted for 2024. Inflation is expected to remain high, at 6.3 per cent this year and 3 per cent next year, but is on a downward trajectory. Due to significant increases resulting from the latest rounds of pay talks, wages are expected to rise again in real terms in 2024, thereby stabilising consumer spending.

OECD data suggests that the UK economy will post GDP growth of 0.3 per cent in 2023, rising moderately to 1.0 per cent in 2024. Government spending and investment will continue to support the economy before a gradual recovery in private spending resulting from lower wholesale gas prices and an improvement in the global situation sets in. Headline inflation is expected to decline due to falling energy prices, ending up close to target by the end of 2024. Core inflation, which is influenced by high prices for services, will persist and not fade to 3.2 per cent until 2024.

The US economy is losing momentum. Although consumer spending has increased initially, it will decline as the year progresses. The economy is being held back by inflation and higher interest rates. According to the Kiel Economic Reports (IfW), gross domestic product will shrink in the second half of the year, but grow by 1.3 per cent on average over the year. Low growth of 0.8 per cent is expected in 2024. Inflation is going down, but at 4.1 per cent this year and 2.6 per cent next year it remains above the central bank's target. The OECD's forecasts are similar: real GDP growth of 1.6 per cent in 2023 and 1.0 per cent in 2024. Due to tighter monetary and financial conditions, together with a further drop in excess savings, only moderate levels of consumer spending and investment are expected.



The OECD Economic Outlook expects the Polish economy to grow at a slower pace for the time being before recovering, while inflation will gradually decline. Real GDP growth will fall significantly to 0.9 per cent in 2023 as the impact of high inflation, high levels of uncertainty and tight monetary policy weighs on consumer spending and investment. As the effects of these factors diminish, GDP growth is expected to increase gradually to 2.1 per cent in 2024, facilitated by EU funds. After peaking in the first quarter, inflation is expected to fall further as growth in mostly regulated energy prices becomes more moderate, averaging 12.4 per cent in 2023. Inflationary pressure in Poland arising from the labour market and government spending is expected to ease somewhat in 2024, leading to a slow downward trend in inflation to 4.8 per cent.

3.2. Advertising market performance

In its Global Ad Spend Report 2023, Dentsu forecasts growth in global advertising expenditure despite the prevailing economic uncertainty. Having said that, the real driver of this increase is media price inflation. 2023 will be a year without appreciable growth in advertising spend. Double-digit growth is no longer expected in the digital sphere, after a 20-year run with only two exceptions: 2009 (aftermath of the financial crisis) and 2020 (Covid-19 pandemic). Growth is forecast to hit 6.2 per cent in 2024 and 5.9 per cent in 2025, with digital's share of ad spend rising from 58.3 per cent in 2023 to 60.3 per cent in 2025.

Advertising spend growth will pick up again in 2024. Given the climate emergency, the advertising industry is increasingly investing in effective solutions to reduce its environmental footprint and aim for a more sustainable media landscape. The sector is also using generative artificial intelligence to boost the effectiveness of media. From retail media solutions to brand safety, innovation is everywhere and driving progress.

Forecasts estimate that global advertising spend will increase by USD 23.0 billion in 2023, to a total of USD 727.9 billion. Despite the boost from the FIFA Women's World Cup and the Rugby World Cup in the second half of the year, advertising spend growth in 2023 (3.3 per cent) is expected to be slower than in 2022 (7.9 per cent). Advertising spend for next year is now expected to rise by 4.7 per cent to reach USD 762.5 billion, driven by major events such as the Olympics and Paralympics in Paris, the UEFA European Football Championship and the US presidential election.

GroupM, part of the WPP network, is optimistic despite widespread concerns about a recession. Its forecast is that global advertising will grow by 5.9 per cent in 2023. Advertising revenue from digital-only platforms will account for 68.8 per cent of total sales in 2023 and reach 74.4 per cent by 2028.

The introduction of generative artificial intelligence, in the shape of ChatGPT, for example, has made headlines worldwide and boosted the otherwise flagging technology sector. AI is poised to transform key areas of the Internet economy such as search engine and social media advertising, bringing both opportunities and risks for brands.

The rise of generative AI has sparked interest in broader applications of automation in advertising technology, creative services and media. GroupM believes that generative AI will affect at least half of all advertising revenue, including media optimisation and advertising creation, by the end of 2023. Generative AI could even account for more than two-thirds of all advertising by 2028.

According to the Dentsu Report, which looks at trends in 58 countries, Germany remains one of the weakest markets with regard to growth. A slight recovery is expected in the second half of 2023, with total advertising spend for 2023 put at 0.5 per cent. Dentsu estimates the German advertising market for all channels, from print to search, at around EUR 26.6 billion. Spending on traditional media continues to decline as investment in digital grows. Television still has a substantial market share of 14.5 per cent.



However, the rise of connected TV (15 per cent) and video-on-demand is making itself felt, with TV advertising spend falling by 3.0 per cent in 2023. Expenditure on digital advertising, with a leading share of 61.4 per cent, is expected to grow by 2.4 per cent in 2023, putting it above the global average of 58.3 per cent. Strong growth is forecast for search engine advertising (6.0 per cent) and social media advertising (5.0 per cent), while display advertising (banners) is set to fall by 4.5 per cent. The market share of programmatic advertising in digital media is growing steadily (70 per cent in 2023). It is also performing well in other media channels such as television and outdoor advertising. Depending on general macroeconomic factors, there is optimism that slight growth of 1.0 per cent will be achieved in 2024 and that the advertising market will stabilise.

Following strong gains in 2022, the world's largest advertising market, the US, is expected to grow by 2.6 per cent in 2023 and reach USD 300.6 billion. This is equivalent to 41.3 per cent of global advertising spend. Digital remains a driving factor as clients look for efficiency and flexibility.

Spend in the UK, the world's fourth largest advertising market, is expected to hit USD 42.4 billion in 2023, up 3.1 per cent, according to figures from the Dentsu Global Ad Spend Forecast 2023. Digital advertising, which accounts for more than 70 per cent of advertising spend in the UK, will probably see a slower growth rate than originally expected, with a projection of 4.5 per cent compared to the previous forecast of 6.0 per cent. The overall picture of the advertising landscape will gradually improve as the year progresses, with strong growth of 4.0 per cent forecast for the fourth quarter of 2023. Looking ahead to 2024, the UK advertising market is expected to grow by 3.5 per cent.

The advertising industry in Poland posted 6 per cent year-on-year growth in the first quarter of 2023. The Publicis Groupe Poland report found that advertising investment increased in online, television, radio, outdoor advertising and cinema, while it decreased in print. The Internet sector made up more than 45 per cent of the advertising market, with online advertising expenditure rising by 7.9 per cent. Overall, the advertising industry is optimistic about 2023, with growth of 3.5 per cent forecast. The Dentsu report forecasts that the highest advertising spend in Poland in 2023 will be in the retail, pharmaceutical and entertainment sectors. Growth of around 1.7 per cent is expected in Poland.

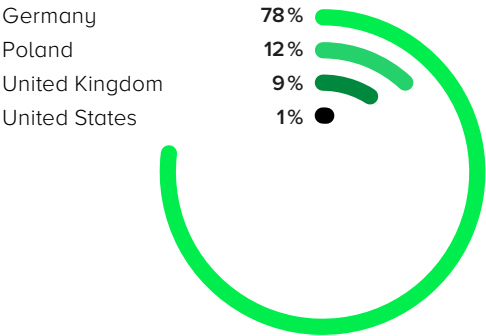
3.3. Employees

The headcount at the SYZYGY GROUP increased in the period covered by the report. The SYZYGY GROUP had a total of 614 permanent employees as at June 30, 2023. This represents an increase of 10 employees compared with December 31, 2022, and a rise of 47 compared with the prior-year quarter. The number of employees in the German companies grew by 49 people compared with the prior-year quarter, while the overall number of employees in the international companies decreased by 2.



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

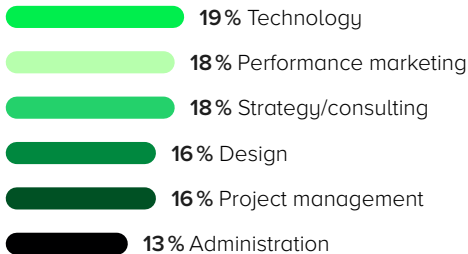
Employees	06/30/2023	06/30/2022
Germany	476	427
Poland	76	75
United Kingdom	54	56
United States	8	9
Total	614	567



Employees by region

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

Employees	06/30/2023	06/30/2022
Technology	117	109
Performance marketing	111	107
Strategy/consulting	109	107
Design	98	93
Project management	96	82
Administration	83	69
Total	614	567



Employees by function

On average over the period, 618 employees plus around 46 freelancers worked for the SYZYGY GROUP. Annualised sales per head were therefore EUR 108,000 (previous year: EUR 113,000, with an average headcount of 560 and about 50 freelancers).

3.4. Net assets, financial position and results of operations of the SYZYGY GROUP

3.4.1. Results of operations

Sales figures for the SYZYGY GROUP are arrived at by deducting media costs from billings. Media costs are incurred in the performance marketing companies as transitory items on the revenue and expenses side.

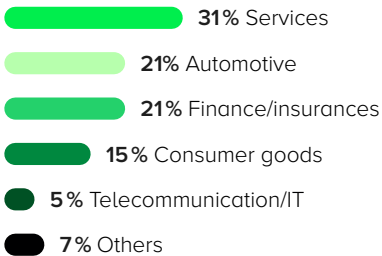
SYZYGY GROUP sales increased by 5 per cent to EUR 36.0 million in the first six months of 2023. The share of sales generated in Germany was 82 per cent. The UK & US segment accounted for 12 per cent of sales. The Poland segment contributed 6 per cent to total SYZYGY GROUP sales.



SYZYGY / Frankfurt

Shifts in sales patterns gave rise to a number of changes compared to the previous year: Sales to clients in the services sector rose by 9 percentage points, while sales to companies in the financial and insurance sector were up 1 percentage point. Sales to clients in the automotive industry were down by 5 percentage points, with a 1 percentage point decline in sales to clients in the consumer goods sector and to telecom clients. Sales derived from companies that cannot be assigned to any of these five key areas were also down by 3 percentage points to 7 per cent.

SYZGY generated 48 per cent of total sales with the ten largest clients. This equates to 4 percentage points above the prior-year level.



Sales allocation by vertical markets

3.4.2. Operating expenses and depreciation

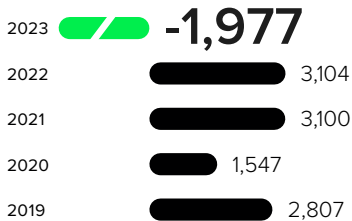
The cost of sales increased ahead of sales by 10 per cent to reach EUR 28.0 million (previous year: EUR 25.6 million). Gross margin decreased by 4 percentage points to 22 per cent due to costs rising faster than sales.

General administrative expenses increased slightly year-on-year to EUR 4.5 million (previous year: EUR 4.3 million). Sales and marketing costs were flat at EUR 2.6 million.

Depreciation of fixed assets increased by EUR 4.1 million (EUR 6.8 million compared to EUR 2.7 million in the previous year) due to an impairment of goodwill in the amount of EUR 4.2 million. Excluding the impairment of goodwill, depreciation and amortisation of EUR 2.6 million was almost flat compared to the previous year's figure of EUR 2.7 million.

3.4.3. Operating income and EBIT margin

The SYZGY GROUP's operating profit declined to negative EUR 2.0 million compared with the prior-year period (previous year: EUR 3.1 million); the EBIT margin thus fell to -5.5 per cent (previous year: 9.0 per cent). This negative result is mainly due to an impairment of goodwill in the amount of EUR 4.2 million. EBIT before impairment was EUR 2.2 million, which is likewise below the previous year's level (EUR 3.1 million), with an adjusted EBIT margin of 6.2 per cent.

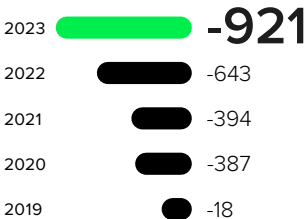


Operating income (in kEUR)



3.4.4. Financial income

The SYZGY GROUP reported negative financial income of EUR 0.9 million for the first six months of 2023 (previous year: EUR 0.6 million). Financial expenses chiefly comprise borrowing costs, losses realised on the sale of securities, and pro rata interest expense from long-term contracts in accordance with IFRS 16 (primarily leases).



Financial income (in kEUR)

3.4.5. Income taxes, net income, earnings per share

Business performance at the SYZGY GROUP is reflected in pre-tax income of EUR -2.9 million. In the same period of the previous year, the figure was EUR 2.5 million, meaning that pre-tax income is down by EUR 5.4 million. After income taxes of EUR 0.3 million, net income was EUR -3.2 million.

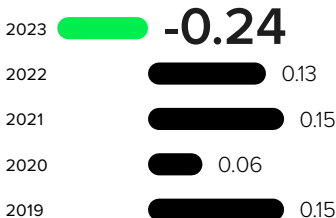
Undiluted earnings per share were EUR -0.24, based on the average available 13,500,000 shares qualifying for participation in the profits and after deducting minority shares of EUR 69,000. This figure is EUR 0.37 below the level achieved in the prior-year period.



Net income (in kEUR)

3.4.6. Segment reporting

In accordance with IFRS 8, which is based on the management approach, SYZGY is reporting segments differently from the previous year. The UK & US segment includes SYZGY Digital Marketing in addition to the British companies, because it is managed from the UK. The original Other segment has been renamed Poland and comprises Ars Thanea. The Germany segment remains unchanged.



Earnings per share undiluted (in EUR)



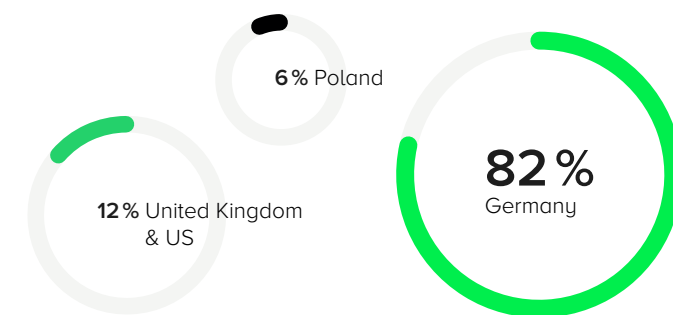
In the first half of 2023, the individual segments contributed to earnings as follows, compared with the same period in the previous year:

2. Quarter (in kEUR)	Germany		United Kingdom & US		Poland	
	2023	2022	2023	2022	2023	2022
Sales (unconsolidated)	29,008	27,156	4,247	4,908	2,765	3,016
Operating Income (EBIT) before goodwill write-downs	2,272	2,759	317	612	441	535
Operating Income (EBIT) before before goodwill write-downs in %	8%	10%	7%	12%	16%	18%
Operating Income (EBIT) inc. goodwill write-downs	-1,933	2,759	317	612	441	535
Operating Income (EBIT) inc. goodwill write-downs in %	-7%	10%	7%	12%	16%	18%
Share of Group sales in % (consolidated)	82%	78%	12%	13%	6%	9%

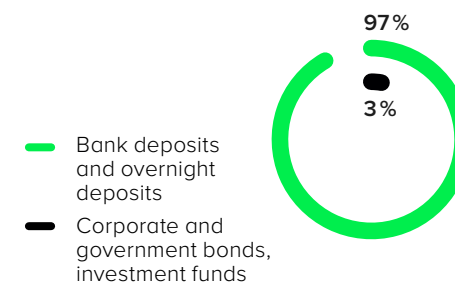
3.4.7. Financial position

SYZGYG had liquidity reserves totalling EUR 4.6 million as at the balance sheet date, corresponding to a decline of EUR 4.3 million compared with December 31, 2022. Liquid funds decreased by EUR 3.3 million to EUR 4.5 million, while securities held declined from EUR 1.1 million to EUR 0.1 million. The change in liquid funds is largely due to the settlement of accounts payable and to loan repayments.

A total of 97 per cent of funds were accounted for by bank deposits as at June 30, 2023, with 3 per cent invested in securities.



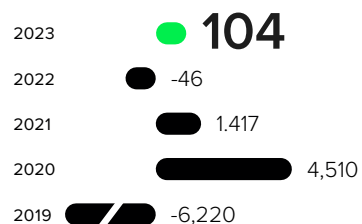
Sales by segments



Portfolio structure of cash and marketable securities



Cash flow from business operations was slightly positive in the period under review. This is largely due to depreciation and amortisation of EUR 6.8 million, while total net income (EUR -3.2 million) and payments of liabilities (EUR -4.2 million) adversely affected cash flow.



Operating cash flow (in kEUR)

Total cash flow of the SYZYGY GROUP was negative EUR 3.2 million as at the reporting date.

Negative cash flow from investment operations of EUR 0.3 million was recorded. Investments in intangible assets and fixed assets of EUR 0.4 million, changes in non-current assets of EUR 0.3 million and interest payments for lease obligations according to IFRS 16 of EUR 0.3 million adversely affected cash flow. The sale of securities was a positive factor, generating EUR 0.7 million.

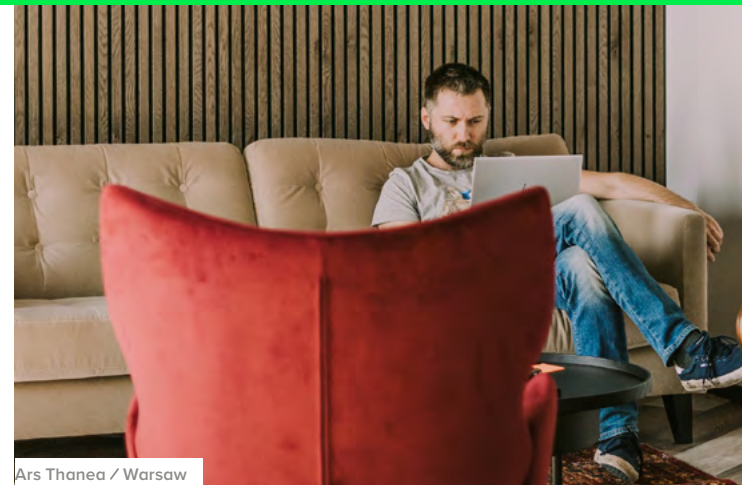
Cash flow from financing activities in the first half of the year included repayment of lease liabilities of EUR 1.8 million and of existing loans totalling EUR 1.0 million. This resulted in cash flow from financing activities of EUR -2.9 million.

3.4.8. Asset situation

Total assets of the SYZYGY GROUP decreased by EUR 8.2 million to EUR 91.0 million in the period under review compared to December 31, 2022, representing a fall of 8 per cent.

Non-current assets declined by EUR 3.9 million to EUR 67.7 million compared to the balance sheet date of December 31, 2022 (EUR 71.6 million). This was largely due to goodwill write-downs of EUR 4.2 million and depreciation of fixed assets in the amount of EUR 0.6 million; this was slightly offset by exchange rate changes relating to goodwill in the amount of EUR 0.6 million.

Current assets of EUR 23.4 million were EUR 4.2 million below the level as at December 31, 2022 (EUR 27.6 million). This decrease is attributable to cash and cash equivalents as well as securities, which fell by a total of EUR 4.3 million. Accounts receivable remained largely unchanged, as did other current assets.



Ars Thanea / Warsaw

At EUR 42.7 million, equity was down by EUR 2.4 million compared to December 31, 2022. Total net income of negative EUR 3.2 million was partly offset by currency translation adjustment of EUR 0.9 million. The equity ratio increased to 47 per cent due to the reduction in total assets.

Non-current liabilities posted a slight decrease of EUR 0.2 million compared to December 31, 2022.

At EUR 28.2 million, current liabilities were significantly below the level as at year-end 2022 (EUR 33.7 million). This mainly includes a fall of EUR 3.4 million in accounts payable, while other current liabilities likewise declined, by EUR 2.1 million.



3.5. Expected performance of the SYZYGY GROUP

The ongoing shift of marketing budgets to the digital channel and continuing investment in digitisation of sales and marketing processes are both factors that create a favourable backdrop for the SYZYGY GROUP. 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 SYZYGY GROUP's portfolio of services.

During the second quarter of 2023, the SYZYGY GROUP's consulting business around product and service innovation posted weaker performance than anticipated at the start of the year.

Based on the information available to date, the SYZYGY GROUP now expects sales growth in the lower single-digit percentage range in the 2023 financial year, with an operating EBIT margin of between 5 and 7 per cent before goodwill write-downs. Approximately 1.5 percentage points of the EBIT margin will be attributable to restructuring and re-focusing measures in relation to the consulting business. The EBIT margin is defined as the ratio of operating profit before goodwill write-downs, interest and taxes EBIT to sales revenue. Furthermore, goodwill write-downs of EUR 4.2 million are expected, which were taken into account in the semi-annual financial statements.

3.6. Responsibility statement by the legal representatives in accordance with section 37y WpHG (German Securities Trading Act) in conjunction with section 37w para. 2 no. 3 WpHG

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Bad Homburg v.d.H., July 27, 2023
SYZYGY AG

The Management Board



Franziska
von Lewinski (CEO)



Frank Ladner (CTO)



Erwin Greiner (CFO)



SYZGY AG, Bad Homburg v.d.H.

Consolidated balance sheet as at June 30, 2023

Assets	06/30/2023	06/30/2022	12/31/2022
	kEUR	kEUR	kEUR
Non-current assets			
Goodwill	39,441	54,793	43,037
Intangibles	194	254	211
Tangible Assets	26,040	27,370	26,640
Non-current financial assets	295	252	269
Other non-current assets	603	373	259
Deferred tax assets	1,116	1,683	1,221
Total non-current assets	67,689	84,725	71,637
Current assets			
Cash and cash equivalents	4,481	3,843	7,814
Marketable securities	142	1,012	1,088
Accounts receivable, net and contract assets	16,117	19,453	16,163
Prepaid expenses and other current assets	2,619	1,141	2,509
Total current assets	23,359	25,449	27,574
Total assets	91,048	110,174	99,211

Equity and liabilities	06/30/2023	06/30/2022	12/31/2022
	kEUR	kEUR	kEUR
Equity			
Common stock	13,500	13,500	13,500
Additional paid-in capital	27,058	27,058	27,058
Own shares	0	0	0
Accumulated other comprehensive income	-2,174	-2,792	-3,080
Retained earnings	4,069	19,395	7,338
Equity attributable to shareholders of SYZGY AG	42,453	57,161	44,816
Minorities	240	246	279
Total Equity	42,693	57,407	45,095
Non-current liabilities			
Long-term liabilities	19,583	22,066	19,870
Other long-term Provisions	304	371	267
Deferred tax liabilities	289	594	265
Total non-current liabilities	20,176	23,031	20,402
Current liabilities			
Income tax accruals	277	816	363
Accrued expenses	4,185	4,449	4,435
Contract liabilities	6,307	5,477	6,078
Accounts payable	5,456	4,008	8,810
Other current liabilities	11,954	14,986	14,028
Total current liabilities	28,179	29,736	33,714
Total liabilities and equity	91,048	110,174	99,211

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



SYZGY AG, Bad Homburg v.d.H.

Consolidated statement of comprehensive income from January 1, 2023 to June 30, 2023

	January - June			
	2023	2022	Change	12/31/2022
	kEUR	kEUR		kEUR
Sales	35,992	34,369	5%	70,612
Cost of revenues	-28,008	-25,558	10%	-53,492
Sales and marketing expenses	-2,593	-2,619	-1%	-4,394
General and administrative expenses	-4,495	-4,324	4%	-9,757
Impairment losses, net of trade receivables and contract assets	-11	6	n.a.	-34
Other operating income/expense, net	-2,862	1,230	n.a.	-8,140
Operating profit (EBIT)	-1,977	3,104	n.a.	-5,205
Financial income	27	104	-74%	188
Financial expenses	-948	-747	27%	-1,036
Income before income taxes (EBT)	-2,898	2,461	n.a.	-6,053
Income taxes	-302	-585	48%	-1,328
Total net income of the period	-3,200	1,876	n.a.	-7,381
thereof net income share to other shareholders	69	86	-20%	118
thereof net income share to shareholders of SYZGY AG	-3,269	1,790	n.a.	-7,499
Items that will not be reclassified to profit or loss	0	0	n.a.	0

	January - June			
	2023	2022	Change	12/31/2022
	kEUR	kEUR		kEUR
Items that will or may be reclassified to profit or loss				
Currency translation adjustment from foreign business operations	715	-336	n.a.	-613
Net unrealized gains/ losses on marketable securities, net of tax	203	-270	n.a.	-280
Other comprehensive income	918	-606	n.a.	-893
Comprehensive income	-2,282	1,270	n.a.	-8,274
thereof income share to other shareholders	81	81	0%	114
thereof income share to shareholders of SYZGY AG	-2,363	1,189	n.a.	-8,388
Earnings per share from total operations (basic in EUR)	-0.24	0.13	n.a.	-0.56

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 June 30, 2023

In kEUR	Accum. other compre- hensive income								Total equity
	Common stock	Additional paid-in capital	Own shares	Retained earnings	Foreign exchange currency	Unrealised gains and losses	Equity attributable to shareholders of SYZGY AG	Minority interest	
Jan. 01, 2023	13,500	27,058	0	7,338	-2,821	-259	44,816	279	45,095
Net income of the period				-3,269			-3,269	69	-3,200
Other comprehensive income					703	203	906	12	918
Comprehensive income			-3,269	703	203	-2,363		81	-2,282
Payment to minorities				0			0	-120	-120
June 30, 2023	13,500	27,058	0	4,069	-2,118	-56	42,453	240	42,693

In kEUR	Accum. other compre- hensive income								Total equity
	Common stock	Additional paid-in capital	Own shares	Retained earnings	Foreign exchange currency	Unrealised gains and losses	Equity attributable to shareholders of SYZGY AG	Minority interest	
Jan. 01, 2023	13,500	27,058	0	17,605	-2,212	21	55,972	277	56,249
Net income of the period				-7,499			-7,499	118	-7,381
Other comprehensive income					-609	-280	-889	-4	-893
Comprehensive income				-7,499	-609	-280	-8,388	114	-8,274
Dividend				-2,700			-2,700		
Payment from distribution				-68			-68		-68
Payment to minorities							0	-112	-112
June 30, 2023	13,500	27,058	0	7,338	-2,821	-259	44,816	279	45,095

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



SYZYGY AG, Bad Homburg v.d.H.

Consolidated statement of cash flows as at June 30, 2023

	January - June		
	2023	2022	2022
	kEUR	kEUR	kEUR
Period net income	-3,200	1,876	-7,381
Adjustments to reconcile income from operations to net cash provided by operating activities			
– Writedown of marketable securities	446	0	0
– Depreciation on fixed assets	6,758	2,683	16,758
– Profit (-) and loss (+) on sale of securities	135	312	236
– Profit (-) and loss (+) on sale of fixed assets	17	4	-78
– Changes in Earn-Out liabilities	0	0	-241
– Profit (-)/Loss(+) on sale of fixed asset investments	0	0	-13
– Other non-cash income and expenses	38	16	-35
Changes in operating assets and liabilities:			
– Accounts receivable and other assets	166	2,853	4,390
– Customer advances	245	261	890
– Accounts payable and other liabilities	-4,219	-7,935	-1,652
– Tax accruals and payables, deferred taxes	-282	-116	-311
Cash flows provided by operating activities	104	-46	12,563

	January - June		
	2023	2022	2022
	kEUR	kEUR	kEUR
Changes in other non-current assets	-329	-89	21
Investments in fixed assets	-422	-671	-632
Purchases of marketable securities	0	-2,162	-2,162
Proceeds from sale of marketable securities	690	2,160	2,131
Changes from fixed asset investments	0	0	13
Interest expense on leasing liabilities	-281	-293	-570
Cash flows used in investing activities	-342	-1,055	-1,199
Change in bank loans	-1,000	4,559	4,582
Repayment of lease obligations	-1,824	-1,775	-3,566
dividend paid to minority shareholders	-120	-112	-180
dividend paid to shareholders of SYZYGY AG	0	0	-2,700
Payments from changes in ownership interests in subsidiaries	0	0	-3,930
Cash flows from financing activities	-2,944	2,672	-5,794
Total	-3,182	1,571	5,570
Cash and cash equivalents at the beginning of the period	7,814	2,115	2,115
Exchange rate differences	-151	157	129
Cash and cash equivalents at the end of the period	4,481	3,843	7,814

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

Operating cashflow includes paid interest in the amount of kEUR 354 (prior year: kEUR 362), received interest in the amount of kEUR 41 (prior year: kEUR 20) as well as received taxes in the amount of kEUR 3 (prior year: kEUR 0) and paid taxes in the amount of kEUR 712 (prior year: kEUR 1.831).



Selected explanatory Notes to the Consolidated Financial Statements

Accounting

Pursuant to the provisions of section 50 (6) of the BörsO (Stock Exchange Directive) in conjunction with Article 37 y WpHG (German Securities Trading Act), the financial report of SYZYGY AG for the first six months of 2023 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 of December 31, 2022. 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) of the German Securities Trading Act (WpHG).

The accounting and consolidation principles are applied as described in the notes to the consolidated financial statements to the 2022 Annual Report. Balance sheet and statement of comprehensive income positions are presented following the same accounting policies as in the 2022 Annual Report. As a result, the following figures and notations should be read in accordance with the 2022 Annual Report.

Business activities of the SYZYGY Group

The SYZYGY GROUP is a leading consultancy and implementation partner for digitisation, transformation and strategy in marketing and sales. It digitises structures and organisations, and develops new products, services and business models.

SYZYGY AG acts as a management holding company that provides its subsidiaries with central services relating to strategy, design, planning, 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 major companies a comprehensive range of services, from strategic consulting to project planning, concepts and design to technical realisation of brand platforms, business

applications, websites, hosting, online campaigns and mobile apps. Performance marketing services such as consulting and data analysis as well as search engine marketing/optimisation 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, virtual reality (VR), augmented reality (AR) and animations round off the service portfolio.

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

Scope of consolidation and principles

The consolidated financial statements are based on the financial statements of the companies consolidated in the Group, prepared in accordance with the accounting and valuation principles set out in International Financial Reporting Standards (IFRS) as they are to be applied in the European Union and in line with the supplementary provisions of Article 315e [1] of the Handelsgesetzbuch (HGB – German Commercial Code). The reporting dates for these companies correspond to the reporting date for the Group.



As of June 30, 2023, the following subsidiaries were included in the consolidated financial statements of SYZGY AG as the top-level parent company and fully consolidated. In the case of these companies, SYZGY AG can exercise the power of disposal, is exposed to fluctuating returns from the subsidiaries and can influence the level of returns due to its power of disposal:

- Ars Thanea S.A., Warsaw, Poland (Ars Thanea for short)
- different GmbH, Berlin, Germany (different for short)
- SYZGY Performance Marketing GmbH, Bad Homburg v. d. H., Germany (SYZGY Performance for short)
- SYZGY Deutschland GmbH, Bad Homburg v.d.H., Germany (SYZGY Deutschland for short)
- SYZGY Digital Marketing Inc., New York City, United States (SYZGY NY for short)
- SYZGY UK Ltd., London, United Kingdom (SYZGY UK for short)
- Unique Digital Marketing Ltd., London, United Kingdom (Unique Digital UK for short)

A subsidiary is incorporated into the consolidated financial statements from the date on which SYZGY AG gains control over the subsidiary until the date on which control by the Company ends.

The income generated by subsidiaries acquired or sold in the course of the year is recognised accordingly in the consolidated statement of comprehensive income from the actual date of acquisition or up to the actual date of disposal and is recorded under other comprehensive income.

The profit or loss and every component of other comprehensive income are attributable to the shareholders of SYZGY AG and the non-controlling shares. This remains the case even if it results in non-controlling shares posting a negative balance.

Information on general consolidation principles is provided in the 2022 annual report from page 101 onwards.

As part of the business planning during the year, the Executive Board identified a need for impairment of goodwill in the amount of TEUR 4,205 at different GmbH, which is reported in the statement of comprehensive income in the item "Other operating income/expenses, net". The main assumptions on which the calculation of the value in use is based correspond to those of December 31, 2022. Only the business plan was adjusted to current developments and the underlying risk-free interest rate was increased from 2.03 per cent to 2.45 per cent.

Further information on goodwill can be found in the annual report for the year 2022 from page 115 onwards.

Segment reporting

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

As the holding company, SYZGY AG mainly delivers services to the operating units and therefore needs to be considered separately as a provider of central functions. The United Kingdom & US segment consists of SYZGY UK, Unique Digital UK and SYZGY NY. The Germany segment comprises different, SYZGY Deutschland and SYZGY Performance. Ars Thanea makes up the Poland segment. The previous year's figures were adapted to the new structure of the segments. In the previous year, Ars Thanea and SYZGY NY were presented under "Other segments", while the UK segment consisted only of SYZGY UK and Unique Digital UK.

The individual segments apply the same accounting principles as the consolidated entity. The criteria primarily used by SYZGY AG to assess the performance of the segments are 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 inter-segment 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.

06/30/2023 (in kEUR)	Germany	United Kingdom & US	Poland	Central functions	Consolidation	Total
Billings	45,149	4,738	2,765	38	-82	52,608
Media costs	-16,141	-491	0	0	16	-16,616
Sales	29,008	4,247	2,765	38	-66	35,992
of which internal sales	-478	-16	521	38	-65	0
Operating income (EBIT)	-1,933	317	441	-802	0	-1,977
Financial income	69	-78	-8	1,278	-2,182	-921
Earnings before tax (EBT)	-1,864	239	433	476	-2,182	-2,898
Assets	62,914	16,974	10,472	84,863	-84,175	91,048
of which non-current assets	39,973	12,674	8,816	4,082	130	65,675
of which goodwill	24,552	8,309	6,580	0	0	39,441
Investments	576	97	821	223	0	1,717
Depreciation and amortisation	5,443	539	182	594	0	6,758
Impairment on goodwill	4,205	0	0	0	0	4,205
Segment liabilities	33,374	7,843	2,683	17,280	-12,825	48,355
Employees as per balance sheet date	425	62	76	51	0	614

06/30/2022 (in kEUR)	Germany	United Kingdom & US	Poland	Central functions	Consolidation	Total
Billings	45,272	6,784	3,016	92	-826	54,338
Media costs	-18,116	-1,876	0	0	23	-19,969
Sales	27,156	4,908	3,016	92	-803	34,369
of which internal sales	176	-5	554	0	-725	0
Operating income (EBIT)	2,759	612	535	-802	0	3,104
Financial income	-161	-104	-6	75	-447	-643
Earnings before tax (EBT)	2,598	508	529	-727	-447	2,461
Assets	75,531	19,124	9,589	85,030	-79,100	110,174
of which non-current assets	55,905	13,620	7,836	4,897	159	82,417
of which goodwill	40,242	8,308	6,243	0	0	54,793
Investments	359	39	46	135	0	579
Depreciation and amortisation	1,365	577	179	562	0	2,683
Impairment on goodwill	0	0	0	0	0	0
Segment liabilities	29,635	8,912	2,095	19,301	-7,176	52,767
Employees as per balance sheet date	387	65	75	40	0	567



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

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

On October 27, 2020, the Annual General Meeting authorised the Management Board to acquire a maximum of 10 per cent of SYZGY's outstanding shares until October 26, 2025. SYZGY 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.

As of June 30, 2023, SYZGY held no treasury shares, as in the previous year.

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	Franziska von Lewinski	Frank Ladner	Erwin Greiner	Total
As at: December 31, 2022	0	0	0	0
Purchases	0	0	10,000	10,000
Sales	0	0	0	0
As at: June 30, 2023	0	0	10,000	10,000

Supervisory Board: Shares

Number of shares	Antje Neubauer	Dominic Grainger	Andrew Payne	Total
As at: December 31, 2022	0	0	0	0
Purchases	0	0	0	0
Sales	0	0	0	0
As at: June 30, 2023	0	0	0	0

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

Management Board: Phantom stocks

Number of shares	Franziska von Lewinski	Frank Ladner	Erwin Greiner	Total
As at: December 31, 2022	250,000	100,000	100,000	450,000
Additions	0	0	0	0
Disposals	0	0	0	0
As at: June 30, 2023	250,000	100,000	100,000	450,000



The Management Board members received phantom stocks as multi-year variable remuneration. These share price-based bonus agreements provide that 40 per cent (1st tranche) of allocated phantom stocks shall be exercisable two years after allocation, and 60 per cent (2nd tranche) three years after allocation. In each case, the difference between a base price on allocation of the phantom stocks and the share price on exercise of the phantom stocks will be paid out. The share price on exercise is determined as the average value over the 10 trading days prior to the exercise date, using XETRA closing prices in each case, in order to eliminate short-term price fluctuations. Similarly, when phantom stocks are issued, the average of the 10 trading days prior to allocation is used to determine the base price.

The first and second tranches may each be exercised within a timeframe of 12 months from the first exercise date, at the discretion of the Management Board. It follows that the first tranche may be exercised between 24 to 36 months after allocation, and the second tranche within 36 to 48 months after allocation.

The maximum payout amount from long-term profit participation is capped at 60 per cent of the price increase from the base price for the first tranche, and at 90 per cent of the price increase from the base price for the second tranche.

As of June 30, 2023, the Management Board members of SYZGY AG hold a total of 450,000 phantom stocks from the 2021 phantom stock programme, which was granted with effect from January 1, 2021.

Shareholder structure

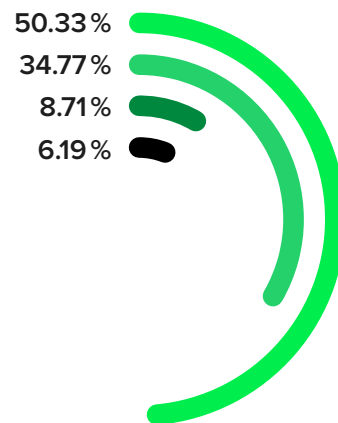
As of June 30, 2023, the shareholders' structure has not changed compared to December 31, 2022.

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

In thousand	Shares	per cent
WPP plc., St. Helier, Jersey	6,795	50.33
Private investors/others	4,693	34.77
Institutional investors	1,176	8.71
HANSAINVEST	836	6.19
Total	13,500	100.00

Bad Homburg v.d.H., July 27, 2023
SYZGY AG

The Management Board



- WPP plc., St. Helier
- Private investors/others
- Institutional investors
- HANSAINVEST

Shareholder structure

Financial calendar 2023



**3-Month-Report
as per March, 31**
(english version: 05/05)

04/28

**Half-Year-Report
as per June, 30**
(english version: 08/04)

07/28

**9-Month-Report
as per September, 30**
(english version: 11/08)

11/01

**MKK – Munich
Capital Market
Conference (Munich)**

05/03

**General Annual
Meeting 2023**
(virtual)

07/11

**German
Equity Forum**
(Frankfurt)

11/27-29

All dates are subjects to change.
For current informations, see [syzygy-group.net](https://www.syzygy-group.net)

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Impress
/

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Erwin Greiner (CFO)
Frank Ladner (CTO)

Editorial Department
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Credits
SYZYGY GROUP, Franziska Taffelt,
Aneta Węstawska



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