

SYZGY

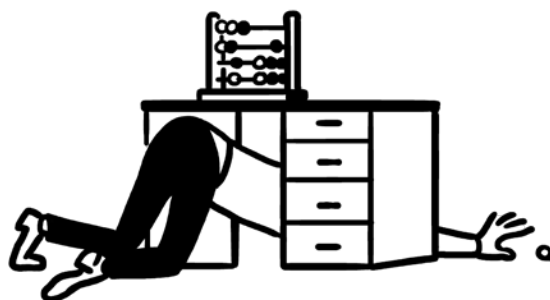
Interim report as per March 31, 2019



Key financial figures

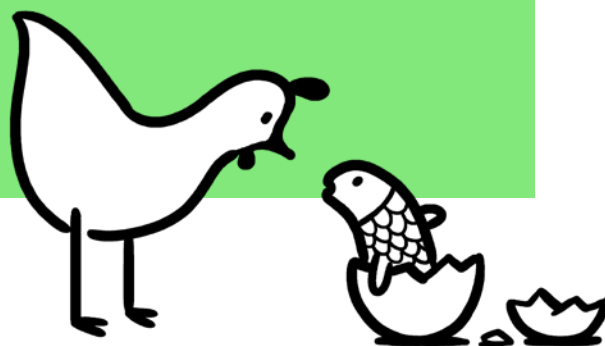


<p>Sales by segments</p> <table border="0"> <tr> <td>Germany</td> <td>72%</td> </tr> <tr> <td>United Kingdom</td> <td>18%</td> </tr> <tr> <td>Others</td> <td>10%</td> </tr> </table> <p>Germany 68%</p>	Germany	72%	United Kingdom	18%	Others	10%	<p>Sales by clients' volume</p> <table border="0"> <tr> <td>Top 5</td> <td>38%</td> </tr> <tr> <td>Top 6-10</td> <td>12%</td> </tr> <tr> <td>Others</td> <td>50%</td> </tr> </table> <p>Top 5 38%</p>	Top 5	38%	Top 6-10	12%	Others	50%	<p>Sales allocation by vertical markets</p> <table border="0"> <tr> <td>Automotive</td> <td>34%</td> </tr> <tr> <td>Services</td> <td>24%</td> </tr> <tr> <td>Finance/Insurance</td> <td>17%</td> </tr> <tr> <td>Consumer goods</td> <td>16%</td> </tr> <tr> <td>Telekommunikation/IT</td> <td>7%</td> </tr> <tr> <td>Others</td> <td>2%</td> </tr> </table> <p>Automotive 34%</p>	Automotive	34%	Services	24%	Finance/Insurance	17%	Consumer goods	16%	Telekommunikation/IT	7%	Others	2%		
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<p>Portfolio structure of cash and marketable securities</p> <table border="0"> <tr> <td>Bank deposit</td> <td>2%</td> </tr> <tr> <td>Corporate and government bonds</td> <td>98%</td> </tr> </table> <p>Corporate and government bonds 98%</p>	Bank deposit	2%	Corporate and government bonds	98%	<p>Employees by function</p> <table border="0"> <tr> <td>Media</td> <td>22%</td> </tr> <tr> <td>Technology</td> <td>20%</td> </tr> <tr> <td>Strategy/consulting</td> <td>17%</td> </tr> <tr> <td>Project management</td> <td>14%</td> </tr> <tr> <td>Administration</td> <td>14%</td> </tr> <tr> <td>Design</td> <td>13%</td> </tr> </table> <p>Media 22%</p>	Media	22%	Technology	20%	Strategy/consulting	17%	Project management	14%	Administration	14%	Design	13%	<p>Shareholder structure</p> <table border="0"> <tr> <td>WPP plc.</td> <td>50,33%</td> </tr> <tr> <td>Hauck & Aufhäuser</td> <td>2,97%</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>43,13%</td> </tr> </table> <p>WPP plc. 50.33%</p>	WPP plc.	50,33%	Hauck & Aufhäuser	2,97%	HANSAINVEST	3,03%	Treasury stocks	0,54%	Free float	43,13%
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ir.syzygy.net

Business development and Management Report

	January – March		Change
	2019	2018	
	TEUR	TEUR	
Sales	15,689	15,424	2%
EBITDA	2,654	1,474	80%
EBITDA margin	16.9%	9.6%	7.3 pp
EBIT	1,442	1,104	31%
EBIT margin	9.2%	7.2%	2 pp
Financial income	-8	151	n.a.
EBT	1,434	1,255	14%
Net income	1,075	920	17%
Earnings per share (EUR)	0.08	0.07	19%
Employees incl. freelancers	609	627	-3%
Liquid assets	12,296	19,453	-37%
Operating cash flow	-9,268	3,913	-337%

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 Annual 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 620 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 ten subsidiaries:

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

Hi-ReS! London Ltd. was dissolved in the first quarter of 2019 and deconsolidated within the SYZYGY Group.

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 online marketing 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 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.de 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 <http://www.wpp.com/wpp/sustainability/>.

2.3. Employees

The headcount at the SYZYGY Group was unchanged in the period covered by the report. The SYZYGY Group had a total of 562 permanent employees as at March 31, 2019. This is the same number of people as at December 31, 2018. Compared with the end of the same quarter of the previous year, the headcount fell slightly by 20; this was primarily due to the reduction of around 25 people in the UK agencies and around 20 at SYZYGY Berlin. By contrast, Ars Thanea in Poland hired additional staff.

The number of freelancers was around 47 (based on FTEs) as at the reporting date, 2 more than in March 2018.

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

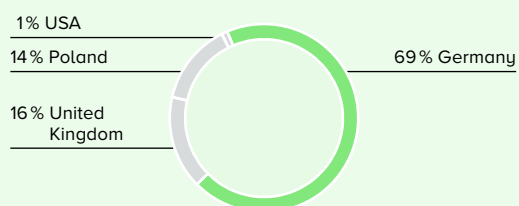
Employees	31/03/2019	31/03/2018
Germany	389	385
United Kingdom	91	115
Poland	75	67
United States	7	15
Total	562	582

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

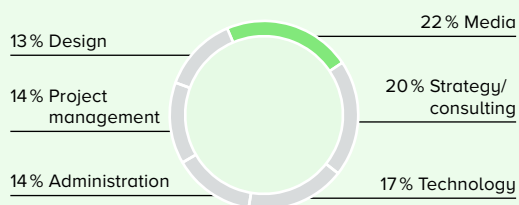
Employees	31/03/2019	31/03/2018
Media	124	127
Strategy consulting	113	107
Technology	96	99
Administration	78	77
Project management	76	85
Creative services	75	87
Total	562	582

On average over the period, 606 people – including around 47 freelancers – worked for the SYZYGY Group. Annualised sales per head were therefore EUR 104,000 (previous year: EUR 96,000, with an average headcount of 598 persons).

Employees by region



Employees by function



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

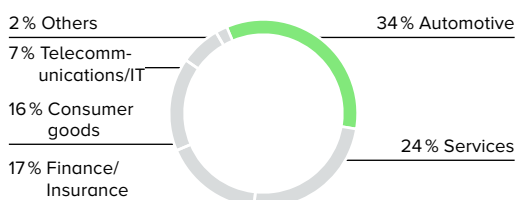
2.4.1. Results of operations

The sales figures for the SYZGY Group 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.

The reporting period saw higher sales, rising 2 per cent to EUR 15.7 million in the first three months of the year.

The German companies in particular contributed to this development.

Sales allocation by vertical markets



Shifts in sales patterns gave rise to a number of changes compared to the previous year. Sales generated with clients in the consumer goods segment declined by four percentage points year-on-year. One per cent more sales were generated with clients from the financial and insurance segment in the quarter under review, while sales derived from companies that cannot be assigned to any of these five key areas were unchanged at 2 per cent. Sales to clients in the automotive and services sectors rose by 3 and 2 per cent, respectively. The proportion of sales in the telecommunications/IT segment decreased by two percentage points compared with the prior-year quarter.

SYZGY generated 46 per cent of total sales from its ten largest clients, a rise of 6 percentage points compared with the same period in the prior year. This reflects an increase in business with major clients.

2.4.2. Operating expenses and depreciation

The cost of sales fell slightly despite higher sales, decreasing by 1 per cent to EUR 11.4 million (previous year: EUR 11.5 million). Gross margin thus increased by two percentage points to 27 per cent.

General administrative expenses rose by 10 per cent to EUR 1.8 million (previous year: EUR 1.7 million).

In contrast, sales and marketing costs in the 2019 reporting period were down slightly on the prior-year quarter, at EUR 1.3 million (previous year: EUR 1.4 million).

Depreciation of fixed assets increased significantly from EUR 0.4 million in the previous year to EUR 1.2 million, of which EUR 0.7 million was attributable to applying new accounting standards (IFRS 16).

2.4.3. Operating income and EBIT margin

The SYZGY Group's operating profit rose by 31 per cent, increasing from EUR 1.1 million to EUR 1.4 million compared with the same period of the previous year; the EBIT margin thus increased to 9.2 per cent (previous year: 7.2 per cent). IFRS 16 had the effect of increasing EBIT by kEUR 99.

2.4.4. Financial income

SYZGY reported neutral financial income of EUR 0.0 million in the first quarter of 2019. Of this amount, kEUR 143 is attributable to accounting changes due to IFRS 16. Financial income of kEUR 135 was obtained from management of liquid funds less interest expenses. This figure is below the previous year's level (kEUR 151) and corresponds to an annualised return of 3.1 per cent on average available liquidity reserves, or 4.8 per cent on the securities portfolio. Financial income chiefly comprises interest income from corporate bonds, gains or losses realised on the sale of securities and pro rata interest expense from long-term contracts in accordance with IFRS 16 (primarily leases).

2.4.5. Income taxes, net income, earnings per share

Business performance at the SYZGY Group is reflected in pre-tax income of EUR 1.4 million. In the same period of the previous year, the figure was EUR 1.3 million, meaning that pre-tax income increased by 14 per cent. After income taxes of EUR 0.4 million, net income was EUR 1.1 million.

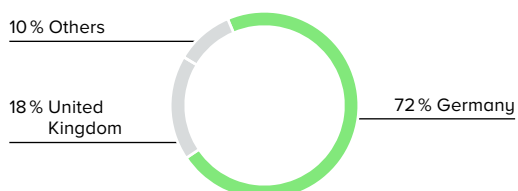
Undiluted earnings per share were EUR 0.08, based on the average available 13,421,000 shares qualifying for participation in the profits and after deducting minority shares of EUR -0.4 million. This figure is EUR 0.01 above the level achieved in the prior-year period (previous quarter: EUR 0.07).

2.4.6. Segment reporting

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

In the first three months of 2019, the individual segments contributed to earnings as follows, compared with the same period in the previous year:

Share of Group sales (consolidated)



Q1 in kEUR	Germany		United Kingdom		Others	
	2019	2018	2019	2018	2019	2018
Sales (unconsolidated)	11,549	10,949	2,858	3,177	1,677	1,767
Operating income (EBIT)	2,211	1,197	-39	-82	14	190
Operating income (EBIT)	19%	11%	-1%	-3%	1%	11%
Share of Group sales (consolidated)	72%	68%	18%	20%	10%	12%

2.4.7. Financial position

SYZYGY had liquidity reserves totalling EUR 12.3 million as at the balance sheet date, corresponding to a decrease of EUR 9.8 million or 44 per cent compared with December 31, 2018. While liquid funds fell almost 100 per cent, declining from EUR 11.5 million to EUR 0.2 million, securities holdings rose slightly from EUR 10.6 million to EUR 12.1 million. The main reason for the sharp fall in liquidity reserves is the negative operating cash flow of EUR -9.3 million.

98 per cent of funds were invested in corporate bonds as at March 31, 2019, while 2 per cent were accounted for by bank deposits. The average residual maturity of the bonds was 6.2 years.

Total cash flow of the SYZYGY Group was negative as at the reporting date, at EUR -11.2 million. Cash flow from business operations was also negative, standing at EUR -9.3 million in the period under review. Positive net income of EUR 1.1 million and depreciation and amortisation of EUR 1.3 million were unable to offset the increase in accounts receivable and other assets to EUR -3.6 million and the increased accounts payable of EUR -6.7 million. Advance payments received remained virtually unchanged at EUR -1.2 million (prior-year quarter: EUR -1.1 million).

Cash flow from investment operations was negative at EUR -1.9 million. This is chiefly due to the acquisition of securities in the amount of EUR -0.8 million and the acquisition of consolidated companies in the amount of EUR -0.5 million and, to a lesser extent (EUR -0.2 million), to investments in fixed and other assets.

With regard to cash flow from financing activities, there were no significant changes in loans in the quarter under review and no dividends were distributed.

2.4.8. Asset situation

Total assets of the SYZYGY Group rose by EUR 13.8 million to EUR 123.5 million in the period under review compared to December 31, 2018 (prior-year quarter: EUR 104.9 million).

There were significant changes in non-current assets: at EUR 26.9 million, other intangible assets and fixed assets were significantly above the previous quarter's figure (EUR 6.9 million). At EUR 37.4 million, current assets were broadly unchanged compared to the prior-year quarter (EUR 38.4 million), but well below the figure for December 2018 (EUR 43.8 million). Within current assets, accounts receivable increased by EUR 2.3 million and other current assets by EUR 1.1 million.

Equity of EUR 56.0 million was up by EUR 2.0 million compared with the figure as at December 31, 2018. This is due to a rise in profit reserves from EUR 16.8 million to EUR 17.8 million. Other net income went from EUR -2.7 million to EUR -1.8 million. This item mainly comprises unrealised rate changes for foreign exchange positions. This corresponds to an unchanged equity ratio of 45 per cent.

Current liabilities also changed. At EUR 28.6 million, they were substantially below the level as at year-end 2018 (EUR 38.7 million). This mainly includes a fall of EUR 4.0 million in accounts payable to EUR 11.1 million and a drop in other current liabilities of EUR 4.9 million to EUR 0.9 million.

2.5. Expected performance of the SYZYGY Group

Based on the positive macroeconomic outlook, SYZYGY believes that conditions remain favourable for further growth. The continuing shift of marketing budgets to digital channels is an additional source of support and impetus.

The results of the SYZYGY Group will be determined by the performance of the operating units and the future interest income of SYZYGY AG. The Management Board of SYZYGY AG expects sales growth in the upper single-digit percentage range in the current financial year, with a rise in EBIT of around 10 per cent. Growth is mainly expected in Germany, while the performance of all other segments will be broadly unchanged.

The Management Board of SYZYGY AG is therefore confirming the forecast made in the 2018 annual report.

Bad Homburg v. d. H., May 3, 2019

SYZYGY AG

The Management Board



Consolidated balance sheet

as at March 31, 2019

Assets	03/31/2019	03/31/2018	12/31/2018
	kEUR	kEUR	kEUR
Non-current assets			
Goodwill	58,587	58,326	58,116
Other Fixed assets, net	26,851	7,646	6,925
Non-current financial assets	200	200	200
Other non-current assets	318	283	294
Deferred tax assets	156	57	347
Total non-current assets	86,112	66,512	65,882
Current assets			
Cash and cash equivalents	239	8,836	11,519
Marketable securities	12,057	10,617	10,602
Accounts receivable, net and contract assets	22,240	17,140	19,904
Prepaid expenses and other current assets	2,824	1,783	1,739
Total current assets	37,360	38,376	43,764
Total assets	123,472	104,888	109,646
Equity and Liabilities			
	kEUR	kEUR	kEUR
Equity			
Common stock*	13,500	13,500	13,500
Additional paid-in capital	27,069	27,069	27,069
Own shares	-407	-407	-407
Accumulated other comprehensive income	-1,781	-1,958	-2,651
Retained earnings	17,832	18,933	16,774
Equity attributable to shareholders of SYZGY AG	56,213	57,137	54,285
Minorities	-267	-429	-284
Total Equity	55,946	56,708	54,001
Non-current liabilities			
Long term liability	38,703	21,051	16,698
Deferred tax liabilities	262	429	270
Total non-current liabilities	38,965	21,480	16,968
Current liabilities			
Income tax accruals	700	274	541
Accrued expenses	7,647	8,911	8,283
Contract liabilities	8,221	5,265	9,431
Accounts payable	11,102	9,738	15,528
Other current liabilities	891	2,512	4,894
Total current liabilities	28,561	26,700	38,677
Total liabilities and equity	123,472	104,888	109,646

* 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 March 31, 2019

	January – March			Change
	2019	2018	12/31/2018	
	kEUR	kEUR	kEUR	
Sales	15,689	15,424	65,816	2%
Cost of revenues	-11,393	-11,547	-47,929	-1%
Sales and marketing expenses	-1,260	-1,390	-5,396	-9%
General and administrative expenses	-1,841	-1,667	-8,637	10%
Impairment losses, net of trade receivables and contract assets	2	0	7	n.a.
Other operating income/expense, net	245	284	2,206	-32%
Operating profit (EBIT)	1,442	1,104	6,067	31%
Financial income	154	160	630	-4%
Financial expenses	-162	-9	-160	1,700%
Income before income taxes (EBT)	1,434	1,255	6,537	14%
Income taxes	-359	-335	-1,647	7%
Total net income of the period	1,075	920	4,890	17%
thereof net income share to other shareholders	17	20	171	-15%
thereof net income share to shareholders of SYZYG AG	1,058	900	4,719	18%
Items that will not be reclassified to profit and loss:	0	0	0	n.a.
Items that will or may be reclassified to profit and loss:				
Currency translation adjustment from foreign business operations	469	50	-315	838%
Net unrealized gains/losses on marketable securities, net of tax	401	-195	-579	n.a.
Other comprehensive income	870	-145	-894	n.a.
Comprehensive income	1,945	775	3,996	151%
thereof income share to other shareholders	17	18	163	-6%
thereof income share to shareholders of SYZYG AG	1,928	757	3,833	155%
Earnings per share from total operations (basic in EUR)	0.08	0.07	0.35	14%

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

Statement of changes in equity

as at March 31, 2019

	Number of shares	Common stock	Additional paid-in capital	Own shares	Retained earnings	Foreign exchange currency	Unrealised gains and losses	Accum. other comprehensive income	Equity attributable to shareholders of SYZGY AG	Minority interest	Total equity
	in 1,000	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Adjustments from first-time adoption IFRS 9							-70		50		-20
January 1, 2018, adjusted	13,500	13,500	27,069	-407	17,963	-1,990	225	56,360	-447	55,913	
Net income of the period					4,719			4,719	171		4,890
Other comprehensive income						-307	-579	-886	-8		-894
Comprehensive income					4,719	-307	-579	3,833	163		3,996
Dividend					-5,236			-5,236	0		-5,236
Payment to minorities					-672			-672	0		-672
December 31, 2018	13,500	13,500	27,069	-407	16,774	-2,297	-354	54,285	-284	54,001	
January 1, 2019, adjusted	13,500	13,500	27,069	-407	16,774	-2,297	-354	54,285	-284	54,001	
Net income of the period					1,058			1,058	17		1,075
Other comprehensive income						469	401	870			870
Comprehensive income					1,058	469	401	1,928	17		1,945
Dividend								0	0		0
Payment to minorities								0	0		0
March 31, 2019	13,500	13,500	27,069	-407	17,832	-1,828	47	56,213	-267	55,946	

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 March 31, 2019

	January – March		
	2019	2018	2018
	kEUR	kEUR	kEUR
Period net income	1,075	920	4,890
Adjustments to reconcile income from operations to net cash provided by operating activities			
– Depreciation on fixed assets	1,251	425	2,109
– Profit (-) and loss (+) on sale of securities	-40	4	-14
– Profit (-) and loss (+) on sale of fixed assets	67	0	3
– changes in Earn-Out liabilities	0	0	-964
– Profit (-)/Loss(+) on sale of fixed asset investments	0	-27	-27
– Other non-cash income and expenses	-67	-97	-497
Changes in operating assets and liabilities:			
– Accounts receivable and other assets	-3,624	2,972	507
– Customer advances	-1,169	-1,116	3,051
– Accounts payable and other liabilities	-6,705	459	7,117
– Tax accruals and payables, deferred taxes	-56	373	182
Cash flows provided by operating activities	-9,268	3,913	16,357
Changes in other non-current assets	-21	-66	-72
Investments in fixed assets	-422	-227	-1,214
Purchases of marketable securities	-2,789	-1,981	-7,235
Proceeds from sale of marketable securities	1,955	128	4,770
Changes from fixed asset investments	-163	27	-13
Acquisition of consolidated entities less liquid funds	-462	0	-1,186
Cash flows used in investing activities	-1,902	-2,119	-4,950
Change in bank loans	-25	0	-1,052
dividend paid to minority shareholders	0	0	-672
dividend paid to shareholders of SYZYG AG	0	0	-5,236
Cash flows from financing activities	-25	0	-6,960
Total	-11,195	1,794	4,447
Cash and cash equivalents at the beginning of the period	11,519	7,017	7,017
Exchange rate differences	-85	25	55
Cash and cash equivalents at the end of the period	239	8,836	11,519

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

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 w WpHG (German Securities Trading Act), the financial report of SYZYGY AG for the first three months of 2019 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, 2018. 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).

With the following exceptions, the accounting and consolidation principles are applied as described in the notes to the consolidated financial statements to the 2018 Annual Report.

Effects of the application of published standards (IFRS) and interpretations (IFRIC)

In the first quarter of the 2019 financial year, the new IFRS 16 accounting standards for the accounting of leased assets were applied for the first time. Detailed information on the standard and the previous forecast of the effects of IFRS 16 can be found in the Annual Report starting on page 77. At SYZYGY, this new standard affects leasing contracts for company cars as well as long-term rental contracts for office space. Due to the capitalization of long-term contracts in the balance sheet as values in use, the balance sheet total increased by approximately EUR 20 million from EUR 103 million to EUR 123 million compared to the previous valuation principle. Liabilities were reported as an offsetting item on the liabilities side, so that the equity ratio fell accordingly from 54 per cent to

45 per cent while equity remained unchanged. As part of the statement of comprehensive income, the standard leads to an increase in the operating result (EBIT) of kEUR 72 from kEUR 1,370 to kEUR 1,442. On the other hand, the financial result decreased by kEUR 143, so that earnings before taxes (EBT) were reduced by kEUR 71.

Apart from the new IFRS 16 standard, the individual items of the balance sheet and the consolidated statement of comprehensive income are presented using the same valuation principles as described and applied in the 2018 Annual Report. These financial figures and disclosures should therefore be read in conjunction with the Annual Report for the 2018 consolidated financial statements.

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 March 31, 2019, 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)
- SYZYGY Performance GmbH, Munich, Germany
(SYZYGY Performance for short,
prior: Catbird Seat GmbH)
- Different GmbH, Berlin, Germany
(different 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, 2019 SYZYGY has acquired a further 10 per cent of the shares in USEEDS° GmbH. The entry in the commercial register took place on March 28, 2019.

Hi-ReS! London Ltd. was dissolved in the first quarter of 2019 and deconsolidated within the SYZYGY Group. This resulted in a deconsolidation gain of kEUR 62.

Information on general consolidation principles is provided in the 2018 annual report from page 74 onwards.

Segment reporting

The application of IFRS 8 requires segment reporting in line with the Group's internal management approach. Against this backdrop, SYZYGY reports on the segments according to geographical demarcation.

SYZYGY AG as a holding company mainly provides services to the operating units and must therefore be considered separately from them in the central function area. The segment Germany consists of different, SYZYGY Berlin, SYZYGY Germany, SYZYGY Media, SYZYGY Performance and USEEDS. The UK segment comprises SYZYGY UK and Unique Digital UK. SYZYGY NY and Ars Thanea are presented together under "Other Segments".

The individual segments apply the same accounting policies as the Group as a whole. SYZYGY AG assesses the performance of the segments primarily on the basis of revenues and EBIT. The allocation of sales revenues to third parties is based on the location of the selling business unit. The information on the geographical areas in terms of segment sales revenue and non-current assets is derived from the segment information summarized below. The revenues reported in the segment reporting consist of revenues from external customers and inter-segment revenues. Transactions within the segments, which are generally invoiced at market prices, were eliminated.

March 31, 2019	Germany	UK	Other segments	Central functions	Consolidation	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Billings	26,383	4,719	8,682	8	-404	39,388
Media costs	-14,834	-1,861	-7,005	0	1	-23,699
Sales	11,549	2,858	1,677	8	-403	15,689
of which internal sales	175	10	220	0	-405	0
Operating income (EBIT)	2,211	-39	14	-749	7	1,442
Financial income	36	-65	-7	28	0	-8
Earnings before tax (EBT)	2,247	-104	7	-721	5	1,434
Assets	78,323	55,528	14,153	89,652	-114,184	123,472
of which non-current assets	55,920	17,034	7,457	5,066	-38	85,439
of which goodwill	43,755	8,308	6,525	0	0	58,588
Investments	9,180	7,134	756	4,087	0	21,157
Depreciation and amortisation	679	303	132	452	-315	1,251
Impairment on goodwill	0	0	0	0	0	0
Segment liabilities	29,381	12,449	5,929	30,786	-11,019	67,526
Employees as per balance sheet date	365	91	82	24	0	562

March 31, 2018	Germany	UK	Other segments	Central functions	Consolidation	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Billings	22,503	7,828	8,933	28	-497	38,795
Media costs	-11,554	-4,651	-7,166	0	0	-23,371
Sales	10,949	3,177	1,767	28	-497	15,424
of which internal sales	346	10	141	0	-497	0
Operating income (EBIT)	1,197	-82	190	-201	0	1,104
Financial income	26	21	-3	107	0	151
Earnings before tax (EBT)	1,223	-61	187	-94	0	1,255
Assets	66,934	20,016	14,219	88,794	-85,075	104,888
of which non-current assets	47,678	10,112	7,055	1,127	0	65,972
of which goodwill	43,566	8,095	6,665	0	0	58,326
Investments	252	16	7	84	0	359
Depreciation and amortisation	252	97	50	26	0	425
Impairment on goodwill	0	0	0	0	0	0
Segment liabilities	18,966	7,011	5,989	30,071	-13,857	48,180
Employees as per balance sheet date	362	115	82	23	0	582

Segment assets correspond to the sum of all assets plus goodwill attributable to the respective segment, less receivables attributable to companies in the same segment.

Segment investments comprise investments in intangible assets and property, plant and equipment.

Segment liabilities correspond to the total of all liabilities excluding equity, plus minority interests attributable to the respective segment and deferred taxes on the respective intangible assets, 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 the Company 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 percent of the Company's outstanding shares until May 28, 2020. 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 at March 31, 2019, SYZGY 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, 2018	10,000	0	0	10,000
Purchases	0	0	0	0
Sales	0	0	0	0
As at March 31, 2019	10,000	0	0	10,000

Supervisory Board: Shares

[Number of shares]	Wilfried Beeck	Rupert Day	Andrew Payne	Total
As at December 31, 2018	10,000	0	0	10,000
Purchases	0	0	0	0
Sales	0	0	0	0
As at March 31, 2019	10,000	0	0	10,000

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

Management Board: Phantom stocks

[Number of shares]	Lars Lehne	Erwin Greiner	Frank Ladner	Total
As at December 31, 2018	240,000	80,000	55,000	375,000
Additions	0	0	0	0
Disposals	0	0	0	0
As at March 31, 2019	240,000	80,000	55,000	375,000

The phantom stock program was launched in 2015. The beneficiary receives the difference between the share price at grant and the share price at exercise of the phantom stock as a special payment. 40 percent of the phantom stocks granted (tranche 1) can be exercised at the earliest after 2 years and expire at the latest after 3 years, 60 percent of the phantom stocks granted (tranche 2) can be exercised at the earliest after 3 years and expire at the latest after 4 years. The maximum price increase is limited to 60 percent for tranche 1 and 90 percent for tranche 2.

The base price is EUR 9.13 for Lars Lehne and EUR 11.25 for Erwin Greiner and Frank Ladner. The maximum price increase is limited to 60 percent for tranche 1 and 90 percent for tranche 2.

Further information can be found on page 63 of the 2018 Annual Report.

Shareholder structure

As at March 31, 2019, the shareholders' structure has changed slightly compared to December 31, 2018.

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
HANSAINVEST	408	3.03
Hauck & Aufhäuser Fund Services S.A.	401	2.97
Free Float	5,822	43.13
Treasury Stock	74	0.54
Total	13,500	100.00

Bad Homburg v. d. H., May 3, 2019

SYZGY AG
The Management Board

Financial calendar 2019

Annual General Meeting, Frankfurt 06/07	Half-Year-Report (English version: 08/09) 08/02	9-Month-Report (English version: 11/08) 11/01
German Equity Forum, Frankfurt 11/25-27	MKK – Munich Capital Market Conference 12/10-11	

All dates are subjects to change.

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