

S/Z/G/

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

**Interim report  
as per June 30, 2017**

# Key financial figures

## Sales

(in kEUR)

2013	16,933
2014	22,573
2015	27,633
2016	30,830
2017	30,280

6M 2017 **30,280**

## Operating income

(in kEUR)

2013	1,326
2014	2,035
2015	2,546
2016	2,954
2017	2,106

6M 2017 **2,106**

## Financial income

(in kEUR)

2013	801
2014	1,158
2015	1,080
2016	800
2017	908

6M 2017 **908**

## Income before taxes

(in kEUR)

2013	2,127
2014	3,193
2015	3,626
2016	3,754
2017	3,014

6M 2017 **3,014**

## Net income

(in kEUR)

2013	1,546
2014	2,655
2015	2,709
2016	2,723
2017	2,168

6M 2017 **2,168**

## Earnings per share

undiluted (in EUR)

2013	0.12
2014	0.20
2015	0.20
2016	0.20
2017	0.20

6M 2017 **0.20**

## Operating cash flow

(in kEUR)

2013	-1,049
2014	3,795
2015	-3,062
2016	1,211
2017	-2,748

6M 2017 **-2,748**

## Sales by employee

annualised (in kEUR)

2013	108
2014	116
2015	116
2016	122
2017	104

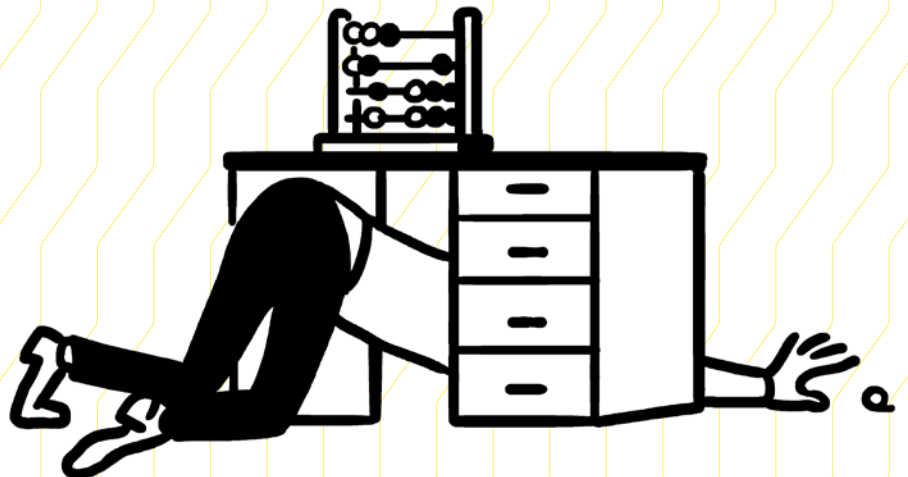
2017 **104**

## Balance sheet structure

Current assets	45%
Non current assets	55%
Equity	52%
Liabilities	48%

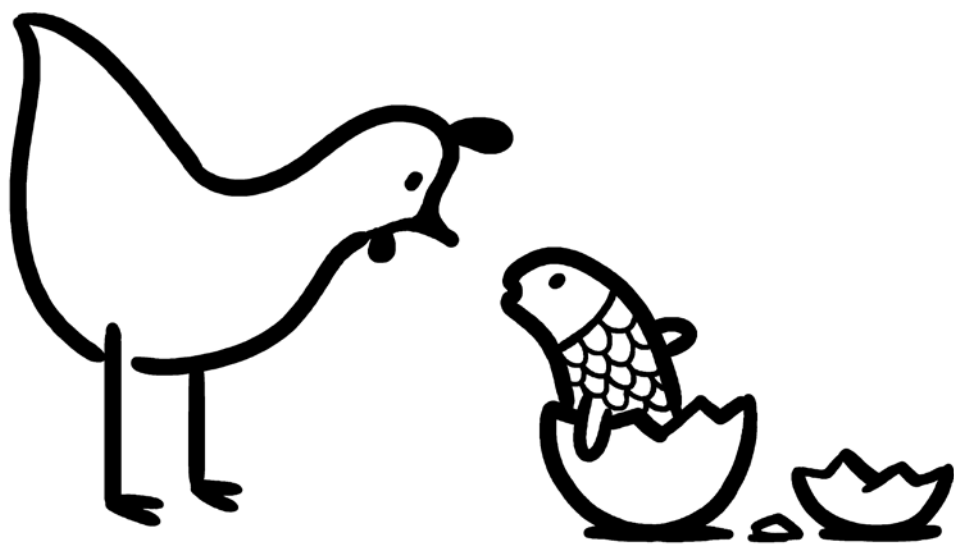
Equity **52%**

<p><b>Sales by segments</b></p> <table border="0"> <tr> <td>Germany</td> <td>60%</td> </tr> <tr> <td>United Kingdom</td> <td>24%</td> </tr> <tr> <td>USA</td> <td>10%</td> </tr> <tr> <td>Others</td> <td>6%</td> </tr> </table> <p>Germany <b>60%</b></p>	Germany	60%	United Kingdom	24%	USA	10%	Others	6%	<p><b>Sales by clients' volume</b></p> <table border="0"> <tr> <td>Top 5</td> <td>38%</td> </tr> <tr> <td>Top 6-10</td> <td>14%</td> </tr> <tr> <td>Others</td> <td>48%</td> </tr> </table> <p>Top 5 <b>38%</b></p>	Top 5	38%	Top 6-10	14%	Others	48%	<p><b>Sales allocation by vertical markets</b></p> <table border="0"> <tr> <td>Automotive</td> <td>29%</td> </tr> <tr> <td>Consumer goods</td> <td>27%</td> </tr> <tr> <td>Financial services</td> <td>11%</td> </tr> <tr> <td>Telekommunikation/IT</td> <td>11%</td> </tr> <tr> <td>Others</td> <td>22%</td> </tr> </table> <p>Automotive <b>29%</b></p>	Automotive	29%	Consumer goods	27%	Financial services	11%	Telekommunikation/IT	11%	Others	22%
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<p><b>Portfolio structure of cash and marketable securities</b></p> <table border="0"> <tr> <td>Corporate and government bonds</td> <td>79%</td> </tr> <tr> <td>Bank deposit</td> <td>21%</td> </tr> </table> <p>Corporate and government bonds <b>79%</b></p>	Corporate and government bonds	79%	Bank deposit	21%	<p><b>Employees by function</b></p> <table border="0"> <tr> <td>Online media</td> <td>24%</td> </tr> <tr> <td>Design</td> <td>19%</td> </tr> <tr> <td>Technology</td> <td>19%</td> </tr> <tr> <td>Project management</td> <td>16%</td> </tr> <tr> <td>Administration</td> <td>12%</td> </tr> <tr> <td>Strategy/consulting</td> <td>10%</td> </tr> </table> <p>Online media <b>24%</b></p>	Online media	24%	Design	19%	Technology	19%	Project management	16%	Administration	12%	Strategy/consulting	10%	<p><b>Shareholder structure</b></p> <table border="0"> <tr> <td>WPP plc, St. Helier</td> <td>51.78%</td> </tr> <tr> <td>Treasury stocks</td> <td>0.62%</td> </tr> <tr> <td>Free float</td> <td>47.60%</td> </tr> </table> <p>WPP plc <b>51.78%</b></p>	WPP plc, St. Helier	51.78%	Treasury stocks	0.62%	Free float	47.60%		
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[syzygy.net](http://syzygy.net)

## Business development and management report

	2nd Quarter			January-June		
	2017	2016	Change	2017	2016	Change
	kEUR	kEUR		kEUR	kEUR	
Sales	15,485	16,405	-6%	30,280	30,830	-2%
EBITDA	1,539	1,899	-19%	2,913	3,698	-21%
EBITDA margin	9.9%	11.6%	-1.7pp	9.6%	12.0%	-2.4pp
EBIT	1,102	1,479	-25%	2,106	2,954	-29%
EBIT margin	7.1%	9.0%	-1.9pp	7.0%	9.6%	-1.4pp
Financial income	405	404	0%	908	800	14%
Net income	1,097	1,376	-20%	2,168	2,723	-20%
Earnings per share (EUR)	0.11	0.10	10%	0.20	0.20	0%
Employees incl. freelancers	623	602	3%	623	602	3%
Liquid assets	14,301	21,772	-34%	14,301	21,772	-34%
Operating cash flow	-642	1,070	n.a.	-2,748	1,211	n.a.

### 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.

### 2. Group profile

#### 2.1 Business activities and structure

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

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

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

In June 2017, the SYZYGY Group acquired 51 per cent of the shares in Munich-based company Catbird Seat GmbH. The stake in Catbird Seat enables the Group to enhance its digital performance marketing services.

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. 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, animations and the development of games for smartphones and tablets round off the range of services.

The business focus is on the automotive, telecommunications/IT and consumer goods industries, as well as financial services.

## 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
- corporate governance

The SYZYGY Group pursues a style of corporate management based on sustainable growth. It derives measures from the above action areas that are crucial to the long-term positive development of the SYZYGY Group. Further information on sustainability is available in the SYZYGY AG declaration of conformity.

## 3. Economic report

### 3.1 General economic development

The ifo index for the world economic climate improved markedly in the first half of 2017, climbing from 2.6 to 13.0 points in the second quarter of 2017. This was the strongest rise since the start of 2013. The main drivers of this positive trend were the advanced economies, especially the European Union.

The stable trend seen in the Eurozone economy in the last quarter of 2016 persisted into the new year, with the Eurozone continuing to shrug off the economic and political uncertainty. In the first three months of the year, the Eurozone's gross domestic product (GDP) increased by 0.6 per cent. In the second quarter of 2017, the Eurozone posted its strongest economic growth for more than six years.

Job numbers rose at a pace rarely seen in the last ten years, thanks to robust order growth and the optimistic business outlook. As a consequence, the unemployment rate in the Eurozone declined, falling to 9.6 per cent in January 2017 – the lowest level since May 2009. With an average value of 56.6 points for the second quarter of 2017, the final IHS Markit Eurozone Composite Index (PMI) reached its highest level since the first quarter of 2011. The ifo Institute confirmed this trend by presenting similarly impressive figures: the ifo indicator for the economic climate in the Eurozone rose to 26.4 balance points in the second quarter, representing the highest figure since the beginning of the global economic crisis in the late summer of 2007. The chief economist at IHS Markit expects the upturn to be prolonged and robust, supported by multiple countries and a range of sectors. The favourable global economic climate, ongoing weakness of the euro and increasing signs that companies are becoming more willing to invest all suggest that industry will continue to benefit.

Economic and political uncertainty still poses a risk to the European economy. Key reasons include the lack of clarity around the future relationship between the UK and the EU, and the uncertain outcome and consequences of the upcoming elections in Germany. In addition, higher inflation could further curb disposable incomes and put a brake on growth. The future political direction of the US is another source of considerable uncertainty.

Based on the strong start to 2017, the economists at the European Central Bank (ECB) are optimistic about the future, upgrading their growth prediction for the current year from 1.7 to 1.9 per cent and for 2018 from 1.6 to 1.8 per cent.

The German economy also started the new year with a strong first quarter, growing by 0.6 per cent compared with the prior period, a trend that continued in the second quarter. Current economic indicators show that German business sentiment is excellent. Relevant indicators such as the ifo Business Survey for the commercial sector and the Markit Purchasing Managers' Index reached new highs in June. Manufacturing industry output rose for the fifth time in succession in May, and employment again grew strongly.

The ifo Business Climate Index also confirms and reflects this positive trend since the start of the year. In January, the index stood at 109.9 points, then rose each month to reach a record level of 115.1 points in June. This was 6.5 points above the figure for the same month of the previous year. Respondents assessed both the business situation and the outlook for the coming six months as better. As a result, many institutes raised their economic forecasts. The ifo researchers upgraded their growth estimate for 2017 from 1.5 to 1.8 per cent and for 2018 from 1.8 to 2.0 per cent. The German federal government is more cautious in its outlook: it expects a rise in economic output of 1.5 per cent for this year and 1.6 per cent for next year.

Experts from the ifo Institute expect that the number of people in work in Germany will rise to a new record high of 44.6 million, with the unemployment rate falling to 5.5 per cent. However, the economists also anticipate a rise in inflation, which was relatively low at 0.6 per cent and is set to climb to 1.7 per cent this year. Germany's current account surplus with regard to the export and import of goods and services will continue to rise in absolute terms, while the proportion relative to economic output will remain largely unchanged at around 8.3 per cent.

According to the Office for National Statistics (ONS), the UK economy started the new year with GDP growth of just 0.3 per cent compared with the final quarter of 2016. There has been uncertainty about the country's future economic development since the referendum decision on June 23, 2016 to leave the EU. Although the direct impact of the Brexit referendum has so far been less serious than expected, the current economic data is modest. Experts are correspondingly concerned about the future. They expect rising inflation of up to 3 per cent in the current year. This could result in a decline in purchasing power and demand, since wage increases will fail to keep up with inflation. Inflation was 0.7 per cent before the Brexit referendum; by April 2017 it had risen to 2.6 per cent. Capital expenditure fell by 0.9 per cent in the first three months of the year. In addition, productivity has been stagnating since 2009.

In the first three months of the year, the US economy grew by only 0.3 per cent compared with the prior quarter. For the second quarter, economists expect a significant acceleration of US GDP growth and are forecasting a 0.8 per cent rise compared with the previous period. For the full year, experts expect growth of 2.2 per cent in 2017.

Poland's economy has returned to dynamic growth compared with 2016, a year which saw growth of 2.8 per cent – a weak figure for the country. In the first quarter of 2017, the Polish economy grew by 4.1 per cent, thus exceeding expert forecasts, which averaged 3.8 per cent. Forecasts for the rest of the year remain optimistic, at 4 per cent.

### **3.2 Advertising market performance**

Statistics for the performance of the advertising market in the second quarter of 2017 were largely unavailable when this report was being prepared. SYZYGY also accepts that the validity of advertising statistics is limited since different survey methods produce widely different results and forecasts. Given the generally robust economy in the first two quarters of 2017 and mostly positive forecasts for the year 2017 as a whole, it can nonetheless be assumed that companies have tended to increase their marketing budgets.

The Advertising Expenditure Forecast published by media holding company Zenith Optimedia suggests that worldwide advertising spend will rise by 4.2 per cent to USD 559 billion. This means that growth will be below the previous year's level, which was 4.8 per cent. The previous year was significantly boosted by additional advertising around major events such as the US elections, the Summer Olympics in Rio and the European Football Championship. This makes it difficult to draw a direct comparison with 2017.

The research and analysis subsidiary of IPG Mediabrands Magna expects a rise of 3.7 per cent to USD 505 billion in its latest outlook on the global advertising industry. According to this report, the previous year saw growth of 5.9 per cent. Here again, the lower figure for the current year is due to a lack of political and sporting events.

With regard to the allocation of budgets, Magna sees TV falling to second place, since expenditure is set to decline globally by 1 per cent. At the same time, spending on digital advertising will rise by 14 per cent. Online advertising sales will thus reach USD 204 billion. As in preceding periods, the mobile segment will account for the highest proportion, at 54 per cent or USD 110 billion, marking a new record high.



Zenith Germany believes that the German advertising market will continue to perform well. In March, the agency raised its growth forecast for 2017 from 2.3 per cent to 2.5 per cent, citing higher advertising spend on the Internet. Magna expects expenditure on digital media in Germany to rise by 8.5 per cent to EUR 7.6 billion. Within this category, spending on social media is expected to go up by 40 per cent, online video by 22 and search by 9 per cent. In Germany too, though, the greatest growth will be seen in the mobile segment, at 43 per cent, albeit from a relatively low base. Global performance management firm Nielsen reported growth in the overall German market of 2.1 per cent and gross advertising spend of EUR 7.2 billion for the first quarter of 2017.

Zenith's outlook for the advertising industry in the UK is cautious for the current year. Growth in advertising spend has slumped due to the gloomier economy, rising inflation and the political uncertainty resulting from the snap election and the upcoming Brexit negotiations. Following strong growth of 9.6 per cent in 2016, market experts expect only a small rise in expenditure of 0.9 per cent in the current year. Although Magna forecasts growth of 1.9 per cent for the UK, it also highlights the drop compared with previous years, when growth averaged 6 per cent.

### 3.3 Employees

The headcount at the SYZGY Group increased further in the period covered by the report. The SYZGY Group had a total of 602 permanent employees as at June 30, 2017. This increase of 37 people compared with March 31, 2017, or 56 compared with the end of the same period of the previous year, was primarily due to the integration of 43 employees from Catbird Seat into the Group.

The number of freelancers was around 21 (based on FTEs) as at the reporting date, 34 fewer than in the first half of 2016.

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

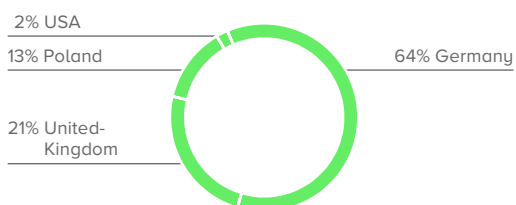
Employees	06/30/2017	06/30/2016
Germany	383	341
United Kingdom	127	111
Poland	78	75
USA	14	19
<b>Total</b>	<b>602</b>	<b>546</b>

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

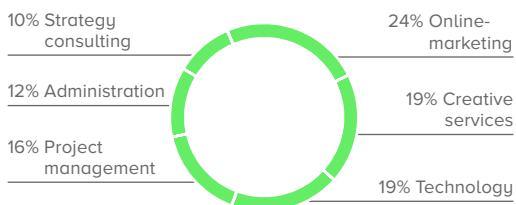
Employees	06/30/2017	06/30/2016
Online marketing	142	107
Technology	115	107
Creative services	114	116
Project management	97	94
Administration	74	62
Strategy consulting	60	60
<b>Total</b>	<b>602</b>	<b>546</b>

On average over the period, 582 people – including around 20 freelancers – worked for the SYZGY Group. Annualised sales per head were therefore EUR 104,000 (previous year: EUR 110,000, with an average headcount of 593).

#### Employees by country



#### Employees by function



### 3.4 Investments, research and development

SYZGY invested around EUR 1.5 million in intangible assets and fixed assets in the first half of 2017. This consisted of investment in equipment for employees at the SYZGY Group's various locations.

### 3.5 Net assets, financial position and results of operations of the SYZGY Group

#### 3.5.1 Results of operations

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

In the period under review, the SYZGY Group saw declines with regard to both figures. Billings were down 11 per cent to EUR 66.0 million compared to the same period of the previous year, while sales softened by 2 per cent to EUR 30.3 million.

A major factor in this trend was the loss of a substantial account by Hi-ReS! Berlin, with growth of the other companies unable to compensate.

Sales to automotive clients fell significantly by 5 percentage points year-on-year, while other sectors have become more prominent. 52 per cent of SYZGY's total sales were generated from its ten largest clients, a slight drop of 4 percentage points compared with the same period of the prior year.

#### 3.5.2 Operating expenses and depreciation

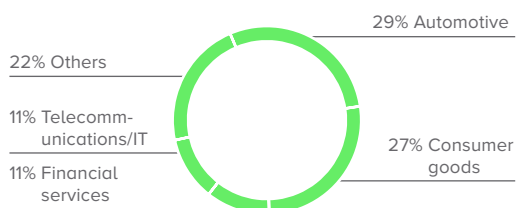
The cost of sales rose by 3 per cent to EUR 22.4 million, thus increasing at a slightly faster rate than sales. Gross margin decreased accordingly by 3 percentage points to 26 per cent.

At EUR 3.2 million, general administrative costs remained unchanged compared with the previous year's figure (EUR 3.2 million).

Sales and marketing costs totalled EUR 2.7 million in the first half of 2017, representing a fall of 11 per cent.

Depreciation of fixed assets amounted to EUR 0.8 million, which was slightly up on the corresponding period of the prior year (EUR 0.7 million).

#### Sales allocation by vertical markets



### 3.5.3 Operating income and EBIT margin

The SYZYGY Group's operating profit fell by 29 per cent, declining from EUR 3.0 million to EUR 2.1 million compared with the same period of the previous year. As a consequence, the EBIT margin fell to 7.0 per cent (previous year: 9.6 per cent).

### 3.5.4 Financial income

Through active management of liquid funds, SYZYGY generated financial income of EUR 0.9 million in the first half of 2017. This figure is 14 per cent above the previous year's level and corresponds to an annualised return of 8.1 per cent on average available liquidity reserves. Financial income primarily comprises interest income from corporate bonds and gains realised on securities. Around half of the securities held are now US dollar bonds, as the interest rate is higher in US dollars than for euro-denominated bonds with a comparable credit rating.

### 3.5.5 Income taxes, net income, earnings per share

Business performance at the SYZYGY Group is reflected in pre-tax income of EUR 3.0 million. In the same period of the previous year, the figure was EUR 3.8 million, meaning that pre-tax income decreased by 20 per cent. After income taxes of EUR 0.8 million, net income was EUR 2.2 million.

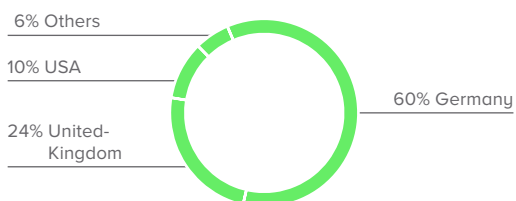
Undiluted earnings per share were EUR 0.20 for the first half of 2017, based on the average available 12,754 thousand shares qualifying for participation in the profits and after deducting minority shares of EUR 0.4 million. This corresponds to the level of the same period in the prior year.

### 3.5.6 Segment reporting

In accordance with IFRS 8, which is based on the management approach, SYZYGY uses geographical criteria to report segments and thus distinguishes between Germany, the UK, the United States and other segments. The latter category includes Ars Thanea. Under IFRS 8.13, this company is not big enough to be reported as a geographically independent segment.

Compared to the prior-year period, the individual segments contributed to earnings in the first half of 2017 as follows:

#### Share of Group sales (consolidated)



	Germany		United Kingdom		USA		Others (Poland)	
	2017	2016	2017	2016	2017	2016	2017	2016
Q2 in kEUR								
Sales (not consolidated)	18,471	19,107	7,449	6,919	3,067	4,018	1,774	1,457
Operating income (EBIT)	1,423	3,022	398	783	694	591	141	249
Operating income (EBIT)	8%	16%	5%	11%	23%	15%	8%	17%
Share of Group sales (consolidated)	60%	61%	24%	22%	10%	12%	6%	5%

### 3.5.7 Financial position

SYZYG Y had liquidity reserves totalling EUR 14.3 million as at the balance sheet date, corresponding to a decrease of EUR 7.9 million or 35 per cent compared with December 31, 2016. Both components were down: liquid funds decreased by EUR 3.5 million to EUR 3.0 million, while securities holdings fell from EUR 15.6 million to EUR 11.3 million.

79 per cent of funds were invested in corporate bonds, while 21 per cent were accounted for by bank deposits. The average residual maturity of the bonds was 4.9 years.

Total cash flow of the SYZYG Y Group was negative as at the reporting date, at EUR -3.4 million. The positive cash flow from investment operations of EUR 4.4 million was unable to offset the negative cash flow from business operations of EUR -2.7 million and negative cash flow from financing activities, which represents the payment of the dividend of EUR -4.8 million. The negative cash flow from business operations is due primarily to the rise in accounts receivable of EUR -4.2 million (previous year EUR -1.8 million).

Positive cash flow from investment operations is primarily attributable to the sale (EUR 10.8 million) of securities and a lower level of purchases (EUR -5.5 million).

### 3.5.8 Asset situation

The SYZYG Y Group's total assets rose to EUR 90.4 million as at the reporting date. The increase of EUR 9.5 million compared with December 31, 2016 represents a growth of 12 per cent.

Non-current assets increased by around 30 per cent to EUR 49.5 million. This increase is attributable to the acquisition of a stake in Catbird Seat.

Current assets fell by EUR 1.7 million, or 4 per cent, to EUR 41.0 million. This was due to both a reduction in securities and in liquid funds of EUR 7.9 million (35 per cent) to EUR 14.3 million and a rise in trade receivables by 28 per cent to EUR 23.8 million.

At EUR 47.0 million, equity was EUR 2.8 million or 6 per cent below the figure as at December 31, 2016, corresponding to an equity ratio of 52 per cent.

Other net income amounted to EUR -1.5 million and thus remained at the same level as at December 31, 2016. This item mainly comprises unrealised exchange rate changes and unrealised price changes on securities similar to those seen in the prior-year period.

At EUR 26.7 million, current liabilities were 11 per cent above the level as at year-end 2016 (EUR 24.0 million). This mainly includes the reduction of EUR -1.2 million to EUR 6.2 million in accounts payable and a rise in other provisions from EUR 8.7 million to EUR 11.5 million.

## 4. Outlook

### 4.1 Forecasts

As with any private-sector business, the SYZGY Group is subject to factors over which it has no control. Changes in the general economic environment and sentiment, both actual and perceived, can have a positive or negative impact on the Group's growth.

All statements about the future of the Group are based on information and findings that were known and available at the time this report was prepared. Since this information is subject to constant change, forecasts invariably involve a number of uncertainties. As a result, actual results may differ in subsequent periods.

Business performance can also benefit from the acquisition of major new clients and from expanding existing client relationships by gaining additional budgets above and beyond scheduled projects.

### 4.2 General economic situation

SYZGY currently expects the Group's core markets to experience growth. Overall, factors that are likely to promote economic growth predominate.

The International Monetary Fund (IMF) forecasts strong growth for the global economy and expects an increase of 3.5 per cent for the current year and 3.6 per cent in 2018.

The IMF's economists forecast somewhat weaker growth for Germany than for the Eurozone, although this is not due to any weakness on the part of Germany. In fact, the IMF experts have raised their outlook once again: the German economy is expected to expand by 1.8 per cent in 2017 and by a further 1.6 per cent in 2018. Other countries, such as Spain, the Netherlands, Belgium, Austria and Finland, will grow at an even faster pace this year though.

Economic experts from the Organisation for Economic Co-operation and Development (OECD) confirm that the German economy will see strong growth. Their forecast for this year is an increase of 1.7 per cent, followed by 2.0 per cent in 2018.

The UK is in a difficult situation. Economists expect turbulence to continue throughout the duration of the EU exit negotiations, i.e. for the next two years. Additional uncertainty is likely due to poor productivity, lower investment by the state and by companies, increased inflation and the budget deficit.

Market experts believe that the US economy remains on a growth trajectory, although there are some associated risks. They forecast a rise in economic output of 2.2 per cent in the current year and of 2.6 per cent for next year. The IMF has reduced its expectations with regard to growth in the US due to uncertainty in relation to government expenditure and tax revenue. It expects to see a gain in 2017 and 2018 of just 2.1 per cent in each year, instead of the original forecast of 2.3 and 2.5 per cent, respectively.

### 4.3 Advertising market

The general state of the economy is one of the main factors that determines companies' willingness to invest in marketing campaigns. In view of the mostly positive economic outlook at present, SYZGY expects advertising budgets to rise in 2017. At the same time, the shift away from traditional offline media and towards digital channels is no longer a surprise to anyone. It is thus to be expected that online advertising will continue to grow as a proportion of total budgets.

Due to the lack of major sporting or political events, Magna forecasts a rather subdued growth rate for the global advertising market of 3.7 per cent. Market experts at Zenith are likewise cautious about the future. They forecast an increase of 4.2 per cent for 2017 and recently reduced their March forecast by 0.2 per cent (from 4.4). 2016 was a good year for the advertising industry due to a large number of events. As a result, growth in the following three years will remain below that of the previous year, staying between 4.1 and 4.2 per cent in the period to 2019.

With regard to the overall German market, Magna's forecasts for 2017 is for a largely unchanged 2.2 per cent. The market experts at Zenith have a more optimistic outlook for the German advertising market and now expect a rise of 2.5 per cent instead of the 2.3 per cent predicted in March. The reason cited for the upward correction is the continuing growth in investment in online advertising. The German Online Marketing Group (OVK), part of the German Association for the Digital Economy (BVDW), confirms this trend. It expects digital advertising to grow by 7.0 per cent to EUR 1.9 billion in 2017.

The UK is one of the top 5 advertising markets worldwide, alongside Germany. Magna's industry experts anticipate weak growth in the overall market of just 1.9 per cent. ZenithOptimedia expects the UK to fall to 9th place in the global growth ranking, behind Germany (7) and Russia (8).

The ZenithOptimedia study assesses the growth outlook for the US for the years 2017 to 2019 as averaging 3.3 per cent. Magna, meanwhile, sees growth in the advertising market of just 1.6 per cent in the current year. The online segment will also grow strongest in this market, at 14 per cent.

#### **4.4 Expected performance of the SYZYGY Group**

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

The SYZYGY Group is maintaining the forecast given in the interim report of March 31, 2017, and expects to be able to increase its sales slightly in the current financial year. Operating income is expected to increase slightly ahead of sales.

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

#### **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., August 8, 2017  
The Management Board

## Consolidated balance sheet

Assets	06/30/2017	06/30/2016	12/31/2016
	kEUR	kEUR	kEUR
<b>Non-current assets</b>			
Goodwill	44,292	29,578	33,797
Other Fixed assets, net	3,972	3,680	3,231
Other assets	661	638	625
Deferred tax assets	531	1,259	469
<b>Total non-current assets</b>	<b>49,456</b>	<b>35,155</b>	<b>38,122</b>
<b>Current assets</b>			
Cash and cash equivalents	3,020	6,721	6,571
Marketable securities	11,281	15,051	15,581
Accounts receivable, net	23,756	20,148	18,525
Prepaid expenses and other current assets	2,909	1,456	2,062
<b>Total current assets</b>	<b>40,966</b>	<b>43,376</b>	<b>42,739</b>
<b>Total assets</b>	<b>90,422</b>	<b>78,531</b>	<b>80,861</b>
<b>Equity and Liabilities</b>			
	06/30/2017	06/30/2016	12/31/2016
	kEUR	kEUR	kEUR
<b>Equity</b>			
Common stock*	12,828	12,828	12,828
Additional paid-in capital	20,537	20,504	20,537
Own shares	-407	-435	-407
Accumulated other comprehensive income	-1,465	-1,421	-1,537
Retained earnings	15,815	20,287	18,071
<b>Equity attributable to shareholders of SYZGY AG</b>	<b>47,308</b>	<b>51,763</b>	<b>49,492</b>
Minorities	-299	458	293
<b>Total Equity</b>	<b>47,009</b>	<b>52,221</b>	<b>49,785</b>
<b>Non-current liabilities</b>			
Long term liability	16,518	2,383	6,879
Deferred tax liabilities	195	194	238
<b>Total non-current liabilities</b>	<b>16,713</b>	<b>2,577</b>	<b>7,117</b>
<b>Current liabilities</b>			
Tax accruals	1,263	753	203
Accrued expenses	11,466	10,151	8,668
Customer advances	4,723	4,969	4,632
Accounts payable	6,217	5,164	7,434
Other current liabilities	3,031	2,696	3,022
<b>Total current liabilities</b>	<b>26,700</b>	<b>23,733</b>	<b>23,959</b>
<b>Total liabilities and equity</b>	<b>90,422</b>	<b>78,531</b>	<b>80,861</b>

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

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



## Consolidated statement of comprehensive income

	2nd Quarter			January-June			
	2017	2016	Change	2017	2016 12/31/2016	Change	
	kEUR	kEUR		kEUR	kEUR	kEUR	
<b>Billings</b>	<b>31,607</b>	<b>39,636</b>	<b>-20%</b>	<b>65,997</b>	<b>74,236</b>	<b>142,804</b>	<b>-11%</b>
Media costs	-16,122	-23,231	-31%	-35,717	-43,406	-78,531	-18%
<b>Sales</b>	<b>15,485</b>	<b>16,405</b>	<b>-6%</b>	<b>30,280</b>	<b>30,830</b>	<b>64,273</b>	<b>-2%</b>
Cost of revenues	-11,376	-11,565	-2%	-22,374	-21,754	-47,434	3%
Sales and marketing expenses	-1,351	-1,667	-19%	-2,742	-3,064	-6,341	-11%
General and administrative expenses	-1,723	-1,618	6%	-3,191	-3,173	-6,787	1%
Other operating income/expense, net	67	-76	n.a.	133	115	1,885	16%
<b>Operating profit (EBIT)</b>	<b>1,102</b>	<b>1,479</b>	<b>-25%</b>	<b>2,106</b>	<b>2,954</b>	<b>5,596</b>	<b>-29%</b>
Financial income, net	405	404	0%	908	800	1,336	14%
<b>Income before taxes (EBT)</b>	<b>1,507</b>	<b>1,883</b>	<b>-20%</b>	<b>3,014</b>	<b>3,754</b>	<b>6,932</b>	<b>-20%</b>
Income taxes	-410	-507	-19%	-846	-1,031	-1,835	-18%
<b>Total net income of the period</b>	<b>1,097</b>	<b>1,376</b>	<b>-20%</b>	<b>2,168</b>	<b>2,723</b>	<b>5,097</b>	<b>-20%</b>
thereof net income share to other shareholders	-346	154	n.a.	-423	242	115	n.a.
thereof net income share to shareholders of SYZGY AG	1,443	1,222	18%	2,591	2,481	4,982	4%
<b>Items that will not be reclassified to profit and loss:</b>	<b>0</b>	<b>0</b>	<b>n.a.</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n.a.</b>
<b>Items that will or may be reclassified to profit and loss:</b>							
Currency translation adjustment from foreign business operations	-411	-999	n.a.	-108	-2,120	-2,412	n.a.
Net unrealized gains/ losses on mark. sec., net of tax	180	200	-10%	180	4	207	4,400%
<b>Other comprehensive income</b>	<b>-231</b>	<b>-799</b>	<b>-71%</b>	<b>72</b>	<b>-2,116</b>	<b>-2,205</b>	<b>n.a.</b>
<b>Comprehensive income</b>	<b>866</b>	<b>577</b>	<b>50%</b>	<b>2,240</b>	<b>607</b>	<b>2,892</b>	<b>269%</b>
thereof income share to other shareholders	-346	132	n.a.	-412	221	121	n.a.
thereof income share to shareholders of SYZGY AG	1,212	445	172%	2,652	386	2,771	587%
Earnings per share from total operations (basic in EUR)	0.11	0.10	0%	0.20	0.20	0.39	0%

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

## Statement of changes in equity

	Number of shares	Common stock	Additional paid-in capital	Own shares	Retained earnings	Foreign exchange currency	Unrealised gains and losses	Equity attributable to shareholders of SYZYGY AG	Minority interest	Total equity
	in 1,000	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
<b>January 1, 2016</b>	<b>12,828</b>	<b>12,828</b>	<b>20,306</b>	<b>-739</b>	<b>17,806</b>	<b>591</b>	<b>83</b>	<b>50,875</b>	<b>312</b>	<b>51,187</b>
Net income of the period					4,982			4,982	115	5,097
Other comprehensive income						-2,418	207	-2,211	6	-2,205
<b>Comprehensive income</b>					<b>4,982</b>	<b>-2,418</b>	<b>207</b>	<b>2,771</b>	<b>121</b>	<b>2,892</b>
Dividend					-4,717			-4,717	0	-4,717
Sale of own shares			231	332				563		563
Payment to minorities								0	-140	-140
<b>December 31, 2016</b>	<b>12,828</b>	<b>12,828</b>	<b>20,537</b>	<b>-407</b>	<b>18,071</b>	<b>-1,827</b>	<b>290</b>	<b>49,492</b>	<b>293</b>	<b>49,785</b>
<b>January 1, 2017</b>	<b>12,828</b>	<b>12,828</b>	<b>20,537</b>	<b>-407</b>	<b>18,071</b>	<b>-1,827</b>	<b>290</b>	<b>49,492</b>	<b>293</b>	<b>49,785</b>
Net income of the period					2,591			2,591	-423	2,168
Other comprehensive income						-108	180	72	11	83
<b>Comprehensive income</b>					<b>2,591</b>	<b>-108</b>	<b>180</b>	<b>2,663</b>	<b>-412</b>	<b>2,251</b>
Dividend					-4,847			-4,847	0	-4,847
Payment to minorities								0	-180	-180
<b>March 31, 2017</b>	<b>12,828</b>	<b>12,828</b>	<b>20,537</b>	<b>-407</b>	<b>15,815</b>	<b>-1,935</b>	<b>470</b>	<b>47,308</b>	<b>-299</b>	<b>47,009</b>

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

## Consolidated statement of cash flows

	January-June		
	2017	2016	2016
	kEUR	kEUR	kEUR
Period net income	2,168	2,723	5,097
Adjustments to reconcile income from operations to net cash provided by operating activities			
– Depreciation on fixed assets	807	739	1,778
– Profit (-) and loss (+) on sale of securities	-589	-471	-504
– Profit (-) / loss (+) on sale of fixed assets	4	40	8
– Changes in Earn-Out liabilities	-994	0	-1,011
– Other non-cash income and expenses	-314	490	458
Changes in operating assets and liabilities:			
– Accounts receivable and other assets	-4,243	-1,883	-440
– Customer advances	-96	-419	-792
– Accounts payable and other liabilities	362	475	1,892
– Tax accruals and payables, deferred taxes	147	-483	-556
<b>Cash flows provided by operating activities</b>	<b>-2,748</b>	<b>1,211</b>	<b>5,930</b>
Changes in other non-current assets	0	-295	-16
Investments in fixed assets	-1,464	-798	-1,167
Purchases of marketable securities	-5,542	-9,789	-12,151
Proceeds from sale of marketable securities	10,816	17,595	20,110
Acquisition of consolidated entities less liquid funds	612	<b>-4,657</b>	-4,655
<b>Cash flows used in investing activities</b>	<b>4,422</b>	<b>2,056</b>	<b>2,121</b>
dividend paid to minority shareholders	-180	-140	-140
dividend paid to shareholders of SYZYG AG	-4,847	0	-4,717
<b>Cash flows from financing activities</b>	<b>-5,027</b>	<b>-140</b>	<b>-4,857</b>
<b>Total</b>	<b>-3,353</b>	<b>3,127</b>	<b>3,194</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>6,571</b>	<b>3,841</b>	<b>3,841</b>
Exchange rate differences	-198	-247	-464
<b>Cash and cash equivalents at the end of the period</b>	<b>3,020</b>	<b>6,721</b>	<b>6,571</b>

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

Operating cashflow includes paid interest in the amount of kEUR 9 (prior year: kEUR 8), received interest in the amount of kEUR 326 (prior year: kEUR 830) as well as paid taxes in the amount of kEUR 971 (prior year: kEUR 992).

# Notes to the Consolidated Financial Statements

## Accounting

Pursuant to the provisions of section 37 w WpHG (German Securities Trading Act) in conjunction with Article 37 y para. 2 WpHG, the financial report of SYZYGY AG for the first six months of 2017 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, 2016. The Management Report was prepared in accordance with the applicable requirements of the WpHG.

The same accounting and consolidation principles were applied as described in the notes to the financial statements in the 2016 annual report. Individual items in the balance sheet and consolidated statement of comprehensive income are likewise presented using the same valuation principles as described and applied in the annual report for 2016. The financial figures and associated information must therefore be read in conjunction with the annual report on the consolidated financial statements for 2016.

According to Article 37 w para. 5 WpHG, the interim financial statement have not been audited.

## 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 new business activities and generates sales from projects with third parties.

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 corporations 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, animations and gaming round off the range of services.

The Group's business focus is on the automotive, telecommunications/IT and consumer goods industries, as well as financial services.

### Scope of consolidation and principles

As at June 30, 2017, the following subsidiaries were included in the consolidated financial statements of SYZYGY AG and fully consolidated:

- Ars Thanea S.A., Warsaw, Poland  
(Ars Thanea for short)
- Catbird Seat GmbH, Munich, Germany  
(Catbird Seat for short)
- Hi-ReS! Berlin GmbH, Berlin, Germany  
(Hi-ReS! BER for short)
- Hi-ReS! London Ltd, London, United Kingdom  
(Hi-ReS! LON 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, formerly  
uniquedigital GmbH)
- 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)

In order to extend the range of services and strengthen especially the services in customer experience, SYZYGY AG acquired 51 per cent stake in Catbird Seat on June 1. Control of financial and corporate policy was transferred on June 1, 2017. According to IFRS 3.62 the acquisition led to an increase in liquid assets of kEUR 612, the acquisition of current assets of kEUR 1,560 and of non-current assets of kEUR 77. Liabilities totalling kEUR 2,077 were also acquired which resulted in an equity of kEUR 172.

Moreover, SYZYGY has agreed to the acquisition of further 19 per cent of shares of Catbird Seat in the first quarter of 2020, so that present ownership is given for the additional shares as well. The purchase price for those additional shares is based on Catbird Seat's performance in the years 2017 to 2019.

Furthermore, a reciprocal put/call option was agreed for the sale or acquisition of the outstanding 30 per cent of the shares in Catbird Seat. This option can be exercised from 2023 to 2027. The price of these additional shares depends on the future business performance of Catbird Seat in the years 2017 to 2022. Because the instrument is structured as a reciprocal put/call option, SYZYGY expects that it is highly likely that it will be exercised by at least one party, based on current circumstances. As a result, this involves present ownership for SYZYGY with regard to these shares as well, with effect from the time of acquisition. Accordingly, first-time consolidation is being applied in the 2017 financial year, on the basis of a 100 per cent shareholding. The financial liabilities resulting from the anticipated exercise of the options have been recognised at fair value on the balance sheet date in the amount of kEUR 6,864 and reported in other non-current liabilities.



A difference of around kEUR 10,632 was allocated to the stated earnings before taxes for the order backlog (kEUR 70) and reverse deferred tax liabilities (kEUR 22). The residual difference is reported as goodwill of kEUR 10,584 in the Germany segment, denominated in EUR. This goodwill is not deductible for tax purposes. IFRS 3 stipulates that the final purchase price allocation must be concluded no later than one year after completion of the transaction. As such, at the end of May 2018 it constitutes preliminary accounting for the acquired assets and liabilities.

Information on general consolidation principles is provided in the 2016 annual report from page 62 onwards.

### **Segment reporting**

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

As the holding company, SYZYG AG mainly delivers services to the operating units and therefore needs to be considered separately as a provider of central functions. The UK segment consists of SYZYG UK, Unique Digital UK and Hi-ReS! LON. The Germany segment comprises Catbird Seat, Hi-ReS! BER, SYZYG Deutschland, SYZYG Media DE and USEEDS. SYZYG NY has formed a separate United States segment since 2015. Ars Thanea does not fulfil the size criteria to qualify as an independent geographical segment. For this reason it is presented under „Other segments“.

All segments offer large corporations an integrated portfolio of corporate Internet solutions: from strategic consulting to project planning, concepts, design and technical realisation. SYZYG's services are complemented by search engine marketing and online media planning.

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

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

Segment investments comprise investments in intangible assets and fixed assets.

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

June 30, 2017	Germany	UK	US	Other segments	Central functions	Consolidation	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Billings	32,739	21,577	10,388	1,774	1,954	-2,435	<b>65,997</b>
Media costs	-14,268	-14,128	-7,321	0	0	0	<b>-35,717</b>
Sales	18,471	7,449	3,067	1,774	1,954	-2,435	<b>30,280</b>
of which internal sales	1,460	44	0	931	0	-2,435	<b>0</b>
Operating income (EBIT)	1,423	398	694	141	-550	0	<b>2,106</b>
Financial income	20	0	0	-2	1,310	-420	<b>908</b>
Earnings before tax (EBT)	1,443	398	694	139	760	-420	<b>3,014</b>
Assets	48,041	21,996	6,111	8,192	69,559	-63,477	<b>90,422</b>
of which non-current assets	32,702	8,434	283	6,806	39	0	<b>48,264</b>
of which goodwill	29,564	8,095	0	6,633	0	0	<b>44,292</b>
Investments	1,390	50	1	48	9	0	<b>1,498</b>
Depreciation and amortisation	592	104	50	52	9	0	<b>807</b>
Impairment on goodwill	0	0	0	0	0	0	<b>0</b>
Segment liabilities	10,603	9,232	4,747	462	22,601	-4,232	<b>43,413</b>
Employees as per balance sheet date	360	127	14	78	23	0	<b>602</b>

June 30, 2016	Germany	UK	US	Other segments	Central functions	Consolidation	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Billings	35,243	16,979	21,228	1,457	1,215	-1,886	<b>74,236</b>
Media costs	-16,136	-10,060	-17,210	0	0	0	<b>-43,406</b>
Sales	19,107	6,919	4,018	1,457	1,215	-1,886	<b>30,830</b>
of which internal sales	587	364	0	538	397	-1,886	<b>0</b>
Operating income (EBIT)	3,022	783	591	249	-1,608	-83	<b>2,954</b>
Financial income	51	-2	0	-6	968	-211	<b>800</b>
Earnings before tax (EBT)	3,073	781	591	243	-640	-294	<b>3,754</b>
Assets	38,220	19,924	7,402	7,858	59,257	-54,130	<b>78,531</b>
of which non-current assets	17,274	9,031	394	6,522	37	0	<b>33,258</b>
of which goodwill	14,666	8,592	0	6,320	0	0	<b>29,578</b>
Investments	582	157	49	47	11	0	<b>846</b>
Depreciation and amortisation	440	115	45	137	8	0	<b>745</b>
Impairment on goodwill	0	0	0	0	0	0	<b>0</b>
Segment liabilities	8,143	5,946	5,950	756	9,361	-3,846	<b>26,310</b>
Employees as per balance sheet date	319	111	19	75	22	0	<b>546</b>

### Treasury stock

SYZYG 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 per cent of the Company's outstanding shares until May 28, 2020. SYZYG 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 June 30, 2017, SYZYG 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	Andrew P. Stevens	Erwin Greiner	Total
As at December 31, 2016	10,000	0	0	<b>10,000</b>
Purchases	0	0	0	<b>0</b>
Sales	0	0	0	<b>0</b>
<b>As at June 30, 2017</b>	<b>10,000</b>	<b>0</b>	<b>0</b>	<b>10,000</b>

#### Supervisory Board: Shares

[Number of shares]	Ralf Hering	Wilfried Beeck	Rupert Day	Total
As at December 31, 2016	0	10,000	0	<b>10,000</b>
Purchases	0	0	0	<b>0</b>
Sales	0	0	0	<b>0</b>
<b>As at June 30, 2017</b>	<b>0</b>	<b>10,000</b>	<b>0</b>	<b>10,000</b>

#### Management Board: Options

[Number of shares]	Lars Lehne	Andrew P. Stevens	Erwin Greiner	Total
As at December 31, 2016	0	0	10,000	<b>10,000</b>
Additions	0	0	0	<b>0</b>
Disposals	0	0	-10,000	<b>-10,000</b>
<b>As at June 30, 2017</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

SYZYG AG pays the difference between the exercise price and share price at the exercise date in cash instead of issuing new shares. Accordingly, the liabilities are recorded as accruals on a pro rata basis.

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



## Management Board: Phantom stocks

[Number of shares]	Lars Lehne	Andrew P. Stevens	Erwin Greiner	Total
As at December 31, 2016	240,000	120,000	75,000	<b>435,000</b>
Additions	0	0	0	<b>0</b>
Disposals	0	0	0	<b>0</b>
<b>As at June 30, 2017</b>	<b>240,000</b>	<b>120,000</b>	<b>75,000</b>	<b>435,000</b>

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

The base price for the phantom stocks of Andrew P. Stevens and Erwin Greiner was set at EUR 9.00, for Lars Lehne at EUR 9.13.

Additional information is provided in the 2016 annual report from page 61 onwards.

**Shareholder structure**

As at June 30, 2017, the shareholders' structure has not changed compared to December 31, 2016. As at the reporting date, the total number of shares was 12,828,450.

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

in Tsd.	Shares	per cent
WPP plc, St. Helier	6,643	51.79
Free Float	6,111	47.63
Treasury Stock	74	0.58
<b>Total</b>	<b>12,828</b>	<b>100.00</b>

Bad Homburg v. d. H., August 8, 2017  
SYZYGY AG

The Management Board

## Financial calendar 2017

<b>Zurich Capital Market Conference</b>          <b>09/06</b>	<b>9-Month-Report</b> (English version: 11/09)          <b>11/02</b>	<b>German Equity Forum, Frankfurt</b>          <b>11/27</b>
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All dates are subjects to change.

CONTACT / IMPRESS

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CHAIRMAN OF THE SUPERVISORY BOARD: RALF HERING  
MANAGEMENT BOARD: LARS LEHNE, ERWIN GREINER, ANDREW P. STEVENS