Interim report as per June 30, 2019

Key financial figures

Sales
(in kEUR)

2015	27,633
2016	30,830
2017	30,280
2018	32,223
2019	31,566

6M 2019 **31,566**

Operating income
(in kEUR)

2015	2,546
2016	2,954
2017	2,106
2018	2,794
2019	2,807

6M 2019 **2,807**

Financial income
(in kEUR)

2015	1,080
2016	800
2017	908
2018	235
2019	-18

6M 2019 **-18**

Income before taxes
(in kEUR)

2015	3,626
2016	3,754
2017	3,014
2018	3,029
2019	2,789

6M 2019 **2,789**

Net income
(in kEUR)

2015	2,709
2016	2,723
2017	2,168
2018	2,324
2019	2,092

6M 2019 **2,092**

Earnings per share
undiluted (in EUR)

2015	0.20
2016	0.20
2017	0.20
2018	0.17
2019	0.15

6M 2019 **0.15**

Operating cash flow
(in kEUR)

2015	-3,062
2016	1,211
2017	-2,748
2018	4,891
2019	-6,220

6M 2019 **-6,220**

Sales by employee
annualised (in kEUR)

2015	104
2016	104
2017	98
2018	101
2019	104

2019 **104**

Balance sheet structure

Current assets	26%
Non current assets	74%
Equity	41%
Liabilities	59%

Equity **41%**

Sales by segments

Germany	73%
United Kingdom	16%
Others	11%

Germany 73%

Sales by clients' volume

Top 5	32%
Top 6-10	15%
Others	53%

Top 5 32%

Sales allocation by vertical markets

Automotive	29%
Services	24%
Finance/Insurance	24%
Consumer goods	13%
Telecommunication/IT	7%
Others	3%

Automotive 29%

Portfolio structure of cash and marketable securities

Bank deposit	58%
Corporate and government bonds	42%

Bank deposit 58%

Employees by function

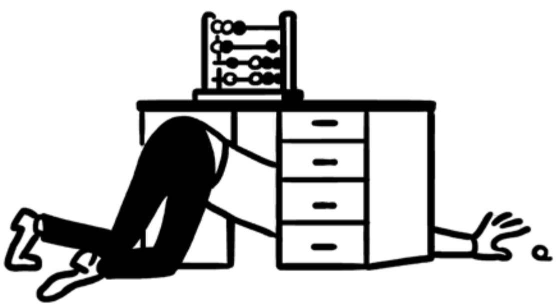
Performance Marketing	23%
Strategy/consulting	20%
Technology	17%
Administration	14%
Design	13%
Project management	13%

Performance Marketing 23%

Shareholder structure

WPP plc.	50.33%
HANSAINVEST	3.03%
Hauck & Aufhäuser	2.97%
Treasury stocks	0.54%
Free float	43.13%

WPP plc. 50.33%



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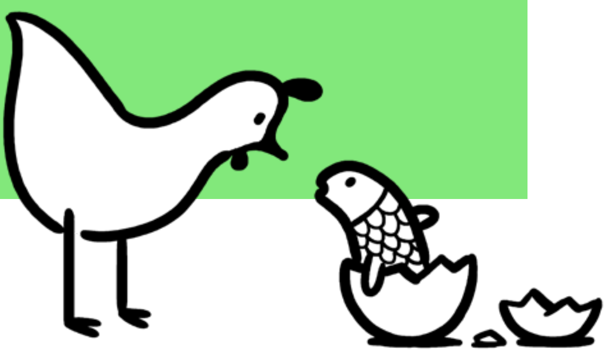

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Business development and management report

	2. Quarter			January-June		
	2019	2018	Change	2019	2018	Change
	kEUR	kEUR		kEUR	kEUR	
Sales	15,877	16,799	-5%	31,566	32,223	-2%
EBITDA	2,616	2,414	8%	5,269	3,943	34%
EBITDA margin	16.5%	14.4%	2.1 pp	16.7%	12.2%	5.5 pp
EBIT	1,365	1,690	-19%	2,807	2,794	0%
EBIT margin	8.6%	10.1%	-1.5 pp	8.9%	8.7%	0.2 pp
Financial income	-10	84	-112%	-18	235	-108%
EBT	1,355	1,774	-24%	2,789	3,029	-8%
Net income	1,017	1,404	-28%	2,092	2,324	-10%
Earnings per share (EUR)	0.07	0.10	-30%	0.15	0.17	-12%
Employees incl. freelancers	605	615	-2%	605	615	-2%
Liquid assets	8,275	13,663	-39%	8,275	13,663	-39%
Operating cash flow	3,048	978	212%	-6,220	4,891	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 performance marketing services for digital marketing. Overall, the Group had around 605 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.
- diffferent 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

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 services such as consulting and data analysis as well as search engine marketing/optimisation are also a major business area. In addition, SYZYGY helps clients meet customer experience and usability requirements and assists them at every stage of the user-centred design process. Digital illustrations, virtual reality (VR), augmented reality (AR) and animations round off the 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 www.wpp.com/wpp/sustainability/.

3. Economic report

3.1. General economic development

The International Monetary Fund (IMF) believes that global growth will remain subdued due to an increase in downside risks. Contributory factors include the ongoing tariff dispute between the US and China, as well as geopolitical tensions. While the results of the ifo World Economic Survey (WES) by the ifo Institute for the first quarter of 2019 produced the lowest figures since 2012 for the global economic climate (-13.1) and expectations (-27.7), the climate rating recovered slightly in the second quarter, rising to -2.4 points. The indicator had previously fallen four times in a row. Expectations for the coming months have also brightened; at -6.1 points, they are well above the figure for the first quarter. On the other hand, there was a slight deterioration in the assessment of the situation. The global economy is still not firing on all cylinders. Although global gross domestic product (GDP) expanded by 0.7 per cent in the first quarter of 2019, in many countries economic growth was driven solely by stable domestic demand and special factors. Global trade, and industrial activity along with it, remained weak at the beginning of the year. Even though global industrial production rose again compared with both the previous quarter and the prior-year quarter, sentiment in industry remains gloomy. The weakness in the industrial sector was particularly noticeable in the advanced economies.

Production rose again in Europe, but this was more a reflection of the extremely weak previous quarter. Among the Asian countries, only China was able to post a surprisingly significant increase. In America, meanwhile, production declined.

Following a subdued last quarter in 2018 (+0.2 per cent), the Eurozone made a somewhat stronger start to the new year, with the economy growing by 0.4 per cent. Seasonally adjusted GDP in the Eurozone increased by 1.2 per cent in the first quarter of 2019 compared with the same quarter of the previous year, rising at the same percentage rate as in the previous quarter. Growth in the first three months was supported by consumer spending, but gross fixed asset investment and foreign trade also had a positive impact. As in the last quarter of 2018, employment again rose in the first quarter of this year by 0.3 per cent in the Eurozone compared with the previous quarter. Inflation in the Eurozone climbed to 1.2 per cent in May and 1.3 per cent in June. Since this remains well below the European Central Bank's target of just under 2 per cent, and inflation expectations have recently fallen to record lows, the ECB is considering easing its already very expansionary monetary policy. The ifo Institute's economic climate indicator for the Eurozone is broadly in line with the results for the global economy. Having fallen to -11.1 points (previous quarter: +6.6 points), the economic climate indicator improved to -6.3 points in the second quarter. At -36.6 points, expectations in the first three months of the year were bleaker than at any time since the end of 2011, but they recovered somewhat in the second quarter, reaching -19.5 points. This shows that Europeans currently have cause for concern. In addition to the constant threat of special tariffs by the US president, Brexit with all its associated uncertainty also poses a high risk. Unemployment fell in both the EU and the Eurozone to its lowest level for the past 12 months: 6.3 per cent in the EU, and 7.5 per cent in the Eurozone.

The German economy has cooled noticeably since the beginning of last year. The over-utilisation of macroeconomic capacity which peaked in the boom year 2017 is being gradually reduced. The economic situation is mixed. Isolationist economic policies, sanctions and threats have led to a slow-down in industry and a recession in export-oriented manufacturing. In addition, the German automotive industry is facing serious problems around certification, which has led to major fluctuations in production and sales figures since last summer. By contrast, the service sectors with their largely domestic orientation and the construction industry are experiencing robust or in some cases strong growth. There are nonetheless increasing signs that the industrial weakness could gradually spread to the domestic economy via the labour market and deep value chains. In the first quarter of 2019, gross domestic product (GDP) was 0.4 per cent higher in Germany than in the last quarter of 2018, after adjusting for price, seasonal and calendar effects. As reported by the Federal Statistical Office (Destatis), German economic output stood at -0.2 per cent in the third quarter of 2018 and 0.0 per cent in the fourth quarter, i.e. it retreated slightly or stagnated. Germany's domestic market was the main driver, with significantly more being invested in buildings and equipment, while consumer spending also rose sharply. Government spending, on the other hand, declined in the first quarter. The mood in German boardrooms has cooled considerably. The ifo Business Climate Index fell from 97.9 to 97.4 points in June 2019, marking its lowest level since November 2014. Business owners are increasingly pessimistic about the coming months. Having said that, they assess their current situation as marginally better, with the index up from 100.7 to 100.8. Economic output in the first three months of 2019 was generated by a workforce of 44.9 million. This was 481,000 or 1.1 per cent more than a year previously.

The uncertainty that still surrounds Brexit and the UK's withdrawal from the European Union, originally planned for the end of March 2019, led to special factors that helped the country's economy to grow more strongly in the first quarter. Companies started stockpiling with an eye to the original Brexit date. Manufacturing industry increased production to levels not seen for the past 30 years. Consumer spending also supported the economy, as consumers increased their spending to the highest level for two years. Figures compiled by the Office for National Statistics indicate that GDP rose by 0.5 per cent from the beginning of January to the end of March compared with the previous quarter. In the last quarter, growth was significantly weaker, at 0.2 per cent.

The US economy grew strongly in the first quarter of 2019, with GDP rising at an annualised rate of 3.1 per cent. At the end of 2018, growth was just 2.2 per cent. Most experts expected that US economic growth would cool off in the spring, predicting an annualised growth rate of 1.9 per cent. Although growth did slow in the second quarter, it exceeded the long-term trend, reaching a robust annualised rate of 2.1 per cent.

The Polish economy posted solid performance in the first quarter of 2019, growing by 1.5 per cent. This puts Poland among the top 3 member states, along with Croatia and Hungary. Looking at the first half of 2019, Poland achieved by far the strongest growth, at 4.2 per cent. The EU Commission sees the steady flow of funding from Brussels as one reason for this trend.

3.2. Advertising market performance

Statistics on the performance of the advertising market in the second quarter of 2019 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 2019 and mostly positive forecasts for the year 2019 as a whole, it can nonetheless be assumed that companies have tended to increase their marketing budgets.

In its latest Ad Spend Forecast, the Dentsu Aegis Network anticipates that this will be a growth year for the global advertising industry, despite the trade war and Brexit crisis. It expects net advertising investment of USD 609.9 billion in 2019, an increase of 3.6 per cent over the previous year. But not all markets and not all channels will benefit; unsurprisingly, the online segment is the big winner. In the current year, 41.8 per cent of spending will go into digital channels, with Google and Facebook benefiting in particular because social media will see growth of 19.8 per cent and video of 20.5 per cent. Around USD 29 billion is expected to be allocated to mobile advertising this year, an increase of 21.4 per cent. The other side of the coin is that conventional media, especially print and TV, will have to become accustomed to continuous decline.

In Nielsen's assessment, the German advertising market is stagnating. German media generated sales of around EUR 14.88 billion in the first half of 2019, a minimal rise of 0.1 per cent compared to 2018. Print, TV and cinema were the main formats driving this result as they fell short of the previous year's figures. Online advertising, out-of-home and radio, on the other hand, all trended upwards. Mobile advertising sales in particular rose sharply from EUR 436.7 million to EUR 541.8 million, equivalent to 24.1 per cent.

Despite the slowdown in the economy and the difficulties and uncertainties around Brexit, the GroupM forecast assesses the British advertising market as surprisingly robust. This year it is set to grow by 6.1 per cent to GBP 21.8 billion. Mobile advertising will account for 66.4 per cent in the current year, making up the lion's share of digital advertising. Around USD 19.6 billion will be spent on digital formats this year, representing 11.2 per cent more than last year.

3.3. Employees

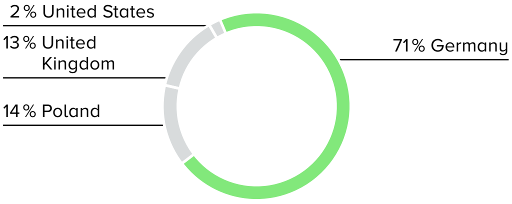
The headcount at the SYZYGY Group declined slightly in the period covered by the report. The SYZYGY Group had a total of 565 permanent employees as at June 30, 2019. This represents a small rise of 3 people compared with March 31, 2019, and a slight reduction of 2 people compared with the end of the first half of the previous year. Compared with the previous quarter, the shedding of 16 employees at London-based SYZYGY UK was more or less offset by hiring 10 people at SYZYGY Deutschland GmbH and 6 at USEEDS. The picture is similar with regard to the year as a whole: hiring at German companies SYZYGY Deutschland GmbH (+ 10 persons) and diffferent GmbH (+ 6 persons) as well as at Polish company Ars Thanea (+ 7 persons) was unable to offset the cutting of 25 jobs at SYZYGY UK.

The number of freelancers was around 40 (based on FTEs) as at the reporting date, 8 fewer than in the first half of 2018.

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

Employees	30/06/2019	30/06/2018
Germany	402	377
Poland	78	71
United Kingdom	74	104
United States	11	15
Total	**565**	**567**

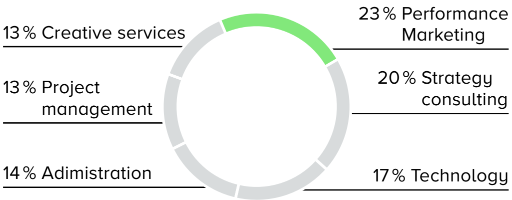
Employees by region



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

Employees	30/06/2019	30/06/2018
Performance Marketing	129	124
Strategy consulting	112	114
Technology	94	100
Administration	80	74
Creative services	76	80
Project management	74	75
Total	**565**	**567**

Employees by function



On average over the period, 609 people – including 44 freelancers – worked for the SYZYGY Group. Annualised sales per head were therefore EUR 104,000 (previous year: EUR 101,000, with an average headcount of 635, including 47 freelancers).

3.4. Investments, research and development

SYZYGY invested around EUR 0.8 million (previous year: EUR 0.4 million) in intangible assets and fixed assets in the first half of 2019. This consisted of investment in equipment for employees at the SYZYGY Group's various locations.

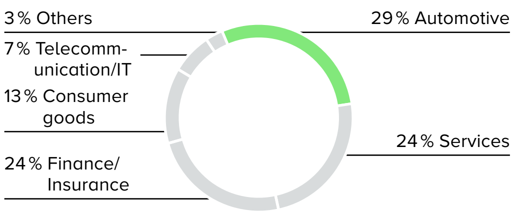
3.5. Net assets, financial position and results of operations of the SYZYGY Group

3.5.1. Results of operations

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

Sales were down slightly by 2 per cent to EUR 31.6 million in the first half of 2019. The positive performance of the German companies (+3 per cent sales growth) was unable to compensate fully for the 23 per cent decline in sales in the United Kingdom and 6 per cent drop in the "Other segment".

Sales by sector



Sales to automotive clients have remained stable compared with the previous year with 29 per cent. Sales in the consumer goods sector fell by 11 percentage points to 13 per cent. On the other hand, sales to companies in the services sector rose by 5 percentage points, from 19 to 24 per cent. Sales related to companies in the financial and insurance segment also increased to 24 per cent (previous year: 16 per cent). Sales to companies from the telecommunications/IT industry decreased slightly by one percentage point to 7 per cent.

SYZYGY generated 47 per cent of total sales from its ten largest clients, a rise of 9 percentage points compared with the same period in the prior year. This reflects an increase in business with major clients.

3.5.2. Operating expenses and depreciation

The cost of sales fell in line with sales, being down 3 per cent at EUR 23.1 million. Gross margin edged up from 26 to 27 per cent.

General administrative expenses increased by EUR 0.4 million to EUR 4.2 million.

Sales and marketing costs totalled EUR 2.7 million in the first half of 2019, representing a decline of 16 per cent.

Depreciation of fixed assets amounted to EUR 2.5 million, which was EUR 1.4 million up on the corresponding period of the prior year (EUR 1.1 million). Of this amount, EUR 1.5 million was attributable to depreciation resulting from the changeover to the IFRS 16 accounting standard, which reclassifies most rental and lease payments as depreciation.

3.5.3. Operating income and EBIT margin

The SYZYGY Group's operating profit was broadly unchanged over the previous year at EUR 2.8 million; the EBIT margin thus increased to 8.9 per cent (previous year: 8.7 per cent). EBIT increased by EUR 0.1 million as a result of the switch to IFRS 16.

3.5.4. Financial income

SYZYGY generated financial income of EUR -0.0 million in the first six months of 2019. This figure includes interest expense of EUR 0.3 million arising from the changeover of accounting to IFRS 16, which has been applied since January 1, 2019. Accordingly, financial income excluding the IFRS 16 effect was EUR +0.3 million. This corresponds to an annualised return of 8.6 per cent on average available securities holdings. Financial income primarily comprises interest income from corporate bonds and gains realised on securities. Around a third of the securities continue to be USD-denominated bonds.

3.5.5. Income taxes, net income, earnings per share

Business performance at the SYZYGY Group is reflected in pre-tax income of EUR 2.8 million, corresponding to 8 per cent below the previous year. After income taxes of EUR 0.7 million, net income was EUR 2.1 million.

Undiluted earnings per share were EUR 0.15 for the first half of 2019, based on the average available 13,421 thousand shares qualifying for participation in the profits and after deducting minority shares of EUR 0.1 million. This is below the level of the same period in the prior year (previous year: EUR 0.17).

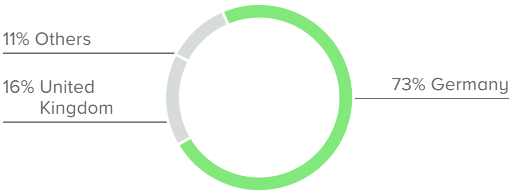
3.5.6. Segment reporting

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 and "Other". The latter category includes Ars Thanea and SYZYGY Digital Marketing Inc. Under IFRS 8.13, these companies are not big enough to be reported as geographically independent segments.

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

	Germany		United Kingdom		Others (Poland + USA)	
H1 in kEUR	2019	2018	2019	2018	2019	2018
Sales (unconsolidated)	23,622	22,901	5,316	6,876	3,540	3,754
Operating income (EBIT)	3,323	2,850	-510	-19	371	481
Operating income (EBIT) (%)	14.1	12.4	-9.6	-0.3	10.5	12.8
Share of Group sales (%) (consolidated)	73	68	16	21	11	11

Share of Group sales (consolidated)



3.5.7. Financial position

SYZYGY had liquidity reserves totalling EUR 8.3 million as at the balance sheet date, corresponding to a decrease of EUR 13.8 million or 63 per cent compared with December 31, 2018. Both components were down: liquid funds decreased by EUR 6.7 million to EUR 4.8 million, while securities holdings declined from EUR 10.6 million to EUR 3.5 million.

42 per cent of funds were invested in corporate bonds, while 58 per cent were accounted for by bank deposits. The average residual maturity of the bonds was 7.5 years.

Total cash flow of the SYZYGY Group was negative as at the reporting date, at EUR -6.7 million. Positive cash flow from investment operations of EUR 5.8 million was insufficient to offset the negative operating cash flow of EUR -6.2 million and negative cash flow from financing activities arising from payment of the dividend of EUR 5.4 million. Negative operating cash flow was mainly attributable to the decline in advance payments received in the amount of EUR -4.1 million and the fall in accounts payable by EUR -4.3 million, while positive net income of EUR +2.1 million in the period and the increased depreciation and amortisation of EUR 2.5 million had a positive effect.

Positive cash flow from investment operations was primarily driven by the sale of securities totalling EUR +11.6 million. In contrast, the acquisition of consolidated companies (increase in the number of shares held in USEEDS GmbH and SYZYGY Performance GmbH) for EUR 1.4 million and the purchase of securities for EUR 3.6 million reduced cash flow from investments.

3.5.8. Asset situation

The SYZYGY Group's total assets rose to EUR 122.4 million as at the reporting date. The increase of EUR 12.7 million compared with December 31, 2018 represents a 12 per cent rise.

Non-current assets rose by EUR 24.9 million to EUR 90.7 million. This increase is primarily attributable to first-time application of the new IFRS 16 accounting standard, which involved an amount of EUR 25.8 million.

Current assets fell by EUR 12.1 million, or 28 per cent, to EUR 31.6 million. This was due to a reduction in securities and liquid funds of EUR 13.8 million (63 per cent) to EUR 8.3 million, while accounts receivable remained stable with a small decline of EUR 0.3 million, down to EUR 19.6 million.

At EUR 50.7 million, equity was EUR 3.3 million or 6 per cent below the figure as at December 31, 2018. The decrease is due to the profit distribution of EUR 6.0 million on June 12, 2019. This corresponds to an equity ratio of 41 per cent.

Other net income came in at EUR -2.1 million, up 0.6 per cent on the figure as at December 31, 2018. This item mainly comprises unrealised rate changes for foreign currency positions and unrealised price changes on securities.

Non-current liabilities also increased by EUR 25.4 million to EUR 42.4 million, in line with non-current assets, due to application of IFRS 16.

At EUR 29.3 million, current liabilities were EUR 9.4 million or 24 per cent below the level as at year-end 2018 (EUR 38.7 million). This mainly includes an increase in other provisions of EUR 2.7 million, a decrease in contract liabilities of EUR 4.1 million, in accounts payable of EUR 4.3 million and in other liabilities of EUR 3.7 million.

4. Outlook

4.1. Forecasts

As with any private-sector business, the SYZYGY 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

SYZYGY currently expects there to be growth in the Group's core markets. Overall, factors that are likely to promote economic growth predominate.

In its economic forecast for 2019 and 2020, the German Council of Economic Experts expects the global economy to grow in real terms by 2.7 and 2.8 per cent, respectively, in the two years. In line with this forecast, the volume of world trade is likely to increase by 1.5 per cent (2019) and 2.7 per cent (2020). The downward revisions of the growth rates for global GDP in real terms and world trade for 2019 are comparatively high at -0.3 and -1.4 percentage points, respectively. Most global sentiment indicators are weakening. The mood among private households remains optimistic, however. Against this backdrop, global macroeconomic production is likely to expand only moderately.

Trading restrictions between the US and China and the associated uncertainty about the introduction of further tariffs are dampening trading activity and reducing the willingness to invest. Continuing lack of clarity about the United Kingdom's exit from the EU is having an ongoing negative impact, particularly for the British economy but also further afield. In the advanced economies, buoyant consumer spending will continue to deliver income growth and ensure that activity expands further across large parts of the service sector. Stable expansion rates are expected in the emerging markets. Based on this assessment, the ifo Institute estimates that global GDP is likely to grow by 2.7 per cent this year and 2.6 per cent next year.

In view of the weakening global economic momentum already being observed, a spiral of protectionist measures would have the potential to push both the European and German economies into recession.

The pace of economic expansion in the Eurozone is likely to be somewhat slower in the second quarter than at the beginning of this year, due in particular to trends in the construction sector and exports. Starting in the second half of the year, economic momentum will pick up again slightly as the industrial sector slowly recovers alongside the services sector, which remains stable. This view is supported by the recent rise in production expectations in manufacturing industry, among other factors. Overall, price-adjusted GDP in the Eurozone is expected to grow by 1.2 per cent this year and 1.5 per cent next year. Of the four largest countries in the Eurozone, Spain is likely to expand most strongly again this year, followed by France. In Germany and Italy, economic growth is expected to be weak. While the pace of expansion in Spain and France is likely to slow slightly next year, stronger growth is expected for Germany. Italy will probably also expand somewhat more strongly, albeit at a lower level.

Compared with the ifo spring 2019 forecast, the figure for expansion of real gross domestic product in the Eurozone in this year has been revised upwards by 0.2 percentage points. This is primarily attributable to the better-than-expected first quarter of 2019. In parallel with weaker economic output, unemployment is also expected to come down more slowly. The unemployment rate is expected to fall to 7.6 per cent this year and to 7.4 per cent next year.

Inflation is also likely to slacken compared with the previous year. Consumer prices are expected to rise by 1.3 per cent this year, before increasing marginally to 1.5 per cent next year. The core inflation rate is again likely to remain just above the 1 per cent mark this year, rising only moderately to 1.4 per cent next year.

Germany's Council of Economic Experts expects real GDP growth in the Eurozone to stabilise in the forecast period, with annual rates approaching trend levels again. The growth estimates of the European Commission for 2019 and 2020 are around 1.6 per cent. At 1.2 per cent, annual average growth in 2019 is likely to be appreciably lower than expected in the 2018/19 annual report. In 2020, the annual average growth rate of real GDP is likely to pick up again to 1.4 per cent. Consumer price inflation should be lower than the level expected in the 2018/19 annual report, due to lower oil prices. Core inflation is nevertheless expected to inch up over the forecast period, against a backdrop of wage increases and the continuing strong performance of the labour market. For 2019 and 2020, the Council of Economic Experts expects a rise to 1.2 and 1.4 per cent, respectively.

The German economy's high overall growth rate (GDP growth of 0.4 per cent) at the beginning of the year is unlikely to be maintained in the second quarter of 2019. For one thing, consumer spending is likely to dip and fail to provide support in the second quarter, as indicated by declining retail sales in real terms in April. In addition, foreign trade will slow macroeconomic performance down, as exports in real terms in particular suffered a severe setback in April 2019. Secondly, German industry is in recession and no improvement is in sight for the second quarter of the current year, based on the latest figures for industrial production.

In all likelihood, the expected fall in industrial value added in the second quarter of 2019 was no longer more than offset by growth in the other sectors of the economy, especially as weakness in the industrial core may also have spread to other sectors. The softening of the German economy becomes clear when looking at the ifo business climate index for Germany, which has been deteriorating steadily since mid-2018. As a result, price-adjusted gross domestic product is likely to have fallen by 0.1 per cent in the second quarter of 2019. As 2019 progresses, macroeconomic production growth should pick up speed again to 0.3 per cent. German industry is likely to emerge only gradually from recession, while the pace in the service sectors is also likely to slow somewhat. Foreign trade can be expected to make only a marginally positive contribution, and capital expenditure looks set to be moderate. Price-adjusted gross domestic product is expected to expand by 0.6 per cent as an annual average for 2019, after reaching 1.4 per cent in the previous year. In the coming year, underlying economic momentum will accelerate somewhat compared with 2019, with GDP growth relatively strong at 1.7 per cent. The unemployment rate will fall to 4.8 per cent in the period covered by the forecast.

Economic performance in the UK is being adversely affected by the uncertainty around the form that Brexit will take. The strong growth seen in the first quarter is not sustainable: it was the result of consumers apparently stockpiling due to concerns about supply bottlenecks, with companies also adding to their already high inventories. This situation will lead to lower growth rates in subsequent quarters. Experts believe that there are already several worrying signs of a slump in the UK economy.

In June, for example, UK manufacturers posted their worst monthly result for more than six years. Growth in consumer borrowing has also dropped since June to the lowest level since 2014. The Bank of England has also not been immune to the negative trend, cutting back its forecast for economic growth in the second quarter to zero.

For 2019 and 2020, the Council of Economic Experts expects real GDP growth rates in the United States to be 2.4 and 1.9 per cent, respectively, i.e. markedly lower than in 2018. Experts from the International Monetary Fund (IMF) corrected their January 2019 forecasts once again in April of this year. They now expect the world’s largest economy to grow by 2.3 per cent in 2019 and by just 1.9 per cent in election year 2020.

4.3. Advertising market

The general state of the economy is one of the main factors that determine companies’ willingness to invest in marketing campaigns. In view of the mostly positive economic outlook at present, SYZYGY expects advertising budgets to rise in 2019. At the same time, the shift away from conventional offline media to digital channels is now a widely accepted phenomenon. It is thus to be expected that online advertising will continue to grow as a proportion of total budgets.

According to a forecast by the Dentsu Aegis Network, global advertising will remain in good shape beyond 2019. The experts at the media agency network expect growth in advertising spend to rise to as high as 4.1 per cent in 2020. The reasons here are major upcoming events such as the European Football

Championship, the Olympic Summer Games in Tokyo and the forthcoming US presidential election. MAGNA's experts also raised their December 2018 forecast from 4.7 to 5.0 per cent growth for the global advertising market.

The latest study by the Zenith media group indicates that digital advertising formats will continue to set the pace in the coming years. By 2021, 52 per cent of advertising money will be allocated to digital channels. For the first time, Internet advertising will account for more than 50 per cent of all advertising spend worldwide. Online videos, social media in-feed ads and paid content/native advertising in particular will play a pivotal role in deciding the scale and shape of advertising spending. Brands are increasingly shifting their budgets to these channels as part of a deliberate strategy. One of the reasons is that they know users interact with these media more and more often and for longer periods of time. Better and faster data transfer and larger displays make it even easier to consume and share this type of content regardless of where the user is located, especially in the mobile sector.

For the German market as a whole, Dentsu Aegis Network forecasts weak growth of 0.4 per cent in 2019 and 0.5 per cent next year. In Germany, advertisers are much more reluctant to use digital channels than in other countries. Investment in German online advertising is below the global average, with 38 per cent expected this year and 43 per cent in 2021.

Despite Brexit uncertainty and a less-than-rosy outlook for the UK economy, industry analysts at GroupM expect the overall advertising market to grow to GBP 21.8 billion this year and GBP 22.8 billion in 2020.

The forecast published by Dentsu Aegis Network provides an optimistic outlook for growth in the US: 3.1 per cent in the current year and 3.6 per cent in 2020. The US remains the world's largest advertising market and will spend USD 217 billion on advertising in 2020.

4.4. Expected performance of the SYZYGY Group

Although the macroeconomic outlook is marked by uncertainty, 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. 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 Management Board of SYZYGY AG expects sales to remain at the previous year's level in the current financial year. Given higher than expected restructuring charges in the international business, the aim is to achieve an operating EBIT margin of around 8 to 9 per cent.

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 2, 2019
SYZYGY AG

The Management Board

SYZYGY AG, Bad Homburg v.d.H.

Consolidated balance sheet
as at June 30, 2019

Assets	06/30/2019	06/30/2018	12/31/2018
	kEUR	kEUR	kEUR
Non-current assets			
Goodwill	57,709	57,849	58,116
Other Fixed assets, net	32,420	7,102	6,925
Non-current financial assets	200	200	200
Other non-current assets	317	287	294
Deferred tax assets	89	31	347
Total non-current assets	**90,735**	**65,469**	**65,882**
Current assets			
Cash and cash equivalents	4,813	5,180	11,519
Marketable securities	3,462	8,483	10,602
Accounts receivable, net and contract assets	19,601	21,059	19,904
Prepaid expenses and other current assets	3,758	2,160	1,739
Total current assets	**31,634**	**36,882**	**43,764**
Total assets	**122,369**	**102,351**	**109,646**

Equity and Liabilities	06/30/2019	06/30/2018	12/31/2018
	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	-2,085	-2,686	-2,651
Retained earnings	12,974	14,362	16,774
Equity attributable to shareholders of SYZYGY AG	**51,051**	**51,838**	**54,285**
Minorities	-379	-373	-284
Total Equity	**50,672**	**51,465**	**54,001**
Non-current liabilities			
Long term liability	42,108	19,525	16,698
Deferred tax liabilities	256	294	270
Total non-current liabilities	**42,364**	**19,819**	**16,968**
Current liabilities			
Income tax accruals	567	279	541
Accrued expenses	10,997	8,698	8,283
Contract liabilities	5,308	5,060	9,431
Accounts payable	11,247	14,974	15,528
Other current liabilities	1,214	2,056	4,894
Total current liabilities	**29,333**	**31,067**	**38,677**
Total liabilities and equity	**122,369**	**102,351**	**109,646**

* Contingent Capital kEUR 1,200 (prior year: kEUR 1,200).
The accompanying notes are an integral part of the financial statements.

SYZYGY AG, Bad Homburg v.d.H.

Consolidated statement of comprehensive income
as at June 30, 2019

	2. Quarter			January - June			
	2019	2018	Change	2019	2018	12/31/2018	Change
	kEUR	kEUR		kEUR	kEUR	kEUR	
Sales	**15,877**	**16,799**	**-5%**	**31,566**	**32,223**	**65,816**	**-2%**
Cost of revenues	-11,720	-12,193	-4%	-23,113	-23,740	-47,929	-3%
Sales and marketing expenses	**-1,483**	**-1,869**	**-21%**	**-2,743**	**-3,259**	**-5,396**	**-16%**
General and administrative expenses	-2,352	-2,080	13%	-4,193	-3,747	-8,637	12%
Impairment losses, net of trade receivables and contract assets	5	0	n.a.	7	0	7	n.a.
Other operating income/expense, net	1,038	1,033	0%	1,283	1,317	2,206	-32%
Operating profit (EBIT)	**1,365**	**1,690**	**-19%**	**2,807**	**2,794**	**6,067**	**0%**
Financial income	412	169	144%	566	329	630	72%
Financial expenses	-422	-85	396%	-584	-94	-160	521%
Income before income taxes (EBT)	**1,355**	**1,774**	**-24%**	**2,789**	**3,029**	**6,537**	**-8%**
Income taxes	-338	-370	-9%	-697	-705	-1,647	-1%
Total net income of the period	**1,017**	**1,404**	**-28%**	**2,092**	**2,324**	**4,890**	**-10%**
thereof net income share to other shareholders	**24**	**67**	**-64%**	**41**	**87**	**171**	**-15%**
thereof net income share to shareholders of SYZYGY AG	993	1,337	-26%	2,051	2,237	4,719	-8%
Items that will not be reclassified to profit and loss:	0	0	n.a.	0	0	0	n.a.
Items that will or may be reclassified to profit and loss:							
Currency translation adjustment from foreign business operations	-429	-373	n.a.	40	-324	-315	n.a.
Net unrealized gains/ losses on marketable securities, net of tax	129	-352	-137%	530	-547	-579	n.a.
Other comprehensive income	**-300**	**-725**	**-59%**	**570**	**-871**	**-894**	**n.a.**
Comprehensive income	**717**	**679**	**6%**	**2,662**	**1,453**	**3,996**	**83%**
thereof income share to other shareholders	28	-31	n.a.	45	-13	163	n.a.
thereof income share to shareholders of SYZYGY AG	689	710	-3%	2,617	1,466	3,833	79%
Earnings per share from total operations (basic in EUR)	0.07	0.1	-30%	0.15	0.17	0.35	-12%

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

Statement of changes in equity
as at June 30, 2019

						Accum. other comprehensive income				
	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
January 1, 2018	13,500	13,500	27,069	-407	18,033	-1,990	175	56,380	-447	55,933
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	**13,500**	**13,500**	**27,069**	**-407**	**16,774**	**-2,297**	**-354**	**54,285**	**-284**	**54,001**
Net income of the period					2,052			2,052	41	2,093
Other comprehensive income						36	530	566	4	570
Comprehensive income					**2,052**	**36**	**530**	**2,618**	**45**	**2,663**
Dividend					-5,370			-5,370	0	-5,370
Payment to minorities					-482			-482	-140	-622
June 30, 2019	**13,500**	**13,500**	**27,069**	**-407**	**12,974**	**-2,261**	**176**	**51,051**	**-379**	**50,672**

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

SYZYGY AG, Bad Homburg v.d.H.

Consolidated statement of Cash Flows
as at June 30, 2019

	January - June		
	2019	2018	2018
	kEUR	kEUR	kEUR
Period net income	2,093	2,324	4,890
Adjustments to reconcile income from operations to net cash provided by operating activities			
- Depreciation on fixed assets	2,539	1,149	2,109
- Profit (-) and loss (+) on sale of securities	-98	-10	-14
- Profit (-) and loss (+) on sale of fixed assets	67	20	3
- changes in Earn-Out liablities	-650	-1,052	-964
- Profit (-)/Loss(+) on sale of fixed asset investments	0	-27	-27
- Other non-cash income and expenses	98	-170	-497
Changes in operating assets and liabilities:			
- Accounts receivable and other assets	-1,236	-950	507
- Customer advances	-4,144	-1,314	3,051
- Accounts payable and other liabilities	-4,288	4,962	7,117
- Tax accruals and payables, deferred taxes	-601	-41	182
Cash flows provided by operating activities	**-6,220**	**4,891**	**16,357**
Changes in other non-current assets	-22	-67	-72
Investments in fixed assets	-808	-438	-1,214
Purchases of marketable securities	-3,584	-2,179	-7,235
Proceeds from sale of marketable securities	11,590	2,122	4,770
Changes from fixed asset investments	-40	-13	-13
Acquisition of consolidated entities less liquid funds	-1,352	0	-1,186
Cash flows used in investing activities	**5,784**	**-575**	**-4,950**
Change in bank loans	-288	-238	-1,052
dividend paid to minority shareholders	-622	-672	-672
dividend paid to shareholders of SYZYGY AG	-5,370	-5,236	-5,236
Cash flows from financing activities	**-6,280**	**-6,146**	**-6,960**
Total	**-6,716**	**-1,830**	**4,447**
Cash and cash equivalents at the beginning of the period	**11,519**	**7,017**	**7,017**
Exchange rate differences	10	-7	55
Cash and cash equivalents at the end of the period	**4,813**	**5,180**	**11,519**

The accompanying notes are an integral part of the financial statements.
Operating cashflow includes paid interest in the amount of kEUR 53 (prior year: kEUR 26), received interest in the amount of kEUR 583 (prior year: kEUR 132) as well as received taxes in the amount of kEUR 56 (prior year: kEUR 0) and paid taxes in the amount of kEUR 719 (prior year: kEUR 410).

SYZYGY AG, Bad Homburg v.d.H.

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 (2) WpHG (German Securities Trading Act), the financial report of SYZYGY AG for the first six 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 half 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 26 million from EUR 96 million to EUR 122 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 52 per cent to 41 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 149 from kEUR 2,658 to kEUR 2,807. On the other hand, the financial result decreased by kEUR 299, so that earnings before taxes (EBT) were reduced by kEUR 150.

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 performance marketing services for digital marketing.

SYZYGY AG acts as a management holding company that provides its subsidiaries with central services relating to strategy, design, planning, accounting, IT infrastructure and finance. SYZYGY AG also supports the subsidiaries in their new business activities.

As operating entities, the subsidiaries are responsible for providing consultancy and other services. With branches in Bad Homburg v. d. H., Berlin, Frankfurt/Main, Hamburg, London, Munich, New York and Warsaw, they offer 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. Performance marketing services such as consultancy and analysis of data as well as search engine marketing/optimisation are also a major business area. In addition, SYZYGY helps clients meet customer experience and usability requirements and assists them at every stage of the user-centred design process. Digital illustrations, Virtual Reality (VR) and Augmented Reality (AR) such as 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 June 30, 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)
- Diffferent GmbH, Berlin, Germany (diffferent 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 for short)
- SYZYGY Performance GmbH, Munich, Germany (SYZYGY Performance for short, prior: Catbird Seat 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)

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 28th, 2019. The shareholding in USEEDS° was therefore increased to 90 per cent.

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.

The shares in SYZYGY Performance were increased by 8.49 per cent to 59.49 per cent in the second quarter of 2019. This was entered into the German commercial register on April 19th and June 19th 2019.

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 diffferent, 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 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 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.

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.

June 30, 2019	Germany	UK	Other segments	Central functions	Consolidation	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Billings	50,223	9,446	19,365	17	-929	**78,122**
Media costs	-26,602	-4,129	-15,825	0	0	**-46,556**
Sales	23,622	5,316	3,540	17	-929	**31,566**
of which internal sales	323	58	548	0	-929	**0**
Operating income (EBIT)	3,233	-510	371	-363	-14	**2,807**
Financial income	-100	-128	-9	219	0	**-18**
Earnings before tax (EBT)	3,223	-638	362	-144	-14	**2,789**
Assets	78,585	26,660	15,406	90,805	-89,087	**122.369**
of which non-current assets	54,583	15,877	7,405	11,695	569	**90,129**
of which goodwill	43,155	7,953	6,601	0	0	**57,709**
Investments	9,630	7,054	769	10,900	0	**28,353**
Depreciation and amortisation	1,272	594	268	326	79	**2,539**
Impairment on goodwill	0	0	0	0	0	**0**
Segment liabilities	30,448	12,339	7,406	35,819	-14,315	**71,697**
Employees as per balance sheet date	378	74	89	24	0	**565**

June 30, 2018	Germany	UK	Other segments	Central functions	Consolidation	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Billings	49,824	16,772	19,174	161	-1,469	**84,462**
Media costs	-26,923	-9,896	-15,420	0	0	**-52,239**
Sales	22,901	6,876	3,754	161	-1,469	**32,223**
of which internal sales	722	13	734	0	-1,469	**0**
Operating income (EBIT)	2,850	-19	481	-518	0	**2,794**
Financial income	60	17	-6	1,967	-1,803	**235**
Earnings before tax (EBT)	2,910	-2	475	1,449	-1,803	**3,029**
Assets	69,354	19,165	13,597	85,100	-84,865	**102.351**
of which non-current assets	47,147	9,907	6,771	1,126	0	**64,951**
of which goodwill	43,404	8,024	6,421	0	0	**57,849**
Investments	684	10	15	119	0	**828**
Depreciation and amortisation	801	187	101	60	0	**1,149**
Impairment on goodwill	0	0	0	0	0	**0**
Segment liabilities	18,346	6,900	5,967	30,476	-13,509	**48,180**
Employees as per balance sheet date	354	104	86	23	0	**567**

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

SYZYGY 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. SYZYGY 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, 2019, SYZYGY 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 June 30, 2019	**10,000**	**0**	**0**	**10,000**

Supervisory Board: Shares

[Number of shares]	Wilfried Beeck	Dominic Grainger	Andrew Payne	Rupert Day	Total
As at December 31, 2018	10,000	0	0	0	**10,000**
Purchases	0	0	0	0	**0**
Sales	0	0	0	0	**0**
As at June 30, 2019	**10,000**	**0**	**0**	**0**	**10,000**

Dominic Grainger was elected to the Supervisory board at the annual shareholders meeting on June 7, 2019. At the same day, Rupert Day left the Supervisory board.

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	96,000	0	0	**96,000**
As at June 30, 2019	**144,000**	**80,000**	**55,000**	**279,000**

The phantom stock program was launched in 2015. The beneficiary receives the difference between the share price at grant date and the share price at exercise date 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 June 30, 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., August 2, 2019
SYZYGY AG

The Management Board

Financial calendar 2019

9-Month-Report (English version: 11/08) **11/08**	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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WILFRIED BEECK
MANAGEMENT BOARD:
LARS LEHNE, ERWIN GREINER,
FRANK LADNER

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