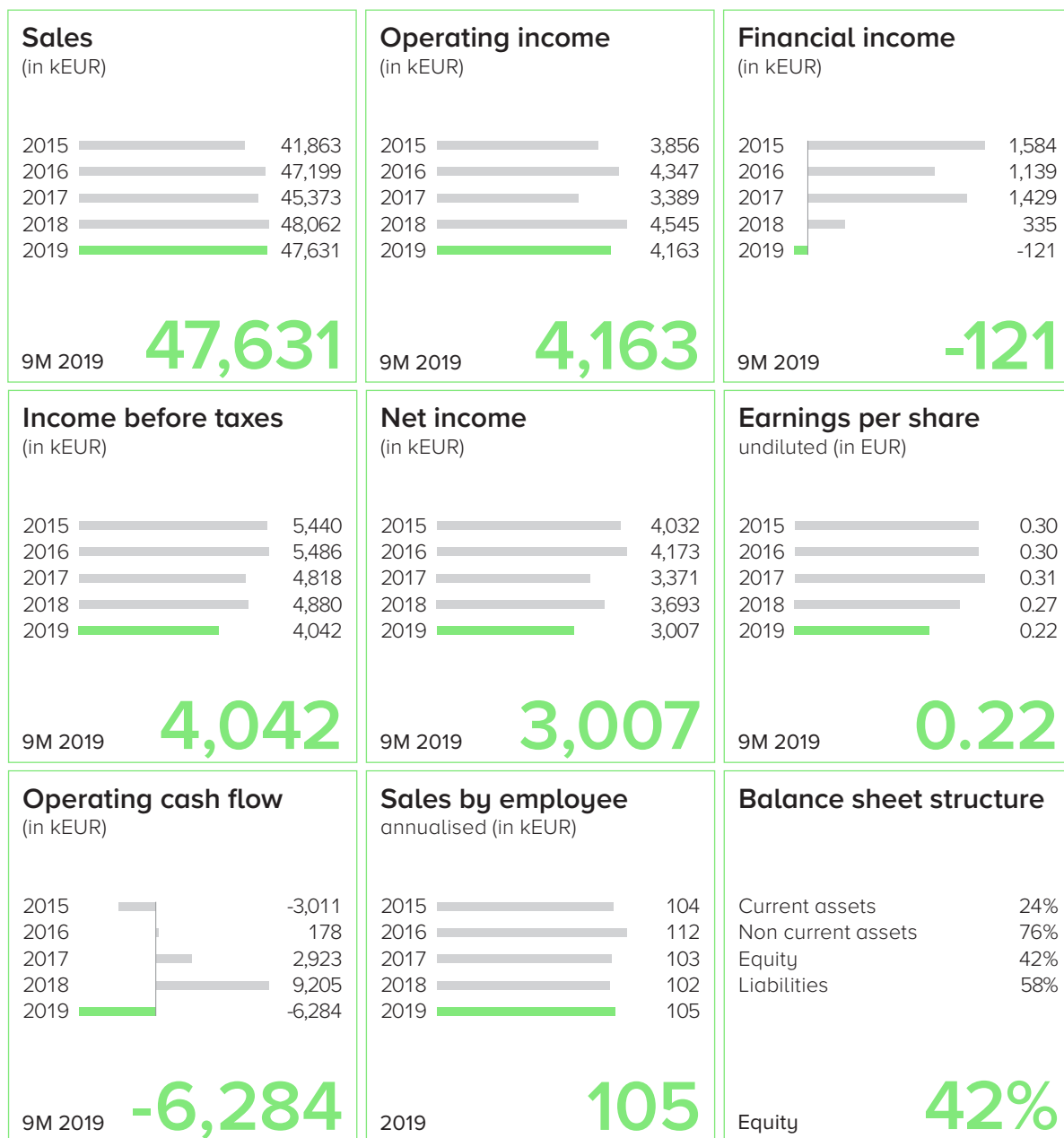


SYZGY

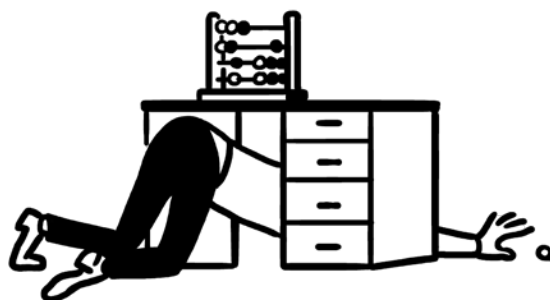
Interim report as per September 30, 2019



Key financial figures

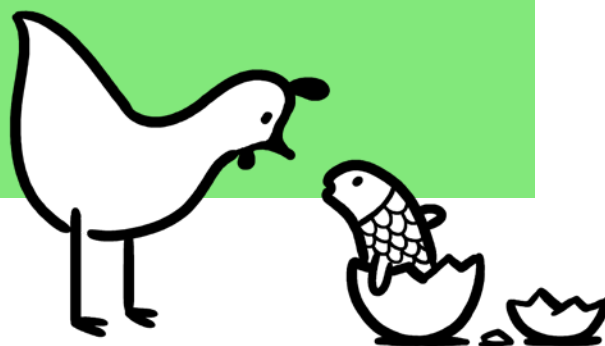


<p>Sales by segments</p> <table border="0"> <tr> <td>Germany</td> <td>75%</td> </tr> <tr> <td>United Kingdom</td> <td>15%</td> </tr> <tr> <td>Others</td> <td>10%</td> </tr> </table> <p>Germany 75%</p>	Germany	75%	United Kingdom	15%	Others	10%	<p>Sales by clients' volume</p> <table border="0"> <tr> <td>Top 5</td> <td>30%</td> </tr> <tr> <td>Top 6-10</td> <td>18%</td> </tr> <tr> <td>Others</td> <td>52%</td> </tr> </table> <p>Top 5 30%</p>	Top 5	30%	Top 6-10	18%	Others	52%	<p>Sales allocation by vertical markets</p> <table border="0"> <tr> <td>Automotive</td> <td>32%</td> </tr> <tr> <td>Services</td> <td>25%</td> </tr> <tr> <td>Finance/Insurance</td> <td>17%</td> </tr> <tr> <td>Consumer goods</td> <td>15%</td> </tr> <tr> <td>Telecommunication/IT</td> <td>8%</td> </tr> <tr> <td>Others</td> <td>3%</td> </tr> </table> <p>Automotive 32%</p>	Automotive	32%	Services	25%	Finance/Insurance	17%	Consumer goods	15%	Telecommunication/IT	8%	Others	3%		
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Others	10%																											
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<p>Portfolio structure of cash and marketable securities</p> <table border="0"> <tr> <td>Bank deposit</td> <td>55%</td> </tr> <tr> <td>Corporate and government bonds</td> <td>45%</td> </tr> </table> <p>Bank deposit 55%</p>	Bank deposit	55%	Corporate and government bonds	45%	<p>Employees by function</p> <table border="0"> <tr> <td>Strategy/consulting</td> <td>21%</td> </tr> <tr> <td>Technology</td> <td>18%</td> </tr> <tr> <td>Performance marketing</td> <td>18%</td> </tr> <tr> <td>Design</td> <td>15%</td> </tr> <tr> <td>Project management</td> <td>14%</td> </tr> <tr> <td>Administration</td> <td>14%</td> </tr> </table> <p>Strategy/consulting 21%</p>	Strategy/consulting	21%	Technology	18%	Performance marketing	18%	Design	15%	Project management	14%	Administration	14%	<p>Shareholder structure</p> <table border="0"> <tr> <td>WPP plc.</td> <td>50.33%</td> </tr> <tr> <td>HANSAINVEST</td> <td>3.03%</td> </tr> <tr> <td>Hauck & Aufhäuser</td> <td>2.97%</td> </tr> <tr> <td>Treasury stocks</td> <td>0.54%</td> </tr> <tr> <td>Free float</td> <td>43.13%</td> </tr> </table> <p>WPP plc. 50.33%</p>	WPP plc.	50.33%	HANSAINVEST	3.03%	Hauck & Aufhäuser	2.97%	Treasury stocks	0.54%	Free float	43.13%
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Content

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ir.syzygy.net

Business development and management report

	3. Quarter			January - September		
	2019	2018	Change	2019	2018	Change
	kEUR	kEUR		kEUR	kEUR	
Sales	16,065	15,839	1%	47,631	48,062	-1%
EBITDA	2,733	2,199	24%	8,002	6,142	30%
EBITDA margin	17.0%	13.9%	3.1 pp	16.8%	12.8%	4.0 pp
EBIT	1,355	1,751	-23%	4,163	4,545	-8%
EBIT margin	8.4%	11.1%	-2.7 pp	8.7%	9.5%	-0.8 pp
Financial income	-102	100	n.a.	-121	335	n.a.
EBT	1,253	1,851	-32%	4,042	4,880	-17%
Net income	915	1,369	-33%	3,007	3,693	-19%
Earnings per share (EUR)	0.06	0.10	-40%	0.22	0.27	-19%
Employees incl. freelancers	601	603	-0%	601	603	-0%
Freelancer	47	48	-2%	47	48	-2%
Liquid assets	7,218	17,675	-59%	7,218	17,675	-59%
Operating cash flow	-64	4,314	n.a.	-6,284	9,205	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.

This short version of the Group Management Report is an optional quarterly financial report, focusing on company-related information. It does not include any comments on general trends in the economy and in the advertising market. Since these trends are not subject to short-term changes, please see the relevant information in the 2019 interim report.

2. Group profile

2.1. Business activities and structure

SYZYGY is a leading consultancy and implementation partner for transformation of marketing and sales. SYZYGY designs, creates and orchestrates digital experiences and products for brands, companies and people.

The Group's core services are strategy, products and activation, with technology as the connecting and scaling element.

Founded in 1995, the SYZYGY Group employs some 600 people across four countries. It has offices in Bad Homburg, Berlin, Frankfurt, Hamburg, Munich, London, New York and Warsaw.

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

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

The SYZYGY Group's operating units cover the entire digital marketing value chain: from strategic consulting to project planning, concepts and design to technical realisation of brand platforms, business applications, websites, hosting, digital campaigns and mobile apps. Performance marketing and online marketing services such as media planning, search engine marketing/optimisation and affiliate programmes are also a major business area. In addition, SYZYGY helps clients meet customer experience and usability requirements and assists them at every stage of the user-centred design process. Virtual Reality (VR) and Augmented Reality (AR) such as 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 wpp.com/wpp/sustainability/.

2.3. Employees

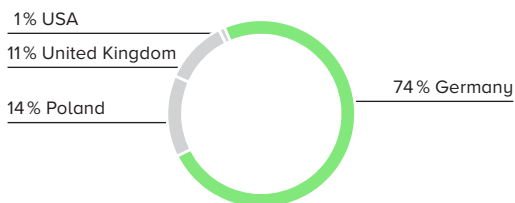
The headcount at the SYZGY Group declined slightly in the period covered by the report. The SYZGY Group had a total of 554 permanent employees as at September 30, 2019. That equates to 10 fewer than at June 30, 2019. Compared with the end of the same quarter of the previous year, the headcount fell marginally by 3; this was primarily due to shedding around 35 people in the UK agencies and 7 at SYZGY Digital Marketing Inc. The headcount increased by 28 employees at SYZGY Deutschland GmbH, while 8 posts were added at Ars Thanea in Poland.

The number of freelancers was around 47 (based on FTEs) as at the reporting date, 1 person more than in September 2018.

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

Employees	09/30/2019	09/30/2018
Germany	411	381
Poland	75	67
United Kingdom	62	96
USA	6	13
Total	554	557

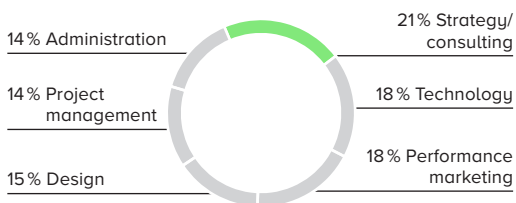
Employees by region



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

Employees	09/30/2019	09/30/2018
Strategy/consulting	116	115
Technology	99	97
Performance marketing	98	125
Design	82	77
Project management	80	65
Administration	79	78
Total	554	557

Employees by function



On average over the period, around 600 people – including some 47 freelancers – worked for the SYZGY Group. Annualised sales per head were therefore EUR 105,000 (previous year: EUR 102,000, with an average headcount of 607).

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

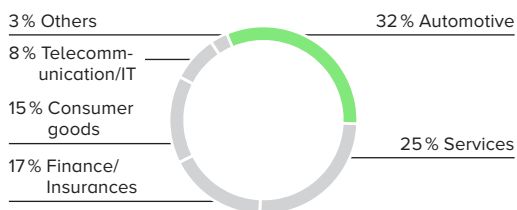
2.4.1. Results of operations

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

Sales declined slightly in the reporting period. Over the first three quarters of the year, they fell by 1 per cent to EUR 47.6 million.

The core German market again generated solid growth, with sales of EUR 36.3 million.

Sales allocation by vertical markets



Shifts in sales patterns gave rise to a number of changes compared to the previous year.

The proportion of sales generated with clients in the consumer goods segment fell by eight percentage points compared with the previous year, while the proportion of sales attributable to clients in the automotive industry and the services sector increased by 3 and 5 percentage points, respectively. One per cent more sales were generated with clients from the financial and insurance segment in the quarter under review. Sales derived from companies that cannot be assigned to any of these five key areas were unchanged at 3 per cent. The proportion of sales in the telecommunications/IT segment decreased by one percentage point compared with the prior-year quarter.

SYZGY generated 48 per cent of total sales from its ten largest clients, a rise of 8 percentage points compared with the same period in the prior year. This reflects an increase in business with major clients.

2.4.2. Operating expenses and depreciation

The cost of sales fell slightly in line with sales, decreasing by 1 per cent to EUR 34.6 million (previous year: EUR 34.8 million). Gross margin thus fell by 1 percentage point to 27 per cent.

General administrative expenses rose by 18 per cent to EUR 6.6 million (previous year: EUR 5.6 million).

In contrast, sales and marketing costs in the 2019 reporting period were down slightly on the prior-year period, at EUR 4.4 million (previous year: EUR 4.7 million).

Depreciation of fixed assets increased significantly from EUR 1.6 million in the previous year to EUR 3.8 million, of which EUR 2.3 million was attributable to applying new accounting standards (IFRS 16).

2.4.3. Operating income and EBIT margin

The SYZGY Group's operating profit declined by 8 per cent, falling from EUR 4.5 million to EUR 4.2 million compared with the same period of the previous year; the EBIT margin thus fell to 8.7 per cent (previous year: 9.5 per cent). IFRS 16 had the effect of increasing EBIT by kEUR 229.

2.4.4. Financial income

SYZGY reported slightly negative financial income of kEUR -102 in the first three quarters of 2019. Of this amount, expenses of kEUR 491 are attributable to accounting changes due to IFRS 16. Financial income of kEUR 370 was obtained from management of liquid funds less interest expenses. This figure is above the previous year's level (kEUR 335) and corresponds to an annualised return of 3.9 per cent on average available liquidity reserves, or 6.7 per cent on the securities portfolio. Financial income chiefly comprises interest income from corporate bonds, gains or losses realised on the sale of securities and pro rata interest expense from long-term contracts in accordance with IFRS 16 (primarily leases).

2.4.5. Income taxes, net income, earnings per share

Business performance at the SYZGY Group is reflected in pre-tax income of EUR 4.0 million. In the same period of the previous year, the figure was EUR 4.9 million, meaning that pre-tax income declined by 17 per cent. After income taxes of EUR 1.0 million, net income was EUR 3.0 million.

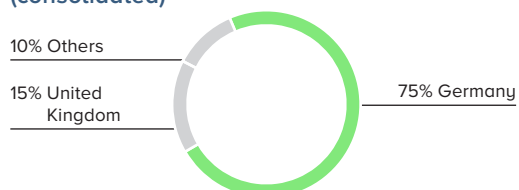
Undiluted earnings per share were EUR 0.22, based on the average available 13,421,000 shares qualifying for participation in the profits and after deducting minority shares of EUR -0.4 million. This figure is EUR 0.05 below the level achieved in the prior-year quarter (previous quarter: EUR 0.27).

2.4.6. Segment reporting

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

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

Share of Group sales (consolidated)



Q3 in TEUR	Germany		United Kingdom		Others	
	2019	2018	2019	2018	2019	2018
Sales (not consolidated)	36,528	34,289	7,482	10,177	5,004	5,593
Operating income (EBIT)	5,031	4,632	-923	203	663	741
Operating income (EBIT)	13.8%	13.5%	-12.3%	2.0%	13.2%	13.2%
Share of Group sales (consolidated)	75%	69%	15%	20%	10%	11%

2.4.7. Financial position

SYZYGY had liquidity reserves totalling EUR 7.2 million as at the balance sheet date, corresponding to a decrease of EUR 14.9 million compared with December 31, 2018. Both components were down: liquid funds decreased by EUR 7.5 million to EUR 4.0 million, while securities holdings fell by EUR 7.4 million to EUR 3.2 million. The significant decline is attributable to timing effects compared with December 31, 2018, when above-average advance payments received and accounts payable were reported. In the period under review, these liability items were brought down to a lower level that can be described as normal/average for the business over the long term. This resulted in a substantial negative operating cash flow of EUR 6.3 million.

45 per cent of funds were invested in corporate bonds as at September 30, 2019, while 55 per cent were accounted for by bank deposits. The average residual maturity of the bonds was 4.7 years.

Total cash flow of the SYZYGY Group was also negative as at the reporting date, at EUR -7.6 million, as liquid funds were reduced accordingly. Positive net income of EUR 3.0 million and depreciation and amortisation of EUR 3.8 million were more than offset by the EUR -6.5 million reduction in accounts payable and the drop of EUR -3.4 million in advance payments received.

Cash flow from investment operations was positive at EUR 5.4 million. Assets were released through the sale of securities totalling EUR 13.7 million, while EUR 5.4 million was invested in the acquisition of securities; the net effect from the securities portfolio was positive at EUR 8.3 million. By contrast, funds were invested in the acquisition of shares in consolidated companies in the amount of EUR -1.4 million, while EUR -1.5 million was spent on fixed and other assets.

There were no changes in cash flow from financing activities in the quarter under review; in the reporting period, dividend payments stood at EUR 6.0 million and repayment of bank loans totalled EUR 0.8 million, leading to negative cash flow from financing activities of EUR 6.8 million.

2.4.8. Asset situation

Total assets of the SYZYGY Group rose by EUR 12.8 million to EUR 122.4 million in the period under review compared to December 31, 2018 (prior-year quarter: EUR 107.5 million).

There were significant changes in non-current assets: at EUR 35.0 million, other intangible assets and fixed assets were significantly above the figure as at December 31, 2018 (EUR 6.9 million). At EUR 29.2 million, current assets were substantially below the December 2018 level (EUR 43.8 million). In current assets, accounts receivable decreased by EUR 1.4 million and other current assets increased by EUR 1.7 million.

Equity of EUR 51.5 million was down by EUR 2.5 million compared with the figure as at December 31, 2018. This is due to a reduction in profit reserves from EUR 16.8 million to EUR 13.8 million. Other net income went from EUR -2.7 million to EUR -2.2 million. This item mainly comprises unrealised rate changes for foreign exchange positions. This corresponds to an unchanged equity ratio of 42 per cent.

Current liabilities also changed. At EUR 27.1 million, they were substantially below the level as at year-end 2018 (EUR 38.7 million). This mainly includes a fall of EUR 6.5 million in accounts payable to EUR 9.0 million and a drop in other contract liabilities of EUR 3.4 million to EUR 6.0 million.



2.5. Expected performance of the SYZYGY Group

Although uncertainty is a defining feature of the overall economic outlook, SYZYGY believes that conditions remain favourable for growth. The continuing shift of marketing budgets from conventional media to digital channels is an additional source of support.

The positive sales trend in the core German market was unable to offset the weaker than expected performance of the international companies. Overall, the softer economy, especially in the UK market, is having an adverse impact on the SYZYGY Group's order book. Accordingly, SYZYGY AG expects sales to remain at the prior-year level in the current financial year. Restructuring charges from international operations will be somewhat higher, with the result that an operating EBIT margin of 8 to 9 per cent is expected.

Bad Homburg v. d. H., November 1, 2019

SYZYGY AG
The Management Board

Consolidated balance sheet

as at September 30, 2019

Assets	09/30/2019	09/30/2018	12/31/2018
	kEUR	kEUR	kEUR
Non-current assets			
Goodwill	57,637	58,125	58,116
Other Fixed assets, net	35,017	6,853	6,925
Non-current financial assets	200	200	200
Other non-current assets	283	264	294
Deferred tax assets	72	52	347
Total non-current assets	93,209	65,494	65,882
Current assets			
Cash and cash equivalents	3,991	7,775	11,519
Marketable securities	3,227	9,900	10,602
Accounts receivable, net and contract assets	18,553	21,749	19,904
Prepaid expenses and other current assets	3,457	2,537	1,739
Total current assets	29,228	41,961	43,764
Total assets	122,437	107,455	109,646
Equity and Liabilities			
	kEUR	kEUR	kEUR
Equity			
Common stock*	13,500	13,500	13,500
Additional paid-in capital	27,069	27,069	27,069
Own shares	-407	-407	-407
Accumulated other comprehensive income	-2,170	-2,396	-2,651
Retained earnings	13,840	15,695	16,774
Equity attributable to shareholders of SYZGY AG	51,832	53,461	54,285
Minorities	-340	-330	-284
Total Equity	51,492	53,131	54,001
Non-current liabilities			
Long term liability	43,665	19,403	16,698
Deferred tax liabilities	201	276	270
Total non-current liabilities	43,866	19,679	16,968
Current liabilities			
Income tax accruals	748	508	541
Accrued expenses	7,524	9,401	8,283
Contract liabilities	6,025	7,103	9,431
Accounts payable	9,032	14,403	15,528
Other current liabilities	3,750	3,230	4,894
Total current liabilities	27,079	34,645	38,677
Total liabilities and equity	122,437	107,455	109,646

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

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

SYZYG AG, Bad Homburg v.d.H.

Consolidated statement of comprehensive income as at September 30, 2019

	3. Quarter			January - September			12/31/2018
	2019	2018	Change	2019	2018	Change	
	kEUR	kEUR		kEUR	kEUR		kEUR
Sales	16,065	15,839	1%	47,631	48,062	-1%	65,816
Cost of revenues	-11,466	-11,087	3%	-34,579	-34,827	-1%	-47,929
Sales and marketing expenses	-1,678	-1,455	15%	-4,421	-4,714	-6%	-5,396
General and administrative expenses	-2,391	-1,815	32%	-6,583	-5,562	18%	-8,637
Impairment losses, net of trade receivables and contract assets	-18	0	n.a.	-11	0	n.a.	7
Other operating income/expense, net	843	269	213%	2,126	1,586	-32%	2,206
Operating profit (EBIT)	1,355	1,751	-23%	4,163	4,545	-8%	6,067
Financial income	137	265	-48%	702	454	55%	630
Financial expenses	-239	-165	45%	-823	-119	592%	-1,160
Income before income taxes (EBT)	1,253	1,851	-32%	4,042	4,880	-17%	6,537
Income taxes	-338	-482	-30%	-1,035	-1,187	-13%	-1,647
Total net income of the period	915	1,369	-33%	3,007	3,693	-19%	4,890
thereof net income share to other shareholders	49	36	36%	90	123	-27%	171
thereof net income share to shareholders of SYZYG AG	866	1,333	-35%	2,917	3,570	-18%	4,719
Items that will not be reclassified to profit and loss:	0	0	n.a.	0	0	n.a.	0
Items that will or may be reclassified to profit and loss:							
Currency translation adjustment from foreign business operations	-130	162	n.a.	-91	-162	n.a.	-315
Net unrealized gains/ losses on marketable securities, net of tax	35	128	-73%	565	-419	n.a.	-579
Other comprehensive income	-95	290	-133%	474	-581	n.a.	-894
Comprehensive income	820	1,659	-51%	3,481	3,112	12%	3,996
thereof income share to other shareholders	39	43	n.a.	84	117	28%	163
thereof income share to shareholders of SYZYG AG	781	1,616	-52%	3,397	2,995	13%	3,833
Earnings per share from total operations (basic in EUR)	0.06	0.1	-40%	0.22	0.27	-19%	0.35

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

Statement of changes in equity

as at September 30, 2019

	Number of shares (in 1,000)	Common stock	Additional paid-in capital	Own shares	Retained earnings	Foreign exchange currency	Unrealised gains and losses	Equity attributable to shareholders of SYZYG AG	Minority interest	Total equity
	Shares	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
01/01/2018	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
01/01/2018, 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
12/31/2018	13,500	13,500	27,069	-407	16,774	-2,297	-354	54,285	-284	54,001
01/01/2019	13,500	13,500	27,069	-407	16,774	-2,297	-354	54,285	-284	54,001
Net income of the period					2,918			2,918	90	3,008
Other comprehensive income						-84	565	481	-6	475
Comprehensive income					2,918	-84	565	3,399	84	3,483
Dividend					-5,370			-5,370	0	-5,370
Payment to minorities					-482			-482	-140	-622
09/30/2019	13,500	13,500	27,069	-407	13,840	-2,381	211	51,832	-340	51,492

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

SYZYG AG, Bad Homburg v.d.H.

Consolidated statement of Cash Flows as at September 30, 2019

	January - September		
	2019	2018	2018
	kEUR	kEUR	kEUR
Period net income	3,008	3,693	4,890
Adjustments to reconcile income from operations to net cash provided by operating activities			
– Depreciation on fixed assets	3,840	1,597	2,109
– Profit (-) and loss (+) on sale of securities	-111	-18	-14
– Profit (-) and loss (+) on sale of fixed assets	225	25	3
– changes in Earn-Out liabilities	-1,018	-1,052	-964
– Profit (-)/Loss(+) on sale of fixed asset investments	0	-27	-27
– Other non-cash income and expenses	95	-398	-497
Changes in operating assets and liabilities:			
– Accounts receivable and other assets	373	-1,981	507
– Customer advances	-3,428	712	3,051
– Accounts payable and other liabilities	-8,629	6,530	7,117
– Tax accruals and payables, deferred taxes	-639	124	182
Cash flows provided by operating activities	-6,284	9,205	16,357
Changes in other non-current assets	15	-43	-72
Investments in fixed assets	-1,481	-639	-1,214
Purchases of marketable securities	-5,379	-4,261	-7,235
Proceeds from sale of marketable securities	13,684	2,902	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	5,447	-2,054	-4,950
Change in bank loans	-790	-551	-1,052
dividend paid to minority shareholders	-622	-672	-672
dividend paid to shareholders of SYZYG AG	-5,370	-5,236	-5,236
Cash flows from financing activities	-6,782	-6,459	-6,960
Total	-7,619	692	4,447
Cash and cash equivalents at the beginning of the period	11,519	7,017	7,017
Exchange rate differences	91	66	55
Cash and cash equivalents at the end of the period	3,991	7,775	11,519

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

Selected explanatory Notes to the Consolidated Financial Statements

Accounting

Pursuant to the provisions of section 50 (6) of the BörsO (Stock Exchange Directive) in conjunction with Article 37 w (2) WpHG (German Securities Trading Act), the financial report of SYZYG 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 9 months 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 82. At SYZYG, 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 28 million from EUR 94 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 55 per cent

to 42 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 229 from kEUR 3,934 to kEUR 4,163. On the other hand, the financial result decreased by kEUR 491, so that earnings before taxes (EBT) were reduced by kEUR 262.

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 SYZYG Group

The SYZYG Group is one of the leading consulting and implementation partner for marketing and sales transformation.

SYZYG AG acts as a management holding company that provides its subsidiaries with central services relating to strategy, design, planning, accounting, IT infrastructure and finance. SYZYG 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, SYZYG 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 September 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)
- Different GmbH, Berlin, Germany (different for short)
- SYZYGY Berlin GmbH, Berlin, Germany (SYZYGY BER for short)
- SYZYGY Deutschland GmbH, Bad Homburg v. d. H., Germany (SYZYGY Deutschland for short)
- SYZYGY Digital Marketing Inc., New York City, United States of America (SYZYGY NY for short)
- SYZYGY Media GmbH, Hamburg, Germany (SYZYGY Media DE for short)
- SYZYGY 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 percent 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 19 and June 19, 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 different, SYZYGY Berlin, SYZYGY Germany, SYZYGY Media, SYZYGY Performance and USEEDS. The UK segment comprises SYZYGY UK and Unique Digital UK. SYZYGY NY and Ars Thanea are presented together under "Other Segments".

The individual segments apply the same accounting policies as the Group as a whole. SYZYGY AG assesses the performance of the segments primarily on the basis of revenues and EBIT. The allocation of 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.

09/30/2019	Germany	United Kingdom	Other segments	Central functions	Consolidation	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Billings	75,078	13,572	20,574	186	-1,480	107,930
Media costs	-38,736	-6,090	-15,571	0	98	-60,299
Sales	36,342	7,482	5,004	186	-1,383	47,631
of which internal sales	332	79	1,008	61	-1,480	0
Operating income (EBIT)	5,031	-923	663	-679	71	4,163
Financial income	39	-191	4	1,743	-1,716	-121
Earnings before tax (EBT)	5,070	-1,114	667	1,064	-1,645	4,042
Assets	81,764	29,985	9,328	99,227	-97,867	122,437
of which non-current assets	54,468	15,727	7,202	14,725	532	92,654
of which goodwill	43,208	8,024	6,405	0	0	57,637
Investments	10,184	6,981	892	14,275	0	32,332
Depreciation and amortisation	1,917	870	397	671	-16	3,839
Impairment on goodwill	0	0	0	0	0	0
Segment liabilities	31,849	12,112	1,270	44,301	-18,587	70,945
Employees as per balance sheet date	379	62	81	32	0	554

09/30/2018	Germany	United Kingdom	Other segments	Central functions	Consolidation	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Billings	76,714	25,062	26,610	250	-2,247	126,389
Media costs	-42,425	-14,885	-21,017	0	0	-78,327
Sales	34,289	10,177	5,593	250	-2,247	48,062
of which internal sales	1,037	22	1,188	0	-2,247	0
Operating income (EBIT)	4,632	203	741	-1,031	0	4,545
Financial income	106	129	-8	2,938	-2,830	335
Earnings before tax (EBT)	4,738	332	733	1,907	-2,830	4,880
Assets	74,532	19,657	12,798	88,750	-88,282	107,455
of which non-current assets	47,164	9,832	6,890	1,092	0	64,978
of which goodwill	43,545	8,024	6,556	0	0	58,125
Investments	970	32	46	121	0	1,169
Depreciation and amortisation	1,069	279	153	96	0	1,597
Impairment on goodwill	0	0	0	0	0	0
Segment liabilities	25,198	7,381	4,900	33,559	-16,714	54,324
Employees as per balance sheet date	356	96	80	23	0	555

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

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

Segment liabilities correspond to the total of all liabilities excluding equity, plus minority interests attributable to the respective segment and deferred taxes on the respective intangible assets, less liabilities attributable to companies in the same segment.

Treasury stock

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

On May 29, 2015, the Annual General Meeting authorised the Management Board to acquire a maximum of 10 per cent of the Company's outstanding shares until May 28, 2020. SYZGY is authorised to resell or call in treasury shares, to offer them to employees of the Company as compensation, or to offer treasury shares to third parties in the course of acquiring companies.

As at September 30, 2019, SYZGY held 73,528 treasury shares at an average acquisition cost of EUR 5.54.

Directors' dealings

Current holdings of shares and transactions carried out in the period under review are disclosed in the following tables:

Management Board: Shares

Number of shares	Lars Lehne	Erwin Greiner	Frank Ladner	Total
As at: 12/31/2018	10,000	0	0	10,000
Purchases	0	0	0	0
Sales	0	0	0	0
As at: 09/30/2019	10,000	0	0	10,000

Supervisory Board: Shares

Number of shares	Wilfried Beeck	Dominic Grainger	Andrew Payne	Rupert Day	Total
As at: 12/31/2018	10,000	0	0	0	10,000
Purchases	0	0	0	0	0
Sales	0	0	0	0	0
As at: 09/30/2019	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: 12/31/2018	240,000	80,000	55,000	375,000
Additions	0	0	0	0
Disposals	-96,000	0	0	-96,000
As at: 09/30/2019	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 per cent 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 per cent 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 per cent for tranche 1 and 90 per cent 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 per cent for tranche 1 and 90 per cent for tranche 2.

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

Shareholder structure

As at September 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 Stocks	74	0.54
Total	13,500	100.00

Bad Homburg v. d. H., November 1, 2019

SYZGY AG
The Management Board

Financial calendar 2019/2020

<p>German Equity Forum, Frankfurt</p> <p>11/25-27</p>	<p>MKK – Munich Capital Market Conference</p> <p>12/10-11</p>	<p>Annual Report 2019 (English version: 04/14)</p> <p>03/30</p>
<p>3-Month-Report (English version: 05/08)</p> <p>04/30</p>	<p>Annual General Meeting, Frankfurt</p> <p>05/29</p>	<p>Half-Year-Report (English version: 08/07)</p> <p>07/31</p>
<p>9-Month-Report (English version: 11/06)</p> <p>10/30</p>		

All dates are subjects to change.

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