

S/Z/G/

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

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

Key financial figures

Sales

(in kEUR)

2013	26,303
2014	34,345
2015	41,863
2016	47,199
2017	45,373

9M 2017

45,373

Operating income

(in kEUR)

2013	1,987
2014	3,041
2015	3,856
2016	4,347
2017	3,389

9M 2017

3,389

Financial income

(in kEUR)

2013	1,371
2014	1,703
2015	1,584
2016	1,139
2017	1,429

9M 2017

1,429

Income before taxes

(in kEUR)

2013	3,358
2014	4,744
2015	5,440
2016	5,486
2017	4,818

9M 2017

4,818

Net income

(in kEUR)

2013	2,401
2014	3,755
2015	4,032
2016	4,173
2017	3,371

9M 2017

3,371

Earnings per share

undiluted (in EUR)

2013	0.19
2014	0.28
2015	0.30
2016	0.30
2017	0.31

9M 2017

0.31

Operating cash flow

(in kEUR)

2013	-308
2014	9,369
2015	-3,011
2016	178
2017	2,923

9M 2017

2,923

Sales by employee

annualised (in kEUR)

2013	100
2014	103
2015	104
2016	112
2017	103

2017

103

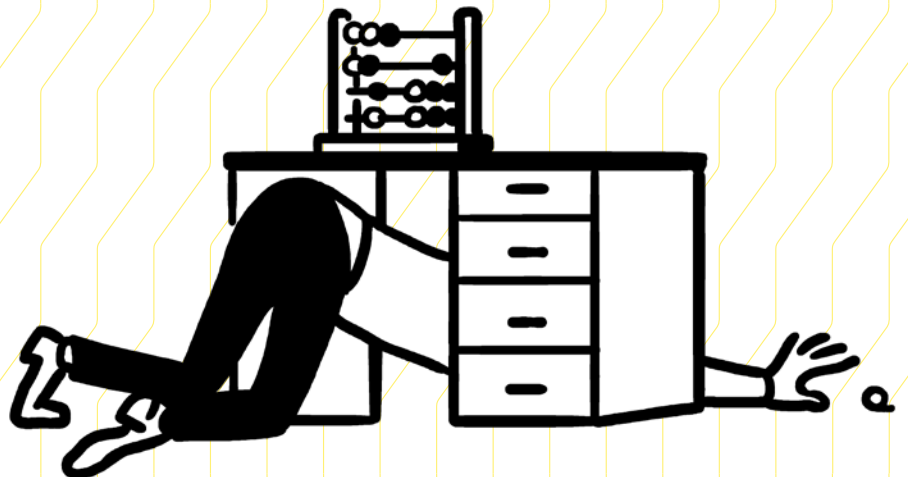
Balance sheet structure

Current assets	43%
Non current assets	57%
Equity	55%
Liabilities	45%

Equity

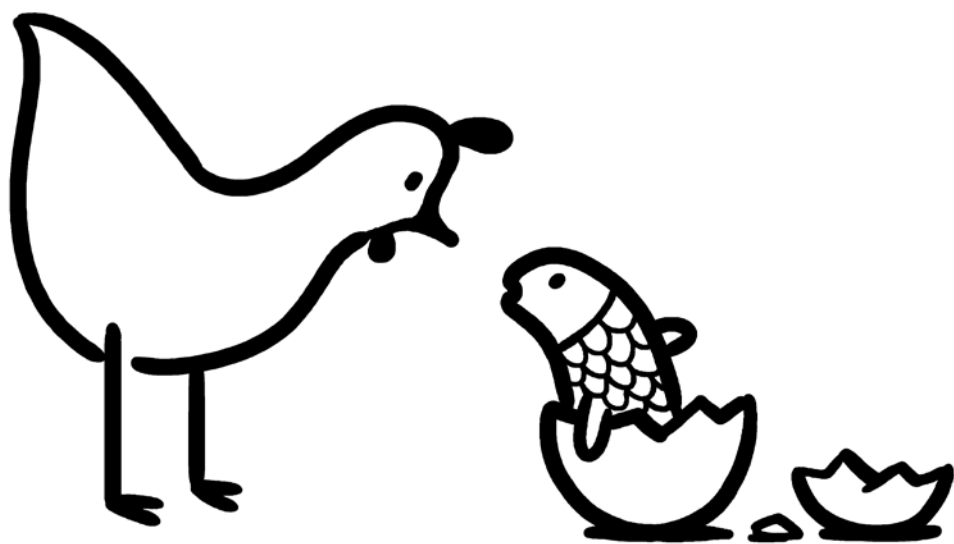
55%

<p>Sales by segments</p> <table border="0"> <tr> <td>Germany</td> <td>62%</td> </tr> <tr> <td>United Kingdom</td> <td>24%</td> </tr> <tr> <td>USA</td> <td>9%</td> </tr> <tr> <td>Others</td> <td>5%</td> </tr> </table> <p>Germany 62%</p>	Germany	62%	United Kingdom	24%	USA	9%	Others	5%	<p>Sales by clients' volume</p> <table border="0"> <tr> <td>Top 5</td> <td>36%</td> </tr> <tr> <td>Top 6-10</td> <td>14%</td> </tr> <tr> <td>Others</td> <td>50%</td> </tr> </table> <p>Top 5 36%</p>	Top 5	36%	Top 6-10	14%	Others	50%	<p>Sales allocation by vertical markets</p> <table border="0"> <tr> <td>Automotive</td> <td>30%</td> </tr> <tr> <td>Consumer goods</td> <td>27%</td> </tr> <tr> <td>Telekommunikation/IT</td> <td>12%</td> </tr> <tr> <td>Financial services</td> <td>11%</td> </tr> <tr> <td>Others</td> <td>20%</td> </tr> </table> <p>Automotive 30%</p>	Automotive	30%	Consumer goods	27%	Telekommunikation/IT	12%	Financial services	11%	Others	20%
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<p>Portfolio structure of cash and marketable securities</p> <table border="0"> <tr> <td>Bank deposit</td> <td>56%</td> </tr> <tr> <td>Corporate and government bonds</td> <td>44%</td> </tr> </table> <p>Bank deposit 56%</p>	Bank deposit	56%	Corporate and government bonds	44%	<p>Employees by function</p> <table border="0"> <tr> <td>Online media</td> <td>24%</td> </tr> <tr> <td>Design</td> <td>18%</td> </tr> <tr> <td>Technology</td> <td>18%</td> </tr> <tr> <td>Project management</td> <td>17%</td> </tr> <tr> <td>Administration</td> <td>13%</td> </tr> <tr> <td>Strategy/consulting</td> <td>10%</td> </tr> </table> <p>Online media 24%</p>	Online media	24%	Design	18%	Technology	18%	Project management	17%	Administration	13%	Strategy/consulting	10%	<p>Shareholder structure</p> <table border="0"> <tr> <td>WPP plc, St, Helier</td> <td>51.06%</td> </tr> <tr> <td>Treasury stocks</td> <td>0.60%</td> </tr> <tr> <td>Free float</td> <td>48.34%</td> </tr> </table> <p>WPP plc 51.06%</p>	WPP plc, St, Helier	51.06%	Treasury stocks	0.60%	Free float	48.34%		
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Business development and management report

	3. Quarter			January-September		
	2017	2016	Change	2017	2016	Change
	kEUR	kEUR		kEUR	kEUR	
Sales	15,093	16,369	-8%	45,373	47,199	-4%
EBITDA	1,573	1,761	-11%	4,486	5,454	-18%
EBITDA margin	10.4%	10.8%	-0.4 pp	9.9%	11.6%	-1.7 pp
EBIT	1,283	1,393	-8%	3,389	4,347	-22%
EBIT margin	8.5%	8.5%	0 pp	7.5%	9.2%	-1.7 pp
Financial income	521	339	54%	1,429	1,139	25%
Net income	1,203	1,450	-17%	3,371	4,173	-19%
Earnings per share (EUR)	0.11	0.10	10%	0.31	0.30	3%
Employees incl. freelancers	618	632	-2%	618	632	-2%
Liquid assets	9,904	16,198	-39%	9,904	16,198	-39%
Operating cash flow	5,671	-1,033	-649%	2,923	178	1,542%

1. General

The following Group Management Report provides information on the performance of the SYZYGY Group (hereinafter referred to as "SYZYGY", the "Group" or the "Company"). The consolidated financial statements on which the Group Management Report is based have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial year corresponds to the calendar year.

2. Group profile

2.1. Business activities and structure

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

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

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

On September 25, 2017, the SYZYGY Group acquired 70 per cent of the shares in Berlin-based strategy agency different GmbH. Taking this stake in different will enable the Group to enhance its services around consulting and strategy. For simplification purposes, the accounts will be consolidated into the figures for the SYZYGY Group on October 1, 2017, i.e. not until the fourth quarter of 2017.

The SYZYG Group's operating units cover the entire digital marketing value chain: from strategic consulting to project planning, concepts and design to technical realisation of brand platforms, business applications, websites, hosting, digital campaigns and mobile apps. Online marketing services such as media planning, search engine marketing/optimisation and affiliate programmes are also a major business area. In addition, SYZYG helps clients meet customer experience and usability requirements and assists them at every stage of the user-centred design process. Digital illustrations, animations and the development of games for smartphones and tablets round off the range of services.

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

2.2. Group management

The organisational structure of the SYZYG Group is decentralised. As the management holding company, SYZYG 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 SYZYG 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, SYZYG AG has issued a declaration of conformity that addresses the German Sustainability Code and its individual standards, while also assessing the relevance for the SYZYG Group. The action areas with strategic importance for SYZYG in this respect are

- client relationships,
- employees,
- growth and development of the Group,
- economic efficiency,
- environmental protection and
- corporate governance.

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

2.3. Employees

The headcount of the SYZYGY Group fell slightly in the period covered by the report. The SYZYGY Group had a total of 589 permanent employees as at September 30, 2017. The reduction by 13 employees compared with June 30, 2017 is primarily due to job cuts at Hi-ReS! Berlin resulting from the loss of an account at the start of the year. Compared with the end of the same quarter of the previous year, the headcount rose slightly by 17; this was mainly due to the integration of around 40 employees from Catbird Seat into the Group.

The number of freelancers was around 29 (based on FTEs) as at the reporting date, 33 fewer than in September 2016.

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

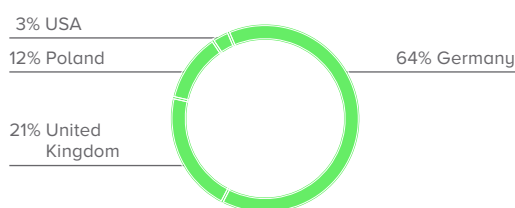
Employees	09/30/2017	09/30/2016
Germany	377	357
United Kingdom	126	125
Poland	71	75
USA	15	14
Total	589	571

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

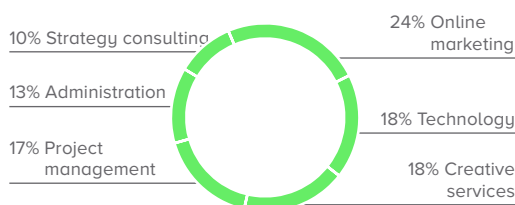
in Persons	09/30/2017	09/30/2016
Online marketing	143	113
Technology	108	116
Creative services	104	126
Project management	98	94
Administration	77	63
Strategy consulting	59	59
Total	589	571

On average over the period, 587 people – including around 30 freelancers – worked for the SYZYGY Group. Annualised sales per head were therefore EUR 103,000 (previous year: EUR 112,000, with an average headcount of 563).

Employees by country



Employees by function



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

2.4.1. Results of operations

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

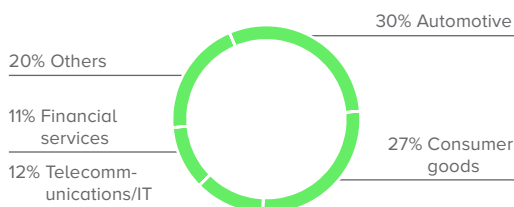
Billings were up 7 per cent to EUR 115.7 million compared with the same period of the previous year. However, the SYZYGY Group experienced a decline in sales in the period under review, with sales falling 4 per cent to EUR 45.4 million in the first nine months of the year.

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

Sales by sector

Sales to automotive clients fell significantly by 5 percentage points year-on-year, while other sectors have become more prominent. 50 per cent of SYZYGY's total sales were generated from its ten largest clients, a drop of 7 percentage points compared with the same period of the prior year.

Sales allocation by vertical markets



2.4.2. Operating expenses and depreciation

The cost of sales decreased less than sales, remaining almost unchanged at EUR 33.6 million (previous year: EUR 33.7 million). Gross margin thus fell by three percentage points to 26 per cent.

General administrative expenses were also marginally lower, down by one percentage point at EUR 4.7 million (previous year: EUR 4.8 million).

Sales and marketing costs totalled EUR 4.5 million in the period covered by the report, representing a fall of 5 per cent.

Depreciation of fixed assets amounted to EUR 1.1 million and was thus equivalent to the corresponding period of the prior year.

2.4.3. Operating income and EBIT margin

The SYZYGY Group's operating profit fell by 22 per cent, declining from EUR 4.3 million to EUR 3.4 million compared with the same period of the previous year. As a consequence, the EBIT margin decreased to 7.5 per cent (previous year: 9.2 per cent).

2.4.4. Financial income

Through active management of liquid funds, SYZYGY generated financial income of EUR 1.4 million in the first three quarters of 2017. This figure is 25 per cent above the previous year's level and corresponds to an annualised return of 11 per cent on average available liquidity reserves. Financial income primarily comprises interest income from corporate bonds and gains realised on securities.

2.4.5. Income taxes, net income, earnings per share

Business performance at the SYZYG Group is reflected in pre-tax income of EUR 4.8 million. In the same period of the previous year, the figure was EUR 5.5 million, meaning that pre-tax income decreased by 12 per cent. After income taxes of EUR 1.4 million, net income was EUR 3.4 million.

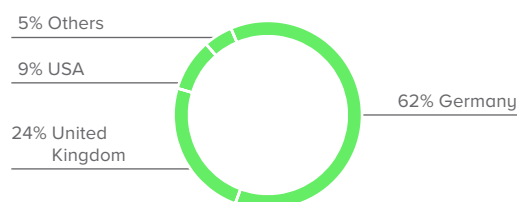
Undiluted earnings per share were EUR 0.31, based on the average available 12,780 thousand shares qualifying for participation in the profits and after deducting minority shares of EUR -0.6 million. This corresponds to the level achieved in the same period of the prior year.

2.4.6. Segment reporting

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

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

Share of Group sales (consolidated)



Q3 in kEUR	Germany		United Kingdom		USA		Others (Poland)	
	2017	2016	2017	2016	2017	2016	2017	2016
Sales (not consolidated)	28,037	30,340	11,417	10,771	4,078	5,829	2,602	2,254
Operating income (EBIT)	2,314	4,503	921	1,406	860	624	31	414
Operating income (EBIT)	8%	15%	8%	13%	21%	11%	1%	18%
Share of Group sales (consolidated)	62%	62%	24%	22%	9%	12%	5%	4%

2.4.7. Financial position

SYZYGY had liquidity reserves totalling EUR 9.9 million as at the balance sheet date, corresponding to a decrease of EUR 12.2 million or 55 per cent compared with December 31, 2016. Both components were down: liquid funds decreased by EUR 1.0 million to EUR 5.5 million, while securities holdings fell from EUR 15.6 million to EUR 4.4 million. These funds were used primarily for the distribution of dividends, the acquisition of shares in Catbird Seat and different, and investment in fixed assets. The cash outflow for acquiring different occurred in September 2017 and is entered as a transitory item in other assets, as first-time consolidation will be applied with effect from October 1, 2017.

44 per cent of funds were invested in corporate bonds as at September 30, 2017, while 56 per cent were accounted for by bank deposits. The average residual maturity of the bonds was 4.2 years.

Total cash flow of the SYZYGY Group was negative as at the reporting date, at EUR -0.6 million. Cash flow from business operations returned to normal in the third quarter and amounted to EUR 2.9 million in the reporting period. The key factors contributing to this positive performance were positive net income of EUR 3.4 million, an increase of EUR 2.2 million in operational liabilities and depreciation and amortisation of EUR 1.1 million. By contrast, the level of capital commitment also increased by EUR 1.2 million due to a rise in trade receivables. This is attributable to the increase in billings and growth of the media business in the SYZYGY Group.

Cash flow from investment operations was also positive at EUR 1.5 million. This is partly due to the sale of securities worth EUR 17.6 million, which contrasts with investment in assets and fixed assets and the acquisition of consolidated companies and securities totalling EUR 16.1 million. Investments in fixed assets amounting to EUR 3.4 million were made due to relocation to new offices in Bad Homburg and Berlin. The negative cash flow from financing activities represents the payment of the dividend of EUR 4.9 million.

2.4.8. Asset situation

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

Non-current assets increased by 34 per cent to EUR 51.2 million. This increase is mainly attributable to the acquisition of a stake in Catbird Seat.

Current assets fell by EUR 3.5 million, or 8 per cent, to EUR 39.2 million. This was due to both a reduction in securities and in liquid funds of EUR 12.2 million (55 per cent) to EUR 9.9 million and a rise in trade receivables by 13 per cent to EUR 20.9 million.

At EUR 49.7 million, equity capital is unchanged over the figure as at December 31, 2016. Retained earnings and minority interests fell by EUR 1.6 million within equity capital. This is due to the surplus for the period being insufficient to offset the profit distribution, and the minority's share of losses. By contrast, the capital increase of EUR 2.0 million by way of issuing 181,575 shares strengthened equity capital. The equity ratio is thus 55 per cent.

Other net income amounted to EUR -1.9 million and thus fell by 26 per cent compared with December 31, 2016. This item mainly comprises unrealised exchange rate changes.

At EUR 28.8 million, current liabilities were 20 per cent above the level as at year-end 2016 (EUR 24.0 million). This chiefly comprises a rise in accounts payable of EUR 2.1 million to EUR 9.5 million and an increase in other provisions of EUR 8.7 million to EUR 11.8 million.

2.5. Expected performance of the SYZYGY Group

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

The SYZYGY Group will close its Hi-ReS! Berlin GmbH location by the end of the 2017 financial year. A corresponding decision was taken by the Management Board of SYZYGY AG on October 20, 2017.

The SYZYGY Group expects to see a slight decline in sales for the full year, with the EBIT margin also down slightly.

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

Bad Homburg v. d. H., November 2, 2017

The Management Board

Consolidated balance sheet

Assets	09/30/2017	09/30/2016	12/31/2016
	kEUR	kEUR	kEUR
Non-current assets			
Goodwill	44,203	29,437	33,797
Other Fixed assets, net	5,593	3,553	3,231
Fixed Asset Investments	200	0	0
Other assets	642	616	625
Deferred tax assets	532	1,260	469
Total non-current assets	51,170	34,866	38,122
Current assets			
Cash and cash equivalents	5,549	2,923	6,571
Marketable securities	4,355	13,275	15,581
Accounts receivable, net	20,931	21,222	18,525
Prepaid expenses and other current assets	8,371	2,137	2,062
Total current assets	39,206	39,557	42,739
Total assets	90,376	74,423	80,861
Equity and Liabilities			
	09/30/2017	09/30/2016	12/31/2016
	kEUR	kEUR	kEUR
Equity			
Common stock*	13,010	12,828	12,828
Additional paid-in capital	22,326	20,504	20,537
Own shares	-407	-435	-407
Accumulated other comprehensive income	-2,118	-1,488	-1,537
Retained earnings	17,201	16,855	18,071
Equity attributable to shareholders of SYZYG AG	50,012	48,264	49,492
Minorities	-308	630	293
Total Equity	49,704	48,894	49,785
Non-current liabilities			
Long term liability	11,732	2,422	6,879
Deferred tax liabilities	189	185	238
Total non-current liabilities	11,921	2,607	7,117
Current liabilities			
Tax accruals	1,639	875	203
Accrued expenses	11,759	9,517	8,668
Customer advances	3,489	4,540	4,632
Accounts payable	9,514	5,354	7,434
Other current liabilities	2,350	2,636	3,022
Total current liabilities	28,751	22,922	23,959
Total liabilities and equity	90,376	74,423	80,861

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

Consolidated statement of comprehensive income

	3. Quarter			January-September			
	2017	2016	Change	2017	2016	12/31/2016	Change
	kEUR	kEUR		kEUR	kEUR	kEUR	
Billings	49,725	33,448	49%	115,722	107,684	142,804	7%
Media costs	-34,632	-17,079	103%	-70,349	-60,485	-78,531	16%
Sales	15,093	16,369	-8%	45,373	47,199	64,273	-4%
Cost of revenues	-11,248	-11,931	-6%	-33,622	-33,685	-47,434	0%
Sales and marketing expenses	-1,785	-1,690	6%	-4,527	-4,754	-6,341	-5%
General and administrative expenses	-1,524	-1,577	-3%	-4,715	-4,750	-6,787	-1%
Other operating income/expense, net	747	222	236%	880	337	1,885	161%
Operating profit (EBIT)	1,283	1,393	-8%	3,389	4,347	5,596	-22%
Financial income, net	521	339	54%	1,429	1,139	1,336	25%
Income before taxes (EBT)	1,804	1,732	4%	4,818	5,486	6,932	-12%
Income taxes	-601	-282	113%	-1,447	-1,313	-1,835	10%
Total net income of the period	1,203	1,450	-17%	3,371	4,173	5,097	-19%
thereof net income share to other shareholders	-183	165	-211%	-606	407	115	-249%
thereof net income share to shareholders of SYZYGY AG	1,386	1,285	8%	3,977	3,766	4,982	6%
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	-453	-1,531	n.a.	-561	-2,530	-2,412	n.a.
Net unrealized gains/ losses on mark. sec., net of tax	-200	154	-230%	-20	354	207	-106%
Other comprehensive income	-653	-1,377	-53%	-581	-2,176	-2,205	n.a.
Comprehensive income	550	73	653%	2,790	1,997	2,892	40%
thereof income share to other shareholders	-189	261	-172%	-601	393	121	-253%
thereof income share to shareholders of SYZYGY AG	739	-188	n.a.	3,391	1,604	2,771	111%
Earnings per share from total operations (basic in EUR)	0.11	0.10	10%	0.31	0.30	0.39	3%

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

Statement of changes in equity

	Number of shares	Common stock	Additional paid-in capital	Own shares	Retained earnings	Foreign exchange currency	Unrealised gains and losses	Equity attributable to shareholders of SYZGY AG	Minority interest	Total equity
	in 1,000	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
January 1, 2016	12,828	12,828	20,306	-739	17,806	591	83	50,875	312	51,187
Net income of the period					4,982			4,982	115	5,097
Other comprehensive income						-2,418	207	-2,211	6	-2,205
Comprehensive income					4,982	-2,418	207	2,771	121	2,892
Dividend					-4,717			-4,717	0	-4,717
Sale of own shares			231	332				563		563
Payment to minorities								0	-140	-140
December 31, 2016	12,828	12,828	20,537	-407	18,071	-1,827	290	49,492	293	49,785
January 1, 2017	12,828	12,828	20,537	-407	18,071	-1,827	290	49,492	293	49,785
Net income of the period					3,977			3,977	-606	3,371
Other comprehensive income						-381	-20	-401	5	-396
Comprehensive income					3,977	-381	-20	3,576	-601	2,975
Capital increase	182	182	1,789					1,971	0	1,971
Dividend					-4,847			-4,847	0	-4,847
Payment to minorities					-180			-180		-180
Sept. 30, 2017	13,010	13,010	22,326	-407	17,021	-2,208	270	50,012	-308	49,704

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

Consolidated statement of cash flows

	January-September		
	2017	2016	2016
	kEUR	kEUR	kEUR
Period net income	3,371	4,173	5,097
Adjustments to reconcile income from operations to net cash provided by operating activities			
– Depreciation on fixed assets	1,097	1,107	1,778
– Profit (-) and loss (+) on sale of securities	-1,110	-504	-504
– Profit (-) / loss (+) on sale of fixed assets	12	40	8
– changes in Earn-Out liabilities	-2,013	0	-1,011
– Profit (-)/Loss(+) on sale of fixed asset investments	-106	0	0
– Other non-cash income and expenses	84	350	458
Changes in operating assets and liabilities:			
– Accounts receivable and other assets	-1,165	-4,253	-440
– Customer advances	-1,332	-809	-792
– Accounts payable and other liabilities	3,511	570	1,892
– Tax accruals and payables, deferred taxes	574	-496	-556
Cash flows provided by operating activities	2,923	178	5,930
Changes in other non-current assets	-2	-27	-16
Investments in fixed assets	-3,410	-1,039	-1,167
Purchases of marketable securities	-5,542	-10,010	-12,151
Proceeds from sale of marketable securities	17,553	20,189	20,110
Changes from fixed asset investments	80	0	0
Acquisition of consolidated entities less liquid funds	-7,221	-4,657	-4,655
Cash flows used in investing activities	1,458	4,456	2,121
dividend paid to minority shareholders	-180	-140	-140
dividend paid to shareholders of SYZYG AG	-4,847	-4,717	-4,717
Cash flows from financing activities	-5,027	-4,857	-4,857
Total	-646	-223	3,194
Cash and cash equivalents at the beginning of the period	6,571	3,841	3,841
Exchange rate differences	-376	-695	-464
Cash and cash equivalents at the end of the period	5,549	2,923	6,571

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

Notes to the Consolidated Financial Statements

Accounting

Pursuant to the provisions of section 37 x WpHG (German Securities Trading Act) in conjunction with Article 37 y para. 2 WpHG, the financial report of SYZYGY AG for the first nine months of 2017 comprises interim consolidated financial statements and an interim Group Management Report. The interim consolidated financial statements were prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) for interim financial reporting as applicable within the European Union. The unaudited interim financial statements were prepared in compliance with IAS 34 and in accordance with DRS 16. Accordingly, the company elected to produce a short-form report, compared with the consolidated financial statements as at December 31, 2016. The Management Report was prepared in accordance with the applicable requirements of the WpHG.

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

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

Business activities of the SYZYGY Group

The SYZYGY Group is an international provider of creative, technological and media services for digital marketing.

SYZYGY AG acts as a management holding company that provides its subsidiaries with central services relating to strategy, design, planning, technology development, accounting, IT infrastructure and finance. SYZYGY AG also supports the subsidiaries in new business activities and generates sales from projects with third parties.

As operating entities, the subsidiaries are responsible for providing consultancy and other services. With branches in Bad Homburg v. d. H., Berlin, Frankfurt/Main, Hamburg, London, Munich, New York and Warsaw, they offer large corporations an integrated portfolio of solutions, from strategic consulting to project planning, concepts and design to technical realisation of brand platforms, business applications, websites, hosting, online campaigns and mobile apps. Online media services such as media planning, search engine marketing/optimisation and affiliate programmes are also a major business area. In addition, SYZYGY helps clients meet customer experience and usability requirements and assists them at every stage of the user-centred design process. Digital illustrations, animations and gaming round off the range of services.

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

Scope of consolidation and principles

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

- Ars Thanea S.A., Warsaw, Poland
(Ars Thanea for short)
- Catbird Seat GmbH, Munich, Germany
(Catbird Seat for short)
- Hi-ReS! Berlin GmbH, Berlin, Germany
(Hi-ReS! BER for short)
- Hi-ReS! London Ltd, London, United Kingdom
(Hi-ReS! LON for short)
- SYZGY Deutschland GmbH,
Bad Homburg v. d. H., Germany
(SYZGY Deutschland for short)
- SYZGY Digital Marketing Inc., New York City,
United States of America
(SYZGY NY for short)
- SYZGY Media GmbH, Hamburg, Germany
(SYZGY Media DE for short,
formerly uniquedigital GmbH)
- SYZGY UK Ltd, London, United Kingdom
(SYZGY UK for short)
- Unique Digital Marketing Ltd, London,
United Kingdom (Unique Digital UK
for short)
- USEEDS° GmbH, Berlin, Germany
(USEEDS for short)

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

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

Furthermore, a reciprocal put/call option was agreed for the sale or acquisition of the outstanding 30 per cent of the shares in Catbird Seat. This option can be exercised from 2023 to 2027. The price of these additional shares depends on the future business performance of Catbird Seat in the years 2017 to 2022.

Because the instrument is structured as a reciprocal put/call option, SYZGY expects that it is highly likely that it will be exercised by at least one party, based on current circumstances. As a result, this involves present ownership for SYZGY with regard to these shares as well, with effect from the time of acquisition. Accordingly, first-time consolidation is being applied in the 2017 financial year, on the basis of a 100 per cent shareholding. The financial liabilities resulting from the anticipated exercise of the options have been recognised at fair value on the balance sheet date in the amount of kEUR 6,864 and reported in other non-current liabilities.



A difference of around kEUR 10,632 was allocated to the stated earnings before taxes for the order backlog (kEUR 70) and reverse deferred tax liabilities (kEUR 20). The residual difference is reported as goodwill of kEUR 10,584 in the Germany segment, denominated in EUR. This goodwill is not deductible for tax purposes. IFRS 3 stipulates that the final purchase price allocation must be concluded no later than one year after completion of the transaction and will be verified by the end of the fiscal year.

On September 25, 2017 SYZYGY AG acquired 70 per cent stake in different GmbH in order to expand its range in service and, in particular, to expand its strategy and consulting services. The transfer of control also took place on September 25, 2017, whereby for reasons of simplification the inclusion in the consolidated financial statements will only take effect from October 1, 2017. The purchase price is equally divided into a cash and share component whereby the cash component was paid in September 2017. The purchase price part in shares is made out of the authorised capital, so that the shares can only be admitted to trading and transferred to the stock exchange in October 2017 after entry in the commercial register. Additional information on the purchase price allocation and balance sheet structure of different GmbH will be published in the 2017 annual report.

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

Segment reporting

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

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

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

The individual segments apply the same accounting principles as the consolidated entity.

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

September 30, 2017	Germany	UK	US	Other segments	Central functions	Consolidation	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Billings	50,864	36,289	26,728	2,602	3,046	-3,807	115,722
Media costs	-22,827	-24,872	-22,650	0	0	0	-70,349
Sales	28,037	11,417	4,078	2,602	3,046	-3,807	45,373
of which internal sales	2,449	59	4	1,295	0	-3,807	0
Operating income (EBIT)	2,314	921	860	31	-737	0	3,389
Financial income	133	0	0	-4	1,720	-420	1,429
Earnings before tax (EBT)	2,447	921	860	27	983	-420	4,818
Assets	47,401	24,746	6,393	7,620	66,578	-62,362	90,376
of which non-current assets	32,690	9,061	251	6,689	1,105	0	49,796
of which goodwill	29,653	8,024	0	6,526	0	0	44,203
Investments	1,618	791	1	48	1,080	0	3,538
Depreciation and amortisation	824	128	72	59	14	0	1,097
Impairment on goodwill	0	0	0	0	0	0	0
Segment liabilities	8,921	11,577	4,969	104	17,661	-2,560	40,672
Employees as per balance sheet date	354	126	15	71	23	0	589

September 30, 2016	Germany	UK	US	Other segments	Central functions	Consolidation	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Billings	51,365	27,031	29,029	2,254	316	-2,311	107,684
Media costs	-21,025	-16,260	-23,200	0	0	0	-60,485
Sales	30,340	10,771	5,829	2,254	316	-2,311	47,199
of which internal sales	861	480	0	970	0	-2,311	0
Operating income (EBIT)	4,503	1,406	624	414	-2,501	-99	4,347
Financial income	81	2	0	-9	4,089	-3,024	1,139
Earnings before tax (EBT)	4,584	1,408	624	405	1,588	-3,123	5,486
Assets	39,033	19,490	5,274	7,912	55,558	-52,844	74,423
of which non-current assets	17,247	8,653	369	6,681	40	0	32,990
of which goodwill	14,705	8,237	0	6,495	0	0	29,437
Investments	760	207	57	52	19	0	1,095
Depreciation and amortisation	771	169	74	80	13	0	1,107
Impairment on goodwill	0	0	0	0	0	0	0
Segment liabilities	8,487	7,574	4,515	471	7,843	-3,361	25,529
Employees as per balance sheet date	336	125	14	75	21	0	571

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

Segment investments comprise investments in intangible assets and fixed assets.

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

Other fixed assets, net

Investments in other intangible assets and property, plant and equipment primarily relate to leasehold improvements for the new office space in Berlin and Bad Homburg, which were acquired in August 2017, and in London, which will be occupied in the fourth quarter of 2017.

Financial investments

SYZGY has participated in the next media accelerator 2 Beteiligungsgesellschaft mbH & Co. KG as a limited partner with a contribution of kEUR 200 to the share capital of kEUR 10,000. Of this amount, kEUR 40 was paid in 2017.

Share capital and additional paid-in capital

The share capital was increased from 12,828,450 shares by 181,576 shares to a total of 13,010,026 no-par-value bearer shares with a notional value of EUR 1.00.

The additional paid-in capital includes the premium over the nominal amount from the issue of shares by SYZGY AG. As a result of the capital increase, the additional paid-in capital increased by kEUR 1,822 to kEUR 22,326. The new shares were used to pay part of the purchase price for Catbird Seat so that the capital increase will not be reflected in the cash flow statement.

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, 2017, 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	Andrew P. Stevens	Erwin Greiner	Total
As at December 31, 2016	10,000	0	0	10,000
Purchases	0	0	0	0
Sales	0	0	0	0
As at September 30, 2017	10,000	0	0	10,000

Supervisory Board: Shares

Number of shares	Ralf Hering	Wilfried Beeck	Rupert Day	Total
As at December 31, 2016	0	10,000	0	10,000
Purchases	0	0	0	0
Sales	0	0	0	0
As at September 30, 2017	0	10,000	0	10,000

Management Board: Options

Number of shares	Lars Lehne	Andrew P. Stevens	Erwin Greiner	Total
As at December 31, 2016	0	0	10,000	10,000
Additions	0	0	0	0
Disposals	0	0	-10,000	-10,000
As at September 30, 2017	0	0	0	0

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

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

Management Board: Phantom Stocks

Number of shares	Lars Lehne	Andrew P. Stevens	Erwin Greiner	Total
As at December 31, 2016	240,000	120,000	75,000	435,000
Purchases	0	0	0	0
Sales	0	-48,000	0	-48,000
As at September 30, 2017	240,000	72,000	75,000	387,000

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

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

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

Shareholder structure

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

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

in Thousand	Shares	per cent
WPP plc, St. Helier (directly or indirectly)	6,643	51.06
Free Float	6,293	48.37
Treasury Stock	74	0.57
Total	13,010	100.0

Bad Homburg v. d. H., November 02, 2017

SYZYGY AG

The Management Board

Financial calendar 2017/2018

German Equity Forum, Frankfurt 11/27	Annual Report 2017 (English version: 04/13) 03/29	3-Month-Report (English version: 05/09) 05/04
Annual General Meeting, Frankfurt 06/15	Half-Year-Report (English version: 08/10) 08/03	9-Month-Report (English version: 11/09) 11/02

Bei allen Terminen Änderungen vorbehalten.

IMPRESS

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MANAGEMENT BOARD: LARS LEHNE, ERWIN GREINER, ANDREW P. STEVENS