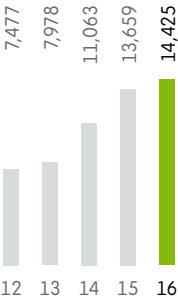


S/Z/G/

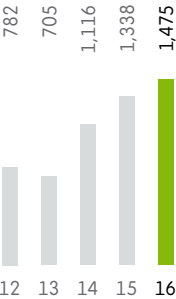


# Key financial figures

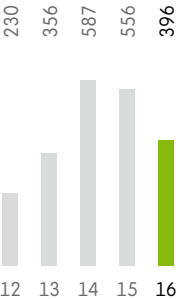
Sales  
in kEUR



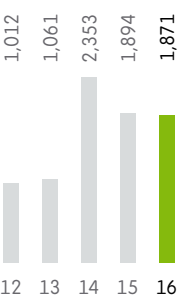
Operating income  
in kEUR



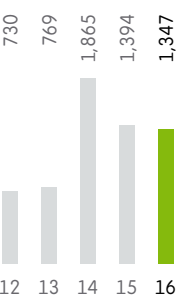
Financial income  
in kEUR



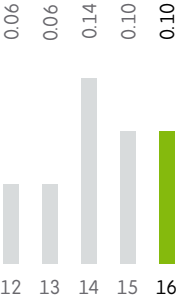
Income before taxes  
in kEUR



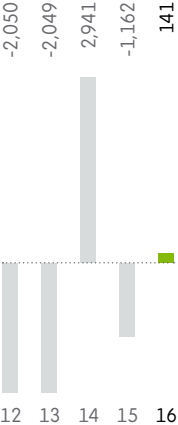
Net income  
in kEUR



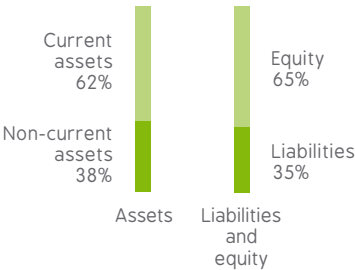
Earnings per share  
(undiluted)  
in kEUR



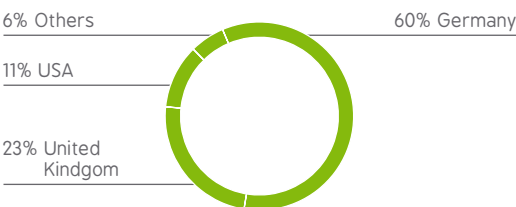
Operating cash flow  
in kEUR



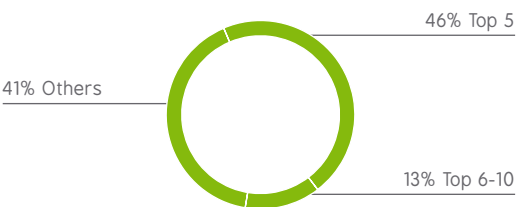
Balance sheet  
structure



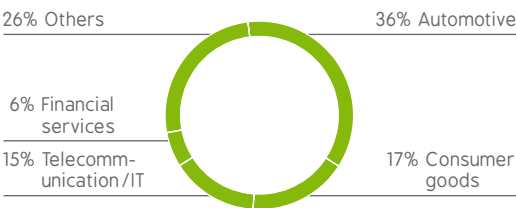
Sales by segments



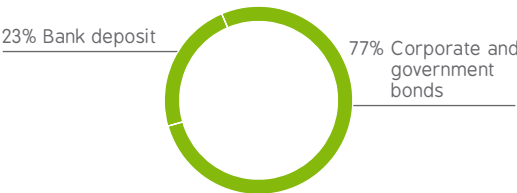
Sales by clients' volume



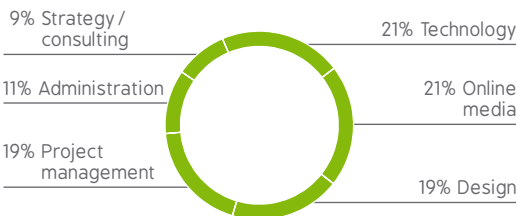
Sales allocation by vertical markets



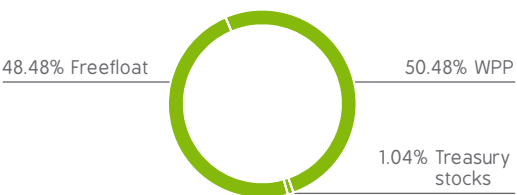
Portfolio structure of cash and marketable securities



Employees by function



Shareholder structure



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# Business development and management report

	1. Quarter		Change
	2016	2015	
	kEUR	kEUR	
Sales	14,425	13,659	6%
EBITDA	1,794	1,589	13%
EBITDA margin	12%	12%	0 pp
EBIT	1,475	1,338	10%
EBIT margin	10%	10%	0 pp
Financial income	396	556	-29%
Net income	1,347	1,394	-3%
Earnings per share (EUR)	0,10	0,10	0%
Employees	475	472	1%
Liquid assets	25,780	34,907	-26%
Operating cash flow	141	-1,162	–

## 1. General

The following Group Management Report provides information on the performance of the SYZGY Group (hereinafter referred to as "SYZGY", the "Group" or the "Company"). The consolidated financial statements on which the Group Management Report is based were prepared in accordance with Article 315 of the Handelsgesetzbuch (HGB – German Commercial Code) in conjunction with Article 315a of the HGB. 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 2015 Annual Report.

## 2. Group profile

### 2.1 Business activities and structure

The SYZGY Group is an international provider of creative, technological and media services for digital marketing. Overall, the Group had around 530 employees, including freelancers, at locations in Germany, the UK, Poland and the US as at the balance sheet date.

The Group consists of SYZGY AG as the holding company and nine subsidiaries: Ars Thanea Rozbicki s.k.a., Hi-ReSI Berlin GmbH, Hi-ReSI London Ltd, SYZGY Deutschland GmbH, SYZGY Digital Marketing Inc, SYZGY München GmbH, SYZGY UK Ltd, unquedigital GmbH and Unique Digital Marketing Ltd.

The SYZGY 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. 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 SYZGY Group is decentralised. As the management holding company, SYZGY 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 SYZGY Group are sales and earnings before interest and taxes (EBIT). They are presented and explained in detail in the following Group Management Report.

### ***Non-financial performance indicators***

SYZGY does not use any non-financial performance indicators for managing the Group or for management decision-making. In line with its style of corporate management, which is based on sustainable growth, SYZGY has nonetheless identified non-financial performance indicators that are considered to be important for the long-term success of the Group. Some of these are listed below, even though they are not used explicitly as key indicators for managing the business.

### ***Employees***

As a service provider, the Group's performance depends to a very significant extent on the skill and commitment of its employees. In order to retain them and gain new talent, SYZGY seeks to offer its staff an interesting, diverse and pleasant working environment. This includes regular internal and external training and development activities, attractive locations that provide an inspiring work environment and welcoming office space with room for creativity, interaction and personal contacts, an open and communicative management culture, flexible working hours, cooperation with universities to promote the next generation of talent, and corporate events. SYZGY has also introduced a standardised pension scheme in the form of direct insurance, which is subsidised by the company.

### Awards

Winning prestigious awards for creative work and efficiency is an important indicator of the Group's performance. It also enhances the Group's attractiveness to (potential) clients and employees. SYZGY regularly participates in national and international competitions. During the period covered by the report, it won a total of 27 prizes in 17 different contests for 11 different projects, including the iF Communication Design Award, the Red Dot Design Award and the German Digital Award. The SYZGY Group was in the top 10 of the digital ranking compiled by trade journal PAGE last year, taking seventh place. SYZGY is also one of the industry's top 30 most creative agencies in the 2016 PAGE ranking. 2015 saw SYZGY being listed for the first time in the digital-creative ranking compiled by the German Association for the Digital Economy (BVDW), in which it took ninth place. In the 2015 Internet agency ranking (based on fees in 2014) compiled by the BVDW, SYZGY was placed eighth, and came top in the Business Transformation section, which is a sub-category of the Internet agency ranking.

### Capacity for innovation

Digital marketing is in a constant state of flux. Innovative technologies and changes in user behaviour require ongoing adaptation of the service portfolio and the constant development of internal skillsets.

With the aim of anticipating this change and playing an active role in shaping it, the SYZGY Group organises a Digital Innovation Day, at which international thought leaders and bestselling authors discuss innovation issues relating to digital marketing.

At operational level, regular training and development activities ensure that employees in software development, IT management, design, information architecture, consulting and project management are at all times familiar with the latest technologies, design principles and methods.

### 2.3 Employees

The headcount of the SYZGY Group changed only marginally. The SYZGY Group had a total of 475 permanent employees as at March 31, 2016, three more than at the end of the corresponding quarter of the previous year but six employees fewer than as at December 31, 2015. Despite the growth in Group sales, the total number of employees fell slightly. The growth in employee figures experienced in particular in the USA and at the new agency in Munich was not sufficient to fully compensate for the changes in the UK.

In contrast, the number of freelancers increased in the period covered by the report to around 48 people (on an FTE basis), 14 more than in the previous quarter.

283 people (60 per cent) worked in the five German companies and 106 (22 per cent) in the UK agencies. Ars Thanea had 70 employees (15 per cent) as at the end of the quarter, while SYZGY Digital Marketing in New York had a staff of 16.

## **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.

In the period under review, the SYZYGY Group again achieved growth with regard to both figures. Billings were up 2 per cent to EUR 34.6 million compared with the same quarter of the previous year, while sales advanced by 6 per cent to EUR 14.4 million.

Growth was primarily due to acquisition of new clients, while in the case of existing clients sales growth and falls more or less balanced each other out during the period under review.

The proportion of sales attributable to SYZYGY's core sectors indicates less clustering than previously. At 36 per cent, the proportion of sales from clients in the automotive sector was down 8 percentage points on the same quarter of the previous year. The consumer goods sector accounted for around 17 per cent (-8 per cent) of sales, while 15 per cent was generated with companies from the IT and telecommunications industry (previous year: 11 per cent). The proportion of sales attributable to clients from the financial sector declined slightly from 8 per cent to 6 per cent. Some 26 per cent of sales (previous year: 12 per cent) came from firms that cannot be assigned to any of these four key areas.

Growth also shifted away from the core sectors towards other industries in absolute terms, with significant increases being recorded.

59 per cent of the SYZYGY Group's total sales were generated from its ten largest clients, a drop of 5 percentage points compared with the same period in the prior year.

### **2.4.2 Operating expenses and depreciation**

The cost of sales rose by 3 per cent to EUR 10.2 million, thus increasing at a slightly slower rate than sales. Gross margin increased accordingly by one percentage point to 29 per cent.

At EUR 1.6 million, general administrative costs rose by 17 per cent compared with the previous year's figure. The growth of the SYZYGY Group and in particular acquisition-related expenditure led to additional administrative expenses in the period covered by the report.

Sales and marketing costs amounted to EUR 1.4 million, up by 14 per cent, and thus increased at a faster pace than sales (previous year: EUR 1.2 million). The companies in the SYZYGY Group boosted their investment in business development and marketing campaigns in order to lay the foundation for further growth.

Depreciation of fixed assets amounted to EUR 0.3 million, as in the prior-year period.



### 2.4.3 Operating income and EBIT margin

SYZGY continued to build on the outstanding results achieved in 2015, posting operating income of EUR 1.5 million in the first quarter (up 10 per cent compared with Q1 2015). The EBIT margin rose slightly to 10.2 per cent.

### 2.4.4 Financial income

At EUR 0.4 million, SYZGY again generated strong financial income in the first quarter through active management of liquid funds. This nonetheless represents a sharp drop of EUR 0.2 million due to considerably reduced cash assets being available. Financial income in the first quarter corresponds to an annualised return of around 6 per cent on average available liquid funds (previous year: 7 per cent). Financial income comprises interest income from corporate and government bonds and gains realised on securities.

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

Buoyant business performance at the SYZGY Group is reflected in pre-tax income of EUR 1.9 million, i.e. almost unchanged over the same period of the previous year. Since an increased tax rate of 28 per cent was applied in the period under review, income tax was EUR 0.5 million, resulting in net income of EUR 1.3 million.

Undiluted earnings per share were EUR 0.10, based on the average available 12,689 thousand shares qualifying for participation in the profits and after deducting minority shares of EUR 0.2 million (unchanged compared with the same quarter of the previous year).

The difference between exercise price and share price is paid in cash if outstanding stock options are exercised. As a result, there is no further dilution effect and diluted earnings per share are also EUR 0.10.

### 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, 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.

The US segment and "Other segments" made key contributions to the positive performance of the SYZGY Group.

Performance of the German agencies remained good in the reporting period, with sales up by 6 per cent at EUR 8.8 million. Operating income grew as well, climbing 6 per cent to EUR 1.4 million.

The UK segment posted a fall in sales of 23 per cent in the period covered by the report, with earnings totalling EUR 3.4 million; this decline is partly related to developments in the United States, since some work for AVIS was transferred from the UK to the US company. Operating income was down at EUR 0.3 million, but an EBIT margin of 10 per cent represents a good level of profitability.

The US segment performed extremely well. The company generated sales of EUR 1.6 million during the reporting period, a 148 per cent rise compared with the previous year. EBIT increased disproportionately to EUR 0.3 million, corresponding to an EBIT margin of 17 per cent.

Sales of EUR 0.9 million were generated in "Other segments" in the first quarter, representing dynamic growth of 23 per cent. Operating income amounted to EUR 0.2 million, corresponding to a substantial EBIT margin of 25 per cent.

Overall, 60 per cent of sales (based on the share of the Group's sales before consolidation) came from the Germany segment, 23 per cent from the UK, 11 per cent from the US and 6 per cent from the other segments. The respective shares of operating income are 64 per cent, 14 per cent, 12 per cent and 10 per cent.

#### **2.4.7 Financial position**

The SYZGY Group had overall liquidity (total cash, cash equivalents and securities) amounting to EUR 25.8 million as at March 31, 2016, representing a small decrease of 4 per cent compared with December 31, 2015. Liquid funds were up EUR 2.1 million to EUR 5.9 million (54 per cent), while securities holdings declined by EUR 3.1 million to EUR 19.9 million.

77 per cent of funds were invested in corporate bonds, while 23 per cent were accounted for by bank deposits. The average residual maturity of the bonds was 7.1 years.

Total cash flow of the SYZGY Group was positive as at the reporting date, at EUR 2.1 million. This performance is chiefly due to positive cash flow from investment operations, resulting largely from the sale of securities. Operating cash flow was slightly positive at EUR 0.1 million, while the rise in trade receivables and other assets of EUR 3.8 million led to a higher level of capital commitment. In contrast, advance payments of EUR 2.2 million received from clients, net income of EUR 1.3 million and depreciation of fixed assets of EUR 0.3 million had a positive impact on operating cash flow, with the result that operating cash flow was slightly positive overall.

#### **2.4.8 Asset situation**

The SYZGY Group's total assets rose to EUR 78.9 million as at the reporting date. The increase of EUR 1.3 million compared with December 31, 2015 represents a 2 per cent rise.

Non-current assets declined by around 2 per cent to EUR 29.6 million due to currency effects.

In current assets, liquid funds rose by EUR 2.1 million to EUR 5.9 million and securities declined by EUR 3.1 million to EUR 19.9 million. As a result, holdings of liquid funds and securities were down slightly by EUR 1.0 million.

Accounts receivable fell slightly by EUR 1.0 million or 5 per cent to EUR 17.6 million in the period under review.

At EUR 50.8 million, the equity attributable to SYZGY shareholders remained largely unchanged compared with the figure (EUR 50.9 million) as at December 31, 2015. This corresponds to an equity ratio of 64 per cent.

At EUR 25.1 million, current liabilities rose by EUR 1.3 million or 5 per cent compared with year-end 2015. This is mainly due to the increase in advance payments by clients of EUR 2.1 million or 38 per cent, to EUR 7.5 million.

### **2.5 Expected performance of the SYZGY Group**

Two factors provide the SYZGY Group with a very favourable backdrop for further growth: the generally positive macroeconomic outlook for the markets relevant to SYZGY, and the ongoing shift of marketing budgets to digital channels.

The SYZGY Group draws up its forecasts on the basis of its organic development. Acquisitions can have a positive or negative effect on the future growth of the Group.

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.

Due to the majority stake now held in customer experience specialist USEEDS®, the SYZGY Group is raising its sales forecast for the current year. The agency group now expects to generate sales of EUR 65.0 million in the current financial year. Operating income is expected to increase ahead of sales. All segments will contribute to this growth.

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

Bad Homburg v. d. H., April 29, 2016  
The Management Board

## Consolidated balance sheet

Assets	03/31/2016	03/31/2015	12/31/2015
	kEUR	kEUR	kEUR
<b>Non-current assets</b>			
Goodwill	24,447	26,514	25,080
Other Fixed assets, net	3,292	3,411	3,345
Other assets	633	681	674
Deferred tax assets	1,259	1,235	1,259
<b>Total non-current assets</b>	<b>29,631</b>	<b>31,841</b>	<b>30,358</b>
<b>Current assets</b>			
Cash and cash equivalents	5,908	11,691	3,841
Marketable securities	19,872	23,216	22,946
Accounts receivable, net	17,634	16,083	18,632
Prepaid expenses and other current assets	5,836	1,148	1,762
<b>Total current assets</b>	<b>49,250</b>	<b>52,138</b>	<b>47,181</b>
<b>Total assets</b>	<b>78,881</b>	<b>83,979</b>	<b>77,539</b>

Equity and Liabilities	03/31/2016	03/31/2015	12/31/2015
	kEUR	kEUR	kEUR
<b>Equity</b>			
Common stock*	12,828	12,828	12,828
Additional paid-in capital	20,306	20,300	20,306
Own shares	-739	-785	-739
Accumulated other comprehensive income	-643	2,615	674
Retained earnings	19,065	18,875	17,806
Equity attributable to shareholders of SYZYGY AG	50,817	53,833	50,875
Minorities	401	220	312
<b>Total Equity</b>	<b>51,218</b>	<b>54,053</b>	<b>51,187</b>
<b>Non-current liabilities</b>			
Long term liability	2,342	3,373	2,342
Deferred tax liabilities	194	127	146
<b>Total non-current liabilities</b>	<b>2,536</b>	<b>3,500</b>	<b>2,488</b>
<b>Current liabilities</b>			
Tax accruals	716	437	1,127
Accrued expenses	6,812	10,267	7,125
Customer advances	7,492	7,759	5,430
Accounts payable	8,214	6,403	7,797
Other current liabilities	1,893	1,560	2,385
<b>Total current liabilities</b>	<b>25,127</b>	<b>26,426</b>	<b>23,864</b>
<b>Total liabilities and equity</b>	<b>78,881</b>	<b>83,979</b>	<b>77,539</b>

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

## Consolidated statement of comprehensive income

	1. Quarter			
	2016	2015	12/31/2015	Change
	kEUR	kEUR	kEUR	
Billings	34,600	33,987	143,919	2%
Media costs	-20,175	-20,328	-86,608	-1%
<b>Sales</b>	<b>14,425</b>	<b>13,659</b>	<b>57,311</b>	<b>6%</b>
Cost of revenues	-10,189	-9,888	-40,615	3%
Sales and marketing expenses	-1,397	-1,229	-6,151	14%
General and administrative expenses	-1,555	-1,331	-6,205	17%
Other operating income/expense, net	191	127	928	50%
<b>Operating profit</b>	<b>1,475</b>	<b>1,338</b>	<b>5,268</b>	<b>10%</b>
Financial income, net	396	556	1,975	-29%
<b>Income before taxes</b>	<b>1,871</b>	<b>1,894</b>	<b>7,243</b>	<b>-1%</b>
Income taxes	-524	-500	-2,379	0,,048
<b>Total net income of the period</b>	<b>1,347</b>	<b>1,394</b>	<b>4,864</b>	<b>-3%</b>
thereof net income share to other shareholders	88	129	225	-32%
thereof net income share to shareholders of SYZGY AG	1,259	1,265	4,639	0%
Items that will not be reclassified to profit and loss:	0	0	0	n.a.
Items that will or may be reclassified to profit and loss:				
Currency translation adjustment from foreign business operations	-1,121	1,573	1,029	-171%
Net unrealized gains/ losses on mark. sec., net of tax	-196	0	-1,401	n.a.
<b>Other comprehensive income</b>	<b>-1,317</b>	<b>1,573</b>	<b>-372</b>	<b>n.a.</b>
<b>Comprehensive income</b>	<b>30</b>	<b>2,967</b>	<b>4,492</b>	<b>-99%</b>
thereof income share to other shareholders	89	129	221	-31%
thereof income share to shareholders of SYZGY AG	-59	2,838	4,271	-102%
Earnings per share from total operations (basic and diluted in EUR)	0.10	0.10	0.37	0%

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

## Statement of changes in equity

							Accum. other compre- hensive 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 SYZGY AG	Minority interest	Total equity
	in 1,000	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
January 01, 2015	12,828	12,828	20,294	-831	17,610	-442	1,484	50,943	91	51,034
Net income of period					4,639			4,639	225	4,864
Other compre- hensive Income						1,033	-1,401	-368	-4	-372
Comprehensive income					4,639	1,033	-1,401	4,271	221	4,492
Dividend					-4,443			-4,443		-4,443
December 31, 2015	12,828	12,828	20,306	-739	17,806	591	83	50,875	312	51,187
January 01, 2016	12,828	12,828	20,306	-739	17,806	591	83	50,875	312	51,187
Net income of period					1,259			1,259	88	1,347
Other compre- hensive Income						-1,121	-196	-1,317	1	-1,316
Comprehensive income					1,259	-1,121	-196	-58	89	31
March 31, 2016	12,828	12,828	20,306	-739	19,065	-530	-113	50,817	401	51,218

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

## Consolidated statement of cash flows

	1. Quarter		
	2016	2015	2015
	kEUR	kEUR	kEUR
Period net income	1,347	1,394	4,864
Adjustments to reconcile income from operations to net cash provided by operating activities			
– Depreciation on fixed assets	319	251	2,122
– Profit (-) and loss (+) on sale of securities	-122	-334	-848
– Profit (-)/loss (+) on sale of fixed assets	41	20	23
– changes in Earn-Out liabilities	0	0	-1,031
– Other non-cash income and expenses	350	40	-47
Changes in operating assets and liabilities:			
– Accounts receivable and other assets	-3,825	1,276	-1,812
– Customer advances	2,183	584	-1,752
– Accounts payable and other liabilities	215	-4,706	-5,453
– Tax accruals and payables, deferred taxes	-367	313	1,513
<b>Cash flows provided by operating activities</b>	<b>141</b>	<b>-1,162</b>	<b>-2,421</b>
Changes in other non-current assets	-294	295	266
Investments in fixed assets	-343	-270	-1,105
Purchases of marketable securities	-3,135	-18,737	-40,792
Proceeds from sale of marketable securities	5,711	17,972	38,816
<b>Cash flows used in investing activities</b>	<b>1,939</b>	<b>-740</b>	<b>-2,815</b>
dividend paid to shareholders of SYZYGY AG	0	0	-4,443
<b>Cash flows from financing activities</b>	<b>0</b>	<b>0</b>	<b>-4,443</b>
<b>Total</b>	<b>2,080</b>	<b>-1,902</b>	<b>-9,679</b>
Cash and cash equivalents at the beginning of the period	3,841	13,017	13,017
Exchange rate differences	-13	576	503
<b>Cash and cash equivalents at the end of the period</b>	<b>5,908</b>	<b>11,691</b>	<b>3,841</b>

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 y WpHG (German Securities Trading Act) in conjunction with Article 37 x para. 2 WpHG, the financial report of SYZYGY AG for the first three months of 2016 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, 2015. 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 2015 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 2015. The financial figures and associated information must therefore be read in conjunction with the annual report on the consolidated financial statements for 2015.

## **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 by providing 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, Berlin, Frankfurt/Main, Hamburg, London, Munich, Warsaw and New York, 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, 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. 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 March 31, 2016, the following subsidiaries were included in the consolidated financial statements of SYZYG AG and fully consolidated:

- / Ars Thanea Rozbicki s.k.a., Warsaw, Poland  
(Ars Thanea)
- / Hi-ReSI Berlin GmbH, Berlin, Germany  
(Hi-ReSI BER)
- / Hi-ReSI London Ltd, London, United Kingdom  
(Hi-ReSI LON)
- / SYZYG Deutschland GmbH, Bad Homburg  
v.d.H., Germany (SYZYG Deutschland)
- / SYZYG Digital Marketing Inc., New York  
City, United States of America (SYZYG NY –  
formerly: Hi-ReSI New York Inc.)
- / SYZYG München GmbH, Munich, Germany  
(SYZYG Munich)
- / SYZYG UK Ltd, London, United Kingdom  
(SYZYG UK)
- / unquedigital GmbH, Hamburg, Germany  
(unquedigital)
- / Unique Digital Marketing Ltd, London,  
United Kingdom (Unique Digital UK)

Information on general consolidation principles is provided in the 2015 annual report from page 69 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-ReSI LON. The Germany segment comprises Hi-ReSI BER, SYZYGY Deutschland, SYZYGY München and uniquedigital. SYZYGY NY has formed a separate "United States" segment since 2015 and Ars Thanea does not fulfill the size criteria to qualify as an independent geographical segment. For this reason it is presented under "Other segments".

All segments offer large companies 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. Sales included in segment reporting consist of sales to external clients and intersegment sales. Transactions within segments, which are charged at market prices, were eliminated.

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

Segment investments comprise investments in intangible assets and fixed assets.

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

March 31, 2016	Germany	UK	US	Other segments	Central functions	Consolidation	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Billings	17,561	7,236	9,160	856	170	-383	34,600
Media costs	-8,753	-3,869	-7,553	0	0	0	-20,175
Sales	8,808	3,367	1,607	856	170	-383	14,425
of which internal sales	209	51	98	25	0	-383	0
Operating income (EBIT)	1,438	322	269	212	-766	0	1,475
Financial income	0	0	0	1	395	0	396
Earnings before tax (EBT)	1,438	322	269	213	-371	0	1,871
Assets	24,291	19,594	8,520	8,154	60,327	-42,005	78,881
of which goodwill	8,841	9,019	0	6,587	0	0	24,447
Investments	286	21	24	28	7	0	366
Depreciation and amortisation	211	53	24	27	4	0	319
Impairment on goodwill	0	0	0	0	0	0	0
Segment liabilities	12,945	5,377	7,427	827	10,762	-9,675	27,663
Employees as per balance sheet date	264	106	16	70	19	0	475

March 31, 2015	Germany	UK	US	Other segments	Central functions	Consolidation	Total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Billings	18,173	7,677	7,808	694	253	-618	33,987
Media costs	-9,848	-3,320	-7,160	0	0	0	-20,328
Sales	8,325	4,357	648	694	253	-618	13,659
of which internal sales	86	98	0	36	247	-467	0
Operating income (EBIT)	1,354	559	59	177	-811	0	1,338
Financial income	26	6	0	1	523	0	556
Earnings before tax (EBT)	1,430	515	59	182	-288	0	1,894
Assets	31,720	28,811	7,539	7,897	69,079	-61,067	83,979
of which goodwill	8,841	10,800	0	6,873	0	0	26,514
Investments	172	36	7	7	2	0	224
Depreciation and amortisation	159	51	20	18	3	0	251
Impairment on goodwill	0	0	0	0	0	0	0
Segment liabilities	21,048	6,582	7,851	412	17,117	-23,084	29,926
Employees as per balance sheet date	236	138	7	70	21	0	472

### **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 March 31, 2016, SYZGY held 133,438 treasury shares at an average acquisition cost of EUR 5.54.

### **Directors' dealings**

Transactions in shares in their own organisation by board members of listed companies are called directors' dealings. In the period under review, the supervisory board member Wilfried Beeck bought 10,000 SYZGY shares at an average stock price of EUR 8.986. Apart from that, board members did not buy or sell any SYZGY shares.

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	Marco Seiler	Andrew P. Stevens	Erwin Greiner	Total
As at December 31, 2015	0	0	0	0
Purchases	0	0	0	0
Sales	0	0	0	0
As at March 31, 2016	0	0	0	0

### **Supervisory Board: Shares**

Number of shares	Michael Mädel	Wilfried Beeck	Ralf Hering	Total
As at December 31, 2015	0	0	0	0
Purchases	0	10,000	0	10,000
Sales	0	0	0	0
As at March 31, 2016	0	10,000	0	10,000

### **Management Board: Options**

Number of shares	Marco Seiler	Andrew P. Stevens	Erwin Greiner	Total
As at December 31, 2015	0	0	36,000	36,000
Additions	0	0	0	0
Disposals	0	0	0	0
As at March 31, 2016	0	0	36,000	36,000

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

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

**Shareholder structure**

As at March 31, 2016, the shareholders' structure has not changed compared to December 31, 2015. 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:

<i>in Tsd.</i>	Shares	per cent
WPP plc, St. Helier (directly or indirectly)	6,476	50.48
Free Float	6,219	48.48
Treasury Stock	133	1.04
Total	12,828	100.0

Bad Homburg v. d. H., April 29, 2016  
SYZYG AG

The Management Board

# Financial calendar 2016

Annual General Meeting, Frankfurt	/	July 8
Half-Year Report 2016	/	August 5
Capital Market Conference (ZKK), Zurich	/	September 7
9-Month-Report 2016	/	November 4
German Equity Forum, Frankfurt	/	November 21-23

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