SINNERSCHRADER GROUP
Part of Accenture Interactive

QUARTERLY REPORT 1 2017 · · · · 2018

Key Figures
SinnerSchrader Group

		Q1 2017/2018	Q1 2016/2017	CHANGE
Gross revenues	€ 000s	14,365	13,269	+8 %
Net revenues	€ 000s	14,365	13,269	+8 %
EBITDA	€ 000s	467	1,491	–69 %
EBITA	€ 000s	295	1,273	–77 %
Relation of the EBITA to net revenues (Operating margin)	%	2.1	9.6	–79 %
EBIT	€ 000s	295	1,273	–77 %
Net income	€ 000s	205	897	–77 %
Net income per share[1]	€	0.02	0.08	–77 %
Shares outstanding[1]	number	11,542,764	11,361,276	+2 %
Cash flows from operating activities	€ 000s	–5,013	101	–5,063 %
Employees, full-time equivalents	number	503	459	+10 %

		30.11.2017	30.11.2016	CHANGE
Liquid funds and securities	€ 000s	–310	6,043	–105 %
Shareholders' equity	€ 000s	19,262	16,779	+15 %
Balance sheet total	€ 000s	29,974	27,505	+9 %
Shareholders' equity rate	%	64.3	61.0	+5 %
Employees, end of period	number	553	518	+7 %

1) Weighted average shares outstanding

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01

1 General

This Interim Status Report of the SinnerSchrader Group ("SinnerSchrader" or "Group") as at 30 November 2017 represents the development of the income, financial, and assets status of the Group which is managed by Sinner-Schrader Aktiengesellschaft ("SinnerSchrader AG" or "AG") in the first quarter of the 2017/2018 financial year from 1 September to 30 November 2017. It deals with the major risks and opportunities and the probable developments in the remainder of the financial year.

The consolidated financial statements on which this status report is based were drawn up according to the International Financial Reporting Standards ("IFRS"). The Interim Status Report, particularly Section 7, contains statements and information aimed at the future. These forward-looking statements are based on current knowledge, estimates, and assumptions and therefore entail a number of risks and uncertainties. A variety of factors, many of which are outside SinnerSchrader's sphere of influence, have an impact on the business development and results. These factors mean that the actual future business development of SinnerSchrader and the actual results achieved may differ significantly from the explicit or implicit information in the forward-looking statements. This quarterly financial report should be read in conjunction with the Consolidated Financial Statements of Sinner-Schrader AG for the 2016/2017 financial year.

2 Group Business and Structure

The SinnerSchrader Group is a digital agency group which offers companies in Germany and abroad a comprehensive range of services for the use of digital technologies to optimise and further develop their business. The use of the internet for the sale of goods and services (e-commerce), for marketing and communication and for acquiring customers and ensuring their loyalty is to the fore here.

With more than 500 employees, SinnerSchrader is one of the biggest digital agency groups in Germany and performs its services at locations in Hamburg, Frankfurt am Main, Munich, Berlin and Prague. SinnerSchrader mainly works for companies based in Germany, but also counted companies from Switzerland, the Netherlands, Luxembourg and the USA among its clients in the quarter of the report.

The companies consolidated in the Group have not changed in comparison to the status on 31 August 2017. Thus, in the quarter of the report, the SinnerSchrader Group comprised SinnerSchrader Deutschland GmbH, SinnerSchrader Swipe GmbH, SinnerSchrader Content GmbH, SinnerSchrader Commerce GmbH and Sinner-Schrader Praha s.r.o. as well as SinnerSchrader AG. Moreover, the operationally inactive companies Sinner-Schrader UK Ltd. in London and SinnerSchrader Benelux BV in Rotterdam were still part of the consolidation group.

The SinnerSchrader Group continues to structure its business activity in the Interactive Marketing, Interactive Media and Interactive Commerce segments. The Interactive Marketing segment comprises SinnerSchrader Deutschland GmbH and the SinnerSchrader Swipe Group. The Interactive Media segment is formed by Sinner-Schrader Content GmbH. SinnerSchrader Commerce GmbH and SinnerSchrader Praha s.r.o. are assigned to the Interactive Commerce segment.

3 Merger with Accenture

Since April 2017, the SinnerSchrader Group has been majority-owned by Accenture Digital Holdings GmbH, which now holds 65.94 % of the share capital and voting rights in SinnerSchrader AG. SinnerSchrader is thus part of the worldwide Accenture Group. The objective of the merger is to form the biggest digital agency for the Germany, Austria and Switzerland region under the Accenture umbrella and to be the first port of call for digital transformation of companies in this region.

In the course of the quarter of the report, on 20 October 2017, SinnerSchrader AG announced that the negotiations on a Control and Profit Transfer Agreement between Accenture Digital Holdings GmbH, as the controlling company, and SinnerSchrader AG, as the controlled company, which had been started at the end of June 2017 at the request of Accenture Digital Holdings GmbH, had been completed and that the draft agreement was to be submitted to an extraordinary Annual General Meeting on 6 December 2017 for a resolution. The draft made provision for cash compensation for the minority shareholders of € 10.21 per share or, alternatively, a gross compensation amount of € 0.27 per share. Based on the current rates of corporation tax and the solidarity surcharge, the latter corresponds to a net amount paid of € 0.23 per share.

After the end of the quarter of the report, the extraordinary Annual General Meeting of 6 December 2017 approved the draft Control and Profit Transfer agreement with a 97.7% majority of the votes represented. Since the shareholders' meeting of Accenture Digital Holdings GmbH had already given its approval of the draft agreement on 5 December 2017, the two parties signed the agreement on 7 December 2017. The agreement still needs to be entered in the Commercial Register at the headquarters of SinnerSchrader AG before it can take effect. After the end of the objection period to the extraordinary Annual General Meeting, the agreement was transmitted to the Commercial Register at the Local Court in Hamburg for entry in early January.

The implementation and intensification of the merger with Accenture will continue to encumber the Statement of Operations in the 2017/2018 financial year, as forecast. In the three months of the first financial quarter, just under € 0.66 million transaction costs were incurred, just under € 0.27 of which were for staff retention measures and € 0.12 million for topping up the basic and further training budget, which, together with their after-tax effect, were offset by Accenture Digital Holdings GmbH by means of a payment into the equity capital. Another € 0.27 million were incurred mainly for legal and tax advice associated with drawing up the draft Control and Profit Transfer Agreement and the valuation reports needed for it and for preparations for the extraordinary Annual General Meeting on 6 December 2017.

4 Market and Competitive Environment

The overall economic situation in Germany in the last four months of 2017 was very positive. After a brief pause in September, the ifo Business Climate Index for the commercial sector climbed to new record levels in October and November 2017. At 116.8 and 117.6 points, respectively, it was once again well above the previous record value from July 2017, by 0.6 and 1.4 points, respectively.

The further improvement of the mood in the commercial sector up to November was caused only by greater expectations for the economic development. However, the assessment of the situation has not improved any more in comparison to the record value achieved in July 2017. The December value for 2017 confirmed the very good climate in the commercial sector, even though the index, at 117.2 points, was slightly below the November level.

Unlike in the first half of 2017, the business climate in the service sector in the second half of 2017 spread to the development of the mood in the commercial sector. According to statements from the ifo Institute, which determines both business climate indices, in the last few months of 2017 it was not least the business expectations in the IT sector and in advertising that rose “noticeably” and spread to the business expectation and the business climate in the service sector. In contrast to the commercial sector, the ifo Business Climate Index in the service sector in the last four months of 2017 did not surpass the record value of 112.5 points in November 2016. With the rise to 111.7 points in December 2017 however, the index score for the business climate in the service sector is only just below the record level.

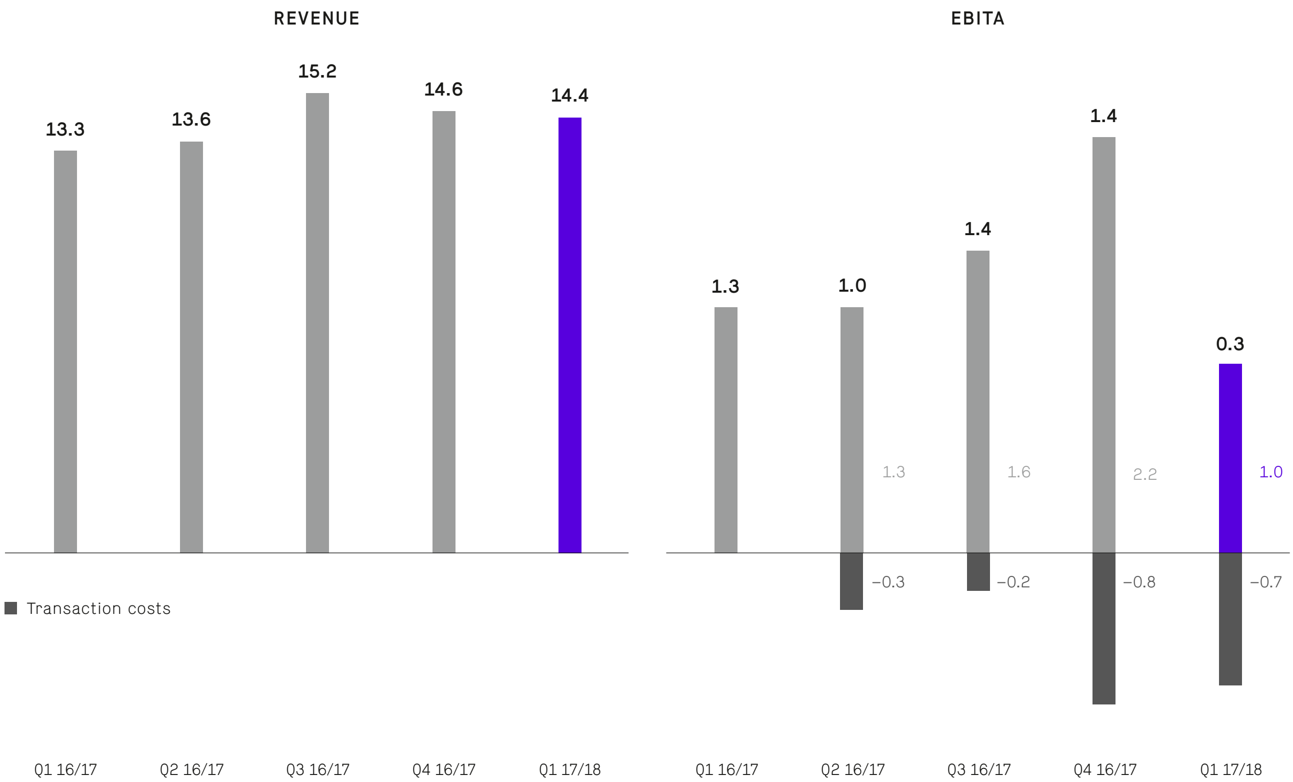
In view of the development of the indices outlined, it is hardly surprising that the first calculations of the Federal Statistical Office, published on 11 January 2018, on the rise in the price-adjusted gross domestic product for 2017 as a whole are above the latest estimates, e.g. the joint diagnosis by leading German economic research institutes from the end of September 2017 or the Federal Government from October 2017 of 1.9 % and 2.0 %, respectively. According to the first estimates, the Federal Statistical Office is assuming that a price-adjusted gross domestic product of 2.2 % was achieved in 2017. Equipment and other investments in the private sector in 2017 stand out among the engines of growth, which each rose by 3.5 %, adjusted for price.

In a situation that was comparable to that of one year ago, the climate index for digital agencies surveyed by “iBusiness Magazine” in the autumn of 2017 has “cooled down overall”, in contrast to the very good environmental conditions. The magazine reports that “the managing directors of German internet agencies are less optimistic with respect to their own development than German companies as a whole”. The considerable investments of German companies in digital transformation, the magazine continued, were not being received by the internet agencies.

According to estimates from SinnerSchrader, more and more of these investments, especially those of major German corporations, were by-passing established internet agencies and going to the order books of the IT integrators and consultancies. This assessment of the market situation was the main reason for SinnerSchrader to join the Accenture Group and aim for a close connection with Accenture.

Development of the operative key figures for revenue and EBITA

in € million for the last 5 quarters



5 Business Development and Group Situation

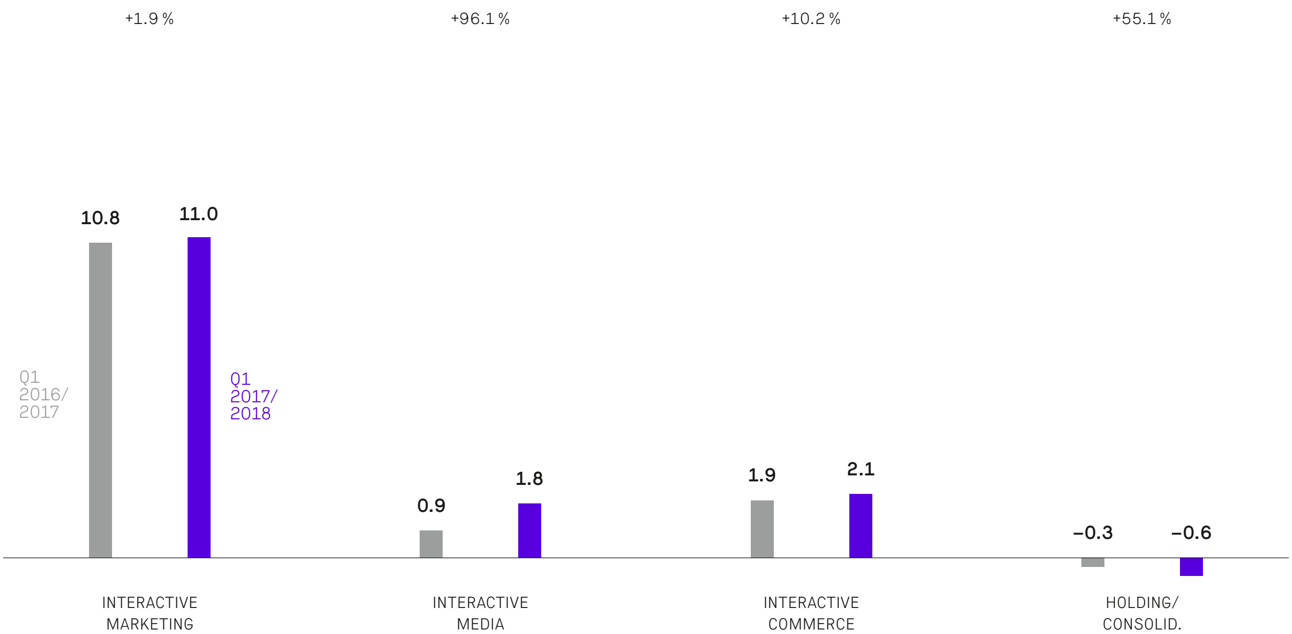
SinnerSchrader started the 2017/2018 financial year according to plan. In the first quarter of 2017/2018, revenue rose by 8.3 % in comparison to the first quarter of the previous year, to € 14.4 million. The segments all contributed to this growth. The Interactive Media segment made the biggest contribution by far, with growth of € 0.9 million, practically doubling its business volume in comparison to the previous year.

The operating result (EBITA) before transaction costs reached a value of just under € 1.0 million and thus remained behind the first quarter of the previous year, as expected, in which SinnerSchrader earned an EBITA of just under € 1.3 million. The negative result development was affected, among other things, by the fact that, with a view to the growth steps planned for the rest of the financial year, SinnerSchrader increased its personnel capacity in comparison to the previous year by just under 10 %, from 459 full-time employees in the first quarter of 2016/2017 to 503 employees in the first quarter of 2017/2018.

Taking the transaction costs of just under € 0.7 million into account, this resulted in an EBITA of € 0.3 million for the quarter of the report. In the same quarter of the previous year, no transaction costs were incurred, with the result that the comparable value was also € 1.3 million. The net income after transaction costs was € 0.2 million, or just under € 0.02 per share. Without transaction costs, the net income would have been just under € 0.7 million, or € 0.06 per share. In the first quarter of the previous year, the net income was € 0.9 million, or € 0.08 per share.

Net revenues by segment[1)]

in € million for Q1 2017/2018 in comparison to Q1 2016/2017



Due to the considerable invoicing backlog and, not least, to the year-end planning of major corporate clients, the commitment of funds to working capital temporarily rose markedly, with the result that there was a negative operating cash flow in the amount of € 5.0 million in the quarter of the report and a temporary fall in liquid funds of € 5.25 million. As a consequence, SinnerSchrader availed itself of its credit lines with a good € 0.8 million as of 30 November 2017, and on balance had a net liquidity position of € −0.3 million. However, as of 31 December 2017 the net liquidity position was already at € 4.1 million once again.

The shareholders' equity ratio improved by a good 1 percentage point in comparison to the level on 31 August 2017, to 64.3 % on 30 November 2017. The expansion in personnel capacity saw the number of employees in the SinnerSchrader Group rising by 24 employees to 553 employees in the period from 31 August 2017 to 30 November 2017.

5.1 Revenues

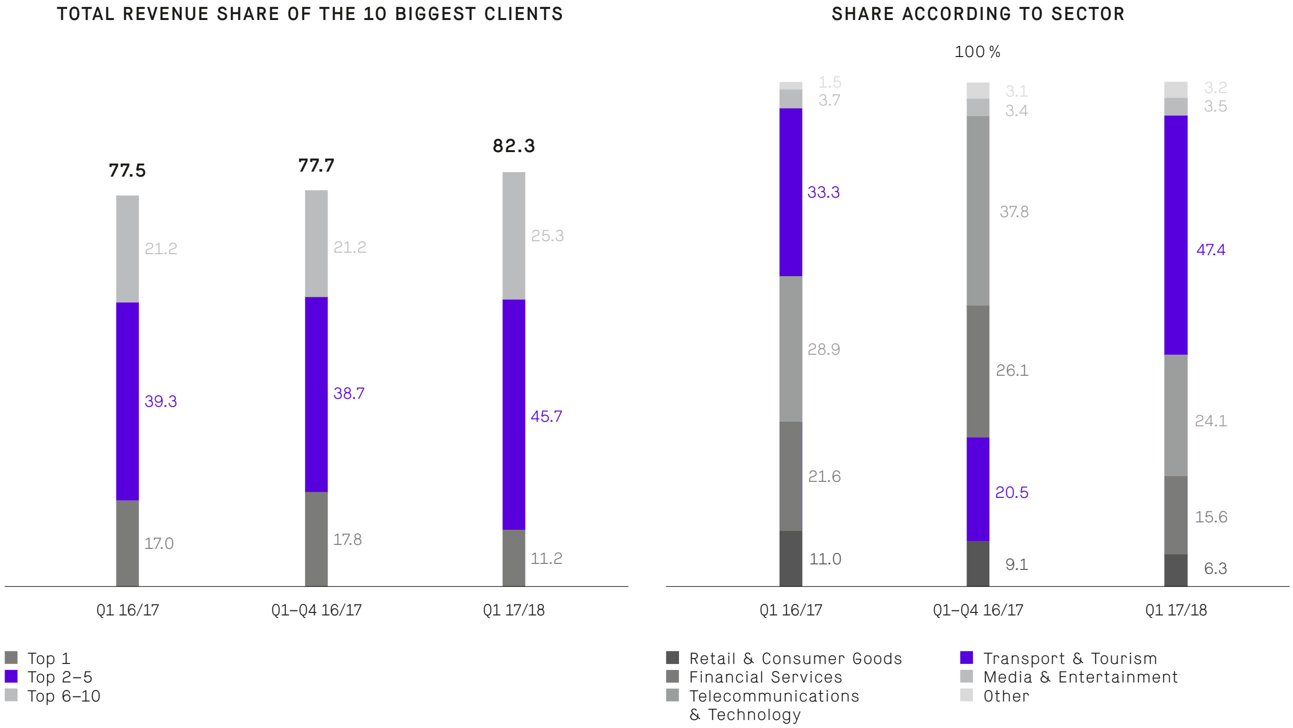
In the first financial quarter of 2017/2018, SinnerSchrader earned revenue in the amount of just under € 14.4 million. The Company thus exceeded the comparable figure for the first quarter of 2016/2017 by € 1.1 million or 8.3 %. In comparison to the preceding fourth quarter of 2016/2017, the revenue fell by around € 0.3 million, or 1.8 %, with the number of working days in the quarter of the report is 3.1 % below that of the previous quarter.

With the growth rate of 8.3 % over the previous year, SinnerSchrader started the new financial year more dynamically than in the 2016/2017 financial year, in which the comparable growth was only 3.6 %.

The Interactive Media segment primarily contributed to the revenue growth in the first quarter of 2017/2018; it doubled its quarterly revenue from € 0.9 million to € 1.8 million. This growth in revenue is mainly due to the fact that the segment had developed two new projects in the previous year, which are now in their initial operating phase following pilot phases over the course of the previous financial year.

Development of the revenue structure according to client size and sector

in % for Q1 2017/2018 in comparison to Q1 2016/2017 and the 2016/2017 financial year



The Interactive Marketing segment started the new financial year much more reticently than the previous year, with growth of € 0.2 million to just under € 11.0 million. The main reason for this was that, following the completion of several projects in the mobile business of SinnerSchrader Swipe at the end of the last financial year, follow-on or new orders were delayed. This temporary gap in the orders resulted in a noticeable fall in the revenue of SinnerSchrader Swipe in the quarter of the report, which although more than compensated for by the SinnerSchrader Agency, could not be converted into convincing growth rates for the segment as a whole. In total, the segment revenue rose by only 1.9 % in comparison to the first quarter of the previous year.

In the Interactive Commerce segment, revenues in the quarter of the report rose by a good 10 % or € 0.2 million to € 2.1 million. Both SinnerSchrader Commerce and SinnerSchrader Praha contributed to this rise in rise in revenue.

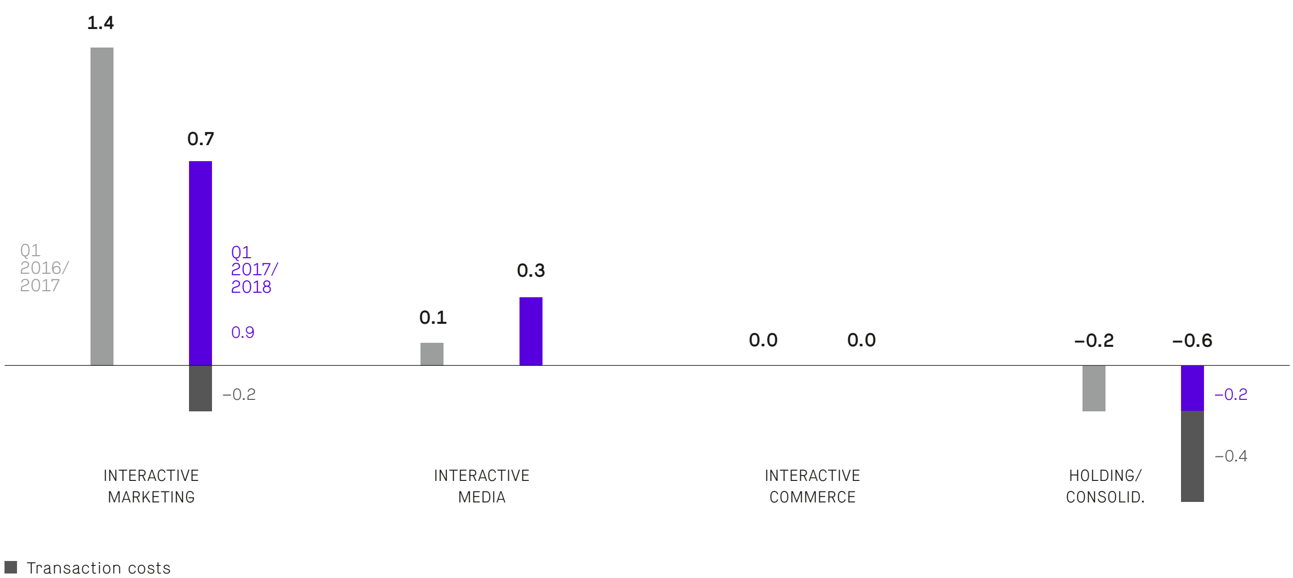
The intensification of cooperation between the segments in the course of the last financial year continued in the first few months of the 2017/2018 financial year. As a result, the revenues that the segments process among themselves and that are to be consolidated rose by € 0.2 million in the first quarter of 2017/2018, to just under € 0.6 million.

Of the total rise in revenues of € 1.1 million, € 0.6 million was accounted for by transactions with clients with whom SinnerSchrader had not yet worked in the first quarter of 2016/2017 and before. By contrast, the rate of revenues earned from existing clients rose on balance by € 0.5 million. The new client rate for the SinnerSchrader Group in the quarter of the report was therefore at a comparatively low 4.3 %. However, the segments reported very different profiles with regard to the new client rate. Whereas the new client rate in the Interactive Marketing and Interactive Media segments was close to 0 % in the quarter of the report, it was 26.6 % in the Interactive Commerce segment. Primarily, it was client gains from the previous financial year from December 2016 that drove on business development in the Interactive Commerce segment.

The business development of the SinnerSchrader Group is thus propelled by stable relations with Group clients, for whom several units of the Group usually provide a broad range of services. Temporarily, at least, this lead to a greater concentration of client relations. In the quarter of the report, the biggest client, the top five and the top

EBITA by segment

in € million for Q1 2017/2018 in comparison to Q1 2016/2017



ten clients accounted for 25.3 %, 71.0 % and 82.3 % of business, respectively. The comparable figures were 21.2 %, 59.9 % and 77.7 %, respectively, in the full financial year of 2016/2017.

The distribution of revenue across sectors shifted further to the Transport & Tourism sector, following the trend of the last five quarters. In the first quarter of 2017/2018, 47.4 % of the SinnerSchrader Group revenue was accounted for by clients in this sector; in the first quarter of 2016/2017 they accounted for 33.3 % and in the full 2016/2017 financial year for 37.8 %.

The other major SinnerSchrader client groups all conceded revenue share. The second most important client remained the Telecommunications & Technology sector, with a share of 24.1 % (first quarter of 2016/2017: 28.9 %; 2016/2017 financial year: 26.1 %), followed by clients in the Financial Services sector with 15.6 % (21.6 %; 20.5 %) and the Retail & Consumer Goods sector with 6.3 % (11.0 %; 9.1 %).

SinnerSchrader earned revenue of 3.5 % (3.7 %; 3.4 %) with clients in the Media & Entertainment sector in the quarter of the report. Clients that do not belong to any of the above-mentioned sectors accounted for 3.2 % (1.5 %; 3.1 %) of total revenue.

5.2 Operating Result (EBITA)

In the first financial quarter of 2017/2018 SinnerSchrader earned an operating result (EBITA) of just under € 1.0 million, not taking account of the expenses associated with the merger with the Accenture Group. SinnerSchrader therefore fell below the value of the same quarter of the previous year by a good € 0.3 million, or just under 25 %.

This shortfall is primarily due to the decision to look at the planned growth stages for the rest of the financial year and expand the workforce more than would have been necessary within the framework of the business volume forecast for the first quarter. In comparison to the same quarter of the previous year, the personnel capacity rose by 44 full-time employees, or 9.6 %, to 503 full-time employees. If salary rises are included, the personnel costs of the quarter of the report were 12.9 % above the value of the previous year. Longer settling-in periods and increased expenditure intensified the effect on the quarterly operating result.

Development of EBITA according to segments before and after transaction costs[1)]
in € 000s and %

	2017/2018 SEGMENT REPORTING		2017/2018 TRANSACTION COSTS	2017/2018 SEGMENTS BEFORE TRANSACTION COSTS		2016/2017 SEGMENT REPORTING	
	EBITA	OPERATING MARGIN	OPERATING MARGIN	EBITA	OPERATING MARGIN	EBITA	OPERATING MARGIN
SinnerSchrader Group	295	2.1%	–665	960	6.7%	1,273	9.6%
Interactive Marketing	694	6.3%	–201	895	8.2%	1,394	13.0%
Interactive Media	256	14.1%	–13	269	14.8%	117	12.6%
Interactive Commerce	–15	–0.7%	–30	15	0.7%	–40	–2.0%
Holding	–639	—	–420	–219	—	–198	—

1) Costs directly related to the merger with Accenture as explained in Section 3

In the Interactive Marketing segment alone, the personnel capacity in the quarter of the report was expanded by 44 full-time employees. This corresponded to growth of 14.2% over the same quarter of the previous year. As a result of this growth and due to delayed follow-on projects at SinnerSchrader Swipe, the fall in the operating result before transaction costs was concentrated on this segment. At € 0.9 million in September to November 2017, the segment earned an EBITA that was € 0.5 million lower than in the first quarter of the previous year.

By contrast, the two other segments improved their operating result in the quarter of the report in comparison to the previous year. The Interactive Media segment earned an EBITA of just under € 0.3 million, € 0.15 million higher than in the previous year. The personnel capacity practically doubled in parallel to the rise in revenue.

In the first quarter of 2017/2018, the Interactive Commerce segment achieved a balanced EBITA and thus an improvement of around € 0.05 million in comparison to the previous year's value. In the last twelve months the segment reduced its personnel capacity on balance by 18 full-time employees, or 21.0%.

The remaining operating costs at the holding level (before transaction costs) rose only slightly and, rounded off, still accounted for € 0.2 million in the quarter of the report.

The transaction costs incurred in the first quarter of 2017/2018 due to the merger with Accenture amounted to € 0.66 million (cf. Section 3). The Statement of Operations for the quarter correspondingly reported an EBITA of € 0.3 million. The transaction costs are spread as € 0.2 million, € 0.01 million, € 0.03 million and € 0.42 million over the Interactive Marketing, Interactive Media and Interactive Commerce segments and the holding company, respectively.

The cost items according to functional areas listed in the Statement of Operations rose by 17.4% in total in the quarter of the report in comparison to the values of the previous year. The transaction costs accounted for 5.5 percentage points of the increase, which mainly impacted the revenue costs and the general and administrative costs.

Furthermore, the increased expansion of personnel capacity meant that the gross margin of 20.9% in the quarter of the report was well below the previous year's value of 24.0%.

The marked rise in the sales costs in the first quarter of 2017/2018 in comparison to the low level of the previous year is primarily associated with the development of sales initiatives in cooperation with Accenture. Furthermore, marketing costs for publishing the book "Transformational Products" and accompanying publications had risen in comparison to the previous year.

In the field of general and administrative costs, the main effect came from the growth-related expansion of the office infrastructure alongside the considerable effects of the transaction costs.

Development of costs by function

	Q1 2017/2018		Q1 2016/2017		CHANGE
	IN € 000S	IN %[1)]	IN € 000S	IN %[1)]	IN %
Cost of revenues	9,255	64.4	7,961	60.0	16.3
Costs of marketing	2,479	17.3	2,303	17.4	7.6
General and administrative costs	2,196	15.3	1,528	11.5	43.7
Research and development costs	172	1.2	218	1.6	–20.9

1) As a percentage of net revenues

Development of costs by cost type

	Q1 2017/2018		Q1 2016/2017		CHANGE
	IN € 000S	IN %[1)]	IN € 000S	IN %[1)]	IN %
Personnel expenses	11,358	79.1	10,081	76.0	12.7
Costs of materials and services	874	6.1	621	4.7	40.7
Other operating expenses	1,799	12.5	1,243	9.4	44.7
Depreciation	71	0.5	64	0.5	10.6

1) As a percentage of net revenues

The research and development costs in the quarter of the report also rose by more than 10 %. SinnerSchrader always invests in the development of its own tools that are usually Open Source, and thus also significantly contributes to the exchange between SinnerSchrader and the developer community in the technology concerned.

In the overall cost breakdown according to cost types, personnel expenditure and, above all, the other operating expenses in the quarter of the report experienced marked cost increases in comparison to the previous year. The transaction costs also had an impact on these two items, with € 0.27 million being incurred for personnel expenditure and just under € 0.4 million for other operating expenses. Adjusted by these costs, the personnel costs rose by 12.9 % and other operating expenses by 17.9 % in comparison to the previous year.

The disproportionate rise in personnel costs in comparison to revenue growth is largely due to the equally disproportionate expansion of the personnel capacity by 9.7 %. As a result, net revenue per average full-time employee fell by 1.3 % in the first quarter of the 2017/2018 financial year in comparison to the previous year.

However, the higher personnel capacity in the Company was responsible for positive effects in the field of expenses from procured goods and external services, mainly resulting from the use of freelancers. The rises in these expenses were disproportionately low at 7.6 % in comparison to the previous year.
In the other operating expenses without transaction costs, office space and travel expenses underwent the biggest rise, with increases of just under € 0.1 million each.

Depreciations fell in the quarter of the report since scheduled depreciation from the NEXT AUDIENCE software still incurred in the previous year no longer had to be reported in the quarter of the report.

5.3 Net Income

The net income largely developed in parallel to the operating result and was thus clearly in decline in the first quarter of 2017/2018 in comparison to the previous year. The fact that the interest income from overpaid taxes in the amount of € 0.02 million in the first quarter of the previous year was not incurred again in the quarter of the report slightly enhanced the operating development. At approx. 2 percentage points below the statutory rate of around 32.3 %, the tax rate was roughly at the previous year's level.

As a result, the net income in the first three months of the 2017/2018 financial year including the transaction costs reached a value of € 0.2 million or € 0.02 per share. Adjusted by the transaction costs, the net income would have been just under € 0.7 million, or € 0.06 per share. In the same quarter of the previous year, the net income was € 0.9 million, or € 0.08 per share.

5.4 Cash Flows

The cash flow statement of the first quarter of 2017/2018 was largely characterised by considerable delays in invoicing services rendered, which resulted in additional funds in the amount of € 5.4 million being committed in the unbilled services item on the balance sheet date.

On the one hand, this is due to the year-end planning of major Group clients which resulted in the invoicing and payment procedures being shifted to December. SinnerSchrader has witnessed this effect in the first financial quarter for several years now. This effect has become more significant due to the growing importance of the five biggest clients in comparison to previous years. On the other hand, the conversion of invoicing to the fast-close processes that became necessary in the wake of the merger with Accenture meant that invoicing backlogs temporarily could not be processed.

On balance, the rise in funds tied up in unbilled services could only be balanced out by the development of other items of operating cash flow to a limited extent, since advance tax payments and especially payment of the variable remuneration and one-off bonuses deferred at the end of the previous year were also made in the quarter of the report. As a result, the operating cash flow was heavily negative at a value of € –5.0 million. In the same quarter of the previous year, SinnerSchrader earned a slightly positive operating cash flow of € 0.1 million.

Investments in tangible assets amounted to just under € 0.25 million. They thus exceeded the value of the previous year by € 0.1 million due to the increased need for investment for the expansion and conversion and equipment of the extended office infrastructure.

No cash flow was accrued in the financing section in the quarter of the report.

In total, the net liquidity position of the SinnerSchrader Group in the first three months of the 2017/2018 financial year fell by € 5.25 million in comparison to the level on 31 August 2017. On 30 November 2017 it was slightly negative, at € –0.3 million.

5.5 Asset and Financial Situation

The net liquidity position of € –0.3 million as at 30 November 2017 comprised liquid funds in the amount of € 0.5 on the one hand and use of the Group's current account lines in the amount of € 0.8 million. As at 31 August 2017, SinnerSchrader had liquid funds in the amount of a good € 4.9 million.

However, the considerable shift within the current assets from the liquid funds to unbilled services did not lead to a major change in the balance sheet structure. In total, the current assets hardly changed in the quarter of the report with a rise of just under € 0.3 million to € 22.2 million as at 30 November 2017. The fixed assets remained stable at € 7.8 million, since the slight increases in the tangible assets and other intangible assets were balanced out by falls in the deferred tax assets, arising from the use of tax-loss carry-forwards. The balance sheet total thus also only rose by just under € 0.3 million.

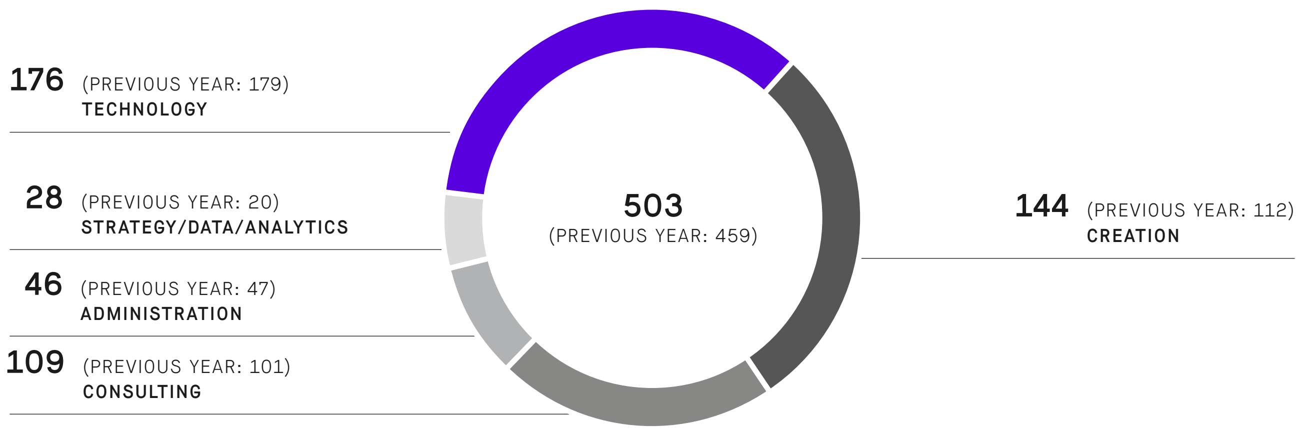
As at 30 November 2017, the treasury stock increased more than the balance sheet total overall. In addition to the rise due to the net income in the amount of € 0.2 million, the capital reserve rose by just under € 0.3 million. This rise includes the undertaking by Accenture Digital Holdings GmbH to cover the part of the transaction costs relating to promoting and fostering staff loyalty, taking account of the tax deductibility. As at 30 November 2017, a claim against Accenture Digital Holdings GmbH in the amount of the receipt in the capital reserve was posted on the balance sheet.

Overall, the balance sheet ratios improved, in spite of the temporary shift within the current assets, as expressed in the rise of the shareholders' equity ratio by a good 1 percentage point from 31 August 2017, to 64.3 % on 30 November 2017.

As expected, the composition of the current assets had normalised again by 31 December 2017. At the end of the calendar year, liquid funds once again exceeded € 4.0 million.

Employee structure according to areas

in full-time employees for Q1 2017/2018 in comparison to Q1 2016/2017



5.6 Employees

SinnerSchrader has expanded its workforce – to 553 employees on 30 November 2017. On 30 November 2016 and 31 August 2017 the figures were 518 and 529, respectively.

After standardisation of part-time employment relationships and calculated as an average over the period of the report, in the first three months of the 2017/2018 financial year SinnerSchrader had 503 full-time employees. This was 9.6 % or 44 full-time employees more than in the first quarter of 2016/2017.

Whereas the Interactive Marketing and Interactive Media segments greatly increased their personnel capacity by 14.2 % and 93.5 %, respectively, in comparison to the same quarter of the previous year, the Interactive Commerce segment fell by 21.0 %. As part of the capacity adjustment in the Interactive Commerce segment, the Hanover location was relinquished during the 2016/2017 financial year.

In the quarter of the report, there was therefore an average of 357 full-time employees in the Interactive Marketing segment, 38 in the Interactive Media segment and 67 in the Interactive Commerce segment. The holding company employed an average of 41 full-time employees, which is slightly below the capacity of the same quarter of the previous year.

The total personnel capacity of the SinnerSchrader Group in the first three months of 2017/2018 was spread over the areas of consulting, strategy, technology, creation and administrative activities with 109, 28, 176, 144 and 46 full-time employees, respectively. The biggest absolute capacity expansion, with a growth of 32 full-time employees, was in the area of creation. In relative terms, the strategy area grew the most, where the growth by 8 full-time employees represented an increase of 41.0 %. The consulting area also increased its personnel capacity by 8 full-time employees. In the technology and administrative activities areas, however, the personnel capacity fell by 3 full-time employees and 1 full-time employee, respectively.

6 Risks and Opportunities of Future Business Development

With respect to risk management at SinnerSchrader and the main risks and opportunities in particular, there were no major changes in the first quarter of 2017/2018 in comparison to the situation outlined in the 2016/2017 Annual Report. The concentration on fewer, but at the same time bigger, client relationships continued to itensify, as outlined in Section 5.1. However, there are still no identifiable risks that could endanger the existence of the SinnerSchrader Group or SinnerSchrader AG.

7 Forecast

SinnerSchrader started the 2017/2018 financial year according to the plans. The figures of the first quarter were still restrained overall. However, this had already been taken into account in the Company's plans for the financial year – the basis for the full year forecast published in November.

Looking ahead to the anticipated growth steps of the next few quarters, in the first quarter of 2017/2018 SinnerSchrader expanded its personnel capacity more than would have been necessary for this period alone. This encumbered the profit development of the first quarter, but should subsequently have a positive impact in the second half of 2017/2018 at the latest.

In the first quarter of 2017/2018 some very promising joint sales initiatives have been launched in the cooperation with Accenture, which led to increased sales costs in the quarter, but also should have a positive impact in the rest of the financial year.

The overall economic environment continues to be very sound and offers no cause to assume negative influences on SinnerSchrader's economic development in the months ahead.

This means that SinnerSchrader is confident that it will achieve the goals set for the 2017/2018 financial year – sales revenue of € 63.8 million, an EBITA of € 5.2 million (adjusted for transaction costs: € 7.2 million) and net income of € 3.5 million (adjusted: € 4.9 million).

Hamburg, 16 January 2018

The Management Board

Matthias Schrader Thomas Dyckhoff

02

Consolidated Balance Sheets

as at 30 November 2017

Assets in €	30.11.2017	31.08.2017
Current assets:		
Liquid funds	536,883	4,943,599
Accounts receivable, net of allowances for doubtful accounts of €45,375 and €45,375 as at 30.11.2017 and 31.08.2017, respectively	6,947,489	8,225,025
Unbilled revenues	12,208,342	6,849,560
Tax receivables	1,107,496	724,396
Other current assets and prepaid expenses	1,375,175	1,151,612
Total current assets	**22,175,384**	**21,894,191**
Non-current assets:		
Goodwill	4,820,937	4,820,937
Other intangible assets	63,152	34,385
Property and equipment	2,613,400	2,572,474
Deferred tax assets	300,873	392,196
Total non-current assets	**7,798,363**	**7,819,991**
Total assets	**29,973,747**	**29,714,183**

Liabilities and shareholders' equity in €	**30.11.2017**	**31.08.2017**
Current liabilities:		
Trade accounts payable	1,790,000	1,837,821
Liabilities to banks	846,794	—
Advance payments received	1,472,864	554,470
Accrued expenses	4,901,839	5,862,602
Tax liabilities	68,407	68,407
Liabilities and other payables	1,222,197	2,190,770
Total current liabilities	**10,302,100**	**10,514,070**
Non-current liabilities:		
Deferred tax liabilities	409,571	409,571
Total non-current liabilities	**409,571**	**409,571**
Shareholders' equity:		
Subscribed capital		
Common stock, stated value €1, issued: 11,542,764 and 11,542,764, outstanding: 11,542,764 and 11,542,764 as at 30.11.2017 and 31.08.2017, respectively	11,542,764	11,542,764
Treasury stock, 0 and 298,042 as at 30.11.2017 and 31.08.2017, respectively	—	—
Additional paid-in capital	4,966,637	4,700,513
Reserves for share-based compensation	—	—
Accumulated deficit (incl. revenue reserves)	2,725,039	2,519,629
Other comprehensive income	27,636	27,636
Total shareholders' equity	**19,262,076**	**18,790,542**
Total liabilities and shareholders' equity	**29,973,747**	**29,714,183**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Operations

from 1 September to 30 November 2017

in €	Q1 2017/2018	Q1 2016/2017
Gross revenues	**14,365,047**	**13,269,000**
Total revenues, net	**14,365,047**	**13,269,000**
Cost of revenues	–11,358,204	–10,080,925
Gross profit	**3,006,843**	**3,188,075**
Selling and marketing expenses	–873,707	–621,066
General and administrative expenses	–1,799,036	–1,243,416
Research and development expenses	–70,846	–64,049
Other income and expenses, net	31,622	13,828
Operating income	**294,876**	**1,273,372**
Financial income	87	23,763
Financial expenses	–139	–104
Income before provision for income tax	**294,824**	**1,297,031**
Income tax	–89,414	–400,339
Net income	**205,410**	**896,692**
Net income attributable to the shareholders of SinnerSchrader AG	**205,410**	**896,692**
Net income per share (basic)	0.02	0.08
Net income per share (diluted)	0.02	0.08
Weighted average shares outstanding (basic)	11,542,764	11,244,722
Weighted average shares outstanding (diluted)	11,542,764	11,361,276

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

from 1 September to 30 November 2017

in €	Q1 2017/2018	Q1 2016/2017
Net income	**205,410**	**896,692**
Other comprehensive income		
Foreign currency translation adjustment	–	583
Change in fair value of available-for-sale financial instruments	–	–
Taxes on income recognised directly in shareholders' equity	–	–
Changes in shareholders' equity not affecting net income	**–**	**583**
Consolidated comprehensive income	**205,410**	**897,275**
Comprehensive income attributable to the shareholders of SinnerSchrader AG	**205,410**	**897,275**

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Shareholders' Equity

from 1 September to 30 November 2017

in €	NUMBER OF SHARES OUTSTANDING	COMMON STOCK
Balance as at 31.08.2016	**11,244,722**	**11,542,764**
Comprehensive income	—	—
Deferred compensation	—	—
Balance as at 30.11.2016	**11,244,722**	**11,542,764**
Balance as at 31.08.2017	**11,542,764**	**11,542,764**
Comprehensive income	—	—
Costs assumed by shareholders	—	—
Balance as at 30.11.2017	**11,542,764**	**11,542,764**

The accompanying notes are an integral part of these Consolidated Financial Statements.

TREASURY STOCK	ADDITIONAL PAID-IN CAPITAL	RESERVES FOR SHARE-BASED COMPENSATION	RETAINED EARNINGS/LOSSES	OTHER COMPREHENSIVE INCOME	TOTAL SHAREHOLDERS' EQUITY
–1,158,520	**3,846,406**	**299,152**	**1,312,754**	**27,053**	**15,869,609**
–	–	–	896,692	583	897,275
–	–	12,154	–	–	12,154
–1,158,520	**3,846,406**	**311,306**	**2,209,446**	**27,636**	**16,779,038**
–	**4,700,513**	**–**	**2,519,629**	**27,636**	**18,790,542**
–	–	–	205,410	–	205,410
–	266,124	–	–	–	266,124
–	**4,966,637**	**–**	**2,725,039**	**27,636**	**19,262,076**

Consolidated Statements of Cash Flows

from 1 September to 30 November 2017

in €	Q1 2017/2018	Q1 2016/2017
Cash flows from operating activities:		
Net income	205,410	896,692
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation of property and equipment	172,280	217,694
Share-based compensation	–	12,154
Gains/losses on the disposal of fixed assets	–1,267	1
Deferred tax provision	91,323	–121,258
Changes in assets and liabilities:		
Accounts receivable	1,277,536	–724,875
Unbilled revenues	–5,358,782	–545,748
Tax receivables	–383,100	23,519
Other current assets	42,560	143,442
Accounts payable, deferred revenues and other liabilities	–98,000	–85,539
Tax liabilities	–	275,950
Other accrued expenses	–960,763	9,250
Net cash provided by (used in) operating activities	**–5,012,803**	**101,282**
Cash flows from investing activities:		
Purchase of property and equipment	–244,814	–157,837
Proceeds from the sale of equipment	4,107	–
Net cash provided by (used in) investing activities	**–240,707**	**–157,837**
Cash flows from financing activities:		
Payment for treasury stock	–	–
Incoming payment for treasury stock	–	–
Net cash provided by (used in) financing activities	**–**	**–**
Net effect of rate changes on cash and cash equivalents	–	583
Net increase/decrease in cash and cash equivalents	**–5,253,510**	**–55,972**
Cash and cash equivalents at beginning of period	4,943,599	6,098,619
Cash and cash equivalents at end of period	–309,911	6,042,647
For information only, contained in cash flows from operating activities:		
Interest payment received	80	23,540
Paid interest	–139	–104

The accompanying notes are an integral part of these Consolidated Financial Statements.

Notes

as at 30 November 2017

1 General Foundations

The Consolidated Interim Financial Statements as at 30 November 2017 of SinnerSchrader Aktiengesellschaft ("SinnerSchrader AG" or "AG") and its subsidiaries ("SinnerSchrader Group", "SinnerSchrader", or "Group") for the first quarter of the 2017/2018 financial year from 1 September to 30 November 2017 were prepared according to the International Financial Reporting Standards ("IFRS") of the International Accounting Standards Board ("IASB") in force on the reporting date, taking account of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and in compliance with the standard for interim financial reports specified by DRS 16 of the German Accounting Standards. They were not subject to auditing and should be read in conjunction with the Consolidated Financial Statements of SinnerSchrader AG as at 31 August 2017.

The accounting, valuation, and consolidation principles of the Quarterly Report at hand are unchanged from the Group's Consolidated Financial Statements as at 31 August 2017. They are disclosed and explained in the Group's Consolidated Financial Statements as at 31 August 2017, which are published in the 2016/2017 Annual Report.

2 Consolidation Group

The consolidation group as at 30 November 2017 consists of SinnerSchrader AG as well as the following direct or indirect subsidiaries of the AG, each of which is fully consolidated:

1. SinnerSchrader Deutschland GmbH, Hamburg, Germany
2. SinnerSchrader Commerce GmbH, Hamburg, Germany
3. SinnerSchrader Content GmbH, Hamburg, Germany
4. SinnerSchrader Swipe GmbH, Berlin, Germany
5. SinnerSchrader Praha s.r.o., Prague, Czech Republic
6. SinnerSchrader UK Ltd., London, UK
7. SinnerSchrader Benelux BV, Rotterdam, the Netherlands

The consolidation group has not changed in comparison to the status on 31 August 2017.

3 Segment Reporting

SinnerSchrader still breaks down its business into the three segments of Interactive Marketing, Interactive Media, and Interactive Commerce. The composition of the segments did not change in the first quarter of the 2017/2018 financial quarter in comparison to the 2016/2017 financial year.

The Interactive Marketing segment comprises SinnerSchrader Deutschland GmbH and SinnerSchrader Swipe GmbH. SinnerSchrader Content GmbH forms the Interactive Media segment. The Interactive Commerce segment is formed by SinnerSchrader Commerce GmbH and SinnerSchrader Praha s.r.o.

Accounting for the individual segments follows the accounting principles that are also used in the Group. Administrative costs incurred in SinnerSchrader AG are charged to the operative segments, where they can be assigned. Costs that cannot be assigned are not distributed to the segments – these are largely costs for original holding tasks, such as investor relations work.

Table 1a shows the segment information for the first quarter of the 2017/2018 financial year; the comparative data of the previous year can be seen in Table 1b:

Table 1a Segment Information for the first quarter 2017/2018 in € and number

01.09.2017–30.11.2017	INTERACTIVE MARKETING	INTERACTIVE MEDIA	INTERACTIVE COMMERCE	TOTAL SEGMENTS	HOLDING/ CONSOLIDATION	GROUP
External revenues	10,702,247	1,780,120	1,882,680	14,365,047	–	14,365,047
Internal revenues	264,775	35,444	266,604	566,823	–566,823	–
Gross revenues	10,967,022	1,815,564	2,149,284	14,931,870	–566,823	14,365,047
Media costs	–	–	–	–	–	–
Total revenues, net	**10,967,022**	**1,815,564**	**2,149,284**	**14,931,870**	**–566,823**	**14,365,047**
Segment income (EBITA)	**693,608**	**256,097**	**–15,394**	**934,311**	**–639,435**	**294,876**
Employees, end of period	389	39	75	503	50	553

Table 1b Segment Information for the first quarter 2016/2017 in € and number

01.09.2016–30.11.2016	INTERACTIVE MARKETING	INTERACTIVE MEDIA	INTERACTIVE COMMERCE	TOTAL SEGMENTS	HOLDING/ CONSOLIDATION	GROUP
External revenues	10,615,245	922,171	1,731,584	13,269,000	–	13,269,000
Internal revenues	142,318	3,826	219,337	365,481	–365,481	–
Gross revenues	10,757,563	925,997	1,950,921	13,634,481	–365,481	13,269,000
Media costs	–	–	–	–	–	–
Total revenues, net	**10,757,563**	**925,997**	**1,950,921**	**13,634,481**	**–365,481**	**13,269,000**
Segment income (EBITA)	**1,394,174**	**116,749**	**–39,754**	**1,471,169**	**–197,797**	**1,273,372**
Employees, end of period	347	20	98	465	53	518

In the SinnerSchrader Group, net revenue in the amount of € 3,638,000, which accounts for 25 % of the consolidated net revenue for the Group, was achieved with one company in the quarter of the report. These revenues were earned in the Interactive Marketing and Interactive Media segments. Net revenue in the amount of € 2,501,000 was earned in the Interactive Marketing segment with another company, around 17 % of the consolidated net revenue for the Group.

Table 1c explains the transfer of total segment income to Group income before taxes for the period from 1 September to 30 November 2017 and for the comparable period of the previous year:

Table 1c Reconciliation of segment income to Group income before taxes in €

	Q1 2017/2018	Q1 2016/2017
Segment income (EBITA) all reporting segments	934,311	1,471,169
Central costs not passed on to segments	–639,435	–197,797
EBITA of the Group	294,876	1,273,372
Group financial income	23,880	23,659
Group income before taxes	318,756	1,297,031

SinnerSchrader's external revenues were primarily earned by Group companies based in Germany.

4 Breakdown of Expenses according to the Total Cost Method

The total revenues, marketing, administrative, and research and development costs in the first quarter of the 2017/2018 and 2016/2017 financial years were broken down according to cost types, as shown in Table 2:

Table 2 Operating costs by cost type in €

	Q1 2017/2018	Q1 2016/2017
Personnel expenses	9,254,757	7,960,806
Costs of materials and services	2,478,746	2,303,067
Depreciation of property and equipment, as far as not from first consolidation	172,280	217,694
Other operating expenses	2,196,010	1,527,889
Total	**14,101,793**	**12,009,456**

5 Income tax

The income tax reported in the Statements of Operations is made up of current and deferred components, as shown in Table 3:

Table 3 Income tax in €

	Q1 2017/2018	Q1 2016/2017
Current	98,091	521,597
Deferred	–8,677	–121,258
Total	**89,414**	**400,339**

In the first quarter of the 2017/2018 financial year, current taxes amounted to € 98,000 (previous year: € 521,000). Deferred taxes were to be established in recognition of profit and loss according to IAS 12 due to temporary differences between the book values in the Consolidated Balance Sheets and the tax assumptions. This resulted in income in the amount of € 9,000 for the quarter of the report (previous year: € 121,000).

6 Financial Obligations and Contingent Liabilities

Contingencies and other financial obligations as at 30 November 2017 were largely unchanged compared to the Consolidated Financial Statements as at 31 August 2017.

7 Treasury Stock

As of 30 November 2017, SinnerSchrader AG held no treasury stock in a situation that was unchanged over the status on 31 August 2017.

On 30 November 2016, SinnerSchrader had treasury stock with a calculated face value of € 298,042, representing 2.58 % of the share capital. These shares were issued or sold as part of exercising employee options and within the context of the merger with Accenture.

8 Stock Option Plans

In a resolution of 20 December 2012, the Annual General Meeting of SinnerSchrader AG adopted the 2012 SinnerSchrader Stock Option Plan (“2012 Plan”) to grant share options for the sale of a total of 550,000 shares to members of the Management Board of SinnerSchrader AG (100,000 options) and members of the management of the companies affiliated with SinnerSchrader AG (300,000 options) as well as selected employees with management functions in SinnerSchrader AG and the companies affiliated with SinnerSchrader AG (150,000 options) until 19 December 2017.

In a resolution of 26 January 2017, the Annual General Meeting of SinnerSchrader AG adopted the 2017 SinnerSchrader Stock Option Plan (“2017 Plan”) to grant share options for the sale of a total of 520,000 shares to members of the Management Board of SinnerSchrader AG (70,000 options) and members of the management of the companies affiliated with SinnerSchrader AG (300,000 options) as well as selected employees with management functions in SinnerSchrader AG and the companies affiliated with SinnerSchrader AG (150,000 options) until 25 January 2022.

Detailed information on the 2012 and 2017 Stock Option Plans can be found in the Notes to the Consolidated Financial Statements as at 31 August 2017.

In the first quarter of 2017/2018 no new stock options were issued. As of 30 November 2017, this means that no options were outstanding, as on 31 August 2017.

As of the reporting date of the previous year, 30 November 2016, 378,333 stock options were outstanding, of which as of 31 August 2017, 5,000 options had expired, 15,000 options had been exercised and 358,333 options had been cancelled in return for a compensation payment within the context of the merger with Accenture.

9 Related Party Transactions

In the first quarter of the 2017/2018 and 2016/2017 financial years, SinnerSchrader earned gross revenues in the amount of € 209,452 and € 208,331, respectively, with companies in which members of the SinnerSchrader Supervisory Board held positions relevant to decision-making.

Moreover, in the period of the report, SinnerSchrader earned revenue of € 72,157 with companies in the Accenture Group, which holds the majority of the shares in SinnerSchrader AG via Accenture Digital Holdings GmbH.

10 Major Events after the Balance Sheet Date

On 6 December 2017 there was an extraordinary Annual General Meeting of SinnerSchrader AG, where the Management Board and Supervisory Board submitted for approval a draft Control and Profit Transfer Agreement with Accenture Digital Holdings GmbH. The draft agreement provided for a cash compensation according to Article 305 of the German Stock Corporation Act (“AktG”) in the amount of € 10.21 per SinnerSchrader share or alternatively a compensation payment for outside shareholders according to Article 304 of the AktG in the amount of € 0.27 gross (net, after corporation tax and solidarity surcharge: € 0.23).

The Annual General Meeting approved conclusion of the Control and Profit Transfer Agreement with 97.7 % of the votes represented. Previously, the shareholders’ meeting of Accenture Digital Holdings GmbH had approved the draft agreement. The Management Board thereupon concluded the agreement according to the approved draft with Accenture Digital Holdings GmbH on 7 December 2017. The agreement still needs to be entered in the Commercial Register before it can take effect. It has now been submitted to the competent Commercial Register at Hamburg Local Court for this purpose.

11 Directors’ Holdings of Shares and Subscription Rights to Shares (“Director’s Dealings”)

As of 30 November 2017, neither members of the Supervisory Board nor members of the Management Board held shares or subscription rights to shares in SinnerSchrader AG.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the Quarterly Financial Report of the SinnerSchrader Group gives a true and fair view of the asset, financial, and income situation of the Group, and the Interim Status Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hamburg, 16 January 2018

The Management Board

Matthias Schrader Thomas Dyckhoff

Events & Contact Information

Financial Calendar 2017/2018

Annual General Meeting 2016/2017	31 January 2018
2nd Quarterly Report 2017/2018 (December 2017–February 2018)	12 April 2018
3rd Quarterly Report 2017/2018 (March 2018–May 2018)	12 July 2018
Announcement of preliminary figures for the 2017/2018 financial year	September 2018
Annual Report 2017/2018	November 2018
Annual General Meeting 2017/2018	January 2019

Our previous reports are available online and for download on our website www.sinnerschrader.ag.

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