The Social Chain AG

Condensed Interim Consolidated Financial Statements

as of 30 June 2021

• Consolidated Statement of Profit or Loss

From 1 January to 30 June 2021

in kEUR	**01-Jan-30-Jun-2021**	**01-Jan-30-Jun-2020**
Revenues	160,106	69,169
Increase or decrease of finished goods and work in progress	1,765	-388
Other operating income	1,499	6,194
Material expenses	-109,572	-39,926
Personnel expenses	-19,213	-12,595
Net impairment loss on financial and contract assets	0	-104
Other operating expenses	-39,844	-24,685
EBITDA	**-5,259**	**-2,335**
Depreciation and amortization expenses	-3,622	-3,196
EBIT	**-8,881**	**-5,531**
Interest and similar income	10,601	291
Interest and similar expenses	-7,923	-2,647
Share of profit of equity-accounted investees	-31	16
Income before income tax expense	**-6,234**	**-7,871**
Income tax expense/benefit	-2,460	891
Income after income tax expense	**-8,694**	**-6,980**
Thereof attributable to:		
Owners of parent company	-8,811	-7,545
Non-Controlling interests	117	565

• Consolidated Statement of Comprehensive Income

From 1 January to 30 June 2021

in kEUR	01-Jan-30-Jun-2021	01-Jan-30-Jun-2020
Income after income tax expense	**-8,694**	**-6,980**
Other comprehensive income	**992**	**-1,974**
Thereof attributable to:		
Owners of parent company	992	-1,974
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	1,026	-1,974
Items that will not reclassified subsequently to profit or loss		
Financial instruments	-34	0
Income after income tax expense	**-7,702**	**-8,954**
Thereof attributable to:		
Owners of parent company	-7,819	-9,519
Non-Controlling interests	117	565

Consolidated Balance Sheet

As of 30 June 2021

in kEUR	30-Jun-2021	31-Dec-2020
ASSETS		
Intangible assets	20,381	21,077
Goodwill	104,302	102,964
Property, plant and equipment	6,205	4,776
Right of use assets	8,869	5,361
Non-current trade and other receivables	94	130
Other non-current financial assets	16,416	14,055
Income tax receivables	0	104
Equity-accounted investees	2,590	2,621
Other non-current non-financial assets	0	12
Deferred tax assets	4,991	2,820
Non-current assets	**163,848**	**153,920**
Inventories	37,793	22,549
Current contract assets	1,432	1,344
Trade and other receivables	24,535	10,115
Other financial assets	11,608	1,314
Income tax receivables	69	76
Other non-financial assets	10,775	6,616
Cash and cash equivalents	10,871	9,360
Current assets	**97,083**	**51,374**
Total assets	**260,931**	**205,294**
EQUITY AND LIABILITIES		
Share capital	11,448	11,348
Capital reserve	172,490	167,206
Currency translation reserve	650	-376
Retained earnings	-8,178	-9,088
Profit carried forward	-81,209	-72,612
Equity attributable to owners	**95,201**	**96,478**
Non-Controlling interests	2,555	2,203
Total equity	**97,756**	**98,681**
Other non-current financial liabilities	59,716	26,982
Non-current income tax liabilities	495	218
Other non-current provisions	201	8
Other non-current non-financial liabilities	886	316
Deferred tax liabilities	13,302	9,021
Non-current liabilities	**74,600**	**36,545**
Trade payables	22,415	17,939
Other current financial liabilities	45,552	37,821
Current provisions	4,604	4,006
Current income tax liabilities	205	58
Other current non-financial liabilities	9,860	8,132
Current contract liabilities	5,868	1,063
Current refund liabilities	71	1,049
Current liabilities	**88,575**	**70,068**
Total equity and liabilities	**260,931**	**205,294**

● Consolidated Statement of Changes in Equity

From 1 January to 30 June 2021

	Attributable to owners of the Company								
in kEUR	Share capital	Share premium	Translation reserve	Treasury share reserve	Retained earnings	Other reserve	Total	Non-controlling interests	Total equity
Balance as of 1-Jan-2020	**9,944**	**134,957**	**913**	**409**	**-11,545**	**-46,229**	**88,449**	**1,515**	**89,964**
Profit for the period	0	0	0	0	0	-7,545	-7,545	565	-6,980
Other comprehensive income for the period	0	0	-1,974	0	0	0	-1,974	0	-1,974
Total comprehensive income for the period	**0**	**0**	**-1,974**	**0**	**0**	**-7,545**	**-9,519**	**565**	**-8,954**
Capital raise	246	5,176	0	0	0	789	6,211	-1,220	4,991
Written put option on NCI	0	0	0	0	2,457	0	2,457	0	2,457
Balance as of 30-Jun-2020	**10,190**	**140,133**	**-1,061**	**409**	**-9,088**	**-52,985**	**87,598**	**860**	**88,458**
Balance as of 1-Jan-2021	**11,348**	**167,206**	**-376**	**222**	**-9,088**	**-72,834**	**96,478**	**2,203**	**98,681**
Profit for the period	0	0	0	0	0	-8,811	-8,811	117	-8,694
Other comprehensive income for the period	0	0	1,026	-34	0	0	992	0	992
Total comprehensive income for the period	**0**	**0**	**1,026**	**-34**	**0**	**-8,811**	**-7,819**	**117**	**-7,702**
Capital raise	100	5,284	0	0	0	248	5,632	235	5,867
Written put option on NCI	0	0	0	0	910	0	910	0	910
Balance as of 30-Jun-2021	**11,448**	**172,490**	**650**	**188**	**-8,178**	**-81,397**	**95,201**	**2,555**	**97,756**

● Consolidated Statement of Cash Flows

From 1 January to 30 June 2021

	Half year ending	
in kEUR	**30-June-2021**	**30-June-2020**
Net income	**-8,694**	**-6,980**
Income taxes	2,460	-891
Net income	**-6,234**	**-7,871**
Reconciliation from pre-tax income to net cash flows		
Interest and similar expenses	-2,646	2,341
Depreciation of property, plant and equipment	1,936	1,235
Amortisation of intangible assets	1,694	1,961
Impairment	-8	0
Gain/loss on disposal of property, plant and equipment	0	-17
Gain/loss on disposal of shares in Group Companies	0	-5,683
Expenses for share-based payment	193	0
Other non-cash income and expenses	-6,781	5,568
Change in net working capital		
Decrease (+)/increase (-) in inventories	-15,244	-1,384
Decrease (+)/increase (-) in contract assets	-88	1,246
Decrease (+)/Increase (-) other non-financial assets (excluding contract assets)	-3,719	-10,234
Decrease (+)/Increase (-) other non-financial liabilities (incl. Contract liabilities)	6,126	-3,902
Decrease (+)/Increase (-) in accounts receivables and other receivables	-14,078	13,794
Increase (+)/Decrease (-) in accounts payables	4,476	3,452
Increase (+)/Decrease (-) in provisions	792	-1,478
Income tax receivables and liabilities	535	267
Net cash flow from operating activities	**-33,047**	**-705**
Proceeds from sale of property, plant and equipment	0	17
Disbursements for acquisition of a business, net of cash acquired	-286	-5
Proceeds from disposals of companies and business units, net of cash disposed of in the process	0	-469
Disbursements for investments in property, plant and equipment	-1,994	-250
Disbursements for investments in intangible assets	-742	-140
Interest received	1,308	1
Net cash flow from investing activities	**-1,714**	**-846**
Proceeds from capital increase	3,383	0
Proceeds from borrowings	58,503	21,348
Repayments of borrowings	-26,581	-5,997
Repayments of lease liabilities	1,458	-520
Interest paid	-574	-131
Net cash flow from financing activities	**36,189**	**14,700**
Effect of currency translation on cash and cash equivalents	**83**	**-79**
Net increase/decrease in cash and cash equivalents	**1,511**	**13,070**
Cash and cash equivalents at the begining of the period	**9,360**	**6,801**
Cash and cash equivalents at the end of the period	**10,871**	**19,871**

1 General information

The Social Chain AG (hereinafter "TSC AG" and "Company" - or "Group" when together with its subsidiaries) is a stock corporation domiciled in Germany with its registered office at Gormannstrasse 22, 10119 Berlin, Germany. It is entered in the commercial register of the local court of Berlin, Germany, under number HRB 128790 B.

The Social Chain Group is an integrated social media company that combines social media and social commerce under one roof. The Social Chain Group is a pioneer in building, developing and scaling social media brands. The strategy of The Social Chain AG focuses on brands, social experiences and product worlds that are identified, developed and primarily marketed directly to end consumers (directly to consumer brands) via social media.

The Group´s core markets are Europe (with Germany and the United Kingdom as the focal points), and the Americas, where the emphasis is on the USA. Asia is a further strategic target market.

1.1 Basis of compilation

The condensed interim consolidated financial statements for the half-year reporting period ended 30 June 2021 were compiled assuming the continued existence of the company as a going concern. They were compiled in accordance with Accounting Standard IAS 34 "Interim Financial Reporting". They do not include all information required for complete consolidated financial statements; rather, the consolidated financial statements for the financials year 2020 are to be used as a supplement. All IFRSs applied by the Group have been adopted by the European Commission for use within the EU.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

The reporting currency of the consolidated financial statements is Euros (EUR). Unless otherwise stated, all amounts are rounded up or down to thousands of Euros (kEUR) based on commercial rounding principles. The amounts in tables were calculated on the basis of exact numbers and rounded to kEUR. The consolidated financial statements were compiled for all disclosed reporting periods in compliance with uniform accounting and consolidation principles. The consolidated financial statements were compiled according to the acquisition cost approach. This does not apply to certain financial assets and liabilities (including derivative instruments) and share-based payments that are stated at fair value. The Group classifies assets and liabilities as short-term if they are expected to be realized or settled within twelve months after the balance sheet date. Insofar as assets and liabilities have both a short-term and a long-term portion, they are subdivided into their maturity components and disclosed as short-term and long-term assets or liabilities according to the balance sheet structure. The

Group´s Consolidated Statement of Profit or Loss was compiled according to the nature of expense method.

1.2 New standards and interpretations adopted by the group

A number of amended standards became applicable for the current reporting period. The group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Initial application of standards, interpretations, and amendments in the reporting period

Pronouncement	Title	To be applied by The Social Chain AG from	Changes	Expected impact on the presentation of The Social Chain AG's results of operations and financial position
IFRSs endorsed by the EU				
Amendment to IFRS 16	Covid-19-related Rent Concessions	April 1, 2021[a]	Practical expedient for lessee accounting of rent concessions granted due to the Covid-19 pandemic. Instead of assessing whether a rent concession is a lease modification, the lessee can account for the changes in lease payments as if they were not lease modifications.	Practical expedient not applied by The Social Chain AG.
Amendments to IFRS 4	Insurance Contracts – deferral of IFRS 9	January 1, 2021	Deferral of first-time application of IFRS 9 for insurance companies.	No impact.
Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform (Phase 2)	January 1, 2021	The amendments address the impact of modifications of financial instruments required as a direct consequence of IBOR reform, hedge accounting requirements, and the accompanying disclosures.	No material impact expected.

[a] Earlier application is permissible. The Social Chain AG already decided in the 2020 financial year to not apply the practical expedient.

1.3 Accounting and valuation approaches

The consolidated financial statements are based on uniform accounting and valuation principles. The main accounting and valuation principles are explained below.

1.4 Critical estimates and judgements

In the process of applying the accounting and measurement policies, Group management made judgments that significantly influence the amounts recognized in the consolidated financial statements. Accordingly, the compilation of the consolidated financial statements requires a certain degree of assumptions and estimates that affect the amounts and disclosures of assets and liabilities, income and expense, and contingent liabilities recognized for the reporting period. They relate primarily to the initial measurement and recoverability of assets, the Group's uniform definition of economic useful lives for property, plant and equipment, and recognition and measurement of provisions.

The assumptions and estimates are based on premises that reflect the current state of available knowledge. In particular, the circumstances prevailing at the time of compilation of the consolidated financial statements as well as the future development of the environment considered realistic were taken as the basis for expectations regarding the future business performance. If these framework conditions develop differently than assumed and outside of the management's scope of control, the ensuing actual amounts can differ from the original estimates.

Below you will find a description of the key assumptions concerning the future and other key sources of estimation uncertainty in existence at the end of the reporting period and causing significant risk that an adjustment to the carrying amounts of assets and liabilities will be necessary in future reporting periods.

Estimates regarding purchase price allocation

Business combinations generally involve estimates concerning calculation of the fair value of acquired assets and liabilities. Land, buildings, technical equipment and machinery are usually appraised by an independent expert, while marketable securities are carried at their market value. Appraisals of the market values of property, plant and equipment are subject to an element of uncertainty due to the use of necessary assumptions. In case of intangible assets, the fair value is determined applying suitable measurement methods, which are generally based on a forecast of all future cash flows. Depending on the type of asset and the availability of information, various measurement approaches are used that can be categorized into based on cost, market price or capital value. The method based on capital value is important because of its particular significance in the measurement of intangible assets. For example, licenses are measured applying the relief-from-royalty method, which estimates, among other things, the cost savings that result from the Company holding the licenses itself and not having to pay fees to the licensor. After discounting, the resultant savings constitute the carrying amount for the intangible asset concerned. Calculating the value of intangible assets is based in particular on estimates of their economic useful lives, which are subject to an element of uncertainty due to the use of assumptions. The calculation of fair values of contingent liabilities similarly requires assumptions about their probable occurrence. These assumptions are also subject to an element of uncertainty by virtue of their nature.

Value adjustments to receivables

The management bases its estimates regarding the size of value adjustments on the principle of individual measurement. In part, estimates as to whether specific value adjustments will be necessary are subjective estimates regarding the customers' credit quality. They are therefore subject to an inherent assessment uncertainty.

Recognition of deferred tax assets and deductible temporary differences

Deferred tax assets are recognized for tax loss carry-forwards and deductible temporary differences, provided that the realization of the related tax benefit on future taxable profits is considered probable based on the management's profit forecasts for the Group companies.

Provisions

Provisions differ from other liabilities in terms of uncertainty regarding the timing or amount of the expense required in the future. A provision must be recognized where the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation (see IAS 37.14).

There are considerable recognition and measurement uncertainties due to differing economic and legal assessments and the difficulty of determining the probability of occurrence.

Share-based payments

The Social Chain AG determines the expense arising from the option program on the basis of the fair value at the grant date. The estimate of the fair value involves determination of the most appropriate valuation method, which depends on the terms and conditions of the option programme. In addition, it is necessary to determine the input factors for the valuation model (share price, exercise price, risk-free interest rate, expected volatility and term).

The Social Chain AG measures the cost of the cash-settled virtual share-based payment arrangements resulting from KoRo Handels GmbH by reference to the fair value of the related instruments at each reporting date. Estimating fair value for virtual share-based payments requires determining the most appropriate valuation model for a grant, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including business value, time to exit, probability of an exit event and expected volatility.

Impairment of property, plant and equipment, intangible assets and rights of use

Estimates are also made in determining impairment of property, plant and equipment, intangible assets and rights of use; these estimates concern the cause, timing and amount of the impairment, among other things. Impairment is based on a variety of factors. Generally, to be considered are changes in current competitive environment, expectations of growth in the Group's markets, increases in the cost of capital, changes in future availability of financing, technology obsolescence, discontinuation of services, current replacement costs, purchase prices paid in comparable transactions, and other changes in circumstances that indicate impairment. Management is required to make significant judgments in identifying and testing for indications of impairment, estimating future cash flows, determining the fair values of assets (or groups of assets), the applicable discount rates, the respective useful lives and the residual values of the assets concerned. In addition, further planning uncertainties are included in the determination of fair values, reflecting the risks of macroeconomic developments. This could have a negative impact on future earnings.

Cash-generating unit

The determination of the recoverable amount of a cash-generating unit involves estimates by the management. The methods applied to calculate the recoverable amount include methods based on discounted cash flows and methods based on market prices. The valuations based on discounted cash flows are derived from forecasts based on management- approved financial plans and are also used for internal purposes. The planning horizon selected reflects the assumptions regarding short to medium-term market developments and is chosen to gain a stable business outlook for the Company that is necessary for the calculation of the perpetual annuity.

Cash flows beyond the internal medium-term planning are calculated applying appropriate growth rates. These growth rates are determined individually for each cash-generating unit. The growth rates applied are based on long-term real growth and long-term inflation expectations of the countries where the respective unit carries on its business activities. To achieve the sustainable growth rates applied for the perpetuity period, additional sustainable investments are taken into account, as specifically derived for each cash-generating unit. The key assumptions underlying the calculation of the recoverable amount include the following assumptions, which are mainly determined internally and based on past experience, supplemented with current internal expectations and supported by external market data and estimates: Revenue development, customer acquisition and customer loyalty costs, contract termination rates, capital expense, market shares and growth types. Discount rates are determined on the basis of external variables derived from the market with account of the risks to which the cash-generating unit is exposed (market and country risks). Future changes in the aforementioned assumptions may have a significant impact on the fair value of the cash-generating units. Possible changes in these assumptions may have a negative impact due to future developments in the macroeconomic situation, competition and regulatory interventions.

1.5 Changes in the scope of consolidation

1.5.1 Scope of consolidation

The consolidated financial statements include all domestic and foreign companies over which The Social Chain AG can exercise a direct or indirect controlling influence.

The scope of consolidation expanded by 5 companies compared to the reporting year of 2020. These newly added companies are identified separately in the list of shareholdings.

Entity	Registered office in	Ownership interest in %		
		30-June-2021	31-Dec-2020	
The Social Chain Group AG	Berlin, Deutschland	100.00	100.00	
Shine Conventions GmbH	Berlin, Deutschland	96.99	96.99	
Ravensberger Holding GmbH	Berlin, Deutschland	100.00	100.00	
Media Chain GmbH	Berlin, Deutschland	100.00	100.00	
DEF Media GmbH	Berlin, Deutschland	100.00	100.00	
Social Chain GmbH	Berlin, Deutschland	100.00	100.00	
Social Chain Group Ltd.	Manchester, Vereinigtes	100.00	100.00	
Lions Chain GmbH	Berlin, Deutschland	100.00	100.00	
KoRo Handels GmbH	Berlin, Deutschland	58.18	55.85	
Media Chain Products GmbH	Berlin, Deutschland	100.00	100.00	
Ravensberger Logistik GmbH	Espelkamp, Deutschland	100.00	100.00	
Ravensberger Matratzen GmbH	Bad Oeynhausen, Deutschland	100.00	100.00	
LAX GmbH	Berlin, Deutschland	74.99	74.99	1)
Social Chain Ltd.	Manchester, Vereinigtes	100.00	100.00	
Media Chain Group Ltd.	Manchester, Vereinigtes	100.00	100.00	
Social Chain USA, Inc.	New York, NY, Vereinigte Staaten	100.00	100.00	
Mabyen GmbH	Düsseldorf, Deutschland	51.08	51.08	
The Social Chain AG	Berlin, Deutschland	100.00	100.00	
World Fitness GmbH	Berlin, Deutschland	100.00	100.00	
Social Moms GmbH	Berlin, Deutschland	80.00	80.00	
Möbelfreude Vertriebs GmbH	Berlin, Deutschland	100.00	100.00	
Hold your Sports GmbH	Berlin, Deutschland	100.00	100.00	
#DoYourSports GmbH	Berlin, Deutschland	100.00	100.00	
Media-Part-GmbH	Hamburg, Deutschland	85.97	85.97	
Lumaland Inc.	East Lansing,MI, Vereinigte	80.00	80.00	
smilebaby GmbH	Berlin, Deutschland	100.00	100.00	
LINKS Logistics GmbH (ehem. PePa)	Berlin, Deutschland	100.00	100.00	
BytePark GmbH	Berlin, Deutschland	51.00	51.00	
Belsonno GmbH	Berlin, Deutschland	100.00	100.00	
Lumaland International GmbH	Berlin, Deutschland	100.00	100.00	
Urbanara GmbH	Berlin, Deutschland	100.00	100.00	
Lumaland Vertriebs GmbH	Berlin, Deutschland	100.00	100.00	
sweet dreams GmbH	Berlin, Deutschland	100.00	100.00	
sib Silvester in Berlin Veranstaltungen GmbH	Berlin, Deutschland	96.99	96.99	
drtv.agency GmbH	Stuttgart, Deutschland	51.00	51.00	
datalytix.io GmbH	München, Deutschland	51.00	51.00	
Carl Wilhelm Clasen GmbH	Schwarzbek, Deutschland	100.00	100.00	
LGR Nuss & Trockenfrucht Veredelungs GmbH & Co. KG	Schwarzbek, Deutschland	100.00	100.00	
LGR Nuss & Trockenfrucht Veredelungs-Verwaltungs GmbH	Schwarzbek, Deutschland	100.00	100.00	
Glow Media Group Ltd.	Vereinigtes Königreich	100.00	100.00	
FFLV Inc.	Conroe, TX, Vereinigte Staaten	49.00	49.00	1)
Vonmählen GmbH	Lüneburg, Deutschland	100.00	0.00	
KoRo Eis GmbH	Berlin, Deutschland	80.00	0.00	2)
PL FoodCom GmbH	Elmenhorst, Deutschland	100.00	0.00	2)
MINT Marekting Agency LLC	Delaware ,DE, Vereinigte Staaten	25.00	0.00	
Social Chain Media & Experiences GmbH	Berlin, Deutschland	100.00	0.00	2)

1) At Equity
2) newly founded (therefore not sbuject of a business combination)

1.5.2 Changes in the scope of consolidation

a) Business combinations in 2021

The table below provides a summary overview of the business combinations carried out in 2021:

Subsidiary	Acquired Shareholding	Focus of business operations	Business Area
Vonmählen GmbH	100.0 %	Online distribution of mobile phone accessories	Social Commerce / Home & Living
MINT Marketing Agency LLC	25.0 %	Marketing agency for small and medium-sized corporate clients in the USA	Social Media/ Online marketing

The necessary work on the acquisition price allocation has been started with respect to the 2021 M&A transactions. As of the date of these consolidated financial statements, no sufficiently substantiated results were as yet available for a purchase price allocation.

Vonmählen GmbH

The Vonmählen GmbH was already founded on 7 February 2020 under the name Brilliant 3373 GmbH, Berlin. At that time, the balance sheet only contained the subscribed capital of kEUR 25 as well as the paid-in contributions and receivables from outstanding contributions of kEUR 25. On 11 February 2021, the Brilliant 3373 GmbH acquired all assets of the Vonmählen GmbH (in liquidation), Lüneburg, as part of an asset deal for a purchase price of kEUR 400. On 12 March 2021 the Brilliant 3373 GmbH was renamed to Vonmählen GmbH.

MINT Marketing Agency LLC

By the share purchase agreement of 22 May 2021, The Social Chain AG acquired 25% of the shares in Mint Marketing Agency Inc. for a purchase price of kEUR 158. The Mint Marketing Agency Inc. operates a marketing agency for small and medium-sized companies in the USA. By acquiring the share, The Social Chain AG increase its market share in the US market. Due to a deviating distribution of voting rights, The Social Chain AG has full control over the acquired entity since 22 May 2021.

The following table presents a summary of the acquisitions in 2021:

at acquisition date in kEUR	Vonmählen GmbH	Mint Marketing Agency LLC	Total of all 2021 M&A transactions
Intangible Assets	151	0	151
Property, plant and equipment	104	12	116
Inventories & contract assets	145	0	145
Trade receivables	0	250	250
Other current assets	13	13	26
Cash and cash equivalents	0	247	247
Subtotal			
Financial liabilities & lease liabilities		19	19
Subtotal			
Net assets acquired	413	502	**915**
Non-controlling interests	0	377	377
TSCG's share of net assets acquired	413	126	**539**
Goodwill from acquistions	-15	-33	-48
Total consideration	428	158	**586**

in kEUR	Vonmählen GmbH	Mint Marketing Agency LLC	Total of all 2021 M&A transactions
Acquisition/contribution date	11.02.2021	16.06.2021	-
Acquisition costs (1)	428	158	586
Contributions to sales in 2021 since acquisition date	2,258	113	2,371
Contributions to EBITDA in 2021 since acquisition date	-552	-9	-561
Contributions to profit/loss in 2021 since acquisition date	-637	-9	-646
Revenue in the six-month period ended 30-June-2021	2,258	620	2,878
Pro forma EBITDA in the six-month period ended 30-June-2021	-552	239	-313
Pro forma profit in the six-month period ended 30-June-2021	-637	236	-401

Increase of the shareholding in KoRo

With effect from 21 April 2021, the shareholding in KoRo Handels GmbH, Berlin (Germany), was increased by EUR 2 million by way of a capital increase. The shareholding thus increased from 55.58% to 58.18%. The contribution was fully paid in cash.

b) Purchase price allocation of business combinations from 2020

As mentioned in the previous year's notes to the consolidated financial statements, the purchase price allocation of the Carl Wilhelm Clasen GmbH transaction (including its subsidiaries) had not been completed at the time of publication of the 2020 consolidated financial statements. The following table shows the balance sheet changes resulting from the purchase price allocation completed in 2021. The adjustments from the purchase price allocation were carried out as of 31 December 2020. As the acquisition date was at the end of December 2020, the changes from the purchase price allocation have no effect on the consolidated income statement for 2020.

2 Selected notes to the consolidated statement of profit or loss

2.1 Revenues

The generated revenues can be broken down by business unit as follows:

in kEUR	01-Jan-30-Jun-2021	01-Jan-30-Jun-2020
Revenues from Social Commerce	141,404	55,003
Revenues from Social Media	18,574	14,167
Other revenues	128	0
Revenues	**160,106**	**69,169**

kEUR 15,597 of the revenues from the Social Media business unit were derived from the agency business (prior year's HY: kEUR 9,306), kEUR 2,143 from the production business unit (prior year's HY: kEUR 2,945), and kEUR 834 from the event business unit (prior year's HY: kEUR 1,915).

2.2 Other income

in kEUR	01-Jan-30-Jun-2021	01-Jan-30-Jun-2020
Income from exchange rate differences	892	7
Income from derecognized liabilities	435	0
Income from insurance reimbursements	80	125
Income from the disposal of fixed assets	66	17
Income from other services	26	-17
Income from deconsolidation of subsidiaries	0	5,655
Miscellaneous other operating income	0	407
Other operating income	**1,499**	**6,194**

Prior year's other income include gains from the deconsolidation of the Group's former subsidiary Solidmind Nutrition GmbH which has been sold on 30 June 2020.

2.3 Other operating expenses

in kEUR	01-Jan-30-Jun-2021	01-Jan-30-Jun-2020
Packaging materials and outgoing freight	14,866	7,825
Advertising and travel expenses	8,665	3,931
Legal and consulting costs	3,879	3,112
Fees and contributions	1,649	1,300
Rental and leasing	1,283	718
Outsourced services administration	1,106	350
Administration	819	652
Maintenance and repair	863	509
Occupancy costs	556	257
Insurance premiums	246	121
Miscellaneous expenses	5,912	5,910
Other operating expenses	**39,844**	**24,685**

3 Selected notes to the consolidated balance sheet

3.1 Intangible assets and goodwill

in kEUR	Goodwill	Internally generated intangible assets	Brands	Customer Relationships	Patents, concessions and other rights	Prepayments and intangible assets under construction	Total
Acquisition or production costs							
As of 01-Jan-2020	**122,995**	**75**	**18,537**	**4,583**	**925**	**2**	**147,116**
Changes to the scope of consolidation	7,019	176	65	0	404	212	7,875
Reclassifications	0	0	0	0	2	-2	0
Additions	11,311	0	0	0	31	0	11,342
Disposals	-2,697	0	0	0	-318	0	-3,015
Exchange Rate effects	-1,695	0	-482	-45	-5	0	-2,227
As of 31-Dec-2020	**136,932**	**251**	**18,120**	**4,538**	**1,038**	**212**	**161,091**
Retrospective PPA Adjustments	-1,792	0	428	2,119	0	0	755
As of 31-Dec-2020 (after PPA Adjustments)	**135,140**	**251**	**18,548**	**6,657**	**1,038**	**212**	**161,846**
As of 01-Jan-2021	**135,140**	**251**	**18,548**	**6,657**	**1,038**	**212**	**161,846**
Changes to the scope of consolidation	61	0	0	0	0	0	61
Additions	0	0	6	96	114	526	742
Exchange Rate effects	1,247	0	311	37	2	0	1,597
As of 30-June-2021	**136,449**	**251**	**18,865**	**6,790**	**1,154**	**738**	**164,247**

in kEUR	Goodwill	Internally generated intangible assets	Brands	Customer Relationships	Patents, concessions and other rights	Prepayments and intangible assets under construction	Total
Accumulated depreciation and impairment							
As of 01-Jan-2020	**-23,010**	**-59**	**-1,123**	**-1,166**	**-169**	**0**	**-25,527**
Changes in the scope of consolidation	0	0	33	0	18	0	51
Current depreciation	0	-14	-2,063	-960	-220	0	-3,257
Impairment	-9,244	0	0	0	0	0	-9,244
Exchange rate effects	77	0	59	35	0	0	171
As of 31-Dec-2020	**-32,177**	**-73**	**-3,095**	**-2,091**	**-371**	**0**	**-37,806**
As of 01-Jan-2021	**-32,177**	**-73**	**-3,095**	**-2,091**	**-371**	**0**	**-37,806**
Current depreciation	0	-2	-1,081	-500	-111	0	-1,694
Impairment	0	0	0	0	0	0	0
Exchange rate effects	30	0	-55	-37	-1	0	-63
As of 30-June-2021	**-32,147**	**-75**	**-4,231**	**-2,628**	**-483**	**0**	**-39,563**

Net carrying amounts							
On 01-Jan-2020	99,985	16	17,413	3,417	756	2	121,589
On 31-Dec-2020	104,756	178	15,025	2,447	667	212	123,285
On 01-Jan-2021	102,964	178	15,453	4,566	667	212	124,040
On 30-June-2021	104,302	176	14,634	4,162	671	738	124,683

Details of additions due to changes in the scope of consolidation relate to the business combinations described in Section 1.5.2.

Brands

The key brands of the TSC AG Group include those of the Social Media business unit as well as those of the Social Commerce business unit.

In the area of social media, the *Social Chain* brands of the Social Chain Ltd., UK, and the Social Chain Inc., USA, with a carrying value of kEUR 4,226 (previous year-end: kEUR 4,322), the media brands of Media Chain Group Ltd., UK, valued at kEUR 1,333 (previous year-end: kEUR 1,353) and the brand *Glow* of Shine Conventions GmbH carried at kEUR 1,099 (previous year-end: kEUR 1,176) are in particular worthy of mention. All brands of the social media business unit are amortized over a useful life of 10 years.

In the area of Social Commerce, the key brands include Ravensberger Matratzen of Ravensberger Matratzen GmbH with a carrying value of kEUR 2,037 (previous year-end: kEUR 2,160), the brand *Lumaland* of the companies Lumaland Vertriebs GmbH and Lumaland Inc., USA, with the aggregate carrying value of kEUR 1,952 (previous year-end: kEUR 2,085). The brand *Ravensberger Matratzen* will be depreciated over 10 years, *Lumaland* (Europe) over 9 years, and *Lumaland* (USA) over 7 years.

Goodwill

For the purpose of impairment testing, goodwill acquired in business combinations has been allocated to the cash-generating units identified in the Group at the level of individual companies.

With the exception of the goodwill arising from business acquisitions as of or not earlier than three months prior to the balance sheet date of 31 December 2020, all goodwill was subjected to an annual impairment test in accordance with IAS 36 in FY 2020. In addition, an impairment test must be performed whenever there are indications of impairment. The Group performed its annual impairment tests for 2020 and 2019 each time at the end of the respective year. The tests were performed at the level of the smallest cash-generating unit (CGU) based on value in use.

The following tables present an overview of the recognized goodwill per CGU (as an aggregate) and its carrying values as of each reporting date:

in kEUR	01-Jan-2020	Additions	Disposals	Impairment	Exchange rate effects	31-Dec-2020
First and second contribution						
Shine Conventions GmbH	9,634					9,634
Lions Chain GmbH	8,356					8,356
DEF Media GmbH	6,991					6,991
Media Chain GmbH	1,251					1,251
Social Chain GmbH	40					40
other	688					688
Third contribution						
Social Chain Group Ltd. - Group	26,008				-1,368	24,640
Media Chain Products GmbH	4,731					4,731
Social Chain Germany GmbH		4,265				4,265
KoRo Handels GmbH	1,860	1,577				3,437
World Fitness GmbH	587					587
Solidmind Nutrition GmbH	1,213	1,484	-2,697			0
Reverse Acquisition of Lumaland AG - Group						
Ravensberger Matratzen GmbH - Group	7,766					7,766
Lumaland Vertriebs GmbH	24,570			-7,509		17,061
Lumaland Inc.	2,963				-250	2,713
other	509					509
Bio Clasen acquisition						
Carl Wilhelm Clasen GmbH - Group		3,366				3,366
Other acquired companies in 2020						
Urbanara GmbH		3,422				3,422
sib Silvester in Berlin Veranstaltungen GmbH	1,497	59				1,556
drtv.agency GmbH	1,260	2,082		-1,505		1,837
other	60	284		-230		114
Total	**99,985**	**16,538**	**-2,697**	**-9,244**	**-1,618**	**102,964**

in kEUR	01-Jan-2021	Additions	Disposals	Impairment	Exchange rate effects	30-June-2021
First and second contribution						
Shine Conventions GmbH	9,634					9,634
Lions Chain GmbH	8,356					8,356
DEF Media GmbH	6,991					6,991
Media Chain GmbH	1,251					1,251
Social Chain GmbH	40					40
other	688					688
Third contribution						
Social Chain Group Ltd. - Group	24,640				1,189	25,829
Media Chain Products GmbH	4,731					4,731
Social Chain Germany GmbH	4,265					4,265
KoRo Handels GmbH	3,437					3,437
Social Chain Commerce Alliance GmbH (former: World Fitness GmbH)	587					587
Reverse Acquisition of Lumaland AG - Group						
Ravensberger Matratzen GmbH - Group	7,766					7,766
Lumaland Vertriebs GmbH	17,061					17,061
Lumaland Inc.	2,713				88	2,801
other	509					509
Bio Clasen acquisition						
Carl Wilhelm Clasen GmbH - Group	3,366					3,366
Other acquired companies in 2020						
Urbanara GmbH	3,422					3,422
sib Silvester in Berlin Veranstaltungen GmbH	1,556					1,556
drtv.agency GmbH	1,837					1,837
other	114					114
Acquired companies in 2021						
Vonmählen GmbH	0	16				16
MINT Marketing Agency LLP	0	33				33
other	0	13				13
Total	**102,964**	**61**	**0**	**0**	**1,277**	**104,302**

3.2 Non-current assets held for sale

As of 30 June 2021, the Social Chain AG classified the investment in the FFLV group – recorded as an at-equity investment (kEUR 2,567) - as well as a loan granted to the FFLV Group (kEUR 1,242) as non-current assets held for sale.

Description of the non-current asset:

As of 31 December 2020, TSC AG acquired 49% of the shares in FFLV Inc., Delaware (acquisition price: kEUR 2,599 (USD 3 million)). Due to the additionally agreed management regulations to the benefit of the minority shareholder, FFLV Inc. was classified as a joint venture as of 31 December 2020 and therefore included as an equity investment into the previous year consolidated financial statements.

The investment companies of FFLV Inc. included in particular the following companies:

- A4D Inc., Carlsbad (US); a specialized company for digital performance marketing (4.9 % indirect shareholding of the Social Chain AG)
- Coral LLC, Carson City (US); a consumer goods company, selling oral hygiene products and food supplements (24.99 % indirect shareholding of the Social Chain AG)

Description of the facts and circumstances of the intended sale

In H1 2021, the management of the Social Chain Group decided to discontinue its investment in FFLV, as the FFLV Group does not fit into the Social Chain Group's investment portfolio. Concrete negotiations are already in progress with a potential buyer regarding the planned sale.

Measurement of the non-current asset:

The investment in the FFLV group is measured unchanged using the at equity approach (impact on the net income for H1 2021: kEUR -31) and the loan granted to the FFLV group is carried at book value (no p&l impact in H1 2020), as the management expects that the investment can be resold at least at cost.

3.3 Equity

The individual components of equity and movements therein during the first half year of 2021 as well as in first half year 2020 are presented in the statement of changes in equity.

Share Capital and Capital Reserve

In shares	Common Shares	
	30 June 2021	2020
Issued as of 1 January	11,348,484	9,944,118
Issued against cash contributions		1,031,680
Issued in business combination	100,000	372,686
Issued as of June 30 / December 31 - fully paid	**11,448,484**	**11,348,484**
Approved - nominal value of EUR 1.00		

By its resolution of 19 August 2019, the Annual General Meeting of Shareholders granted the Management Board the authority to increase the share capital on one or more occasions on or before 18 August 2024 on the total by EUR 4,520,054.00 against cash or non-cash contributions (authorized capital 2019/I), subject to the approval by the Supervisory Board.

By its resolution of 19 August 2019, the Annual General Meeting of Shareholders granted the Management board the authority to issue bearer or registered convertible warrant-linked bonds on one or more occasions on or before 18 August 2024 to the total amount of EUR 75,000,000.00 with or without a limited term and to grant the holders conversion or option rights to subscribe to a total of up to 1,274,474 registered shares without a par value and linked to a pro rata amount of the share capital up to the total of EUR 1,274,474.00 (Conditional Capital 2019/I), subject to the approval by the Supervisory Board.

By its resolution of 19 August 2019, the Annual General Meeting of Shareholders granted the Management Board the authority to grant up to 242 thousand subscription rights on or before 18 August 2024, entitling to subscribe to a total of up to 242 thousand registered shares without a par value and each representing a notional share of the capital stock of EUR 1.00 (Conditional Capital 2019/II), subject to the approval by the Supervisory Board.

By its resolution of 11 May 2020, the Annual General Meeting of Shareholders granted the Management Board the authority to increase the share capital on one or more occasions on the total by up to EUR 5,094,859.00 against cash and/or non-cash contributions on or before 10 May 2025 (authorized capital 2020/I), subject to the approval by the Supervisory Board. Authorized capital 2020/I replaces authorized capital 2019/I.

By its resolution of 11 May 2020, the Annual General Meeting of Shareholders conditionally increased the share capital by up to EUR 4,075,887.00 through issue of up to 4,075,887 registered shares without a par value (Conditional Capital 2020/I).

By its resolution of 11 May 2020, the Annual General Meeting of Shareholders conditionally increased the share capital by up to EUR 700,971.00 through issue of up to 700,971 registered shares without a par value (Conditional Capital 2020/II).

By its resolution of 11 December 2020, the Annual General Meeting of Shareholders granted the Management Board the authority to increase the share capital on one or more occasions on or before 10 December 2025 by a total of up to EUR 4,805,010 against cash and/or non-cash contributions (authorized capital 2020/II), subject to the approval by the Supervisory Board.

EUR 26,950,120.00 (2019: kEUR 83,762) was allocated to the capital reserve during the reporting year.

On 27 February 2020 the share capital was increased by kEUR 170 and the capital reserve by EUR 3.74 million through contribution of the shares in Urbanara GmbH in exchange for the issue of new shares.

On 11 March 2020 the share capital was increased by kEUR 76 and the capital reserve by EUR 1.44 million through contribution of additional shares in Solidmind Nutrition GmbH in exchange for the issue of new shares.

On 14 July 2020 the share capital was increased by a total of kEUR 127 and the capital reserve by a total of EUR 2.69 million through contribution of additional shares in KoRo Handels GmbH and drtv.agency GmbH in exchange for the issue of new shares.

On 12 August 2020 the share capital was increased by kEUR 519 and the capital reserve by EUR 9.60 million in a cash capital increase with the issue of new shares.

On 8 December 2020 the share capital was increased by further kEUR 513 and the capital reserve by EUR 9.49 million in a cash capital increase with the issue of new shares.

On 16 March 2021 the board of directors decided to issue convertible bonds to the total amount of up to EUR 25,000,000.00 divided into up to 25 thousand bearer bonds with equal rights and with a nominal value of EUR 1,000.00 each (“Convertible Bonds”) (“Convertible Loan Bonds 2021/2024”). It is planned to offer convertible loan bonds 2021/2024 to the shareholders of the Company by way of an indirect subscription right according to Section 186 (5) of the German Stock Corporation Act through Quirin Privatbank AG, Kurfürstendamm 119, 10711 Berlin (“Issuing Bank”). By its resolution of 16 March 2021, the supervisory board approved this decision of the board of directors.

Retained earnings

Retained earnings were kEUR -8,178 as of 30 June 2021 (31 December 2020: kEUR - 9,087) and included written put options on non-controlling interests. The Company did not pay out any dividends during 2021 or 2020.

The undiluted earnings per share is calculated based on the net income/loss attributable to the shareholders and the weighted average number of common shares outstanding (first half year of 2021: 11,438,539; first half year of 2020: 10,106,050) and amounts to EUR - 0,77 per share (first half year of 2020: EUR - 0,75). There are no dilution effects from potential ordinary shares.

Non-controlling interests

The following table shows non-controlling interests in significant subsidiaries.

	Profit/Loss attributable to minority interests in kEUR		Non-controlling interests in %	
Company	**1.1.-30.6.2021**	**1.1.-30.6.2020**	**30.06.2021**	**30.06.2020**
KoRo Handels GmbH	169	208	48.3	56.3
BytePark GmbH	111	60	49.0	49.0
drtv.agency GmbH	39	63	49.0	49.0
datalytix.io GmbH	10	4	49.0	49.0
Mabyen GmbH	5	3	48.9	48.9
Solidmind Nutrition GmbH	-	284	-	100.0
MINT Marketing Agency LLC	-7	-	75.0	-
Shine Conventions GmbH	-13	-12	3.0	3.0
KoRo Eis GmbH	-15	-	20.0	-
Media-Part-GmbH	-23	-	14.0	-
Lumaland Inc.	-74	20	20.0	20.0
Social Moms GmbH	-85	-65	20.0	20.0
Total	**117**	**565**		

The voting rights of the non-controlling shareholders generally correspond to their shareholdings, with the following exceptions:

As of 30 June 2021, non-controlling shareholders held 75% of the shares in MINT Marketing Agency LLC. By virtue of the concluded voting trust agreement they held 49,0% of the voting rights as of that reporting date.

For further information, please refer to Section 1.5.2: *Changes in the scope of consolidation*.

4 Notes to the consolidated statement of cash flows

Movements in financial liabilities broken down into cash and non-cash components can be presented as follows:

in kEUR	
As of Januar 1, 2020	**34,896**
Cash flow from financing	
Proceeds from borrowings	21,348
Repayments of borrowings	-5,997
Repayments of lease liabilities	-520
Interest paid	-131
Net cash flow from financing activities	**14,700**
Interest expenses	2,272
Increase (+)/decrease (-) in finance lease liabilities	-699
Increase (+)/decrease (-) in liabilities from put options on own equity instruments	-912
Income from compounding/non-cash book value continuations	244
Addition to the scope of consolidation (excluding put options)	84
other non-cash changes	-4,712
non-cash changes	**-3,723**
As of June 30, 2020	**45,873**

As of Januar 1, 2021	**64,804**
Cash flow from financing	
Proceeds from capital raises	3,383
Proceeds from borrowings	58,503
Repayments of borrowings	-26,581
Repayments of lease liabilities	1,458
Interest paid	-574
Net cash flow from financing activities	**36,189**
Interest expenses	6,094
Increase (+)/decrease (-) in finance lease liabilities	3,054
Increase (+)/decrease (-) in liabilities from put options on own equity instruments	3,160
Income from compounding/non-cash book value continuations	1,255
Addition to the scope of consolidation (excluding put options)	227
other non-cash changes	-10,990
non-cash changes	**2,800**
As of June 30, 2021	**103,793**

The increase in proceeds from granted loans over the previous year's level is due to the financing requirements for acquisition of diverse companies and refinancing measures.

5 Disclosures regarding financial instruments

The table below presents a breakdown of financial assets including liabilities by measurement category (IFRS 9) as of 30 June 2021 and 31 December 2020:

in kEUR	IFRS 9 category	Carrying amount	Valuation according to IFRS 9		Fair value	
Financial instruments - Accounting classifications and fair values		**30-Jun-2021**	**Amortized costs**	**Fair Value PL**	**30-Jun-2021**	**Level**
Trade and other receivables	AC	23,350	23,350		23,350	
Trade and other receivables	FVPL	1,279		1,279	1,279	Level 2
Other financial assets		*38,820*				
Security deposits	AC	636	636		636	Level 2
Securities	FVPL	8,418		8,418	8,418	Level 3
Shares in affiliated companies and other participating interests	FVOCI	335			335	Level 3
Shares in affiliated companies and other participating interests	FVPL	6,235		6,235	6,235	Level 3
Loans	AC	2,397	2,397		2,397	Level 2
Loans	FVPL	105		105		
Receivables from finance lease		31			31	
Derivate instruments	FVPL	7,047		7,047	7,047	Level 2
Miscellaneous financial assets	AC	2,745	2,745		2,745	
Cash and cash equivalents	AC	10,871	10,871		10,871	

in kEUR	IFRS 9 category	Carrying amount	Valuation according to IFRS 9		Fair value	
Financial instruments - Accounting classifications and fair values		**30-Jun-2021**	**Amortized costs**	**Fair Value PL**	**30-Jun-2021**	**Level**
Trade payables	FLAC	22,415	22,415		22,415	
Other financial liabilities		*105,147*				
Bonds	FLAC	20,174	20,174		27,206	Level 1
Liabilities to banks	FLAC	21,993	21,993		21,707	Level 2
Put options on Non-controlling interests	FLAC	14,282	14,282		14,282	Level 3
Liabilities from finance leases		10,359			10,359	
Third party loans	FLAC	34,793	34,793		34,723	Level 2
Derivate instruments	FLFVPL	34		34	34	Level 2
Miscellaneous	FLAC	3,512	3,512		3,512	

Per category in kEUR		**Carrying amount** **30-Jun-2021**
Financial assets not measured at fair value	AC	40,000
Financial assets measured at fair value affecting net income	FVPL	23,084
Financial assets measured at fair value not affecting net income	FVOCI	335
Financial liabilities not measured at fair value	FLAC	117,169
Financial liabilities measured at fair value	FLFVPL	34

in kEUR	Categories acc. IFRS 9	Carrying amount	Valuation acc. IFRS 9			Fair value	
Financial assets by class		**31.12.2020**	**Amortized costs**	**Fair value OCI**	**Fair Value PL**	**31.12.2020**	**Hierarchy**
Trade and other receivables	AC	9,777	9,777			9,777	
Trade and other receivables	FVPL	468			468	468	Level 2
Other financial assets		*24,731*					
Security deposits	AC	508	508			508	Level 2
Securities	FVPL	8,838			8,838	8,838	Level 3
Shares in affiliated companies and other participating interests	FVOCI	383		383		383	Level 3
Shares in affiliated companies and other participating interests	FVPL	3,339			3,339	3,339	Level 3
Loans	AC	709	709			709	Level 2
Loans	FVPL	100			100		
Receivables from finance lease		31				31	
Derivate instruments	FVPL	610			610	610	Level 2
Miscellaneous financial assets	AC	852				852	
Cash and cash equivalents	AC	9,361	9,361			9,361	

in kEUR	Categories acc. IFRS 9	Carrying amount	Valuation acc. IFRS 9			Fair value	
Financial liabilities by class		**31.12.2020**	**Amortized costs**	**Fair value OCI**	**Fair Value PL**	**31.12.2020**	**Hierarchy**
Trade payables	FLAC	17,939	17,939			17,939	
Other financial liabilities		*64,804*					
Liabilities to banks	FLAC	16,192	16,192			14,343	Level 2
Jan-00	FLAC	11,122	11,122			11,122	Level 3
Liabilities from finance leases		5,829				5,829	
Third party loans	FLAC	30,438	30,438			31,615	Level 2
Derivate instruments	FLFVPL	272			272	272	Level 2
Miscellaneous	FLAC	951	951			951	

Summary per category in kEUR		**Carrying amount 31.12.2020**
Financial assets not measured at fair value	AC	21,207
Financial assets measured at fair value affecting net income	FVPL	13,355
Financial assets measured at fair value not affecting net income	FVOCI	383
Financial liabilities not measured at fair value	FLAC	17,223
Financial liabilities measured at fair value	FLFVPL	951

Cash and cash equivalents, trade receivables and other receivables measured at amortized cost, trade payables and miscellaneous other financial assets and liabilities mainly have short remaining terms. For these short-term financial instruments, the carrying amount is a reasonable approximation of their fair value. The level for determining their fair value is not disclosed separately for these financial instruments.

The fair value of non-derivative financial instruments allocated to Level 2 is calculated based on current parameters such as interest rates and exchange rates at the balance sheet date and by using accepted models such as the discounted cash flow (DCF) method and taking into account credit risk. In addition, derivatives (currency and interest rate derivatives) have been assigned to Level 2. The fair values of the derivatives are determined on the basis of bank valuation models. The Group only enters into derivatives with counterparties of good credit standing to exclude possible default risks as far as possible.

Level 3 includes shares in non-consolidated affiliated companies and other investments, securities and liabilities from put options of non-controlling shareholders. The fair value was determined using appropriate valuation techniques based on discounted cash flow analyses, maximizing the use of observable inputs. The significant unobservable inputs are the expectations of future cash flows and the specific discount rates. The higher the expected future cash flows or the lower the discount rate, the higher the fair value and vice versa.

Financial instruments subsequently measured at Level 3 fair value include shares in affiliated companies and other investments as well as securities. The table below presents reconciliation of the fair values of these financial instruments:

in kEUR	**Shares in affiliated companies and other investments**	**Securities**
As of 01-Jan-2021	**3,722**	**8,838**
Gains and losses recognized in the income statement	2,138	225
reported in financial income (realized)	0	225
reported in financial income (not realized)	2,211	0
reported in financial expense (not realized)	-73	0
Losses recognized in other comprehensive income	-49	0
Additions	800	0
Disposals	-13	-646
Changes in scope of consolidation	-28	0
As of 30-June-2021	**6,570**	**8,418**

Losses incurred during the reporting period and the comparative period and recognized in other comprehensive income consist solely of financial instruments held at the end of the respective period. These losses are recognized in other comprehensive income as financial instruments not subsequently reclassified to profit or loss.

There were no reclassifications between the levels of the hierarchy either during the reporting period or during the comparative period.

6 Share-based payments

In the following, only the new virtual participation program of KoRo Handels GmbH is presented, as there were no significant changes in the The Social Chain AG stock option program compared to the consolidated financial statements as of 31 December 2020.

Since 2021, KoRo Handels GmbH has virtual participation contracts with key employees. In accordance with the contractual agreement, the virtual holdings establish an employee's cash payment claim for receiving cash compensation upon the occurrence of an exit event. Under IFRS 2, these virtual share agreements represent a so-called cash-settled share-based payment transaction for which a liability is recorded pro rata over the respective service period and remeasured on each reporting date and on the settlement date based on its respective fair value. In contrast to a “real” participation, the virtual shares do not grant the employees the right to hold shares in the company when exercising the virtual shares, but rather grant them a contractual claim against the company to receive a certain amount of money, if the exercise conditions are met. In other words, virtual shares do not constitute any participation in the company under company law and in particular there is no entitlement to information, participation or voting rights of the company.

Generally, the virtual participation rights do not vest immediately, but rather need to be earned and saved monthly over a contractually agreed period by working for the company, taking into account a cliff period. In addition, the exercise of the virtual shares depends on the occurrence of an exit event.

In principle, vesting only takes place in periods in which an employment relationship between the beneficiary and KoRo Handels GmbH exists (no vesting during parental leave, unpaid sabbaticals, illness without entitlement to continue payment, …).

Generally, vested virtual shares do not lapse upon termination of the employment contracts. If there is an exit event, all options are automatically fully vested. In case of partial exits, payment claims arise proportionally. The term of the virtual participation program is unlimited.

According to the conditions of the program, KoRo Handels GmbH can grant a maximum of 2,337 virtual shares to all beneficiaries. A virtual share corresponds economically to one company share with a nominal value of EUR 1.00.

The company accounts for its virtual share agreements as a cash-settled share-based payment transaction with a service condition as vesting condition while the exit event represents a non-vesting condition.

As of 30 June 2021, only 2 employees have signed agreements under the virtual participation program, of whom only one employee has already exercisable options as of the reporting date.

The measurement of the cash-settled share based payment arrangements is based on a Monte Carlo simulation taking into account the terms and conditions on which the virtual shares were granted. Since the resulting liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss, a reassessment of the estimates used at the end of each reporting period is required.

The following table shows the number of options and the change during the year:

	30-June-2021
Exercisable at 1 January	-
Granted during the year	1,790
Forfeited during the year	-
Expired during the year	-
Exercisable at 30 June	667
Outstanding at 30 June	1,123

The following table presents the inputs for determining the fair value of the options:

	30-June-2021
Fair value per option[1]	EUR 289.79
Issue price[2]	EUR 198.04
Time to exit[3]	10 years
Risk-free rate[4]	-0.23%
Expected annualized volatility[5]	30.52%
Dividend yield[6]	0.00%

[1] The fair value per option is calculated after exit probability.
[2] The issue price differs from employee to employee.
[3] The time to exit was estimated by the management.
[4] The risk-free interest rate was derived from German government bonds with similar maturities.
[5] The expected volatility was determined on the basis of the historical volatility of a peer group.
[6] It is planned to retain profits in order to use them for further growth.

The exit proceeds as of 30 June 2021 are calculated based on the valuation from the last financing round of KoRo Handels GmbH adjusted for transaction costs, share capital and the number of exercisable options.

The carrying amount of the liability relating to the virtual participation program of KoRo Handels GmbH is EUR 193,291.18 as of 30 June 2021.

7 Contingent liabilities and other commitments

Contingent liabilities

There were no material contingent liabilities during the reporting period and the previous year.

Other commitments

Except for short-term leases and leases bases on assets of low value, there are no other commitments which have not been recognized.

8 Related party transactions

During the first half year 2021 and 2020, the Group companies had the following transactions with related parties who do not belong to the Group's scope of consolidation.

	Jan-June 2021		**Jan-June 2020**	
kEUR	Key Management Personnel	Other Related Parties	Key Management Personnel	Other Related Parties
Sale of Goods and Services	66	27	0	0
Interest Expenses	195	431	0	163
Interest Income	0	2	0	2

	June 30, 2021		**December 31, 2020**	
kEUR	Key Management Personnel	Other Related Parties	Key Management Personnel	Other Related Parties
Loans from Related Parties	177	30,493	27	19,488
thereof pledged	0	0	0	0
Loans to Related Parties	0	162	0	150
thereof pledged	0	0	0	0

Otherwise, there were no significant changes as of June 30, 2021 to the related-party disclosures reported in the consolidated financial statements as of December 31, 2020.

9 Subsequent events

The co-shareholders of KoRo Handels GmbH exercised their put options on 5 July 2021. As a result, the Social Chain Group AG secured further 41.39% of the shares, so that the group owns a total of 99.57% of the shares of KoRo Handels GmbH as of 5 July 2021. The purchase price of these additional shares is estimated at EUR 4.2 million according to the contractually fixed put option purchase price calculation. However, no agreement has yet been reached with the sellers on the calculation of the purchase price. According to the contract, the acquisition was made with economic effect from 1 January 2021. As the transaction took place after 30 June 2021, the acquisition has not yet been recognised in the balance sheet.

As of the issuance date of these condensed interim consolidated financial statements, there were no further material subsequent events that would require recognition in or an adjustment to the condensed interim consolidated financial statements.

Berlin, 2 September 2021

Wanja S. Oberhof Christian Senitz

The Social Chain AG, Berlin/Germany

Group management report

1 Basic information about the Group

1.1 Business model

The Social Chain Group (hereafter referred to as "Social Chain Group", "TSC Group" or "Group") is an integrated social media company that combines social media and social commerce under one roof. Social Chain is a pioneer in the creation, development and scaling of social media brands.

The Group redesigns the universe of brands and retail. We create our own direct-to-consumer brands engaging in social commerce as a pioneer on an international scale. Our portfolio currently includes 17 of our own exclusive brands. Guiding principle of our strategy and our actions is "Digital first. Direct to Customer": from branding and marketing to direct sales of our products in the categories of Food, Home & Living, Beauty and Fitness.

Our online shops are the most efficient point of sales for our direct-to-consumer brands. Most of our sales to end customers take place via our own web shops. Our communities with over 86 million followers worldwide inspire consumers and reinforce brand messages. Our digital experts make us one of the most innovative social marketing companies. In addition to developing our own brands, we also use our social media expertise and social media reach to provide creative marketing services for leading international lifestyle brands such as Apple, Coca-Cola and McDonalds.

The expansion of our social commerce ecosystem of communities, brands and digital point of sales is managed using a proprietary technology platform: LINKS analyses consumer interests, purchase intentions and product satisfaction along the entire digital customer journey.

Core markets of the Social Chain Group are Europe with a focus on Germany and the UK as well as America, where the focus is on the USA. We defined Asia as another strategic target market.

In addition to the creation and development of own new brands, The Social Chain Group deliberately relies on strategic acquisitions. Therefore, its acquisition policy focuses on companies whose brands and services can be marketed with above-average success via social media. Moreover, companies broadening and fostering our integrated social media expertise also constitute acquisition targets.

1.2 Group structure and organisation

The Social Chain AG (hereafter also referred to as "the Company") with its registered offices in Berlin is the parent company of The Social Chain Group and acts essentially as a holding company for the Group. As a Group holding, The Social Chain AG, Berlin, is responsible for the Group control, the strategic development, general management functions and also the provision of services to affiliates.

As of 30 June 2021 43 companies were consolidated in the Social Chain Group. An overview of the consolidated companies is presented in the Notes to the consolidated financial statements in section 1.5.1.

The Social Chain AG Group emerged from the contribution of The Social Chain Group AG and its subsidiaries into Lumaland AG in October 2019. Lumaland AG was subsequently renamed The Social Chain AG, existing since then. In technical terms, the acquisition was completed by contributing the shares in The Social Chain Group AG into Lumaland AG by way of a contribution in kind. The annual general meeting of Lumaland AG approved this measure on 19 August 2019 with 99.8% of the shareholders present. The Company is registered as a stock corporation under German law [Aktiengesellschaft] at the Charlottenburg local court [Amtsgericht] under the number HRB 128790 B.

The contributed company The Social Chain Group AG was newly founded in 2018. In 2018 and 2019, The Social Chain Group AG acquired various equity investments, which essentially form the basis for today's activities in the segment of social media.

The financial year 2020 was The Social Chain AG's first full reporting year. In 2019, the new The Social Chain AG (formerly: Lumaland AG) was included for a period of three months in the consolidated financial statements and The Social Chain Group AG and its investments were included for a period of twelve months in the consolidated statement of profit or loss.

The executive board of The Social Chain AG consists of Wanja S. Oberhof. It was extended to include Christian Senitz since 1 March 2021.

The registered office of the Company is in Berlin, with additional offices in Manchester, London, New York and Munich. As of 30 June 2021, the Company employed 697 full-time equivalent employees (30 June 2020:603).

1.3 Strategy and management system

The Social Chain AG strives for ambitious corporate growth pursuing a buy and build strategy. In addition to strong organic sales growth, targeted acquisitions are made in order to further develop the business model of the company and the Group both nationally and internationally.

While the focus of investments and growth financing was on Germany and Great Britain in recent years, there was significant investment in the US business in 2020. For the coming years, The Social Chain AG strives to further increase its market share and foster its business in the geographic target markets of Germany, Great Britain and the USA. From 2021, in addition to further market development in Europe and the introduction of European brands on the US market, the introduction of the social commerce business model in selected Asian regions is strategically relevant.

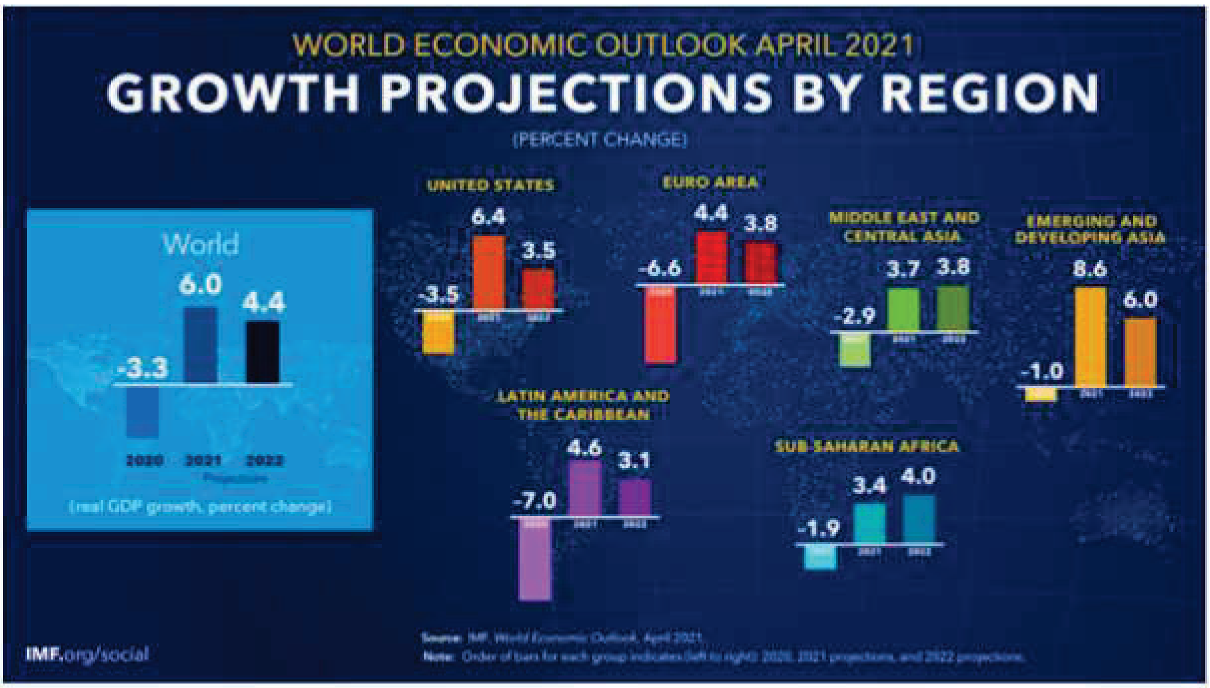
The two key controlling figures for managing the company and its subsidiaries used to achieve the strategic goals are revenues and EBITDA. We believe that the EBITDA provides the users of financial statements with useful information about our entrepreneurial and financial performance and creates transparency regarding the basis for decision-making of the executive board.

2 ECONOMIC REVIEW

2.1 Macroeconomic and industry-specific business environment

Global prospects remain highly uncertain one year into the pandemic. New virus mutations and the accumulating human toll raise concerns, even as growing vaccine coverage lifts sentiment. Economic recoveries are diverging across countries and sectors, reflecting variation in pandemic-induced disruptions and the extent of policy support. According to the IMF, the global increase in gross domestic product (GDP) is expected to be around 6% in 2021.

(source: [World Economic Outlook, April 2021: Managing Divergent Recoveries (imf.org)]())



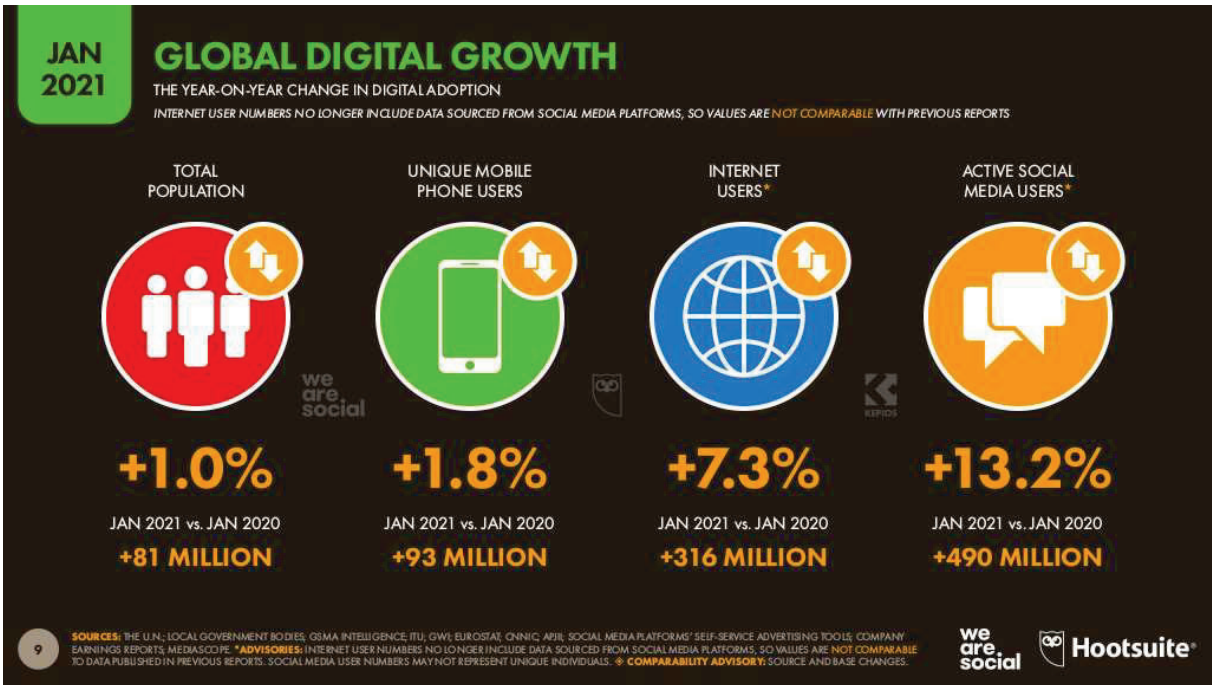
Source: IMF

In contrast to the overall economy, the Covid-19 crisis has accelerated the development of e-commerce worldwide.

Gross sales via e-commerce increased by 14.6% to EUR 83.3 billion (2019: EUR 72.6 billion) in Germany in 2020. The Bundesverband E-Commerce und Versandhandel Deutschland e.V. expects that e-commerce sales in Germany will exceed the EUR 100 billion mark for the first time in 2021 as a result of the changes in 2020. Particularly striking is the increase in e-commerce usage among elderly people. In 2020 a third of all online shoppers was over 60, whereas in 2019 only a quarter was part of that age group. The acceleration of growth can be seen in almost all product categories (see table) and is particularly remarkable in the food segment with a rate of 70%.

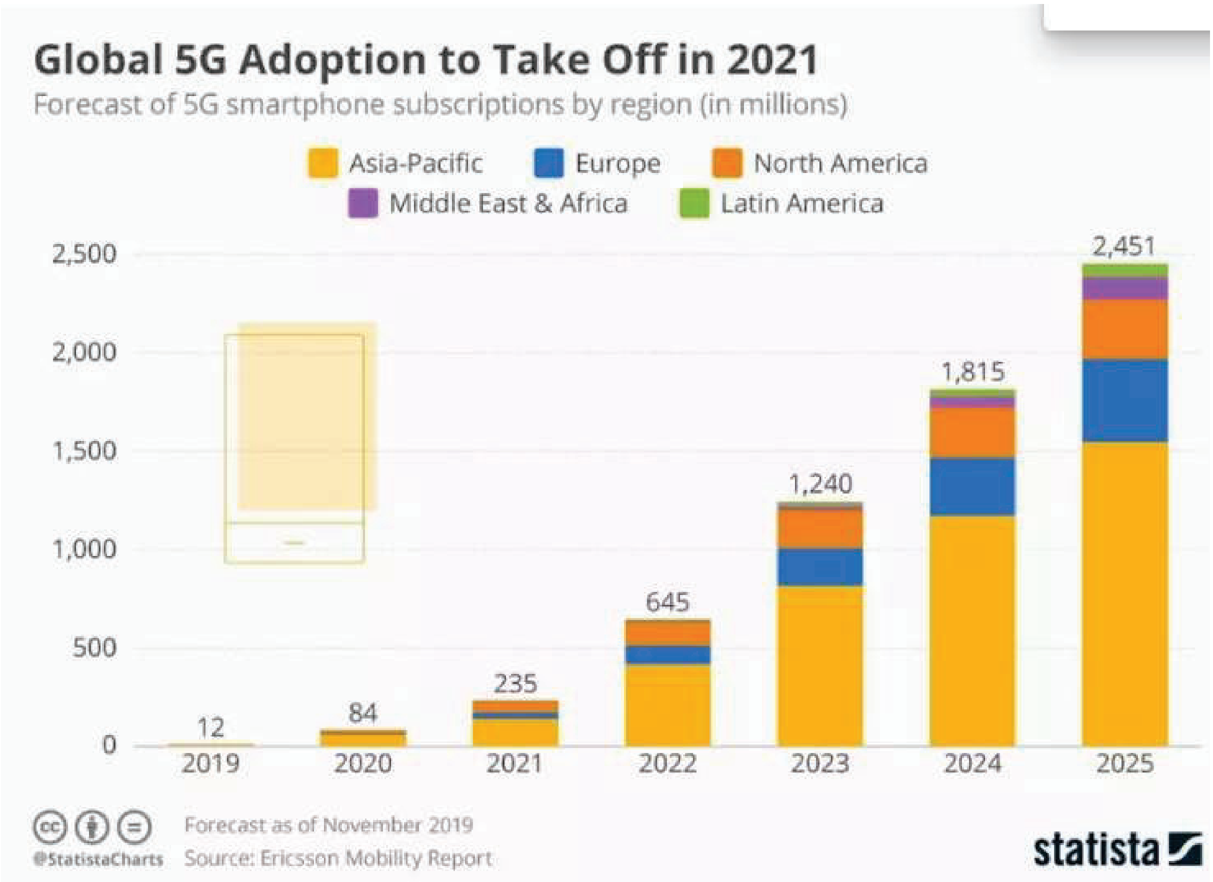
Source: *https://www.bevh.org/presse/pressemitteilungen/details/e-commerce-beschleunigt-wachstum-deutlich-auf-mehr-als-83-mrd-euro-warenumsatz-in-2020-bevh-forde.html*

The use of social media also showed an above-average development. Global reach rose to 4.2 billion people in 2020, a growth of 13.2% compared to 2019. This development was hence even faster than the growth of internet usage worldwide, which increased by 7.3% to 4.66 billion people.

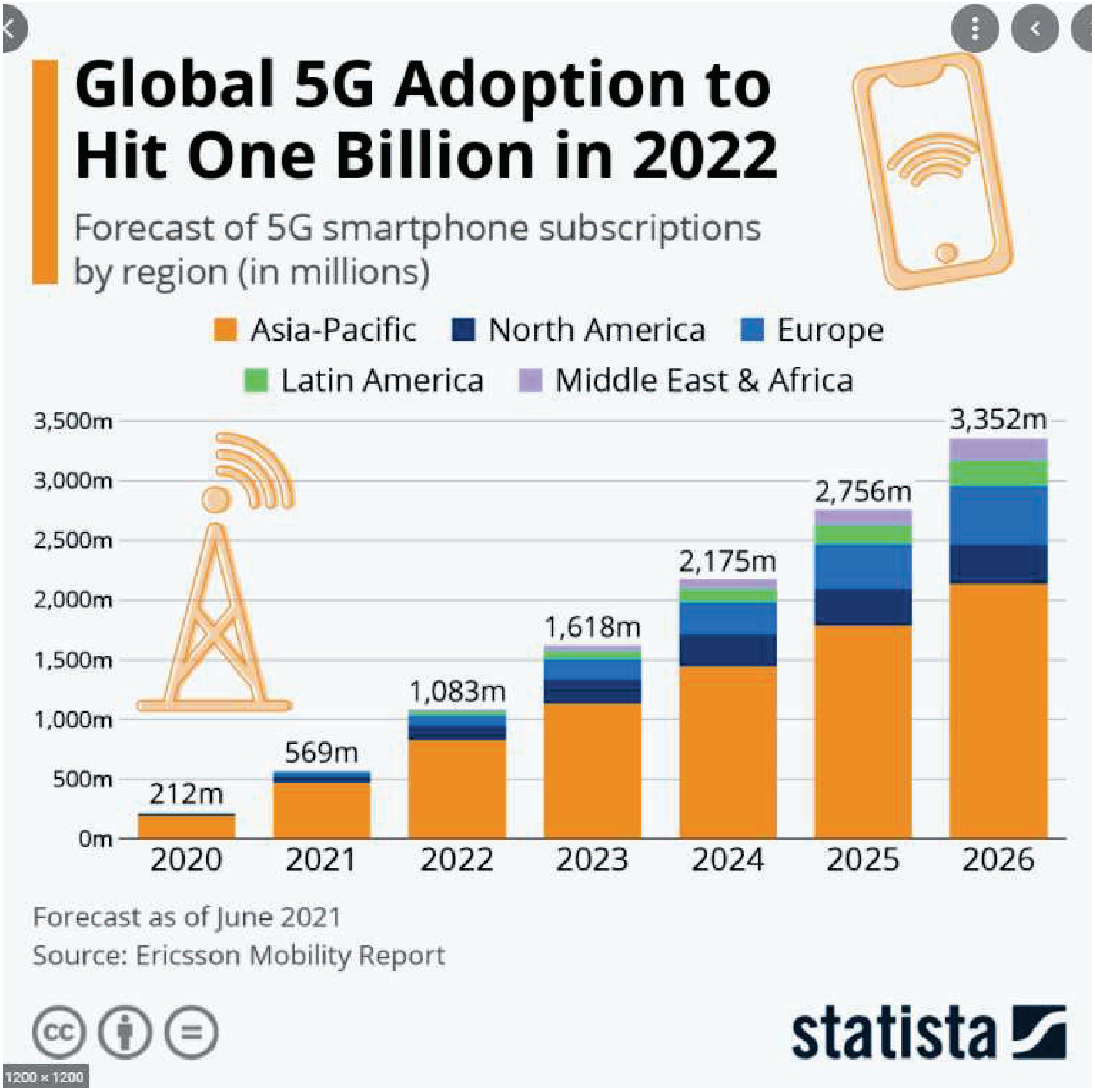


Source: *https://wearesocial.com/digital-2021* (also valid for references such as DIGITAL 2021, GLOBAL OVERVIEW REPORT)

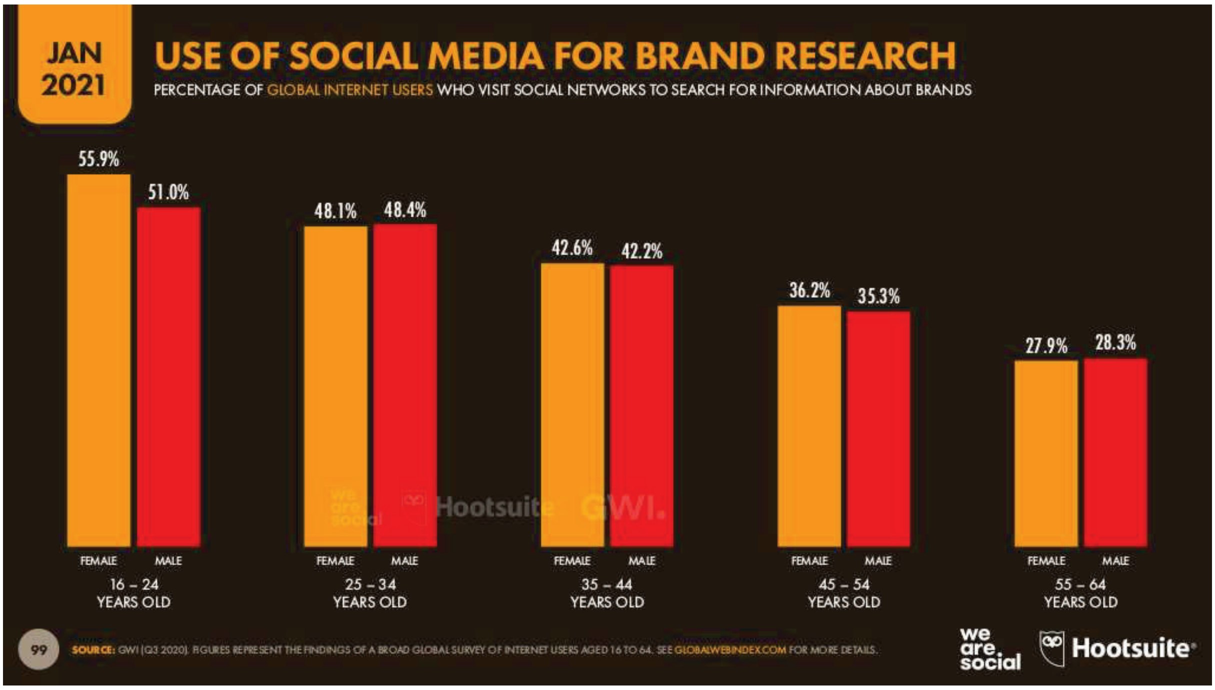
Mobile internet use for social media is becoming more and more attractive due to the 5G standard..



The development of equipment with 5G enabled mobile phones is also indicative of this. Sales climbed from 16 to over 212 million devices in 2020 and are expected to reach 569 million in 2021.

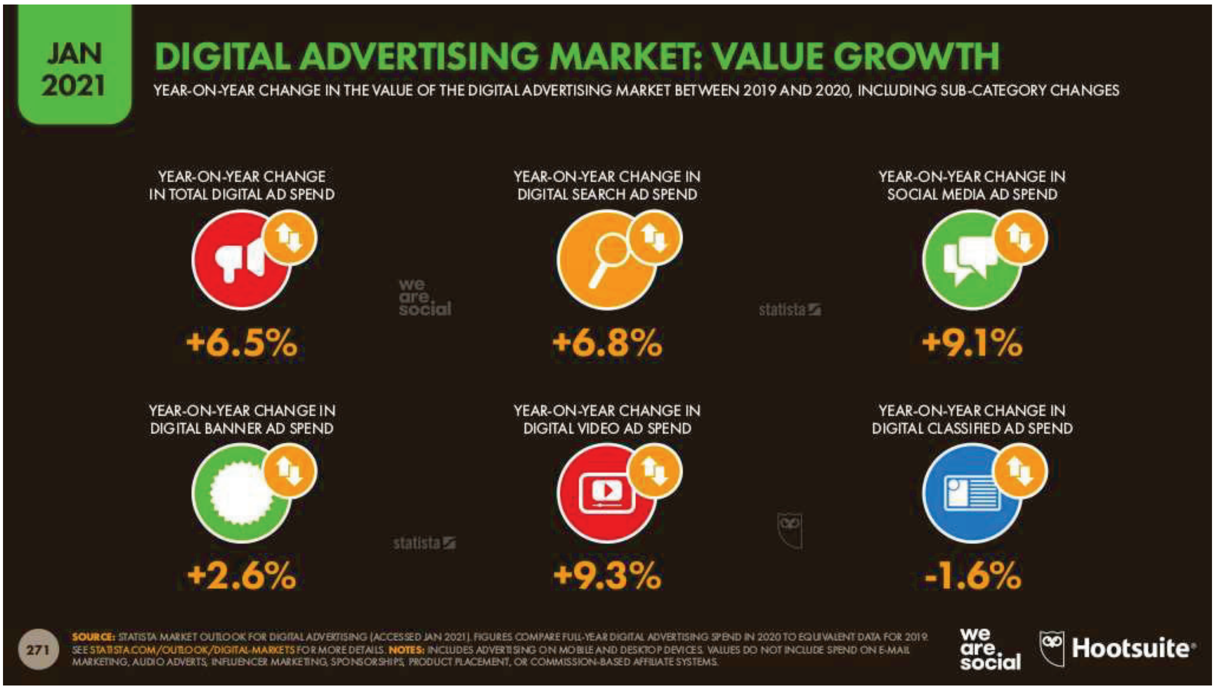


A relevant factor for the business activities of the Social Chain AG is the fact that nearly half of all social media users worldwide uses social media to explore brands and collect information about products in the course of the customer journey. When shopping, social media also becomes increasingly important as a source of information for the target group of the over 35-year-olds.



Overall, the business environment for social media marketing shows a quite positive development after a difficult first and second quarter. While advertising investments fell by a total of 8.1% in 2020 (WARC), digital advertising investment growth of 6.5% proved to be anticyclical. Spending on social media advertising (+9.1%) and digital video advertising (+9.3%) developed above average.

Source: *https://www.horizont.net/marketing/nachrichten/warc-global-ad-trends-corona-wird-2020-fast-50-milliarden-us-dollar-an-werbeinvestitionen-vernichten-183435*



2.2 Business review

Overall, consolidated revenues increased by EUR 90.9 million to EUR 160.1 million in H1 2021 compared to H1 2020. This development is mainly due to the strong performance of the social commerce segment and partly to the new acquisition of the Carl Wilhelm Clasen GmbH, which did not contribute to consolidated revenues in the previous year. EBITDA decreased from EUR -2.3 million in H1 2020 by EUR 2.9 million to EUR -5.3 million in H1 2021. This includes higher one-off effects from, inter alia, additional costs for consulting services regarding the intended uplisting to the Prime Standard, contribution transactions and capital increases as well as related costs of integration. Furthermore, 2020 was positively impacted by the sale of the Solidmind GmbH in a total amount of EUR 5.7 million. The net loss for the period amounts to EUR -8.7 million (H1 2020: EUR -7.0 million). The Group recorded a net cash outflow from operating activities of EUR -33.0 million (H1 2020: EUR -0.7 million) significantly impacted by the inventory build-up (H1 2021: EUR 15.2 million; H1 2020: EUR 1.4 million) and an increase of accounts receivables of EUR 14.1 million (H1 2020: EUR -13.8 million) driven by the strong operational growth of the group. The cash flow from investing activities amounted to a net cash outflow of EUR -1.7 million (H1 2020: cash outflow of EUR -0.8 million), resulting in a free cash flow of EUR -34.7 million (H1 2020: EUR -1.5 million), defined as the total of cash flows from operating and investing activities.

2.2.1 Assets and liabilities

	30-June-2021		31-Dec-2020		changes	
	in EUR million	in %	in EUR million	in %	in EUR million	in %
Goodwill	104.3	40.0%	103.0	50.2%	1.3	1.3%
Intangible assets	20.4	7.8%	21.0	10.2%	-0.6	-2.9%
Property, plant and equipment	6.2	2.4%	4.8	2.3%	1.4	29.3%
Right of use assets	8.9	3.4%	5.4	2.6%	3.5	64.8%
Non-current trade and other receivables	0.1	0.0%	0.1	0.0%	0.0	-5.6%
Investments in associates and joint ventures	2.6	1.0%	2.6	1.3%	0.0	-0.4%
Other non-current financial assets	16.4	6.3%	14.1	6.9%	2.3	16.3%
Other non-current non-financial assets	0.0	0.0%	0.1	0.0%	-0.1	0.0%
Deferred tax assets	5.0	1.9%	2.8	1.4%	2.2	78.6%
Non-current assets	**163.9**	**62.8%**	**153.9**	**75.0%**	**10.0**	**6.5%**
Inventories	37.8	14.5%	22.5	11.0%	15.3	68.0%
Trade and other receivables	24.5	9.4%	10.1	4.9%	14.4	142.9%
Other financial assets	11.6	4.4%	1.3	0.6%	10.3	792.3%
Other non-financial assets	12.3	4.7%	8.0	3.9%	4.3	53.8%
Cash and cash equivalents	10.9	4.2%	9.4	4.6%	1.5	15.7%
Current assets	**97.1**	**37.2%**	**51.3**	**25.0%**	**45.8**	**89.3%**
Total assets	**261.0**	**100.0%**	**205.2**	**100.0%**	**55.8**	**27.2%**

The Social Chain Group's total assets as of 30 June 2021 amounted to EUR 261.0 million (2020: EUR 205.2 million). The long-term assets of EUR 163.9 million (2020: EUR 153.9 million) mainly include a goodwill of EUR 104.3 million (2020: EUR 103.0 million), intangible assets of EUR 20.4 million (2020: EUR 21.0 million), financial assets of EUR 16.4 million (2020: EUR 14.1 million) and deferred tax assets of EUR 5.0 million (2020: EUR 2.8 million).

The increase of the financial assets (EUR +2.3 million) is mainly due to the higher valuation of long-term financial instruments. The increase in deferred tax assets (EUR +2.2 million) is outbalanced by a similar increase of deferred tax liabilities (EUR +4.3 million).

Non-current assets account for 62.8% (2020: 75.0%) of the total assets and are entirely financed on a long-term basis.

Current assets of EUR 97.1 million (2020: EUR 51.3 million) comprise inventories, receivables, cash and cash equivalents, securities and other assets.

Compared to the previous year, inventories increased by EUR 15.3 million to EUR 37.8 million. The reason for the increase is that the operating units are deliberately building up higher inventories for the winter business in order to prevent supply bottlenecks. Trade receivables increased significantly by EUR 14.4 million in line with the increase in sales revenues. The other financial assets mainly include the shares in the Synbiotic SE in the amount of EUR 8.4 million. The shares are measured at fair value.

	30-June-2021		31-Dec-2020		changes	
	in EUR million	in %	in EUR million	in %	in EUR million	in %
Total equity	97.8	37.5%	98.7	48.1%	-0.9	-0.9%
Outstanding capital increases	0.0	0.0%	2.0	1.0%	-2.0	-100.0%
Equity capital	**97.8**	**37.5%**	**100.7**	**49.1%**	**-2.9**	**-2.9%**
Other non-current financial liabilities	59.7	22.9%	27.0	13.2%	32.7	121.1%
Other non-current provisions	0.2	0.1%	0.0	0.0%	0.2	>100%
Deferred tax liabilities	13.3	5.1%	9.0	4.4%	4.3	47.8%
Other non-current non-financial liabilities	1.4	0.5%	0.5	0.2%	0.9	176.3%
Non-current liabilities	**74.6**	**28.6%**	**36.5**	**17.8%**	**38.1**	**104.3%**
Current provisions	4.6	1.8%	4.0	1.9%	0.6	15.1%
Other current financial liabilities	45.6	17.5%	37.8	18.4%	7.8	20.6%
Trade payables	22.4	8.6%	17.9	8.7%	4.5	25.2%
Other current non-financial liabilities	16.0	6.1%	8.3	4.0%	7.7	92.8%
Current liabilities	**88.6**	**34.0%**	**68.0**	**33.1%**	**20.6**	**30.3%**
Total equity and liabilities	**261.0**	**100.0%**	**205.2**	**100.0%**	**55.8**	**27.2%**

As of 30 June 2021, the Group's equity capital amounted to EUR 97.8 million, as compared to EUR 100.7 million as of 31 December 2020. The equity ratio was 37.5% (2020: 49.1%).

The consolidated liabilities primarily include financial liabilities, provisions, trade payables and non-financial liabilities.

The increase in non-current liabilities amounting to EUR 38.1 million results mainly from the increase in other non-current financial liabilities of EUR 32.7 million and deferred tax liabilities of EUR 4.3 million, respectively. The change in non-current financial liabilities is due to the successful placement of convertible bonds. The increase in deferred tax liabilities is outbalanced by a similar increase of deferred tax assets.

The increase in current liabilities (EUR +18.5 million) takes place in three positions:

The increase in other current financial liabilities (EUR +7.8 million) results mainly from the revaluation of the put option granted to the co-shareholders of the subsidiary drtv. agency GmbH (EUR + 3.2 million).

Trade payables increased by EUR 4.5 million to EUR 22.4 million compared to the previous year, essentially due to time shifts in payment settlement.

The increase of other current non-financial liabilities in the amount of EUR 5.6 million is mainly due to increased VAT liabilities and increased advance payments received from customers. Both increases are as expected due to the increase in business activities compared to prior year.

2.2.2 Financial position

The Group's financial position is sound. Liabilities to banks rose by EUR 5.9 million to EUR 21.3 million as per 30 June 2021.

Consolidated cash flow

in EUR million	**H1 2021**	**H1 2020**
Net cash flow from operating activities	-33.0	-0.7
Net cash flow from investing activities	-1.7	-0.8
Net cash flow from financing activities	36.2	14.7
Effect of currency translation on cash and cash equivalents	0.1	-0.1
Net increase in cash and cash equivalents	**1.5**	**13.1**

The Group's net cash outflow from operating activities for the first HY 2021 was EUR -33.0 million (H1 2020: EUR -0.7 million). Significant cash outflows are due to the negative consolidated result for the period adjusted for income and expenses not affecting cash flow amounting to EUR -11.8 million (H1 2020: EUR -2.5 million), in the increase in trade receivables as of the balance sheet date (H1 2021:EUR -14.1 million; H1 2020: EUR +13.8 million) and the inventory build-up owing to the strong growth of the Group (H1 2021: EUR -15.2 million, H1 2020: EUR -1.4 million) partly compensated by an increase of accounts payables (H1 2021: EUR 4.5 million; H1 2020: EUR 3.5 million).

The net cash outflow from investing activities in the amount of EUR -1.7 million (H1 2020: net cash outflow of EUR -0.8 million) mainly comprised payments for plants and equipments in the subsidiary LGR Nuss & Trockenfrucht Veredlungs GmbH & Co. KG (EUR -1.1 million). The remaining investments in property, plant and equipment and intangible assets (EUR -1.6 million) are distributed among various subsidiaries.

The net cash inflow from financing activities amounted to EUR 36.2 million for H1 2021 (H1 2020: EUR 14.7 million), mainly due to the successful placement of a convertible bond of EUR 25 million in H1 2021.

Overall, cash and cash equivalents increased by EUR 1.5 million from EUR 9.3 million in December 2020 to EUR 10.9 million as of 30 June 2021.

2.2.3 Financial performance

in kEUR	H1 2021 in EUR million	H1 2021 in %	H1 2020 in EUR million	H1 2020 in %	Change in EUR million	Change in %
Revenues	160.1	100.0%	69.2	100.0%	90.9	131.5%
Increase or decrease of finished goods and work in progress	1.8	1.1%	-0.4	-0.6%	2.2	-564.2%
Material expenses	-109.6	-68.5%	-39.9	-57.7%	-69.7	174.5%
Gross profit	**52.3**	**32.7%**	**28.9**	**41.7%**	**23.4**	**81.2%**
Personnel expenses	-19.2	-12.0%	-12.6	-18.2%	-6.6	52.4%
Other operating expenses	-39.9	-24.9%	-24.8	-35.8%	-15.1	61.0%
Other operating income	1.5	0.9%	6.2	9.0%	-4.7	-75.8%
EBITDA	**-5.3**	**-3.3%**	**-2.3**	**-3.4%**	**-3.0**	**126.9%**
Adjustments	4.8	3.0%	1.2	1.7%	3.6	300.0%
Adjusted EBITDA	**-0.5**	**-0.3%**	**-1.1**	**-1.6%**	**0.6**	**>100 %**
Depreciation and amortization expenses	-3.6	-2.2%	-3.2	-4.6%	-0.4	12.6%
EBIT	**-8.9**	**-5.6%**	**-5.5**	**-8.0%**	**-3.4**	**60.9%**
Financial result	2.6	1.6%	-2.3	-3.4%	4.9	-211.1%
Income before income tax expense	**-6.3**	**-3.9%**	**-7.9**	**-11.4%**	**1.6**	**-20.0%**
Income tax expense/benefit	-2.4	-1.5%	0.9	1.3%	-3.3	-369.3%
Income after income tax expense	**-8.7**	**-5.4%**	**-7.0**	**-10.1%**	**-1.7**	**24.6%**

In H1 2021, consolidated revenues of the Social Chain Group increased by EUR 90.9 million to EUR 160.1 million in comparison to H1 2020.

The consolidated revenues are derived from the following business segments:

Segment (in kEUR)	H1 2021	H1 2020
Social Commerce	141,404	55,003
Social Media	18,574	14,167
Other	128	0
Total	**160,106**	**69,169**

Despite the pandemic situation in the business regions Germany, UK and USA, the social commerce companies were able to grow by 157.1% compared to prior year. Without the new acquisition Carl Wilhelm Clasen Gmbh, which did not contribute to consolidated revenues in the H1 2020, the organic growth of the social commerce companies would have 105.6%. The social media companies still impacted by the pandemic situation, especially in the event sector, started to recover with a growth rate of 31.1%. Due to the establishment of new partnerships in the Social Media segment, revenues could also be raised.

The cost of material rose by EUR 69.7 million to EUR 109.6 million in comparison to H1 2020. The cost of material ratio in the Social Commerce segment slightly deteriorated from 68.0% in H1 2020 to 69.6% in H1 2021, mainly due to shifts in the product mix. The cost of material ratio in the Social Media segment deteriorated from 48.4% in H1 2020 to 55.8% in H1 2021.

Other operating income in H1 2020 included a one-off effect of EUR 5.7 million from the deconsolidation of the former subsidiary Solidmind. There was no such one-off effect in H1 2021, which is why other operating income decreased significantly (EUR -4.7 million).

Personnel expenses rose by EUR 6.6 million, mainly due to the increased average number of employees which rose from 601 employees in H1 2020 to 684 employees in H1 2021.

The other operating expenses amounted to EUR 39.9 million in H1 2021 (H1 2020: EUR 24.8 million). The increase is mainly due the increase in distribution expenses (EUR +7.9 million) and the increase in advertising expenses (EUR +5.0 million). Both increases are due to the increase in revenue and are also in line with the revenue growth.

Overall, EBITDA decreased from EUR -2.3 million in H1 2020 to EUR -5.3 million in H1 2021. Excluding (i) one-off effects in H1 2021 from, inter alia, from higher costs for capital market uplisting related consulting services aiming for Prime Standard readiness, (ii) M&A and financing related service fees, the adjusted EBITDA improved by EUR 0.6 Mio. from EUR -1.1 Mio. to EUR -0.5 Mio. Furthermore, excluding the Solidmind profit in H1 2020 (EUR 5.7 million), profitability improved Year-over-Year by EUR 6.3 million from EUR -6.8 million in H1 2020 to EUR -0.5 million in H1 2021.

Depreciation expenses remained stable (H1 2021: EUR 3.6 million; H1 2020: EUR 3.2 million).

The financial result increased from EUR -2.3 million in H1 2020 to EUR +2.6 million in H1 2021. Interest expenses of EUR -7.8 million were mainly overcompensated by income from the revaluation of financial instruments (EUR +8.8 million).

Overall, the H1 2021 closed with a net loss for the period amounting to EUR -8.7 million (H1 2020: net loss for the period of EUR -7.0 million).

2.2.4 Overall statement on business performance and the Group’s position

Overall, the Group's business developed in line with positive expectations. Since the impact of Covid-19 on national and international markets, forecasts have been characterized by increased uncertainty. For the full financial year 2021, management further expects consolidated revenues of EUR 350 million and a double-digit adjusted EBITDA.

3 Opportunities and risks

The identification and rapid exploitation of opportunities and the mitigation of risks are essential for our Company.

- We define opportunities and risks as events which, when they occur, lead to positive or negative deviations from our company objectives.
- In the current reporting period, we did not identify any risks that might endanger the existence of Social Chain Group as a going-concern.

As an international company, Social Chain Group is exposed to a great number of macroeconomic, financial, industry and company-specific risks and opportunities. This opportunities and risks report presents such risks and opportunities which are considered material for the Social Chain Group.

The systematic identification and exploitation of opportunities constitutes a key element for ensuring sustained growth. Opportunities are considered in the context of potential risks and are only pursued if they outweigh the risks associated with them, if risk management is possible and any risk impact can be regarded as limited.

3.1 Opportunities

Based on the definition of an opportunity as a positive deviation from our company objectives and our ambitious targets, we have identified significant opportunities with the potential to significantly exceed our targets:

- Continued above-average market growth for social media advertising (industry opportunity)
- Participation in the further expansion of online trading/e-commerce (industry opportunity)
- Expansion into the Asian market (regional opportunity)
- Development of a data platform (Links) which connects all data points from social commerce and social media (technological opportunity)
- Systematic acquisition of companies to improve the business model (M&A opportunity)

In the following, the individual opportunities listed above will be explained in more detail.

Continued above-average market growth for social media advertising (industry opportunity)

In recent years, social media platforms have complemented existing media such as TV and print. Everyday media use has attained high levels especially among young target groups and in some cases has overtaken established media. The advertising industry and, particularly, brand owners with a large media budget have increasingly shifted budgets to online media. In the US, online media budgets are already reaching 30.0% of the entire market. Social media advertising budgets are growing disproportionately and, with a usual time delay, will adjust to the high usage in its portion. Due to its brand awareness and successfully carried out campaigns for renowned brands such as Beats (Apple), Coca-Cola and Uber, the Social Chain Group is extremely well positioned to participate in the growing budgets.

Participation in the further expansion of online trading (industry opportunity)

In all industries, online trading has been growing at double-digit rates for years and this trend is predicted to continue for the coming years. The other distribution channels such as stationary trade are recording more and more losses of customers and revenue. With its social commerce activities, the Social Chain Group is a pure online retailer selling its own branded products in the consumer market (B2C provider). So-called influencer marketing is used in particular to market its products. Operating in the areas Home & Living, Food, Beauty and Fitness, the Group serves high-growth sectors. Social Chain is therefore able to participate at an above-average level in the strong market growth of online trading as well as in the market trend due to its brand and product diversity. In addition, the social media platforms are increasingly turning into sales channels, such as Instagram Shopping, which open up enormous opportunities for the Social Chain Group based on its products and its social media expertise.

Expansion into the Asian market (regional opportunity)

Social Chain Group realises its unique business model combining Social Media and Social Commerce primarily in Germany, the UK, and the US, with the latter having been and still being a particular focus of investment activities. This still applies for 2021. Beside the aforementioned markets, especially the Asian market will be associated with special opportunities for the Social Chain Group over the next years. Strategic partnerships are intended to ensure both the sourcing of products with stable supply chains and the tapping of new sales markets. These activities will focus on China and the South East Asian market. The combination of social media marketing, social media-oriented products and physical conventions such as Glow appears highly promising.

Development of a data platform (Links) which connects all data points from social commerce and social media (technological opportunity) and models logistics concepts

Social Chain Group emerged from two groups of companies. The focus of the former Lumaland Group was product sourcing and distribution. The former The Social Chain Group AG and its subsidiaries focused on social media with own media channels (publisher) and social media marketing (agency). Both former subgroups applied IT systems to operate their business. The unique business model combining social commerce and social media offers a special opportunity to connect all data from the respective activities in compliance with legal and data protection requirements. With suitable BI systems, trends can be recognised at an early stage, the development of products can be controlled in line with the target group and sales can be channel-optimised – accompanied by influencer marketing. In the years to come, Social Chain Group will make considerable capital investments in building suitable IT systems and processes to seize this special opportunity.

Systematic acquisition of companies to improve the business model (M&A opportunity)

In addition to high organic growth, the Social Chain Group’s business model also provides for a permanent acquisition activity and the disposal of companies. The Group has already acquired a large number of companies, had them integrated and created value by providing expertise and capital. The combination of newly acquired companies with already existing intangible assets, such as own social media channels or D2C brands, opens up great opportunities. The acquisitions aim at implementing the business model combining social media and social commerce in the regions Germany, UK and US. Social Chain Group has been and continues to be an attractive buyer of companies and is appreciated as an M&A partner due to its competence and special assets. This offers considerable opportunities for above-average growth of revenue and earnings. This strategy that has been in use for years and continues to be actively pursued, with both cash and the company's shares being used as acquisition currency.

3.2 Risks and risk management

Structure and responsibilities of risk management

The early identification, analysis and management of potential risks is an elementary component of the corporate strategy of The Social Chain AG, resulting from the recognition that the consistent application of the principles of a functioning risk management system also facilitates the identification and exploitation of opportunities. In order to identify risks and opportunities at an early stage and to address them consistently, we rely on a risk management system that also comprises the risk early recognition system pursuant to Sec. 91 (2) German Stock Corporation Act (AktG). This risk management system governs the identification, recording, assessment, documentation and reporting of risks. Thus, the overall risk position is constantly kept at a sustainable level. At present, we are not aware of any risks that may significantly threaten the Company's success.

The Social Chain AG has implemented a risk management system which is subject to ongoing development. The Company's executive board bears the main responsibility for the Group's risk management.

In detail, the individual components of the Company's risk management process comprise:

- Identifying risks, describing their nature, causes and impact
- Analysing identified risks regarding their probability of occurrence and possible consequences
- Assessing risks by comparing them with pre-defined criteria for risk acceptance (e.g. standards and norms)
- Managing/controlling risks through measures that reduce hazards and/or the probability of occurrence or make the consequences controllable
- Monitoring risks with the aid of parameters providing information about current risks (risk indicators)
- Recording risks to document all processes that take place in the context of risk analysis and assessment

The risk management system is structured as follows: There is a risk manager who regularly informs the executive board about risks and their assessment. In addition, the risk manager makes ad hoc reports if a current situation requires it. Principally, the risk manager is in charge of

- identifying, measuring and documenting risks;
- defining the responsibilities of risk management and clearly allocating them to individual departments or persons;

- defining and implementing risk management processes; in some cases, these are newly established processes or existing processes that require adjustment;
- raising necessary funds and resources;
- educating and training employees;
- taking measures pertaining to the risk strategy and risk improvement;
- making decisions on the risk strategy: What risks are avoided, taken, mitigated or transferred to others and in what form?

Furthermore, it is planned to set up a risk committee over the next twelve months which, together with the risk manager, will promptly and comprehensively implement the tasks outlined above.

The internal control system comprises the totality of all regulations and measures, principles and procedures for achieving corporate objectives. In particular, it is intended to ensure the security and efficiency of business operations, the effectiveness, economy and propriety of accounting and compliance with the relevant legal provisions, as well as the reliability of financial reporting.

Responsibility for the systems of risk management, compliance management and internal control is borne by the executive board. Their effectiveness is monitored by the supervisory board.

Identified risks

In the reporting period, the Company did not identify any risks that might endanger the existence of the Social Chain Group as a going-concern. The following is a list of our identified top risks:

- Changes to regulatory requirements (e.g. data protection) (regulatory risk)
- Insufficient innovative strength for online shops and changes in sales platforms (industry risk)
- Lack of suitable executive staff and employees (industry risk)
- Threat to cyber security (internal risk)
- Market dominance of social media platforms and changes in algorithms (industry risk)
- Emergence of new financially strong competitors (market risk)
- Slumps in demand (market risk)
- Impairment of goodwill and other intangible assets (financial risk)
- Price, default and liquidity risks as well as risks from cash flow fluctuations (financial risks)
- Special risks from Brexit (regulatory and financial risk)
- Risks from the increasing importance of the US business (financial and internal risk)
- Risk of higher negative cash-flow impacts due to cash-outs from exercised Put options hold by minority shareholders (financial risk)

In the following, the individual risks listed above will be explained in more detail.

<u>Changes to regulatory requirements (e.g. data protection) (regulatory risk)</u>

Due to business activities in various countries, risks may arise from changing regulatory requirements. Changes in the regulatory framework may require adjustments to processes and business activities, which may result in cost increases or revenue reductions. Potential risk scenarios include additional costs related to customs duties, product safety, working conditions, product range, consumer protection, changes in the use of social media content, labelling requirements for advertising and new packaging materials. Current risk drivers arise from the planned regulatory adjustments, such as the DSM (Digital Single Market) initiative, the planned Platform-to-Business (P2B) regulation and the expected “New Deal for Consumers”. Other emerging regulatory challenges include, in particular, Brexit and stricter environmental regulations, such as the ban on disposable plastics.

As a social commerce enterprise, the Social Chain Group needs to collect and process customer data, including personally identifiable information, in order to complete orders, collect incoming payments and effectively interact with customers. In this respect, the Company is subject to numerous laws and rules based on the confidentiality, integrity and availability of personal data, including, in particular, every aspect of data protection and the protection of privacy (e.g. GDPR). As a popular example, the GDPR entered into force in May 2018 introducing considerable penalties for violations.

To mitigate these risks, the legal department, the data protection officers and the Data & IT team continuously monitor data protection requirements and developments, provide support in the preparation and introduction of appropriate documentation and processes and offer appropriate advice, expertise and training. This control also includes close cooperation and coordination, especially with IT security teams, in order to contribute to the protection of customer data by implementing appropriate technical and organisational measures.

The Social Chain Group monitors the regulatory environment and permanently obtains information about expected and implemented regulatory adjustments.

Insufficient innovative strength for online shops and changes in sales platforms (industry risk)

In order to meet the growing and changing demands on D2C products and services and to take advantage of market opportunities, innovative adaptations to the various shops of the individual group companies are regularly required. Neglect of the necessary adjustments or inadequate implementation of such measures can lead to customer churn and, as a result, to significant losses of revenue. In addition, changes to distribution platforms such as Amazon can have a negative impact on revenue and profitability through algorithm and commission changes.

Lack of suitable executive staff and employees (industry risk)

Profitable growth of a corporate group requires suitable executive staff and qualified employees. In order to reach and/or exceed the goals, an entrepreneurial mindset, creativity and personal development with managerial capabilities are necessary. Social Chain Group is a group with many young and talented founders. There is a risk that the founders and employees may not wish to work permanently in a listed group or may not develop their skills.

Social Chain Group creates an entrepreneurial environment favourable to talent management and continuously monitors executives and employees. To this end, remote workplaces and open structures allow talented employees to be addressed globally in order to avoid location-dependent shortages of qualified staff.

Threat to cyber security (internal risk)

Cyber security risks from internal or external attacks and weaknesses in internal controls can affect key aspects of our customer-related applications, warehouse IT systems, payment systems and internal IT systems. Prominent cyber security risks include failures due to Distributed Denial-of-Service (DDoS)/ransomware attacks, data loss due to security breaches, faulty process flows due to integrity violations or a combination of these.

As a growing and well-known company, Social Chain Group constitutes a potential target on account of its size, its valuable data and its dependency on IT systems. To counter the threats of cyber security, the Group enhances its security and compliance efforts by investing in new technologies and specialised internal resources.

Our IT security continuously monitors relevant areas and maintains processes for ensuring data security.

Market dominance of social media platforms and changes in algorithms (industry risks)

The Social Chain Group is a high-reach publisher on social media platforms. In addition, the Group works as an agency with third-party customers. Its own D2C brands are primarily advertised via influencer marketing, which is the advertising of products through influencer posts on social media platforms. Therefore, part of its business model is based on accessing the platforms and exploiting their reach.

Prominent social media platforms are permanently changing their business models and modifying their algorithms. Understanding the consequences of these changes and reacting promptly is essential to the Group's business model. It cannot be ruled out that reach is lost, own social media channels are blocked or followers lose interest in the content.

Moreover, large providers are increasingly crowding out smaller ones and expanding their market power. Worldwide, American and Chinese providers are dominating the market. It cannot be precluded that adverse consequences arise from political influence or increasing market dominance.

Social Chain Group is close to the market through a multitude of well-trained own employees, influencers and founders and has relevance for the platforms through its own content production. The development of the platforms, their users and content is permanently monitored.

Emergence of new financially strong competitors (market risk)

Social media is a new and internationally growing media industry dominated by large global players. New financially strong competitors can penetrate the market and change it with high capital investments including:

- Established media companies orientating their business model more towards social media
- E-commerce companies orientating their business model towards social media with high capital investments
- Financial investors with large funds

Social Chain Group observes the changes in the market and sees opportunities from its current portfolio in addition to a growing potential competition.

Slumps in demand (market risk)

Like other companies, the Social Chain Group is generally dependent on consumer behaviour in the German, UK and US markets. In addition, media consumption and social media usage is important for the Group's development.

It cannot be ruled out that there will be a changed or reduced interest in the Group's D2C products. Moreover, conventions such as the annual beauty convention "Glow" may lose some of their appeal or framework conditions such as the number of visitors admitted may change for the worse. Bans on events can also lead to a decline in revenue.

Social Chain Group's activities are broadly based, leaving it independent of a single entity or activity. Several streams of proceeds and product ranges avoid high dependencies and have proven to be robust even in the event of a crisis.

Impairment of goodwill and other intangible assets (financial risk)

Social Chain Group was, inter alia, formed by the acquisition of companies and a great number of contributions of company shares against the issuance of new shares or stocks. Moreover, companies were acquired in return for cash payments with purchase prices being higher than the recognised equity. For every transaction, valuation reports were prepared and asset values were determined using the DCF method.

The positive difference was allocated to tangible and intangible assets based on the PPA method (Purchase Price Allocation) and any remaining difference was recognised as goodwill in the consolidated balance sheet. Recoverability of the assets included in the balance sheet and of goodwill depends on the achievement of the underlying multi-year corporate budget plan. It cannot be excluded that individual companies or assets do not attain the target values as expected and, thus, goodwill or the intangible assets recognised in the balance sheet will suffer an impairment loss.

Social Chain Group constantly monitors the results and development of all companies and assets and is able to counteract negative developments at an early stage.

Price, default and liquidity risks as well as risks from cash flow fluctuations (financial risks)

The Social Chain AG Group is subject to general price and default risks, but does not consider these to be very significant. In particular, the social commerce business is not exposed to any default risk as payments are made via credit card or payment service providers such as PayPal. In the social media segment, the default risk is countered by verifying and assessing the creditworthiness of the future business partner before entering into joint projects as well as by regularly agreeing part payments. Due to the products homogeneity, the price risk in the social commerce business is considered to be low.

Currency risks are also assessed to be low as all companies in the Group are almost entirely restricted to their respective domestic markets, both for purchasing and selling, so as a result of like-for-like settlements there are no significant currency risks here either. However, the increasing importance of international business and the increasing profitability of companies, especially in the USA, will result in a higher currency risk. The increasing purchasing volume in Asia will also tend to increase price and currency risks. The company monitors all transactions and partially hedges risks through letters of credit and currency hedges.

Special risks from Brexit (regulatory and financial risk)

The UK's withdrawal from the European Union is creating increased uncertainty regarding business activities in the UK. The Group has been active in London and Manchester for several years via its subsidiaries. It cannot be ruled out that Brexit will have negative effects on the business model of the Social Chain Group, in particular with regard to taxes, exchange rates, cooperation with international customers and the import and export of goods. The effects observed so far are minor and have no impact on the business model and activities in the UK. The Management does not expect any relevant negative impact in the near future either.

Risks from the increasing importance of US business (financial and internal risk)

In 2020, the Group increased its activities particularly in the USA. The acquisitions in the USA are intended to strengthen the Group's market position and provide access to the world's second largest social media market. Business activities in the USA involve increased legal, regulatory, financial and organizational risks. In addition, the geographical distance to the company's headquarters in Berlin can be associated with more difficult integration and control of the companies due to the Covid-19 restrictions. It cannot be ruled out that the integration of the companies and activities cannot be implemented as intended or implemented with delay or only partially as expected. Changes in legal and consumer protection regulations can also have a negative impact on the business model in the USA. In addition, it cannot be ruled out that Group-wide processes and standards are not implemented at all, implemented only partially or with a delay, and that monitoring is associated with increased time and resource expenditure.

Risk of higher negative cash-flow impacts due to cash-outs from exercised Put options hold by minority shareholders (financial risk)

We refer to the notes ‘subsequent events’. The Social Chain Group AG acquired a further 41.39% of the shares in KoRo Handels GmbH on 5 July 2021. Based on the existing put option purchase price valuation, the Social Chain Group AG expects acquisition costs of EUR 4.2 million for the acquired shares. Currently, the counterparty does not agree with this calculation and expects a higher purchase price. No agreement on the purchase price has yet been reached between the two parties. If no further agreement is reached between the two parties, an independent arbitrator will decide on the amount of the purchase price. There is therefore currently a risk that the purchase price could be significantly higher than the currently assumed EUR 4.2 million.

According to the Management, none of the risks described above are to be expected or signs of relevant, negative effects have been identified so far. The cooperation, integration and promotion of the activities develops as expected and the revenue and EBITDA forecasts for 2021 are positive. The Management monitors the activities applying Group-wide standards and incorporates the US companies in their risk management system. According to the assessment of the Management, the increased risks are outweighed by far greater positive opportunities from the access to the US market and the synergies with the Group's assets.

4 Outlook

In almost all of its activities, the development of the Social Chain Group is also dependent on the overall economic development and the resulting purchasing power. Although the Social Chain Group was able to react promptly to the Covid-19 changes and expects to identify changes early and respond adequately also in the future, the predictability of future developments as compared to a situation without a global pandemic is highly limited due to the hardly foreseeable impact of the global Covid-19 pandemic, which also differs from region to region. However, there are a number of indicators that allow for a conditional forecast.

4.1 Macroeconomic and industry-related framework conditions

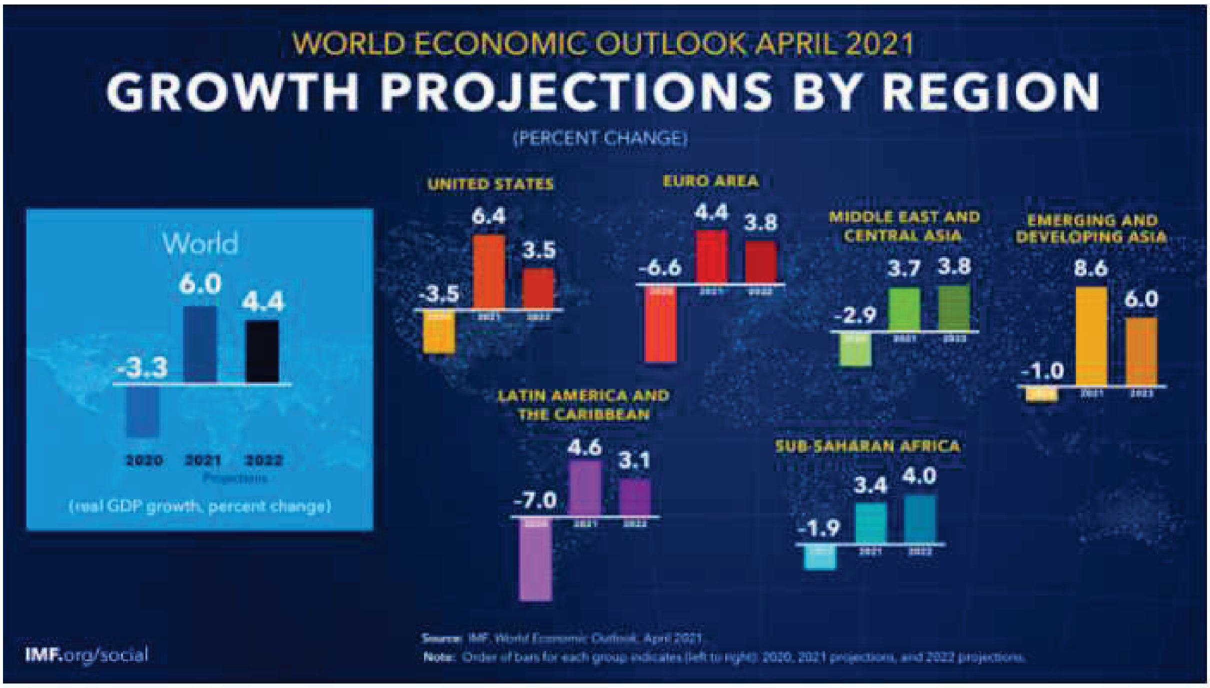
The prospects for an overall economic development for the 2021 financial year and subsequent years remain increasingly uncertain. While the economic effects of the epidemic initially affected China, the pandemic has been spreading all over the world since March 2020 triggering a global so-called Covid-19 crisis. The core regions of Social Chain Group's activities, Germany, UK and USA, remain affected by the crisis.

The Social Chain Group is affected to varying degrees by the effects of the Covid-19 crisis. While revenues in the agency business fell by a double-digit percentage in the financial year 2020, the event business with, inter alia, the "Glow" beauty convention ceased and revenues dropped to zero. For 2021, the Management expects a recovery in the agency business and increasing revenues. The event business is still characterized by the uncertainty about event re-openings. In contrast, revenues in the area of social commerce are growing by a high double-digit percentage growth rate due to the trend towards online trading. The company has continuously revised its revenue and earnings projections and assessed the currently anticipated Covid-19 impact. The Company still expects significant revenue growth and further earnings improvement for the Group in the financial year 2021 compared to the previous year. Capital investments in the acquisition of further companies will be pursued unchanged.

The economic extent and duration of the Covid-19 crisis remain uncertain in the longer term and depend on future developments that cannot be precisely predicted at this stage. This includes, among other things, the severity and transmission rate of the coronavirus, the extent and effectiveness of the containment measures taken, including vaccine development and distribution, mobility restrictions, as well as the effects of these and also other factors on the economy and trade.

As a result of the Covid-19 pandemic, the International Monetary Fund (IMF) last updated its forecast for the development of the global GDP in April 2021. According to their forecast, the IMF expects a worldwide growth of 6.0% after a significant decline in 2020. While the economies in China and the USA are recovering strongly, the IMF projects GDP growth at only 4.4% for the Eurozone. The following forecasts are available for today's core markets of the Social Chain Group: Germany (3.6%), Great Britain (5.3%), USA (6.4%). Significant growth is forecast in almost all markets for 2022, with global GDP expected to grow by 4.4%.

https://de.statista.com/infografik/17818/iwf-prognose-zur-weltwirtschaft/



Source: IMF

E-commerce remains on a growth path despite or particularly because of Covid-19 - in contrast to stationary retail. However, based on Covid-19-related reassessments, the growth rate is now estimated to be significantly lower. eMarketer expects global retail sales in e-commerce to grow by 14.3% in 2021 (as compared to 27.6% in 2020).

Advertising via social media - unlike traditional advertising - will also continue to gain in importance in 2021. Overall, the use of social media is likely to increase significantly, especially in emerging markets that are still below average. In Germany, the industry association Bitkom observed a significant increase in user activity since the beginning of the Covid-19 crisis. In the USA, a new high will be reached in 2021 with an average usage of 145 minutes per day according to eMarketer's estimates. Generally, the trend towards better mobile internet connections is likely to contribute to the growth of social media, which is used almost exclusively on mobile devices.

4.2 Expected economic development of the Social Chain Group

Based on the strong performance of the first half year our forecast for 2021 remains unchanged, taking into account the continued effects from the Covid-19 crisis in the forecasts. However, there are individual business segments where reduced visibility remains unchanged. The forecast of the relevant financial performance indicators for the Group is subject to uncertainties, as it is currently not possible to conclusively assess the duration and effects of the spread of the coronavirus. On the one hand, it remains difficult to assess the business development in the social event and trade fair sector in the financial year 2021 due to the impairment in public life. On the other hand, we see a quite positive development in the e-commerce sector.

Based on the business development and the successful integration of previously acquired companies and brands observed to date, the Social Chain Group anticipates to raise revenue to EUR 350 million in the 2021 financial year with a clearly positive adjusted EBITDA in the low double-digit million range.

After a challenging 2020, we expect strong organic growth of over 50% based on the business development to date, particularly in the Social Commerce segment. In the segment of Social Media and Social Experiences, we expect a significant recovery, especially in the marketing of social brands, while Covid-19-related restrictions in the segment of Social Experiences will remain. Overall, however, we also expect organic growth of over 50% in the segment of Social Media and Social Experiences taking into account the pro forma revenue for the full financial year.

In addition to strong organic growth, we plan to further develop the business model both nationally and internationally via further targeted acquisitions which should be realized in the second half of the year. It is expected that companies with annual revenues of EUR 80-100 million and a slightly positive EBITDA can be acquired. The funds from the convertible bond issued in 2021 and borrowings for acquisition financing are earmarked for this purpose.

The increasing integration of companies and activities that began with the contribution of The Social Chain Group AG into the Social Chain Group in October 2019 will also contribute to the positive development. We are thus able to use cost-side synergy effects with increasing tendency. Moreover, owing to our positioning as a learning, fully integrated social media organization, the Group is also able to use economies of scale when building new brands. These effects will only become fully apparent in the coming financial years. In order to achieve this, efforts and resources, especially with regard to technology, will become necessary over the next 3 years.

In the financial year 2021, the cash flow from operating activities will be particularly burdened by high expenses from post-merger integration, the development of the Links platform and working capital requirements for inventory build-up in the growing social commerce business. The corresponding liquidity and financing requirements for already completed or planned acquisitions were and will be covered by bank borrowings and a convertible bond issued in the second quarter of 2021 amounting to almost EUR 25.0 million. Hence, the Group has sufficient liquidity based on the current planning.

The Social Chain AG is currently evaluating an uplisting of the shares currently listed on the Open Market of the Düsseldorf Stock Exchange to the Prime Standard of the Frankfurt Stock Exchange before the end of the year. The management believes that it could broaden the shareholder base and increase the liquidity of the share. The contemplated segment change to the Prime Standard does also reflect the group's growth and successful development.

Overall statement on the outlook reporting

The Social Chain Group is well positioned in the Covid-19 crisis and beyond. In a relatively short time, an international and integrated social media company emerged that is able to accelerate its high organic growth via targeted acquisitions. Our business model with diverse revenue streams resulting from the combination of social media and social commerce has proven to be robust even in economic crises.

Berlin, 2 September 2021

Wanja S. Oberhof Christian Senitz

The Board of Management of The Social Chain AG