The Social Chain AG©

HALF-YEAR FINANCIAL REPORT

JANUARY - JUNE 2023

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Interim Group Management Report

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1 Fundamentals of the Group

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1.1 General Information

The Social Chain AG (hereinafter referred to as "TSC AG", "Social Chain AG", "Company" or "Parent Company") is a stock corporation domiciled in Germany with its registered office at Alte Jakobstraße 85/86, 10179 Berlin. It is registered in the Commercial Register of the Local Court of Berlin under HRB 128790 B.

TSC AG is the parent company of directly and indirectly held subsidiaries and directly and indirectly holds shares in associated companies and joint ventures (hereinafter also referred to as "TSC Group" or the "Group"). The company acts as a holding company for the Group.

On 25 July 2023, The Social Chain AG applied for the opening of insolvency proceedings in self-administration. The court granted the application and ordered provisional self-administration. The insolvency proceedings in self-administration and thus the provisional continuation of TSC AG's business operations have since been financed by a DIP loan ("Massedarlehen"). The opening of the insolvency proceedings in self-administration is scheduled for the beginning of October 2023.

The shares of TSC AG had been admitted to trading in the Prime Standard (regulated market segment with additional follow-up obligations) of the Frankfurt Stock Exchange since 12 November 2021. The admission was revoked by resolution dated 9 August 2023, so that the shares were admitted to trading in the General Standard at the beginning of 21 September 2023.

The half-year financial report was prepared in accordance with the requirements of § 115 WpHG ("Wertpapierhandelsgesetz"). The condensed interim consolidated financial statements and the interim group management report were neither reviewed nor audited in accordance with § 317 of the German Commercial Code (HGB). The financial statements were not prepared under the going concern assumption.

This interim group management report should be read in conjunction with the condensed interim consolidated financial statements, including the notes to the condensed interim consolidated financial statements. The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The changes in accounting policies implemented in the 2023 financial year due to the departure from the going concern assumption are presented in the notes to the condensed consolidated interim financial statements.

The interim group management report contains statements relating to the future of the business' performance, financial development and earnings. These statements are based on assumptions and forecasts made with information currently available and current assessments. They are subject to a large number of uncertainties and risks. The actual business performance may therefore deviate significantly from the expected development. TSC AG assumes no obligation beyond the statutory requirements to update statements relating to the future business performance.

The interim group management report is in Euro (EUR), the functional currency of TSC AG. Unless otherwise stated, all values in the interim group management report are rounded commercially to millions of euros (EUR million) to one decimal place, so rounding differences may occur and the percentages presented may not precisely reflect the figures to which they relate.

The interim group management report has been prepared for the period from 1 January to 30 June 2023. Unless otherwise stated, comparative figures for the balance sheet relate to 31 December 2022 and comparative figures for the statement of comprehensive income and the statement of cash flows relate to the period from 1 January to 30 June 2022. Due to the departure from the going concern assumption, the figures for the half-year are only comparable with the previous year's figures to a limited extent.

The statements made in the Annual Report 2022 regarding the performance indicators (strategy and control system) as well as the development projects of TSC AG continue to apply in principle at the time of publication of this half-year financial report.

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1.2 Business Model

The TSC Group develops and sells products for the entire family's everyday life – from smart problem solvers to inexpensive household appliances and innovative trend products. A fast and flexible product development coupled with a strong omnichannel sales structure ensure that our diverse portfolio reaches our customers where they prefer to shop. Whether in retails stores, online shops, digital marketplaces, or teleshopping.

The TSC Group is divided into three operational commerce segments "Core Brands", "Brand Chain", and "MAXX Group" as well as a fourth segment, the social media agency business "Social Marketing".

Due to the anticipated disposal of major companies of TSC Group, significant changes to the business model must be assumed in the future, which cannot yet be assessed conclusively.

1.3 Group structure and organisation

TSC AG is the parent company of TSC Group and acts as the holding company for the Group. As the group holding company, TSC AG is responsible for the management of the group, for strategic development, central management functions and the provision of services for associated companies.

As at 30 June 2023, the Group comprises 48 (previous year 55) fully consolidated companies and 4 (previous year 4) associated companies or joint ventures.

1.4 Appointments and changes to the Supervisory Board and Executive Board

On 19 January 2023, Sebastian Stietzel was court-appointed as a member of the Supervisory Board of TSC AG. The appointment had become necessary after Dr Georg Kofler had resigned from his office as a member of the Supervisory Board in order to be able to be appointed Chairman of the Executive Board of the company.

On 24 January 2023, immediately following its constituent meeting, the Supervisory Board of TSC AG appointed Dr Georg Kofler as the company's new Chief Executive Officer. The appointment was made for a full 36 calendar months. The previous Chairman of the Executive Board, Mr. Wanja Sören Oberhof, resigned from office with immediate effect.

On 13 June 2023, the Supervisory Board of TSC AG appointed Stefan Kiwit to the Executive Board as Chief Operating Officer (COO) for three years effective from 15 June 2023.

On 21 June 2023, Henning Giesecke resigned from office as member of the Supervisory Board with effect from the end of the Annual General Meeting for personal reasons with a declaration of resignation dated 5 March 2023. Stephan Brunke was elected as a new member of the Supervisory Board at the Annual General Meeting.

Amid the failed capital increase and the subsequent lack of a positive going concern forecast for the company, Stefan Kiwit and Dr Georg Kofler resigned from their Executive Board positions with immediate effect on 21 July and 24 July 2023 respectively. On 25 July 2023, TSC AG applied for the opening of insolvency proceedings in self-administration and the Supervisory Board appointed the lawyers Prof Dr Gerrit Hölzle and Dr Thorsten Bieg from the law firm Görg Partnerschaft von Rechtsanwälten mbB, to the company's Executive Board – both in the capacity of insolvency directors. The appointment of the two new board members was made in accordance with § 270a para. 1 No. 4 of the German Insolvency Code (InsO) to ensure that the legal requirements

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for the execution of insolvency proceedings in self-administration at the company are met.

Mr. Andreas Schneider remains on the Executive Board of TSC AG as CFO.

2 Economic Report

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2.1 General economic and sector-related conditions

The market environment in which the TSC Group operates depends on the overall economic development and the resulting consumer strength. Our core markets are in the Euro area, mainly in Germany, France, Poland and Great Britain. There, as well as in almost all other markets, the impact of the Russian war of aggression against Ukraine have a significant impact on the economy. Backlogs, ongoing supply disruptions, and the rise in commodity prices continue to drive inflation to record highs. Growth in the Euro area is projected at 0.9 % in 2023 according to the July 2023 IMF (International Monetary Fund) World Economic Outlook. This means that each of our core markets is again losing significant percentage points compared to the previous year.

Economic growth of TSC Group's core markets according to IMF

	2023	2022	2021
Germany	**-0.3***	**1.8**	**2.6**
France	0.8*	2.5	6.4
United Kingdom	0.4*	4.1	7.6
Poland	0.3**	4.9	6.8

* July 2023 projection [1], ** April 2023 projection [2]

According to "GfK" (market research institute – Growth from Knowledge), the first half of 2023 shows significant improvements in economic and income expectations. Economic expectations were -18.2 points in July 2022 and have increased to 3.7 points in July 2023. The main reason for this is the stable employment situation. Income expectations were -45.7 points in July 2022 and stand at -5.1 points in July 2023. This is the best result since the outbreak of the Russian war of aggression against Ukraine and is largely due to the fact that prices are rising less strongly.[3]

However, the propensity to buy, which is crucial for sales, and the consumer climate in July 2023 are still at a similarly low level as in July 2022. The propensity to buy gains 0.2 points and stands at -14.3 and the consumer climate climbs by 2.5 points to -25.2. The lack of a strong improvement is due to the continuing uncertainty among consumers. They are more cautious with planned spending due to high food and energy prices, the ongoing Russian war of aggression against Ukraine and concerns about high costs due to renovation measures.[3]

The "bevh" (German E-Commerce and Distance Selling Trade Association) can confirm the previous assessment of the "GfK". The sales generated in online retail in the first half of 2023 lie around 13.7% below the comparable figure for 2022. Among other things, the "furnishings" cluster has lost 14.3% in sales compared to the second quarter of 2022. The "leisure" cluster, on the other hand, lost only 6.9% in the same period.[4] The "HDE" (German Retail Association), which also monitors retail trade, is equally pessimistic. A July 2023 press release backs GfK’s statements and summarises that consumer sentiment in 2023 is virtually at a standstill.[5]

[1] https://www.imf.org/-/media/Files/Publications/WEO/2023/Update/July/English/text.ashx

[2] https://www.imf.org/-/media/Files/Publications/REO/EUR/2023/April/English/text.ashx

[3] https://www.gfk.com/de/presse/konsumklima-holt-verluste-des-vormonats-wieder-auf

[4] https://bevh.org/detail/umsaetze-im-e-commerce-fallen-um-12-prozent

[5] https://einzelhandel.de/presse/aktuellemeldungen/14218-hde-konsumbarometer-im-juli-erholung-der-verbraucherstimmung-schwaecht-sich-weiter-ab

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2.2 Significant events in the first half of 2023

2.2.1 Developments within the Group

The first half of 2023 continued to be dominated by the impact of the Russian war of aggression against Ukraine and persistent inflation.

With TSC AG's application for insolvency proceedings on 25 July 2023, the possibility of TSC AG providing financial support to subsidiaries that were particularly affected by the macroeconomic and economic developments ended. As a result, the following subsidiaries applied for regular insolvency proceedings between July and August:

- URBANARA GmbH, Berlin
- LINKS Logistics GmbH, Berlin
- Media Chain Products GmbH, Berlin
- Shine Conventions GmbH, Berlin
- sib Silvester in Berlin Veranstaltungen GmbH, Berlin
- Social Chain Germany GmbH, Berlin.

With the appointment of a preliminary insolvency administrator, TSC AG lost control over the economic activities of the respective subsidiaries. The companies will therefore no longer be part of the group of consolidated companies after the end of the reporting period.

For the accounting effects of the insolvency proceedings, please refer to Note 4.1 Impairment of disposal groups, insolvent subsidiaries, and assets in the notes to the condensed interim consolidated financial statements.

2.2.2 Disposals

In the 2023 financial year, the Executive Board of TSC Group continued to streamline the investment portfolio with the aim of increasing profitability of the Group as a whole. For this reason, numerous companies were sold.

In February 2023, the agency business in England and the USA was sold. This concerns the two companies Social Chain Ltd. and Social Chain USA, Inc. In April 2023, RAVENSBERGER Matratzen GmbH and Lions Chain GmbH were sold. This was followed in May 2023 by the sale of the 25% of shares held by TSC AG in mint performance marketing Inc. Furthermore, in May 2023 TSC AG sold 4,198 shares it held in KoRo Handels GmbH (Berlin).

For further details, please refer to Note 1.5 in the condensed notes to the consolidated financial statements.

2.2.3 Non-cash capital increase

On 1 March 2023, the Executive Board of TSC AG, with the consent of the Supervisory Board, decided to increase the share capital of the company by EUR 227,568.00 from EUR 15,527,775.00 to EUR 15,755,343.00 by issuing 227,568 new registered no-par value shares with a proportionate amount of the share capital of EUR 1 against contributions in kind, making partial use of the authorized capital pursuant to § 3 para. 6 of the Articles of Association (Authorized Capital 2022/I). The object of the contribution in kind is shares in drtv.agency GmbH, based in Stuttgart. The subscription right of the shareholders was excluded in accordance with Art. 3 par. 6 sentence 4 lit.cc) of the Articles of Association. The new shares will be issued at an issue price of EUR 15.38 per share and thus at a total issue price of EUR 3.5m and will be eligible for profits from 1 January 2023. The capital increase was recorded in the commercial register on 25 April 2023.

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2.2.4 Subscription Rights Capital Increase against Cash Contributions and Contributions in Kind

On 21 June 2023, the Executive Board of TSC AG resolved, with the consent of the Supervisory Board of the Company, to increase the share capital of the Company from EUR 15,755,343.00 by up to EUR 4,501,524.00 to up to EUR 20,256,867.00 by issuing up to 4,501,524 new registered no-par value shares, making partial use of the Authorized Capital 2022/I, against contributions in cash and in kind (the "Capital Increase").

Following the delay in the execution of the capital increase due to the non-payment of contractually irrevocably guaranteed subscription amounts by an investor, the Executive Board – as communicated on 12 July 2023 – examined all options under consideration. In particular, the Executive Board worked intensively on the investor's fulfilment of the agreement. In addition, the Executive Board has also negotiated with other investors about the providing of further financing.

After negotiations on the provision of further funding failed on 24 July 2023 and the defaulting backstop investor also failed to meet payment obligations, the Executive Board applied for insolvency on 25 July 2023. The capital increase will therefore no longer be conducted.

2.2.5 Share and subscribed capital of The Social Chain AG

The shares of TSC AG had been admitted to trading in the Prime Standard (regulated market segment with additional subsequent obligations) of the Frankfurt Stock Exchange since 12 November 2021. In the first half of 2023, the share price of TSC AG fell from EUR 4.95 as at 31 December 2022 to EUR 2.30 as at 30 June 2023. By resolution dated 9 August 2023, the admission to the Prime Standard was revoked, so that trading in the General Standard commenced at the beginning of 21 September 2023.

The subscribed capital of TSC AG amounts to EUR 15,755,343.00. It is divided into 15,755,343 no-par value bearer shares, each representing a pro rata amount of EUR 1.00 of the share capital. The share capital is fully paid up. There are no other classes of shares, in particular preference shares or shares with secondary obligations.

On 7 April 2021, 28 April 2021, 13 May 2021 and 21 May 2021, TSC AG issued a total of 25,000 convertible bonds (WKN A3E5FE / ISIN DE000A3E5FE7) in four tranches, each with a nominal value of EUR 1,000 and a three-year term until 7 April 2024 which can be exercised by the conversion beneficiaries at any time up to their final maturity date into ordinary shares of the Company at a current conversion price of EUR 32.50, which would result in the issue of 769,000 shares if fully exercised. No bonds were converted during the reporting period.

For further details on the equity structure, please refer to Note 4.6 in the condensed consolidated financial statements.

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2.3 Group´s position

2.3.1 Earnings of the Group

The Group’s earnings developed as follows:

in EUR million		HY 2023		HY 2022[1]		Change
Revenue	121.6	100.0%	213.2	100.0%	-91.6	-43.0%
Material expenses[2]	-78.2	-64.3%	-158.7	-74.5%	80.5	-50.7%
Gross profit (gross profit margin)	**43.4**	**35.7%**	**54.5**	**25.5%**	**-11.1**	**-20.4%**
EBITDA	**-4.6**	**-3.8%**	**19.5**	**9.1%**	**-24.1**	**> 100%**
Depreciation , amortization and impairment	-118.0	-97.0%	-61.4	-28.8%	-56.6	92.2%
Financial result	-21.9	-18.0%	-9.1	-4.3%	-12.8	> 100%
Income taxes	4.7	3.9%	4.6	2.1%	0.2	3.5%
Net income from continued operations	**-139.7**	**-114.9%**	**-46.4**	**-21.8%**	**-93.3**	**> 100%**
Result from discontinued operations	-0.3	-0.2%	-5.2	-2.4%	5.0	-95.2%
Net result of the Group	**-140.0**	**-115.1%**	**-51.6**	**-24.2%**	**-88.3**	**> 100%**

1 The figures differ from those reported in the H1 2022 financial statements as the income and expenses of discontinued operations which were not yet classified as such in H1 2022 were retrospectively reclassified to income from discontinued operations for comparative purposes. Please also refer to Note 3.5 in the condensed notes to the consolidated financial statement.

2 Including changes in inventory

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In the first half of 2023, TSC Group's revenue decreased by EUR 91.6 million year-on-year to EUR 121.6 million. However, revenue is only comparable to the previous period in 2022 to a limited extent as a large number of investments were sold as a result of the Group's restructuring measures:

- KoRo Group was sold on 15 March 2022. The KoRo Group contributed EUR 19.8 million to revenue in the first half of 2022.
- In October 2022, TSC Group sold all shares in Clasen Bio Group. The group contributed EUR 30.8 million to revenue in the first half of 2022.
- On 13 April 2023, RAVENSBERGER Matratzen GmbH was sold. It contributed EUR 3.9 million to revenue in the first half of 2023. In the first half of 2022, the revenue of RAVENSBERGER Matratzen GmbH totalled EUR 6.3 million.
- Revenue of the other subsidiaries sold in financial year 2022 totalled EUR 3.1 million in the first half of 2022.

Adjusted for these effects, revenue in the first half of 2023 fell by EUR 35.3 million year-on-year from EUR 153.2 million to EUR 117.9 million. In addition to the weak consumer climate, the main reasons for the decline are full warehouses at retailers and postponements of promotions at important business partners.

The material expenses decreased by EUR 80.5 million to EUR 78.2 million in the first half of 2023 compared to the previous year.

Overall, the Group achieved a gross profit of EUR 43.4 million in the first half of 2023, which corresponds to a decrease of 20.4% or EUR 11.1 million compared to the previous year. In contrast, the gross profit margin increased from 25.6% in the previous year to 35.7% in the first half of 2023. This is due to the year-on-year decline in the cost of goods purchased as a result of the recovery in sea freight, the more favourable EUR/USD exchange rate and the initiated product range streamlining in the MAXX Group segment.

EBITDA decreased by EUR 24.1 million from EUR 19.5 million in the first half of 2022 to EUR -4.6 million in the first half of 2023. In addition to the lower gross profit in the first half of 2023, this is primarily due to the gains from the deconsolidation of KoRo Group of EUR 39.2 million recognized in other operating income in the first half of 2022. This is offset by lower personnel expenses and lower other operating expenses, primarily as a result of the ongoing portfolio streamlining and cost-saving measures. EBITDA includes income from foreign currency translation of EUR 3.1 million (previous year: EUR 10.3 million) and expenses from foreign currency translation of EUR 2.7 million (previous year: EUR 3.8 million), which result both from the reporting date valuation of assets and liabilities and from the valuation of foreign currency derivatives.

The increase of EUR 56.6 million in depreciation, amortization and impairment losses to EUR 118.0 million in the first half of 2023 (previous year EUR 61.4 million) is mainly due to the impairment losses recognized in the first half of 2023 on goodwill of EUR 87.5 million (previous year EUR 44.7 million) and on intangible assets, property, plant and equipment and right-of-use assets totalling EUR 23.0 million (previous year EUR 6.5 million). For further details on the impairments, please refer to Note 4.1 Impairment of disposal groups, insolvent subsidiaries, and assets in the condensed notes to the interim consolidated financial statements.

In the financial result, interest income fell from EUR 0.5 million in the first half of 2022 to EUR 0.1 million in the first half of 2023. Interest expenses fell to EUR 7.2 million (previous year EUR 8.8 million).

In the net view of the financial assets at fair value, the Group achieved a net expense of EUR 14.8 million in the first half of 2023 (previous year EUR 0.4 million). The expenses in the current half-year are mainly due to the devaluation of the earn-out from the sale of the two agency companies Social Chain Ltd. and Social Chain USA, Inc. (EUR 9.2 million) and the valuation of the KoRo shares (EUR 5.5 million).

Overall, the first half of 2023 closed with a net loss from continuing operations of EUR -139.7 million compared to EUR -46.4 million in the previous year.

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The result from discontinued operations amounts to EUR -0.3 million (previous year EUR -5.2 million). In the previous year, this included in particular the discontinued business of Media Chain Products GmbH and the two agency companies Social Chain Ltd. and Social Chain USA, Inc.

The total loss of TSC Group in the first half of 2023 amounts to EUR -140.0 million (previous year EUR -51.6 million).

2.3.2 Financial position of the Group

Capital structure
The TSC Group is financed through loans and equity.

As part of its financial management, foreign currency risks are hedged with forward exchange transactions and derivatives. These are mainly transactions in USD, which are continuously monitored over the targeted transaction volume.

In March 2023, the Group signed an interest rate swap to hedge the interest rate risks from the syndicated loan. This involves securing the interest rate risk from changes in the EURIBOR for a loan volume of EUR 30.0 million.

The Group's equity amounted to EUR -73.1 million as at 30 June 2023, compared to EUR 66.7 million in the previous year. The equity ratio was -29.1% (previous year 15.9%). For further information on the development of equity, please refer to section 2.3.3 Assets and liabilities of the Group.

Investments
In the first half of 2023, the TSC Group invested EUR 0.9 million (previous year EUR 2.5 million) in intangible assets and EUR 0.6 million (previous year EUR 1.6 million) in property, plant, and equipment. The investments in intangible assets serve to improve Group-wide process and information utilization and relate to the implementation of new software in controlling and finance and accounting (previous year ERP implementation costs).

Liquidity
Group’s cash flow developed as follows:

in EUR million	HY 2023	HY 2022[1]
Cash flow from operating activities	5.0	-24.4
Cash flow from investing activities	7.3	50.7
Cash flow from financing activities	-12.3	-29.1
Net change in cash and cash equivalents	-0.1	-2.8
Effects of exchange rate changes on financial resources	0.1	0.1
Cash and cash equivalents at the beginning of the period	8.0	16.8
Cash and cash equivalents at the end of the period	**8.0**	**14.1**

1 The figures differ from the figures reported in the 2022 half-year financial statements because an adjustment was made to the consolidated statement of cash flows in the current financial year. See also note 1.8 in the condensed notes for the consolidated financial statements.

2 Cash and cash equivalents at the beginning of the H1 2023 period differs from the reported cash and cash equivalents at the end of the 2022 financial year as the disclosure of a bank overdraft was corrected as at 31 December 2022. See also note 1.8 in the condensed notes to the consolidated financial statements.

The Group's operating cash inflow totalled EUR 5.0 million in the first half of 2023 (previous year: cash outflow of EUR 24.4 million). The net cash inflows resulted mainly from the decrease in working capital, especially from the reduction of inventories, amounting to EUR 9.8 million (previous year: increase in working capital of EUR 0.9 million).

The cash inflow from investing activities of EUR 7.3 million in the first half of 2023 (previous year EUR 50.7 million) mainly included the proceeds from the sale of subsidiaries and investments (Social Chain Ltd. and Social Chain USA, Inc. EUR 5.2 million, KoRo shares EUR 2.7 million, mint performance marketing Inc. EUR 0.9 million). In the first half of 2022, the cash flow from investing activities included the proceeds from the sale of the KoRo Group, Vonmählen GmbH, Mabyen GmbH and the investment in air up group GmbH, Munich,

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totalling EUR 36.7 million, as well as the proceeds of the sale of the property in Stapelfeld under a sale and leaseback agreement for EUR 11.7 million.

The cash outflow from financing activities for the first half of 2023 amounted to EUR 12.3 million (previous year EUR 29.1 million) and resulted primarily from the balance of repayments of loans amounting to EUR 27.5 million (previous year EUR 71.2 million) and the raising of new loans amounting to EUR 23.6 million (previous year EUR 45.7 million). In addition, leasing liabilities of EUR 2.4 million were repaid (previous year EUR 3.7 million) and interest of EUR 5.1 million was paid (previous year EUR 3.8 million).

Overall, cash and cash equivalents remained constant at EUR 8.0 million on 30 June 2023 compared to 31 December 2022.

2.3.3 Assets and liabilities of the Group

in EUR million		30.06.2023		31.12.2022		Change
Non-current assets	100.2	39.9%	231.9	55.2%	-131.7	-56.8%
Current assets	150.9	60.1%	188.4	44.8%	-37.4	-19.9%
Assets	**251.1**	**100.0%**	**420.2**	**100.0%**	**-169.1**	**-40.2%**

The development of the balance sheet is characterized in particular by the impairments made in the first half of the year as well as the sales of subsidiaries and investments.

Non-current assets of EUR 100.2 million (previous year EUR 231.9 million) mainly comprise intangible assets of EUR 27.4 million (previous year EUR 40.7 million), right-of-use assets of EUR 42.4 million (previous year EUR 55.7 million), financial assets of EUR 17.3 million (previous year EUR 32.2 million), property, plant and equipment of EUR 4.6 million (previous year EUR 5.6 million), goodwill of EUR 1.1 million (previous year EUR 89.0 million) and deferred tax assets of EUR 6.6 million (previous year EUR 7.8 million).

The decrease in goodwill of EUR 87.9 million was mainly due to impairment losses of EUR 87.5 million.

The decrease of EUR 13.3 million in intangible assets is mainly due to scheduled amortization of EUR 4.3 million and impairments of EUR 10.4 million. Investments of EUR 0.9 million had an opposite effect.

The decrease in right-of-use assets by EUR 13.4 million results from scheduled depreciation of EUR 2.6 million and value adjustments of EUR 11.6 million, which are offset by additions of EUR 0.6 million.

The decrease in non-current financial assets by EUR 14.9 million to EUR 17.3 million results from the sale of KoRo shares held by TSC AG (EUR 7.0 million) and the disposal of investments held by Lions Chain GmbH (EUR 1.8 million). Furthermore, net impairments on other investments, in particular KoRo, amounting to EUR 5.5 million were recognized.

The share of non-current assets in total assets is 39.9 % (previous year 55.2 %).

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Current assets of EUR 150.9 million (previous year EUR 188.4 million) consist of inventories, trade and other receivables, cash and cash equivalents and other assets.

Compared to the previous year, inventories decreased by EUR 12.4 million to EUR 66.6 million. Trade receivables and other receivables increased by EUR 1.6 million to EUR 51.1 million. Other current financial assets increased by EUR 3.5 million to EUR 10.9 million, in particular due to the recognition of a receivable from the sale of the KoRo shares in the amount of EUR 4.3 million.

Assets held for sale of EUR 2.5 million (previous year: EUR 30.6 million) include the assets of the companies held for sale. As at 30 June 2023, this only relates to the assets of DEF Media GmbH (previous year: Social Chain Ltd. EUR 14.1 million, Social Chain USA, Inc. EUR 6.8 million, RAVENSBERGER Matratzen GmbH EUR 3.6 million and DEF Media GmbH EUR 1.5 million).

All other items on the current assets side have changed only insignificantly.

Equity and liabilities of the Group are as follows:

in EUR million		30.06.2023		31.12.2022		Change
Equity	-73.1	-29.1%	66.7	15.9%	-139.8	> 100%
Non-current liabilities	76.2	30.3%	231.2	55.0%	-155.0	-67.0%
Current liabilities	248.1	98.8%	122.4	29.1%	125.7	> 100%
Equity and liabilities	**251.1**	**100.0%**	**420.2**	**100.0%**	**-169.1**	**-40.2%**

The Group’s equity developed as follows:

in EUR million		30.6.2023		31.12.2022		Change
Subscribed capital	15.8	-21.6%	15.5	23.3%	0.2	1.5%
Capital reserve	337.1	> 100%	336.2	> 100%	1.0	0.3%
Accumulated other equity (OCI)	0.5	-0.7%	0.8	1.2%	-0.3	-35.0%
Retained earnings	-6.4	8.7%	-6.4	-9.6%	0.0	0.0%
Loss carried forward	-419.9	> 100%	-280.0	> 100%	-139.9	50.0%
Non-controlling interests	-0.3	0.3%	0.6	0.8%	-0.8	> 100%
Equity	**-73.1**	**100.0%**	**66.7**	**100.0%**	**-139.8**	**> 100%**

As at 30 June 2023, the Group reported equity of EUR -73.1 million (previous year EUR 66.7 million). The equity ratio was -29.1% (previous year 15.9 %).

On 25 April 2023, the capital increase through contributions in kind, which took place in connection with the acquisition of 49% of the shares in

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drtv.agency GmbH, was entered in the commercial register. The subscribed capital increased by EUR 0.2 million and the capital reserves by EUR 0.9 million.

The recognition of the equity-settled share-based payment increased the capital reserves by EUR 0.1 million (previous year EUR 0.3 million).

Retained earnings amounted to EUR -6.4 million as at 30 June 2023 (previous year EUR -6.4 million) and mainly include the differences from share increases in fully consolidated subsidiaries.

The Group's liabilities include financial liabilities, trade payables, provisions, and non-financial liabilities.

The decrease in non-current liabilities by EUR 155.0 million results from the decrease in non-current financial liabilities by EUR 148.8 million and from the decrease in deferred tax liabilities by EUR 6.1 million.

The change in non-current financial liabilities mainly results from the reclassification of liabilities to banks and loans from non-current financial liabilities to current financial liabilities, due to the violation of covenants or due to the insolvency of subsidiaries. Furthermore, liabilities from convertible bonds were reclassified as these are due in April 2024.

Current liabilities are dominated by the increase in financial liabilities by EUR 140.1 million due to the reclassification from non-current financial liabilities to current financial liabilities explained in the previous paragraph and the decrease in liabilities held for sale by EUR 12.5 million due to the sale of subsidiaries.

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2.3.4 Results of operations of reportable segments

Segment information HY 2023

in EUR million	Core Brands	MAXX Group	Brand Chain	Social Marketing	Holding / Other	Consolidation	Group
Revenue with external customers	31.4	54.0	24.0	12.1	0.1	-	121.6
thereof sale of merchandise	30.5	53.7	24.0	-	-	-	108.2
thereof agency business	-	-	-	9.7	-	-	9.7
thereof production	-	-	-	1.9	-	-	1.9
thereof events	0.9	-	-	0.5	-	-	1.4
thereof other sales	-	0.3	-	-	0.1	-	0.4
Revenue with other segments	4.4	12.8	0.7	0.3	3.7	-21.9	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**-0.2**	**1.2**	**0.6**	**0.1**	**-29.0**	**22.5**	**-4.6**
Cash and cash equivalents	2.7	2.4	0.5	1.0	2.9	-	9.4

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Segment information HY 2022[1]

in EUR million	Core Brands	MAXX Group	Brand Chain	Social Marketing	Holding / Other	Consolidation	Group
Revenue with external customers	92.1	67.9	29.4	22.9	0.7	-	213.2
thereof sale of merchandise	91.6	67.8	29.4	-	-	-	188.8
thereof agency business	-	-	-	19.9	-	-	19.9
thereof production	-	-	-	2.8	0.7	-	3.5
thereof events	0.4	-	-	0.2	-	-	0.6
thereof other sales	0.1	0.2	-	-	-	-	0.3
Revenue with other segments	1.8	14.5	1.0	0.2	14.6	-32.1	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**-8.6**	**-4.4**	**-3.9**	**-0.4**	**34.9**	**1.8**	**19.5**
Cash and cash equivalents	2.8	8.8	0.7	2.9	1.4	-	16.7

1 The figures differ from the figures reported in the half-year financial statements 2022 as the income and expenses of the discontinued operations which were not yet classified as such in H1 2022 were retrospectively reclassified to the result from discontinued operations for comparative purposes. See also note 3.5 in the condensed notes to the consolidated financial statements.

In the first half of 2023, revenue decreased in all segments compared to the first half of 2022. In the Core Brands segment, sales revenue fell by EUR 60.7 million to EUR 31.4 million. The sharp decline resulted from the disposal of the KoRo Group and the Clasen Bio Group in the 2022 financial year, which contributed EUR 50.6 million to sales revenue in the first half of 2022. In addition to the weak consumer climate, the remaining decline is due in particular to full warehouses at retailers and postponements of promotions at important business partners. The declines in turnover in the MAXX Group and Brand Chain segments are also due to customers' reluctance to buy and retailers' full warehouses. The decline in revenue in the Social Marketing segment of EUR 10.8 million resulted in particular from lower revenue at drtv.agency GmbH (EUR -8.5 million) and DEF Media GmbH (EUR -0.8).

EBITDA improved in all four operating segments. This resulted in particular from lower personnel expenses and other operating expenses.

The negative EBITDA of the Holding / Other segment in the first half of 2023 results in the amount of EUR 21.9 million from the disposal of the shares in Social Chain GmbH and Lions Chain GmbH. This effect is offset by corresponding income in the consolidation column.

2.3.5 Overall statement on the Group's position

The first half of 2023 was dominated by declining revenue due to the persistently weak consumer climate and high devaluations as a result of the insolvency application of TSC AG and six of its subsidiaries.

Due to the anticipated sale of major subsidiaries, significant changes in the net assets, financial position and results of operations of the TSC Group are to be expected in the future, which cannot yet be definitively assessed.

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2.4 Material transactions with related parties

For information on related party transactions, please refer to note 7 in the notes to the condensed consolidated financial statements.

3 Opportunities and Risk Report

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In the reporting period, the number and evaluation of significant risks remained essentially unchanged compared to the information in the 2022 annual report, with the exception of the following changes or risks that have emerged. The changes that have emerged are primarily related to the application for insolvency proceedings in self-administration filed by The Social Chain AG, which acts as the holding company, on 25 July 2023.

R9: Lack of suitable managers and employees
(risk group: industry risk; risk rating category: high)
The insolvency proceedings of TSC AG will lead to some employees no longer seeing any career prospects within the TSC Group and therefore leaving the Group. Depending on the extent and timing of these departures, the maintenance of important sub-functions of the Group could be jeopardized. One of the reasons for this is that it will not always be possible to find a replacement.

R11: Risks from criticism in social media that damage brand and image
(risk group: industry risk; risk rating category: high)
The insolvency proceedings of TSC AG have triggered widespread media coverage. The reports – some of them inaccurate – have undoubtedly damaged the brand and reputation of the Group. It cannot be ruled out that the reporting on the TSC Group will continue in the coming months and continue to have a negative impact on the public's opinion of the TSC Group.

R13 Impairment losses on goodwill and other intangible assets
(risk group: financial risk; risk rating category: high)
Within the framework of the preliminary insolvency proceedings of TSC AG, the sale of subsidiaries, and in particular the sale of DS Group, is being pursued in a structured bidding process. Based on the offers currently available, the risk R13 reported as at 31 December 2022 has occurred. In addition, the departure from the going concern forecast of the insolvent companies will lead to corresponding devaluations of assets. It cannot also not be ruled out that insolvency applications will have to be filed for further Group companies.

R14: Financing risk
(risk group: financial risk; risk rating category: high)
Particularly noteworthy is the occurrence of risk R14, which was reported in the risk reporting as at 31 December 2022 and which represented the possibility that potentially necessary external finance sources outside of the influence of TSC AG might no longer be available.

With the unsuccessful capital increase necessary for the financing requirements, TSC AG applied for the opening of insolvency proceedings in self-administration on 25 July 2023. Subsequently, another six subsidiaries applied for regular insolvency proceedings. Since then, business operations in the affected subsidiaries have been managed by the court-appointed preliminary insolvency administrators.

The continued existence of TSC AG depends primarily on the extent to which sustainable financing of further business activities or of the company and recapitalization within the framework of an insolvency proceedings can be achieved. From today's perspective, there is a very high risk that the ongoing financing of TSC AG will not succeed.

There is also a risk that existing financing for other Group companies (especially for the DS Group) could be terminated by the financing banks.

Opportunities exist primarily in the best possible utilization of the Group's assets in order to conclude the insolvency proceedings as satisfactorily as possible in the future.

4 Forecast Report

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The development of the TSC Group in almost all its activities is also dependent on the overall economic development and the resulting consumer strength. Due to the difficult-to-predict effects of geopolitical developments in the wake of the Russian war of aggression against Ukraine, the predictability of future development is significantly limited compared to a situation without global crises. Nevertheless, there are a number of indicators that allow a conditional forecast.

4.1 Macroeconomic and sector-specific framework conditions

According to the July 2023 World Economic Outlook of the "IMF" (International Monetary Fund), global annual average growth will decline from 3.5% in 2022 to 3.0% in 2023 and 2024.

Growth in the Euro area is projected to decline from 3.5% in 2022 to 0.9% in 2023, before rising to 1.5% in 2024. Growth in the UK is expected to fall from 4.1% in 2022 to 0.4% in 2023, rising to 1.0% in 2024. [1]

Economic growth of TSC Group's core markets according to IMF

	2023	2024
Germany	**-0.3***	**1.3**
France	0.8*	1.3
United Kingdom	0.4*	1.0
Poland	0.3**	2.4

* Forecast from July 2023[1], ** Forecast from April 2023[2]

According to the "HDE" (German Retail Association), consumer sentiment remains at a low level. For the foreseeable future, consumption will not be a major support for the economy. The deteriorated economic environment will not lead to a revival of consumer sentiment in Germany in the medium term.[3]

The "bevh" (Bundesverband E-Commerce und Versandhandel Deutschland - German E-Commerce and Mail Order Association) sees little hope for improvement in the business climate in Germany in the remaining months of 2023. A forecast of 4.8% growth for the industry as a whole made at the beginning of 2023 is no longer tenable. The association expects a significant correction and a decline in turnover of more than 5 % compared to 2022.[4]

[1] https://www.imf.org/-/media/Files/Publications/WEO/2023/Update/July/English/text.ashx

[2] https://www.imf.org/-/media/Files/Publications/REO/EUR/2023/April/English/text.ashx

[3] https://einzelhandel.de/presse/aktuellemeldungen/14242-hde-konsumbarometer-im-august-verbraucherstimmung-stagniert-auf-niedrigem-niveau-trotz-schlechter-wirtschaftlicher-lage-kein-erneuter-rueckgang

[4] https://bevh.org/detail/umsaetze-im-e-commerce-fallen-um-12-prozent

4.2 Expected economic development of TSC Group

The current uncertain macroeconomic environment continues to cause a low visibility of the future impact on the business development of TSC Group. The forecast for the relevant financial performance indicators is therefore still subject to uncertainty for the Group.

With the opening of insolvency proceedings over the assets of TSC AG planned for the beginning of October 2023, a new financial year will begin. The 2023 financial year of TSC AG will thus probably end prematurely on 30 September 2023 in a short financial year. Furthermore, it is anticipated that significant

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business areas of the Group will, once insolvency proceedings are initiated and thus shortly after the end of the current financial year, be sold.

The following forecast therefore relates exclusively to the expected remaining period until 30 September 2023. Subsidiaries that applied for insolvency proceedings in July or August are deconsolidated retrospectively as at 1 July and are accordingly only included in the forecast until their deconsolidation.

Based on business performance to date, management expects revenue of almost EUR 170 million for the period 1 January 2023 to 30 September 2023, with negative EBITDA in the mid to high single-digit million range.

The forecast does not take into account any reclassifications to discontinued operations that may become necessary in Q3 2023 in accordance with IFRS 5.

4.3 Overall statement on forecast reporting

Following the court order for preliminary self-administration, the Executive Board of The Social Chain AG has initiated an orderly M&A process. In the neutral process, which is open to competition, it is to be determined whether investor solutions represent the best possible restructuring option for the creditors of Social Chain AG. The search for investors focuses in particular on DS Group and drtv.agency GmbH as the most valuable investments within the TSC Group.

As this process has not yet been completed and therefore neither the sale of these key companies is guaranteed nor a potential date of sale is known, it is not possible to provide a reliable forecast for the period from 1 July 2023 to 30 September 2023.

Berlin, 28 September 2023

Andreas Schneider | Prof Dr Gerrit Hölzle | Dr Thorsten Bieg

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Consolidated Income Statement

for the period from 1 January to 30 June 2023

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in EUR thousand	Note	HY 2023	HY 2022[1]
Revenue	3.1	121,601	213,187
Changes in inventories		-	2,038
Capitalized internally generated assets		-	211
Other operating income	3.2	6,942	55,896
Material expenses		-78,218	-160,763
Personnel expenses		-19,714	-32,591
Net loss allowance from trade receivables and contract assets		-143	-955
Other operating expenses	3.3	-35,064	-57,547
Earnings before interest, tax, depreciation and amortization (EBITDA)		**-4,596**	**19,478**
Depreciation, amortization and impairments	4.1 – 4.3	-117,970	-61,392
Earnings before interest and tax (EBIT)		**-122,566**	**-41,915**
Financial income	3.4	106	2,440
Financial expenses	3.4	-21,997	-11,178
Share of profit or loss of associates and joint ventures		0	-339
Earnings before tax (EBT)		**-144,457**	**-50,992**
Income taxes		4,735	4,566
Net result from continued operations		**-139,722**	**-46,426**
Result from discontinued operations	3.5	-251	-5,219
Net result		**-139,974**	**-51,645**
thereof attributable to			
Shareholders of the parent company		-139,920	-50,551
Non-controlling interests		-54	-1,094
Earnings per share from continuing operations (basic/diluted) (in EUR)		-8.95	-2.91
Earnings per share from discontinued operations (basic/diluted) (in EUR)		-0.02	-0.34
Earnings per share (basic/diluted) (in EUR)		-8.96	-3.26

1 The figures differ from those reported in the H1 2022 financial statements as the income and expenses of the discontinued operations which were not yet classified as such in H1 2022 were retrospectively reclassified to income from discontinued operations for comparative purposes. Please also refer to Note 3.5.

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in EUR thousand	HY 2023	HY 2022
Net result of the Group	-139,974	-51,645
Foreign currency conversion	-271	-538
Other comprehensive income to be reclassified to profit or loss in subsequent periods	**-271**	**-538**
Other comprehensive income	**-271**	**-538**
Total comprehensive income	**-140,245**	**-52,183**
thereof attributable to		
Shareholders of the parent company	-140,191	-51,089
Non-controlling interests	-54	-1,094

Consolidated Balance Sheet

as at 30 Juni 2023

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in EUR thousand	Note	30.06.2023	31.12.2022
Intangible assets	4.1 - 4.2	27,346	40,666
Goodwill	4.1 - 4.2	1,087	88,980
Property, plant and equipment	4.3	4,593	5,586
Right-of-use assets	4.4	42,359	55,745
Investment property		580	618
Associates and joint ventures accounted for using the equity method		353	353
Other non-current financial assets	6	17,296	32,163
Deferred tax assets		6,557	7,752
Non-current assets		**100,170**	**231,863**
Inventories		66,619	79,001
Current contract assets		1	-
Trade receivables and other receivables	6	51,062	49,474
Other current financial assets	6	10,883	7,369
Current income tax receivables		1,010	1,665
Other current non-financial assets		9,477	11,322
Cash and cash equivalents		9,387	8,976
Assets held for sale	4.5	2,498	30,564
Current assets		**150,936**	**188,371**
Assets		**251,107**	**420,235**

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in EUR thousand	Note	30.06.2023	31.12.2022
Subscribed capital	4.6	15,755	15,528
Capital reserves	4.6	337,123	336,164
Accumulated other comprehensive income (OCI)		525	796
Retained earnings		-6,389	-6,389
Loss carry-forward		-419,903	-279,983
Equity attributable to the shareholders of the parent company		**-72,888**	**66,116**
Non-controlling interests		-246	554
Equity		**-73,135**	**66,670**
Non-current financial liabilities	6	69,197	218,028
Non-current provisions		12	12
Other non-current non-financial liabilities		36	106
Deferred tax liabilities		6,948	13,062
Non-current liabilities		**76,193**	**231,207**
Trade payables	6	35,232	34,957
Other current financial liabilities	6	194,869	54,759
Current provisions		3,120	2,425
Current income tax liabilities		1,642	3,944
Current contract liabilities		739	2,308
Other current non-financial liabilities		10,460	9,457
Liabilities held for sale	4.5	1,986	14,507
Current liabilities		**248,048**	**122,358**
Equity and liabilities		**251,107**	**420,235**

Consolidated Statement of Changes in Equity

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in EUR thousand	Subscribed capital	Capital reserves	Accumulated OCI: Reserve from foreign currency translation	Accumulated OCI: Reserve from the valuation of financial instruments	Retained earnings	Loss carry-forward	Equity attributable to the shareholders of the parent company	Non-controlling interests	Total
As at 01.01.2022	**15,528**	**335,323**	**1,379**	**107**	**-4,418**	**-153,319**	**194,600**	**1,946**	**196,546**
Net result of the Group	-	-	-	-	-	-50,551	-50,551	-1,094	-51,645
Other comprehensive income	-	-	-538	-	-	-	-538	-	-538
Total comprehensive income	**-**	**-**	**-538**	**-**	**-**	**-50,551**	**-51,089**	**-1,094**	**-52,183**
Change in scope of consolidation and non-controlling interests	-	-	-	-	-2,424	-	-2,424	44	-2,380
Share-based payments	-	326	-	-	-	-	326	-	326
As at 30.06.2022	**15,528**	**335,649**	**841**	**107**	**-6,842**	**-203,870**	**141,413**	**896**	**142,309**
As at 01.01.2023	**15,528**	**336,164**	**689**	**107**	**-6,389**	**-279,983**	**66,116**	**554**	**66,670**
Net result of the Group	-	-	-	-	-	-139,920	-139,920	-54	-139,974
Other comprehensive income	-	-	-271	-	-	-	-271	-	-271
Total comprehensive income	**-**	**-**	**-271**	**-**	**-**	**-139,920**	**-140,191**	**-54**	**-140,245**
Capital increase	228	899	-	-	-	-	1.126	-	1,126
Change in scope of consolidation and non-controlling interests	-	-	-	-	-	-	-	-747	-747
Share-based payments	-	61	-	-	-	-	61	-	61
As at 30.06.2023	**15,755**	**337,123**	**418**	**107**	**-6,389**	**-419,903**	**-72,888**	**-246**	**-73,135**

Consolidated Statement of Cash Flows

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in EUR thousand	HY 2023	HY 2022[2]
Net result of the Group	**-139,974**	**-51,645**
Income taxes [1]	-4,753	-4,693
Result before tax [1]	**-144,727**	**-56,337**
Financial result [1]	21,920	9,209
Amortization of intangible assets [1]	4,260	6,054
Depreciation of property, plant and equipment and right-of-use assets [1]	3,235	4,928
Impairments [1]	110,489	51,137
Net loss allowance from trade receivables and contract [1]	148	955
Write-downs of inventories	557	2,829
Gain (-) / loss (+) from the disposal of property, plant and equipment	2	-671
Profit (-) / loss (+) from the disposal of subsidiaries	-1,164	-39,244
Share-based payment expenses	61	498
Other non-cash income (-) and expenses (+)	382	-2,858
Changes in working capital		
Decrease (+) / Increase (-) in inventories	12,245	-7,773
Decrease (+) / Increase (-) in contract assets	553	1,494
Decrease (+) / Increase (-) in trade receivables and other receivables	-1,143	17,277
Decrease (+) / Increase (-) in other financial assets	852	-3,805
Decrease (+) / Increase (-) in other assets (excluding contract assets)	2,003	9,229
Increase (+) / Decrease (-) in trade payables	-2,335	-8,958
Increase (+) / Decrease (-) in other financial liabilities	-1,766	-15,954
Increase (+) / Decrease (-) in other liabilities (incl. contract liabilities)	246	9,990
Increase (+) / Decrease (-) in provisions	1,101	-138
Change in Income tax receivables and liabilities	-1,936	-2,245
Other changes in working capital	-24	-
Cash flow from operating activities	**4,958**	**-24,383**

1 From continued and discontinued operations
2 The figures for the first half of 2022 were adjusted due to an error correction. Please also refer to Note 1.8.

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in EUR thousand	HY 2023	HY 2022[2]
Cash proceeds from disposals of property, plant and equipment	42	11,733
Cash proceeds from disposals of intangible assets	-	815
Payments for the acquisition of companies and businesses, less cash and cash equivalents acquired	-22	-471
Cash proceeds from disposals of companies and businesses, less cash and cash equivalents disposed of	8,260	36,712
Payments for investments in property, plant and equipment	-598	-1,595
Payments for investments in intangible assets	-901	-2,513
Cash proceeds from the repayment of issued loans	588	6,142
Disbursements from the issuance of loans	-105	-201
Dividends received	7	35
Cash flow from investing activities	**7,271**	**50,657**
Cash received from the issuance of convertible bonds and other bonds	-	5,000
Repayments of convertible bonds and other bonds	-1,000	-1,000
Cash received from loans granted	23,612	45,657
Repayments of loans	-27,447	-71,182
Repayments of lease liabilities	-2,397	-3,733
Interest paid (incl. interest portion from leasing contracts)	-5,069	-3,804
Cash proceeds from restricted cash (loan collateral)	-	1
Cash flow from financing activities	**-12,301**	**-29,061**
Net change in cash and cash equivalents	-72	-2,786
Effects of exchange rate changes on cash and cash equivalents	106	90
Cash and cash equivalents at the beginning of the period[3]	7,992	16,820
Cash and cash equivalents at the end of the period	**8,026**	**14,124**

2 The figures for the first half of 2022 were adjusted due to an error correction. Please refer to note 1.8.

3 Cash and cash equivalents at the beginning of H1 2023 differs from the reported cash and cash equivalents at the end of financial year 2022 due to a correction in the reporting of a current account loan as at 31 December 2022. See also note 1.8.

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1 Basics

1.1 General information about the company and the Group

The Social Chain AG (hereinafter referred to as “TSC AG“, “Social Chain AG”, “Company“ or “Parent Company“) is a stock corporation domiciled in Germany with its registered office at Alte Jakobstraße 85/86, 10179 Berlin. It is registered in the Commercial Register of the Local Court of Berlin under HRB 128790 B.

TSC AG is the parent company of directly and indirectly held subsidiaries and directly and indirectly holds shares in associated companies and joint ventures (hereinafter also referred to as “TSC Group“ or the “Group“). The company acts as a holding company for the Group.

The TSC Group develops and sells products for the everyday life of the whole family - from smart problem solvers to inexpensive household appliances and innovative trend articles. Fast and flexible product development coupled with a strong omnichannel sales structure ensure that our diverse portfolio reaches our customers where they prefer to shop. Be it in bricks-and-mortar retail, online shops, digital marketplaces, or teleshopping.

On 25 July 2023, the TSC AG applied for the opening of insolvency proceedings in self-administration. The court granted the application and ordered provisional self-administration. The insolvency proceedings in self-administration and thus the provisional continuation of TSC AG’ business operations have since been financed by a DIP loan (“Massedarlehen“). The opening of the insolvency proceedings in self-administration is scheduled for the beginning of October 2023.

In addition to TSC AG, six other subsidiaries applied for insolvency in July or August 2023. The regular insolvency proceedings of the subsidiaries will not be conducted in self-administration. The application for insolvency is accompanied by a loss of control by TSC AG over these subsidiaries.

The prerequisite of the DIP loan (“Massedarlehen”), which serves to maintain the business operations and the values tied up in it, was the timely appointment of an M&A advisor. After applying for insolvency, an M&A process – primarily for the sale of DS Group and drtv.agency GmbH – was initiated to identify potential buyers. As a result, first indicative purchase prices were available on 31 August 2023. The deadline for the submission of the final, binding purchase offers was 15 September 2023. After the opening of the insolvency proceedings, which is expected at the beginning of October 2023, a timely closing is anticipated. The office of the preliminary creditors' committee will end with the opening of the insolvency proceedings and a creditors' meeting will be convened and, if necessary, a final creditors' committee will be appointed prior, which will be responsible for approving the binding offers. Subsequently, the affected credit institutions have to decide on the further financing. Uncertainties exist in particular regarding the approval of the credit institutions concerned.

The shares of TSC AG had been admitted to trading in the Prime Standard (regulated market segment with additional subsequent obligations) of the Frankfurt Stock Exchange since 12 November 2021. The admission was revoked by resolution dated 9 August 2023, so that the shares were admitted to trading in the General Standard at the beginning of 21 September 2023.

1.2 Accounting Principles

1.2.1 General

These interim consolidated financial statements have been prepared for the period from 1 January to 30 June 2023 (HY 2023). Unless otherwise stated, the comparative figures in the balance sheet relate to 31 December 2022 and the comparative figures in the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity relate to the period from 1 January to 30 June 2022 (HY 2022).

The consolidated interim financial statements are prepared in euro (EUR), the functional currency of TSC AG. Unless otherwise stated, all values are commercially rounded to thousands of euros (EUR thousand), so that

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rounding differences may occur and the percentages presented do not exactly reflect the figures to which they refer.

1.2.2 Departure from the going concern assumption

Based on the events and developments up to the date of authorization for issue of these interim consolidated financial statements, the Executive Board has come to the conclusion that the preparation of the interim consolidated financial statements under the going concern assumption is no longer appropriate. In accordance with International Financial Reporting Standards (IFRS), these interim consolidated financial statements have therefore been prepared on a non-going concern basis.

The IFRS do not standardize any special requirements with regard to accounting in departure from the going concern assumption. The basic accounting requirements as well as the reporting and disclosure requirements remain unaffected by the application for insolvency. However, there is a disclosure obligation with regard to the presentation of events and circumstances that lead to the assessment that the company can no longer be regarded as a going concern. The interim consolidated financial statements' objective is to provide users of the financial statements with a true and fair view of the Group's net assets, financial position and results of operations.

The departure from going concern represents a significant change from the previous accounting approach resulting in significant differences in the recognition and measurement of assets and liabilities. Comparability with previous years' figures is limited due to the adjustment of the accounting and valuation methods.

Despite the departure from the going concern assumption for the parent company, not all subsidiaries are accounted for under the non-going concern assumption. Thus, in addition to the subsidiaries accounted for under the non-going concern assumption, the interim consolidated financial statements also include subsidiaries accounted for under the going concern assumption. Accordingly, uniform accounting and valuation methods are also to be applied to the Group companies for which the going concern assumption is maintained. For the recognition and measurement principles applied, reference is made to the disclosures in the consolidated financial statements as at 31 December 2022, unless otherwise specified. Uniform recognition and measurement methods are also to be applied for group companies for which the going concern assumption no longer applies. The six subsidiaries in insolvency proceedings are subject to significant access and information restrictions at the time of preparation. Due to a lack of sufficient access to information, some estimates were used in the preparation of the interim consolidated financial statements, especially in connection with disclosure requirements, such as events after the balance sheet date.

Overall, the main implications for the Group's recognition and measurement principles are as follows:

- The insolvent parent company does not prepare its financial statements under the going concern assumption. Provisions of EUR 2,000 were recognized for costs related to the proceedings. In addition, the impairment provisions of IAS 36 are applied comprehensively. Insofar that the value of individual assets has been adequately determined, the carrying amounts may be identical to those used for going concern accounting, taking into account the discontinuation of going concern.
- The insolvent subsidiaries are generally not accounted for under the going concern assumption. Due to the insolvencies that occurred in July and August, it is expected that the companies will be deconsolidated at this point in time. Expenses resulting from this deconsolidation have already been taken into account in the valuation of assets and liabilities as at 30 June 2023 and recognised as impairment.
- The two companies to be sold, TSCDS Holding GmbH with its subsidiaries (DS Group) and drtv.agency GmbH, represent a significant part of the group and therefore the significant assets

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(96.7% of assets and 67.6% of liabilities). As the intended sale of these Group companies is standardized as a requirement of the DIP loan, the Group companies are accounted for as a disposal group, taking into account the impairment provisions of IAS 36. The final binding purchase offers for the pending disposals were used to determine the fair value less costs to sell. Due to developments in these assumptions beyond management's control, the amounts actually received may deviate from the originally expected estimated values. An impairment loss resulting from the fair value measurement was initially recognized as a full write-off of goodwill and any trademarks. The excess impairment loss was allocated to the remaining long-term assets without deferred tax assets and financial instruments on a pro rata basis depending on their respective carrying amounts.

The companies to be sold are as follows:

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No.	Name and registered office of the company	30.6.2023 Share of capital in %
1	BEEM Asia Limited, Hongkong, Kowloon	87.55
2	BEEM Germany GmbH, Stapelfeld	100.00
3	Brand Chain B.V., Niederlande, Swalmen	100.00
4	Brand Chain GmbH, Bad Segeberg	100.00
5	CLASEN FOODS GmbH, Stapelfeld	100.00
6	drtv.agency GmbH, Stuttgart	100.00
7	DS Aviation GmbH, Stapelfeld	100.00
8	DS Direct GmbH, Stapelfeld	100.00
9	DS Holding GmbH, Stapelfeld	100.00
10	DS Impact GmbH, Stapelfeld	100.00
11	DS Marketing GmbH, Stapelfeld	100.00
12	DS MEWITEC GmbH, Stapelfeld	100.00
13	DS Produkte GmbH, Stapelfeld	100.00
14	DS Select GmbH, Stapelfeld	100.00
15	DSP Logistics PL Sp. z.o.o., Polen, Stettin	100.00
16	DSQ Hongkong Ltd., Hongkong, Kowloon	87.55
17	Exzellenz Verdon Ltd., Hongkong, Kowloon	87.55
18	LANDMANN Germany GmbH, Stapelfeld	100.00
19	Landmann Hungária Kft., Ungarn, Vecses	100.00
20	LANDMANN International GmbH, Stapelfeld	100.00
21	Landmann Limited, Vereinigtes Königreich, Huntingdon	100.00
22	Landmann Polska Sp. z.o.o., Polen, Iawor	100.00
23	Pacific Trade Connection Ltd., Hongkong, Kowloon	100.00
24	TSCDS Holding GmbH, Berlin	100.00
25	Vision Personalservice GmbH, Valluhn	100.00

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Against the background of the discontinuation of the company's positive going concern forecast, Stefan Kiwit and Dr Georg Kofler resigned from their Executive Board positions with immediate effect on 21 July and 24 July 2023 respectively and the Supervisory Board appointed the lawyers Prof Dr Gerrit Hölzle and Dr Thorsten Bieg from the law firm Görg Partnerschaft von Rechtsanwälten mbB, to the Company's Executive Board – in each case in the capacity of insolvency directors. The appointment of the two new board members was made in accordance with § 270a para. 2 No. 4 of the German Insolvency Code (InsO) in order to ensure the legal requirements for the implementation of insolvency proceedings in self-administration at the company.

1.3 Declaration of Compliance

The condensed consolidated interim financial statements for the period from 1 January to 30 June 2022 comply with the requirements of IAS 34 (Interim financial reporting) of the International Financial Reporting Standards (IFRS) applicable to interim financial reports as at the balance sheet date and adopted by the European Union (EU).

The interim condensed consolidated financial statements should be read in conjunction with the interim group management report. The interim condensed consolidated financial statements do not contain all the information and disclosures required in the consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2021 (consolidated financial statements 2022). The consolidated financial statements have been prepared in accordance with the IFRS of the International Accounting Standards Board (IASB) as adopted by the EU and the interpretations of the IFRS Interpretations Committee (IFRIC) as approved by the IASB.

1.4 Application of new and revised IFRS requirements

The recognition and measurement principles applied in the consolidated financial statements as at 31 December 2022 are generally unchanged. The implications resulting from the departure from going concern are highlighted in the relevant sections of the notes.

In the 2023 financial year, the Group applied the following new or revised IFRS standards and IFRS interpretations for the first time, which have already been adopted by the EU and whose application is mandatory for financial years beginning on 1 January 2023:

- IFRS 17 Insurance contracts
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

These new or revised IFRS standards and IFRS interpretations had no or no material impact on the consolidated financial statements.

1.5 Consolidation scope

As at 30 June 2023, the Group comprises 48 (previous year: 55) fully consolidated companies and 4 (previous year: 4) associated companies or joint ventures that are accounting for using the equity method.

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The scope of consolidation and the group of associated companies or joint ventures changed in the first half of 2023 as described below.

Sale of Social Chain Ltd. and Social Chain USA Inc. (Agency business in England and the USA)
On 10 August 2022, the Executive Board of TSC Group decided on measures to streamline the investment portfolio with the aim of further increasing the profitability of the Group as a whole.

As part of these measures, TSC Group sold its English-speaking agency business in England and the USA on 3 February 2023. A share purchase agreement was signed under which all shares in Social Chain Ltd (Manchester), including its direct subsidiary Social Chain USA Inc (New York), were sold to Brave Bison Group PLC. As part of the transaction, all trademark rights to the term "Social Chain" were sold and transferred to the buyer. The company and the agency business in Germany received a comprehensive licence for the further use of the rights to the name. The Supervisory Board of the company approved the transaction.

As consideration for the sale of the shares, the parties have agreed on a total purchase price of up to approximately EUR 20 million (based on a cash/debt-free calculation), of which an initial purchase price of approximately EUR 8.7 million (before cash/debt-free calculation) was paid upon completion of the transaction. Further additional purchase price payments (earn-out) will be due in stages until 2025, subject to the corresponding consolidated business development of the target companies.

The consideration was financed by the purchaser via the issuance of new shares. The closing of the transaction was in particular subject to the condition precedent of the successful completion of the share placement by the purchaser which took place on 6 February 2023.

Sale of Social Chain GmbH
On 3 March 2023, Social Chain GmbH, based in Berlin, was sold.

Sale of The Social Commerce Alliance GmbH
On 3 March 2023, The Social Commerce Alliance GmbH, based in Berlin, was sold.

Sale of Lions Chain GmbH
On 6 April 2023, Berlin-based Lions Chain GmbH was sold by TSC AG to Leverkusen-based HaWiCon GmbH. With the payment of the purchase price all receivables from shareholder loans were assigned to the buyer.

Sale of RAVENSBERGER Matratzen GmbH
On 14 April 2023, TSC AG sold RAVENSBERGER Matratzen GmbH, headquartered in Berlin, to SCUR-Alpha 1576 GmbH (now Perfect Sleep GmbH), headquartered in Munich, under the terms of a share purchase agreement.

Sale of mint performance marketing, Inc.
On 11 May 2023, TSC AG sold its 25% stake in the share capital of mint performance marketing, Inc. (Wilmington, DE, United States).

Sale of shares held in KoRo Handels GmbH
On 3 May 2023, TSC AG sold its 4,198 shares held in KoRo Handels GmbH (Berlin).

Summary of deconsolidations of subsidiaries
The consideration received and the result of the deconsolidation are composed as follows:

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in EUR thousand	Social Chain Ltd. und Social Chain USA, Inc.	RAVENSBERGER Matratzen GmbH	mint performance marketing, Inc.	Lions Chain GmbH	Other
Cash consideration	5,240	-	936	-	-
Earn-out	8,987	-	-	-	-
Total consideration	**14,227**	**-**	**936**	**-**	**-**
Less net assets sold	-14,232	95	-979	500	-45
Non-controlling interests	-	-	726	-	-
Other effects	-88	-	23	-	-
Deconsolidation result	**-93**	**95**	**707**	**500**	**-45**

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As part of the deconsolidation, the following assets and liabilities were deconsolidated from the Group:

in EUR thousand	Social Chain Ltd. und Social Chain USA, Inc.[1]	RAVENSBERGER Matratzen GmbH[1]	mint performance marketing, Inc.[1]	Lions Chain GmbH[1]	Other
Intangible assets	3,436	252	-	-	-
Goodwill	12,848	-	-	-	237
Property, plant and equipment	524	45	5	-	2
Right-of-use assets	1,824	1,224	-	-	-
Other non-current financial assets	7	51	-	1,780	16
Deferred tax assets	47	-	-	267	5
Non-current assets	**18,686**	**1,572**	**5**	**2,048**	**261**
Inventories	-	692	-	-	-
Trade receivables and other receivables	1,684	425	986	4	296
Other current non-financial assets	921	329	30	254	142
Cash and cash equivalents	110	487	179	27	39
Current assets	**2,715**	**1,933**	**1,194**	**285**	**477**
Non-current provisions	189	-	-	-	-
Non-current financial liabilities	1,684	684	-	874	-
Non-current non-financial liabilities	-	55	-	-	-
Deferred tax liabilities	1,025	149	-	151	4
Non-current liabilities	**2,899**	**888**	**-**	**1,025**	**4**
Current provisions	-	363	-	-	8
Current financial liabilities	1,143	859	80	1,800	325
Trade payables	1,048	1,003	127	-	345
Current non-financial liabilities	2,079	487	14	7	11
Current liabilities	**4,270**	**2,712**	**221**	**1,807**	**689**
Net assets disposed of	**14,232**	**-95**	**979**	**-500**	**45**

1 The assets and liabilities of the deconsolidated companies were included in assets and liabilities held for sale at the date of deconsolidation.

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The deconsolidations had the following effects on the consolidated statement of cash flows:

in EUR thousand	Social Chain Ltd. und Social Chain USA, Inc.	RAVENSBERGER Matratzen GmbH	mint performance marketing, Inc.	Lions Chain GmbH	Other
Cash and cash equivalents received	5,240	-	936	-	-
Cash and cash equivalents disposed of	-110	-487	-179	-27	-39
Net cash inflow (+) / outflow (-)	**5,130**	**-487**	**757**	**-27**	**-39**

1.6 Currency conversion

The exchange rates used for currency conversion are as follows:

		Closing rate		Average rate
Currency 1 EUR in	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**
USD	1.087	1.067	1.081	1.065
GBP	0.858	0.887	0.877	0.848
HKD	8.516	8.316	8.474	8.359
PLN	4.439	4.681	4.624	4.648
HUF	371.930	400.870	380.503	385.328

1.7 Critical estimates and judgments

In applying the accounting policies, management has made judgements that have a significant effect on the amounts recognized in the interim condensed consolidated financial statements. Accordingly, in preparing the interim condensed consolidated financial statements, assumptions and estimates have to be made to a certain extent that impact the amount and presentation of the assets and liabilities, income and expenses and contingent liabilities recognized in the balance sheet for the reporting period. The assumptions and estimates are based on current knowledge. In particular, the assumption surrounding the expected future business development was based on the circumstances prevailing at the time the interim condensed consolidated financial statements were prepared as well as the future development of the business environment, which is considered to be realistic. Due to developments in these general conditions that deviate from the assumptions and are beyond the management's control, the amounts actually achieved may deviate from the originally expected estimated values.

The use of judgements, estimates and assumptions is explained in the 2022 consolidated financial statements.

In the interim condensed consolidated financial statements as at 30 June 2023, the use of further judgements, estimates and assumptions are made in the context of the valuation of the companies to be divested.

Valuation of the disposal groups

For the assessment of the fair value less costs to sell of the companies to be disposed of the binding purchase price offers that were available as at 15 September 2023 were used, taking into account a risk premium as an adjustment for any uncertainties with regard to the pending, successful sale. The disposal groups represent a significant portion of the business operations of The Social Chain AG with 96.7% of the assets and 67.6% of the liabilities. Therefore, a significant portion of the interim consolidated financial statements is subject to judgements that have a material effect on the

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amounts recognized in the financial statements. Due to changes in these assumptions that deviate from the assumptions and are beyond management's control, the actual amounts may differ from the originally expected estimated values. Uncertainties exist with regard to both the purchase price and the risk discount. Uncertainties arise in particular with regard to the timing and the specific progress of the insolvency proceedings. In addition, there are systemic risks regarding the composition of the creditors' committee including the corresponding approval of the intended sale. The purchase offers for the acquisition of DS Group provide for the waiver of termination rights and further financing declarations on the part of the DS Group credit institutions as a condition.

It is unclear whether the negotiated purchase offers will lead to an approval by the credit institutions or whether subsequent negotiations will take place.

Overall, due to the existing uncertainties, the occurrence and timing of the closing on the companies to be sold is subject to uncertainty.

1.8 Error correction

Consolidated Statement of Cash Flows HY 2022

The consolidated statement of cash flows for the first half of 2022 was corrected because individual items were not shown in the correct line within the cash flow from operating activities or within the cash flow from financing activities. However, there are no significant shifts between the two cash flows.

Furthermore, there is no impact on the income statement, statement of comprehensive income, balance sheet or statement of changes in equity.

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in EUR thousand	HY 2022 as reported	Adjustment	HY 2022 adjusted
Group result	**-51,645**	**-**	**-51,645**
Income taxes (continuing and discontinued operations)	-4,693	-	-4,693
Earnings before taxes	**-56,337**	**-**	**-56,337**
Financial result (continuing and discontinued operations)	9,209	-	9,209
Amortization of intangible assets (continuing and discontinued operations)	6,054	-	6,054
Depreciation of property, plant and equipment and right-of-use assets (continuing and discontinued operations)	4,928	-	4,928
Impairment losses (continuing and discontinued operations)	51,137	-	51,137
Net loss allowance from trade receivables and contract assets	-	955	955
Write-downs of inventories	-	2,829	2,829
Gain (-) / loss (+) from the disposal of property, plant and equipment	-671	-	-671
Profit (-) / loss (+) from the disposal of subsidiaries	-39,244	-	-39,244
Share-based payment expenses	498	-	498
Other non-cash income (-) and expenses (+) (continuing and discontinued operations)	740	-3,598	-2,858
Changes in working capital			
Decrease (+) / Increase (-) in inventories	3,880	-11,653	-7,773
Decrease (+) / Increase (-) in contract assets	1,494	-	1,494
Decrease (+) / Increase (-) in trade receivables and other receivables	9,495	7,782	17,277
Decrease (+) / Increase (-) in other financial assets	13,663	-17,468	-3,805
Decrease (+) / Increase (-) in other assets (excluding contract assets)	-	9,229	9,229

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in EUR thousand	HY 2022 as reported	Adjustment	HY 2022 adjusted
Increase (+) / Decrease (-) in trade payables	-13,912	4,954	-8,958
Increase (+) / Decrease (-) in other financial liabilities	-	-15,954	-15,954
Increase (+) / Decrease (-) in other liabilities (incl. contract liabilities)	-10,997	20,987	9,990
Increase (+) / Decrease (-) in provisions	-3,339	3,201	-138
Change in income tax receivables and liabilities	-1,726	-519	-2,245
Other changes in working capital	761	-761	-
Cash flow from operating activities	**-24,367**	**-16**	**-24,383**
Cash proceeds from disposals of property, plant and equipment	11,733	-	11,733
Cash proceeds from disposals of intangible assets	815	-	815
Payments for the acquisition of companies and businesses, less cash and cash equivalents acquired	-471	-	-471
Cash proceeds from disposals of companies and businesses, less cash and cash equivalents disposed of	37,573	-861	36,712
Payments for investments in property, plant and equipment	-1,595	-	-1,595
Payments for investments in intangible assets	-2,473	-40	-2,513
Cash proceeds from the repayment of issued loans	5,259	883	6,142
Disbursements from the issuance of loans	-201	-	-201
Dividends received	-	35	35
Cash flow from investing activities	**50,641**	**16**	**50,657**

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in EUR thousand	HY 2022 as reported	Adjustment	HY 2022 adjusted
Cash received from the issuance of convertible bonds and other bonds	5,000	-	5,000
Repayments of convertible bonds and other bonds	-1,000	-	-1,000
Cash received from loans granted	45,657	-	45,657
Repayments of loans	-71,182	-	-71,182
Repayments of lease liabilities	-3,733	-	-3,733
Interest paid (incl. interest portion from lease contracts)	-3,804	-	-3,804
Cash proceeds from restricted cash (loan collateral)	1	-	1
Cash flow from financing activities	**-29,060**	**-**	**-29,061**
Net change in cash and cash equivalents	**-2,786**	**-**	**-2,786**

Cash and cash equivalents in the consolidated statement of cash flows as at 31 December 2022

As at 31 December 2022, bank overdrafts of EUR 6.136 thousand were included in cash and cash equivalents in the consolidated statement of cash flows, although these accounts did not constitute overdrawn bank accounts but short-term working capital loans, the drawing of which represents a cash inflow from borrowing activities rather than a change in cash and cash equivalents. Thus, both the cash flow from financing activities and the cash and cash equivalents at the end of the period were understated.

This has no effect on the income statement, the statement of comprehensive income, the balance sheet and the statement of changes in equity.

in EUR thousand	31.12.2022 as reported	Adjustment	31.12.2022 adjusted
Cash flow from operating activities	-24,145	-	-24,145
Cash flow from investing activities	47,910	-	47,910
Cash flow from financing activities	-38,823	6,136	-32,687
Net change in cash and cash equivalents	-15,058	6,136	-8,922
Effects of exchange rate changes on cash and cash equivalents	95	-	95
Cash and cash equivalents at the beginning of the period	16,820	-	16,820
Cash and cash equivalents at the end of the period	1,856	6,136	7,992

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Classification of property, plant and equipment

Due to a presentation error, individual items of property, plant and equipment of a subsidiary were incorrectly classified in the detailed disclosures on the development of asset types. The error has been corrected retrospectively and the corresponding comparative disclosures adjusted.

This adjustment has no effect on the income statement, statement of comprehensive income, balance sheet, statement of cash flows or statement of changes in equity.

in EUR thousand	Carrying amount 30.06.2022 as reported	Adjustment	Carrying amount 30.06.2022 adjusted
Land and buildings	795	1,594	2,389
Technical equipment and machinery	834	2	836
Operating and office equipment	6,206	-1,623	4,583
Advance payments and assets under construction	119	27	146
Total property, plant and equipment	**7,954**	**-**	**7,954**

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2 Segment reporting

The operating segments reflect the Group's management structures and the way in which financial information is regularly reviewed by the chief operating decision maker, defined as the Executive Board. The Executive Board is also responsible for allocating resources and assessing the performance of the operating segments.

Core Brands

The Core Brands represent the main brands of TSC Group. The independent companies have their own brand concept, their own customer base and brand awareness. The Core Brands segment consists of classic and emerging brands: GLOW with various event formats, such as GLOW by dm, HOUSE of GLOW and the GLOW Pro Community, the oldest German barbecue manufacturer LANDMANN, the sustainable home interior brand URBANARA, the food brand CLASEN BIO and the coffee and tea specialist BEEM.

Brand Chain

In the Brand Chain segment, the focus is on the e-commerce and digital marketplace business of MAXX Group products and "emerging brands" that are being developed. These included: N8WERK with kitchen and household products, the home & living brand Lumaland, FitEngine for fitness equipment and HOBERG, the partner for outdoor projects. These brands and products are sold both in their own online shops as well as in all other relevant online marketplaces.

MAXX Group

MAXX Group includes the merchandise business of DS Products as well as the distribution of the products from the VOX start-up show "Die Höhle der Löwen". GOURMETMAXX, CLEANMAXX, EASYMAXX, VITALMAXX, BRATMAXX and MAXMEE are firmly anchored in retail and teleshopping.

Social Marketing

In the Social Marketing segment, TSC Group used an integrated model of social media marketing and social media publishing until the end of the 2022 financial year. TSC Group offered its agency services primarily to external business customers. The traditional agency business was reclassified as discontinued operations at the end of the 2022 financial year and sold in February 2023 in order to focus resources of Social Chain AG on the growth of its own brands and products in omnichannel commerce.

At present, the "Social Marketing" segment consists of the performance marketing agency drtv.agency GmbH (an established player in consulting for data-driven campaigns in TV, print and radio) and the German Social Chain Germany GmbH (specialist for social media campaigns in performance marketing), sib Silvester in Berlin Veranstaltungen GmbH (events) and DEF Media GmbH (productions).

The Executive Board measures the performance of the segments on the basis of EBITDA. The segment earnings indicator EBITDA is defined as earnings before interest, taxes, depreciation and amortization.

The operating segments are reported in accordance with IFRS.

Due to the insolvency application, the departure from going concern and the planned sale of the two main business areas, after 30 June 2023 The Social Chain AG will no longer be managed on the basis of the segments reported here. After 30 June 2023, management's focus is on the sale of the company's business units, the liquidation of the insolvent companies and the realization of the other assets.

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Segment information HY 2023

in EUR thousand	Core Brands	MAXX Group	Brand Chain	Social Marketing	Holding / Other	Consolidation	Group
Revenue with external customers	31,433	53,965	24,039	12,091	73	-	121,601
thereof sale of merchandise	30,496	53,704	24,039	-	-	-	108,239
thereof agency business	-	-	-	9,705	-	-	9,705
thereof production	-	-	-	1,932	-	-	1,932
thereof events	930	-	-	454	-	-	1,384
thereof other sales	7	261	-	-	73	-	341
Revenue with other segments	4,452	12,798	701	305	3,653	-21,909	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**-155**	**1,216**	**632**	**146**	**-28,958**	**22,523**	**-4,596**
Cash and cash equivalents	2,695	2,357	466	986	2,883	-	9,387

Segment information HY 2022[1]

in EUR thousand	Core Brands	MAXX Group	Brand Chain	Social Marketing	Holding / Other	Consolidation	Group
Revenue with external customers	92,139	67,941	29,447	22,919	741	-	213,187
thereof sale of merchandise	91,647	67,756	29,447	-	4	-	188,854
thereof agency business	-	-	-	19,932	-	-	19,932
thereof production	-	-	-	2,757	719	-	3,476
thereof events	371	-	-	227	-	-	598
thereof other sales	122	184	-	2	19	-	327
Revenue with other segments	1,804	14,527	1,009	227	14,577	-32,144	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**-8,572**	**-4,385**	**-3,858**	**-374**	**34,869**	**1,798**	**19,478**
Cash and cash equivalents	2,840	8,778	743	2,892	1,396	-	16,650

1 The figures differ from the values reported in the half-year financial statements 2022, as the income and expenses of the discontinued operations which were not yet classified as such in H1 2022 were retrospectively reclassified to the result from discontinued operations for comparative purposes. See also note 3.5.

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3 Selected notes to the consolidated income statement

3.1 Revenue

Revenue developed in the first half of 2023 as presented below:

in EUR thousand	HY 2023	HY 2022
Sale of merchandise	108,239	188,854
Agency business	9,705	19,932
Production	1,932	3,476
Events	1,384	598
Other revenue	341	327
Revenue	**121,601**	**213,187**

3.2 Other operating income

in EUR thousand	HY 2023	HY 2022
Income from foreign currency translation	3,046	10,339
Income from the deconsolidation of subsidiaries	1,386	39,244
Income from the derecognition of liabilities	291	224
Insurance compensation / Damages	195	2,572
Income from reversal of receivables written-of	-	1,783
Income from the disposal of property, plant and equipment	-	98
Miscellaneous other income	2,024	1,637
Other operating income	**6,942**	**55,896**

Income from foreign currency translation includes both positive effects from the revaluation at the closing rate of assets and liabilities and income from the measurement at fair value of foreign currency derivatives held for trading.

Income from the deconsolidation of subsidiaries results from the deconsolidations described in Note 1.5.

3.3 Other operating expenses

in EUR thousand	HY 2023	HY 2022
Distribution expenses	15,054	28,612
Legal and consulting expenses	3,805	2,765
License fees	3,621	3,848
Foreign currency translation expenses	2,675	3,827
Advertising and travel expenses	2,531	8,735
Rental fees / Leasing	918	945
Repairs and Maintenance	620	985
Ancillary rental expenses	619	1,133
Administrative expenses	589	903
Third-party services / External administrative expenses	570	1,603
Losses on receivables	388	164
Fees and contributions	361	890
Insurance premiums	338	518
Losses from the deconsolidation of subsidiaries	222	-
Other personnel expenses	207	408
Miscellaneous other expenses	2,545	2,210
Other operating expenses	**35,064**	**57,547**

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3.4 Financial income and expenses

in EUR thousand	HY 2023	HY 2022
Interest and similar income	79	448
Income from the measurement of financial instruments at fair value through profit or loss	21	1,990
Dividends	7	1
Financial income	**106**	**2,440**
Interest expense from liabilities to banks, loans and similar liabilities	-5,200	-6,814
Interest expenses from convertible bonds	-1,294	-1,224
Interest expense from lease liabilities	-734	-773
Expenses arising from the measurement of financial instruments at fair value through profit or loss	-14,768	-2,367
Other financial expenses	-	-
Financial expenses	**-21,997**	**-11,178**
Financial income and expenses	**-21,891**	**-8,738**

Of the income from the measurement of financial instruments at fair value through profit or loss, TEUR 0 (previous year: TEUR 1,076) is attributable to primary financial instruments and TEUR 21 (previous year: TEUR 914) to derivative financial instruments.

Of the expenses from the measurement of financial instruments at fair value through profit or loss, EUR 14,762 thousand (previous year: EUR 2,365 thousand) is attributable to primary financial instruments and EUR 6 thousand (previous year: EUR 2 thousand) to derivative financial instruments.

The expenses from the valuation of primary financial instruments recognized in profit or loss are mainly due to the devaluation of the earn-out from the sale of the two agency companies Social Chain Ltd. and Social Chain USA, Inc. (EUR 9,225 thousand) as well as the valuation of shares of KoRo (EUR 5,492 thousand).

3.5 Result from discontinued operations

In the 2022 financial year, the Executive Board of TSC Group continued to advance the streamlining of the investment portfolio with the aim of further increasing the profitability of the Group as a whole and decided that the business of the following business units will not be continued in the future:

- Social Media UK in the Social Marketing segment
- Social Media US in the Social Marketing segment
- Influencer Social Media Germany in the Social Marketing and Brand Chain segments primarily.

The business of these operations has been reclassified retrospectively to income from discontinued operations.

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Earnings and cash flow from discontinued operations for HY 2023:

in EUR thousand	Social Media UK	Social Media US	Influencer Social Media Germany	Total
Revenue and other operating income	523	1,133	244	1,900
Consolidation of intra-group revenue	-69	-27	-1	-98
External revenue and other operating income	**454**	**1,106**	**243**	**1,802**
Expenses	-679	-1,172	-291	-2,141
Consolidation of intra-group expenses	-3	72	0	69
External expenses	**-682**	**-1,099**	**-291**	**-2,072**
Result from operating activities	**-228**	**7**	**-48**	**-270**
Income taxes	5	5	8	19
Result from operating activities after taxes	**-223**	**12**	**-40**	**-251**
thereof attributable to shareholders of the parent company	-223	-17	-40	-281
thereof attributable to non-controlling shareholders	-	29	-	29
Gain on disposal of discontinued operation	-	-	-	-
Net cash flow from operating activities	23	-100	446	369
Net cash flow from investing activities	-	-	-363	-363
Net cash flow from financing activities	-55	-28	-98	-182
Net cash flow	**-32**	**-128**	**-16**	**-176**

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Earnings and cash flow from discontinued operations for HY 2022:

in EUR thousand	Social Media UK	Social Media US	Influencer Social Media Germany	Total
Revenue and other operating income	7,347	3,909	3,010	14,266
Consolidation of intra-group revenue	-683	-101	-1,197	-1,982
External revenue and other operating income	**6,664**	**3,808**	**1,812**	**12,284**
Expenses	-7,615	-4,873	-6,563	-19,051
Consolidation of intra-group expenses	-67	555	933	1,421
External expenses	**-7,682**	**-4,318**	**-5,630**	**-17,630**
Result from operating activities	**-1,018**	**-510**	**-3,818**	**-5,346**
Income taxes	23	35	69	127
Result from operating activities after taxes	**-995**	**-475**	**-3,749**	**-5,219**
thereof attributable to shareholders of the parent company	-995	-591	-3,714	-5,301
thereof attributable to non-controlling shareholders	-	117	-35	82
Gain on disposal of discontinued operation	-	-	-	-
Net cash flow from operating activities	-10	217	39	246
Net cash flow from investing activities	-8	-20	6	-21
Net cash flow from financing activities	-518	-138	-304	-959
Net cash flow	**-535**	**60**	**-259**	**-735**

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4 Selected notes to the consolidated interim balance sheet

4.1 Impairment of disposal groups, insolvent subsidiaries and assets

Based on the realignment of the business objective of TSC AG during the course of the insolvency application, an adjustment was made to the definition of the cash-generating units as the basis for the impairment test within the meaning of IAS 36. The original cash-generating units at brand level are no longer applicable, as the companies to be sold comprise a significant part of the brands and are valued separately as described in the following section. This results in limited comparability with any reported prior year information.

Disposal groups

Due to the imminently planned sale of TSCDS Holding GmbH and its subsidiaries (hereafter DS subgroup or DS Group) and drtv.agency GmbH (hereafter drtv), these two disposal groups will be subject to an impairment test in the interim consolidated financial statements as at 30 June 2023. The valuation is carried out at a uniform purchase price at the level of the companies to be sold due to the overall sale. The definition of the cash-generating units was adjusted using the disposal groups, as the cash inflows will be generated from the sale of the companies. The disposal of the companies comprises the material part of the TSC Group's interim consolidated financial statements and is the key information for the users of the interim consolidated financial statements to assess the Group's net assets, financial position and results of operations.

The recoverable amount, i.e. the higher of fair value less costs to sell and value-in-use, is to be used for the impairment test. The fair value is indicated by the binding purchase price offers received. Due to the inevitability of the disposal as a result of the parent company applying for insolvency, no value-in-use is to be applied.

The recoverable amount used to value the disposal groups thus corresponds to the expected disposal price less costs to sell. This was determined by using the binding offers received in the M&A process, taking into account the risk of failure of the disposal process. The highest binding offer was included in the expected selling price at 90%. The mean value of all further offers received, or a value of zero if no further offers were received, was included in the selling price at 10%. This resulted in the recognition of an expected selling price of EUR 2,334 thousand for the sale of the DS subgroup and TEUR 3,088 for the sale of drtv.agency GmbH. The binding offers on which the calculation of the expected value of the sale price was based include offers from related parties (see Note 7 Related party transactions).

Due to the imminent classification of the companies to be sold as held for sale, the impairment loss resulting from the measurement at fair value less costs to sell was recognized in accordance with IFRS 5.23 in conjunction with IAS 36.104. The impairment loss was initially recognized as a full write-down of goodwill and then the remaining impairment loss was allocated pro rata to the remaining non-current assets excluding deferred tax assets and financial instruments depending on their carrying amounts.

A total impairment loss of EUR 82,080 thousand was determined for the DS subgroup. First, goodwill of TEUR 63,487 was written down. The remaining impairment loss was allocated proportionally to the other non-current assets as follows:

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in EUR thousand	Carrying amount before impairment	Impairment	Carrying amount after impairment
Goodwill	63,487	-63,487	-
Brands	11,004	-2,294	8,710
Other intangible assets	20,278	-4,227	16,050
Property, plant and equipment	5,181	-1,080	4,101
Right-of-use assets	52,727	-10,992	41,735
Total	**152,677**	**-82,080**	**70,596**

The impairment of the assets of DS Group resulted in a decrease in deferred tax liabilities of EUR 4,847 thousand and a devaluation of deferred tax assets of EUR 1,360 thousand so that in total deferred tax income of EUR 3,488 thousand was recognized and offset the devaluation.

An impairment loss of EUR 22,968 thousand was determined for drtv.agency GmbH. The impairment loss relating to drtv.agency GmbH was allocated in full to goodwill. Goodwill was written down by EUR 22,968 thousand from EUR 24,055 thousand to EUR 1,087 thousand.

Insolvent subsidiaries
In July and August 2023, six subsidiaries of TSC AG applied for insolvency. With the application of the insolvency proceedings and the appointment of a preliminary insolvency administrator, TSC AG lost control over the subsidiaries. The deconsolidation of these insolvent subsidiaries will only take place after the balance sheet date. The losses arising from the deconsolidation have already been taken into account in the valuation of assets and liabilities as at 30 June 2023. Net devaluations of TEUR 2,481 were recognized. Due to the negative net assets of a subsidiary, a deconsolidation gain is expected for this company in the next reporting period.

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in EUR thousand	Carrying amount before impairment	Impairment	Carrying amount after impairment
Goodwill	1,021	-1,021	-
Brands	1,908	-833	1,075
Other intangible assets	688	-	688
Property, plant and equipment	68	-7	60
Right-of-use assets	368	-304	64
Other non-current financial assets	72	-	72
Deferred tax assets	1,576	-1,576	-
Non-current assets	**5,701**	**-3,741**	**1,960**
Inventories	323	-	323
Trade receivables	2,054	-27	2,026
Other current financial assets	389	-	389
Current income tax receivables	98	-	98
Other current non-financial assets	4,451	-80	4,371
Cash and cash equivalents	345	-	345
Current assets	**7,660**	**-107**	**7,553**
Assets	**13,361**	**-3,848**	**9,512**

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in EUR thousand	Carrying amount before impairment	Impairment	Carrying amount after impairment
Non-current financial liabilities	161	-	161
Non-current provisions	1	-	1
Deferred tax liabilities	1,118	-1,118	-
Non-current liabilities	**1,279**	**-1,118**	**161**
Trade payables	2,030	-	2,030
Other current financial liabilities	3,815	-249	3,566
Current provisions	107	-	107
Current income tax liabilities	219	-	219
Current contract liabilities	206	-	206
Other current non-financial liabilities	4,051	-	4,051
Current liabilities	**10,429**	**-249**	**10,179**
Net assets	**1.653**	**-2,481**	**-829**

The Social Chain AG
Since it is no longer assumed that TSC AG will continue to operate, the capitalized development costs for a BI tool totalling EUR 2,498 thousand were written off in full. Furthermore, the right-of-use asset for the office at Alte Jakobstraße 85/86, 10179 Berlin were value-adjusted by EUR 251 thousand, as it is not assumed that the office space will be used beyond 31 December 2023.

Brand Social Media UK
The brand of the UK company Media Chain Group Limited was impaired by EUR 527 thousand to EUR 529 thousand.

Summary
The following table provides an overview of all impairment losses recognized in the TSC Group:

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in EUR thousand	drtv	DS Group	Insolvent subsidiaries	TSC AG	UK	TSC Group total
Impairment of goodwill	-22,968	-63,487	-1,021	-	-	-87,476
Impairment of brands	-	-2,294	-833	-	-527	-3,653
Impairment of other intangible assets	-	-4,227	-	-2,498	-	-6,726
Impairment of property, plant and equipment	-	-1,080	-7	-	-	-1,087
Impairment of right-of-use assets	-	-10,992	-304	-251	-	-11,547
Impairment of other non-current assets	-	-	-107	-	-	-107
Reversal of refund liabilities	-	-	249	-	-	249
Deferred taxes	-	3,488	-458	-	-	3,030
Total of recognised impairments	**-22,968**	**-78,592**	**-2,481**	**-2,749**	**-527**	**-107,317**

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4.2 Intangible assets and goodwill

The development of intangible assets and goodwill is presented in the following tables:

in EUR thousand	Goodwill	Software	Brands	Customer relationships	Patents, concessions and other rights	Intangible assets in development	Total
Cost							
As at 01.01.2023	**225,722**	**1,674**	**20,722**	**27,279**	**5,066**	**1,424**	**281,886**
Changes in the scope of consolidation	-11,923	-	-	-	-	-	-11,923
Additions	-	-	-	-	901	-	901
Disposals	-	-	-	-	-	-	-
Reclassification to assets held for sale	-8,356	-	479	282	11	-	-7,584
Exchange rate effects	-261	1	50	-	-1	-	-211
As at 30.06.2022	**205,183**	**1,674**	**21,251**	**27,561**	**5,977**	**1,424**	**263,069**
Accumulated amortization and impairment							
As at 01.01.2022	**-136,742**	**-1**	**-5,327**	**-8,725**	**-1,089**	**-355**	**-152,240**
Changes in the scope of consolidation	11,686	-	-	-	-	-	11,686
Amortization	-	-185	-1,573	-2,138	-367	-	-4,263
Impairment	-87,476	-1,473	-3,653	-3,318	-909	-1,025	-97,855
Disposals	-	-	-	-	-	-	-
Reclassification to assets held for sale	8,356	-	-158	-221	-4	-	7,973
Exchange rate effects	81	-	-18	-	-	-	63
As at 30.06.2022	**-204,096**	**-1,659**	**-10,730**	**-14,402**	**-2,370**	**-1,380**	**-234,636**
Carrying amount as at 01.01.2023	88,980	1,673	15,394	18,553	3,976	1,069	129,646
Carrying amount as at 30.06.2023	1,087	15	10,521	13,159	3,606	44	28,433

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in EUR thousand	Goodwill	Software	Brands	Customer relationships	Patents, concessions and other rights	Intangible assets in development	Total
Cost							
As at 01.01.2023	**278,675**	**268**	**31,486**	**31,173**	**3,667**	**3,354**	**348,624**
Changes in the scope of consolidation	-	-	-	-	-	-	-
Additions	100	40	-	2	1,186	1,091	2,419
Disposals	-	-43	-8	-	-357	-477	-884
Reclassification to assets held for sale	-219	-	-529	-91	-187	-429	-1,455
Exchange rate effects	-247	-	92	24	6	-	-125
As at 30.06.2022	**278,309**	**265**	**31,042**	**31,108**	**4,316**	**3,540**	**348,579**
Accumulated amortization and impairment							
As at 01.01.2022	**-77,262**	**-75**	**-5,347**	**-3,194**	**-510**	**-18**	**-86,406**
Changes in the scope of consolidation	-	-	-	-	-	-	-
Amortization	-	-	-2,057	-3,655	-284	-13	-6,009
Impairment	-44,653	-87	-280	-423	-136	-636	-46,216
Disposals	-	-	11	-	41	31	83
Reclassification to assets held for sale	218	-	192	43	34	101	589
Exchange rate effects	-360	-	-33	-24	-1	-	-418
As at 30.06.2022	**-122,057**	**-162**	**-7,514**	**-7,253**	**-856**	**-535**	**-138,377**
Carrying amount as at 01.01.2022	201,413	193	26,139	27,979	3,157	3,337	262,218
Carrying amount as at 30.06.2022	156,252	103	23,528	23,854	3,460	3,005	210,202

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4.3 Property, plant and equipment

The development of property, plant and equipment is presented in the following tables:

in EUR thousand	Land and buildings	Technical plants and machinery	Operating and office equipment	Advance payments and equipment under construction	Total
Cost					
As at 01.01.2023	**1,726**	**466**	**4,873**	**52**	**7,117**
Changes in the scope of consolidation	-	-	-10	-	-10
Additions	1	49	461	87	598
Disposals	-	-	-18	-27	-45
Reclassification	-	5	27	-32	-
Reclassification to assets held for sale	-	7	111	-	117
Exchange rate effects	90	2	16	-	108
As at 30.06.2023	**1,817**	**529**	**5,460**	**80**	**7,886**
Accumulated amortization and impairment					
As at 01.01.2023	**-61**	**-55**	**-1,416**	**-**	**-1,531**
Changes in the scope of consolidation	-	-	8	-	8
Amortization	-22	-35	-541	-	-598
Impairment	-361	-81	-641	-4	-1,087
Disposals	-	-	-	-	-
Reclassification to assets held for sale	-	-7	-71	-	-77
Exchange rate effects	-1	-	-5	-	-6
As at 30.06.2023	**-444**	**-179**	**-2,665**	**-4**	**-3,292**
Carrying amount as at 01.01.2023	1,666	411	3,457	52	5,586
Carrying amount as at 30.06.2023	1,372	350	2,795	76	4,593

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in EUR thousand	Land and buildings	Technical plants and machinery	Operating and office equipment	Advance payments and equipment under construction	Total
Cost					
As at 01.01.2022	**14,359**	**1,100**	**6,568**	**44**	**22,071**
Changes in the scope of consolidation	-	-	-	-	-
Additions	24	207	897	119	1,246
Disposals	-11,073	-19	-90	-	-11,182
Reclassification	-	-	-	-	-
Reclassification to assets held for sale	-2	-	-214	-	-217
Exchange rate effects	-35	4	-7	-	-38
As at 30.06.2022	**3,272**	**1,292**	**7,154**	**163**	**11,881**
Accumulated amortization and impairment					
As at 01.01.2022	**-114**	**14**	**-1,506**	**-5**	**-1,611**
Changes in the scope of consolidation	-	-	-	-	-
Amortization	-211	-18	-874	-	-1,103
Impairment	-785	-451	-335	-12	-1,584
Disposals	226	-	30	-	256
Reclassification to assets held for sale	1	-	106	-	107
Exchange rate effects	-	-1	8	-	8
As at 30.06.2022	**-884**	**-456**	**-2,570**	**-17**	**-3,927**
Carrying amount as at 01.01.2022	14,245	1,114	5,062	39	20,460
Carrying amount as at 30.06.2022	2,389	836	4,583	146	7,954

1 The amounts in the asset schedule were adjusted retrospectively. See Note 1.8 Error correction.

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4.4 Leasing

The right-of-use assets at Alte Jakobstraße 85/86 in Berlin were impaired by EUR 431 thousand due to the insolvency application. The impairment requirement results from the adjusted use of the property until 31 December 2023. The corresponding lease liability remains unchanged as no agreement was reached with the existing landlord.

Furthermore, right-of-use assets of the DS companies were impaired. Please refer to note 4.1.

4.5 Assets and liabilities held for sale

The assets and liabilities held for sale as at 31 December 2022 were largely sold in the first half of 2023. This relates in particular to the following companies:

- Social Chain Ltd., UK (Segment Social Marketing)
- Social Chain USA, Inc., USA (Segment Social Marketing)
- mint performance marketing Inc., USA (Segment Social Marketing)
- RAVENSBERGER Matratzen GmbH (Segment Core Brand).

Other than originally planned, Ravensberger Holding GmbH and RAVENSBERGER Logistik GmbH were not sold together with RAVENSBERGER Matratzen GmbH. As at 30 June 2023, there were no plans to sell the two companies. Therefore, their assets and liabilities are no longer classified as assets held for sale.

The plans regarding the sale of the company The Fitness Chain GmbH and its subsidiary #Do your sports GmbH were also changed. Therefore, the assets and liabilities of these two companies are no longer classified as held for sale.

sib Silvester in Berlin Veranstaltungen GmbH applied for insolvency in August 2023. The plans regarding the sale of this company were therefore abandoned. The assets and liabilities of the company are accordingly no longer classified as held for sale.

As at 30 June 2023, therefore, only the assets and liabilities of DEF Media GmbH, Berlin are recognized as held for sale. Measures to implement the planned disposals continued to be actively pursued and led to the sale of the company in September 2023.

The assets and liabilities held for sale are as follows as at 30 June 2023:

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The assets and liabilities held for sale were as follows as at 31 December 2022:

in TEUR	DEF Media GmbH
Intangible assets	304
Property, plant and equipment	2
Right-of-use assets	105
Associates and joint ventures accounted for using the equity method	22
Non-current non-financial liabilities	21
Deferred tax assets	19
Trade receivables	197
Other current financial assets	72
Contract assets	1,313
Other current non-financial assets	309
Cash and cash equivalents	134
Assets held for sale	**2,498**
Deferred tax liabilities	101
Trade payables	300
Current loan liabilities	54
Current lease liabilities	53
Current other financial liabilities	18
Current income tax liabilities	14
Contract liabilities	1,136
Current other non-financial liabilities	312
Liabilities held for sale	**1,986**

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in EUR thousand	Ravensberger Group	The Fitness Chain	DEF Media GmbH	sib Silvester in Berlin Veranstaltungen GmbH	Social Chain Ltd.	Social Chain USA, Inc.	mint performance marketing Inc.	Total
Intangible assets	252	55	304	334	2,209	1,231	-	4,385
Goodwill	-	-	-	-	8,498	4,350	-	12,848
Property, plant and equipment	65	15	2	25	368	110	5	591
Right-of-use assets	1,224	-	105	-	1,425	395	-	3,148
Associates and joint ventures accounted for using the equity method	-	-	22	-	-	-	-	22
Other non-current financial assets	51	26	21	1	7	-	-	106
Deferred tax assets	-	-	-	-	33	14	-	47
Inventories	1,112	-	-	-	-	-	-	1,112
Trade receivables	147	259	585	1	1,067	181	763	3,002
Other current financial assets	73	60	-	-	21	104	30	289
Contract assets	-	-	-	1,867	-	-	-	1,867
Other current non-financial assets	260	244	219	421	510	353	-	2,006
Cash and cash equivalents	379	86	220	31	2	112	311	1,141
Assets held for sale	**3,564**	**745**	**1,477**	**2,680**	**14,139**	**6,849**	**1,109**	**30,564**

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in EUR thousand	Ravensberger Group	The Fitness Chain	DEF Media GmbH	sib Silvester in Berlin Veranstaltungen GmbH	Social Chain Ltd.	Social Chain USA, Inc.	mint performance marketing Inc.	Total
Non-current liabilities to banks	363	-	-	48	-	-	-	411
Non-current loan liabilities	-	-	-	-	-	162	-	162
Non-current lease liabilities	483	-	-	-	1,441	116	-	2,040
Non-current non-financial liabilities	59	-	-	-	-	-	-	59
Deferred tax liabilities	75	16	103	116	419	345	-	1,074
Current provisions	151	1	-	-	-	-	-	153
Trade payables	850	25	559	1,221	657	149	33	3,495
Current liabilities to banks	46	-	-	-	615	-	-	661
Current loan liabilities	-	-	155	1,009	-	-	94	1,257
Current lease liabilities	623	-	102	-	160	327	-	1,213
Current other financial liabilities	89	474	18	-	78	10	11	679
Current income tax liabilities	1	-	-	-	-	-	-	1
Contract liabilities	250	1	349	-	404	-	-	1,004
Current other non-financial liabilities	327	9	267	0	1,654	23	18	2,298
Liabilities held for sale	**3,317**	**526**	**1,552**	**2,395**	**5,428**	**1,132**	**156**	**14,507**

4.6 Equity

As at 30 June 2023, the subscribed capital amounts to EUR 15,755 thousand (previous year: EUR 15,528 thousand) and was fully paid up. The share capital is divided into 15,755,343 (previous year: 15,527,775) no-par value bearer shares. The increase of the subscribed capital by EUR 228 thousand results from the issue of shares as consideration for the acquisition of 49% of the shares in drtv.agency GmbH. This non-cash capital increase was entered in the commercial register on 25 April 2023.

The capital reserves increased by EUR 960 thousand (previous year: EUR 326 thousand) during the first half of 2023. Of this amount, EUR 899 thousand result from the issue of shares mentioned before and EUR 61 thousand (previous year: EUR 326 thousand) were due to the recognition of equity-settled share-based payments.

Due to the high impairments in the first half of 2023, the equity capital as at 30 June 2023 is negative, totalling EUR -73,135 thousand.

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5 Disclosures on the statement of cash flows

The financial resources on which the statement of cash flows is based include both cash and cash equivalents and overdraft facilities due at any time, which are an integral part of cash management. Cash and cash equivalents are included in the balance sheet under the items "Cash and cash equivalents" and "Assets held for sale". Bank overdrafts are included in the balance sheet under the items "Other current financial liabilities" and "Liabilities held for sale".

in EUR thousand	30.06.2023	30.06.2022
Cash and cash equivalents	9,387	16,650
Cash and cash equivalents held for sale	134	-
Overdrafts	-1,495	-2,527
Overdrafts held for sale	-	-
Cash and cash equivalents according to the statement of cash flows	**8,026**	**14,124**

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6 Information on financial instruments

The table below shows the breakdown of financial assets and financial liabilities by measurement categories of IFRS 9 and the hierarchy for determining fair value in accordance with IFRS 13:

			Carrying amount		Fair value	
in EUR thousand	**Category IFRS 9**	**Hierarchy IFRS 13**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**
Non-current financial assets			**17,296**	**32,163**	**17,296**	**32,163**
Shares in affiliated companies and other investments			10,018	24,305	10,018	24,305
thereof	FVTPL	Level 1	429	480	429	480
thereof	FVTPL	Level 3	9,235	23,470	9,235	23,470
thereof	FVOCI	Level 3	355	355	355	355
Securities	FVTPL	Level 3	4	4	4	4
Non-current loans to third parties	FAAC	Level 3[1]	3,908	4,213	3,908	4,213
Non-current derivative financial assets	FVTPL	Level 2	15	21	15	21
Long-term deposits	FAAC	Level 3[1]	218	475	218	475
Other non-current financial assets	FAAC	Level 3[1]	3,131	3,145	3,131	3,145

1 For financial assets measured at amortised cost (FAAC), the IFRS 13 hierarchy relates to the determination of the fair value for the note disclosure.

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			Carrying amount		Fair value	
in EUR thousand	**Category IFRS 9**	**Hierarchy IFRS 13**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**
Current financial assets			**10,883**	**7,369**	**10,883**	**7,369**
Current loans to third parties	FAAC		5,993	1,929	5,993	1,929
Current derivative financial assets	FVTPL	Level 2	464	317	464	317
Other current financial assets	FAAC		4,426	5,123	4,426	5,123
Trade receivables and other receivables			**51,062**	**49,474**	**51,062**	**49,474**
thereof	FAAC		51,062	47,879	51,062	47,879
thereof	FVTPL	Level 2	-	1,595	-	1,595
Cash and cash equivalents	**FAAC**		**9,387**	**8,976**	**9,387**	**8,976**
Financial assets held for sale	**FAAC**		**425**	**4,537**	**425**	**4,537**

			Carrying amount		Fair value	
in EUR thousand	**Category IFRS 9**	**Hierarchy IFRS 13**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**
Non-current financial liabilities			**69,197**	**218,028**	**16,448**	**164,019**
Non-current liabilities to banks	FLAC	Level 2[1]	2,464	101,742	2,447	101,659
Non-current liabilities from third party loans	FLAC	Level 2[1]	14,094	41,702	14,001	40,353
Non-current lease liabilities	n/a		52,639	53,988	-	-
Non-current liabilities from convertible bonds	FLAC	Level 2[1]	-	20,545	-	21,956
Non-current derivative financial liabilities	FLFV	Level 2	-	-	-	-
Other non-current financial liabilities	FLAC	Level 3[1]	-	51	-	51

1 For financial liabilities measured at amortised cost (FLAC), the IFRS 13 hierarchy relates to the determination of the fair value for the note disclosure.

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			Carrying amount		Fair value	
in EUR thousand	**Category IFRS 9**	**Hierarchy IFRS 13**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**
Current financial liabilities			**194,869**	**54,759**	**191,387**	**50,597**
Current liabilities to banks	FLAC		113,894	19,242	113,894	19,242
Current liabilities from third party loans	FLAC		42,024	13,500	42,024	13,500
Current lease liabilities	n/a		4,242	4,179	-	-
Current liabilities from bonds (non-convertible)	FLAC		1,569	2,451	1,569	2,451
Current liabilities from convertible bonds	FLAC	Level 2[1]	21,793	1,258	22,553	1,276
Current liabilities from exercised options	FLAC		745	4,140	745	4,140
Current liabilities from put options held by non-controlling interests	FLFV	Level 3	-	-	-	-
Refund liabilities	FLAC		7,092	5,316	7,092	5,316
Current derivative financial liabilities	FLFV	Level 2	441	1,757	441	1,757
Other current financial liabilities	FLAC		3,069	2,916	3,069	2,916
Trade payables	**FLAC**		**35,232**	**34,957**	**35,232**	**34,957**
Financial liabilities held for sale			**424**	**9,662**	**371**	**6,409**
thereof	FLAC		371	6,409	371	6,409
thereof	n/a		53	3,253	-	-

1 For financial liabilities measured at amortized cost (FLAC), the IFRS 13 hierarchy relates to the determination of the fair value for the note disclosure.

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			Carrying amount		Fair value	
in EUR thousand	**Category IFRS 9**	**Hierarchy IFRS 13**	**30.06.2023**	**31.12.2022**	**30.06.2023**	**31.12.2022**
Thereof according to IFRS 9 measurement categories						
Financial assets at amortized cost (FAAC)			78,550	76,277	78,550	76,277
Assets measured at fair value through profit or loss (FVTPL)			10,147	25,888	10,147	25,888
Assets measured at fair value through other comprehensive income (FVOCI)			355	355	355	355
Financial liabilities at amortized cost (FLAC)			242,347	254,229	242,998	254,226
Financial liabilities measured at fair value through profit or loss (FLFV)			441	1,757	441	1,757

Short-term loans to third parties, trade and other receivables, cash and cash equivalents, trade payables, refund liabilities and the remaining other current financial assets and liabilities mainly have short residual terms. For these current financial instruments, the carrying amount is a reasonable approximation of fair value. The hierarchy for determining the fair value is not disclosed separately for these financial instruments.

The fair value of primary financial instruments in Level 1 corresponds to the quoted market prices.

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

The fair value of the shares in non-consolidated affiliated companies, the shares in unlisted other investments, and the securities was determined using appropriate valuation methods based on discounted cash flow analyses, whereby the use of observable input factors was maximized. The main unobservable input parameters 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 assets subsequently measured at fair value in Level 3 include shares in affiliated companies and other investments as well as securities. The reconciliation of the measurement of these financial assets at fair value is shown below.

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in EUR thousand	Shares in affiliated companies and other investments	Securities
As at 01.01.2022	**16,388**	**-**
Amounts recognized in profit or loss	-1,300	-
Unrealized financial income	-	-
Unrealized financial expense	-2,365	-
Realized financial income	1,065	-
Changes in the scope of consolidation	-19	-
Additions	12,287	-
Disposals	-9,240	-
Reclassification to assets held for sale	19	-
As at 30.06.2022	**18,134**	**-**
As at 01.01.2023	**23,825**	**4**
Amounts recognized in profit or loss	-5,492	-
Unrealized financial income	-	-
Unrealized financial expense	-2,572	-
Realized financial income	-	-
Realized financial expense	-2,920	-
Additions	22	-
Disposals	-6,985	-
Reclassification to assets held for sale	-1,780	-
As at 30.06.2023	**9,589**	**4**

In the reporting period and in the comparative period, there were no regroupings between the levels of the hierarchy.

Bearer bond

On 28 January 2022, TSC AG subscribed for a bearer bond with a nominal value of EUR 5,000 thousand (ISIN DE000A3MQL79, WKN A3MQL7). The bearer bond is divided into up to 5,000 bearer bonds with equal rights and a nominal amount of EUR 1,000 each. The bearer bond bears interest at 8.5% p.a. and had an original term until 27 June 2022. In the 2022 financial year, EUR 2,500 thousand of the bearer bond was repaid and the remaining amount of EUR 2,500 thousand was extended until 20 June 2023.The interest rate amounts to 9.5% p.a. since 27 June 2022.

On 20 June 2023, EUR 1,000 thousand of the outstanding bearer bond was repaid. Furthermore, the term was extended until 20 October 2023 and it was agreed that from July 2023 until the final maturity date, TSC AG would transfer EUR 300 thousand per month as collateral to a restricted account set up by the bondholder for this purpose.

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7 Transactions with related parties

The Group identified key management personnel, their family members and entities controlled by them as related parties. The individuals listed below represent key management personnel in the Group. The employment of key management personnel relates to the full financial year, unless otherwise stated:

Name	Position
Prof Dr Gerrit Hölzle	Insolvency administrator since 24 July 2023
Dr Thorsten Bieg	Insolvency administrator since 24 July 2023
Andreas Schneider	Chief Financial Officer (CFO) since 1 June 2022
Dr Georg Kofler	Chief Executive Officer (CEO) from 24 January 2023 to 24 July 2023
Stefan Kiwit	Chief Operating Officer (COO) from 15 June 2023 to 21 July 2023
Wanja S. Oberhof	Chief Executive Officer (CEO) until 24 January 2023
Henrike Luszick	Supervisory Board member
Sebastian Stietzel	Supervisory Board member since 19 January 2023
Stephan Brunke	Supervisory Board member since 21 June 2023 Chairman of the Supervisory Board since 4 July 2023
Henning Giesecke	Supervisory Board member until 21 June 2023
Ralf Dümmel	Managing Director of DS Holding GmbH

Key management personnel and their family members have numerous investments that have been identified as related party companies. There are no business transactions with TSC Group with most of these companies. The related parties with which business transactions exist are listed below.

Kaufidee GmbH, which is partly held by a related party, submitted a binding offer for the acquisition of TSCDS Holding GmbH as part of the M&A process, which was included in the calculation of the expected selling price (see Note 4.1 Impairment of disposal groups, insolvent subsidiaries and assets).

Further transactions with key management personnel and their related parties mainly relate to unsecured loans held to maturity with subordination granted by Dr Georg Kofler through Gruppe Georg Kofler GmbH, Munich, FORTUNA Beteiligungsgesellschaft mbH, Munich, eninvent GmbH, Munich, and DA CAPO Vermögensverwaltung GmbH, Munich as well as by Wanja S. Oberhof and Ralf Dümmel.

Furthermore, TSC AG - represented by its Supervisory Board - concluded a contribution agreement with Gruppe Georg Kofler GmbH, a company controlled by Dr Georg Kofler, as part of the (failed) capital increase, as well as other agreements that became necessary as part of the intended capital increase, namely a lock-up agreement and a backstop agreement. TSC AG also concluded a backstop agreement with RD Beteiligung GmbH as part of the intended capital increase.

In the first half of 2023, the Group generated proceeds from the sale of shares in KoRo Handels GmbH. Proceeds from the sale to related parties amounted to EUR 2,791 thousand.

Transactions and outstanding items with key management personnel and their related parties are summarised under KMP (key management personnel).

The Supervisory Board and the Executive Board shall comply with the approval requirements for transactions with related parties pursuant to Section 111a et seq. of the German Stock Corporation Act (AktG).

The Group also identified jointly controlled entities and entities over which it has a controlling or significant influence as related parties. Accordingly, the transactions with the following related parties of the Group are also disclosed:

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Company	Type
puffin GmbH, Lilienthal	Subsidiary
LAX GmbH, Berlin	Joint Venture
GentleMonkeys GmbH, Unterföhring	Associated company
GOMAGO GmbH, Cremlingen	Associated company
Schreibathlet GmbH, Idstein	Associated company

The outstanding amounts are settled in cash. No impairment losses have been recognized on receivables in respect of amounts owed by related parties.

The income and expenses from transactions in the first half of 2023 and the corresponding outstanding items as at 30 June 2023 with related parties are as follows:

in EUR thousand	KMP	Subsidiary	Associated companies
Income from rentals and leases	-	-	23
Other operating income	-	1	-
Other operating expenses	-	-	6
Interest expense	1,136	-	-

in TEUR	KMP	Subsidiary	Associated companies
Loan receivables	448	-	-
Loan liabilities	45,200	246	-
Trade receivables and other receivables	48	29	50
Trade accounts payable	-	108	-

The income and expenses from transactions in the first half of 2022 and the corresponding outstanding items as at 31 December 2022 with related parties are as follows:

in TEUR	KMP	Subsidiary	Associated companies
Income from rentals and leases	4	-	-
Other operating expenses	1	-	-
Interest expense	1,018	-	-

in TEUR	KMP	Subsidiary	Associated companies
Loan receivables	448	-	-
Loan liabilities	45,728	246	-
Trade receivables and other receivables	446	22	-
Trade accounts payable	-	108	
Lease liabilities	29,357	-	-
Other non-financial liabilities	26	-	-

The lease liabilities as at 31 December 2022 were to a related party that is no longer a related party as at 30 June 2023. Therefore, these lease liabilities are no longer recognised as at 30 June 2023.

There were no transactions with joint ventures in the periods presented.

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8 Staff

In the first half of 2023, the TSC Group employed an average of 657 people.

9 Events after the reporting date

On 25 July 2023, The Social Chain AG applied for the opening of insolvency proceedings in self-administration. The court granted the application and ordered provisional self-administration. Subsequently, regular insolvency proceedings were applied for and opened for six further subsidiaries.

Due to these events and developments up to the date of authorization for issue of these interim consolidated financial statements, the Executive Board has come to the conclusion that the preparation of the interim consolidated financial statements on a going concern basis is no longer appropriate. In accordance with the International Financial Reporting Standards (IFRS), these interim consolidated financial statements were therefore prepared on a non-going concern basis.

The interim consolidated financial statements have been prepared taking into account all material effects that are significant for the accounting as a non-going concern.

On 24 August, Media Chain Group Holding Ltd. was sold together with its two subsidiaries Media Chain Group Limited and Glow Media Group Limited, all based in Manchester, United Kingdom, including earn out receivables from the sale of Social Chain Ltd. and Social Chain USA, Inc.

On 8 September DEF Media GmbH, Berlin was sold.

The Executive Board authorized the condensed consolidated interim financial statements for issue on 28 September 2023.

There were no other events of particular significance for the net assets, financial and earnings situation after the balance sheet date.

Berlin, 28 September 2023

Andreas Schneider   Prof Dr Gerrit Hölzle   Dr Thorsten Bieg

Statement of the Executive Board

We confirm that to the best of our knowledge, and in accordance with the applicable accounting principles for Consolidated Interim Financial Statements, the Consolidated Interim Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit and loss of The Social Chain AG, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of The Social Chain AG, together with a description of the material opportunities and risks associated with the expected development of The Social Chain AG for the remaining months of the financial year.

Berlin, 28 September 2023

Andreas Schneider Prof Dr Gerrit Hölzle Dr Thorsten Bieg

Financial calendar

Annual Financial Statement 2023:

31 January 2024

See for further dates and changes:

https://thesocialchain.ag/en/investor-relations/financial-calendar

WKN: A1YC99

ISIN: DE000A1YC996

SYMBOL: PU11

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Disclaimer

This half-year report contains information on future scenarios based on current management assumptions and forecasts. A number of known and unknown risks, uncertainties and other factors may cause the actual results, financial position and performance of the company to differ materially from such projections. The Social Chain AG accepts no liability to update the information and forecasts contained in this report, unless required to do so by law.

The financial figures have been prepared in accordance with International Financial Reporting Standards (IFRS) as applicable in the EU. Due to the rounding of figures, it is possible that individual figures in this and other documents do not add up exactly to the totals given and that the percentages shown do not exactly reflect the absolute values to which they relate. This report is a translation of the German half-year financial report. In the event of any inconsistency between this report and its German version, the German version shall prevail.