



The Social Chain AG®

Compensation Report 2022

Inhalts- verzeichnis

INTRODUCTION.....	03
MANAGEMENT BOARD COMPENSATION	04
SUPERVISORY BOARD COMPENSATION	14

A. Introduction

Introduction

[Management Board compensation](#)

[Supervisory Board compensation](#)

1. About this Report

This Compensation Report provides detailed explanations of the individualised compensation paid to members of the Management Board of The Social Chain AG (“**TSC AG**”) (refer to **B.**) and to members of the Supervisory Board (refer to **C.**) during the 2022 financial year (1 January 2022 to 31 December 2022). The Compensation Report satisfies the requirements pursuant to Section 162 Stock Corporation Act (AktG) in the version of the Act Implementing the Second Shareholders’ Rights Directive (ARUG II). This Compensation Report reports on the compensation granted and owed in each of the periods shown. In this regard, a general assumption applies that compensation according to the accrual principle is only granted in the financial year in which the compensation actually accrues to the respective board member. Compensation is further due if the Company has a legally existing obligation towards the board member that is due but not yet fulfilled. As a result, compensation that has been promised but is not yet due is only to be disclosed in the compensation report for the financial year in which the corresponding obligation is due.

This Compensation Report was prepared by the Management Board in consultation with the Supervisory Board of TSC AG and will be presented for approval to the ordinary Annual General Meeting of TSC AG on 21 June 2023.

2. Trend of earnings in the Group¹

The Social Chain Group generated revenues of kEUR 367,932 in 2022, compared to kEUR 241,637 in the previous year. Group EBITDA (IFRS) as of 31 December 2022 stood at kEUR 10,731 compared to kEUR -23,738 in the previous year.

Please refer to the information provided in the 2022 Annual Report with regard to the other results of operations, financial position and net assets of The Social Chain Group and the results of operations, financial position and net assets of TSC AG, as well as with regard to the risks and opportunities of future business development.

¹ The figures differ from those reported in the 2021 consolidated financial statements as the income and expenses of the discontinued operations have been reclassified retrospectively to income from discontinued operations for comparative purposes.

B. Compensation for the Management Board

[Introduction](#)

[Management Board compensation](#)

[Supervisory Board compensation](#)

1. Principles governing Management Board compensation in accordance with the compensation system of The Social Chain AG (application to new contracts of the Management Board with effect from 1 May 2022)

For the financial year 2022, the remuneration system for the members of the Management Board, which was first adopted by the Supervisory Board of TSC AG in April 2022 and complies with the requirements of Section 87a AktG and the recommendations of the German Corporate Governance Code (DCGK), was in place. This was approved by the Annual General Meeting of TSC AG on 8 June 2022. The remuneration system of TSC AG is available on the TSC AG website at

<https://thesocialchain.ag/media/pages/investor-relations/corporate-governance/ba6dff5f19-1666614918/vergutungssystem-vorstand.pdf>

at any time.

The compensation system applies to all new Management Board contracts of employment that will be concluded or extended as of 1 May 2022. The main features of the compensation system for the members of the Management Board can be described as follows:

The Supervisory Board is responsible for the compensation of the members of the Management Board. If necessary, the Supervisory Board may seek the assistance of external remuneration experts and must ensure that they are independent.

In determining the compensation of the Management Board, the Supervisory Board takes into account the duties and performance of the individual Management Board members, the situation of the Company and the customary level of compensation. For example, it takes into account the professional experience, responsibility and scope of activities of each member of the Management Board. The Supervisory Board also makes vertical and horizontal comparisons of remuneration. Vertical comparisons are made with the remuneration of senior executives and the workforce

as a whole. Horizontal comparisons are made with the remuneration of Board members in comparable companies.

In its specific assessment of remuneration, the Supervisory Board is guided by the following summarised principles:

Working towards the efficient achievement of strategic corporate goals, in particular (i) ensuring sustainable and long-term corporate development and value enhancement, (ii) increasing market share and further growth, (iii) expanding global presence, particularly in selected growth markets, and (iv) pursuing social and environmental sustainability goals.

- Compensation is always based on the size and economic situation of the Company
- Creation of attractive salary structures compared with companies of similar size
- Harmonization of the interests of the Management Board members with those of the shareholders and other stakeholders

In accordance with these principles, the Supervisory Board determines the structure of Management Board compensation and determines the amount and pro rata weighting of the individual compensation components with the aim of ensuring the appropriateness of the compensation. The compensation comprises both non-performance-related, fixed components and performance-related, variable components. It is made up of three main components:

an annual fixed salary including customary fringe benefits such as company cars for business and private use and insurance benefits (“**Fixed Salary**”), an annual bonus as a short-term performance-related compensation component or short-term incentive (“**STI**”), and a further variable compensation component in the form of stock options under stock option plans (“**SOP**”).

[Introduction](#)[Management Board compensation](#)[Supervisory Board compensation](#)

The fixed salary is a fixed cash compensation payable to the Management Board member in 12 equal monthly installments, the last instalment being for the month in which the employment contract ends. If the member joins or leaves the company during the year, payment is made pro rata temporis.

As short-term variable compensation, Management Board members receive a performance- and success-related bonus (STI). The STI is based on the measurable success of the company in the past financial year and the achievement of individual targets. In the event of full target achievement (100%), a fixed gross amount is set as the target bonus. If targets are not fully achieved, the bonus is granted on a pro-rata basis according to the degree of target achievement. The basis for this is a target agreement defined by the Supervisory Board at its due discretion and comprising several individual targets.

The Supervisory Board sets the individual targets on the basis of the approved annual budget of the Company for the entire Group before the beginning of the financial year for which the short-term variable compensation is granted. The individual targets to be set are financial (operational and strategic) targets, such as sales, Ebitda, cash flow, liquidity or earnings after taxes. Operational and strategic targets must always account for at least 2/3 of the achievable target bonus. The Supervisory Board may also award personal non-quantifiable targets and/or one or more sustainability targets as individual non-financial targets to Management Board members, whereby the quantifiable targets must always account for at least 2/3 of the achievable bonus. When setting the targets, the Supervisory Board will also determine lower limits which, if not achieved, will not result in variable compensation being awarded in relation to this individual target. The target achievement between the lower limit and the target will be calculated on a straight-line basis. The annual [short-term] variable compensation may not exceed the fixed basic salary. Incidentally, the total annual compensation also includes the long-term variable compensation. A subsequent change in the target values or comparison parameters is excluded. However, the right of the Supervisory Board to take account of extraordinary developments within reasonable limits remains unaffected.

As long-term variable compensation, Management Board members receive stock options in accordance with the applicable stock option plans (SOP). The Management Board members receive a fixed number of options from the SOP, the exercise price of which is based on the weighted average price of the share in a fixed period before granting. The option can be exercised at the earliest after four (4) and at the latest after ten years from the respective grant date. There are special contractual provisions in the case of departures of Management Board members before a period determined by the Supervisory Board in individual cases (vesting period). The purpose of the vesting period is to ensure that the respective beneficiary Management Board member is permanently available to the Company over a longer period of time in order to create a long-term incentive and motivation. In structuring the specific option conditions for the Management Board members, the Supervisory Board provides for a possibility of limitation (cap) for extraordinary developments. In addition, the Supervisory Board will structure the specific option conditions for the members of the Management Board in such a way that exercise is only possible within precisely defined exercise periods and only after precisely defined performance targets have been achieved, generally by specifying a minimum increase in the share price compared with the issue price.

With regard to the share of the aforementioned compensation components in the maximum remuneration, the Supervisory Board aims to achieve approximately the following distribution:

- Fixed compensation: approx. 8.33%
- Short-term variable annual compensation (STI): approx. 8.33%
- Long-term variable compensation through stock options: approx. 83%.

[Introduction](#)

[Management Board compensation](#)

[Supervisory Board compensation](#)

2. Composition of the Management Board

Im Geschäftsjahr 2022 setzte sich der Vorstand aus den vier folgenden Mitgliedern zusammen:

In the 2022 financial year, the Management Board was composed of the following four members:

- **Wanja Sören Oberhof (Chairman of the Board),**
Member of the Management Board since 1 May 2018 until the expiry of 24 January 2023
- **Christian Senitz (Chief Financial Officer),**
Member of the Management Board since 1 March 2021 until the expiry of 30 April 2022
- **Ralf Dümmel (Chief Product Officer),**
Member of the Management Board since 8 December 2021 until the expiry of 15 November 2022
- **Andreas Schneider (Chief Financial Officer),**
Member of the Management Board since 1 June 2022

3. Components of the compensation paid to members of the Management Board

The compensation paid to members of the Management Board of TSC AG in office in the 2022 financial year essentially consisted of a fixed salary, the granting of stock options under the Stock Option Plan (“SOP”), which was approved by the Annual General Meeting of TSC AG and adopted by the Supervisory Board of TSC AG, short-term variable compensation as well as customary individual fringe benefits.

There are no pension commitments. Contributions to company pension schemes were only granted to Mr. Ralf Dümmel in the reporting period either. Compensation was neither granted nor owed to previous members of the TSC AG Management Board in the 2022 reporting year.

The compensation granted as shown below is determined according to the accrual principle, i.e. it is shown in the year in which it actually accrues to the respective member of the Management Board and is transferred to their assets. Compensation is due if the Company has a legally existing obligation towards the board member that is due but not yet fulfilled. Compensation for the activities of the members of the Management Board is paid exclusively by TSC AG.

Introduction

Management Board compensation

Supervisory Board compensation

	Wanja Sören Oberhof (Chairman) since 18 June 2018				Christian Senitz (Chief Financial Officer) since 1 March 2021 until 30 April 2022				Ralf Dümmel (Chief Product Officer) since 8 Dec. 2021 until 15 Nov. 2022				Andreas Schneider (Chief Financial Officer) since 1 June 2022			
	2021		2022		2021		2022		2021		2022		2021		2022	
	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR	in %
Fixed salary	300	94.3%	358	63.2%	208.3	28.7%	125	71.4%	43.8	95.2%	612.5	73.2%	–	–	175	31.3%
Fringe benefits*	18	5.7%	15.5	2.7%	0	0.0%	–	0.0%	2.2	4.8%	31	3.7%	–	–	1.69	0.3%
D&O Police**	35	–	22.3	–	35	–	22.3	–	35	–	22.3	–	–	–	22.3	–
Sum	318	100.0%	373.5	65.9%	208.3	28.7%	125	71.4%	46	100.0%	643.5	76.9%	–	–	176.69	31.6%
Yearly performance related variable compensation	0	0.0%	0	0.0%	250	34.4%	50	28.6%	0	0.0%	0	0.0%	–	–	150	26.9%
Multi-annual variable compensation	0	0.0%	193.1	34.1%	267.6	36.9%	0	0.0%	0	0.0%	193.1	23.1%	–	–	231.72	41.5%
- by cash payments	0	0.0%	0	0.0%	0	0.0%	50	28.6%	0	0.0%	0	0.0%	–	–	0	0.0%
- by grantig SOP***	0	0.0%	193.1	34.1%	267.6	36.9%	0	0.0%	0	0.0%	193.1	23.1%	–	–	231.72	41.5%
Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	–	–	0	0.0%
Sum of paid and owed compensation	318	100.0%	566.6	100.0%	725.9	100.0%	175	100.0%	46	100.0%	836.6	100.0%	–	–	558.41	100.0%
Pension related payments	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0	0	0.0%	–	–	0	0.0%
Overall compensation including pension related payments	318	100.0%	566.6	100.0%	725.9	100.0%	175	100%	46	100.0%	836.6	100.0%	–	–	558.41	100.0%

Figure 1 - Compensation granted and due to the current members of the Management Board in 2022 and 2021, each with a breakdown of the relative shares

*** Calculated pursuant to the fair-value-principle under the IFRS2-standard

* Costs of a company car which can also be used privately (if provided) and other fringe benefits

** Overall costs for the group-wide D&O-insurance police, which covers not only the board members but also other senior management members and board members in subsidiaries.

The amounts stated are the overall costs of the group and have not been calculated down to the individual board members. Therefore, this amount has not been considered for the individual board members in their overall amounts and also not with regard to the percentual distribution of their compensation.

[Introduction](#)

[Management Board compensation](#)

[Supervisory Board compensation](#)

All compensation components granted to the members of the Management Board in the reporting period comply with the compensation system for members of the Management Board approved by the Annual General Meeting on 8 June 2022.

The contractually agreed fixed compensation paid to the members of the Management Board is calculated in such a way that, even if targets are achieved in full, the members of the Management Board cannot receive an amount under the performance-related bonus that exceeds the portion of the resolved maximum compensation allocated to fixed and short-term variable compensation. In addition, the Supervisory Board has calculated the fixed compensation in such a way that it represents the smallest part of the compensation in relation to the potential asset benefits from the short-term variable bonus and in particular the long-term incentive stock options.

In line with the compensation system for members of the Management Board, the (short-term) variable compensation contractually granted to members of the Management Board is based on a target agreement set by the Supervisory Board. In this context, the Supervisory Board sets individual targets of an operational and strategic nature, which must account for at least 2/3 of the total target bonus achievable for the financial year. In addition, the Supervisory Board may also award personal non-quantifiable targets and/or one or more sustainability targets as non-financial individual targets to Management Board members.

The stock options issued to the members of the Management Board in accordance with the SOP exclusively have the long-term incentive effect intended by the Supervisory Board and required in accordance with the compensation system for the Management Board members. When structuring the applicable option conditions, the Supervisory Board ensured that the exercise of the stock options, in addition to the long-term minimum waiting period of four years already prescribed by the German Stock Corporation Act (AktG), is also dependent on long-term performance targets, in particular a positive development of the share price of TSC AG shares

compared to the applicable strike price by at least 20% over the entire term of the stock options. In addition, the Supervisory Board has implemented measures to limit the short-term incentive effect in that the applicable option terms and conditions contain a provision to limit the maximum proceeds achievable from the exercise of stock options in order to protect against extraordinary developments. If the percentage increase in the relevant share price within the last three months prior to the respective exercise period is more than 50% and if the percentage increase in the index in which the Social Chain shares are included (relevant is the index in which the Social Chain shares are most strongly represented, alternatively the TecDAX) in the same period is not at least 2/3 of the increase in the relevant share price, a limitation is imposed on the value of the new Social Chain shares that are issued to a beneficiary in an exercise period („cap“). The cap corresponds to twice the amount of the annual gross remuneration (including all fringe benefits subject to income tax, such as company cars, etc.) that the beneficiary has received from TSC AG in the last twelve months prior to the exercise date. In the view of the Supervisory Board, this provision effectively prevents the Management Board from increasing share prices in short-term periods preceding the respective exercise periods and thus also has a long-term incentive effect.

4. Comparative presentation of Management Board compensation

The following overview presents – pursuant to Section 162 (1) sentence 2 no. 2 AktG – the relative development of compensation granted and owed to members of the Management Board in the respective financial year in comparison to the development of TSC AG’s earnings and the average compensation of employees on a full-time equivalent basis.

According to the transitional arrangement under Section 26j (2) sentence 2 Introductory Act to the German Stock Corporation Act (EgAktG) for the 2021 financial year and in deviation to Section 162 (1) sentence 2 no.2 AktG, the Compensation Report does not yet cover a five-year assessment period.

Introduction

Management Board compensation

Supervisory Board compensation

	2022	2021	2020	absolute change compared to previous year	relative change compared to previous year
	in kEUR	in kEUR	in kEUR		
Average compensation of an employee	76.12	80.57	60.42	-4.45	-5.52%
Compensation of active board member (paid and owed, incl. SOP)					
Wanja S. Oberhof	566.6	318	1,034.2	248.6	78%
Christian Senitz	175	725.9	0	-550.9	-76%
Ralf Dümmel	836.6	46	0	790.6	1,719%
Andreas Schneider	558.41	0	0	558.41	n/a
Company result for the year (HGB)	-134,348	-26,948	-29,948	-107,400	-398.55%
Consolidated group-EBITDA (IFRS)	10,731	-23,738	-22,978	34,469	145.21%

Figure 2 - Average compensation paid to employees of TSC AG 2020, 2021 and 2022 and comparison with the development of Management Board compensation and earnings

The average compensation paid to the employees included in the above table was determined on the basis of equivalent full-time employees of TSC AG in order to ensure comparability with the full-time members of the Management Board. All employees of TSC AG during the respective reporting year were therefore included. Earnings development is presented both on the basis of the development of the annual result according to Section 275 (2) no. 17 HGB and on the basis of the consolidated Group EBITDA (IFRS). The consolidated Group EBITDA (IFRS) is a key benchmark for the short-term variable compensation of Management Board members under the compensation system for the Management Board. This will establish a comparison basis for reporting in subsequent years, ensuring that the Compensation Report is presented consistently.

5. Number of shares and stock options granted or promised and the main conditions for exercising the rights, including exercise price, exercise date and any changes to these conditions

The following table shows the stock options issued to members of the Management Board in the 2022 reporting year according to the individual SOP in place at TSC AG at the time of issue. In addition, the return or waiver of stock options already issued in previous financial years by members of the Management Main Board on the occasion of the termination of employment contracts or for other reasons is also presented.

For reasons of transparency, stock options issued to current members of the Management Board under existing SOPs at TSC AG prior to the 2021 reporting year are also listed in order to ensure a uniform presentation of the development of the granted or promised stock options for future compensation reports, including a presentation of the stock options using a development chart.

In addition, the list below also includes those stock options which, although neither granted nor already owed due to lack of maturity, have already been “promised” to the relevant Management Board member within the meaning of Section 162 (1) sentence 2 no. 3 AktG. Therefore, only the actual number of “promised” stock options can be shown, as further details such as exercise price and earliest exercise period are only available at the time of the actual granting.

[Introduction](#)

[Management Board compensation](#)

[Supervisory Board compensation](#)

Overview of stock options issued as a component of compensation

Management Board Member	Main terms of the SOPs							Information regarding the respective financial year of the granting of options					
	SOP	Period of performance	Granting date	Vesting date	Earliest date of execution	Last date of execution	Strike price	Start of year	During year		End of year		
								Options held at start of year	Granted options	Options vested during year	Options granted under performance related conditions	Granted and unvested options	Granted options still under a waiting period
Wanja Oberhof	Lumaland SOP 2017	n.a	07/18/19	with granting	07/18/23	07/17/29	8.13	–	60,000	60,000	60,000	–	60,000
	Social Chain SOP 2019	n.a	10/16/19	with granting	10/16/23	10/15/29	15.7	60,000	130,000	190,000	190,000	–	190,000
	Social Chain SOP 2020	n.a	23/12/20	with granting	12/21/24	12/22/30	25.77	190,000	70,000	260,000	260,000	–	260,000
	Social Chain SOP 2021	–	–	–	–	–	–	–	–	–	–	–	–
	Social Chain SOP 2022	n.a	07/06/22	successive vesting over a period of 18 months from granting	07/06/26	07/05/32	6.72	260,000	50,000	19,444	279,444	30,556	279,444
Christian Senitz	Social Chain SOP 2021	n.a	09/27/21	successive vesting over a period of 18 months from granting	09/27/25	09/26/31	42.11	50,000	0	0	0	0	0
Ralf Dümmel	Social Chain SOP 2022	n.a	07/06/22	successive vesting over a period of 18 months from granting	07/06/26	07/05/32	6.72	0	50,000	12,500	50,000	37,500	12,500
Andreas Schneider	Social Chain SOP 2022	n.a	07/06/22	ssuccessive vesting over a period of 18 months from granting	07/06/26	07/05/32	6.72	0	60,000	20,000	60,000	40,000	20,000

Figure 3 – Issue of stock options for Management Board

[Introduction](#)[Management Board compensation](#)[Supervisory Board compensation](#)

The stock options granted in the 2022 financial year were issued by the Supervisory Board in accordance with the resolution of the Annual General Meeting of TSC AG on 8 June 2022 and on the basis of the “Social Chain Stock Option Plan 2022 for Management Board Members” (“SOP 2022”), as adopted by the Supervisory Board.

The most important provisions for the issue of stock options to Management Board members, as set out in the SOP 2022, can be summarised as follows: Under the approval resolution of the Annual General Meeting of TSC AG, a total of up to 150,000 stock options can be issued to members of the Management Board under the SOP 2022.

The exercise price to be paid upon exercise of the individual stock option corresponds to the average, volume-weighted Social Chain share price during the last 10 stock exchange trading days prior to the relevant issue date; the weighting is based on the total trading volume of the relevant stock exchange trading days at the trading venue defined below. However, the exercise price corresponds at least to the pro rata amount of the TSC AG share capital attributable to one Social Chain share (Section 9 (1) AktG).

The “Social Chain share price” as defined by the option terms and conditions shall be the individual closing price of the Social Chain share at the trading venue on which the Social Chain share is predominantly traded (“trading venue”); the Supervisory Board shall determine this trading venue by resolution. The volume weighting is based on the total trading volume of the respective exchange trading days at the trading venue.

The exercise of the issued stock options is subject to a special exercise requirement in the form of a share price-based performance target. In this regard, the option terms and conditions stipulate that the stock options can only be exercised if the average, volume-weighted Social Chain share price during the last 10 stock market trading days prior to the beginning of the respective exercise period exceeds the exercise price determined in the context of the option grant by at least 20%.

The stock options issued under the SOP 2022 can be exercised for the first time after the expiry of at least four years from the respective date of issue. The stock options issued have a maximum term of ten years from their respective issue date; stock options not effectively exercised expire without compensation at the end of the respective term.

The grant letters may, at the discretion of the Supervisory Board, contain extended provisions on the forfeitability of stock options already granted but not yet exercised.

Moreover, the SOP 2022 contains a provision to limit the maximum proceeds achievable from the exercise of stock options in order to protect against extraordinary developments. If the percentage increase of the Social Chain share price within the last three months prior to the respective exercise period is more than 50% and if the percentage increase of the index in which the Social Chain shares are included (the index in which the Social Chain shares are most numerous, alternatively the TecDAX, is the applicable one) is not at least 2/3 of the increase in the Social Chain share price in the same period, there is a limitation on the value of the new Social Chain shares which are issued to an eligible person in an exercise period („cap“). The cap corresponds to twice the amount of the annual gross compensation (including all fringe benefits subject to income tax such as company cars, etc.) which the eligible person has received from TSC AG in the last twelve months before the exercise date. In the event of an application of the cap, only as many new Social Chain shares will be granted whose cumulative Social Chain share price on the exercise date does not exceed the cap (“reduced number of shares“). There is no compensation for the difference between the cumulative Social Chain share price on the exercise date and the cap. In the event of alternative performance, the reduced number of shares is used accordingly.

[Introduction](#)

[Management Board compensation](#)

[Supervisory Board compensation](#)

6. Disclosures on the clawback of variable compensation components

In accordance with the existing remuneration system for members of the Management Board approved by the Annual General Meeting of TSC AG, all Management Board employment contracts concluded after 1 May 2022 shall contain a contractual clause according to which variable remuneration components may be reduced in part or in full, or remuneration components already paid out may be demanded back in part or in full, at the Company's reasonable discretion in cases of intentional breaches of duty. Furthermore, the Management Board must repay variable compensation already paid out if and to the extent that it transpires after payment that the audited and approved consolidated financial statements on which the assessment of the achievement of the individual annual targets and the calculation of the payout amount were based were incorrect and must therefore be corrected in accordance with the relevant accounting standards, and on the basis of the corrected, audited consolidated financial statements and the relevant compensation system a lower payout amount or no payout amount at all would have been due from the variable compensation. Fault on the part of the Management Board member is not required. A repayment claim cannot be asserted if the end of the financial year in question was more than five years ago.

For the financial year 2022, the Supervisory Board has not made use of the above option to reclaim variable compensation components.

7. Further disclosures on compensation for Management Board members

All Management Board employment contracts concluded after 1 May 2022 have been concluded in accordance with and without deviations from the compensation system for members of the Management Board first approved by the Annual General Meeting on 8 June 2022. Deviations from the compensation system for members of the Management Board thus approved pursuant to Section 162 (1) Sentence 2 No. 5 AktG therefore do not have to be reported for the financial year 2022.

The compensation system for members of the Management Board submitted by the Supervisory Board for approval at the Annual General Meeting on 8 June 2022 was approved in full. Due to the full approval, there was no reason to question the reporting or implementation. Accordingly, there is also nothing to report on this pursuant to Section 162 par. 1 sentence 2 no. 6 AktG.

In the reporting year 2022, the maximum compensation set in the compensation system for members of the Management Board was complied with. Under the applicable compensation system, the following maximum compensation is set for members of the Management Board:

Fixed salary plus short-term variable compensation:

EUR 1,000,000.00

Compensation from allocation of stock options:

EUR 5,000,000.00

The fixed salary granted to the members of the Management Board never exceeded the maximum remuneration specified in the compensation system, even after adding the short-term variable compensation paid to Management Board member Andreas Schneider.

The total compensation amounts attributable to compensation from the allocation of stock options also did not exceed the maximum compensation in any case - even with the addition of stock options not yet vested. In the case of the short-term variable compensation granted in the 2022 reporting period, the Supervisory Board has made the amount of the variable compensation to be granted dependent on individual targets set out in writing in a target agreement and discussed with the respective Management Board member. In accordance with the requirements of the compensation system for the members of the Supervisory Board, these were in equal measure financial targets relating to EBITDA and liquidity targets to be achieved, and short-term strategic targets relevant to the Group as a whole.

[Introduction](#)

[Management Board compensation](#)

[Supervisory Board compensation](#)

In the reporting year 2022, no Management Board member was promised benefits by a third party with regard to his activity as a member of the Management Board, nor were any benefits granted in the financial year (Section 162 (2) no. 1 AktG).

In the reporting year 2022, no benefits were promised to any Management Board member in the event of premature termination of his activity. Nor were any changes to such commitments agreed during the last financial year (Section 162 (2) no. 2 AktG).

No benefits have been promised to current members of the Management Board in the event of premature termination of their employment. No changes to such commitments were agreed in the past financial year (Section 162 (2) no. 3 AktG).

In the reporting year 2022, no benefits were promised to any Management Board member in the event of regular termination of their employment. On the occasion of the mutually agreed termination of his employment contract effective June 30, 2022, the former Management Board member Mr. Christian Senitz continued to receive the contractually agreed fixed remuneration for the period from 1 May 2022 to 30 June 2022, with a simultaneous irrevocable release from the obligation to perform the services of Mr. Christian Senitz (Section 162 (2) no. 4 AktG).

C. Compensation for the Supervisory Board

[Introduction](#)

[Management Board compensation](#)

[Supervisory Board compensation](#)

1. Compensation principles applying to the Supervisory Board

The Supervisory Board contributes to the promotion of the business strategy and the long-term development of the Company by monitoring the management of the Management Board, which is its responsibility. The compensation paid to the members of the Supervisory Board adequately takes into account their respective responsibilities.

The compensation paid to the members of the Supervisory Board is determined in accordance with Article 10 (1) of the TSC AG Articles of Association by resolution of the Annual General Meeting.

The Annual General Meeting of TSC AG approved the existing remuneration system for the members of the Management Board on 8 June 2022.

2. Compensation for the members of the Supervisory Board

In accordance with the currently applicable remuneration system for members of the Supervisory Board, as approved by the Annual General Meeting of TSC AG on 8 June 2022, the members of the Supervisory Board receive a fixed annual remuneration of EUR 50,000.00 as well as reimbursement of their expenses, including any value added tax to be charged to them for their Supervisory Board activities, to the extent that these are actually incurred. The remuneration shall be payable to the members of the Supervisory Board in four equal installments at the end of each calendar quarter. Supervisory Board members receive their remuneration on a pro rata temporis basis if they leave the Supervisory Board in the course of a financial year.

No other remuneration-related benefits, such as separate meeting or committee fees, are provided.

Variable compensation is not provided for and is not granted.

The following table shows the compensation granted and owed to members of the Supervisory Board in financial years 2021 and 2022. No remuneration was granted or owed to former members of the Supervisory Board of TSC AG in reporting year 2022:

	Dr. Georg Kofler (Chairman) since 28 August 2018				Henning Giesecke (Vice Chairman) since 19 August 2019				Henrike Luszick since 11 May 2020			
	2021		2022		2021		2022		2021		2022	
	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR	in %	in kEUR	in %
Fixed salary	50	100.0%	50	100.0%	50	100.0%	50	100.0%	50	100.0%	50	100.0%
Expenses	0	–	0	–	1.2	–	0	–	0	–	0	–
Variable compensation	0	0.0%	0	0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Overall compensation	50	100.0%	50	100.0%	50	100.0%	50	100.0%	50	100.0%	50	100.0%

Figure 4 – Compensation of the Supervisory Board in 2021 and 2022

[Introduction](#)

[Management Board compensation](#)

[Supervisory Board compensation](#)

3. Comparative presentation of Supervisory Board compensation

The following overview shows – pursuant to Section 162 (1) sentence 2 no. 2 AktG – the relative development of compensation granted and owed to members of the Supervisory Board in the respective financial year in comparison to the development of the Company’s earnings and the average compensation of employees on a full-time equivalent basis. In accordance with to the transitional provision of Section 26j (2) sentence 2 Introductory Act to the German Stock Corporation Act (EAG) for the 2021 financial year and in deviation from Section 162 (1) sentence 2 no.2 AktG, the Compensation Report does not yet cover a five-year assessment period.

The benchmark figures for average employee compensation were determined in an identical manner as for the comparative presentation of Management Board compensation (refer in this regard to Section B.4. of this Compensation Report).

Earnings development is presented both on the basis of the development of the annual result according to Section 275 (2) no. 17 German Commercial Code (HGB) and on the basis of the consolidated Group EBITDA (IFRS).

	2022	2021	2020	absolute change compared to previous year	relative change compared to previous year
	in kEUR	in kEUR	in kEUR		
Average compensation of an employee	76.12	80.57	60.42	-4.45	-5.85%
Compensation of active board member (paid and owed, incl. SOP)					
Dr. Georg Kofler	50	50	50	0	0.00%
Henning Giesecke	50	50	50	0	0.00%
Henrike Luszick	50	50	50	0	0.00%
Company result for the year (HGB)	-134,348	-26,948	-29,948	-107,400	-398.55%
Consolidated group-EBITDA (IFRS)	10,731	-23,738	-22,978	34,469	145.21%

Abb. 5 – Average compensation paid to employees of TSC AG 2020, 2021 and 2022 and comparison with the development of Supervisory Board compensation and earnings.

4. Further disclosures on the compensation for Supervisory Board members

No share-based or variable compensation was granted or promised to any member of the Supervisory Board (Section 162 (1) sentence 2 no. 3 AktG). Accordingly, no variable compensation was reclaimed (Section 162 (1) sentence 2 no. 4 AktG). There were also no deviations in the reporting period from the compensation system for members of the Supervisory Board approved by the Annual General Meeting (Section 162 (1) sentence 2 no. 5 AktG).

The compensation system for members of the Supervisory Board submitted to the Annual General Meeting on 8 June 2022 for approval was approved in full. Due to the full approval, there was no reason to question the reporting or implementation. Accordingly, in accordance with Section 162 (1) sentence 2 no. 6 AktG, there is also nothing to report on this.

No maximum compensation was set for the members of the Supervisory Board, so there is no need to explain how this maximum compensation was complied with (Section 162 (1) sentence 2 no. 7 AktG).

Berlin, 27 April 2023

Management Board

Dr. Georg Kofler Andreas Schneider

Supervisory Board

Henrike Luszick Henning Giesecke Sebastian Stietzel

Independent auditor's report

to The Social Chain AG, Berlin

Independent auditor's report on the audit of the content of the compensation report prepared pursuant to sec. 162 AktG

Independent auditor's report

Audit opinion

We have audited the compensation report of The Social Chain AG for the financial year from 1 January 2022 until 31 December 2022 on formal aspects, whether the disclosures pursuant to sec. 162 AktG (German Stock Corporation Act) have been made in the compensation report. In accordance with sec. 162 para. 3 AktG we have not audited the compensation report substantially.

We have come to the conclusion that the disclosures pursuant to sec. 162 para. 1 and 2 AktG are made in the compensation report in all material respects. Our audit opinion does not cover the substantial content of the audit report.

Basis for the audit opinion

We conducted our audit of the compensation report in accordance with sec. 162 para. 3 AktG, taking into account the IDW auditing standard: The audit of the compensation report in accordance with sec. 162 para. 3 AktG (IDW PS 870(08.2021)). Our responsibilities under these provisions and this standard are further described in the "Auditor's responsibilities" section of our report below. As an auditing practice, we have applied the requirements of the IDW quality assurance standard: Requirements for quality assurance in auditing practice (IDW QS 1). We have complied with the professional duties according to the auditor regulations and the professional statutes for auditors / chartered accountants, including the requirements for independence.

Responsibility of the management board and the supervisory board

The management board and the supervisory board are responsible for the preparation of the compensation report, including the related disclosures, which meets the requirements of sec. 162 AktG. They are also responsible for those internal controls that they consider necessary to enable the preparation of a compensation report, including the related disclosures, that is free from material misstatement - whether intentional or unintentional.

Auditor's responsibilities

Our objective is to obtain reasonable assurance as to whether the disclosures in accordance with sec. 162 para. 1 and 2 AktG have been made in the compensation report in all material respects, and to express an audit opinion thereon in a note.

We planned and performed our audit so that we can determine the formal completeness of the compensation report by comparing the information provided in the compensation report with the information required in sec. 162 para 1. and para. 2 AktG. In accordance with sec. 162 para. 3 AktG, we have not audited the accuracy of the information, the completeness of the individual information or the appropriate presentation of the compensation report.

Frankfurt am Main, this 27 April 2023

RSM GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

D. Hanxleden	A. Kramer
Auditor	Auditor