

Attestation Certificate

**Consolidated Financial Statements as
at 30 June 2023, Group Management
Report and Independent Auditor's
Report for the Financial Year from
1 July 2022 to 30 June 2023**

Hertha BSC GmbH & Co.
Kommanditgesellschaft auf Aktien (KGaA)
Berlin

**Free translation of excerpts of the Original German
Financial Statements**

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

122320-001

We have prepared this PDF file at our client's behest.

We would like to draw your attention to the fact, that our report is legally binding only as a signed original.

As only the bound report, signed by us, is the result of our work in accordance with professional standards, we assume no responsibility for the correctness and completeness of this pdf version of our report.

Insofar as this version is made available to third parties, we would like to point out that our liability - to third parties as well - is solely determined by the General Terms of Engagement reproduced in the report.

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Independent auditor's report

To the attention of Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA), Berlin

Opinions

We have audited the consolidated financial statements of Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA), Berlin, and its subsidiaries (the Group), comprising the consolidated balance sheet as of 30 June 2023, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the period from 1 July 2022 to 30 June 2023, as well as the notes to the consolidated financial statements, including the accounting and measurement policies presented therein. In addition, we have audited the Group management report of Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA), Berlin, for the period from 1 July 2022 to 30 June 2023.

In our opinion, based on the findings of our audit,

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and with the relevant accounting requirements of the statutes of DFL Deutsche Fußball Liga e.V. (DFL e.V.) and give a true and fair view of the assets, liabilities and financial position of the Group as at 30 June 2023 and of its results of operations for the period from 1 July 2022 to 30 June 2023 in compliance with German legally required accounting principles, and
- the accompanying Group management report as a whole provides an appropriate view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with the German legal requirements and accurately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the Group management report.

Basis for our opinions

We conducted our audit of the consolidated financial statements and the Group management report in accordance with Section 317 HGB and the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Responsibilities of the auditor for the audit of the consolidated financial statements and the Group management report" section of our auditor's report. We are independent of the Group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to

provide a basis for our opinions on the consolidated financial statements and on the Group management report.

Responsibilities of the legal representatives for the consolidated financial statements and the Group management report

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law as well as with the relevant accounting requirements of the statutes of DFL e.V., and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Group in compliance with German legally required accounting principles. In addition, the legal representatives are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement due to fraudulent acts (i.e. manipulation of accounting, damage to assets) or errors.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for using the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the legal representatives are responsible for the preparation of the Group management report that, as a whole, provides an accurate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and accurately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the Group management report.

Responsibilities of the auditor for the audit of the consolidated financial statements and the Group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement due to fraudulent acts or errors, and whether the Group management report as a whole provides an accurate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and accurately presents the opportunities and risks of future development, as

well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the Group management report.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraudulent acts or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this Group management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the Group management report due to fraudulent acts or errors, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraudulent acts is higher than the risk of not detecting a material misstatement resulting from errors, as fraudulent acts may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the Group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.
- Conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the Group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results

of operations of the Group in compliance with German legally required accounting principles.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the Group management report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the Group management report with the consolidated financial statements, its conformity with law and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the legal representatives in the Group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.”

Berlin, 26 October 2023

Mazars GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft [*German public audit firm*]

Steuerberatungsgesellschaft [*German tax consulting firm*]

Udo Heckeler
Certified Public Accountant

Marko Pape
Certified Public Accountant

Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA), Berlin

CONSOLIDATED BALANCE SHEET as at 30 June 2023

ASSETS			Prior year	LIABILITIES			Prior year
	€	€	in thousand €		€	€	in thousand €
A. Fixed assets				A. Equity			
I. Intangible assets				I. Share capital	12,275,563.00		7,365
1. Concessions purchased, industrial property rights and similar rights and assets and licences to such rights and assets	621,201.31		807	II. Capital reserve	439,847,289.56		369,758
2. Player registrations	26,810,008.45		69,419	III. Consolidated loss carryforward	-347,587,526.46		-267,830
3. Payments made on account	<u>0.00</u>		90	IV. Consolidated net loss for the year	<u>-99,141,657.73</u>	5,393,668.37	-79,758
		27,431,209.76	(70,316)				(29,535)
II. Property, plant and equipment				B. Provisions			
1. Buildings on third-party land	4,044,172.90		4,612	Other provisions		11,685,801.76	9,397
2. Operating and office equipment	1,730,081.27		1,593				
3. Payments made on account and assets under construction	<u>0.00</u>		2	C. Liabilities			
		5,774,254.17	(6,207)	1. Bonds	40,000,000.00		40,000
III. Financial assets				2. Liabilities to banks	37,711,894.78		1
Cooperative shares	<u>1,354.00</u>		1	3. Trade payables			
		33,206,817.93	(76,524)		8,294,603.63		17,958
				4. Liabilities for player transfers	4,411,084.22		8,084
				5. Other liabilities	<u>11,875,366.00</u>	102,292,948.63	14,753
							(80,796)
B. Current assets				D. Deferred income		11,427,746.13	5,862
I. Inventories							
Goods		2,142,934.69	2,328				
II. Receivables and other assets							
1. Trade receivables	2,588,606.59		3,030				
2. Receivables from player transfers	10,496,620.40		18,755				
3. Receivables from companies in which investments are held	62,410,506.99		2,459				
4. Other assets	<u>1,807,851.89</u>		1,543				
		77,303,585.87	(25,787)				
III. Cash on hand, bank balances and checks	<u>12,744,713.73</u>		10,767				
		92,191,234.29	(36,554)				
C. Prepaid expenses		5,402,112.67	10,184				
		<u>130,800,164.89</u>	<u>125,590</u>			<u>130,800,164.89</u>	<u>125,590</u>

Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA), Berlin

CONSOLIDATED INCOME STATEMENT
for the financial year from 1 July 2022 to 30 June 2023 (HGB)

	€	€	Prior year in thousand €
1. Sales revenue		117,599,527.26	139,323
2. Other operating income		<u>6,049,840.80</u>	<u>7,218</u>
		123,649,368.06	146,541
3. Cost of materials			
Cost of merchandise purchased		-4,147,565.15	-2,629
4. Personnel expenses			
a) Wages and salaries	-92,220,866.11		-94,039
b) Social security contributions and expenses for pensions and other benefits	<u>-5,380,180.07</u>		<u>-3,703</u>
		-97,601,046.18	-97,742
5. Depreciation and amortisation of intangible assets and property, plant and equipment		-40,655,366.32	-39,155
6. Other operating expenses		<u>-75,689,773.57</u>	<u>-84,904</u>
		-94,444,383.16	-77,889
7. Other interest and similar income		923,459.72	1,905
- thereof from affiliated companies: € 105,916.51 (prior year: € 109 thousand)			
8. Interest and similar expenses		<u>-5,606,694.86</u>	<u>-3,757</u>
9. <u>Earnings after taxes</u>		-99,127,618.30	-79,741
10. Other taxes		<u>-14,039.43</u>	<u>-17</u>
11. <u>Consolidated net loss for the year</u>		<u><u>-99,141,657.73</u></u>	<u><u>-79,758</u></u>

**Hertha BSC GmbH & Co. Kommanditgesellschaft
auf Aktien (KGaA)
Hanns-Braun-Strasse, Friesenhaus II, 14053 Berlin
District Court of Berlin-Charlottenburg, HRB 84666**

**Notes to the Consolidated Financial Statements for the Financial Year
from 1 July 2022 to 30 June 2023**

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Appendix to the Notes to the Consolidated Financial Statements:

Fixed asset schedule as at 30 June 2023 (consolidated fixed asset schedule)

I. General information on the consolidated financial statements and the reporting date for the consolidated financial statements

The consolidated financial statements as at 30 June 2023 were prepared in accordance with the rules and regulations of the Third Book of the German Commercial Code [*Handelsgesetzbuch* (HGB)] for large corporations in association with the Fifth Section of the First Book of the Stock Corporation Act [*Aktiengesetz* (AktG)].

The prior year figures are indicated for the purpose of comparison.

For the purpose of clarity, the explanatory notes concerning the balance sheet and the income statement items, as well as the explanations that may be presented in either the balance sheet, the income statement or the notes, have all been presented in the notes to the annual financial statements.

In accordance with Section 265 (5) HGB, classification items specific to the Company (player registrations as intangible fixed assets, receivables from transfers and liabilities for transfers or trade receivables and trade payables) have been disclosed on the balance sheet and in the fixed asset schedule.

The income statement was prepared using the total cost method in accordance with Section 275 (2) HGB.

II. Information on the group of entities consolidated

Disclosures on the names and legal seats of companies included in the consolidation

<u>Name, legal seat</u>	<u>Shareholding in %</u>
Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA), Berlin	(parent company)
Hertha BSC Rechte GmbH & Co. KG, Berlin	100
Hertha BSC Lizenz GmbH, Berlin *)	100
Hertha BSC Transfer GmbH & Co. KG, Berlin *)	100
Hertha BSC Infrastruktur GmbH, Berlin	100
SWC GmbH (formerly: Hertha BSC Medien GmbH), Berlin*)	100
Hertha BSC Stadion GmbH, Berlin	100

*) The Company has a reporting date that differs from the reporting date for the consolidated financial statements and has been consolidated in the consolidated financial statements on the basis of the separate interim financial statements prepared.

III. Disclosure of the consolidation methods applied

1. Capital consolidation

The book value method (Section 301 (1) No. 1 HGB) was applied for consolidating capital (full consolidation). The shareholdings of the parent company were offset against the pro rata equity of the subsidiaries (pursuant to Section 301 (2) sentence 1 HGB) on the basis of the book values as at 30 June 2010, the point in time the subsidiaries were initially consolidated (if acquired at a later point in time, then the point in time of the respective inclusion in the consolidated financial statements).

2. Debt consolidation

Debts were consolidated in accordance with Section 303 (1) HGB by eliminating intercompany receivables with the respective intercompany liabilities of the entities included in the consolidated financial statements. No offset differences resulted.

3. Revenue and expense consolidation

Revenue and expenses were consolidated by applying Section 305 (1) HGB by offsetting intercompany revenue and intercompany operating income shown in other operating income of the entities consolidated with the expenses allocated to them. This same procedure was also applied to other interest and similar income, which were offset against the respective expenses.

The transfers of profit or loss based on the terms of the existing profit transfer agreements as well as the portion of the profit generated by Group partnerships were eliminated.

4. Foreign currency translation

The separate annual financial statements of the subsidiaries consolidated were prepared in euros. No translation differences resulted thereby.

IV. Accounting and valuation principles

The consolidated financial statements as at 30 June 2023 were prepared under the assumption of the Group continuing as a going concern.

The significant accounting policies and measurement methods applied in the financial year are presented in the following:

Intangible assets purchased are capitalised at their acquisition costs less scheduled amortisation. They are amortised over their expected useful lives by applying the straight-line amortisation method. Player registrations are amortised over each player's

contractual term. Impairment losses are recognized if the impairment in value is expected to be permanent.

Tangible assets are measured at acquisition or production costs – to the extent they are subject to wear and tear – by using the straight-line depreciation method based on the expected useful lives of the assets.

If long-term, formally non-interest-bearing terms of payment are agreed for additions to fixed assets, the initial measurement of the assets and the corresponding liabilities shall take place using the net present value of the agreed payments. The net present value is determined taking the incremental borrowing rate into consideration. In subsequent periods, the discount on liabilities is unwound using the effective interest method.

Depreciation of additions to tangible assets is generally performed pro rata temporis.

Financial assets are recognised at the lower of acquisition cost or fair value.

Inventories are recognised at the lower of acquisition cost or market value. All identified risks in inventory assets resulting from slow moving items, impaired usability or obsolescence or for other reasons are considered by making appropriate write-downs.

Receivables and other assets are recognised at their nominal values. Specific risks identified are subject to impairment. General credit and interest risks are considered by setting up a bad debt allowance for receivables not individually impaired.

Cash and cash equivalents are carried at nominal value.

Prepaid expenses and deferred income are set up for accruing payment transactions or for allocating expenses/income to the respective reporting period.

Provisions are recognised at the settlement amounts required by using prudent judgement in order to recognise all identified risks and contingent liabilities.

Liabilities are recognised at their settlement amounts.

Foreign currencies are translated throughout the year at their average exchange rates. Current receivables and liabilities are valued at the spot exchange rate prevailing at the balance sheet date.

V. Notes on individual items in the consolidated financial statements for the financial year from 1 July 2022 to 30 June 2023

Balance sheet

Explanatory notes in the following are only given for significant items.

1. Fixed assets

The development of fixed assets is presented in the appended consolidated fixed asset schedule; see Appendix 3/Page 13 to the notes to the consolidated financial statements.

2. Receivables and other assets

Of the trade and transfer receivables totalling € 13,086 thousand, an amount of € 7,352 thousand was recorded as an inflow of funds since 1 July 2023.

Receivables and other assets contain transfer receivables in the amount of € 1,553 thousand (prior year: € 2,500 thousand) with a residual term of over one year.

3. Cash and cash equivalents at banks

€ 78 thousand of the cash and cash equivalents at banks totalling € 12,745 thousand are not readily available (use earmarked for rental security deposits).

4. Prepaid expenses

Prepaid expenses are shown in the following:

	<i><u>in thousand</u></i> <i><u>euros</u></i>
- Prepaid player agent contracts	2,979
- Prepaid player salaries	1,441
- Prepaid interest	565
- Prepaid insurance premiums	197
- Other	220
Total	<u><u>5,402</u></u>

5. Equity

By resolution of the general meeting of 8 November 2019, Hertha BSC KGaA's share capital was increased from 4,160,000 no-par value shares to 5,189,621 no-par value shares, which are registered shares. In this context, € 1,029,621.00 were added to share capital and € 97,972,398.23 were allocated to the capital reserve.

On 1 July 2020, an investment agreement was concluded with an existing limited shareholder which stipulates a liquidity-related equity contribution totalling € 150,000 thousand. Accordingly, share capital is to be increased by € 2,603,821.00, from € 5,189,621.00 to € 7,793,442.00, by issuing 2,603,821 shares overall.

On the basis of the investment agreement concluded, the general meeting on 17 December 2020 resolved to increase the share capital of Hertha BSC KGaA by 873,947 no-par value shares to a total of 6,063,568 no-par value shares, which are registered shares (Capital Increase I). The approved capital increase was entered in the commercial register on 12 January 2021. The share premium paid in connection with the capital increase totalling € 49,646,886.34 was transferred to the capital reserve.

Furthermore, on the basis of the same investment agreement together with a change agreement dated 3 November 2020, an additional capital increase (Capital Increase II) in the amount of € 100,000 thousand was agreed. As of 30 June 2021, an amount totalling € 98,270,126.00 was transferred to the capital reserve in this regard. After all payments had been made, a resolution of the Supervisory Board on 24 August 2021 confirmed an increase in share capital from € 6,063,568.00 by € 1,301,770.00 to € 7,365,338.00 through the issue of a total of 1,301,770 no-par value shares, which are registered shares. The share premium totalling € 428,104.00, which was paid in full, was transferred to the capital reserve.

On 10 March 2023 Hertha BSC GmbH & Co. KGaA concluded an Investment and Shareholders' Agreement with 777 SDL B.V. and resolved to increase the Company's share capital from the current amount of € 7,365,338.00 by € 4,910,225.00 to € 12,275,563.00 in exchange for cash contributions by issuing 4,910,225 new no-par value bearer shares.

As part of this capital increase, the transferee directly committed itself on a contractual basis to a further additional payment of € 70,090 thousand, which was transferred to the capital reserve (Section 272 (2) No. 4 HGB).

The general partner, Hertha BSC Verwaltung GmbH, Berlin, did not benefit from the assets and earnings of the Company.

	€
Share capital	12,275,563.00
Capital reserve	439,847,289.56
Consolidated loss carryforward	-347,587,526.46
Consolidated net loss for the year	-99,141,657.73
Equity	<u><u>5,393,668.37</u></u>

6. Provisions

Provisions were set up for the following items:

	<u>in thousand</u>
	euros
Outstanding bills	5,659
Outstanding salaries/severance payments	5,186
Miscellaneous	841
Total	<u><u>11,686</u></u>

7. Liabilities

Liabilities are listed according to creditors and due dates (residual terms) in the following schedule of liabilities; prior year figures are presented in parentheses.

	Residual terms			
	Total	up to 1 year	1 to 5 years	more than 5 years
	<u><i>in thou- sand euros</i></u>	<u><i>in thousand euros</i></u>	<u><i>in thousand euros</i></u>	<u><i>in thou- sand euros</i></u>
Bonds	40,000 (40,000)	0 (0)	40,000 (40,000)	0 (0)
Liabilities to banks	37,712 (1)	25,056 (1)	12,656 (0)	0 (0)
Trade payables	8,295 (17,958)	7,481 (15,919)	814 (2,039)	0 (0)
Liabilities for player transfers	4,411 (8,084)	2,832 (8,084)	1,579 (0)	0 (0)
Other liabilities	11,875 (14,753)	11,875 (14,753)	0 (0)	0 (0)
Total	102,293 (80,796)	47,244 (38,757)	55,049 (42,039)	0 (0)

The information on bonds relates to the issue value of € 40,000 thousand.

Other liabilities comprise, inter alia, tax liabilities of € 6,873 thousand (prior year: € 8,777 thousand) and liabilities from personnel expenses of € 3,360 thousand (prior year: € 4,665 thousand).

Liabilities to banks are secured by assignments of claims from the central marketing of media rights as well as deficiency guarantees through deposit insurance.

8. Deferred income

This item mainly relates to advance payments by Nike European Operations Netherlands B.V. on the extension of the equipment agreement, payments received from the signing fee of Aramark Restaurations GmbH regarding the extension of the management contract, payments received from the signing fee of our marketing partner Sportfive Germany GmbH in conjunction with modifying and extending the joint cooperation agreement and season tickets sold.

9. Other financial obligations

The breakdown of other financial obligations for rental contracts and leases is as follows:

<u>Description</u>	<u>Due <1 year</u>	<u>Due 1-5 years</u>	<u>Due >5 years</u>	<u>Total</u>
	<u><i>in thousand euros</i></u>	<u><i>in thousand euros</i></u>	<u><i>in thousand euros</i></u>	<u><i>in thousand euros</i></u>
Rental contracts (estimated)	7,937	25,901	11,499	45,337
Leasing agreements	668	0	0	668
	<u>8,605</u>	<u>25,901</u>	<u>11,499</u>	<u>46,005</u>

The terms and conditions of some of the existing contracts include variable payments so that the figures for the rental contracts are based on estimated amounts for the 2022/2023 financial year.

Income statement

The income statement was prepared using the total cost method.

1. Sales revenue

	<u>2022/2023</u>		<u>2021/2022</u>	
	<u><i>in thousand euros</i></u>	<u><i>%</i></u>	<u><i>in thousand euros</i></u>	<u><i>%</i></u>
Game revenue/ticketing	14,885	12.7%	7,180	5.2%
Television subsidies	47,905	40.7%	54,607	39.2%
Advertising	22,467	19.1%	24,481	17.6%
Trade	7,167	6.1%	4,694	3.4%
Transfer revenue	22,561	19.2%	46,785	33.6%
Miscellaneous	2,614	2.2%	1,576	1.1%
Total	<u>117,599</u>	<u>100%</u>	<u>139,323</u>	<u>100%</u>

2. Other operating income

The major part of other operating income amounting to € 6,050 thousand (prior year € 7,218 thousand) is comprised of out-of-period income from the derecognition of liabilities as part of a concluded arbitration agreement.

3. Depreciation and amortisation

Depreciation and amortisation are shown in the consolidated fixed asset schedule in Appendix 3/Page 13. In the financial year, impairment losses of € 10,754 thousand (prior year: € 4,443 thousand) were recognised for player assets that are expected to be permanently impaired.

4. Other operating expenses

	<u>2022/2023</u>		<u>2021/2022</u>	
	<u>in</u> <u>thousand</u> <u>euros</u>	<u>%</u>	<u>in</u> <u>thousand</u> <u>euros</u>	<u>%</u>
Game operating expenses	28,913	38.2%	25,442	30.0%
TV/advertising	7,431	9.8%	8,211	9.7%
Transfers	26,928	35.6%	41,660	49.1%
Trade	1,179	1.6%	1,023	1.2%
Administration	9,614	12.7%	7,142	8.4%
Amateur and youth football	1,624	2.1%	1,426	1.7%
Total	<u>75,690</u>	<u>100%</u>	<u>84,904</u>	<u>100%</u>

5. Other interest and similar income

This item includes income from the compounding of non-current, formally non-interest-bearing receivables of € 460 thousand (prior year: € 1,775 thousand).

6. Interest and similar expenses

This item includes expenses of € 359 thousand (prior year: € 776 thousand) from unwinding the discount on long-term, formally non-interest-bearing liabilities.

VI. Other disclosures

1. Executive bodies

In the reporting period, the following persons were members of the Supervisory Board of Hertha BSC GmbH & Co. KGaA:

- Dr Karl Kauermann, Chairman of the Management Board of K.M.T. Invest AG, Berlin (Chairman of the Supervisory Board) (until 21 February 2023)
- Dr Christian Göke, fully authorised representative of Vesica Holding GmbH & Co. KG, Berlin (until 30 September 2022)
- Ms Vera Gäde-Butzlaff, Supervisory Board member (various), Berlin (until 21 February 2023)
- Dr Holger Hatje, entrepreneur, Berlin (until 21 February 2023)
- Mr Klaus Siegers, Chairman of the Board of Weberbank, Berlin
- Mr Stefan Kindler, Chief Risk Officer of Tennor Holding B.V., also an in-house lawyer of Tennor International Services B.V. (Berlin), Rahden Sielhorst (until 21 February 2023)
- Mr Tarek Malak, Portfolio Manager of Tennor International Services B.V. (Berlin), Berlin (until 21 February 2023)
- Prof. Thomas Werlen, lawyer, Cham (Switzerland) (until 21 February 2023)
- Dr Georg Jakob Kofler, entrepreneur, Berlin (until 21 February 2023)
- Mr Marius Freiherr Marschall von Bieberstein, entrepreneur, Managing Director and shareholder of evoreal Holding GmbH & Co. KG, Berlin
- Mr Steven William Pasko, entrepreneur, Miami (U.S.A.)
- Mr Josh C. Wander, Managing Partner of 777 Partners, Miami (U.S.A.)
- Mr Frank Kohler, Chairman of the Board of Sparda-Bank Berlin e.G., Berlin

None of the Supervisory Board members received any remuneration for their services in the reporting year.

Hertha BSC GmbH & Co. KGaA is managed by the general partner, Hertha BSC Verwaltung GmbH, Berlin (share capital: € 25,000.00).

The managing directors of Hertha BSC Verwaltung GmbH during the reporting period were:

- Mr Ingo Schiller, Berlin (until 31 August 2022)
- Mr Fredi Bobic, Berlin (until 28 January 2023)
- Mr Thomas E. Herrich

No managing director remuneration disclosures were made in accordance with Section 286 (4) HGB.

2. Employees (headcount)

The breakdown of the number of employees (without the managing directors) was as follows:

	<u>2022/2023</u>	<u>2021/2022</u>
Licensed football players	32	30
Functional team of the licensed football players	56	36
Administrative staff	127	139
Temporary employees	50	41
Amateur Department and Primary Youth Team	83	88
Temporary trainees	12	14
Trainees	0	1
Total	<u>360</u>	<u>349</u>

In addition, a substantial number of short-term staff (security force and cashiers) is employed.

3. Auditor fees

Included in other operating expenses are the following fees for the services of the auditor, Mazars GmbH & Co. KG:

	<u><i>in thousand euros</i></u>
Financial statement audit	124
Other attestation services	41
Tax advisory services	132
Total	<u>297</u>

4. Proposal for the appropriation of earnings

The Management Board proposes to carry forward the annual net income of Hertha BSC GmbH & Co. KGaA to new account.

5. Exemption provisions pursuant to Section 264 (3) HGB and Section 264b HGB

As a result of their inclusion in the consolidated financial statements, the exemption provisions pursuant to Section 264 (3) HGB and Section 264b HGB are applied to the following companies with regard to their annual financial statements and, if applicable, their management report:

- Hertha BSC Rechte GmbH & Co. KG, Berlin
- Hertha BSC Transfer GmbH & Co. KG, Berlin
- Hertha BSC Infrastruktur GmbH, Berlin
- Hertha BSC Stadion GmbH, Berlin

6. Subsequent events

In the transfer period from July to October 2023, the parent company Hertha BSC GmbH & Co. KGaA used a total of € 3.4 million for new hires of licenced players.

In return, € 25.1 million was received from player departures and loans.

Berlin, 24 October 2023

Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA),
represented by the General Partner,
Hertha BSC Verwaltung GmbH

Thomas E. Herrich
- Managing Director -

Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA), Berlin

Fixed Asset Schedule as at 30 June 2023
(Consolidated Fixed Asset Schedule)

	Aquisition and production costs					Accumulated depreciation and amortisation				Carrying amounts	
	1/7/2022	Additions	Reclassifications	Disposals	30/6/2023	1/7/2022	Additions	Disposals	30/6/2023	30/6/2023	30/6/2022
	€	€	€	€	€	€	€	€	€	€	€
I. Intangible assets											
1. Concessions purchased, industrial property rights and similar rights and assets and licences to such rights and assets	2,820,161.22	64,832.71	149,901.13	-19,300.00	3,015,595.06	2,012,857.75	400,836.00	-19,300.00	2,394,393.75	621,201.31	807,303.47
2. Player registrations	153,380,396.08	9,184,808.40	0.00	-50,021,382.71	112,543,821.77	83,961,637.28	39,217,588.45	-37,445,412.41	85,733,813.32	26,810,008.45	69,418,758.80
3. Payments made on account	89,642.30	60,258.83	-149,901.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	89,642.30
	<u>156,290,199.60</u>	<u>9,309,899.94</u>	<u>0.00</u>	<u>-50,040,682.71</u>	<u>115,559,416.83</u>	<u>85,974,495.03</u>	<u>39,618,424.45</u>	<u>-37,464,712.41</u>	<u>88,128,207.07</u>	<u>27,431,209.76</u>	<u>70,315,704.57</u>
II. Property, plant and equipment											
1. Buildings on third-party land	8,577,314.84	0.00	2,380.00	0.00	8,579,694.84	3,965,588.94	569,933.00	0.00	4,535,521.94	4,044,172.90	4,611,725.90
2. Operating and office equipment	4,121,993.95	505,335.77	100,932.96	-5,139.84	4,723,122.84	2,528,864.99	467,008.87	-2,832.29	2,993,041.57	1,730,081.27	1,593,128.96
3. Payments made on account and assets under construction	2,380.00	100,932.96	-103,312.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,380.00
	<u>12,701,688.79</u>	<u>606,268.73</u>	<u>0.00</u>	<u>-5,139.84</u>	<u>13,302,817.68</u>	<u>6,494,453.93</u>	<u>1,036,941.87</u>	<u>-2,832.29</u>	<u>7,528,563.51</u>	<u>5,774,254.17</u>	<u>6,207,234.86</u>
III. Financial assets											
Cooperative shares	1,354.00	0.00	0.00	0.00	1,354.00	0.00	0.00	0.00	0.00	1,354.00	1,354.00
	<u>168,993,242.39</u>	<u>9,916,168.67</u>	<u>0.00</u>	<u>-50,045,822.55</u>	<u>128,863,588.51</u>	<u>92,468,948.96</u>	<u>40,655,366.32</u>	<u>-37,467,544.70</u>	<u>95,656,770.58</u>	<u>33,206,817.93</u>	<u>76,524,293.43</u>

Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA), Berlin

**Consolidated Statement of Cash Flows in Accordance with German Accounting Standard 21 (DRS 21)
for the reporting period from 1 July 2022 to 30 June 2023**

	2022/2023	2021/2022
	in thousand €	in thousand €
Consolidated annual result	-99,142	-79,758
+/- Depreciation/write-ups of fixed assets	40,655	39,155
+/- Increase/decrease in provisions not attributable to investing activities	2,289	431
-/+ Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	4,915	3,919
-/+ Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	-1,817	7,859
- Profit/loss from the disposal of fixed assets	-9,344	-19,811
+/- Interest expenses/income	4,683	1,537
- Income taxes paid	0	495
= Cash flows from operating activities	-57,761	-46,173
+ Inflows from the disposal of player market values	24,015	15,390
- Outflows for investments in player market values	-18,376	-56,558
- Outflows for investments in intangible assets	-125	-115
- Outflows for investments in property, plant and equipment	-606	-759
+ Interest income	464	1,552
= Cash flows from investing activities	5,372	-40,490
+ Inflows from equity contributions from shareholders of the parent company	15,000	65,000
+ Inflows from factoring	6,625	12,400
+ Inflows from issuing bonds and taking out (financial) loans	37,713	0
- Interest paid	-4,971	-4,267
= Cash flows from financing activities	54,367	73,133
+ Change in cash and cash equivalents	1,978	-13,530
+ Cash and cash equivalents at the beginning of the period	10,766	24,296
= Cash and cash equivalents at the end of the period	12,744	10,766
€ 78 thousand of the cash and cash equivalents at banks are not readily available (prior year: € 78 thousand).		
<u>Composition of cash and cash equivalents:</u>		
Cash on hand, bank balances and checks	12,744	10,767
Current account liabilities	0	-1
	<u>12,744</u>	<u>10,766</u>

Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA), Berlin
Consolidated Statement of Changes in Equity

	Subscribed capital	Capital reserves	Contributions made in order to carry out the approved capital increase	Accumulated loss for the Group	Profit participation capital	Equity	Non-controlling interests	Group equity
	in thousand €	in thousand €	in thousand €	in thousand €	in thousand €	in thousand €	in thousand €	in thousand €
30.06.2021	6,064	369,329	0	-267,830	0	107,563	0	107,563
Issue of new shares as part of a capital increase	1,301	429	0	0	0	1,730	0	1,730
Consolidated profit or loss	0	0	0	-79,758	0	-79,758	0	-79,758
31.06.2022	7,365	369,758	0	-347,588	0	29,535	0	29,535
Issue of new shares as part of a capital increase	4,911	70,089	0	0	0	75,000	0	75,000
Consolidated profit or loss	0	0	0	-99,142	0	-99,142	0	-99,142
30.06.2023	12,276	439,847	0	-446,730	0	5,393	0	5,393

Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA)

Group Management Report for the Financial Year

from 1 July 2022 to 30 June 2023

Contents of the management report

- A) Group structure and business activities
- B) Business and framework conditions
- C) Presentation of the economic development
- D) Opportunities and risks of future development
- E) Changes in the licenced football player team in the new season
- F) Outlook

A) Group structure and business activities

The parent company of the Group is Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien KGaA. Included in the consolidated financial statements as of 30 June 2023 are not only the parent company but also the subsidiaries Hertha BSC Rechte GmbH & Co. KG, Hertha BSC Transfer GmbH & Co. KG, Hertha BSC Lizenz GmbH, Hertha BSC Infrastruktur GmbH, Hertha BSC Stadion GmbH and SWC GmbH.

The business purpose of Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA) is the sport of professional football, observing and complying with the Statutes of the German Football Association (Statuten des Deutschen Fußballbundes) and its classifications as well as participating in the licenced operation of the federal football leagues. At the same time, the aim is to improve Hertha BSC's reputation as a brand in Germany and abroad.

Hertha BSC Rechte GmbH & Co. KG uses rights of any kind, especially in conjunction with professional football.

The business purpose of Hertha BSC Lizenz GmbH and Hertha BSC Transfer GmbH & Co. KG is to acquire, hold and administer licences or participation rights to transfer revenues for professional football players.

The business purpose of Hertha BSC Infrastruktur GmbH comprises obtaining loans and transferring loan proceeds to Hertha BSC GmbH & Co. KGaA or to Hertha, Berliner Sport-Club (Hertha B.S.C.) e.V. or to their affiliated companies.

The business purpose of Hertha BSC Stadion GmbH is to plan, to construct, to operate and to maintain sports facilities.

The business purposes of SWC GmbH are (i) to organise, market and transmit television programmes via all types of broadcasting media, in particular in conjunction with television financed by subscriber fees; (ii) to produce, acquire, sell, market and broadcast television, cinema, radio and media productions of all types as well as other intangible rights; (iii) to render, procure and market services in the area of communication and electronic media including making available and marketing of connections and broadcasting services; (iv) to be active in merchandising, event and multimedia business areas.

B) Business and framework conditions

1. Development of licenced football

In the 32nd edition of its “Annual Review of Football Finance”, Deloitte presents the key financial figures for international professional football in the 2021/22 financial year. The current study highlights that European football overall was resilient enough to weather the pandemic. However, the € 1.8 billion decrease in operating results since 2018/19 shows that recovery is not yet complete. The key findings read as follows:

“These figures show that European football was resilient enough to weather the pandemic. After the lifting of COVID-19 restrictions, the unchanged, high fan demand particularly resulted in increased match day revenues all across Europe. For the Bundesliga, this also applied to the recently ended 2022/2023 season. With 92 percent, Bundesliga stadiums had the highest rate of utilisation throughout Europe in the past season. This is particularly due to the strong bond between German clubs and their fans.

The total revenue of the Bundesliga, the third-largest European league measured in terms of absolute sales, increased by 5% to € 3.1 billion in 2021/2022 and is attributable to higher match day revenues (+€ 254 million) and commercial revenues (+€ 169 million). A decline in media revenues in the amount of € 279 million was responsible for the fact that the total revenue increase was not higher. In addition to the new national broadcast rights cycle begun in the 2021/2022 season, which generates 5% less media revenues compared to the previous cycle, this is also attributable to the weaker performance of German clubs in the UEFA competitions.

This is compounded by the one-off effect of pandemic-related postponements of UEFA club competition matches during the 2019/2020 season on media revenues in the 2020/2021 season. Due to these postponements, part of the media revenues attributable to the 2019/2020 season was not recorded until after 30 June 2020 and therefore in the following fiscal year 2020/2021. As all matches took place as planned in the 2020/2021 and 2021/2022 seasons, there was no such postponement in the 2021/2022 season.

One unique feature of the Bundesliga is its long-term focus on financial sustainability. This is reflected by its low rate of personnel expenses compared to the rest of Europe, which did not exceed 59 percent in the past ten years with the exception of the 2020/2021 season. Thus, it always generated positive operating results, even during the pandemic.”

2. Overview of business development in 2022/2023

For the 2022/2023 season, the Hertha BSC Group reported a net loss of € 94,458 thousand (prior year: € 77,906 thousand) before interest and tax and realised operating income (sales revenue and other operating income) amounting to € 123,649 thousand (prior year: € 146,541 thousand).

This result continues to be strongly influenced by the investments made in the licenced player team in the previous transfer periods. In particular, this caused depreciation and amortisation expenses of € 40,655 thousand (prior year: € -39,155 thousand) to increase. Disposals of residual book values associated with player departures

amounting to € -12,576 thousand (prior year: € -25,487 thousand) again strongly impacted the net annual result.

By contrast, the result was positively influenced by transfer fees received from the sales of players, although the current income from these, at € 22,561, is significantly lower than the prior year's figure of € 46,785.

The uncommitted television and advertising rights were continuously marketed by SPORTFIVE Germany GmbH (formerly Lagardère Sports Germany GmbH).

On 28 January 2023 the Managing Director of Sports Mr Fredi Bobic was relieved of his duties.

On 10 March 2023 Hertha BSC GmbH & Co. KGaA concluded an Investment and Shareholders' Agreement with 777 SDL B.V. This governs the acquisition of 14.1% of the shares of Hertha BSC GmbH & Co. KGaA by 777 SDL B.V. Previously, 777 SDL B.V. also took over the 64.7% of shares in Hertha BSC GmbH & Co. KGaA held by Peil Investment B.V., meaning that 777 SDL B.V. now holds a total of 78.8%. The shareholders additionally agreed that Hertha BSC e.V. is entitled to at least 25.1% of voting rights in the Company's general meeting.

On 19 June 2023, the bond (Nordic Bond) was extended for two years until 8 November 2025 after approval by the bond holders. As of 8 August 2023, the interest rate is 10.5% (previously 6.5%).

More detailed disclosures on the results of operation are shown in Section C1.

3. Overview of the development of the sport in the financial year 2022/2023

For the new 2022/2023 season, the parent company Hertha BSC GmbH & Co. KGaA signed the licenced players Jean-Paul Boetius (1. FSV Mainz 05), Tjark Ernst (VfL Bochum), Wilfried Kanga (BSC Young Boys), Jonjoe Kenny (FC Everton), Agustin Rogel (Estudiantes), Filip Uremovic (Rubin Kazan).

Contracts were concluded with the players Chidera Ejuke (CSKA Moscow) and Ivan Sunjic (Birmingham City) to be loaned out until 30 June 2023.

After being loaned out, players Dodi Lukebakio, Jessic Ngankam and Deyovaisio Zeefuik returned at the start of the season as agreed.

Conversely, the players Dedryck Boyata (Club Brugge), Javairo Dilrosun (Feyenoord Rotterdam), Jurgen Ekkelenkamp (Royal Antwerpen), Anton Kade (FC Basel), Eduard Löwen (St. Louis), Arne Maier (FC Augsburg) and Jordan Torunarigha (KAA Gent) were loaned out in exchange for transfer compensation.

The following players have been loaned out for the 2022/2023 season: Omar Alderete (FC Getafe), Santiago Ascacibar (US Cremonese), Fredrik Björkan (Feyenoord Rotterdam), Krzysztof Piatek (US Salernitana), Daishawn Redan (FC Utrecht), Alexander Schwolow (FC Schalke 04), Marten Winkler (SV Waldhof Mannheim) and Luca Wollschläger (RW Essen).

The contracts with players Ishak Belfodil, Lukas Klünter, Nils Körber, Marcel Lotka and Niklas Stark expired at the end of the 2021/2022 season and were not extended.

In transfer period II in January 2023, the players Tolga Cigerci and Florian Niederlechner were engaged.

The players Fredrik Bjorkan (Bodo/Glimt), Vladimir Darida (Aris Saloniki), Dongjun Lee (Jeonbuk Hyundai), Daishawn Redan (Venezian FC) and Davie Selke (1. FC Köln) left Hertha BSC GmbH & Co. KGaA permanently. The players Santiago Ascacibar (Estudiantes), Linus Gechter (Eintracht Braunschweig), Myziane Maolida (Stade Reims) and Deyovaisio Zeefuik (Hellas Verona) were all loaned out until the end of the season.

Head coach Sandro Schwarz was released from his duties on 16 April 2023. Pal Dardai was his successor in this position.

Contractual relationships with the players Omar Alderete (FC Getafe) and Santiago Ascacibar (Estudiantes) were terminated with effect as of 30 June 2023 due to their transfers.

The licenced football player team consisted of 36 players (including the contract players) (prior year: 42).

C) Presentation of the economic development

1. Results of operations

Compared to the previous season, sales revenue decreased by € 21,724 thousand to € 117,599 thousand and was therefore significantly below the prior year's figure of € 139,323 thousand. The Hertha BSC Group concluded the financial year 2022/2023 with a consolidated net loss for the year after taxes amounting to € 99,142 thousand.

At € 14,885 thousand, game-day revenue more than doubled compared to the prior year (€ 7,180 thousand) as there were no longer any restrictions on the number of spectators and the fan response in the stadium was also much improved.

Marketing revenue decreased to € 22,467 thousand, below the prior-year level (€ 24,481 thousand).

In the area of central TV/radio marketing, revenue of € 47,446 thousand was generated (prior year: € 53,077 thousand). This decrease was due to the lower TV money ranking. Participation in the DFB Cup generated revenues of € 209 thousand (prior year: € 1,078 thousand).

The decrease in sales revenue resulted mainly from lower realised transfer revenues from the sales of players in the amount of € 22,561 thousand (prior year: € 46,785 thousand). These revenues are offset in particular by other operating expenses from the disposal of residual book values of capitalised player registrations in the amount of € 12,576 thousand (prior year: € 25,487 thousand).

At € 7,167 thousand, trade revenues were significantly higher than in the prior year (€ 4,694 thousand).

At € 2,614, other income was above the prior year's figure of € 1,576 thousand.

Other operating income amounting to € 6,050 thousand (prior year: € 7,218 thousand) was characterised by the reversal of provisions.

In the 2022/2023 season, personnel expenses amounting to € 97,601 thousand (prior year: € 97,742 thousand) were recorded as a main expense item.

At € 40,655 thousand, depreciation was above the prior-year level (€ 39,155 thousand) and was mainly influenced by the investments made in the licenced player team in the prior three financial years and in the past financial year.

At € 4,148 thousand, the cost of materials was above the prior-year level (€ 2,629 thousand), which was particularly due to the cost of merchandise purchased.

Other operating expenses amounted to € 75,690 thousand in the reporting period (prior year: € 84,904 thousand).

Compared to the previous season, game operating expenses increased (€ 28,913 thousand, prior year: € 25,442 thousand). This is due to the fact that the majority of games were again staged with spectators. In particular, the expenses for VIP catering and the use of the cash desk and security service were taken into account here.

In addition, the grant to Hertha BSC e.V. increased by € 1,326 thousand to € 2,446 thousand (prior year: € 1,120 thousand)

Expenses for advertising increased to € 3,381 thousand (prior year: € 3,134 thousand) in the reporting period.

Expenses for television and radio exploitation, which mainly include the commission in favour of marketing partner SPORTFIVE Germany GmbH, amounted to € 4,050 thousand, which amount decreased year-on-year due to the lower marketing volume generated (prior year: € 5,077 thousand).

Expenses for transfers amounted to € 26,928 thousand (prior year: € 41,660 thousand). The reporting year was again strongly influenced by the disposal of residual book values amounting to € 12,576 thousand.

Administrative expenses increased to € 9,614 thousand and were thus € 2,472 thousand above the prior year's figure (€ 7,142 thousand). This can be explained in particular by the increase in financing and consulting costs in connection with the change in shareholders and the extension of the bond. In addition, this item also reflects the general increases in energy costs.

Expenses for the trading business were at € 1,179 thousand in the reporting period (prior year: € 1,023 thousand).

Expenses for amateur and youth football were at € 1,624 thousand and are thus above the prior-year level (€ 1,426 thousand).

2. Financial position

As of the balance sheet date, Hertha BSC Group had cash and cash equivalents of € 12.7 million.

Proceeds of € 15.0 million were received from 777 SDL B.V. in the course of the 2022/2023 season, as agreed.

Further unplanned positive and negative effects largely balanced each other out.

3. Net assets

The player registrations amounting to € 26,810 thousand (30 June 2022: € 69,419 thousand) are accounted for under fixed assets. The actual transfer or market values of players as assets (please refer to the independent valuation conducted by "transfermarkt.de" as of 24 October 2023: market value of € 47.2 million, prior year: € 125.4 million) was assessed at significantly more than the value accounted for under the item player market values ("hidden reserves").

Receivables and other assets amounted to € 77,304 thousand (prior year: € 25,787 thousand) and were characterised in particular by the contractual payments to be made by the shareholder 777 SDL B.V..

As of 30 June 2023, the Hertha BSC Group reported equity of € 5,394 thousand (prior year: € 29,535 thousand).

As of 30 June 2023, liabilities amounted to € 102,293 thousand (prior year: € 80,796 thousand). They are presented and broken down in the notes to the consolidated annual financial statements.

D) Opportunities and risks of future development

Just as the other participants in the Bundesliga, the Hertha BSC Group is subject to legal and economic risks, which could affect the future development of the Company. General risks to be mentioned in this connection are in particular:

- A worldwide pandemic, triggered for example by a virus, can have an impact on economic development. As the COVID-19 pandemic has shown, this can affect all revenue segments.
- Another global financial and economic crisis, also triggered in particular by wars and the associated recessions and increases in energy costs, may have an impact especially in the area of sponsoring, as the expenses of advertising companies in this segment would decrease again.
- The business targets set for income depend on the successes in the sport of football that ultimately cannot be planned or budgeted. This also applies to the market development of revenue generated by the marketing activities of the Bundesliga. The most recent relegation at the end of the 2022/2023 season has confirmed this.
- The future development of the transfer market for buying and selling football players, including the future salary development of licenced football players, cannot be precisely estimated at this time.

Since there is a strong correlation between economic success in the income area (income from games, sponsor payments based on performance, allocation of income from TV advertising) and the developments in the sport of football, economic success can only be planned to a limited extent. In the 2020/2021 season, a marketing contract was concluded for TV marketing for four seasons so that fixed income from this source can be counted on for the Bundesliga. Income generated by TV marketing of the Bundesliga is thus contractually stipulated until 2025. Again, this can also only be planned to a limited extent because both depend on the popularity of football as a sport and the development of the TV

licence market. Ultimately, Hertha BSC cannot influence the industry risks to which professional football is subject.

We will continue to attempt to hire new players without having to pay any transfer fees. Conversely, Hertha BSC can only plan for revenue from transfer fees to a limited extent. High transfer fees continue to be charged, especially for above-average players, meaning that we could possibly generate high transfer fee revenues. The current development is shown in Section E.

There are opportunities for the Hertha BSC Group to improve its marketing activities and sporting situation (which is associated with the achievement of higher revenue in the long term) as well as for generating transfer revenue.

Because of the high number of above-average, talented players on the youth team [presently 15 national players from the U15 (under 15-year-olds) up to the U21 as well as another 19 young players having been invited to attend football training camps organised by the DFB (German Football Federation)], Hertha BSC continues to assume that the expense of integrating external licenced players will be lower than for other Bundesliga clubs. As we have already successfully integrated our own young players, expenses for training and transfer fees can be kept low in this area. Moreover, additional income can be achieved through the sale of young players (and licenced players). This business avenue is being systematically tracked by the management of the Hertha BSC Group.

E) Changes in the licenced football player team in the new season

For the new 2023/2024 season, the parent company Hertha BSC GmbH & Co. KGaA engaged the following licenced players:

Andreas Bouchalakis	Olympiacos Piraeus
Gustav Christensen (free transfer)	FC Midtjylland
Palko Dardai	Fehérvár FC
Jeremy Dudziak (free transfer)	Greuther Fürth
Marius Gersbeck	Karlsruher SC
Bilal Hussein	AIK Solna
Michal Karbownik	Brighton & Hove Albion
Toni Leistner (free transfer)	St. Truiden
Anderson Lucoqui (free transfer)	1. FSV Mainz 05
Smail Prevljak (free transfer)	KAS Eupen
Fabian Reese (free transfer)	Holstein Kiel
Haris Tabakovic	Austria Vienna

After being loaned out, the following players returned at the start of the season as agreed:

Linus Gechter	Eintracht Braunschweig
Myzaine Maolida	Stade Reims
Marten Winkler	Waldhof Mannheim
Luca Wollschläger	RW Essen
Deyovaisio Zeefuik	Hellas Verona

In return, the following players were transferred:

Jean-Paul Boetius	free agent
Oliver Christensen	ACF Fiorentina
Tolga Cigerci	Ankaragücü
Chidera Ejuke (end of loan)	CSKA Moscow
Dodi Lukebakio	Sevilla FC
Maximilian Mittelstädt	VfB Stuttgart
Jessic Ngankam	Eintracht Frankfurt
Krzysztof Piatek	Basaksehir
Marco Richter	1. FSV Mainz 05
Alexander Schwolow	Union Berlin
Ivan Sunic (end of loan)	Birmingham City
Lucas Tousart	Union Berlin
Filip Uremovic	Hajduk Split

The following players have been loaned out for the 2023/2024 season:

Ensar Aksakal	Göztepe
Julian Eitschberger	Hallescher FC
Wilfried Kanga	Standard Liège
Suat Serdar	Hellas Verona

The contracts with players Kevin Prince Boateng, Stevan Jovetic and Marvin Plattenhardt expired at the end of the 2022/2023 season and were not extended.

The licenced player team thus currently comprises 35 players including contract players. Their average age is 24.1 years.

F) Outlook

After the 8th game day of the second league in the Bundesliga (last updated: 30 September 2023), Hertha BSC ranked 12th in the Bundesliga chart.

However, the success of professional football clubs depends not only on their sporting capability but also on their economic performance. The parent company Hertha BSC GmbH & Co. KGaA has revised its previous planning for the financial year 2023/2024. Based on the current planning status and taking into account previously uncontracted transfer income of € 0.8 million, the company forecasts a net loss for the year of € 27.7 million, which may become significantly more positive due to sporting success or additional income. Conversely, in the event of sporting failure, worse results than planned may occur.

The management will continue to pursue the current strategy of focusing on sustainable youth development and involving young, talented players.

Total revenues of € 85.7 million are planned for 2023/2024.

The following points are significant for further development:

Through the existing cooperation contract with our long-term business partner Sportfive, we have a secure contract situation with a competent partner in the marketing field.

With the buy-in of the shareholder 777 SDL B.V., the equity situation of the parent company Hertha BSC GmbH & Co. KGaA and of the Group was significantly improved. The inflow of funds has ensured and strengthened the Company's liquidity and will continue to do so.

In addition, management assumes that the development of the Hertha BSC Group will be successful in future, both in the sport and in business, because of the above-average infrastructure (in particular sports and medical facilities and working with young football talents) and the economic course of consolidation adopted by the Group.

The Berlin Olympic Stadium, the best-known German stadium, which was the venue for the finals during the Football World Cup 2006 in addition to four preliminary round matches and a quarter final, remains the home ground of Hertha BSC GmbH & Co. KGaA. It offers 74,220 covered seats, 88 boxes (approx. 1,000 seats), 15 sky boxes (approx. 130 seats) and approx. 4,000 business seats. Hertha BSC continues to anticipate possible increases in earnings in this area in the coming years.

The developments of the recent past have shown to a great extent that there is a high degree of dependence on sporting success. The foundations were strengthened through the reorganisation measures focusing on the structural conversion of the cost base, which were intensified in the past months. Implementing further process- and club culture-related optimisations and consistently maintaining our course along the lines of the business framework we have set up will support the positive development of the Company in the long term. In Section D we have already pointed out that planning depends on success in football.

Berlin, 24 October 2023

Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA), represented by the general partner, Hertha BSC Verwaltung GmbH

Thomas E. Herrich
- Managing Director -

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: *The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of *Wirtschaftsprüfer*: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.