

Attestation Certificate

Consolidated Financial Statements as at 30 June 2024, Group Management Report and Independent Auditor's Report for the Financial Year from 1 July 2023 to 30 June 2024

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

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

Forvis Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

131231-001

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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General Engagement Terms

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 2024, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the period from 1 July 2023 to 30 June 2024, 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 2023 to 30 June 2024.

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 2024 and of its results of operations for the period from 1 July 2023 to 30 June 2024 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 as a whole, 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, 22 October 2024

Forvis 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 2024

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		12,276	
1. Concessions purchased, industrial property rights and similar rights and assets and licences to such rights and assets	263,681.84			621	II. Capital reserve	444,716,971.71		439,847	
2. Player registrations	10,497,329.09			26,810	III. Consolidated loss carryforward	-446,729,184.19		-347,588	
		10,761,010.93		(27,431)	IV. Consolidated net loss for the year	-33,324,899.95		-99,142	
II. Property, plant and equipment					V. Loss not covered by equity	23,061,549.43			
1. Buildings on third-party land	3,475,024.90			4,044			0.00	(5,393)	
2. Operating and office equipment	1,395,723.47			1,730	B. Provisions		11,573,119.23	11,686	
		4,870,748.37		(5,774)	Other provisions				
III. Financial assets					C. Liabilities				
Cooperative shares		27,250.00		1	1. Bonds	40,000,000.00		40,000	
			15,659,009.30	(33,206)	2. Liabilities to banks	2,241.54		37,712	
B. Current assets					3. Trade payables	8,183,196.14		8,295	
I. Inventories					4. Liabilities for player transfers	3,894,752.03		4,411	
Goods		1,919,288.36		2,143	5. Other liabilities	4,670,431.17		11,875	
II. Receivables and other assets							56,750,620.88	(102,293)	
1. Trade receivables	2,193,881.92			2,589	D. Deferred income		13,421,028.24	11,428	
2. Receivables from player transfers	5,348,920.25			10,497					
3. Receivables from companies in which investments are held	1,993,600.91			62,411					
4. Other assets	1,219,269.17			1,807					
		10,755,672.25		(77,304)					
III. Cash on hand, bank balances and checks		27,528,301.20		12,745					
			40,203,261.81	(92,192)					
C. Prepaid expenses			2,820,947.81	5,402					
D. Loss not covered by equity			23,061,549.43	0					
			81,744,768.35	130,800			81,744,768.35	130,800	

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

CONSOLIDATED INCOME STATEMENT

for the financial year from 1 July 2023 to 30 June 2024 [German Commercial Code (HGB)]

	€	€	Prior year in thousand €
1. Sales revenue		95,716,218.72	117,599
2. Other operating income		<u>2,680,507.35</u>	<u>6,050</u>
		98,396,726.07	123,649
3. Cost of materials			
Cost of merchandise purchased		-4,547,968.99	-4,148
4. Personnel expenses			
a) Wages and salaries	-40,735,795.28		-92,220
b) Social security contributions and expenses for pensions and other benefits	<u>-5,056,815.87</u>		<u>-5,380</u>
		-45,792,611.15	-97,600
5. Depreciation and amortisation of			
a) intangible assets			
and property, plant and equipment	-10,068,014.61		-40,655
b) current assets, to the extent that these exceed the usual depreciation and amortisation in the corporation	<u>-5,819,168.88</u>		<u>0</u>
		-15,887,183.49	-40,655
6. Other operating expenses		<u>-58,939,936.98</u>	<u>-75,690</u>
		-26,770,974.54	-94,444
7. Other interest and similar income		258,020.86	924
- thereof from affiliated companies: € 125,046,68 (prior year: € 106 thousand)			
8. Interest and similar expenses		<u>-6,807,944.84</u>	<u>-5,607</u>
9. <u>Earnings after taxes</u>		-33,320,898.52	-99,127
10. Other taxes		<u>-4,001.43</u>	<u>-14</u>
11. <u>Consolidated net loss for the year</u>		<u><u>-33,324,899.95</u></u>	<u><u>-99,141</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 2023 to 30 June 2024**

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Appendix to the Notes to the Consolidated Financial Statements:

Fixed asset schedule as at 30 June 2024 (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 2024 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 Lizenz GmbH, Berlin *)	100
Hertha BSC Transfer GmbH & Co. KG, Berlin *)	100
Hertha BSC Infrastruktur GmbH, Berlin	100
SWC 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 2024 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 will be recognised for player registrations that are expected to be permanently impaired.

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.

Liquid assets are recognised at their nominal values.

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 2023 to 30 June 2024

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 1.3.1. to the notes to the consolidated financial statements.

2. Receivables and other assets

Of the trade and transfer receivables totalling € 7,543 thousand, an amount of € 1,697 thousand was recorded as an inflow of funds since 1 July 2024.

Receivables and other assets contain transfer receivables in the amount of € 220 thousand (prior year: € 1,553 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 € 27,528 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	1,238
- Prepaid player salaries	1,174
- Prepaid insurance premiums	148
- Other	261
Total	2,821

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 transferees undertook to directly make a further additional payment on an in personam basis in the amount of € 70,090 thousand that was transferred to the capital reserve on 13 March 2023 (Section 272 (2) No. 4 HGB). In addition, to offset negative Group equity, further obligations to pay € 4,870 thousand into other capital reserves were undertaken as of 31 December 2023.

In the current financial year, this receivable from the shareholder, recognised in the current assets (including the interest accrued) in the amount of € 4,903 thousand, was fully impaired for reasons of commercial prudence.

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

	€
Share capital	12,275,563.00
Capital reserve	444,716,971.71
Consolidated loss carryforward	-446,729,184.19
Consolidated net loss for the year	<u>-33,324,899.95</u>
Equity	<u>-23,061,549.43</u>

6. Provisions

Provisions were set up for the following items:

	<u>in thousand</u>
	<u>euros</u>
Outstanding bills	5,701
Outstanding salaries/severance payments	4,764
Miscellaneous	1,108
	<u><u>11,573</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 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>
Bonds	40,000 (40,000)	0 (0)	40,000 (40,000)	0 (0)
Liabilities to banks	2 (37,712)	2 (25,056)	114 (12,656)	0 (0)
Trade payables	8,183 (8,295)	8,069 (7,481)	114 (814)	0 (0)
Liabilities for player transfers	3,895 (4,411)	3,395 (2,832)	500 (1,579)	0 (0)
Other liabilities	4,671 (11,875)	4,671 (11,875)	0 (0)	0 (0)
Total	<u>56,751</u> <u>(102,293)</u>	<u>16,137</u> <u>(47,244)</u>	<u>40,614</u> <u>(55,049)</u>	<u>0</u> <u>(0)</u>

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

Other liabilities comprise, inter alia, tax liabilities of € 1,826 thousand (prior year: € 6,873 thousand) and liabilities from personnel expenses of € 1,179 thousand (prior year: € 3,360 thousand).

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)	6,362	16,312	3,671	26,345
Leasing agreements	658	0	0	658
	<u>7,020</u>	<u>16,312</u>	<u>3,671</u>	<u>27,003</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 2023/2024 financial year.

Income statement

The income statement was prepared using the total cost method.

1. Sales revenue

	<u>2023/2024</u>		<u>2022/2023</u>	
	<u><i>in thousand euros</i></u>	<u>%</u>	<u><i>in thousand euros</i></u>	<u>%</u>
Game revenue/ticketing	16,243	17.0	14,885	12.7
Television subsidies	29,211	30.5	47,905	40.7
Advertising	13,492	14.1	22,467	19.1
Trade	9,025	9.4	7,167	6.1
Transfer revenue	26,431	27.6	22,561	19.2
Miscellaneous	1,315	1.4	2,614	2.2
Total	<u>95,716</u>	<u>100</u>	<u>117,599</u>	<u>100</u>

2. Other operating income

The major part of other operating income amounting to € 2,681 thousand (prior year: € 6,050 thousand) is comprised of out-of-period income from the derecognition of liabilities due to the statute of limitations.

3. Depreciation and amortisation

Depreciation and amortisation are shown in the consolidated fixed asset schedule in Appendix 1.3.1. In the financial year, impairment losses of € 0 thousand (prior year: € 10,754 thousand) were recognised for player registrations that are expected to be permanently impaired. In the 2023/2024 financial year, impairment losses for current assets were recognised on receivables from shareholders in the amount of € 4,903 thousand and on customer receivables in the amount of € 916 thousand.

4. Other operating expenses

	<u>2023/2024</u>		<u>2022/2023</u>	
	<i>in thousand</i>		<i>in thousand</i>	
	<i>euros</i>	<i>%</i>	<i>euros</i>	<i>%</i>
Match operating expenses	22,599	38.3	28,914	38.2
TV/advertising	5,893	10.0	7,431	9.8
Transfers	21,132	35.9	26,928	35.6
Trade	1,062	1.8	1,179	1.6
Administration	6,669	11.3	9,614	12.7
Amateur and youth football	1,584	2.7	1,624	2.1
Total	<u>58,940</u>	<u>100</u>	<u>75,690</u>	<u>100</u>

5. Other interest and similar income

This item includes income of € 104 thousand (prior year: € 460 thousand) from unwinding the discount on long-term, formally non-interest-bearing receivables.

6. Interest and similar expenses

This item includes expenses of € 177 thousand (prior year: € 359 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:

- Mr Klaus Siegers, Chairman of the Board of Weberbank, Berlin (until 30 June 2024)
- Mr Marius Freiherr Marschall von Bieberstein, entrepreneur, Managing Director and shareholder of evoreal Holding GmbH & Co. KG, Berlin (Chairman)
- Mr Steven William Pasko, Managing Partner of 777 Partners, Miami (USA)
- Mr Josh C. Wander, Managing Partner of 777 Partners, Miami (USA)
- 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 are:

- Mr Thomas E. Herrich, *Kaufmann* [degree in Business Studies] and
- Mr Ralf Huschen, *Kaufmann* (since 1 July 2024)

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>2023/2024</u>	<u>2022/2023</u>
Licensed football players	31	32
Functional team of the licensed football players	33	56
Administrative staff	110	127
Temporary employees	61	50
Amateur Department and Primary Youth Team	86	83
Temporary trainees	6	12
Trainees	2	0
Total	<u>329</u>	<u>360</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, Forvis Mazars GmbH & Co. KG:

	<u><i>in thousand euros</i></u>
Financial statement audit	175
Other attestation services	0
Tax advisory services	121
Total	<u>296</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 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 2024, the parent company Hertha BSC GmbH & Co. KGaA used a total of € 763 thousand for new hires of licenced players.

In return, € 10.9 million was received from player departures and loans.

Berlin, 21 October 2024

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

Thomas E. Herrich
- Managing Director -

Ralf Huschen
Managing Director

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

Fixed Asset Schedule as at 30 June 2024
(Consolidated Fixed Asset Schedule)

	Aquisition and production costs				Accumulated depreciation and amortisation				Carrying amounts	
	1/7/2023	Additions	Disposals	30/6/2024	1/7/2023	Additions	Disposals	30/6/2024	30/6/2024	30/6/2023
	€	€	€	€	€	€	€	€	€	€
I. Intangible assets										
1. Concessions purchased, industrial property rights and similar rights and assets and licences to such rights and assets	3,015,595.06	0.00	0.00	3,015,595.06	2,394,393.75	357,519.47	0.00	2,751,913.22	263,681.84	621,201.31
2. Player registrations	112,543,821.77	4,095,220.75	-86,453,165.36	30,185,877.16	85,733,813.32	8,695,146.84	-74,740,412.09	19,688,548.07	10,497,329.09	26,810,008.45
	115,559,416.83	4,095,220.75	-86,453,165.36	33,201,472.22	88,128,207.07	9,052,666.31	-74,740,412.09	22,440,461.29	10,761,010.93	27,431,209.76
II. Property, plant and equipment										
1. Buildings on third-party land	8,579,694.84	0.00	0.00	8,579,694.84	4,535,521.94	569,148.00	0.00	5,104,669.94	3,475,024.90	4,044,172.90
2. Operating and office equipment	4,723,122.84	115,333.39	-73,984.71	4,764,471.52	2,993,041.57	446,200.30	-70,493.82	3,368,748.05	1,395,723.47	1,730,081.27
	13,302,817.68	115,333.39	-73,984.71	13,344,166.36	7,528,563.51	1,015,348.30	-70,493.82	8,473,417.99	4,870,748.37	5,774,254.17
III. Financial assets										
Cooperative shares	1,354.00	25,896.00	0.00	27,250.00	0.00	0.00	0.00	0.00	27,250.00	1,354.00
	128,863,588.51	4,236,450.14	-86,527,150.07	46,572,888.58	95,656,770.58	10,068,014.61	-74,810,905.91	30,913,879.28	15,659,009.30	33,206,817.93

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

**Consolidated Statement of Cash Flows in Accordance with German Accounting Standard 21 (DRS :
for the reporting period from 1 July 2023 to 30 June 2024**

	<u>2023/2024</u>	<u>2022/2023</u>
	in thousand €	in thousand €
Consolidated annual result	-33,325	-99,142
+/- Depreciation and amortisation of intangible assets and property, plant and equipment	10,068	40,655
+/- Increase/decrease in provisions not attributable to investing activities	-113	2,289
+/- Other non-cash expenses/income	4,870	0
-/+ Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	3,639	4,915
-/+ Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	-18,959	-1,817
- Proceeds from the outflows of player registrations and fixed assets	-14,335	-9,344
+/- Interest expenses/income	6,550	4,683
- Income taxes paid	0	0
= Cash flows from operating activities	-41,605	-57,761
+ Inflows from the disposal of player registrations	16,528	24,015
- Outflows for investments in player registrations	-3,608	-18,376
- Outflows for investments in intangible assets	0	-125
- Outflows for investments in property, plant and equipment	-115	-606
- Outflows for investments in financial assets	-26	0
+ Interest income	154	464
= Cash flows from investing activities	12,933	5,372
+ Inflows from equity contributions from shareholders of the parent company	60,000	15,000
+ Inflows from factoring	14,775	6,625
+ Inflows from issuing bonds and taking out (financial) loans	0	37,713
- Outflows for the repayment of bonds and (financial) loans	-25,254	0
- Interest paid	-6,066	-4,971
= Cash flows from financing activities	43,455	54,367
+ Change in cash and cash equivalents	14,783	1,978
+ Cash and cash equivalents at the beginning of the period	12,745	10,767
= Cash and cash equivalents at the end of the period	27,528	12,745

€ 78 thousand of the cash and cash equivalents at banks are not readily available (prior year: € 78 thousand).

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 €
30.06.2022	7,365	369,758	0	-347,588	0	29,535	0	29,535
Increase in capital shares	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
Increase in capital reserve		4,870	0	0	0	4,870	0	4,870
Consolidated profit or loss	0	0	0	-33,325	0	-33,325	0	-33,325
30.06.2024	12,276	444,717	0	-480,055	0	-23,062	0	-23,062

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

Group Management Report for the Financial Year

from 1 July 2023 to 30 June 2024

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 at 30 June 2024 are not only the parent company but also the subsidiaries Hertha BSC Transfer GmbH & Co. KG, Hertha BSC Infrastruktur GmbH, Hertha BSC Lizenz 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.

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 33rd edition of its “Annual Review of Football Finance”, Deloitte presents the key financial figures for international professional football in the 2022/2023 financial year. The current study shows that football in Europe broke new revenue records, also due to the complete lifting of the COVID-19 restrictions and the 2022 FIFA World Cup. The key findings read as follows:

“Revenue in the European football market grew by 16% in the 2022/23 season to € 35.3 billion (after € 30.4 billion in the 2021/22 season). In addition to the complete lifting of pandemic restrictions in all ‘big five’ leagues, this revenue growth was also due to the 2022 FIFA World Cup. Revenue in the ‘big five’ European leagues – Premier League, Bundesliga, LaLiga, Serie A and Ligue 1 – rose by 14 percent to € 19.6 billion (excluding transfer activities), significantly exceeding the pre-pandemic levels of € 17.0 billion in the 2018/19 season.

In the 2022/23 season, Bundesliga clubs generated a 22% increase in total revenue amounting to € 3.8 billion, which, along with Italy’s Serie A, was the largest percentage of growth recorded compared to the previous season. This is particularly due to matchday revenue nearly doubling (a 94% increase to € 0.5 billion). Bundesliga clubs had the highest average attendance among the ‘big five’ leagues, with an average stadium utilisation of 92% and about 43,000 spectators per match. Additionally, aggregate broadcast revenue for Bundesliga clubs grew by 10% to € 1.5 billion. This growth was largely driven by the stronger performance of German clubs in the Champions League as four Bundesliga clubs reached the Round of 16 in the 2022/23 competition, in contrast to only one in 2021/22. Commercial revenue also increased by 19% to reach € 1.8 billion (2021/22: € 1.5 billion).”

In its “2024 Economic Report”, the DFL Deutsche Fußball Liga also confirms this positive development:

“[...] it is highly significant that the record revenue [note: 2022/23: € 5.24 billion from Bundesliga and Bundesliga 2] is accompanied by an increasingly pronounced return to profitability. Almost two thirds of the 36 clubs and limited companies of the Bundesliga and Bundesliga 2 reported results in the black in the 2022-23 season. That figure has risen from 18 to 23 within a year. This trend, alongside various other key indicators in this Economic Report, underlines that we are treading a path of good economic sense, particularly by international standards. German professional football was committed to that path even before the pandemic. We are on the right track.”

2. Overview of business development in 2023/2024

At the end of the 2022/23 season, Hertha BSC was at rank 18 in the final standings of the Bundesliga and thus was relegated to the second league. Due to the sharp drop in revenue, particularly in the advertising and media marketing revenue categories (approx. € -27.7 million in total), it was necessary to implement savings accordingly.

The previously initiated restructuring strategy was pursued consistently by further reducing personnel costs by € 51.8 million and material costs by € 16.8 million.

For the 2023/2024 season, the Hertha BSC Group reported a net loss of € 26,775 thousand (prior year: € 94,458 thousand) before interest and tax and realised operating income (sales revenue and other operating income) amounting to € 98,397 thousand (prior year: € 123,649 thousand).

The result was positively influenced by transfer fees received from the sales of players (€ 26,431 thousand). The corresponding income in the prior year totalled € 22,561 thousand.

In addition to the loss of residual book values of € -11,713 thousand (prior year: € -12,576 thousand) associated with the departure of players, unplanned one-time depreciation and amortisation of current assets, which exceed the usual level in the corporation, in the amount of € 5,819 thousand, also had a significant impact on the annual result. The depreciation results from value adjustments of receivables from shareholders and trade receivables.

The uncommitted television and advertising rights were continuously marketed by SPORTFIVE Germany GmbH.

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 2023/2024

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 beginning 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.

In transfer period II in January 2024, the players Aymen Barkok (on loan) and Bradley Ibrahim were engaged.

The player Anderson Lucoqui was permanently transferred to Eintracht Braunschweig. In addition, the players Myziane Maolida (Hibernian FC), Kelian Nsona (MSK Zilina) and Luca Wollschläger (Hansa Rostock) were all loaned out until the end of the season.

The contract with head coach Pal Dardai ended as of 30 June 2024.

The licenced football player team consisted of 39 players (including the contract players) (prior year: 36).

C) Presentation of the economic development

1. Results of operations

Compared to the previous season, sales revenue decreased by € 21,883 thousand to € 95,717 thousand and was therefore significantly below the prior year's figure of € 117,600 thousand. This is particularly due to participation in match operations of the second league of the Bundesliga. The Hertha BSC Group concluded the financial year 2023/2024 with a consolidated net loss for the year after taxes amounting to € 33,325 thousand (prior year: € 99,142 thousand).

At € 16,244 thousand, game-day revenue increased compared to the prior year (€ 14,885 thousand). This was influenced particularly by successful participation in the DFB Cup. However, the fan response in the league still remains very positive.

Marketing revenue decreased to € 13,491 thousand, below the prior-year level (€ 22,467 thousand) as expected.

In the area of central TV/radio marketing, income also fell to the expected level according to league membership. € 25,977 thousand was generated (prior year: € 47,696 thousand). Participation in the DFB Cup generated revenues of € 3,234 thousand (prior year: € 209 thousand).

Transfer revenues from the sales of players in the amount of € 26,431 thousand increased by € 3,870 thousand compared to the prior year (€ 22,561 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 € 11,713 thousand (prior year: € 12,576 thousand).

At € 9,025 thousand, trade revenues again significantly exceeded the prior-year level (€ 7,167 thousand).

At € 1,316 thousand, other income was below the prior-year figure of € 2,614 thousand. This decrease is due to transfer income for the Football Academy recognised in the previous season and to reduced release fees for youth national players.

Other operating income amounting to € 2,681 thousand (prior year: € 6,050 thousand) was characterised by the recognition of various revenue from previous periods.

In the 2023/2024 season, personnel expenses amounting to € 45,793 thousand (prior year: € 97,601 thousand) were recorded as a main expense item. Due to membership in the second league of the Bundesliga, personnel costs decreased by € 51,808 thousand.

At € 15,888 thousand, depreciation and amortisation of fixed assets were significantly below the prior-year figure (€ 40,655 thousand). They continue to be influenced materially by the investments made in the licenced player team in the previous financial years. Moreover, extraordinary depreciation of receivables from shareholders in the amount of € 4,903 thousand and of customer receivables in the amount of € 916 thousand affected the annual result.

At € 4,548 thousand, the cost of materials was slightly above the prior-year level (€ 4,148 thousand), which was particularly due to the cost of merchandise purchased.

Other operating expenses amounted to € 58,940 thousand in the reporting period (prior year: € 75,690 thousand).

Compared to the previous season, match operating expenses fell significantly by € 6,315 thousand (€ 22,600 thousand, prior year: € 28,915 thousand) – despite the increased expense due to home games as part of the DFB Cup. A large number of measures were implemented to reduce costs in this area.

In addition, the grant to Hertha BSC e.V. decreased by € 1,090 thousand to € 1,356 thousand (prior year: € 2,446 thousand). In addition to increased income from membership fees, cost savings also contributed to the improvement of this figure.

Expenses for advertising fell to € 2,042 thousand (prior year: € 3,381 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 € 3,439 thousand. This amount decreased year-on-year due to the lower marketing volume generated (prior year: € 3,552 thousand).

Expenses for transfers amounted to € 21,132 thousand (prior year: € 26,928 thousand). The reporting year was again strongly influenced by the disposal of residual book values amounting to € 11,713 thousand.

Administrative expenses decreased to € 6,669 thousand and were thus € 2,945 thousand below the prior-year figure (€ 9,614 thousand). This decrease can be explained in particular by the drop in financing and consulting costs in connection with the change in shareholders and the extension of the bond in the previous season.

Expenses for the trading business were at € 1,062 thousand in the reporting period (prior year: € 1,179 thousand).

Expenses for amateur and youth football are at € 1,584 thousand and are thus at the level of the prior year (€ 1,624 thousand).

2. Financial position

As of the balance sheet date, Hertha BSC Group had liquids funds amounting to € 27.5 million (prior year: € 12.7 million).

Proceeds of € 60.0 million were received from 777 SDL B.V. as agreed in the course of the 2023/2024 season, bringing the total received since the shareholder 777 SDL B.V. came on board in 2023 to € 75.0 million. Moreover, Hertha BSC GmbH & Co. KGaA is contractually entitled to € 25.0 million to make up for losses not covered by equity. The receivable of € 4.9 million recognised for this purpose after the first six months of the financial year was written off in full as of the balance sheet date as a matter of commercial prudence. Accordingly, the claims arising in the second half of the year were not initially recognised in the balance sheet.

This intake of equity, in particular, made possible the repayment of € 37.7 million in bank loans in the reporting period.

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

The bond (Nordic Bond) is due for repayment in November 2025. The management of Hertha BSC GmbH & Co. KGaA is already working on the best possible refinancing of this financial instrument. To this end, promising talks are currently underway with five potential financing partners in order to provide the necessary funds while simultaneously reducing the future interest burden. The aim is also to achieve an adjusted repayment structure that suits the club's operating business. The goal is to present this with the licensing procedure in spring 2025.

3. Net assets

The player registrations amounting to € 10,497 thousand (30 June 2023: € 26,810 thousand) are accounted for under fixed assets. The actual transfer or market values of the players' assets (please refer to the independent valuation conducted by "transfermarkt.de" as at 10 October 2024: market value of € 57.7 million, prior year: € 47.2 million) were assessed at significantly above the value accounted for under the players' assets ("Hidden reserves").

Receivables and other assets amounted to € 10,756 thousand (prior year: € 77,304 thousand). The change is influenced materially by the payments made by the shareholder 777 SDL B.V. in the amount of € 60,000 thousand and transfer receivables collected in the amount of € 5,655 thousand.

As of 30 June 2024, the Hertha BSC Group reported a loss not covered by equity of € 23,061 thousand.

As of 30 June 2024, liabilities amounted to € 56,751 thousand (prior year: € 102,294 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.
- A 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. The call for tenders for the following period from 2025 to 2029 is currently underway. 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 U16 (under 16-year-olds) up to the U21 as well as another 14 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 2024/2025 season, the parent company Hertha BSC GmbH & Co. KGaA engaged the following licenced players:

John Anthony Brooks (free transfer)	free agent
Michael Cuisance	Venezia FC
Diego Demme (free transfer)	SSC Napoli
Kevin Sessa (free transfer)	1. FC Heidenheim
Luca Schuler (free transfer)	1. FC Magdeburg
Jon Dagur Thorsteinsson	OH Leuven

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

Ensar Aksakal	Göztepe
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In return, the following players were transferred:

Aymen Barkok (end of loan)	1. FSV Mainz 05
Marc Oliver Kempf	Como 1907
Myziane Maolida	Al-Kholood
Suat Serdar	Hellas Verona
Haris Tabakovic	TSG Hoffenheim

The following players have been loaned out for the 2024/2025 season:

Julian Eitschberger	RW Essen
Tim Hoffmann	Erzgebirge Aue
Bradley Ibrahim	Crawley Town
Wilfried Kanga	Cardiff City
Robert Kwasigroch	1. FC Kaiserslautern
Kelian Nsona	FC Emmen
Agustin Rogel	Internacional

The contract with player Peter Pekarik expired at the end of the 2023/2024 season and was not extended.

The licenced player team thus currently comprises 36 players including contract players. Their average age is 23.8 years.

Cristian Fiél took over as head coach for the new season 2024/2025.

F) Outlook

After the 9th match day of the second league in the Bundesliga (last updated: 21 October 2024), Hertha BSC ranked 7th 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 2024/2025. Based on the current planning status and taking into account previously uncontracted transfer income of € 0.4 million, the company forecasts a net loss for the year of € 19.3 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 € 82.7 million are planned for 2024/2025.

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. in 2023, the equity situation of the parent company Hertha BSC GmbH & Co. KGaA and of the Group was significantly improved. The inflow of funds also ensured and strengthened the Company's liquidity. Nevertheless, a loss not covered by equity was recognised as at the reporting date. Suitable measures must be taken to counteract this.

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 implemented in the past season. 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, 21 October 2024

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

Thomas E. Herrich
- Managing Director -

Ralf Huschen
- Managing Director -

General Engagement Terms

for

Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]

as of January 1, 2024

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (Wirtschaftsprüferinnen/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 (Textform) 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 agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties. A German Public Auditor is also entitled to invoke objections (Einwendungen) and defences (Einreden) arising from the contractual relationship with the engaging party to 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 agreement in writing (Textform).

(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 submitted as well as the explanations and statements provided in a statement as drafted by the German Public Auditor in a legally accepted written form (gesetzliche Schriftform) or any other form determined 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 a legally accepted written form (gesetzliche Schriftform) or in writing (Textform) as part of the work in executing the engagement, only that

presentation is authoritative. Drafts of such presentations are non-binding. Except as otherwise provided for by law or contractually agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing (Textform). 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 consent be issued in writing (Textform), 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 subsequent performance (Nacherfüllung) in writing (Textform) without delay. Claims for subsequent performance 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, claims for damages due to negligence arising out of the contractual relationship between the

engaging party and the German Public Auditor, 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], are limited to € 4 million pursuant to § 54 a Abs. 1 Number 2 WPO. This applies equally to claims against the German Public Auditor made by third parties arising from, or in connection with, the contractual relationship.

(3) 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.

(4) The maximum amount under paragraph 2 relates to an individual case of damages. An individual case of damages 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.

(5) A claim for damages expires if a suit is not filed within six months subsequent to the written statement (Textform) of 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.

(6) § 323 HGB remains unaffected by the rules in paragraphs 2 to 5.

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 (Bestätigungsvermerk), 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 consent, issued in a legally accepted written form (gesetzliche Schriftform), 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 material 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 (Textform), ongoing tax advice encompasses the following work during the contract period:

- a) preparation and electronic transmission of annual tax returns, including financial statements for tax purposes in electronic format, for income tax, corporate tax and business tax, 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 (Textform).

(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 and valuation assessments for property units 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 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.