



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

## CONSOLIDATED INCOME STATEMENT

for the period from 1 July 2023 to 31 December 2023 [German Commercial Code (HGB)]

	€	€	1/7 - 31/12/2022 in thousand €
1. Revenue		57.266.468,22	62.353
2. Other operating income		<u>2.017.528,79</u>	<u>4.164</u>
		59.283.997,01	66.517
3. Cost of materials			
Cost of merchandise purchased		-3.028.166,67	-2.326
4. Personnel expenses			
a) Wages and salaries	-20.453.051,38		-48.400
b) Social security contributions and expenses for pensions and other benefits	<u>-2.653.171,64</u>		-2.887
		-23.106.223,02	(-51.287)
5. Depreciation and amortisation of intangible assets and property, plant and equipment		-6.129.661,41	-16.313
6. Other operating expenses		<u>-34.152.253,91</u>	<u>-39.542</u>
		-7.132.308,00	-42.951
7. Other interest and similar income		316.580,13	570
- thereof from affiliated companies: € 47,666.06 (prior year: € 62 thousand)			
8. Interest and similar expenses		-3.445.873,03	-2.250
9. <u>Earnings after taxes</u>		-10.261.600,90	-44.631
10. Other taxes		<u>-1.749,62</u>	<u>-13</u>
11. <u>Consolidated net loss</u>		<u><u>-10.263.350,52</u></u>	<u><u>-44.644</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 Period  
from 1 July 2023 to 31 December 2023**

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Fixed asset schedule as at 31 December 2023 (consolidated fixed asset schedule)

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

The consolidated interim financial statements as at 31 December 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 as trade receivables and/or 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 (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 interim financial statements and has been consolidated in the consolidated interim 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 interim 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 interim 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 interim financial statements as at 31 December 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 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 interim financial statements for the period from 1 July 2023 to 31 December 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 1.3.1. to the notes to the consolidated financial statements.

#### 2. Receivables and other assets

Of the trade and transfer receivables totalling € 7,522 thousand, an amount of € 5,494 thousand was recorded as an inflow of funds since 1 January 2024.

Receivables and other assets contain transfer receivables in the amount of € 742 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 € 8,511 thousand are not readily available (use earmarked for rental security deposits).

#### 4. Prepaid expenses

Prepaid expenses are shown in the following:

	<u>in thousand</u> <u>euros</u>
- Prepaid player salaries	1,674
- Prepaid player agent contracts	1,239
- Prepaid insurance premiums	543
- Prepaid barter invoices and commission to Sportfive	582
- Other	505
Total	<u>4,543</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 € 49,646,886.33 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 by € 4,910,225 to € 12,275,563 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 (Section 272 (2) No. 4 HGB). In addition, a further € 4,870 thousand in payment obligations to the other capital reserve arose to offset negative Group equity as at the reporting date of December 31, 2023.

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	444,716,971.71
Consolidated loss carryforward	-446,729,184.19
Consolidated net loss	-10,263,350.52
Equity	<u><u>0.00</u></u>



6. Provisions

Provisions were set up for the following items:

	<u>in thousand</u> <u>euros</u>
Outstanding bills	6,351
Outstanding salaries/severance payments	3,902
Miscellaneous	743
VBG (employer's liability insurance association)	120
Total	<u>11,116</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.

	<u>Residual terms</u>			
	<u>Total</u>	<u>up to 1 year</u>	<u>1 to 5 years</u>	<u>more than</u> <u>5 years</u>
	<u>in thou-</u> <u>sand euros</u>	<u>in thousand</u> <u>euros</u>	<u>in thousand</u> <u>euros</u>	<u>in thousand</u> <u>euros</u>
Bonds	40,000 (40,000)	0 (0)	40,000 (40,000)	0 (0)
Liabilities to banks	13,000 (37,712)	13,000 (25,056)	0 (12,656)	0 (0)
Trade payables	8,436 (8,295)	8,151 (7,481)	285 (814)	0 (0)
Liabilities for player transfers	5,094 (4,411)	4,594 (2,832)	500 (1,579)	0 (0)
Other liabilities	5,823 (11,875)	5,823 (11,875)	0 (0)	0 (0)
Total	<u>72,353</u> <u>(102,293)</u>	<u>31,568</u> <u>(47,244)</u>	<u>40,785</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 € 2,417 thousand (prior year: € 6,873 thousand) and liabilities from personnel expenses of € 1,194 thousand (prior year: € 3,360 thousand).

Liabilities to banks are collateralised by assigning claims from central marketing of media rights as security and letters of indemnity are collateralised by way of fidelity 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 &lt;1 year</u> <u>in thousand</u> <u>euros</u>	<u>Due 1-5 years</u> <u>in thousand</u> <u>euros</u>	<u>Due &gt;5 years</u> <u>in thousand</u> <u>euros</u>	<u>Total</u> <u>in thousand eu-</u> <u>ros</u>
Rental contracts (estimated)	5,786	17,129	5,506	28,421
Leasing agreements	427	0	0	427
	<u>6,213</u>	<u>17,129</u>	<u>5,506</u>	<u>28,848</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>1.7.–31.12.2023</u>		<u>1.7.–31.12.2022</u>	
	<u>in thou- sand euros</u>	<u>%</u>	<u>in thou- sand euros</u>	<u>%</u>
Match revenue/ticketing	6,518	11.4%	7,294	11.7%
Television subsidies	14,719	25.7%	22,037	35.3%
Advertising	6,128	10.7%	11,491	18.4%
Trade	4,883	8.5%	4,015	6.4%
Transfer revenue	24,438	42.7%	15,789	25.3%
Miscellaneous	580	0.9%	1,727	2.8%
Total	<u>57,266</u>	<u>100%</u>	<u>62,353</u>	<u>100%</u>

2. Other operating income

The major part of other operating income amounting to € 2,018 thousand (prior year € 4,164 thousand) is comprised of out-of-period income from the derecognition of time-barred repayment obligations, advertising subsidies and compensation payments to settle VIP wristbands from the past season.

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 € 863 thousand (prior year: € 697 thousand) were recognised for player registrations that are expected to be permanently impaired.

4. Other operating expenses

	<u>1.7.–31.12.2023</u>		<u>1.7.–31.12.2022</u>	
	<u>in thou- sand euros</u>	<u>%</u>	<u>in thousand euros</u>	<u>%</u>
Match operating expenses	9,695	28.4%	13,206	33.4%
TV/advertising	2,337	6.8%	3,662	9.3%
Transfers	17,391	50.9%	16,878	42.7%
Trade	606	1.8%	636	1.6%
Administration	3,530	10.3%	4,315	10.9%
Amateur and youth football	593	1.7%	845	2.1%
Total	<u>34,152</u>	<u>100%</u>	<u>39,542</u>	<u>100%</u>

### 5. Other interest and similar income

This item includes income of € 221 thousand (prior year: € 175 thousand) from unwinding the discount on long-term, formally non-interest-bearing receivables.

### 6. Interest and similar expenses

This item includes expenses of € 93 thousand (prior year: € 180 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
- Mr Marius Freiherr Marschall von Bieberstein, entrepreneur, Managing Director and shareholder of evoreal Holding GmbH & Co. KG, Berlin
- Mr Steven William Pasko, entrepreneur, 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 director of Hertha BSC Verwaltung GmbH during the reporting period was:

- 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>1.7.–31.12.2023</u>	<u>1.7.–31.12.2022</u>
Licensed football players	31	32
Functional team of the licensed football players	40	35
Administrative staff	123	155
Temporary employees	52	46
Amateur Department and Primary Youth Team	83	85
Temporary trainees	9	12
Trainees	1	1
Total	<u>339</u>	<u>366</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>in thousand euros</u>
Financial statement audit	62
Other attestation services	0
Tax advisory services	87
Other services	0
Total	<u>149</u>

4. 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

Berlin, 26 February 2023

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

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Thomas E. Herrich  
- Managing Director -

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

Fixed Asset Schedule as at 31 December 2023  
(Consolidated Fixed Asset Schedule)

	Aquisition and production costs					Accumulated depreciation and amortisation				Carrying amounts	
	1.7.2023	Additions	Reclassifications	Disposals	31.12.2023	1.7.2023	Additions	Disposals	31.12.2023	31.12.2023	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	0,00	3.015.595,06	2.394.393,75	207.335,00	0,00	2.601.728,75	413.866,31	621.201,31
2. Player registrations	112.543.821,77	4.059.620,75	0,00	-86.074.165,36	30.529.277,16	85.733.813,32	5.413.640,86	-74.361.413,09	16.786.041,09	13.743.236,07	26.810.008,45
	115.559.416,83	4.059.620,75	0,00	-86.074.165,36	33.544.872,22	88.128.207,07	5.620.975,86	-74.361.413,09	19.387.769,84	14.157.102,38	27.431.209,76
II. Property, plant and equipment											
1. Buildings on third-party land	8.579.694,84	0,00	0,00	0,00	8.579.694,84	4.535.521,94	284.976,00	0,00	4.820.497,94	3.759.196,90	4.044.172,90
2. Operating and office equipment	4.723.122,84	50.124,76	0,00	-4.020,55	4.769.227,05	2.993.041,57	223.706,00	-1.119,00	3.215.628,57	1.553.598,48	1.730.081,27
	13.302.817,68	50.124,76	0,00	-4.020,55	13.348.921,89	7.528.563,51	508.682,00	-1.119,00	8.036.126,51	5.312.795,38	5.774.254,17
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
	128.863.588,51	4.109.745,51	0,00	-86.078.185,91	46.895.148,11	95.656.770,58	6.129.657,86	-74.362.532,09	27.423.896,35	19.471.251,76	33.206.817,93

## Hertha BSC GmbH &amp; 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 2023 to 31 December 2023**

	<u>1.7.–31.12.2023</u>	<u>1.7.–31.12.2022</u>
Net result for the period	-10.263	-44.644
+ Depreciation and amortisation of intangible assets and property, plant and equipment	6.129	16.313
+/- Increase/decrease in provisions not attributable to investing activities	-570	1.406
-/+ Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	-3.410	-1.414
-/+ Decrease/increase in trade payables and other liabilities not attributable to investing or financing activities	-5.576	-8.027
- Proceeds from the outflows of player registrations and tangible assets	-12.565	-8.237
+/- Interest expenses/income	3.129	1.680
+/- Income taxes paid	0	0
<b>= Cash flows from operating activities</b>	<b>-23.126</b>	<b>-42.923</b>
+ Proceeds from player transfers	12.702	18.428
- Outflows for player transfers	-2.597	-12.745
- Outflows for investments in intangible assets	-50	-97
- Outflows for investments in tangible assets	0	-257
+ Interest income	96	394
<b>= Cash flows from investing activities</b>	<b>10.151</b>	<b>5.723</b>
+ Inflows from equity contributions from shareholders of the parent company	21.467	0
+ Inflows from factoring	14.775	0
+ Inflows from issuing bonds and taking out financial loans	0	29.556
Outflows for the repayment of financial loans	-24.712	0
- Interest paid	-2.788	-1.816
<b>= Cash flows from financing activities</b>	<b>8.742</b>	<b>27.740</b>
<b>+ Change in cash and cash equivalents</b>	<b>-4.233</b>	<b>-9.460</b>
+ Cash and cash equivalents at the beginning of the period	12.744	10.766
<b>= Cash and cash equivalents at the end of the period</b>	<b>8.511</b>	<b>1.306</b>

€ 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)**  
**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 €
<b>30.06.2021</b>	<b>6.064</b>	<b>369.329</b>	<b>0</b>	<b>-267.830</b>	<b>0</b>	<b>107.563</b>	<b>0</b>	<b>107.563</b>
Contributions made in order to carry out the approved capital increase	1.301	429	0	0	0	1.730	0	1.730
Consolidated profit or loss	0	0	0	-28.201	0	-28.201	0	-28.201
<b>31.12.2021</b>	<b>7.365</b>	<b>369.758</b>	<b>0</b>	<b>-296.031</b>	<b>0</b>	<b>81.092</b>	<b>0</b>	<b>81.092</b>
Consolidated profit or loss	0	0	0	-51.557	0	-51.557	0	-51.557
<b>30.06.2022</b>	<b>7.365</b>	<b>369.758</b>	<b>0</b>	<b>-347.588</b>	<b>0</b>	<b>29.535</b>	<b>0</b>	<b>29.535</b>
Consolidated profit or loss	0	0	0	-44.644	0	-44.644	0	-44.644
<b>31.12.2022</b>	<b>7.365</b>	<b>369.758</b>	<b>0</b>	<b>-392.232</b>	<b>0</b>	<b>-15.109</b>	<b>0</b>	<b>-15.109</b>
Increase in capital shares	4.911	70.089	0	0	0	75.000	0	75.000
Consolidated profit or loss	0	0	0	-54.497	0	-54.497	0	-54.497
<b>30.06.2023</b>	<b>12.276</b>	<b>439.847</b>	<b>0</b>	<b>-446.729</b>	<b>0</b>	<b>5.394</b>	<b>0</b>	<b>5.394</b>
Consolidated profit or loss	0	0	0	-10.263	0	-10.263	0	-10.263
Increase in capital reserve	0	4.869	0	0	0	4.869	0	4.869
<b>31.12.2023</b>	<b>12.276</b>	<b>444.716</b>	<b>0</b>	<b>-456.992</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA)****Group Management Report for the Period****from 1 July 2023 to 31 December 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
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**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 interim financial statements as at 31 December 2023 are not only the parent company but also the subsidiaries Hertha BSC Transfer GmbH & Co. KG, Hertha BSC Lizenz GmbH and Hertha BSC Infrastruktur GmbH, Hertha BSC Stadion GmbH and SWC GmbH.

The business purpose of Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA) is to engage in the sport of professional football by 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.

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 its study “Football Money League 2024” published in January 2024, the Deloitte Sports Business Group presents the world’s highest-revenue football clubs.

*“The total revenue generated by the top 20 Deloitte Football Money League clubs in 2022/23 is approximately €10.5bn (excluding transfer revenue), a 14% increase over the previous season. This is also the first time since 2018/19 that the corresponding figure from the last full season before the outbreak of the COVID-19 pandemic (€9.3bn) has been exceeded.*

*Clubs generated record matchday revenues of €1.9bn in 2022/23, driven by the high level of fan demand for live sport as stadia once again opened at full capacity across continental Europe for the first time since the 2018/19 season. Overall, 13 of the top 20 clubs reported record matchday revenue [...]. A number of clubs competing in these leagues reported enhanced stadium utilisation relative to pre-pandemic levels in the 2018/19 season.*

*Alongside record matchday revenue, Football Money League clubs also generated record commercial revenue, which totalled €4.4bn in 2022/23, a 16% growth over the previous season. Commercial revenue represented the largest revenue income stream for the top 20 clubs for the first time since 2015/16 (excluding the COVID-19-impacted 2019/20 season). In addition, clubs reported a comparatively modest increase in broadcast revenue (+5%) [...].”*

### **2. Overview of business development in the first half of the 2023/24 season**

The Hertha BSC Group reported a net loss of € 7,138 thousand (prior year: € 42,951 thousand) before interest and taxes in the first half of the year.

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 to increase to a high level at € -6,130 thousand (prior year: € -16,313 thousand).

By contrast, the result in the first half year was positively influenced by transfer fees in the amount of € 23,890 thousand received from the sales of players, significantly exceeding the level of the prior year (€ 15,439 thousand). At the same time, these fees are counterbalanced by disposals of residual book values in the amount of € 11,713 thousand (prior year: € 7,252 thousand).

More detailed disclosures on the results of operations are shown in Section C. Detailed information on the results of operations, financial position and net assets can be found in the appendices to the notes.

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

### 3. Overview of sport-related development in the first half of the 2023/24 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.

## C) Presentation of the economic development

### 1. Results of operations

The Hertha BSC Group concluded the first half of the 2023/2024 season with a loss for the year net of interest and taxes amounting to € 10,263 thousand (net loss in the prior year: € 44,644 thousand).

The development of the result is strongly influenced by transfer, solidarity and lending income in the amount of € 24,534 thousand, which is € 8,745 thousand above the prior-year level (€ 15,789 thousand).

The sales revenue in the first half of the 2023/24 season amounts to € 57,266 thousand (prior year: € 62,353 thousand).

Other operating income amounted to € 2,018 thousand (prior year: € 4,164 thousand) and contained income from other periods in particular.

The other income and expense items do not contain any noteworthy extraordinary effects and essentially reflect the budget figures, which are characterised by normal business operations.

### 2. Financial position

The planned liquidity trend was maintained. In addition, it was positively influenced by the unplanned matches during the DFB Cup.

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

From the investment agreement concluded with the main shareholder 777 Partners, € 53.0 million of an initial total of € 75.0 million has currently been realized. The remaining € 22.0 million will be due for payment during the second half of the season.

In addition, a further € 4,870 thousand in payment obligations to the other capital reserve arose to offset negative Group equity as at the reporting date of December 31, 2023.

The parent company was granted credit lines in the amount of € 21 million as of 31 December 2023. These were reduced by € 20 million by the reporting date.

### 3. Net assets

The player registrations amounting to € 13,743 thousand (30 June 2023: € 26,810 thousand) are recognised as a significant asset. The actual transfer or market values of the players' assets (please refer to the independent valuation conducted by "transfermarkt.de" as at 26 February 2024: market value of € 49.8 million) continue to be significantly above the value accounted for under the players' assets ("Hidden reserves").

Receivables and other assets amounted to € 63,284 thousand (30 June 2023: € 77,304 thousand).

As of the reporting date, the Hertha BSC Group reported equity of € 0 thousand (equity as at June 30, 2023: € 5,394 thousand), taking into account the additional payment obligation of € 4,870 thousand on the part of the main shareholder in accordance with the investment agreement.

Liabilities amount to € 72.4 million (30 June 2023: € 102.3 million) and are presented and broken down in the notes to the consolidated interim financial statements.

## D) Opportunities and risks of future development

Like the other participants in the second league, 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 current COVID-19 pandemic has shown, this can affect all revenue segments.
- Another global financial and economic crisis, which 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 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 in club history 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 matches, 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 June 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, for example for currently above-average players. 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 24 national players from the U15 (under 15-year-olds) up to the U21 as well as another 18 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 football talents, expenses for training and transfer fees can be kept low

in this area. Moreover, additional income can be achieved through the sale of young football talents (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 winter 2023/20224**

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 licenced player team thus currently comprises 37 players including contract players. Their average age is 24.1 years.

### **F) Outlook**

After the 23<sup>rd</sup> match day in the second league of the Bundesliga (as of 26 February 2024), Hertha BSC's team of licenced players ranked 8<sup>th</sup>.

The previous plans for financial year 2023/2024 were reworked.

Current internal planning foresees a deficit of € 11.7 million for the second half of the 2023/24 season, meaning that the Hertha BSC Group is expected to report a net loss for the year of € 22.0 million.

Personnel expenses were reduced by more than € 50 million and operating expenses by approximately € 19 million. Accordingly, the net income for the year will be improved by about € 77.1 million.

The management of Hertha BSC GmbH & Co. KGaA has made conservative estimates for the years 2024/2025 and onwards; significantly better annual results may result in the event of sporting success or additional income. Conversely, in the event of sporting failure, worse results than planned may occur.

The following points are significant for the further development:

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

With the main sponsor Crazy Buzzer, the equipment supplier NIKE and the sleeve logo partner CG Elementum, Hertha BSC has three very strong partners on its side.

In addition, there are contractual agreements with the co-sponsors – called exclusive partners – Berliner Kindl, Coca-Cola, Jes.Group and Topradio 94,3 RS2.

Management assumes that the development of the Hertha BSC Group will continue to be successful in future, both in the sport and in business, because of existing opportunities and the above-average infrastructure (in particular sports and medical facilities and working with young football talents).

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. Maintaining our course along the lines of the business framework we have set up will result in a positive development of the Company. In Section D we have already pointed out that planning depends on success in football.

Berlin, 26 February 2024

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

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Thomas E. Herrich  
- Managing Director -