



**Consolidated Financial Statements as
at 31 December 2020, Group Manage-
ment Report and Independent Auditor's
Report for the Period from
1 July 2020 to 31 December 2020**

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

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

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

INDEX OF APPENDICES

1. Consolidated Balance Sheet as at 31 December 2020
2. Consolidated Income Statement for the Period from 1 July 2020 to 31 December 2020 [German GAAP (HGB)]
3. Notes to the Consolidated Financial Statements for the Period from 1 July 2020 to 31 December 2020
4. Consolidated Statement of Cash Flows in Accordance with German Accounting Standard 21 (DRS 21) for the Period from 1 July 2020 to 31 December 2020
5. Consolidated Statement of Changes in Equity
6. Group Management Report for the Period from 1 July 2020 to 31 December 2020
7. Independent Auditor's Report
General Engagement Terms

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

CONSOLIDATED BALANCE SHEET as at 31 December 2020

ASSETS			30/6/2020	LIABILITIES			30/6/2020
	€	€	€		€	€	€
			in thousand €				in thousand €
A. Fixed assets				A. Equity			
I. Intangible assets				I. Share capital	5,189,621.00		5,190
1. Concessions purchased, industrial property rights and similar rights and assets and licences to such rights and assets	657,466.00		724	II. Capital reserve	221,412,398.23		221,412
2. Player registrations	116,909,652.07		106,402	III. Contributions made in order to carry out the approved capital increase (registration of the increase in subscribed capital to € 6,063,568.00 on 12/1/2021)	50,520,833.34		0
3. Payments made on account	<u>105,898.00</u>		0	IV. Consolidated loss carryforward	-189,877,965.36		-136,417
		117,673,016.07	(107,126)	V. Consolidated net loss/net loss for the year	<u>-34,395,054.60</u>		-53,461
II. Property, plant and equipment						52,849,832.61	(36,724)
1. Buildings on third-party land	5,657,990.89		2,255	B. Contributions made in order to carry out the approved capital increase		14,002,663.01	0
2. Operating and office equipment	1,064,835.28		870	C. Provisions			
3. Payments made on account and assets under construction	<u>0.00</u>		1,831	Other provisions		5,704,684.53	4,116
		6,722,826.17	(4,956)	D. Liabilities			
III. Financial assets				1. Bonds in prior year	40,000,000.00		40,000
Cooperative shares	<u>1,354.00</u>		1	2. Liabilities to banks	5,028,159.93		9,954
		124,397,196.24	(112,083)	3. Trade payables	3,569,024.69		4,838
B. Current assets				4. Liabilities for player transfers	59,752,325.91		68,431
I. Inventories				5. Other liabilities	<u>12,988,302.24</u>		18,447
Goods		1,147,855.73	985			121,337,812.77	(141,670)
II. Receivables and other assets				E. Deferred income		14,060,905.30	13,807
1. Trade receivables							
	1,626,790.87		2,394				
2. Receivables from player transfers	1,901,244.18		568				
3. Receivables from companies in which investments are held	2,489,416.59		2,636				
4. Other assets	<u>1,158,114.25</u>		11,594				
		7,175,565.89	(17,192)				
III. Cash on hand, bank balances and checks	<u>57,661,362.64</u>		55,887				
		65,984,784.26	(74,064)				
C. Prepaid expenses							
		17,573,917.72	10,170				
		<u>207,955,898.22</u>	<u>196,317</u>			<u>207,955,898.22</u>	<u>196,317</u>

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

CONSOLIDATED INCOME STATEMENT
for the Period from 1 July 2020 to 31 December 2020 (HGB)

	€	€	1/7 - 31/12/2019 in thousand €
1. Revenue		47,463,590.18	58,918
2. Other operating income		945,989.04	223
		48,409,579.22	59,141
3. Cost of materials			
Cost of merchandise purchased		-1,745,047.65	-1,579
4. Personnel expenses			
a) Wages and salaries	-37,100,026.91		-38,107
b) Social security contributions and expenses for pensions and other benefits	-2,051,823.13		-1,591
		-39,151,850.04	(-39,698)
5. Depreciation and amortisation of intangible assets and property, plant and equipment		-17,124,370.66	-6,730
6. Other operating expenses		-23,052,773.40	-28,386
		-32,664,462.53	-17,252
7. Other interest and similar income		622,938.81	59
- thereof from affiliated companies: € 55,341.42 (prior year: € 59 thousand)			
8. Interest and similar expenses		-2,337,474.28	-2,540
9. Remuneration for profit participation rights		0.00	-472
10. <u>Earnings after taxes</u>		-34,378,998.00	-20,205
11. Other taxes		-16,056.60	-12
12. <u>Consolidated net loss</u>		-34,395,054.60	-20,217

Notes to the Consolidated Financial Statements 1/7/2020–31/12/2020

**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 2020 to 31 December 2020**

<u>Contents of the Notes to the Consolidated Financial Statements</u>	<u>Page</u>
I. General information on the consolidated interim financial statements and the reporting date for the consolidated financial statements	2
II. Information on the group of entities consolidated	2
III. Disclosure of the consolidation methods applied	3
IV. Accounting and valuation principles	3
V. Notes on individual items in the consolidated interim financial statements for the period from 1 July 2020 to 31 December 2020	5
VI. Other disclosures	10

Appendix to the Notes to the Consolidated Financial Statements:

Fixed asset schedule of player registrations as at 31 December 2020
(consolidated fixed asset schedule)

Notes to the Consolidated Financial Statements 1/7/2020–31/12/2020

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 2020 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.

In addition, in order to improve the presentation of the results of operations, expenses from gaming operations and health care totalling € 984 thousand were not reported under other operating expenses as in the same period of the prior year, but instead under cost of materials. The prior-year figures were also adjusted accordingly by € 703 thousand.

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

II. Information on the group of entities consolidated

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

<u>Name, legal seat</u>	<u>Shareholding in %</u>
Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA), Berlin	(parent company)
Hertha BSC Rechte GmbH & Co. KG, Berlin *)	100
Hertha BSC Lizenz GmbH, Berlin *)	100
Hertha BSC Transfer GmbH & Co. KG, Berlin *)	100
Hertha BSC Infrastruktur GmbH, Berlin	100
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 2020 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.

Notes to the Consolidated Financial Statements 1/7/2020–31/12/2020

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.

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.

Notes to the Consolidated Financial Statements 1/7/2020–31/12/2020

V. Notes on individual items in the consolidated interim financial statements for the Period from 1 July 2020 to 31 December 2020

Balance sheet

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

1. Fixed assets

The development of fixed assets is presented in the appended consolidated fixed asset schedule; see Appendix 3.1

2. Receivables and other assets

Receivables from transfers in the amount of € 3 thousand (prior year: € 0 thousand) have a residual term of up to one year.

3. Cash and cash equivalents

€ 76 thousand of the cash and cash equivalents totalling € 57,661 thousand are not readily available (use earmarked for rental security deposits).

4. Prepaid expenses

Prepaid expenses are shown in the following:

	<u><i>in thousand euros</i></u>
- Prepaid player agent fees	10,904
- Prepaid player salaries	5,857
- Prepaid invoices for gaming operations	237
- Prepaid invoices for stadium use	136
- Prepaid insurance premiums	84
- Other	356

Notes to the Consolidated Financial Statements 1/7/2020–31/12/2020

5. Equity

By resolution of the of the general meeting of 8 November 2019, Hertha BSC KGaA's share capital was increased in the financial year 2019/2020 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, a financing agreement was concluded with an existing limited shareholder which stipulates a liquidity-related equity contribution totalling € 150,000 thousand in the current financial year 2020/2021. 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 financing agreement concluded, the general meeting of 17 December 2020 resolved to increase Hertha BSC KGaA's share capital by 873,947.00 no-par value shares, from the current 5,189,621 no-par value shares to a total of 6,063,568 no-par value shares, which are registered shares. The approved capital increase was entered in the commercial register on 12 January 2021. As the addition totalling € 50,520,833.34 plus the premium were fully paid in by 31 December 2020, these are disclosed separately under equity as of the reporting date.

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

	€
Share capital	5,189,621.00
Capital reserve	221,412,398.23
Contributions made in order to carry out the approved capital increase	50,520,833.34
Consolidated loss carryforward	-189,877,965.36
Consolidated net loss	<u>-34,395,054.60</u>
Equity	<u>52,849,532.61</u>

6. Contributions made in order to carry out the approved capital increase

On the basis of the aforementioned financing agreement of 1 July 2020, a further € 14,002,663.01 has already been paid in as contributions by 31 December 2020, which will be added to equity in the current 2020/2021 financial year through the agreed capital increases.

Notes to the Consolidated Financial Statements 1/7/2020–31/12/2020

7. Provisions

Provisions were set up for the following items:

	<i>in thousand euros</i>
Employers' liability insurance association	1,997
Outstanding bills	1,662
From anticipated losses	1,010
Outstanding bills for player agents	250
Consultancy costs and costs for financial statements	202
Miscellaneous	584

8. Liabilities

Liabilities are listed according to creditors and due dates (residual terms) in the following schedule of liabilities; prior year figures as of 30/6/2020 are presented in parentheses.

	Residual terms			
	<u>Total</u> <i>in thousand</i> <u>euros</u>	<u>up to 1 year</u> <i>in thousand</i> <u>euros</u>	<u>1 to 5 years</u> <i>in thousand</i> <u>euros</u>	more than <u>5 years</u> <i>in thousand</i> <u>euros</u>
Bonds	40,000 (40,000)	0 (0)	40,000 (40,000)	0 (0)
Liabilities to banks	5,028 (9,954)	5,028 (9,954)	0 (0)	0 (0)
Trade payables	3,569 (4,838)	3,420 (4,391)	149 (447)	0 (0)
Liabilities for player transfers	59,752 (68,431)	37,545 (34,361)	22,207 (34,070)	0 (0)
Other liabilities	12,988 (18,447)	12,988 (18,447)	0 (0)	0 (0)
Total	<u>121,337</u> <u>(141,670)</u>	<u>58,981</u> <u>(67,153)</u>	<u>62,356</u> <u>(74,517)</u>	<u>0</u> <u>(0)</u>

Notes to the Consolidated Financial Statements 1/7/2020–31/12/2020

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

Liabilities to banks are collateralised by assigning claims from central marketing of media rights as security.

Other liabilities comprise, inter alia, tax liabilities of € 8,065 thousand (prior year: € 10,893 thousand) and liabilities from personnel expenses of € 3,758 thousand (prior year: € 5,348 thousand).

9. Deferred income

This item essentially included payments on account made by Nike European Operations Netherlands B.V. on the extension of the equipment agreement, payments emanating from the signing fee of our marketing partner, Sportfive Germany GmbH, in conjunction with modifying and extending the joint cooperation agreement as well as advance payments for advertising agreements.

10. 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>in thousand</u> <u>euros</u>	<u>Due 1-5 years</u> <u>in thousand</u> <u>euros</u>	<u>Due >5 years</u> <u>in thousand</u> <u>euros</u>	<u>Total</u> <u>in thousand</u> <u>euros</u>
Rental contracts (estimated)	8,103	28,508	616	37,227
Leasing agreements	80	0	0	80
	<u>8,183</u>	<u>28,508</u>	<u>616</u>	<u>37,307</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 2020/2021 financial year.

Notes to the Consolidated Financial Statements 1/7/2020–31/12/2020

Income statement

The income statement was prepared using the total cost method.

1. Sales revenue

	<u>1/7 - 31/12/2020</u>		<u>1/7 - 31/12/2019</u>	
	<u>in thousand</u>	<u>%</u>	<u>in thousand</u>	<u>%</u>
	<u>euros</u>		<u>euros</u>	
Game revenue/ ticketing	157	0.3	6,572	11.2
Advertising	6,904	14.5	15,079	25.6
Television subsidies	27,537	58.0	33,388	56.6
Transfer revenue	9,535	20.1	240	0.4
Trade	3,061	6.4	2,900	4.9
Miscellaneous	<u>270</u>	<u>0.6</u>	<u>739</u>	<u>1.3</u>
Total	<u>47,464</u>	<u>100.0</u>	<u>58,918</u>	<u>100.0</u>

2. Depreciation and amortisation

Amortisation and depreciation are shown in the consolidated fixed asset schedule in Appendix 3.1

3. Other operating expenses

	<u>1/7 - 31/12/2020</u>	<u>1/7 - 31/12/2019</u>
	<u>in thousand euros</u>	<u>in thousand euros</u>
Game operating expenses	9,237	12,499
TV/advertising	3,059	6,317
Transfers	7,320	5,933
Trade	563	509
Administration	2,458	2,609
Amateur and youth football	<u>416</u>	<u>519</u>
	<u>23,052</u>	<u>28,386</u>

Notes to the Consolidated Financial Statements 1/7/2020–31/12/2020

4. Interest and similar expenses

This item includes expenses of € 669 thousand (prior year: € 352 thousand) from unwinding the discount on long-term, formally non-interest-bearing liabilities.

VI. Other disclosures

1. Executive bodies

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

- Dr Karl Kauermann, Chairman of the Management Board, K.M.T. Potsdamer Treuhand AG, Berlin (Chairman of the Supervisory Board)
- Dr Christian Göke, Chairman of the Management Board of Messe Berlin GmbH, CEO, Berlin
- Ms Vera Gäde-Butzlaff, Chair of the Supervisory Board of Vivantes Netzwerk für Gesundheit GmbH, Berlin
- Dr Holger Hatje, entrepreneur, Berlin
- Mr Klaus Siegers, Chairman of the Board Weberbank, Berlin
- Mr Stefan Kindler, Chief Risk Officer of Tennor Holding B.V., also an in-house lawyer of Tennor International Services B.V. (Berlin), Rahden Sielhorst
- Mr Tarek Malak, Portfolio Manager of Tennor International Services B.V. (Berlin), Berlin
- Mr Jens Lehmann, corporate consultant, Berg (since 1 July 2020)
- Prof. Thomas Werlen, lawyer, Cham (Switzerland) (since 1 July 2020)

Notes to the Consolidated Financial Statements 1/7/2020–31/12/2020

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).

In the reporting period, Mr Michael Preetz and Mr Ingo Schiller were the Managing Directors of Hertha BSC Verwaltung GmbH.

By resolution of the Executive Committee and the Supervisory Board of Hertha BSC e.V., Mr Carsten Schmidt was appointed as Chairman of the Management Board as of 1 December 2020. By resolution of the Executive Committee and the Supervisory Board of Hertha BSC e.V., Mr Michael Preetz was dismissed as Managing Director as of 25 January 2021.

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 - 31/12/2020</u>	<u>1/7 - 31/12/2019</u>
Licensed football players	31	33
Functional team of the licensed football players	18	14
Administrative staff	116	104
Temporary employees	42	57
Amateur Department and Primary Youth Team	72	75
Temporary trainees	11	15
Trainees	<u>3</u>	<u>2</u>
	<u>293</u>	<u>300</u>

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

Notes to the Consolidated Financial Statements 1/7/2020–31/12/2020

3. Auditor fees

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

	<i>in thousand euros</i>
Financial statement audit	55
Other attestation services	0
Tax advisory services	18
Other services	2
Total	75

4. Subsequent events

In the transfer period II in January 2021, the parent company Hertha BSC GmbH & Co. KGaA used a total of € 0.5 million for a new hire and loaning out one licenced player.

Berlin, 19 February 2021

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

Carsten Schmidt
- Chairman of the Management Board -

Ingo Schiller
- Managing Director -

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

Fixed Asset Schedule as at 31 December 2020
(Consolidated Fixed Asset Schedule)

	Aquisition and production costs					Accumulated depreciation and amortisation				Carrying amounts	
	1/7/2017	Additions	Reclassifications	Disposals	31/12/2020	1/7/2017	Additions	Disposals	31/12/2020	31/12/2020	30/6/2020
	€	€	€	€	€	€	€	€	€	€	€
I. Intangible assets											
1. Concessions purchased, industrial property rights and similar rights and assets and licences to such rights and assets	2,170,829.75	18,750.00	0.00	0.00	2,189,579.75	1,446,970.75	85,143.00	0.00	1,532,113.75	657,466.00	723,859.00
2. Player registrations	141,634,149.66	29,393,804.96	0.00	-8,712,000.00	162,315,954.62	35,232,260.47	16,622,347.08	-6,448,305.00	45,406,302.55	116,909,652.07	106,401,889.19
3. Payments made on account	0.00	105,898.00	0.00	0.00	105,898.00	0.00	0.00	0.00	0.00	105,898.00	0.00
	<u>143,804,979.41</u>	<u>29,518,452.96</u>	<u>0.00</u>	<u>-8,712,000.00</u>	<u>164,611,432.37</u>	<u>36,679,231.22</u>	<u>16,707,490.08</u>	<u>-6,448,305.00</u>	<u>46,938,416.30</u>	<u>117,673,016.07</u>	<u>107,125,748.19</u>
II. Property, plant and equipment											
1. Buildings on third-party land	5,152,650.94	342,147.74	3,304,612.15	0.00	8,799,410.83	2,898,014.94	243,405.00	0.00	3,141,419.94	5,657,990.89	2,254,636.00
2. Operating and office equipment	2,528,044.95	367,925.87	0.00	0.00	2,895,970.82	1,657,659.96	173,475.58	0.00	1,831,135.54	1,064,835.28	870,384.99
3. Payments made on account and assets under construction	1,830,625.86	1,473,986.29	-3,304,612.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,830,625.86
	<u>9,511,321.75</u>	<u>2,184,059.90</u>	<u>0.00</u>	<u>0.00</u>	<u>11,695,381.65</u>	<u>4,555,674.90</u>	<u>416,880.58</u>	<u>0.00</u>	<u>4,972,555.48</u>	<u>6,722,826.17</u>	<u>4,955,646.85</u>
III. Financial assets											
Cooperative shares	1,354.00	0.00	0.00	0.00	1,354.00	0.00	0.00	0.00	0.00	1,354.00	1,354.00
	<u>153,317,655.16</u>	<u>31,702,512.86</u>	<u>0.00</u>	<u>-8,712,000.00</u>	<u>176,308,168.02</u>	<u>41,234,906.12</u>	<u>17,124,370.66</u>	<u>-6,448,305.00</u>	<u>51,910,971.78</u>	<u>124,397,196.24</u>	<u>112,082,749.04</u>

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

Consolidated Statement of Cash Flows in Accordance with
German Accounting Standard 21 (DRS 21)

for the Period from 1 July 2020 to 31 December 2020

	<u>1/7 - 31/12/2020</u>	<u>1/7 - 31/12/2019</u>
	<i>in thousand €</i>	<i>in thousand €</i>
Consolidated net loss for the period	-34,395	-20,217
+ Depreciation and amortisation of intangible assets and property, plant and equipment	17,124	6,730
+/- Increase/decrease in provisions not attributable to investing activities	1,589	317
-/+ Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	-6,181	-11,643
-/+ Decrease/increase in trade payables and other liabilities not attributable to investing or financing activities	-1,252	6,821
- Proceeds from the outflows of player registrations and fixed assets	-7,021	-189
+/- Interest expenses/income	1,647	2,775
= Cash flows from operating activities	-28,489	-15,406
+ Proceeds from player transfers	7,601	3,170
- Outflows for player transfers	-38,129	-14,925
- Outflows for investments in intangible assets	-125	-168
- Outflows for investments in property, plant and equipment	-2,184	-887
+ Interest income	623	60
= Cash flows from investing activities	-32,214	-12,750
+ Inflows from equity contributions from shareholders of the parent company	50,521	99,002
- Repayment of profit participation capital	0	-17,000
+ Contributions made in order to carry out the approved capital increase	14,003	0
- Outflows for factoring	-5,000	-2,500
- Outflows for the repayment of bonds and financial loans	-5,000	-5,020
- Interest paid	-2,048	-5,073
= Cash flows from financing activities	52,476	69,409
+ Change in cash and cash equivalents	-8,227	41,253
+ Cash and cash equivalents at the beginning of the period	65,888	77,842
= Cash and cash equivalents at the end of the period	57,661	119,095
<u>Composition of cash and cash equivalents:</u>		
Current cash assets	0	10,000
Cash on hand, bank balances and checks	57,661	109,095
	57,661	119,095

As in the prior year, € 76,000 of the bank balances are available on a restricted basis.

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 €
01.07.2018	2,981	26,748	0	-109,714	17,000	-62,985	0	-62,985
Reduction of capital shares	-381	-26,748	0	0	0	-27,129	0	-27,129
Difference from capital reduction	0	0	0	-671	0	-671	0	-671
Consolidated profit or loss	0	0	0	-19,043	0	-19,043	0	-19,043
31.12.2018	2,600	0	0	-129,428	17,000	-109,828	0	-109,828
Increase in capital shares	1,560	123,440	0	0	0	125,000	0	125,000
Consolidated profit or loss	0	0	0	-6,989	0	-6,989	0	-6,989
30.06.2019	4,160	123,440	0	-136,417	17,000	8,183	0	8,183
Increase in capital shares	1,030	97,972	0	0	0	99,002	0	99,002
Repayment of profit participation capital	0	0	0	0	-17,000	-17,000	0	-17,000
Consolidated profit or loss	0	0	0	-20,217	0	-20,217	0	-20,217
31.12.2019	5,190	221,412	0	-156,634	0	69,968	0	69,968
Consolidated profit or loss	0	0	0	-33,244	0	-33,244	0	-33,244
30.06.2020	5,190	221,412	0	-189,878	0	36,724	0	36,724
Contributions made in order to carry out the approved capital increase	0	0	50,521	0	0	50,521	0	50,521
Consolidated profit or loss	0	0	0	-34,395	0	-34,395	0	-34,395
31.12.2020	5,190	221,412	50,521	-224,273	0	52,850	0	52,850

Group management report for the period from 1/7/2020 - 31/12/2020

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

Group Management Report for the Period

from 1 July 2020 to 31 December 2020

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 winter 2020/2021
- 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 interim financial statements as at 31 December 2020 are not only the parent company but also the subsidiaries Hertha BSC Rechte GmbH & Co. KG, Hertha BSC Transfer GmbH & Co. KG, Hertha BSC Lizenz GmbH, Hertha BSC Infrastruktur GmbH, Hertha BSC Stadion GmbH and Hertha BSC Medien 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.

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

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

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

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

The business purposes of Hertha BSC Medien 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

Group management report for the period from 1/7/2020 - 31/12/2020

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

The study "Football Money League 2021" published by Deloitte Sports Business Group, which looks back on the 2019/2020 season, shows that the 20 clubs surveyed will have lost over € 2 billion in revenue by the end of the 2020/21 season due to the COVID-19 pandemic.

"Against the backdrop of global economic and social upheavals caused by COVID-19, the (delayed) continuation of professional football in most countries provided a measure of normality in an otherwise disrupted world.

Governments around the world responded to the pandemic in different ways, and professional sports governing bodies implemented various methods to adapt to the challenges, postponing, stopping or cancelling competitions altogether.

In cases where professional football made a return, extended restrictions on mass gatherings and non-essential travel also meant that, in most cases, fans could not attend matches or could attend only in very limited numbers.

In global football, the different responses to the pandemic have led to various financial implications for different clubs. There is no doubt that this is one of the most difficult times the football industry has ever had to go through: the absence of fans, the postponement and cancellation of matches, the refunds to broadcasters and the need to satisfy commercial partners have all had a significant impact (on economic performance) [...]."

The Hertha BSC Group's consolidated income amounted to € 114.5 million in the 2019/2020 season. Income from game-day revenue, advertising revenue and the marketing of media rights amounted to around 92%. In the current 2020/2021 season, Hertha BSC is expecting total revenue of € 112.9 million.

2. Overview of business development in the first half of the 2020/21 season

The Hertha BSC Group reported a net loss of € 32,664 thousand (prior year: € 17,252 thousand) before interest and taxes in the first half of the year. This loss is strongly influenced by the investments made in the licenced player team in the last two transfer periods. In particular, this caused an increase in depreciation and amortisation to € -17,124 thousand (prior year: € -6,730 thousand) and in transfer expenses to € 7,320 thousand (prior year: € 5,933 thousand).

Internal planning, which includes additional transfer income, foresees a deficit of € 25.8 million for the second half of the 2020/21 season, meaning that the Hertha BSC Group is expected to report a net loss for the year of € 58.4 million before interest and taxes. 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 (formerly Lagardère Sports Germany GmbH).

Group management report for the period from 1/7/2020 - 31/12/2020

On 1 December 2020, Mr Carsten Schmidt took up his new position as Chairman of the Management Board/CEO of Hertha BSC. In addition to his overall responsibility, Carsten Schmidt is directly responsible for the areas of marketing, sales, strategy, corporate communications and internationalisation.

3. Overview of sport-related development in the first half of the 2020/21 season

For the new 2020/2021 season, Hertha BSC GmbH & Co. KGaA engaged the licenced players Omar Alderete (FC Basel), Jhon Córdoba (1. FC Köln), Alexander Schwolow (SC Freiburg) and Deyovaisio Zeefuik (FC Groningen).

Furthermore, the player Mattéo Guendouzi was loaned out from FC Arsenal until 30 June 2021.

The players Maurice Covic, Ondrej Duda, Nils Körber, Daishawn Redan and Lucas Tousart returned from their loan positions as agreed at the start of the season. Additionally, the loaning of player Eduard Löwen to FC Augsburg was prematurely terminated.

In return, the players Ondrej Duda (1. FC Köln), Pascal Köpke (1. FC Nürnberg) and Karim Rekik (FC Sevilla) were transferred in exchange for transfer fees. In addition, players Muhammed Kiprit (KFC Uerdingen) and Dennis Smarsch (FC St. Pauli) left the club. The player Arne Maier was loaned out to Arminia Bielefeld until 30 June 2021.

The contracts with the players Alexander Esswein, Vedad Ibisevic, Salomon Kalou, Thomas Kraft (career end) and Per Ciljan Skjelbred expired at the end of the 2019/2020 season and were not renewed.

The licenced player team thus currently comprises 38 players including contract players. Their average age is 23.9 years.

As of the end of the first half of the season, Hertha BSC GmbH & Co. KGaA, Berlin ranked 14th in the Bundesliga chart with 17 points.

C) Presentation of the economic development

1. Results of operations

The Hertha BSC Group concluded the first half of the 2020/2021 season with a loss for the year net of interest and taxes amounting to € 34,395 thousand (net loss in the prior year: € 20,217 thousand).

This result is strongly influenced by the COVID-19 pandemic. Due to this, two major decisions/measures were taken in the reporting period which led to a decline in sales revenue in the first half of the financial year:

- 1) The decision that only a limited number of spectators would be allowed in the stadiums of the Bundesliga on the first four game days and that, from the fifth game day onwards, no spectators would be allowed. As a result, income from ticket sales and hospitality was eliminated entirely.

Group management report for the period from 1/7/2020 - 31/12/2020

- 2) Due to the late start of the season and the resulting postponement of the end of the first half of the season to January 2021, only the income from home games 1 to 6 falls within the reporting period. Home games 7 through 17 will be recorded in the second half of the season. This approach will affect income from advertising/sponsoring and media marketing in particular, as this income, in contrast to the prior years, is no longer recorded in equal halves as of the reporting date.

Having said that, the income of the first half of the current season amounted to € 48,410 thousand (prior year: € 59,141 thousand).

Gaming operations without spectators also realised savings, especially in the areas of security services and VIP catering.

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

2. Financial position

As of the reporting date, Hertha BSC GmbH & Co. KGaA had cash and cash equivalents of € 57.7 million. With the investment of Peil Investment B.V./Tennor Holding B.V., Hertha BSC received proceeds of € 64.5 million in the reporting period.

The planned liquidity trend was positively influenced by cost savings.

3. Net assets

The player registrations amounting to € 116,910 thousand (30/6/2020: € 106,402 thousand) are recognised as a significant asset. The actual transfer or market values of players as assets (please refer to the independent valuation conducted by “transfermarkt.de” as at 19 February 2021: market value of € 210.1 million) was assessed at far more than the value accounted for under the item player market values (hidden reserves).

Receivables and other assets amounted to € 7,176 thousand (30/6/2020: € 17,192 thousand).

As of the reporting date, the Hertha BSC Group had equity (including contributions made in order to carry out the approved capital increase) of € 66.8 million (30/6/2020: € 36.7 million). The equity in the first half of the current season was influenced by the investment of Peil Investment B.V./Tennor Holding B.V. in the amount of € 64.5 million as well as the semi-annual result in the amount of € -34.4 million.

Liabilities decreased by € 20.3 million to € 121.3 million in the reporting period (30/6/2020: € 141.7 million) and are presented and broken down in the notes to the annual financial statements.

Group management report for the period from 1/7/2020 - 31/12/2020

D) Opportunities and risks of future development

Like 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 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 two most recent relegations in the history of the club at the end of the 2009/2010 and 2011/2012 seasons have 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. As of the 2017/2018 season, a marketing contract has been 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 2021. The period from 2021 to 2025 was also contractually fixed in July 2020. The Bundesliga achieved a marketing result only slightly below the level of the previous period. 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.

The COVID-19 pandemic delayed the end of the season, which continued into June. This meant that the transfer market could not open and Hertha BSC GmbH & Co. KGaA was not able to generate revenue from transfer activities. We will attempt to make up for this period's lost income in the following season on a pro rata basis. Furthermore, 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. Especially for above-average players, high transfer fees continue to be charged. Our existing reservoir of above-average players (such as Matheus Cunha, Jhon Cordoba, Krzysztof Piatek, Niklas Stark, Lucas Tousart, Dodi Lukébakio and Jordan Torunarigha) 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.

Group management report for the period from 1/7/2020 - 31/12/2020

Because of the high number of above-average, talented players on the youth team [presently 26 national players from the U15 (under 15 year-olds) up to the U21 as well as another 15 young players having been invited to attend football training camps organised by the DFB (German Football Federation)], Hertha BSC continues to assume that the expenses 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 winter 2020/2021

In transfer period II in January 2021, the player Sami Khedira was engaged until the end of the season in a free transfer. The player Nemanja Radonjic was loaned out from the French premier league club Olympique Marseille for the second half of the season.

The loaning of Dennis Jastrzembki to SC Paderborn was terminated prematurely; instead, the player was loaned out to SV Waldhof Mannheim until the end of the season.

In addition, the player Ruwen Werthmüller, previously on the youth team, signed his first professional contract.

F) Outlook

After the 21st game day in the Bundesliga, Hertha BSC's team of licenced players ranked 15th. The previous plans for financial year 2020/2021 were revised. According to the current internal planning status, which includes additional transfer income, a net loss for the year of € 60.3 million is expected.

The management of Hertha BSC GmbH & Co. KGaA has made conservative estimates for the years 2021/2022 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 sponsoring area.

With the main sponsor Homeday, the equipment supplier NIKE and the sleeve logo partner Hyundai, Hertha BSC has three very strong partners on its side.

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

With the buy-in of the investor, the subsidiary Hertha BSC GmbH & Co. KGaA succeeded in significantly improving the equity situation of the Company and the Group. The inflow of funds will reduce the financial liabilities in the medium term and investments will be made in the licenced player team and the infrastructure. In addition, the negative economic impact of the COVID-19 pandemic has been mitigated.

Group management report for the period from 1/7/2020 - 31/12/2020

Management assumes that the development of the Hertha BSC Group will continue to be successful 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. We intend to reinforce the basis for positive development by adjusting the Company's strategic orientation. 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, 19 February 2021

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

Carsten Schmidt

- Chairman of the Management Board -

Ingo Schiller

- Managing Director -

Independent Auditor's Report

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

Opinions

We have audited the consolidated interim financial statements of Hertha BSC GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA), Berlin, and its subsidiaries (the Group), comprising the consolidated balance sheet as of 31 December 2020, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the period from 1 July 2020 to 31 December 2020, as well as the notes to the consolidated interim 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 2020 to 31 December 2020.

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

- the accompanying consolidated interim 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 31 December 2020 and of its results of operations for the period from 1 July 2020 to 31 December 2020 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 interim 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 interim financial statements and the Group management report.

Basis for our opinions

We conducted our audit of the consolidated interim 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 interim 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 interim financial statements and on the Group management report.

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

The legal representatives are responsible for the preparation of the consolidated interim 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 interim 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 interim financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated interim 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 interim 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 accounting process, the preparation of the consolidated financial statements and the Group management report.

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

Our objectives are to obtain reasonable assurance about whether the consolidated interim financial statements as a whole are free from material misstatement, whether due to fraud or error, 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 interim 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 interim 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 fraud or error and are considered material if, individually or in the aggregate, they could

Independent Auditor's Report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated interim 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 interim financial statements and of the Group management report, whether due to fraud or error, 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 fraud is higher than for one resulting from error, as fraud 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 interim 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 interim 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 overall presentation, structure and content of the consolidated interim financial statements, including the disclosures, and whether the consolidated interim financial statements present the underlying transactions and events in such a manner that the consolidated interim 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 interim 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 interim financial statements, its conformity with law and the view of the Group's position it provides.

Independent Auditor's Report

- 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, 24 February 2021

Mazars GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft [*German public audit firm*]

Steuerberatungsgesellschaft [*German tax consulting firm*]



Udo Heckeler
Certified Public Accountant



Marko Pape
Certified Public Accountant

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

1. Scope of application

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

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

2. Scope and execution of the engagement

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

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

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

3. The obligations of the engaging party to cooperate

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

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

4. Ensuring independence

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

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

5. Reporting and oral information

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

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

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

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

7. Deficiency rectification

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

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

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

8. Confidentiality towards third parties, and data protection

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

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

9. Liability

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

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

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

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

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

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

10. Supplementary provisions for audit engagements

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

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

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

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

11. Supplementary provisions for assistance in tax matters

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

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

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

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

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

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

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

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

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

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

12. Electronic communication

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

13. Remuneration

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

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

14. Dispute Settlement

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

15. Applicable law

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