

REPORT OF THE SUPERVISORY BOARD

Borussia Dortmund GmbH & Co. KGaA looks back on an eventful 2016/2017 financial year. From an athletic perspective, the team achieved a major objective for the season by directly qualifying for the group stage of the 2017/2018 UEFA Champions League, and on the domestic stage clinched another title win in the prestigious DFB Cup. Regrettably, a quarter-final defeat saw the team knocked out of the UEFA Champions League. However, the team's performance on the pitch was overshadowed by an abhorrent attack targeting the Borussia Dortmund bus on the evening of 11 April 2017 as the team was preparing to play the first leg of this quarter-final fixture in Dortmund. The attack was intended to kill, and we consider it "luck" that the only injury suffered was the one to Marc Bartra's arm. Even though the wounds have healed, the impact of the attack is still being felt. The Supervisory Board believes that the management handled this event and its fallout in an exemplary manner. Our thanks also go to the law enforcement agencies for their rapid investigation and the arrest of a suspect. The Supervisory Board hopes that a swift return to normal will continue to be possible in other respects. The Supervisory Board also discussed HR issues associated with the coach. Looking back over his two years as coach, it was agreed that Thomas Tuchel and the club would part ways early at the end of May 2017. The Supervisory Board fully and unanimously supports the decision of the management and the coaching staff. Despite this, we thank Thomas Tuchel and the coaches leaving with him for their work at the club. New head coach Peter Bosz was signed from 1 July 2017, filling the vacant position with a talented coaching personality and meaning that the club and fans alike can look forward to the new season with eager anticipation. Given the circumstances described above, the 2016/2017 financial year was satisfactory from a financial perspective. Consolidated revenue increased by 7.8% to a record-high EUR 405.7 million (previous year: EUR 376.3 million). Adjusted for transfers, consolidated revenue rose by 16.8% to

a new high of EUR 328.4 million (previous year: EUR 281.3 million). In the financial year ended, consolidated net profit after taxes amounted to EUR 8.2 million (previous year: EUR 29.4 million), which was reflected in the results of operations in Borussia Dortmund GmbH & Co. KGaA's single-entity financial statements. The Company generated net income for the year after taxes of EUR 6.3 million (previous year: EUR 28.3 million). The Supervisory Board is therefore extremely pleased to report that it and the general partner will, for the sixth consecutive year, propose to the Annual General Meeting in November 2017 that it resolve to distribute a dividend using the net profit.

SUPERVISORY BOARD ACTIVITY, MEETINGS

In the 2016/2017 financial year, the Supervisory Board closely monitored the status and development of the Company and the Group. It exercised all of the rights and duties incumbent upon it by virtue of the law and the Articles of Association.

The Supervisory Board met four times during the 2016/2017 financial year (on 8 September 2016, 21 November 2016, 7 March 2017 and 22 May 2017). In addition, one resolution was circulated and adopted by the Supervisory Board without holding a meeting. All members of the Supervisory Board attended more than half of the meetings (at an attendance rate of approximately 86%), with the exception of Mr Bjørn Gulden, who was only able to attend half of the Supervisory Board meetings. All resolutions were adopted in accordance with the provisions of the Articles of Association and the relevant law. All issues are deliberated and all resolutions are passed by the full Supervisory Board; the Supervisory Board has not formed any committees.

During the reporting period, the Supervisory Board received regular, timely and comprehensive

oral and written reports from the management within the meaning of § 90 of the German Stock Corporation Act (*Aktiengesetz*, "AktG"). These reports focused on the development of the business, the Company's and the Group's liquidity, earnings and financial position, corporate planning (specifically, financial, investment and personnel planning), the risk position and risk management within the Company and the Group as well as strategic issues. Moreover, the Supervisory Board received written reports in the intervals between its meetings. These reports and the subsequent discussion and verification thereof also dealt with the interim financial reports (i.e., the half-yearly financial report and quarterly financial reports). Moreover, the Chairman of the Supervisory Board was in regular contact with the management outside of meetings; he was kept regularly apprised of current developments in the business and major business transactions and advised on strategic and budgetary issues as well as the Company's business development, risk position, risk management and compliance issues. The management fulfilled its duty to keep the Supervisory Board informed in a complete, continuous and timely manner.

The Supervisory Board advised and monitored the general partner and its managing directors on the management of the Company. The reports of the management and the Supervisory Board's enquiries and deliberations formed a basis for this function. The Supervisory Board considers the management of the Company to be in compliance with the law and in proper order, it deems the internal control system, risk management system and internal audit system to be effective, and attests to the Company's corporate organisation and economic viability. Reports and consultations also concerned issues relating to athletic performance, the EU reforms to statutory audit of financial statements and their transposition into German law, in particular by means of the German Audit Reform Act (*Abschlussprüfungsreformgesetz*, "AReG"),

including the resolutions that the Supervisory Board will have to adopt in connection with this, as well as the management's intended stipulations regarding the proportion of women on the two management levels below the general partner.

In addition, the Supervisory Board reviewed the amendments to its rules of procedure, the accounting and financial reporting, stipulation of the target proportion of women on the Supervisory Board and the timeline for achieving that objective, and the preparations for the Annual General Meeting in the previous year. Part of this review involved ascertaining the independence of the auditor, taking into consideration the additional services rendered by it, prior to resolving to propose it for election. The Supervisory Board's activities also covered the terms of engagement and the fee agreement, the audit focal points and engaging the auditor elected by the previous year's Annual General Meeting.

2016/2017 ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

The annual financial statements for Borussia Dortmund GmbH & Co. KGaA and the consolidated financial statements as at 30 June 2017 and the management report for the Company and the Group management report (each of which comprising the explanatory report on disclosures made pursuant to § 289 (4) and § 315 (4) of the German Commercial Code (*Handelsgesetzbuch*, "HGB") in the version pursuant to Art. 80 of the German Introductory Act to the German Commercial Code (*Einführungsgesetz zum Handelsgesetzbuch*, "EGHGB")) were prepared and submitted in due time by the management and were audited, along with the bookkeeping system by the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Dortmund, in accordance with the statutory provisions, and were each issued an unqualified audit opinion. With respect to the risk early warning system, the

auditor found that the management had taken the appropriate measures as required under § 91 (2) AktG, particularly with respect to establishing a monitoring system suited towards identifying risks early on which may jeopardise the Company as a going concern.

The annual and consolidated financial statements, the management report for the Company and the Group management report containing the risk report and the corresponding audit reports were submitted to all members of the Supervisory Board in due time. These documents were discussed in detail, explained and reviewed by the Supervisory Board at a meeting on 11 September 2017, with the management and the auditors attending. At that meeting, the auditors reported on and discussed the key findings of their audit, including those relating to the accounting-related internal control and risk management system. The auditor and the management responded to questions raised by the Supervisory Board.

The Supervisory Board concurred with the auditors' findings and, subsequent to its own review work, did not raise any objections. At its meeting on 11 September 2017, the Supervisory Board approved the annual financial statements of Borussia Dortmund GmbH & Co. KGaA as at 30 June 2017 as well as the consolidated financial statements as at 30 June 2017.

Moreover, the Supervisory Board performed its own review of the report on relationships with affiliated companies (dependent company report) for the 2016/2017 financial year prepared by the general partner pursuant to § 312 AktG. The dependent company report was also audited by the auditor, who issued the following opinion:

"Having conducted a proper audit and assessment, we hereby confirm that

1. the factual information in the report is correct
2. the consideration paid by or to the Company in connection with the legal transactions listed in the report was not inappropriately high."

The auditor's report on the audit of the dependent company report had also been submitted to the Supervisory Board. These documents were discussed and reviewed by the Supervisory Board at the aforementioned meeting, with the auditor and the management in attendance. Upon concluding its review, the Supervisory Board did not raise any objections to the declaration by the general partner at the conclusion of the dependent company report. The Supervisory Board noted with approval the findings of the audit of the dependent company report by the auditor.

The Supervisory Board proposes to the Annual General Meeting that the annual financial statements as at 30 June 2017 be adopted. At its meeting on 11 September 2017, the Supervisory Board discussed and reviewed the proposal for the appropriation of net profits by the general partner, taking into account the interests of the limited liability shareholders and the position of the Company, namely the financial and capital structure; the Supervisory Board approved the management's proposal to the Annual General Meeting that it resolve to use the net retained profits of EUR 6,338,926.62 for financial year 2016/2017 to distribute a dividend of EUR 0.06 per share carrying dividend rights (totalling EUR 5,518,866.00) and to transfer the remainder (EUR 820,060.62) to other revenue reserves.

Moreover, the Supervisory Board proposes ratifying the actions of the general partner, Borussia Dortmund Geschäftsführungs-GmbH, for the 2016/2017 financial year.

CORPORATE GOVERNANCE

The Supervisory Board and the management of the general partner also dealt with issues of corporate governance during the reporting period. The Supervisory Board also assessed the efficiency of its work, namely the frequency of its meetings and their preparation and conduct, as well as the flow of information. The current Declaration of Conformity was adopted at the same time as the resolution on this report and relates to the German Corporate Governance Code in the currently applicable version dated 07 February 2017. The full declaration is permanently available online at <http://aktie.bvb.de/eng>, under "Corporate Governance". Additional disclosures and explanations in this regard are made in accordance with section 3.10 of the Code in connection with the corporate governance declaration.

PERSONNEL MATTERS

There were no changes in the composition of the Supervisory Board or the management of the general partner in financial year 2016/2017 as against the previous year.

The Supervisory Board would like to express its gratitude to the management, the Works Council and all employees for their enduring commitment and hard work.

The Supervisory Board also wishes to thank Borussia Dortmund's business partners, shareholders and fans for their trust.

Dortmund, 11 September 2017

The Supervisory Board



Gerd Pieper
Chairman