

REPORT OF THE SUPERVISORY BOARD

Borussia Dortmund GmbH & Co. KGaA looks back on an unprecedented, difficult and challenging 2019/2020 financial year.

From mid-March 2020, the Company's income and earnings were shaped by the severe restrictions on public life imposed in response to the COVID-19 pandemic and the massive impact this has had on the economy. Consequently, the consolidated revenue growth of 6.3% generated by the Company in the first nine months was wiped out in the final three months of the 2019/2020 financial year as revenue declined by more than 25% compared to the prior-year quarter, accompanied by a major drop in earnings.

On the pitch, Borussia Dortmund again chalked up a second-place finish in the Bundesliga to once more qualify directly for the group stage of the UEFA Champions League in the 2020/2021 season. Even though the team's DFB Cup exit no doubt came far too early, an extraordinary debt of gratitude is owed to the sporting director and his team as well as coach Lucien Favre and his staff for having brought the 2019/2020 season to a satisfactory conclusion under such difficult conditions.

In economic terms, the COVID-19 pandemic left a mark on the past financial year. In the 2019/2020 financial year (1 July 2019 to 30 June 2020), Borussia Dortmund generated consolidated total operating proceeds (revenue plus gross transfer proceeds generated) of EUR 486.9 million (previous year: EUR 489.5 million). Borussia Dortmund's consolidated revenue remained virtually level at EUR 370.2 million (previous year: EUR 370.3 million). Net transfer income, which comprises gross transfer proceeds less residual carrying amounts and transfer costs, amounted to EUR 40.2 million (previous year: EUR 82.9 million). Consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 63.0 million in the past financial year (previous year: EUR 116.0 million), consolidated earnings before taxes (EBT) amounted to EUR -46.6 million (previous year: EUR 21.8 million), and the consolidated net loss

amounted to EUR 44.0 million (previous year: profit of EUR 17.4 million). In the separate financial statements of Borussia Dortmund GmbH & Co. KGaA prepared in accordance with the German Commercial Code (HGB), the Company reported a net loss for the year/net accumulated losses of EUR 49.7 million. Given the current earnings situation, after eight consecutive years of dividend payments this is the first time there will be no recommendation for the 2020 Annual General Meeting to distribute a dividend.

The management and entire staff of Borussia Dortmund have channelled tremendous efforts into managing the impact of the COVID-19 pandemic and readying the Company for the start of the new 2020/2021 season. The Supervisory Board wishes to thank them all sincerely for their sterling work. We owe it to their efforts that the Company's operations will continue during the season despite the ongoing pandemic, even if to begin with some matches may still have to be played to empty stadiums. Due to the positive results of operations in recent financial years and in the period leading up to the outbreak of the COVID-19 pandemic, the sufficient level of consolidated equity available and the Company's long-term focus, Borussia Dortmund considers itself prepared to handle the losses sustained in financial year 2019/2020.

Supervisory Board activity, meetings

In the 2019/2020 financial year, the Supervisory Board closely monitored the status and development of the Company and the Group, in particular also in light of the COVID-19 pandemic. 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 five times during the 2019/2020 financial year (on 28 August 2019, 9 September 2019, 25 November 2019, 9 March 2020 and 29 June 2020), most recently in virtual form as (video) conference calls due to the COVID-19 pandemic. Attendance at the meetings was as follows in the reporting period:

- Mr Gerd Pieper, Mr Bernd Geske, Dr Reinhold Lunow, Mr Peer Steinbrück and Ms Silke Seidel attended all five meetings (100% attendance rate in each case).
- Following his election to the Supervisory Board on 25 November 2019, Mr Bodo Löttgen attended both of the subsequent meetings (100% attendance rate).
- Mr Bjørn Gulden and Mr Ulrich Leitermann each attended four meetings and sent their apologies in one instance (80% attendance rate).
- Mr Christian Kullmann attended three meetings and sent his apologies for two (60% attendance rate).

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, with the impact of the COVID-19 pandemic addressed as a specific focus from March 2020 onwards. 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 (including with respect to the COVID-19 pandemic)

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 concerned in particular athletic performance in the 2019/2020 season.

In the reporting period, the Supervisory Board also adopted resolutions on commissioning an external assurance engagement on the Company's separate non-financial Group report for financial year 2019/2020 (§ 111 (2) sentence 4 in conjunction with § 278 (3) AktG) and in connection with the request for proposals relating to the audit of the annual and consolidated financial statements for the 2019/2020 financial year in accordance with the EU Statutory Audit Regulation. In addition, the Supervisory Board reviewed the accounting and financial reporting 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.

2019/2020 Annual and Consolidated Financial Statements

The annual financial statements for Borussia Dortmund GmbH & Co. KGaA and the consolidated financial statements as at 30 June 2020 and the management report for the Company and the Group management report (each of which comprising the explanatory report on disclosures made pursuant to

§ 289a (1) and § 315a (1) of the German Commercial Code (*Handelsgesetzbuch*, "HGB") in the version pursuant to Article 83 (1) sentence 2 of the 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 ("KPMG"), 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 7 September 2020, 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 7 September 2020, the Supervisory Board approved the annual financial statements of Borussia Dortmund GmbH & Co. KGaA as at 30 June 2020 as well as the consolidated financial statements as at 30 June 2020.

Moreover, the Supervisory Board performed its own review of the report on relationships with affiliated companies (dependent company report) for the 2019/2020 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 Borussia Dortmund Group is also required to prepare a separate report on the non-financial aspects of its activities for the 2019/2020 financial year. In line with the statutory options and as in the two preceding financial years, the general partner has chosen to prepare a separate non-financial Group report pursuant to § 315b (3) HGB that is not part of the Group management report, and to make this permanently available on the Company's website. The Supervisory board engaged KPMG to provide limited assurance over the separate Group non-financial statement. KPMG issued a limited assurance report based on this engagement. This means that, based on the work it performed and the evidence it obtained, nothing had come to KPMG's attention that caused it to believe that the separate non-financial Group report for the period from 1 July 2019 to 30 June 2020 had not been prepared, in all material respects, in accordance with § 315b and § 315c, in conjunction with § 289c to § 289e HGB. The separate non-financial Group report and the review report prepared by KPMG were presented to the Supervisory Board. After

discussing the topic at its meeting convened to approve the financial statements on 7 September 2020, the Supervisory Board concurred with the findings of KPMG's limited assurance engagement and raised no objections to the separate non-financial Group report based on the findings of its own review.

The Supervisory Board proposes to the Annual General Meeting that the annual financial statements as at 30 June 2020 be adopted. In the annual financial statements (separate financial statements) prepared in accordance with German commercial law (HGB) as at 30 June 2020, the Company reported a net loss for the year/net accumulated losses of EUR 49.7 million. This earnings situation means that the general partner and the Supervisory Board are not able to make a proposal to the Annual General Meeting on the appropriation of net profit, or to recommend that it resolve to distribute a dividend.

Moreover, the Supervisory Board proposes ratifying the actions of the general partner, Borussia Dortmund Geschäftsführungs-GmbH, for the 2019/2020 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 members of the Supervisory Board were and are provided with appropriate assistance upon taking up their positions and when participating in further or continuing education. In particular, all members of the Supervisory Board can inspect the Company's athletic, training and other facilities and match operations, and (from September 2020 onwards) are provided with a trade journal (including online content) for educational purposes. 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 new version dated 16 December 2019, which has been binding since its publication in the Federal Gazette (*Bundesanzeiger*) on 20 March 2020. 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 the corporate governance declaration.

Personnel matters

Member and Deputy Chairman of the Supervisory Board Dr Werner Müller passed away on 15 July 2019 at the age of 73. Borussia Dortmund mourns the loss of a major force in its organisation. We will honour Dr Müller's memory.

In its meeting on 28 August 2019, the Supervisory Board appointed Mr Christian Kullmann to succeed him as Deputy Chairman.

The Annual General Meeting on 25 November 2019 elected Mr Bodo Löttgen as a new member of the Supervisory Board to replace the late Dr Müller for the remainder of his term of office (until the end of the 2020 Annual General Meeting).

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, particularly when faced with the massive challenges posed by the COVID-19 pandemic.

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

Dortmund, dated 7 September 2020

The Supervisory Board



Gerd Pieper
Chairman