

## **REPORT OF THE SUPERVISORY BOARD**

Borussia Dortmund GmbH & Co. KGaA ("Borussia Dortmund", "BVB" or the "KGaA") looks back on a chequered and another challenging financial year in 2021/2022.

Borussia Dortmund brought its third "COVID" season to a close on a sound financial footing with no need to incur new debt.

Without doubt a key milestone was the capital increase by means of a rights issue, which was announced on 16 September 2021 and successfully concluded on 5 October 2021 with all shares fully placed. A total of 18,396,220 new shares at a subscription ratio of 5:1 were offered for EUR 4.70 per share. 91.6% of all subscription rights were exercised, and the new shares not covered by subscription rights were allotted to a small group of investors. The number of shares was increased to a total of 110,396,220.

This financial stability is undoubtedly a stand-out feature for Borussia Dortmund in European club football and something we can be proud of. Nonetheless, Borussia Dortmund's financial performance this 2021/2022 financial year was again severely impacted by the COVID-19 pandemic and the restrictions on public life imposed in its wake. In addition, Russia's invasion of Ukraine in early 2022 and the first noticeable effects of the war on the global economy, rising inflation and adjustments to interest rate policy have also changed the economic conditions and made things more difficult, which first and foremost adversely affected BVB's share price. In this context there is at least some consolation in the fact that BVB shares were "in good company", with national and international share indices also affected.

By again directly qualifying for the group stage of the UEFA Champions League in the 2022/2023 season, the club achieved one of its key goals in the Bundesliga. By contrast, 15 defeats across all competitions and a total of 52 goals conceded in the Bundesliga alone was not a satisfactory record. The team's early elimination from national and international cup competitions also did not meet our expectations. After conducting their end-of-season analysis, the sports management team was not convinced that head coach Marco Rose and his assistants were still the right fit for the club. As such, Marco Rose was replaced by Edin Terzić, who will coach Borussia Dortmund's senior team from the 2022/2023 season onwards. But the club also enjoyed success elsewhere on the pitch, as the U19 team triumphantly defended its league title. This squad, with its many talented German and international players, is laying the foundation for Borussia Dortmund's future.

The economic impact of the COVID-19 pandemic this past financial year was again considerable. In the 2021/2022 financial year (1 July 2021 to 30 June 2022), Borussia Dortmund generated revenue of EUR 351.6 million (previous year: EUR 334.2 million). Consolidated total operating proceeds (revenue plus gross transfer proceeds generated) amounted to EUR 456.9 million (previous year: EUR 358.6 million). In the financial year ended, the consolidated net loss amounted to EUR 35.1 million (previous year: loss of EUR 72.8 million). Consolidated earnings before taxes (EBT) amounted to EUR -33.4 million (previous year: EUR -73.2 million); consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 80.8 million (previous year: EUR 39.0 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 of EUR 35.4 million. In light of this earnings situation, it is not possible to propose a dividend distribution to the 2022 Annual General Meeting. However, due to the sufficient level of consolidated equity available and the Company's long-term focus, Borussia Dortmund is able to shoulder the losses sustained in financial year 2021/2022. However, as we look to the 2022/2023 season, everything is pointing to the fact that things will begin to return to normal as spectators are allowed back into stadiums.

### **Composition and activities of the supervisory board and audit committee**

The members of the Supervisory Board during the reporting period were Mr Gerd Pieper (member and Chairman of the Supervisory Board until 24 September 2021), Mr Christian Kullmann (Deputy Chairman of the Supervisory Board until 24 September 2021, Chairman of the Supervisory Board from 25 September 2021), Mr Ulrich Leitermann (Deputy Chairman of the Supervisory Board from 25 September 2021), Ms Judith Dommermuth, Ms Silke Seidel, Mr Bernd Geske, Mr Björn Gulden, Mr Bodo Löttgen and Dr Reinhold Lunow. In addition, Prof. Bernhard Pellens was newly appointed to the Supervisory Board by the Annual General Meeting on 2 December 2021.

In the 2021/2022 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.

Seven meetings of the full Supervisory Board were held in financial year 2021/2022 (on 16 September 2021, 20 September 2021, 5 October 2021, once before and once after the Annual General Meeting on 2 December 2021, on 22 March 2022 and on 16 May 2022). Of these, two meetings (on 16 September 2021 and 5 October 2021) were held in virtual form as video and conference calls, two were held in person (before and after the Annual General Meeting on 2 December 2021) and the remaining three were held in hybrid form (some members present in person and some attending by video/conference call).

Furthermore, written resolutions were circulated and adopted by the Supervisory Board on three occasions: firstly, on 27 July 2021 and 10 September 2021 in the context of the request for proposals relating to the audit of the annual and consolidated financial statements for financial year 2021/2022 and then on 3 February 2022 in the context of reducing the Company's overdraft facilities.

All resolutions were adopted in accordance with the provisions of the Articles of Association and the relevant law.

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"). The Supervisory Board reviewed the reports submitted to it for plausibility, and, where necessary, discussed them with the management. These reports focused on the development of the business, the 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, the implementation of capital increase I/2021, including granting subscription rights for existing shareholders, by using Authorised Capital 2020 (representing the reason for and focus of the Supervisory Board meetings on 16 September 2021 and 5 October 2021), the request for proposals relating to the audit of the annual and consolidated financial statements for financial year 2021/2022 (representing the reason for and focus of circulating the written resolutions on 27 July 2021 and 10 September 2021) and strategy topics, in each case with a specific focus on the effects of the COVID-19 pandemic.

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, including in matters relating to sustainability. 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 2021/2022 season and the reforms introduced by the German Act to Strengthen Financial Market Integrity (*Finanzmarktintegritätsstärkungsgesetz*, "FISG").

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 2021/2022 (§ 111 (2) sentence 4 in conjunction with § 278 (3) AktG).

In addition, during the reporting year, the Supervisory Board reviewed the accounting and financial reporting and preparations for the Annual General Meeting in the previous year, specifically its proposals for resolutions and nominations for election for this Annual General Meeting and its approval of the general partner's decision to hold the 2021 Annual General Meeting in virtual form. 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.

The Supervisory Board established an audit committee with effect as at 3 December 2021. In the reporting period, its members were Prof. Bernhard Pellens as Chairman of the Committee, Mr Ulrich Leitermann as Deputy Chairman, and Ms Silke Seidel.

The Audit Committee performed the tasks entrusted to it by law and by resolution of the Supervisory Board. It held two in-person meetings in the reporting period of the 2021/2022 financial year (on 4 March 2022 and 9 May 2022). The focal points and subject matter of the meetings were the half-yearly and quarterly financial reports, acceptance of the report by Deloitte GmbH Wirtschaftsprüfungsgesellschaft on the review of the half-yearly financial report for 2021/2022, determining the audit focal points for the audit of the annual and consolidated financial statements for financial year 2021/2022, the risk management in financial year 2021/2022 (including an outlook on the anticipated effects of applying IDW AuS 340 (revised version) for the first time as at 30 June 2022), updates on the improvements being made in the risk and compliance management system, the internal control system and internal audit, in particular on the launch of a whistleblower system, and the independence of the auditor and the quality of the audit of the financial statements. In this connection, the Committee circulated and adopted a written resolution on 21 January 2022 pre-approving the non-audit services provided by the auditor in accordance with Article 5(4) of the EU Statutory Audit Regulation and § 319a (3) of the German Commercial Code (*Handelsgesetzbuch*, "HGB") in the version still applicable for financial year 2021/2022. The managing director of the general partner responsible for financial affairs, representatives of the auditor and managers from the Company's respective corporate divisions were on hand to present reports and answer questions on individual matters discussed at Committee meetings. The Chairman of the Committee maintained regular contact with the representatives of the auditor on the progress made in the audit and reported back to the Committee on this subject. He also reported on the work of the Audit Committee at each subsequent meeting of the Supervisory Board. In addition, the Supervisory Board received recommendations for resolutions from the Committee within the scope of its assigned areas of responsibility.

## **2021/2022 Annual and Consolidated Financial Statements**

The annual financial statements for Borussia Dortmund GmbH & Co. KGaA and the consolidated financial statements as at 30 June 2022 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 and § 315a HGB) were prepared and submitted in due time by the management of the general partner and were audited, along with the bookkeeping system by the auditor, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf ("Deloitte"), 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 and the remuneration report for the reporting period were deliberated in detail, discussed and reviewed in the presence of representatives of the auditor at a meeting of the Audit Committee on 6 September 2022 and by the Supervisory Board at its meeting on 26 September 2022. 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.

The Supervisory Board concurred with the auditors' findings and, subsequent to its own review work prepared by the Audit Committee of the Supervisory Board, did not raise any objections. After an appropriate review, this also included the remuneration report in accordance with § 162 in conjunction with § 278 (3) AktG for the reporting period. At its meeting on 26 September 2022, the Supervisory Board approved the annual financial statements of Borussia Dortmund GmbH & Co. KGaA as at 30 June 2022 as well as the consolidated financial statements as at 30 June 2022.

Moreover, the Supervisory Board – on the basis of the work of its Audit Committee – performed its own review of the report on relationships with affiliated companies (dependent company report) for the 2021/2022 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 and prior to that by its Audit Committee at the aforementioned meetings, 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 2021/2022 financial year. In line with the statutory options and as in the three 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 Deloitte to provide limited assurance over the separate non-financial Group report. Deloitte 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 Deloitte's attention that caused it to believe that the separate non-financial Group report for the period from 1 July 2021 to 30 June 2022 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 Deloitte were presented to the Supervisory Board and its Audit Committee. After discussing the topic at its meeting convened to approve the financial statements on 26 September 2022 and the meeting of the Audit Committee held in advance on 6 September 2022 to prepare for that discussion, the Supervisory Board concurred with the findings of Deloitte'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 2022 be adopted. In the annual financial statements (separate financial statements) prepared in accordance with German commercial law (HGB) as at 30 June 2022, the Company reported a net loss for the year of EUR 35,376,227.11. 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 2021/2022 financial year.

### **Corporate governance**

With the exception of five absences, all members of the Supervisory Board attended all Supervisory Board meetings and all members of the Audit Committee attended all Audit Committee meetings. After rounding, the attendance rate amounts to 92.5%. The attendance of individual members at meetings was as follows:

- Ms Judith Dommermuth, Ms Silke Seidel, Mr Bernd Geske, Mr Bjørn Gulden, Mr Christian Kullmann and Dr Reinhold Lunow all attended seven meetings of the Supervisory Board and Ms Silke Seidel attended both meetings of the Audit Committee (100% attendance rate).
- Following his election to the Supervisory Board on 2 December 2021, Prof. Bernhard Pellens attended all three subsequent meetings of the Supervisory Board and both meetings of the Audit Committee (100% attendance rate).
- Mr Bodo Löttgen attended six of seven meetings of the Supervisory Board (85.7% attendance rate).
- Mr Ulrich Leitermann attended five of the seven meetings of the Supervisory Board and both meetings of the Audit Committee (77.8% attendance rate).
- Until leaving office for health reasons with effect as at the end of 24 September 2021, Mr Gerd Pieper had been unable to attend the two meetings held prior to that date (0% attendance rate).

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 met regularly without the members of the general partner's management in the reporting period. With respect to the audit of the financial statements for financial year 2021/2022, the Audit Committee also consulted with the representatives of the auditor without the presence of members of the general partner's management.

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, which they are generally required to perform on their own responsibility. For example, the Company offered an educational event for the Supervisory Board in the reporting period on the topics of "Analysing the German Act to Strengthen Financial Market Integrity (FISG), with a particular focus on establishing an audit committee", and "Changes in the German Corporate Governance Code, in particular discussion of a preliminary draft of the September 2021 Declaration of Conformity". All members of the Supervisory Board were 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 version dated 28 April 2022, which was published in the Federal Gazette (*Bundesanzeiger*) on 27 June 2022. The full

declaration is permanently available online at <http://aktie.bvb.de/eng>, under "Corporate Governance". Additional information and explanations can be found in the corporate governance declaration, which is also permanently published on the Company's website.

### **Personnel matters**

On 26 August 2021, Mr Gerd Pieper, who joined the Supervisory Board on 25 November 2003 and became its chairman on 2 November 2004, resigned from the Supervisory Board for health reasons, effective as at the end of 24 September 2021. The Supervisory Board, but also the entire club, owes a deep debt of gratitude to Gerd Pieper. He took office at a difficult time during the club's economic crisis of 2004/2005. He selflessly put himself forward for office on the Supervisory Board, and subsequently as Chairman, at this incredibly difficult time for Borussia Dortmund. For almost two decades, Gerd Pieper championed our Company with great personal commitment. He did this in his prudent and level-headed manner, giving counsel and always listening to others. He was a key facilitator in the economic restructuring and the ultimately successful efforts to return our Company to a sound financial footing. As a consummate BVB man, it was good fortune and sheer delight for him that his time in office coincided with a period that was not just dominated by business concerns but also by great success on the pitch (the 2011 league title, the domestic double in 2012, the Champions League final at Wembley in 2013 and victories in the DFB Cup in 2017 and 2021 to name just a few). *"It was both an honour and a pleasure for me to serve Borussia Dortmund over this long period. With my health as it is at the moment*

*and aware as I am of the responsibility inherent in the offices I hold, I am now forced to step down unexpectedly and prematurely. I would like to thank all of the members, fans, business partners and limited liability shareholders – and the management, all members of the committees and all of the employees here at Borussia Dortmund for the trust they have shown in me. Rest assured that as I move on to this new phase in my life one thing will always ring true: Once a BVB man, always a BVB man!"* said Gerd Pieper in a press release announcing his decision to step down.

Consequently, at its meeting on 20 September 2021, the Supervisory appointed Mr Christian Kullmann, who had been the Deputy Chairman since the end of August 2019, as Chairman of the Supervisory Board and Mr Ulrich Leitermann as

Deputy Chairman of the Supervisory Board, in each case with effect from 25 September 2021. As already stated in the introduction, the Annual General Meeting on 2 December 2021 resolved to appoint Prof. Bernhard Pellens as a new member of the Supervisory Board to fill the position left vacant by Mr Pieper.

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.

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Dortmund, 26 September 2022

The Supervisory Board



Christian Kullmann  
Chairman of the Supervisory Board