



# GROUP MANAGEMENT REPORT

Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund



**GROUP MANAGEMENT REPORT Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund  
for the financial year from 1 July 2019 to 30 June 2020**  
(hereinafter also "Borussia Dortmund" or the "Group")

**BUSINESS TREND**

**LOOKING BACK ON FINANCIAL YEAR 2019/2020**

**Athletic Performance**

**COVID-19 pandemic**

Match operations in the first and second Bundesliga divisions were suspended from 13 March to mid-May 2020 on account of the COVID-19 pandemic. After DFL Deutsche Fußball Liga GmbH had submitted a hygiene and safety concept, the minister presidents of the federal states resolved on 6 May 2020 to allow match operations in the first and second Bundesliga divisions to resume behind closed doors. Borussia Dortmund resumed action on 16 May 2020, facing FC Schalke 04 in a local derby, before playing all nine outstanding matches of the current season by 27 June 2020.

**Bundesliga**

Borussia Dortmund chalked up 69 points in the 2019/2020 Bundesliga season to once again finish in second place behind FC Bayern Munich, as had been the case in the previous year. As runners-up, Borussia

Dortmund qualified directly for the group stage of the UEFA Champions League in the 2020/2021 season as well as this year's DFL Super Cup.

**UEFA Champions League**

Borussia Dortmund advanced from the group stage to the round of 16 of the UEFA Champions League after finishing in second place in its group with three wins, one draw and two losses. Although Borussia Dortmund won the first leg against Paris Saint-Germain 2:1, the team was eliminated from the competition after losing the return match 0:2 in what was the club's first match behind closed doors of the season.

**DFB Cup**

After beating both KFC Uerdingen and Borussia Mönchengladbach, Lucien Favre's team lost 3:2 against Werder Bremen in the quarter finals on 4 February 2020.

**PERFORMANCE INDICATORS**

Various financial and non-financial indicators are used to measure performance. Borussia Dortmund uses these internally-defined performance indicators to guide its entrepreneurial actions and to select the focus of its internal reporting.



**DFL Supercup**  
3 August 2019  
BVB - Bayern München 2:0



**DFB cup 1<sup>st</sup> round**  
9 August 2019  
KFC Uerdingen - BVB 0:2

### Financial performance indicators

From a wide range of possible financial indicators, Borussia Dortmund focuses on those specific indicators that in the past few years were primarily used to steer the Company.

First and foremost is revenue. Management uses this indicator to internally manage the Company, knowing full well that this indicator alone is not sufficiently meaningful. Nevertheless, it provides a clear indication of the Company's economic strength, especially when compared against that of competitors or when monitoring the Company's long-term revenue trend.

A decision by the IFRS Interpretations Committee (IFRIC) states that transfer proceeds may no longer be recognised as revenue but instead must be netted against the corresponding transfer expenses – including where necessary any residual carrying amount of the respective player registration – and recognised in profit or loss as net transfer income. In light of this, the management has decided to introduce "consolidated total operating proceeds" as a new performance indicator reflecting the Group's earnings power and as a source of funding for ordinary activities. Consolidated total operating proceeds are calculated as total revenue plus the gross transfer proceeds generated.

The result from operating activities (EBIT) and net profit or loss for the year are also used to manage the Company. These financial performance indicators play a key role in preparing the budget for the coming financial year(s), in interim controlling with respect to the earnings performance and when looking back on a particular financial year.

Another key performance indicator is the operating result (EBITDA). This is due to the considerable level of investment activity and the associated increase in depreciation, amortisation and write-downs. As a result, EBITDA (EBIT adjusted for depreciation, amortisation and write-downs) has been selected to better benchmark the Company's annual performance.

These indicators are rounded out by cash flows from operating activities and free cash flow, both of which the Company uses for internal planning purposes. The presentation in the statement of cash flows was also adjusted in light of the aforementioned IFRIC decision: Instead of being recognised under cash flows from operating activities, transfer proceeds received are now reported net of any directly attributable payments made in connection with the respective transfer in the new "Net proceeds from transfers" item under cash flows from investing activities. The same applies to changes in receivables and liabilities from transfer deals. The change does not have any impact on the free cash flow.

Free cash flow is defined as cash flows from operating activities plus cash flows from investing activities and is a key indicator used to ensure that cash flows from operating activities are sufficient to cover investments. Because Borussia Dortmund's strategic objective is to maximize sporting success without incurring new debt, free cash flow is a key indicator for the club. In light of steadily growing transfer sums, free cash flow is thus becoming increasingly important. Furthermore, it is an indicator used to determine whether Borussia Dortmund has sufficient funds to finance the steady



1<sup>st</sup> match day  
17 August 2019  
BVB - FC Augsburg 5:1



2<sup>nd</sup> match day  
23 August 2019  
1. FC Köln - BVB 1:3

dividend payments to its shareholders. Therefore, Borussia Dortmund strives to continuously optimise free cash flow.

### **Non-financial performance indicators**

Borussia Dortmund's only non-financial performance indicator is the reach of its brand.

While it is impossible to measure the reach of Borussia Dortmund's brand, it is determined by a number of criteria that, when taken together, are representative of the brand's reach.

Some of these criteria are measurable, while others are not. Nevertheless, they are a reflection of the Company's appeal.

The number of criteria varies and they are thus exchangeable. While any one factor may be of relevance during a given season, this may not

necessarily be the case in subsequent years. New media in particular constantly provides new value drivers: for instance, the number of Facebook fans or page impressions represent relatively new indicators.

Measurable criteria include, for example, the number of season tickets sold, attendance figures and television broadcast hours.

Awards, surveys and studies represent possible criteria that cannot be measured quantitatively. Another "soft" criterion is the deliberate selection of sponsors whose products and brand images are aligned with the Borussia Dortmund brand.

Borussia Dortmund's decision-makers receive reports about all criteria on a regular basis. Furthermore, taken as a whole, these are an indicator of the success of the Company's strategic alignment.

## **DEVELOPMENT OF THE MARKET AND COMPETITIVE ENVIRONMENT**

### **Sponsorships**

Two new Champion Partners teamed up with Borussia Dortmund at the beginning of the 2019/2020 season: ESET spol. s.r.o. and comdirect bank AG. comdirect bank AG will be the club's official banking partner.

The agreements run until 30 June 2022 and 30 June 2023, respectively.

At the start of the 2019/2020 season, Borussia Dortmund also welcomed two new partners, the long-established German manufacturer of coffee products, Melitta Group Management GmbH & Co. KG, and the international cosmetics company, L'Oréal Deutschland GmbH.

In addition to these two new partners, the club also extended two existing partnerships: Coca-Cola European Partners Deutschland GmbH and MBG International Premium Brands GmbH (effect energy drink) renewed their sponsorship agreements and will remain Premium Partners until 2022.

The analogue advertising boards in the upper stands were replaced by the new digital boards at the start of the new season. These new boards give the club more sponsorship opportunities and also reduce the costs associated with preparing the stadium for international matches.



3<sup>rd</sup> match day  
31 August 2019  
Union Berlin - BVB 3:1



4<sup>th</sup> match day  
14 September 2019  
BVB - Bayer Leverkusen 4:0

Borussia Dortmund and PUMA International Sports Marketing B.V. extended their partnership through to 30 June 2028. Extending the existing cooperation is a milestone for Borussia Dortmund as it seeks to secure a permanent position among the leading clubs in the Bundesliga and the top 15 in Europe.

Borussia Dortmund will have two different kit sponsors for the 2020/2021 season: The team will wear kits bearing Evonik Industries AG's logo for all international club competitions, friendlies staged abroad and DFB Cup matches. For its Bundesliga matches, the team will wear kits bearing the logo of 1&1 Telecommunication SE.

The COVID-19 pandemic significantly impacted sponsoring at the end of the past season. Due to the suspension of match operations, Borussia Dortmund was unable to render all of its advertising services. The loyalty and tremendous willingness to compromise displayed by advertising partners has been particularly felt in these difficult economic times.

### Transfer deals

Five players left Borussia Dortmund during the 2019 summer transfer window:

Abdou Diallo moved to Paris Saint-Germain F.C. and Maximilian Philipp now plays for FC Dynamo Moscow. Alexander Isak and Shinji Kagawa also both left Borussia Dortmund and now ply their trade in Spain at Real Sociedad San Sebastián and Real Zaragoza, respectively.

Sebastian Rode permanently moved to Bundesliga rivals Eintracht Frankfurt after spending the second half of the past season on loan there.

Six other players left Borussia Dortmund on loan to other clubs: Jeremy Toljan plays for FC Sassuolo,

Ömer Toprak for SV Werder Bremen, Marius Wolf for Hertha BSC Berlin, Sergio Gómez for SD Huesca, Felix Passlack for Fortuna Sittard, and André Schürrle for FC Spartak Moscow. All loan agreements expire at the end of the 2019/2020 season.

Leading up to 30 June 2020, Borussia Dortmund agreed to again loan full-back Jeremy Toljan to U.S. Sassuolo, ranked twelfth in Italy's Serie A. This loan agreement includes a buy option, which will automatically apply once the loan expires if certain conditions are met.

Three players left Borussia Dortmund during the winter transfer window: Julian Weigl transferred to Benfica Lisbon, Paco Alcácer to Villarreal CF, and Jacob Bruun Larsen to Bundesliga rivals TSG Hoffenheim.

Borussia Dortmund decided to not renew its contract with Mario Götze, who will depart the club at the end of the current season.

Achraf Hakimi's loan spell will end on 30 June 2020, at which time he, too, will leave Borussia Dortmund.

### Capital expenditure

Borussia Dortmund signed six players during the summer transfer window:

Mats Hummels returned to Dortmund after three years at FC Bayern Munich. Borussia Dortmund also signed three other Bundesliga players: Nico Schulz from TSG Hoffenheim, Thorgan Hazard from Borussia Mönchengladbach and Julian Brandt from Bayer 04 Leverkusen.

BVB exercised the buy option in its loan agreement with FC Barcelona and initially signed centre-forward Paco Alcácer until 2023. The highly-rated youngster Mateu Morey also joined Borussia Dortmund on a free transfer from FC Barcelona.



1<sup>st</sup> match day UCL  
17 September 2019  
BVB - FC Barcelona 0:0



5<sup>th</sup> match day  
22 September 2019  
Eintracht Frankfurt - BVB 2:2

In January 2020, Borussia Dortmund signed the highly talented Norwegian striker Erling Braut Haaland until 2024. Emre Can also joined Borussia Dortmund, transferring from Juventus Turin and signing a contract until 30 June 2024.

Borussia Dortmund extended the contracts of Łukasz Piszczek and Roman Bürki. While Piszczek signed a one-year extension until 2021, Dortmund's goalkeeper Bürki extended his contract until 30 June 2023.

In June 2020, Borussia Dortmund announced that it had signed Thomas Meunier. The Belgium international leaves French champions Paris Saint-Germain for Dortmund, having signed a contract until 2024.

### **TV marketing**

Due to the interruption of the current season on account of the COVID-19 pandemic, the income accrued for the first 25 match days was calculated as at 31 March 2020 and the disbursement of funds was subsequently recalculated. This led to a decrease in income from domestic and international TV marketing. Likewise, the disbursement dates have also been postponed accordingly into the new season.

Since UEFA Champions League matches will be held well into August 2020, the funds for the past season also still need to be calculated and disbursed.

### **Match operations**

Borussia Dortmund continued to be hugely popular in the 2019/2020 season. The club virtually sold out

all eight of its Bundesliga and UEFA Champions League home matches open to spectators.

Borussia Dortmund again sold the most season tickets in the Bundesliga, at 55,500.

Due to the global COVID-19 pandemic, the Bundesliga suspended match operations for ten weeks from mid-March to mid-May 2020, at which point a strict hygiene concept was put in place and the season was played out behind closed doors.

### **Other**

Borussia Dortmund was the first club in the Bundesliga and the second in Europe to release its own documentary, Inside Borussia Dortmund. This four-part production was initially released via streaming service Amazon Prime Video before being serialised by public broadcaster WDR. The series gives fans around the world a unique look behind the scenes at Borussia Dortmund.

Borussia Dortmund invested in new flood lights to ensure that club is in line with the DFL's standards and that it meets UEFA's requirements for the 2024 European Championship.

Borussia Dortmund's third Sustainability Report was published on 31 October 2019 and can be accessed online at <http://verantwortung.bvb.de/2019/en/home-en/>.\*

In these turbulent times, Borussia Dortmund remains committed to continuity and extended the contract with its sporting director Michael Zorc early by a further year until 30 June 2022.

\* The content accessible via the link does not constitute part of this Group management report. In accordance with the statutory requirements, KPMG AG Wirtschaftsprüfungsgesellschaft has neither audited the cross-references nor the information to which the cross-references refer.



6<sup>th</sup> match day  
28 September 2019  
BVB - Werder Bremen 2:2



2<sup>nd</sup> match day UCL  
2 October 2019  
Slavia Prag - BVB 0:2

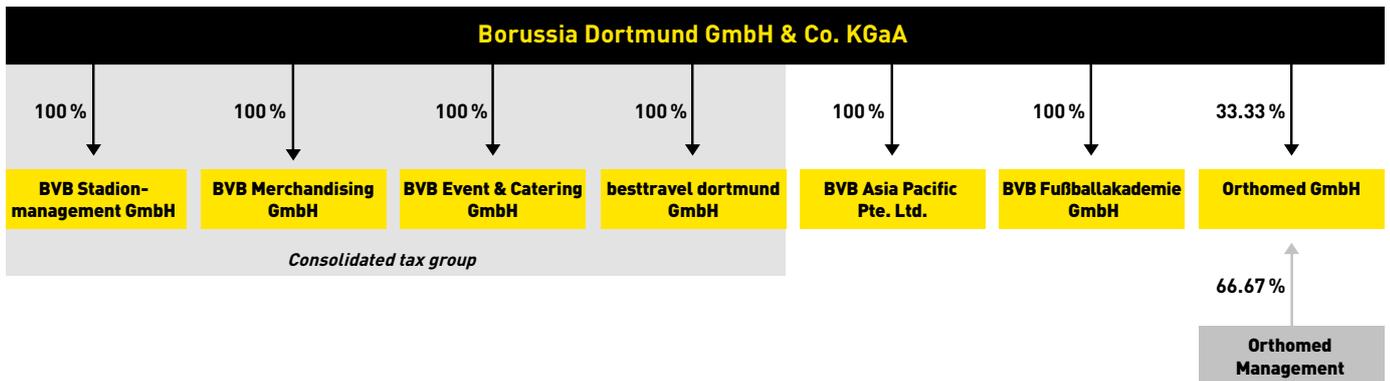
**GENERAL INFORMATION ABOUT THE COMPANY**

**GROUP STRUCTURE AND BUSINESS OPERATIONS**

In addition to its core activities of playing football and marketing SIGNAL IDUNA PARK, Borussia Dortmund has established football-related lines of business. The Company currently holds indirect and direct equity investments in the following companies: BVB Stadionmanagement GmbH (100.00%), BVB Merchandising GmbH (100.00%),

BVB Event & Catering GmbH (100.00%), BVB Asia Pacific Pte. Ltd. (100.00%), besttravel dortmund GmbH (100.00%), BVB Fußballakademie GmbH (100.00%) and Orthomed Medizinisches Leistungs- und Rehabilitationszentrum GmbH (Orthomed GmbH) (33.33%).

Some of these companies have concluded profit and loss transfer agreements with the parent.



7<sup>th</sup> match day  
5 October 2019  
Sportclub Freiburg - BVB 2:2



8<sup>th</sup> match day  
19 October 2019  
BVB - Bor. M'gladbach 1:0

**ORGANISATION OF MANAGEMENT AND CONTROL**

Borussia Dortmund Geschäftsführungs-GmbH, the general partner of Borussia Dortmund GmbH & Co. KGaA, is responsible for management and representation of the latter. Borussia Dortmund Geschäftsführungs-GmbH is for its part represented by Managing Directors Hans-Joachim Watzke (Chairman), Thomas Treß and Carsten Cramer; its sole shareholder is Ballspielverein Borussia 09 e.V. Dortmund.

The following chart shows the structures and responsibilities as between Ballspielverein Borussia 09 e.V. Dortmund, Borussia Dortmund GmbH & Co. KGaA and Borussia Dortmund Geschäftsführungs-GmbH:



The Supervisory Board of Borussia Dortmund GmbH & Co. KGaA, which is appointed by the Annual General Meeting, has limited rights and duties. It has no authority with respect to matters involving personnel, i.e., no authority to appoint and dismiss managing directors at Borussia Dortmund Geschäftsführungs-GmbH or to stipulate the terms of their contracts. Nor is the Supervisory

Board authorised to adopt internal rules of procedure or to define a list of transactions requiring its consent on behalf of the general partner. Rather, such rights and duties are vested in the governing bodies of Borussia Dortmund Geschäftsführungs-GmbH, namely its Advisory Board and the Executive Committee created by the Advisory Board.



3<sup>rd</sup> match day UCL  
 23 October 2019  
 Inter Mailand - BVB 2:0



9<sup>th</sup> Spieltag  
 26 October 2019  
 FC Schalke 04 - BVB 0:0

The names of the members of the Company's Supervisory Board in the 2019/2020 financial year, their right to remuneration, their occupations and their further responsibilities on other management bodies are listed below:

**SUPERVISORY BOARD** of Borussia Dortmund GmbH & Co. KGaA

Gerd Pieper	Dr. Werner Müller	Christian Kullmann	Bernd Geske	Peer Steinbrück	Ulrich Leitermann	Björn Gulden	Dr. Reinhold Lunow	Silke Seidel	Bodo Löttgen
Chairman	Deputy Chairman (until 15 July 2019, deceased)	Deputy Chairman (since 28 August 2019)							(since 25 November 2019)

**RIGHT TO REMUNERATION IN 2019/2020** [EUR '000]

48	6	34	24	24	24	24	24	24	14
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**OCCUPATIONS** (as at 30 June 2020)

Retired; former Managing Director of Stadt-Parfümerie Pieper GmbH, Herne	Chairman of the Executive Board of Evonik Industries AG, Essen	Managing partner of Bernd Geske Lean Communication, Meerbusch	Senior Advisor to the Management Board of ING-DiBa AG, Frankfurt am Main	Chairman of the Managing Boards of group parent companies of the SIGNAL IDUNA Group (SIGNAL Krankenversicherung a.G., Dortmund; SIGNAL IDUNA Lebensversicherung a.G., Hamburg; SIGNAL IDUNA Unfallversicherung a.G., Dortmund)	Chief Executive Officer of PUMA SE, Herzogenaurach	Medical Director of Praxisklinik Bornheim, Bornheim	Senior Executive at Dortmunder Stadtwerke AG and Managing Director of Hohenbuschei Beteiligungsgesellschaft mbH, Westfalentor 1 GmbH and Dortmund Logistik GmbH, all in Dortmund	Chair of the CDU parliamentary group in the state parliament of North Rhine-Westphalia, detective chief inspector (Kriminalhauptkommissar) (ret.), public administration graduate
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**OTHER FUNCTIONS** on statutory supervisory boards and comparable German or foreign supervisory bodies of commercial enterprises (as at 30 June 2020)

Member of the Advisory Board of Borussia Dortmund GeschäftsführungsgmbH, Dortmund	Chairman of the Supervisory Board of Clear-VAT Aktiengesellschaft, Berlin	Member and Chairman of the Supervisory Board of Dortmunder Volksbank eG, Dortmund	Member and Chairman of the Supervisory Board of Sana Kliniken AG, Ismaning	Chairman of the Board Salling Group A/S, Braband, Denmark (since 6 March 2020)	Member of the Supervisory Board of Tchibo GmbH, Hamburg	Member of the Advisory Board of Borussia Dortmund GeschäftsführungsgmbH, Dortmund
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DFB cup 2<sup>nd</sup> round  
30 October 2019  
BVB - Bor. M'gladbach 2:1

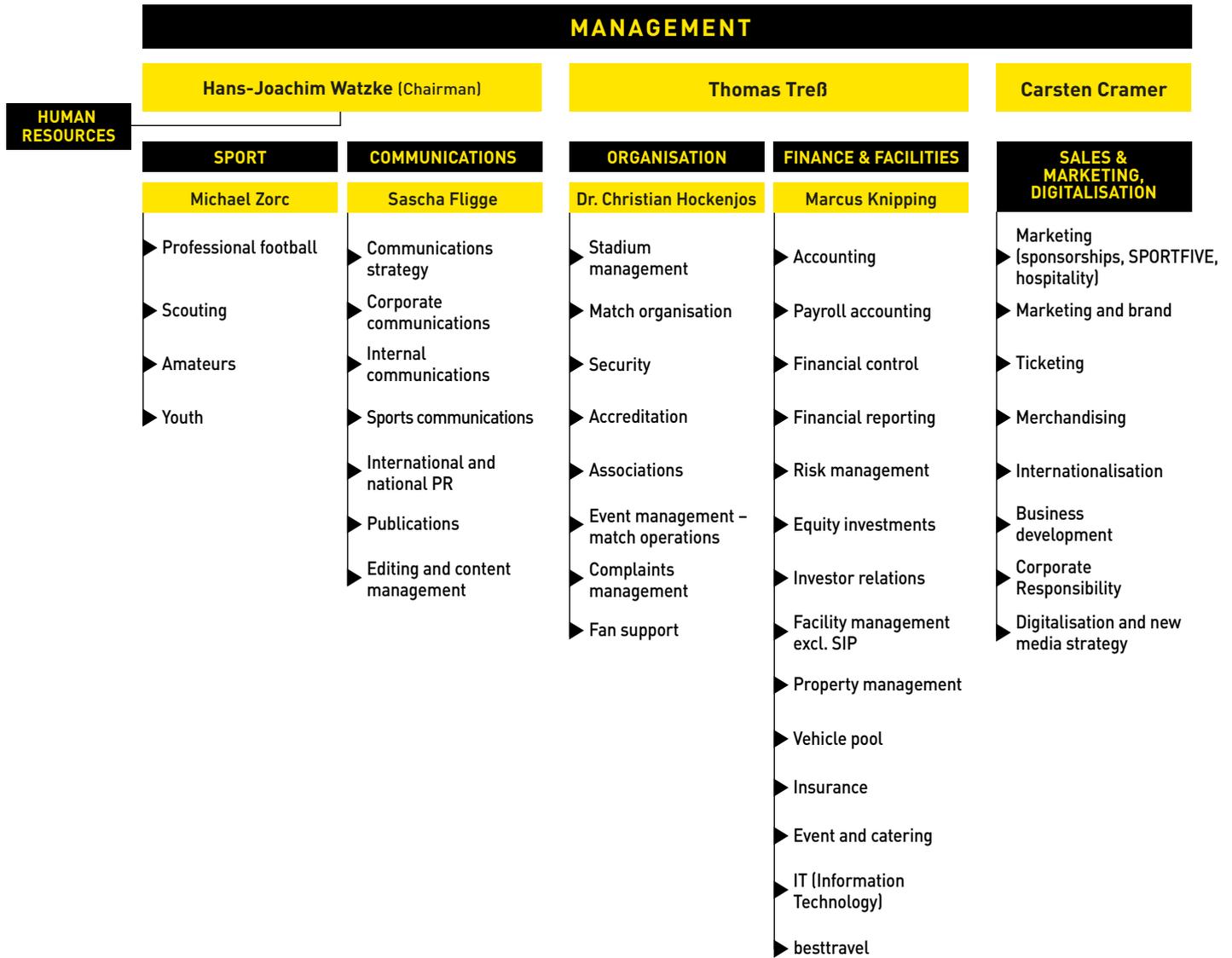


10<sup>th</sup> match day  
2 November 2019  
BVB - VfL Wolfsburg 3:0

Within Borussia Dortmund GmbH & Co. KGaA there are five independent functional areas below the management level, namely, "Sports", "Sales & Marketing, Digitalisation", "Communications",

"Organisation" and "Finance & Facilities". The responsible employees and the functional organisational areas of which they are in charge are shown in the chart below:

**Functional areas** of Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund



4<sup>th</sup> match day UCL  
 5 November 2019  
 BVB - Inter Mailand 3:2



11<sup>th</sup> match day  
 9 November 2019  
 Bayern München - BVB 4:0

## INTERNAL MANAGEMENT AND CONTROL SYSTEM

### Sports management

Despite our financially stable results, we will continue to focus on achieving success on the pitch in future under a budget tuned for performance. To accomplish this objective, Borussia Dortmund will continue to put together a competitive team in the future with an emphasis on young, promising players.

Our sporting objectives will be aligned with our financial circumstances, meaning that the makeup of the squad and its cost structure will continue to depend on calculable variables on the income side. Qualifying for and participating in international competitions has provided the financial flexibility to reinforce the squad – with the goal of also establishing a presence in European competitions going forward.

### Financial management

Borussia Dortmund uses the HGB indicators result from operating activities and operating result for measuring the economic success of the Company. Borussia Dortmund derives its result from operating activities from earnings before interest and taxes (EBIT) and its operating result from earnings before interest, taxes and depreciation and amortisation (EBITDA). The Company continuously monitors both the operating result (EBITDA) and the result from operating activities (EBIT) of the segments on the basis of monthly comparisons of the budgeted and actual figures. To optimise these indicators, the main factors to be leveraged are revenue, which can be

additionally improved in the major revenue categories of match operations, advertising, TV marketing and net transfer income, as well as operating expenses, which can be lowered through disciplined management.

A key goal of the management of Borussia Dortmund is to achieve a lasting increase in profitability along with bolstering its financial strength. In addition to steadily improving the operating result (EBITDA) and the result from operating activities (EBIT), a positive free cash flow is therefore the most important financial objective of our Company. We seek to optimise these cash flows.

In the coming years, Borussia Dortmund will concentrate on generating steady revenue growth while limiting operating expenditure. The decisive factor in this respect will be qualifying for international competitions.

### Capital management

The capital management responsibilities of the Company's management involve stabilising and increasing the equity of Borussia Dortmund. One of the main ways in which we will reach these objectives is by improving the operating result and making effective investments. The management uses the result from operating activities (EBIT), the operating result (EBITDA) and the net profit/loss for the year to manage the Company.



12<sup>th</sup> match day  
22 November 2019  
BVB - SC Paderborn 3:3



5<sup>th</sup> match day UCL  
27 November 2019  
FC Barcelona - BVB 3:1

## CORPORATE STRATEGY

Borussia Dortmund pursues the objective of defending its position in the top flight of the Bundesliga and sees itself well on the way to accomplishing that goal.

As the first listed German football company, we have expanded our financial base by exclusively marketing the rights to SIGNAL IDUNA PARK as well as by utilising and maintaining the Borussia Dortmund brand more effectively. The Company will continue to focus heavily on its core business of professional football and the sport's classic revenue pillars: TV marketing, advertising, match operations, transfer deals, conference, catering and miscellaneous activities, and merchandising. Borussia Dortmund is confident that it will be able to further stabilise and expand its position for the following reasons:

- Borussia Dortmund is in sporting terms one of the most successful, well known and popular German football clubs with an outstanding fan base that gives it one of the highest average spectator numbers compared to other European football clubs.
- A football enterprise can only be financially successful if it enjoys sporting success over the long term. In order to make its financial performance less dependent on short-term sporting success in the future, Borussia Dortmund will push ahead further with the national and international marketing of its brand name.

- Germany continues to be one of Europe's largest football markets, although it lags behind certain other European markets, such as the UK, in terms of media exploitation rights. This means that Germany has major growth potential.

All financial activities of Borussia Dortmund are geared towards the target groups relevant to a football club: its fans, members and business partners. Products and services should be tailored to these groups as closely as possible. Borussia Dortmund intends to use the brand potential at its disposal to take full advantage of the commercial opportunities inherent in professional club football at an international level.

Its current business strategy can principally be summarised as follows:

- Sustainably adjusting athletic prospects
- Intensifying the promotion of up-and-coming talent
- Increasing fan involvement
- Utilising and maintaining the Borussia Dortmund brand

Financial performance and business development are dependent on footballing success. Since footballing success is difficult to plan, the best that management can do is to create a solid foundation for success. Investments, particularly in the professional squad,



13<sup>th</sup> match day  
30 November 2019  
Hertha BSC - BVB 1:2



14<sup>th</sup> match day  
7 December 2019  
BVB - Fortuna Düsseldorf 5:0

are therefore a necessary prerequisite for achieving footballing objectives such as qualifying for the UEFA Champions League. However, in order to meet financial objectives, planned investments and decisions must under certain circumstances be postponed to the extent these would only be possible by incurring new debt. Moreover, a player might be sold based on financial considerations in cases where this would not have happened had the decision been made purely on the basis of sporting criteria.

Thus a conflict arises between the pursuit of financial interests and sporting interests, i.e., a situation in which sporting considerations and financial considerations may be at odds with each other, particularly if the club continually falls short of its sporting goals. In such cases, management weighs the opportunities and risks to find a solution that does adequate justice to the Company's strategic objectives.

Advertising plays a key role in this context. Over the years, advertising has grown to become one of the Company's largest income categories. In contrast to central TV marketing, where distribution is already clearly defined in advance, Company management is itself able to determine the requirements for and direction of sponsoring activities and, if necessary, modify the strategy implemented as circumstances change. The key figures for the sponsoring segment were already budgeted for the coming years based on commitments from SIGNAL IDUNA Group (ending 2026) and PUMA International Sports Marketing B.V.

(ending 2028), the Company's chief partners, as well as 1&1 Telecommunication SE as the second primary sponsor in addition to Evonik Industries AG (both ending 2025).

Revenues from international competitions are more difficult to budget for, since they depend solely on the team's athletic performance.



6<sup>th</sup> match day UCL  
10 December 2019  
BVB - Slavia Prag 2:1



15<sup>th</sup> match day  
14 December 2019  
1. FSV Mainz 05 - BVB 0:4

**DIVIDEND POLICY**

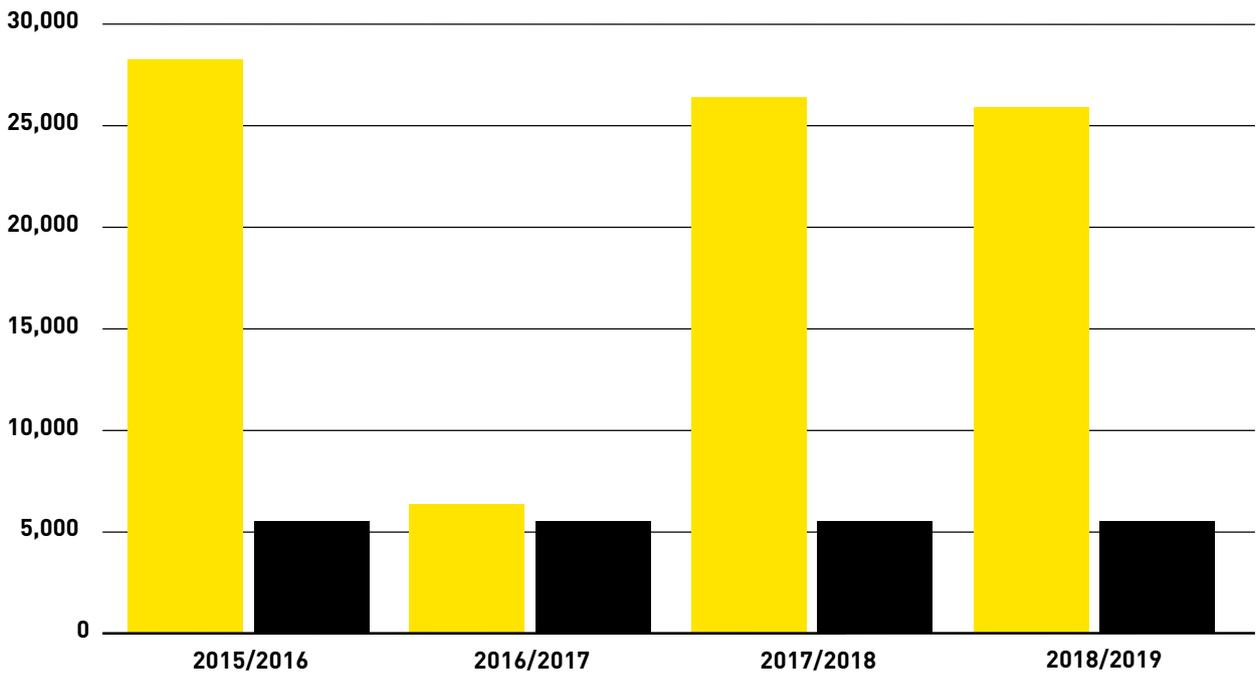
Two key indicators are assessed to shape Borussia Dortmund's dividend policy.

On the one hand, Borussia Dortmund assesses its earnings situation, and in the past few financial years has generated a net profit. The Company reported a net loss for the current financial year, in particular on account of the effects of the COVID-19 pandemic.

On the other hand, free cash flow is used to ensure that cash flows from operating activities are sufficient to cover investments.

In order to remain competitive, Borussia Dortmund intends to use its net income for the year and cash and cash equivalents primarily for investments. The primary focus is on strengthening the professional squad, modernising SIGNAL IDUNA PARK and expanding the training ground in Dortmund-Brackel. Despite these investments, it is Borussia Dortmund's aim to continue distributing a dividend to its shareholders every year, provided it generates a net profit.

**Dividend distribution**



Net income for the year (EUR '000)

Dividend distributed (EUR '000)



16<sup>th</sup> match day  
 17 December 2019  
 BVB - Rasenballsport Leipzig 3:3



17<sup>th</sup> match day  
 20 December 2019  
 TSG Hoffenheim - BVB 2:1

## SEPARATE NON-FINANCIAL GROUP REPORT

Please see the 2019/2020 Sustainability Report with regard to the disclosures within the meaning of §§ 289b, 315b of the German Commercial Code (*Handelsgesetzbuch*, "HGB"). The Sustainability Report includes the Group's non-financial statement for the 2019/2020 financial year within the meaning

of §§ 315b, 315c in conjunction with §§ 289 to 289e HGB, which was subject to a limited assurance engagement. As at 31 October 2020, the Sustainability Report will be published online at <https://verantwortung.bvb.de/en>. \*

## CORPORATE GOVERNANCE DECLARATION PURSUANT TO § 289f HGB

Pursuant to § 289f of the German Commercial Code (*Handelsgesetzbuch*, "HGB"), listed German stock corporations (*Aktiengesellschaften*) must prepare a corporate governance declaration. This declaration includes the declaration of conformity with the German Corporate Governance Code, and presents the corporate governance practices and the working principles of the management and the Supervisory Board and its committees. The corporate governance declaration is not included in the

management report and is instead published online at <https://aktie.bvb.de/eng/Corporate-Governance/Corporate-Governance-Declaration>.

In accordance with § 289b (2) sentence 2 HGB, Borussia Dortmund GmbH & Co. KGaA is exempt from preparing a non-financial statement.

The separate non-financial Group report is published online at <https://aktie.bvb.de/eng/Publications/Annual-Reports>. \*

\* In accordance with the statutory requirements, KPMG AG Wirtschaftsprüfungsgesellschaft has neither substantively audited the cross-references nor the information to which the cross-references refer.



18<sup>th</sup> match day  
18 January 2020  
FC Augsburg - BVB 3:5



19<sup>th</sup> match day  
24 January 2020  
BVB - 1. FC Köln 5:1

## POSITION OF THE COMPANY

### DEVELOPMENT OF PERFORMANCE INDICATORS

Borussia Dortmund had forecast a net profit in the mid-seven-figure range for the 2019/2020 financial year. Based on this forecast assumption and analogue to the net profit for the year, EBIT was also expected to be in the mid-seven-figure range. Since depreciation, amortisation and write-downs were expected to exceed EUR 85,000 thousand, the operating result (EBITDA) should have exceeded the result from operating activities (EBIT) by this amount. Borussia Dortmund had expected total revenue to amount to approximately EUR 485,000 thousand. The forecast had called for cash flows from operating activities of EUR 140 million and free cash flow of EUR 35 million.

Given the restrictions as a result of the COVID-19 pandemic, Borussia Dortmund GmbH & Co. KGaA resolved to withdraw its forecast of a net profit in the

low millions for the 2019/2020 financial year, as published in its 2018/2019 Annual Report. Please refer to the ad hoc disclosure dated 16 March 2020.

In its ad hoc disclosure dated 29 June 2020, Borussia Dortmund issued a new earnings forecast for the 2019/2020 financial year. Management now forecast a consolidated net loss for the year of approximately EUR 45 million.

The forecast figures are a direct reflection of the effects of the COVID-19 pandemic, which impacted all of Borussia Dortmund's revenue streams.

Accordingly, since other financial performance indicators are likewise subject to significant change, no forecasts are presented in the following section.

### Development of financial performance indicators

In the 2019/2020 financial year, Borussia Dortmund's financial performance indicators – revenue, result from operating activities (EBIT), operating result

(EBITDA), net profit/net loss for the year, cash flows from operating activities and free cash flow – were as follows:

#### Borussia Dortmund Group (IFRS)

EUR '000	2019/2020	2018/2019*
Revenue	370,196	370,256
Consolidated total operating proceeds	486,884	489,524
Operating result (EBITDA)	62,992	115,983
Result from operating activities (EBIT)	-43,138	23,501
Net profit/net loss for the year	-43,953	17,391
Cash flows from operating activities	-362	28,710
Free cash flow	-51,131	5,201

\* Change in prior-year items. See also "Restatements in accordance with IAS 8.42" in the notes to the consolidated financial statements.

### Development of non-financial performance indicators

In the past financial year, Borussia Dortmund decided to form the Corporate Responsibility department to consolidate its CSR activities more

effectively. The department tackles issues of social, ecological as well as economic responsibility. This is in line with Hans-Joachim Watzke's call to action



20<sup>th</sup> match day  
 1 February 2020  
 BVB - Union Berlin 5:0



DFB cup round of 16  
 4 February 2020  
 Werder Bremen - BVB 3:2

to better leverage the Company's appeal to effect social change and fight climate change, and the department has been given the resources necessary for these tasks. Sustainability applies to all facets of the Company. Therefore, the Corporate Responsibility department has established an internal working group with representatives from all departments to focus on and advance this issue. The working group reports to the management. Its role is to holistically shape Borussia Dortmund's sustainable development, identify ESG risks and opportunities and take appropriate action. The findings and insights, as well as the action taken, are presented in the annual Sustainability Report.

In the past financial year, Borussia Dortmund demonstrated in impressive fashion that it actively embraces its responsibility towards both its employees and the industry as a whole. Seldom has the connection between football and social responsibility been clearer than in this season. Economic issues, forces seeking to build but also divide communities, as well as ecological and health challenges have come to light. During this time, Borussia Dortmund has taken it upon itself to leverage its appeal to rise to these social challenges.

"The calibre of a football club lies in how it fulfils its social responsibilities." As we face the COVID-19 pandemic, this quote from Franz Jacobi, one of BVB's founding fathers, rings true today more than ever and has been brought to life in special fashion – for everyone at and outside of the club to see. Despite the economic losses, we maintained our employees' regular working hours and output while affording them the same level of health and safety. Arrangements with partners and opportunities for temporary employees to continue to work as essential workers during the pandemic reinforce both BVB's stable network of partnerships and the club's sense of responsibility towards its employees.

Countless initiatives under the movement #Borussiaunites are displaying solidarity that each in their own way are having a deep impact on society. One such example is BVB's "digital match day", which was launched to help the city's vibrant food scene. Fans virtually retrace the steps they would normally take to the stadium and support participating restaurants, pubs and kiosks with a donation. But more than financial aid is needed. Calls for blood donations, tips for fun children's activities at home from the club's mascot Emma, distributing food for the needy from the stadium – all of these initiatives demonstrate the solidarity displayed by the BVB family. And the family is growing steadily,

which is reflected above all by the statistics for the club's digital mediums. The club's presence on social media continues to grow. At the end of the financial year, its followers on Facebook, Twitter, Instagram YouTube and SinaWeibo exceeded the numbers in the previous quarter. Borussia Dortmund's fan work – which the club always tailors to its ever-evolving community of 952 fan clubs and over 64,000 registered fan club members spanning almost the entire globe – remains one of the BVB's key pillars, helping in large measure to shape the club's underlying business strategy.

Pursuant to the German CSR Directive Implementation Act (*CSR-Richtlinie-Umsetzungsgesetz*), Borussia Dortmund will publish its fourth Sustainability Report, prepared in accordance with the GRI Standards, on 31 October 2020. It outlines the social, economic and environmental aspects of sustainability and describes the club's non-financial performance indicators in detail. You can find out everything you need to know about sustainability at Borussia Dortmund on our website – <https://verantwortung.bvb.de/2019/en/home-en/>.\*

\* The content accessible via the link does not constitute part of this Group management report. In accordance with the statutory requirements, KPMG AG Wirtschaftsprüfungsgesellschaft has neither audited the cross-references nor the information to which the cross-references refer.



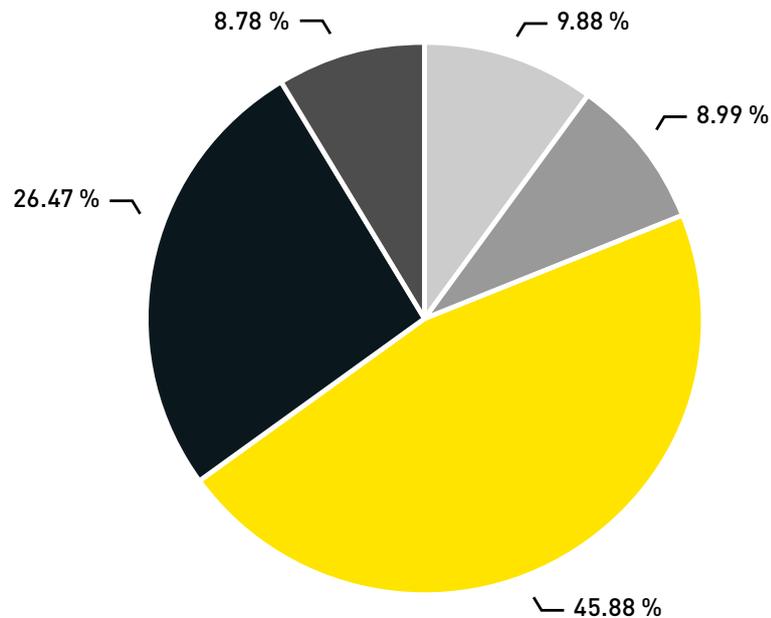
21<sup>st</sup> match day  
8 February 2020  
Bayer Leverkusen - BVB 4:3



22<sup>nd</sup> match day  
14 February 2020  
BVB - Eintr. Frankfurt 4:0

## RESULTS OF OPERATIONS

### Borussia Dortmund Group – Revenue in percent



- Conference, catering, miscellaneous
- Merchandising
- TV Marketing
- Advertising
- Match operations

During the reporting period (1 July 2019 to 30 June 2020), Borussia Dortmund generated revenue of EUR 370,196 thousand (previous year: EUR 370,256 thousand), EUR 60 thousand less than in the previous year. Net transfer income amounted to EUR 40,160 thousand (previous year: EUR 82,881 thousand).

Earnings before taxes amounted to EUR -46,583 thousand (previous year: EUR 21,809 thousand); the result from operating activities (EBIT) amounted to

EUR -43,138 thousand (previous year: EUR 23,501 thousand).

During the current reporting year, the operating result (EBITDA) amounted to EUR 62,992 thousand (previous year: EUR 115,983 thousand).

Borussia Dortmund generated a net loss of EUR 43,953 thousand during the 2019/2020 financial year (previous year: net profit of EUR 17,391 thousand).



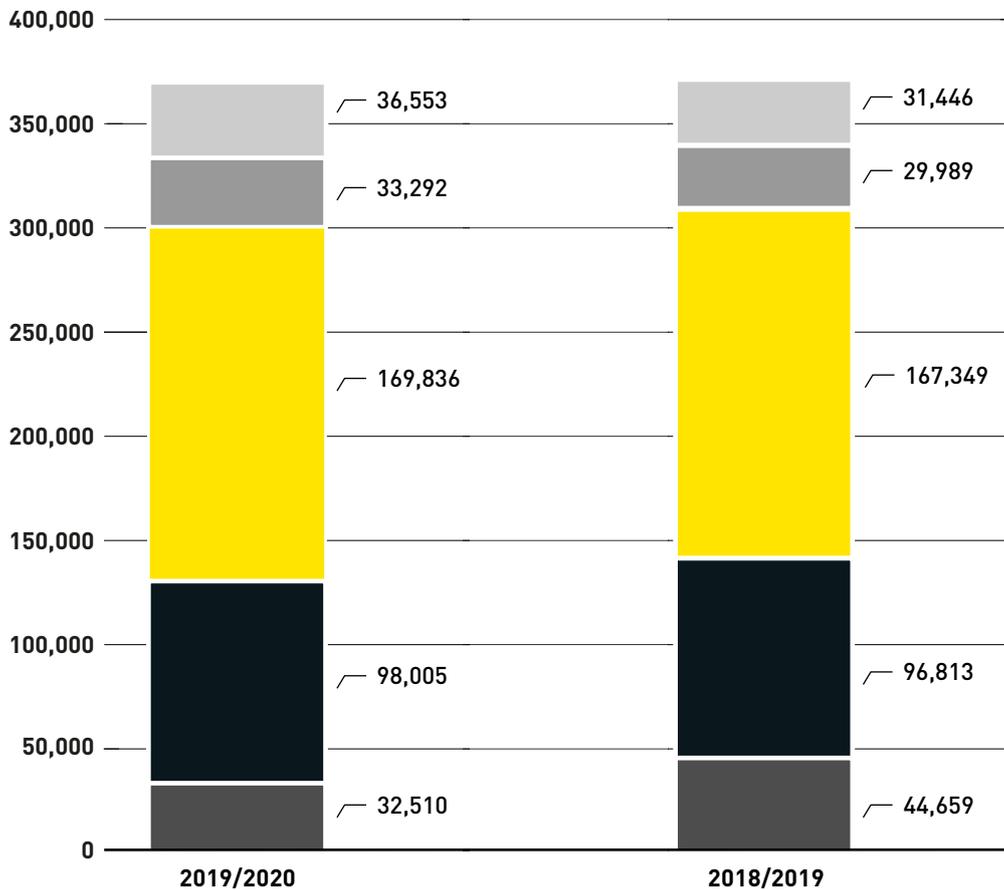
UCL round of 16  
 18<sup>th</sup> February 2020  
 BVB - Paris St. Germain 2:1



23<sup>rd</sup> match day  
 22 February 2020  
 Werder Bremen - BVB 0:2

REVENUE TREND

Borussia Dortmund Group – Revenue in EUR '000



- Conference, catering, miscellaneous
- Merchandising
- TV Marketing
- Advertising
- Match operations

Borussia Dortmund generated revenue of EUR 370,196 thousand in the 2019/2020 financial year, representing a decrease of EUR 60 thousand or 0.02%. Despite the massive restrictions in connection with the COVID-19 pandemic, income from advertising, TV marketing and merchandising as well as conference,

catering and miscellaneous income increased year on year. The only revenue item to decrease was income from match operations, which declined from EUR 44,659 thousand in the previous year to EUR 32,510 thousand in financial year 2019/2020.



24<sup>th</sup> match day  
29 February 2020  
BVB - Sportclub Freiburg 1:0



25<sup>th</sup> match day  
7 March 2020  
Bor. M'gladbach - BVB 1:2

The performance of the individual revenue items is described in the following:

### **Income from match operations**

Income from match operations decreased by EUR 12,149 thousand to EUR 32,510 thousand in financial year 2019/2020.

Income from match operations for domestic competitions declined by EUR 7,795 thousand to EUR 20,419 thousand. On 13 March 2020, DFL Deutsche Fußball Liga GmbH announced that due to the growing COVID-19 pandemic, match day 26 would initially be postponed until early April. Shortly thereafter, match operations were suspended entirely. Thanks in part to the hygiene concept defined by the DFL, match days 26 to 34 were then held from mid-May until the end of June, albeit without spectators. Thus, Borussia Dortmund did not generate any income from spectators for the club's five home matches, which included the local derby against FC Schalke 04 and the match against FC Bayern Munich.

SIGNAL IDUNA PARK was virtually sold out for the first twelve home matches.

Income from domestic cup competitions declined by EUR 445 thousand to EUR 2,235 thousand. As in the previous year, Borussia Dortmund was eliminated in the third round of the DFB Cup. Unlike in the previous year, only one home match was held at SIGNAL IDUNA PARK.

Despite facing high-calibre opponents in FC Barcelona, Inter Milan and Slavia Prague in the

current financial year, Borussia Dortmund successfully navigated the group stage of the UEFA Champions League with three wins, one draw and two losses to once again advance to the round of 16, where it faced Paris Saint-Germain. In the previous season, Borussia Dortmund had also reached the round of 16 of the UEFA Champions League, where it had been paired against Tottenham Hotspur. Borussia Dortmund hosted four home matches in the UEFA Champions League, generating EUR 8,414 thousand in income from standard and hospitality tickets (previous year: EUR 7,480 thousand), representing a year-on-year increase of EUR 934 thousand.

In addition to friendlies, the US tour in July 2019 and the ticket proceeds generated by the club's other teams, Borussia Dortmund generated income of EUR 1,442 thousand in financial year 2019/2020 (previous year: EUR 6,285 thousand).

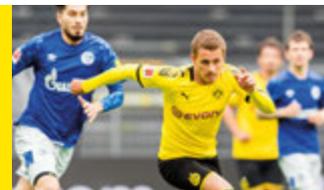
### **Income from advertising**

In the financial year ended, Borussia Dortmund increased its advertising revenue by 1.23% to EUR 98,005 thousand (previous year: EUR 96,813 thousand), representing a share of 26.47% of total revenue.

In addition to the kit sponsor, Evonik Industries, AG, the equipment supplier, Puma, the holder of the stadium's naming rights, SIGNAL IDUNA, and the sleeve sponsor, Opel Automobile GmbH, Borussia Dortmund's Champion Partners again included nine other companies in financial year 2019/2020.



UCL round of 16  
11 March 2020  
Paris St. Germain - BVB 2:0



26<sup>th</sup> match day  
16 May 2020  
BVB - FC Schalke 04 4:0

Whereas the increase in the first half of the 2019/2020 financial year amounted to EUR 4,022 thousand, the increase amounted to just EUR 1,192 thousand for the financial year overall. The COVID-19 pandemic and the five home matches played behind closed doors as a result also had an impact on income from advertising. Many non-TV-related advertising services could not be performed at SIGNAL IDUNA PARK. Furthermore, marquee home matches such as the local derby against FC Schalke 04 and the match against FC Bayern Munich, which are big advertising draws, were held behind closed doors.

The hospitality clients were also unable to utilise all of the services. Marketing for match day packages for the final five home matches was discontinued, as was ticketing.

However, a sharp increase was recorded in the use of virtual advertising boards, which have been used on a regular basis during international live broadcasts of the first and second Bundesliga divisions since the previous financial year. Whereas fans in stadiums and viewers at home in the DACH region see the original adverts as they are presented, the stadium's existing physical advertising boards can be digitally overlaid in the broadcast signal to target different TV audiences when broadcasting matches abroad. In its second year of use, virtual advertising increased by approximately 75.69%.

Furthermore, advertising income includes bonuses for the second-place Bundesliga finish, which

directly qualified the team for the group stage of the UEFA Champions League in the 2020/2021 season, for advancing to the round of 16 of the UEFA Champions League in financial year 2019/2020 and for winning the DFL Super Cup at the beginning of the past season.

### Income from TV marketing

In financial year 2019/2020, income from TV marketing once again represented the highest share of revenue (45.88%) and increased by EUR 2,487 thousand year on year to EUR 169,836 thousand. Income from both domestic and international TV marketing remained virtually level. TV marketing income from domestic cup competitions rose.

Income from domestic TV marketing amounted to EUR 97,687 thousand, down EUR 423 thousand against the prior-year reporting period. This is also attributable to the outbreak of the COVID-19 pandemic.

The total distribution that DFL Deutsche Fußball Liga GmbH had originally planned would have been approximately 9.97% higher than in the previous year. The funds could not be distributed in full as planned due to the global effects of the COVID-19 pandemic, which impacted the profitability of many companies. In addition, the league's four Champions League participants forewent a portion of the distribution in a show of solidarity. Viewed as a percentage, the share of income from international TV marketing for the Bundesliga declined more sharply.



27<sup>th</sup> match day  
23 May 2020  
VfL Wolfsburg - BVB 0:2



28<sup>th</sup> match day  
26 May 2020  
BVB - Bayern München 0:1

Income from international TV marketing amounted to EUR 67,420 thousand in the financial year (previous year: EUR 68,073 thousand). The decline of EUR 653 thousand is due to the lower performance bonus, since Borussia Dortmund amassed three wins and one draw in the group stage. Borussia Dortmund had one win more in the previous year. This was offset by the higher ranking of the participating clubs under UEFA's 10-year club coefficient ranking. In financial year 2019/2020, Borussia Dortmund once again advanced to the round of 16 of the UEFA Champions League, where it was eliminated by Paris Saint-Germain in the second-leg of the tie in front of an empty stadium. At the end of the financial year, not all quarter-final spots had been filled for the 2019/2020 UEFA Champions League. The remaining quarter-finalists will be determined from mid-August.

Unlike in the previous year, Borussia Dortmund won the DFL Super Cup, its first competitive match of the current financial year. As in the previous year, Borussia Dortmund was eliminated in the third round of the DFB Cup. Income from domestic cup competitions thus amounted to EUR 4,729 thousand (previous year: EUR 1,162 thousand).

### **Merchandising**

In the past 2019/2020 financial year, Borussia Dortmund increased income from merchandising by 11.01% to EUR 33,292 thousand (previous year: EUR 29,989 thousand). This revenue stream was increased

despite the closure of the fan shop in compliance with the statutory provisions put in place to contain the spread of the COVID-19 pandemic. The Company's online shop in Germany recorded the highest revenue growth. However, the increase in revenue was also attributable to the expansion of the sales and distribution network following the opening of two fan shops and the launch of the Company's own international online shop.

### **Conference, catering and miscellaneous income**

Conference, catering and miscellaneous income amounted to EUR 36,553 thousand (previous year: EUR 31,446 thousand) and also included revenue from advance booking fees, rental and lease income, release fees for national team players and fees for players on loan.

Conference and catering income, which comprises income generated by the hospitality areas, public catering services and events, decreased by EUR 3,143 thousand from EUR 16,459 thousand in the previous year to EUR 13,316 thousand. Despite the fact that the hospitality areas were completely sold out for the first twelve home matches at SIGNAL IDUNA PARK, the closure of the hospitality areas for the final five home matches meant that the Company could not match the prior-year figure. Likewise, no income from public catering was generated from mid-March onwards, and the staging of events outside of match operations was officially prohibited.



29<sup>th</sup> match day  
31 May 2020  
SC Paderborn - BVB 1:6



30<sup>th</sup> match day  
6 June 2020  
BVB - Hertha BSC 1:0

Advance booking fees and postage amounted to EUR 1,756 thousand in the current financial year, far below the previous year's EUR 4,360 thousand. This is attributable to the temporary discontinuation of season ticket sales at the end of the financial year and the lack of advance booking fees for the final five home matches.

In the reporting period from 1 July 2019 to 30 June 2020, miscellaneous income, which includes the Evonik Football Academy, rental and lease income and BVB TV, increased by EUR 3,935 thousand to EUR 10,876 thousand. This is attributable to the club's participation in this year's DFL Super Cup and the marketing of a four-part documentary series on Borussia Dortmund.

Despite fewer national team matches, release fees for national team players remained virtually level at EUR 2,711 thousand (previous year: EUR 2,750 thousand).

Income from fees for players on loan and training compensation increased sharply by EUR 6,958 thousand as compared to the previous year due primarily to the loans of the players Dženis Burnić, André Schürrle, Jeremy Toljan, Ömer Toprak and Marius Wolf. Felix Passlack, Jeremy Toljan, André Schürrle, Alexander Isak and Shinji Kagawa had been loaned out in the previous year.

## Net transfer income

Net transfer income declined by EUR 42,721 thousand to EUR 40,160 thousand.

Transfer proceeds amounted to EUR 116,688 thousand (previous year: EUR 119,268 thousand).

This was attributable to the departure of the players Maximilian Philipp to FC Dynamo Moscow, Abdou Diallo to Paris Saint-Germain, Alexander Isak to Real Sociedad, Julian Weigl to Benfica Lisbon, Paco Alcácer to Villarreal CF, Jacob Bruun Larsen to TSG Hoffenheim, Sebastian Rode to Eintracht Frankfurt and Shinji Kagawa to Real Zaragoza as well as subsequent transfer proceeds stemming from previous transfer deals.

In the previous financial year, the players Christian Pulisic transferred to Chelsea FC, Sokratis Papastathopoulos to Arsenal FC and Andrey Yarmolenko to West Ham United. These transfers also generated subsequent transfer proceeds.

The residual carrying amounts and transfer costs amounted to EUR 76,528 thousand (previous year: EUR 36,387 thousand).

## Other operating income

Other operating income improved by EUR 1,449 thousand year on year to EUR 9,195 thousand. In the current financial year this included primarily income from provisions, insurance reimbursements, unclaimed refunds and prior-period income of EUR 5,033 thousand. In the previous year, in addition to compensation payments and insurance reimbursements, this item included reversals of write-downs amounting to EUR 2,377 thousand and prior-period income of EUR 3,650 thousand, attributable primarily to the reversal of provisions.



31<sup>st</sup> match day  
13 June 2020  
Fortuna Düsseldorf - BVB 0:1



32<sup>nd</sup> match day  
17 June 2020  
BVB - 1. FSV Mainz 05 0:2

## DEVELOPMENT OF SIGNIFICANT OPERATING EXPENSES

### Cost of materials

Cost of materials increased by EUR 1,119 thousand to EUR 22,392 thousand.

This figure included the cost of goods sold for both BVB Event & Catering GmbH and BVB Merchandising GmbH. The rise is due mainly to BVB Merchandising GmbH's increase in revenue. BVB Event & Catering GmbH's cost of materials declined on account of the prohibition on events imposed in mid-March.

### Personnel expenses

In financial year 2019/2020, personnel expenses amounted to EUR 215,157 thousand (previous year: EUR 205,104 thousand).

Personnel expenses for the professional squad increased by 3.65% year on year. The increase in the base salaries amounted to EUR 9,340 thousand. Performance-based bonuses amounted to EUR 29,363 thousand and comprised annual bonuses and performance-based bonuses for playing in the group stage of the UEFA Champions League, reaching the round of 16 and automatically qualifying for the group stage of the competition in the 2020/2021 season.

In the reporting period, personnel expenses related to the retail and administration areas increased by EUR 1,012 thousand year on year to EUR 29,937 thousand.

Personnel expenses in relation to amateur and youth football amounted to EUR 12,144 thousand during the current 2019/2020 financial year (previous year: EUR 9,200 thousand).

### Depreciation, amortisation and write-downs

Depreciation, amortisation and write-downs rose by EUR 13,648 thousand to EUR 106,130 thousand in the reporting period.

During the period from 1 July 2019 to 30 June 2020, intangible assets – which consist primarily of Borussia Dortmund's player registrations – were amortised in the amount of EUR 88,285 thousand (previous year: EUR 65,850 thousand).

Furthermore, EUR 3,903 thousand in write-downs of intangible assets to their fair values were recorded (previous year: EUR 13,809 thousand).

Depreciation and write-downs of property, plant and equipment rose from EUR 12,823 thousand to EUR 13,942 thousand. The increase in depreciation and write-downs of property, plant and equipment was attributable primarily to investments in SIGNAL IDUNA PARK as well as the modernisation and renovation of existing areas at the training ground.

### Other operating expenses

Other operating expenses increased by EUR 487 thousand from EUR 118,523 thousand in the previous year to EUR 119,010 thousand in the reporting period.

Expenses from match operations decreased by EUR 107 thousand to EUR 47,211 thousand (previous year: EUR 47,318 thousand). The five home matches held behind closed doors at SIGNAL IDUNA PARK



33<sup>rd</sup> match day  
20 June 2020  
Rasenballsport Leipzig - BVB 0:2



34<sup>th</sup> match day  
27 June 2020  
BVB - TSG Hoffenheim 0:4

led to a decline in expenses for cash desks, stewards and emergency medical services, catering on match days and football association dues, which are dependent on match operations. By contrast, an increase was recorded in travel expenses – due also in part to DFL Deutsche Fußball Liga GmbH's hygiene concept – and scouting-related expenses.

Advertising expenses also rose, by EUR 1,316 thousand. The rise in advertising income, especially the year-on-year increase in virtual advertising, led to an increase in commissions paid to SPORTFIVE Germany GmbH. Other advertising measures also increased.

Transfer expenses declined by EUR 2,571 thousand to EUR 4,654 thousand. These expenses primarily include loan and training compensation.

Administrative expenses decreased by EUR 849 thousand to EUR 25,352 thousand in the financial year ended. This decline was due primarily to the year-on-year decrease in cost and profit allocations and lower other travel expenses. By contrast, legal and consulting fees as well as the IT expenses increased in the past financial year.

Other expenses increased by EUR 2,216 thousand to EUR 8,341 thousand. These primarily include valuation allowances and losses on disposals of non-current assets.

## Financial result

The financial result for financial year 2019/2020 amounted to EUR -3,445 thousand (previous year: EUR -1,692 thousand) and breaks down as follows:

The investment income amounted to EUR -1 thousand (previous year: EUR 13 thousand).

Interest income amounted to EUR 287 thousand (previous year: EUR 427 thousand) and related primarily to compounding and restatements relating to subsequent measurement in accordance with IFRS 9.

Interest expenses amounted to EUR 3,731 thousand (previous year: EUR 2,132 thousand) and comprised mainly financing charges of EUR 1,452 thousand, discounting effects of EUR 1,263 thousand and EUR 281 thousand in restatements connected with remeasurements in accordance with IFRS 9.

## Tax expense

Taxes on income amounted to EUR 2,630 thousand in the current financial year (previous year: EUR -4,418 thousand).

These related primarily to gains on the recognition of unutilised loss carryforwards.

In the previous year, the tax expense included EUR 1,742 thousand in tax expenses relating to the 2018/2019 financial year and expenses of EUR 2,942 thousand in respect of changes in deferred taxes.

## ANALYSIS OF CAPITAL STRUCTURE

### DEVELOPMENT AND PERFORMANCE OF THE BUSINESS

As at 30 June 2020, total assets amounted to EUR 517,967 thousand, representing an increase of EUR 17,896 thousand as compared to 30 June 2019.

Non-current assets increased by EUR 69,740 thousand to EUR 441,455 thousand as follows:

The rise in intangible assets is due primarily to additions amounting to EUR 226,793 thousand (of which EUR 226,336 thousand in player registrations), which were partly offset by disposals and reclassifications of non-current

intangible to assets held for sale of EUR 72,551 thousand as well as amortisation and write-downs of EUR 88,285 thousand.

Property, plant and equipment increased by EUR 23,149 thousand. The additions were offset by EUR 171 thousand in disposals and EUR 13,942 thousand in depreciation. The additions were attributable mainly to the investments to expand the training ground, in the stadium and in the administration building.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund

ASSETS	30/06/2020		30/06/2019	
	EUR '000	in %	EUR '000	in %
<b>Non-current assets</b>				
Intangible assets	229,667	44.3	163,710	32.7
Property, plant and equipment	193,037	37.3	184,001	36.8
Investments accounted for using the equity method	321	0.1	322	0.1
Financial assets	32	0.0	52	0.0
Trade and other financial receivables	12,680	2.4	9,743	1.9
Prepaid expenses	5,718	1.1	13,887	2.8
	<b>441,455</b>	<b>85.2</b>	<b>371,715</b>	<b>74.3</b>
<b>Current assets</b>				
Inventories	6,754	1.3	4,569	0.9
Trade and other financial receivables	36,520	7.1	30,061	6.1
Tax assets	375	0.1	1,801	0.3
Cash and cash equivalents	3,317	0.6	55,865	11.2
Prepaid expenses	9,901	1.9	15,026	3.0
Assets held for sale	19,645	3.8	21,034	4.2
	<b>76,512</b>	<b>14.8</b>	<b>128,356</b>	<b>25.7</b>
	<b>517,967</b>	<b>100.0</b>	<b>500,071</b>	<b>100.0</b>

Non-current trade and other financial receivables increased from EUR 9,743 thousand to EUR 12,680 thousand due primarily to transfer receivables.

Current assets decreased by EUR 51,844 thousand to EUR 76,512 thousand, which is attributable mainly to the decline of EUR 52,548 thousand in cash and cash equivalents to EUR 3,317 thousand and reclassifications to assets held for sale from EUR 21,034 thousand to EUR 19,645 thousand.

Short-term trade receivables and other financial receivables increased by EUR 6,459 thousand to EUR 36,520 thousand. The increase is due mainly to claims to income from international and national TV marketing as well as receivables from advertising partners.

Inventories increased by EUR 2,185 thousand to EUR 6,754 thousand.

Prepaid expenses decreased by EUR 13,294 thousand to EUR 15,619 thousand in the reporting period.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund

EQUITY AND LIABILITIES	30/06/2020		30/06/2019	
	EUR '000	in %	EUR '000	in %
<b>Equity</b>				
Subscribed capital	92,000	17.8	92,000	18.4
Reserves	213,560	41.2	263,032	52.6
Treasury shares	-113	0.0	-113	0.0
Equity attributable to the owners of the parent company	305,447	59.0	354,919	71.0
<b>Non-current liabilities</b>				
Lease liabilities	20,054	3.9	8,381	1.7
Trade payables	69,627	13.4	1,500	0.3
Other financial liabilities	0	0.0	7,204	1.4
Deferred tax liabilities	0	0.0	2,679	0.6
Deferred income	230	0.0	0	0.0
	89,911	17.3	19,764	4.0
<b>Current liabilities</b>				
Financial liabilities	8,031	1.6	0	0.0
Provisions	0	0.0	1,671	0.3
Lease liabilities	4,350	0.8	3,127	0.6
Trade payables	67,432	13.0	60,650	12.1
Other financial liabilities	39,115	7.6	33,655	6.7
Tax liabilities	40	0.0	811	0.2
Deferred income	3,641	0.7	25,474	5.1
	122,609	23.7	125,388	25.0
	<b>517,967</b>	<b>100.0</b>	<b>500,071</b>	<b>100.0</b>

As at 30 June 2020, Borussia Dortmund's equity amounted to EUR 305,447 thousand. This corresponds to an equity ratio of 58.97% (previous year: 70.97%). Subscribed capital remained level at EUR 92,000 thousand.

Changes in current and non-current liabilities were as follows:

Borussia Dortmund reported liabilities of EUR 212,520 thousand as at 30 June 2020.

These increased by EUR 67,368 thousand to EUR 212,520 thousand.

Changes in total current and non-current liabilities were as follows:

Provisions decreased by EUR 1,671 thousand to EUR 0 thousand. The provisions were reversed on account of new information pointing to positive developments in the legal proceedings and the resulting remeasurement.

Lease liabilities increased from EUR 11,508 thousand to EUR 24,404 thousand in the reporting period. The increase is due primarily to the construction of the new offices for the sports management team as well as the commissioning of new flood lights and new advertising boards in the upper stands at SIGNAL IDUNA PARK.

## **ANALYSIS OF CAPITAL EXPENDITURE**

In the past financial year, Borussia Dortmund invested EUR 152,736 thousand in intangible assets. This amount was invested almost entirely in the player base.

Cash payments for property, plant and equipment during the same period amounted to EUR 6,205 thousand and primarily included fixtures and expansions at SIGNAL IDUNA PARK, the administration building as well as at the training ground in Brackel.

The focus of future investments will firstly continue to be on the project to expand BVB's training centre.

Repayments of liabilities amounted to EUR 3,929 thousand.

Non-current trade payables increased by EUR 68,127 thousand to EUR 69,627 thousand. Current trade payables also increased by EUR 6,782 thousand to EUR 67,432 thousand, due primarily to higher transfer liabilities.

Other financial liabilities decreased by EUR 1,744 thousand to EUR 39,115 thousand.

Tax liabilities decreased from EUR 811 thousand to EUR 40 thousand.

No deferred tax liabilities were reported as at the end of the reporting period.

Deferred income decreased by EUR 21,603 thousand to EUR 3,871 thousand, which was due primarily to the discontinuation of season ticket sales for the next season on account of the COVID-19 pandemic.

As at the end of the reporting period, Borussia Dortmund reported EUR 8,031 thousand in overdraft facilities, which it had drawn down, under current financial liabilities.

The training ground and youth academy will be enhanced in stages over the period up to 2021. This involved acquiring further adjacent land and opening a new fitness area. Other steps are currently being implemented.

Secondly, Borussia Dortmund is still designing its new fan and youth centre which will be located on the Strobelallee. The centre will offer a variety of programmes intended above all to improve communication with the fans and to establish it as a type of community centre for fans. There are also plans to further develop and expand the infrastructure and the areas in and around SIGNAL IDUNA PARK.

## ANALYSIS OF LIQUIDITY

As at 30 June 2020, Borussia Dortmund held unrestricted cash funds of EUR 3,317 thousand.

Borussia Dortmund also had access to an additional EUR 60,000 thousand in overdraft facilities, of which EUR 8,031 thousand had been drawn down as at the end of the reporting period.

Cash flows from operating activities amounted to EUR -362 thousand (previous year: EUR 28,710 thousand).

## NET ASSETS

Borussia Dortmund's total assets increased from EUR 500,071 thousand to EUR 517,967 thousand.

Fixed assets rose by EUR 74,972 thousand to EUR 423,057 thousand.

Trade and other financial receivables increased due primarily to higher transfer receivables.

Prepaid expenses decreased by EUR 13,294 thousand to EUR 15,619 thousand.

## OVERALL ASSESSMENT OF FINANCIAL POSITION AND PERFORMANCE AND BUSINESS DEVELOPMENT

Borussia Dortmund ended the 2019/2020 financial year with consolidated net loss for the year of EUR 43,953 thousand.

Taking into account the net loss for the year, the equity ratio is calculated at 58.97%. As at the end of the reporting period, Borussia Dortmund held unrestricted cash funds of EUR 3,317 thousand. Borussia Dortmund also had access to an additional EUR 60,000 thousand in overdraft facilities, of which EUR 8,031 thousand had been drawn down as at the end of the reporting period.

Due to the Bundesliga's temporary suspension and subsequent resumption of match operations behind closed doors on account of the COVID-19 pandemic, Borussia Dortmund recorded declines in nearly all streams of revenue.

Consequently, business development during financial year 2019/2020 was not satisfactory.

## REMUNERATION REPORT

The structure of the management remuneration system is defined and regularly reviewed by the Executive Committee of the Advisory Board. The Executive Committee of the Advisory Board of Borussia Dortmund Geschäftsführungs-GmbH is also responsible for setting the remuneration of the individual executives and for defining the appropriate amount of remuneration. The appropriate remuneration level is defined in particular on the basis of the specific executive's responsibilities and performance, as well as on the basis of Borussia Dortmund's financial position, performance and future prospects.

Executive remuneration consists of two components: a fixed amount and a variable component. The fixed component is stipulated by contract, takes into account the sporting success achieved and is paid out in twelve equal monthly instalments. The variable component is based on the business trend and is dependent on net income for the year before tax and the managing directors' remuneration. Any

additional non-cash or ancillary benefits granted relate primarily to insurance benefits at standard market conditions and the provision of a company car. The Company does not offer any stock option plans or similar incentive plans. The remuneration components provided are reasonable both in and of themselves and taken as a whole (see Note 35 to the consolidated financial statements).

Remuneration of the Supervisory Board is governed by Article 13 of the Articles of Association, pursuant to which each member of the Supervisory Board receives fixed remuneration amounting to EUR 24 thousand; the Chairman receives twice that amount and the Deputy Chairman one and a half times that amount. Value added tax is reimbursed to the members of the Supervisory Board.

The disclosures required by § 285 no. 9 HGB are included in the notes to the consolidated financial statements under Notes 35 and 37.

## THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AS IT RELATES TO THE ACCOUNTING PROCESS

The key features of the accounting process-related internal control and risk management system employed by Borussia Dortmund can be described as follows:

- Borussia Dortmund distinguishes itself through its clear organisational and corporate structures as well as its control and monitoring structures.
- The internal control and risk management systems as they relate to the accounting process form an integral part of operational and strategic planning processes.
- Responsibilities have been clearly assigned in all areas of the accounting process (such as financial accounting and management cost accounting).
- Reporting is carried out in monthly, quarterly, semi-annual and annual intervals, whereby a distinction is made between matters requiring immediate action by the Company and those involving Company strategy.
- The computer systems used in accounting are protected against unauthorised access.
- An adequate system of internal guidelines has been established and is updated as needed.
- The departments involved in the accounting process fulfil quantitative and qualitative requirements.
- The completeness and accuracy of the accounting data is checked regularly by reviewing samples and conducting plausibility tests, both manually and by means of software employed for this purpose.
- The principle of dual control is adhered to at all points in the Company's accounting-related processes.
- The management receives reports at scheduled intervals throughout the process or more frequently if necessary.
- The Supervisory Board deals with the key accounting issues, risk management and the audit assignment, among other things.

The accounting process-related internal control and risk management system, the key features of which are described above, ensures that transactions can be correctly recorded, prepared and accounted for in the financial statements.

## OPPORTUNITY AND RISK REPORT RISK MANAGEMENT

### RISK MANAGEMENT

Borussia Dortmund's divisions are exposed to a wide variety of risks that are inseparably linked to the conduct of business.

The sections below focus on possible future developments or events which could cause Borussia Dortmund to perform either better than expected (opportunities) or worse than expected (risks). The respective impact of opportunities and risks are generally presented separately and are not offset against one other. Generally speaking, risks and opportunities are assessed over a mid-length term of two years. All risks of loss to which the Company is exposed (individual and cumulative risks) are monitored and managed within the risk management system.

The consolidated group for risk management purposes is identical to the consolidated group in the consolidated financial statements

A functioning control and monitoring system is essential for identifying risks early and for assessing and counteracting them. It is the responsibility of the internal risk management system to monitor and control such potential risks.

The risk management system is based on principles and guidelines laid out by the management. These principles and guidelines are designed to facilitate the early identification of any irregularities so that appropriate countermeasures can be taken immediately. In order to ensure the highest possible level of transparency, risk management has been incorporated into the organisational structure of the Group as a whole. All departments and divisions are required to immediately report any market-relevant changes in the risk portfolio to the management. The risk management system is also an integral component of the overarching planning, steering and reporting process.

The currency and detail of the regular risk reports given to the governing bodies of Borussia Dortmund keep them informed of the Group's current risk profile.

This ensures that the Company's decision-makers have adequate flexibility to be able to monitor and manage risks.

This year, the risk inventory procedure implemented with the objective of cataloguing and assessing all risks has again proven effective as a management tool. Risks are identified, discussed and reviewed in consideration of current circumstances in one-on-one meetings or plenary sessions in order to assess the current likelihood of their occurring and their potential consequences.

Each risk is given a qualitative rating of between 1 and 4, with 1 indicating a low level of risk and 4 indicating a very high level of risk.

A risk impact assessment is carried out both before and after the identification and development of countermeasures to reduce the risk. The risk impact assessments are weighted before and after countermeasures based on a ratio of 1:2, with weighting prioritising the probability and consequences of each risk after countermeasures take effect. In mathematical terms, the risk impact assessment (before countermeasures) is derived by adding the probability of the risk and its consequences before countermeasures, while the assessment (after countermeasures) is derived by adding the probability of the risk and its consequences, and multiplying this figure by two.

### Example

<b>Before countermeasures:</b>			
Probability	2	2+3=5	5
Consequences	3		
<b>After countermeasures:</b>			
Probability	1		
Consequences	2	(1+2)x2=6	6
<b>TOTAL</b>			<b>11</b>

If the assessment of an individual risk falls within the top third of the scale (a score of 17 to 24), Borussia Dortmund classifies it as a high-priority risk. Particular attention is paid to such risks, since they are capable of having a material adverse and long-term effect on the Company's assets, liabilities, financial position and profit or loss. There are currently 23 (previous year: 19) risks that are classified as high priority.

The currency and detail of the regular risk reports given to the governing bodies of Borussia Dortmund keep them informed of the Group's current risk profile.

This ensures that the Company's decision-makers have adequate flexibility to be able to monitor and manage risks.

### Categorisation of risks

In accordance with the recommendations under German Accounting Standard DRS 20, and to ensure ease of reference, Borussia Dortmund divides its risks into main categories. The nine defined main categories (strategic risk, personnel risk, macroeconomic risk, competitive risk, liquidity risk, interest rate risk, credit risk, resources risk and ecological risk) are presented and explained in greater detail below.

All 62 risks that could have a direct impact on the Company fall within these categories. In addition to the 61 risks in the previous year, one new risk was added.

Five new risks (change in income from TV marketing, bad debts due to insolvency, maintaining liquidity, interruptions to match operations, and outbreak of epidemics/pandemics) were added to the 19 risks that had been classified as high-priority in the past period. After reassessing the risk of being relegated, this risk is no longer classified as a high-priority risk. No risks were removed.

Further to the notes on opportunities and risks in the 2018/2019 Annual Report, the focus during the current reporting period (financial year 2019/2020) was primarily on the impact of the COVID-19 pandemic.

In addition to the health risks and the obligation to protect the health of the employees, the strict regulations and restrictions on public life imposed by the federal and state governments have severely impacted the global economy, including the football sector and with it Borussia Dortmund. Therefore, Borussia Dortmund has classified the outbreak of epidemics/pandemics as a new, stand-alone high-priority risk. Previously, this risk was included in the risk of interruptions to match operations. This is no longer appropriate given the risk's profound impact and it has therefore been classified as a stand-alone individual risk.

The high-priority risk of an outbreak of epidemics/pandemics also greatly affects nearly all of the existing risk categories, primarily:

- Strategic risk
- Personnel risk
- Competitive risk
- Macroeconomic risk
- Liquidity risk

The following is a discussion of the 23 high-priority risks in their respective categories.

### **Category 1 – strategic risk**

We define strategic risk as risk arising from incorrect business decisions, poor implementation of decisions or the inability to adapt to changes in the corporate environment. Strategic risk also arises from unexpected changes in market conditions and the environment in which the Company operates, which bring with them negative consequences for the Company's assets, liabilities, financial position and profit or loss.

This category includes three high-priority risks:

The risk that financial planning is dependent on sporting success describes the risk that failing to achieve planned sporting objectives could lead to a lack of adequate income or proceeds. To account for any and all developments both on and off the pitch, the Company revises and updates its longstanding financial and liquidity planning at least three times per year based on the latest premises. In addition to the income statement and the statement of financial position, this also includes the development of Borussia Dortmund's liquidity. It allows the management to monitor the current and future financial position of the Company at all times and to take any necessary action. Due to developments with regard to income from international TV marketing in particular, the amount that a club is certain to receive for a given subsequent season varies greatly from a second-place finish to a seventh-place finish in the Bundesliga. Qualifying for the UEFA Champions League guarantees much higher proceeds than qualifying for the UEFA Europa League, let alone if the team fails to qualify for any international competition at all. The objective of a corresponding worst case scenario is not to predict the future but rather to provide an overview of various contingencies and their effects and to better assist the management in its strategic planning.

Share price performance describes the performance of a security, an index, shares or a portfolio, but also the performance of the management of an investment fund with respect to its investment objectives. The Group is very conscious of the risk

associated with the performance of Borussia Dortmund's shares and continually analyses the Company's value on the capital market and the consequences of it being undervalued. A key component of this risk is the impact of these factors on potential corporate action in the future and the Company's appeal to business partners. This risk is countered through continual communication with the capital market. The shares have been listed on the Prime Standard segment of the Frankfurt Stock Exchange since May 2014 and are also admitted to trading on the SDAX. During the current financial year, Borussia Dortmund again held several roadshows in Europe and the United States, either on site or via conference call on account of the COVID-19 pandemic, in an effort to keep existing investors up to date and bring any prospective investors on board.

Borussia Dortmund considers the third risk in this category to be the risk of conflicting goals of sporting and commercial success. It is important that Borussia Dortmund continues to pursue balanced business policies with the aim of ensuring that the club remains competitive and also focussed on meeting the Group's performance indicators. Borussia Dortmund will continue to avoid financial risks that could arise on account of uncertain sporting successes. As in previous years, Borussia Dortmund further counters this risk by setting strict budgets for the individual divisions and undertaking corporate planning on a revolving basis using various planning scenarios. Furthermore, the Company also uses planning scenarios to calculate various earnings and liquidity effects potentially presenting additional opportunities for financial investment or shortfalls. Balancing the need to remain competitive on the pitch with the need for economic stability and success, while simultaneously taking into account the corresponding countermeasures that have already been taken to reduce the likelihood of the risk from occurring, is of fundamental importance, especially in exceptional circumstances such as the current COVID-19 crisis. Various planning scenarios were calculated specifically during the COVID-19 crisis.

The conclusion of long-term, strategic, and in some cases new agreements with Evonik Industries AG (primary sponsor) and the new second primary sponsor 1&1, PUMA International Sports Marketing B.V. (new agreement until 2028), SIGNAL IDUNA Krankenversicherung a. G. and Opel Automobile GmbH ensures planning security and continuity.

### **Category 2 – personnel risk**

The importance of human resources to companies is growing. The Company's success is largely dependent on the commitment, motivation and skills of both its sporting personnel and managerial/administrative staff.

This category currently includes three high-priority risks:

Protecting confidential information is a subject that remains in the public eye. Never before has data protection posed so many challenges. In particular, the increasing internationalisation of day-to-day business operations necessitates a detailed understanding of the respective data protection regulations applicable in individual countries. In addition, technical progress harbours many pitfalls, especially in relation to online data. Hackers stepped up their attacks in recent years, releasing the personal data of politicians, celebrities and others. Action has to be taken to prevent the unauthorised access and manipulation of data. Confidential data that is processed, transferred or stored online must be encrypted. The data should remain encrypted and protected even if the online application is compromised. The IT security officers, the heads of the individual application areas and the data protection officers are responsible for initiating the data; the developers and administrators are responsible for implementation.

An external service provider was engaged to raise employee awareness of data protection issues and to prevent potential violations.

The risk of periods during which professional players are unable to play (rest periods) can have a major impact on the Company's success, because they mean that team managers are unable to play the best possible team for the entire season, putting sporting goals in jeopardy. The absence of key players in particular is often difficult to compensate for. The reasons for rest periods include personal match bans, injury, excessive stress or a COVID-19 virus infection. The systematic implementation of DFL's hygiene concept minimises the risk that the professional squad and the coaching and support staff will contract the COVID-19 virus. We deliberately ensure that back-ups are available for every position within the squad so that we can absorb the absence of any individual player.

There continues to be a risk of travel and other accidents and terrorist attacks in the world of sport; therefore, Borussia Dortmund continues to classify this risk as high priority.

### **Category 3 – macroeconomic risk**

Macroeconomic risk arises as a result of Borussia Dortmund's dependence on general economic and political developments.

There are currently six high-priority risks that fall under macroeconomic risks:

Previously, the risk of an outbreak of epidemics/pandemics was included in the risk of interruptions to match operations. In order to account for the gravity of the risk, the risk of an outbreak of epidemics/pandemics was classified as a new, stand-alone high-priority risk.

An epidemic is when a disease spreads unusually quickly in a certain region in a short period of time. A pandemic is an epidemic that spreads beyond the borders of a particular country or even continent.

Aside from the health consequences, the COVID-19 crisis has thus far particularly impacted Borussia

Dortmund's streams of revenue. This year's income from TV marketing was lower than budgeted. Approximately EUR 4.4 billion in total will be distributed to the clubs in the first and second Bundesliga divisions over the course of the next four seasons (2021/2022–2024/2025), provided match operations will be held. In addition to the losses with respect to TV marketing, no income was generated from ticket sales for the remaining five home matches after match operations were resumed, and any income already received from season or match day tickets was refunded. The same applied to any VIP/hospitality income. At this time it is not yet clear when income will again be generated from ticket sales in the coming season. Due to the lack of match operations and the closure of SIGNAL IDUNA PARK, the income from catering on match days and from stadium tours and events was completely eliminated; this also temporarily affected the sales at the fan shops. The COVID-19 crisis, and the matches played behind closed doors as a result, have also led to declining proceeds from sponsors. Due to the economic slump, it may be difficult to adequately replace all of the advertising agreements that are set to expire. Consequently, advertising income is expected to be lower in the coming season. In line with the tense global economic situation, the transfer market will (probably) also cool off. While Borussia Dortmund cannot rule out that transfer proceeds for players will (temporarily) decline in coming transfer windows, it still expects opportunities to obtain high transfer proceeds for players in individual cases.

Borussia Dortmund has classified unfavourable macroeconomic developments, particularly high unemployment and slow economic growth or an economic downturn, as a further risk in this category. In light of the severe effects of the COVID-19 pandemic, the Hamburg Institute of International Economics (HWWI) has revised its 2020/2021 economic forecast for Germany. The entire global economy will be severely impacted by the crisis. The German economy has slipped into a deep recession

as restrictions were placed on global economic relationships and protective measures enforced in Germany. Economic activity in many industries and sectors was severely curbed or even brought to a standstill in the spring. How quickly the economy will recover depends in particular on the further course of the pandemic.

The risk of right-wing extremism is a societal risk that continues to increase. Borussia Dortmund continues to stand firmly against right-wing extremism and discrimination. Borussia Dortmund counters this risk through prevention efforts and disciplinary action, acting in concert with a broad network of cooperation partners. By clearly speaking out against racism and discrimination as well as by working to combat right-wing attitudes and hate speech and to ensure that the lessons of the past are never forgotten, Borussia Dortmund will continue to fulfil its social responsibility by ensuring that the atmosphere in and outside the stadium is welcoming, cosmopolitan and diverse.

The increased willingness of certain individuals to commit violence and defame and insult others at stadiums is a risk that will continue to require the utmost attention. Fan violence remained an important issue during reporting period.

Prevention efforts and security plans ensured that potentially violent groups were identified in advance, helping to prevent altercations to the greatest extent possible. Borussia Dortmund will continue to counter this risk with enhanced security checks, camera surveillance, stadium bans and criminal complaints. Additional stadium safety measures will continue to include specific structural changes to entrances going forward.

In connection with the dispute about who should cover the costs of providing security at home matches, the clubs of the first and second Bundesliga divisions voted on 3 December 2019 that the costs incurred by the Bremen police should be borne in full

by SV Werder Bremen. The clubs also resolved that SV Werder Bremen could defer a partial amount of 50% until a final ruling on the legal dispute was issued by the Federal Constitutional Court, and to reject a fund model of any kind.

Passing these costs on to the Bundesliga clubs would present an earnings and liquidity risk for those clubs, Borussia Dortmund included.

The categorisation of social media activities as a high-priority risk reflects the fact that new technologies not only have potential for development, but also harbour risk potential.

Social media is no longer used solely for communicating with fans and followers, but increasingly also serves as an advertising platform for marketing and sponsoring-related activities.

In order to safeguard the Company's image and prevent the unauthorised disclosure of internal information, all Borussia Dortmund employees must adhere to the Company's social media guidelines.

#### **Category 4 – competitive risk**

Competitive risk relates to factors stemming from competition in the domestic and international professional football business.

Borussia Dortmund last played in the second Bundesliga division between 1972 and 1976. The most recent time Borussia Dortmund was stuck in the relegation zone was during the winter break of the 2014/2015 season. Without exception, Borussia Dortmund has qualified for international cup competitions every year since the 2009/2010 season. Consequently, the risk of being relegated to the second Bundesliga is no longer classified as a high-priority risk.

This category includes seven high-priority risks:

Interruptions to match operations can have immense economic ramifications because nearly all of Borussia Dortmund's streams of revenue are dependent on or

influenced by match operations. Accordingly, this risk is now classified as a high-priority risk. The temporary suspension of match operations due to the COVID-19 pandemic during the 2019/2020 season has underscored how economically dependent the club is on a trouble-free season. The 2019/2020 season was completed thanks to the systematic implementation of DFL's hygiene concept.

The change in income from TV marketing has also been classified as a new high-priority risk in the wake of the COVID-19 crisis. After DFL Deutsche Fußball Liga's auctions for TV rights led to a steady rise in income from TV marketing in recent years, the COVID-19 crisis meant that this year's auction for the 2021/2022 to 2024/2025 seasons did not bring as much income for the clubs of the first and second Bundesliga divisions as in previous rights periods; in total, EUR 4.4 billion will be distributed in the coming four years.

Since the future instalments of TV marketing income to be paid by DFL Deutsche Fußball Liga to the clubs depend on how the COVID-19 pandemic develops and whether the clubs can continue to play in the coming season, this income, which makes up a significant share of revenue, is subject to uncertainty.

According to UEFA, Financial Fair Play is about improving the overall financial health of European club football. The regulations first entered into force in 2011 and serve as a catalogue of measures for clubs competing in UEFA's international club competitions. Clubs in breach of the regulations face penalties up to and including bans. In practice, Financial Fair Play governs the ratio of revenue to expenditures. The risk of failing to comply with the Financial Fair Play rules and potential exclusion from international competitions or potential financial sanctions would have serious financial consequences for Borussia Dortmund. The distribution amounts from UEFA's TV marketing agreement that went into force in the 2018/2019 season, underscores the importance of both qualifying

and obtaining the requisite licences for international club competitions. To minimise this risk therefore, compliance with the relevant requirements and target/actual comparisons are constantly reviewed. Several European clubs have already been disciplined and banned from international competitions for violating Financial Fair Play rules. In connection with the COVID-19 crisis, UEFA relaxed several of its rules governing licensed players for its club competitions in the 2020/2021 season.

As past experience has demonstrated, the risk of key players switching clubs can materialise at any time at Borussia Dortmund. The departure of key players who are part of the club's future plans would not only weaken the team at certain positions, but also as a whole. Even if success rarely rests on the shoulders of any single player, any unexpected departures would leave holes in the roster that would need to be filled at short notice with players of equal quality. In an attempt to mitigate the sporting consequences of key players switching clubs, Borussia Dortmund plans its roster well in advance, including by binding players to long-term contracts, uses its high transfer proceeds to reinvest in the squad and employs a wide network of scouts.

The further risk in this category is the risk of a potential stadium catastrophe. Stadium catastrophes can include fire, stampedes, potential terrorist attacks or other acts of violence. Going forward, the Company will continue to regularly assess the quality and reliability of security staff and specifically train them in the prevention of catastrophes. Structural improvements to SIGNAL IDUNA PARK for the purposes of enhancing security, safeguarding and monitoring the access roads, and safeguarding the property during visits on non-match days are just some of the countermeasures currently being implemented by the club's Security department to provide security at the stadium.

Borussia Dortmund uses the summer break each year to invest in SIGNAL IDUNA PARK as well as for construction work and refurbishments. The

stadium has been expanded three times since opening in 1974 with a capacity of 54,000. The continual repair and maintenance work – the paramount focus of which is always structural integrity and safety – ensures that the stadium meets the latest standards in terms of safety, security and comfort. Compared to many other Bundesliga stadiums that were constructed for the 2006 World Cup, SIGNAL IDUNA PARK is one of the league's oldest stadiums in use. Given that Borussia Dortmund regularly invests large sums in SIGNAL IDUNA PARK and in light of the increasing requirements applicable to stadiums, including with respect to spectator safety, the club has classified capital expenditures needed for SIGNAL IDUNA PARK as a high-priority risk.

The risk of consequential damage arising from mining, which also affects SIGNAL IDUNA PARK, represents another high-priority risk. Coal mining has ceased in Germany. While the memories remain, so do the pitfalls, because the effects of mining never fully disappear. Hardly any other federal state is faced with as many sinkholes as North Rhine-Westphalia. The state has some 60,000 abandoned mining shafts and tunnels. The exact number is not known because mining in the region dates back to the Middle Ages. Only half of all pits and tunnels have been recorded.

Borussia Dortmund uses the properties adjacent to SIGNAL IDUNA PARK for car parks or to store products and equipment needed for match operations. The southwest container and logistics area is located on land with uncertain topography, which is why sinkholes and similar subsidence cannot be ruled out. An external service provider was recently engaged to determine to what extent geogrids (instead of fill dirt) could possibly be used to sufficiently reinforce the areas in question. Geogrids help among other things to stabilise the subsoil during construction. They reinforce loose mineral layers such as sand and soil. Geogrids distribute static loads across a large area of the subsoil. The aim is to increase or establish load-bearing capacity and to prevent significant

subsidence at isolated points without the need for costly and time-consuming efforts to replace the soil with materials with higher load-bearing capacities.

### Category 5 – liquidity risk

Liquidity risks include all risks in connection with cash flows and financial burdens.

This category includes four high-priority risks:

The loss of significant financial backers and sponsors due to insolvency could also have a material adverse effect on Borussia Dortmund's liquidity in the future. Greater attention is being placed on the potential loss of significant financial backers and sponsors and the introduction of corresponding countermeasures precisely because of the current COVID-19 crisis and the associated adverse economic consequences for the German and global economy. Borussia Dortmund continuously revises its longstanding accounts receivable management system in line with the prevailing conditions and increasing globalisation. The club also reviewed and implemented other risk mitigation measures such as introducing upfront payments or changing payment terms. Borussia Dortmund is also in close contact with its customers and its sponsoring marketing firm SPORTFIVE Germany GmbH.

At present, it is difficult to forecast and remains to be seen how open companies will be to becoming sponsors in the near term during and after the COVID-19 crisis.

In the wake of the COVID-19 crisis, the risk of bad debts due to insolvency has been classified as a new high-priority risk.

Economists expect that the COVID-19 crisis will lead to one of the sharpest economic declines in Germany and the world in the post-war era. This will also impact the solvency of companies and football clubs alike. Borussia Dortmund anticipates

that problems could arise with regard to transfer receivables. The primary objective continues to be keeping bad debts to a minimum and to ensure that the Company has the liquidity it needs at all times. That is why following through on action already taken is all the more important. Dunning procedures are particularly vital in this respect. Furthermore, additional action was taken to ensure liquidity and counter any potential bad debts.

Borussia Dortmund places utmost importance on maintaining its liquidity and, after reassessing its risks following the outbreak of the COVID-19 pandemic, has therefore classified the risk associated with this as another high-priority risk. The financial and liquidity planning apparatus that has been in place for many years considers a variety of scenarios and different premises, and is regularly adjusted to account for current conditions. A wide variety of scenarios were calculated, particularly during the course of the COVID-19 pandemic, to identify any liquidity bottlenecks early and to initiate appropriate countermeasures designed to secure liquidity.

In order to keep the risk associated with the volume of player salaries as low as possible, the club budgets personnel expenses with transfer deals in mind at the beginning of each season. The primary focus is on the fixed components of the players' remuneration, since these are independent of the team's performance during a given season. Variable remuneration components are also considered when planning the budget, but generally only apply once certain sporting objectives are achieved that in turn generate additional income. The personnel expenses incurred are continuously monitored, extrapolated on the basis of current circumstances, and reported to the management.

The Group is not presently exposed to any high-priority risks in the **interest rate risk, credit risk, resources risk and ecological risk** categories.

## **OPPORTUNITIES**

By once again directly qualifying for the UEFA Champions League, the club again has the opportunity to consolidate its standing as one of Europe's top teams and to once more share in the profits distributed for participating in the lucrative competition.

Borussia Dortmund's approach to its squad is one of continuity. Lucien Favre enters his third season as head coach of Borussia Dortmund, having steered the team to two second-place league finishes in a row. Head coach Lucien Favre, sporting director Michael Zorc, Sebastian Kehl as Head of the Professional Squad and Matthias Sammer as an external advisor further strengthened their partnership, working together more closely to identify additional areas for improvement and change. The squad continued to grow together as a team and achieved greater balance, especially in the second half of the 2019/2020 season. This was helped in part by winter signings Emre Can and Erling Braut Haaland, who had no problems integrating into the team and immediately had a positive impact on their teammates. For the coming season, Borussia Dortmund signed Thomas Meunier, an experienced defender who is expected to help bring the young squad to the next level with his maturity, and Jude Bellingham, a young, up-and-coming highly-

talented player with enormous potential who is expected to steadily further his development at Borussia Dortmund. The healthy mix of grit, leadership and young ambition as well as consistency with regard to the management of the squad is expected to help the team unlock its full potential and achieve the greatest possible success on the pitch.

Borussia Dortmund has an excellent team, a fact that is not lost on other top European clubs. Accordingly, there is always the possibility of lucrative transfers.

Borussia Dortmund sees further potential in its youth setup, where it lays the foundation for its sporting success. To this end, the club added new offices for the sports management team at the Brackel training ground. This investment will help to further consolidate all the areas under the direction of the Sports department. Borussia Dortmund hopes the direct proximity to the training ground will help it work with greater efficiency and purpose and further optimise its pipeline of talented youngsters for the senior team. In the past season, Giovanni Reyna, another one of the club's youth standouts, made the jump to the senior side and helped the team with his youthful exuberance. Other talented youngsters are also set to make the senior team.

Borussia Dortmund maintains close and longstanding partnerships with its sponsors. During times of crises, this continuity was also a reflection of the close and trusting relationships. These good relationships built on trust and the solidarity displayed during crises also provide planning security. Borussia Dortmund also believes it has good opportunities to adequately replace sponsoring agreements that are set to expire by leveraging its appeal to sign lucrative new contracts.

Since personal contact has been severely restricted during the COVID-19 pandemic, communicating digitally with fans is more important than ever. New digital formats were and will be created for this reason. This increased focus on digital communications affords us the opportunity to strengthen the bonds our fans have with the club despite not being able to attend matches, and to grow Borussia Dortmund's fan base.

## OVERALL ASSESSMENT OF THE RISKS AND OPPORTUNITIES

With regard to the risks discussed in this report and the review of the overall risk position, no risks were identified in the financial year under review that could lead to a permanent or material deterioration in the financial position or financial performance of either the Group or its individual companies.

Thanks to its risk management system, Borussia Dortmund is in a position to comply with the statutory provisions on control and transparency in the Company.

A review of the risk situation revealed that none of the individual risks defined within the risk areas jeopardise the continued existence of Borussia Dortmund.

## REPORT ON EXPECTED DEVELOPMENTS

### EXPECTED DEVELOPMENT OF THE COMPANY

Borussia Dortmund finished the 2019/2020 season in second place with 69 points, qualifying directly for the lucrative group stage of the UEFA Champions League in the coming season. Borussia Dortmund has thus qualified for an international

cup competition for the eleventh time in a row since the 2010/2011 season.

Borussia Dortmund will face FC Bayern Munich in this year's DFL Super Cup on 30 September 2020.

### EXPECTED GENERAL ECONOMIC ENVIRONMENT

The summary of the expected general economic environment is dominated by the effects of the COVID-19 pandemic. The strict lockdown measures enacted in recent weeks are currently being steadily eased.

Essentially, the basis for all pending decisions is the fight against the COVID-19 pandemic. Thus, as far as professional football is concerned, it is important that the associations remain in regular contact with the health authorities. A coordination group with representatives from DFL, DFB and the state associations was formed for this purpose.

DFL Deutsche Fußball Liga GmbH took the postponed final of the UEFA Champions League and Bundesliga relegation matches into account when it drew up the fixture schedule for the 2020/2021 season. The season is scheduled to kick off on 18 September 2020.

Income from match operations are directly tied to allowing spectators to visit SIGNAL IDUNA PARK.

As things currently stand, the ban on major events only runs until 31 August 2020, making it conceivable that the new Bundesliga season could kick off with limited numbers of spectators. DFL Deutsche Fußball Liga GmbH has issued guidelines with which the conditions can be met to allow spectators in SIGNAL IDUNA PARK. Thus, Borussia

Dortmund is in regular contact with DFL Deutsche Fußball Liga GmbH to discuss how sections of the stadium can once again be opened to spectators.

Since selling out stadiums is currently not feasible and any easing of restrictions will always be conditional on static or falling rates of infection, earnings forecasts in this regard are dominated by severe losses and uncertainty.

Commercially successful professional football operations are no longer limited to just regional or national levels. The team's success in these competitions is very much a focus in all plans. Qualifying for the group stage of the UEFA Champions League continues to place Borussia Dortmund in a better financial position. Playing and delivering positive performances in the competition not only generates income, it can also widen the club's media and brand coverage, which promotes the club's interaction with existing fans and encourages others to begin following Borussia Dortmund. The club intends to promote these effects with a progressive internationalisation strategy that is regularly tailored to current trends. In light of this, Borussia Dortmund aims to further expand and professionalise its digital presence. Borussia Dortmund thereby responds to social trends and to a large degree leverages the attractiveness of the Borussia Dortmund brand. The

growing international awareness of the brand that this gives rise to allows the club to tap foreign markets.

In the 2020/2021 season, Borussia Dortmund once again marketed its virtual advertising boards. SIGNAL IDUNA PARK's advertising boards can be digitally overlaid in the broadcast signal to target the respective TV audiences when broadcasting matches abroad. In times when matches are held behind closed doors or only in front of a very small number of spectators, this technology allows sponsors abroad to be targeted on an individual basis. For Borussia Dortmund's international partners in particular, this is an attractive and increasingly popular way to reach their customers worldwide.

Despite the economic setbacks in the first half of the 2020 calendar year and the forecast exacerbation of the global economic slump, professional football, particularly in Germany, has not lost any of its appeal. As such, Borussia Dortmund will also operate in a demanding market and competitive environment in the coming season.

Particular focus will be placed on income from TV marketing in connection with the expected general economic environment.

DFL Deutsche Fußball Liga GmbH has informed the clubs of the first and second Bundesliga divisions about the expected distribution volume for the 2020/2021 season. Since any further developments cannot be reliably assessed at present due to the COVID-19 pandemic, the DFL Executive Committee decided to withhold a portion of the distribution as security for the time being. Despite the reductions, the announced disbursements of the TV funds will allow for a good degree of planning.

Despite the significant influence of the COVID-19 pandemic, DFL Deutsche Fußball Liga GmbH once

again sold the media rights for the DACH region for the 2021/2022 season onwards for approximately EUR 1.1 billion. Sky Germany secured the rights to all live broadcasts on Saturdays, while DAZN will broadcast matches on Fridays and Sundays. Football will also return to free-to-air TV after a 17-year hiatus, with ProSieben/Sat1 acquiring the rights to a total of nine live matches. Even though the agreement fell short of expectations with a decline in volume of around 5%, in these uncertain times it represents an excellent economic foundation for the coming seasons.

After marketing activities at the stadium temporarily came to a complete halt, stadium tours were resumed on 1 July 2020. Visitors can take these self-guided tours using their own smartphones and headphones. Hospitality events have also resumed; however the number of participants has been reduced significantly and visitors must comply the hygiene guidelines.

Since policy-makers will continue to set the precedents in this regard, this revenue item is also expected to decrease until further notice.

Transfer deals are an important part of Borussia Dortmund's business and, as in previous years, represent a significant source of income. However, in view of the developments in the economic environment, Borussia Dortmund on principle only takes transfer income into limited account in its planning. The transfer policy nevertheless presents significant opportunities to generate substantial income. Consequently, transfer deals are always assessed against the background of the current season. High transfer sums often go hand in hand with a drop in quality within the team, but it cannot be ruled out that value-driven transfers will be concluded contrary to the Company's sporting interests. Given Borussia Dortmund's sustained success, its players are increasingly piquing the interest of other top clubs.

The COVID-19 crisis is also influencing the transfer market. Transfer sums for players are expected to decrease temporarily on account of the economic uncertainties. According to the International Centre for Sports Studies, it is possible that transfer sums for players in Europe's leagues will decline by several million euros.

Since football seasons were postponed throughout the world, there are two summer transfer windows this year. The DFB announced that the first transfer window would open for one day on 1 July 2020 to allow for the registration of previously signed

contracts. In line with the fact that leagues in Europe are delaying the end of their seasons, the DFB is following UEFA's recommendation that the current transfer window be extended until 5 October 2020.

Despite the expected potential losses and the uncertainty as the situation continues to unfold, the European leagues remain attractive for talented young players. Current expectations are that there will be quite a bit of activity on the transfer market in the summer of 2020 but that the record transfer fees seen in previous seasons will not be paid.

### **Overall assessment of expected performance**

The COVID-19 crisis is currently overshadowing the economic activities of German companies, forcing them to confront the major challenge of having to operate in a highly uncertain environment. After concluding the season under unprecedented circumstances, Borussia Dortmund also expects to face significant economic restrictions in the coming season. The risk of a second wave of the pandemic and another lockdown as a result will shape economic planning for some time to come. Borussia

Dortmund will persevere through these difficult times thanks to the economically sound foundation it has built up and the specific countermeasures it has taken. There is a high forecasting risk stemming from the strong dependence on political decisions and the further course of the COVID-19 pandemic. Thus, any statements regarding the future performance of the Company are subject to a high degree of uncertainty.

## EXPECTED RESULTS OF OPERATIONS

### Expected earnings trend

Society as whole, and by extension football, is facing unprecedented challenges. The number one priority is containing the spread of the COVID-19 virus in all facets of life. Professional football and thus Borussia Dortmund GmbH & Co. KGaA have been hit hard by the effects of the pandemic.

Therefore, the expectation is of severe adverse effects on the earnings trend in the 2020/2021 season.

The Company anticipates that spectators will be able to attend matches in the new season. As a result of the measures to contain the pandemic, only a very limited number of tickets will be made available per match, which will continue to weigh heavily on income from match operations.

Due to the economic uncertainty, Borussia Dortmund expects a rather subdued transfer window, which will lead to significantly lower net transfer income year on year.

The club traditionally pursues a more conservative approach when factoring success on the pitch and any associated earnings contributions into the forecast.

In light of the high degree of uncertainty related to all streams of revenue, the management currently expects to generate a net loss of between EUR 70 million and EUR 75 million in the coming 2020/2021 financial year.

In this planning scenario, the result from operating activities (EBIT) will exceed the forecast net loss for the year by the financial result and tax expense of approximately EUR 2 million. The operating result (EBITDA) would be around EUR 100 million higher than the result from operating activities (EBIT) due to depreciation and amortisation and would probably amount to between EUR 30 million and EUR 35 million.

### Expected revenue trend and consolidated total operating proceeds

In the past financial year, Borussia Dortmund generated revenue of EUR 370,196 thousand and consolidated total operating proceeds of EUR 486,884 thousand. Revenue is expected to decline by approximately 5% in the coming reporting period, due primarily to lower income from match operations and TV marketing. Borussia Dortmund forecasts consolidated total operating proceeds of approximately EUR 388,000 thousand. The measures to contain the COVID-19 pandemic will impact nearly all of Borussia Dortmund GmbH & Co. KGaA's revenue streams.

### Expected trend for significant operating expenses

Cost management continues to be Borussia Dortmund's highest priority. Especially in times of crisis, efforts are being undertaken to optimise this further. The objective is to specifically manage and continually monitor risks in order to avoid or minimise these.

Operating expenses are linked directly to the number of matches played and the club's performance in competitions, meaning that these are always contingent upon the club's footballing success.

Personnel expenses are also largely dependent upon the club's sporting success, because the professional squad is compensated on the basis of its performance, meaning that these expenditures are always commensurate with the club's success.

## **EXPECTED DIVIDENDS**

In light of the fact that the Company reports a net loss for the financial year, the management does not intend

to propose to the Annual General Meeting any dividend distribution for financial year 2019/2020.

## **EXPECTED FINANCIAL POSITION**

### **Capital expenditure and financial planning**

The highest priorities for developing the club's core business will be making the club more competitive and improving its infrastructure.

Borussia Dortmund is currently pursuing an extremely passive transfer policy on account of the economic slump brought about by the COVID-19 pandemic. Even planned investments in SIGNAL IDUNA PARK are being postponed until further notice. In order to mitigate and avoid financial risk, Borussia Dortmund in principle pursues a conservative and extremely prudent capital expenditure strategy and will not count on any uncertain sporting successes.

### **Expected liquidity trend**

Based on the assumptions made, Borussia Dortmund expects cash flows from operating activities of EUR 34 million in financial year 2020/2021. Free cash flow is expected to amount to EUR -34 million.

This figure is subject to change due in particular to transfer deals or if actual events differ from the forward-looking statements in the forecast concerning the club's sporting success or on account of the effects of the COVID-19 pandemic.

## **OVERALL ASSESSMENT OF EXPECTED PERFORMANCE**

The consequences of the measures to contain the COVID-19 pandemic will continue to have adverse effects in the coming 2020/2021 financial year. 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, equity of EUR 354,919 thousand (which corresponds to an equity

ratio of approximately 70.97%) as at 30 June 2019 and the Company's long-term focus, Borussia Dortmund considers itself prepared to handle the uncertain economic situation. The management is continuously reassessing the situation as it pertains to the COVID-19 pandemic.

## OTHER DISCLOSURES

The notes contains disclosures pursuant to § 160 (1) no. 2 AktG.

### REPORT IN ACCORDANCE WITH § 315A (1) HGB

The following information has been provided by the Company in response to the requirements of § 315a (1) sentence 1 nos. 1 to 9 HGB:

1. As at 30 June 2020, the share capital of Borussia Dortmund GmbH & Co. KGaA amounts to EUR 92,000,000.00 and is divided into 92,000,000 no-par value ordinary bearer shares. All of the shares have been admitted to trading on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange and to the over-the-counter markets (Open Market) in Berlin, Bremen, Stuttgart, Munich, Hamburg and Düsseldorf. Each no-par value share entitles the holder to one vote at the Annual General Meeting. The Company has only one class of shares, and all shares carry the same rights and obligations. All other rights and responsibilities attaching to the Company's shares are determined in accordance with the German Stock Corporation Act (*Aktiengesetz*, "AktG").
2. Restrictions affecting the voting rights or transfer of the shares, and
3. Interests in the share capital of Borussia Dortmund GmbH & Co. KGaA exceeding 10% of the voting rights as at 30 June 2020:
  - 1) Evonik Industries AG, Essen, Germany: 9.83% of the voting rights
  - 2) Ballspielverein Borussia 09 e.V. Dortmund, Dortmund, Germany: 14.88% of the voting rights (of which 5.53% held directly and 9.35% held indirectly by including the voting rights of Bernd Geske, Germany, pursuant to § 22 (2) and henceforth § 34 (2) WpHG)
  - 3) Bernd Geske, Meerbusch, Germany: 14.88% of the voting rights (of which 9.35% held directly and 5.53% held indirectly by including the voting rights of Ballspielverein Borussia 09 e.V. Dortmund, Dortmund, Germany, pursuant to § 22 (2) and henceforth § 34 (2) WpHG)
4. There are no shares with special rights conferring powers of control.
5. There is no control of voting rights in cases in which employees are shareholders.

According to the information available, the inclusion of the voting rights in either case is based on a shareholders' agreement concluded between Ballspielverein Borussia 09 e.V. Dortmund and Bernd Geske currently for a term until 30 June 2022 (after the original agreement ending on 30 June 2017 was extended). The material subject matter of said agreement is the stipulation binding the parties to exercise their voting rights in favour of Ballspielverein Borussia 09 e.V. Dortmund with regard to Bernd Geske's shares in Borussia Dortmund GmbH & Co. KGaA, and that Bernd Geske and Ballspielverein Borussia 09 e.V. Dortmund mutually agree to inform one another and vote on any changes to their respective shareholdings in Borussia Dortmund GmbH & Co. KGaA, especially pertaining to the transfer of shares.

6. Because of its legal form as a partnership limited by shares, Borussia Dortmund GmbH & Co. KGaA does not have a management board. Instead, management and representation of the Company is the responsibility of the general partner. The provisions of Article 6 No. 1 of the Articles of Association stipulate that Borussia Dortmund Geschäftsführungs-GmbH, with registered offices in Dortmund, is to act as such an executive body on a permanent basis and not for a limited period of time by virtue of its status as a shareholder. The appointment and removal of managing directors of Borussia Dortmund Geschäftsführungs-GmbH is governed by § 8 no. 6 of its shareholders' agreement and is the responsibility of the Executive Committee of its Advisory Board, and therefore not of the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA. In principle, changes may be made to the Articles of Association of Borussia Dortmund GmbH & Co. KGaA only by a resolution of its Annual General Meeting, which, in accordance with § 133 (1) of the AktG, must be passed by a simple majority of votes and also, in accordance with Article 15 No. 3 of the Articles of Association of the Company in conjunction with § 179 (1) and (2) of the AktG, by a simple majority of the capital represented on the date of the resolution, except to the extent that mandatory statutory provisions or the Articles of Association stipulate otherwise. A mandatory provision of statute requires that a resolution of the Annual General Meeting be passed by a majority of three-quarters of the share capital represented on the date of the resolution in the event of changes to the Articles of Association relating to the object of the Company (§ 179 (2) sentence 2 AktG), the issuance of non-voting preferred shares (§ 182 (1) sentence 2 AktG), capital increases involving the disapplication of pre-emptive subscription rights (§ 186 (3) AktG), the creation of conditional capital (§ 193 (1) AktG), the creation of authorised capital (§ 202 (2) AktG) – where appropriate with authorisation to disapply pre-emptive subscription rights (§ 203 (2) sentence 2 in conjunction with § 186 (3) AktG) –, the ordinary or simplified reduction of share capital (§ 222 (1) sentence 2 and § 229 (3) AktG) or a change of legal form (§ 233 (2) and § 240 (1) of the German Reorganisation and Transformation Act [*Umwandlungsgesetz*, "UmwG"]). In addition, capital increases, other changes to the Articles of Association and other decisions of a fundamental nature may only be resolved with the approval of the general partner in accordance with § 285 (2) sentence 1 of the AktG. The Supervisory Board is authorised in accordance with Article 12 No. 5 of the Articles of Association to resolve changes to the Articles of Association which relate only to the wording thereof, in particular in connection with the amount of capital increases from authorised and conditional capital.
7. By virtue of a resolution by the Annual General Meeting on 24 November 2014, the Company was authorised until 23 November 2019, subject to the consent of the Supervisory Board, to increase the share capital by a maximum of EUR 23,000,000.00 in total by issuing new no-par value ordinary bearer shares against cash and/or in-kind contributions on one or more occasions. This authorisation was not utilised and has lapsed.
8. The Company is not a party to any material agreements which are conditional on a change of control following a takeover bid for the issued shares of Borussia Dortmund GmbH & Co. KGaA.
9. The Company is not a party to any compensation agreements that would apply in the event of a takeover bid.

## STATEMENT BY THE GENERAL PARTNER ON RELATIONS WITH AFFILIATED COMPANIES

The Dependent Company Report prepared by Borussia Dortmund GmbH & Co. KGaA pursuant to § 312 AktG sets out the relations with Ballspielverein Borussia 09 e.V. Dortmund as the controlling entity and its affiliated companies. The general partner – represented by its Managing Directors – has issued the following concluding declaration:

"Based on the circumstances known to us at the time the transactions were entered into, the Company received appropriate consideration for each of the transactions set out in the report on relations with affiliated companies in the financial year. In all other cases, the Company has been compensated for any disadvantages having arisen. No other measures within the meaning of § 312 (1) of the AktG were either undertaken or omitted during the financial year."

## DISCLAIMER

This Group management report contains forward-looking statements. Such statements are based on current estimates and are by nature

subject to risks and uncertainties. Actual results may differ from the statements made in this report.

Dortmund, dated 17 August 2020

Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien  
Borussia Dortmund Geschäftsführungs-GmbH



Hans-Joachim Watzke  
Chief Executive Officer



Thomas Trefß  
Managing Director



Carsten Cramer  
Managing Director