

REPORT OF THE SUPERVISORY BOARD

Borussia Dortmund GmbH & Co. KGaA looks back on a successful 2018/2019 financial year, both from an athletic and a financial perspective.

Not only did Borussia Dortmund again qualify directly for the group stage of the UEFA Champions League in 2019/2020, but by taking the title race down to the wire on the very last match day it also played a key role in making the season one of the most exciting in years, not just for BVB fans but for all Bundesliga fans worldwide. Even though Borussia Dortmund unfortunately only just missed out on being crowned Bundesliga champions, the Supervisory Board wishes to expressly thank the management, the sporting director and his team, as well as the new coach Lucien Favre and his coaching staff for taking Borussia Dortmund by the reins after a difficult 2017/2018 season and directly propelling the team to a second-place finish in the 2018/2019 season. Whereas this time last year we stated that the rebuild would require time and patience, we can now say far sooner than expected that last year's expectations were more than fulfilled.

From the Supervisory Board's perspective, the Company's healthy and sustained financial position is also worthy of note. Financially, Borussia Dortmund can again look back on one of its most successful ever financial years. The Company generated consolidated revenue of EUR 489.5 million (previous year: EUR 536.0 million). In the financial year ended, consolidated net profit after taxes amounted to EUR 17.4 million (previous year: EUR 31.7 million), which was reflected in the results of operations in Borussia Dortmund GmbH & Co. KGaA's single-entity financial statements. The Company generated net income for the year after taxes of EUR 25.8 million (previous year: EUR 26.4 million). The Supervisory Board is therefore extremely pleased to report that it and the general partner will, for the eighth consecutive year, propose to the Annual General Meeting in November 2019 that it resolve to distribute a dividend using the net profit.

Supervisory Board activity, meetings

In the 2018/2019 financial year, the Supervisory Board closely monitored the status and development of the Company and the Group. It exercised all of the rights and duties incumbent upon it by virtue of the law and the Articles of Association.

The Supervisory Board met four times during the 2018/2019 financial year (on 10 September 2018, 26 November 2018, 18 March 2019 and 20 May 2019). In addition, one resolution was circulated and adopted by the Supervisory Board without holding a meeting. With the exception of Mr Christian Kullmann, all members attended more than half of the meetings of the Supervisory Board. All resolutions were adopted in accordance with the provisions of the Articles of Association and the relevant law. All issues are deliberated and all resolutions are passed by the full Supervisory Board; the Supervisory Board has not formed any committees.

During the reporting period, the Supervisory Board received regular, timely and comprehensive oral and written reports from the management within the meaning of § 90 of the German Stock Corporation Act (*Aktiengesetz*, "AktG"). These reports focused on the development of the business, the Company's and the Group's liquidity, earnings and financial position, corporate planning (specifically, financial, investment and personnel planning), the risk position and risk management within the Company and the Group as well as strategic issues. Moreover, the Supervisory Board received written reports in the intervals between its meetings. These reports and the subsequent discussion and verification thereof also dealt with the interim financial reports (i.e., the half-yearly financial report and quarterly financial reports). Moreover, the Chairman of the Supervisory Board was in regular contact with the management outside of meetings; he was kept regularly apprised

of current developments in the business and major business transactions and advised on strategic and budgetary issues as well as the Company's business development, risk position, risk management and compliance issues. The management fulfilled its duty to keep the Supervisory Board informed in a complete, continuous and timely manner.

The Supervisory Board advised and monitored the general partner and its managing directors on the management of the Company. The reports of the management and the Supervisory Board's enquiries and deliberations formed a basis for this function. The Supervisory Board considers the management of the Company to be in compliance with the law and in proper order, it deems the internal control system, risk management system and internal audit system to be effective, and attests to the Company's corporate organisation and economic viability. Reports and consultations concerned in particular athletic performance in the 2018/2019 season.

In the reporting period, the Supervisory Board also adopted resolutions on commissioning an external assurance engagement on the Company's separate non-financial Group report for financial year 2018/2019 (§ 111 (2) sentence 4 in conjunction with § 278 (3) AktG) and on the request for proposals relating to the audit of the annual and consolidated financial statements for the 2019/2020 financial year. In addition, the Supervisory Board reviewed the accounting and financial reporting and the preparations for the Annual General Meeting in the previous year. Part of this review involved ascertaining the independence of the auditor, taking into consideration the additional services rendered by it, prior to resolving to propose it for election. The Supervisory Board's activities also covered the terms of engagement and the fee agreement, the audit focal points and engaging the auditor elected by the previous year's Annual General Meeting.

2018/2019 Annual and Consolidated Financial Statements

The annual financial statements for Borussia Dortmund GmbH & Co. KGaA and the consolidated financial statements as at 30 June 2019 and the management report for the Company and the Group management report (each of which comprising the explanatory report on disclosures made pursuant to § 289a (1) and § 315a (1) of the German Commercial Code (*Handelsgesetzbuch*, "HGB")) were prepared and submitted in due time by the management and were audited, along with the bookkeeping system by the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Dortmund ("KPMG"), in accordance with the statutory provisions, and were each issued an unqualified audit opinion. With respect to the risk early warning system, the auditor found that the management had taken the appropriate measures as required under § 91 (2) AktG, particularly with respect to establishing a monitoring system suited towards identifying risks early on which may jeopardise the Company as a going concern.

The annual and consolidated financial statements, the management report for the Company and the Group management report containing the risk report and the corresponding audit reports were submitted to all members of the Supervisory Board in due time. These documents were discussed in detail, explained and reviewed by the Supervisory Board at a meeting on 9 September 2019, with the management and the auditors attending. At that meeting, the auditors reported on and discussed the key findings of their audit, including those relating to the accounting-related internal control and risk management system. The auditor and the management responded to questions raised by the Supervisory Board.

The Supervisory Board concurred with the auditors' findings and, subsequent to its own review work, did not raise any objections. At its

meeting on 9 September 2019, the Supervisory Board approved the annual financial statements of Borussia Dortmund GmbH & Co. KGaA as at 30 June 2019 as well as the consolidated financial statements as at 30 June 2019.

Moreover, the Supervisory Board performed its own review of the report on relationships with affiliated companies (dependent company report) for the 2018/2019 financial year prepared by the general partner pursuant to § 312 AktG. The dependent company report was also audited by the auditor, who issued the following opinion:

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

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

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

The Borussia Dortmund Group is also required to prepare a separate report on the non-financial aspects of its activities for the 2018/2019 financial year. In line with the statutory options and as in the 2017/2018 financial year, the general partner has chosen to prepare a separate non-financial Group report pursuant to § 315b (3) HGB that is not part of the Group management report, and to make this permanently available on the Company's website. The Supervisory board engaged KPMG to provide limited assurance over the separate Group non-

financial statement. KPMG issued a limited assurance report based on this engagement. This means that, based on the work it performed and the evidence it obtained, nothing had come to KPMG's attention that caused it to believe that the separate non-financial Group report for the period from 1 July 2018 to 30 June 2019 had not been prepared, in all material respects, in accordance with § 315b and § 315c, in conjunction with § 289c to §289e HGB. The separate non-financial Group report and the review report prepared by KPMG were presented to the Supervisory Board. After discussing the topic at its meeting convened to approve the financial statements on 9 September 2019, the Supervisory Board concurred with the findings of KPMG's limited assurance engagement and raised no objections to the separate non-financial Group report based on the findings of its own review.

The Supervisory Board proposes to the Annual General Meeting that the annual financial statements as at 30 June 2019 be adopted. At its meeting on 9 September 2019, the Supervisory Board discussed and reviewed the proposal for the appropriation of net profits by the general partner, taking into account the interests of the limited liability shareholders and the position of the Company, namely the financial and capital structure; the Supervisory Board approved the management's proposal to the Annual General Meeting that it resolve to use the net retained profits of EUR 25,844,185.35 for financial year 2018/2019 to distribute a dividend of EUR 0.06 per share carrying dividend rights (totalling EUR 5,518,866.00) and to transfer the remainder (EUR 20,325,319.35) to other revenue reserves.

Moreover, the Supervisory Board proposes ratifying the actions of the general partner, Borussia Dortmund Geschäftsführungs-GmbH, for the 2018/2019 financial year.

The recommendation of the Supervisory Board to the Annual General Meeting on selection of the

statutory auditor of the annual and consolidated financial statements for the 2019/2020 financial year follows a selection procedure in accordance with Article 16(3) of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 ("EU Statutory Audit Regulation"). The Supervisory Board was directly responsible for all material decisions associated with this process. The organisational preparations were made by member of the Supervisory Board Ulrich Leitermann, who was supported by a project group from the Company's Accounting department headed by Thomas Treß, Managing Director Finance and Organisation.

Corporate governance

The Supervisory Board and the management of the general partner also dealt with issues of corporate governance during the reporting period. The Supervisory Board also assessed the efficiency of its work, namely the frequency of its meetings and their preparation and conduct, as well as the flow of information. The current Declaration of Conformity was adopted at the same time as the resolution on this report and relates to the German Corporate Governance Code in the currently applicable version dated 7 February 2017. The full declaration is permanently available online at <http://aktie.bvb.de/eng>, under "Corporate Governance". Additional disclosures and explanations in this regard are made in the corporate governance declaration.

Personnel matters

After the end of the reporting period, member and Deputy Chairman of the Supervisory Board Dr Werner Müller passed away on 15 July 2019 at the age of 73. Borussia Dortmund mourns the loss of a major force in its organisation. Dr Müller served as Federal Minister for Economic Affairs and Technology from 1998 to 2002 and as acting Federal Minister of Finance in 1999, moving on to become CEO of RAG Aktiengesellschaft/Evonik

Industries AG (2003 to 2008), Chairman of the Supervisory Board of Deutsche Bahn AG (2005 to 2010) and Chairman of the Board of Executives of RAG-Stiftung (December 2012 to May 2018). Dr Müller was a member of the Advisory Board of the general partner, Borussia Dortmund Geschäftsführungs-GmbH, a position he held from 2006 until 24 November 2014, when he was appointed to the Supervisory Board. He was appointed Deputy Chairman of the Supervisory Board on 23 November 2015. The Supervisory Board received the news of Dr Müller's passing with great sadness. Our thoughts are with his family. Borussia Dortmund will honour Dr Müller's memory.

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

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

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

Dortmund, 9 September 2019

The Supervisory Board



Gerd Pieper
Chairman