GROUP MANAGEMENT REPORT

Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund

SCHMELZ

GROUP MANAGEMENT REPORT

Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund for the 2018/2019 financial year
(hereinafter also "Borussia Dortmund" or the "Group")

BUSINESS TREND

LOOKING BACK ON FINANCIAL YEAR 2018/2019

DFB Cup

In the first round of the DFB Cup, Borussia Dortmund beat SpVgg Greuther Fürth 1:2. Lucien Favre's team also won its second-round matchup, beating 1. FC Union Berlin 3:2. Borussia Dortmund then lost 5:7 on penalties in the round of 16 to Bundesliga rivals SV Werder Bremen.

Bundesliga

Under Lucien Favre, Borussia Dortmund finished the 2018/2019 Bundesliga season with 76 points in second place behind FC Bayern Munich, thereby qualifying directly for the group stage of the UEFA Champions league. Borussia Dortmund will also host FC Bayern Munich in this year's DFL Super Cup on 3 August 2019.

UEFA Champions League

In the UEFA Champions League, the team chalked up four wins, one draw and a loss to top its group and qualify for the round of 16, where it faced Tottenham Hotspur. Borussia Dortmund lost both the first (3:0) and second (0:1) legs of the tie.

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.

DFB cup 1st round
20 August 2018
Greuther Fürth - BVB 1:2 (a.e.t.)

1st match day
26 August 2018
BVB - Rasenballsport Leipzig 4:1

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.

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 high 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.

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

2nd match day
31 August 2018
Hannover 96 - BVB 0:0

3rd match day
14 September 2018
BVB - Eintracht Frankfurt 3:1

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 measureable, 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.

Compared to the previous year, there were no changes to Borussia Dortmund's control system.

DEVELOPMENT OF THE MARKET AND COMPETITIVE ENVIRONMENT IN THE 2018/2019 FINANCIAL YEAR

Sponsorships

For the 2018/2019 season, Borussia Dortmund added Electronic Arts Inc. as a new Champion Partner until 30 June 2022.
Borussia Dortmund has also partnered with the streaming service Perform Investment Limited, known as DAZN, since the beginning of the current season.
After initially joining as a Champion Partner for three years, ROWE MINERALÖLWERK GMBH extended its partnership agreement early until 2021/2022.

Hankook Reifen Deutschland GmbH, one of Borussia Dortmund's longstanding Champion Partners, also extended its agreement by a further season until 30 June 2020.

Transfer deals

Five players from last season's squad have moved to the English Premier League. Sokratis Papastathopoulos transferred to Arsenal FC, Borussia Dortmund and West Ham United agreed on a transfer for Ukraine international Andriy Yarmolenko, and Erik Durm has signed for Huddersfield Town.

1st match day UCL
18 September 2018
FC Brügge - BVB 0:1

4th match day
22 September 2018
TSG Hoffenheim - BVB 1:1

Felix Passlack was loaned to Championship club Norwich City F.C. and André Schürrle was loaned to Fulham F.C.
Nuri Sahin transferred to SV Werder Bremen.
Furthermore, Christian Pulisic left Borussia Dortmund for Chelsea FC.
Borussia Dortmund loaned Swedish forward Alexander Isak to Eredivisie club Willem II Tilburg, Shinji Kagawa to Besiktas Istanbul and Jeremy Toljan to Celtic FC until the end of the season.

Capital expenditure

At the start of the 2018/2019 season, Belgium international Axel Witsel moved to Borussia Dortmund from Chinese club Tianjin Quanjian on a contract that runs until 30 June 2022.
In the summer of 2018, Borussia Dortmund also acquired Spanish centre-forward Paco Alcácer on a one-year loan from FC Barcelona that runs until 30 June 2019. In November 2018, Borussia Dortmund exercised the buy-out clause in the loan agreement to purchase Paco Alcácer for a fixed price. He signed a contract through 30 June 2023.
Lucien Favre's squad was also strengthened by the arrival of Morocco international Achraf Hakimi, who is on loan from Champions League winners Real Madrid until the end of the 2019/2020 season.
Borussia Dortmund signed Argentina U20 international Leonardo Balerdi during the winter transfer window.

Match operations

Of the 55,500 season ticket holders, only 139 opted to not renew their season tickets for the upcoming 2019/2020 season.

Other

After ending his career as a professional footballer, Roman Weidenfeller will continue to support Borussia Dortmund as a brand ambassador.

Dr Reinhard Rauball will step down as DFL President in the summer of 2019 after twelve years in office. He stressed that this decision applied only to his duties for DFL Deutsche Fußball Liga GmbH and not his future at Borussia Dortmund.

Borussia Dortmund has partnered with Amazon Prime Video to give its fans around the world a first-hand look behind the scenes. The four-part documentary series was filmed over the course of the past season and directed by Aljoscha Pause.

In late September 2018, the UEFA Executive Committee announced that Germany will host the 2024 European Football Championship. Germany most recently hosted this tournament in 1988. SIGNAL IDUNA PARK will be one of the venues.

DFL Deutsche Fußball Liga GmbH opened a representative office in New York, which will be the point of contact for media and marketing partners in the Americas. The office officially began its work in mid-October 2018. In addition to the Singapore office, which opened in 2012, the New York office is now the second international representative office operated by DFL Deutsche Fußball Liga GmbH.

5th match day
26 September 2018
BVB - 1. FC Nürnberg 7:0

6th match day
29 September 2018
Bayer Leverkusen - BVB 2:4

DFL Deutsche Fußball Liga GmbH has decided that technical aids and electronic communications tools will be allowed on the coaches' bench in both the first and second Bundesliga divisions beginning with the 2018/2019 season. These aids and tools can be used for both coaching purposes and for tending to injured players. Handheld mobile devices such as tablets are permitted, as are communications between the technical zone and a member of the coaching staff sitting in the stands, for example.

DFL Deutsche Fußball Liga GmbH also presented additional measures for preventing match fixing. In addition to mandatory training for the professional squads of all clubs, the league will launch a revamped website, a new app and an e-learning tutorial for players in December 2019.

The DFL general meeting of disabled fan representatives was held in November 2018. Borussia Dortmund's representatives were in attendance and discussed various issues ranging from inclusion to diversity management through to accessibility at stadiums.

Borussia Dortmund used the home match against SC Freiburg on 1 December 2018 to highlight its various social projects promoting the inclusion of people with disabilities.

At the beginning of the 2018/2019 season, the Bundesliga introduced an official "Player of the Month" award. The winner is selected by DFL Deutsche Fußball Liga GmbH and EA SPORTS FIFA 19 on the basis of the players' individual performance data and a vote by fans and experts. Marco Reus won the inaugural award in September 2018 and was one of the nominees for December 2018.

Derbystar is returning to the Bundesliga and will once again provide the official match balls beginning with the new season. DFL Deutsche Fußball Liga's partnership with Derbystar will run for four seasons until 2021/2022.

At the initiative of the German Friends of Yad Vashem, Borussia Dortmund donated EUR 1 million to expanding the Yad Vashem Holocaust Remembrance Center in Israel.

2nd match day UCL
3 October 2018
BVB - AS Monaco 3:0

7th match day
6 October 2018
BVB - FC Augsburg 4:3

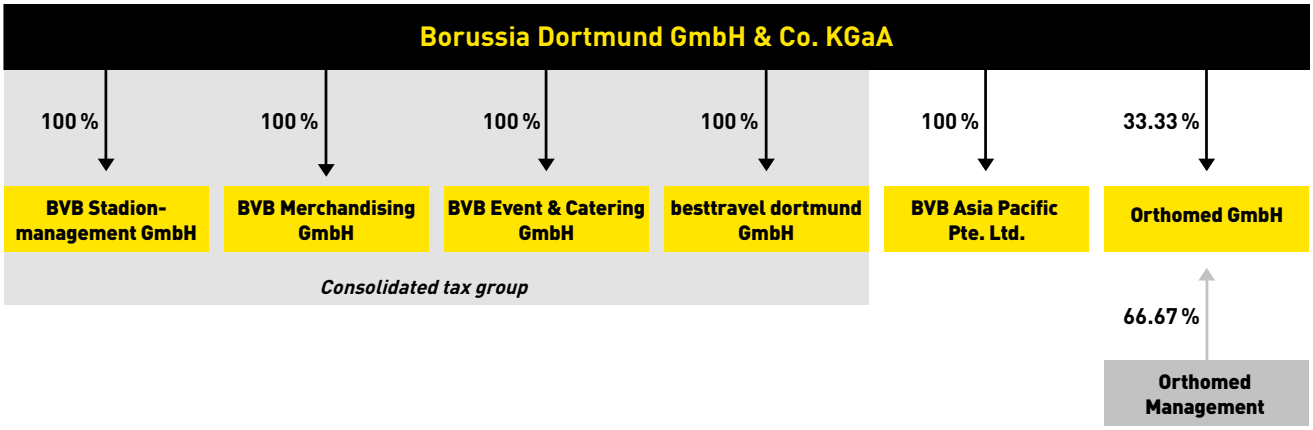
GENERAL INFORMATION ABOUT THE COMPANY

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%) and Orthomed GmbH (33.33%).

Sports & Bytes GmbH (transferring entity) merged with Borussia Dortmund GmbH & Co. KGaA (acquiring entity) in accordance with the merger agreement dated 30 August 2018 by way of a group merger with retroactive effect as of 1 July 2018. Therefore, this did not give rise to any effects on the consolidated financial statements.

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



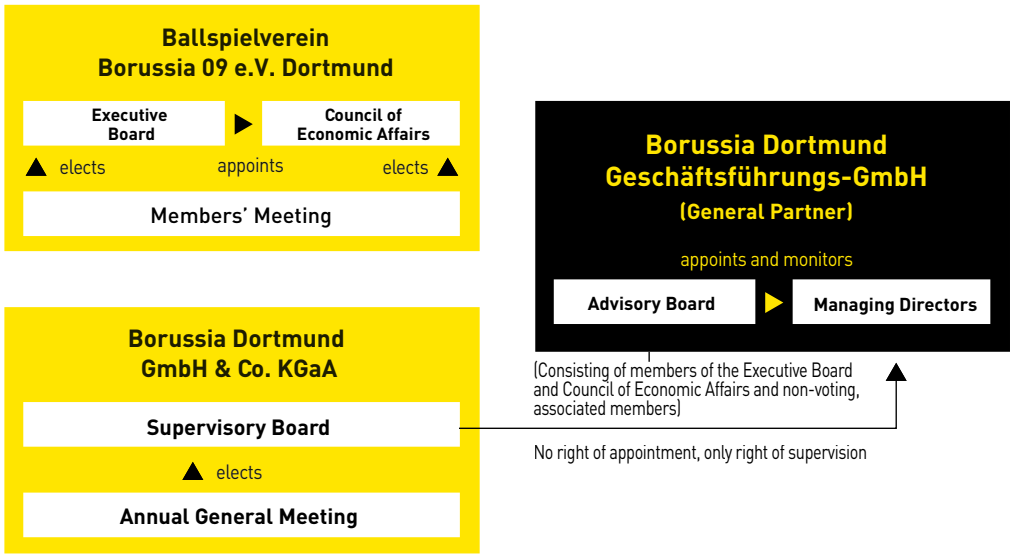
8th match day
20 October 2018
VfB Stuttgart - BVB 0:4

3rd match day UCL
24 October 2018
BVB - Atletico Madrid 4:0

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.

9th match day
27 October 2018
BVB - Hertha BSC 2:2

DFB cup 2nd round
31 October 2018
BVB - Union Berlin 3:2 (a.e.t.)

The names of the current members of the Company's Supervisory Board in the 2018/2019 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	Peer Steinbrück	Bernd Geske	Christian Kullmann	Dr Werner Müller	Ulrich Leitermann	Bjørn Gulden	Dr Reinhold Lunow	Silke Seidel
Chairman				Deputy Chairman				

RIGHT TO REMUNERATION 2018/2019 (EUR '000)

24	12	12	12	18	12	12	12	12

OCCUPATIONS (as at 30 June 2019)

Retired; former Managing Director of Stadt-Parfümerie Pieper GmbH, Herne	Senior Advisor to the Management Board of ING-DiBa AG, Frankfurt am Main	Managing partner of Bernd Geske Lean Communication, Meerbusch	Chairman of the Executive Board of Evonik Industries AG, Essen	German Finance Minister (ret.)	Chairman of the Managing Boards of group parent companies of the SIGNAL IDUNA Group, Dortmund (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

OTHER FUNCTIONS on statutory supervisory boards and comparable German or foreign supervisory bodies of commercial enterprises (as at 30 June 2019)

Member of the Advisory Board of Borussia Dortmund Geschäftsführungs-GmbH, Dortmund	Chairman of the Supervisory Board of Clear-VAT Aktiengesellschaft, Berlin		Member of the Supervisory Board of Contilia GmbH, Essen Member of the Board of Directors of Stadler Rail AG, Bussnang, Switzerland	Member and Chairman of the Supervisory Board of Dortmunder Volksbank eG, Dortmund Member and Chairman of the Supervisory Board of Sana Kliniken AG, Ismaning	Member of the Supervisory Board of Salling Group A/S, Braband, Denmark Member of the Supervisory Board of Tchibo GmbH, Hamburg Member of the Supervisory Board of Pandora A/S, Copenhagen, Denmark (until 13 March 2019)	Member of the Advisory Board of Borussia Dortmund Geschäftsführungs-GmbH, Dortmund	

10th match day
3 November 2018
VfL Wolfsburg - BVB 0:1

4th match day UCL
6 November 2018
Atletico Madrid - BVB 2:0

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:

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

MANAGEMENT

Hans-Joachim Watzke (Chairman)

HUMAN RESOURCES

SPORT — Michael Zorc
- Professional football
- Scouting
- Amateurs
- Youth

COMMUNICATIONS — Sascha Fligge
- Communications strategy
- Corporate communications
- Internal communications
- Sports communications
- International and national PR
- Publications
- Editing and content management

Thomas Treß

ORGANISATION — Dr. Christian Hockenjos
- Stadium management
- Match organisation
- Security
- Accreditation
- Associations
- Event management – match operations
- Complaints management
- Fan support

FINANCE & FACILITIES — Marcus Knipping
- Accounting
- Payroll accounting
- Financial control
- Financial reporting
- Risk management
- Equity investments
- Investor relations
- Facility management excl. SIP
- Property management
- Vehicle pool
- Insurance
- Event and catering
- IT (Information Technology)
- besttravel

Carsten Cramer

SALES & MARKETING, DIGITALISATION
- Marketing (sponsorships,Lagardère Sports, hospitality)
- Marketing and brand
- Ticketing
- Merchandising
- Internationalisation
- Business development
- Quality management /CSR
- Digitalisation and new media strategy
- Fan and youth centre

11th match day
10 November 2018
BVB - Bayern München 3:2

12th match day
24 November 2018
1. FSV Mainz 05 - BVB 1:2

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 result from operating activities and the operating result as indicators 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, transfer deals and TV marketing, and operating expenses, which can be lowered through disciplined management.

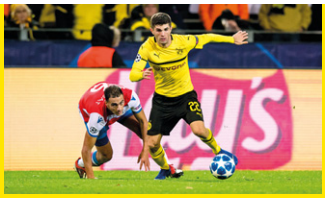
A key goal of the management of Borussia Dortmund is to achieve a lasting increase in profitability along with bolstering its financial strength. In addition to steadily improving the operating result (EBITDA) and the result from operating activities (EBIT), a positive free cash flow is therefore the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



5th match day UCL
28 November 2018
BVB - FC Brügge 0:0

13th match day
1 December 2018
BVB - Sportclub Freiburg 2:0

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 and thus far only 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 in Europe.

- 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

14th match day
8 December 2018
FC Schalke 04 - BVB 1:2

6th match day UCL
11 December 2018
AS Monaco - BVB 0:2

professional squad, 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), Evonik Industries AG (ending 2025) and PUMA International Sports Marketing B.V. (ending 2020), the Company's chief partners.
Revenues from international competitions are more difficult to budget for, since they depend solely on the team's athletic performance.

The net profit for the year and targeted investments in the professional squad are expected to result in a stable, positive free cash flow.

SEPARATE NON-FINANCIAL GROUP REPORT

Please see the 2018/2019 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 2018/2019 financial year within the meaning of §§ 315b, 315c in conjunction with §§ 289c to 289e HGB, which was subject to a limited assurance engagement. As at 31 October 2019, the Sustainability Report will be published online at https://verantwortung.bvb.de/en.

15th match day
1. December 2018
BVB - Werder Bremen 2:1

16th match day
18 December 2018
Fortuna Düsseldorf - BVB 2:1

POSITION OF THE COMPANY

DEVELOPMENT OF PERFORMANCE INDICATORS

Development of financial performance indicators

In the 2018/2019 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:

Revenue

Revenue amounted to EUR 489,524 thousand in the reporting period. In the Annual Report as at 30 June 2018, Borussia Dortmund forecast revenue of EUR 425,000 thousand for the current financial year.

EBITDA

The operating result in the current financial year amounted to EUR 115,983 thousand; the forecast for the full financial year in the Annual Report dated 30 June 2018 had projected EBITDA to exceed EBIT by approximately EUR 75,000 thousand. This forecast was exceeded due to transfer income.

EBIT / Net profit/loss for the year

The result from operating activities (EBIT) for the period from 1 July 2018 to 30 June 2019 amounted to EUR 23,501 thousand and the net profit for the year totalled EUR 17,391 thousand.

The report on expected developments dated 30 June 2018 forecasted net profit and positive EBIT in the low seven-figure range for the full financial year. This forecast was exceeded on the back of unexpectedly high transfer income.

Cash flows

Cash flows from operating activities amounted to EUR 144,525 thousand (previous year: EUR 170,361 thousand). Borussia Dortmund forecasted as at 30 June 2018 that it would generate cash flows from operating activities by EUR 100,000 thousand.

Free cash flow

Free cash flow at the end of the 2018/2019 financial year amounted to EUR 5,201 thousand (previous year: EUR 27,635 thousand).

Borussia Dortmund forecasted as at 30 June 2018 that it would generate free cash flow by EUR 15,000 thousand.

17th match day
21 December 2018
BVB - Bor. M'gladbach 2:1

18th match day
19 January 2019
Rasenballsport Leipzig - BVB 0:1

Overview of financial performance indicators:

Borussia Dortmund Group (IFRS)

EUR '000	2018/2019	2017/2018*
Revenue	489,524	536,043
Operating result (EBITDA)	115,983	137,306
Result from operating activities (EBIT)	23,501	38,974
Net profit/net loss for the year	17,391	31,705
Cash flows from operating activities	144,525	170,361
Free cash flow	5,201	27,635

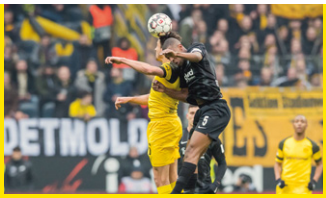
* Change in prior-year items. See also "Restatements in accordance with IAS 8" in the notes to the consolidated financial statements.

Development of non-financial performance indicators

The club's success on the pitch is a trending topic on social media and continues to drive the success of Borussia Dortmund's various digital platforms. With more than 15,000,000 followers, Facebook remains by far the club's most important social media platform despite a slight drop in followers as compared with the end of the third quarter. Borussia Dortmund's followers on Instagram continued to increase steadily, rising by more than 500,000 since the third quarter. With 7,707,729 followers as at 30 June 2019, this marks its highest number since joining the social network and implies growth of more than 8% since the beginning of the year. This trend is also reflected in the club's popularity on YouTube, which is soaring. In the fourth quarter, Borussia Dortmund joined the Chinese video platform TikTok, which primarily caters to a teenage audience. The channel is extremely popular and shows the largest growth overall with 175,000 new users.

Elsewhere on social media, the numbers were also positive. Borussia Dortmund added just under 100,000 new followers on SinaWeibo thanks to the club tailoring its content strategy to China. A total of 30,000 new followers had been added as at the end of the second quarter. Thus, Borussia Dortmund's SinaWeibo's account was one of the five fastest-growing profiles of all European football clubs in China. The trend also extends to the Chinese social media platform Douyin, which is used to create and share short video clips and targets younger audiences. Borussia Dortmund has more than 55,000 followers on the platform. Borussia Dortmund's new English-language Twitter channel also set new standards, with three tweets alone generating more than 15 million impressions.

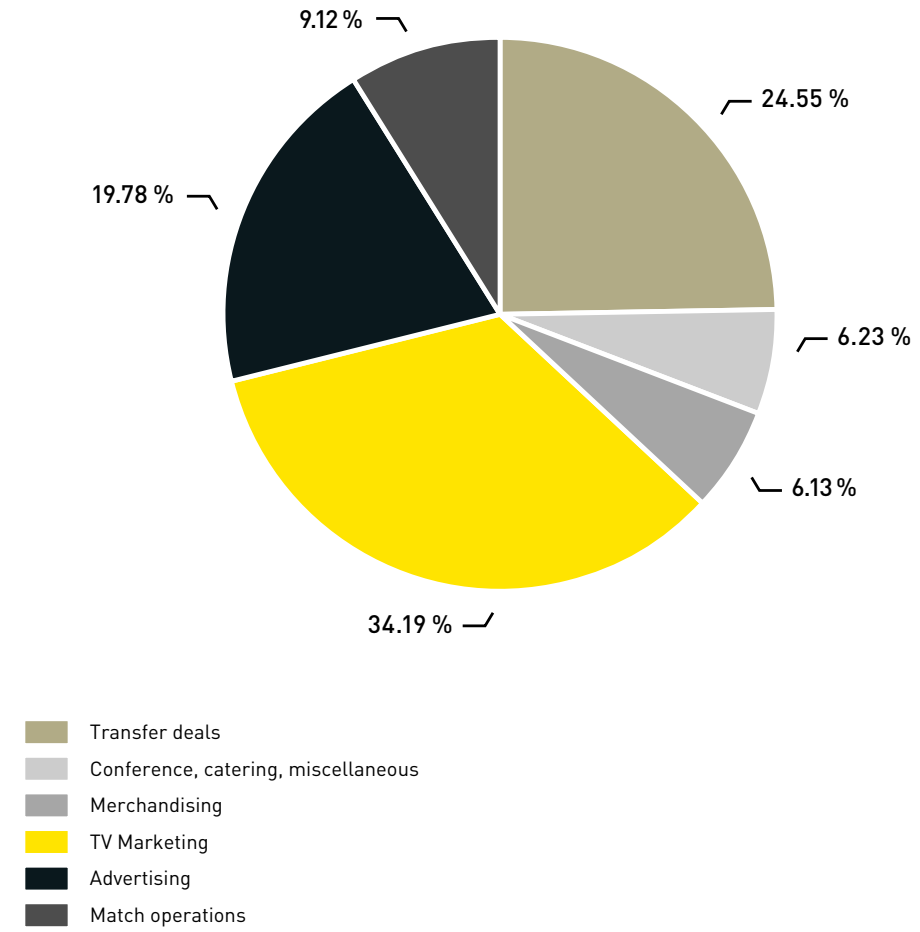
19th match day
26 January 2019
BVB - Hannover 96 5:1



20th match day
2 February 2019
Eintracht Frankfurt - BVB 1:1

RESULTS OF OPERATIONS

Borussia Dortmund Group – Revenue in percent



During the reporting period (1 July 2018 to 30 June 2019), Borussia Dortmund generated revenue of EUR 489,524 thousand (previous year: EUR 536,043 thousand) and gross revenue of EUR 497,270 thousand, a decrease of EUR 42,665 thousand (7.90%) on the previous financial year.

Earnings before taxes amounted to EUR 21,809 thousand (previous year: EUR 34,651 thousand); the result from operating activities (EBIT) amounted to EUR 23,501 thousand (previous year: EUR 38,974 thousand). During the current reporting year, the operating result (EBITDA) amounted to EUR 115,983 thousand (previous year: EUR 137,306 thousand).

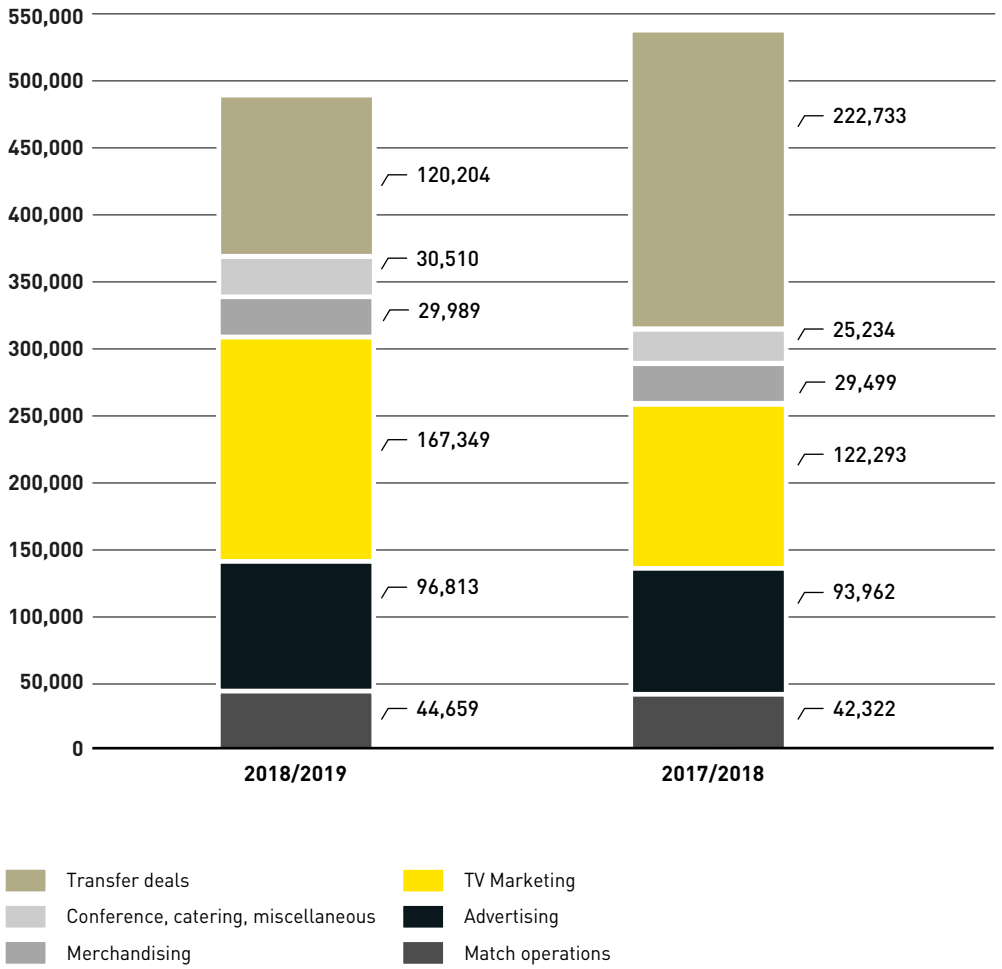
Borussia Dortmund generated a net profit of EUR 17,391 thousand during the 2018/2019 financial year (previous year: EUR 31,705 thousand).

DFB cup round of 16
5 February 2019
BVB - Werder Bremen 5:7 o.p.

21st match day
9 February 2019
BVB - TSG Hoffenheim 3:3

REVENUE TREND

Borussia Dortmund Group – Revenue in EUR '000



Borussia Dortmund generated revenue of EUR 489,524 thousand in the 2018/2019 financial year. The decrease of EUR 46,519 thousand (8.68%) in revenue is due primarily to decline in transfer income, which decreased from EUR 222,733 thousand in the previous year to EUR 120,204 thousand. Adjusted for transfer income, revenue increased by 17.88% from EUR 313,310 thousand in the previous year to EUR 369,320 thousand.

Only transfer income remained below the previous year's level in the past financial year. Income from match operations, advertising, TV marketing and merchandising as well as conference, and catering and miscellaneous income increased year on year.

UCL round of 16, 1st Leg
13 February 2019
Tottenham Hotspur - BVB 3:0

22nd match day
18 February 2019
1. FC Nürnberg - BVB 0:0

Borussia Dortmund recognises the revenue in the amount of the consideration that it expects to receive under the contract with the customer when (or as) the customer obtains control of the asset.

Revenue is recognised depending on whether the corresponding performance obligation is satisfied at a point in time or over time. Revenue from licences is recognised at a point in time when the right to use the Group's intellectual property is transferred, and over time when the right to access the Group's intellectual property exists throughout the licence period.

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

Income from match operations

Income from match operations increased by EUR 2,337 thousand to EUR 44,659 thousand in financial year 2018/2019.

Income from match operations for domestic competitions improved by EUR 787 thousand to EUR 28,214 thousand following moderate price adjustments.
Income from national cup competitions increased by EUR 444 thousand to EUR 2,680 thousand, despite the fact that the team did not compete in the DFL Super Cup. This was attributable primarily to two home matches in the DFB Cup.
In the current financial year, Borussia Dortmund impressed on the international stage with four wins, one draw and a loss, easily advancing from the group stage to the round of 16 of the UEFA Champions League, where it faced Tottenham Hotspur. By contrast, in addition to competing in the group stage of the Champions Leagues in the previous season, Borussia Dortmund also played two ties in the Europa League: against Atalanta Bergamo in the round of 32 and against RB Salzburg in the round of 16. On the international stage, Borussia Dortmund only hosted four home matches (previous year: five), generating EUR 7,480 thousand in income from standard and hospitality tickets (previous year: EUR 9,135 thousand).

The income that Borussia Dortmund generated in financial year 2018/2019 from friendlies, in particular in connection with the US tours, including the ticket proceeds generated by the club's other teams, amounted to EUR 6,285 thousand, representing an increase of EUR 2,761 thousand on the previous year.
The revenue from season ticket subscriptions at the beginning of the financial year are recognised over time. The proceeds received in advance are recognised as deferred income. They are reversed pro rata over the match days and recognised in profit or loss.

The revenue from the sale of match day tickets for all home matches is initially also recognised as deferred income and subsequently reversed and recognised in profit or loss on the date of the respective match.

Income from advertising

In the financial year ended, Borussia Dortmund increased its advertising revenue by 3.03% to EUR 96,813 thousand (previous year: EUR 93,962 thousand), representing a share of 19.78% of total revenue.

23rd match day
24 February 2019
BVB - Bayer Leverkusen 3:2

24th match day
1 March 2019
FC Augsburg - BVB 2:1

In addition to the kit sponsor, Evonik Industries, AG, the equipment supplier, Puma SE, the holder of the stadium's naming rights, SIGNAL IDUNA, and the sleeve sponsor, Opel Automobile GmbH, Borussia Dortmund's Champion Partners included nine other companies.
Borussia Dortmund saw a substantial increase in the number of national and product partners. The club also further stepped up its international advertising. A new stream of revenue is virtual advertising boards, which have been used on a regular basis during international live broadcasts of the first and second Bundesliga divisions since the start of the 2018/2019 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.

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 2019/2020 season, and for advancing to the round of 16 of the UEFA Champions League in financial year 2018/2019.

Income from advertising is recognised over the term of the respective contracts. The transaction price set out in a contract is recognised as deferred income at the beginning of the marketing activities and subsequently reversed and recognised as revenue on a straight line basis over the term of the advertising services. Invoices are issued in accordance with the terms of the agreements and accordingly fall due on the dates specified therein.

Income from TV marketing

In financial year 2018/2019, income from domestic and international TV marketing represented the highest share of revenue (34.19%) and increased by EUR 45,056 thousand year on year to EUR 167,349 thousand. Both the income from domestic and international TV marketing increased. Only the income from domestic cup competitions declined.

Income from domestic TV marketing amounted to EUR 98,110 thousand, up EUR 10,157 thousand against the prior-year reporting period.
This is due to DFL Deutsche Fußball Liga GmbH's TV agreement, which came into force on 1 July 2017 and provides for annual increases. According to the DFL's preliminary figures, 12.25% more was distributed for the 2018/2019 than in the previous year.

The income from international TV marketing improved by 114.39% from EUR 31,752 thousand in the previous year to EUR 68,073 thousand in the financial year ended.
In financial year 2018/2019, Borussia Dortmund advanced to the round of 16 of the UEFA Champions League and as a result received a considerably higher starting fee than it had received for playing in the round of 32 and round of 16 of the UEFA Europa League in the previous year.
UEFA's new revenue distribution system also entered into force at the start of the current financial year. Compared to the previous year, EUR 2.04 billion was distributed for the UEFA Champions League, an increase of 44.68%. In addition to the starting fees for the group stage, performance-based bonuses and the shares from market pools A and B, a new distribution share ("coefficient share") based on the coefficient ranking of the teams competing in the group stage

UCL round of 16, 2nd Leg
5 March 2019
BVB - Tottenham Hotspur 0:1

25th match day
9 March 2019
BVB - VfB Stuttgart 3:1

was introduced at the start of the reporting year. The coefficient is calculated on the basis of the club's performance over the past ten years.

As in the previous year, Borussia Dortmund was eliminated in the third round of the DFB Cup. In the 2018/2019 season, Borussia Dortmund did not compete in the DFL Super Cup. Income from domestic cup competitions thus amounted to EUR 1,162 thousand (previous year: EUR 2,578 thousand).

Income from TV marketing is recognised in line with the respective season. The media income from national TV marketing is recognised as deferred income at the beginning of the marketing activities and subsequently reversed and recognised as revenue on a straight line basis over the course of the financial year. Income from international TV marketing is recognised in profit or loss when the service is rendered.

Transfer income

Income from transfer deals declined by EUR 102,529 thousand to EUR 120,204 thousand due to the departures of Christian Pulisic to Chelsea FC, Sokratis Papastathopoulos to Arsenal FC and Andriy Yarmolenko to West Ham United as well as compensation stemming from transfer deals in previous financial years.

The year-on-year decline in transfer income is due primarily to the remarkably high income that was generated from the transfers of the players Ousmane Dembélé to FC Barcelona and Pierre-Emerick Aubameyang to Arsenal FC during the 2017/2018 season.

The players Marc Bartra, Sven Bender, Gonzalo Castro, Mikel Merino Zazón, Emre Mor and Neven Subotić also left Borussia Dortmund in the previous year.

Transfer income is recognised in connection with the transfer of a player. This transfers the exclusive right to early termination of the employment agreement at a certain point in time. Revenue is recognised once that right is transferred. The compensation stemming from the transfer deal falls due as stipulated in the agreement.

Income from merchandising

Merchandising revenue amounted to EUR 29,989 thousand, representing a slight year-on-year increase of EUR 490 thousand.

Revenue from the sale of fan merchandise is recognised when control of the merchandise is transferred. In accordance with the general terms and conditions, a voluntary right of return of 30 days from receipt of merchandise is granted. Revenue is

26th match day
16 March 2019
Hertha BSC - BVB 2:3

27th match day
30 March 2019
BVB - VfL Wolfsburg 2:0

reduced by the expected returns, which are estimated on the basis of historical data. In these cases, the Company recognises a refund liability and an asset for its right to recover products from customers on settling the refund liability, as well as a corresponding adjustment to cost of sales. Invoices are issued in accordance with the terms of the agreements and are generally payable within 14 days.

Conference, catering and miscellaneous income

Conference, catering and miscellaneous income amounted to EUR 30,510 thousand (previous year: EUR 25,234 thousand) and also included revenue from advance booking fees, rental and lease income and release fees for national team players.

Conference and catering income, which comprises income generated by BVB Event & Catering GmbH, the hospitality areas and events, increased by EUR 2,494 thousand from EUR 13,965 thousand in the previous year to EUR 16,459 thousand. Public catering income increased significantly by EUR 2,152 thousand. In contrast to the previous season, during which Borussia Dortmund played in the UEFA Europa League and thus five matches had to be scheduled for Sunday and one for Monday, the kick-off times of 14 Bundesliga home matches were primarily scheduled for Friday and Saturday, days on which significantly higher catering revenue is generated. The demand for food and beverages on match days for international club competitions also increased, by 33.87%, even though one fewer match was held.

Income from non-match-day events also increased. Income from the hospitality areas remained level since these areas again operated at full capacity.

Advance booking fees and postage amounted to EUR 4,360 thousand in the current financial year, remaining virtually level with the previous year's EUR 4,365 thousand. As in the previous year, 23 home matches were held in Dortmund during the current financial year.

In the reporting period from 1 July 2018 to 30 June 2019, miscellaneous income, which includes the Evonik football academy, rental and lease income and BVB TV, increased by EUR 638 thousand to EUR 6,941 thousand.

Release fees for national team players also increased, rising from EUR 2,149 thousand to EUR 2,750 thousand. This was due primarily to six Borussia Dortmund players being selected for the World Cup.

Other operating income improved by EUR 3,854 thousand year on year to EUR 7,746 thousand. 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 (previous year: EUR 1,104 thousand), attributable primarily to the reversal of provisions.
Conference, catering and miscellaneous income is recognised at a point in time. Invoices are generally payable within 14 days.

28th match day
6 April 2019
Bayern München - BVB 5:0

29th match day
13 April 2019
BVB - 1. FSV Mainz 05 2:1

DEVELOPMENT OF SIGNIFICANT OPERATING EXPENSES

Cost of materials

Cost of materials increased by EUR 1,179 thousand to EUR 21,273 thousand.
This figure included the cost of goods sold for both BVB Event & Catering GmbH and BVB Merchandising GmbH. Both items increased due to higher revenue.

Personnel expenses

In financial year 2018/2019, personnel expenses amounted to EUR 205,104 thousand (previous year: EUR 186,715 thousand).

Personnel expenses for the professional squad increased by 10.11% year on year. In addition to the increase of EUR 6,201 thousand in base salaries, performance-based bonuses also rose by EUR 9,128 thousand. This was due to the team finishing second in the Bundesliga with 76 points, reaching the round of 16 of the UEFA Champions League, and automatically qualifying for the group stage of the competition in the 2019/2020 season.

In the reporting period, personnel expenses related to the retail and administration areas increased by EUR 2,705 thousand year on year to EUR 28,925 thousand. This was due primarily to the expansion of the Sports management team, including the scouting department, the expansion of the football academy and the newly established security department at BVB Stadionmanagement GmbH.

Personnel expenses in relation to amateur and youth football amounted to EUR 9,200 thousand during the current 2018/2019 financial year (previous year: EUR 8,845 thousand).

Depreciation, amortisation and write-downs

Depreciation, amortisation and write-downs declined by EUR 5,850 thousand to EUR 92,482 thousand in the reporting period. Depreciation, amortisation and write-downs for financial year 2017/2018 were restated retrospectively to EUR 98,332 thousand due to a necessary change in the applicable accounting policies.

During the period from 1 July 2018 to 30 June 2019, intangible assets – which consist primarily of Borussia Dortmund's player registrations – were amortised in the amount of EUR 65,850 thousand (previous year: EUR 66,814 thousand).

Furthermore, EUR 13,809 thousand in write-downs of intangible assets to their fair values were recorded (previous year: EUR 20,362 thousand).

Depreciation and write-downs of property, plant and equipment rose by EUR 11,156 thousand to EUR 12,823 thousand due to investments in SIGNAL IDUNA PARK relating to the flood lights, the expansion and improvement of security measures and the modernisation and renovation of existing areas, as well as investments in the training ground and the headquarters building.

30th match day
21 April 2019
Sportclub Freiburg - BVB 0:4

31st match day
27 April 2019
BVB - FC Schalke 04 2:4

Other operating expenses

Other operating expenses decreased by EUR 40,910 thousand or 20.89% from EUR 195,820 thousand in the previous year to EUR 154,910 thousand in the reporting period.

Transfer deals declined by EUR 53,369 thousand to EUR 43,612 thousand. This item includes the derecognition of the residual carrying amounts of and sales-related costs for the players Christian Pulisic, Sokratis Papastathopoulos, Nuri Sahin and Andriy Yarmolenko as well as other (subsequent) transfer payments.
Other transfer payments decreased due to the necessary change in the accounting policy applicable to agent and brokerage commissions and expenses in connection with contract extensions and subsequent costs for players acquired on free transfers. Under the new policy, these items are recognised as intangible assets beginning in financial year 2017/2018 and amortised over the term of the individual contract.

Expenses from match operations increased by EUR 7,494 thousand to EUR 47,318 thousand. This increase is due to rising football association dues for national TV marketing, repair and modernisation measures in and around SIGNAL IDUNA PARK and the training ground, higher scouting-related expenses as well as enhanced security measures during match operations.

Advertising expenses also rose, by EUR 1,437 thousand. The year-on-year rise in advertising income lead to an increase in commissions paid to Lagardère Sports Germany GmbH. Other advertising measures also increased.

Administrative expenses also rose by EUR 3,947 thousand to EUR 26,201 thousand in the financial year ended. This increase was due primarily to the year-on-year rise in cost and profit allocations, higher travel expenses – attributable in part to the team's US tour and the tours of the US and Asia undertaken by BVB legends in their roles as brand ambassadors – as well as legal and consulting fees.

Financial result

The financial result for financial year 2018/2019 amounted to EUR -1,692 thousand (previous year: EUR -4,323 thousand) and breaks down as follows: The financial result includes interest income amounting to EUR 427 thousand (previous year: EUR 552 thousand) in addition to the share of the profits (EUR 13 thousand) of Orthomed Medizinisches Leistungs- und Rehabilitationszentrum GmbH in 2018. Interest expenses amounted to EUR 2,132 thousand (previous year: EUR 4,888 thousand).

Tax expense

Tax on income amounted to EUR 4,418 thousand (previous year: EUR 2,946 thousand) and consisted of EUR 1,742 thousand in tax expenses relating to the 2018/2019 financial year and expenses of EUR 2,942 thousand (EUR 1,136 thousand) in respect of changes in deferred taxes.

32nd match day
04 May 2019
Werder Bremen - BVB 2:2

33rd match day
11 May 2019
BVB - Fortuna Düsseldorf 3:2

ANALYSIS OF CAPITAL STRUCTURE

DEVELOPMENT AND PERFORMANCE OF THE BUSINESS

As at 30 June 2019, total assets amounted to EUR 500,071 thousand, representing an increase of EUR 14,459 thousand as compared to 30 June 2018. Non-current assets increased by EUR 20,310 thousand as follows:

The rise in intangible assets is due primarily to additions amounting to EUR 132,174 thousand (of which EUR 130,435 thousand in player registrations), which were partly offset by disposals of EUR 16,822 thousand as well as amortisation and write-downs of EUR 71,984 thousand.

Property, plant and equipment increased by EUR 16,730 thousand. The additions were offset by EUR 599 thousand in disposals and EUR 12,823 thousand in depreciation. The additions were attributable mainly to the investments to expand the training ground and in the stadium. Furthermore, the initial application of IFRS 16 resulted in additions of EUR 6,292 thousand to property, plant and equipment.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
of Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund

	30/06/2019		30/06/2018*	
ASSETS	**EUR '000**	**in %**	**EUR '000**	**in %**
Non-current assets				
Intangible assets	163,710	32.7	120,342	24.8
Property, plant and equipment	184,001	36.8	180,693	37.2
Investments accounted for using the equity method	322	0.1	309	0.1
Financial assets	52	0.0	71	0.0
Trade and other financial receivables	9,743	1.9	39,653	8.2
Deferred tax assets	0	0.0	0	0.0
Prepaid expenses	13,887	2.8	10,337	2.1
	371,715	74.3	351,405	72.4
Current assets				
Inventories	4,569	0.9	5,588	1.1
Trade and other financial receivables	30,061	6.1	22,981	4.7
Tax assets	1,801	0.3	645	0.1
Cash and cash equivalents	55,865	11.2	59,464	12.3
Prepaid expenses	15,026	3.0	14,457	3.0
Assets held for sale	21,034	4.2	31,072	6.4
	128,356	25.7	134,207	27.6
	500,071	**100.0**	**485,612**	**100.0**

* Change in prior-year items. See also "Restatements in accordance with IAS 8" in the notes to the consolidated financial statements.

34th match day
18 May 2019
Bor. M'gladbach - BVB 0:2

Non-current trade and other financial receivables fell from EUR 39,653 thousand to EUR 9,743 thousand due to payments received for transfer receivables.

Current assets declined by EUR 5,851 thousand, which was due mainly to the reclassification to held-for-sale assets amounting to EUR 21,034 thousand (previous year: EUR 31,072 thousand) and cash and cash equivalents (decrease of EUR 3,599 thousand).

Trade and other financial receivables increased by EUR 7,080 thousand. This rise was due chiefly to higher receivables from transfer deals.

Inventories declined by EUR 1,019 thousand year on year.
Prepaid expenses amounted to EUR 28,913 thousand, up EUR 4,119 thousand as compared with 30 June 2018. This is attributable primarily to deferred salary payments.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	30/06/2019		30/06/2018*	
EQUITY AND LIABILITIES	**EUR '000**	**in %**	**EUR '000**	**in %**
Equity				
Subscribed capital	92,000	18.4	92,000	19.0
Reserves	263,032	52.6	251,698	51.8
Treasury shares	-113	0.0	-113	0.0
Equity attributable to the owners of the parent company	354,919	71.0	343,585	70.8
Non-current liabilities				
Lease liabilities	8,381	1.7	6,726	1.4
Trade payables	1,500	0.3	9,724	2.0
Other financial liabilities	7,204	1.4	2,550	0.5
Deferred income	0	0.0	4,001	0.8
	17,085	3.4	23,001	4.7
Current liabilities				
Provisions	1,671	0.3	1,146	0.2
Lease liabilities	3,127	0.6	1,969	0.4
Trade payables	60,650	12.1	54,597	11.3
Other financial liabilities	33,655	6.7	34,659	7.1
Deferred tax liabilities	2,679	0.6	0	0.0
Tax liabilities	811	0.2	1,962	0.4
Deferred income	25,474	5.1	24,693	5.1
	128,067	25.6	119,026	24.5
	500,071	**100.0**	**485,612**	**100.0**

* Change in prior-year items. See also "Restatements in accordance with IAS 8" in the notes to the consolidated financial statements.

As at 30 June 2019, Borussia Dortmund's equity amounted to EUR 354,919 thousand. This corresponds to an equity ratio of 70.97% (previous year: 70.75%). 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 145,152 thousand as at 30 June 2019.
These increased by EUR 3,125 thousand from EUR 142,027 thousand as at the previous year's reporting date. Changes in total current and non-current liabilities were as follows:

Provisions increased by EUR 525 thousand to EUR 1,671 thousand. The increase was based on a reassessment of the risks and accrued interest.

Lease liabilities amounted to EUR 11,508 thousand as at 30 June 2019. The effect from the initial application of IFRS 16 amounted to EUR 6,094 thousand. Repayments of lease liabilities in the financial year ended amounted to EUR 3,281 thousand.

Non-current trade payables decreased by EUR 8,224 thousand as compared to 30 June 2018. This was due primarily to lower liabilities from transfer deals. Current trade payables increased by EUR 6,053 thousand.

Other financial liabilities increased by EUR 3,650 thousand to EUR 40,859 thousand, attributable primarily to personnel-related liabilities not yet due.

Tax liabilities amounted to EUR 811 thousand (previous year: EUR 1,962 thousand).

Deferred tax liabilities amounted to EUR 2,679 thousand (previous year: EUR 0 thousand).

Deferred income decreased by a total of EUR 3,220 thousand due in particular to the recognition of the agency licencing agreement with Lagardère Sports Germany GmbH (formerly SPORTFIVE GmbH & Co. KG).

ANALYSIS OF CAPITAL EXPENDITURE

In the past financial year, Borussia Dortmund invested EUR 129,458 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 9,933 thousand and primarily included fixtures and expansions at SIGNAL IDUNA PARK, the training ground in Brackel and the football academy.

The focus of future investments will firstly be on the project to expand BVB's training centre. The training ground and youth academy will be enhanced in stages over the period up to 2021. This will involve acquiring further adjacent land and opening new pitches.

Secondly, Borussia Dortmund is currently 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.

ANALYSIS OF LIQUIDITY

As at 30 June 2019, Borussia Dortmund held unrestricted cash funds of EUR 55,865 thousand. Borussia Dortmund also had access to an additional EUR 30,000 thousand in overdraft facilities which had not been drawn down as at the end of the reporting period.

Cash flows from operating activities amounted to EUR 144,525 thousand and included proceeds from transfer deals amounting to EUR 142,087 thousand.

NET ASSETS

Borussia Dortmund's total assets increased from EUR 485,612 thousand to EUR 500,071 thousand. Fixed assets rose by EUR 46,676 thousand.
Trade and other financial receivables decreased due primarily to payments received for transfer receivables.

Prepaid expenses amounted to EUR 28,913 thousand, up EUR 4,119 thousand as compared with 30 June 2018.

OVERALL ASSESSMENT OF FINANCIAL POSITION AND PERFORMANCE AND BUSINESS DEVELOPMENT

Borussia Dortmund ended the 2018/2019 financial year with consolidated net profit for the year of EUR 17,391 thousand.

Taking into account the consolidated net profit for the year, the equity ratio is calculated at 70.97%. As at 30 June 2019, Borussia Dortmund held unrestricted cash funds of EUR 55,865 thousand.

At the end of the reporting period, Borussia Dortmund had access to an additional EUR 30,000 thousand in overdraft facilities which had not been drawn down.

Overall, business development during financial year 2018/2019 was positive.

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 34 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 12 thousand (previous year: EUR 12 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 § 314 (1) no. 6 HGB are included in the notes to the consolidated financial statements.

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

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

Before countermeasures:			
Probability	2	2+3=5	5
Consequences	3		
After countermeasures:			
Probability	1		
Consequences	2	(1+2)x2=6	6
TOTAL			**11**

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 19 (previous year: 18) 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 previous eight main categories (strategic risk, personnel risk, macroeconomic risk, competitive risk, liquidity risk, interest rate risk, credit risk and resources risk) were expanded by one (ecological risk) and are presented and explained in greater detail below.

All 61 risks that could have a direct impact on the Company fall within these categories. In addition to the 58 risks in the previous year, four new risks were added and one risk was removed.

In addition to the 18 risks classified as high priority during the reporting period, the risk of consequential damage arising from mining was added; no risks were removed.

The following is a discussion of the 19 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 led 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 financial year, Borussia Dortmund again held several roadshows in Europe and the United States 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.

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 practices 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 the past year in particular, 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.
The entry into force of the EU General Data Protection Regulation in May 2018 meant that companies had to review and bring their business processes in line with the new requirements.

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 or even excessive stress.

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.

This category includes five high priority risks:

Borussia Dortmund has classified unfavourable macroeconomic developments, particularly high unemployment and slow economic growth, as the first risk in this category. The German Institute for Economic Research, the Ifo Institute for Economic Research and RWI Essen again expect the economic recovery to be muted and therefore once more lowered their economic forecasts for Germany. All institutes have observed a decline in exports on account of recent political developments.

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 ensure that the atmosphere in and outside the stadium is welcoming, cosmopolitan and diverse.

The increased willingness of certain individuals to commit violence 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. Despite these security measures, fans of Hertha BSC clashed with police at the Bundesliga match between Borussia Dortmund and Hertha BSC. 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 the dispute about who should cover the costs of providing security at home matches, the Federal Administrative Court *(Bundesverwaltungsgericht)* has remitted the case to the Higher Administrative Court *(Oberverwaltungsgericht)* of Bremen. In the court's opinion, the Higher Administrative Court did not sufficiently clarify certain facts. The Higher Administrative Court must now clarify the unresolved questions and rule anew on the action brought against the fee schedule, taking into account the legal opinion of the Federal Administrative Court.
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. In addition to the social networks that Borussia Dortmund uses for marketing and communication purposes, the social networks used by BVB employees also pose risks. Social media guidelines were drawn up for all Borussia Dortmund employees in order to safeguard the Company's image and prevent the unauthorised disclosure of internal information. In order account for the increasing importance of this risk, Borussia Dortmund has, with immediate effect, charged both the Communications and the Sales & Marketing departments with managing the risk.

Category 4 – competitive risk

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

This category includes six high priority risks:

The risk of being relegated to the second Bundesliga is a risk that would result in a significant negative financial impact. If it becomes increasingly likely that this may occur, the response to this risk is to draw up worst-case scenarios on the assumption of relegation, and to enter into more flexible and more heavily performance-based contracts.

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.

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.

The fourth risk in this category is the risk of a potential stadium catastrophe. As was previously the case, catastrophes in stadiums cannot be ruled out. 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 to provide security at the stadium. To this end, Borussia Dortmund has established a dedicated security department.

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 the risk of structural defects to SIGNAL IDUNA PARK as a high priority risk.

The risk of consequential damage arising from mining, which also affects SIGNAL IDUNA PARK, was added as a new 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. The club plans to survey and test the ground. However, this work has not yet begun because of suspicions that explosive ordinances are buried near the adjacent railway line. The ground surveys will reveal whether this extremely important logistics site will need to be reinforced or whether relatively minor measures to stabilise the ground will suffice.

Category 5 – liquidity risk

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

This category includes two 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. 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. 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.

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. In addition to the prestige associated with the UEFA Champions League, the new models for distributing TV marketing income and the significantly higher pay-outs are what make participating in the competition so lucrative.

The team was successfully rebuilt in the past season and the associated expectations that this would improve the professional squad were met. In year two of the project, which included bringing in Lucien Favre as head coach, Sebastian Kehl as Head of the Professional Squad and Matthias Sammer as an external advisor, and transforming the squad, Borussia Dortmund believes that there is further room for improvement. Over the past year, everyone in Sports worked together as one team, changes were initiated and opportunities were identified. In addition to steadily fine-tuning the sporting foundation, changes were also made to the squad. The return of Mats Hummels is intended to stabilise Borussia Dortmund's defence in the long term. Furthermore, Borussia Dortmund sees the signing as an opportunity to strengthen the team off the pitch as well and to contribute to the development of young talents such as Mateu Morey. Borussia Dortmund wants to seize the opportunity and improve its chances of winning the title in the new season by making the team more robust, adding experienced players and injecting young, up-and-coming talent into the mix.
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. Accordingly, the club made concerted efforts to align the work of the Evonik football academy with that of the youth academy. In addition to the development of new concepts, decentralised locations were opened with partner clubs in order to improve the chances of discovering new talent. Professionalising the work of the youth academy goes hand in hand with its physical expansion. The number of students residing at the youth academy will double.

In addition, Borussia Dortmund also appointed Michael Skibbe as the U19 coach and brought in Otto Addo in the newly created role of "talent coach" to help promote talented youngsters to the senior team.

Borussia Dortmund continues to push ahead with its internationalisation efforts. The use of virtual advertising boards not only generates direct streams of revenue but also helps establish new contacts and partnerships, especially in Asia. Borussia Dortmund considers Asia in particular to be a further growth market. Borussia Dortmund uses its representative offices in Singapore and Shanghai to cater to its fans and react to market developments in Asia. Restructuring the social media department to keep up with the pace of digitalisation is a key component in unlocking the potential of foreign markets. Internally, Borussia Dortmund has already positioned itself more broadly and professionally in this respect.

In addition to leveraging marketing potential and increasing its brand awareness internationally, Borussia Dortmund continually seeks to be a driver of progress and a source of pride amongst its fans in the heart of Dortmund. The construction of the fan and youth centre is another important sign that Borussia Dortmund wants to grow, seeks opportunities and does not expect a downturn any time soon.

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 EARNINGS TREND

Borussia Dortmund is returning to the UEFA Champions League in the coming 2019/2020 season. The team qualified directly for the lucrative group stage of the competition by virtue of its second-place finish last season. The club is thus continuing its run of successive appearances in international competitions, which stretches back to the 2010/2011 season and now includes two appearances in the UEFA Europa League and eight in the UEFA Champions League.

Success on the pitch also goes hand in hand with financial performance. Borussia Dortmund again demonstrated its economic stability during the year as it generated net profit for the year for the ninth consecutive time.

EXPECTED GENERAL ECONOMIC ENVIRONMENT

The key predictable factor used to forecast the expected general economic environment is the income from TV marketing. At the national level, DFL Deutsche Fußball Liga reported record revenues for the 14th year running. The national TV rights for the 2017/2018 to 2020/2021 cycle were sold for a record EUR 4.64 billion. Together with the international TV rights, the revenue could exceed EUR 6 billion. The price paid for the national TV rights is an 85% increase on the deal. In addition to the income from national TV marketing, participation in international club competitions is a key driver of Borussia Dortmund's profitability.

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 alone continues to place Borussia Dortmund in a better financial position. Playing and advancing 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.

The marketing of digital advertising can be seen as a result of this development. During the 2018/2019 season, Borussia Dortmund was the only club in the Bundesliga to market virtual advertising, primarily in Asia, at home matches. This brought Borussia Dortmund in contact with new customers. Borussia Dortmund believes there is even more potential to generate revenue using this form of marketing. Moreover, LED advertising boards will be installed in the upper west, north and south stands at SIGNAL IDUNA PARK, which will offer additional potential to generate revenue during the 2019/2020 season.

Borussia Dortmund has partnered with Amazon Prime Video to broadcast a documentary series in more than 200 countries in the 2019/2020 season. This is yet more proof that the club's internationalisation strategy and appeal translate into economic success.

Continuity remains the focus of Borussia Dortmund's approach to marketing advertising space.
A majority of the advertising revenue in the coming years is already fixed due to the club's long-term partnerships with the primary sponsor, the equipment supplier, the holder of the stadium's naming rights, Champion Partners and other partners. Moreover, there is every indication that the club will again sell out its tickets for the hospitality areas.

Attendance at SIGNAL IDUNA PARK has also continued to improve during the past five seasons and stands at nearly 100%. The number of advance tickets that fans can order has to be partially regimented on account of the high number of season tickets and the steady rise in demand for match tickets. Due to the high demand for season tickets, the number of no-shows per season ticket will be recorded beginning with the new season. By doing so, Borussia Dortmund wants to make the process fairer for fans who do not hold season tickets and increase their chances of obtaining tickets for matches at SIGNAL IDUNA PARK.

The product range strategy was revamped, leading to a positive revenue trend at BVB Merchandising GmbH. By rolling out (new) products during the season more frequently and placing a greater focus on the latest trends, fans are spurred on to visit the fan shops and online shop more often, resulting in higher revenue.

Transfer deals are an important part of Borussia Dortmund's business and, as in previous years, represent a significant source of revenue. 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 revenue regardless of the club's sporting success. Consequently, transfer deals are always assessed against the background of the current season and are thus difficult to forecast. 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.

EXPECTED RESULTS OF OPERATIONS

Expected earnings trend

Given that transfer income is extremely volatile and also difficult to plan, but usually also associated with high contributions to earnings, a decidedly conservative approach is taken when factoring such income into this earnings forecast. At the same time, market-related increases in the cost of players, which consequently weigh down earnings due to amortisation of intangible assets in the respective subsequent years, must be recorded and thus have a pronounced effect on this earnings forecast.

Furthermore, the club pursues a conservative approach when factoring success on the pitch and any associated earnings contributions into the forecast.
Against this backdrop and despite positive market developments, management currently forecasts that Borussia Dortmund will generate a net profit in the mid-seven-figure range for the upcoming 2019/2020 financial year. This can increase significantly in line with the team's sporting success or if the club generates surpluses from transfer deals that are not factored into the forecast.

Based on these forecast assumptions and analogue to the net profit for the year, EBIT is also expected be in the mid-seven-figure range. Depreciation, amortisation and write-downs are expected to exceed EUR 85,000 thousand, with the operating result (EBITDA) forecast to exceed the result from operating activities (EBIT) by this amount.

Expected revenue trend

In the financial year ended, Borussia Dortmund's revenue decreased by 8.68% to EUR 489,524 thousand, due primarily to the decline in transfer deals by EUR 102,529 thousand. Given that transfer income is extremely volatile and difficult to plan, Borussia Dortmund takes a conservative approach (using past experience and prior-year figures) to factoring this income into the revenue forecast for the 2019/2020 financial year. Against this backdrop and given the expectations of a highly favourable market environment in which income from TV marketing will continue to increase significantly, Borussia Dortmund expects total revenue for the 2019/2020 financial year to exceed EUR 485,000 thousand.

Expected trend for significant operating expenses

Cost management continues to be Borussia Dortmund's highest priority. 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 those expenditures are always commensurate with the club's success.
Borussia Dortmund expects personnel expenses to increase in the coming financial year due to the rising costs for the professional squad resulting from fierce competition across Europe's leagues. We have already begun to benefit from the efforts we took in the previous season to rebuild the team. This included assigning new areas of responsibility and hiring additional staff. Borussia Dortmund will continue to pursue its strategy of professionalising the support team it has in place for its professional squad.

EXPECTED DIVIDENDS

The management will recommend to the Annual General Meeting that it resolve to use the net retained profits of EUR 25,844 thousand for financial year 2018/2019 to distribute a dividend of EUR 0.06 per share carrying dividend rights for financial 2018/2019 and to transfer the remainder to other revenue reserves.

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. Therefore, the Group will invest in particular in the professional squad as well as SIGNAL IDUNA PARK, the adjoining infrastructure and especially the training ground.

Investments in the upcoming season will focus primarily on expanding the training ground in Brackel. Since opening in 2006, the training ground has been expanded in five phases. In the next phase, the training ground will be expanded to house a portion of the administration and communication functions that primarily focus on the footballing aspects of the business. Ultimately, the centralisation will unite and further professionalise all footballing functions. Consolidation in all aspects of sport facilitates both control and the organisational effort. The strategic planning is designed in such a way that further construction measures can be implemented in the coming years.

Borussia Dortmund is currently 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.

In addition to the annual maintenance and modernisation measures, technological investments will be made in SIGNAL IDUNA PARK in the upcoming season, including installing LED advertising boards in the stadium's upper stands.

Another major project will be the stadium's flood lights. After the illumination levels are modified, Borussia Dortmund will meet any and all requirements imposed by football associations and the league and will be able to host matches for the 2024 European Championship.

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

Borussia Dortmund expects cash flows from operating activities in financial year 2019/2020 to exceed EUR 140 million. This figure may deviate significantly 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. Free cash flow is expected to amount to EUR 35 million.

OVERALL ASSESSMENT OF EXPECTED PERFORMANCE

The cumulative revenue generated by the Bundesliga increased for the 14th consecutive year. The market environment for German and European professional football continues to offer excellent opportunities for economic growth.
Social developments in the age of digitalisation will present challenges not only to Borussia Dortmund but also to all of professional football, but will also offer opportunities for further growth. The continuing internationalisation in almost all areas will further stimulate the general economic environment. The 2024 European Championship will also have an effect on the developments in the coming years, primarily with respect to investments in infrastructure.
With strong partners at its side, Borussia Dortmund expects its financial performance to remain strong in the future.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Borussia Dortmund GmbH & Co. KGaA, Dortmund 2018/2019

Transfer deals

Borussia Dortmund agreed to transfer Abdou Diallo to reigning French champions Paris Saint-Germain. He transferred with immediate effect.
Sebastian Rode also left Borussia Dortmund, transferring to Bundesliga rivals Eintracht Frankfurt.
Alexander Isak will play for Real Sociedad in Spain's first division beginning in the 2019/2020 season.
Jeremy Toljan also left Borussia Dortmund on loan and will ply his trade in Italy with U.S. Sassuolo Calcio during the 2019/2020 season. FC Spartak Moscow in Russia secured a loan deal with a subsequent buy option for André Schürrle. Maximilian Philipp also left Borussia Dortmund and will play for FC Dynamo Moscow in Russia. Shinji Kagawa transferred to Real Zaragoza in Spain's Segunda División. Ömer Toprak is on loan to SV Werder Bremen for the 2019/2020 season.

Capital expenditure

Even before the new financial year had begun, Borussia Dortmund announced that it had signed four new players for the upcoming 2019/2020 season.
At 26 years of age, Nico Schulz arrived from TSG Hoffenheim to help shore up the midfield in the upcoming season. Borussia Dortmund landed another midfield reinforcement in Thorgan Hazard from Bundesliga rivals Borussia Mönchengladbach. Germany international Julian Brandt joins from Leverkusen and can play in a variety of attacking positions. They all signed contracts with terms expiring on 30 June 2024.

Mats Hummels, who previously played for Borussia Dortmund from 2008 to 2016, will return to the club for the upcoming season and signed a contract through 30 June 2022.

Match operations

Preseason training for the 2019/2020 season began on 3 July 2019. Borussia Dortmund once again toured the United States, from 15 to 21 July 2019. The team beat the Seattle Sounders 1:3. Borussia Dortmund also won its second test match against Liverpool FC with 2:3.

Borussia Dortmund then held its training camp in Bad Ragaz, Switzerland, from 27 July 2019 to 2 August 2019. During its training camp, the team played one test match against Udinese Calcio and another test match against FC St. Gallen.

Borussia Dortmund officially kicked off the new season on 4 August 2019, presenting the team to the public and holding a variety of events in and around SIGNAL IDUNA PARK.

At the end of June 2019, DFL Deutsche Fußball Liga GmbH published the fixtures for the upcoming 2019/2020 season. Borussia Dortmund's first match of the season was a home match against FC Augsburg on 17 August 2019.

On 9 August 2019, Borussia Dortmund travelled to Düsseldorf and beat third-division side KFC Uerdingen 0:2 to advance on the next round of the DFB Cup.

Lucien Favre

Borussia Dortmund and head coach Lucien Favre came to an early agreement to extend his contract, which was set to end on 30 June 2020, until 30 June 2021.

Super Cup

On 3 August 2019, the DFL Super Cup was played at SIGNAL IDUNA PARK. Borussia Dortmund won its first silverware of the 2019/2020 season by beating FC Bayern Munich 2:0 at home.

Dr Werner Müller

Borussia Dortmund mourns the loss of Dr Werner Müller. The Deputy Chairman of the Supervisory Board of Borussia Dortmund passed away on 15 July 2019 in Essen at the age of 73. Dr Müller joined Borussia Dortmund's Advisory Board in 2006. He joined the Supervisory Board on 24 November 2014 and was appointed its Deputy Chairman on 23 November 2015.

Other

The Bundesliga's summer transfer window for the 2019/2020 season closes on Monday, 2 September, two days later than usual.

Eurosport, which currently holds the rights to broadcast Bundesliga matches live, has sublicensed these rights to the streaming service DAZN for the upcoming Bundesliga season. Having agreed to a partnership spanning several markets, both broadcasters also entered into an agreement, approved by DFL Deutsche Fußball Liga GmbH, to broadcast 45 Bundesliga matches in both the 2019/2020 and 2020/2021 seasons in Germany and Austria.

Borussia Dortmund's Sustainability Report for the 2018/2019 season will be published online on 31 October 2019 at https://verantwortung.bvb.de/en.

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 2019, 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 2019:
   1) Evonik Industries AG, Essen, Germany: 14.78% of the voting rights
   2) Ballspielverein Borussia 09 e.V. Dortmund, Dortmund, Germany: 14.86% of the voting rights (of which 5.53% held directly and 9.33% 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: 14.86% of the voting rights (of which 9.33% 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)

   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.

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.

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. The general partner is authorised until 23 November 2019, with the approval 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 (Authorised Capital 2014). The limited liability shareholders have a statutory pre-emptive right over new shares issued by the Company. Such new shares may also be subscribed by a bank or a company in accordance with § 53 (1) sentence 1 or § 53b (1) sentence 1 or (7) of the German Banking Act (*Kreditwesengesetz*, "KWG") if it agrees to offer them to the limited liability shareholders for subscription. However, the general partner is authorised, with the approval of the Supervisory Board, to decide to disapply

the statutory pre-emptive subscription rights of the limited liability shareholders. Pre-emptive subscription rights may be disapplied

a) with respect to fractional amounts arising as a consequence of subscription ratios;
b) in the event of capital increases against cash contributions up to a total amount of 10% of the share capital existing on the date of registration of the Authorised Capital 2014 or, if lower, 10% of the share capital existing on the date of exercise of the authorisation (in each case taking into account any other authorisations made use of during the effective period of this authorisation for the disapplication of pre-emptive subscription rights pursuant to or through the corresponding application of § 186 (3) sentence 4 of the AktG), provided the issue amount of the new shares does not fall significantly below the market price;
c) in the event of capital increases against in-kind contributions, particularly for the purpose of acquiring companies, equity investments, real estate, rights and claims against the Company.

The general partner is authorised, with the approval of the Supervisory Board, to determine the further details of the capital increase and the terms and conditions of the share issue.
In the event of a takeover bid for shares issued by the Company and admitted to trading on a regulated market, the general statutory responsibilities and powers apply to the general partner in other respects. For example, if a takeover bid were to be received, the general partner and the Supervisory Board would be required to issue and publish a response to the bid, giving their reasons, in accordance with § 27 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz,* "WpÜG") to enable the limited liability shareholders to make a decision on the bid on an informed basis. Moreover, in accordance with § 33 WpÜG, once a takeover bid has been announced, the general partner may not take any actions outside the ordinary course of business that could frustrate the success of the bid, unless those actions have been authorised by the Annual General Meeting, or the Supervisory Board has given its approval of the actions or the actions relate to obtaining a competing bid. In making their decisions, the general partner and the Supervisory Board are bound to have regard to the interests of the Company, its employees and its shareholders. At the end of the reporting period, the Articles of Association did not contain any provisions within the meaning of §§ 33a – 33c WpÜG (European prohibition on frustrating action, European breakthrough rule, reservation of reciprocity).

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."

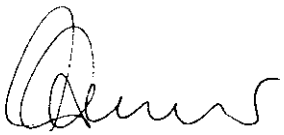
DISCLAIMER

This 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, 13 August 2019
Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien
Borussia Dortmund Geschäftsführungs-GmbH

Hans-Joachim Watzke
Managing Director (Chairman)

Thomas Treß
Managing Director



Carsten Cramer
Managing Director