CONSOLIDATED FINANCIAL STATEMENTS

Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund

KONZERNABSCHLUSS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

EUR '000	Note	30/06/2019	30/06/2018*	01/07/2017*
ASSETS				
Non-current assets				
Intangible assets	(1)	163,710	120,342	155,381
Property, plant and equipment	(2)	184,001	180,693	184,664
Investments accounted for using the equity method	(3)	322	309	296
Financial assets	(4)	52	71	109
Trade and other financial receivables	(5)	9,743	39,653	10,256
Deferred tax assets		0	0	0
Prepaid expenses	(14)	13,887	10,337	13,532
		371,715	351,405	364,238
Current assets				
Inventories	(6)	4,569	5,588	8,978
Trade and other financial receivables	(5)	30,061	22,981	48,776
Tax assets		1,801	645	170
Cash and cash equivalents	(7)	55,865	59,464	49,297
Prepaid expenses	(14)	15,026	14,457	11,176
Assets held for sale	(8)	21,034	31,072	0
		128,356	134,207	118,397
		500,071	**485,612**	**482,635**
EQUITY AND LIABILITIES				
Equity	(9)			
Subscribed capital		92,000	92,000	92,000
Reserves		263,032	251,698	224,453
Treasury shares		-113	-113	-113
Equity attributable to the owners of the parent company		354,919	343,585	316,340
Non-current liabilities				
Lease liabilities	(11)	8,381	6,726	8,695
Trade payables	(12)	1,500	9,724	496
Other financial liabilities	(13)	7,204	2,550	8,192
Deferred income	(14)	0	4,001	8,000
		17,085	23,001	25,383
Current liabilities				
Provisions	(10)	1,671	1,146	1,178
Lease liabilities	(11)	3,127	1,969	10,295
Trade payables	(12)	60,650	54,597	63,565
Other financial liabilities	(13)	33,655	34,659	43,264
Deferred tax liabilities		2,679	0	0
Tax liabilities		811	1,962	732
Deferred income	(14)	25,474	24,693	21,878
		128,067	119,026	140,912
		500,071	**485,612**	**482,635**

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

The relevant sections in the notes to the consolidated statement of financial position can be found on the following pages:

(1) – p. 186 | (2) – p. 187 | (3) (4) – p. 189 | (5) – p. 190 | (6) (7) (8) – p. 191 | (9) – p. 192 | (10) – p. 193
(11) (12) (13) – p. 194 | (14) – p. 195

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

EUR '000	Note	2018/2019	2017/2018*
Revenue	(15)	489,524	536,043
Other operating income	(16)	7,746	3,892
Cost of materials	(17)	-21,273	-20,094
Personnel expenses	(18)	-205,104	-186,715
Depreciation, amortisation and write-downs	(19)	-92,482	-98,332
Other operating expenses	(20)	-154,910	-195,820
Result from operating activities		**23,501**	**38,974**
Net income/loss from investments in associates	(3)	13	13
Finance income	(21)	427	552
Finance costs	(21)	-2,132	-4,888
Financial result		**-1,692**	**-4,323**
Profit before income taxes		**21,809**	**34,651**
Income taxes	(22)	-4,418	-2,946
Consolidated net profit for the year		**17,391**	**31,705**
Items that were subsequently reclassified to profit or loss			
Cash flow hedge			
- effective portion of the change in fair value		0	-31
- reclassification to profit or loss		0	1,090
Other gains/losses incurred during the period, after taxes		**0**	**1,059**
Total comprehensive income		**17,391**	**32,764**
Consolidated net income for the year attributable to:			
- Owners of the parent:		17,391	31,705
- Minority interests:		0	0
Total comprehensive income attributable to:			
- Owners of the parent:		17,391	32,764
- Minority interests:		0	0
Earnings per share (in EUR) (basic/diluted)	(29)	**0.19**	**0.34**

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

The relevant sections in the notes to the consolidated statement of financial position can be found on the following pages:

(3) – p. 189 | (15) (16) (17) (18) – p. 196 | (19) (20) (21) – p. 197 | (22) – p. 198 | (23) – p. 200 | (24) – p. 201 (25) (26) – p. 203 | (27) – p. 204 | (28) – p. 205 | (29) – p. 207

CONSOLIDATED STATEMENT OF CASH FLOWS

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

EUR '000	2018/2019	2017/2018*
Profit before income taxes	+21,809	+34,651
Depreciation, amortisation and write-downs/reversals of write-downs of non-current assets	+90,105	+98,332
Gain/loss on disposals of non-current assets	+538	+7,602
Other non-cash expenses/income	+17,326	+40,246
Interest income	-427	-552
Interest expense	+2,132	+4,888
Net income/loss from investments in associates	-13	-13
Changes in other assets not classified as from investing or financing activities	+17,980	-745
Changes in other liabilities not classified as from investing or financing activities	-635	-8,657
Interest received	+5	+13
Interest paid	-1,461	-3,681
Income taxes paid	-2,834	-1,723
Cash flows from operating activities	**+144,525**	**+170,361**
Payments for investments in intangible assets	-129,458	-135,556
Payments for investments in property, plant and equipment	-9,933	-7,471
Proceeds from disposals of property plant and equipment	+61	+276
Proceeds from financial assets	+21	+38
Payments for investments in financial assets	-15	-13
Cash flows from investing activities	**-139,324**	**-142,726**
Payment for settlement of derivatives	0	-1,654
Dividend payments	-5,519	-5,519
Repayment of lease liabilities	-3,281	-10,295
Cash flows from financing activities	**-8,800**	**-17,468**
Change in cash and cash equivalents	-3,599	+10,167
Cash and cash equivalents at the beginning of the period	+59,464	+49,297
Cash and cash equivalents at the end of the period	**+55,865**	**+59,464**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

EUR '000		Reserves					
see note (9)	Subscribed capital	Capital reserves	Other revenue reserves	Cash flow Hedge	Treasury shares	Equity attributable to the owners of the parent company	Consolidated equity
1 July 2017, as previously reported	92,000	142,843	78,628	-1,056	-113	312,302	312,302
Adjustment in connection with the application of IAS 8	0	0	4,038	0	0	4,038	4,038
As at 1 July 2017 (adjusted)	92,000	142,843	82,666	-1,056	-113	316,340	316,340
Distributions to shareholders	0	0	-5,519	0	0	-5,519	-5,519
Acquisition of non-controlling interests without change of control	0	0	0	0	0	0	0
Sale of treasury shares	0	0	0	0	0	0	0
Transactions with shareholders	0	0	-5,519	0	0	-5,519	-5,519
Total comprehensive income (adjusted)							
Consolidated net profit for the year	0	0	31,705	0	0	31,705	31,705
Other gains/losses incurred during the period, after taxes	0	0	0	1,059	0	1,059	1,059
Total comprehensive income	0	0	31,705	1,059	0	32,764	32,764
Other reclassifications	0	0	3	-3	0	0	0
30 June 2018	**92,000**	**142,843**	**108,855**	**0**	**-113**	**343,585**	**343,585**
1 July 2018	92,000	142,843	108,855	0	-113	343,585	343,585
Adjustment in connection with the applicationof IFRS 9, after taxes	0	0	-538	0	0	-538	-538
As at 1 July 2018 (adjusted)	92,000	142,843	108,317	0	-113	343,047	343,047
Distributions to shareholders	0	0	-5,519	0	0	-5,519	-5,519
Acquisition of non-controlling interests without change of control	0	0	0	0	0	0	0
Sale of treasury shares	0	0	0	0	0	0	0
Transactions with shareholders	0	0	-5,519	0	0	-5,519	-5,519
Consolidated net profit for the year	0	0	17,391	0	0	17,391	17,391
Other gains/losses incurred during the period, after taxes	0	0	0	0	0	0	0
Total comprehensive income	0	0	17,391	0	0	17,391	17,391
30 June 2019	**92,000**	**142,843**	**120,189**	**0**	**-113**	**354,919**	**354,919**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS of Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund for the financial year from 1 July 2018 to 30 June 2019

(hereinafter "Borussia Dortmund" or "Borussia Dortmund GmbH & Co. KGaA")

BASIC PRINCIPLES

General disclosures

Borussia Dortmund GmbH & Co. KGaA (hereinafter also "Borussia Dortmund" or the "Group") has its registered office at Rheinlanddamm 207 – 209, 44137 Dortmund, Germany, and is listed in the commercial register of the Local Court (*Amtsgericht*) of Dortmund under the number HRB 14217. Borussia Dortmund's professional squad has competed in the Bundesliga's first division for more than four decades. Borussia Dortmund also operates Group companies that sell merchandise, organise and host match-day and non-match-day events, and provide Internet and travel services. Borussia Dortmund also holds an interest in a medical rehabilitation centre.

The general partner, BVB Geschäftsführungs-GmbH, Dortmund, is responsible for management and representation of Borussia Dortmund GmbH & Co. KGaA. 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 consolidated financial statements are presented in thousands of euros.

The subtotals contained in the consolidated statement of comprehensive income for the result from operating activities (EBIT) and the financial result are used to provide detailed information.

By a resolution dated 13 August 2019, the consolidated financial statements and the Group management report were authorised by the Company's management for submission to the Supervisory Board.

Accounting policies

These consolidated financial statements for the financial year from 1 July 2018 to 30 June 2019, including the prior-year information, were prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted in the European Union and in force at the end of the reporting period, and the supplementary provisions of German commercial law required to be observed in accordance with § 315e (1) HGB. The term "IFRS" includes the recent International Financial Reporting Standards (IFRSs) and the International Accounting Standards (IASs) issued by the International Accounting Standards Board (IASB) in London as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC).

Borussia Dortmund applied the following Standards, Interpretations and amendments to existing Standards, as adopted by the European Union, for the first time in the 2018/2019 financial year:

Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions

The amendments concern accounting for the effects of vesting conditions on cash-settled share-based payments, classification of share-based payments transactions with net settlement features, and accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

The amendments did not have any material impact on the consolidated financial statements of Borussia Dortmund.

Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments relate to first-time adoption of IFRS 9 for insurers. Without these amendments, the different effective dates of IFRS 9 and the new standard for insurance contracts (IFRS 17) would lead to increased volatility in profit or loss over the transition period and would double the cost and effort involved in transitioning to the new standards.

The amendments provide two solutions:

- Temporary exemption from IFRS 9: Entities whose activities are predominantly connected with insurance and who apply IFRS 4 to existing insurance contracts are permitted to continue applying IAS 39 instead of IFRS 9 for financial years beginning before 1 January 2021. This applies only if IFRS 9 had previously not been applied. Beginning in financial year 2018, additional disclosures in the notes are required to enable users of financial statements to make comparisons with entities applying IFRS 9.
  As part of its endorsement, the EU has widened the scope of this option to insurance undertakings of financial conglomerates under certain conditions.
- Overlay approach: Entities that apply IFRS 4 to existing insurance contracts are permitted to reclassify amounts between profit or loss and other comprehensive income for eligible financial assets so that the total profit or loss reported under IFRS 9 is the same as if IAS 39 had been applied to those assets.

The amendments did not have any impact on the consolidated financial statements of Borussia Dortmund.

IFRS 9 – Financial Instruments

IFRS 9 (Financial Instruments) was issued in July 2014 and replaces the existing IAS 39 (Financial Instruments: Recognition and Measurement). Borussia Dortmund has applied IFRS 9 since 1 July 2018 and has exercised the option to not restate comparative information for prior periods to reflect changes in classification and measurement or loss allowances. Instead, differences arising from the adoption of IFRS 9 are reported under revenue reserves as at 1 July 2018.

Under IFRS 9, financial assets are classified into one of three categories: "at amortised cost"; "at fair value through other comprehensive income (FVOCI)"; and "at fair value through profit or loss (FVTPL)". Under IFRS 9, financial assets are classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. IFRS 9 eliminates the previous categories under IAS 39: held to maturity, loans and receivables, and available for sale. Under IFRS 9, a derivative that is embedded in a contract with a host that is a financial asset within the scope of the standard is never accounted for separately. Instead, the hybrid financial instrument is assessed in its entirety with regard to its classification.

The table below presents the reconciliation of the carrying amounts of financial assets measured in accordance with IAS 39 to the carrying amounts under IFRS 9 as at the transition date to IFRS 9, 1 July 2018.

EUR '000	Original measurement category in accordance with IAS 39	New measurement category in accordance with IFRS 9	Carrying amount reported in statement of financial position in accordance with IAS 39	Carrying amount reported in statement of financial position in accordance with IFRS 9
Non-current and current financial assets				
Financial assets	Loans and receivables	At amortised cost	71	71
Trade receivables				
- not intended for factoring	Loans and receivables	At amortised cost	28,658	28,647
- intended for factoring	Loans and receivables	FVTPL	31,456	30,666
Other financial receivables	Loans and receivables	At amortised cost	2,520	2,520
Cash and cash equivalents	Loans and receivables	At amortised cost	59,464	59,464
Non-current and current financial liabilities				
Trade payables	Other financial liabilities	At amortised cost	64,321	64,321
Other financial liabilities	Other financial liabilities	At amortised cost	37,209	37,209

As at 30 June 2018, Borussia Dortmund had receivables from transfer deals intended for factoring that it classified as held-for-sale. In accordance with IFRS 9, the Group classified these as FVTPL. As a result, all changes in fair value are recognised through profit or loss. The effect of the reclassification as at 1 July 2018, taking into account tax effects, resulted in a reduction of equity by EUR 531 thousand.

The initial application of IFRS 9 did not have any material effect on the Group's accounting policies in respect of financial liabilities and derivative financial instruments. The effects of the first-time adoption of IFRS 9 on the carrying amounts of financial assets as at 1 July 2018 were attributable to the new requirements governing the recognition of loss allowances and the measurement of receivables intended for factoring at FVTPL.

IFRS 9 replaces the incurred loss model under IAS 39 with a forward-looking expected credit loss model. This requires significant judgment as to the extent to which expected credit losses are affected by changes in economic factors. This assessment is determined on the basis of weighted probabilities.

The new loss allowance model must be applied to financial assets measured at amortised cost or FVOCI (with the exception of securities carrying dividend rights held as financial investments) and contract assets.

The standard sets out a three-stage loss allowance model for calculating expected credit losses. A loss allowance is recognised at an amount equal to the 12-month expected credit losses (stage 1) or at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition (stage 2), or in the case of credit-impaired financial assets (stage 3).

The three-stage model is applied to cash and cash equivalents for which loss allowances are recognised in accordance with IFRS 9. The resulting loss allowances are immaterial. The simplified approach is applied to trade receivables and contract assets that result from transactions that are within the scope of IFRS 15 and that do not contain a significant financing component, and the loss allowances are always recognised at an amount equal to the lifetime expected credit losses (stages 2 and 3).

As at 30 June 2018, a loss allowance of EUR 1,500 thousand was recognised in accordance with IAS 39 on trade receivables/contract assets. The estimated expected credit losses were measured on the basis of the credit losses actually incurred over the past three years. The measurement was broken down by business model. The calculation of future loss allowances – taking macroeconomic figures into account – increased loss allowances on trade receivables/contract assets by EUR 11 thousand. Taking tax effects into account, this reduced equity by EUR 7 thousand as at 30 June 2018.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 *Revenue from Contracts with Customers* sets out a comprehensive framework for determining whether, in what amount and at which point in time revenue is recognised. It replaces the existing guidance on revenue recognition, including that contained in IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

The Group is required to apply IFRS 15 as at 1 July 2018.
The Group opted to apply the modified retrospective method in its consolidated financial statements when transitioning to IFRS 15, and thus recognises the cumulative effect of applying the standard as at 1 July 2018.
In accordance with IFRS 15, revenue is recognised when (or as) the customer obtains control, whereas under IAS 18 revenue was recognised when the risks and rewards of ownership were transferred.
The Group has completed its implementation project for the accounting of revenue from contracts with customers. There are no material changes from the previous practice under IAS 18.

The accounting treatment of rights of return in the mail order business was brought in line with IFRS 15. Revenue is 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.
This led to an immaterial increase in other liabilities and other current assets.

Amendment to IFRS 15 – Clarifications to IFRS 15

The amendments add clarifications on various requirements of IFRS 15 and introduce two new practical expedients to reduce complexity and costs for entities transitioning to the new standard.

These give entities options in presenting contracts that were either completed at the beginning of the earliest period presented or modified before the beginning of the earliest period presented.

The amendments must be applied for the first time for financial years beginning on or after 1 January 2018.

The amendments did not have any material impact on the consolidated financial statements of Borussia Dortmund.

Amendment to IAS 40 – Transfers of Investment Property

The amendment to IAS 40 is intended to clarify when a property under construction or planning is transferred to or from investment property. The previous exhaustive list of circumstances in IAS 40.57 failed to ensure a clear classification of property under construction or development. The list of circumstances has now been designated explicitly as non-exhaustive, meaning that properties under construction or development can also be classified under the requirement.
The amendments did not have any impact on the consolidated financial statements of Borussia Dortmund.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses an issue when applying IAS 21 *The Effects of Changes in Foreign Exchange Rates*. It clarifies the date for the purpose of determining the exchange rate used to translate transactions in foreign currencies for which consideration is received or paid in advance. The foreign exchange rate for the related asset, income or expense is determined by the date on which the prepayment asset or liability for income received in advance was initially recognised.

The amendments did not have any material impact on the consolidated financial statements of Borussia Dortmund.

Improvements to IFRS 2014 – 2016

The Annual Improvements to IFRSs (2014–2016 cycle) made changes to three standards, of which the following two are applicable for the first time in 2018:
In IAS 28, it was clarified that the measurement option for investments in associates and joint ventures held by a venture capital organisation or other similar entity may be exercised differently for each equity investment.
In addition, the amendments delete the short-term exemptions for first-time adopters in IFRS 1.E3–E7.

The amendments did not have any material impact on the consolidated financial statements of Borussia Dortmund.

Amendments to IFRS 9 – Prepayment Features with Negative Compensation

The amendments introduce a narrow-scope modification of the assessment criteria relevant for classifying financial assets. Under certain circumstances, financial assets that include prepayment features with negative compensation do not have to be measured at fair value through profit of loss but may instead be measured at amortised cost or at fair value through other comprehensive income.
The standard must be applied for the first time for financial years beginning on or after 1 January 2019. The amendments did not have any material impact on the consolidated financial statements of Borussia Dortmund.

IFRIC 23 Uncertainty over Income Tax Treatments

The tax treatment of certain circumstances or transactions may depend on the future acceptance of that treatment by the relevant tax authorities and courts. IAS 12 *Income Taxes* governs the accounting treatment of current and deferred taxes. IFRIC 23 clarifies the requirements under IAS 12 where there is uncertainty over the income tax treatment of certain circumstances and transactions.

The interpretation must be applied for the first time for financial years beginning on or after 1 January 2019. Earlier application is permitted.

The Group currently does not expect any material impact on the consolidated financial statements.

Amendment to IAS 28 – Long-term Interests in Associates and Joint Ventures

The amendments clarify that IFRS 9 must be applied to long-term interests in associates or joint ventures that are accounted for using the equity method.
The amendments must – subject to adoption by the European Union – be applied for the first time as at 1 January 2019.
The Group currently does not expect any material impact on the consolidated financial statements.

Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement

In accordance with IAS 19, pension obligations must be remeasured using updated assumptions whenever plan amendments, curtailments or settlements take place.

The amendments clarify that updated assumptions must be used to determine the service cost and net interest for the remainder of the period after the change to the plan.

The amendments must – subject to adoption by the European Union – be applied for the first time for financial years beginning on or after 1 January 2019. Earlier application is permitted.

The Group currently does not expect any material impact on the consolidated financial statements.

Improvements to IFRS 2015 – 2017

Four IFRSs were amendment in connection with the Annual Improvements to IFRSs (2015–2017 cycle).

The amendments to IFRS 3 clarify that a company must apply the requirements for a business combination achieved in stages when it obtains control of a business in which it previously held an interest as a joint operation. The interest previously held by the acquirer must be remeasured.

IFRS 11 clarifies that an entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

The amendments to IAS 12 clarify that an entity accounts for all income tax consequences of dividend payments in the same way.

The amendments to IAS 23 clarify that when an entity calculates its borrowing costs it shall exclude from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete.

The amendments must – subject to adoption by the European Union – be applied for the first time for financial years beginning on or after 1 January 2019. Earlier application is permitted.

The Group currently does not expect any material impact on the consolidated financial statements.

IFRS 16 – Leases

IFRS 16 introduces a single accounting model for the recognition of leases in the financial statements of lessees. Lessees recognise a right-of-use asset (representing their right to use an underlying asset) and a lease liability (representing their obligation to make lease payments). There are exemptions for short-term leases and leases of low-value assets. Lessor accounting remains comparable with the current standard, i.e., the lessor will continue to classify leases as finance leases or operating leases.

IFRS 16 replaces the existing standards and interpretations on leases, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

The standard must be applied for the first time for financial years beginning on or after 1 January 2019.

Borussia Dortmund began applying the accounting requirements of IFRS 16 early on 1 July 2018. Under the standard, lessees recognise a right-of-use asset (representing their right to use an underlying asset) and a lease liability (representing their obligation to make lease payments).

Borussia Dortmund applies the modified retrospective method. Consequently, the comparative figures from the prior-year periods have not been restated. Borussia Dortmund is making use of the practical expedients as part of its initial application of IFRS 16: it applies an average discount rate to leases with similar characteristics and does not apply the requirements of the standard to leases for which the lease term ends within 12 months of the date of initial application.

Pursuant to the exemptions under IFRS 16, Borussia Dortmund has opted to henceforth not apply the accounting requirements to leases with a term of 12 months or less and to leases for which the underlying asset is of low value.

Right-of-use assets recognised in accordance with IFRS 16 are measured at cost as at the commencement date and are generally discounted at the rate implicit in the lease. That amount is reduced by cumulative depreciation and amortisation and, where appropriate, write-downs and impairment losses.

Due to the existing lease agreements, Borussia Dortmund is entitled to control the use of various assets against payment of the lease obligations.

As part of the transition to IFRS 16, assets amounting to EUR 4,802 thousand were reclassified to other equipment, operating and office equipment. The additional lease liabilities were recognised in the same amount. Consequently, the transition to the new standard had no effect on equity.

Operating lease obligations as at 30 June 2018 were reconciled as follows to lease liabilities in the opening balance sheet as at 1 July 2018:

Lease liabilities

EUR '000	
Operating lease obligations as at 30 June 2018	5,986
Minimum lease payments (nominal amount) on liabilities from finance leases as at 30 June 2018	10,171
Relief option for short-term leases (under 12 months)	-229
Relief option for leases of low-value assets	-13
Lease-type obligations/Other	-548
Nominal lease liabilities as at 1 July 2018	**15,367**
Discounting after recognition under IFRS 16	-394
Discounting of existing leases under IAS 17	-1,476
Lease liabilities as at 1 July 2018	**13,497**
Present value of liabilities from finance leases as at 30 June 2018	-8,695
Additional lease liabilities due to initial application of IFRS 16 as at 1 July 2018	**4,802**

The lease liabilities were discounted using the incremental borrowing rate as at 1 July 2018.
The weighted average discount rate was 3%.

Accounting standards issued by the IASB, but not yet adopted by the EU and not yet applied by the Company:

Standard	New and amended Standards and Interpretations	Published by IASB	Mandatory application (IASB)	Expected effect on Group
	Amendments References to the Conceptual Framework in IFRS Standards	29 March 2018	1 January 2020	Immaterial
IFRS 3	Definition of a Business	22 October 2018	1 January 2020	Immaterial
IAS 1, IAS 8	Definition of Material	31 October 2018	1 January 2020	Immaterial
IFRS 17	Insurance Contracts	18 May 2017	1 January 2021	None
IFRS 10, IAS 28	Amendments, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	11 September 2014/ 18 December 2014	TBA	Immaterial

Restatements in accordance with IAS 8

The respective prior-year figures in the financial statements were restated retrospectively in accordance with IAS 8.42 due to the necessary change in the accounting policy applicable to agent and brokerage commissions for contract extensions and the initial recognition of players acquired on free transfers, which had previously been reported under prepaid expenses and reversed to other operating expenses, taking into account payments subject to a condition precedent.

Agent and brokerage commissions and other obligations in connection with contract extensions or players acquired on free transfers are now recognised as intangible assets. If these obligations are subject to certain conditions, they are recognised on the date the conditions are met. The intangible assets are amortised on a straight-line basis over the remaining term of the individual contracts.

The retrospective change in the accounting policy increased the prior-year consolidated net profit by EUR 3,243 thousand.

The changes are presented in the table below:

Consolidated statement of financial position

1 July 2017 EUR '000	Amount previously reported	Adjustment	Amount after adjustment
Total assets	**478,597**	**4,038**	**482,635**
Intangible assets	141,521	13,860	155,381
Prepaid expenses			
Non-current prepaid expenses	16,876	-3,344	13,532
Current prepaid expenses	16,518	-5,342	11,176
Deferred tax assets	1,136	-1,136	0
Total liabilities	**166,295**	**0**	**166,295**
Equity	**312,302**	**4,038**	**316,340**
Reserves	220,415	4,038	224,453

30 June 2018 EUR '000	Amount previously reported	Adjustment	Amount after adjustment
Total assets	**478,331**	**7,281**	**485,612**
Intangible assets	109,684	10,658	120,342
Prepaid expenses			
Non-current prepaid expenses	10,723	-386	10,337
Current prepaid expenses	16,655	-2,198	14,457
Deferred tax assets	793	-793	0
Total liabilities	**142,027**	**0**	**142,027**
Equity	**336,304**	**7,281**	**343,585**
Reserves	244,417	7,281	251,698

2017/2018 consolidated income statement

EUR '000	Amount previously reported	Adjustment	Amount after adjustment
Depreciation, amortisation and write-downs	-90,556	-7,776	-98,332
Other operating expenses	-206,496	10,676	-195,820
Result from operating activities	**36,074**	**2,900**	**38,974**
Profit before income taxes	**31,751**	**2,900**	**34,651**
Income taxes	-3,289	343	-2,946
Consolidated net profit for the year	**28,462**	**3,243**	**31,705**

The requisite restatements increased the basic and diluted earnings per share from EUR 0.31 to EUR 0.34 per share.

Please refer to Note 22 for disclosures on the effects on deferred taxes.

The consolidated statement of cash flows was restated as follows:

Reconciliation – 2017/2018 statement of cash flows

EUR '000	Amount previously reported	Adjustment	Amount after adjustment
Cash flows from operating activities	**+158,367**	**+11,994**	**+170,361**
Cash flows from investing activities	**-130,732**	**-11,994**	**-142,726**
Cash flows from financing activities	**-17,468**	**0**	**-17,468**
Cash and cash equivalents at the end of the period	**+59,464**	**0**	**+59,464**

Scope of consolidated financial statements

In addition to Borussia Dortmund GmbH & Co. KGaA, the consolidated financial statements include five fully consolidated subsidiary companies and one associated company accounted for using the equity method.

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.

The list of shareholdings as at 30 June 2019 was as follows:

Shareholdings (30 June 2019)

	Registered office	Share capital (EUR '000)	Shareholding %	Equity (EUR '000) as at 30/06/2019	Net profit/loss (EUR '000) 01/07/2018 to 30/06/2019
Fully consolidated companies:					
BVB Stadionmanagement GmbH*	Dortmund	52	100.00	66	69
besttravel Dortmund GmbH*	Dortmund	50	100.00	144	948
BVB Merchandising GmbH*	Dortmund	75	100.00	10,881	1,241
BVB Event & Catering GmbH*	Dortmund	25	100.00	25	2,758
BVB Asia Pacific Pte. Ltd.	Singapore	66	100.00	161	30
Investments accounted for using the equity method					
Orthomed Medizinisches Leistungs- und Rehabilitationszentrum GmbH**	Dortmund	52	33.33	789	41

* Profit and loss transfer agreements are in force. Profit/loss of the Company prior to transfer to/absorption by the consolidated tax group parent.

** Included in the consolidated financial statements as at 30 June 2019 as an associate on the basis of the net profit/loss reported as at 31 December 2018.

Shareholdings (30 June 2018)

	Registered office	Share capital (EUR '000)	Shareholding %	Equity (EUR '000) as at 30/06/2018	Net profit/loss (EUR '000) 01/07/2017 to 30/06/2018
Fully consolidated companies:					
BVB Stadionmanagement GmbH*	Dortmund	52	100.00	66	24
besttravel dortmund GmbH*	Dortmund	50	100.00	144	1,044
BVB Merchandising GmbH*	Dortmund	75	100.00	10,881	288
Sports & Bytes GmbH*	Dortmund	200	100.00	2,510	166
BVB Event & Catering GmbH*	Dortmund	25	100.00	25	1,761
BVB Asia Pacific Pte. Ltd.	Singapore	66	100.00	131	29
Investments accounted for using the equity method					
Orthomed Medizinisches Leistungs- und Rehabilitationszentrum GmbH**	Dortmund	52	33.33	748	38

* Profit and loss transfer agreements are in force. Profit/loss of the Company prior to transfer to/absorption by the consolidated tax group parent.

** Included in the consolidated financial statements as an associate on the basis of the net profit/loss reported as at 31 December 2017.

No interim financial statements were prepared for Orthomed GmbH as at 30 June 2019 due to the fact that there would be no material impact on the consolidated financial statements.

Please refer to Note 30 for disclosures on transactions with related parties.

Consolidation principles

The annual financial statements of the companies included in the consolidated financial statements are prepared in accordance with IFRS, as adopted by the EU, using consistent accounting policies.

The end of the reporting period for the consolidated financial statements is the end of the reporting period of the parent company.

Intercompany revenues, income and expenses, and all receivables and liabilities between companies included in the consolidated financial statements are eliminated on consolidation.

Subsidiaries are entities controlled by the Group. The Group controls an entity if the Group is exposed to or has rights to variable returns from its investment in the entity and if the Group has the ability to influence those returns through its control over the entity. The financial statements of subsidiaries in included in the consolidated financial statements as at the date control begins and until the time the Group no longer controls the entity.

Acquired subsidiaries are accounted for using the acquisition method. The acquisition cost is equal to the fair value of the assets given, the equity instruments issued and the liabilities incurred or assumed on the date of the transaction. The costs associated with the acquisition are recognised as an expense. When consolidated for the first time, the identifiable assets, liabilities and contingent liabilities acquired in a business combination are measured at their acquisition-date fair values, regardless of the size of the minority interest.

Any excess of the acquisition cost over the share of equity acquired at fair value is recognised as goodwill. If the acquisition costs are lower than the fair value of the net assets of the subsidiary acquired, the measurement of net assets is reviewed and the difference is recognised directly in the consolidated statement of comprehensive income.

The Group's interests in investments accounted for using the equity method relate to shareholdings in associates.
Associates are entities over which the Group has a significant influence but does not control or jointly manage the entities' financial and operating policies.

Foreign currency translation

The consolidated financial statements are presented in euros. The euro is the currency of the primary business environment (functional currency) of all companies included in the consolidated financial statements. In the single-entry financial statements of the parent and of the consolidated subsidiaries, business transactions in foreign currencies are translated into the functional currency at the exchange rate prevailing on the date of the transaction. Gains and losses arising on the fulfilment of such transactions and on the translation of monetary assets and liabilities carried in foreign currencies using the exchange rate prevailing at the end of the reporting period are recognised in profit or loss.

Accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are presented below. The policies described were applied consistently for the reporting periods shown, unless otherwise indicated.
The consolidated financial statements were prepared based on amortised cost. However, derivative financial instruments are measured at fair value.

Intangible assets

Purchased intangible assets are measured at cost less amortisation based on their expected useful lives or at the lower recoverable amount. Player registrations reported in these financial statements are measured at cost in accordance with IAS 38 and amortised on a straight-line basis over the term of the individual contracts.

Agent and brokerage commissions and other obligations in connection with contract extensions or players acquired on free transfers are now recognised as intangible assets. If these obligations are subject to certain conditions, they are recognised on the date the conditions are met. The intangible assets are amortised on a straight-line basis over the remaining term of the individual contracts.

Computer software for commercial and technical applications is amortised on a straight-line basis.

The useful lives and the methods of amortisation are reviewed at the end of each financial year.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and impairment losses.
Subsequent expenses are recognised only if it is probable that the future economic benefits associated with the expenses will flow to the Group.

The SIGNAL IDUNA PARK stadium buildings were measured at their fair value amounting to EUR 177,200 thousand in the opening IFRS statement of financial position as at 1 July 2004, in accordance with the option permitted by IFRS 1.16. This valuation is based on the opinion of an independent expert. The changes in accounting policies resulted as a consequence of an expert review of the remaining useful life of the stadium property, which since 1 July 2013 will be depreciated over 40 years (previously: 19.5 years).
Annual depreciation now amounts to EUR 3,034 thousand (previously: EUR 6,223 thousand).

Land is carried at amortised cost and impaired if necessary.
Buildings and the remaining items of property, plant and equipment are measured at cost less depreciation. Repair and maintenance costs are recognised in the statement of comprehensive income as expenses in the current period.

Depreciation is calculated in order to allocate the cost of items of property, plant and equipment, less their estimated residual carrying amounts, on a straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss. Unless it is sufficiently clear that ownership will transfer to the Group at the end of the lease, leased assets are depreciated over the term of the lease or their useful lives, whichever is shorter. Land is not depreciated.

Straight-line depreciation is based on the following useful lives:

	Useful life in years
Stadium	40
Other buildings	20 to 50
Other equipment, operating and office equipment	7 to 15

The useful life and the method of amortisation are reviewed at the end of each financial year at a minimum.

Impairment testing

The useful lives of intangible assets and items of property, plant and equipment are all finite. If there are specific indications of possible impairment, individual assets are tested for impairment. An impairment loss is recognised for the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of net realisable value and value in use. If the reason for an impairment write-down recognised in prior years no longer exists, the impairment loss is reversed until the carrying amount of the asset, net of depreciation and amortisation, equals the amount that would have been determined if an impairment loss had not been recognised.

Leases

The Group's leases relate in particular to developed land and leased operating and office equipment.

Under the standard, lessees recognise a right-of-use asset (representing their right to use an underlying asset) and a lease liability (representing their obligation to make lease payments).

Pursuant to the exemptions under IFRS 16, Borussia Dortmund has opted to henceforth not apply the accounting requirements to leases with a term of 12 months or less and to leases for which the underlying asset is of low value.

Right-of-use assets recognised in accordance with IFRS 16 are measured at cost as at the commencement date and are generally discounted at the rate implicit in the lease. That amount is reduced by cumulative depreciation and amortisation and, where appropriate, write-downs and impairment losses. Due to the existing lease agreements, Borussia Dortmund is entitled to control the use of various assets against payment of the lease obligations.

Financial instruments

Financial instruments under IFRS are classified in line with the format of the statement of financial position. The table under Note 28 provides a reconciliation of the individual classes and categories of IFRS 9 to the items of the statement of financial position and the fair values of the financial instruments disclosed therein.

Under IFRS 9, financial assets are classified into one of three categories depending on their use: "at amortised cost"; "at fair value through other comprehensive income (FVOCI)"; and "at fair value through profit or loss (FVTPL)". Financial assets are classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The business model is determined at the portfolio level and is based on management's intentions and past transaction patterns. The cash flows are reviewed on the basis of the individual assets.

As a rule, financial assets are measured at fair value upon initial recognition. Transaction costs that are directly attributable to the acquisition of the financial asset are included in the initial recognition. Regular way purchases or sales of financial assets are accounted for at the trade date. The amount recognised in the statement of financial position is equal to the maximum exposure to credit risk. The subsequent measurement of financial assets depends on their classification:

To the extent possible, Borussia Dortmund uses observable market inputs to calculate the fair value of an asset or liability. Based on the input factors used in the valuation techniques, the fair values are assigned to different levels in the fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., the price) or indirectly (i.e., can be derived from the price).
Level 3: Unobservable inputs of the asset or liability.

If the inputs used to measure the fair value of an asset or liability can be categorised to different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Borussia Dortmund recognises reclassifications between different levels of the fair value hierarchy at the end of the reporting period in which the change occurs.

a) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include financial assets whose cash flows do not comprise solely payments of principal and interest on the principal amount outstanding. This also includes financial assets that are not held in either the "hold" or "hold and sell" business models. Gains and losses resulting from these financial assets are recognised through profit or loss.

b) Financial assets measured at amortised cost

Financial assets that are measured at amortised cost are non-derivative financial assets with contractual payments that are solely payments of principal and interest on the principal amount outstanding and that are held for the purposes of collecting the contractual cash flows, such as trade receivables and cash and cash equivalents ("hold" business model). Cash and cash equivalents primarily include cash-in-hand, cheques and demand deposits with banks, which are subject to an insignificant risk of changes in value.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method less loss allowances. Gains and losses are recognised in the consolidated net profit when the loans and receivables are impaired or derecognised. The interest effect resulting from the application of the effective interest rate method and currency translation effects are also recognised in profit or loss.

c) Financial assets measured at fair value through other comprehensive income

Financial assets that are measured at fair value through other comprehensive income are non-derivative financial assets with contractual payments that are solely payments of principal and interest on the principal amount outstanding and that are held for the purposes of collecting the contractual cash flows and selling financial assets, for instance to meet predefined liquidity targets ("hold and sell" business model). This category also includes equity instruments that are not held for trading and for which the option was exercised to recognise changes in fair value through other comprehensive income.

After initial measurement, the financial assets in this category are measured at fair value through other comprehensive income and any unrealised gains or losses are recognised in other comprehensive income. Upon disposal of debt instruments in this category, the cumulative gains and losses from the fair value measurement recognised in other comprehensive income are reclassified to profit or loss. Interest received from financial assets measured at fair value through other comprehensive income are generally recognised through profit or loss using the effective interest rate method. The changes in the fair value of equity instruments measured at fair value through other comprehensive income are not recognised through profit or loss and instead are reclassified to revenue reserves upon disposal. Dividends are recognised through profit or loss when the legal claim to payment arises.

Impairment of financial assets

At the end of every reporting period, a loss allowance is recognised for financial assets that are not measured at fair value through profit or loss. This loss allowance reflects the expected credit losses for these instruments. The expected credit loss model consists of three stages: a loss allowance is recognised at an amount equal to the 12-month expected credit losses (stage 1), at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition (stage 2), or in the case of credit-impaired financial assets (stage 3). A financial asset is considered to be credit-impaired once there are objective substantial indications, such as the debtor's significant financial difficulty, or knowledge of an application for bankruptcy or past due event. If the asset appears uncollectible, it and the loss allowance are derecognised.

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset is derecognised when the contractual rights to receive the cash flows from the asset expire or the financial asset is transferred to another party. The latter case is deemed to have occurred when all significant risks and rewards associated with ownership of the asset have been transferred or when the control over the asset has been relinquished.

Financial liabilities

A financial liability is derecognised when the obligation underlying this liability is discharged or cancelled or expires. In cases where an existing financial liability is exchanged against another financial liability of the same lender with substantially different terms and conditions or if the terms and conditions of an existing liability are materially modified, such exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. Any difference between the relevant carrying amounts is recognised in profit or loss.

Financial assets and liabilities are offset against one another and the net balance is presented in the consolidated statement of financial position if an entity a) has a legally enforceable right to set off the recognised amounts, and b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred taxes

Deferred taxes are recognised for all temporary differences between the tax base of assets and liabilities and their carrying amounts in the IFRS financial statements (liability method). However, if in the course of a transaction which is not a business combination a deferred tax asset or liability arises from the initial recognition of an asset or liability which, at the time of the transaction, affects neither the accounting nor the taxable profit or loss, the deferred tax asset or liability is neither recognised at the date of initial recognition nor afterwards.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are also recognised for tax loss carry-forwards that can be utilised in subsequent periods, provided it is sufficiently probable that the deferred tax asset will be recoverable.

Deferred taxes relating to items recognised directly in other comprehensive income are also recognised in other comprehensive income.

Deferred tax assets and liabilities are netted against each other where the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax assets and liabilities are measured on the basis of the tax laws adopted by the Bundestag and ratified by the Bundesrat as at the end of the reporting period using a rate of income tax of 32.81% (previous year: 32.81%).

Inventories

Inventories consist principally of goods held by the subsidiary company BVB Merchandising GmbH. Inventories are measured at cost less any individual allowances for goods whose cost may not be recoverable.

Cash and cash equivalents

Cash includes cash on hand, cheques and balances with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to a known amount of cash or convertible to a known amount of cash within a period of less than three months and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured initially at fair value and subsequently at amortised cost.

Ordinary shares

The costs directly attributable to the issue of ordinary shares are deducted from equity (net of taxes, if applicable).

Treasury shares

The full amount paid for the purchase of treasury shares is reported as an item deducted from equity. The Company has the right to reissue treasury shares purchased by it at a later date. Proceeds of resale in excess of cost are added to capital reserves, while shortfalls are taken to retained earnings.

Provisions

Provisions must be recognised where a present legal or constructive obligation arises from a past event, which is expected to result in an outflow of resources and whose amount can be reliably estimated.

The Group applies these accounting procedures when recognising provisions for litigation and liability risks. The Group makes assumptions when determining the probability that liability will arise, the amount of any claims that could be asserted and the duration of any legal proceedings.

The recognition and measurement of provisions for litigation and liability risks entail uncertainty. The outcome of court proceedings in particular is difficult to predict. Therefore, provisions are measured on the basis of the best estimate of the liability and are recognised at the amount that will most likely be needed to settle the obligation as at the reporting date.

Financial liabilities

Financial liabilities falling under the scope of IFRS 9 are allocated to the category "other financial liabilities". These include borrowings and are recognised initially at fair value plus transaction costs directly attributable to the issue of the financial liabilities. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, where interest expense is measured in accordance with the effective interest rate. Please refer to Notes 11, 12, 13 and 24 *et seq.* for information on the provision of collateral and further disclosures on financial liabilities.

Prepaid expenses and deferred income

Prepaid expenses and deferred income are recognised and apportioned on a straight-line basis over their term to allocate payments made on an accrual basis.

Recognition of income and expenses

Revenue is measured on the basis of the consideration set out in contracts with customers. The Group recognises revenue when (or as) it transfers control over a good or service to a customer.

Income from transfer deals resulting from ordinary activities is reported under revenue at the date on which the match authorisation expires. The expenses associated with the transfer activities such as write-downs and incidental costs of disposal are reported as other operating expenses.

Interest income and expenses are allocated to the period to which they relate, taking into account the outstanding amount of the loan and the effective interest rate to be applied. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Operating expenses are recognised when the goods or services are utilised or at the date the expenses are incurred.

Type of product/service	Primarily	Revenue recognition in accordance with IFRS 15	Revenue recognition in accordance with IAS 18
Match operations	Ticker proceeds	Revenue is recognised at a point in time (date of match).	Revenue is recognised at a point in time (date of match).
Advertising	Sponsorship agreements	Revenue is recognised over time in line with the term of the agreement; performance-based bonuses are recognised at a point in time.	Revenue is recognised over time in line with the term of the agreement; performance-based bonuses are recognised at a point in time.
TV marketing	Centralised national/international TV marketing	Revenue is recognised over time; performance-based bonuses are recognised at a point in time.	Revenue is recognised over time; performance-based bonuses are recognised at a point in time.
Transfer deals	Services related to contract termination	Revenue is recognised at a point in time.	Revenue is recognised at a point in time.
Merchandising	Sale of fan merchandise/granting of licences	Revenue from fan merchandise is recognised at a point in time. Revenue from licences is recognised over time in line with the term of agreement.	Revenue from fan merchandise is recognised at a point in time; revenue from licences is recognised over time in line with the term of agreement.
Conference, catering, miscellaneous	Related to match-day operations	Revenue is recognised at a point in time.	Revenue is recognised at a point in time.

Management of financial risks

The Group finances itself primarily from long-term finance leases, trade payables, season tickets paid for in advance and payments from sponsors. The related risks arising comprise fair value risks (interest-rate-related cash flow risks), liquidity risks and credit risks. On the other hand, the Group is not exposed to any significant currency risks. The methods of managing the individual types of risk are described in the following.

Interest rate risks

Until September 2017, the Group was exposed to interest rate risks based on variable-rate loans; appropriate interest rate hedges were entered into to hedge these risks. Risk Control uses appropriate tools and methods to constantly monitor interest rate risk, and reports regularly to the management on current events. The objective of the risk strategy is to limit or eliminate interest rate risks. The strategy explicitly calls for the use of appropriate derivative financial instruments to hedge risks.

Sensitivity analysis (interest rate risk)

All interest rate swaps and variable-interest loans are included in the sensitivity analysis. On 30 September 2017, however, Borussia Dortmund decided that it would not make use of the planned bank financing for the purchase. Due to the elimination of the hedged item, the hedge was terminated as at the reporting date and it is no longer necessary to prepare sensitivity analysis.

Liquidity risk

The Group constantly monitors the risk of possible liquidity bottlenecks, taking into account the probable maturities of its financial liabilities and the timing of the expected cash flows from operating activities. The Group counters potential liquidity risk by taking up largely long-term financing. Appropriate corporate planning is used to constantly monitor short-term financing components. Please refer to Note 27 for disclosures on the maturities of contractual cash flows.

Credit risk

The Group conducts business exclusively with third parties of high credit standing. Concentrations of credit risk can arise in the context of a player transfer and from long-term sponsorship agreements. Such concentrations of risk are monitored in the course of the Group's operating activities.

The maximum credit risk in the event of counterparty default is equal to the carrying amount of these instruments. Please refer to Note 24.

Significant decisions subject to judgement and estimates

The preparation of consolidated financial statements in accordance with IFRSs requires management to make significant decisions subject to judgement and estimates and assumptions concerning the application of financial accounting methods and the assets, liabilities, income and expenses recognised in those statements. Actual results may deviate from these estimates.

Estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimates were revised as well as in all subsequent periods concerned.

Information about significant decisions subject to judgment made while applying accounting methods that materially impact the amounts recognised in the consolidated financial statements are disclosed in the notes to the consolidated financial statements below.

This section on accounting policies includes detailed disclosures about property, plant and equipment.

Notes 2 and 11 include detailed disclosures on finance leases.

Disclosures on deferred taxes are included, *inter alia*, in Note 22 and the section on accounting policies.

The collectability of trade receivables is assessed based on the estimated probability of default. Specific valuation allowances are calculated for overdue receivables using individually determined percentages. In the event that the financial situations of our partners worsen, the amounts actually written down may exceed the amount of the valuation allowances recognised. This could negatively impact the results of operations. Please refer to Note 5 for disclosures on carrying amounts.

Note 10 includes detailed disclosures on provisions.

Deferred tax assets are recognised in respect of tax loss carry-forwards to the extent that it is probable that taxable income will be available to enable the loss carry-forwards to actually be utilised. In order to determine the amount of the deferred tax assets required to be recognised in this context, management makes significant assumptions with respect to the expected timing and amount of future taxable income. The likelihood that these carry-forwards will be used is assessed on the basis of a four-year plan.

The preparation of financial statements in accordance with IFRS requires the use of judgement. All decisions requiring the use of judgement are reassessed on a permanent basis and are based on past experience and expectations as to future events that appear reasonable, given the current circumstances.

Operating segments

Borussia Dortmund has four reportable segments, which are responsible for the main activities of the overall Group. The first segment consists of Borussia Dortmund GmbH & Co. KGaA, which operates a football club including a professional football squad and leverages the associated revenue potential arising from transfer deals, catering, TV marketing, advertising and match operations. The second segment consists of the separate merchandising business, which is carried out by BVB Merchandising GmbH, a legally independent entity.

The wholly owned Group subsidiaries BVB Event & Catering GmbH and besttravel dortmund GmbH are also classified as reportable segments.

BVB Event & Catering GmbH is responsible for conducting stadium tours, providing and arranging for event staffing services and planning, organising, catering, steering and conducting events of all types in its own name and on behalf of third parties.

besttravel dortmund GmbH is responsible for arranging travel by air, rail and ship, as well as package tours offered to private customers by travel agents. It also organises and conducts events such as sports travel, conferences and incentive trips, and arranges hotel and car hire bookings.

Internal reporting is based on the accounting provisions of the German Commercial Code (*Handelsgesetzbuch*, "HGB").

Operating segments

	Borussia Dortmund KGaA		BVB Merchandising GmbH		BVB Event & Catering GmbH		besttravel dortmund GmbH		Total	
EUR '000	2018/2019	2017/2018*	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018*
Total revenue	**446,030**	**494,972**	**31,156**	**30,469**	**19,864**	**16,252**	**1,727**	**1,785**	**498,777**	**543,478**
of which match operations	44,659	42,322	0	0	0	0	0	0	44,659	42,322
of which advertising	96,846	93,994	0	0	0	0	0	0	96,846	93,994
of which TV marketing	167,349	122,293	0	0	0	0	0	0	167,349	122,293
of which transfer deals	120,204	222,733	0	0	0	0	0	0	120,204	222,733
of which merchandising	0	0	31,156	30,469	0	0	0	0	31,156	30,469
of which conference, catering, miscellaneous	16,972	13,630	0	0	19,864	16,252	1,727	1,785	38,563	31,667
Total revenue	**446,030**	**494,972**	**31,156**	**30,469**	**19,864**	**16,252**	**1,727**	**1,785**	**498,777**	**543,478**
of which external	444,603	493,550	29,989	29,499	13,768	10,902	1,163	1,204	489,523	535,155
of which internal	1,427	1,422	1,167	970	6,096	5,350	564	581	9,254	8,323
Financial result	**3,303**	**-690**	**0**	**1**	**0**	**0**	**-4**	**-4**	**3,299**	**-693**
Share of profit from equity investments	0	0	0	0	0	0	0	0	0	0
of which profit and loss transfer	5,016	3,283	0	0	0	0	0	0	5,016	3,283
Net interest income/expense	**-1,713**	**-3,973**	**0**	**1**	**0**	**0**	**-4**	**-4**	**-1,717**	**-3,976**
of which interest expense	-2,716	-4,524	0	0	0	0	-4	-4	-2,720	-4,528
of which interest income	1,003	551	0	1	0	0	0	0	1,003	552
Depreciation, amortisation and write-downs	-90,637	-88,425	-1,767	-1,753	-34	-30	-14	0	-92,452	-90,208
Segment profit before taxes **	22,330	26,053	1,241	288	2,758	1,761	948	1,044	27,277	29,146
Capital expenditure	139,035	138,539	243	266	7	56	118	1	139,403	138,862
Segment assets ***	513,706	496,453	14,562	17,181	4,811	3,984	1,117	2,403	534,196	520,021
Segment liabilities	124,188	127,260	3,681	6,300	4,786	3,959	973	2,259	133,628	139,778
Investments accounted for using the equity method	96	96	0	0	0	0	0	0	96	96
Income from investments in associates	0	0	0	0	0	0	0	0	0	0

* Change in prior-year items. See also "Restatements in accordance with IAS 8" in the notes to the consolidated financial statements.
** before profit or loss transfer
*** KGaA segment includes EUR 21,034 thousand (previous year: EUR 31,072 thousand) in assets held for sale.

The table below provides a reconciliation of the revenue, profit or loss before taxes, assets, liabilities and other key items for each segment.

	Total		Other adjustments		Consolidated financial statements	
EUR '000	2018/2019	2017/2018*	2018/2019	2017/2018*	2018/2019	2017/2018*
Total revenue	**498,777**	**543,478**	**-9,253**	**-7,435**	**489,524**	**536,043**
of which match operations	44,659	42,322	0	0	44,659	42,322
of which advertising	96,846	93,994	-33	-32	96,813	93,962
of which TV marketing	167,349	122,293	0	0	167,349	122,293
of which transfer deals	120,204	222,733	0	0	120,204	222,733
of which merchandising	31,156	30,469	-1,167	-970	29,989	29,499
of which conference, catering, miscellaneous	38,563	31,667	-8,053	-6,433	30,510	25,234
Total revenue	**498,777**	**543,478**	**-9,253**	**-7,435**	**489,524**	**536,043**
of which external	489,523	535,155	1	888	489,524	536,043
of which internal	9,254	8,323	-9,254	-8,323	0	0
Financial result	**3,299**	**-693**	**-4,991**	**-3,630**	**-1,692**	**-4,323**
Share of profit from equity investments	0	0	13	13	13	13
of which profit and loss transfer	5,016	3,283	-5,016	-3,283	0	0
Net interest income/expense	**-1,717**	**-3,976**	**12**	**-360**	**-1,705**	**-4,336**
of which interest expense	-2,720	-4,528	588	-360	-2,132	-4,888
of which interest income	1,003	552	-576	0	427	552
Depreciation, amortisation and write-downs	-92,452	-90,208	-30	-8,124	-92,482	-98,332
Segment profit before taxes **	27,277	29,146	-5,468	5,505	21,809	34,651
Capital expenditure	139,403	138,862	504	4,178	139,907	143,040
Segment assets ***	534,196	520,021	-34,125	-34,409	500,071	485,612
Segment liabilities	133,628	139,778	11,524	2,249	145,152	142,027
Investments accounted for using the equity method	96	96	226	213	322	309
Income from investments in associates	0	0	13	13	13	13

* Change in prior-year items. See also "Restatements in accordance with IAS 8" in the notes to the consolidated financial statements.
** before profit or loss transfer
*** KGaA segment includes EUR 21,034 thousand (previous year: EUR 31,072 thousand) in assets held for sale.

The interest expense was adjusted as a result of the recognition of lease agreements as finance leases. The table below provides a detailed reconciliation of segment profit or loss before taxes, segment assets and segment liabilities:

	Segment profit or loss before taxes		Segment assets		Segment liabilities	
EUR '000	2018/2019	2017/2018*	2018/2019	2017/2018*	2018/2019	2017/2018*
Segments total	27,277	29,146	534,196	520,021	133,628	139,778
Profit from other companies	114	219	0	0	44	0
Other IFRS adjustments	-7,469	2,386	-3,098	0	2,679	0
IAS 8 adjustments	0	2,900	0	7,281	0	0
IFRS 16 adjustments	417	0	9,258	0	11,508	0
IFRS 9 adjustments	604	0	7	0	0	0
IFRS 15 adjustments	21	0	21	0	37	0
Consolidation of long-term financial assets	0	0	-11,596	-13,606	0	0
Stadium buildings plus other assets	845	0	-28,717	-28,084	0	0
Other consolidation	0	0	0	0	-2,744	2,249
	21,809	**34,651**	**500,071**	**485,612**	**145,152**	**142,027**

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

The Borussia Dortmund GmbH & Co. KGaA segment exceeded the 10% threshold stipulated in IFRS 8.34 for three customers by a total of EUR 232,212 thousand (previous year: 3 customers, EUR 265,065 thousand). The allocation of revenue items is presented in the table below:

	Borussia Dortmund KGaA		BVB Merchandising GmbH		BVB Event & Catering GmbH		besttravel dortmund GmbH		Total	
EUR '000	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
Total revenue – 10% threshold	**232,212**	**265,065**	**0**	**0**	**0**	**0**	**0**	**0**	**232,212**	**265,065**
of which match operations	0	0	0	0	0	0	0	0	0	0
of which advertising	50	50	0	0	0	0	0	0	50	50
of which TV marketing	166,220	90,558	0	0	0	0	0	0	166,220	90,558
of which transfer deals	64,077	173,189	0	0	0	0	0	0	64,077	173,189
of which merchandising	0	0	0	0	0	0	0	0	0	0
of which conference, catering, miscellaneous	1,865	1,268	0	0	0	0	0	0	1,865	1,268

Derivative financial instruments

In order to limit currency risks, BVB Merchandising GmbH's pending foreign-currency cash flows from operating activities were hedged as at 30 June 2018. The hedges terminated during the reporting period. Currency forwards were used to hedge the purchase of materials in foreign currencies. During the reporting period, the hedges related exclusively to US dollars. The value of currency forwards is determined by discounting the future value to the valuation date using the yield curve (net present value method). The valuation is substantiated by bank calculations. In accordance with IFRS 13.72 *et seq.*, currency forwards are classified in Level 2 of the fair value hierarchy since the input parameters used for measurement (yield curves as well as forward rates in US dollars) are observable on the market. The Group does not make its own estimates or assumptions for fair value measurement.

Hedge accounting is not applied to economic hedges for future purchase transactions, meaning that fair value changes in the derivatives are recognised in profit or loss.

The fair value as at 30 June 2019 amounting to EUR 0 thousand (previous year: EUR 33 thousand) was recognised under other financial liabilities.

The carrying amounts of financial assets and liabilities to which IFRS 7 applies are generally identical to their fair values. There are deviations in the transfer receivables from factoring amounting to EUR 270 thousand, non-current lease liabilities amounting to EUR 582 thousand and current lease liabilities amounting to EUR 36 thousand.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(1) Intangible assets

EUR '000	30/06/2019	30/06/2018*
Player registrations	161,412	119,441
Industrial property rights and similar rights	2,298	901
	163,710	**120,342**

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

Intangible assets consist of purchased player registrations and computer software. At the end of the reporting period, the weighted remaining contractual term of the significant player registrations amounted to 3.07 years (30 June 2018: 3.45 years).

Changes in intangible assets were as follows:

EUR '000	Player registrations	Industrial property rights and similar rights	Total
Cost			
As at 1 July 2017	246,648	2,474	249,122
Additions	134,084	346	134,430
Disposals	89,708	0	89,708
Reclassification to assets held for sale	87,285	0	87,285
As at 30 June 2018*	203,739	2,820	206,559
Additions	130,435	1,739	132,174
Disposals	11,278	458	11,736
Reclassification to assets held for sale	46,388	0	46,388
As at 30 June 2019	276,508	4,101	280,609
Depreciation, amortisation and write-downs			
As at 1 July 2017	92,110	1,631	93,741
Additions	86,888	288	87,176
Disposals	38,487	0	38,487
Reclassification to assets held for sale	56,213	0	56,213
As at 30 June 2018*	84,298	1,919	86,217
Additions	71,642	342	71,984
Disposals	8,788	458	9,246
Reclassification to assets held for sale, disposals	32,056	0	32,056
As at 30 June 2019	115,096	1,803	116,899
Carrying amounts			
As at 1 July 2017	154,538	843	155,381
As at 30 June 2018*	119,441	901	120,342
As at 30 June 2019	**161,412**	**2,298**	**163,710**

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

(2) Property, plant and equipment

EUR '000	30/06/2019	30/06/2018
Land, land rights and buildings including buildings on third-party land	156,013	158,897
Other equipment, operating and office equipment	27,988	21,796
	184,001	**180,693**

Property, plant and equipment primarily relates to the stadium, the BVB FanWelt service centre, the Rheinlanddamm plot of land and the administration building located there, and the plot of land at Strobelallee 81. The facilities at the training ground in Dortmund-Brackel, the youth academy, the football academy, the catering areas at the stadium, the administrative headquarters and the associated operating and office equipment constitute further components of this item.

In the current financial year, investments were made in the training ground in Dortmund-Brackel, in SIGNAL IDUNA PARK and in the administration building. The investments at the training ground in Dortmund-Brackel included measures to modernise the football pitches and the technical equipment in order to improve the training conditions. A property located at the Saint-Barbara-Allee was purchased and an additional pitch was opened in Dortmund-Brackel in connection with the project to expand BVB's training centre.

Maintenance work was performed on the various levels of SIGNAL IDUNA PARK and medical facilities were installed. In addition, investments were made in the stadium's security areas, in expanding the catering areas and in modernising the stadium's flood lights.

After purchasing the administration building at the Rheinlanddamm address in the previous year, various renovation projects were commissioned in order to use the offices as efficiently as possible.

The items of property, plant and equipment recognised in the statement of financial position as a result of a lease consist of buildings and other facilities (e.g., sport pitches and outdoor grounds) at the Dortmund-Brackel training ground, the youth academy and the Wi-Fi equipment at SIGNAL IDUNA PARK. In addition, Borussia Dortmund's fan shops were recognised in connection with the adoption of IFRS 16.

As at 30 June 2019, the following right-of-use assets related to the corresponding items in the statement of financial position:

	Net carrying amounts
EUR '000	30/06/2019
Buildings	7,077
Operating and office equipment	2,181
	9,258

Right-of-use assets were previously accounted for as part of finance leases in accordance with IAS 17 until 30 June 2018.
Net carrying amounts of EUR 6,028 thousand were recognised in the previous year, of which EUR 3,931 thousand was attributable to buildings and EUR 2,097 thousand to operating and office equipment.

The corresponding liabilities to the lessor are reported as current and non-current lease liabilities, minus payments already made.

During the reporting period, the right-of-use assets were depreciated in the amount of EUR 3,063 thousand. These expenses are reported under depreciation, amortisation and write-downs.

The interest expense for lease liabilities amounted to EUR 599 thousand and are reported under finance costs in the consolidated statement of comprehensive income.

There is an option to purchase the training ground in Dortmund-Brackel once the lease there expires in 2023.

Essentially all of the risks and opportunities in connection with the leased assets have been transferred to Borussia Dortmund.

Changes in property, plant and equipment were as follows:

EUR '000	Land, land rights and buildings, including buildings on third-party land	Other equipment, operating and office equipment	Total
Cost			
As at 30 June 2017	249,921	60,815	310,736
Additions	4,474	3,169	7,643
Disposals	259	384	643
As at 30 June 2018	254,136	63,600	317,736
Additions	2,887	13,843	16,730
Disposals	0	736	736
As at 30 June 2019	257,023	76,707	333,730
Depreciation, amortisation and write-downs			
As at 30 June 2017	89,267	36,805	126,072
Additions	5,972	5,184	11,156
Disposals	0	185	185
As at 30 June 2018	95,239	41,804	137,043
Additions	5,771	7,052	12,823
Disposals	0	137	137
As at 30 June 2019	101,010	48,719	149,729
Carrying amounts			
As at 30 June 2017	160,654	24,010	184,664
As at 30 June 2018	158,897	21,796	180,693
As at 30 June 2019	**156,013**	**27,988**	**184,001**

(3) Investments accounted for using the equity method

The investment in Orthomed Medizinisches Leistungs- und Rehabilitationszentrum GmbH (33.33%) with the financial statements as at 31 December 2018 is reported here.

EUR '000	30/06/2019	30/06/2018
Non-current assets	606	486
Current assets	462	535
Non-current liabilities	102	63
Current liabilities	177	210
Net assets	789	748
Group's share of net assets (33.33%)	263	250
Goodwill	59	59
Dividend received after 31 December 2018	0	0
Carrying amount of interest in associate	**322**	**309**
Revenue	3,947	3,791
Profit from continuing operations	41	38
Comprehensive income (33.33%)	13	13
Group's share of comprehensive income	**13**	**13**

EUR '000	30/06/2019	30/06/2018
Cash flows from operating activities	143	-25
Cash flows from investing activities	-242	-175
Cash flows from financing activities	39	-116
Net increase in cash and cash equivalents	**-60**	**-316**

(4) Financial assets

Long-term financial assets relate to long-term, interest-bearing borrowings classified as loans and receivables.

Please refer to Note 28 for information on the fair values of financial assets.

In accordance with IFRS 15, the Group recognises an asset related to products sold with a right of return on the basis of the expected returns. This corresponds to the refund liability discussed in Note 13. As at 30 June 2019, the asset for the right of return of products amounted to EUR 21 thousand.

(5) Trade and other financial receivables

Trade and other financial receivables amounted to EUR 39,804 thousand, of which EUR 1,020 thousand (previous year: EUR 2,520 thousand) related to other financial receivables and EUR 38,784 thousand to trade receivables (previous year: EUR 60,114 thousand).

Trade receivables included EUR 32,641 thousand in transfer receivables (previous year: EUR 55,256 thousand).

Non-current

EUR '000	30/06/2019	30/06/2018
Trade receivables	**9,743**	**39,653**

Non-current trade receivables are discounted using the effective interest method and measured at amortised cost. Please refer to Note 28 for information on the fair values of financial assets.

Current

EUR '000	30/06/2019	30/06/2018
Trade receivables	30,893	21,961
Less allowances	-1,852	-1,500
Net trade receivables	29,041	20,461
Other financial receivables	1,020	2,320
Receivables from related parties	0	200
	30,061	**22,981**

Trade receivables and other assets do not bear interest and mostly have a maturity of up to three months. Please refer to Note 28 for information on the fair values of financial assets.

(6) Inventories

EUR '000	30/06/2019	30/06/2018
Inventories/merchandise	5,235	5,992
Less write-downs	-666	-404
Net inventories	**4,569**	**5,588**

The carrying amount of inventories carried at fair value less costs to sell was EUR 553 thousand (previous year: EUR 384 thousand).
Impairments of inventories are carried in the cost of materials.

(7) Cash and cash equivalents

EUR '000	30/06/2019	30/06/2018
Bank balances and cash-in-hand	**55,865**	**59,464**

Bank balances bear interest at variable rates of interest applying to demand deposits.

(8) Assets held for sale

Non-current assets are classified as "held for sale" and "measured at the lower of carrying amount and fair value less costs to sell" if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.
By virtue of contractual arrangements and current transfer market conditions relating to the pending sale of transfer rights in one of the upcoming transfer windows, non-current assets were written down by EUR 13,809 thousand (previous year: EUR 20,362 thousand) to their fair value less costs to sell (meaning the transfer income to be generated less transaction costs) and reclassified as held for sale. The carrying amount of assets held for sale amounted to EUR 21,034 thousand (previous year: EUR 31,072 thousand). The impairment was recognised under depreciation and amortisation.

(9) Equity

On 26 November 2018, the Annual General Meeting of the Company resolved the following:
The net retained profits of EUR 26,404,743.83 reported in the Company's annual financial statements for the 2017/2018 financial year were used as follows:

- EUR 5,518,866.00 was used to distribute to the limited liability shareholders a dividend of EUR 0.06 per share carrying dividend rights.
- the remaining EUR 20,885,877.83 was transferred to other revenue reserves.

The dividend was paid on 29 November 2018.

The management will recommend to the Annual General Meeting that it resolve to distribute a dividend of EUR 0.06 (previous year: EUR 0.06) per share carrying dividend rights for financial year 2018/2019.

Changes in equity and non-controlling interests are presented in the consolidated statement of changes in equity.

Subscribed capital

The subscribed capital of Borussia Dortmund GmbH & Co. KGaA is divided into no-par value shares with a notional share in the share capital of EUR 1.00 per share, with each share bearing equal rights. The shares are fully paid-up; the number of shares issued and the number of shares outstanding changed as follows:

Number of shares	Issued	Treasury shares	Outstanding
Balance as at 1 July 2017	92,000,000	-18,900	91,981,100
Change in treasury shares		0	
as at 30 June 2018	**92,000,000**	**-18,900**	**91,981,100**
Change in treasury shares		0	
as at 30 June 2019	**92,000,000**	**-18,900**	**91,981,100**

In the period between the date of admission of the Company's shares to trading (31 October 2000) and the end of the reporting period, the Company acquired a total of 34,000 no-par value shares and sold 15,100 no-par value shares off-market in the form of printed physical share certificates. At the end of the reporting period, the Company's holding of its own securities consisted of 18,900 no-par value shares. This represented 0.021% of the share capital.

On 24 November 2014, the Annual General Meeting of Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, with the consent of the Supervisory Board, resolved to revoke the existing authorisation to increase the share capital by utilising the remaining Authorised Capital 2010 in the amount of EUR 137,500.00, and at the same time resolved to issue a new authorisation to increase the share capital on one or more occasions by or before 23 November 2019 by up to EUR 23,000,000.00 ("Authorised Capital 2014").

Reserves

Capital reserves consist exclusively of transfers in respect of premiums on the issue of new shares after deducting the net costs of the placement and the Company's share of revenues from the sale of treasury shares.

Other revenue reserves comprise profits generated and not distributed by Group companies in the current year and previous years and accumulated losses. In addition, the net effect, taking account of subsequent adjustments, of the remeasurement of SIGNAL IDUNA PARK in accordance with IFRS 1.16 is reported under this item.

Capital management

The objective of capital management is to ensure the Group's long-term ability to function on a going concern basis and to generate appropriate returns for shareholders. Debt management steers the raising of debt, particularly with regard to financing with matching maturities. The capital structure is managed in such a way that changes in macroeconomic conditions and risks arising from the underlying assets are taken into account. Short-term target-performance comparisons and medium- and long-term financial planning are used in the capital structure management process.

The capital structure at the end of the reporting period was as follows:

EUR '000	30/06/2019	30/06/2018
Equity of shareholders	354,919	343,585
Share in total capital	70.97 %	70.75 %

(10) Provisions

The EUR 1,671 thousand in provisions recognised as at 30 June 2019 included provisions for litigation and liability risks relating to legal proceedings.
The outcome of the legal proceedings cannot be forecast with any certainty, meaning that the amount of the expected obligation is also uncertain. The Group bases its estimates of the potential losses on the assessments of its legal advisers as well as the experiences of the Group and third parties in similar cases in the past.

In financial year 2018/2019, the value in dispute was increased by EUR 100 thousand and the litigation costs by EUR 432 thousand.

After the court ruled in favour of Borussia Dortmund in the first instance, the plaintiff appealed the ruling. Therefore, the outcome of the proceedings remains uncertain. Accordingly, provisions amounting to EUR 7 thousand were utilised.

(11) Lease liabilities

The payment obligations under leases are due for payment as follows:

EUR '000	30/06/2019	30/06/2018
Less than 1 year	3,614	2,444
Between 1 and 5 years	8,428	7,370
More than 5 years	838	357
	12,880	10,171
Future finance charges from leases	-1,372	-1,476
Present value of liabilities from leases	**11,508**	**8,695**

The change in the maturity structure of the present values of lease liabilities was as follows:

Lease liabilities

EUR '000	30/06/2019	30/06/2018
Less than 1 year	3,127	1,969
Between 1 and 5 years	7,591	6,384
More than 5 years	790	342
	11,508	**8,695**

(12) Trade payables

Trade payables amounted to EUR 62,150 thousand (previous year: EUR 64,321 thousand), of which EUR 48,521 thousand (previous year: EUR 54,475 thousand) related to transfer payables.

(13) Other financial obligations

EUR '000	30/06/2019	30/06/2018
Non-current		
Other	7,204	2,550
	7,204	2,550
Current		
Other taxes	8,106	11,334
Other	25,549	23,325
	33,655	34,659
Total other financial liabilities	**40,859**	**37,209**

Other non-current financial liabilities increased by EUR 4,654 thousand due to the rise in salaries for the professional squad. In addition, other financial liabilities include refund liabilities amounting to EUR 38 thousand. The refund liability relates to the customer's right to return products within 30 days of purchase. A refund liability and a corresponding adjustment of revenue is recognised at the time of sale for products for which a return is expected.

(14) Prepaid expenses and deferred income

Prepaid expenses

EUR '000	30/06/2019	30/06/2018*
Non-current		
Deferred income related to professional squad	12,799	10,150
Insurance premiums	16	85
Other advance payments	1,072	102
	13,887	**10,337**
Current		
Deferred income related to professional squad	10,274	10,803
Insurance premiums	713	667
Other advance payments	4,039	2,987
	15,026	**14,457**

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

Deferred income

EUR '000	30/06/2019	30/06/2018
Non-current		
Advance payments for agency and marketing rights	0	4,000
Advance payments for events	0	1
	0	**4,001**
Current		
Advance payments for agency and marketing rights	4,000	4,000
Advance payments received from ticket sales	16,718	16,715
Advance payments received from sponsors	3,365	843
Other advance payments	1,391	3,135
	25,474	**24,693**

Pursuant to an agency licensing agreement dated 18 June 2008, responsibility for the marketing of Borussia Dortmund was transferred to Lagardère Sports Germany GmbH, Hamburg (formerly SPORTFIVE GmbH & Co. KG). The license fee received in advance is recognised as deferred income and will be carried in profit or loss on a straight-line basis over the 12-year term of the agreement.

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(15) Revenue

EUR '000	2018/2019	2017/2018
Match operations	44,659	42,322
Advertising	96,813	93,962
TV Marketing	167,349	122,293
Transfer deals	120,204	222,733
Merchandising	29,989	29,499
Conference, catering, miscellaneous	30,510	25,234
	489,524	**536,043**

Revenue is generated primarily in Germany. It includes prior-period revenue of EUR 4,706 thousand (previous year: EUR 3,194 thousand). Prior-period revenue relates primarily to income from TV marketing and conference, catering and miscellaneous income. Write-downs amounting to EUR 21,262 thousand (previous year: EUR 51,221 thousand) were recognised in other operating expenses in connection with income from transfer deals.

(16) Other operating income

Other operating income increased by EUR 3,854 thousand year on year to EUR 7,746 thousand and includes 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), of which EUR 2,991 thousand from the reversal of provisions.

(17) Cost of materials

Cost of materials increased by EUR 1,179 thousand to EUR 21,273 thousand. This item includes the cost of goods sold for BVB Event & Catering GmbH and BVB Merchandising GmbH.

(18) Personnel expenses

No defined-benefit pension entitlements have been granted to employees of the BVB Group. Payments to the state pension scheme are reported under social security contributions.

EUR '000	2018/2019	2017/2018
Wages and salaries	197,681	179,765
Social security contributions	7,423	6,950
	205,104	**186,715**

During financial year 2018/2019, EUR 2,641 thousand was paid into the German statutory retirement pension system (previous year: EUR 2,395 thousand).

(19) Depreciation and amortisation

EUR '000	2018/2019	2017/2018*
Amortisation of intangible assets	79,659	87,176
Depreciation of property, plant and equipment	12,823	11,156
	92,482	**98,332**

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

(20) Other operating expenses

EUR '000	2018/2019	2017/2018*
Match operations	47,318	39,824
Advertising	25,673	24,236
Transfer deals	43,612	96,981
Retail	5,981	6,832
Administration	26,201	22,254
Other	6,125	5,693
	154,910	**195,820**

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

Other operating expenses include prior-period expenses in the amount of EUR 61 thousand (previous year: EUR 616 thousand).

(21) Financial result

EUR '000	2018/2019	2017/2018
Net income/loss from investments in associates *(see Note (3))*	13	13
Finance income		
Interest income from bank balances	0	1
Interest income in accordance with IFRS 9	291	0
Other interest income	136	551
	427	552
Finance costs		
Discounting expenses and other interest	-1,303	-4,528
Lease expenses	-599	-360
Interest expenses in accordance with IFRS 9	-230	0
	-2,132	-4,888
	-1,692	**-4,323**

(22) Income taxes and deferred taxes

All tax liabilities (EUR 811 thousand; previous year: EUR 1,962 thousand) are current.

The deferred tax assets and liabilities reported in the consolidated statement of financial position relate to the following items:

EUR '000	Net as at 30/06/2018*	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net as at 30/06/2019	Deferred tax assets	Deferred tax liabilities
Intangible assets	6,792	-6,781	0	0	11	11	0
Property, plant and equipment	-4,198	-887	0	0	-5,085	116	-5,201
Trade receivables and other assets	0	-28	263	0	235	235	0
Trade payables	-11,106	1,390	0	0	-9,716	738	-10,454
Tax loss carry-forwards	8,512	3,364	0	0	11,876	11,876	0
Total	**0**	**-2,942**	**263**	**0**	**-2,679**	**12,976**	**-15,655**

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

EUR '000	Net as at 01/07/2017*	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Net as at 30/06/2018*	Deferred tax assets	Deferred tax liabilities
Intangible assets	-1,698	8,490	0	0	6,792	6,792	0
Property, plant and equipment	-3,148	-1,050	0	0	-4,198	91	-4,289
Derivatives	522	0	-522	0	0	0	0
Trade receivables and other assets	0	0	0	0	0	0	0
Trade payables	0	-11,106	0	0	-11,106	0	-11,106
Tax loss carry-forwards	4,324	4,188	0	0	8,512	8,512	0
Total	**0**	**522**	**-522**	**0**	**0**	**15,395**	**-15,395**

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

Deferred taxes carried in other comprehensive income result in each case from cash flow hedges.

The income tax expense was made up as follows:

EUR '000	2018/2019	2017/2018*
Income taxes		
Current period	-1,742	-2,391
Prior period	266	581
Deferred tax benefit/expense in connection with		
the creation or reversal of temporary differences	-6,306	-5,324
tax loss carryforwards not yet utilised	3,364	4,188
	-4,418	**-2,946**

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

At the end of the reporting period, the Group had corporation tax loss carry-forwards amounting to EUR 0 thousand (previous year: EUR 20,737 thousand) and trade tax loss carry-forwards amounting to EUR 0 thousand (previous year: EUR 15,227 thousand) for which no deferred tax assets have been recognised. The tax loss carry-forwards have an unlimited carry-forward period.

The expected income tax expense which would theoretically result from applying the weighted average tax rate of 32.81% (previous year: 32.81%) can be reconciled with the actual income tax benefit reported in the consolidated statement of comprehensive income as follows:

EUR '000	2018/2019	2017/2018*
Consolidated net profit before income taxes	21,809	34,651
Theoretical tax rate in %	*32.81*	*32.81*
Expected income tax payment	-7,156	-11,369
Effects of changes in tax rates		
Effects from tax additions and subtractions	2,486	1,295
Effect of supplementary tax accounts	0	0
Losses in the financial year for which no deferred taxes were recognised	0	0
Change in ability to utilise tax loss carry-forwards	2,928	5,596
Change in deferred taxes	-2,942	951
Prior-year taxes	266	581
Tax implications of accounting using the equity method	0	0
Tax payment as reported in the consolidated statement of comprehensive income	**-4,418**	**-2,946**
Actual tax rate in %	*20.26*	*8.50*

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

(23) Consolidated statement of cash flows

Cash and cash equivalents reported in the statement of financial position amounted to EUR 55,865 thousand (previous year: EUR 59,464 thousand).
Cash flows from operating activities amounted to EUR 144,525 thousand and included proceeds from transfer deals amounting to EUR 142,087 thousand.

The changes in financial liabilities reported under cash flows from financing activities were as follows:

Reconciliation of change in liabilities to cash flows from financing activities in accordance with IAS 7.44

	Equity			Liabilities/derivatives		
EUR '000	Subscribed capital	Reserves	Treasury shares	Lease liabilities	Other financial liabilities	Total
Balance as at 30 June 2018	**92,000**	**251,698**	**-113**	**8,695**	**37,209**	**389,489**
Acquisition of minority interests	0	0	0	0	0	0
Payment for settlement of derivatives	0	0	0	0	0	0
Dividend payments	0	-5,519	0	0	0	-5,519
Repayment of lease liabilities	0	0	0	-3,281	0	-3,281
Total change in cash flows from financing activities	**0**	**-5,519**	**0**	**-3,281**	**0**	**-8,800**
Other changes						
related to liabilities						
Change in other financial liabilities	0	0	0	0	3,650	3,650
Change in lease liabilities	0	0	0	6,094	0	6,094
related to equity						
Consolidated net profit for the year	0	17,391	0	0	0	17,391
Adjustment in connection with the application of IFRS 9	0	-538	0	0	0	-538
Total other changes related to liabilities	0	0	0	6,094	3,650	9,744
Total other changes related to equity	0	16,853	0	0	0	16,853
Balance as at 30 June 2019	**92,000**	**263,032**	**-113**	**11,508**	**40,859**	**407,286**

OTHER DISCLOSURES

FINANCIAL RISKS

(24) Credit risk

The carrying amounts of the following financial instruments reflect the Group's maximum exposure to credit risk. At the end of the reporting period, the maximum exposure was as follows:

Carrying amounts of financial instruments

EUR '000	2018/2019	2017/2018
Financial assets, receivables and other financial receivables	41,657	63,350
Cash and cash equivalents	55,865	59,464

Borussia Dortmund applies the simplified approach for trade receivables and measures the lifetime expected credit losses at initial recognition according to the respective risk group and taking into account the historical credit loss rates. The allocation to the respective risk groups is base on the shared credit risk characteristics. At Borussia Dortmund, these are receivables from transfer deals on the one hand, and other trade receivables related primarily to ticketing, merchandising and sponsorships on the other. Credit loss rates specific to the risk clusters are calculated on the basis of the historical credit loss rates for the past three financial years and taking into account forward-looking macroeconomic indicators (gross domestic product).

Under the simplified approach, loss allowances are recognised on an individual basis if one or more events occur that have a detrimental impact on the creditworthiness of the debtor. These events include default in payment, impending insolvency or concessions by the debtor due to payment difficulties. Trade receivables are written off immediately if their recoverability is no longer expected with sufficient probability. This is the case, for example, when the debtor is in default.

Receivables from transfer deals represent a concentration of risk. These are hedged via transfer rights.

The change in loss allowances on the basis of the expected credit losses for trade receivables was as follows as at 30 June 2019:

EUR '000	2018/2019	2017/2018
Loss allowances as at 1 July in accordance with IAS 39	1,500	417
Adjustment in connection with the initial application of IFRS 9	11	0
Loss allowances as at 1 July in accordance with IFRS 9	**1,511**	**417**
Transfers recognised in profit or loss	860	1,213
Reversals recognised in profit or loss	-94	-83
Items recognised outside profit or loss	-431	-47
Loss allowances in accordance with IFRS 9	6	0
Loss allowances as at 30 June	**1,852**	**1,500**

The maturities of trade receivables as at the end of the reporting period were as follows:

Maturity analysis of receivables

EUR '000	2018/2019	2017/2018
Not yet due	38,437	60,877
Less than 30 days past due	1,301	1,623
Between 30 and 89 days past due	66	134
More than 90 days past due	0	0
	39,804	**62,634**

Cash and cash equivalents relate to bank balances and short-term investments in the form of overnight and time deposits. Borussia Dortmund only deposits money at banks with investment grade ratings. Furthermore, the creditworthiness of the banks is regularly monitored on the basis of credit default swaps (CDS).

Due to the short investment term and the creditworthiness of the banks, cash and cash equivalents are subject to a low level of credit risk. Thus, as at 30 June 2019, no material loss allowances had been recognised.

The table below contains information on the credit risk and the expected credit losses according to the classes of receivables defined by Borussia Dortmund as at 30 June 2019:

EUR '000	Gross carrying (EUR '000)	Default rate (%)	Expected credit losses (EUR '000)
Receivables from transfer deals	28,175	0.05	14
Other trade receivables	6,146	0.05	3
Total	**34,321**		**17**

(25) Interest rate risk

As at 30 June 2019, Borussia Dortmund's portfolio only included non-derivative financial instruments bearing fixed interest. Of those, only the financial instruments that are measured at fair value through profit or loss are subject to interest rate risk. Please refer to the disclosures on receivables intended for factoring and measured at fair value in Note 28.

Carrying amounts of non-derivative interest-bearing financial instruments

EUR '000	30/06/2019		30/06/2018	
	Fixed interest	**Variable interest**	**Fixed interest**	**Variable interest**
Financial assets, receivables and other financial receivables	41,657	0	63,350	0
Financial liabilities from leases	11,508	0	8,695	0

(26) Net gains/losses

The net gains and losses from financial instruments presented below comprise measurement gains and losses, premium and discount amortisation, the recognition and reversal of impairment write-downs, interest and all other earnings impacts from financial instruments.

Net gains and losses from financial instruments

Measurement category in accordance with IAS 39

EUR '000	2017/2018
Loans and receivables	**1,682**
Of which net interest expense/income	552
Financial liabilities	**-4,888**
Of which net interest expense/income	-4,888
Net gains/losses from financial instruments	**-3,206**
Of which net interest expense/income	-4,336

Measurement category in accordance with IFRS 9

EUR '000	2018/2019
Financial assets measured at amortised cost	**-923**
Of which net interest expense/income	-156
Financial assets measured at fair value through profit or loss	**58**
Of which net interest expense/income	61
Financial liabilities measured at amortised cost	**-1,610**
Of which net interest expense/income	-1,610
Net gains/losses from financial instruments	**-2,475**
Of which net interest expense/income	-1,705

(27) Liquidity risk

The following table shows the contractually arranged undiscounted payments of interest and principal in respect of financial liabilities. Whenever a right of termination exists, the figures are reported as at the earliest possible termination date.

Maturities of contractual cash flows from financial liabilities

Maturities of contractual cash flows from financial liabilities in 2019

EUR '000	Lease liabilities	Trade and other financial liabilities	Total
2019/2020	3,614	94,305	97,919
2020/2021	2,572	5,159	7,731
2021/2022	2,448	3,485	5,933
2022/2023	2,569	60	2,629
2023/2024	858	0	858
2024 and beyond	818	0	818
	12,879	**103,009**	**115,888**

Maturities of contractual cash flows from financial liabilities in 2018

EUR '000	Lease liabilities	Trade payables	Total
2018/2019	2,444	54,597	57,041
2019/2020	2,210	9,668	11,878
2020/2021	1,511	56	1,567
2021/2022	1,511	0	1,511
2022/2023	2,138	0	2,138
2023 and beyond	357	0	357
	10,171	**64,321**	**74,492**

(28) Fair values of financial instruments by class and category

The table below provides a reconciliation of the individual classes and categories of IAS 39 to the items of the statement of financial position and the fair values as at 30 June 2018:

EUR '000	Carrying amount 30/06/2018	Fair value 30/06/2018
Non-current financial assets		
Loans and receivables	71	71
Non-current trade and other receivables		
Loans and receivables	39,653	39,653
Current trade and other receivables		
Loans and receivables	23,626	23,626
Cash and cash equivalents		
Loans and receivables	59,464	59,464
	122,814	**122,814**

EUR '000	Carrying amount 30/06/2018	Fair value 30/06/2018
Non-current financial liabilities		
Other financial liabilities	0	0
Other non-current financial liabilities		
Derivatives	0	0
Other	2,550	2,550
Non-current liabilities from finance leases		
Financing liabilities	6,726	7,478
Non-current trade payables		
Other financial liabilities	9,724	9,724
Current financial liabilities		
Other financial liabilities	0	0
Current liabilities from finance leases		
Financing liabilities	1,969	1,969
Current trade payables		
Other financial liabilities	54,597	54,597
Other current financial liabilities		
Other financial liabilities	34,659	34,659
	110,225	**110,977**

Due to the reconciliation from IAS 39 to IFRS 9 as at 30 June 2019, financial instruments under IFRS 7 were reclassified in line with the format of the statement of financial position. The table below provides a reconciliation of the individual classes and categories of IFRS 9 to the items of the statement of financial position and the fair values as at 30 June 2019:

Measurement category in accordance with IFRS 9

EUR '000	Carrying amount 30/06/2019	Fair value 30/06/2019
Assets		
At amortised cost		
Non-current financial assets	52	52
Non-current trade and other receivables	5,263	5,263
Current trade and other receivables	30,061	30,061
Cash and cash equivalents	55,865	55,865
At fair value through profit or loss		
Receivables intended for factoring	4,480	4,480
Total	**95,721**	**95,721**

Measurement category in accordance with IFRS 9

EUR '000	Carrying amount 30/06/2019	Fair value 30/06/2019
Liabilities		
At amortised cost		
Other non-current financial liabilities	0	0
Non-current lease liabilities	8,381	8,963
Non-current trade payables	1,500	1,500
Other trade payables	7,204	7,204
Current lease liabilities	3,127	3,163
Current trade payables	60,650	60,650
Other current financial liabilities	33,655	33,655
Total	**114,517**	**115,135**

Any necessary transfers between the levels of the fair value hierarchy take place as at the end of the financial year in which the event triggering them occurs. There were no reclassifications in the current financial year. The fair value of all aforementioned financial instruments is assigned to level 2.

Due to their short residual terms, the carrying amounts reported for current trade receivables and payables and cash are roughly equivalent to their fair values.

Non-current trade receivables and liabilities are discounted to present value and accrue interest. In these cases, the carrying amounts largely correspond to fair value.

Receivables that can potentially be sold as part of factoring are recognised at fair value through profit or loss on the basis of the business model in accordance with the requirements of IFRS 9. The fair value is measured by discounting the cash flows. The measurement models takes into account the present value of the expected payments, discounted using a risk-adjusted discount rate. Borussia Dortmund regularly receives an individually-calculated discount rate from the factor (30 June 2019: 2.85%). Thus, the fair value would increase (decrease) at the same rate if the discount rate were lower (higher). Since the changes in fair value are recognised in the income statement, the table below presents the effects on earnings as at the end of the reporting period:

EUR '000	
Carrying amount of receivables intended for factoring (1 July 2018)	32,175
Additions	4,750
Disposals	-32,175
Gains/losses recognised through profit or loss	261
Other changes in connection with initial application	-531
Carrying amount of receivables intended for factoring (30/06/2019)	**4,480**

The fair value of other financial assets and liabilities is measured using the discounted cash flow valuation technique. The discount rates used were taken from the "Yields on listed Federal securities" as published by the Bundesbank at the end of the reporting period, plus a risk premium. The discount rates valid at the end of the reporting period had matching maturities and formed the basis of the valuation model.

(29) Earnings per share

Earnings per share are calculated in accordance with IAS 33 (Earnings Per Share) by dividing the net profit or loss for the period attributable to the shareholders of the parent by the weighted average number of shares outstanding. Earnings per share relate only to shares in the parent company. Since there are no potential ordinary shares, basic and diluted earnings per share are the same.

(30) Transactions with related parties

The general partner in Borussia Dortmund GmbH & Co. KGaA is Borussia Dortmund Geschäftsführungs-GmbH. The latter is responsible for the management and legal representation of Borussia Dortmund GmbH & Co. KGaA. The power to appoint and remove members of staff thus rests with BV. Borussia 09 e.V., Dortmund, in its capacity as the sole shareholder in Borussia Dortmund Geschäftsführungs-GmbH. Both Borussia Dortmund Geschäftsführungs-GmbH and BV. Borussia 09 e.V. Dortmund, as well as all companies associated therewith hence are deemed to be related parties in accordance with IAS 24.

Please refer to Notes 34 and 36 for further disclosures on the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA and the management of BVB Geschäftsführungs-GmbH.

Related party disclosures

EUR '000	2018/2019	2017/2018
Transactions with BV. Borussia 09 e.V. Dortmund		
Rental income	329	329
Income from other services	384	398
Income from ticket sales	10	4
Interest income	0	4
Transactions with Borussia Dortmund Geschäftsführungs-GmbH		
Expense from costs recharged	6,099	5,121
of which from executive remuneration falling due	5,273	4,389
Transactions with Orthomed GmbH		
Expense from other services	300	258

EUR '000	30/06/2019	30/06/2018
Other current and non-current assets		
Intercompany account with BV. Borussia 09 e.V. Dortmund	0	200
Other current liabilities		
Intercompany account with BV. Borussia 09 e.V. Dortmund	451	0
Intercompany account with Borussia Dortmund Geschäftsführungs-GmbH	1,335	599

In addition, transactions were entered into with members of the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA and the management and Advisory Board of BVB Geschäftsführungs-GmbH (merchandising, tickets, sponsorship, events and travel services) amounting to EUR 244 thousand (previous year: EUR 290 thousand). These transactions were conducted at arm's length.

(31) Other financial obligations

		Due after		
30/06/2019 (EUR '000)	Total	less than 1 year	1–5 years	more than 5 years
Rental and lease payments	972	429	418	125
Marketing fees	58,311	21,962	23,777	12,572
Other obligations	3,746	907	1,845	994
	63,029	**23,298**	**26,040**	**13,691**
Purchase commitments	147,450	72,850	74,600	0

In financial year 2018/2019, EUR 1,045 thousand in rental and lease payments were expensed for leases within the meaning of IFRS 16.6.

30/06/2018 (EUR '000)	Total	Due after less than 1 year	Due after 1–5 years	Due after more than 5 years
Rental and lease payments	5,986	1,542	3,331	1,113
Marketing fees	130,773	22,657	66,301	41,815
Other obligations	1,754	836	769	149
	138,513	**25,035**	**70,401**	**43,077**
Purchase commitments	64,650	37,450	27,200	0

In financial year 2017/2018, EUR 2,003 thousand in rental and lease payments were expensed in accordance with IAS 17.35 (c).

The minimum lease payments relate mostly to lease agreements for offices and various motor vehicles. The purchase commitments relate primarily to the acquisition of intangible assets.
In addition, a total of EUR 57,236 thousand in variable payment obligations under existing agreements with conditions precedent were reported as at 30 June 2019, of which EUR 31,983 thousand were due in less than one year.

(32) Events after the end of the reporting period

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 before winning its second test match 2:3 against Liverpool FC.

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.

In accordance with § 315e HGB, the following contains disclosures made due to specific requirements of German commercial law, to the extent that such disclosures are not contained in the Notes above.

(33) Average number of salaried employees

	2018/2019	2017/2018
Total	**833**	**804**
of which in the Athletics Department	269	257
of which trainees	16	18
of which other	548	529

(34) Management

Management remuneration

EUR '000	2018/2019	2017/2018
Dipl.-Kfm. Hans-Joachim Watzke (Chairman)		
Fixed components		
Fixed remuneration	1,900	1,723
Other remuneration	38	44
Dipl.-Kfm. Thomas Treß		
Fixed components		
Fixed remuneration	934	784
Other remunerationg	69	68
Carsten Cramer		
Fixed components		
Fixed remuneration	871	283
Other remuneration	52	17
	3,864	**2,919**

The members of management received remuneration within the meaning of IAS 24.17 (a) in the 2018/2019 financial year.

Based on the net profit for the year and the footballing success of the team, Hans-Joachim Watzke furthermore received EUR 720 thousand in performance-based remuneration (previous year: EUR 788 thousand). Based on the net profit for the year, Thomas Treß received EUR 344 thousand in performance-based remuneration (previous year: EUR 314 thousand) and Carsten Cramer received EUR 344 thousand in performance-based remuneration (previous year: EUR 336 thousand). EUR 22 thousand in employer contributions to the German statutory retirement pension system were incurred (previous year: EUR 20 thousand).

(35) Auditors' fees

These were reported in accordance with the classification set out in IDW AcP HFA 36.

EUR '000	2018/2019	2017/2018
Audit services	220	189
Other audit-related work	93	133
Tax advisory services	6	3
Other services	392	129

Other advisory services relate to confirmations in connection with licensing procedures and the audit of the sustainability report.

KPMG AG audited the annual and consolidated financial statements of Borussia Dortmund GmbH & Co. KGaA and conducted further statutory and voluntary audits at subsidiaries. The auditors reviewed the interim consolidated financial statements and carried out mandatory audits and reviews as part of the DFL licensing procedure pursuant to the DFL licensing regulations. KPMG also provided tax advisory services covering advice and assessment in individual cases and audited the separate non-financial Group report.

The advisory services surrounding the General Data Protection Regulation and the selection of a new IT system, which were initiated in the previous year, were ramped up and concluded in the past financial year. This led to an increase in other services.

(36) Supervisory Board

The names of the 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 IN 2018/2019 (EUR '000) (the members received all remuneration in accordance with IAS 24.17 (a) in the 2018/2019 financial year).

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 ClearVAT 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	

(37) Exercise of the exemption option pursuant to § 264 (3) HGB

The preparation of consolidated financial statements effectively exempts BVB Merchandising GmbH and BVB Event & Catering GmbH from the obligation to prepare annual financial statements within the meaning of § 264 (3) HGB.

(38) Notifiable shareholdings under § 160 (1) no. 8 AktG in conjunction with § 33 (1) and (2) WpHG

Of the shareholdings in our Company as at the 30 June 2019 reporting date, the following were notified to us pursuant to § 33 (1) of the German Securities Trading Act (*Wertpapierhandelsgesetz*, "WpHG") and published with the following content pursuant to § 40 (1) WpHG:

On 4 April 2018, Dimensional Holdings Inc., Austin, Texas, USA, filed notice that its voting interest in Borussia Dortmund GmbH & Co. KGaA amounted to 3.01% (2,770,661 shares) on 27 March 2018 and that under § 34 WpHG, all of those voting rights were attributable to Dimensional Holdings Inc.

On 16 March 2018, Dimensional Holdings Inc., Austin, Texas, USA, filed notice that its voting interest in Borussia Dortmund GmbH & Co. KGaA amounted to 3.01% (2,770,661 shares) on 9 March 2018, as well as that under § 34 WpHG, 2.98% of the voting interest (2,745,825 shares) is attributable to Dimensional Holdings Inc. and that 0.03% of the voting interest (24,836 shares) was held under a right of recall in accordance with § 38 (1) sentence 1 no. 1 WpHG.

On 26 February 2018, Dimensional Holdings Inc., Austin, Texas, USA, filed notice that its voting interest in Borussia Dortmund GmbH & Co. KGaA amounted to 3.01% (2,770,661 shares) on 20 February 2018 and that under § 34 WpHG, all of those voting rights were attributable to Dimensional Holdings Inc.

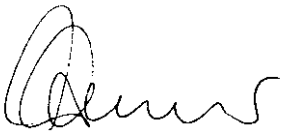
(39) Corporate Governance

The management and Supervisory Board of Borussia Dortmund GmbH & Co. KGaA issued the Declaration of Conformity with the German Corporate Governance Code required by § 161 of the German Stock Corporation Act (*Aktiengesetz*, "AktG") on 10 September 2018 and made it permanently available to shareholders on the website at http://aktie.bvb.de/eng.

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

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Opinions

We have audited the consolidated financial statements of Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien ("Borussia Dortmund") and its affiliated companies ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 July 2018 to 30 June 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien for the financial year from 1 July 2018 to 30 June 2019.

In our opinion, on the basis of the knowledge obtained during the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [*Handelsgesetzbuch*: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 30 June 2019, and of its financial performance for the financial year from 1 July 2018 to 30 June 2019, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the *Institut der Wirtschaftsprüfer* [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 July 2018 to 30 June 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Measurement of player registrations as well as the completeness and measurement of liabilities from transfers

We refer to the information in the notes to the consolidated financial statements on accounting policies (Section: Intangible assets) and to the explanatory notes to the consolidated statement of financial position (Section (1) Intangible assets, (8) Assets held for sale and (12) Trade payables).

THE CONSOLIDATED FINANCIAL STATEMENT RISK

Player registrations in the amount of EUR 161.4 million are presented under intangible assets in the consolidated financial statements of Borussia Dortmund. Player registrations rose to EUR 161.4 million in the financial year ended due to additions of EUR 130.4 million, disposals of EUR 2.5 million, write-downs of EUR 71.6 million and reclassifications of EUR 14.3 million. Trade payables include transfer liabilities of EUR 48.5 million.

In the financial year, there was a retrospective adjustment made to the accounting for agent fees, brokerage commission and other expenses related to contract extensions or the signing of professional players on a free transfer. They are now recognised as intangible assets.

The acquisition cost of player registrations is determined based on individual and complex transfer agreements between the transferring and receiving clubs as well as any agreements with players and players' agents concluded in this context. Due to the heterogeneity and complexity of the contract provisions, there is generally the risk that the intangible asset and the related transfer liability are not measured appropriately on initial recognition in the consolidated financial statements.

Furthermore, there is generally the risk of inappropriate subsequent measurement of the intangible assets and transfer liabilities, as well as of the completeness of transfer liabilities that may arise if conditional contractual components or contract modifications materialise.

OUR AUDIT APPROACH

By examining material transfer and agent agreements for new player additions, we assessed player registrations in terms of how the acquisition costs and related liabilities were determined.

In addition, we assessed the admissibility of the change to the accounting method regarding the recognition of agent fees, brokerage commission and other expenses for contract extensions or the signing of professional players on a free transfer. We evaluated the effects resulting from the retrospective change to accounting on the individual items of the prior year's financial statements as well as the necessary disclosures in the notes to the consolidated financial statements.

As part of subsequent measurement, we checked material transfer and agent agreements to assess whether conditions had occurred in financial year 2018/2019 triggering subsequent acquisition costs and additional liabilities from transfers and if there was corresponding recognition in the financial statements.

Furthermore, we examined material contract modifications or contract extensions for subsequent acquisition costs and additional liabilities and the appropriateness of adjustments to useful lives.

OUR OBSERVATIONS

Transfer and agent agreements were appropriately assessed in terms of measuring player registrations and the related transfer liabilities.

Existence and accuracy of transfer receivables as well as revenue from transfers

We refer to the information in the notes to the consolidated financial statements on accounting policies (Section: Impairment of financial assets and Recognition of income and expenses), the explanatory notes to the consolidated statement of financial position (Section (5) Trade and other financial receivables) and the explanatory notes to the statement of comprehensive income (Section (15) Revenue).

THE CONSOLIDATED FINANCIAL STATEMENT RISK

In addition to the player registrations recognised, the transfer agreements also impact receivables and revenue from transfers. EUR 32.6 million of transfer receivables are shown under trade receivables in the consolidated financial statements of Borussia Dortmund. Revenue from transfers amounted to EUR 120.2 million in financial year 2018/2019.

Since 1 July 2018, Borussia Dortmund has been required to apply IFRS 15 Revenue from Contracts with Customers, which specifies a five-step model for recognising revenue. The transition to the new standard was carried out by applying the modified retrospective method.

Due to the heterogeneity and complexity of the contract provisions, recognition of revenue from transfers is complex and there is generally the risk for the consolidated financial statements that in the case of player disposals, receivables from transfers and the related revenue are presented at too high an amount or not in the correct period.

OUR AUDIT APPROACH

Due to the first-time application of IFRS 15, we focused our audit procedures on the conformity of the accounting policies applied by Borussia Dortmund for the recognition of revenue from transfers with the five-step model of IFRS 15 for the recognition of revenue from contracts with customers.

With regard to player disposals from the professional squad, we substantiated the amount of transfer receivables and revenue by examining the material concluded transfer and agent agreements. The accuracy of transfer receivables and revenue recognised was assessed by verifying the calculation of receivables based on the contract provisions.

When examining the concluded transfer agreements, we focused mainly on the date of recognition in order to assess whether the receivables and related revenue were recognised in the correct period.

OUR OBSERVATIONS

Transfer and agent agreements were appropriately assessed in terms of transfer receivables and revenue from transfers.

Completeness and accuracy of personnel expenses of the professional squad

We refer to the information in the explanatory notes to the statement of comprehensive income (Section (18) Personnel expenses).

THE CONSOLIDATED FINANCIAL STATEMENT RISK

Among other expenses, the salaries of the professional squad are disclosed under personnel expenses in the consolidated financial statements of Borussia Dortmund. These include, besides the base salaries, also performance-related remuneration, such as appearance bonuses and annual performance bonuses, as well as individual special payments. Due to individually agreed remuneration components and remuneration amounts, there is generally the risk for the consolidated financial statements that the personnel expenses of the professional squad were not completely reported or not reported at the correct amount.

OUR AUDIT APPROACH

Our audit procedures in particular included an inspection and assessment of the currently valid employment contracts with their remuneration components and amounts as well as individual cancellation agreements. We checked the consistency of contracts consciously selected according to certain risk criteria with the corresponding salary calculations. For the selected contracts, we checked to what extent contractually agreed conditions now apply for the variable remuneration components. Furthermore, we examined whether events had occurred that would have resulted in higher expenses. In terms of agreed special or one-off payments, we examined whether personnel expenses were recognised in the proper period regardless of the payment date.

OUR OBSERVATIONS

The individually agreed remuneration components and compensation amounts were appropriately recognised as personnel expenses of the professional squad.

Other Information

Management is responsible for the other information. The other information comprises the annual report, with the exception of the audited consolidated financial statements and group management report, the audited financial statements and management report and our auditor's reports.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the *Institut der Wirtschaftsprüfer* (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not provide a separate audit opinion on the prospective information or the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor at the annual general meeting on 26 November 2018. We were engaged by the Supervisory Board on 27 November 2018. We have been the group auditor of Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien without interruption since financial year 2009/2010.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Ralph Fischer.

Dortmund, 13 August 2019
KPMG AG Wirtschaftsprüfungsgesellschaft

Fischer
Wirtschaftsprüfer
[German Public Auditor]

Huperz
Wirtschaftsprüfer
[German Public Auditor]

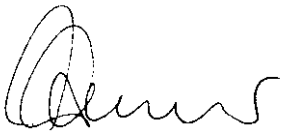
RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

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