GROUP MANAGEMENT REPORT

Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund

DORTMUND
18
EVONIK
16
43

GROUP MANAGEMENT REPORT

Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien, Dortmund for the 2020/2021 financial year
(hereinafter also "Borussia Dortmund" or the "Group")

BUSINESS TREND

LOOKING BACK ON FINANCIAL YEAR 2020/2021

Athletic Performance

COVID-19 pandemic

The COVID-19 pandemic meant fewer spectators at games in the first Bundesliga division. Borussia Dortmund's first match of the season was against Borussia Mönchengladbach to a crowd of 6,918 on 19 September 2020, followed by home fixtures against SC Freiburg (10,548 spectators) and FC Schalke 04 (272 spectators). As the pandemic progressed, the rest of the season was played behind closed doors.

Bundesliga

Borussia Dortmund chalked up 64 points in the 2020/2021 Bundesliga season to finish in third place and qualify directly for the group stage of the UEFA Champions League in the 2021/2022 season.

UEFA Champions League

Borussia Dortmund advanced from the group stage to the round of 16 of the UEFA Champions League after finishing top of group F with four wins, one draw and one loss. The team celebrated a 3:2 victory in the first leg against Sevilla FC before drawing 2:2 at home to reach the quarter-finals, where it suffered close defeats to Manchester City in both legs and was knocked out of the competition.

DFB Cup

The team faced MSV Duisburg, Eintracht Braunschweig, SC Paderborn 07 and Borussia Mönchengladbach on its way to resounding victories against Holstein Kiel in the semi-final and RB Leipzig in the final. This was the fifth time that Borussia Dortmund has lifted the DFB Cup, and the team qualified for the DFL Super Cup in the 2021/2022 season.

DFB cup 1st round
14 September 2020
MSV Duisburg - BVB 0:5

1st match day
19 September 2020
BVB - Bor. M'gladbach 3:0

PERFORMANCE INDICATORS

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

Financial performance indicators

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

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

A further financial performance indicator is consolidated total operating proceeds. These are calculated as total revenue plus the gross transfer proceeds generated. This indicator is used to reflect the Group's earnings power and as a source of funding for ordinary activities.

The result from operating activities (EBIT) and net profit or loss for the year are also used to manage the Company. These financial performance indicators play a key role in preparing the budget for the coming financial year(s), in interim controlling with respect to the earnings performance and when looking back on a particular financial year.
Another key performance indicator is the operating result (EBITDA). This is due to the considerable level of investment activity and the associated increase in depreciation, amortisation and write-downs. As a result, EBITDA (EBIT adjusted for depreciation, amortisation and write-downs) has been selected to better benchmark the Company's annual performance.

These indicators are rounded out by cash flows from operating activities and free cash flow, both of which the Company uses for internal planning purposes.
Free cash flow is defined as cash flows from operating activities plus cash flows from investing

2nd match day
26 September 2020
FC Augsburg - BVB 2:0

DFL-Supercup
30 September 2020
Bayern München - BVB 3:2

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

Non-financial performance indicators

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

While it is impossible to measure the reach of Borussia Dortmund's brand, it is determined by a number of criteria that, when taken together, are representative of the brand's reach.
Some of these criteria are measureable, while others are not. Nevertheless, they are a reflection of the Company's appeal.

The number of criteria varies and they are thus exchangeable. While any one factor may be of relevance during a given season, this may not necessarily be the case in subsequent years. New media in particular constantly provides new value drivers: for instance, the number of Facebook fans or page impressions represent relatively new indicators.

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

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

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

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

3rd match day
3 October 2020
BVB - Sportclub Freiburg 4:0

4th match day
17 October 2020
TSG Hoffenheim - BVB 0:1

DEVELOPMENT OF THE MARKET AND COMPETITIVE ENVIRONMENT

Sponsorships

Since the beginning of the 2020/2021 season, Borussia Dortmund has had two kit sponsors. The team wears kits bearing the logo of Evonik Industries AG in all international club competitions, friendlies staged abroad and DFB Cup matches, while 1&1 Telecommunication SE is the kit sponsor for Bundesliga matches.

Borussia Dortmund's newest official Premium Partner for the next five years is DEW21 Dortmunder Energie- und Wasserversorgung GmbH. Both companies will leverage their proximity to one another to further strengthen their social and cultural outreach efforts in the city of Dortmund.

adesso SE is now the new primary and kit sponsor for Borussia Dortmund's youth squads. The Dortmund-based IT service provider will remain a sponsor until 2023, and from the 2021/2022 season onwards will also be the official kit sponsor for Borussia Dortmund's new women's team.

Borussia Dortmund extended its contract with its Champion Partner ROWE Marketing GmbH early until 30 June 2025.

In the 2020/2021 season, Borussia Dortmund also added Bybit (Wechain Fintech Pte. Ltd.) as a new Champion Partner.

The COVID-19 pandemic continued to impact sponsoring in the 2020/2021 season. The fact that matches were mostly held without spectators placed restrictions on match-day advertising and the contractual claims of hospitality clients in particular could not be met in full. As a result, Borussia Dortmund saw its revenue here decline.

Transfer deals

Five players left Borussia Dortmund in the summer of 2020. After loaning Ömer Toprak for the past financial year, SV Werder Bremen exercised its buy option to permanently secure the defender's services. Mario Götze joined Dutch first-division club PSV Eindhoven in the 2020/2021 season after his contract with Borussia Dortmund was not extended at the end of the previous season. Achraf Hakimi's loan spell also ended on 30 June 2020, at which time he, too, departed Borussia Dortmund bound for Inter Milan. Dženis Burnić made the switch to 1. FC Heidenheim in the second Bundesliga division. André Schürrle signed a rescission agreement with the club and ended his football career.

Three other players left Borussia Dortmund on loan to other clubs: Leonardo Balerdi was loaned to Olympique Marseille in France's Ligue 1. After signing an early contract extension with Borussia Dortmund until 30 June 2022, Immanuel Pherai was loaned to PEC Zwolle for the current season. Both loan agreements are set to expire on 30 June 2021. At the start of October 2020, Marius Wolf was loaned to 1. FC Cologne until the end of the season.

1st match day UCL
20 October 2020
Lazio Rom - BVB 3:1

5th match day
24 October 2020
BVB - FC Schalke 3:0

Sergio Gómez had spent both the 2019/2020 and 2020/2021 seasons on loan to Spanish side SD Huesca, and Borussia Dortmund has now reached an agreement to transfer him to Belgian championship record-holders RSC Anderlecht on a permanent basis as at 1 July 2021. His contract, which was most recently extended until 2022, will be terminated as part of the transfer.

Jeremy Toljan also spent the past two seasons on loan, plying his trade at Italian Serie A side U.S. Sassuolo. Certain conditions have triggered the purchase option in his contract, resulting in a permanent transfer effective 1 July 2021.

Investments in the professional squad

Borussia Dortmund signed three new players in the summer of 2020. Thomas Meunier departed Paris Saint-Germain for Borussia Dortmund on a free transfer. Borussia Dortmund signed Jude Bellingham from Birmingham City and loaned Brazil U23 international Reinier Jesus Carvalho from Real Madrid until 30 June 2022.

Felix Passlack returned to Borussia Dortmund following his loan to Fortuna Sittard. The 22-year-old's contract was set to expire at the end of the season, and in May 2021 it was extended by two years until 2023.

In November 2020, Giovanni Reyna signed an early contract extension until 2025. February saw Marwin Hitz sign an early contract extension until 2023. Steffen Tigges and Ansgar Knauff, two of Borussia Dortmund's talented youngsters, signed their first professional contracts and joined the senior squad.

Borussia Dortmund signed Soumaila Coulibaly, a 17-year-old centre back from Paris Saint-Germain.

At the end of May 2021, Borussia Dortmund signed goalkeeper Gregor Kobel from Bundesliga rivals VfB Stuttgart ahead of the new season. The 23-year-old signed a contract that runs until 30 June 2026.

TV Marketing

The call for tenders concerning the centralised marketing strategy for distributing the national and international TV marketing income for the 2021/2022 to 2024/2025 seasons has been concluded for the time being. The distribution of the TV marketing income was resolved in December 2020. Greater stability and more solidarity are the objectives. In light of the decline in income from national media rights, the consolidation being seen on international markets and the significant decrease in revenue at the club level due to the COVID-19 pandemic, the objective of the future distribution system is primarily to ensure stability during this period of uncertainty, while setting the course for the future and promoting solidarity at the same time. This offers Bundesliga clubs planning certainty during the current difficult situation.

2nd match day UCL
28 October 2020
BVB - St. Petersburg 2:0

6th match day
31 October 2020
Arminia Bielefeld - BVB 0:2

Nevertheless, a season without interruptions and timely payments by partners in line with their contracts are essential for ensuring the amount and timing of the distribution payouts.

The COVID-19 pandemic is also affecting marketing income in UEFA club competitions. In order to limit the financial impact of losses caused by the pandemic on the clubs participating in UEFA club competitions in the 2019/2020 season, UEFA has decided to compensate for the income shortfall by cutting future payouts to participating clubs over five seasons (from the 2019/2020 to the 2023/2024 season).
For the 2024/2025 season, the UEFA Champions League will follow a new format. A total of 36 teams will compete in a single league, signalling a departure from the current format's 32-team group stage. This will likely further boost the international TV marketing income generated from competing in the UEFA Champions League.

Match operations

Due to the functional health and safety protocol, there were no interruptions to the past 2020/2021 season.

In contrast to the original regulation, under which spectators were excluded from matches until 31 October 2020, Borussia Dortmund was able to welcome back a limited number of spectators for its home matches against Borussia Mönchengladbach, FC Schalke 04 and SC Freiburg at the beginning of the season. All subsequent home matches had to be played behind closed doors due to the pandemic. This had a massive impact on the earnings potential of match operations.

As one season draws to a close it is customary for season tickets go on sale for the next season, but as in the previous year this had to be put on hold due to the continuing uncertainties surrounding stadium capacity in 2021/2022 in the wake of COVID-19.

Other

In December 2020, Borussia Dortmund parted ways with head coach Lucien Favre after two and a half years. His assistant coach Edin Terzic took over as interim head coach until the end of the season. He was assisted by Sebastian Geppert, who until then had coached the U17 squad, and Otto Addo, who coaches BVB's top talents.

From the 2021/2022 season onwards, Marco Rose from Bundesliga rivals Borussia Mönchengladbach will take over as new head coach at Borussia Dortmund, while Edin Terzic has extended his contract through to 30 June 2025 and will be assuming the newly created role of technical director.

Borussia Dortmund remains committed to continuity among its sporting management and extended the contract with its head of the professional squad Sebastian Kehl early until 30 June 2025. Sebastian

3rd match day UCL
4 November 2020
FC Brügge - BVB 0:3

7th match day
7 November 2020
BVB - Bayern München 2:3

Kehl will take over from Michael Zorc as sporting director from 1 July 2022. Borussia Dortmund also extended the contract with its youth academy director Lars Ricken early until 30 June 2025.

Beginning in the 2021/2022 season, Borussia Dortmund will have a women's team. Instead of acquiring the licence of another professional club we are organically developing and promoting women's football from within our club.

A total of ten players from Borussia Dortmund's professional squad were called up to their respective national teams for the European Championship, including Germany internationals Mats Hummels and Emre Can.

Borussia Dortmund lifted the DFB Cup for the fifth time after victories in 1965, 1989, 2012 and 2017. The team put on a sensational performance to defeat RB Leipzig 4:1 in the final, which was held at Berlin's Olympiastadion.

Borussia Dortmund extended the contracts of its managing directors. Hans-Joachim Watzke will continue to serve as CEO until 31 December 2025 and remains responsible for setting the Company's strategic course, as well as for the areas of "Sports", "Communications" and "Human Resources".

On the other hand, Thomas Treß and Carsten Cramer, whose contracts were set to expire on 30 June 2022, each signed early extensions until 30 June 2025. Thomas Treß will remain responsible for "Finance", "Organisation", "Legal" and "Investor Relations". Carsten Cramer is responsible for the "Sales & Marketing" and "Digitisation" areas.

Twelve of Europe's top clubs launched a new breakaway "Super League" to compete with the UEFA Champions League, only to cancel this project mere days later.

In early September 2020, Borussia Dortmund started live streaming on BVB's official Twitch channel. YouTube star Erné "FeelFIFA" Embeli hosts the interactive program.

In the past financial year, Borussia Dortmund published its fourth Sustainability Report entitled "United in solidarity. No matter what." at *https://verantwortung.bvb.de/2020/en/home-en/.**

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

8th match day
21 November 2020
Hertha BSC - BVB 2:5

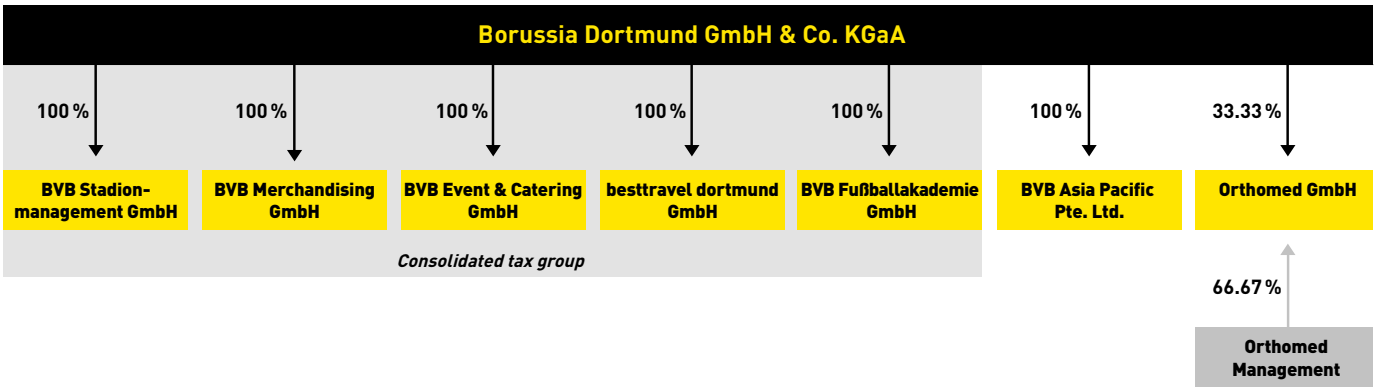
4th match day UCL
24 November 2020
BVB - FC Brügge 3:0

GENERAL INFORMATION ABOUT THE COMPANY

GROUP STRUCTURE AND BUSINESS OPERATIONS

In addition to its core activities of playing football and marketing SIGNAL IDUNA PARK, Borussia Dortmund has established football-related lines of business. The Company currently holds indirect and direct equity investments in the following companies: BVB Stadionmanagement GmbH (100.00%), BVB Merchandising GmbH (100.00%), BVB Event & Catering GmbH (100.00%), BVB Asia Pacific Pte. Ltd. (100.00%), besttravel dortmund GmbH (100.00%), BVB Fußballakademie GmbH (100.00%) and Orthomed Medizinisches Leistungs- und Rehabilitationszentrum GmbH (Orthomed GmbH) (33.33%).

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



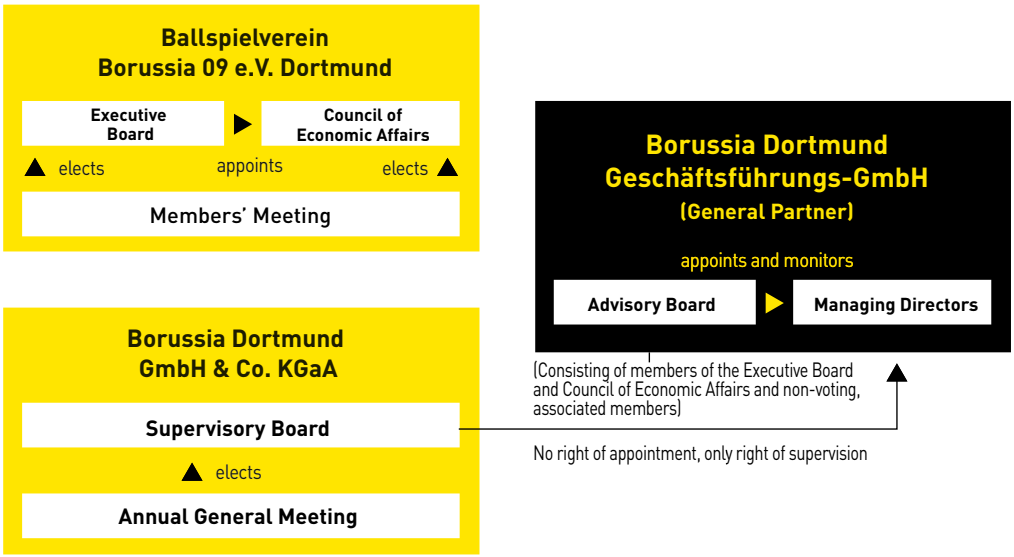
9th match day
28 November 2020
BVB - 1. FC Köln 1:2

5th match day UCL
2 December 2020
BVB - Lazio Rom 1:1

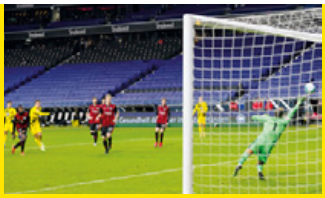
ORGANISATION OF MANAGEMENT AND CONTROL

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

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



The Supervisory Board of Borussia Dortmund GmbH & Co. KGaA, which is appointed by the Annual General Meeting, has limited rights and duties. It has no authority with respect to matters involving personnel, i.e., no authority to appoint and dismiss managing directors at Borussia Dortmund Geschäftsführungs-GmbH or to stipulate the terms of their contracts. Nor is the Supervisory Board authorised to adopt internal rules of procedure or to define a list of transactions requiring its consent on behalf of the general partner. Rather, such rights and duties are vested in the governing bodies of Borussia Dortmund Geschäftsführungs-GmbH, namely its Advisory Board and the Executive Committee created by the Advisory Board.



10th match day
5 December 2020
Eintracht Frankfurt - BVB 1:1

6th match day UCL
8 December 2020
St. Petersburg - BVB 1:2

The members of the Company's Supervisory Board waived 33.33% of their Supervisory Board remuneration in financial year 2020/2021. Their names, occupations and their further responsibilities on other management bodies are listed below:

SUPERVISORY BOARD of Borussia Dortmund GmbH & Co. KGaA

Gerd Pieper	Christian Kullmann	Bernd Geske	Peer Steinbrück	Ulrich Leitermann	Bjørn Gulden	Dr. Reinhold Lunow	Silke Seidel	Bodo Löttgen	Judith Dommermuth
Chairman	Deputy Chairman		(until 19 November 2020)						(since 19 November 2020)

FULL REMUNERATION PAYABLE FOR 2020/2021 (EUR '000) (received by the members after waiving all remuneration in accordance with IAS 24.17 (a) in the 2020/2021 financial year).

48	36	24	9	24	24	24	24	24	15

OCCUPATIONS (as at 30 June 2021)

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

OTHER FUNCTIONS on statutory supervisory boards and comparable German or foreign supervisory bodies of commercial enterprises (as at 30 June 2021)

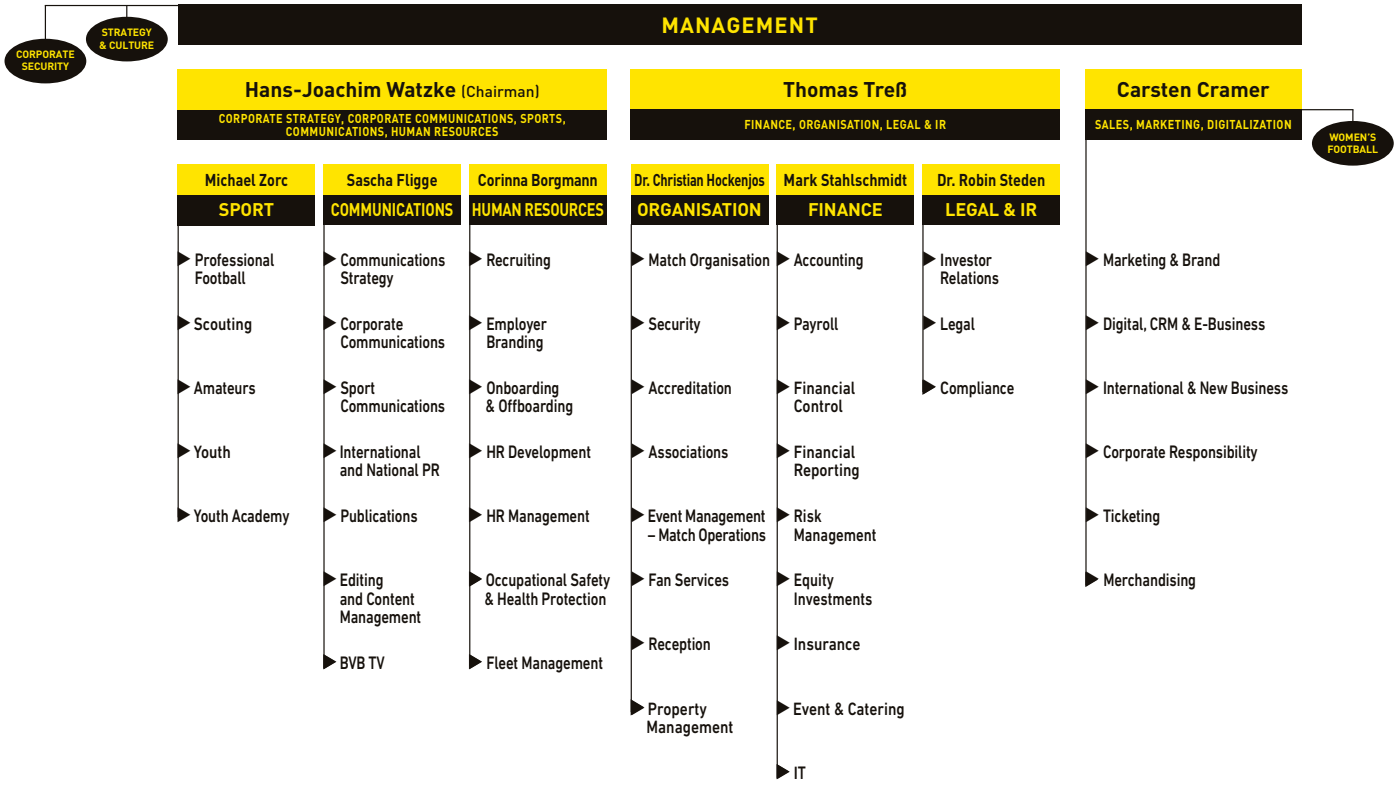
Member of the Advisory Board of Borussia Dortmund Geschäftsführungs-GmbH, Dortmund			Chairman of the Supervisory Board of Clear-VAT Aktiengesellschaft, Berlin	Member and Chairman of the Supervisory Board of Dortmunder Volksbank eG, Dortmund; Member and Chairman of the Supervisory Board of Sana Kliniken AG, Ismaning	Chairman of the Board Salling Group A/S, Braband, Denmark (since 6 March 2020); Member of the Supervisory Board of Tchibo GmbH, Hamburg	Member of the Advisory Board of Borussia Dortmund Geschäftsführungs GmbH, Dortmund			

11th match day
12 December 2020
BVB - VFB Stuttgart 1:5

12th match day
15 December 2020
Werder Bremen - BVB 1:2

Within Borussia Dortmund GmbH & Co. KGaA there are seven independent functional areas below the management level, namely, "Sports", "Sales, Marketing & Digitalisation", "Communications", "Human Resources", "Organisation", "Finance" and "Legal & IR". The responsible employees and the functional organisational areas of which they are in charge are shown in the chart below:

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



13th match day
18 December 2020
Union Berlin - BVB 2:1

DFB cup 2nd round
22 December 2020
Eintr. Braunschweig - BVB 0:2

INTERNAL MANAGEMENT AND CONTROL SYSTEM

Sports management

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

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

Financial management

Borussia Dortmund uses the result from operating activities and the operating result as indicators for measuring the economic success of the Company. Borussia Dortmund derives its result from operating activities from earnings before interest and taxes (EBIT) and its operating result from earnings before interest, taxes and depreciation and amortisation (EBITDA). The Company continuously monitors both the operating result (EBITDA) and the result from operating activities (EBIT) of the segments on the basis of monthly comparisons of the budgeted and actual figures. To optimise these indicators, the main factors to be leveraged are revenue, which can be additionally improved in the major revenue categories of match operations, advertising, TV marketing and net transfer income, as well as operating expenses, which can be lowered through disciplined management.

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

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

Capital management

The capital management responsibilities of the Company's management involve stabilising and increasing the equity of Borussia Dortmund. One of the main ways in which we will reach these objectives is by improving the operating result and making effective investments.

The management uses the result from operating activities (EBIT), the operating result (EBITDA) and the net profit/loss for the year to manage the Company.

14th match day
3 January 2021
BVB - VfL Wolfsburg 2:0

15th match day
9 January 2021
RB Leipzig - BVB 1:3

CORPORATE STRATEGY

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

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

- Borussia Dortmund is in sporting terms one of the most successful, well known and popular German football clubs with an outstanding fan base that gives it one of the highest average spectator numbers compared to other European football clubs.
- A football enterprise can only be financially successful if it enjoys sporting success over the long term. In order to make its financial performance less dependent on short-term sporting success in the future, Borussia Dortmund will push ahead further with the national and international marketing of its brand name.
- Germany continues to be one of Europe's largest football markets, although it lags behind certain other European markets, such as the UK, in terms of media exploitation rights. This means that Germany has major growth potential.

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

Its current business strategy can principally be summarised as follows:

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

16th match day
16 January 2021
BVB - 1. FSV Mainz 05 1:1

17th match day
19 January 2021
Bayer Leverkusen - BVB 2:1

Financial performance and business development are dependent on footballing success. Since footballing success is difficult to plan, the best that management can do is to create a solid foundation for success. Investments, particularly in the professional squad, are therefore a necessary prerequisite for achieving footballing objectives such as qualifying for the UEFA Champions League. However, in order to meet financial objectives, planned investments and decisions must under certain circumstances be postponed to the extent these would only be possible by incurring new debt. Moreover, a player might be sold based on financial considerations in cases where this would not have happened had the decision been made purely on the basis of sporting criteria.

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

Advertising plays a key role in this context. Over the years, advertising has grown to become one of the Company's largest income categories. In contrast to central TV marketing, where distribution is already clearly defined in advance, Company management is itself able to determine the requirements for and direction of sponsoring activities and, if necessary, modify the strategy implemented as circumstances change. The key figures for the sponsoring segment were already budgeted for the coming years based on commitments from SIGNAL IDUNA Group (ending 2026) and PUMA International Sports Marketing B.V. (ending 2028), the Company's chief partners, as well as the two primary sponsors 1&1 Telecommunication SE and Evonik Industries AG (both ending 2025).

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

18th match day
22 January 2021
Borussia M'gladbach - BVB 4:2

19th match day
30 January 2021
BVB - FC Augsburg 3:1

DIVIDEND POLICY

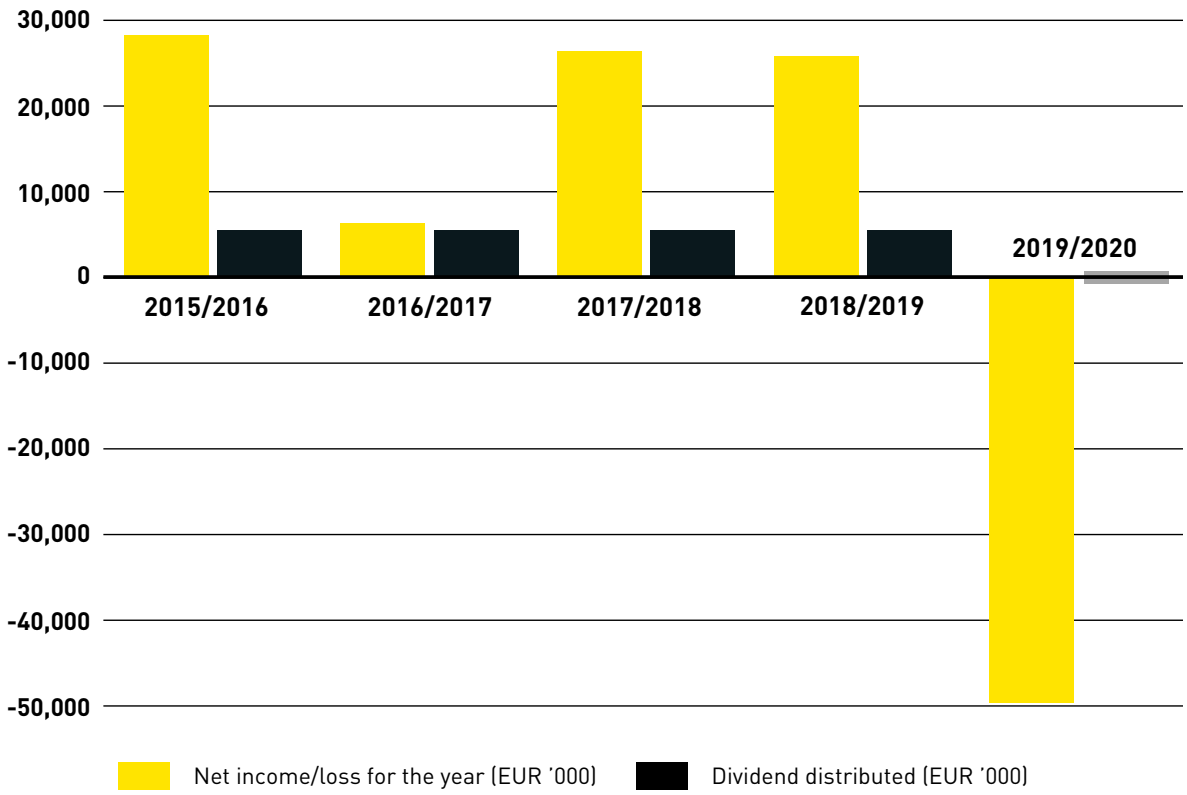
Two key indicators are assessed to shape Borussia Dortmund's dividend policy.

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

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

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

Dividend distribution



DFB cup 1/8 final
2 February 2021
BVB - FC Paderborn 3:2 n. V.

20th match day
6 February 2021
Sportclub Freiburg - BVB 2:1

SEPARATE NON-FINANCIAL GROUP REPORT

Please see the 2020/2021 Sustainability Report with regard to the disclosures within the meaning of §§ 289b, 315b of the German Commercial Code (*Handelsgesetzbuch*, "HGB"). The Sustainability Report includes the Group's non-financial statement for the 2020/2021 financial year within the meaning of §§ 315b, 315c in conjunction with §§ 289c to 289e HGB, which was subject to a limited assurance engagement. As at 29 October 2021, the Sustainability Report will be published online at *https://verantwortung.bvb.de/en.**

CORPORATE GOVERNANCE DECLARATION PURSUANT TO § 289F HGB

Pursuant to § 289f of the German Commercial Code (*Handelsgesetzbuch*, "HGB"), listed German stock corporations (*Aktiengesellschaften*) must prepare a corporate governance declaration. This declaration includes the declaration of conformity with the German Corporate Governance Code, and presents the corporate governance practices and the working principles of the management and the Supervisory Board and its committees. The corporate governance declaration is not included in the management report and is instead published online at *https://aktie.bvb.de/eng/Corporate-Governance/Corporate-Governance-Declaration. **

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

The separate non-financial Group report is published online at *https://aktie.bvb.de/eng/Corporate-Governance/sustainability-report.**

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

21th match day
13 February 2021
BVB - TSG Hoffenheim 2:2

1/8 final, first leg UCL
17 February 2021
FC Sevilla - BVB 2:3

POSITION OF THE COMPANY

DEVELOPMENT OF PERFORMANCE INDICATORS

Development of financial performance indicators

In the 2020/2021 financial year, Borussia Dortmund's financial performance indicators – revenue, consolidated total operating proceeds, result from operating activities (EBIT), operating result (EBITDA), net profit/net loss for the year, cash flows from operating activities and free cash flow – were as follows:

Revenue

Revenue amounted to EUR 334,171 thousand in the reporting period. In its Annual Report as at 30 June 2020, Borussia Dortmund forecast that revenue would decline by approximately 5% for financial year 2020/2021 overall, based on the comparative figure for financial year 2019/2020.

Consolidated total operating proceeds

Consolidated total operating proceeds (total revenue plus gross transfer proceeds generated) amounted to EUR 358,577 thousand in the reporting period.
As at 30 June 2020, Borussia Dortmund had forecast that consolidated total operating proceeds would amount to approximately EUR 388,000 thousand in financial year 2020/2021.

Operating result (EBITDA)

EBITDA amounted to EUR 38,950 thousand in the past financial year; the forecast for the full 2020/2021 financial year in the Annual Report dated 30 June 2020 had projected EBITDA to exceed the result from operating activities (EBIT) by approximately EUR 100,000 thousand.

Result from operating activities (EBIT)

In the past financial year, the result from operating activities amounted to EUR -72,093 thousand and the net loss for the year totalled EUR 72,810 thousand. The report on expected developments dated 30 June 2020 forecast a net loss for the year of between approximately EUR 70,000 thousand and EUR 75,000 thousand. The result from operating activities (EBIT) for the full 2020/2021 financial year was forecast to exceed the net loss for the year by approximately EUR 2,000 thousand.

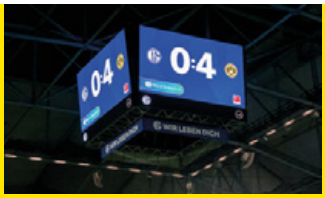
Cash flows

Cash flows from operating activities amounted to EUR 15,947 thousand in the 2020/2021 financial year.

Borussia Dortmund forecasted as at 30 June 2020 that it would generate cash flows from operating activities of approximately EUR 34,000 thousand for the full 2020/2021 financial year.

Free cash flow

Free cash flow in the 2020/2021 financial year amounted to EUR -46,075 thousand. The report on expected developments for the 2020/2021 financial year dated 30 June 2020 had forecast free cash flow of EUR -34,000 thousand.



22th match day
20 February 2021
FC Schalke 04 - BVB 0:4

23th match day
27 February 2021
BVB - Arminia Bielefeld 3:0

Borussia Dortmund Group (IFRS)

EUR '000	2020/2021	2019/2020
Revenue	334,171	370,196
Consolidated total operating proceeds	358,577	486,884
Operating result (EBITDA)	38,950	62,992
Result from operating activities (EBIT)	-72,093	-43,138
Net profit/net loss for the year	-72,810	-43,953
Cash flows from operating activities	15,947	-362
Free cash flow	-46,075	-51,131

Development of non-financial performance indicators

Borussia Dortmund's strategic corporate governance is centred around its fans, and their active involvement is fundamental to the club's business strategy. Especially in times of uncertainty and social isolation, it is crucial that we maintain and strengthen communication with our most important stakeholder group: our fans.

We discussed the current situation with fans, fan clubs and fan groups on many occasions in the past season. These talks demonstrated how much our fans continue to value the sport, the club and most of all the footballing community.

BVB wants to understand the impact that the pandemic is having on Borussia Dortmund's fan culture. To this end, an academic study was carried out in March which gave fans the opportunity to share their perception of the current status of the club, its fan community and professional football in general.

At the same time, BVB is a big proponent of engaging with its fans via its numerous digital platforms, such as the fan podcast, virtual Fan Council meetings and BVB's official Twitch channel.
BVB wants to focus more closely on youth work going forward, and develop specific activities and initiatives for young people across various educational levels. In addition, the club will continuously set aside tickets for young people that are awarded in a transparent manner.

Progress is also being made in developing the club's girl's and women's football programme. Doing things "the Dortmund way", the ambitious goal is for the BVB women's team to leave local league football behind as they aim higher. The team around the team is already in place. World champion and Olympic gold medallist Annike Krahn and ex-BVB pro Christian Timm are on board in an advisory capacity, while Thomas Sulewski has been named coach for the new team.

DFB cup quarter final
2 March 2021
Borussia M'gladbach - BVB 0:1

24th match day
6 March 2021
Bayern München - BVB 4:2

True to the guiding principle "Borussia unites!", BVB once again underscored its continuing commitment to combating discrimination by adopting the International Holocaust Remembrance Alliance's (IHRA) working definition of anti-Semitism in October 2020, an important step in the fight against anti-Semitism. On 27 January 2021, DAZN broadcast episode 5 "Never forget" of its documentary series "BVB 09 – Stories who we are".

The episode poignantly demonstrates Borussia Dortmund's commitment to important social issues by championing projects that promote a remembrance culture and historical and political education. This also includes the club's active role in the "Changing the Chants" project, which is funded by the European Union. Over the past two years, Borussia Dortmund has worked with Feyenoord Rotterdam, Fare Network and the Anne Frank House to devise and strengthen strategies that football clubs can use to educate fans about anti-Semitic behaviour in stadiums. Changing the Chants revolves around two separate educational programmes for football fans run by Borussia Dortmund and Feyenoord. The project's closing meeting is planned for September 2021.

This year will see BVB restart the historical and political educational trips that it has run for fans since 2008 and for employees since 2011. They had been suspended for a year due to the COVID-19 pandemic.

In addition to being a socially responsible club, Borussia Dortmund also takes its environmental responsibility seriously. With this in mind, the club formed additional cross-disciplinary project groups that will increasingly tackle the issues related to the use of resources in match operations and mobility. In cooperation with Dortmund's municipal utilities authority (DSW21), BVB is expanding its KombiTicket combined match/transport ticket for both individual matches and season tickets. They will now cover the entire state of North Rhine-Westphalia, thereby increasing the use of public transport and helping to cut CO2 emissions.

1/8 final, second leg UCL
9 March 2021
BVB - FC Sevilla 2:2

25th match day
13 March 2021
BVB - Hertha BSC 2:0

The tickets had previously only been valid within the VRR transport authority region. Borussia Dortmund is also helping make employees' daily commute more environmentally friendly by offering the chance to lease a bicycle via BVB on a subsidised basis.

The beginning of 2021 also saw the launch of "Sustainable Merchandising", a project to develop a sustainability concept for BVB merchandising based on a prototype product. It will cover the prototype's entire production chain, from materials, through processing, down to logistics and re-use.

In addition, BVB has launched further projects to promote environmental protection and biodiversity, first and foremost using the club mascot, Emma, in educational programmes for children and young people. Examples include the BVB educational garden in the allotments behind SIGNAL IDUNA PARK and designing a nature trail in cooperation with SIGNAL IDUNA and the City of Dortmund on land belonging to the SIGNAL IDUNA Group.

During the pandemic, BVB has opted not to reduce its employees' working hours and, during the lockdowns, provided job rotation opportunities within its various fields of activity. You can find all you need to know about sustainable development at BVB in our 2020/2021 Sustainability Report, which will be available from 29 October 2021 at *https://verantwortung.bvb.de/en.**

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

26th match day
20 March 2021
1. FC Köln - BVB 2:2

27th match day
3 April 2021
BVB - Eintracht Frankfurt 1:2

RESULTS OF OPERATIONS

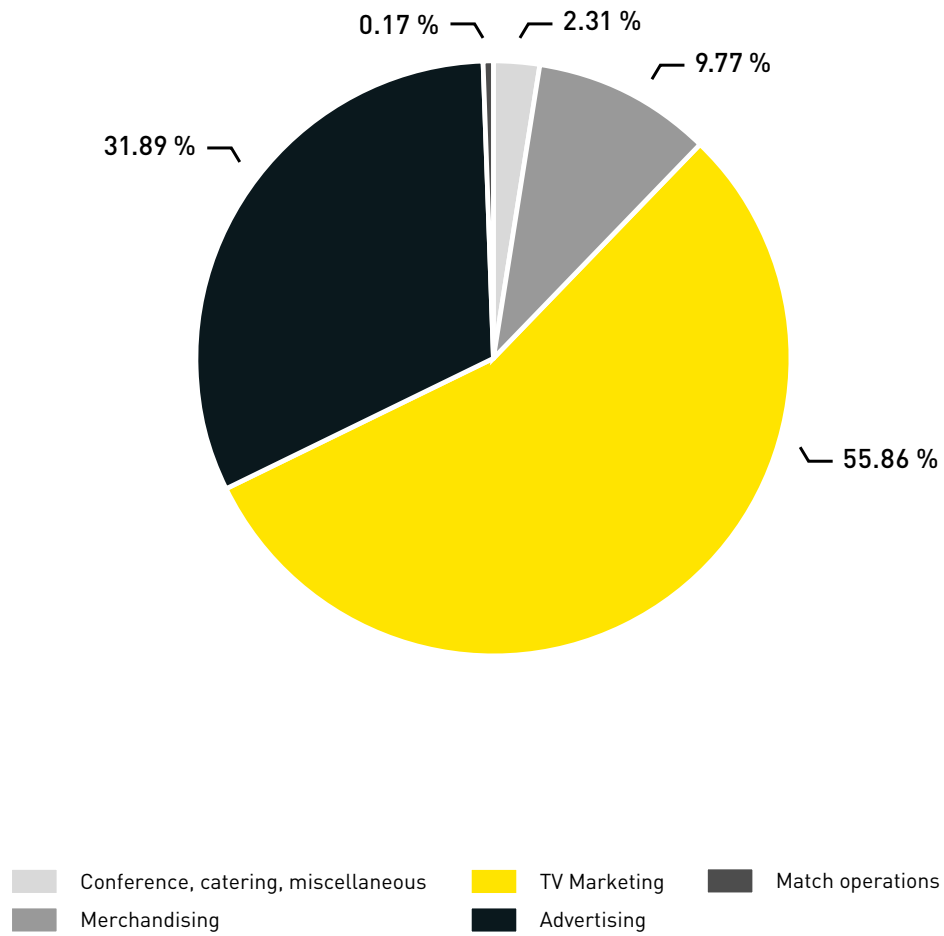
During the reporting period (1 July 2020 to 30 June 2021), Borussia Dortmund generated revenue of EUR 334,171 thousand (previous year: EUR 370,196 thousand), EUR 36,025 thousand less than in the previous year. Net transfer income amounted to EUR 15,401 thousand (previous year: EUR 40,160 thousand).

Earnings before taxes amounted to EUR -73,152 thousand (previous year: EUR -46,583 thousand); the result from operating activities (EBIT) amounted to EUR -72,093 thousand (previous year: EUR -43,138 thousand).

During the current reporting year, the operating result (EBITDA) amounted to EUR 38,950 thousand (previous year: EUR 62,992 thousand).

Borussia Dortmund generated a net loss of EUR 72,810 thousand during the 2020/2021 financial year (previous year: net loss of EUR 43,953 thousand).

Borussia Dortmund Group – Revenue in percent



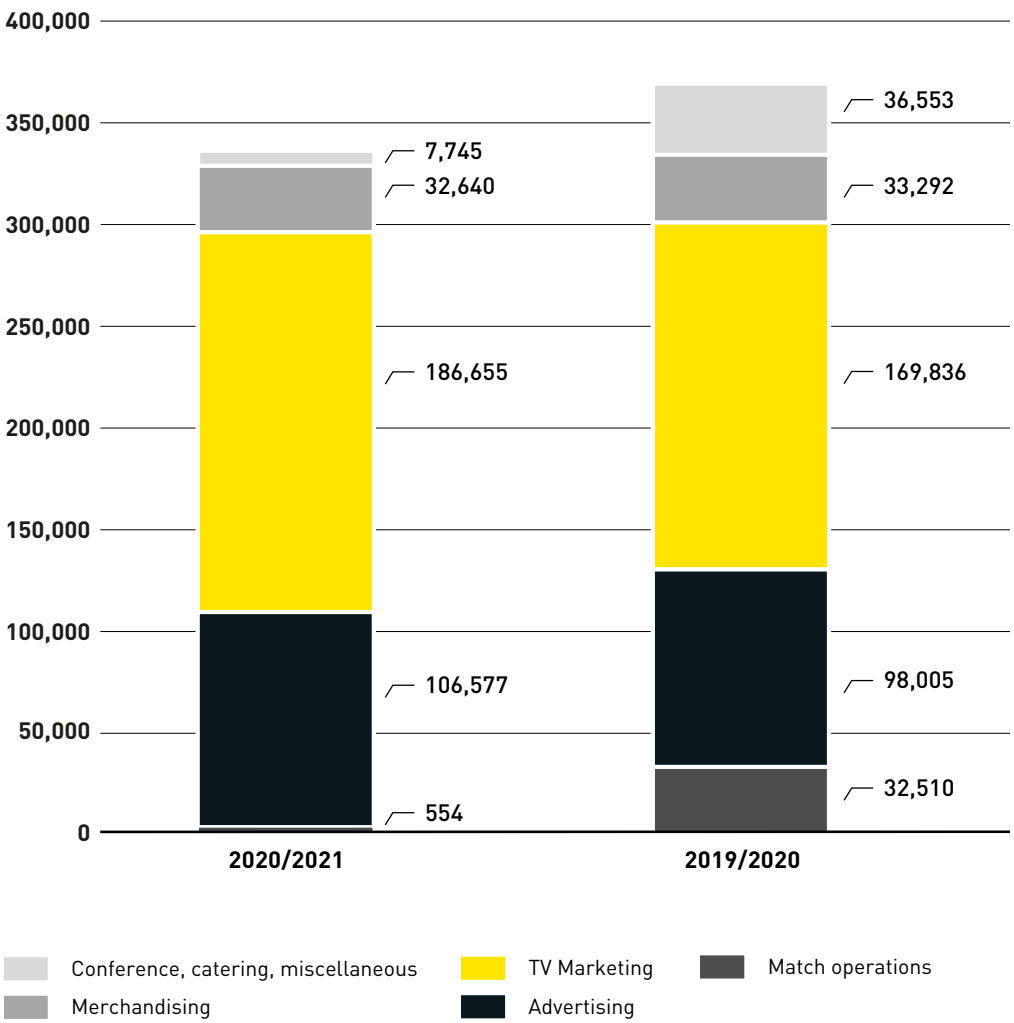
Quarter final, first leg UCL
6 April 2021
Manchester City - BVB 2:1

28th match day
10 April 2021
VfB Stuttgart - BVB 2:3

REVENUE TREND

Borussia Dortmund generated revenue of EUR 334,171 thousand in the 2020/2021 financial year, representing a decrease of EUR 36,025 thousand or 9.73%. Income from advertising and TV marketing increased year on year despite the severe restrictions as a result of the COVID-19 pandemic. By contrast, income from match operations, merchandising, and conference, catering and miscellaneous decreased in financial year 2020/2021.

Borussia Dortmund Group – Revenue in EUR '000



Quarter final, second leg UCL
14 April 2021
BVB - Manchester City 1:2

29th match day
18 April 2021
BVB - Werder Bremen 4:1

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

Income from match operations

Income from match operations decreased by EUR 31,956 thousand to EUR 554 thousand in financial year 2020/2021.

Income from match operations for domestic competitions declined by EUR 19,875 thousand to EUR 544 thousand.
While the 2019/2020 season had seen twelve home matches played to almost sell-out crowds at SIGNAL IDUNA PARK, during the 2020/2021 season the national and regional restrictions put in place in response to COVID-19 meant fewer spectators were permitted in stadiums, and then only for the first Bundesliga fixtures. Of the 17 Bundesliga home matches hosted by Borussia Dortmund, only three (against Borussia Mönchengladbach, SC Freiburg and FC Schalke 04) were open to spectators, who were limited in number.

The income from domestic and international cup competitions decreased by EUR 10,648 thousand, and all of these matches were held behind closed doors.

Borussia Dortmund generated income of EUR 9 thousand from friendlies and proceeds generated by the club's other teams in financial year 2020/2021 (previous year: EUR 1,442 thousand). Unlike in previous years, the pandemic prevented the squad from travelling to Asia or the United States for preseason tours.

Income from advertising

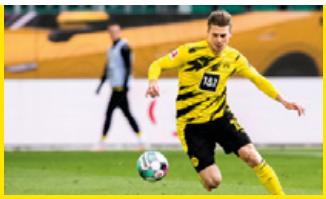
In the financial year ended, Borussia Dortmund increased its advertising revenue by 8.75% to EUR 106,577 thousand (previous year: EUR 98,005 thousand), representing a share of 31.89% of total revenue.

Advertising income increased despite the restrictions on hospitality services and match day advertising due to the COVID-19 pandemic. Borussia Dortmund hosted 24 home matches in the season ended, of which 21 were played behind closed doors due to the COVID-19 pandemic. Against this backdrop, match-day advertising could not be compensated for fully and practically no advertising was shown in hospitality.

The increase was due primarily to the new agreements with the two primary sponsors Evonik Industries AG and 1&1 Telecommunication SE as well as with the equipment supplier Puma SE that were entered into on 1 July 2020. The holder of the stadium's naming rights, SIGNAL IDUNA, the sleeve sponsor, Opel Automobile GmbH, and the ten Champion Partners continue to contribute greatly to income from advertising. Borussia Dortmund also added another sponsor for its youth programmes: adesso SE.

Furthermore, advertising income includes bonuses for the third-place Bundesliga finish, which directly qualified the team for the group stage of the UEFA Champions League in the 2021/2022 season, for reaching the quarter-finals of the UEFA Champions League in financial year

30th match day
21 April 2021
BVB - Union Berlin 2:0



31th match day
24 April 2021
VfL Wolfsburg - BVB 0:2

2020/2021, for competing in the DFL Super Cup at the beginning of the past season, and for reaching the final and winning the DFB Cup.

Income from TV marketing

In financial year 2020/2021, income from TV marketing once again represented the highest share of revenue (55.86%) and increased by EUR 16,819 thousand year on year to EUR 186,655 thousand. TV marketing income from both domestic and international cup competitions rose. The income from TV broadcasts of Bundesliga matches remained virtually unchanged.

Income from domestic TV marketing amounted to EUR 97,826 thousand, up EUR 139 thousand against the prior-year reporting period.

Only 89.83% of the increase in distribution announced prior to the pandemic actually materialised at the end of the financial year. The payouts for the 2020/2021 season were made on the assumption that match operations would continue uninterrupted in 2020/2021, the season would come to an orderly close and the marketing partners would pay the budgeted amounts in full and on time. Since the distribution amount fluctuated in the 2020/2021 reporting period, DFL Deutsche Fußball Liga GmbH was ultimately forced to reduce the income with respect to the planned international TV marketing payouts.

Income from international TV marketing for competing in the UEFA Champions League amounted to EUR 78,698 thousand in the financial year (previous year: EUR 67,420 thousand). The increase of EUR 11,278 thousand is due to the higher performance bonus, since Borussia Dortmund amassed four wins and one draw in the group stage. In the previous year, Borussia Dortmund only managed three wins and one draw. In addition, Borussia Dortmund reached the quarter-finals of the UEFA Champions League for the first time since 2017, although the team was knocked out of the competition following two defeats to Manchester City.

Unlike in the previous year, Borussia Dortmund failed to win the DFL Super Cup, its first competitive match of the current financial year. Borussia Dortmund reached the final of the DFB Cup, where the team chalked up a resounding victory against RB Leipzig in Berlin. Income from domestic cup competitions thus amounted to EUR 10,131 thousand (previous year: EUR 4,729 thousand).

Merchandising

Income from merchandising decreased by 1.96% to EUR 32,640 thousand in the past 2020/2021 financial year. In the previous year, EUR 33,292 thousand had been recognised for this item. The decrease in this revenue stream was only moderate despite the months-long closure of the fan shop in compliance with the statutory provisions put in place to contain the spread of the COVID-19 pandemic. The highest revenue growth was recorded at the online shop in Germany, which many customers visited as an alternative to making purchases in person.

DFB cup semifinal
1 May 2021
BVB - Holstein Kiel 5:0

32th match day
8 May 2021
BVB - RB Leipzig 3:2

Conference, catering and miscellaneous income

Conference, catering and miscellaneous income amounted to EUR 7,745 thousand (previous year: EUR 36,553 thousand) and also included revenue from advance booking fees, rental and lease income and release fees for national team players.

Conference and catering income, which comprises income generated by the hospitality areas, public catering services and events, decreased by EUR 12,655 thousand from EUR 13,316 thousand in the previous year to EUR 661 thousand. The lack of spectators at 21 of 24 home matches and fewer customers at the first three Bundesliga home fixtures meant that only limited revenue was generated, both in public and hospitality catering. In addition, most private events outside of match operations such as private celebrations, corporate events or trade fairs were cancelled in the past financial year. Where permitted, stadium tours were restricted to a small number of visitors.

In the reporting period from 1 July 2020 to 30 June 2021, advance booking fees, postage and miscellaneous income, which includes the Evonik Football Academy, rental and lease income and BVB TV, decreased by EUR 9,431 thousand to EUR 3,201 thousand. This was due primarily to the lack of advance booking fees due to the restrictions on spectators imposed in response to the COVID-19 pandemic. As well as the lack of advance booking fees for match day ticket sales, there was a shortfall in advance booking fees for season tickets after Borussia Dortmund decided as in the previous year that it would initially suspend season ticket sales at the end of the season given the inability to predict how the pandemic would develop. Likewise, the Football Academy was prevented from running courses (either national or international) for months. A further reason for the decline in income was the fact that this year's DFL Super Cup was held in Munich. Moreover, unlike in the previous year, no (four-part) documentary series about Borussia Dortmund was marketed in the past financial year.

The release fees for national team players declined by EUR 443 thousand from EUR 2,711 thousand in the previous year to EUR 2,268 thousand.

DFB cup final
13 May 2021
RB Leipzig - BVB 1:4

33th match day
16 May 2021
1. FC Mainz 05 - BVB 1:3

Income from fees for players on loan and training compensation decreased by EUR 6,279 thousand year on year to EUR 1,615 thousand. This mainly related to the loans of the players Leonardo Balerdi to Olympique Marseille, Jeremy Toljan to U.S. Sassuolo and Sergio Gómez to SD Huesca. The players Dženis Burnić, Jeremy Toljan, Ömer Toprak, André Schürrle and Marius Wolf had been loaned out in the previous year.

Net transfer income

Net transfer income declined by EUR 24,759 thousand to EUR 15,401 thousand.

Transfer proceeds amounted to EUR 24,406 thousand (previous year: EUR 116,688 thousand).

This resulted from the transfers of Jeremy Toljan to U.S. Sassuolo, Ömer Toprak to Werder Bremen and Dženis Burnić to 1. FC Heidenheim. Borussia Dortmund also generated subsequent transfer income. Furthermore, Mario Götze left to join PSV Eindhoven on a free transfer.

In the previous financial year, the players Maximilian Philipp transferred to FC Dynamo Moscow, Abdou Diallo to Paris Saint-Germain, Alexander Isak to Real Sociedad, Julian Weigl to Benfica Lisbon, Paco Alcácer to Villarreal CF, Jacob Bruun Larsen to TSG Hoffenheim, Sebastian Rode to Eintracht Frankfurt and Shinji Kagawa to Real Zaragoza. These transfers also generated subsequent transfer proceeds and loan fees.

The residual carrying amounts and transfer costs amounted to EUR 9,005 thousand (previous year: EUR 76,528 thousand).

Other operating income

Other operating income increased by EUR 1,182 thousand year on year to EUR 10,377 thousand. As in the previous year, this included primarily income from provisions, insurance reimbursements, unclaimed refunds, a reimbursement for granting contractual marketing rights, and subsidies. Other operating income includes prior-period income in the amount of EUR 2,608 thousand (previous year: EUR 5,033 thousand).

34th match day
22 May 2021
BVB - Bayer Leverkusen 3:1

DEVELOPMENT OF SIGNIFICANT OPERATING EXPENSES

Cost of materials

Cost of materials decreased by EUR 2,803 thousand to EUR 19,589 thousand.
This figure included the cost of goods sold for both BVB Event & Catering GmbH and BVB Merchandising GmbH. The decline is due mainly to BVB Merchandising GmbH's decrease in revenue. BVB Event & Catering GmbH's cost of materials likewise continued to decline due to the prohibition on events imposed during the pandemic.

Personnel expenses

In financial year 2020/2021, personnel expenses amounted to EUR 215,650 thousand (previous year: EUR 215,157 thousand).

Personnel expenses for the professional squad increased by 1.07% year on year. The base salary rose by EUR 2,472 thousand. Performance-based bonuses amounted to EUR 28,742 thousand (previous year: EUR 29,363 thousand) and comprised annual bonuses and performance-based bonuses for winning the DFB Cup, for finishing third place in the Bundesliga with 64 points, for reaching the quarter-finals of the UEFA Champions League and for qualifying directly for the group stage of the 2021/2022 UEFA Champions League.

In the reporting period, personnel expenses related to the retail and administration areas decreased by EUR 612 thousand year on year to EUR 29,325 thousand.

Personnel expenses in relation to amateur and youth football amounted to EUR 11,398 thousand during the current 2020/2021 financial year (previous year: EUR 12,144 thousand).

Depreciation, amortisation and write-downs

Depreciation, amortisation and write-downs rose by EUR 4,913 thousand to EUR 111,043 thousand in the reporting period.

During the period from 1 July 2020 to 30 June 2021, intangible assets – which consist primarily of Borussia Dortmund's player registrations – were amortised in the amount of EUR 97,440 thousand (previous year: EUR 88,285 thousand).

Furthermore, EUR 4,810 thousand in write-downs of intangible assets to their fair values were recorded (previous year: EUR 3,903 thousand).

Depreciation and write-downs of property, plant and equipment declined from EUR 13,942 thousand to EUR 13,603 thousand.

Other operating expenses

Other operating expenses decreased by EUR 33,250 thousand from EUR 119,010 thousand in the previous year to EUR 85,760 thousand in the reporting period.

Expenses from match operations decreased by EUR 10,255 thousand to EUR 36,956 thousand (previous year: EUR 47,211 thousand). This was due mainly to lower catering and match day expenses, as only three home matches were played for the 2020/2021 season, with severely restricted stadium capacity.

Advertising expenses decreased by EUR 16,281 thousand. Despite the increase in advertising income, the newly signed agency licensing agreement with the marketing firm SPORTFIVE Germany GmbH made it possible to significantly reduce the agency commission payable.
Transfer expenses declined by EUR 450 thousand to EUR 4,204 thousand. These expenses primarily include loan and training compensation.
Administrative expenses decreased during the financial year ended by EUR 2,545 thousand to EUR 22,807 thousand. A slight increase in IT expenses was offset by significantly lower travel, representation and event expenses.

Other expenses decreased by EUR 3,742 thousand to EUR 4,599 thousand. This reduction was caused mainly by lower allowances on receivables and lower losses on disposals of fixed assets as well as lower expenses for office supplies.

Financial result

The financial result for financial year 2020/2021 amounted to EUR -1,059 thousand (previous year: EUR -3,445 thousand) and breaks down as follows:

The investment income amounted to EUR 81 thousand (previous year: EUR -1 thousand).

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

Interest expenses amounted to EUR 1,427 thousand (previous year: EUR 3,731 thousand) and comprised mainly financing charges of EUR 559 thousand and EUR 772 thousand in restatements connected with remeasurements in accordance with IFRS 16.

Tax expense

EUR 342 thousand in tax income (previous year: tax income of EUR 2,630 thousand) was reported under taxes on income in the financial year. This related primarily to trade tax reimbursements received. In the previous year, this item included gains on the recognition of unutilised loss carryforwards.

ANALYSIS OF CAPITAL STRUCTURE

DEVELOPMENT AND PERFORMANCE OF THE BUSINESS

As at 30 June 2021, total assets amounted to EUR 450,519 thousand, representing a decrease of EUR 67,448 thousand as compared to 30 June 2020.

Non-current assets decreased by EUR 51,652 thousand to EUR 389,903 thousand as follows:

The EUR 36,233 thousand decrease in intangible assets is due to additions to player registrations (EUR 58,738 thousand) less disposals and reclassifications of non-current intangible assets to assets held for sale (EUR 2,341 thousand) and amortisation and write-downs (EUR 92,630 thousand).

Property, plant and equipment increased by EUR 4,465 thousand. The additions were offset by EUR 445 thousand in disposals and EUR 13,603 thousand in depreciation. The additions were attributable mainly to the investments to expand the training ground and in the stadium.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	30/06/2021		30/06/2020	
ASSETS	**EUR '000**	**in %**	**EUR '000**	**in %**
Non-current assets				
Intangible assets	193,434	42.9	229,667	44.3
Property, plant and equipment	183,454	40.7	193,037	37.3
Investments accounted for using the equity method	402	0.1	321	0.1
Financial assets	27	0.0	32	0.0
Trade and other financial receivables	10,392	2.3	12,680	2.4
Prepaid expenses	2,094	0.5	5,718	1.1
	389,803	86.5	441,455	85.2
Current assets				
Inventories	6,806	1.5	6,754	1.3
Trade and other financial receivables	29,936	6.7	36,520	7.1
Tax assets	85	0.0	375	0.1
Cash and cash equivalents	1,725	0.4	3,317	0.6
Prepaid expenses	12,708	2.8	9,901	1.9
Assets held for sale	9,456	2.1	19,645	3.8
	60,716	13.5	76,512	14.8
	450,519	**100.0**	**517,967**	**100.0**

Trade receivables and other financial receivables decreased by EUR 8,872 thousand to EUR 40,328 thousand. This is due primarily to net proceeds received from transfers and lower receivables from advertising partners.

Cash and cash and cash equivalents amounted to EUR 1,725 thousand as at the end of the reporting period (previous year: EUR 3,317 thousand).

Assets held for sale declined by EUR 10,189 thousand to EUR 9,456 thousand (previous year: EUR 19,645 thousand).

Inventories remained virtually unchanged at EUR 6,806 thousand (previous year: EUR 6,754).

Prepaid expenses decreased by EUR 817 thousand to EUR 14,802 thousand (previous year: EUR 15,619 thousand).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

EQUITY AND LIABILITIES	30/06/2021 EUR '000	in %	30/06/2020 EUR '000	in %
Equity				
Subscribed capital	92,000	20.4	92,000	17.8
Reserves	140,750	31.2	213,560	41.2
Treasury shares	-113	0.0	-113	0.0
Equity attributable to the owners of the parent company	232,637	51.6	305,447	59.0
Non-current liabilities				
Lease liabilities	16,819	3.7	20,054	3.9
Trade payables	37,250	8.3	69,627	13.4
Other financial liabilities	208	0.1	0	0.0
Deferred tax liabilities	0	0.0	0	0.0
Deferred income	0	0.0	230	0.0
	54,277	12.1	89,911	17.3
Current liabilities				
Financial liabilities	56,900	12.6	8,031	1.6
Provisions	2,333	0.5	0	0.0
Lease liabilities	4,241	1.0	4,350	0.8
Trade payables	64,103	14.2	67,432	13.0
Other financial liabilities	30,901	6.9	39,115	7.6
Tax liabilities	40	0.0	40	0.0
Deferred income	5,087	1.1	3,641	0.7
	163,605	36.3	122,609	23.7
	450,519	**100.0**	**517,967**	**100.0**

As at 30 June 2021, Borussia Dortmund's equity amounted to EUR 232,637 thousand. This corresponds to an equity ratio of 51.64% (previous year: 58.97%). Subscribed capital remained level at EUR 92,000 thousand.

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

Borussia Dortmund reported liabilities of EUR 217,882 thousand as at 30 June 2021 (previous year: EUR 212,520). This represents an increase of EUR 5,362 thousand.

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

Lease liabilities decreased from EUR 24,404 thousand to EUR 21,060 thousand in the reporting period. The repayments of lease liabilities of EUR 4,386 thousand were partly offset by moderate increases relating to the fan shop and vehicle fleet.

Non-current trade payables decreased by EUR 32,377 thousand to EUR 37,250 thousand. Current trade payables also fell, declining by EUR 3,329 thousand to EUR 64,103 thousand. This was mainly attributable to liabilities for transfer deals that were settled in the financial year.

Other financial liabilities decreased by EUR 8,214 thousand to EUR 30,901 thousand. The decrease was due primarily to paying variable remuneration to the professional squad.

Tax liabilities remained level at EUR 40 thousand.

Deferred income decreased by EUR 1,216 thousand to EUR 5,087 (previous year: EUR 3,871 thousand).

As at the end of the reporting period, Borussia Dortmund reported EUR 56,900 thousand in overdraft facilities, which it had drawn down, under current financial liabilities.
The EUR 2,333 thousand (previous year: EUR 0 thousand) in provisions recognised as at 30 June 2021 included provisions for litigation and liability risks relating to legal proceedings, and was expensed.

ANALYSIS OF CAPITAL EXPENDITURE

In the past financial year, Borussia Dortmund invested EUR 58,738 thousand in intangible assets. The entirety of this amount was invested in the player base.
Cash payments for property, plant and equipment during the same period amounted to EUR 3,414 thousand and primarily include investments in the Brackel training ground in connection with the project to expand BVB's training centre.

The focus of future investments will firstly continue to be on the project to expand BVB's training centre. The training ground and youth academy will be enhanced in stages over the period up to 2022. This involved acquiring further adjacent land and opening a new fitness area. Other steps are currently being implemented.
Secondly, Borussia Dortmund is currently designing its new fan and youth centre which will be located on the Strobelallee. The centre will offer a variety of programmes intended above all to improve communication with the fans and to establish it as a type of community centre for fans.
There are also plans to further develop and expand the infrastructure and the areas in and around SIGNAL IDUNA PARK.

ANALYSIS OF LIQUIDITY

As at 30 June 2021, Borussia Dortmund held unrestricted cash funds of EUR 1,725 thousand. Borussia Dortmund also had access to an additional EUR 120,000 thousand in overdraft facilities, of which EUR 56,900 thousand had been drawn down as at the end of the reporting period.

Cash flows from operating activities amounted to EUR 15,947 thousand (previous year: EUR -362 thousand).

NET ASSETS

Borussia Dortmund's total assets decreased from EUR 517,967 thousand to EUR 450,519 thousand. Fixed assets declined by EUR 45,740 thousand to EUR 377,317 thousand.

Trade receivables and other financial receivables decreased by EUR 8,872 thousand to EUR 40,328 thousand.

Prepaid expenses decreased by EUR 817 thousand to EUR 14,802 thousand.

OVERALL ASSESSMENT OF FINANCIAL POSITION AND PERFORMANCE AND BUSINESS DEVELOPMENT

Borussia Dortmund ended the 2020/2021 financial year with a net loss for the year of EUR 72,810 thousand.

Taking into account the net loss for the year, the equity ratio is calculated at 51.64%. As at 30 June 2021, Borussia Dortmund held unrestricted cash funds of EUR 1,725 thousand. At the end of the reporting period, Borussia Dortmund had access to an additional EUR 120,000 thousand in overdraft facilities, some of which had been drawn down.

The ongoing COVID-19 pandemic continued to weigh heavily on profitability and ultimately earnings in the 2020/2021 season. The effects of the pandemic are particularly clear in match operations and conference, catering and miscellaneous. The transfer business has also taken a major hit. Given this, business development during financial year 2020/2021 was less than satisfactory.

REMUNERATION REPORT

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

Executive remuneration consists of two components: a fixed amount and a variable component. The fixed component is stipulated by contract, takes into account the sporting success achieved and is paid out in twelve equal monthly instalments. The variable component is based on the business trend and is dependent on net income for the year before tax and the managing directors' remuneration. Any additional non-cash or ancillary benefits granted relate primarily to insurance benefits at standard market conditions and the provision of a company car. The Company does not offer any stock option plans or similar incentive plans. The remuneration components provided are reasonable both in and of themselves and taken as a whole (see Note 36 to the consolidated financial statements).

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

The disclosures required by § 285 no. 9 HGB are included in the notes to the consolidated financial statements under Notes 37 and 39.

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

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

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

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

OPPORTUNITY AND RISK REPORT

RISK MANAGEMENT

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

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

A functioning control and monitoring system is essential for identifying risks early and for assessing and counteracting them. It is the responsibility of the internal risk management system to monitor and control such potential risks.
The risk management system is based on principles and guidelines laid out by the management. These principles and guidelines are designed to facilitate the early identification of any irregularities so that appropriate countermeasures can be taken immediately. In order to ensure the highest possible level of transparency, risk management has been incorporated into the organisational structure of the Group as a whole. All departments and divisions are required to immediately report any Company-relevant changes in the risk portfolio to the management. The risk management system is also an integral component of the overarching planning, steering and reporting process.

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

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

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

Each risk is given a qualitative rating of between 1 and 4, with 1 indicating a low level of risk and 4 indicating a very high level of risk.
A risk impact assessment is carried out both before and after the identification and development of countermeasures to reduce the risk. The risk impact assessments are weighted before and after countermeasures based on a ratio of 1:2, with weighting prioritising the probability and consequences of each risk after countermeasures take effect. In mathematical terms, the risk impact assessment (before countermeasures) is derived by adding the probability of the risk and its consequences before countermeasures, while the assessment (after countermeasures) is derived by adding the probability of the risk and its consequences, and multiplying this figure by two.

Example

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

If the assessment of an individual risk falls within the top third of the scale (a score of 17 to 24), Borussia Dortmund classifies it as a high-priority risk. Particular attention is paid to such risks, since they are capable of having a material adverse and long-term effect on the Company's assets, liabilities, financial position and profit or loss. There are currently 26 (previous year: 23) risks that are classified as high priority.

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

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

Categorisation of risks

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

All 61 risks that could have a direct impact on the Company fall within these categories. In comparison with the previous year (62 risks), the total number was reduced by one risk that no longer meets the criterion of materiality.

Three new risks (legal transgressions by professional players, lack of transfers/willingness to transfer, and IT cyber risks) were added to the 23 risks that had been classified as high-priority in the past period. No high-priority risks were removed.

Further to the notes on opportunities and risks in the 2019/2020 Annual Report, the focus during the current reporting period (financial year 2020/2021) was primarily on the persistent impact of the COVID-19 pandemic, which continues to impact almost all risk categories.

The following is a discussion of the 26 high-priority risks in their respective categories.

Category 1 – strategic risk

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

This category includes four high-priority risks:
The risk that financial planning is dependent on sporting success describes the risk that failing to achieve planned sporting objectives could led to a lack of adequate income or proceeds. To account for any and all developments both on and off the pitch, the Company revises and updates its longstanding financial and liquidity planning at least three times per year based on the latest premises. It is all the more important for planning projections to be modified on a permanent basis, especially during the COVID-19 pandemic in which the external conditions are changing faster than ever before. In addition to the income statement and the statement of financial position, this also includes the development of Borussia Dortmund's liquidity. It allows the management to monitor the current and future financial position of the Company at all times and to take any necessary action. Due to developments with regard to income from international TV marketing in particular, the amount that a club is certain to receive for a given subsequent season varies greatly from a second-place finish to a seventh-place finish in the Bundesliga. Qualifying for the UEFA Champions League guarantees much higher proceeds than qualifying for the UEFA Europa League or UEFA Europa Conference League, let alone if the team fails to qualify for any international competition at all. The objective of a corresponding worst case scenario is not to predict the future but rather to provide an overview of various contingencies and their effects and to better assist the management in its strategic planning.

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

Borussia Dortmund considers the third risk in this category to be the risk of conflicting goals of sporting and commercial success. It is important that Borussia Dortmund continues to pursue balanced business policies with the aim of ensuring that the club remains competitive and also focussed on meeting the Group's performance indicators. Borussia Dortmund will continue to

avoid financial risks that could arise on account of uncertain sporting successes. As in previous years, Borussia Dortmund further counters this risk by setting strict budgets for the individual divisions and undertaking corporate planning on a revolving basis using various planning scenarios. Furthermore, the Company also uses planning scenarios to calculate various earnings and liquidity effects potentially presenting additional opportunities for financial investment or shortfalls. It is of fundamental importance to permanently modify the planning projections and to balance the need to remain competitive on the pitch and ensure economic stability and success on the one hand with the corresponding countermeasures that have already been taken to reduce the likelihood of the risk occurring on the other, especially during the COVID-19 pandemic in which the external conditions are changing faster than ever before. The transfer business remains a key action area for Borussia Dortmund and is one of the most important sources of income in the business of football. Achieving high sums for transfers often involves a loss of sporting quality within the squad, but after carefully weighing up all of the athletic and business aspects it is possible that value-driven transfers may also be concluded contrary to the Company's sporting interests.

A new high-priority risk in this category are IT cyber risks, which are closely linked with protecting confidential information. They are generally understood as the risks posed while navigating a digital and interconnected world (cyberspace). In specific terms, on the one hand IT cyber risks involve the possibility of wilful and targeted cyber attacks on data and IT systems. The consequences of these attacks include: compromising data confidentiality (e.g., data losses, data espionage), loss of system or data integrity (e.g., data corruption by means of malware), compromising IT system or data availability (e.g., internal business interruption, outages in external communications). On the other hand, IT cyber risks arise from the opportunity for large volumes of information to be disseminated widely, cheaply and at breakneck speed (e.g., e-mail campaigns against the Company, calls on social media to boycott the Company) and from social hacking. Borussia Dortmund seeks to counter these IT cyber risks by reducing the risk of occurrence through investments in data security and data protection. That includes expanding the firewall to protect against external attacks and launching Project Security, a general initiative to identify and address potential security vulnerabilities.

Category 2 – personnel risk

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

This category currently includes five high-priority risks:

Protecting confidential information is a subject that remains in the public eye. Never before has data protection posed so many challenges. In particular, the increasing internationalisation of day-to-day business operations necessitates a detailed understanding of the respective data protection regulations applicable in individual countries. In addition, technical progress harbours many pitfalls, especially in relation to online data. Hackers stepped up their attacks in recent years, releasing the personal data of politicians, celebrities and others. Action has to be taken to prevent the unauthorised

access and manipulation of data. Confidential data that is processed, transferred or stored online must be encrypted. The data should remain encrypted and protected even if the online application is compromised. The IT security officers, the heads of the individual application areas and the data protection officers are responsible for initiating the data; the developers and administrators are responsible for implementation. To meet the increased requirements for cyber security and IT in general, action was taken to significantly increase staffing levels in IT.

The risk of periods during which professional players are unable to play (rest periods) can have a major impact on the Company's success, because they mean that team managers are unable to play the best possible team for the entire season, putting sporting goals in jeopardy. The absence of key players in particular is often difficult to compensate for. The reasons for rest periods include personal match bans, injury, excessive stress or a COVID-19 virus infection. The systematic implementation of DFL's hygiene concept minimises the risk that the professional squad and the coaching and support staff will contract the COVID-19 virus. Excessive stress may arise more frequently going forward, particularly since the coming season will in all likelihood see a tight schedule of fixtures due to the 2022 World Cup in Qatar (to be held in the winter) and UEFA's reform of the Champions League, which from the 2024/2025 season onwards will feature ten group matches instead of the previous six. We deliberately ensure that back-ups are available for every position within the squad so that we can absorb the absence of any individual player.

The world of sport has witnessed a number of terrible accidents in recent years. The tragic loss of human life takes precedence – that goes without saying – but the economic consequences for the businesses involved have also been immense. There thus continues to be a risk of travel and other accidents, terrorist attacks and miscellaneous; therefore, Borussia Dortmund continues to classify this risk as high priority.

The risk of legal transgressions by professional players was newly classified as a high-priority risk this financial year. It covers the risks arising due to misconduct among members of the professional squad, including doping offences, illegal sports betting or inappropriate conduct on social media. The consequences of such misconduct may include match suspensions and reputational damage for players and the club, or legal disputes. The action that Borussia Dortmund takes to mitigate this risk includes systematic education and preventative measures to raise awareness among the professional squad and help them avoid such misconduct.

Another risk newly classified as high priority is the lack of willingness to transfer. The contracts that players negotiate at Borussia Dortmund are incredibly lucrative when looking at other Bundesliga clubs. For players who, for whatever reason, spend more time on the bench than they want, this could nevertheless deter them from accepting transfers.

The ongoing COVID-19 pandemic has caused financial difficulties for many clubs in Germany and around the world. This could increasingly lead to situations in which other clubs are unwilling to meet the salary expectations of players whom Borussia Dortmund intends to transfer, making it difficult for Borussia Dortmund to find a suitable buyer.

Category 3 – macroeconomic risk

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

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

The COVID-19 pandemic and the resulting restrictions on public life as well as the associated massive impact this has had on the global economy, including the football sector, is still being acutely felt in Germany and throughout the world. Aside from the health consequences, the COVID-19 crisis continues to particularly impact Borussia Dortmund's streams of revenue. The functional health and safety protocol ensured the continuation of match operations in the 2020/2021 season and with that the generation of TV marketing income. However, the general ban on spectators in stadiums meant that income from match operations mostly dried up. The COVID-19 restrictions on hospitality services and match day advertising also impacted advertising income. Conference, catering and miscellaneous income was also weighed down due to the lack of both public catering income on match days and events organised by BVB Event & Catering GmbH. The global economic situation remains tense, and this could continue to impact the transfer market. While Borussia Dortmund cannot rule out that transfer proceeds for players will continue to decline (temporarily) in coming transfer windows, it nevertheless still expects opportunities to obtain high transfer proceeds for players in individual cases.

The downturn in proceeds caused by the COVID-19 pandemic has impacted not only individual revenue streams but also the Group's liquidity. The financial and liquidity planning apparatus that has been in place at Borussia Dortmund for many years considers a variety of scenarios and different premises, and is regularly adjusted to account for current conditions, so that any liquidity bottlenecks can be identified early and appropriate countermeasures designed to secure liquidity can be initiated. This includes the extension of the existing overdraft facility.

Borussia Dortmund considers this confirmation that it made the right choice in the previous financial year to establish the outbreak of epidemics/pandemics as a stand-alone and overarching individual risk so as to account for the consequences of the COVID-19 pandemic. Furthermore, this individual risk impacts almost all other existing risks.

Borussia Dortmund has classified unfavourable macroeconomic developments accompanied by high unemployment and slow economic growth or an economic downturn, as a further risk in this category.

The Hamburg Institute of International Economics (HWWI) has updated its forecast for economic development in Germany. Following another economic slowdown on the back of the second lockdown imposed in the winter of 2020/2021, the recovery interrupted in the autumn of 2020 now looks to be continuing thanks to progress in vaccinations and the lifting of restrictions. After economic output contracted by 4.8% in the previous year, growth of 3% is expected for both 2021 and 2022. An improvement is also emerging on the labour market, initially driven by a reduction in partial furloughs (*Kurzarbeit*).

The risk of right-wing extremism is a societal risk that continues to increase. Borussia Dortmund continues to stand firmly against right-wing extremism and discrimination. Borussia Dortmund counters this risk through prevention efforts and

disciplinary action, acting in concert with a broad network of cooperation partners. By clearly speaking out against racism and discrimination as well as by working to combat right-wing attitudes, anti-Semitism and hate speech and to ensure that the lessons of the past are never forgotten, Borussia Dortmund will continue to fulfil its social responsibility by ensuring that the atmosphere in and outside the stadium is welcoming, cosmopolitan and diverse.

The increased willingness of certain individuals to commit violence and defame and insult others at stadiums is a risk that will continue to require the utmost attention. Fan violence continued to plague football in the reporting period, even if the 2020/2021 season was mostly played behind closed doors. Prevention efforts and security plans put in place in the previous season ensured that potentially violent groups were identified in advance, helping to prevent altercations to the greatest extent possible. Borussia Dortmund will continue to counter this risk with enhanced security checks, camera surveillance, stadium bans and criminal complaints. Additional stadium safety measures will continue to include specific structural changes to entrances going forward. Furthermore, Borussia Dortmund and other clubs from North Rhine-Westphalia signed up to "*Stadionallianz gegen Gewalt*" in the reporting period, a joint initiative with the police to more rapidly identify and isolate perpetrators, and bring them to justice.

In connection with the dispute about who should cover the costs of providing security at home matches, the clubs of the first and second Bundesliga divisions voted on 3 December 2019 that the costs incurred by the Bremen police should be borne in full by SV Werder Bremen. The clubs also resolved that SV Werder Bremen could defer a partial amount of 50% until a final ruling on the legal dispute was issued by the Federal Constitutional Court, and to reject a fund model of any kind.
Passing these costs on to the Bundesliga clubs would present an earnings and liquidity risk for those clubs, Borussia Dortmund included.

The categorisation of social media activities as a high-priority risk reflects the fact that new technologies not only have potential for development, but also harbour risk potential.
Social media is no longer used solely for communicating with fans and followers, but increasingly also serves as an advertising platform for marketing and sponsoring-related activities. Borussia Dortmund has vastly expanded its digital presence, among other things due to the restrictions placed on direct contact with fans as a result of the ongoing COVID-19 pandemic.
In order to safeguard the Company's image and prevent the unauthorised disclosure of internal information, all Borussia Dortmund employees must adhere to the Company's social media guidelines.

Category 4 – competitive risk

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

This category includes seven high-priority risks:

Interruptions to match operations can have immense economic ramifications because nearly all of Borussia Dortmund's streams of revenue are dependent on or influenced by match operations. The ongoing COVID-19 pandemic has underscored how economically dependent the club is on a

trouble-free season. The 2020/2021 season was completed without major scheduling issues thanks to the systematic implementation of DFL's health and safety protocol – even if the majority of matches were played behind closed doors.

The second risk classified as high-priority in this category is the change in income from TV marketing. After DFL Deutsche Fußball Liga's auctions for TV rights led to a steady rise in income from TV marketing in recent years, the COVID-19 crisis meant that the auction for the 2021/2022 to 2024/2025 seasons did not bring as much income for the clubs of the first and second Bundesliga divisions as in previous rights periods; in total, EUR 4.4 billion will be distributed in the coming four years. Future instalments of TV marketing income to be paid by DFL Deutsche Fußball Liga to the clubs will continue to depend on maintaining match operations. The functional health and safety protocol for the 2020/2021 season has shown that it is possible to see a season through to a trouble-free conclusion despite the COVID-19 pandemic.

According to UEFA, Financial Fair Play is about improving the overall financial health of European club football. The regulations first entered into force in 2011 and serve as a catalogue of measures for clubs competing in UEFA's international club competitions. Clubs in breach of the regulations face penalties up to and including bans. In practice, Financial Fair Play governs the ratio of revenue to expenditures. The risk of failing to comply with the Financial Fair Play rules and potential exclusion from international competitions or potential financial sanctions would have serious financial consequences for Borussia Dortmund. The now very lucrative distributions available from UEFA and the international prestige derived from taking part in UEFA competitions underscore the importance of both qualifying and obtaining the requisite licences for international club competitions. To minimise this risk therefore, compliance with the relevant requirements and target/actual comparisons are constantly reviewed. Several European clubs have already been disciplined and banned from international competitions for violating Financial Fair Play rules. In the wake of the COVID-19 crisis, UEFA is currently consulting on potential reforms to its Financial Fair Play guidelines, which will likely be resolved at the end of 2021.

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

The further risk in this category is the risk of a potential stadium catastrophe. Stadium catastrophes can include fire, stampedes, potential terrorist attacks or other acts of violence. Going forward, the Company will continue to regularly assess the quality and reliability of security staff and specifically train them in the prevention of catastrophes. Structural improvements to SIGNAL IDUNA PARK for the purposes of enhancing

security, safeguarding and monitoring the access roads, and safeguarding the property during visits on non-match days are just some of the countermeasures currently being implemented by the club's Security department to provide security at the stadium.

Borussia Dortmund uses the summer break each year to invest in SIGNAL IDUNA PARK as well as for construction work and refurbishments. The stadium has been expanded three times since opening in 1974 with a capacity of 54,000. The continual repair and maintenance work – the paramount focus of which is always structural integrity and safety – ensures that the stadium meets the latest standards in terms of safety, security and comfort. Compared to many other Bundesliga stadiums that were constructed for the 2006 World Cup, SIGNAL IDUNA PARK is one of the Bundesliga's oldest stadiums in use. Given that Borussia Dortmund regularly invests large sums in SIGNAL IDUNA PARK and in light of the increasing requirements applicable to stadiums, including with respect to spectator safety, the club has classified capital expenditures needed for SIGNAL IDUNA PARK as a high-priority risk. The ongoing COVID-19 pandemic and the associated economic consequences mean that only essential investments are currently being made in the stadium.

The risk of consequential damage arising from mining, which also affects SIGNAL IDUNA PARK, represents another high-priority risk. Coal mining has ceased in Germany. While the memories remain, so do the pitfalls, because the effects of mining never fully disappear. Hardly any other federal state is faced with as many sinkholes as North Rhine-Westphalia. The state has some 60,000 abandoned mining shafts and tunnels. The exact number is not known because mining in the region dates back to the Middle Ages. Only half of all pits and tunnels have been recorded.
Borussia Dortmund uses the properties adjacent to SIGNAL IDUNA PARK for car parks or to store products and equipment needed for match operations. The southwest container and logistics area is located on land with uncertain topography, which is why sinkholes and similar subsidence cannot be ruled out. An additional expert opinion has been obtained, which states that there is merely a risk of the subsoil subsiding, not of collapse. This will likely result in lower costs being incurred in the course of the survey and reinforcement, since it may be that geogrids will no longer be necessary and fill dirt will instead be compressed into the ground to achieve the requisite stability. The construction work is already underway and will likely be completed in the summer of 2021.

Category 5 – liquidity risk

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

This category includes four high-priority risks:

The loss of significant financial backers and sponsors due to insolvency could also have a material adverse effect on Borussia Dortmund's liquidity in the future. Attention continues to be placed on the potential loss of significant financial backers and sponsors and the introduction of corresponding countermeasures precisely because of the ongoing COVID-19 crisis and the associated adverse economic consequences for the German and global economy. Borussia Dortmund continuously revises its longstanding accounts receivable management system in line with the prevailing conditions and increasing globalisation. The club also reviewed and implemented other risk

mitigation measures such as introducing upfront payments or changing payment terms. Borussia Dortmund is also in close contact with its customers and partners and its sponsoring marketing firm SPORTFIVE Germany GmbH, and is maintaining a close and trusting relationship with them. This is also evident from the individual solutions that Borussia Dortmund has found with its partners to compensate for cancelled (hospitality) services. The majority of (hospitality) services that Borussia Dortmund was unable to render due to the ongoing COVID-19 pandemic were compensated for by means of other (advertising) services, meaning that Borussia Dortmund's partners have asserted practically no compensation claims.
The fact that new agreements have been entered into with partners despite the ongoing pandemic suggests that there will be no major decline in the willingness of potential sponsors to seek out new opportunities once the crisis is over.

Due to the ongoing COVID-19 crisis, the risk of bad debts due to insolvency remains classified as a high-priority risk.
The COVID-19 crisis has caused one of the worst economic downturns for Germany and the world in the post-war period. The ongoing pandemic will continue to impact the solvency of companies and football clubs alike. Borussia Dortmund anticipates that problems could arise with regard to transfer receivables. The primary objective continues to be keeping bad debts to a minimum and to ensure that the Company has the liquidity it needs at all times. That is why it is all the more important to follow through on the action already taken, such as conducting credit checks on foreign businesses or changing the general contractual framework to include high up-front payments. Dunning procedures are likewise particularly vital. Furthermore, additional action was taken to ensure liquidity and counter any potential bad debts.

Borussia Dortmund places utmost importance on maintaining its liquidity and, after assessing its risks during the ongoing COVID-19 pandemic, therefore continues to classify the risk associated with this as high priority. The financial and liquidity planning apparatus that has been in place for many years considers a variety of scenarios and different premises, and is regularly adjusted to account for current conditions. The scenarios calculated covered in particular different levels of success achieved by the team and various external conditions attributable to COVID-19 in order to identify any liquidity bottlenecks early and to initiate appropriate countermeasures designed to secure liquidity. They included extending the existing EUR 60,000 thousand overdraft facility by EUR 60,000 thousand to EUR 120,000 thousand.

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

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

OPPORTUNITIES

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

Borussia Dortmund's approach to its squad is one of continuity, but it also has an eye to creating new momentum and structures in its personnel choices. In December 2020, Borussia Dortmund parted ways with Lucien Favre, its head coach of two-and-a-half years. His erstwhile assistant coach Edin Terzic then led the team to victory in the DFB Cup and qualification for the UEFA Champions League. From the 2021/2022 season, Marco Rose from Bundesliga rivals Borussia Mönchengladbach will take over as the new head coach at Borussia Dortmund. Marco Rose is a team player, and the club wants him to guide Borussia Dortmund back to playing its trademark modern, attacking and up-front style of football.

Edin Terzic has extended his contract through to 30 June 2025 and will be filling the newly created position of technical director. Going forward, he will play a permanent part in planning the roster, win over promising players for Borussia Dortmund, act as a go-between for the Youth Academy, support players on loan, and report directly to the sporting management, Michael Zorc and Sebastian Kehl. Borussia Dortmund looks forward to the momentum this will create.

The contract with head of the professional squad Sebastian Kehl was extended early until 30 June 2025. He will take over from Michael Zorc as sporting director from 1 July 2022. Borussia Dortmund also extended the contract with its youth academy coordinator Lars Ricken early until 30 June 2025. This long-term focus at level of sporting management offers Borussia Dortmund a solid basis for planning and gives those in positions of responsibility the opportunity to keep building on the strong and trusting relationships they already enjoy and to unlock the potential for improvement that is there to see.

The team coalesced and found its strength in the final third of the 2020/2021 season and delivered consistent and solid performances to qualify for the UEFA Champions League and win the DFB Cup. The team has truly enormous potential, and the challenge now is to tap into this over the entire season. By signing Gregor Kobel, Borussia Dortmund has gained a communicative and vocal goalkeeper who never failed to put in a strong performance in the past Bundesliga season, whether in goal, in the penalty box or in passing play. He will further stabilise the team's defence. The healthy mix of grit, leadership and young ambition in the squad as well as consistency in its management is expected to help the team unlock its full potential and achieve the greatest possible success on the pitch.

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

Borussia Dortmund sees further potential in its youth setup, where it lays the foundation for its sporting success. To this end, the club added new offices for the sports management team at the Brackel training ground. This investment will help to further consolidate all the areas under the direction of the Sports department. Borussia Dortmund hopes the direct proximity to the training ground will help it work with greater efficiency and purpose and further optimise its

pipeline of talented youngsters for the senior team. In the past season, Youssoufa Moukoko, Ansgar Knauff and Steffen Tigges, another three of the club's youth standouts, made the jump to the senior side and helped the team with their youthful exuberance. Other talented youngsters are also set to make the senior team.

Borussia Dortmund maintains close and longstanding partnerships with its sponsors. During times of crises, this continuity was also a reflection of the close and trusting relationships. This is also evident from the individual solutions that Borussia Dortmund has found with its partners to compensate for cancelled (hospitality) services. The majority of (hospitality) services that Borussia Dortmund was unable to render due to the ongoing COVID-19 pandemic were compensated for by means of other (advertising) services, meaning that Borussia Dortmund's partners have asserted practically no compensation claims. These good relationships built on trust and the solidarity displayed during crises also provide planning security.
Borussia Dortmund also believes it has good opportunities to adequately replace sponsoring agreements that are set to expire by leveraging its appeal to sign lucrative new contracts.

For Borussia Dortmund, the potential return of at least some spectators to SIGNAL IDUNA PARK in the 2021/2022 season is a massive opportunity, in particular to interact directly with fans. Since personal contact has been severely restricted during the ongoing COVID-19 pandemic, communicating digitally with fans continues to be more important than ever. New digital formats were and will be created for this reason. This increased focus on digital communications affords us the opportunity to strengthen the bonds our fans have with the club despite not being able to attend matches, and to grow Borussia Dortmund's fan base. This includes the 2021 Virtual Summer Tour, with Borussia Dortmund making virtual stops in nine countries across three continents between 10 and 18 July 2021 to bring the club even closer to and connect with its international fan communities and partners and give all fans (not just) from the nine participating countries the chance to immerse themselves in the world of Borussia Dortmund.

OVERALL ASSESSMENT OF THE RISKS AND OPPORTUNITIES

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

Thanks to its risk management system, Borussia Dortmund is in a position to comply with the statutory provisions on control and transparency in the Company.
A review of the risk situation revealed that none of the individual risks defined within the risk areas jeopardise the continued existence of Borussia Dortmund.

REPORT ON EXPECTED DEVELOPMENTS

EXPECTED DEVELOPMENT OF THE COMPANY

Borussia Dortmund finished the 2020/2021 season in third place with 64 points, qualifying directly for the lucrative group stage of the UEFA Champions League in the coming season. Borussia Dortmund has thus qualified for an international cup competition for the twelfth time in a row since the 2010/2011 season.

As reigning DFB Cup champions, Borussia Dortmund will face FC Bayern Munich in this year's DFL Super Cup at SIGNAL IDUNA PARK on 17 August 2021.

EXPECTED GENERAL ECONOMIC ENVIRONMENT

The expected general economic environment is dominated by the ongoing COVID-19 pandemic. The strains of the coronavirus already rampant, in particular the delta variant, are hindering efforts to overcome the pandemic. Despite low infection rates, progress in vaccinating the population and decisions to roll back restrictions, the pandemic remains ever-present in Germany and around the world. Professional football has been heavily impacted too, and must continue to play its part to overcome the crisis.

DFL Deutsche Fußball Liga GmbH has published its fixture calendar for the 2021/2022 season. The new Bundesliga season will begin in mid-August 2021, and Borussia Dortmund will make its début at home to Eintracht Frankfurt.

Income from match operations are directly tied to allowing spectators to visit SIGNAL IDUNA PARK. At the beginning of July 2021, Germany's federal states decided to permit a partial return of fans to stadiums in time for the new season. The resolution, which is initially in force until 11 September 2021, permits stadiums to operate at maximum 50% capacity, with the total number of spectators initially capped at 25,000. Approval from the competent authorities is required as a basic prerequisite for spectators to return. This will take into account infection rates, which must not exceed 35 cases per 100,000 residents. At anything above this, a maximum of 5,000 spectators will be permitted. Those who have not been vaccinated or have not recovered from COVID-19 must show a negative test result. In addition, the health and safety protocols and social distancing will remain in place.
Even if these new rules are an improvement on the previous season, the partial return of fans to the terraces is closely linked to low infection rates. Thus, although higher income is expected than in the previous year, it will still be a lot lower and plagued by far more uncertainties than before the pandemic.

Commercially successful professional football operations are no longer limited to just regional or national levels. The team's success in these competitions is very much a focus in all plans. Qualifying for the group stage of the UEFA Champions League continues to place Borussia Dortmund in a better financial position. Playing and delivering positive performances in the competition not only generates income, it can also widen the club's media and brand coverage, which promotes the club's interaction with existing fans and

encourages others to begin following Borussia Dortmund. The club intends to promote these effects with a progressive internationalisation strategy that is regularly tailored to current trends. In light of this, Borussia Dortmund aims to further expand and professionalise its digital presence. Borussia Dortmund thereby responds to social trends and to a large degree leverages the attractiveness of the Borussia Dortmund brand. The growing international awareness of the brand that this gives rise to allows the club to tap foreign markets. This includes the 2021 Virtual Summer Tour, with Borussia Dortmund making virtual stops in nine countries across three continents between 10 and 18 July 2021 to bring the club even closer to and connect with its international fan communities and partners and give all fans (not just) from the nine participating countries the chance to immerse themselves in the world of Borussia Dortmund.

Since the 2020/2021 season, Borussia Dortmund has had two different kit sponsors. The team wears kits bearing the logo of Evonik Industries AG in all international club competitions, friendlies staged abroad and DFB Cup matches, while 1&1 Telecommunication SE is the kit sponsor for Bundesliga matches. This one-of-a-kind sponsorship model was developed as part of the internationalisation strategy and promises further revenue potential going forward, since it allows the club and its respective partners to target specific markets.
In the 2021/2022 season, Borussia Dortmund once again marketed its virtual advertising boards. SIGNAL IDUNA PARK's advertising boards can be digitally overlaid in the broadcast signal to target the respective TV audiences when broadcasting matches abroad. For Borussia Dortmund's international partners in particular, this is an attractive and increasingly popular way to reach their customers worldwide.
Despite the ongoing COVID-19 pandemic and the ensuing economic declines, professional football, particularly in Germany, has not lost any of its allure. Borussia Dortmund also maintains close and longstanding partnerships with its sponsors. Borussia Dortmund remains just as appealing as ever. As such, Borussia Dortmund will also operate in a demanding market and competitive environment in the coming season.

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

DFL Deutsche Fußball Liga GmbH has informed the clubs of the first and second Bundesliga divisions about the expected distribution volume for the 2021/2022 season. The announced disbursements of the TV funds will allow for a good degree of planning. However, these plans may change at any time due to the ongoing COVID-19 pandemic. The amount and timing of the disbursements depends in particular on partners making due contractual payments and the 2021/2022 season being seen through to a trouble-free conclusion.

Despite the massive impact of the COVID-19 pandemic, DFL Deutsche Fußball Liga GmbH sold the German media rights for the 2021/2022 to 2024/2025 seasons for an average of approximately EUR 1.1 billion per year, with the individual disbursements increasing from season to season. This corresponds to total income of EUR 4.4 billion, exceeding the billion-euro mark once more and continuing the high revenue level seen in previous years. Sky Germany secured the rights to all live broadcasts on Saturdays, while DAZN will broadcast matches on Fridays and

Sundays. Football will also return to free-to-air TV after a 17-year hiatus, with ProSieben/Sat1 acquiring the broadcasting rights to a total of nine live matches. Even though the agreement fell somewhat short of expectations with a decline in volume of around 5%, in these uncertain times it represents the best possible degree of stability and an excellent economic foundation for the coming seasons.

The COVID-19 pandemic is also affecting international TV marketing from UEFA competitions. To alleviate the financial impact of the pandemic on the clubs, the income shortfall will be spread over five seasons (from the 2019/2020 to the 2023/2024 season), which will stretch the adverse effects out over a longer period. In specific terms, UEFA will make the deductions before distributing funds to the clubs. The planned distributions nevertheless remain highly attractive.

Stadium marketing is subject to compliance with social distancing and health and safety protocols, but this does enable stadium tours to be offered. External events can likewise be held in the hospitality areas, albeit with restricted guest numbers. Under the appropriate conditions, football training courses can also be offered. The likely restrictions on selling alcoholic beverages and the limited stadium capacities at home matches will weigh on the profitability of public catering.
This revenue stream therefore also remains affected, since it is dictated by political decisions and official stipulations.

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

The COVID-19 pandemic continues to affect transfers. Based on last year's summer transfer window, it can be assumed that the economic uncertainty and decline in income experienced by clubs around the world will continue to temporarily reduce the transfer fees received for players. The summer transfer window is now back to normal and will last from 1 July to 31 August 2021.
Despite the expected potential losses and the uncertainty as the situation continues to unfold, the European leagues remain attractive for talented young players. Besides that, Borussia Dortmund has an excellent team. An active transfer market can be expected all the same in the summer of 2021, with some very lucrative deals in the pipeline. A notable example is the transfer of Jadon Sancho to Manchester United in July 2021.

Overall assessment of expected performance

The COVID-19 crisis continues to overshadow the economic activities of German companies, forcing them to confront the major challenge of having to operate in a highly uncertain environment. Borussia Dortmund also expects to face significant economic restrictions in the coming period. Even if infection rates in Germany are currently at a stable low level and progress is being made in the vaccination campaign, there remains an ever-present risk that infections will flare up and tougher restrictions will be imposed to control them. This will shape economic planning for some time to come. Borussia Dortmund will persevere through these still difficult times thanks to the economically sound foundation it has built up and the specific countermeasures it has taken. There is a high forecasting risk stemming from the strong dependence on political decisions and the further course of the COVID-19 pandemic. Thus, any statements regarding the future performance of the Company remain subject to a high degree of uncertainty.

EXPECTED RESULTS OF OPERATIONS

Expected earnings trend

The ongoing COVID-19 pandemic continues to pose major challenges for Germany and the world. The number one priority is containing the spread of the COVID-19 virus in all facets of life. Professional football must also play its part in overcoming the crisis. Borussia Dortmund GmbH & Co. KGaA also remains heavily affected. Therefore, the expectation is of further severe adverse effects on the earnings trend in financial year 2021/2022.

The projection is that matches will be played to limited spectator numbers in the first half of the new season, with the second half seeing a return to full capacity. As a result of the measures to contain the pandemic, only a limited number of tickets will initially be made available per match, which will continue to weigh heavily on income from match operations and public catering.
Despite the economic uncertainties and a more subdued transfer market, Borussia Dortmund expects there to be some very lucrative transfer deals in the offing, setting up net transfer income as a significant earnings driver.

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

In light of the high degree of uncertainty related to all streams of revenue, the management currently expects to generate a net loss of between EUR 12,000 thousand and EUR 17,000 thousand in the coming 2021/2022 financial year.

In this planning scenario, the result from operating activities (EBIT) will exceed the forecast net loss for the year by the financial result and tax expense of approximately EUR 2,000 thousand. The operating result (EBITDA) would be around EUR 107,000 thousand higher than the result from operating activities (EBIT) due to depreciation and amortisation and would probably amount to between EUR 88,000 thousand and EUR 93,000 thousand.

Expected revenue trend and consolidated total operating proceeds

In the past financial year, Borussia Dortmund generated revenue of EUR 334,171 thousand and consolidated total operating proceeds of EUR 358,577 thousand. Revenue is expected to increase to approximately EUR 374,000 thousand in the coming reporting period, due primarily to higher income from advertising, match operations and conference, catering and miscellaneous. Borussia Dortmund forecasts consolidated total operating proceeds of approximately EUR 484,000 thousand on the back of a likely rise in transfer fees. The COVID-19 pandemic will continue to affect almost all of the revenue streams of Borussia Dortmund GmbH & Co. KGaA and its subsidiaries.

Expected trend for significant operating expenses

Cost management continues to be Borussia Dortmund's highest priority. Operating cost-effectively makes a material contribution to earnings, and Borussia Dortmund is unwavering in its efforts to achieve further optimisation.

Personnel expenses account for approximately half of all operating expenditure. Portions of these personnel expenses are also dependent upon the club's sporting success, because the professional squad is compensated on the basis of its performance, meaning that these expenditures are always commensurate with the club's success, which itself is a source of income.

The other operating expenses are also partly dependent on the number of matches and the club's success on the pitch. Any efforts at cost optimisation aside, there may therefore be an increase in operating expenses that goes hand-in-hand with a material increase in income and corresponding contribution to earnings.

EXPECTED DIVIDENDS

In light of the fact that the Company reports a net loss for the financial year, the management does not intend to propose to the Annual General Meeting any dividend distribution for financial year 2020/2021.

EXPECTED FINANCIAL POSITION

Capital expenditure and financial planning

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

Due to the adverse economic consequences of the ongoing COVID-19 pandemic, Borussia Dortmund is currently pursuing a rather passive transfer policy and is focusing on sensible ways to reinvest transfer fees already received. Even non-essential investments in SIGNAL IDUNA PARK are being postponed until further notice.

In order to mitigate and avoid financial risk, Borussia Dortmund in principle pursues a conservative and extremely prudent capital expenditure strategy and will not count on any uncertain sporting successes.

Expected liquidity trend

Due to the assumptions made, Borussia Dortmund expects cash flows from operating activities in financial year 2021/2022 to amount to approximately EUR 30,000 thousand. This figure is subject to change due in particular to transfer deals or if actual events differ from the forward-looking statements in the forecast concerning the club's sporting success or on account of the effects of the COVID-19 pandemic. Free cash flow is expected to amount to approximately EUR -26,000 thousand.

OVERALL ASSESSMENT OF EXPECTED PERFORMANCE

The consequences of the COVID-19 pandemic will continue to have adverse effects in the coming 2021/2022 financial year. Due to the positive results of operations in the financial years prior to the COVID-19 pandemic, stable equity of EUR 232,637 thousand (which corresponds to an equity ratio of approximately 51.64%) as at 30 June 2021 despite the consolidated net loss for the year, and the Company's long-term focus, Borussia Dortmund considers itself prepared to handle the still uncertain economic situation. The management is continuously reassessing the situation as it pertains to the COVID-19 pandemic.

OTHER DISCLOSURES

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

REPORT IN ACCORDANCE WITH § 315A (1) HGB IN THE VERSION PURSUANT TO ARTICLE 83 (1) SENTENCE 2 EGHGB

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

1. As at 30 June 2021, the share capital of Borussia Dortmund GmbH & Co. KGaA amounts to EUR 92,000,000.00 and is divided into 92,000,000 no-par value ordinary bearer shares. All of the shares have been admitted to trading on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange and to the over-the-counter markets (Open Market) in Berlin, Bremen, Stuttgart, Munich, Hamburg and Düsseldorf. Each no-par value share entitles the holder to one vote at the Annual General Meeting. The Company has only one class of shares, and all shares carry the same rights and obligations. All other rights and responsibilities attaching to the Company's shares are determined in accordance with the German Stock Corporation Act (*Aktiengesetz*, "AktG").

2. Restrictions affecting the voting rights or transfer of the shares, and

3. Interests in the share capital of Borussia Dortmund GmbH & Co. KGaA exceeding 10% of the voting rights as at 30 June 2021:

   1) Ballspielverein Borussia 09 e.V. Dortmund, Dortmund, Germany: 14.88% of the voting rights (of which 5.53% held directly and 9.35% held indirectly by including the voting rights of Bernd Geske, Germany, pursuant to § 22 (2) and henceforth § 34 (2) WpHG)

   2) Bernd Geske, Meerbusch, Germany: 14.88% of the voting rights (of which 9.35% held directly and 5.53% held indirectly by including the voting rights of Ballspielverein Borussia 09 e.V. Dortmund, Dortmund, Germany, pursuant to § 34 (2) WpHG)

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

Dortmund mutually agree to inform one another and vote on any changes to their respective shareholdings in Borussia Dortmund GmbH & Co. KGaA, especially pertaining to the transfer of shares.

4. There are no shares with special rights conferring powers of control.

5. There is no control of voting rights in cases in which employees are shareholders.

6. Because of its legal form as a partnership limited by shares, Borussia Dortmund GmbH & Co. KGaA does not have a management board. Instead, management and representation of the Company is the responsibility of the general partner. The provisions of Article 6 No. 1 of the Articles of Association stipulate that Borussia Dortmund Geschäftsführungs-GmbH, with registered offices in Dortmund, is to act as such an executive body on a permanent basis and not for a limited period of time by virtue of its status as a shareholder. The appointment and removal of managing directors of Borussia Dortmund Geschäftsführungs-GmbH is governed by § 8 no. 6 of its shareholders' agreement and is the responsibility of the Executive Committee of its Advisory Board, and therefore not of the Supervisory Board of Borussia Dortmund GmbH & Co. KGaA.
   In principle, changes may be made to the Articles of Association of Borussia Dortmund GmbH & Co. KGaA only by a resolution of its Annual General Meeting, which, in accordance with § 133 (1) of the AktG, must be passed by a simple majority of votes and also, in accordance with Article 15 No. 3 of the Articles of Association of the Company in conjunction with § 179 (1) and (2) of the AktG, by a simple majority of the capital represented on the date of the resolution, except to the extent that mandatory statutory provisions or the Articles of Association stipulate otherwise. A mandatory provision of statute requires that a resolution of the Annual General Meeting be passed by a majority of three-quarters of the share capital represented on the date of the resolution in the event of changes to the Articles of Association relating to the object of the Company (§ 179 (2) sentence 2 AktG), the issuance of non-voting preferred shares (§ 182 (1) sentence 2 AktG), capital increases involving the disapplication of pre-emptive subscription rights (§ 186 (3) AktG), the creation of conditional capital (§ 193 (1) AktG), the creation of authorised capital (§ 202 (2) AktG) – where appropriate with authorisation to disapply pre-emptive subscription rights (§ 203 (2) sentence 2 in conjunction with § 186 (4) AktG) –, the ordinary or simplified reduction of share capital (§ 222 (1) sentence 2 and § 229 (3) AktG) or a change of legal form (§ 233 (2) and § 240 (1) of the German Reorganisation and Transformation Act [Umwandlungsgesetz, "UmwG"]). In addition, capital increases, other changes to the Articles of Association and other decisions of a fundamental nature may only be resolved with the approval of the general partner in accordance with § 285 (2) sentence 1 of the AktG. The Supervisory Board is authorised in accordance with Article 12 No. 5 of the Articles of Association to resolve changes to the Articles of Association which relate only to the wording thereof, in particular in connection with the amount of capital increases from authorised and conditional capital.

7. By virtue of the resolution by the Annual General Meeting on 19 November 2020, the general partner is authorised until 18 November 2025, with the approval of the Supervisory Board, to increase the share capital by a maximum of EUR 18,400,000 in total by issuing new no-par value ordinary bearer shares against cash contributions on one or more occasions (Authorised Capital 2020). The previous Authorised Capital 2014 of EUR 23,000,000 had been subject to an authorisation valid until 23 November 2019. This was not utilised and as such the authorised capital expired on 23 November 2019.

8. The Company is not a party to any material agreements which are conditional on a change of control following a takeover bid for the issued shares of Borussia Dortmund GmbH & Co. KGaA.

9. The Company is not a party to any compensation agreements that would apply in the event of a takeover bid.

STATEMENT BY THE GENERAL PARTNER ON RELATIONS WITH AFFILIATED COMPANIES

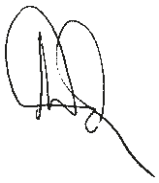
The Dependent Company Report prepared by Borussia Dortmund GmbH & Co. KGaA pursuant to § 312 AktG sets out the relations with Ballspielverein Borussia 09 e.V. Dortmund as the controlling entity and its affiliated companies. The general partner – represented by its Managing Directors – has issued the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

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

DISCLAIMER

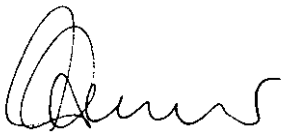
This Group management report contains forward-looking statements. Such statements are based on current estimates and are by nature subject to risks and uncertainties. Actual results may differ from the statements made in this report.

Dortmund, 9 August 2021
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