



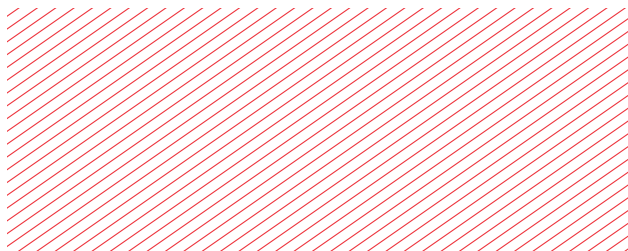
Financial Report

2020/21





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Explanatory note

Throughout this Report, as in previous years, reference is made to the five classifications (i.e. financial groupings of clubs) with which the aim is to describe, as transparently and precisely as possible, the performance of Spanish professional football at the end of the 2020/21 season (S 20/21):

1. LaLiga Santander: corresponding to the First Division of Spanish professional football (20 clubs);

2. LaLiga SmartBank: corresponding to the Second Division A of Spanish professional football (22 clubs);

3. LaLiga: the sum of **LaLiga Santander** and **LaLiga SmartBank**, i.e. all Spanish professional football (42 clubs). This is the main grouping analysed in the document;

4. Netted LaLiga Santander: **LaLiga Santander** excluding the two largest clubs in terms of income level and balance sheet size (18 clubs); and

5. Netted LaLiga: **LaLiga** excluding the two largest clubs in terms of income level and balance sheet size (40 clubs).

In this Report, all values are expressed in millions of euros (€m), unless expressly stated otherwise.

LaLiga updated and improved certain calculations relating to figures, ratios and indices this year. Consequently, there could be slight differences with respect to the information appearing in previous editions. Likewise, introduced certain technical restatements in 2020/21 with respect to previous seasons (in their audited annual accounts). On the other hand, in the second season affected by the COVID-19 pandemic, some entities have reformulated their 2019/20 accounts. In all cases, these amendments, which are of limited impact in both cases, do not substantially alter the conclusions of the analysis carried out this season or in previous years, and have been considered in the Report. Should they have any significant effect, a detailed explanation shall be provided.

Likewise, to prepare this analysis, the aggregated data comes from the individual annual accounts of the clubs – or the consolidated accounts when the entity preparing their accounts includes the entire consolidated group and the club is its parent company – as it is considered that they more consistently reflect the financial reality being analysed.

At the end of this document an explanatory glossary has been included with the essential terms and calculations used.

In this Report, the term "Association", or "**LaLiga**" (without italics), is used to refer to the Spanish National Professional Football League, as opposed to the term "*LaLiga*" (in italics), to refer to the sporting competition that encompasses the two divisions and a total of 42 professional football teams.

LaLiga considers that the degree of depth and detail contained in this document is genuine and has no equal in professional football leagues worldwide. It has been like this for quite a few years now, and S 20/21 – that coincided with the most acute phase of the pandemic caused by COVID-19 and with the worst financial performance in memory at a historical level (not only for the Spanish competition but also for other international benchmark competitions), due to the exceptional and unfavourable conditions experienced – should be no exception. The Association has tried to maintain the rigour of the analysis and the consistency of the information contained with past editions, without disguising any aspect and without avoiding any explanation that allows it to provide the financial outcome of Spanish professional football, including financial.

LaLiga:

Impact of COVID-19 on the Financial Report's analysis methodology



The exceptional circumstances derived from the health crisis caused by the sudden appearance of the pandemic, known worldwide as COVID-19, caused significant issues in all the major international professional football leagues during S 19/20 (the first of the pandemic). The impact occurred in the final third of the season, forcing the suspension of matches for several weeks (due in many cases to lockdown measures and/or mobility restrictions imposed by the authorities), and the subsequent resumption and conclusion of the leagues, often played behind closed doors and forcing the concentrated scheduling of matches during the months of June, July and August (concluding the different national and international competitions outside the financial year, which formally closes on 30 June).

All of the completed S 20/21 was disputed under the effects of the pandemic, the mass vaccination processes, and the adaptation to the new conditions by the institutions and the different agents, which allowed the large European competitions to proceed as planned and conclude within the established timeframes. However, practically all the championships in Europe were played behind closed doors or with severe restrictions on capacity. This caused severe economic losses in the major UEFA leagues. This situation was exacerbated by the sharp contraction in the player transfer market, with a very sudden drop in the number and average value of transactions.

Current forecasts suggest that normality will gradually recover throughout the ongoing S 21/22, as the mass vaccination process and other measures promoted

by the authorities and the entities themselves reach their goals and the expected positive effects are seen. The start of the current season has seen the return of the public to the stadiums, with different degrees across Europe. However, it should not be ruled out that the limitations will have to be systematically adjusted to the evolution of the infection in the different countries or territories, so although it is not foreseeable that competitions will be suspended again – in a context in which immune protection of the population is much higher than at the beginning, as is the learning curve of societies when it comes to learning to live with the virus –, restrictive measures be reintroduced on a temporary basis. On the other hand, the conclusion of the summer and winter player markets of S 21/22 confirmed that the transfer activity continued to deteriorate compared to pre-pandemic levels, in a logical move in times of greater uncertainty, that, however, leaves certain elements that point to a gradual recovery during the coming seasons and that could fully normalise from S 23/24.

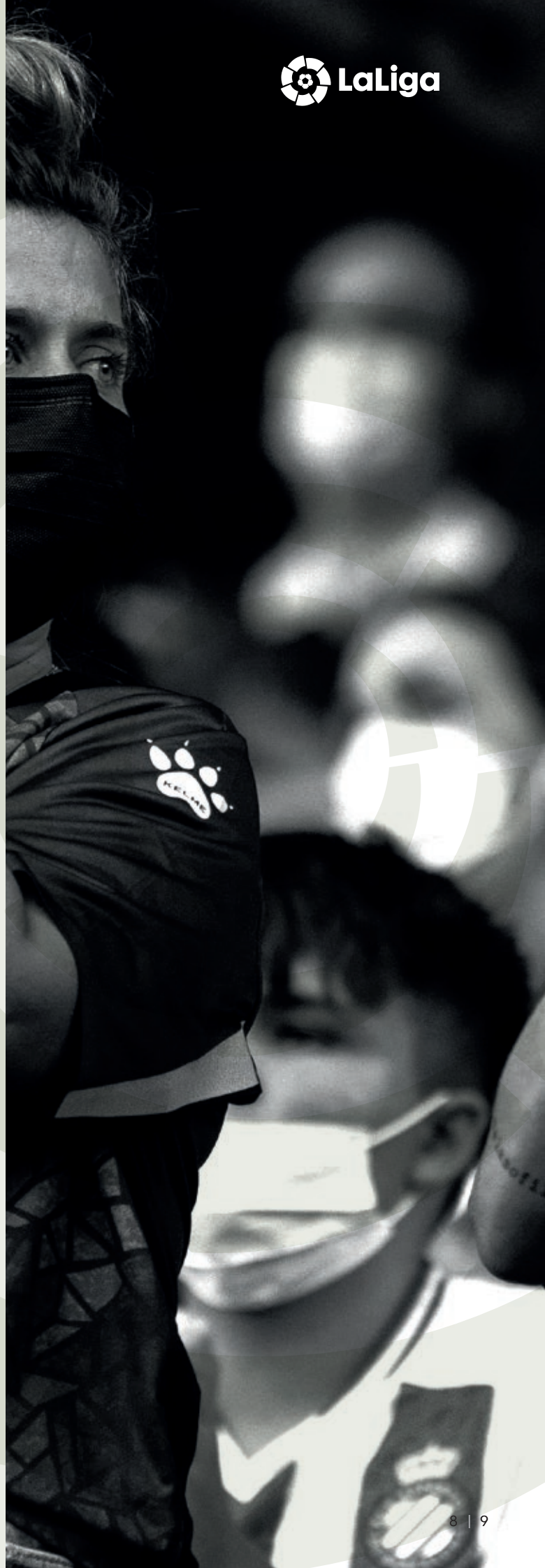
In **LaLiga's** S 19/20, COVID-19 and its consequences surfaced when a large part of the league championship – around two-thirds – had already elapsed, and with the summer and winter player transfer markets closed. Despite this, the health measures imposed by the Government (lockdown of the population and a drastic reduction to mobility, banning of the public from large-scale event, as well as the competition being halted from mid-March to mid-June 2020), caused very negative effects in financial terms, which the Spanish professional competition summarised in two large blocks:

A. Losses caused by COVID-19 (lower revenues and/or higher expenses)

B. Divergence of revenues and expenses between the 2019/20 accounting year (ended 30 June 2020) **and the sports season** (ended effectively in July for the league championship and in August for UEFA competitions)

As explained in last year's Financial Report, in relation to the aforementioned effects and in preparing their annual accounts, some of LaLiga's clubs (with or without a qualified opinion of their auditors) considered it appropriate to allocate the income and expenses of extraordinary months in which the competitions were extended to the accounting year for S 19/20, while others decided to assign them to S 20/21. This distortion caused by the different method used even occurred among entities whose annual accounts were verified and certified by the same auditing firm.

Aware of this panorama, the Association approved an agreed procedures protocol (PA-COVID) – mandatory for all professional clubs – that tries to homogenise how the financial information of its associates is processed in such a manner as to allow comparability and uniformity when performing the corresponding analysis related to S 19/20 and S 20/21, irrespective of the accounting allocation applied by each entity.





Based on the information provided by both the Annual Accounts and the PA-COVID reports, the Association has proposed a three-pronged approach to financial analysis:

1) Formal dimension: according to the **audited Annual Accounts** of each of the 42 clubs that make up the competition (irrespective of the accounting criteria applied), with the approval of their auditors.

2) Adjusted dimension: Comparable or homogeneous Annual Accounts, after eliminating the "transfer" (or "displacement") effect associated with numerous teams allocating income and expenses for the 2019/20 sporting season in the 2020/21 accounting year, according to the accrual principle. By virtue of this adjustment, all income and expenses of S 19/20 computed in Annual Accounts in the 2020/21 financial year have been transferred to the 2019/20 financial year. Similarly, and following a principle of symmetry, in the last completed S 20/21, all income and expenses corresponding to S 19/20 (two months, for various teams) have been removed from the 2020/21 financial year, as they had already been computed in the 2019/20 financial year in this adjusted dimension.

3) Ex COVID dimension: theoretical dimension (post factual) of the Annual Accounts, consisting – in addition to eliminating the previous transfer or displacement effect – of calculating the estimated income and expenses of clubs had Covid not occurred, under a uniform calculation criterion for all teams.

The purpose of the Association with these adjustments is to enable an exhaustive and truthful financial analysis, both at a club level individually and an aggregate basis, eliminating potential biases produced by the heterogeneity of the accounting process used in preparing the Annual Accounts, and that ultimately allows the true and fair economic image of its associates to be guaranteed.

Unless expressly stated otherwise throughout the document, **this Report has been prepared based on the adjusted dimension** (eliminating the translation effect), **thereby referring to the full 2020/21 sporting season, irrespective of the accounting date or financial year allocation**. It is understood that this is the most consistent approach and the one that best reflects the financial outcome of the competition and providing the contrast with previous seasons, as well as the proper estimation or forecast of the current season.

Notwithstanding the foregoing, reference will be made at different times to the financial results obtained taking the strictly the formal dimension into account (which, although being the official one, is not uniform or consistent), or the ex-COVID dimension (which is essentially theoretical – unreal – but that may be interesting to show in certain explanations to facilitate understanding and improve the conclusions of the financial analysis).

On the other hand, the temporary differences should be taken into account when comparing the economic results between the different European benchmark leagues.

LaLiga: fundamental aggregate figures 2020/21



Total Income (TI)

€3,818m

Gross CAPEX

€843m

Annual TI change

-24.1%

Net CAPEX

€300m

EBITDA

€154m

Net Equity

€1,192m

EBITDA margin

5.2%

Gross financial debt (GFD)

€3,354m

Net Result (NR)

€-892m

Annual GFD change

-2.5%

ROIC

-16.4%

Net financial debt (NFD)

€1,946m

NFD / Turnover ratio

0.65x

Aggregate LaLiga Enterprise Value (actual underlying amount transacted with CVC – LaLiga Plan Impulso deal)

€24,250m

Economic value added (EVA) surplus in the series of six financial years (despite the severe impact of the Covid crisis in the last two)

€42m

Global TV audiences

2,845m

Global social media followers

655m

Aggregate Enterprise Value of individual Spanish clubs (measurement by LaLiga using DCF method and market multiples)

€10,800m - €12,500m





Letter from the Chairman



Once again, I have the pleasure of presenting the Financial Report on Spanish professional football. This time it corresponds to the last completed season (2020/21).



Just two years ago, had someone tried predict the future of the world resulting from an unprecedented global health emergency and pandemic, we would have doubted their sanity.



Yet this is exactly what happened. Both society and the economy were plunged into devastating impacts and consequences, the like of which have not been seen since at least the 30s and 40s of the last century. Essentially because it has been an unforeseen health crisis that turned into an economic crisis with a major impact. The virus has affected our way of life, mobility, social interaction, even the basic principles on how we live and work. But we accepted it with a greater purpose, with an ultimate goal: to preserve our individual and collective health. Although we in the most developed countries have been fortunate enough to be able to counteract the exceptional nature of the situation thanks to the joint and coordinated effort between governments – and of these with the private sector – that have contributed to offsetting the adverse effects, we must not forget that our privileged position is a worldwide discrepancy. This crisis has disproportionately affected the least developed regions, the most unprotected, who are the most vulnerable.

The advances made in mass vaccination that we have enjoyed is still the exception that confirms the rule on a global scale. This must not be forgotten. For the lucky ones, this has allowed us to glimpse the beginning of the end of the upheaval of the last two years and the gradual recovery of normalcy, although we will have to learn to live with the virus for a while as it gradually moves from a pandemic to being endemic. In short; we are getting closer to overcoming the nightmare.

The health situation has affected the essence of mass events such as football. It has truncated the way we see leisure and sport from an eminently social point of view, as a way of expressing our emotions. Professional football in Spain, and in the countries around us, was first suspended, recovered – with restrictions –, then normalised, only to be cut short again, immediately afterwards. This succession of restrictive measures had a serious impact on business stability and the expectations of economic agents, with all the framed within a major crisis and an impairment of the activity that has severely eroded Spanish and European football, as witnessed in many other productive sectors.

The 2020/21 season therefore coincided with the most acute phase of the pandemic. As is unsurprising in **LaLiga**, and the other European benchmark professional competitions, it appears we have

been abruptly set back five or six years. We have had to face all kinds of contingency: no matches being broadcast due to their suspension, clustering and rescheduling of television schedules (with the consequent impact on resulting billings), and then the almost full closure of stadiums to the public – with the reduction that this entails on income from competitions and matchday –, downturn in the commercial investment capacity of our sponsors and advertisers in adverse economic context, as well as with their own corporate difficulties or budgetary limitations, and finally the collapse of player transfer markets. Under these environmental conditions, it is surprising is that "we are still standing".

But the truth is that we continue to stand. And it could insure that we are even stronger, if possible. Discounting the isolated decline in income and the severe erosion of profits, 2020/21 has not been a lost season. Conversely, it has been one of the most significant years in our history both in strategic and corporate terms. We have set the foundations for the activity to be profitable and sustainable in the coming decades. We have leapt 20 or 30 years in structuring transformational agreements at different levels – signed during this current season – that will allow us to maintain our growth in the coming years and that prepare us to face a future along markedly different lines from previous decades: Plan Impulso deal with CVC investment fund, internationalisation and long-term cross-border alliances, infrastructure modernisation, commitment to innovative IT and disruptive digitalisation – providing Spanish professional football with its own **LaLiga** Tech platform – and novel broadcasting structures and evolved commercial guidelines are just some of the elements that will allow us to better position ourselves for the future.

€7,000m

According to UEFA, the cumulative impairment in billings in the two seasons with Covid in European professional football as a whole is €7,000m.

In short, we have strengthened the foundations of our competitive advantages over other professional football leagues in the world, which will allow us to preserve, and even expand, our leadership position in the industry. We will begin to see the results shortly, as all these measures produce the results expected and the exceptional health and financial situation returns to normal. Some agreements reached are totally cutting-edge, pioneering in professional sports in our country. Many of these aspects will logically be addressed in next year's Financial Report, as the agreements were formalised during the current 2021/22 season, even though they were conceived, designed and developed in the 2020/21 season. Paradoxically, they were conceived and closed under very advantageous conditions for our interests, at the worst moment imaginable.

In immediate financial terms, the impact of the crisis on the last season is undeniable. Total income was down 24% year-on-year, essentially due to stadiums being closed to the public and the impaired player transfer market, which has affected both the divestments carried out by the clubs – with an immediate impact on the results – and the intensity of investments made in new sports talent, with the deferred effects being seen on these results gradually over the next few years. In so doing, the strong degree of coming together observed acts as an "automatic stabiliser" and a financial defence mechanism for the clubs in times of uncertainty. It must be underlined that **LaLiga** has absorbed the bulk of Covid's impact to date in the last completed season (2020/21), as the previous one (2019/20) was only minimally affected – unlike what happened to other competitions around us, which distributed this impact over two years. Other growth vectors for billings, such as merchandising or the use of facilities, were also severely impacted due to restrictions on mobility and the downturn in spending by economic agents.

However, there were also positive surprises in some income drivers that are particularly relevant for Spanish professional football, which not only did not suffer, but remained stable or even saw worthy growth, such as with broadcasting revenues or the commercial billings from sponsorships and advertising. The high resilience evidenced by these items highlights the proactive work the Association carried out to manage the crisis with audiovisual operators, as well as the value of **LaLiga** in general and the clubs in particular for economic agents that are projected to the market through us commercially. This is why we must continue our commitment to maintaining the value and image of the brand, which relies not only on being able to preserve the current pace of constant improvement and professionalisation thanks to our initiatives, but also on our being able to stand united. The cohesion of **LaLiga** is as important as the sporting successes of our teams. Spanish professional football is a large and complex ecosystem that requires all its different elements to work in harmony to continue maximising its visibility and economic value, to the ultimate benefit of all its member clubs. Even so, even today, a few still do not share this understanding. Fortunately, the vast majority do. We must persevere.

In this adverse financial context, the the immediate financial performance of the Spanish professional competition has been exceptionally negative. However, this is no more than what has happened with the other European benchmark professional football competitions. In fact, the negative impact on financial results has been commonplace in our industry, both in terms of causes and intensity. According to UEFA, the cumulative impairment in billings in the two seasons with Covid in European professional football as a whole is €7,000m.

Despite this, I really must highlight the impressive effort made by clubs to match their expenses and investments to the crisis situation. For the first time in the last decade, since the implementation of Financial Control in the 2013/14 season (a year in which another economic crisis was going on), a decrease in the intensity of these headings has been witnessed. Not only that, the 2020/21 season was the first in which the levels of indebtedness in Spanish professional football, far from increasing, have paradoxically decreased (albeit slightly).

In addition to the prudence shown in managing operating costs, the efforts of the entities and in many cases of the players themselves, many **LaLiga** clubs have benefited from the commitment of their shareholders, who subscribed and paid up share capital increases, and all made use of liquidity balances accumulated in previous years. There is no doubt that our situation would not be the same had this health crisis occurred just 10 years ago. The two years that we have been suffering from COVID-19 have coincided with a healthy, sturdy and profitable competition. And with an industry capable of absorbing specific losses calmly and without impossible efforts.

However, we must not ignore the delicate situation that a benchmark club in particular is going through at a financial level. The notable relevance and financial scale of this entity conditions the poor aggregate results of **LaLiga** as a whole, accounting for almost 60% of the aggregate operating and net losses recorded by the Spanish professional competition. However, we are certain that this institution will shortly return to the balanced and solvent path that has always characterised it. The Association we will not skimp on all any effort required to help it achieve this.

The beginning of the normalisation of the scale and metrics of the business will start to be seen in the current 2021/22 season, although it will not be immediate. Despite the fact that ordinary billings will recover quickly, the crisis has ostensibly degraded the player market, a critical dimension of the activity on a European scale. This sphere had been showing unprecedented growth and dynamism over the last few years. This had allowed competitions with the greatest capacity to generate, rotate and monetise the sporting value created to their advantage to obtain significant income and profits. Among the three major European leagues, the Spanish league benefited the most (quantitatively and qualitatively) from this feature in the years before the pandemic. That is why the relative impact on this part of the business is greater in **LaLiga**. As explained in the Report, an element that has been a recurring comparative advantage of growth and profitability for Spanish professional football has occasionally become a handicap.

The sluggishness of this transfer market seems to have continued this year after the winter and summer player windows. On the other hand, our Financial Control function, one of the cornerstones where **LaLiga's** success has differed to other competitions in recent years, which contains a regulation that is even stricter than the UEFA fair play regulations, severely restricts the intensity in which Spanish clubs can buy and sell players under situations like the current, to avoid creating imbalances and bottlenecks – as has happened in the past – that erode the competition economically and threaten its financial solvency. We cannot allow it and it would not make sense, even more so with our sights set on a hopeful medium term. Beyond the formal appearances and the impacts on the immediate results, activating this automatic stabilisation mechanism, which is working completely effectively in the Spanish competition, becomes a powerful compensation instrument for the finances of our associates in times of uncertainty and in unfavourable business scenarios. However, due to accounting regulations in force, the favourable impact on financial results has a more asymmetrical nature from a temporary point of view, and will only be seen gradually in the coming years.

We are firmly convinced that the gradual return to normality will make it possible to recompose most of the economic impact caused by the pandemic associated with COVID-19 from the 2022/23 season. By 2023/24, the business scenario that we have enjoyed in recent years should be practically restored in full. Likewise, we are pleased to confirm that the major effects that this health crisis could have had on our group have been significantly mitigated by the enormous transformation and financial restructuring efforts undertaken over the last decade by all clubs individually, and by **LaLiga** as a whole, which allowed the Spanish competition to confront this scenario in optimal conditions in terms of solvency.

On the other hand, the strategic alliances reached and already consolidated by the Association, as well as the development in the near future of certain groundbreaking projects aimed at improving each and every **LaLiga** member, will undoubtedly set the course that the other European competitions – and

by extension, the sports and entertainment sector – should follow to adapt to the profound sectoral changes we are going through.

Without a doubt, we will soon be carrying out our activity in terms of normality and will continue to consolidate the optimal financial path that Spanish professional football was on before the pandemic. **LaLiga**, faithful in its commitment to clubs, will continue to grow profitably, proposing new formulas that allow it to generate added economic value, and working with the conviction that we are stronger together. This crisis has demonstrated the suitability of the adopted strategy and it is time for us to stick together to undertake new projects that consolidate **LaLiga** as a model of innovation, leadership, cohesion, transparency and profitability at an international level.

With best wishes,

Javier Tebas Medrano
Chairman of **LaLiga**

April 2022



LaLiga:

Main events of the 2020/21 season



2020

Presentation of the new official **LaLiga footballs: Accelerate and Adrenaline**

AUGUST

1

2

3

4

5

6

JULY

Grand Final of **LaLiga Santander**

01.07.20

Launch of **Players**, a pioneering app for players

OCTOBER

SEPTEMBER

Start of the 2020/2021 season of **LaLiga Santander** and **LaLiga SmartBank**, the first season fully held under the effects of Covid and with the stadiums closed to the public from the outset

Eleven clubs jointly receive a €67m loan from Rights & Media Funding Limited co-structured by **LaLiga**

DECEMBER

NOVEMBER

Graduation of the second class of **LaLiga Business School**



LaLiga: **Summary of the** **2020/21 season in** **figures**

1



LaLiga: Summary of the 2020/21 season in figures



Significant impact caused by COVID-19 in the 20-21 Season:

As in the other European benchmark competitions, the effects of the crisis caused by Covid for **LaLiga** in financial terms during the last completed season were severe, affecting the entire financial year. S 20/21 (adjusted dimension or S 20/21A) is the one with the greatest effect (substantially higher than that recorded in S 19/20 and those forecast for the current S 21/22).

This impact can be quantified in lower (reduced) income and results in the last completed season for **LaLiga's** adjusted aggregate figures, as anticipated in last year's Financial Report. The effective variations have been:

Total Income

▽ €1,212m
vs. △ €156m in S 19/20

Net Turnover (ordinary billings)

▽ €562m
vs. ▽ €62m in S 19/20

EBITDA b/T (gross operating result before the transfer of players)

▽ €426m
vs. ▽ €155m in S 19/20

EBITDA a/T (gross operating result after the transfer of players)

▽ €862m
vs. ▽ €118m in S 19/20

EBIT (operating result)*

▽ €1,054m
vs. ▽ €222m in S 19/20

Net Result**

▽ €943m
vs. ▽ €173m in S 19/20

* Although approximately a quarter of the accounted net operating decrease is associated with mere accounting conventions derived from different balance sheet write-offs carried out

** Final losses of which approximately ~60% relate to a particularly large club in **LaLiga**

Although the main European competitions present peculiarities, the negative downturn in all of them have been similar or greater than those in **LaLiga**, both in S 20/21 and in the accumulated figures of the two seasons with Covid. UEFA estimates that European professional football suffered an aggregate decline in its turnover (i.e. *NT*) of around €7,000m in the two financial years that concluded under the effects of the pandemic.

Without the effects caused by Covid, **LaLiga's Total Income** (i.e. *TI*) could predictably have reached €5,166m (vs. the €3,818m actually reported), which would represent moderate growth (+6.0%) over S 18/19, the last one prior to the pandemic, when it stood at €4,874m. It would have been the second consecutive year exceeding the benchmark level of €5,000m, an unprecedented event in the history of Spanish professional football.

Expected impact of Covid notably lower in the current 21-22 Season:

It is expected that the negative impacts of the pandemic will be substantially less in the current season than the last completed S 20/21, thanks to the planned holding of matches in the competitions uninterrupted and the gradual return of the public to the stadiums, as well as the favourable evolution of other items. Although it is true that the player transfer market continues ostensibly below pre-pandemic values, a common situation with the other major professional football competitions, certain signs of recovery are perceived that, in the absence of new exogenous elements in the markets that make it difficult, will allow normality to practically fully recover from S 23/24.

The Financial results are heavily distorted by the serious economic crisis of a particularly significant club, as well as by impacts of a non-recurring nature:

In the last completed financial year, these elements degrade the aggregated formal view of **LaLiga**. However, particularly favourable elements have also emerged: lower cash flow consumption by the business – thanks to the containment of expenses and operating investments –, reduction in aggregate gross debt and share capital increases in numerous clubs. All this confirms the effort made by the entities (and the players) during the season, the ability to adapt to the economic context and the firm commitment of shareholders with their entities.

Cumulative income drop for LaLiga in the two seasons with Covid less than expected and below the correction seen in UEFA competitions as a whole

Total Income (TI) underwent a major adjustment, although its long-term growth is maintained:

Comparable TI (complete season 2020/21) contracted to €3,818m (-24.1% vs. S 19/20, assuming the bulk of the accumulated impact of Covid this season) → *Broadcasting* revenue stands out (~44.2% of TI; variation of +1.5%¹ vs. S 19/20) and commercial income (~23.7% of TI; variation of -8.2% vs. S 19/20). The increase in the specific weight of both items (the highest contributions historically achieved) is related to the strong contraction experienced by the other items as a result of the pandemic (base effect) → *Matchday* (~10.1% of TI; decrease of -52.7% vs. S 19/20 due to practically all matches being held behind closed doors – with greater restrictions in Spain than in other countries – as well as the unassuming sporting performance of Spanish clubs in European competitions), and the *Selling Price of Players* (~14.2% of TI; variation of -52.0% vs. S 19/20 as a result of the sharp drop in activity in this market; the lowest recorded since S 16/17). In any case, the lower activity in the transfer market, which severely affects divestments ((sales of players)) made by clubs, and by extension the immediate visibility of the results, is favourably offset by an effective self-protection mechanism for clubs and an "automatic stabiliser" of their financial position, closely linked to the Association's Financial Control. This system protects the balance sheet and cash position of the entities in exceptionally adverse situations by imposing constraints on investments (purchases of players), increasing the financial resilience of the clubs. Other less important concepts explain 7.8% of the TI generated. In the long term, however, the Spanish competition's cumulative average annual growth, both in TI and ordinary billings (NT), continues to be positive (CAGR_{5y} +3.5% and CAGR_{5y} +4.0%, respectively).

Maintenance of the convergence process between competitions:

LaLiga SmartBank has achieved its highest historical contribution to the group (11.0% of *LaLiga's* TI) → evidence of an ever more balanced competition and with a more equitable distribution of financial results.

Severe EBITDA contraction and margin adjustment:

LaLiga's EBITDA after player transfers (gross operating result after transfers or EBITDA a/T) (€154m) is in positive territory, but with the lowest recorded in recent seasons, which represents an annual drop of 84.8%. The margin on billings has also decreased markedly and on a one-off basis due to the exceptional circumstances – standing at 5.2% – but with 26 of the 42 clubs (~62%) still offering positive figures.

Significant containment of operating costs and retaining business efficiency:

Operating expenses (OPEX) decreased 4.7% in absolute terms, the first annual decrease in the last decade. All in all, the ratios of the wage bill and OPEX on TI stood at 63.4% and 86.9% respectively, high levels in relative terms that are considerably above the average of recent years and that are due to the sharp one-off decrease in TI, which distorts the resulting ratios due to the large base effect (i.e. abrupt decrease in the denominator of the corresponding ratios). These metrics would rise to 81.3% and 111.4% respectively had they been computed on *LaLiga's* aggregate NT.

¹ Formally, the income from Broadcasting figure in S 19/20 was €1,740.8m, with a variation of -3.0% in S 20/21. However, this figure for S 19/20 is distorted upwards by there being agreed returns of audiovisual rights amounting to €76.9m in S 19/20, which clubs have accounted for differently. Had all these adjustments been computed in the billings of S 19/20, the revenue from Broadcasting in that season would have been €1,663.9m, giving rise to growth of 1.5% in S 20/21.

The Spanish competition's operating profit (EBIT) and net result (NR) were negative at the aggregate level for the first time in the last decade.

This follows the pattern seen in the other European competitions and that **LaLiga** was able to avoid in the previous season. However, 14 of the 42 teams (~33%) managed to make a positive operating profit (EBIT) and 12 of the 42 (~29%) final profits (NR) in S 20/21, even in such adverse business conditions. Furthermore, a single club accounts for practically 60% of the Spanish professional competition's aggregate operating and net losses.

The expenses associated with mere accounting conventions exacerbate the previous losses:

These debits (impairments made on the value of operating assets and net provisioning), included at the EBIT and NR level, but without an immediate effective financial impact, amounted to around €250m. These do not occur in a granular manner in **LaLiga's** clubs, but are exceptional and are concentrated in a particular entity, which made extraordinary write-downs. Without these formal adjustments, the actual aggregate losses would have been substantially more curtailed.

Considerable containment of the investment rate (CAPEX):

LaLiga's gross operating investments amounted to €843m, and net productive investments (investments-divestments) to €300m, the lowest level recorded in the last six seasons, which shows the operational effort made by the clubs to offset the drop in income and accommodate liquidity needs to exceptional business conditions. This investment behaviour becomes an effective automatic offset or stabilisation mechanism in unfavourable business scenarios such as the one that occurred. So much so that it is expected that **LaLiga's** aggregate Free Cash Flow (FCF) will be a surplus or close to *break-even* in the current S 21/22 for the first time in four seasons. The operational containment of the Spanish competition (at an expenses and investments level) affords significant financial resilience and leads to

immediate solvency, counteracting the negative effects (shocks) of the environment on the volume of the activity.

Control of debt levels:

The gross financial debt (GFD) reached €3,354m, with a decrease of €86m (-2.5%) in the last year thanks to the operational containment (OPEX and CAPEX), the share capital increases carried out and the availability of cash balances accumulated in previous seasons. Net financial debt (NFD) stood at €1,946m. Approximately 40% of **LaLiga's** total net debt is concentrated in a single entity.

Liquidity at very high levels → greater flexibility against the duration of the crisis associated with Covid.

Available cash balances remain high at an accumulated amount of €628m (above the average of previous years, despite the decrease compared to the previous season). If the financial investments and other financial assets of the entities are added to this amount, the excess liquidity amounts to €1,408m.

The Spanish competition's operating profit (EBIT) and net result (NR) were negative at the aggregate level for the first time in the last decade

Sustainable financial leverage ratios:

Despite the strict debt control (gross financial debt -GFD- and net financial debt -NFD-), the underlying credit ratios have increased, on a one-off basis, due to the reduce in income and the exceptional contraction in results: the net financial debt (NFD) / NT ratio stands at 0.65x and the NFD / EBITDA a/T at 12.6x. If the data of the particularly significant club that accounts for ~40% of **LaLiga's** NFD and that is going through special circumstances is isolated, these indicators would result in NFD / NT of 0.49x and NFD / EBITDA of 4.6x. On the other hand, the debt level (GFD of €3,354m and NFD of €1,946m) is significantly lower than the market value of **LaLiga's** operating assets (players + infrastructures), which amounts to between ~€8,000m and €8,500m according to information from various external independent public sources. The record is even lower than the mere net book value of the competitions aggregate non-financial fixed assets (i.e. players, infrastructure and other operating assets), which stands at ~€4,400m. For its part, the aggregate *Enterprise Value* (EV) of the 42 clubs that make up Spanish professional football would be around ~€10,800m-€12,400m, despite the pandemic and including the immediate erosion suffered by a significant entity, representing several times the cumulative level of NFD. The foregoing comes from **LaLiga's** internal measurements carried out by applying different methodologies commonly accepted on financial markets, such as discounted cash flows (DCF) and market multiples (i.e. real transactions and listed clubs in the European environment).

High solvency and degree of capitalisation in the Spanish competition:

Equity Ratio (i.e. net equity / total liabilities) of 17.7%, a level that has been strengthened by the capital increases committed to by the shareholders of many entities (for €213m) and which have made it possible to partially absorb the notable one-off accounting losses recorded by the competition in the season. **LaLiga's** aggregate equity amounts to €1,192m, excluding the balances of subordinated debt that some clubs have granted, fundamentally by their shareholders, from this amount. It should

be noted that this level of aggregate capitalisation would be ostensibly higher were it not for the marked negative equity of approximately €-450m accumulated by a significant entity, without which the *Equity Ratio* would stand at 28.8%, a level substantially higher and more representative of **LaLiga's** high degree of effective capitalisation.

In short, Spanish professional football has overcome the most acute phase of the crisis caused by COVID-19, and has done so substantially better than other benchmark competitions in terms of impact on income and profits, despite the significant one-off adjustments made, particularly in the last completed S 20/21. This has allowed gross debt levels in the season to be maintained, standing at reasonable levels, with no cash constraints or stresses and avoiding unexpected financial solvency difficulties at an aggregate level. As the exceptional negative circumstances that have characterised the context in which the activity unfolds are overcome, starting with the current S 21/22, it is expected that the situation will gradually normalise until vigorous growth, the remarkable visibility of the results and the high capacity to create economic value that has featured **LaLiga** in the seasons prior to the pandemic have recovered. This situation should be almost fully consolidated in S 23/24.



LaLiga: **Analysis of the** **2020/21 season**

2



LaLiga: Analysis of the 2020/21 season



Both 2020 and 2021 will go down in history as the most economically and socially complicated seasons for decades in global terms. The COVID-19 pandemic had a very severe impact on people's way of life and the activity of the productive sectors, something that is already well known by the population as a whole. Fortunately, developed countries were able to implement adequate measures to counteract the situation and learn to live with the virus. The mass vaccination plans for the population, as well as the learning curve itself, in both institutional and social spheres, substantially improved the situation and made it possible to predict the transition from a pandemic situation to one that is endemic, in which the negative effects at all levels should gradually reduce. Unfortunately, this privileged position of the most favoured countries has not yet extended to the rest of the world.

The completed S 20/21 marks the height of the crisis caused by Covid for European professional football

The health crisis that we have been going through since the beginning of 2020 affected professional football around the world, with particular intensity in the 2020/21 season (S 20/21), which corresponded to the most acute phase of the pandemic and with all championships affected by it (unlike in S 19/20 where only the final third of the competition was affected), at least in Europe. The evolution of the

virus has affected the very essence of a social sport such as professional football. Only a small portion of the league championship games had fans in the stadiums; the final games of the season in some locations. On the other hand, the economic effects of the pandemic have impacted economic activity as a whole. Spain's gross domestic product (GDP) fell 9.8% in nominal terms in 2020, although it increased 7.4% in 2021 (rebound effect).² On an absolute basis and at current prices, GDP reached levels seen four years ago at the end of 2021, resulting in an unprecedented economic crisis in the country's recent history but caused by a one-off supply and demand shock with the origin being a health crisis, rather than long-term structural conditions of the economy (as occurred in the previous global crisis in 2008). The contraction of the Spanish economy was greater than that of other surrounding markets due to the specific features of the country's economic structure, with productive sectors highly dependent on services in general and particularly on domestic and international mobility. This caused perverse effects throughout the macroeconomic transmission chain. However, everything seems to point to the recovery being solid and rapid in 2022 onwards, even with the appearance of new variants of the virus, inflationary pressures and with certain geopolitical tensions in Europe. The coordinated response of national governments and international organisations – with expansionary economic policies that alleviated the immediate effects of the pandemic and created the conditions for solid growth in upcoming years – has undoubtedly contributed to these expectations. But these favourable prospects do not prevent the last two calendar years – mainly coinciding with the completed S 20/21 – from being particularly

² In real terms (i.e. constant currency), GDP contracted by 10.8% in 2020 and increased by 5.1% in 2021.

complicated. The effects have been severe for **LaLiga's** clubs, a situation shared with the large professional football competitions in Europe. For the Spanish competition, S 20/21 had around 75%-90% of the total economic impact caused by the pandemic in the last two financial years as a whole, since the repercussions on S 19/ 20 were, unlike in the other large international leagues, merely testimonial.

At financial level, COVID-19 had a major impact on LaLiga in S 20/21, as it did with the other European benchmark competitions

Added to the direct or indirect decrease in billings due to matches being played behind closed doors or for other necessary adjustments (e.g. reimbursements to audiovisual operators, decrease in advertising expenses by companies, closure or less activity of commercial establishments, paralysis of investment decisions by sponsors, shrinking of consumption levels by fans, etc.) is the sudden slowdown (from the summer of 2020) of the player transfer market, which affected both the number of transactions and their average value,³ clearly depressing the activity in the large European markets, the income generated and, ultimately, profits. However, this slowdown in transfer activity, despite reflecting a sudden drop in income, represents an equally rapid mechanism for stabilising and defending the financial situation of the clubs, since the levels of net investment are ostensibly reduced, protecting liquid resources and keeping debt levels stable. On the other hand, the Association foresees the transfer market recovering to almost pre-pandemic levels from S 23/24, when normality would begin to be restored in financial terms, i.e., it would be possible to return to the levels prior to the health crisis for both income and profits. The growth that occurred in recent seasons has been

dizzying, but also balanced, markedly sustainable and profitable from a financial point of view. Proof of this has been the acceleration of the appetite for investment of the capital markets for professional football as a business in recent years, a trend that has fed back the process of professionalisation, transformation and creation of added economic value for the activity. There is nothing to indicate that this trend will stop in the future; instead, everything points to it even accelerating, although the negative effects of what has been experienced will unsurprisingly take a few years to fully overcome. The good news is that, at an aggregate level, professional football – particularly Spanish football – faces this scenario with its financial "homework" done, with a very considerable business size and with a healthy equity position and, therefore, sufficient capacity to withstand the onslaught of a situation as extraordinary as the one we are experiencing, something unthinkable just a decade ago. This will allow it to absorb and overcome difficulties in a reasonable manner, with the need to make considerable – but not exceptional, nor overwhelming – efforts for all its members, at least in general terms.

During the season, the Association deepened the foundations to maintain the Spanish professional football's growth and transformation path for the future

It should not be overlooked that the high resilience shown by **LaLiga's** clubs would not have been possible without the notable individual efforts to adapt to the unfavourable circumstances that arose for the entities, as well as the active and far-sighted management of the Spanish Association on various fronts. This endeavour has been reflected in containing current expenditures and investments in S 20/21, but also in the renewal or signing of key commercial agreements and pioneering strategic alliances that lay the foundations for the future, as

³ In reality, it is not just a contraction in the number of transactions and in the average amounts in the player market, but rather a change in the profile of operations, with an increasing presence of free transfers or leaving due to termination of contract, as well as temporary assignments.

well as the launch of new lines of business. Initiatives such as **LaLiga Tech**, the *Plan Impulso* deal with a world-class partner in CVC (transaction finalised in the current S 21/22, but designed and negotiated throughout S 20/21), the upwards renewal of the audiovisual agreements in North America or other countries, maintaining the internationalisation strategy, reconfiguring the tendering for national broadcasting rights – optimising it –, the signing of major sponsorship agreements and commercial alliances by the Association at a collective level or clubs at an individual level, the commitment to digitalisation and new technologies, etc., are among the greatest achievements of **LaLiga** in its history, paradoxically in a global context of general upheaval, laying the foundations for a new even longer lasting expansive cycle of activity.

The financial outcome of **LaLiga** during S 20/21 therefore deserves an appropriate and in-depth analysis.

Activity volume

Total Income ("TI")¹ registered by the group of clubs that compete in **LaLiga** (First Division – **LaLiga Santander** – and Second Division A – **LaLiga SmartBank**) amounted to €3,817.7m, a 24% decrease compared to the previous season (S 19/20, with the final third of the period under the effects of the pandemic), which saw a record *TI* of €5,029.2m, the highest reached in the history of Spanish professional football. Looking at the longer term, in all the last six completed financial years – the time series analysed in this Report² – the average annual growth rate ("**CAGR_{5y}**")³ was +3.5%, despite the sharp contraction in the last financial year. This sustainable growth is approximately 2.5 times greater than Spanish GDP growth at market prices (*GDP_{pm}*) in the same period,⁴ from which it can be concluded that the contribution of Spanish professional football to the economy as a whole continues to expand.

Total Income continues to grow at a high rate in the long term

LaLiga's average annual growth (CAGR) during the period from 2015/16 to 2020/21



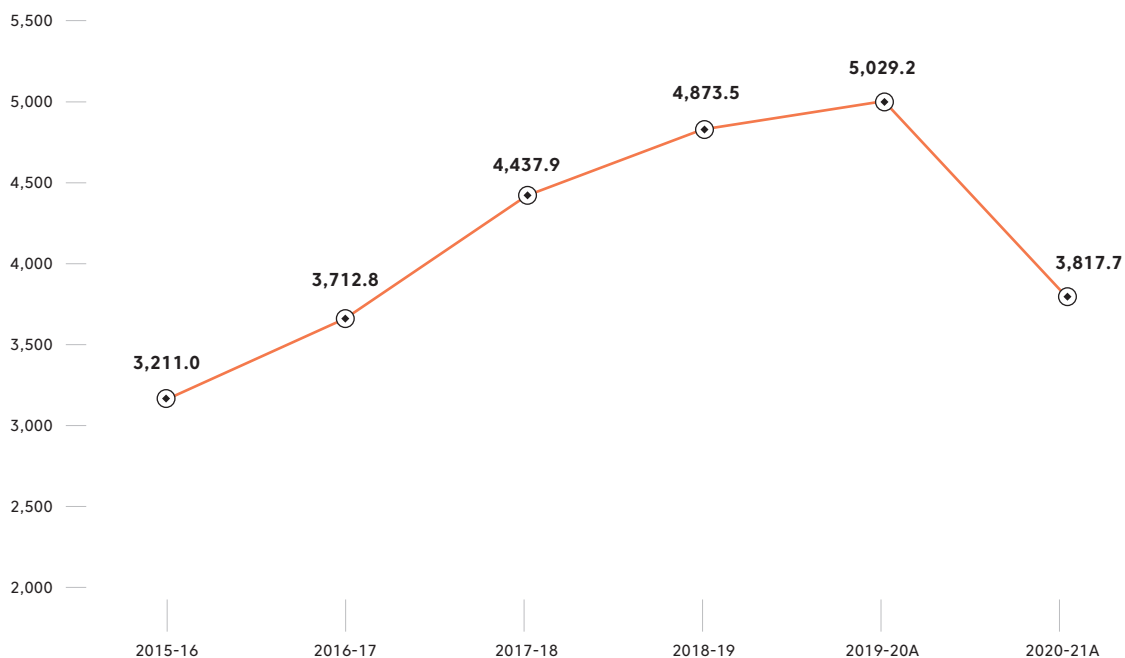
Cumulative total growth during the period from 2015/16 to 2020/21



It is also very significant that the weighting of **LaLiga's** Second Division as a whole is increasing, reaching 11.0% of *TI* in S 20/21 (vs. 9.4% in S 19/20), a contribution never previously achieved by **LaLiga SmartBank**. This is hallmark of a competition that is increasingly balanced and with more fairly distributed financial results, in line with the strategy advocated by **LaLiga**. It should be noted that the sharp increase in the weight of the Spanish professional football second division in the last completed season also has a lot to do with the peculiarities of the crisis and the differential negative impact on the largest clubs, which are those that depend more on income items that were particularly affected by Covid. Therefore, it is to be expected that this higher weighting of **LaLiga SmartBank** will gradually adjust downwards in upcoming seasons. In the longer term, it should be noted that since S 11/12 (10 complete seasons), **LaLiga's** *TI* has practically doubled, even taking the acute adjustment of the last financial year into consideration, going from €2,228.8m in that season

After exceeding the €5,000m mark, Total Income fell sharply, with S 20/21 absorbing most of the cumulative impact of Covid in the last two seasons

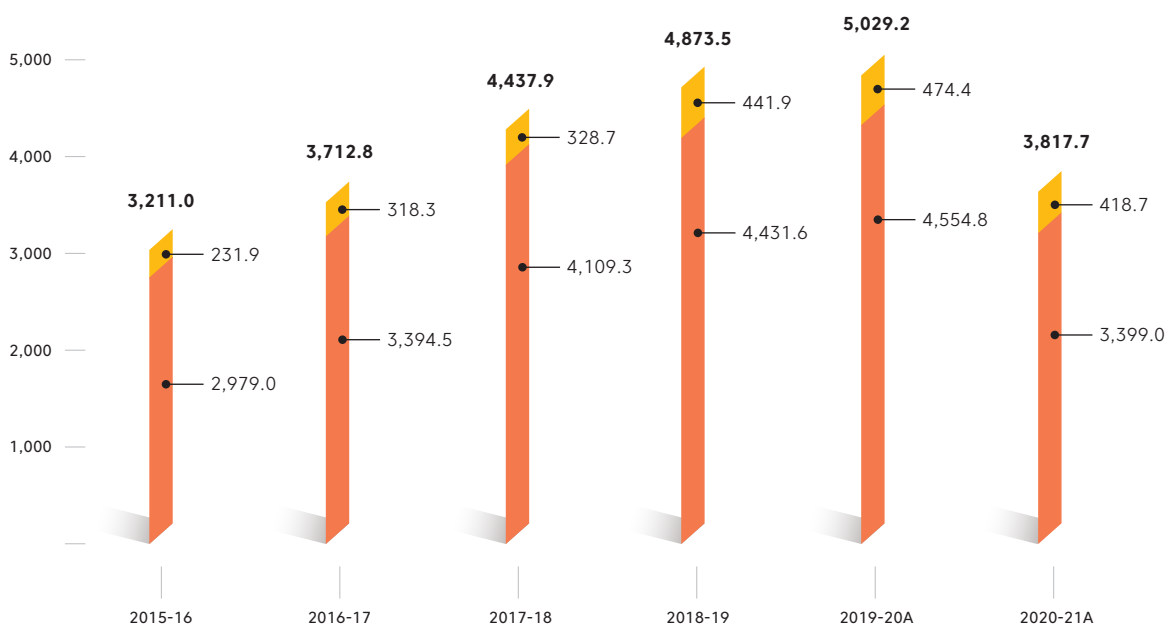
⁴ Spain's current GDP (at market prices – mp) from 2016 to 2021 vs. LaLiga's Total Income for S 15/16 to S 20/21 (equivalent period).

Graph 1 | LaLiga | Total Income – TI (€m)

Growth S 20/21: -24.1% CAGR_{sy}; +3.5% Total increase_{sy}; +19.0% (x1.19)

Graph 2 | LaLiga | Contribution of competitions to TI (€m)

TI - LaLiga Santander
TI - LaLiga SmartBank



Contribution of divisions to TI: 89.0% LaLiga Santander and 11.0% LaLiga SmartBank (greatest weight in the series)

Table 1 | **LaLiga** | Total Income (TI) - alternative analysis dimensions measures

to the record of €3,817.7m reached in S 20/21 (with the maximum of €5,029.2m in S 19/20).

It is also worth highlighting – as anticipated in the methodological explanatory note at the beginning of the Report – that all figures the document refer to the S 20/21 adjusted dimension. If the calculation of *TI* were carried out using the other two dimensions of **LaLiga's** analysis as a reference (formal dimension or Financial Statements, and ex-COVID dimension), the conclusions would be:

Although it is not possible to speak of growth engines in the last season, *Broadcasting* replaces *Matchday* as the mainstay of **LaLiga's NT**

LaLiga S 20/21**Alternative analysis dimensions due to the pandemic**

| | Formal (FS) | Adjusted (r) | ex COVID (e) |
|-------------------|-------------|--------------|--------------|
| Total Income (TI) | €4,004.3m | €3,817.7m | €5,165.6m |
| Δ% vs S 19/20 (A) | -20.4% | -24.1% | +2.7% |

In this sense, a first key conclusion would be the severe impact that the pandemic has had on **LaLiga** in terms of *TI* generated – at least during S 20/21. Contrary to what happened in the Financial Report last year, the adjusted dimension in this one is impacted in comparison to the formal one obtained from the aggregation of the latest annual accounts of the clubs since, in the first, the income of the 2019/20 sports season that was allocated to the 2020/21 financial year was taken away (around two months of the league championship and UEFA competitions, after the resumption of competitions in the summer that allowed them to be completed). However, the ex-COVID dimension – i.e., should the pandemic not have occurred – indicates that *Total Income* would have been predictably stable, assuming also that the dynamism in the player market had been maintained.

The contribution of **Net Turnover ("NT")** to *TI* in **LaLiga** has been the highest for several seasons, with a weight of 78.0% (vs. 70.4% last year). In the last

six years, since S 15/16, the average annual growth ($CAGR_{sy}$) of the competition's *NT* stands at +4.0%, despite the notable -15.9% contraction recorded in S 20/21 as a result of the health crisis. The *NT* is made up of income items from the ordinary billings of the clubs – those that are more stable, recurring and predictable – specifically:

Broadcasting: €1,688.4m (+1.5% in the last season / $CAGR_{sy}$ +9.6%).

This section is based on audiovisual rights in the national market and in international markets, marketed and distributed by **LaLiga**, coinciding with the second year of the second three-year cycle of joint selling of broadcasting rights since the approval of RDL 5/2015. It also includes the income from the market pool distributed by UEFA to the teams that played in European tournaments. It is important to note that effective management by the Association has allowed the adjustment of gross TV turnover in the season agreed with the operators due to the

pandemic barely reached -5% of the planned level, while they have been between -14% and -30% in the other UEFA benchmark competitions. Despite these corrections, and after the partial refund on television rights that was made to the operators and charged to S 19/20 (after the year end date of clubs' annual accounts), due to rescheduling, billings from *Broadcasting* represent an increase in S 20/21 vs. S 19/20 of +1.5%.⁵ On the other hand, it should be noted that billings for this concept have doubled in absolute terms compared to that recorded just a few years ago in S 13/14 before the entry into force of the joint marketing of these rights was approved. During S 20/21, other key events took place in this area: **LaLiga** finalised the tender details for the next audiovisual cycle, which was launched in the first part of the current S 21/22 and which contains significant new features (deadline, "granularity" and package configuration, etc.) aimed at encouraging new applicants and, ultimately, an optimisation of the final product obtained. All this is in an unfavourable market context, in which the renewal of the main domestic agreements for the European benchmark competitions resulted in significant annual reductions (between -4% and -8% per year depending on the competition). International agreements for these competitions are also being negotiated downwards, with aggregate annual average reductions reaching -50% compared to previous seasons in some cases. Faced with this generalised adverse trend, the Spanish Association expects to be able to continue expanding this income, albeit more moderately than in previous audiovisual cycles, which has been confirmed by the result of the tender in S 21/22 in progress and that could ultimately imply – when some minor packages pending award are tendered – an average annual increase of approximately 1.0% for the next five years. The final result achieved for the new cycle will be fully explained in the next annual Financial Report. On the other hand, during S 20/21, **LaLiga** renewed some of its most significant international agreements, such as those with North America or Mexico (with significant increases), which will have very positive effects on audiovisual billings in upcoming seasons, with an average annual growth of over 15% compared to the previous cycle.

Commercial: €904.6m (-8.2% / CAGR_{5y} +7.0%).

Includes sponsorship, advertising and merchandising items. This heading has consolidated worthy records – despite the unfavourable market context – as a result of its long-term contractual nature (sponsorships) and the increased visibility and brand value of the Spanish professional competition (even with the general drop in commercial activity, which is very sensitive to the financial situation). Looking at the evolution of the sub-items that make up this large heading, it is worth highlighting the good progress of the most important concepts (with greater weight), such as sponsorship and advertising, which have continued to expand above +4.2%. However, they were not able to counteract the collapse of those most directly affected by the restrictions on mobility resulting from the pandemic and the national state of emergency, such as merchandising and the use of facilities. The previous pattern allows us to predict that the commercial heading is in a position to once again record very notable growth as normality gradually recovers;

Matchday: €384.0m (-52.7% / CAGR_{5y} -12.3%).

The heading includes competitions / ticketing, members and other income distributed by UEFA other than for the market pool (TV), such as prize money (linked to the sporting performance of teams in competitions). Billings for this concept were severely reduced in S 20/21, mainly as a result of stadiums being closed to the public (the restrictions imposed by the Spanish authorities were much more severe than in neighbouring countries), but also due to the lower sporting competitiveness of Spanish clubs in the UEFA Champions League (UCL) during the last championship despite the new income distribution framework, which has substantially increased the distributions made compared to previous years.

Therefore, the majority (~90%) of the cumulative impact caused by Covid on the Spanish professional competition's aggregate billings came in the last completed S 20/21.

5 Formally, the income from Broadcasting figure in S 19/20 was €1,740.8m, with a variation of -3.0% in S 20/21. However, this figure for S 19/20 is distorted upwards by there being agreed returns of audiovisual rights amounting to €76.9m in S 19/20, which clubs have accounted for differently. Had all these adjustments been computed in the billings of S 19/20, the revenue from Broadcasting in that season would have been €1,663.9m, giving rise to growth of 1.5% in S 20/21.

All the major billings items decreased, but *Broadcasting* and *Commercial* did so only slightly, while *Matchday* was very abrupt

It should be noted that – at the *NT* level – **LaLiga's** drivers of growth have been alternating positively over time. Five seasons ago (S 16/17), it was *Broadcasting* that drove the increase in billings with the entry into force of the first three-year cycle of collective audiovisual rights, four seasons ago (S 17/18) it was *Commercial*, and three years ago (S 18/19) *Match Day* took the lead, driven by revenues from UEFA, which led to an increase in distributions made to participating clubs. Two years ago (S 19/ 20), it was again *Broadcasting* that boosted *NT* growth, which was related not only to the beginning of the second TV three-year cycle of the national market, but also with of the start of the slowdown caused by COVID-19 on *Matchday* income, which was only slightly affected in that first season of the pandemic (only the finally third of the competition was affected). In the last completed season (S 20/21) it is not possible to speak of a growth "engine" for **LaLiga**, since the three main billing items decreased. However, *Broadcasting* and *Commercial* withstood the impacts of the social and economic situation very well (in the first case, it even continued to increase in effective terms, as highlighted above). Conversely, *Matchday* underwent an unprecedented but one-off contraction – it must be considered an isolated and exceptional event – that hit the biggest clubs particularly hard; those with the most relative reliance on this heading. On the other hand, medium-sized or smaller entities barely saw any decrease in their billings due to the majority of the matches being played behind closed doors, because the contribution of *Matchday* to their overall billings is much smaller.

It is foreseeable however that, in the current season (S 21/22), *Matchday* will once again stand out above the rest, due to the "base effect" (it is expected that most matches will be played with spectators, although the capacity will be adjusted

to the evolution of the pandemic) and to the recovery of the sudden gap that originated in S 20/21. For its part, it is expected that *Commercial* will evolve well given the positive management by clubs on their sponsorship and advertising contracts, as well as due to the greater activity in stores and in the use of facilities. The resistance of *Broadcasting* throughout the pandemic shows the strategic importance of this *NT* item, not only because of its relative weight to the whole, but also because of its demonstrated robustness and stability, thanks to the active commercialisation of the collective audiovisual rights, the Association's active management of the extraordinary situation that has arisen and the structural increase in its added value for operators. In addition, the new audiovisual cycle in the national market that will begin in S 22/23, in which no decreases in the overall product obtained are foreseen – and the boost in international markets – allows us to believe that this heading will continue to thrive in upcoming financial years. In the longer term, initiatives such as the *Plan Impulso*, the strategic agreement recently finalised with the CVC fund involving the contribution of ~€2,000m in financial resources to invest mainly in infrastructure modernisation, internationalisation, brand development and products, and the technological and digital transformation of **LaLiga's** clubs, represents an added opportunity to generate incremental income, both from *Commercial* and *Matchday*. The details of the agreement with the fund will be fully explained in the next annual Financial Report, as the operation has been approved by **LaLiga's** clubs and the transaction with the investor was finalised in the current S 21/22.

Together with *Matchday*, the income obtained from the transfer of players explains a good part of the decrease in *Total Income*

Taking into account the considerable decrease recorded in *NT* in S 20/21 (-15.9%), the even greater aggregate growth experienced by *TI*

(-24.1%) necessarily stems from the evolution of the remaining sources of business generation, which are traditionally very significant in the Spanish competition:

- **Transfers of Players⁵** (i.e. selling price of federative rights), associated with the divestment of sporting talent by clubs: **€542.0m (-52.0% / CAGR_{5y} +4.5%)**, which has contracted sharply – standing at the same level as five years ago – after having exceeded the annual level of €1,000m during the two previous seasons, and
- **Other Income⁶** (revenues of an operational and financial nature): **€298.6m (-17.6% / CAGR_{5y} -1.7%)**, an item that has shown a clear downwards trend in its contribution to **LaLiga's** total *TI*, as it is a heading of a more erratic or volatile nature (e.g. miscellaneous operating income), or sometimes mere accounting conventions without an immediate impact on cash (e.g. release of provisions, reversals of impairments on the value of assets, regularisation of capital grants received, etc.).



Table 2 | **LaLiga** | Evolution of Total Income (€m)

| LaLiga | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20A | 2020-21A | CAGR % | Abs. |
|-----------------------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|---------------|--------------|
| Matchday | 740.2 | 761.3 | 761.5 | 948.2 | 812.2 | 384.0 | -12.3% | 0.52x |
| Δ% | - | 2.9% | 0.0% | 24.5% | -14.3% | -52.7% | | |
| Broadcasting* | 1,065.6 | 1,476.4 | 1,571.6 | 1,668.9 | 1,740.8 | 1,688.4 | 9.6% | 1.58x |
| Δ% | - | 38.5% | 6.4% | 6.2% | 4.3% | -3.0% | | |
| Commercial | 643.9 | 706.3 | 932.5 | 983.8 | 985.7 | 904.6 | 7.0% | 1.40x |
| Δ% | - | 9.7% | 32.0% | 5.5% | 0.2% | -8.2% | | |
| Net Turnover (NT) | 2,449.8 | 2,944.1 | 3,265.7 | 3,600.9 | 3,538.7 | 2,977.1 | 4.0% | 1.22x |
| Δ% | - | 20.2% | 10.9% | 10.3% | -1.7% | -15.9% | | |
| Players Transfers (selling price) | 435.3 | 472.9 | 936.7 | 1,006.7 | 1,128.3 | 542.0 | 4.5% | 1.25x |
| Δ% | - | 8.6% | 98.1% | 7.5% | 12.1% | -52.0% | | |
| Other Income | 325.9 | 295.7 | 235.5 | 265.9 | 362.2 | 298.6 | -1.7% | 0.92x |
| Δ% | - | -9.3% | -20.4% | 12.9% | 36.2% | -17.6% | | |
| Total Income (TI) | 3,211.0 | 3,712.8 | 4,437.9 | 4,873.5 | 5,029.2 | 3,817.7 | 3.5% | 1.19x |
| Annual % change | - | 15.6% | 19.5% | 9.8% | 3.2% | -24.1% | | |

* Taking into account the refund of €76.9m to broadcasting rights operators after the end of S 19/20 (accounted for differently by the clubs), the broadcasting revenues in that season actually amount to €1,663.9m, so S 20/21 presents an effective increase of 1.4% in income from this item, instead of the apparent decrease of 3.0%.

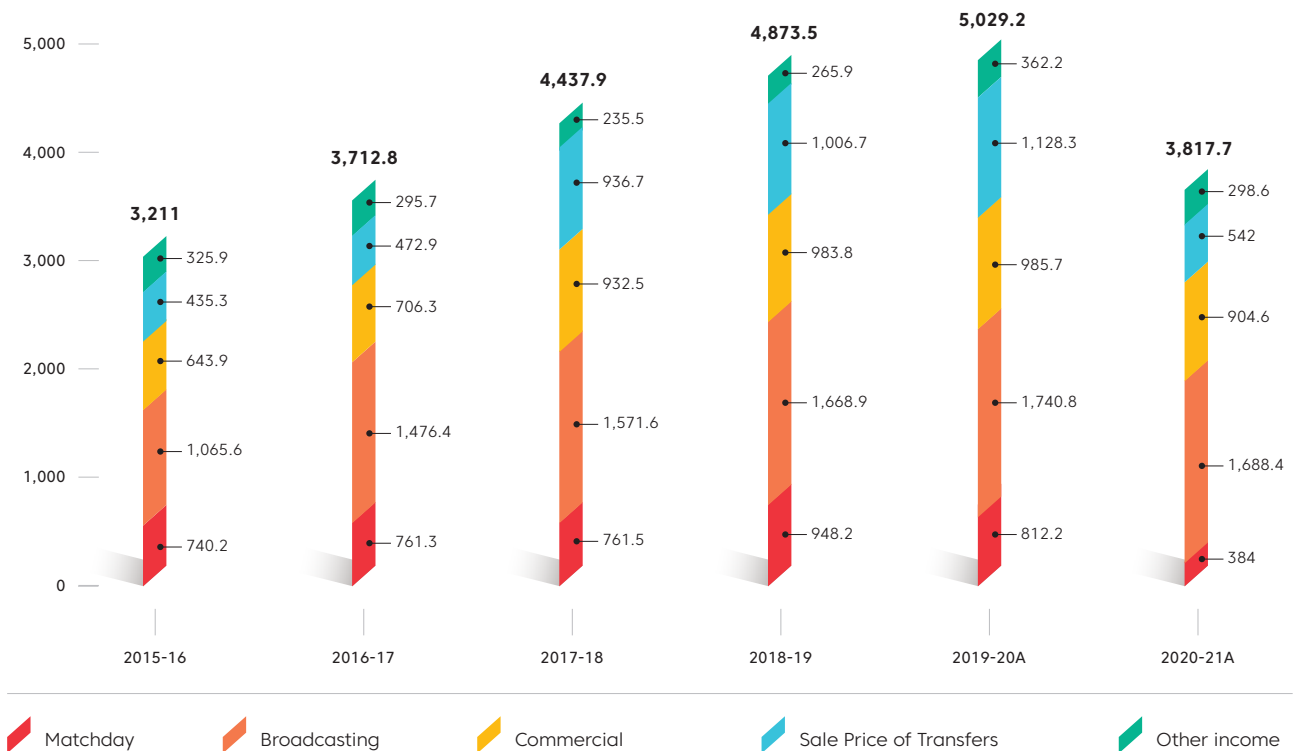
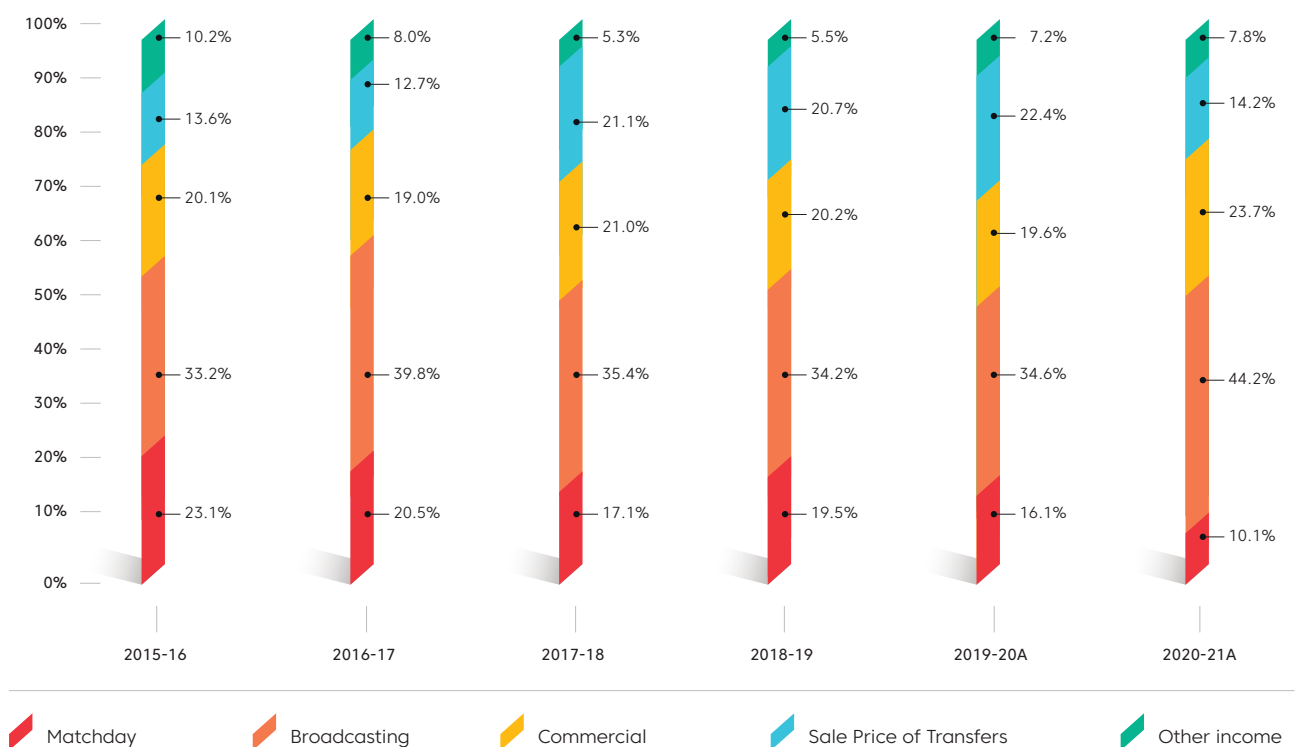
On the other hand, it should be noted that the competition's income mix had been fairly stable over the last few years, giving rise also to significant diversification that has underpinned the level of strength and financial flexibility of Spanish professional football. *Broadcasting* contributed the most to **LaLiga's** TI (just over 1/3 of the total). The remaining key headings (*Commercial*, *Matchday* and *Transfers of Players*) had a relative weight of around 20% in recent years although, from S 19/20 and particularly in S 20/21, the significant decrease in *Matchday* (10.1% of TI) and *Transfers of Players* (14% of TI) has completely unbalanced the relative weights. Consequently, the importance of income

from *Broadcasting* appears higher than normal (44% of TI), while *Commercial* shows a slight rebound (24% of TI). A similar behaviour is seen in the other European benchmark competitions. The relative weights of the last pre-pandemic seasons are expected to be restored in upcoming years, as the extraordinary situation caused by Covid normalises. In the long term, it could be expected that *Marketing* and *Matchday* will acquire a greater weight in TI. Income from the *Transfer of Players* will depend on the specific evolution of this market, which in the seasons prior to the health crisis demonstrated formidable development in all European markets, although it is difficult to forecast.

It is worth looking ahead to see that this last source of income will remain particularly low in the current season (S 21/22) as a result of the severe contraction that the summer and winter "windows" in the player market underwent in Europe since of the summer of 2020 (S 20/21) – due to Covid – and where trend seems to have continued into the current season (S 21/22). The value of transfers (i.e. sales of players) decreased markedly in S 20/21 in UEFA's five benchmark professional competitions compared to S 19/20 (the year with the highest aggregated activity in history, in which the COVID-19 crisis occurred with the player markets already consolidated). In this sense, the market with the greatest relative decrease was the Spanish market, which is logical considering that **LaLiga** in recent years has been the competition (among the largest) with the greatest potential in terms of creation, rotation and monetisation of sporting talent in relative terms (taking into account its size). According to public information available from different accredited sources⁶, **LaLiga** is the league that has consolidated the largest amount of international player divestments in the last decade at a global level in absolute terms, and one of the first in total relative terms (i.e. taking into account the ordinary billings of each competition). It is, therefore, that which has a greater weight of the income from the *Transfer of Players* (i.e. sale price). This factor, which has been a sustained and sustainable differential growth driver for **LaLiga** in recent years, suddenly contracted in S 20/21 in the Spanish competition and everything points to the same happening in S 21/22. However, already in the last winter window, some restoration in confidence has been seen by clubs with a greater volume of operations than last season, which allows us to envisage the recovery of this source of income from S 23/24 onwards, and almost at pre-Covid levels. With the summer and winter markets closed, the cumulative correction in terms of the sale price of players compared to before the pandemic would be around 3/4 (-75%) for the Spanish competition, (although there could be additional adjustments before the end of the season that reduce the impact for **LaLiga**). In other words, a factor that constitutes a clear example of success and competitive advantage for Spanish professional football has suddenly swifited because of the exceptionally unfavourable market conditions caused by the pandemic, which will recover to

normality from S 23/24 onwards. It is also necessary to highlight that this impact, despite it damaging the immediate image of the clubs' income statements, in reality entails an effective automatic stabiliser; a self-defence mechanism and financial balance of the entities. Under this system, investments (i.e. purchase price) of players are very limited. Therefore, the severe apparent impact associated with the slowdown in the transfer market, which emerges suddenly on the immediate accounting results, is not so severe in terms of the final effective financial effort. This is because of the strict regulation of the Association's Financial Control, and also to the efforts made by the teams, which led to matched investments in player signings (purchases) and divestments (sales), even involving a positive net balance for **LaLiga** for the second time in the series (possibly of the few European benchmark competitions to achieve a surplus in net investment in players in the current 2021/22 season, or a level close to zero), and therefore not putting additional financial pressure on **LaLiga** as a whole as will be analysed later.

⁶ FIFA, UEFA and Transfermarkt: the exact figures of investments and divestments of players in each competition for each season are not exactly consistent among the three sources, but they are generally consistent/convergent.

Graph 3 | LaLiga | Contribution to Total Income (€m)**Graph 4 | LaLiga | Contribution to Total Income (%)**

Financial results and underlying margins

The notable decrease in **LaLiga's** turnover (*NT*, -15.9% and *TI*, -24.1%) has logically led to a significant immediate and one-off impact on results. The **gross operating result before transfers ("EBITDA b/T")**⁷ in S 20/21 amounted to €-182.7m, the first registered losses at this scale in more than a decade (vs. €243.5m in S 19/20). The annual decrease is quite considerable and has been caused particularly by effects associated with the pandemic, which has led to an adjustment in the competition's organic operating margins. But, if we add the **Results from Transfers** (i.e. sale price - cost of sale of players' federative rights, i.e. capital gains obtained) to this figure, that in the last season reached €336.6m (-56.4% / $CAGR_{5y}$ +4.0% vs. the historical high in S 19/20 of €772.4m), **total gross operating result ("EBITDA a/T")**⁸ of the competition in S 20/21 rises to €153.9m (-84.8% / $CAGR_{5y}$ -27.5%). Despite the reduction in profits compared to previous seasons (in the two previous years it had far exceeded €1,000m annually), it is a commendable

has not been reproduced in S 20/21. Therefore, the joint effect of the sharp fall in ordinary billings from *Matchday*, together with the severe slowdown in capital gains associated with the divestment of players, had a major impact on Spanish professional football's *EBITDA*. The above has also been the common pattern for the large European benchmark competitions.

Significant impact of the pandemic on the business's gross operating margins, before and after results for transfers of players

EBITDA before transfers is in the negative territory on this occasion, but EBITDA after transfers again recorded a profit, albeit at a substantially lower level

record for the business context in which it is part. It has a meagre – compared to the trend of recent years – margin on *NT* of 5.2%, but ultimately positive and substantially higher than that of other European benchmark competitions. Undoubtedly, it can be concluded that the favourable evolution of the player transfer markets – prior to the emergence of COVID-19 – that allowed **LaLiga** to more than offset the unfavourable situation caused by the pandemic in S 19/20 (with these markets closed),

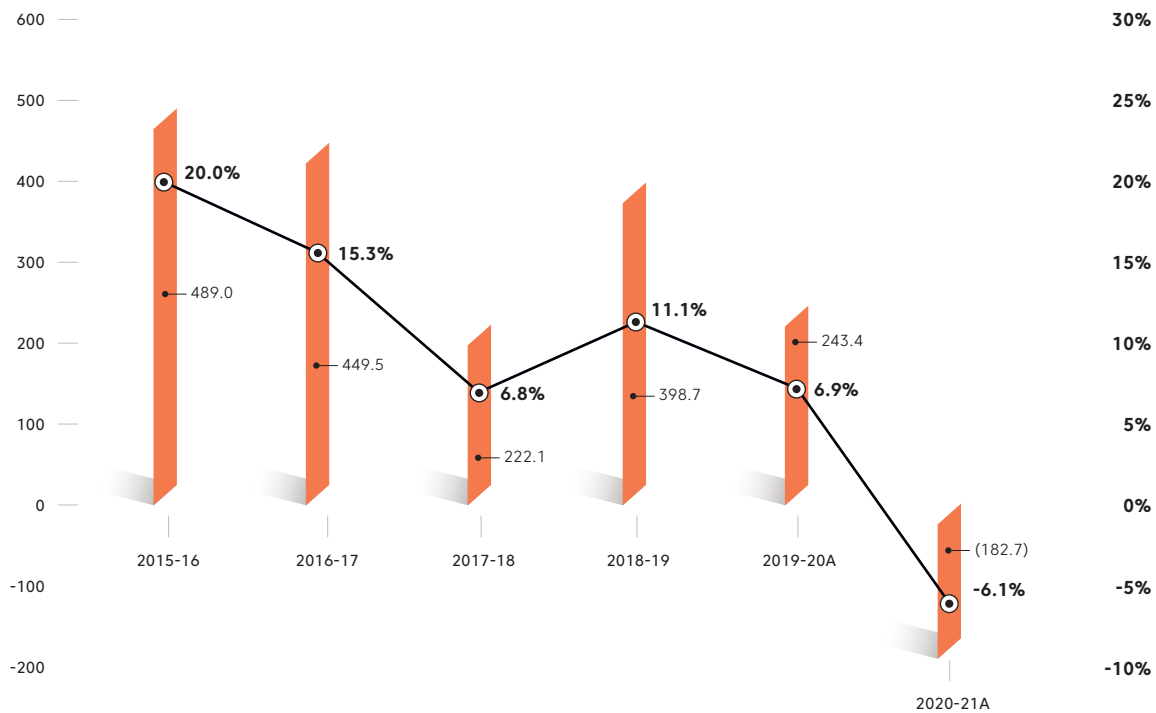


Graph 5 | LaLiga | EBITDA b/T (€m and margin over NT %)

EBITDA b/T



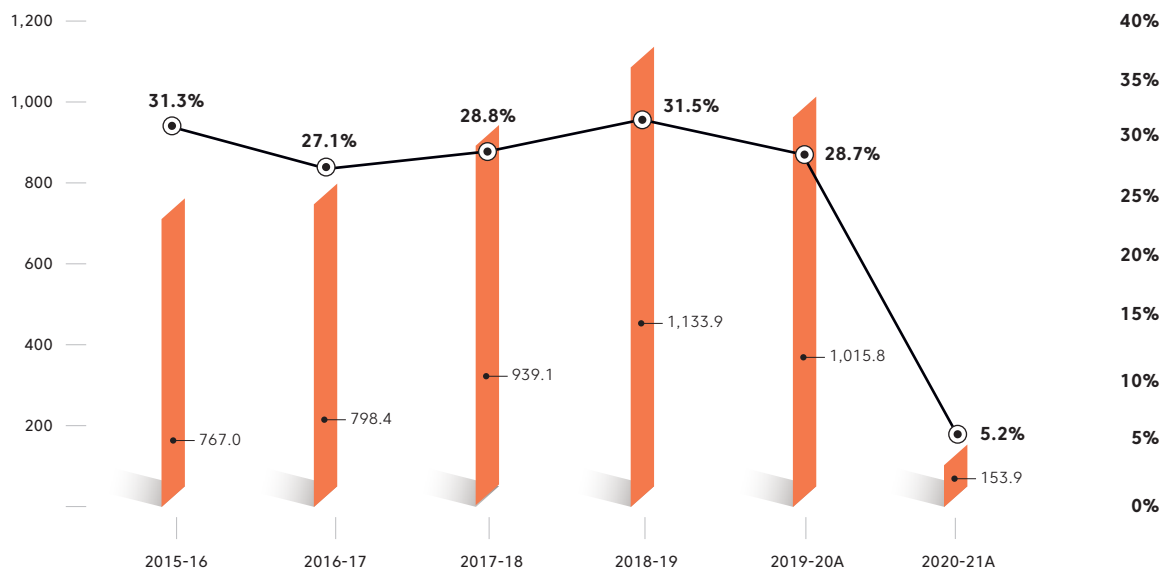
EBITDA b/T margin

**Graph 6 | LaLiga | EBITDA a/T (€m and margin over NT %)**

EBITDA a/T



EBITDA a/T margin



It is also revealing to examine what the *EBITDA b/T* and *EBITDA a/T* records would have been for S 20/21 under the different analysis dimensions:

Table 3 | LaLiga | EBITDA – alternative dimensions measures (€m)

| LaLiga 20-21 | Alternative analysis dimensions due to the pandemic | | |
|-----------------------------|---|--------------|--------------|
| | Formal (FS) | Adjusted (r) | ex COVID (e) |
| <i>EBITDA b/T</i> | (€86.8m) | (€182.7m) | €421.8m |
| $\Delta\%$ vs S 19/20 (A)* | - | - | +73.3% |
| <i>EBITDA a/T</i> | €252.4m | €153.9m | €1,232.8m |
| $\Delta\%$ vs S 19/20 (A)** | -75.2% | -84.8% | +21.4% |

(*) When there is a sign change in the time in an absolute figure, the growth rate has no mathematical meaning and cannot be calculated.

(**) Normality in the player market has been assumed in calculating this figure, with Results from Transfers being 5.0% higher than that of S 19/20.

It is clear that had COVID-19 not occurred – and based on the estimates made individually by the clubs from procedures agreed by **LaLiga** –, the *EBITDA b/T* of S 20/21 would have been markedly higher than that of S 19/20 and similar (even slightly above) to that of S 18/19 (last pre-COVID). For its part, *EBITDA a/T* would have been in line with the level reached that same year (at €1,133.9m, the highest in the history of the Spanish professional competition), which is indicative that the same results seen in recent seasons would have been reproduced had the pandemic not occurred. The foregoing would be true if the cost structure of the clubs and the dynamism evidenced in the player market had been maintained. In all cases, the figures would be significantly higher than those actually reported.

It is worth highlighting an unprecedented event in the last decade and one that heavily characterised S 20/21, such as the extraordinary operational effort made by the clubs. First, this sacrifice was reflected in the evolution of the main current expenditure headings (personnel – sporting and non-sporting –, supplies and other operating expenses outside accounting conventions, or "**OPEX**"). **LaLiga's OPEX** has fallen for the first time in more than a decade, specifically by €-163.9m (-4.7%) to €3,317.9m. This is particularly noteworthy, since this heading has been growing at an average annual rate ($CAGR_{5y}$) of

+8.3% in the long term, significantly compressing the underlying operating margins. The annual decrease is also observed in all the sub-headings to a greater or lesser extent. This effort to contain current operating expenses has implied lower final losses.

The moderated staff expenses largely explains why gross operating margins were able to withstand the onslaught of the pandemic

Therefore, the effects of the annual loss in billings (*NT*) of -15.9%, together with the sharp decrease in results from transfers of players of -56.4%, have been partially offset, or alleviated due to the decrease in *OPEX* for the first time in many years. This is an aspect that must be pointed out, if the rigidity of the cost structures of the teams is taken into account, where the long-term contracts of the sports squad (i.e. the salaries of the players) compete against a scenario of a sudden decline in income. In addition, and as pointed out above, the severe drop in income (i.e. selling price of players) that it causes, automatically brings about a mechanism to stabilise and defend the financial

physiognomy of the clubs, effectively protecting their balance sheets, which triggers a contraction in new investments made and which, once normal activity resumes, will lead to better results since player depreciation levels will be lower for a certain time.

A large part of this situation is due to the positive evolution of staff costs (sporting and non-sporting) at clubs, which makes up 73.0% of the *OPEX* and 51.4% of **Total Expenses ("TE")**¹⁰ of the clubs in the competition. In S 20/21, these costs underwent a balanced adaptation process to recorded income, decreasing slightly (-1.1% in the last year vs. average annual growth or $CAGR_{5y}$ of +11.9% up to the previous seasons). This increases its sustainability and allows the drop in income caused by the pandemic to be better absorbed. The substantial effort undertaken by clubs and the high commitment shown by players in various salary adjustment processes (reduction and/or deferral) negotiated both collectively and even individually in some cases must be highlighted, in a context where there was no access to temporary labour force adjustment plan (ERTEs) as had happened in the previous season (when the competition was suspended, while the most acute phase of the health emergency endured). This made it possible to better accommodate the strain on players' salaries to the particular situation of each entity as a result of the pandemic. Although the salary adjustment processes were not the general pattern (in fact, they occurred in fewer than 50% of the 42 **LaLiga** clubs), it is important to point out that some of the largest clubs in financial terms were those that negotiated the greatest downwards adjustments, individually or collectively, with their squads, as they were the most affected by the drop in *Matchday* billings.




As is logical, all these adjustment processes were not able to prevent the ratio of total wage costs in **LaLiga's NT** from being at its highest level in the series in S 20/ 21, reaching 81.3% (12.2 percentage points more than the previous season), due to the exceptional (and non-recurring) decrease in billings. Likewise, this same index calculated on *TI* increases compared to S 19/20, settling at 63.4% (+14.8 points).

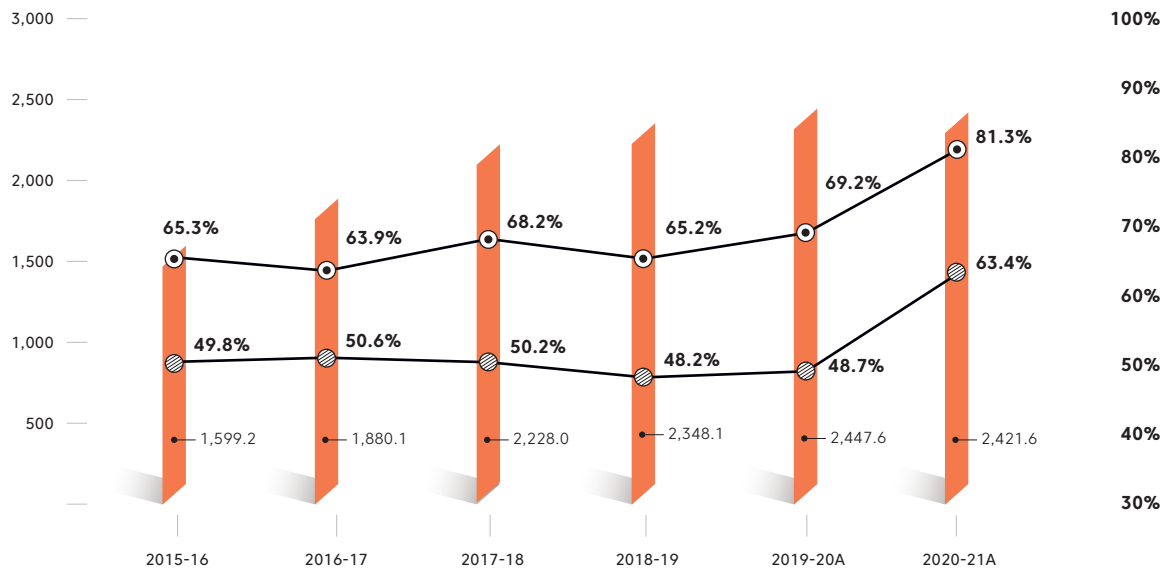
In other words, **LaLiga** has been capable of gradually adapting its operating cost base to the revenues obtained, including those from the divestment of players. It continued to do so in the last financial year, applying both discretionary and exceptional measures, as well as certain automatic stabilisers that moderate the effort to the economic situation, and which are derived from its own associative regulation, such as the squad cost limit (SCL) of the Association's Financial Control that will apply to the current 2021/22 season. However, on this occasion, unlike throughout the series, the sharp, sudden and extraordinary fall in ordinary billings, together with the collapse in income from the transfer of players, prevented the aggregate balance of the competition from being maintained promptly.

For their part, the other major *OPEX* headings, such as supplies and other operating expenses – mostly of a more discretionary nature – fell during the year at double-digit rates (-12.6% and -13.4% respectively).

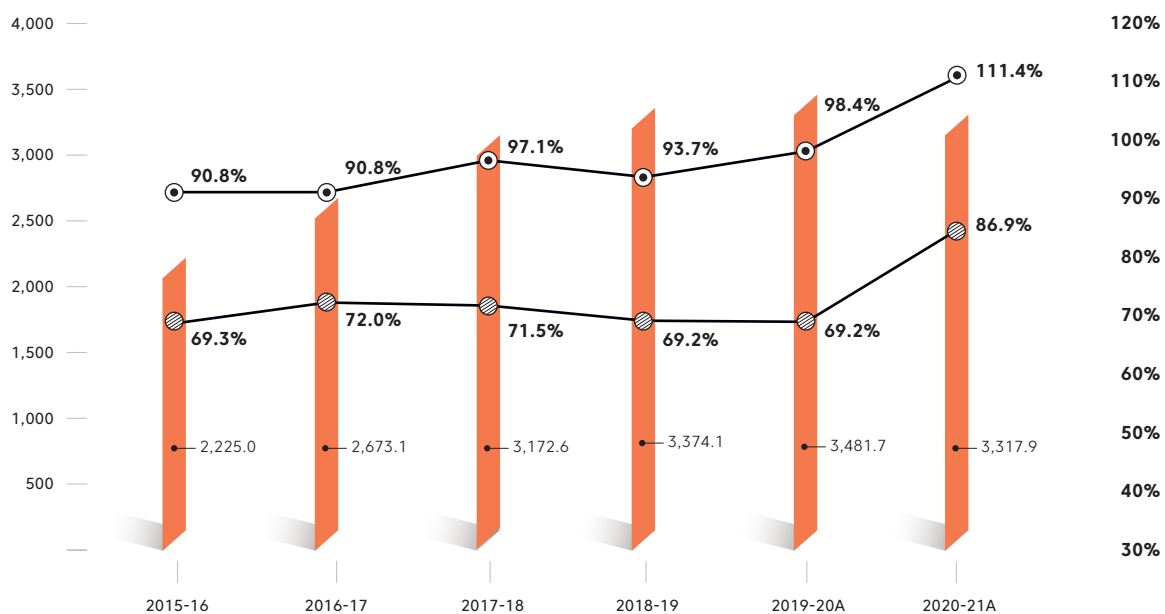
Taking all these elements into account, and adding the other expenses for the year (e.g. depreciation, provisions, impairments, other operating results, financial expenses, taxes, etc.), **LaLiga's Total Expenses (TE)** amounted to €4,709.4m (-5.4%). Once again, this is the only reduction seen in the last decade, compared to just one year before when *TE* had been expanding at an average annual rate ($CAGR_{5y}$) of +12.9%.

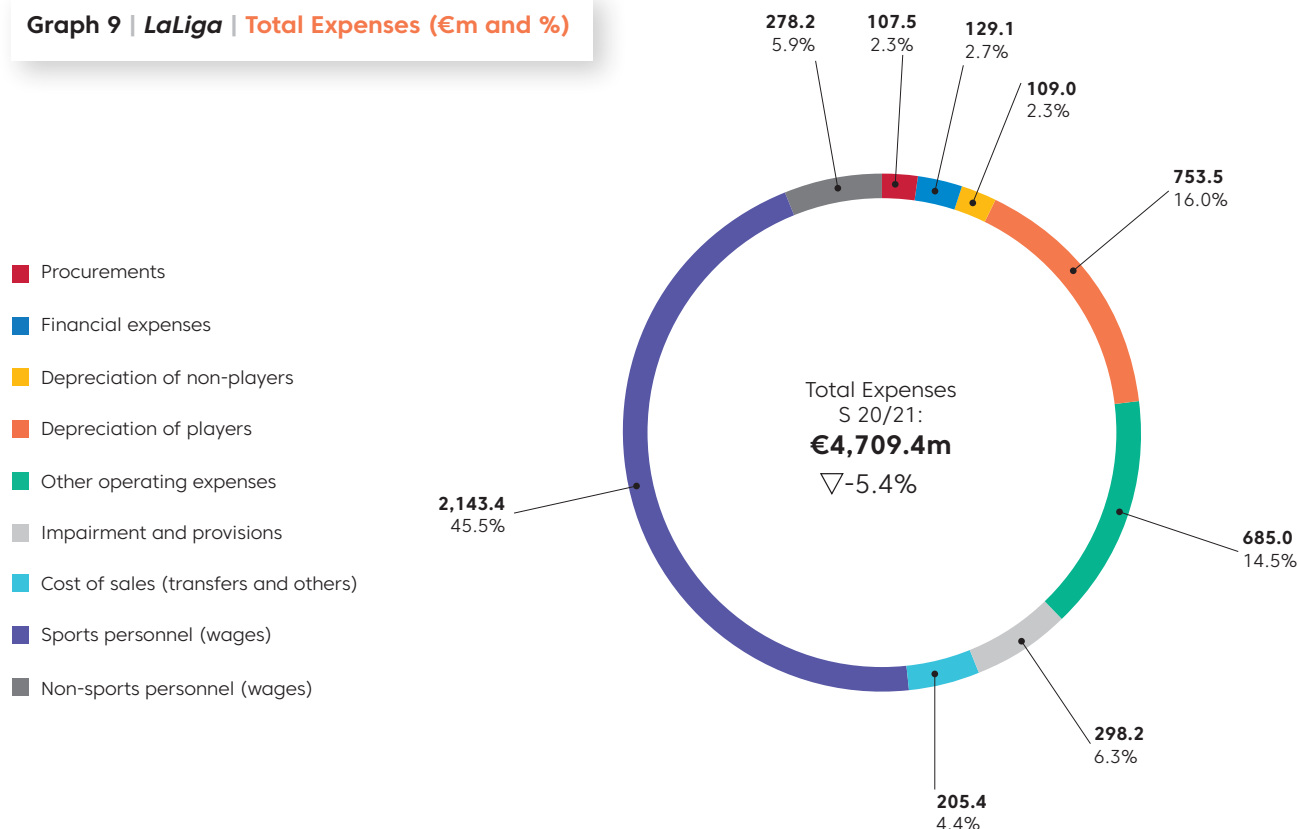
Graph 7 | LaLiga | Total wage expenditures (€m and % of Income)

 wage expenditures
  Wage Costs/ NT
  Wage costs / Total income

**Graph 8 | LaLiga | OPEX (€m and % of Income)**

 OPEX
  OPEX / NT
  OPEX / Total income



Graph 9 | **LaLiga** | Total Expenses (€m and %)

At the level of **LaLiga's** financial results, below *EBITDA*, the situation followed the same trend, although there are elements to which attention should be given. First, it is worth noting the tendency in amortisations of amortisations, particularly those associated with the investment in players, which decreased for the first time in many years to stand at €753.5m (-6.6%). This could be a sign that the global net operating investments endeavour could be tempering, or at least adjusting to the evolution of the business. Additionally, depreciation on the other operating assets (essentially infrastructures and other operating fixed assets) of €109.0m (+1.0%) must be added to this heading, since the execution rate on renovating stadiums and facilities was maintained despite the pandemic. All in all, the annual depreciation of operating fixed assets is far from the €1,000m level (vs. the approximately €400m at the beginning of the series) which would surely have been exceeded in S 20/21 had Covid not happened.

Up to S 20/ 21, **LaLiga's** gross investments had systematically been at levels that, year-on-year,

confirmed a growth rate notably above double digit throughout the series. It should be noted that this investment intensity in Spanish football, which is passed on to the results obtained through the depreciation of fixed assets, has been one of the factors that explains **LaLiga's** attractiveness and its sporting competitiveness in the long term. What is remarkable is that this effort came without undermining the results of the clubs. In other words, it was markedly "self-powered" growth, in which the sustained increase in billings, the capital gains associated with the divestments in sporting talent and the evolution of *OPEX* – that grew a controlled manner –, allowed new investment growth as well as a wider scale of Spanish professional football, without dampening the profits obtained (with a growing trend at least until the outbreak of the pandemic).

This symbiotic process was interrupted in S 20/21, due to the sharp contraction in ordinary billings (mainly due to *Matchday*) and the severe drop in the player market, which led to a significant decrease in the capital gains obtained from the rotation of sporting

Very depleted final results, but the large losses of S 20/21 are the result of an exceptional and unprecedented (non-recurring) situation in the market, as well as the significant expenses associated with accounting conventions, with no effective financial impact

talent, momentarily breaking the virtuous circle.

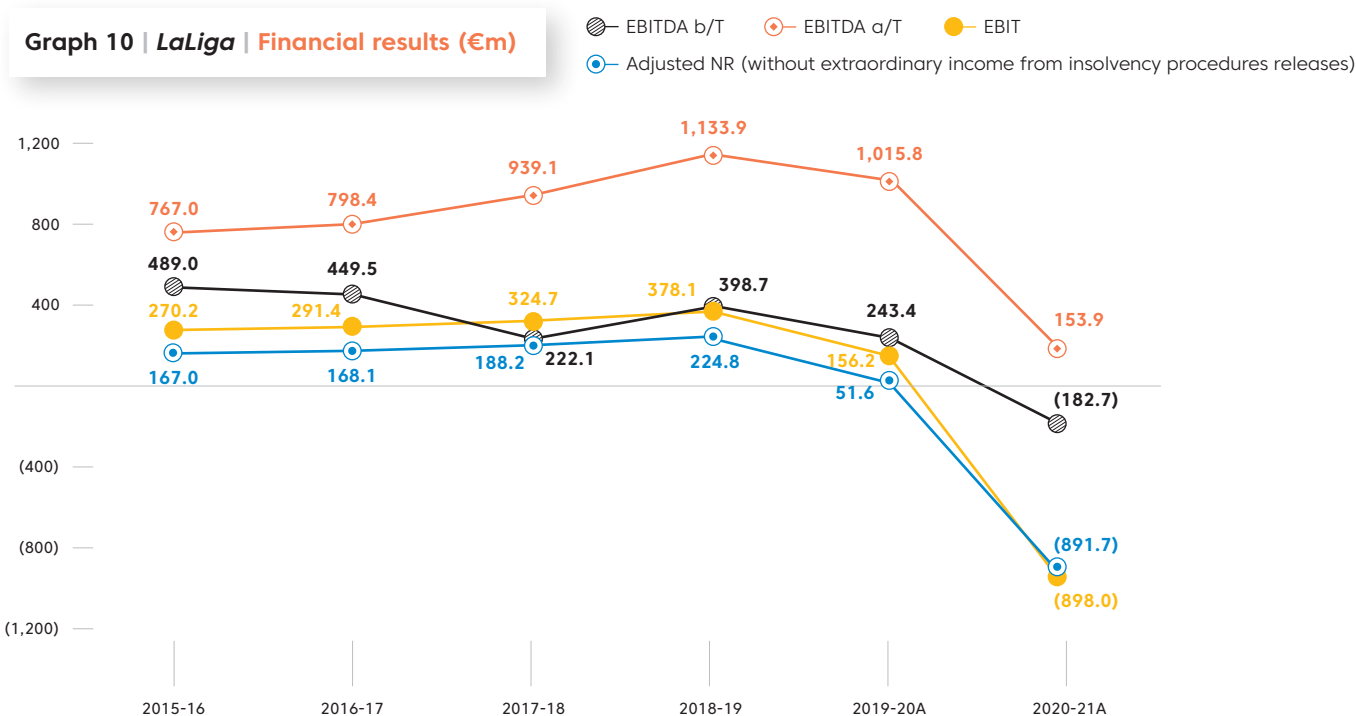
Also below *EBITDA*, some very substantial non-recurring expenses arose in the season – and without precedent in recent years in **LaLiga** – related to certain write-downs on the balance sheet by a particular – very large (in terms of scale) – entity in the Spanish professional competition that significantly distort the final image. In S 20/21, the aforementioned club carried out an aggressive provisioning policy (for various contingencies), recognition of extraordinary losses and a reduction in the book value (i.e. impairments) of its operating assets (particularly on some of its players) and accounts receivable, which resulted in incremental losses of around €245m. These are mere accounting conventions – with no immediate financial impact – pursuant to the principles of prudence and recognition of market value contained in current legislation. In any case, it must be emphasised that the relative importance of the club in this situation has severely aggravated **LaLiga's** aggregate losses, in a manner that, in the Spanish competition, this single entity accounts for practically 60% of aggregate operating and net losses.

Everything explained above caused the final losses in S 20/21, both at an **operating income level ("EBIT")**,¹¹ of €-898.0m, and **net result for the year ("NR")** of €-891.7. Large losses, although these figures must be qualified since, as previously highlighted previously, around 60% of the losses reflected in the net result were concentrated in a significant club, which is going through a particularly adverse situation. The *NR* being higher than *EBIT* is due to the generation of positive corporate taxes (tax credit), resulting from the loss

of €103.7m in the season. This situation evidently contrasts with what happened in S 19/20 (the first with COVID, but only partially affected), in which **LaLiga** was the only major European competition to continue showing profits in both headings (in fact, it was only one to achieve it consistently every year throughout the series), largely thanks to the fact that the player market was still buoyant and the pandemic arrived with the summer and winter markets already closed, which allowed the Spanish competition to adequately absorb (due to the substantial capital gains associated with the rotation of sporting talent) the impact of the contingencies taken against the health emergency. For more than a decade, no negative figures had been recorded at these levels of *EBIT* and *NR*. Again, this situation was shared with the other comparable benchmark competitions, which may even report significantly larger losses than those of **LaLiga**.

The return of fans to stadiums in S 21/22, the normal course of the competition on scheduled dates, the improved global economic context and the initiatives brought in by clubs at an individual level – and the Association collectively – should allow a certain recovery of the situation in the current year, including greater prominence of the results. Although the ability to achieve it fully will depend on other factors such as how quickly the player transfer market recovers, which will occur gradually over several seasons, with the recovery of normality starting from S 23/ 24 onwards (unless adverse scenarios arise – which cannot be predicted – caused by events outside of professional football).

It is worth mentioning that these results for S 20/21 were quite accurately predicted in the forecast contained in last season's Financial Report, in its "Outlook / Perspectives for the current season" section.



Likewise, it is appropriate to examine the evolution of *EBIT* and *NR* based on the different analysis dimensions:

Table 4 | LaLiga | EBIT and NR - Alternative dimensions measures (€m)

| LaLiga S 20/21 | Alternative analysis dimensions due to the pandemic | | |
|--------------------|---|--------------|----------------|
| | Formal (FS) | Adjusted (r) | ex COVID (e)** |
| EBIT | (€800.6m) | (€898.0m) | €429.4m |
| Δ% vs S 19/20 (A)* | - | - | +174.8% |
| Net Result | (€803.4m) | (€891.7m) | €251.1m |
| Δ% vs S 19/20 (A)* | - | - | +386.8% |

Using the data in the above table, it can be concluded that if the unfavourable effects caused by COVID-19 are disregarded, and the extraordinary write-downs carried out by a particularly relevant

entity not taken place, **LaLiga** would have obtained some of the best results in its history, in line with the highs reached in S 18/19 (prior to Covid).

* When there is a sign change in an absolute figure, the growth rate has no mathematical meaning and cannot be calculated.

** Had the exceptional expenses associated with accounting conventions and balance sheet write-offs of €-246m corresponding to a single club been considered (maintained – despite the pandemic not having occurred), the EBIT ex COVID would be €183.4m and the NR €5.1m.

Investments

Beyond the severe accounting adjustments that occurred in more prominent formal financial results, the improvement witnessed in the Spanish competition's financial dimension must be valued, which comes from both a great (and rapid) adaptability of operations to the situation caused by Covid, and the capital structure of the clubs being strengthened.

Apart from the one-off worsening of results in S 20/21, there are very positive elements to take into account in the evolution of LaLiga's financial dimension

In S 20/21, **gross operating investments ("gross CAPEX")**¹² undertaken by the Spanish competition was €842.7m (-53.5% / $CAGR_{5y} +1.0\%$); 65.0% allocated to players and 35.0% to infrastructures (including other operating fixed assets, as well as stadiums and facilities). This is the lowest figure for six seasons, and contrasts with the amounts of more than €1,800m in S 19/20, or more than €1,500m in S 18/19. The contraction was particularly evident in the section on player registrations through the payment of transfer rights, which was just 1/3rd of the previous year. Clearly it is a very notable operational effort, which tries to match the situation to what happened to the competition's income, so as not to generate additional liquidity stress. According to market information, **LaLiga** is the competition among the five major ones in Europe that has reduced investment in players the most in S 20/21 by far, both in absolute and relative terms (taking into account the scale of the business). On the other hand, the gross investment in infrastructures has not reduced, considering the pace of executing actions has been maintained, including some that are especially significant due to their size. It is foreseeable in upcoming years that this second investment heading will continue to increase considerably as a result of the (in progress and projected) remodelling and improvement works

LaLiga is the European benchmark competition that reduced investment in players the most, although investment in the renovation and improvement of infrastructure remains the same

on some of **LaLiga's** most important stadiums for estimated outstanding amounts that could exceed €1,700m, and that, after **LaLiga's Plan Impulso** deal with CVC, could increase by up to an additional €1,200m (including new digital infrastructures). When the renovation and modernisation of these facilities has been completed, and the clubs have been provided the planned technological equipment, Spanish professional football will have several of the largest and most modern infrastructures in the world – including those that have been inaugurated over the last few years, which have already established themselves as international benchmarks – as well as the most powerful digital equipment in the global football ecosystem.

Considerably lower investment rate than in the previous two seasons, the highest level in the history of the competition

Net operating investments ("net CAPEX")¹² in S 20/21 stood at €300.2m (-41.5% / -2.7%), the lowest annual amount since S 13/14. The difference with respect to *gross CAPEX* lies in the €542.5m of divestments made (-58.3% / $CAGR_{5y} +3.4\%$), which also fell sharply in the year as a result of the severe contraction in the gambling market. This level of gross divestment is at the lowest level since S 16/17.

Table 5 | **LaLiga** | Operating investments and divestments (€m)

| CAPEX | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20A | 2020-21A | Aggregated |
|------------------------------------|----------------|----------------|----------------|------------------|------------------|----------------|------------------|
| Gross investments, players | 669.7 | 834.0 | 1,028.6 | 1,298.2 | 1,533.3 | 547.0 | 5,910.8 |
| Gross investments, infrastructures | 133.2 | 399.6 | 223.3 | 249.4 | 280.6 | 295.8 | 1,581.8 |
| Total gross investments* | 803.0 | 1,233.6 | 1,251.9 | 1,547.6 | 1,813.9 | 842.7 | 7,492.6 |
| Divestments, players | (435.3) | (472.9) | (936.7) | (1,006.7) | (1,128.3) | (542.0) | (4,521.9) |
| Divestments, infrastructures | (23.7) | (17.6) | (5.0) | (12.9) | (172.5) | (0.5) | (232.1) |
| Total divestments | (458.9) | (490.5) | (941.7) | (1,019.6) | (1,300.9) | (542.5) | (4,754.0) |
| Net investment, players | 234.5 | 361.1 | 91.9 | 291.5 | 405.0 | 4.9 | 1,388.9 |
| Net investment, infrastructures | 109.6 | 382.0 | 218.3 | 236.5 | 108.1 | 295.3 | 1,349.7 |
| CAPEX (net investments) | 344.0 | 743.1 | 310.2 | 528.0 | 513.0 | 300.2 | 2,738.6 |
| Annual % change | - | 116.0% | -58.3% | 70.2% | -2.8% | -41.5% | |

Despite the resounding slowdown in the net investment effort of S 20/21, the cumulative *net* CAPEX undertaken by **LaLiga** throughout the series amounts to a significant €2,739m, distributed almost equally between players and infrastructure. This highlights several aspects that should be taken into account:

- **LaLiga's** clubs are capable of matching their investment endeavour, especially in players (in infrastructures, rescheduling ongoing actions is not as simple or does not make as much sense, as

LaLiga is able to accommodate the level of investment in players at the level of divestment, an aspect that acts as an automatic stabiliser of its financial situation

they are structural in nature) when the business context so requires. This level of investment in players (i.e. purchase price) therefore becomes a reasonably flexible automatic stabiliser, which makes it possible to offset the high inelasticity of the *OPEX* structure, especially in terms of the wage bill. The 64.3% drop in gross investment in players in the last season is very significant.

In addition, since the start of the pandemic (including the current S 21/22, in which the pattern with the summer and winter markets is maintained), the Spanish competition is the one that has decreased this item the most (substantially more than the other four European benchmark leagues), reaching the cumulative adjustment of almost three quarters of the pre-crisis level.

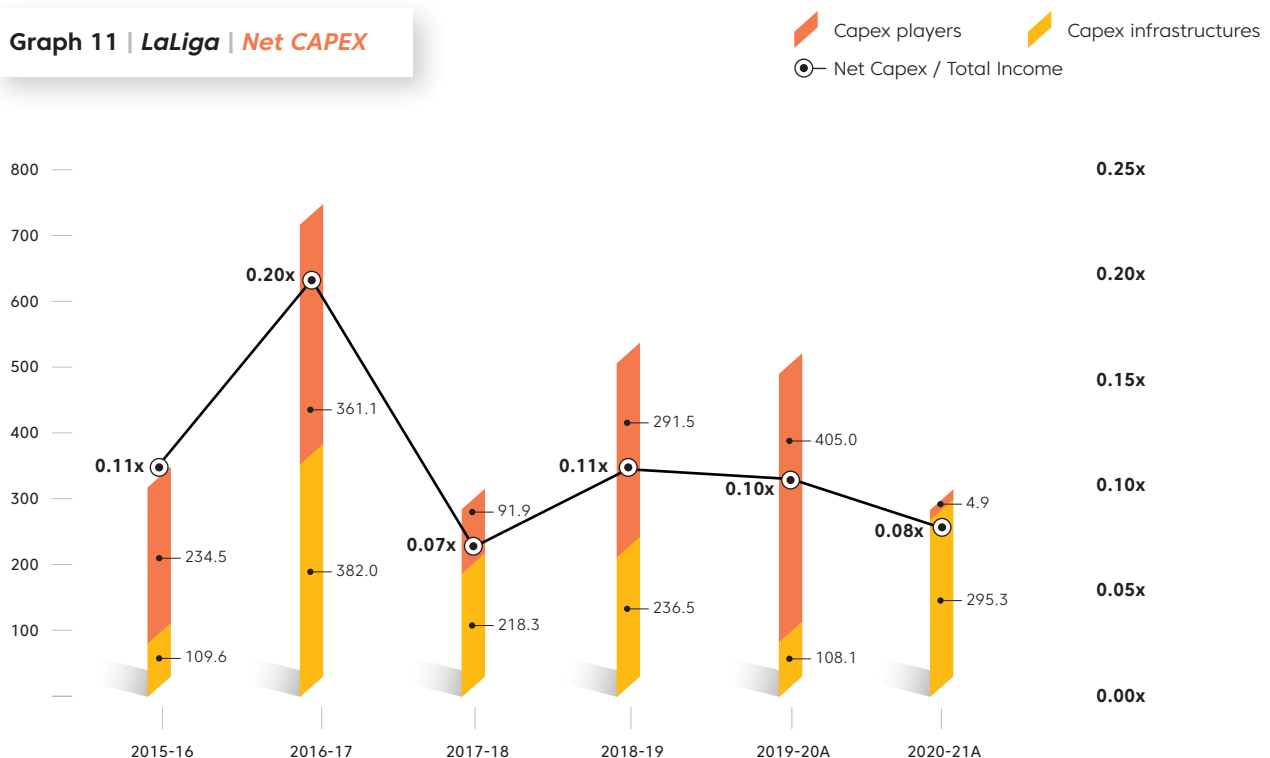
- **LaLiga's** clubs have also suffered a severe adjustment in the divestments of players (i.e. sale price) made. In the last season, the decrease amounts to 52.0% with respect to the previous season. In cumulative terms, and since the outbreak of the pandemic (including the current S 21/22), **LaLiga** is also the European competition among the largest ones that has suffered the greatest decrease in this section for the reasons explained earlier in this Report. This factor is differentially important for Spanish professional football, since it is – among the major leagues – the one that had the greatest relative weight (on ordinary billings) of player divestments (and transfer results) during recent years. This hallmark of **LaLiga** (i.e. the ability to create, rotate and monetise the sporting talent created), which has been a solid source of growth, profitability and generation of economic value added in recent years (greater than that of other benchmark leagues), has undergone a one-time change

due to the pandemic, but which automatically activates the effective mechanism to protect and preserve clubs' long-term financial health, as described above.

The favourable impact on results derived from matching the investment level to the lower divestment activity – due to the player market situation – will emerge gradually over the upcoming seasons, thanks to lower depreciations. It is an asymmetrical situation from a time standpoint, as while the effect of the drop in divestments is automatically reflected in profits in one go (due to the lower capital gains obtained), the impact of the lower investments only happens gradually over the years, through the depreciation of fixed assets. This situation –resulting from the accounting rules in force – distorts the formal appearance of the accounting results, despite the positive impact on clubs' effective cash consumption (and, by extension, over the underlying financing needs).

All in all, the final net operating investments of €300.2m recorded in S 20/21 once again demonstrates the financial strength and capacity of **LaLiga**, which is able to continue increase its installed operating capital stock in net terms, including in the worst context for the business, even if it is by modulating its growth rate to adapt it to the current economic circumstances. This is ultimately a factor that determines the competition's long-term revenue-generation and growth potential. Therefore, it can be ensured that, in an aggregated manner, Spanish clubs continue to strengthen the fundamentals to maximise the structural potential and economic value of their business. And it will continue to be so in the coming years, thanks to the modernisation of infrastructures and the planned investment in technological and digital equipment that CVC's investment associated with the *Plan Impulso deal* will provide, which constitutes an unprecedented strategic transaction in world professional football.

Graph 11 | LaLiga | Net CAPEX



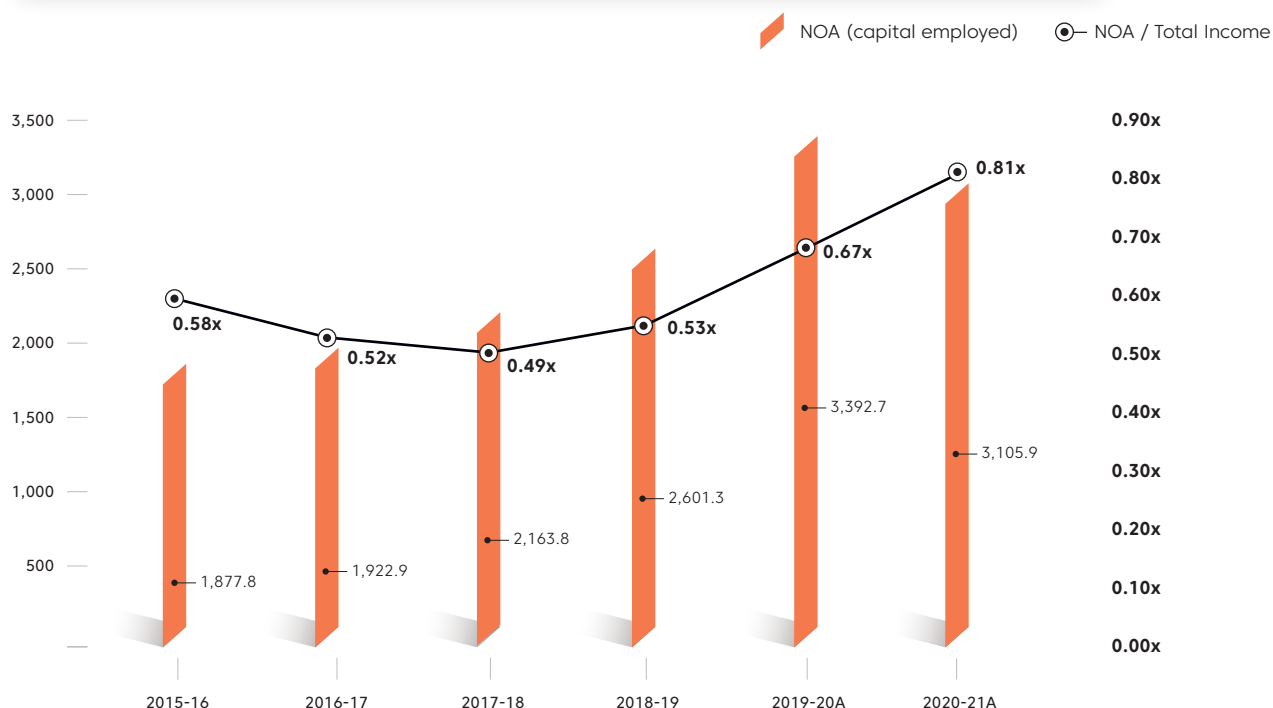
Mainly as a consequence of this lesser net investment effort (*net CAPEX*) in recent years, as well as the favourable evolution of **operating working capital ("WC")**¹³, the accumulated accounting amount of **Net Operating Assets ("NOA")**¹⁴

Considerable adjustment to installed operating capacity (capital employed) during the last season

– or **capital employed** – of the Spanish competition reduced for the first time in a decade to €3,105.9m (-8.5% / $CAGR_{5y} +10.6\%$), at book values. In any case, this is still a significant level of capital employed by **LaLiga**. In relative terms, it represents a multiple of 0.81x with respect to *TI* (1.04x of *NT*), clearly above the levels of previous years, which entail a bias due to the marked decrease in S 20/21 of the denominators of both ratios: *TI* and *NT*. Therefore,

the abrupt increase in installed operating capacity in relative terms should be considered largely as a consequence of the exceptional market circumstances (one-off / non-recurring decrease in income), but it is foreseeable that it will begin to adjust during the current S 21 /22 while, in the following seasons, as the situation returns to normal, the ratio will once again converge towards more sustainable levels. The long-term upwards pressure will depend on the rate that income recovers, as well as the gradual increase in structural investments in players and, especially, the extraordinary investments to be made from the resources injected into the system by CVC (*Plan Impulso*).

Graph 12 | LaLiga | Net operating assets – capital employed – (€m and x TI)



Profitability and cash flow generation

The observation on the evolution of the NOA allows the **operating profitability** ratio of the activity ("**ROIC**")¹⁵ to also be calculated in S 20/21. In previous years, the evolution of **LaLiga's ROIC** has been outstanding (time and again above other benchmark competitions) and with a well consolidated stability throughout the series, with a certain upwards trend until interrupted by the pandemic.

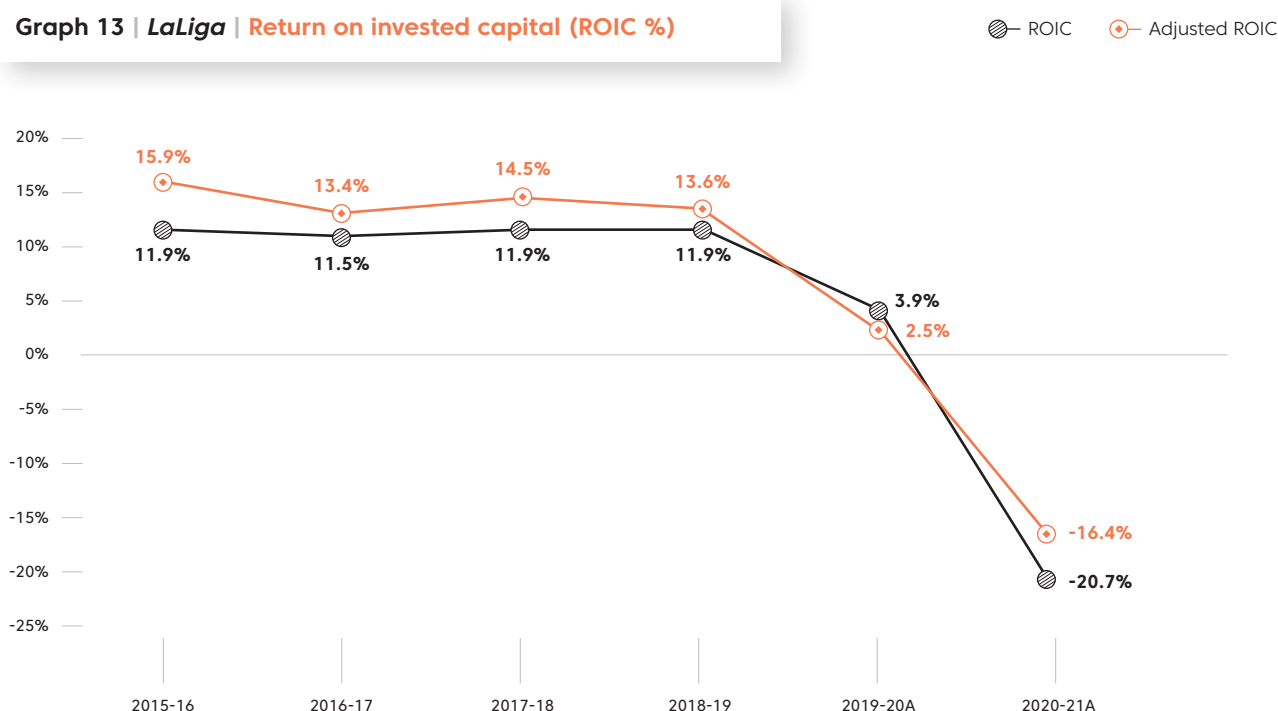
One-off negative rate of return, resulting from the effects of the health crisis

However, since S 19/20 and especially in the completed S 20/21, the ratio has changed substantially, even standing in markedly negative territory, due to the contraction of the numerator or operating profit (**EBIT**). When expressing the

ROIC, the Association presents the calculation with both the **EBIT** and its adjusted version. The *adjusted EBIT* eliminates operating accounting conventions (positive or negative) such as allocations / application of provisions, or impairments / reversals made on the accounting value of assets.

In any event, the result supposes a reduction in the use of resources for **LaLiga** in S 20/21, or operating profitability of the business that must be considered merely one-off, caused by an external situation, and that should normalise over the next 2-3 seasons, returning to positive territory and healthy profitability levels.

Graph 13 | **LaLiga** | Return on invested capital (ROIC %)



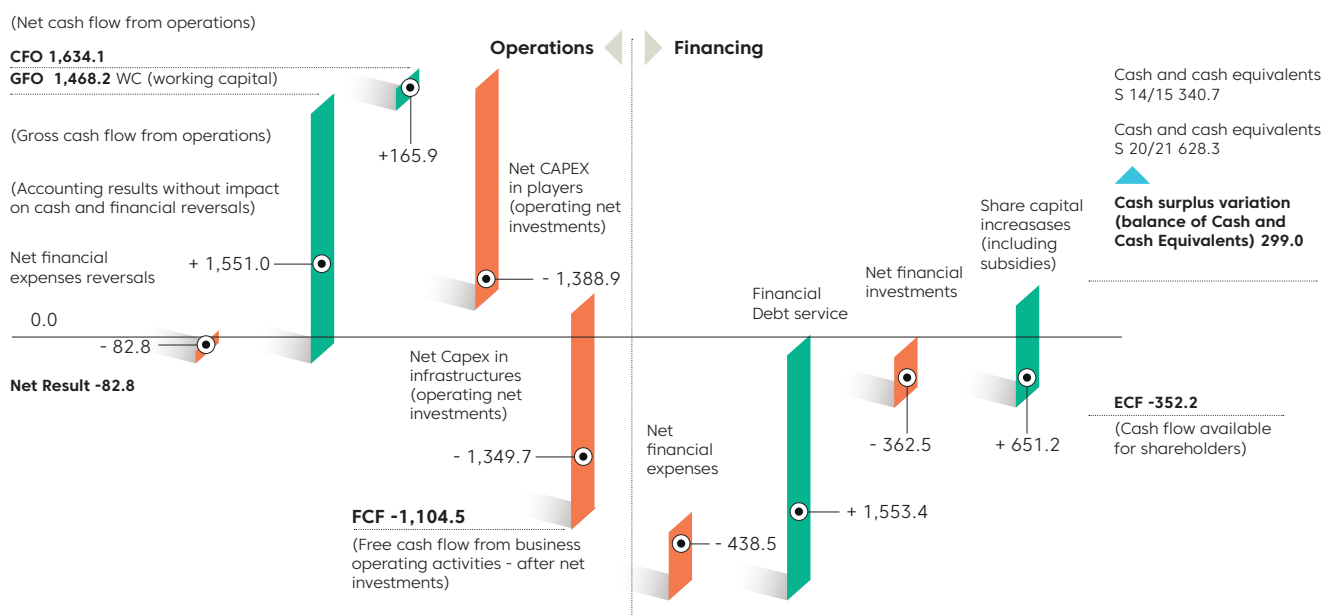
It should be noted that, with a long-term vision, in the pre-COVID-19 seasons, the strong investment rate was self-financed in an aggregated manner from the performance of the business itself. However, this aggregate situation has turned around in the last six years, when the two last completed seasons are included. The net operating cash flow before operating investments and divestments ("**OCF**")²⁶ generated by **LaLiga** in the cumulative period (six seasons) reached €1,634.1m. A total of €1,388.9m of this amount has been invested in net terms (operating investments – divestments, or net CAPEX) in players and €1,349.7m in infrastructures.

LaLiga continues to be able to self-finance its long-term organic growth, despite the contraction resulting from Covid

With this, the business's operational cash flow after net investments, or **Free Cash Flow ("FCF")**²⁷, compared to the situation recorded in recent seasons, yields a aggregate net deficit balance of

€-1,104.5m. In other words, at the end of S 20/21, the competition – largely due to the severe effects caused by the pandemic – has required resorting to debt and equity injections by the shareholders of the entities to finance their long-term growth. In addition, the burden of net financial expenses (€438.5m), other financial investments (€362.5m) and the increase in cash and equivalents, or liquidity available from the competition (€289.4m), placed the aggregate funding needs at €2,204.6m. Of this amount, €1,553.4m (70.5%) came from higher debt levels and the rest, a total of €651.2m (29.5%) came from greater contributions of own funds or equity. It is important to note that without the exceptional investments in infrastructures made in recent years (some clubs have been equipped with modern facilities and equipment ready for upcoming decades) and, despite the impact of Covid in the last two years, the activity would have continued to be capable of self-financing with a comfortable long-term margin, resulting in an aggregate **FCF** surplus of €245.2m in the last six years as a whole (series analysed in this Report).

Graph 14 | LaLiga | Aggregated cash flow for last six seasons (€m)



Capital structure and solvency

In any case, it is worth noting that, despite the impact of Covid on the last two seasons, a part (50.1%) of the accumulated financing needs in the series studied came from the liquidity deficit caused by operations after fulfilling net investments (*FCF* deficit of €1,104.5m), while the other applications are being used to meet the net financial charges (19.9%: €438.5m), financial investments (16.4%: €362.5m – a good part is financial products potentially translatable into cash), or to increase

LaLiga's immediate available cash balance (13.6%: €299.0m). Clubs are doing this in a balanced and sustainable manner, with close to 30% of the funding (€651.2m) coming from their own resources (share capital increases from shareholders and capital grants received – equity), thereby maintaining an adequate indebtedness ratio. It is important to mention that, in S 20/21, the shareholders of several clubs (a total of 13 clubs) demonstrated great commitment to their entities, subscribing equity increases totalling €213m in the worst financial year in many years as a result of the pandemic.

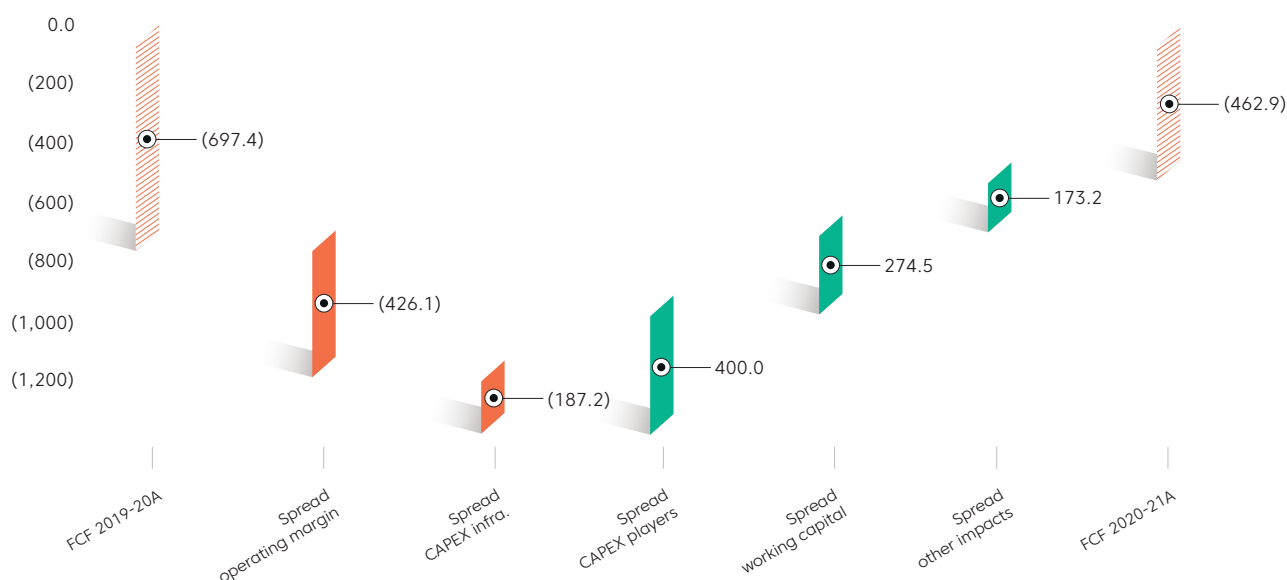
Table 6 | LaLiga | Financing needs and sources accumulated in the last 6 seasons (€m)

| LaLiga - last 6 season (series analysed) | €m | % |
|---|------------------|---------------|
| FCF (net operating cash flow after CAPEX) | (1,104.5) | 50.1% |
| Net financial expenses | (438.5) | 19.9% |
| Net financial investments | (362.5) | 16.4% |
| Increase in cash balances | (299.0) | 13.6% |
| Total needs | (2,204.6) | 100.0% |
| Increase in gross indebtedness (GFD) | 1,553.4 | 70.5% |
| Increase in equity (share capital increases and capital grants) | 651.2 | 29.5% |
| Total funding | 2,204.6 | 100.0% |

In S 20/21, the *FCF* recorded by **LaLiga** was a deficit of €-462.9m. However, compared to what might have been expected (due to the notable difficulties of the business in an atypical year), the consumption of operational liquidity was ostensibly lower than that of S 19/20 (*FCF* of €-697.4m). This evolution

is essentially the result of the large adjustment that occurred in the competition's operating profit (*EBITDA b/T*), for the reasons explained in this Report, and the higher *net CAPEX* in infrastructures. Conversely, the *net CAPEX* in players led to the release of liquidity, as well as divestment in working capital (*WC*) and other relevant operating impacts (mainly the translation or displacement effect of the operating margin registered in S 20/21 – cash flow – but which belongs to the *EBITDA* of S 19/20 in terms of adjusted results).

In S 20/21 there was a high consumption of cash flow due to the decreased income and operating margins, but the deficit is lower than that recorded in S 19/20 (paradoxically, a year with much better results)

Graph 15 | LaLiga | Explanation of variation in FCF between seasons (€m)

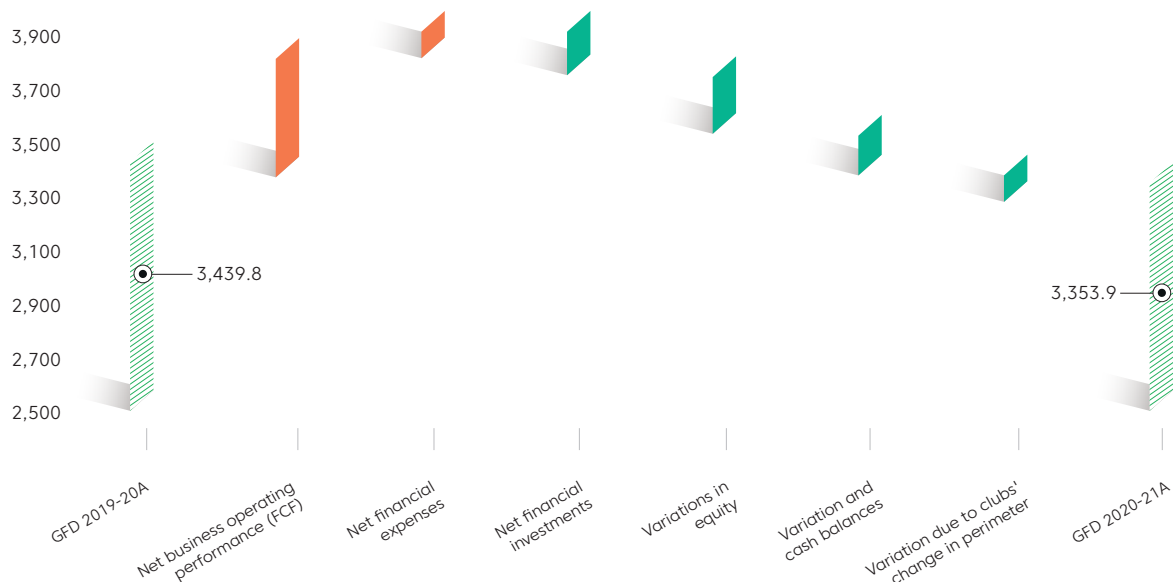
It should be noted that a single club, of particular importance, accounts for approximately 50% of the *FCF* deficit in **LaLiga** in S 20/21.

Despite the markedly negative *FCF* for the second consecutive season (€-462.9m), and having to manage the net interest charge (€-101.9m), **LaLiga's gross debt ("GFD")**¹⁶ in absolute terms (financial debt balance) did not increase in S 20/21 (as it did, very considerably, by almost €900m, in S 19/20). In fact, it reduced by €86.0m (-2.5%), to €3,353.9m. This has been possible thanks to the availability of net financial investments (€166.9m), the increases paid-up share capital (€219.9m), the decrease in the outstanding balance of cash and cash equivalents (€154.7m) and the variation of *GFD* itself as a result of **LaLiga's** consolidation scope (€109.2m), as the entities relegated from Second Division (**LaLiga**

SmartBank) to lower divisions (outside Spanish professional football) were relatively highly indebted entities. Therefore, the equity commitments of the shareholders together – among other factors – with the availability of the cash reserves accumulated in the clubs, prevented the gross debt of the Spanish competition from continuing to bounce back.

Moreover, **net debt ("NFD")**¹⁷ reached €1,945.6m, an increase of €236.0m (+13.8%) over the previous year. The rebound of *NFD* compared to the decrease in *GFD* is caused by the intensive use that a club of the Spanish competition in particular made of its liquidity balances (cash and cash equivalents and financial investments) in S 20/21. This increase in net debt, far from being worrying, is substantially lower than the increase recorded in the previous season. It also highlights the competition's degree of solvency, which in aggregate terms presents – excluding the impact of the pandemic on the underlying ratios – an optimum financial leverage situation in the environment, taking into account the exceptionality of the unfavourable macroeconomic context (it is

Gross debt decreases in the season, despite the difficulties

Graph 16 | LaLiga | Explanation of variation in gross financial debt between seasons (€m)


not a structural situation) and the solid consolidated credit profile achieved by **LaLiga**.

Leverage ratios deteriorated substantially in the season, as a result of the one-off base effect caused on the denominators. The ratio of net financial debt (*NFD*) on *EBITDA* ("***NFD/EBITDA a/T***") of Spanish professional football is 12.6x in S 20/21 compared to 1.7x in the previous season. Logically, this abrupt rebound is not caused by increased debt (numerator), but by the sudden contraction of *EBITDA* (base effect) caused by the sudden exceptional contraction in income (basically *Matchday* and the selling price for the transfer of players). However, it must be taken into account that excluding the contribution of a certain club,

which is going through a difficult time, **LaLiga's** *NFD/EBITDA a/T* ratio would have been 4.6x in S 20/ 21, a level that is substantially more contained despite the crisis. Therefore, the considerable increase in financial leverage in relative terms is merely apparent and is not worrying in terms of solvency, and creditworthiness, despite the situation created by the pandemic. Even without a net repayment of debt in upcoming years, the gradual recovery of these ratios is to be expected simply due to the normalisation of the business. It is true though that there is an inorganic upwards trend in the long term due to the projected or ongoing renovation of key infrastructures, as well as the exceptional transformational investments that the funds contributed by CVC (*Plan Impulso*) will entail and that will be viewed as participating loans (i.e. form of subordinated debt) over 50 years on the clubs' balance sheets. These investments will enhance the long-term potential of the business (thereby generating greater income and higher margins). From a longer-term perspective, and observing the trend in debt levels in recent seasons until the

One-off rebound in credit ratios due to the severe contraction in results, but they will normalise in up coming seasons

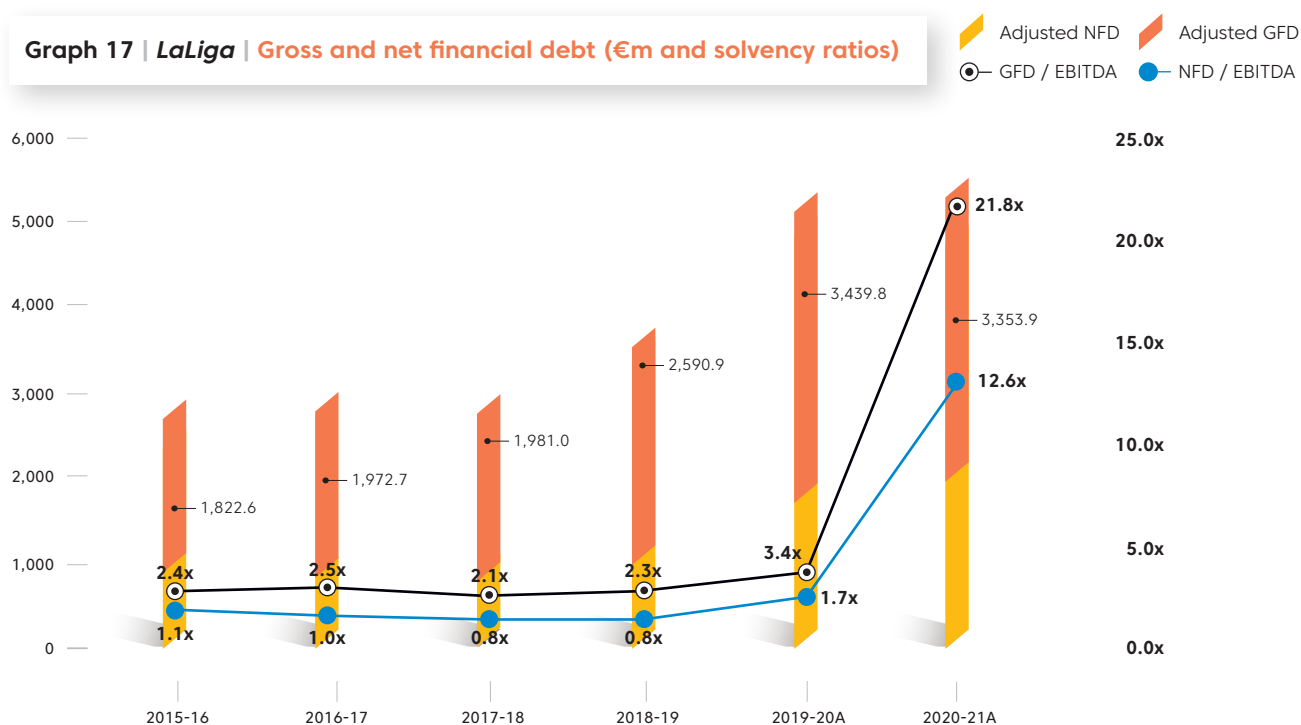
pandemic struck, it is accepted that the intrinsic improvement in the competition's long-term financial fundamentals is reason why **LaLiga** has been able to continue increasing its investments and, by extension, the size of its balance sheet, including, of course, the consequent levels of debt. It should be noted that the above figures include, with a positive sign (impacting on *GFD*), the amounts owed by the clubs to other sports entities for the transfer

of players and, with a negative sign (impacting *NFD*) the amounts owed to them for the same concept – irrespective of how each entity has it formally classified – for both current debt (short-term) and non-current debt (long-term). Likewise, the amounts of subordinated debt and/or participating loans are computed in the recorded *GFD* balances following a criterion of clear conservatism from a standpoint of the consideration of credit.

Table 7 | LaLiga | Solvency ratios (€m and times x)

| Financial Debt Ratios | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020A | 2020 / 2021A |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Gross Financial Debt (GFD) | 1,822.6 | 1,972.7 | 1,981.0 | 2,590.9 | 3,439.8 | 3,353.9 |
| GFD / Net Turnover (NT) | 0.7x | 0.7x | 0.6x | 0.7x | 1.0x | 1.1x |
| GFD / EBITDA b/T | 3.7x | 4.4x | 8.9x | 6.5x | 14.1x | EBITDA (-) |
| GFD / EBITDA a/T | 2.4x | 2.5x | 2.1x | 2.3x | 3.4x | 21.8x |
| Net Financial Debt (NFD) | 864.4 | 799.0 | 767.5 | 960.8 | 1,709.5 | 1,945.6 |
| NFD / NT | 0.4x | 0.3x | 0.2x | 0.3x | 0.5x | 0.7x |
| NFD / EBITDA b/T | 1.8x | 1.8x | 3.5x | 2.4x | 7.0x | EBITDA (-) |
| NFD / EBITDA a/T | 1.1x | 1.0x | 0.8x | 0.8x | 1.7x | 12.6x |

Graph 17 | LaLiga | Gross and net financial debt (€m and solvency ratios)





Moreover, the outstanding debt with Social Security (TGSS), the State Tax Administration Agency (AEAT) and the Provincial Tax Offices (Basque Country and Navarre), backed by various postponements and specific agreements signed in certain bankruptcy contexts over a few years, continues to decline based on the corresponding plans and stood at a residual amount of €17.1m at the end of S 20/21 (-94.6% since the start of the series, S 15/16, when it stood at €317m and double in S 12/13 at €650m), with a minimum term for them to be settled and having almost residual importance. These balances are included in the previous debt amounts.

It is interesting to highlight that around 27% of the *GFD* balance relates to debts with other clubs due to transfers of players. Additionally, about 62% of the debt is classified as long-term, with maturities after one year. On the other hand, **LaLiga's** liquidity position, €628.3m in cash and cash equivalents at the end of S 20/ 21, confers an adequate degree of solvency on Spanish clubs in an aggregated manner. Other than investments or financial assets (including balances due to clubs for transfers of players), the above is potentially translatable into €780.0m of cash more or less immediately. Likewise, it should be underlined that ~26% of the *GFD* balance is concentrated in a single club, which is currently going through a turbulent financial situation.

Table 8 | LaLiga | Breakdown of financial debt (€m)

| Financial Debt breakdown | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020A | 2020 / 2021A |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Debt with financial entities | 580.7 | 701.0 | 686.8 | 751.9 | 1,186.0 | 1,088.4 |
| Debts with clubs for transfers of players | 411.0 | 425.7 | 615.1 | 975.7 | 1,299.4 | 906.7 |
| Other financial debt | 716.5 | 657.1 | 537.1 | 720.6 | 840.4 | 1,240.3 |
| Debt with group companies | 114.4 | 188.9 | 142.0 | 142.6 | 114.0 | 118.5 |
| Gross financial debt (GFD) | 1,822.6 | 1,972.7 | 1,981.0 | 2,590.9 | 3,439.8 | 3,353.9 |
| Cash and cash equivalents | 413.2 | 660.2 | 647.7 | 760.5 | 788.5 | 628.3 |
| Financial assets with clubs for transfers of players | 379.7 | 339.3 | 361.6 | 631.0 | 681.1 | 493.6 |
| Other financial assets | 165.3 | 174.1 | 204.2 | 238.7 | 260.6 | 286.5 |
| Net financial debt (NFD) | 864.4 | 799.0 | 767.5 | 960.8 | 1,709.5 | 1,945.6 |

On the other hand, it is necessary to point out that, based on international external benchmark public sources (*Transfermarkt*), or even other tools available on the market, the market value of **LaLiga's** sporting intangible assets (players or

squad) at the end of S 20/21 amounted to around €5,700m (approximately 20% less than the last season prior to the crisis (S 18/19), due to the severe deflationary effects of the crisis on this market that are unprecedented in the last decade), which is equivalent to 1.7x the *GFD* balance. It could be concluded here – depending of how each club has structured its different financing deals and the possible real guarantee packages – that the Spanish competition's current debt could be potentially

Debt levels strongly backed by the value of assets

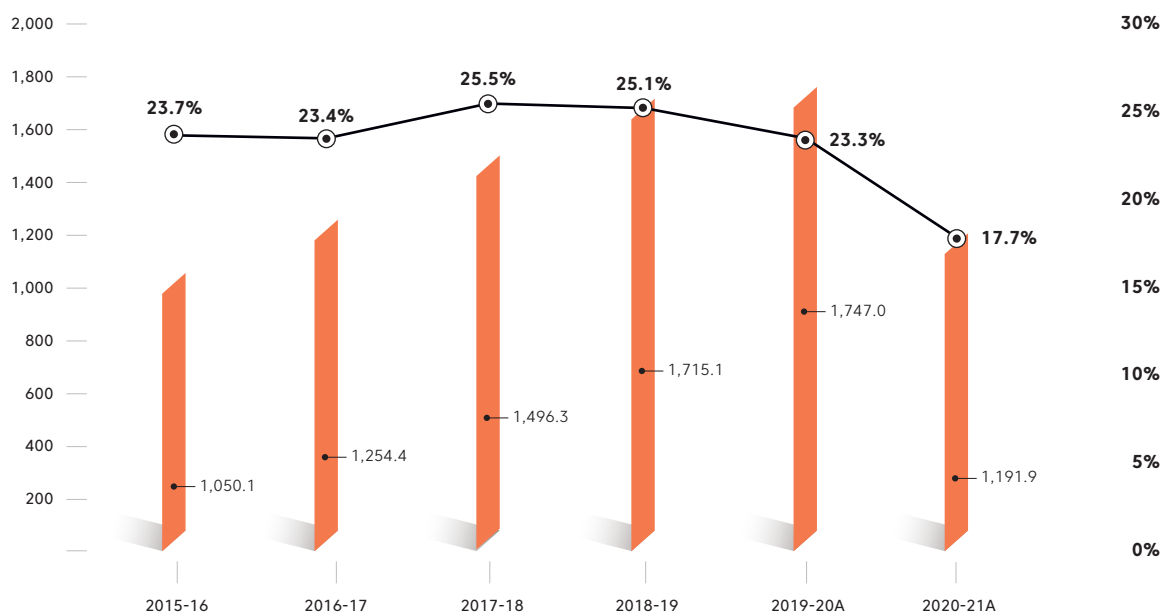
backed (or "collateralised") in full, as its amount or market value is almost twice that at the beginning of the series studied – according to the same sources – and the degree of debt coverage similar to then (despite the erosion suffered in S 20/21). Likewise, the net book value of non-sporting tangible, real estate and intangible assets (excluding players) – other productive or operating assets – amounts to €2,445.2m, which is +53% compared to six seasons ago, which further reinforces the previous conclusion. The advancement of both figures again expresses the strong investment process accumulated by the Spanish competition, which logically entails a direct impact in terms of greater long-term debt. But, even more so, the aggregate *Enterprise Value* of the 42 clubs that make up Spanish professional football would be around ~€10,800m-€12,400m, even the pandemic and financial erosion suffered by a significant entity, which represents several times the cumulative level of *NFD*. The foregoing comes from **LaLiga's** internal measurements carried out by applying different methodologies commonly accepted on financial markets, such as discounted cash flows (*DCF*) and market multiples (i.e. comparable translations and listed clubs).

Another way to verify **LaLiga's** strong financial solvency is by analysing its capitalisation level. In this sense, in S 20/21, the **Net Equity** of Spanish professional football amounted to €1,191.9m (-31.8% / $CAGR_{5y}$ +2.6%). It is the first time in more than a decade that this amount has decreased. The downturn clearly relates to the exceptional net losses recorded in the last season. Especially those of a particularly relevant entity, which operates with negative *Net Equity* of €-450.7m. Even so, the impact on *Net Equity* would have been greater had it not been for the capital increases subscribed to by the shareholders of the clubs (a total of 13 clubs), for an aggregate amount of €213m. These commitments made it possible to partially offset the losses recorded and preserve **LaLiga's** degree of capitalisation in the short term.

Likewise, the equity ratio against the competition's total liabilities ("**Equity Ratio**")²⁰ rose to 17.7%, level than that recorded in the previous season (23.3%) and the lowest since the S 14/15. In the years before S 20/21, this ratio had been increasing systematically – again further evidence that the apparent increase in the competition's debt (due to the high rate of investment) had not increased substantially in proportional terms, as it has been accompanied by a similar growth in equity – thanks to the large profits (i.e. accumulated accounting reserves) achieved year after year.

It is appropriate to note that this level of aggregate capitalisation would be ostensibly higher were it not for the marked negative equity of approximately ~€-450m accumulated by a significant entity, without which the *Equity Ratio* would stand at 28.8%, a level substantially higher and more representative of LaLiga's high degree of effective capitalisation levels.

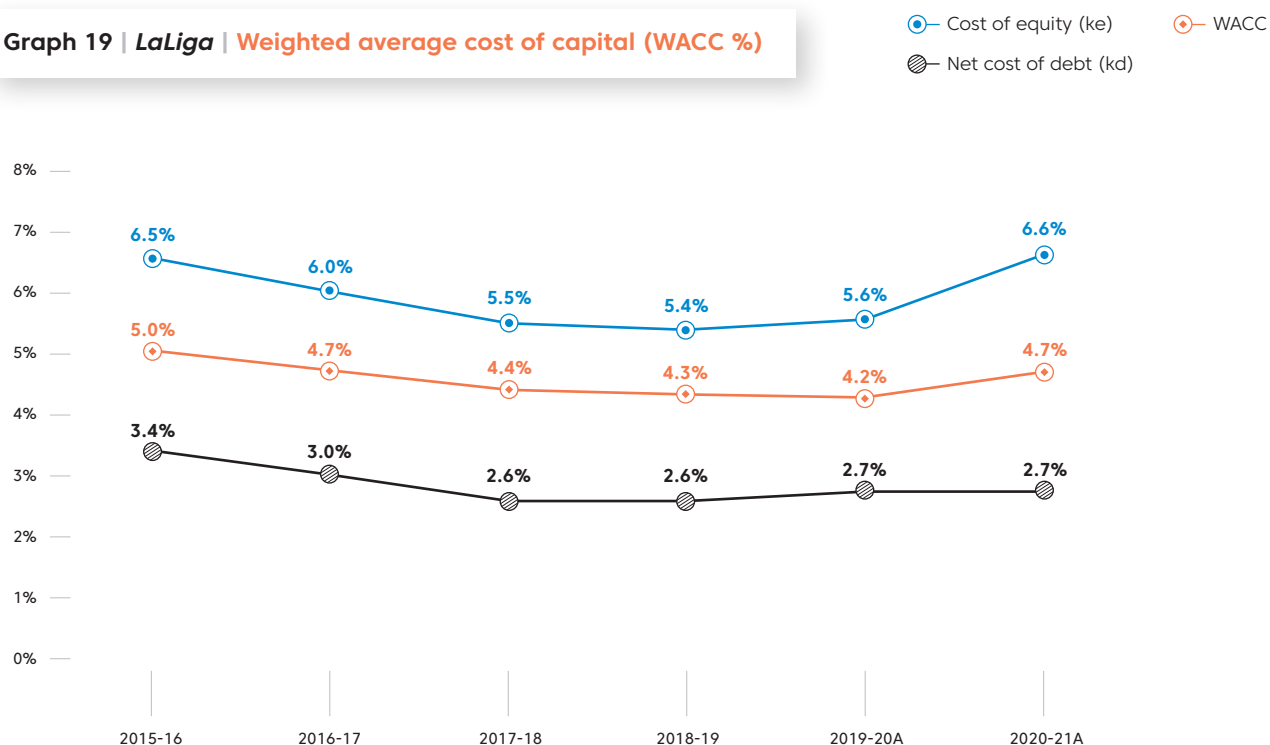
**High degree of capitalisation
and financial solvency /
creditworthiness**

Graph 18 | LaLiga | Capitalisation: Net Equity (€m) and Equity Ratio (%)
 Net Equity
  Equity ratio


The best way to demonstrate the continuous improvement in **LaLiga's** long-term financial profile, despite the financial degradation of S 20/21, which is more apparent than real (given that it is circumstantial rather than structural), is by estimating its **Weighted Average Cost of Capital ("WACC")**,²¹ i.e., the average cost of the financial resources (debt and equity) that sustain the activity. The WACC has been measured using various observable market variables, as well as by using the commonly accepted methodology on the financial markets, known as the **Capital Asset Pricing Model ("CAPM")**²². The WACC of Spanish professional football in the recently completed season was around 4.7%, with a slight rise (+43 basis points) over the previous season. The moderate increase is due to a certain tightening of benchmark interest rates on financial markets, as well as the rebound in the volatility seen in football clubs listed on the Stock Exchange as a consequence of the Covid crisis (the "Beta" coefficient, which measures systematic risk – not diversifiable – has grown 27% since the start of the pandemic). In any case, it must be stressed that this improvement in the long-term WACC (6.1%

in S 13/14) is determined not only by exceptional macroeconomic conditions, in general, and the temporary structure of market interest rates (Euribor index and risk-free rate – benchmark sovereign debt yield), in particular, but very much due to the intrinsic financial solidity of the Spanish competition, as well as the low empirical volatility observed in the performance of quoted professional football clubs on the stock markets (i.e. small Beta coefficient), which in both cases result in a decrease in risk premium (debt and equity) demanded from **LaLiga** by investors.

Graph 19 | LaLiga | Weighted average cost of capital (WACC %)



The result of a stable operating profitability level (*adjusted ROIC* – considering *EBIT* without including accounting conventions*) – and which has been comfortably in double digits in recent years – until S 19/20 with the appearance of Covid – and a weighted average cost of financing sources that sustain the activity (*WACC*) in systematic decrease, together with a level of capital employed (*NOA*) that has grown steadily, has maximised **LaLiga's** ability to generate **Economic Value Added ("EVA")**.²³ The *EVA* of Spanish professional football has been positive throughout the time series contemplated in this Report and grew uninterrupted until the outbreak of the pandemic. This is not something within the reach of many professional football competitions worldwide (in fact, among the European benchmark leagues, it is the one that has achieved the highest cumulative aggregate amounts in the last decade and on a more regular basis). In the first four years of the series analysed in this Report, it has

accumulated a surplus of €776.7m. However, with the outbreak of the pandemic, a negative *EVA* of €-51.5m was recorded in S 19/20. In S 20/21, *EVA* contracted sharply to €-683.4m. This is an adjustment in **LaLiga's** capacity to create value although, once again, it should be considered a one-off event. Furthermore, despite the sharpness of the correction in the last financial year, there continues to be a cumulative surplus of €41.8m in the aggregated series, a level of surplus despite the exceptionally unfavourable circumstances of the business in the last two years. On the other hand, it should be noted that without the impairment in the financial evolution suffered by a key **LaLiga** entity, Spanish professional football's cumulative *EVA* throughout the series would amount to a surplus of €295.4m.

The capacity to generate economic value added experiences a considerable downwards adjustment from time to time

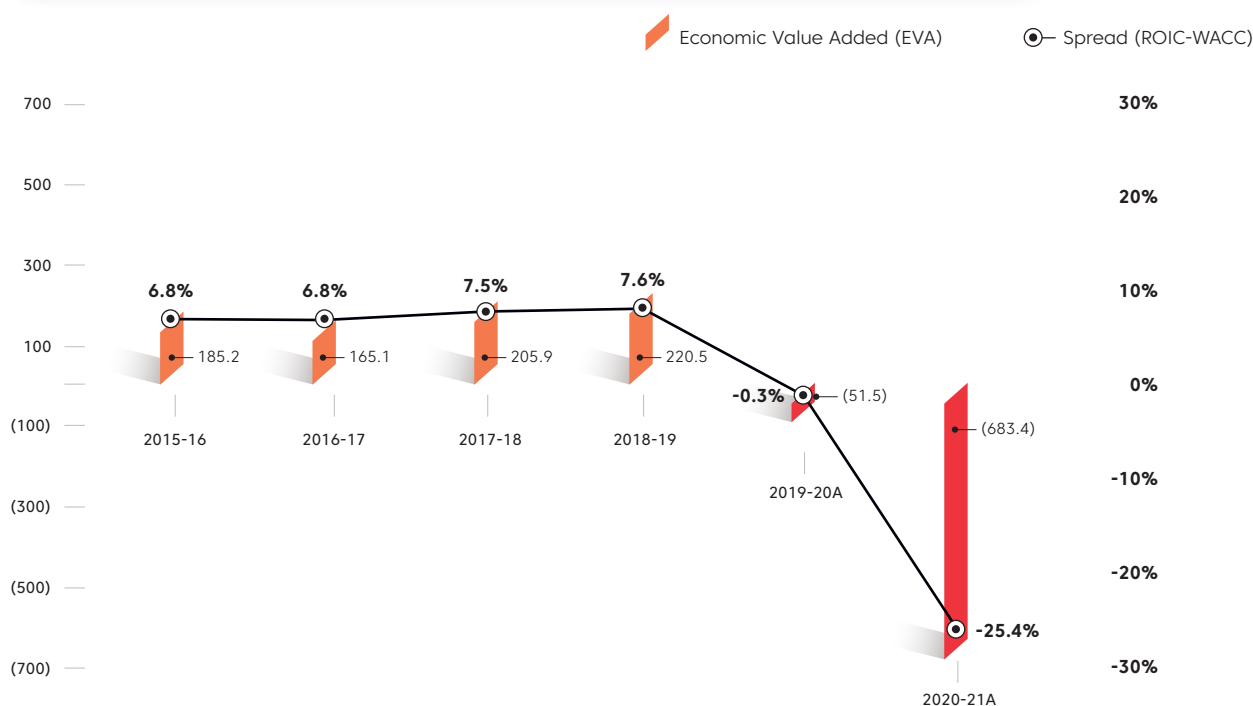
* In previous Financial Reports, the annual *EVA* was calculated based on the ordinary operating result (*EBIT*). However, as of this season, the *EVA* has been obtained from the adjusted *EBIT*, which does not consider the main positive or negative impacts associated with accounting conventions (provisions and application of provisions, impairments and reversals on the value of operating assets, etc.).

To restore the *EVA* levels of recent years, not only must the pandemic and its impact on the ordinary billings of Spanish professional clubs return to normal, but the player transfer market should also recover at national and international levels.

It is the Spanish competition's aspiration to continue being the league with the greatest

capacity to generate economic value added on a recurring basis. This is what has been happening in international professional football in the long term, in absolute terms, during the previous phase of expansion. But even more so, with an even greater difference when calculated in relative terms, i.e., considering the absolute turnover of **LaLiga** compared to other competitions (with considerably larger populations and price levels higher than those

Graph 20 | LaLiga | Economic value added EVA (€m and spread ROIC – WACC %)



in Spain).

Finally, it should be noted that **LaLiga's** positive financial evolution in recent years, excepting S 20/21, does not come only from the most significant clubs in the competition in terms of absolute size of the revenues generated or the assets managed. Otherwise, it is a pattern shared by the majority of clubs that make up **LaLiga**, with a considerable degree of "granularity". On the contrary, the abrupt decrease in S 20/21 from the extraordinary exogenous causes that occurred is not a change

in trend, but is mainly concentrated in the entities with the greatest contribution of match day to their billings. It is therefore a fairly asymmetrical disruption that, once again, gives extraordinarily positive value to the enormous transformation in the financial structure that has taken place within Spanish professional football in recent years. Thanks to the efforts to clean up, grow and transform the business in recent years, Spanish professional clubs have enough creditworthiness and financial leeway to cushion the effects of such an unfavourable

situation.

In conclusion, and similar to what happened in the other European benchmark competitions, **LaLiga** suffered particularly aggressively from the impact of the COVID-19 crisis in S 20/21 (around 75-90% of the total accumulated since the start of the pandemic, depending on the figure analysed). The Spanish competition, which much better managed to offset effects in S 19/20 than other leagues, has seen how the negative effects have been concentrated in the last completed season. This is, predictably, the most acute phase of the exceptional situation that we are experiencing, which is without precedent in recent economic history. As will be analysed in the following section, a gradual recovery is expected from the current S 21/22, which will be the subject of the next

Financial Report.

But the pace of recovery from pre-crisis levels is unlikely to be immediate, and will most likely be seen from S 23/24. This is especially so for the player transfer market, which is a particular area that has a defining impact on the results of the Spanish professional competition due to **LaLiga's** great capacity to generate, rotate and monetise the sporting value created. Excluding the above, the Spanish professional competition has considerable growth potential with all the qualitative elements and all the strategic milestones achieved in the completed S 20/21 and the current S 21/22. And this growth has a good chance of being efficient, profitable and solvent. This strength will also translate into the ability to generate substantial economic value added on a recurring and sustainable basis, as has happened in recent years.



LaLiga: **Outlook for the** **current 2021/22** **season**

3





With the halfway point (first round) of S 21/22 reached, the projections* regarding **LaLiga's** financial development for the current year are, as is logical, substantially better than those of the completed S 20/21 (which coincided with the most acute phase of the pandemic), as previously analysed in this Report. However, despite the league championship being held without interruptions and with the public in the stadiums (although without the possibility of full capacity over the entire championship, due to the various restrictions imposed by the authorities), the situation cannot fully normalised until all the effects caused by COVID-19 have been overcome, a situation that will foreseeably occur from S 23/24, after the expected intensification of activity in the player transfer market, whose impairment was accompanied by the clubs' balance sheet self-protection mechanism during the pandemic period as was also explained in previous sections. The recovery of the player market, therefore, will accompany the normalisation process in other aspects such as the expenditure that companies make in terms of advertising or sponsorships through professional football, even in the propensity by fans to purchase, due to the crisis and economic uncertainty, or mobility restrictions, which logically affect commercial headings such as merchandising or ticketing.

The above is not unique to **LaLiga**, but rather a framework shared by all European benchmark competitions, each one with its specifics (among the three largest national competitions in UEFA, the Spanish professional competition is the one that is suffering the most in the short term from the contraction of the player markets, both in absolute and relative terms, due to the reasons already analysed in the Report). In any case, it must be emphasised that this is an unexpected situation. An exceptional crisis at a historical level, but contextual and of a very different nature from that of other contractionary phases of recent decades, with very severe economic effects that have emerged immediately. In the same manner, it is foreseeable that the recovery will be reasonably solid and occur quickly once the mass vaccination processes reach a high percentage of the population, a situation that came about in the

final third of 2021 and the first of 2022. Throughout 2022, it is expected that the pandemic will evolve to become endemic, and that should imply, under normal conditions of the financial markets and the global geopolitical scenario, a rapid recovery to normalcy and activity levels prior to the outbreak of Covid two years ago. The almost fully recover of business volumes to those prior to the crisis would be for S 23/24.

Despite the complex situation experienced, S 20/21 has not been a season to write off. **LaLiga** concluded one of the most important years in its history at a corporate level, with the closing of commercial and strategic agreements, and the preparation of others that will culminate in the current S 21/22, which lay the foundations for Spanish professional football to grow and be profitable not only in upcoming years, but in upcoming decades. The next Financial Report will address some of these issues in greater detail (e.g. *Plan Impulso* deal with CVC, new audiovisual cycle or five-year period for the national market, renewal of broadcasting agreements in key international venues, sponsorship agreements, signing of new joint ventures, launch of LaLiga Tech, etc.).

It is estimated that the Spanish professional competition in S 21/22 will once again record *Total Income (TI)* of around €4,012m, a step above (+5.1%) that of S 20/21 (€3,818m). It will continue to be a figure below the benchmark level of ~€5,000m in S 19/20, surpassed only in that year in all its history. However, despite appearances, S 21/22 will be a substantially better year than the last one in general financial terms, for issues that should be fully analysed.

First, the expectation is that *NT* (including other miscellaneous operating income) will be around €3,390m in S 21/22 (vs. €2,977m in the previous year; annual growth of approximately +13.9%), because of:

- Strong recovery in *Matchday* income (~€742m in S 21/22 vs. €384m in S 20/21; +93.1%), mainly from the return of the public to stadiums, with

which a lot of base effect is included in this striking increase. However, many clubs will have to compensate the price of season tickets for what happened in the last two seasons and, on the other hand, it is foreseeable that the average attendance at stadiums will not recover to pre-pandemic levels (both due to specific restrictions established by the authorities and the resistance of many fans to go to mass events). Therefore, unless the sporting performance of Spanish clubs in European competitions is very high (maximising UEFA Prize Money payments), the levels of *Matchday* billings prior to Covid will not recover just yet. A gap of around ~€200m would still remain.

- Stabilisation of billings for *Broadcasting* (€1,659m S 21/22 vs. €1,688m S 20/21; -1.7%). The total recovery of this section of **LaLiga's** billings will have been almost complete, although it cannot be considered complete until the hospitality sector distribution channel (public access venues such as bars and restaurants) of broadcasting revenues has normalised, which was completely closed in S 20/21, as well as other minor adjustments agreed with operators on national audiovisual rights and in some international markets due to the pandemic. It should be remembered that, thanks to the management by the Association, which worked actively with broadcasters based on a markedly collaborative approach, the global adjustments made to this key revenue stream due to the pandemic are substantially lower in **LaLiga** than in other upcoming benchmark competitions. On the other hand, it is important to note that S 21/22 is the third and final year of the second three-year broadcasting rights cycle in the national market (after the approval of RDL 5/2015 that led to the joint operations and centralised selling system). The tender for the next cycle was held in the current S 21/ 22. **LaLiga** has been taking action on various fronts to enable the national market rights for the

* This projection for the current S 21/22 is made on the basis of the abnormal / exceptional season continuing, assuming the COVID-19 pandemic remains throughout the league championship, but without affecting the schedule and without closing stadiums to the public. Nor does it take into account the possible effects of a sharp and prolonged erosion of the business environment due to potential adverse global economic factors (e.g. runaway inflation), or geopolitical factors (e.g. invasion of Ukraine by Russia).

following period to be carried out under the most favourable possible conditions of competition, leading to the optimisation of the marketed rights' value, despite the economic situation and certain pressure observed in similar agreements signed recently in other peer competitions across the European landscape. Although some batches are still to be awarded, it can be expected that – with the new audiovisual cycle of the Spanish competition, configured for a five-year period (instead of three years, as were the last two previous periods) – not only will the annual product obtained not be reduced, but will enlarge slightly. This is a very considerable milestone, fundamental when compared to what happened with other European benchmark markets, which have seen the annual value of their broadcasting rights for the next cycle significantly reduced. The Association also achieved the objective of preserving at least the average annual TV billings with respect to the previous three years, in a much more unfavourable global economic context.

- Solid increase in *Commercial income* (~€986m in S 21/22 vs €905m in S 20/21; +9.0%), with the estimated increases being more pronounced in headings such as merchandising (store sales) and use of facilities, which were severely reduced in S 20/21 because of the limitations on mobility caused by the pandemic. The other headings (advertising, sponsorships, etc.), which are the most important and those that contribute the most to marketing billings, have been managed efficiently both by the clubs and by the Association itself, with the renewal of existing agreements or the signing of some major new ones under reasonably favourable terms.

However, despite the expected favourable performance of billings, **LaLiga's Total Income (TI)** will continue to be impacted by the contraction of the player transfer markets that continued into the summer and winter "windows" of S 21/22 (although some increases could occur before the end of the season). Once again, this is a situation shared with the rest of the major professional football competitions in Europe, which is resulting in a marked decrease in the resources obtained from

the transfer of players, but which in turn manages to balance the investments, protecting clubs' balance sheets and cash consumption levels in times of uncertainty. The cumulative decrease (since the start of the health crisis) in sales of players in four of the five largest UEFA national competitions (excluding Spain) will be around -35% in S 21/22 vs. S 19/20. However, the impact in **LaLiga** is estimated somewhat higher, at around -65%.

This greater relative flexibility in the divestments of players by Spanish clubs (which has a similar impact on investments in players, consolidating a kind of automatic stabiliser at a global financial level), ultimately generating a much more abrupt fall in the transfer market, must consider the result of two factors. On one hand, a greater discretionary operating effort by **LaLiga's** entities, aware of the need to accommodate the rate of investment in players to the macroeconomic situation and the decline in activity, so as not to cause additional liquidity stress that results in a disproportionate growth of debt levels and a general loss of financial equilibrium in the short and medium term. On the other hand, it responds to the Association's Financial Control, which is substantially more rigorous than those in other national professional competitions in Europe, which heavily restricts the activity in the aforementioned market that clubs can opt for when income is suddenly and severely contracted such as that recently, to avoid imbalances such as those that arose in the past, until a few years ago. Therefore, the aggregate Squad Cost Limit (SCL) of Spanish clubs allowed by the Association has been reduced by about -37.5% since the start of the pandemic. This compresses both the amount of the wage bill and new players in Spanish teams, especially until the ordinary billings and the activity (value and number) of derecognitions (divestments) in the player market are normalised. All these peculiarities will imply a greater apparent impact on **LaLiga**, because they attenuate income growth and the emergence of immediate profits. However, they prevent cash stresses and the degradation of the effective financial profile of the Spanish competition in the short term. In the longer term, they will contribute to the emergence of profits, as the lower net investment rate gradually impacts the level of amortisations.

To this is added a structural pattern of the Spanish competition in relation to its counterparts (at least with the other two major European benchmark leagues: the English and the German), such as the fact that the weight of the profits derived from creating and rotating/monetising sporting value have been markedly higher in **LaLiga** in recent years.

However, the market adjustment is a one-off situation, due to the exceptional conditions that occurred and the high elasticity of the transfer markets to the economic context. It should be emphasised, however, that this consequence will occur in terms of total income (*TI*) and immediate results, but not so much in terms of effective financial effort. This is so thanks to the Association's strict Financial Control as mentioned above, and also to the differential effort made by the clubs, which means a notable adaptation of investments in player signings (purchases) to the divestments made (sales), even implying a positive net balance (and if it is negative, it will be for a low amount) for the Spanish competition for the second consecutive year in the series.

It is expected that the situation will begin to normalise from S 22/23, recovering the favourable momentum for the Spanish competition. From S 23/24, the recovery should be in fully swing.

As a consequence of all of the above, **LaLiga's** results in S 21/22 will improve considerably compared to S 20/21, but without reaching the outstanding records of previous seasons. Again, it is a situation widely shared by the other peer competitions.

LaLiga's EBITDA b/T is expected to be ~€161m (vs. €-183m in the previous season), reiterating positive levels, albeit still far from the maximum reached in one year (S 15/16 at almost €500m). This will be achieved even with the expected slight increase in *OPEX* (which had decreased for the first time in annual terms in the previous year). If the above is confirmed, S 20/21 will go down in history as a one-off accident, albeit a serious one. With the exception of the last completed season, **LaLiga** would have managed to record decidedly positive annual *EBITDA b/T* uninterruptedly throughout the last decade.

This is the basic element that explains a large part of the recovered solvency, profitability and increase in the economic value of the Spanish professional competition in recent seasons.

If the results (capital gains) that are expected to be obtained from the transfer of players are added to *EBITDA b/T* (which will be generated, albeit at a lower rate: ~€271m in S 21/22 vs. €772m in S 19/20, which represents a cumulative drop of -65% since the start of the crisis, the gross operating profit after transfers (*EBITDA a/T*) will return to a considerable level, with a record close to ~€432m (almost 2.8x higher than the last S 20/21), although still far from the all-time highs reached by **LaLiga** (in S 18/19, *EBITDA a/T* was €1,134m), despite which it should be noted that this contraction in the transfer market results in a specific adjustment and mechanism that has a positive impact on the financial health of the clubs, similarly adjusting their investment capacity. In short, the effective automatic stabiliser protects their balance sheets and generates liquidity buffers.

After *EBITDA*, depreciation will remain relatively stable and will even decrease well in absolute terms despite the investment effort in infrastructures and renewal of equipment, particularly in some entities, which cannot be stopped despite the current contextual situation caused by the pandemic (some clubs even have taken advantage of the exceptional situation to accelerate the actions underway). However, the lower activity in the player transfer market will cause depreciations to be almost -15% below S 19/20 (the annual high reached).

Other than potential impacts that may arise (associated with applying accounting conventions for impairments made on the value of assets, provisions made, etc.), as well as other extraordinary (unpredictable) effects, the previous evolution of the operating results will lead to an operating loss for **LaLiga** (*EBIT*) for the second consecutive year: around €-303m in S 21/22 vs. €-898m in S 20/21. It would be possible to temper operating losses to practically a third of those recorded in the previous year, but not avoid them. It will be difficult to see a return to operating profits until the situation in the player transfer market returns to normal, which is a hallmark of generating results and creating economic value in Spanish professional football. In any case, in the medium term, even if activity in this market is not completely restored (unforeseen situation), **LaLiga** would tend to converge towards

break even at a results level thanks to the effect of the previously explained automatic stabiliser.

Special emphasis must also be placed on understanding an important additional circumstance related to the nature of the operating losses expected for the current S 21/22, such as the fact that, to a large extent, they are "justified" and recoverable. This is due to **LaLiga** promptly allowing clubs to spend somewhat more than they should have according to the regulations, through the (temporary) adaptation of the Financial Control regulations as a result of the strategic agreement signed with CVC, which entails a significant direct and immediate injection of high-quality, long-term financial resources. Due to this, around €155m of the expected operating losses in the current season (i.e. slightly more than 50% of the estimated amount) come from an excess of expenses caused by an allocation of a good part of 15% of the financial resources injected by CVC – aimed at investment in players, as allowed by the temporary regulatory adaptation – to complement the squad cost limit in S 21/22. On the other hand, an additional ~€54m corresponds to part of the share capital increases carried out in the season that have been directly allocated against losses. The resources necessary to meet these expenses are already available to the clubs. This is going to lead to many entities finding themselves apparently exceeding their spending limit. But it will only be a circumstantial situation, since established mechanism itself has provided for the mandatory restitution of the amounts exceeded gradually during the upcoming seasons. In addition, this future compensation will occur in a framework in which the emergence of gains derived from the productive and transformational investments undertaken thanks to the *Plan Impulso deal* is expected, which should also be accompanied by greater surpluses, substantiated in an increased aggregate billings.

After the operating result (*EBIT*), the financial results will remain stable and **LaLiga's** pre-tax loss (*RBT*) will be ~€-396m, with a *NR* of ~€-297m, a deficit significantly lower than that of S 20/21. This is in any event an unprecedented situation, which had not been reported in the Spanish professional

competition for at least a decade – profits, with a growing trend, have been reported year by year. By eliminating the "recoverable effect" in the estimated losses associated with the strategic operation with CVC and the capital increases undertaken, the results would increase by around €209m. Taking these impacts into account, the *RBT* of the Spanish competition in the current season would be only ~€-187m, with a *NR* or ~€-140m, losses somewhat less than the apparent ones.

Table 9 | LaLiga | Expected results for the current S 21/22 (€m)

| <i>LaLiga</i> | Outlook / Guidance | | | |
|--------------------------------|------------------------|-----------------------|----------------------|------------------------|
| | S 18/19 (pre COVID) | S 19/20 A (COVID*) | S 20/21 A (COVID) | S 21/22 (e) (COVID) |
| Total Income | 4,874 | 5,029 | 3,818 | ~ 4,012 |
| Net Turnover | 3,601 | 3,539 | 2,977 | ~ 3,390 |
| EBITDA b/T** | 399 | 243 | (183) | ~ 161 |
| EBITDA a/T** | 1,134 | 1,016 | 154 | ~ 432 |
| EBIT** | 378 | 156 | (888) | ~ (303) |
| RBT** | 309 | 65 | (995) | ~ (396) |
| Net Result** | 225 | 52 | (892) | ~ (297) |
| RBT without recoverable losses | - | - | - | ~ (187) |
| NR without recoverable losses | - | - | - | ~ (140) |

* S 19/20 was only partially affected by COVID-19 (from March to June), while S 20/21 was fully impacted by the pandemic and S 21/22 marks the beginning of the recovery of normality, but always under the effects of the health crisis.

** Without the adaptation of the expense rule associated with the SCL in Financial Control and the share capital increases aimed at covering losses, all results from EBITDA downwards would increase by ~€209m in the current S 21/22.

On the other hand, in terms of investment (CAPEX), with the summer and winter markets for player transfers in 2021/22 closed, **LaLiga** will record a surplus between sales and purchases of players for the second time in the series (although if it does ultimately record a deficit, this would be for a very small amount). In fact, it was the only UEFA benchmark competition to have achieved this in S 20/21. This implies that the net investment in players, which had stood at €405m in S 19/20, for the second consecutive year throughout the series (coinciding with the pandemic) would not require an additional financial effort (or only at a tiny level, with a maximum of up to ~€75m), contributing to the release of financial resources.

In addition, considering the beginning and/or progress in the modernisation and improvement actions of some of **LaLiga's** key stadiums and sporting facilities, as well as the planned investments in technology thanks to the *Plan Impulso deal* – with investments in progress and announced above €3,000m this current season and for the next three/four (the largest greatest concentration of effort in the history of the competition) – the evolution of net CAPEX in infrastructures is estimated at ~€325m in S 21/22. The net investment effort will shift from players to other operating assets. This investment in infrastructures, equipment and digital technology, committed in part before COVID-19 and in part after the formalisation of the *Plan Impulso*, gives an apparent added pressure for Spanish clubs, but it is self-financed in the very long term and will largely establish the basis for the competitiveness and attractiveness of the competition in upcoming decades. In short, to generate long-term incremental income and financial performance.

At the same time, some release of resources (divestment) from operating working capital (WC) is foreseeable, amounting to ~€190m in S 21/22, compared to the net investment of €-57m in S 20/21

All in all, it can be estimated that the activity's net cash flow consumption, or final Free Cash Flow ("FCF")²⁷ of **LaLiga** in S 21/22, would be at a level close to the *break even* (~€0m), compared to €-460m in S 20/21, or the cumulative of around €-1,288m since S 17/18. It would be the first time

in four seasons (since S 16/17) that an aggregate surplus was recorded for this, which sustainability increases and proves Spanish professional football's degree of financial resilience. This performance must be considered extremely commendable given that, estimating an essentially unfavourable season from the point of view of results (for the second year in a row), fundamentally due to the player market, Spanish professional football would however stop consuming operating cash at such a large rate, thanks to operational containment. Furthermore, if the FCF generated is not (markedly) in surplus, this is due to ongoing actions on some of the competition's most significant infrastructures, which is clearly a one-off event (without this effect, the FCF would end up with a large surplus). This trend of exceptional investments will intensify in upcoming seasons, for the reasons stated above. And also as the transfer market recovers. Therefore, the effect on the Spanish competition's consumption of FCF will remain for at least a few financial years. If these projected atypical investments are excluded, **LaLiga** would already be generating surplus operating cash flows despite the crisis. This investment endeavour will entail the structural expansion of the Spanish professional competition's billings and profitability of in the future.

Thanks to the operational efforts of clubs in the last two seasons (in terms of OPEX and CAPEX), and apart from the immediate appearance of the accounting results, there has been no pressure on the level of the Spanish competition's gross debt in S 20/21. This operational performance has also been reinforced by the share capital increases subscribed in the last season and the recourse to the partial provision of cash balances reserves. In S 20/21, the worst season in **LaLiga's** memory from the point of view of accounting results, the level of gross debt contracted. This trend will intensify in the current S 21/22.

If the extraordinary injection of funding that will begin to be produced by **LaLiga** in the clubs in the form very long-term participating loans (i.e. subordinated debt) (around five decades) is not taken into account, through *Plan Impulso* signed with CVC (resources that will go to investments in growth and development) and whose details will be explained in the next Financial Report, the level of competition's aggregate gross debt (*GFD*) at the end of S 21/ 22 would be around €3,206m, lower than that at the end of S 20/21, but with higher billings and aggregate results. It is noteworthy that in the current context of the crisis, the operational containment of **LaLiga's** clubs allows organic debt to be reduced by ~€150m. In any case, the available financial resources associated with the strategic agreement with CVC are intended to promote long-term growth and increased attractiveness of the competition through the execution of operating and profitable investments.

Likewise, **LaLiga's** clubs will make use of their accumulated surplus liquidity, among other things, to pay for debt service, reducing the cash and cash equivalents balances on an aggregate basis. The Spanish competition's *GFD/EBITDA* and *NFD/EBITDA* credit ratios, which deteriorated notably (but exceptionally) in S 20/21, will begin to recover. The indexes will gradually return to normal in the coming seasons once the pandemic is over, in which, on one hand, the organic pressure on indebtedness levels will be less (due to the lower net investment in players and the recovery of revenues) and *EBITDA* will gradually recover to pre-crisis levels. However, at the inorganic level, the upwards trend will persist due to the major investment expected in infrastructure and technological equipment. It is expected, therefore, that there will be a displacement effect of the amount of *GFD*: increased debts with credit institutions and other financial debts, which will increase their relative weight to the detriment of debts held with other clubs and sports entities due to transfers of players (investments that will undergo a considerable setback).

LaLiga's financial leverage level is in a markedly different business context to just a decade ago, with a larger, better capitalised, much more solvent competition financially (excluding the unfavourable one-off effects of COVID-19), and capable of

generating financial profitability and create added value in a systematic manner. A large part of the upcoming indebtedness will be fundamentally linked to the *Plan Impulso deal* and will be in the form of participating loans (i.e. subordinated debt). The above is irrespective of the aforementioned formal indebtedness in the debt headings of the balance sheets (Annual Accounts) of the affected clubs.

Be that as it may, the Association estimates any aggregate and structural level of *NFD/EBITDA* (excluding COVID-19) that does not exceed 3.0x-3.5x to be a fair and efficient leveraging level for the activity, taking into account the current growth experienced and the favourable situation of the financial markets (without considering any long-term structured financing or subordinated debt for the purposes of this calculation; only the outstanding corporate debt under different modalities taken out in traditional terms). Finally, it should not be overlooked that, once these physical and technological infrastructure actions are completed, some clubs will have renewed assets. **LaLiga** will have some of the best and largest stadiums in the world, specifically designed to maximise their ability to generate income and obtain operating profitability. It will also be a leader in digital assets, and traditional billings channels will be expanded. A gradual and natural dilution of this indebtedness therefore expected, with the consequential substantially lower credit ratios.

In short, **LaLiga** faces this scenario of greater indebtedness, not for organic reasons and not even due to the effects of the pandemic, but due to its plans to renovate some of its most significant physical infrastructures and to grow its digital capital, in optimal conditions, with its "homework" done in financial terms (with pre-crisis debt levels below the most efficient maximum potential), in a context of strong endogenous growth (ex COVID-19) in its turnover and visibility in its results. In this way, it can doubtless be concluded that, in consideration of the one-off situation caused by the pandemic, now is the most appropriate to undertake these significant extraordinary growth investments.

On the other hand, and without considering possible share capital increases that could occur within some



clubs to shore up their balance sheet in the face of negative net results caused by COVID-19 or certain specific liquidity stresses, the competition's *Net Equity* in S 21/22 will be close to ~€1,000m, a level lower than the high posted in S 19/20 (€1,747m), as a consequence of the cumulative net losses after two full years of the pandemic. The *Equity Ratio* levels will therefore fall, from the highs of 25.1% in S 18/19 to an estimated ~16%. Undoubtedly, the health crisis will have caused a loss of assets in the Spanish competition, but this is expected to be temporary and reabsorbed relatively quickly in the following 2-3 seasons. It is important to mention that this amount of **LaLiga's** *Net Equity* does not

contemplate the 850m commitments that *Plan Impulso* deal intends to make available this year (nor the balances of current participating loans of some clubs, in most cases with their own shareholders). This type of subordinated debt is considered *Equity* for certain business purposes (Capital Corporations Law), although it is formally classified under debt on the balance sheets. It is worth mentioning that a single club in the competition will accumulate very considerable negative *Equity*. Excluding this entity, the *Equity Ratio* of the clubs as a whole would rise to ~25%, a greater degree of relative capitalisation and more representative of the reality of the clubs that make up the Spanish professional competition.

Table 10 | LaLiga | Other financial figures expected for S 21/22 (€m)

| LaLiga | Outlook / Guidance | | | |
|----------------|------------------------|-----------------------|----------------------|------------------------|
| | S 18/19 (pre COVID) | S 19/20 A (COVID*) | S 20/21 A (COVID) | S 21/22 (e) (COVID) |
| FCF | (102) | (697) | (463) | ~ (2) |
| GFD** | 2,591 | 3,440 | 3,354 | ~ 3,206 |
| GFD/EBITDA a/T | 2.3x | 3.4x | 21.8x | ~ 7.4x |
| NFD | 961 | 1,710 | 1,946 | ~ 1,948 |
| NFD/EBITDA a/T | 0.8x | 1.7x | 12.6x | ~ 4.5x |
| Equity** | 1,715 | 1,747 | 1,192 | ~ 995 |
| Equity Ratio** | 25.5% | 23.3% | 17.7% | ~ 15.8% |

* S 19/20 was only partially affected by COVID-19 (from March to June), while S 20/21 was fully impacted by the pandemic and S 21/22 will mark the beginning of the recovery of normality, but always under the effects of the health crisis.

** Without considering the availability of participating loans (subordinated debt) of ~€853m to clubs in S 21/22 for 50 years with **LaLiga** resulting from *Plan Impulso* deal with CVC.

LaLiga: Summary of Financial Statements and club profiles in the 2020/21 season

4



FINANCIAL STATEMENTS Summarised

The consolidated financial statements (*FS*) of **LaLiga** constitute the best picture of the financial analysis carried out on the competition in the previous sections. The *FS* of **LaLiga** are comprised of:

- **Income Statement (P&L)**; income and expenditure for each period in accordance with current accounting regulations. It is presented in a format, or lay-out, in "waterfall" mode that helps financial analysis. Likewise, it has been decided to reformulate some figures, with respect to the formal versions, to improve such assessment – and in a similar manner to how other leading competitions in Europe do it. This is the case, for example, with the results from transfers, which are broken down – that is, on the one hand, as a credit, the sale price, and on the other, as a charge, the cost of sale (i.e. a drop in net book value) – without altering the intermediate balances or the final results. Some interim balances of non-formal results (that do not appear in the Spanish General Accounting Plan – GAP) are also presented, such as *EBITDA b/T* or *EBITDA a/T*, according to the **LaLiga** definition that appears in the glossary at the end of this Report.
- **Balance Sheet**; cumulative balances of assets and liabilities at the end of each period. They are ordered by the aggregation of assets, considering their nature (operational vs. financial) and the maturity (short- vs. long-term).
- **Cash Flow**; statement of cash flows for each period, restated according to the nature and conceptual order of priority of each heading, in accordance with the methodology developed by the Association, to facilitate financial analysis and improve the identification of the concepts examined. All this is done without altering the change in effective cash flow variation recorded in the periods with respect to the reality, and that results in the same "Cash and Cash Equivalents" balance that appears on the consolidated *Balance Sheets* and the *Cash Flow Statements (CFS)* of each grouping of clubs under analysis. In a similar vein, the *P&L* has calculations of some interim treasury balances of an operational, organic and non-organic nature (e.g. *GFO*, *OCF*, *FCFr* and *FCFt*) that are explained in the Report's glossary.

For the sake of simplicity, this section presents the *FS* of each grouping for the period covering the last three financial years, highlighting the last completed season – S 20/21 – and the annual variation rate with respect to the immediately preceding season – S 19/20. The $CAGR_{5y}$ and absolute increases, however, are calculated for the last six years (the series analysed in this Report). Annex I offers the exhaustive versions of the *FS* for the last five full seasons, as well as the list of tables and figures that support that evolution, and allow for a better visualisation of these.

Income Statement

From **LaLiga's** *P&L* point of view, the considerable resilience in turnover (*NT*) and *Total Income* in S 20/21, which marks the central year of the second cycle (i.e. the three-year cycle) of the broadcasting rights collective operations and centralised selling system must be highlighted but that at the same time has been marked entirely by the pandemic associated with COVID-19, causing major negative effects that were discussed earlier in this Report.

At the *EBITDA* level, and contrary to what happened in the previous season, it is necessary to underline the lower adjustment recorded in *EBITDA b/T* (partly thanks to the good evolution of *OPEX*) compared to *EBITDA a/T*, this last financial year was greatly affected by the severe contraction in *Results from Transfers* of players. This item is the only one on the *P&L* that will continue to be affected in S 21/ 22.

The contraction of the operating result or *EBIT* is significant as a result of the above effects, which is nonetheless favoured by the containment of amortisations, due to the slowdown in the effort on operating investments and their corresponding regularisation in results. But it also highlights the considerable negative effect on the *EBIT* of the impairments and provisions (accounting conventions in accordance with the principle of prudence, but with no immediate effective financial impact), for an amount close to €250m, concentrated in a single **LaLiga** entity, which has carried out an exceptional restructuring of its balance sheet.

All this causes a very significant slowdown in *Net Result (NR)* in the year, which records the largest losses in the history of Spanish professional competition.

Table 11 | LaLiga | Summary P&L

| Summary Income Statement | 2018 / 2019 | 2019 / 2020A | 2020 / 2021A | Δ last year | CAGR 5y | Δ abs. 5y |
|--|------------------|------------------|------------------|---------------|---------------|--------------|
| Audiovisual / broadcasting income | 1,668.9 | 1,740.8 | 1,688.4 | -3.0% | 9.6% | 1.58x |
| Matchday income | 948.2 | 812.2 | 384.0 | -52.7% | -12.3% | 0.52x |
| Commercial income - Sponsorship & others | 983.8 | 985.7 | 904.6 | -8.2% | 7.0% | 1.40x |
| Net Turnover (NT) | 3,600.9 | 3,538.7 | 2,977.1 | -15.9% | 4.0% | 1.22x |
| Other operating income | 171.9 | 186.5 | 158.1 | -15.2% | -9.8% | 0.60x |
| Operating Income | 3,772.9 | 3,725.2 | 3,135.2 | -15.8% | 2.9% | 1.16x |
| Procurements | (143.2) | (123.0) | (107.5) | -12.6% | 5.5% | 1.30x |
| Non-sports personnel (wages) | (252.7) | (272.3) | (278.2) | 2.2% | 8.2% | 1.48x |
| Sports wage costs | (2,095.4) | (2,175.3) | (2,143.4) | -1.5% | 8.7% | 1.52x |
| Other operating expenses | (882.9) | (911.1) | (788.7) | -13.4% | 7.7% | 1.45x |
| OPEX | (3,374.1) | (3,481.7) | (3,317.9) | -4.7% | 8.3% | 1.49x |
| EBITDA b/T (EBITDA before transfer of players) | 398.7 | 243.4 | (182.7) | - | - | - |
| <i>Selling price for transfer of players</i> | <i>1,006.7</i> | <i>1,128.3</i> | <i>542.0</i> | <i>-52.0%</i> | <i>4.5%</i> | <i>1.25x</i> |
| <i>Selling cost for transfer of players</i> | <i>(271.6)</i> | <i>(355.9)</i> | <i>(205.4)</i> | <i>-42.3%</i> | <i>5.5%</i> | <i>1.31x</i> |
| Result from the transfer of players | 735.1 | 772.4 | 336.6 | -56.4% | 3.9% | 1.21x |
| EBITDA a/T (EBITDA after transfer of players) | 1,133.9 | 1,015.8 | 153.9 | -84.8% | -27.5% | 0.20x |
| D&A, provisions, impairments and other operating results | (755.8) | (859.6) | (1,051.9) | 22.4% | 16.2% | 2.12x |
| EBIT (operating result) | 378.1 | 156.2 | (898.0) | - | - | - |
| Net financial result | (69.1) | (91.1) | (97.4) | 6.9% | 7.4% | 1.43x |
| RBT (result before tax) | 309.0 | 65.2 | (995.4) | - | - | - |
| Corporate Tax | (84.2) | (13.6) | 103.7 | - | - | - |
| NR (net result for the year) | 224.8 | 51.6 | (891.7) | - | - | - |
| Total Income | 4,873.5 | 5,029.2 | 3,817.7 | -24.1% | 3.5% | 1.19x |
| Total Expenses | (4,648.8) | (4,977.6) | (4,709.4) | -5.4% | 9.1% | 1.55x |

Balance Sheet

From the point of view of the *Balance Sheet*, the decrease in its size in S 20/21, due to Covid, stands out above other issues, with an decrease in the sum of the different asset headings of almost €750m for **LaLiga** as a whole. It is the first decrease in the Spanish professional competition's *Balance Sheet* in absolute terms in the last decade. For the first time, the upwards trend as a result of the notable

investment effort that had been taking place (assets) – both fixed capital and working capital – has been halted. In terms of liabilities, the decrease in *Net Equity* is notable due to the losses recorded and despite the capital increases subscribed in clubs for around €211m. Financial liabilities (essentially debt headings) have also decreased, although by a smaller amount.

Table 12 | **LaLiga** | Summary Balance sheet

| Summary Balance Sheet | 2018 / 2019 | 2019 / 2020 | 2020 / 2021 | Δ last year | CAGR 5y | Δ abs. 5y |
|-------------------------------------|----------------|----------------|----------------|---------------|--------------|--------------|
| ASSETS | | | | | | |
| Non-current assets | 4,700.7 | 5,505.2 | 5,036.7 | -8.5% | 10.0% | 1.61x |
| Operating assets | 4,017.9 | 4,699.5 | 4,297.2 | -8.6% | 10.0% | 1.61x |
| Financial assets | 469.6 | 557.0 | 409.2 | -26.5% | 15.5% | 2.05x |
| Deferred tax assets | 213.3 | 248.7 | 330.3 | 32.8% | 4.4% | 1.24x |
| Current assets | 2,118.8 | 1,976.7 | 1,700.9 | -14.0% | 5.6% | 1.31x |
| Operating assets | 511.9 | 632.8 | 531.0 | -16.1% | 12.0% | 1.76x |
| Financial assets | 846.4 | 555.4 | 541.7 | -2.5% | -1.5% | 0.93x |
| Cash and cash equivalents | 760.5 | 788.5 | 628.3 | -20.3% | 8.7% | 1.52x |
| Total assets | 6,819.5 | 7,481.9 | 6,737.6 | -9.9% | 8.7% | 1.2x |
| LIABILITIES AND EQUITY | | | | | | |
| Net Equity | 1,715.1 | 1,747.0 | 1,191.9 | -31.8% | 2.6% | 1.13x |
| Non-current liabilities | 2,217.9 | 2,389.1 | 2,566.6 | 7.4% | 13.3% | 1.87x |
| Operating liabilities | 245.3 | 209.4 | 276.3 | 32.0% | 11.9% | 1.76x |
| Financial liabilities | 1,852.5 | 2,042.0 | 2,171.6 | 6.3% | 14.3% | 1.95x |
| Deferred tax liabilities | 120.1 | 137.7 | 118.8 | -13.8% | 2.7% | 1.14x |
| Current liabilities | 2,886.5 | 3,345.8 | 2,979.1 | -11.0% | 8.2% | 1.49x |
| Operating liabilities | 2,056.2 | 1,855.0 | 1,695.9 | -8.6% | 6.3% | 1.36x |
| Financial liabilities | 830.4 | 1,490.9 | 1,283.2 | -13.9% | 11.2% | 1.70x |
| Total equity and liabilities | 6,819.5 | 7,481.9 | 6,737.6 | -9.9% | 8.7% | 1.52x |

Cash Flow waterfall

Finally, from the point of view of the outcome of **LaLiga's** cash flow, despite the results caused by Covid, the slowdown in operational liquidity needs is striking in S 20/21. Although the organic capacity to generate surplus cash flow from the activity – or *Funds Generated by Operations* ("GFO")²⁵, which is the translation of *EBITDA b/T* in cash – has been reduced, and the only negative record in the series, this has been offset by other effects. Basically there was a lower consumption of fixed capital (CAPEX) and operating working capital (WC). As a consequence of this, the activity's free cash flow (FCF) – although continuing to show a deficit – was lower than the previous season. It is foreseeable that the FCF will break even in the current S 21/22, with records close to €0.0m if the extraordinary

investment in infrastructures is excluded (if it is considered, the FCF deficit will be about half that of the previous season). It would be the first time since S 16/17 that the Spanish competition generates a FCF surplus, which will lead to a substantial relaxation in terms of organic financing needs. The cumulative FCF deficit in recent seasons is what largely explains the increased indebtedness of the Spanish professional competition.

In S 20/21, if the negative FCF has not translated into greater debt, this has been due to some clubs using their liquidity reserves (in cash and cash equivalents or in financial investments) and the capital increases paid. In any case, **LaLiga's** aggregate cash balances continue to be very notable.



Table 13 | LaLiga | Summary Cash Flow

| Summary Cash Flow (indirect method) | 2018 / 2019 | 2019 / 2020 | 2020 / 2021 |
|--|----------------|----------------|----------------|
| A. Net result for the year (NR) | 224.8 | 51.6 | (891.7) |
| B. Adjustments to NR (non-cash and other financial P&L headings) | 168.6 | 95.5 | 785.9 |
| A. + B. Gross cash flow from operations (GFO) | 393.4 | 147.1 | (105.8) |
| C. Net investment in working capital (WC) | 32.7 | (331.4) | (56.9) |
| A. + B. + C. Cash flow from operations (CFO) | 426.1 | (184.4) | (162.7) |
| D1. Net investment in recurring operating capacity (CAPEX) | (267.2) | (374.0) | (130.7) |
| +/- Net recurring investment in players | (147.0) | (214.4) | (6.7) |
| +/- Net recurring investment in other operating assets | (120.2) | (159.6) | (124.0) |
| A. + B. + C. + D1. Recurring free cash flow (FCFr) | 159.0 | (558.4) | (293.4) |
| D2. Net investment in non-recurring operating capacity (CAPEX) | (260.8) | (139.1) | (169.5) |
| +/- Net non-recurring investment in players | (144.5) | (190.6) | 1.8 |
| +/- Net non-recurring investment in other operating assets | (116.3) | 51.5 | (171.3) |
| A. + B. + C. + D1. + D2. Total free cash flow (FCFt) | (101.9) | (697.4) | (462.9) |
| +/- Net financial expenses | (66.9) | (82.6) | (101.9) |
| +/- Variation in financial debt (financial entities) | 66.9 | 436.9 | (38.3) |
| +/- Variation in financial debt (non-financial entities) | 515.8 | 388.2 | 61.6 |
| +/- Variation in other ST or LT financial assets and liabilities | (320.6) | (107.7) | 166.9 |
| A. + B. + C. + D. + E. Equity cash flow (ECF) | 93.3 | (62.6) | (374.6) |
| F. Cash flows from own resources (Equity) | 14.8 | 92.0 | 219.9 |
| A. + B. + C. + D. + E. + F. Net change in cash | 108.1 | 29.4 | (154.7) |
| <i>Cash and cash equivalents, opening balance</i> | <i>652.4</i> | <i>759.1</i> | <i>782.9</i> |
| <i>Cash and cash equivalents, closing balance</i> | <i>760.5</i> | <i>788.5</i> | <i>628.3</i> |

* Cash balances at the end of period n-1 do not match those at the beginning of period n due to the change in the consolidation perimeter of clubs from the annual dynamics of promotion/relegation in professional football.

Club profiles

LaLiga's positive financial evolution development in recent years has been a common characteristic of most of its clubs; i.e., it is an overwhelming majority pattern. The latest S 20/21 logically supposes a change in this trend, which is seen as a one off.

Only a few entities recorded operating and net profits in S 20/21 (despite more than half obtaining surplus *EBITDA a/T*). Even fewer recorded positive *FCF* (despite the better aggregate record), and only a very small number managed to generate economic value added (*EVA*), taking into account the exceptional adverse business conditions in the

season characterised by the most acute phase of the pandemic. Irrespective of the above, a single club explains close to 60% of the aggregate operating and net losses recorded by **LaLiga** in S 20/21 as previously analysed in the Report.

On the other hand, regardless of the absolute positive figures, only a minority of entities maintained the growth in their billings and results compared to the previous season. The positive is that more than half of the entities managed to reduce their gross debt levels.

Table 14 | LaLiga | Distribution of results and growth of clubs

| LaLiga (total = 42 clubs) | | | |
|------------------------------------|------------|----------|--|
| Absolute figures | No. | % | |
| EBITDA b/T > 0 | 15 | 35.7% | |
| Result from Transfer of Players >0 | 32 | 76.2% | |
| EBITDA a/T > 0 | 26 | 61.9% | |
| EBIT >0 | 14 | 33.3% | |
| RN >0 | 12 | 28.6% | |
| FCF >0 | 7 | 16.7% | |
| EVA >0 | 5 | 11.9% | |
| Annual growth | No. | % | |
| Δ NT | 15 | 35.7% | |
| Δ EBITDA b/T | 12 | 28.6% | |
| Results from Transfer of Players | 14 | 33.3% | |
| Δ EBITDA a/T | 9 | 21.4% | |
| Δ EBIT | 9 | 21.4% | |
| Δ NR | 8 | 19.0% | |
| Δ FCF | 13 | 31.0% | |
| Δ EVA | 7 | 16.7% | |
| Δ GFD | 19 | 45.2% | |

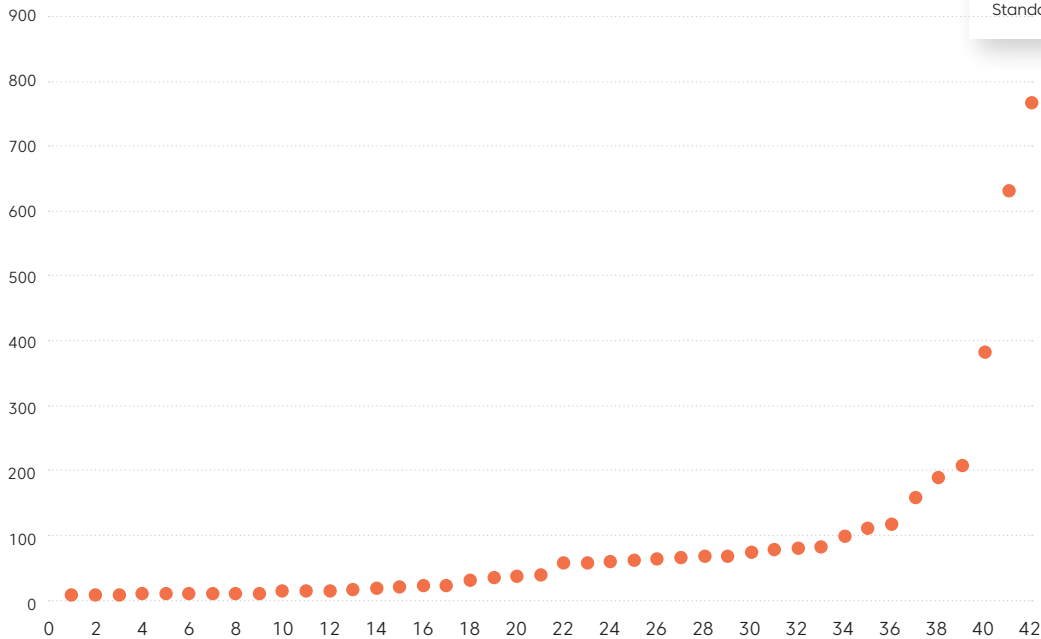
Next, the population or set of the 42 clubs that make up **LaLiga**, both **LaLiga Santander** (20 teams) and **LaLiga SmartBank** (22 teams) is defined via graphical representations of the individual data (in ascending order) and the corresponding histograms for some of the main financial figures of S 20/21 examined in this Report.

All the distributions examined, for the different figures, show an important bias to the right, which implies the existence of a few values significantly larger than the rest (structural condition of the Spanish professional competition). This means that the average population is systematically greater than the median and that the data is not symmetrical, which also gives rise to distributions with a significant degree of variability or dispersion.

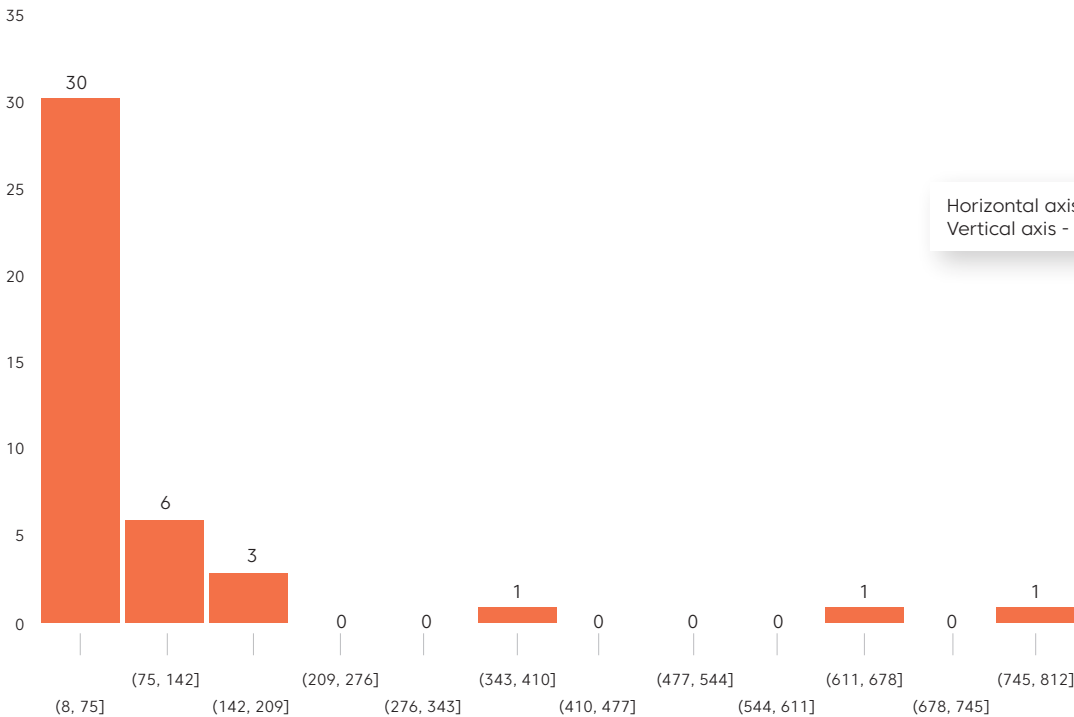


Graph 21 | LaLiga | Total Income; scatter plot and histogram

Total Income – LaLiga Clubs and SADs



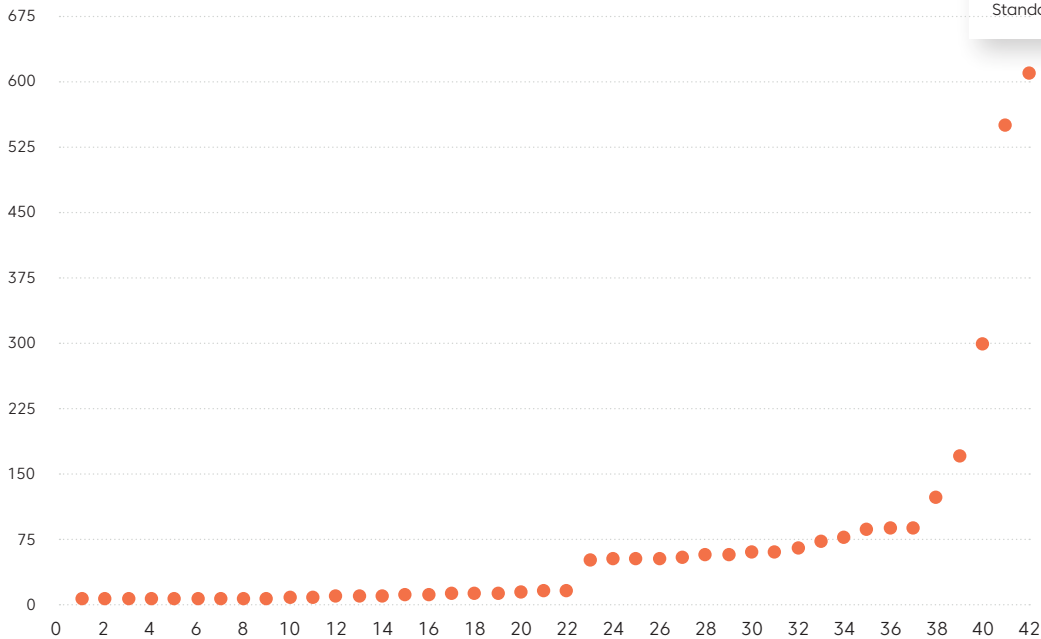
Total Income – Histogram



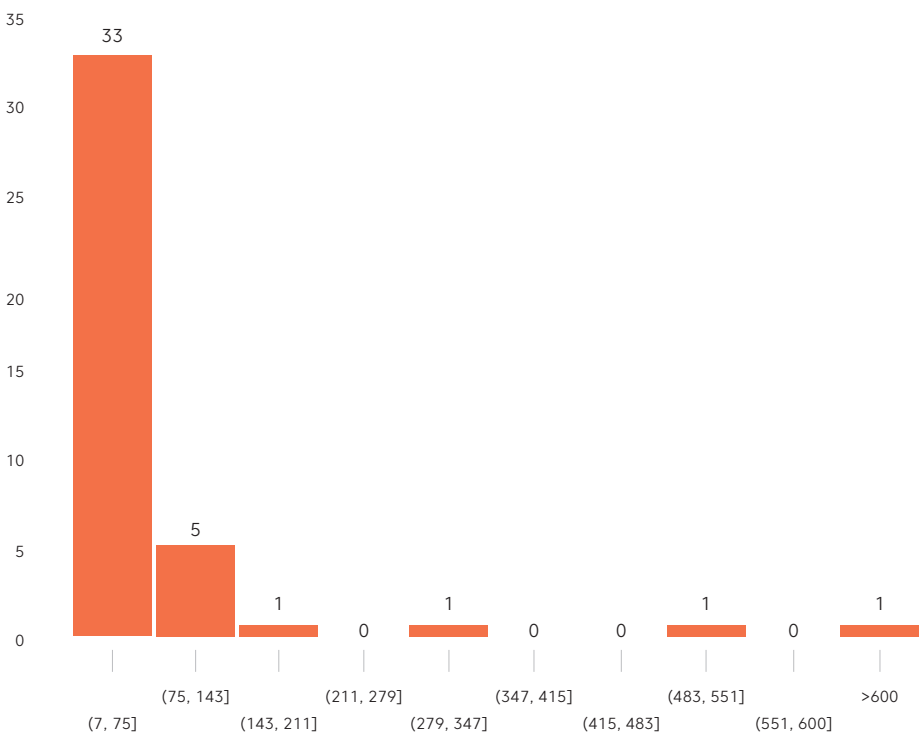
Graph 22 | LaLiga | Net Turnover (NT); scatter plot and histogram

Horizontal axis - no. of clubs (n=42)
Vertical axis - NT €m
Aggregated: 2,977.1
Average: 70.9
Mean: 16.5
Max.: 610.9
Min.: 6.9
Standard deviation: 127.9

NT – LaLiga Clubs

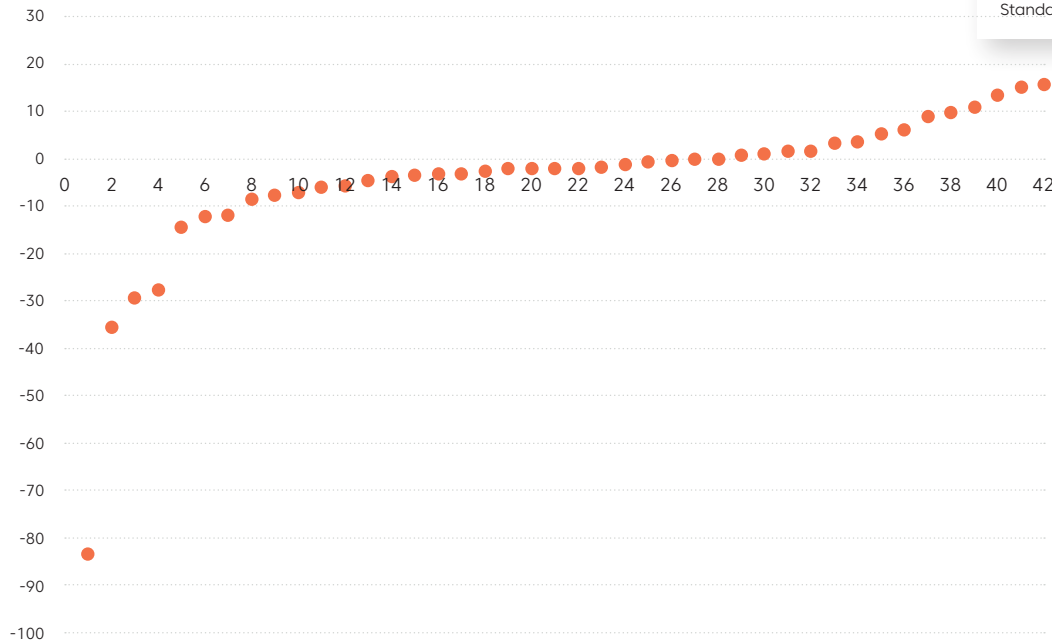
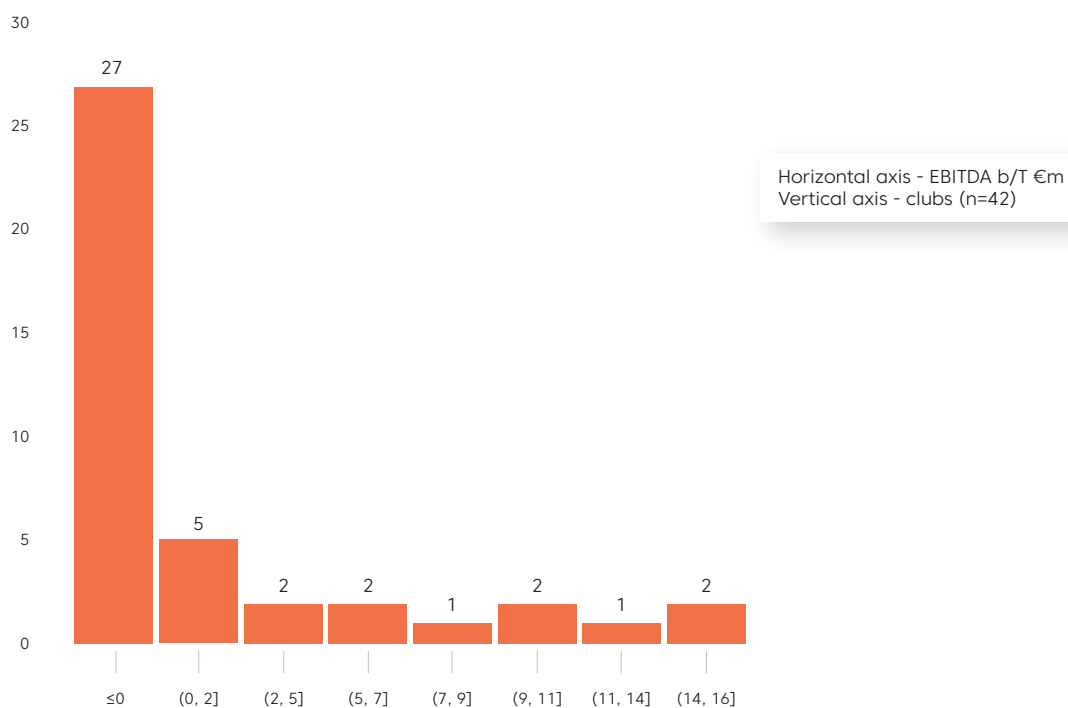


NT – Histogram



Graph 23 | LaLiga | EBITDA b/T; scatter plot and histogram

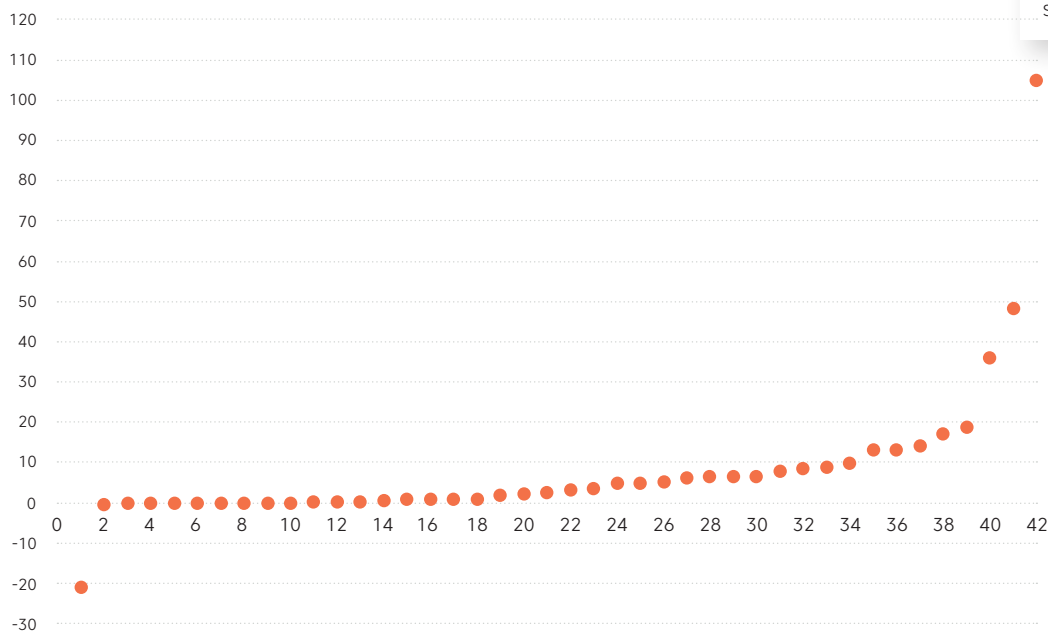
Horizontal axis - no. of clubs (n=42)
 Vertical axis - EBITDA b/T €m
 Aggregated: (182.7)
 Average: (4.3)
 Mean: (1.9)
 Max.: 15.9
 Min.: (83.5)
 Standard deviation: 16.3

EBITDA b/T – LaLiga Clubs**EBITDA b/T - Histogram**

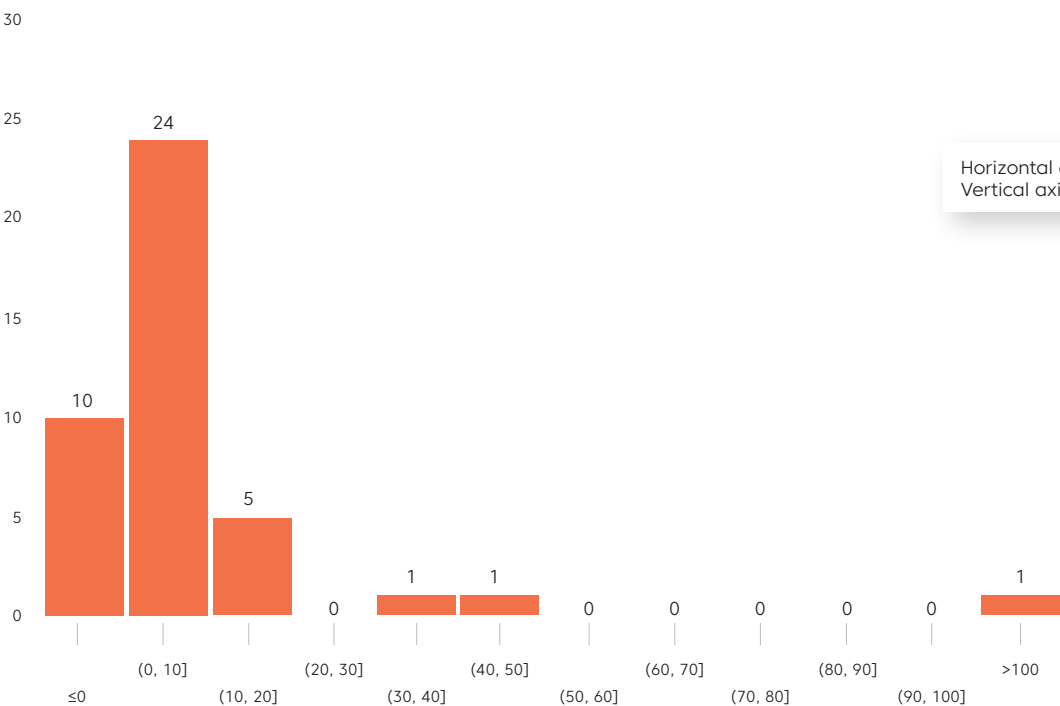
Graph 24 | LaLiga | Results from Transfers of Players; scatter plot and histogram

Horizontal axis - no. of clubs (n=42)
Vertical axis - Results from Transfers €m
Aggregated: 336.6
Average: 8.0
Mean: 2.8
Max.: 104.9
Min.: (20.9)
Standard deviation: 18.6

Results from transfers - LaLiga Clubs and SADs

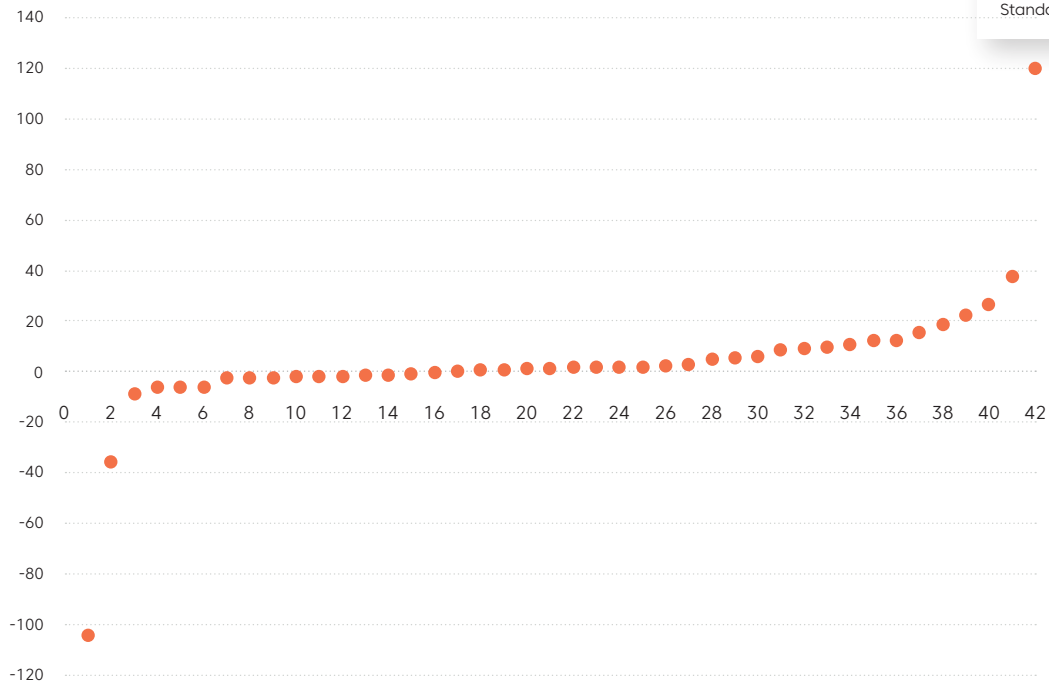
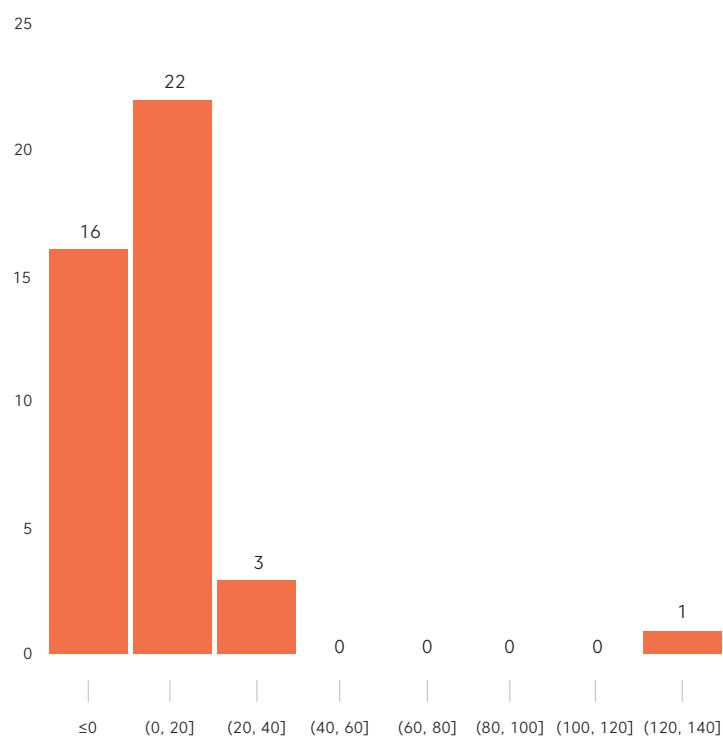


Results from transfers - Histogram



Graph 25 | LaLiga | EBITDA a/T; scatter plot and histogram

Horizontal axis - no. of clubs (n=42)
 Vertical axis - EBITDA a/T €m
 Aggregated: 153.9
 Average: 3.7
 Mean: 1.5
 Max.: 120.1
 Min.: (104.3)
 Standard deviation: 27.2

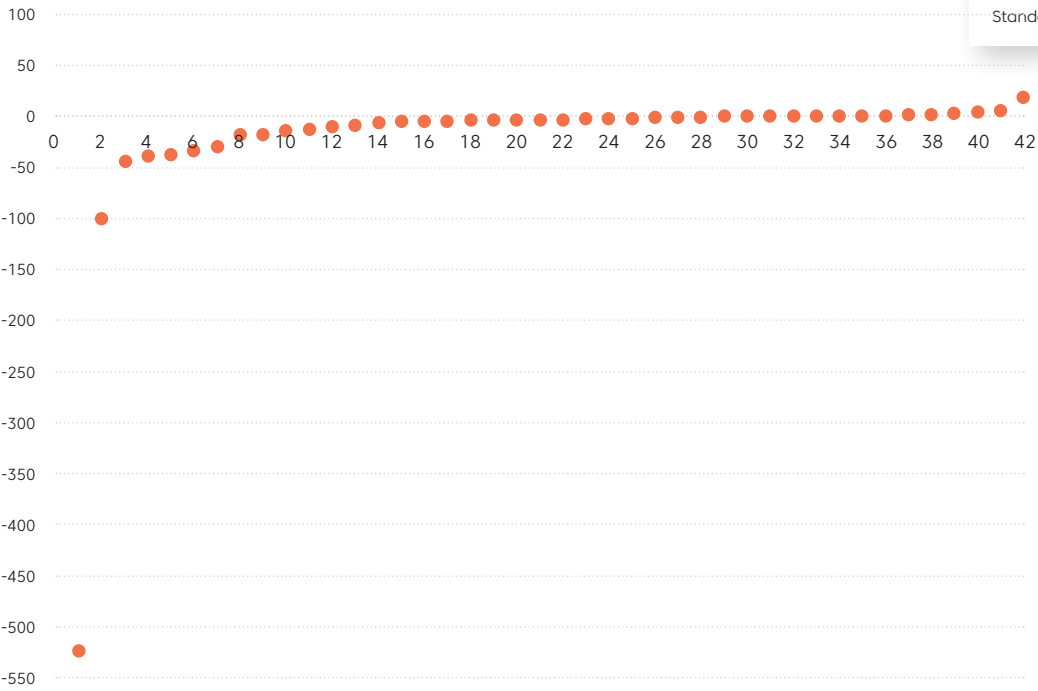
EBITDA a-T – LaLiga Clubs and SADs**EBITDA a/T – Histogram**

Horizontal axis - EBITDA a/T €m
 Vertical axis - clubs (n=42)

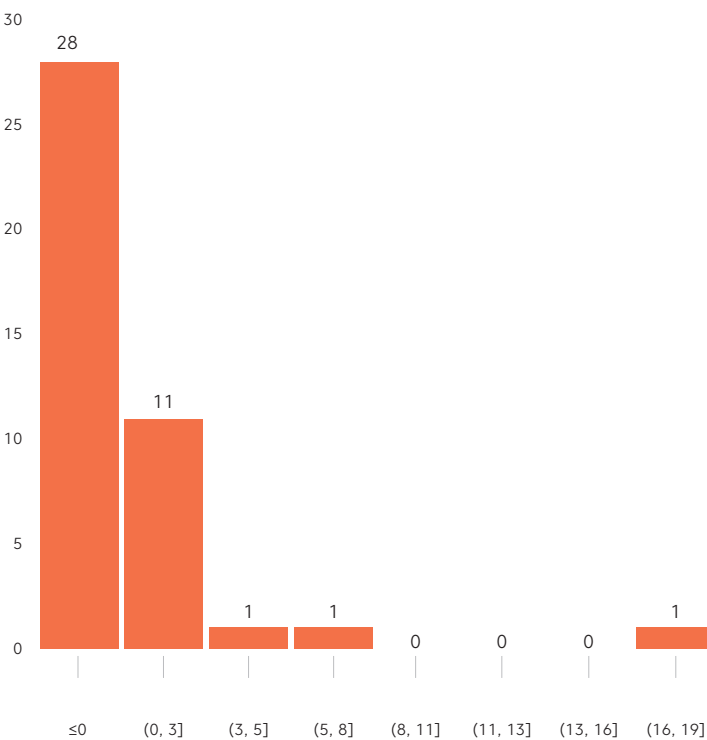
Graph 26 | LaLiga | EBIT; scatter plot and histogram

Horizontal axis - no. of clubs (n=42)
Vertical axis - EBIT €m
Aggregated: (898.0)
Average: (21.4)
Mean: (3.0)
Max.: 18.8
Min.: (523.5)
Standard deviation: 81.7

EBIT – LaLiga Clubs and SADs



EBIT – Histogram

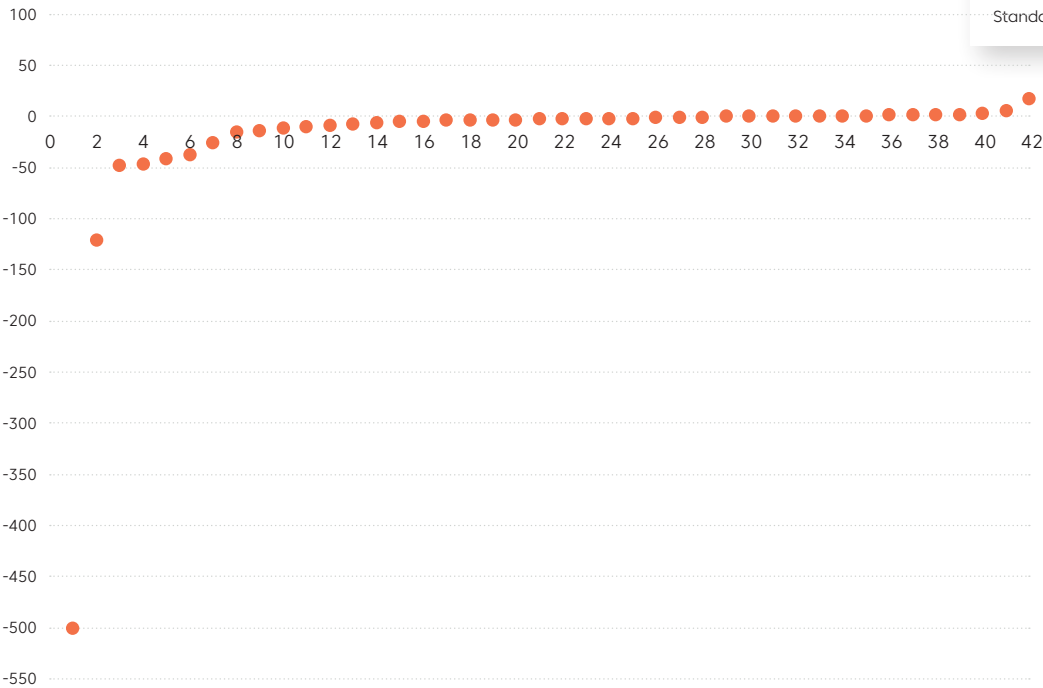


Horizontal axis - EBIT €m
Vertical axis - clubs (n=42)

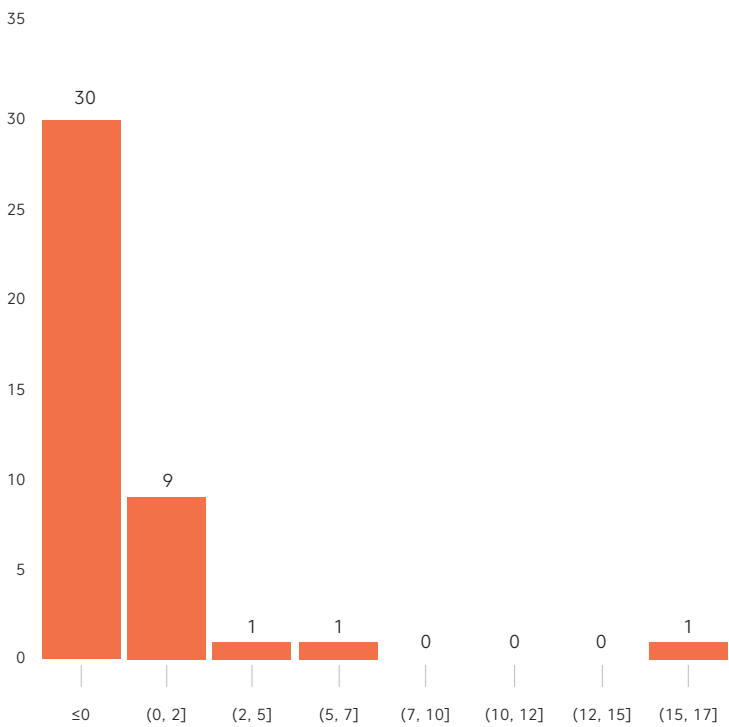
Graph 27 | LaLiga | Net Result; scatter plot and histogram

Horizontal axis - no. of clubs (n=42)
Vertical axis - Net result €m
Aggregated: (891.7)
Average: (21.2)
Mean: (2.3)
Max.: 17.3
Min.: (499.8)
Standard deviation: 78.9

Net Result - LaLiga Clubs and SADs



Net Result - Histogram

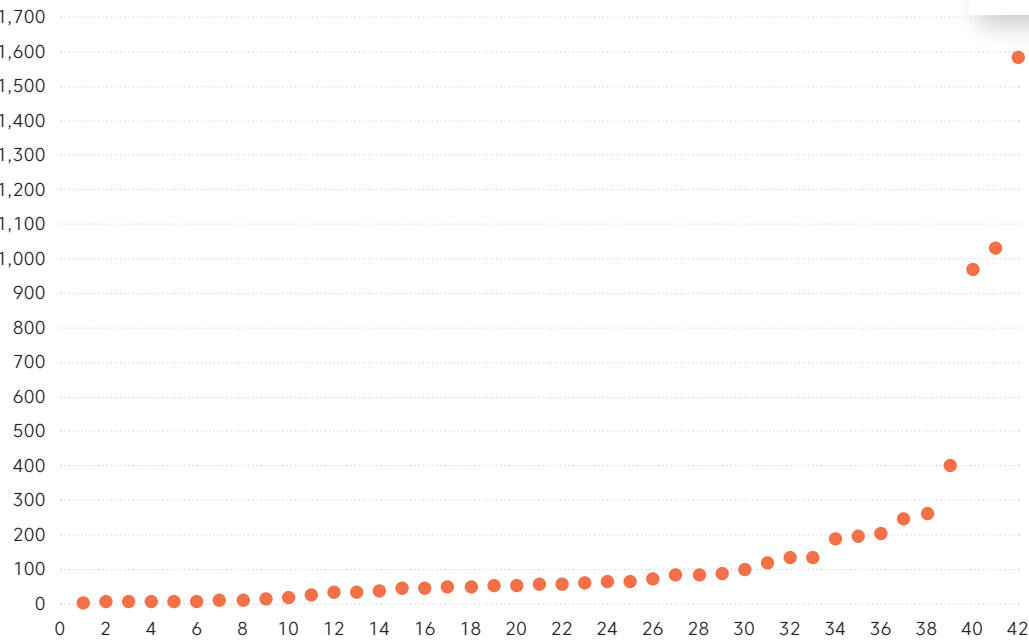


Horizontal axis - Net result €m
Vertical axis - clubs (n=42)

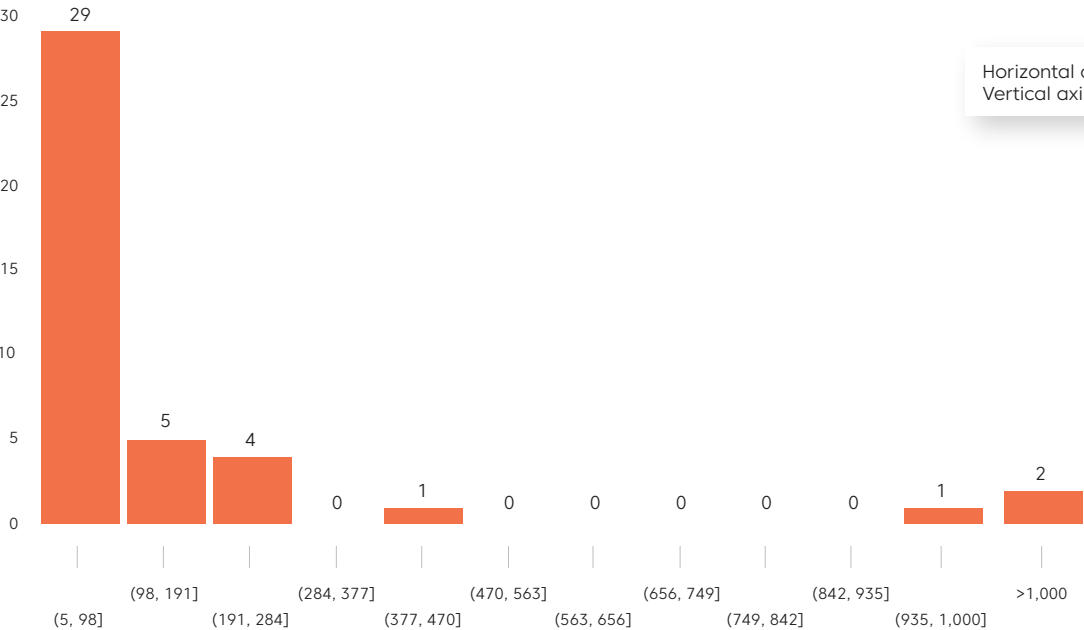
Graph 28 | LaLiga | Total assets; scatter plot and histogram

Horizontal axis - no. of clubs (n=42)
Vertical axis - Total assets €m
Aggregated: 6,737.6
Average: 160.4
Mean: 57.0
Max.: 1,584.9
Min.: 4.8
Standard deviation: 311.2

Total assets – LaLiga Clubs



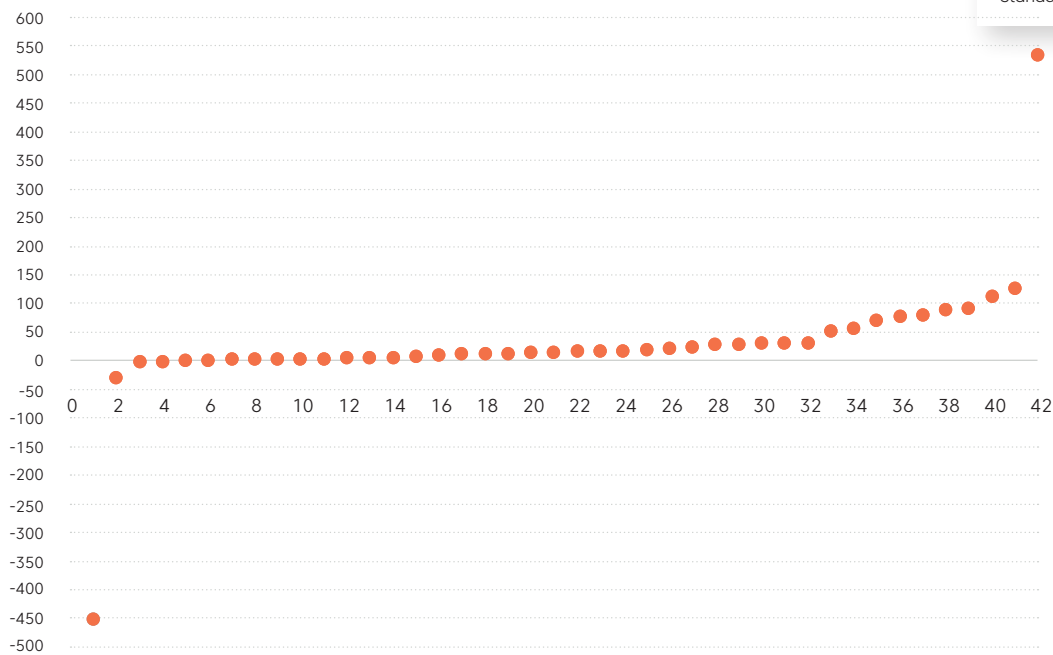
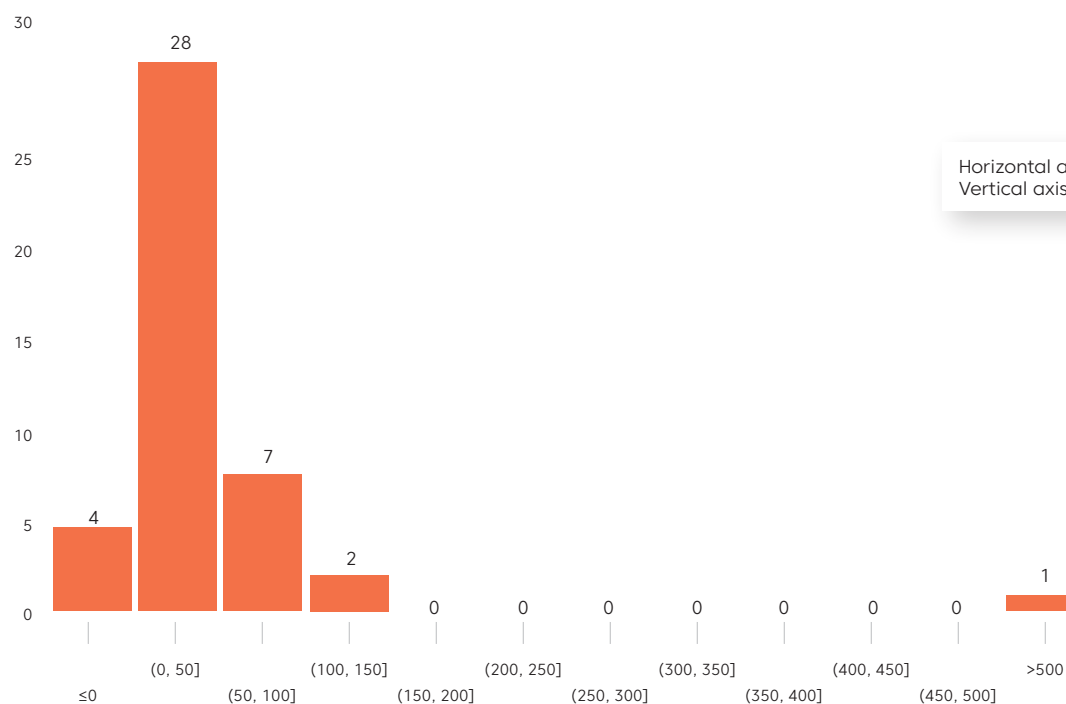
Total assets – Histogram



Horizontal axis - Total assets €m
Vertical axis - clubs (n=42)

Graph 29 | LaLiga | Net Equity; scatter plot and histogram

Horizontal axis - no. of clubs (n=42)
 Vertical axis - Equity €m
 Aggregated: 1,191.9
 Average: 28.4
 Mean: 15.2
 Max.: 533.7
 Min.: (450.7)
 Standard deviation: 113.9

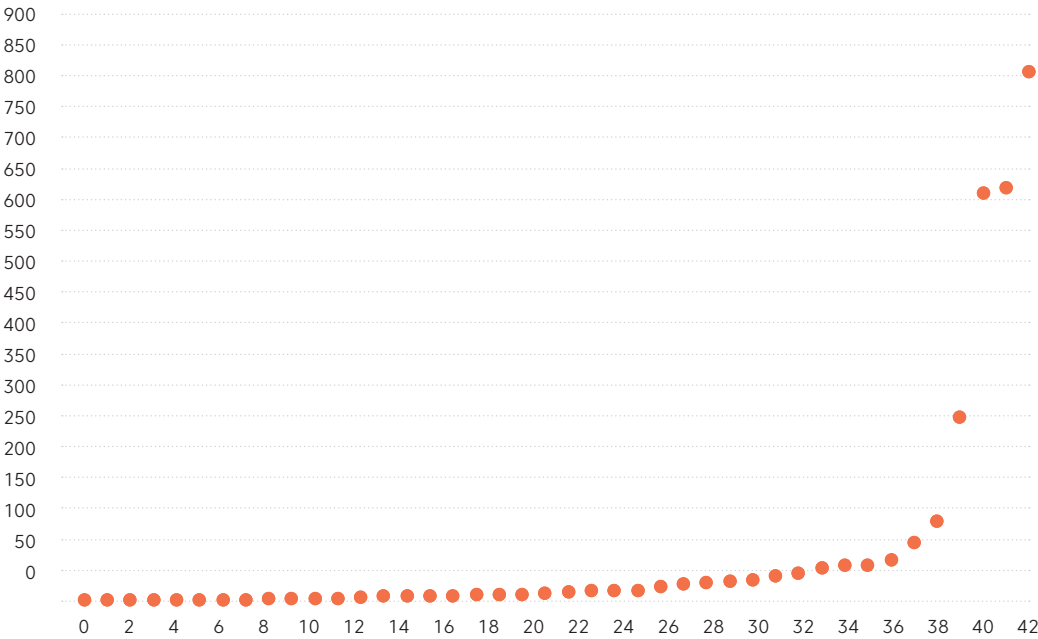
Net Equity - LaLiga Clubs and SADs**Net Equity - Histogram**

Horizontal axis - Equity €m
 Vertical axis - clubs (n=42)

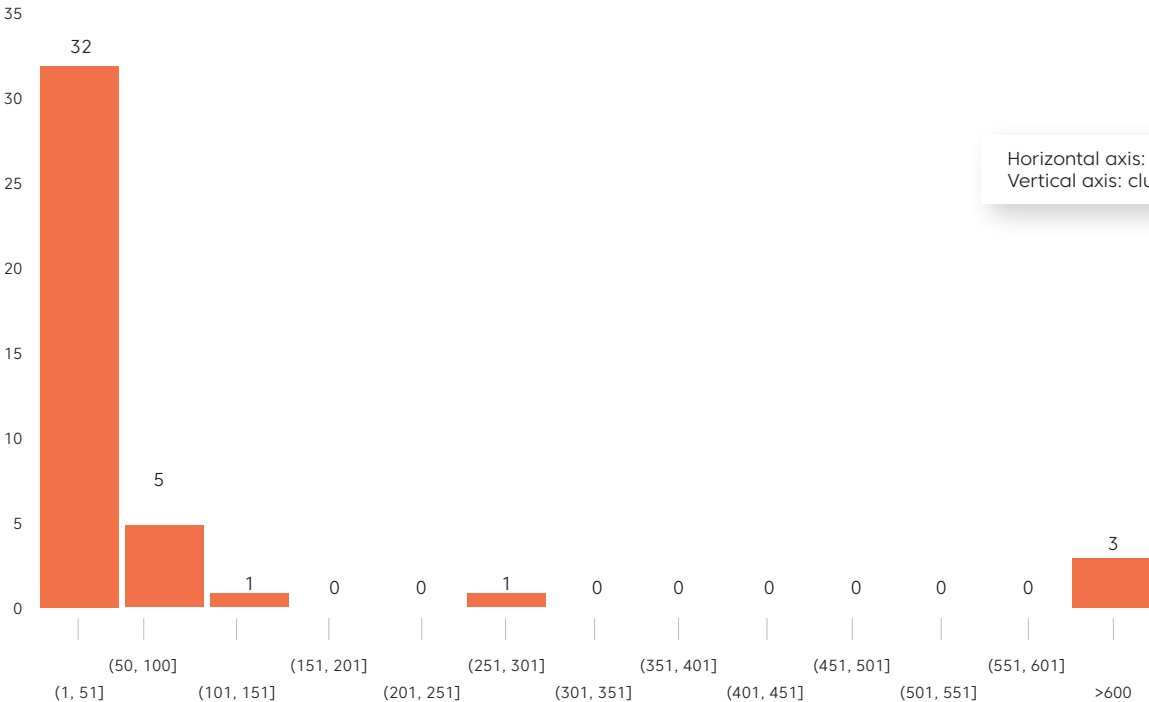
Graph 30. LaLiga | Gross Financial Debt (GFD)

Horizontal axis - no. of clubs (n=42)
Vertical axis - GFD €m
Aggregated: 3,353.9
Average: 79.9
Mean: 13.8
Max.: 857.6
Min.: 0.9
Standard deviation: 190.6

Gross Financial Debt (GFD) - LaLiga Clubs and SADs



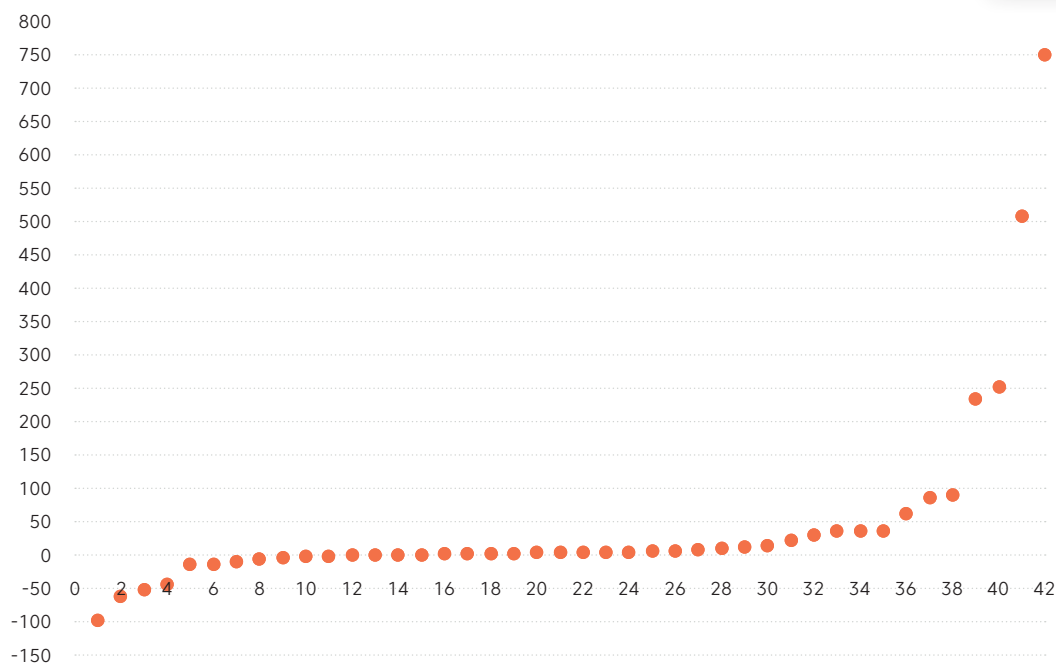
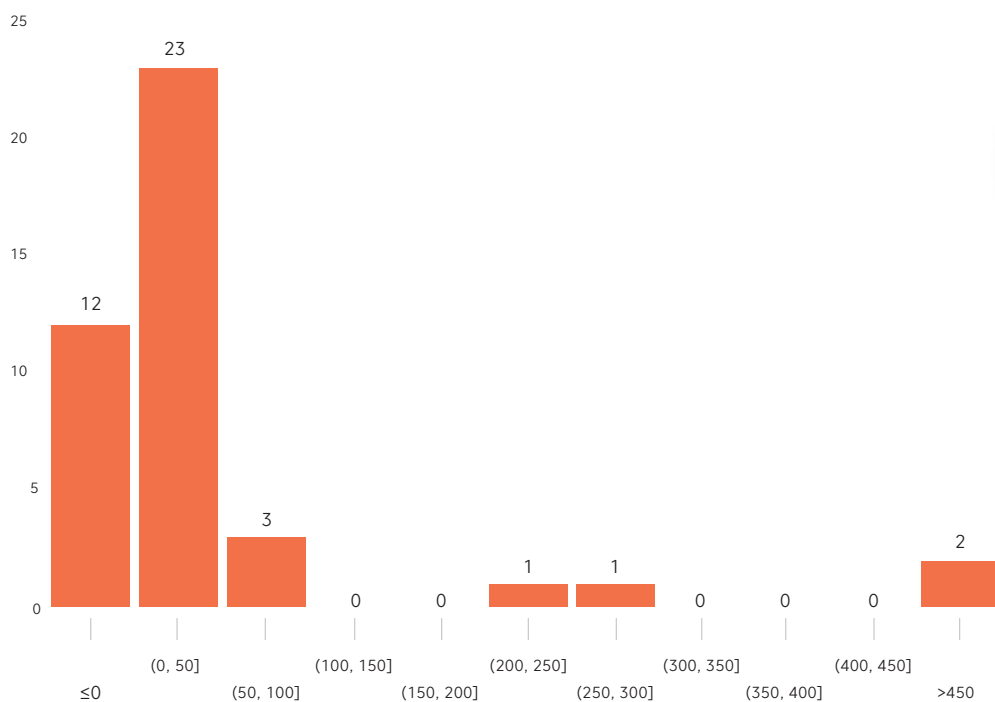
Gross Financial Debt (GFD) - Histogram



Horizontal axis: GFD €m
Vertical axis: clubs (n=42)

Graph 31. LaLiga | **Net Financial Debt (NFD)**

Horizontal axis - no. of clubs (n=42)
 Vertical axis - NFD €m
 Aggregated: 1,945.6
 Average: 46.3
 Mean: 4.2
 Max.: 750.4
 Min.: (96.9)
 Standard deviation: 147.6

Net Financial Debt (NFD) - LaLiga Clubs and SADs

Net Financial Debt (NFD) - Histogram


Horizontal axis: NFD €m
 Vertical axis: clubs (n=42)

Other financial groupings

The following tables afford a brief comparison of the immediate results and the financial evolution of **LaLiga's** main financial groupings.

A first significant conclusion is that the evolution of the adjusted groupings (**Netted LaLiga** and **Netted LaLiga Santander**), which exclude the two largest entities from the point of view of revenues and equity (i.e. balance sheet size), has been even better, both in the last completed S 20/21 and in the long term (i.e. throughout the series), than their peers. Again, this is the clearest expression of an ever more balanced competition and with a more

equitable distribution of results among the clubs. The above excludes the exceptionally unfavourable context of the business in the last financial year.

A significant conclusion is that the large losses recorded in S 20/21 – despite being quite generalised – in terms of amount (absolute volume) are concentrated in one of the two largest entities in **LaLiga**, an element that has been insisted on throughout this Report. Thus, looking at **Netted LaLiga** or **Netted LaLiga Santander**, the degradation of the business would have been much more tempered. This behaviour is symptomatic of the fact that the crisis caused by Covid hit the entities that are most dependent on *Matchday* income.

Table 15 | LaLiga | Results and evolution of financial groupings S 20/21

| Results (€m) / S 20/21 | LaLiga | LaLiga Santander | LaLiga SmartBank | Netted LaLiga | Netted LaLiga Santander |
|-------------------------------|----------------|------------------|------------------|----------------|-------------------------|
| Total Income | 3,817.7 | 3,399.0 | 418.7 | 2,419.6 | 2,000.9 |
| Δ% annual | -24.1% | -25.4% | -11.7% | -24.8% | -27.0% |
| Δ% CAGR _{5y} | 3.5% | 2.7% | 12.5% | 5.2% | 4.0% |
| Net Turnover | 2,977.1 | 2,747.0 | 230.1 | 1,815.9 | 1,585.8 |
| Δ% annual | -15.9% | -16.0% | -14.3% | -12.5% | -12.2% |
| Δ% CAGR _{5y} | 4.0% | 3.5% | 11.0% | 7.4% | 6.9% |
| EBITDA b/T | (182.7) | (104.6) | (78.1) | (114.4) | (36.3) |
| Δ% annual | - | - | 48.8% | - | - |
| Δ% CAGR _{5y} | - | - | - | - | - |
| Results from Transfers | 336.6 | 268.3 | 68.3 | 252.5 | 184.3 |
| Δ% annual | -56.4% | -60.1% | -31.6% | -58.1% | -63.4% |
| Δ% CAGR _{5y} | 3.9% | 0.8% | 28.0% | 2.2% | -2.3% |
| EBITDA a/T | 153.9 | 163.7 | (9.8) | 138.1 | 147.9 |
| Δ% annual | -84.8% | -83.1% | - | -80.6% | -77.8% |
| Δ% CAGR _{5y} | -27.5% | -26.1% | - | -21.4% | -19.4% |
| EBIT | (898.0) | (842.5) | (55.5) | (344.3) | (288.8) |
| Δ% annual | - | - | - | - | - |
| Δ% CAGR _{5y} | - | - | - | - | - |
| Net Result (NR) | (891.7) | (842.5) | (49.2) | (366.2) | (317.0) |
| Δ% annual | - | - | - | - | - |
| Δ% CAGR _{5y} | - | - | - | - | - |

* When there is a sign change in an absolute figure, the growth rate has no mathematical meaning and cannot be calculated

On the other hand, the erosion of operating margins was very considerable in S 20/21, both at an organic level (*EBITDA b/T*), due to the sudden and sharp drop in billings, and including the capital gains obtained from the rotation of sporting talent. Both factors

explain the losses recorded in the year. On the other hand, and also in relative terms, the evolution of these margins is better in the groupings that do not include the two largest **LaLiga** clubs.

Table 16 | LaLiga | Business margins of financial groupings S 20/21

| Margins on NT (%) | LaLiga | | LaLiga Santander | | LaLiga SmartBank | | Netted LaLiga | | Netted LaLiga Santander | |
|-------------------|---------|-------------|------------------|-------------|------------------|-------------|---------------|-------------|-------------------------|-------------|
| | S 20/21 | Average 5y* | S 20/21 | Average 5y* | S 20/21 | Average 5y* | S 20/21 | Average 5y* | S 20/21 | Average 5y* |
| EBITDA b/T | -6.1% | 8.6% | -3.8% | 10.2% | -33.9% | -13.0% | -6.3% | 8.1% | -2.3% | 11.1% |
| EBITDA a/T | 5.2% | 25.6% | 6.0% | 26.7% | -4.3% | 11.4% | 7.6% | 30.0% | 9.3% | 32.6% |
| EBIT | -30.2% | 2.8% | -30.7% | 2.9% | -24.1% | 1.2% | -19.0% | 7.8% | -18.2% | 8.7% |
| NR | -30.0% | -0.4% | -30.7% | -0.4% | -21.4% | -1.1% | -20.2% | 2.9% | -20.0% | 3.5% |

* Arithmetic mean (average) of the margin recorded in the five years pre-Covid





Finally, it should be noted that net investment continues to be highly focused on the largest clubs, those that record the last decrease in indebtedness. Likewise, the profitability indexes are higher (less

degraded) in the medium and small First Division teams, as well as the capacity to generate economic value added (EVA) in the last year and throughout the series.

Table 17 | LaLiga | Other relevant financial figures of the financial groupings S 20/21

| Other figures (€m) / S 20/21 | LaLiga | LaLiga Santander | LaLiga SmartBank | Netted LaLiga | Netted LaLiga Santander |
|----------------------------------|---------|---------------------|---------------------|------------------|----------------------------|
| Gross CAPEX | (842.7) | (765.8) | (76.9) | (517.4) | (440.5) |
| Δ% annual | -53.5% | -56.6% | 57.1% | -50.4% | -55.7% |
| Δ% CAGR _{5y} | 1.0% | -0.7% | 46.8% | 7.6% | -5.2% |
| Net CAPEX | (300.2) | (304.0) | 3.8 | (158.3) | (162.1) |
| Δ% annual | -41.5% | -48.5% | -95.0% | 1096.8% | 79.8% |
| Δ% CAGR _{5y} | - | - | -20.6% | - | - |
| GFD | 3,353.9 | 3,114.8 | 239.0 | 1,835.2 | 1,596.2 |
| Δ% annual | -2.5% | -1.1% | -17.9% | -11.4% | -10.3% |
| Δ% CAGR _{5y} | 13.0% | 14.8% | -1.7% | 4.6% | 5.8% |
| NFD | 1,945.6 | 1,945.9 | (0.3) | 961.0 | 961.3 |
| Δ% annual | 13.8% | 21.5% | -100.3% | 2.1% | 15.4% |
| Δ% CAGR _{5y} | 17.6% | 23.6% | - | 2.3% | 7.5% |
| Net Equity | 1,191.9 | 744.1 | 447.8 | 1,108.9 | 661.1 |
| Δ% annual | -31.8% | -52.0% | 129.2% | -6.3% | -33.1% |
| Δ% CAGR _{5y} | 2.6% | -6.0% | 67.5% | 16.8% | 6.8% |
| Adjusted ROIC | -16.4% | -16.6% | -14.6% | -12.0% | -12.1% |
| Equity Ratio | 17.7% | 12.7% | 49.8% | 26.9% | 20.5% |
| Free Cash Flow (FCF) | (462.9) | (367.5) | (95.4) | (267.1) | (171.7) |
| EVA last year | (683.4) | (608.0) | (75.5) | (388.8) | (313.1) |
| EVA accumulated 6y series | 41.8 | 175.0 | (133.2) | 192.5 | 332.9 |

* When there is a sign change in an absolute figure, the growth rate has no mathematical meaning and cannot be calculated

Annex:

Detailed financial statements, tables and graphical explanations of the financial groupings

5



LaLiga: 42 clubs



Table 18 | LaLiga | Detailed Income Statement

| Income Statement | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020A | 2020 / 2021A |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Broadcasting income national comp. (RDL 5/2015) | 951.5 | 1,378.2 | 1,462.9 | 1,579.3 | 1,652.2 | 1,601.8 |
| Broadcasting income international comp. (UEFA market pool) | 109.4 | 96.4 | 106.6 | 81.2 | 84.5 | 82.1 |
| Broadcasting income from friendlies and others | 4.8 | 1.9 | 2.2 | 8.4 | 4.1 | 4.5 |
| Broadcasting income | 1,065.6 | 1,476.4 | 1,571.6 | 1,668.9 | 1,740.8 | 1,688.4 |
| Income from national official competitions | 141.1 | 153.1 | 160.7 | 164.7 | 136.2 | 20.5 |
| Income from international official competitions (UEFA prize money + ticketing) | 248.9 | 250.2 | 214.5 | 370.4 | 333.4 | 306.8 |
| Income from friendly and other competitions | 95.9 | 89.1 | 89.8 | 105.1 | 71.7 | 18.5 |
| Income from members and season ticket holders | 254.3 | 268.9 | 296.6 | 308.0 | 270.8 | 38.3 |
| Matchday income | 740.2 | 761.3 | 761.5 | 948.2 | 812.2 | 384.0 |
| Income from shop sales | 56.7 | 64.6 | 67.9 | 134.7 | 109.7 | 68.2 |
| Income from sponsorship | 435.7 | 484.1 | 508.4 | 525.6 | 565.7 | 583.0 |
| Income from other commercial concepts | 41.6 | 42.1 | 199.5 | 104.3 | 92.7 | 55.4 |
| Income from the operation of facilities | - | - | 29.1 | 75.5 | 50.4 | 23.8 |
| Commercial income - Sponsorship and others | 533.9 | 590.8 | 805.0 | 840.1 | 818.6 | 730.5 |
| Commercial income - Advertising | 110.0 | 115.6 | 127.5 | 143.8 | 167.0 | 174.1 |
| Net Turnover (NT) | 2,449.8 | 2,944.1 | 3,265.7 | 3,600.9 | 3,538.7 | 2,977.1 |
| Other operating income | 264.3 | 178.4 | 129.0 | 171.9 | 186.5 | 158.1 |
| Operating Income | 2,714.0 | 3,122.6 | 3,394.7 | 3,772.9 | 3,725.2 | 3,135.2 |
| Procurements | (82.4) | (91.9) | (128.6) | (143.2) | (123.0) | (107.5) |
| Non-sports personnel (wages) | (187.7) | (208.3) | (233.2) | (252.7) | (272.3) | (278.2) |
| LaLiga registrable sports staff | (1,237.9) | (1,487.4) | (1,802.9) | (1,870.2) | (1,923.6) | (1,846.0) |
| LaLiga non-registrable sports staff | (173.6) | (184.4) | (191.8) | (225.2) | (251.6) | (297.4) |
| Sports wage costs | (1,411.5) | (1,671.8) | (1,994.8) | (2,095.4) | (2,175.3) | (2,143.4) |
| Other operating expenses | (543.4) | (701.1) | (816.0) | (882.9) | (911.1) | (788.7) |
| EBITDA b/T (EBITDA before transfer of players) | 489.0 | 449.5 | 222.1 | 398.7 | 243.4 | (182.7) |
| Selling price for transfer of players | 435.3 | 472.9 | 936.7 | 1,006.7 | 1,128.3 | 542.0 |
| Selling cost for transfer of players | (157.3) | (124.0) | (219.7) | (271.6) | (355.9) | (205.4) |
| Result from the transfer of players | 277.9 | 348.9 | 717.0 | 735.1 | 772.4 | 336.6 |
| EBITDA a/T (EBITDA after transfer of players) | 767.0 | 798.4 | 939.1 | 1,133.9 | 1,015.8 | 153.9 |
| Depreciation of players | (330.3) | (386.4) | (461.0) | (607.7) | (806.8) | (753.5) |
| Other depreciations and amortisations | (74.8) | (72.8) | (84.3) | (95.2) | (107.9) | (109.0) |
| Subsidy (capital grants) allocation | 18.3 | 19.2 | 21.6 | 21.6 | 21.5 | 20.9 |
| Excess provisions | 0.6 | 33.0 | 9.6 | 11.9 | 66.3 | 34.8 |
| Gains on other op. fixed assets and exceptional income | 0.2 | 0.1 | 3.6 | 6.1 | (0.9) | 1.7 |
| Losses on other op. fixed assets and exceptional expenses | (11.3) | (30.8) | (2.5) | (6.2) | (25.9) | (14.3) |
| Gains or losses on disposal of other non-current op. assets | (11.0) | (30.6) | 1.1 | (0.2) | (26.8) | (12.6) |
| Other operating results | (99.5) | (69.4) | (101.5) | (86.2) | (5.9) | (232.5) |
| EBIT (operating result) | 270.2 | 291.4 | 324.7 | 378.1 | 156.2 | (898.0) |
| Financial income | 22.8 | 42.7 | 10.8 | 24.5 | 36.1 | 40.8 |
| Financial expenses | (90.2) | (70.9) | (79.3) | (93.2) | (111.8) | (129.1) |
| Impairment and results from financial instruments | (0.8) | (20.4) | (5.1) | (0.4) | (15.3) | (9.1) |
| FR (financial result) | (68.2) | (48.7) | (73.6) | (69.1) | (91.1) | (97.4) |
| RBT (result before tax) | 202.0 | 242.7 | 251.0 | 309.0 | 65.2 | (995.4) |
| Taxes on profits | (35.0) | (65.4) | (62.8) | (84.2) | (13.6) | 103.7 |
| NR (net result for the year) | 167.0 | 177.3 | 188.2 | 224.8 | 51.6 | (891.7) |
| Total Income | 3,211.0 | 3,712.8 | 4,437.9 | 4,873.5 | 5,029.2 | 3,817.7 |
| Total Expenses | (3,044.0) | (3,535.5) | (4,249.7) | (4,648.8) | (4,977.6) | (4,709.4) |

Table 19 | LaLiga | Detailed Balance Sheet

| Balance Sheet | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020 | 2020 / 2021 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| NON-CURRENT ASSETS | 3,133.4 | 3,725.2 | 4,197.7 | 4,700.7 | 5,505.2 | 5,036.7 |
| Intangible assets | 1,419.0 | 1,673.0 | 1,979.4 | 2,261.1 | 2,786.1 | 2,233.3 |
| <i>Sports intangible assets</i> | <i>1,071.2</i> | <i>1,277.2</i> | <i>1,605.0</i> | <i>1,873.9</i> | <i>2,381.8</i> | <i>1,851.9</i> |
| <i>Non-sports intangible assets</i> | <i>347.7</i> | <i>395.8</i> | <i>374.5</i> | <i>387.2</i> | <i>404.3</i> | <i>381.4</i> |
| Property, plant and equipment | 1,224.6 | 1,454.4 | 1,567.2 | 1,727.1 | 1,884.2 | 2,035.3 |
| Investment property | 24.4 | 31.4 | 33.2 | 29.7 | 29.2 | 28.5 |
| Long-term investments in group comp. and assoc. | 55.9 | 57.3 | 71.0 | 78.5 | 83.2 | 77.8 |
| Long-term financial investments | 122.3 | 157.3 | 203.6 | 321.0 | 408.4 | 283.3 |
| Non-current prepayments and accrued income | 21.1 | 108.7 | 110.2 | 70.1 | 65.5 | 48.1 |
| Deferred tax assets | 266.2 | 243.2 | 232.9 | 213.3 | 248.7 | 330.3 |
| CURRENT ASSETS | 1,297.5 | 1,637.7 | 1,678.6 | 2,118.8 | 1,976.7 | 1,700.9 |
| Non-current assets held for sale | 155.2 | 166.1 | 175.7 | 279.8 | 13.8 | 38.4 |
| Inventories | 13.1 | 35.1 | 15.4 | 22.4 | 21.7 | 29.4 |
| Trade and other receivables | 273.4 | 385.6 | 442.0 | 450.8 | 563.6 | 464.2 |
| Short-term investments in group comp. and assoc. | 5.4 | 8.8 | 12.5 | 18.0 | 8.1 | 6.6 |
| Short-term financial investments | 422.7 | 356.1 | 362.1 | 548.6 | 533.4 | 496.7 |
| Current prepayments and accrued income | 14.5 | 25.8 | 23.2 | 38.6 | 47.6 | 37.3 |
| Cash and cash equivalents | 413.2 | 660.2 | 647.7 | 760.5 | 788.5 | 628.3 |
| TOTAL ASSETS | 4,430.9 | 5,363.0 | 5,876.3 | 6,819.5 | 7,481.9 | 6,737.6 |
| NET EQUITY | 1,050.1 | 1,254.4 | 1,496.3 | 1,715.1 | 1,747.0 | 1,191.9 |
| Own resources | 860.5 | 1,020.2 | 1,285.5 | 1,501.7 | 1,526.7 | 1,001.5 |
| Adjustments for changes in value | (12.0) | (12.0) | (10.8) | (10.8) | (17.3) | (14.0) |
| Grants, donations and legacies received | 201.6 | 246.2 | 221.5 | 224.1 | 237.6 | 204.3 |
| NON-CURRENT LIABILITIES | 1,375.1 | 1,451.9 | 1,703.6 | 2,217.9 | 2,389.1 | 2,566.6 |
| Long-term provisions | 157.3 | 131.4 | 219.2 | 245.3 | 209.4 | 276.3 |
| Long-term debt | 968.5 | 984.7 | 1,143.5 | 1,632.6 | 1,888.9 | 2,016.4 |
| Long-term debt with group comp. and assoc. | 99.7 | 177.0 | 139.2 | 127.9 | 60.1 | 54.2 |
| Deferred tax liabilities | 103.8 | 114.6 | 108.0 | 120.1 | 137.7 | 118.8 |
| Long-term accruals and deferred income | 45.8 | 44.1 | 93.7 | 92.0 | 93.0 | 101.0 |
| CURRENT LIABILITIES | 2,005.7 | 2,656.7 | 2,676.5 | 2,886.5 | 3,345.8 | 2,979.1 |
| Short-term provisions | 45.2 | 45.5 | 31.3 | 43.0 | 42.4 | 23.4 |
| Short-term debt | 739.7 | 799.1 | 695.4 | 815.7 | 1,437.0 | 1,219.0 |
| Short-term debt with group comp. and assoc. | 14.7 | 11.9 | 2.8 | 14.6 | 53.9 | 64.2 |
| Trade and other payables | 1,021.2 | 1,317.6 | 1,434.0 | 1,414.8 | 1,307.4 | 1,320.9 |
| Short-term accruals and deferred income | 185.0 | 482.5 | 512.9 | 598.4 | 505.1 | 351.6 |
| TOTAL EQUITY AND LIABILITIES | 4,430.9 | 5,363.0 | 5,876.3 | 6,819.5 | 7,481.9 | 6,737.6 |

Table 20 | LaLiga | Detailed cash flow waterfall

| Cash Flow (indirect method) | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020 | 2020 / 2021 |
|---|----------------|--------------|---------------|----------------|----------------|----------------|
| A. Net result for the year (NR) | 167.0 | 177.3 | 188.2 | 224.8 | 51.6 | (891.7) |
| B. Adjustments to NR (non-cash and other fin. P&L head.) | 289.9 | 212.9 | (1.7) | 168.6 | 95.5 | 785.9 |
| A. + B. Gross cash flow from operations (GFO) | 456.9 | 390.2 | 186.5 | 393.4 | 147.1 | (105.8) |
| C. Net investment in working capital (WC) | 3.9 | 419.4 | 98.3 | 32.7 | (331.4) | (56.9) |
| A. + B. + C. Cash flow from operations (CFO) | 460.7 | 809.5 | 284.8 | 426.1 | (184.4) | (162.7) |
| D1. Net investment in recurring operating cap. (CAPEX) | (299.6) | (414.6) | (349.4) | (267.2) | (374.0) | (130.7) |
| - Recurring investment in players | (523.5) | (601.5) | (731.0) | (682.8) | (809.7) | (444.1) |
| + Recurring divestment in players | 336.7 | 359.6 | 559.9 | 535.8 | 595.3 | 437.4 |
| - Recurring investment in other operating assets | (123.2) | (184.9) | (181.6) | (131.0) | (166.6) | (123.7) |
| + Recurring divestment in other operating assets | 10.4 | 12.1 | 3.2 | 10.8 | 7.0 | (0.3) |
| A. + B. + C. + D1. Recurring free cash flow (FCFr) | 161.1 | 395.0 | (64.6) | 159.0 | (558.4) | (293.4) |
| D2. Net investment in non-recurring operating cap. (CAPEX) | (44.5) | (328.5) | 39.2 | (260.8) | (139.1) | (169.5) |
| - Non-recurring investment in players | (146.3) | (232.5) | (297.7) | (615.4) | (723.6) | (102.9) |
| + Non-recurring divestment in players | 98.6 | 113.3 | 376.7 | 470.9 | 533.0 | 104.7 |
| - Non-recurring investment in other operating assets | (10.0) | (214.7) | (41.7) | (118.3) | (114.0) | (172.1) |
| + Non-recurring divestment in other operating assets | 13.2 | 5.4 | 1.8 | 2.0 | 165.5 | 0.8 |
| A. + B. + C. + D1. + D2. Total free cash flow (FCFt) | 116.7 | 66.4 | (25.4) | (101.9) | (697.4) | (462.9) |
| - Financial expenses | (91.0) | (91.4) | (80.8) | (91.5) | (118.6) | (142.8) |
| +/- Variation in financial debt (financial entities) | 20.8 | 121.3 | (13.4) | 66.9 | 436.9 | (38.3) |
| +/- Variation in financial debt (non-financial entities) | (106.9) | 23.8 | 76.7 | 515.8 | 388.2 | 61.6 |
| + Financial income | 22.7 | 42.5 | 10.8 | 24.6 | 36.0 | 40.9 |
| +/- Variation in other ST or LT fin. assets and liabilities | (30.0) | (6.7) | 38.3 | (14.7) | (23.5) | 9.6 |
| +/- Net investment in financial assets | (60.3) | 27.8 | (70.3) | (305.9) | (84.3) | 157.3 |
| A. + B. + C. + D. + E. Equity cash flow (ECF) | (127.8) | 183.7 | (64.1) | 93.3 | (62.6) | (374.6) |
| F. Cash flows from own resources (Equity) | 200.3 | 66.1 | 58.1 | 14.8 | 92.0 | 219.9 |
| +/- Changes in capital and other equity instruments | 200.3 | 2.3 | 60.5 | 11.1 | 96.0 | 213.2 |
| + Grants, donations and legacies received | - | 63.8 | - | 10.3 | 0.6 | 7.2 |
| - Dividends | - | - | (2.4) | (6.7) | (4.6) | (0.4) |
| A. + B. + C. + D. + E. + F. Net change in cash | 72.4 | 249.9 | (6.0) | 108.1 | 29.4 | (154.7) |
| Cash and cash equivalents, opening balance | 340.7 | 410.3 | 653.7 | 652.4 | 759.1 | 782.9 |
| +/- Impact of exchange rates on the cash balance | - | - | - | - | - | - |
| +/- Net change in cash | 72.4 | 249.9 | (6.0) | 108.1 | 29.4 | (154.7) |
| Cash and cash equivalents, closing balance | 413.2 | 660.2 | 647.7 | 760.5 | 788.5 | 628.3 |

* The balance of cash and equivalents at the end of each period does not exactly match the balance at the beginning of the following period due to the change in club perimeters in each season (relegation from Second A to Second B and vice versa).

Netted LaLiga: 40 clubs



Table 21 | Netted LaLiga | Detailed Income Statement

| Income Statement | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020A | 2020 / 2021A |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Broadcasting income national comp. (RDL 5/2015) | 667.4 | 1,086.1 | 1,152.5 | 1,251.0 | 1,299.0 | 1,253.1 |
| Broadcasting income intern. comp. (UEFA market pool) | 57.7 | 47.0 | 53.1 | 45.4 | 49.6 | 44.5 |
| Broadcasting income from friendlies and others | 4.7 | 0.1 | 0.3 | 0.5 | 4.1 | 4.5 |
| Broadcasting income | 729.9 | 1,133.2 | 1,205.8 | 1,297.0 | 1,352.7 | 1,302.1 |
| Income from national official competitions | 45.3 | 44.9 | 47.7 | 48.6 | 40.8 | 6.1 |
| Income from intern. official comp. (UEFA prize money + ticketing) | 125.7 | 114.3 | 82.6 | 162.6 | 173.7 | 168.4 |
| Income from friendly and other competitions | 11.2 | 7.3 | 11.4 | 10.1 | 6.1 | 2.4 |
| Income from members and season ticket holders | 158.8 | 168.3 | 186.7 | 192.9 | 172.0 | 14.4 |
| Matchday income | 340.9 | 334.8 | 328.4 | 414.2 | 392.6 | 191.3 |
| Income from shop sales | 35.6 | 39.4 | 41.5 | 48.1 | 42.5 | 35.0 |
| Income from sponsorship | 49.0 | 58.1 | 76.0 | 79.2 | 100.1 | 98.7 |
| Income from other commercial concepts | 11.8 | 15.9 | 59.9 | 26.2 | 19.4 | 14.5 |
| Income from the operation of facilities | - | - | 0.2 | 0.7 | 0.8 | 0.3 |
| Commercial income - Sponsorship and others | 96.4 | 113.4 | 177.6 | 154.2 | 162.8 | 148.4 |
| Commercial income - Advertising | 106.1 | 113.7 | 126.8 | 143.8 | 167.0 | 174.1 |
| Net Turnover (NT) | 1,273.3 | 1,695.1 | 1,838.7 | 2,009.1 | 2,075.2 | 1,815.9 |
| Other operating income | 201.2 | 111.0 | 116.0 | 156.0 | 143.8 | 143.1 |
| Operating Income | 1,474.5 | 1,806.1 | 1,954.6 | 2,165.1 | 2,219.0 | 1,959.0 |
| Procurements | (53.2) | (58.6) | (92.5) | (82.4) | (72.8) | (65.4) |
| Non-sports personnel (wages) | (115.8) | (128.7) | (147.6) | (155.0) | (167.5) | (176.8) |
| LaLiga registrable sports staff | (693.4) | (867.9) | (1,007.0) | (1,119.3) | (1,229.8) | (1,211.9) |
| LaLiga non-registrable sports staff | (70.9) | (73.2) | (81.0) | (103.2) | (120.0) | (124.8) |
| Sports wage costs | (764.3) | (941.2) | (1,088.0) | (1,222.6) | (1,349.8) | (1,336.7) |
| Other operating expenses | (306.5) | (411.1) | (459.5) | (497.7) | (518.0) | (494.5) |
| EBITDA b/T (EBITDA before transfer of players) | 234.7 | 266.5 | 167.1 | 207.4 | 110.9 | (114.4) |
| Selling price for transfer of players | 354.0 | 379.9 | 600.9 | 677.7 | 856.9 | 359.4 |
| Selling cost for transfer of players | (127.0) | (110.1) | (145.6) | (142.0) | (254.4) | (106.9) |
| Result from the transfer of players | 227.0 | 269.8 | 455.4 | 535.7 | 602.5 | 252.5 |
| EBITDA a/T (EBITDA after transfer of players) | 461.7 | 536.3 | 622.4 | 743.1 | 713.5 | 138.1 |
| Depreciation of players | (171.8) | (227.0) | (257.4) | (358.1) | (472.8) | (440.9) |
| Other depreciations and amortisations | (38.0) | (41.8) | (53.1) | (62.9) | (72.6) | (73.1) |
| Allocation of grants | 17.6 | 18.9 | 21.3 | 21.3 | 21.2 | 20.4 |
| Excess provisions | 0.6 | 2.5 | 5.4 | 5.1 | 66.3 | 31.7 |
| Gains on other op. fixed assets and exceptional income | 0.2 | 0.1 | 2.9 | 5.9 | (1.0) | 1.0 |
| Losses on other op. fixed assets and exceptional expenses | (2.4) | (1.8) | (2.5) | (5.8) | (25.6) | (13.9) |
| Gains or losses on disposal of other non-current op. assets | (2.2) | (1.7) | 0.4 | 0.1 | (26.5) | (12.9) |
| Other operating results | (85.6) | (54.4) | (91.2) | (42.4) | (22.0) | (7.6) |
| EBIT (operating result) | 182.4 | 232.8 | 247.9 | 306.2 | 207.0 | (344.3) |
| Financial income | 12.0 | 36.0 | 8.7 | 21.9 | 30.2 | 27.0 |
| Financial expenses | (70.7) | (63.2) | (63.6) | (73.1) | (79.7) | (74.1) |
| Impairment and results from financial instruments | (0.8) | (20.4) | (5.1) | (3.1) | (14.8) | 3.5 |
| FR (financial result) | (59.5) | (47.7) | (59.9) | (54.3) | (64.3) | (43.6) |
| RBT (result before tax) | 122.8 | 185.1 | 187.9 | 251.9 | 142.6 | (387.9) |
| Taxes on profits | (14.9) | (47.3) | (43.8) | (70.1) | (35.2) | 21.7 |
| NR (net result for the year) | 107.9 | 137.8 | 144.1 | 181.9 | 107.5 | (366.2) |
| Total Income | 1,878.2 | 2,265.7 | 2,652.5 | 2,915.9 | 3,216.7 | 2,419.6 |
| Total Expenses | (1,770.3) | (2,127.9) | (2,508.4) | (2,734.0) | (3,109.3) | (2,785.8) |

Table 22 | Netted LaLiga | Detailed Balance Sheet

| Balance Sheet | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020 | 2020 / 2021 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| NON-CURRENT ASSETS | 2,015.6 | 2,417.6 | 2,682.8 | 3,018.6 | 3,331.3 | 3,136.8 |
| Intangible assets | 866.3 | 1,052.9 | 1,193.5 | 1,403.7 | 1,627.1 | 1,465.4 |
| <i>Sports intangible assets</i> | <i>536.2</i> | <i>674.6</i> | <i>837.3</i> | <i>1,035.2</i> | <i>1,250.4</i> | <i>1,109.6</i> |
| <i>Non-sports intangible assets</i> | <i>330.1</i> | <i>378.3</i> | <i>356.2</i> | <i>368.5</i> | <i>376.7</i> | <i>355.8</i> |
| Property, plant and equipment | 758.1 | 975.6 | 1,069.4 | 1,171.2 | 1,232.2 | 1,228.9 |
| Investment property | 7.9 | 7.6 | 7.9 | 4.6 | 4.5 | 3.2 |
| Long-term investments in group companies and associates | 54.9 | 57.1 | 70.0 | 71.7 | 75.9 | 77.6 |
| Long-term financial investments | 104.6 | 111.9 | 136.9 | 189.7 | 209.8 | 186.5 |
| Non-current prepayments and accrued income | 1.7 | 1.3 | 6.0 | 5.8 | 7.4 | 4.8 |
| Deferred tax assets | 222.1 | 211.2 | 199.2 | 171.9 | 174.3 | 170.3 |
| CURRENT ASSETS | 823.7 | 1,110.6 | 1,088.2 | 1,303.5 | 1,241.1 | 985.0 |
| Non-current assets held for sale | 155.2 | 166.1 | 175.7 | 200.9 | 6.4 | 0.4 |
| Inventories | 10.5 | 32.6 | 11.7 | 13.4 | 15.3 | 17.8 |
| Trade and other receivables | 142.4 | 191.5 | 162.5 | 214.9 | 254.8 | 241.1 |
| Short-term investments in group companies and associates | 5.4 | 8.8 | 12.5 | 18.0 | 8.1 | 6.6 |
| Short-term financial investments | 325.6 | 303.8 | 291.4 | 381.6 | 428.1 | 386.3 |
| Current prepayments and accrued income | 10.0 | 18.4 | 17.1 | 28.3 | 36.9 | 31.5 |
| Cash and cash equivalents | 174.6 | 389.4 | 417.2 | 446.4 | 491.4 | 301.4 |
| TOTAL ASSETS | 2,839.3 | 3,528.1 | 3,771.0 | 4,322.1 | 4,572.4 | 4,121.8 |
| NET EQUITY | 510.6 | 675.6 | 873.6 | 1,049.7 | 1,183.2 | 1,108.9 |
| Own funds | 328.3 | 448.6 | 669.7 | 843.1 | 969.4 | 924.7 |
| Adjustments for changes in value | (12.0) | (12.0) | (10.8) | (10.8) | (17.3) | (14.0) |
| Grants, donations and legacies received | 194.3 | 239.1 | 214.6 | 217.4 | 231.1 | 198.2 |
| NON-CURRENT LIABILITIES | 1,156.1 | 1,232.8 | 1,364.5 | 1,545.8 | 1,498.6 | 1,225.9 |
| Long-term provisions | 110.2 | 114.3 | 179.0 | 214.8 | 168.5 | 143.5 |
| Long-term debt | 836.8 | 819.9 | 901.8 | 1,055.0 | 1,117.6 | 925.0 |
| Long-term debt with group companies and associates | 99.7 | 177.0 | 139.2 | 127.9 | 60.1 | 54.2 |
| Deferred tax liabilities | 87.6 | 99.7 | 91.1 | 100.1 | 116.4 | 85.7 |
| Long-term accruals and deferred income | 21.8 | 21.9 | 53.3 | 48.0 | 36.1 | 17.5 |
| CURRENT LIABILITIES | 1,172.6 | 1,619.7 | 1,533.0 | 1,726.6 | 1,890.6 | 1,787.0 |
| Short-term provisions | 3.2 | 30.5 | 28.5 | 37.6 | 36.7 | 20.1 |
| Short-term debt | 513.3 | 642.7 | 521.1 | 616.1 | 838.7 | 791.7 |
| Short-term debt with group companies and associates | 14.7 | 11.9 | 2.8 | 14.6 | 53.9 | 64.2 |
| Trade and other payables | 556.4 | 691.4 | 757.6 | 767.6 | 776.8 | 831.8 |
| Short-term accruals and deferred income | 85.1 | 243.3 | 222.9 | 290.7 | 184.5 | 79.1 |
| TOTAL EQUITY AND LIABILITIES | 2,839.3 | 3,528.1 | 3,771.0 | 4,322.1 | 4,572.4 | 4,121.8 |

Table 23 | Netted LaLiga | Detailed cash flow waterfall

| Cash Flow (indirect method) | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020 | 2020 / 2021 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| A. Net result for the year (NR) | 107.9 | 137.8 | 144.1 | 181.9 | 107.5 | (366.2) |
| B. Adjustments to NR (non-cash and other financial P&L headings) | 64.8 | 109.8 | (5.8) | (3.1) | (54.9) | 283.8 |
| A. + B. Gross cash flow from operations (GFO) | 172.7 | 247.6 | 138.3 | 178.8 | 52.6 | (82.4) |
| C. Net investment in working capital (WC) | 30.0 | 187.8 | 84.0 | 12.3 | (147.6) | (26.3) |
| A. + B. + C. Cash flow from operations (CFO) | 202.7 | 435.4 | 222.3 | 191.0 | (95.0) | (108.8) |
| D1. Net investment in recurring operating capacity (CAPEX) | (158.8) | (205.0) | (176.6) | (72.8) | (132.8) | (87.1) |
| - Recurring investment in players | (353.9) | (350.2) | (440.7) | (374.2) | (435.2) | (307.9) |
| + Recurring divestment in players | 260.6 | 266.6 | 391.2 | 370.6 | 394.5 | 285.5 |
| - Recurring investment in other operating assets | (75.3) | (130.7) | (129.9) | (79.2) | (98.9) | (64.3) |
| + Recurring divestment in other operating assets | 9.9 | 9.3 | 2.8 | 9.9 | 6.8 | (0.4) |
| A. + B. + C. + D1. Recurring free cash flow (FCFr) | 43.9 | 230.4 | 45.7 | 118.2 | (227.8) | (195.9) |
| D2. Net investment in non-recurring operating capacity (CAPEX) | (49.8) | (218.0) | 28.0 | (120.3) | 119.6 | (71.2) |
| - Non-recurring investment in players | (146.3) | (144.5) | (141.8) | (350.9) | (467.5) | (102.9) |
| + Non-recurring divestment in players | 93.5 | 113.3 | 209.8 | 307.1 | 462.5 | 73.9 |
| - Non-recurring investment in other operating assets | (10.0) | (189.2) | (41.7) | (78.5) | (40.9) | (42.3) |
| + Non-recurring divestment in other operating assets | 13.0 | 2.4 | 1.7 | 2.0 | 165.5 | 0.1 |
| A. + B. + C. + D1. + D2. Total free cash flow (FCFt) | (5.9) | 12.4 | 73.7 | (2.1) | (108.3) | (267.1) |
| - Financial expenses | (71.5) | (83.7) | (65.1) | (74.1) | (85.9) | (75.2) |
| +/- Variation in financial debt (financial entities) | 51.8 | 114.0 | (28.5) | 70.0 | 74.8 | (38.5) |
| +/- Variation in financial debt (non-financial entities) | (43.3) | 67.9 | (3.1) | 151.4 | 158.1 | (87.4) |
| + Financial income | 12.0 | 35.8 | 8.8 | 21.9 | 30.1 | 27.1 |
| +/- Variation in other ST or LT financial assets and liabilities | (13.0) | (5.7) | 21.0 | (12.5) | (35.7) | (24.0) |
| +/- Net investment in financial assets | (111.5) | 10.8 | (30.7) | (145.0) | (78.8) | 60.7 |
| A. + B. + C. + D. + E. Equity cash flow (ECF) | (181.5) | 151.5 | (23.8) | 9.7 | (45.7) | (404.4) |
| F. Cash flows from own resources (Equity) | 200.3 | 66.1 | 58.1 | 14.8 | 92.0 | 219.9 |
| +/- Changes in capital and other equity instruments | 200.3 | 2.3 | 60.5 | 11.1 | 96.0 | 213.2 |
| + Grants, donations and legacies received | - | 63.8 | - | 10.3 | 0.6 | 7.2 |
| - Dividends | - | - | (2.4) | (6.7) | (4.6) | (0.4) |
| A. + B. + C. + D. + E. + F. Net change in cash | 18.8 | 217.7 | 34.4 | 24.4 | 46.3 | (184.4) |
| Cash and cash equivalents, opening balance | 155.7 | 171.8 | 382.9 | 422.0 | 445.1 | 485.8 |
| +/- Impact of exchange rates on the cash balance | - | - | - | - | - | - |
| +/- Net change in cash | 18.8 | 217.7 | 34.4 | 24.4 | 46.3 | (184.4) |
| Cash and cash equivalents, closing balance | 174.6 | 389.4 | 417.2 | 446.4 | 491.4 | 301.4 |

* The balance of cash and equivalents at the end of each period does not exactly match the balance at the beginning of the following period due to the change in club perimeters in each season (relegation from Second A to Second B and vice versa).

LaLiga Santander: 20 clubs

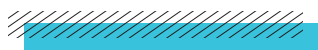


Table 24 | LaLiga Santander | Detailed Income Statement

| Income Statement | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020A | 2020 / 2021A |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Broadcasting income national comp. (RDL 5/2015) | 882.8 | 1,242.9 | 1,328.5 | 1,420.4 | 1,489.4 | 1,445.3 |
| Broadcasting income intern. comp. (UEFA market pool) | 109.4 | 96.4 | 105.7 | 81.2 | 84.5 | 82.1 |
| Broadcasting income from friendlies and others | - | 1.9 | 2.0 | 8.2 | 3.5 | 3.7 |
| Broadcasting income | 992.2 | 1,341.1 | 1,436.2 | 1,509.8 | 1,577.5 | 1,531.1 |
| Income from national official competitions | 135.9 | 148.1 | 152.1 | 154.9 | 129.0 | 19.8 |
| Income from intern. off. comp. (UEFA prize money + ticketing) | 248.0 | 249.1 | 213.7 | 369.7 | 333.2 | 305.9 |
| Income from friendly and other competitions | 95.3 | 88.4 | 89.4 | 104.0 | 71.3 | 18.4 |
| Income from members and season ticket holders | 230.3 | 245.4 | 266.4 | 267.5 | 235.9 | 30.6 |
| Matchday income | 709.6 | 730.9 | 721.5 | 896.0 | 769.4 | 374.7 |
| Income from shop sales | 53.2 | 60.6 | 63.4 | 125.1 | 99.7 | 61.3 |
| Income from sponsorship | 427.8 | 474.5 | 499.3 | 507.4 | 537.1 | 556.7 |
| Income from other commercial concepts | 36.9 | 41.6 | 199.1 | 102.9 | 92.2 | 54.3 |
| Income from the operation of facilities | - | - | 28.9 | 74.9 | 50.0 | 23.7 |
| Commercial income - Sponsorship and others | 517.9 | 576.7 | 790.7 | 810.3 | 779.0 | 696.1 |
| Commercial income - Advertising | 93.8 | 98.4 | 108.2 | 119.0 | 144.4 | 145.0 |
| Net Turnover (NT) | 2,313.5 | 2,747.1 | 3,056.6 | 3,335.1 | 3,270.2 | 2,747.0 |
| Other operating income | 200.8 | 130.2 | 77.8 | 101.3 | 127.0 | 76.7 |
| Operating Income | 2,514.3 | 2,877.4 | 3,134.5 | 3,436.4 | 3,397.2 | 2,823.6 |
| Procurements | (75.6) | (82.5) | (120.0) | (129.8) | (108.1) | (93.0) |
| Non-sports personnel (wages) | (164.2) | (180.7) | (201.5) | (208.3) | (230.3) | (237.8) |
| LaLiga registrable sports staff | (1,151.9) | (1,364.0) | (1,679.4) | (1,708.8) | (1,745.4) | (1,652.4) |
| LaLiga non-registrable sports staff | (159.8) | (171.6) | (173.7) | (199.3) | (227.0) | (267.4) |
| Sports wage costs | (1,311.7) | (1,535.6) | (1,853.2) | (1,908.1) | (1,972.4) | (1,919.8) |
| Other operating expenses | (479.4) | (620.9) | (732.1) | (760.7) | (790.6) | (677.7) |
| EBITDA b/T (EBITDA before transfer of players) | 483.4 | 457.7 | 227.8 | 429.5 | 295.9 | (104.6) |
| Selling price for transfer of players | 413.9 | 433.5 | 887.2 | 930.6 | 1,003.1 | 461.4 |
| Selling cost for transfer of players | (155.9) | (118.1) | (212.6) | (250.7) | (330.5) | (193.1) |
| Result from the transfer of players | 258.1 | 315.4 | 674.6 | 679.9 | 672.7 | 268.3 |
| EBITDA a/T (EBITDA after transfer of players) | 741.5 | 773.1 | 902.4 | 1,109.3 | 968.6 | 163.7 |
| Depreciation of players | (328.1) | (382.0) | (453.9) | (586.7) | (779.6) | (713.2) |
| Other depreciations and amortisations | (64.1) | (60.8) | (71.0) | (73.4) | (87.3) | (88.0) |
| Allocation of grants | 11.2 | 11.9 | 12.5 | 8.1 | 9.3 | 9.7 |
| Excess provisions | 0.5 | 32.9 | 8.9 | 6.7 | 63.1 | 33.3 |
| Gains on other op. fixed assets and exceptional income | 0.1 | 0.1 | 1.9 | 4.5 | (0.9) | 0.7 |
| Losses on other op. fixed assets and exceptional expenses | (10.7) | (29.2) | (2.1) | (5.8) | (25.5) | (13.1) |
| Gains or losses on disposal of other non-current op. assets | (10.6) | (29.1) | (0.2) | (1.3) | (26.4) | (12.5) |
| Other operating results | (98.6) | (68.6) | (99.4) | (86.3) | (2.2) | (235.5) |
| EBIT (operating result) | 251.8 | 277.3 | 299.2 | 376.4 | 145.4 | (842.5) |
| Financial income | 22.2 | 31.1 | 10.5 | 23.6 | 35.2 | 38.5 |
| Financial expenses | (85.9) | (61.9) | (75.7) | (86.9) | (105.4) | (122.3) |
| Impairment and results from financial instruments | (1.3) | (16.7) | (4.9) | 0.0 | (15.3) | (13.6) |
| FR (financial result) | (65.0) | (47.5) | (70.1) | (63.3) | (85.5) | (97.5) |
| RBT (result before tax) | 186.7 | 229.8 | 229.0 | 313.1 | 59.9 | (940.0) |
| Taxes on profits | (33.8) | (61.9) | (59.7) | (82.5) | (6.8) | 97.5 |
| NR (net result for the year) | 153.0 | 167.9 | 169.3 | 230.6 | 53.1 | (842.5) |
| Total Income | 2,979.0 | 3,394.5 | 4,109.3 | 4,431.6 | 4,554.8 | 3,399.0 |
| Total Expenses | (2,826.1) | (3,226.5) | (3,940.0) | (4,201.0) | (4,501.7) | (4,241.5) |

Table 25 | LaLiga Santander | Detailed Balance Sheet

| Balance Sheet | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020 | 2020 / 2021 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| NON-CURRENT ASSETS | 2,801.9 | 3,295.4 | 3,789.1 | 4,203.5 | 4,973.0 | 4,372.6 |
| Intangible assets | 1,238.7 | 1,503.6 | 1,754.1 | 1,970.5 | 2,532.1 | 1,911.9 |
| Sports intangible assets | 1,067.7 | 1,268.2 | 1,590.2 | 1,832.2 | 2,329.5 | 1,723.0 |
| Non-sports intangible assets | 171.0 | 235.4 | 163.9 | 138.3 | 202.6 | 188.9 |
| Property, plant and equipment | 1,158.3 | 1,336.6 | 1,501.2 | 1,604.5 | 1,730.7 | 1,831.2 |
| Investment property | 20.9 | 31.3 | 29.6 | 28.0 | 27.5 | 28.1 |
| Long-term investments in group companies and associates | 48.3 | 50.0 | 64.5 | 76.3 | 76.4 | 70.1 |
| Long-term financial investments | 96.2 | 99.4 | 150.0 | 294.4 | 346.7 | 209.6 |
| Non-current prepayments and accrued income | 21.0 | 108.7 | 110.2 | 70.1 | 65.5 | 47.9 |
| Deferred tax assets | 218.4 | 165.9 | 179.6 | 159.7 | 194.2 | 273.8 |
| CURRENT ASSETS | 1,217.9 | 1,511.1 | 1,554.1 | 1,959.2 | 1,801.2 | 1,465.1 |
| Non-current assets held for sale | 155.2 | 166.1 | 175.7 | 278.2 | 13.8 | 38.4 |
| Inventories | 11.6 | 32.8 | 14.3 | 18.9 | 18.5 | 25.7 |
| Trade and other receivables | 244.8 | 339.9 | 403.3 | 406.6 | 524.4 | 404.6 |
| Short-term investments in group companies and associates | 2.0 | 7.1 | 8.7 | 4.6 | 2.5 | 4.0 |
| Short-term financial investments | 397.0 | 321.4 | 325.8 | 508.7 | 483.1 | 407.1 |
| Current prepayments and accrued income | 13.9 | 23.6 | 21.8 | 36.1 | 41.4 | 33.0 |
| Cash and cash equivalents | 393.5 | 620.2 | 604.5 | 706.2 | 717.5 | 552.3 |
| TOTAL ASSETS | 4,019.7 | 4,806.5 | 5,343.2 | 6,162.7 | 6,774.2 | 5,837.7 |
| NET EQUITY | 1,016.2 | 1,193.8 | 1,359.0 | 1,583.2 | 1,551.6 | 744.1 |
| Own funds | 913.3 | 1,029.4 | 1,265.1 | 1,513.9 | 1,466.3 | 663.1 |
| Adjustments for changes in value | (12.0) | - | (10.8) | (10.8) | (17.3) | (14.0) |
| Grants, donations and legacies received | 114.9 | 164.4 | 104.7 | 80.0 | 102.6 | 95.0 |
| NON-CURRENT LIABILITIES | 1,112.4 | 1,163.8 | 1,469.5 | 1,929.6 | 2,097.5 | 2,346.8 |
| Long-term provisions | 149.9 | 83.4 | 173.4 | 235.9 | 169.6 | 236.7 |
| Long-term debt | 757.0 | 801.7 | 1,027.9 | 1,442.8 | 1,741.4 | 1,901.7 |
| Long-term debt with group companies and associates | 87.1 | 151.8 | 107.6 | 99.7 | 15.1 | 30.1 |
| Deferred tax liabilities | 74.6 | 84.9 | 67.3 | 61.3 | 80.2 | 77.6 |
| Long-term accruals and deferred income | 43.8 | 42.0 | 93.3 | 90.0 | 91.2 | 100.8 |
| CURRENT LIABILITIES | 1,891.2 | 2,448.9 | 2,514.8 | 2,649.9 | 3,125.1 | 2,746.8 |
| Short-term provisions | 43.6 | 41.1 | 29.3 | 39.0 | 33.7 | 19.4 |
| Short-term debt | 708.2 | 734.1 | 648.5 | 744.9 | 1,349.1 | 1,122.8 |
| Short-term debt with group companies and associates | 10.1 | 5.4 | 2.0 | 13.1 | 42.9 | 60.3 |
| Trade and other payables | 950.4 | 1,217.1 | 1,350.4 | 1,301.9 | 1,212.0 | 1,200.8 |
| Short-term accruals and deferred income | 178.8 | 451.2 | 484.5 | 551.0 | 487.4 | 343.5 |
| TOTAL EQUITY AND LIABILITIES | 4,019.7 | 4,806.5 | 5,343.2 | 6,162.7 | 6,774.2 | 5,837.7 |

Table 26 | LaLiga Santander | Detailed cash flow waterfall

| Cash Flow (indirect method) | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020 | 2020 / 2021 |
|--|----------------|--------------|---------------|----------------|----------------|----------------|
| A. Net result for the year (NR) | 153.0 | 167.9 | 169.3 | 230.6 | 53.1 | (842.5) |
| B. Adjustments to NR (non-cash and other financial P&L headings) | 296.5 | 217.1 | 36.6 | 189.2 | 140.7 | 817.6 |
| A. + B. Gross cash flow from operations (GFO) | 449.5 | 385.0 | 205.9 | 419.8 | 193.8 | (24.9) |
| C. Net investment in working capital (WC) | 3.2 | 389.1 | 80.8 | 16.9 | (320.0) | (38.6) |
| A. + B. + C. Cash flow from operations (CFO) | 452.7 | 774.1 | 286.7 | 436.6 | (126.1) | (63.5) |
| D1. Net investment in recurring operating capacity (CAPEX) | (307.0) | (423.0) | (372.7) | (290.8) | (408.1) | (140.7) |
| - Recurring investment in players | (521.0) | (595.7) | (724.0) | (665.3) | (795.0) | (419.2) |
| + Recurring divestment in players | 322.2 | 333.3 | 527.7 | 489.1 | 540.2 | 396.7 |
| - Recurring investment in other operating assets | (117.8) | (172.5) | (178.4) | (120.1) | (159.8) | (117.8) |
| + Recurring divestment in other operating assets | 9.6 | 11.9 | 2.0 | 5.5 | 6.5 | (0.4) |
| A. + B. + C. + D1. Recurring free cash flow (FCFr) | 145.7 | 351.1 | (86.0) | 145.8 | (534.2) | (204.2) |
| D2. Net investment in non-recurring operating capacity (CAPEX) | (49.1) | (317.6) | 29.6 | (262.0) | (181.9) | (163.3) |
| - Non-recurring investment in players | (144.7) | (229.6) | (290.1) | (595.7) | (700.9) | (69.0) |
| + Non-recurring divestment in players | 91.7 | 100.2 | 359.5 | 441.5 | 462.9 | 64.7 |
| - Non-recurring investment in other operating assets | (8.2) | (192.6) | (40.0) | (109.1) | (109.2) | (159.7) |
| + Non-recurring divestment in other operating assets | 12.1 | 4.3 | 0.2 | 1.2 | 165.2 | 0.7 |
| A. + B. + C. + D1. + D2. Total free cash flow (FCFt) | 96.6 | 33.5 | (56.4) | (116.2) | (716.1) | (367.5) |
| - Financial expenses | (87.2) | (78.6) | (77.0) | (84.8) | (112.2) | (136.0) |
| +/- Variation in financial debt (financial entities) | 20.7 | 130.5 | (12.7) | 67.9 | 432.1 | (55.0) |
| +/- Variation in financial debt (non-financial entities) | (82.5) | 50.6 | 102.4 | 536.4 | 400.0 | 84.1 |
| + Financial income | 22.2 | 31.1 | 10.5 | 23.6 | 35.2 | 38.7 |
| +/- Variation in other ST or LT financial assets and liabilities | (28.7) | (7.4) | 37.4 | (12.6) | (23.5) | 3.3 |
| +/- Net investment in financial assets | (52.2) | 26.0 | (62.7) | (318.5) | (58.6) | 183.1 |
| A. + B. + C. + D. + E. Equity cash flow (ECF) | (111.2) | 185.7 | (58.5) | 95.9 | (43.0) | (249.2) |
| F. Cash flows from own resources (Equity) | 177.2 | 40.3 | 53.5 | 9.0 | 46.1 | 127.0 |
| +/- Changes in capital and other equity instruments | 177.2 | 1.2 | 55.1 | 0.2 | 50.2 | 126.5 |
| + Grants, donations and legacies received | - | 39.1 | - | 10.3 | 0.6 | 1.0 |
| - Dividends | - | - | (1.6) | (1.6) | (4.6) | (0.4) |
| A. + B. + C. + D. + E. + F. Net change in cash | 66.0 | 226.0 | (5.0) | 104.9 | 3.1 | (122.2) |
| Cash and cash equivalents, opening balance | 327.5 | 394.3 | 609.5 | 601.3 | 714.3 | 674.5 |
| +/- Impact of exchange rates on the cash balance | - | - | - | - | - | - |
| +/- Net change in cash | 66.0 | 226.0 | (5.0) | 104.9 | 3.1 | (122.2) |
| Cash and cash equivalents, closing balance | 393.5 | 620.2 | 604.5 | 706.2 | 717.5 | 552.3 |

* The balance of cash and equivalents at the end of each period does not exactly match the balance at the beginning of the following period due to the change in club perimeters in each season (relegation from First to Second A and vice versa).

Netted LaLiga Santander: 18 clubs



Table 27 | Netted LaLiga Santander | Detailed Income Statement

| Income Statement | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020A | 2020 / 2021A |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Broadcasting income national comp. (RDL 5/2015) | 598.7 | 950.8 | 1,018.1 | 1,092.1 | 1,136.2 | 1,096.5 |
| Broadcasting income intern. comp. (UEFA market pool) | 57.7 | 47.0 | 52.2 | 45.4 | 49.6 | 44.5 |
| Broadcasting income from friendlies and others | - | 0.0 | 0.1 | 0.3 | 3.5 | 3.7 |
| Broadcasting income | 656.4 | 997.9 | 1,070.4 | 1,137.9 | 1,189.4 | 1,144.8 |
| Income from national official competitions | 40.1 | 39.9 | 39.1 | 38.8 | 33.5 | 5.5 |
| Income from internat. off. comp. (UEFA prize money + ticketing) | 124.8 | 113.2 | 81.7 | 162.0 | 173.5 | 167.5 |
| Income from friendly and other competitions | 10.6 | 6.6 | 11.1 | 9.0 | 5.7 | 2.3 |
| Income from members and season ticket holders | 134.7 | 144.7 | 156.6 | 152.3 | 137.1 | 6.6 |
| Matchday income | 310.3 | 304.4 | 288.4 | 362.0 | 349.8 | 182.0 |
| Income from shop sales | 32.1 | 35.4 | 37.0 | 38.5 | 32.5 | 28.0 |
| Income from sponsorship | 41.1 | 48.5 | 66.9 | 61.1 | 71.4 | 72.4 |
| Income from other commercial concepts | 7.2 | 15.5 | 59.5 | 24.8 | 18.8 | 13.4 |
| Income from the operation of facilities | - | - | - | - | 0.4 | 0.2 |
| Commercial income - Sponsorship and others | 80.4 | 99.3 | 163.3 | 124.4 | 123.2 | 114.0 |
| Commercial income - Advertising | 89.9 | 96.5 | 107.5 | 119.0 | 144.4 | 145.0 |
| Net Turnover (NT) | 1,137.0 | 1,498.1 | 1,629.7 | 1,743.3 | 1,806.8 | 1,585.8 |
| Other operating income | 137.8 | 62.8 | 64.8 | 85.3 | 84.3 | 61.7 |
| Operating Income | 1,274.7 | 1,560.9 | 1,694.4 | 1,828.6 | 1,891.1 | 1,647.5 |
| Procurements | (46.4) | (49.2) | (83.9) | (69.0) | (57.8) | (50.8) |
| Non-sports personnel (wages) | (92.4) | (101.1) | (115.9) | (110.6) | (125.4) | (136.4) |
| LaLiga registrable sports staff | (607.4) | (744.5) | (883.5) | (957.9) | (1,051.5) | (1,018.3) |
| LaLiga non-registrable sports staff | (57.1) | (60.5) | (62.9) | (77.4) | (95.4) | (94.8) |
| Sports wage costs | (664.6) | (805.0) | (946.4) | (1,035.3) | (1,146.9) | (1,113.0) |
| Other operating expenses | (242.4) | (330.9) | (375.6) | (375.6) | (397.5) | (383.5) |
| EBITDA b/T (EBITDA before transfer of players) | 229.1 | 274.7 | 172.8 | 238.1 | 163.4 | (36.3) |
| Selling price for transfer of players | 332.7 | 340.5 | 551.5 | 601.6 | 731.8 | 278.8 |
| Selling cost for transfer of players | (125.6) | (104.2) | (138.5) | (121.2) | (229.0) | (94.5) |
| Result from the transfer of players | 207.1 | 236.3 | 413.0 | 480.4 | 502.8 | 184.3 |
| EBITDA a/T (EBITDA after transfer of players) | 436.2 | 511.0 | 585.7 | 718.6 | 666.2 | 147.9 |
| Depreciation of players | (169.6) | (222.7) | (250.3) | (337.1) | (445.6) | (400.6) |
| Other depreciations and amortisations | (27.3) | (29.8) | (39.8) | (41.1) | (52.0) | (52.1) |
| Allocation of grants | 10.5 | 11.6 | 12.1 | 7.8 | 9.0 | 9.1 |
| Excess provisions | 0.5 | 2.4 | 4.6 | 0.0 | 63.1 | 30.2 |
| Gains on other op. fixed assets and exceptional income | 0.1 | 0.1 | 1.2 | 4.3 | (1.0) | 0.0 |
| Losses on other op. fixed assets and exceptional expenses | (1.9) | (0.2) | (2.1) | (5.4) | (25.1) | (12.8) |
| Gains or losses on disposal of other non-current op. assets | (1.8) | (0.2) | (0.9) | (1.1) | (26.1) | (12.8) |
| Other operating results | (84.6) | (53.7) | (89.1) | (42.5) | (18.4) | (10.6) |
| EBIT (operating result) | 163.9 | 218.7 | 222.3 | 304.6 | 196.1 | (288.8) |
| Financial income | 11.4 | 24.3 | 8.4 | 20.9 | 29.3 | 24.7 |
| Financial expenses | (66.4) | (54.2) | (59.9) | (66.9) | (73.3) | (67.3) |
| Impairment and results from financial instruments | (1.3) | (16.7) | (4.9) | (2.6) | (14.8) | (1.1) |
| FR (financial result) | (56.4) | (46.6) | (56.4) | (48.5) | (58.7) | (43.7) |
| RBT (result before tax) | 107.5 | 172.2 | 165.9 | 256.1 | 137.4 | (332.5) |
| Taxes on profits | (13.6) | (43.7) | (40.7) | (68.3) | (28.4) | 15.4 |
| NR (net result for the year) | 93.9 | 128.4 | 125.2 | 187.7 | 109.0 | (317.0) |
| Total Income | 1,646.2 | 1,947.4 | 2,323.8 | 2,474.0 | 2,742.4 | 2,000.9 |
| Total Expenses | (1,552.3) | (1,819.0) | (2,198.6) | (2,286.2) | (2,633.4) | (2,318.0) |

Table 28 | Netted LaLiga Santander | Detailed Balance Sheet

| Balance Sheet | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020 | 2020 / 2021 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| NON-CURRENT ASSETS | 1,684.0 | 1,987.7 | 2,274.2 | 2,521.4 | 2,799.2 | 2,472.7 |
| Intangible assets | 686.0 | 883.5 | 968.1 | 1,113.1 | 1,373.0 | 1,144.0 |
| Sports intangible assets | 532.7 | 665.6 | 822.5 | 993.5 | 1,198.0 | 980.6 |
| Non-sports intangible assets | 153.3 | 217.9 | 145.6 | 119.7 | 175.0 | 163.4 |
| Property, plant and equipment | 691.9 | 857.8 | 1,003.4 | 1,048.5 | 1,078.7 | 1,024.7 |
| Investment property | 4.4 | 7.4 | 4.2 | 2.9 | 2.9 | 2.9 |
| Long-term investments in group companies and associates | 47.4 | 49.8 | 63.5 | 69.6 | 69.2 | 70.0 |
| Long-term financial investments | 78.4 | 54.0 | 83.3 | 163.1 | 148.1 | 112.8 |
| Non-current prepayments and accrued income | 1.5 | 1.3 | 6.0 | 5.8 | 7.4 | 4.6 |
| Deferred tax assets | 174.4 | 133.8 | 145.8 | 118.3 | 119.9 | 113.7 |
| CURRENT ASSETS | 744.1 | 984.0 | 963.8 | 1,143.9 | 1,065.6 | 749.2 |
| Non-current assets held for sale | 155.2 | 166.1 | 175.7 | 199.2 | 6.4 | 0.4 |
| Inventories | 9.0 | 30.3 | 10.6 | 9.8 | 12.2 | 14.1 |
| Trade and other receivables | 113.8 | 145.8 | 123.8 | 170.7 | 215.7 | 181.5 |
| Short-term investments in group companies and associates | 2.0 | 7.1 | 8.7 | 4.6 | 2.5 | 4.0 |
| Short-term financial investments | 299.9 | 269.1 | 255.1 | 341.6 | 377.8 | 296.7 |
| Current prepayments and accrued income | 9.4 | 16.2 | 15.6 | 25.8 | 30.7 | 27.2 |
| Cash and cash equivalents | 154.9 | 349.4 | 374.1 | 392.2 | 420.3 | 225.4 |
| TOTAL ASSETS | 2,428.1 | 2,971.6 | 3,238.0 | 3,665.3 | 3,864.8 | 3,221.9 |
| NET EQUITY | 476.6 | 615.0 | 736.3 | 917.8 | 987.8 | 661.1 |
| Own funds | 381.1 | 457.7 | 649.3 | 855.3 | 909.0 | 586.2 |
| Adjustments for changes in value | (12.0) | - | (10.8) | (10.8) | (17.3) | (14.0) |
| Grants, donations and legacies received | 107.5 | 157.3 | 97.8 | 73.3 | 96.1 | 88.9 |
| NON-CURRENT LIABILITIES | 893.4 | 944.7 | 1,130.4 | 1,257.5 | 1,207.0 | 1,006.1 |
| Long-term provisions | 102.7 | 66.3 | 133.2 | 205.4 | 128.7 | 104.0 |
| Long-term debt | 625.4 | 636.9 | 786.2 | 865.2 | 970.1 | 810.2 |
| Long-term debt with group companies and associates | 87.1 | 151.8 | 107.6 | 99.7 | 15.1 | 30.1 |
| Deferred tax liabilities | 58.4 | 70.0 | 50.4 | 41.3 | 58.8 | 44.5 |
| Long-term accruals and deferred income | 19.8 | 19.8 | 52.9 | 46.0 | 34.3 | 17.3 |
| CURRENT LIABILITIES | 1,058.1 | 1,412.0 | 1,371.3 | 1,490.0 | 1,669.9 | 1,554.7 |
| Short-term provisions | 1.6 | 26.1 | 26.6 | 33.6 | 28.0 | 16.1 |
| Short-term debt | 481.8 | 577.7 | 474.2 | 545.3 | 750.9 | 695.5 |
| Short-term debt with group companies and associates | 10.1 | 5.4 | 2.0 | 13.1 | 42.9 | 60.3 |
| Trade and other payables | 485.6 | 590.9 | 674.1 | 654.8 | 681.3 | 711.7 |
| Short-term accruals and deferred income | 79.0 | 211.9 | 194.5 | 243.2 | 166.8 | 71.0 |
| TOTAL EQUITY AND LIABILITIES | 2,428.1 | 2,971.6 | 3,238.0 | 3,665.3 | 3,864.8 | 3,221.9 |

Table 29 | **Netted LaLiga Santander** | Detailed cash flow waterfall

| Cash Flow (indirect method) | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020 | 2020 / 2021 |
|--|----------------|---------------|---------------|---------------|----------------|----------------|
| A. Net result for the year (NR) | 93.9 | 128.4 | 125.2 | 187.7 | 109.0 | (317.0) |
| B. Adjustments to NR (non-cash and other financial P&L headings) | 71.4 | 114.1 | 32.5 | 17.4 | (9.7) | 315.5 |
| A. + B. Gross cash flow from operations (GFO) | 165.3 | 242.5 | 157.7 | 205.2 | 99.3 | (1.6) |
| C. Net investment in working capital (WC) | 29.3 | 157.5 | 66.5 | (3.6) | (136.1) | (8.0) |
| A. + B. + C. Cash flow from operations (CFO) | 194.6 | 400.0 | 224.2 | 201.5 | (36.8) | (9.6) |
| D1. Net investment in recurring operating capacity (CAPEX) | (166.1) | (213.4) | (199.8) | (96.5) | (166.9) | (97.2) |
| - Recurring investment in players | (351.4) | (344.4) | (433.8) | (356.7) | (420.5) | (283.1) |
| + Recurring divestment in players | 246.1 | 240.3 | 359.0 | 323.9 | 339.4 | 244.8 |
| - Recurring investment in other operating assets | (69.9) | (118.3) | (126.6) | (68.2) | (92.1) | (58.3) |
| + Recurring divestment in other operating assets | 9.0 | 9.1 | 1.6 | 4.6 | 63 | (0.5) |
| A. + B. + C. + D1. Recurring free cash flow (FCFr) | 28.5 | 186.6 | 24.4 | 105.1 | (203.7) | (106.7) |
| D2. Net investment in non-recurring operating capacity (CAPEX) | (54.5) | (207.1) | 18.4 | (121.5) | 76.7 | (65.0) |
| - Non-recurring investment in players | (144.7) | (141.6) | (134.3) | (331.1) | (444.8) | (69.0) |
| + Non-recurring divestment in players | 86.5 | 100.2 | 192.5 | 277.7 | 392.4 | 33.9 |
| - Non-recurring investment in other operating assets | (8.2) | (167.0) | (40.0) | (69.3) | (36.1) | (30.0) |
| + Non-recurring divestment in other operating assets | 11.8 | 1.3 | 0.2 | 1.2 | 165.2 | 0.1 |
| A. + B. + C. + D1. + D2. Total free cash flow (FCFt) | (26.1) | (20.5) | 42.8 | (16.4) | (127.0) | (171.7) |
| - Financial expenses | (67.8) | (70.9) | (61.3) | (67.3) | (79.5) | (68.4) |
| +/- Variation in financial debt (financial entities) | 51.7 | 123.2 | (27.8) | 71.0 | 69.9 | (55.2) |
| +/- Variation in financial debt (non-financial entities) | (18.9) | 94.8 | 22.6 | 172.0 | 169.9 | (64.9) |
| + Financial income | 11.4 | 24.3 | 8.4 | 21.0 | 29.3 | 24.9 |
| +/- Variation in other ST or LT financial assets and liabilities | (11.7) | (6.4) | 20.1 | (10.5) | (35.7) | (30.2) |
| +/- Net investment in financial assets | (103.4) | 8.9 | (23.0) | (157.5) | (53.1) | 86.5 |
| A. + B. + C. + D. + E. Equity cash flow (ECF) | (164.8) | 153.5 | (18.1) | 12.3 | (26.1) | (279.0) |
| F. Cash flows from own resources (Equity) | 177.2 | 40.3 | 53.5 | 9.0 | 46.1 | 127.0 |
| +/- Changes in capital and other equity instruments | 177.2 | 1.2 | 55.1 | 0.2 | 50.2 | 126.5 |
| + Grants, donations and legacies received | - | 39.1 | - | 10.3 | 0.6 | 1.0 |
| - Dividends | - | - | (1.6) | (1.6) | (4.6) | (0.4) |
| A. + B. + C. + D. + E. + F. Net change in cash | 12.4 | 193.7 | 35.4 | 21.3 | 20.0 | (151.9) |
| Cash and cash equivalents, opening balance | 142.5 | 155.7 | 338.7 | 370.9 | 400.3 | 377.3 |
| +/- Impact of exchange rates on the cash balance | - | - | - | - | - | - |
| +/- Net change in cash | 12.4 | 193.7 | 35.4 | 21.3 | 20.0 | (151.9) |
| Cash and cash equivalents, closing balance | 154.9 | 349.4 | 374.1 | 392.2 | 420.3 | 225.4 |

* The balance of cash and equivalents at the end of each period does not exactly match the balance at the beginning of the following period due to the change in club perimeters in each season (relegation from First to Second A and vice versa).

LaLiga SmartBank: 22 clubs



Table 30 | LaLiga SmartBank | Detailed Income Statement

| Income Statement | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020A | 2020 / 2021A |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Broadcasting income national comp. (RDL 5/2015) | 68.7 | 135.3 | 134.4 | 158.9 | 162.8 | 156.5 |
| Broadcasting income intern. comp. (UEFA market pool) | - | - | 0.9 | - | - | - |
| Broadcasting income from friendlies and others | 4.8 | 0.0 | 0.2 | 0.2 | 0.6 | 0.8 |
| Broadcasting income | 73.5 | 135.3 | 135.4 | 159.1 | 163.4 | 157.3 |
| Income from national official competitions | 5.2 | 5.0 | 8.6 | 9.8 | 7.2 | 0.6 |
| Income from intern. off. comp. (UEFA prize money + ticketing) | 0.9 | 1.1 | 0.9 | 0.7 | 0.2 | 0.8 |
| Income from friendly and other competitions | 0.5 | 0.7 | 0.4 | 1.1 | 0.4 | 0.1 |
| Income from members and season ticket holders | 24.1 | 23.5 | 30.2 | 40.6 | 34.9 | 7.7 |
| Matchday income | 30.6 | 30.4 | 40.0 | 52.2 | 42.8 | 9.3 |
| Income from shop sales | 3.5 | 4.0 | 4.5 | 9.6 | 10.0 | 7.0 |
| Income from sponsorship | 7.9 | 9.6 | 9.1 | 18.1 | 28.7 | 26.3 |
| Income from other commercial concepts | 4.7 | 0.5 | 0.5 | 1.4 | 0.6 | 1.1 |
| Income from the operation of facilities | - | - | 0.2 | 0.7 | 0.4 | 0.1 |
| Commercial income - Sponsorship and others | 16.0 | 14.1 | 14.3 | 29.8 | 39.7 | 34.4 |
| Commercial income - Advertising | 16.2 | 17.2 | 19.3 | 24.8 | 22.6 | 29.1 |
| Net Turnover (NT) | 136.3 | 197.0 | 209.0 | 265.8 | 268.5 | 230.1 |
| Other operating income | 63.4 | 48.2 | 51.2 | 70.7 | 59.5 | 81.4 |
| Operating Income | 199.7 | 245.2 | 260.2 | 336.5 | 327.9 | 311.6 |
| Procurements | (6.8) | (9.4) | (8.6) | (13.4) | (14.9) | (14.6) |
| Non-sports personnel (wages) | (23.5) | (27.6) | (31.7) | (44.4) | (42.0) | (40.4) |
| LaLiga registrable sports staff | (86.0) | (123.5) | (123.5) | (161.4) | (178.3) | (193.6) |
| LaLiga non-registrable sports staff | (13.8) | (12.8) | (18.1) | (25.9) | (24.6) | (30.0) |
| Sports wage costs | (99.8) | (136.2) | (141.6) | (187.3) | (202.9) | (223.6) |
| Other operating expenses | (64.1) | (80.2) | (83.9) | (122.1) | (120.6) | (111.0) |
| EBITDA b/T (EBITDA before transfer of players) | 5.6 | (8.2) | (5.7) | (30.7) | (52.5) | (78.1) |
| Selling price for transfer of players | 21.3 | 39.4 | 49.5 | 76.1 | 125.2 | 80.6 |
| Selling cost for transfer of players | (1.5) | (5.9) | (7.1) | (20.9) | (25.4) | (12.4) |
| Result from the transfer of players | 19.9 | 33.5 | 42.4 | 55.3 | 99.7 | 68.3 |
| EBITDA a/T (EBITDA after transfer of players) | 25.5 | 25.3 | 36.7 | 24.5 | 47.3 | (9.8) |
| Depreciation of players | (2.2) | (4.4) | (7.1) | (20.9) | (27.2) | (40.3) |
| Other depreciations and amortisations | (10.7) | (12.0) | (13.3) | (21.8) | (20.6) | (21.0) |
| Allocation of grants | 7.0 | 7.4 | 9.2 | 13.5 | 12.2 | 11.3 |
| Excess provisions | 0.2 | 0.1 | 0.8 | 5.1 | 3.2 | 1.5 |
| Gains on other op. fixed assets and exceptional income | 0.2 | 0.1 | 1.7 | 1.6 | 0.0 | 1.0 |
| Losses on other op. fixed assets and exceptional expenses | (0.6) | (1.6) | (0.3) | (0.4) | (0.4) | (1.2) |
| Gains or losses on disposal of other non-current op. assets | (0.4) | (1.6) | 1.4 | 1.2 | (0.4) | (0.2) |
| Other operating results | (1.0) | (0.7) | (2.1) | 0.1 | (3.7) | 3.1 |
| EBIT (operating result) | 18.5 | 14.1 | 25.5 | 1.6 | 10.8 | (55.5) |
| Financial income | 0.6 | 11.6 | 0.3 | 0.9 | 0.8 | 2.2 |
| Financial expenses | (4.3) | (9.0) | (3.6) | (6.3) | (6.4) | (6.8) |
| Impairment and results from financial instruments | 0.5 | (3.7) | (0.2) | (0.4) | 0.0 | 4.6 |
| FR (financial result) | (3.2) | (1.1) | (3.5) | (5.8) | (5.6) | 0.0 |
| RBT (result before tax) | 15.3 | 12.9 | 22.0 | (4.1) | 5.2 | (55.4) |
| Taxes on profits | (1.3) | (3.6) | (3.1) | (1.7) | (6.7) | 6.2 |
| NR (net result for the year) | 14.0 | 9.4 | 18.9 | (5.9) | (1.5) | (49.2) |
| Total Income | 231.9 | 318.3 | 328.7 | 441.9 | 474.4 | 418.7 |
| Total Expenses | (217.9) | (308.9) | (309.8) | (447.8) | (475.9) | (467.9) |

Table 31 | LaLiga SmartBank | Detailed Balance Sheet

| Balance Sheet | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020 | 2020 / 2021 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| NON-CURRENT ASSETS | 331.6 | 429.9 | 408.6 | 497.2 | 532.2 | 664.1 |
| Intangible assets | 180.3 | 169.4 | 225.3 | 290.5 | 254.0 | 321.4 |
| Sports intangible assets | 3.5 | 9.0 | 14.8 | 41.7 | 52.3 | 128.9 |
| Non-sports intangible assets | 176.8 | 160.4 | 210.6 | 248.8 | 201.7 | 192.5 |
| Property, plant and equipment | 66.2 | 117.8 | 66.0 | 122.6 | 153.6 | 204.2 |
| Investment property | 3.5 | 0.1 | 3.6 | 1.7 | 1.7 | 0.4 |
| Long-term investments in group companies and associates | 7.6 | 7.3 | 6.5 | 2.1 | 6.8 | 7.7 |
| Long-term financial investments | 26.1 | 57.9 | 53.7 | 26.6 | 61.7 | 73.7 |
| Non-current prepayments and accrued income | 0.1 | - | - | - | - | 0.2 |
| Deferred tax assets | 47.7 | 77.4 | 53.4 | 53.6 | 54.4 | 56.6 |
| CURRENT ASSETS | 79.6 | 126.6 | 124.5 | 159.5 | 175.5 | 235.8 |
| Non-current assets held for sale | - | - | - | 1.6 | - | - |
| Inventories | 1.5 | 2.3 | 1.1 | 3.6 | 3.1 | 3.7 |
| Trade and other receivables | 28.6 | 45.7 | 38.7 | 44.2 | 39.2 | 59.6 |
| Short-term investments in group companies and associates | 3.5 | 1.7 | 3.7 | 13.4 | 5.6 | 2.6 |
| Short-term financial investments | 25.7 | 34.7 | 36.3 | 40.0 | 50.3 | 89.6 |
| Current prepayments and accrued income | 0.6 | 2.2 | 1.5 | 2.5 | 6.2 | 4.3 |
| Cash and cash equivalents | 19.7 | 40.0 | 43.1 | 54.2 | 71.1 | 76.0 |
| TOTAL ASSETS | 411.1 | 556.5 | 533.0 | 656.8 | 707.7 | 899.9 |
| NET EQUITY | 34.0 | 60.7 | 137.3 | 131.9 | 195.4 | 447.8 |
| Own funds | (52.8) | (9.1) | 20.5 | (12.2) | 60.4 | 338.5 |
| Adjustments for changes in value | - | (12.0) | - | - | - | - |
| Grants, donations and legacies received | 86.7 | 81.8 | 116.8 | 144.1 | 135.0 | 109.3 |
| NON-CURRENT LIABILITIES | 262.6 | 288.0 | 234.1 | 288.3 | 291.6 | 219.8 |
| Long-term provisions | 7.4 | 48.0 | 45.8 | 9.4 | 39.8 | 39.5 |
| Long-term debt | 211.4 | 183.0 | 115.7 | 189.8 | 147.5 | 114.7 |
| Long-term debt with group companies and associates | 12.6 | 25.2 | 31.6 | 28.3 | 44.9 | 24.1 |
| Deferred tax liabilities | 29.2 | 29.7 | 40.6 | 58.8 | 57.6 | 41.2 |
| Long-term accruals and deferred income | 2.0 | 2.1 | 0.4 | 2.0 | 1.8 | 0.2 |
| CURRENT LIABILITIES | 114.5 | 207.8 | 161.7 | 236.6 | 220.7 | 232.3 |
| Short-term provisions | 1.6 | 4.4 | 2.0 | 4.0 | 8.7 | 4.0 |
| Short-term debt | 31.5 | 65.0 | 47.0 | 70.8 | 87.8 | 96.2 |
| Short-term debt with group companies and associates | 4.6 | 6.5 | 0.8 | 1.5 | 11.0 | 3.9 |
| Trade and other payables | 70.8 | 100.5 | 83.5 | 112.8 | 95.5 | 120.1 |
| Short-term accruals and deferred income | 6.1 | 31.3 | 28.4 | 47.4 | 17.7 | 8.1 |
| TOTAL EQUITY AND LIABILITIES | 411.1 | 556.5 | 533.0 | 656.8 | 707.7 | 899.9 |

Table 32 | LaLiga SmartBank | Detailed cash flow waterfall

| Cash Flow (indirect method) | 2015 / 2016 | 2016 / 2017 | 2017 / 2018 | 2018 / 2019 | 2019 / 2020 | 2020 / 2021 |
|--|---------------|--------------|---------------|---------------|---------------|----------------|
| A. Net result for the year (NR) | 14.0 | 9.4 | 18.9 | (5.9) | (1.5) | (49.2) |
| B. Adjustments to NR (non-cash and other financial P&L headings) | (6.6) | (4.2) | (38.3) | (20.5) | (45.3) | (31.7) |
| A. + B. Gross cash flow from operations (GFO) | 7.4 | 5.1 | (19.4) | (26.4) | (46.8) | (80.9) |
| C. Net investment in working capital (WC) | 0.7 | 30.3 | 17.5 | 15.9 | (11.5) | (18.3) |
| A. + B. + C. Cash flow from operations (CFO) | 8.0 | 35.5 | (1.9) | (10.5) | (58.2) | (99.2) |
| D1. Net investment in recurring operating capacity (CAPEX) | 7.4 | 8.4 | 23.2 | 23.6 | 34.1 | 10.0 |
| - Recurring investment in players | (2.5) | (5.8) | (6.9) | (17.5) | (14.7) | (24.8) |
| + Recurring divestment in players | 14.4 | 26.3 | 32.2 | 46.8 | 55.1 | 40.6 |
| - Recurring investment in other operating assets | (5.4) | (12.4) | (3.2) | (11.0) | (6.8) | (5.9) |
| + Recurring divestment in other operating assets | 0.9 | 0.3 | 1.2 | 5.4 | 0.5 | 0.1 |
| A. + B. + C. + D1. Recurring free cash flow (FCFr) | 15.4 | 43.8 | 21.3 | 13.1 | (24.2) | (89.2) |
| D2. Net investment in non-recurring operating capacity (CAPEX) | 4.7 | (10.9) | 9.6 | 1.2 | 42.9 | (6.2) |
| - Non-recurring investment in players | (1.6) | (2.9) | (7.6) | (19.8) | (22.7) | (33.9) |
| + Non-recurring divestment in players | 6.9 | 13.1 | 17.3 | 29.4 | 70.1 | 40.0 |
| - Non-recurring investment in other operating assets | (1.8) | (22.2) | (1.6) | (9.3) | (4.8) | (12.4) |
| + Non-recurring divestment in other operating assets | 1.2 | 1.1 | 1.6 | 0.9 | 0.3 | 0.0 |
| A. + B. + C. + D1. + D2. Total free cash flow (FCFt) | 20.1 | 32.9 | 30.9 | 14.3 | 18.7 | (95.4) |
| - Financial expenses | (3.8) | (12.8) | (3.8) | (6.7) | (6.4) | (6.8) |
| +/- Variation in financial debt (financial entities) | 0.2 | (9.2) | (0.7) | (1.0) | 4.8 | 16.7 |
| +/- Variation in financial debt (non-financial entities) | (24.4) | (26.8) | (25.7) | (20.7) | (11.8) | (22.5) |
| + Financial income | 0.6 | 11.4 | 0.4 | 0.9 | 0.8 | 2.2 |
| +/- Variation in other ST or LT financial assets and liabilities | (1.3) | 0.7 | 0.9 | (2.0) | (0.0) | 6.2 |
| +/- Net investment in financial assets | (8.0) | 1.9 | (7.6) | 12.5 | (25.7) | (25.8) |
| A. + B. + C. + D. + E. Equity cash flow (ECF) | (16.7) | (1.9) | (5.7) | (2.6) | (19.6) | (125.4) |
| F. Cash flows from own resources (Equity) | 23.1 | 25.8 | 4.6 | 5.8 | 45.8 | 92.9 |
| +/- Changes in capital and other equity instruments | 23.1 | 1.1 | 5.4 | 10.9 | 45.8 | 86.7 |
| + Grants, donations and legacies received | - | 24.8 | - | - | - | 6.2 |
| - Dividends | - | - | (0.8) | (5.1) | - | - |
| A. + B. + C. + D. + E. + F. Net change in cash | 6.5 | 23.9 | (1.0) | 3.2 | 26.2 | (32.5) |
| Cash and cash equivalents, opening balance | 13.3 | 16.1 | 44.2 | 51.1 | 44.8 | 108.5 |
| +/- Impact of exchange rates on the cash balance | - | - | - | - | - | - |
| +/- Net change in cash | 6.5 | 23.9 | (1.0) | 3.2 | 26.2 | (32.5) |
| Cash and cash equivalents, closing balance | 19.7 | 40.0 | 43.1 | 54.2 | 71.1 | 76.0 |

* The balance of cash and equivalents at the end of each period does not match exactly with that at the beginning of the following period due to the change in club perimeters in each season (relegation from Second A – professional football – to Second B –ex LaLiga – and vice versa).

LaLiga:

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Glossary of terms





LaLiga:

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LaLiga:

Glossary of terms and definitions



1. Total Income:

In a similar manner to the calculation carried out by other leading professional football competitions, it is a broad definition of all book credits included in the income statement (P&L), for each of the five club groupings analysed in the Report. It includes the following headings:

- Net Turnover (NT)
 - Revenues from broadcasting (including distributions by UEFA for TV market pool).
 - Revenues from *match day* (including billings of season ticket holders, members and competitions, as well as other income distributed by UEFA for concepts other than market pool, sometimes known as price money)
 - Commercial revenues (including sponsorship, advertising and merchandising billings)
- Income from transfers of players (i.e. selling price of federative rights).
- Other operating income, mainly:
 - Operating income of an accessory nature (not included in NT items).
 - Adjustment (allocations) of capital grants for non-financial fixed assets and others.
 - Excess (application) of provisions
 - Reversal of impairment made on fixed assets
 - Gains on non-financial fixed assets and exceptional income
 - Income (i.e. sale price) from disposal of other fixed assets (excluding transfer of players) or exceptional results.
 - Financial income

- Positive gains on disposal of financial instruments

2. Historical series (seasons analysed in the Report):

From the 2015/2016 season (S 15/16) to the 2020/2021 season (S 20/21), which means a total of six seasons, or five annual increases between the last financial year and the base financial year.

3. Compound Annual Growth Rate (CAGR):

The compound annual growth rate (CAGR), expressed in %, is calculated using the following formula:

$$\left[\left(\frac{\text{Value}_n}{\text{Value}_0} \right)^{\left(\frac{1}{n} \right)} - 1 \right]$$

In English it is called the *compound annual growth rate* (CAGR). In this Report, the CAGR is calculated from n=5 (5 annual increments corresponding to the 6 seasons that make up the series being analysed).

4. Spanish GDP at market prices (GDPmp):

Source: Spain's National Statistics Institute (INE). Annual variation rate of Spain's Gross Domestic Product (GDP) at market prices (m.p.) -nominal terms or current euros-, at the end of each financial year, in the reference period.

5. Income from the Transfer of Players:

It is defined as the income (sale price) from the transfer of the players' federative rights (i.e. sports intangible assets). Alternatively, it can be calculated as the net accounting result for said transfers plus the net book value of fixed assets derecognised due to the disposal of these assets. This heading is included under the concept of Total Income.

Under the heading of expenditure, the costs (cost of sale) for the transfer of the federative rights are also taken into account for the amount of the net book value of the asset derecognised.

In this way, sales price (revenue) minus cost of sale (expense) for transfers equals the "Result from Transfers" of players that formally appears in the P&L.

6. Other Income:

Other operating income (i.e. other credits), of an operational and financial nature and a more erratic/discontinuous nature, which is not part of Net Turnover (NT) or revenues from the transfers of players (sale price). For example:

- Other operating income of an accessory nature (not included in NT), such as income paid by **LaLiga** for other concepts, operating subsidies received, income from the transfers of players, work performed for the entity, relegation aid and other operational billing
- Adjustment (allocations) of capital grants received for non-financial fixed assets and others
- Excess (application) of provisions
- Reversal of impairment made on fixed assets
- Gains on non-financial fixed assets and exceptional income
- Income (i.e. sale price) from disposal of other fixed assets (excluding transfer of players) or exceptional results
- Financial income
- Positive gains on disposal of financial instruments

7. EBITDA b/T or EBITDA before Transfers (gross operating result before transfers of players):

It is defined as EBITDA a/T, excluding gains from the sale of intangible sports assets (mainly "Results from Transfers" of players) or the impairments/reversals of their value.

Alternatively, it can be calculated as NT, plus other operating income of an incidental nature, less OPEX.

8. EBITDA a/T or EBITDA after Transfers (gross operating result after transfers of players):

LaLiga defines this expression as the net operating result (EBIT), before (excluding):

- Impairment and reversals on sports intangible assets (players)
- Depreciation and amortisation on fixed assets
- Results from regularisation of capital grants received for non-financial fixed assets
- Impairment/reversal and gains or losses on disposal of other non-financial fixed assets (infrastructure and others)
- Losses, impairment and changes in provisions for commercial operations
- Credits and charges due to changes in inventories
- Work carried out for the entity
- Excess provisions
- Other results and accounting conventions that involve credits or charges at an operational level, without having an impact on treasury movements

The concept therefore includes the Results from Transfers of players (strictly the derivative of the transfers executed, but not other potential impairments or accounting revaluations made to the value of these assets).

Alternatively, it can be calculated as EBITDA b/T plus Results from Transfers.

The acronym "EBITDA" stands for "earnings before interest, taxes, depreciation and amortisation" (and other accounting conventions).

9. OPEX

Set of operating expenses, made up of the headings:

- Procurements
- Non-sports personnel (wages)
- Sports personnel (wages)
- Other operating expenses

This acronym means "operating expenditure". Other operating expenses / charges are not part of OPEX.

10. Total Expenses:

This basically includes all charges to the income statement (P&L):

- Procurements (OPEX)
- Non-sports personnel (OPEX)
- Sports personnel (OPEX)
- Other operating expenses (OPEX)
- Cost of sale of players (transfers) – net book value of fixed assets derecognised when divesting in an intangible sports asset
- Impairment on fixed assets
- Losses on other non-financial fixed assets and exceptional expenses
- Other operating expenses
- Depreciation of players
- Depreciation of other assets
- Other results and conventions with a negative sign (losses)
- Financial expenses
- Impairment losses and losses on disposal of financial instruments
- Corporation Tax

11. EBIT:

It is defined in this Report as the net operating result.

It therefore includes the "Results from Transfers" of players, as well as the capital gains and losses from the disposal of other non-financial fixed assets, the depreciation of the fixed assets, the net allocation of provisions, and the gains or losses for impairments or reversals of the book value of operating

assets, as well as other accounting conventions at an operational level (e.g. gains or losses from changes in inventories, regularisation of capital grants received, etc.). It therefore incorporates all operating adjustments not included in EBITDA a/T listed in the heading

The acronym "EBIT" stands for "earnings before interest and taxes", (comparable to operating income in Spain).

12. Net operating investments (CAPEX):

Net operating investments (i.e. considering investments - divestments) undertaken in the year. The acronym "CAPEX" stands for "capital expenditure" and refers to the annual net investment in operating fixed capital.

Where the Report refers to gross operating investment (not including divestments) or net (including divestments), it refers to gross CAPEX or net CAPEX respectively.

13. Working Capital (WC):

Equivalent to net investment in operating working capital. It is defined as the net change (asset – liability) in non-current (i.e. short-term) non-financial headings (strictly operating items on the Balance Sheet).

14. Net Operating Assets (NOA) or capital employed:

Balance at the end of each year of net operating capital employed according to the aggregated balance sheet, which specifically includes the following headings:

With a positive sign:

- Sports intangible assets
- Non-sports intangible assets
- Property, plant and equipment
- Investment property
- Deferred tax assets
- Inventories
- Trade debtors (customers and other operating current assets)
- Short-term accruals of assets

With a negative sign:

- Trade creditors (suppliers and other current operating liabilities)
- Short-term and long-term provisions
- Short-term accruals of liabilities
- Deferred tax liabilities

NOA – or capital employed – includes the assets assigned to the regular operations of the clubs and which induce operating profit (EBIT) in the Income Statement, and ultimately Free Cash Flow. All assets and liabilities of a financial nature and all equity are excluded. This capital employed grows well because the net investment in fixed operating capital (CAPEX) increases or net investment in operating working capital (WC) does the same.

15. Operating profit (ROIC):

An acronym that stands for "return on invested capital" and refers to the profitability of the business, or the accounting performance from the operations of the clubs.

It is calculated as the quotient between the annual NOPAT and the average NOA for the year, where:

- NOPAT ("Net operating profit after taxes"). That is to say: EBIT in the period $n \times (1 - \text{tax rate})$, with "t" currently 25% in Spain
- Average NOA (average balance of capital employed): $(\text{NOA at } n-1 + \text{NOA at } n) / 2$, where 'n' is the end of the current year and 'n-1' is the end of the previous year

It can also be calculated without considering certain accounting conventions that impact (positively or negatively) the operating result, giving rise to the Adjusted ROIC.

16. Gross Financial Debt (GFD):

Current and non-current debt headings according to the formal classification or epigraphs of the balance sheet contained in the audited annual accounts of the clubs. In addition, the following items have been reclassified (adding or with a positive sign), which become part of the GFD (not counted in gross debt balance until this Financial Report):

- in current liabilities, insolvency debts collected from trade creditors (and which are therefore not formally included under short-term debt), as well as debts for transfers / assignments of players in those clubs where it was detected that they were improperly including these balances under debts with sports entities, within trade creditors.
- the outstanding balances clubs' subordinated debt / participating loans, mostly with the shareholders themselves, have been considered GFD following a restrictive criterion (although the aggregate amounts are not very significant). However, with LaLiga's substantial contribution of resources to clubs in the form of participating loans planned for the current S 21/22 and S 22/23 (based on *Plan Impulso* and the agreement with CVC), these debts will be reclassified as equity for the purposes of financial analysis in subsequent Reports, responding better to their nature.

17. Net Financial Debt (NFD):

GFD minus cash and cash equivalents and current and non-current financial investments according to the Balance Sheet of the clubs (includes non-current or long-term financial investments, mainly what is owed to clubs for the transfer of players – not included until this Report – through similarity with liabilities or debt).

Likewise, due to a principle of symmetry with GFD, amounts owed to clubs for transfers / assignments of players have been reclassified as current financial investments, balances formally included as trade debtors (and which are not included therefore under short-term financial investments).

18. Equity Ratio

This index is one of the ways of measuring the aggregated solvency of each grouping. It measures its degree of capitalisation through the ratio between equity at the end of each season and the total size of the Balance Sheet (total assets or, alternatively, the sum of net and liabilities).

19. Weighted Average Cost of Capital (WACC):

Represents the weighted average annual cost of the sources of finance supporting net operating assets (NOA), or capital employed.

$$WACC = k_d (1-t) \times D / (D+E) + k_e \times E / (D+E)$$

Where:

- k_d : Annual cost of debt
- $k_d (1-t)$: Annual cost of borrowing, net of tax
- t : corporate tax rate (25% in Spain)
- k_e : Cost of equity according to CAPM
- $E / D+E$: Proportion of owned funds (Equity) in the capital structure, at market value. The latter was taken to be a factor equivalent to 1.90x the book value, which is the multiple of the end of S 19/20 of the market capitalisation ratios with respect to the equity of European clubs listed on the stock exchange.
- $D / E+D$: Proportion of borrowed funds (Debt) in the financing structure, at market value. The market value is taken to be the nominal value of the outstanding debt.

The WACC is to the liability or sources of funding – cost – what the ROIC is to the asset or to the operating stock investment (capital employed) – yield.

20. Interest coverage ratio:

It is defined as the annual EBITDA d/T / annual financial charge (i.e. gross financial expenses).

21. Capital Asset Pricing Model (CAPM):

Methodology commonly accepted in the funding field to objectively determine the reasonable annual cost of own resources or *Equity* (k_e).

$$k_e = RFR + (\beta \times MRP)$$

Where:

- RFR (Risk Free Rate): Average annual return on 10-year government bonds (Kingdom of Spain issues), for each of the series (0.26% for S 20/21). The current rate is at historically low levels due to the expansionary monetary policy of the European Central Bank, but no adjustment has been made to express this rate

in the absence of this situation (which according to various international institutions can be estimated at up to 100-150 additional basis points in the case of countries like Spain).

- β (total or leveraged Beta coefficient): An index that measures the volatility of assets (leveraged) with risk analysed with respect to the market (Ibex 35 index of the Spanish Stock Exchange). This is calculated by taking the average of the deleveraged Betas observed for European listed clubs over a representative sample of years and leveraging the funding structure of each **LaLiga** grouping over time. The adjusted leveraged Beta (according to Bloomberg) observed in the long-term markets (more than 10 years), with weekly data, of all European clubs (UEFA environment) listed on the Stock Exchange has been used, deleveraging with the financing structure of each individual club. The mathematical result seen is a simple average leveraged β of 0.62x (including the Bayesian fit using the Marshall Blume formula: $\beta_{adjusted} = \beta_{observed} \times 2/3 + 1/3 \times 1$) and a deleveraged β of approximately 0.43x. The adjusted leveraged β of the Eurostoxx Football index (with weekly data for almost two decades, until August 2020 – the date on which the index ceased publication) is also 0.62x. As all the clubs in the sample are from the respective First Divisions of the different countries, a deleveraged β coefficient of 50% has been considered (i.e. 0.65x) higher for **LaLiga SmartBank** (Second Division A), to try to substantiate the greater operational or commercial risk (systematic or non-diversifiable risk) intrinsic to this classification compared to the First Division. As an increase of around 27% in the volatility of listed football clubs has been observed since the outbreak of the Covid crisis, this adjustment has been included in the Beta coefficient calculation)
- MRP (Market Risk Premium): Long-term annual return premium for risk on a diversified portfolio of risky assets (Ibex 35 index) versus RFR. An annual level of 6.0% has been taken as the target MRP throughout the series
- For the purposes of calculating EVA in a fair value context, no potentials illiquidity premiums have been considered, in accordance with the provisions of IFRS12

- No potential illiquidity premiums (PIL) have not been considered – which investors could consider in certain transactional contexts, as the clubs that make up LaLiga are not listed on the Stock Exchange

22. EVA:

This stands for "Economic Value Added". It measures the annual differential between ROIC and WACC for each year, applied (multiplied) to the net operating capacity (NOA) or capital employed at any given time (average annual balances).

$$EVA = (ROIC - WACC) \times NOA_m$$

23. Funds Generated by Operations (GFO):

Cash flow generated by club operations, before net investment in operating working capital (WC) and fixed operating fixed capital (CAPEX). It is the translation of EBITDA b/T into cash, after taxes.

24. Operating Cash Flow (OCF):

It is the GFO after net investment in operating working capital (WC).

25. Free Cash Flow (FCF):

Free cash flow, equivalent to GFO plus net investment in operating working capital (WC) and net investment in operating fixed capital (CAPEX). This is the effective operating return generated by the business in the year, regardless of accounting conventions.

26. Recurring Free Cash Flow (FCFr):

FCF, but considering only the CAPEX effort of a recurrent nature (not the investment in total operating capacity), according to LaLiga's estimates. The potential performance generated by the business can be matched. For the purposes of analysis, the non-recurring CAPEX (in players and other non-financial assets – basically infrastructures) is classified as any amount that exceeds the previous historical average in the series analysed.





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