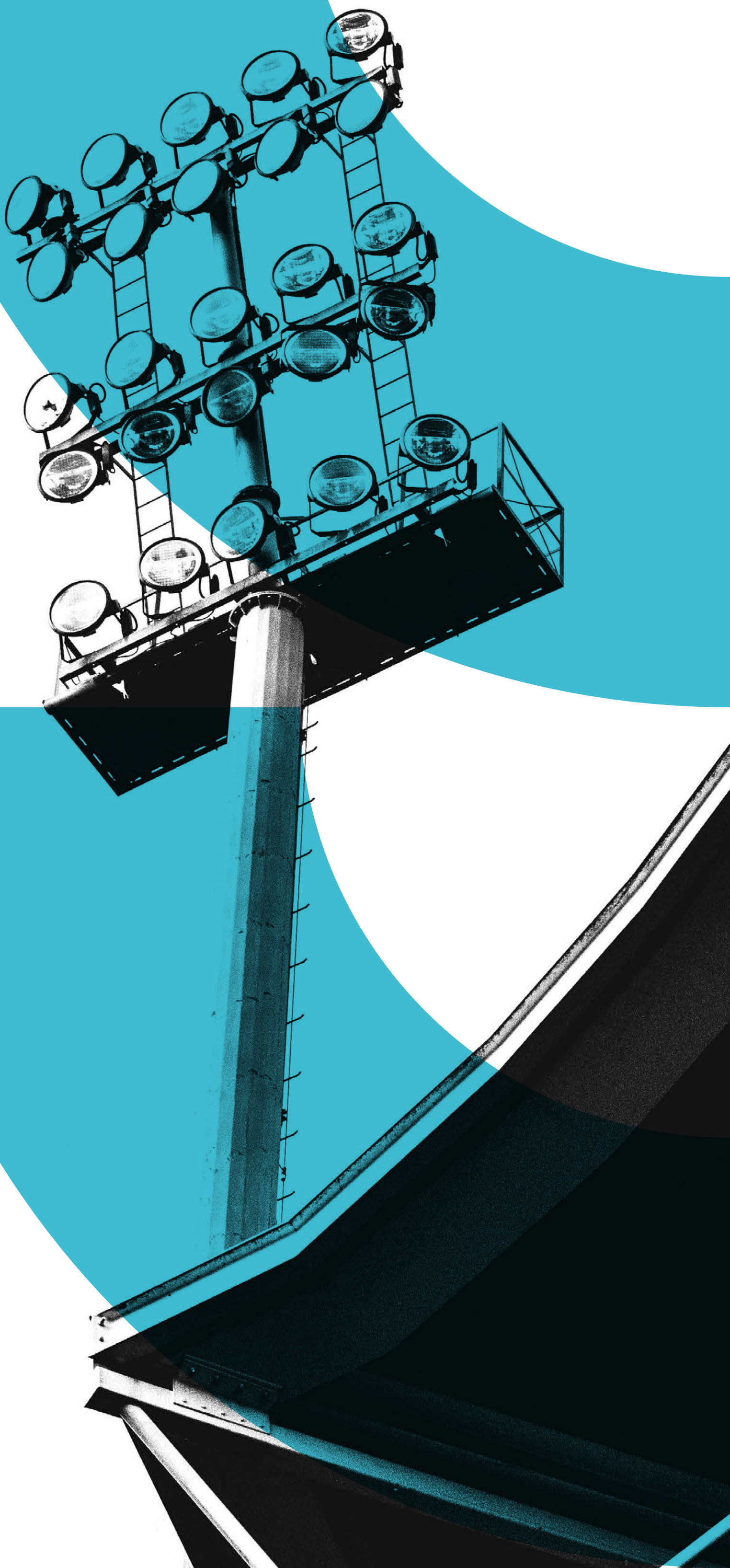
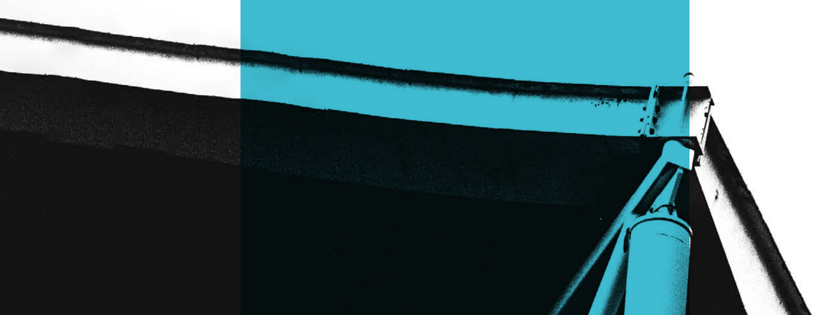
LALIGA

FINANCIAL REPORT

ON SPANISH PROFESSIONAL FOOTBALL

22
23





INDEX

Financial Report 2022/23

Explanatory note

Throughout this Report, as in previous years, reference is made to the five classifications (i.e., financial groupings) that describe, as transparently and as detailed as possible, the performance of Spanish professional football at the end of the 2022/23 season (S 22/23):

1. *LALIGA EA SPORTS:* corresponding to the First Division of Spanish professional football (20 Clubs);
2. *LALIGA HYPERMOTION:* corresponding to the Second Division A of Spanish professional football (22 Clubs);
3. *LALIGA:* the sum of *LALIGA EA SPORTS* and *LALIGA HYPERMOTION*, i.e., all Spanish professional football (42 Clubs). This is the core grouping analysed in the document;
4. *NETTED LALIGA EA SPORTS: LALIGA EA SPORTS* excluding the two largest Clubs in terms of income level and balance sheet size (18 Clubs); and finally,
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 stated otherwise.

As in previous editions, LALIGA has carried out work to update, standardise and improve certain calculations relating to figures, ratios and financial indices this year. Consequently, there could be slight differences with respect to the information appearing in previous editions. Likewise, some Clubs and sports limited companies (SAD) (hereinafter, interchangeably called , "the Clubs") introduced certain technical restatements in 2022/23 with respect to previous seasons (in their audited annual accounts). Moreover, some entities have restated their financial statements for 2022/23. 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 taken into account in the Report. Where these have a material effect, a detailed explanation is provided.

01 LETTER FROM THE CHAIRMAN

Staying at the €5 billion mark in aggregate recurring revenue generation, when only a decade ago we didn't pass €2.5 billion, is not an easy challenge

Spanish professional football has achieved this feat thanks to a series of factors that have converged in time and space, but above them all the collective vision and the shared determination to professionalise, improve and modernise our sector stand out. We have been striving for this at LALIGA since 2013, but the effort would have been useless without the tireless – and at the same time demanding and ambitious – support of the Clubs who have once again placed their trust in LALIGA's leadership for four more years. I can assure you that we will continue to deliver on our commitments tenaciously, with the aim of making professional football better, bigger, more rounded and sustainable. And we will do so in the face of all the inevitable resistance to change, and all the injustices that still persist or, worse, that some – outside and within our borders – would like to perpetuate, or even amplify.

The 2022/23 season was the first season of complete normality after the *shock* of the COVID pandemic, an extraordinary situation that occurs only once every 100 to 200 years. The recovery is solid, but perhaps slower than might have been expected at first. In addition to the direct and indirect effects induced by the crisis, global geopolitical tensions, financial (especially monetary) policy reversal, supply chain stress and inflationary pressure have had obvious unfavourable effects on many sectors, including European professional football. In addition, the British government has finally understood the perverse imbalances that the complete absence of rules and financial control was generating not only for the *English Premier League*, but for the entire football ecosystem. LALIGA welcomes the creation of an independent oversight body that will (hopefully) contribute to purging excesses and allow this competition to further along the path of *fair play*, ceasing to destabilise the rest and ending distortions incompatible with the necessary sporting competitiveness on the pitch, which must necessarily be based on transparency, efficiency and equal treatment off the field. However, it should be emphasised that the planned contraction of investment in the *EPL* will reduce revenues from player sales and the results derived from them, but at the same time it will contain the threatening inflationary pressure on salaries and player investments in European professional football as a whole, making it more balanced and financially consistent.

Meanwhile, the LALIGA Impulso/CVC strategic project continues. Investments in growth continue to be made and the transformative power is beginning to be felt in better infrastructures (stadiums, training grounds, technological capital), capable of structurally boosting the revenues and profitability of our entities, giving them competitive advantages to face the rest of the century, anticipating the gross formation of productive capital that would otherwise have taken decades to materialise. Again, we can be particularly proud of how we have structured this agreement and how it is being developed compared to other leagues (although not all of those that have tried have even been able to reach consensus and finalise agreements). The perception of financial resources behind an extraordinary effective financial valuation of our competition (i.e., €24.5 billion) is a necessary, but not sufficient, condition to be able to extract as much fruit as possible from this disruptive project.

In addition to LALIGA Impulso/CVC, the two largest entities of the Spanish competition have embarked on the renovation of their stadiums – with estimated amounts totalling more than €2.5 billion – for which they have had to resort to special debt operations on the very long-term capital markets, but also with the partial disposal of their equity through monetising a part of their assets. All these formulas are legitimate and compatible with LALIGA Impulso/CVC, although some still think that only they should have the possibility of accessing these options offered by the markets, and even try to prevent the rest from doing so by means of a clumsy and self-conscious legalisation of any action that escapes their particular interests. In addition, we will see more and more individual financing operations of the remaining Clubs structured with international investors away from the traditional credit circuit. LALIGA celebrates this and will support it. The use of these types of efficient resource mobilisation alternatives has become increasingly common.

We are still far from our potential, but this is a pattern shared with the rest of the benchmark competitions and we are also significantly better than other leagues in terms of growth capacity, margins, performance and solvency

The 2022/23 season was also a fertile year in terms of the relevance of other strategic projects and initiatives promoted by the Association. To name but a few; the signing of the agreement with *NYSE listed Globant* to create a new global technology company that aims to reshape the sports and entertainment industry, the holding of the Association's Extraordinary General Assembly in Dubai, or the opening of the Legends Museum in Madrid's Puerta del Sol. These are undoubtedly actions of considerable significance that will drive the evolution of the business in the coming years.

In the 2022/23 season, our Clubs will again record growing revenues (+17.8% year-on-year) and profits at an aggregate level, both in terms of EBITDA and EBIT and net result. All this is happening at a time of record high investment for growth (by far the highest CAPEX season ever in gross and net terms, despite the slowdown in the transfer market activity). Apart from the above, we must continue to improve and strive to control our operating expenses (squad costs but also other costs). With the favourable outlook we have for revenue development in the coming years, this will allow us to extend the financial solvency of our competition and its potential financial value, and in the long run, their sporting competitiveness and the overall potential of our activity. We must persevere in this direction.

I trust that reading this report will be of interest to you and will allow you to properly understand the evolution, as well as the current economic and financial situation of Spanish professional football.

With best wishes,

Javier Tebas Medrano
Chairman of LALIGA

February 2024

02

Summary of the 2022-23 season in figures

Total Income (TI)
€5,698m

Annual TI change
+17.8%

Gross CAPEX
€1,629m

Senior gross financial debt (GFDs)
€2,712m

EBITDA
€241m

Net CAPEX
€910m

Annual GFDs change
+1.6%

Net financial debt / NET TURNOVER ratio
0.3x

EBITDA margin
6.3%

Net equity including LALIGA Impulso/CVC
€2,272m

Senior net financial debt (NFDs)
€1,056m

senior net financial debt/ EBITDA ratio
4.4x

Net Result
€200m

Net equity excluding LALIGA Impulso/CVC
€1,388m

Annual NFDs change
+15.7%

Cash available at the end of the season
€988m

03

Financial Report on PROFESSIONAL FOOTBALL 2022/23 Season

BUSINESS CONTEXT

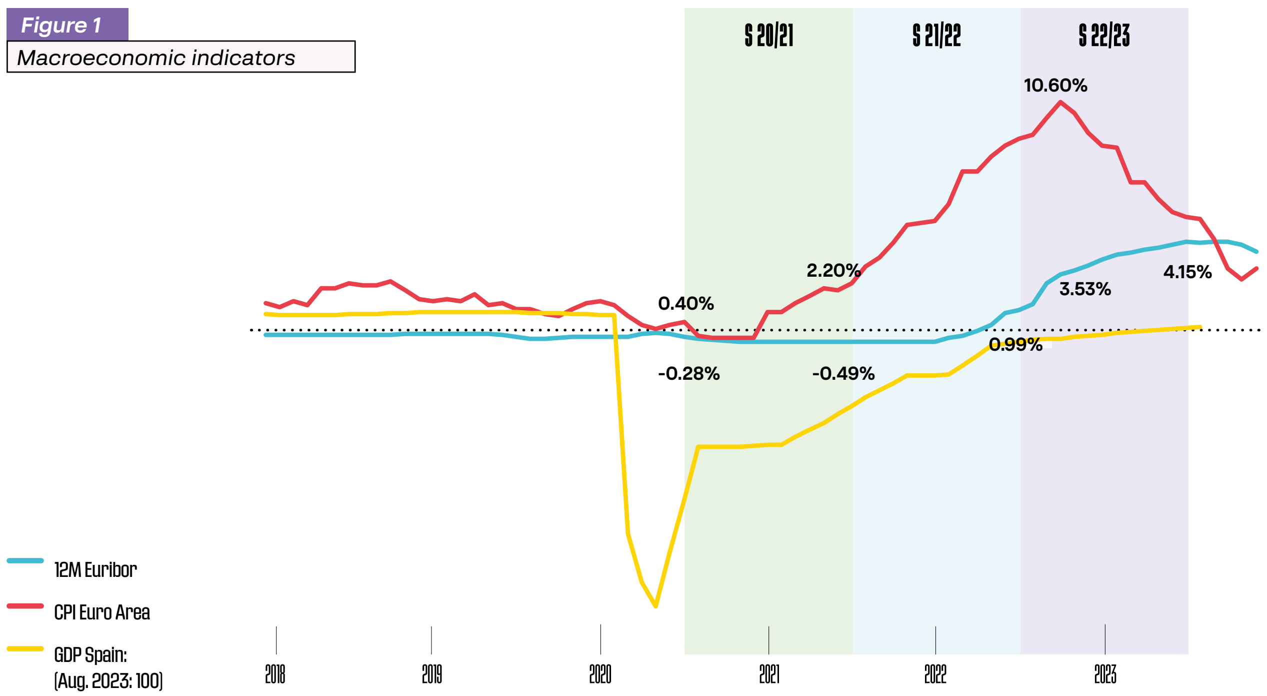
Spanish professional football – as a business sector that contributes significantly to the national economy, generating the equivalent of 1.44% of Spanish GDP, thanks to more than €18,000m per year of total expenditure including direct, indirect and induced effects, or the 195,000 related jobs ("Socio-economic report of professional football in Spain") – represents an activity that is no stranger to the global, social and economic context and challenges, that have been taking place since the emergence of COVID. Although the worst effects of the pandemic began to be overcome from 2021 onwards, inflationary pressures since then, caused initially by expansionary monetary and budgetary policies aimed at stimulating activity, and subsequently by certain geopolitical conflicts, such as the Russia/Ukraine war, as well as the scarcity of certain raw materials – which strained the global supply chain to unprecedented levels – have been the main protagonists at a global financial level.

> *Complex and volatile macroeconomic environment, despite overcoming the pandemic, with inflationary pressures impacting almost all economic sectors*

In response, major economies reacted swiftly with a sharp change in policy stance by resorting to contractionary demand-side policies, with systematic increases in key interest rates and money supply tightening. Inflationary pressures have thus started to ease in recent months, but for the purposes of this analysis, the 2022–2023 season (S 22/23) has been objectively impacted by this factor. Consequently, the cost structures of professional football Clubs, like those of almost any other business activity, have come under increased pressure during the referenced season.

Figure 1

Macroeconomic indicators



These stresses on the Clubs' cost structure have been largely cushioned by the growth in *Commercial* revenues and *Matchday* billings, due not only to the fact that the capacity restrictions due to the health crisis – affecting the last part of S 19/20, the whole of S 20/21 and the first part of S 21/22 – are now behind us, but also to a real growth experienced at an endogenous level.

Thus, both billings and total income of Clubs set historical records, although with dynamics that must be analysed in a differentiated manner. In addition to the business growth mentioned in the preceding paragraphs, there is the impact of the extraordinary operations carried out by such a key entity as Fútbol Club Barcelona ("*FCB*"), which improved the aggregate result of the competition and which are analysed throughout the report.

In the case of *LALIGA Impulso/CVC*, it can be seen that the member Clubs have begun to experience significant growth in terms of overall revenues and, more specifically, greater than that of non-member entities in terms of *Matchday* and *Commercial* revenues, thanks to investments focused on infrastructures and growth (internationalisation, technology, etc.), which are business vectors susceptible to financial exploitation and the generation of billings.

On the other hand – in addition to the pressure on cost structures – the pandemic had an indirect impact on the financial situation of Clubs in recent seasons, such as the contraction in activity (both in volume and average prices) in the player transfer markets. In terms of financial performance, and despite s ome recovery in S 22/23, this translates into lower revenues from the sale price of transfers. Thus, the recovery of the aggregate profits of Spanish professional football continues, but without yet reaching the levels of total revenues and profits (except for the aforementioned extraordinary impacts) reached before the outbreak of the pandemic. This is a pattern shared with the other major national competitions in the UEFA environment.

REVENUES

***Total Income*[2]: €5,697.6m (+17.8% YoY/*CAGR*$_{5y}$[3] +5.1%)** supported by the significant evolution of *Commercial* (€1,197.8m) and *Matchday* (€674.5m) revenues, both at record highs, as well as the extraordinary corporate asset monetisation operations (€808.2m).

Figure 2

LALIGA – Contribution to Total Income (€m)

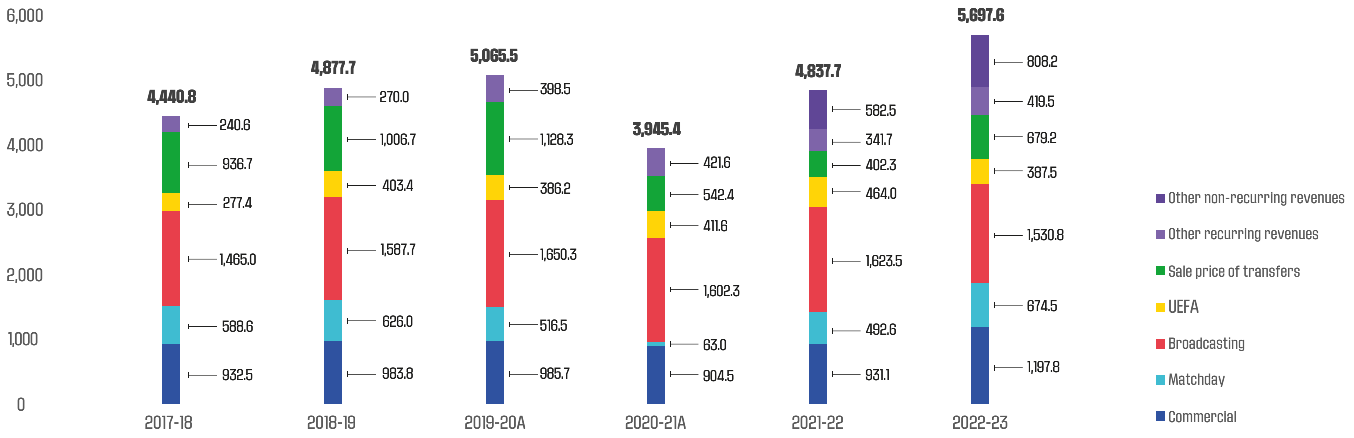
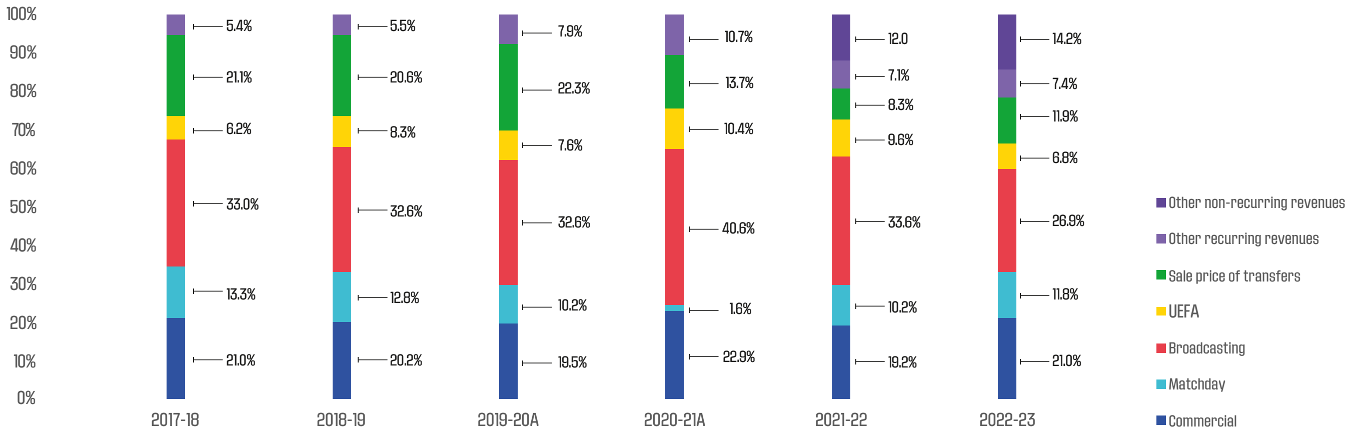


Figure 3

LALIGA – Contribution to Total Income (%)



The positive development of ***Total Income ("TI")*** needs to be properly broken down and explained, due to the heterogeneity of its items and the asymmetric evolution of some of them.

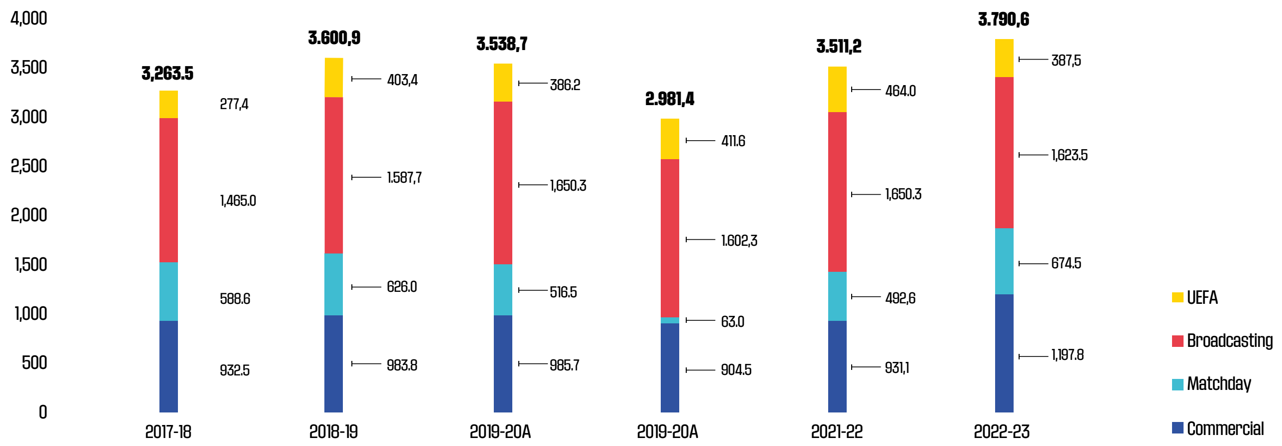
On one hand, the Clubs' ordinary billings or **Net Turnover ("NT")**, i.e. the most recurrent and stable ordinary revenues generated on the basis of the four traditional revenue pillars *(Matchday, Commercial, Broadcasting and UEFA)*, reached an absolute maximum of €3,790.6m in S 22/23 (+8.0% YoY / *CAGR*$_{5y}$ +3.0%), up from €3,511.2m in the previous season and surpassing the previous high of €3,600.9m reached in S 18/19.

Record revenues, largely supported by the virtuous cycle in Commercial and Matchday billings

Once again, it is worth highlighting the endogenous growth of the Clubs' recurrent billings that – after suffering the sharpest drop in the historical series in S 20/21 following the outbreak of COVID – has not only managed to recover the "lost" revenues in a dizzying amount of time, but has also reached an all-time record and exceeds the previous high reached in S 18/19 by €190m. It is also expected that this improvement will continue in the coming seasons, thereby entering a virtuous cycle of development, capitalising on the investments for growth made by the *LALIGA Impulso/CVC* member Clubs as well as other specific investment incentivise in infrastructures, whose impact is still to be realised and which will boost the evolution of the *LALIGA* entities in the medium and long term.

Figure 4

LALIGA – Contribution to NT (€m)



- ***Commercial*** **(sponsorship, advertising and *merchandising* revenues): €1,197.8m (+28.6% YoY / *CAGR*$_{5y}$ +5.1%)**. It registered an absolute record with significant growth not only compared to the previous season but also compared to the all-time high of S 19/20, when €985.7m in revenues was achieved under this heading. In other words, the record commercial billings of in the last S 22/23 was exceeded by more than €200m, surpassing €1,000m for the first time – and by a wide margin.

  These figures show that the social dimension of *LALIGA* Clubs continues to grow season after season and fan loyalty is developing on all fronts (digital vs non-digital, matchday vs non-matchday, etc.), boosting this pillar of recurring revenue generation.

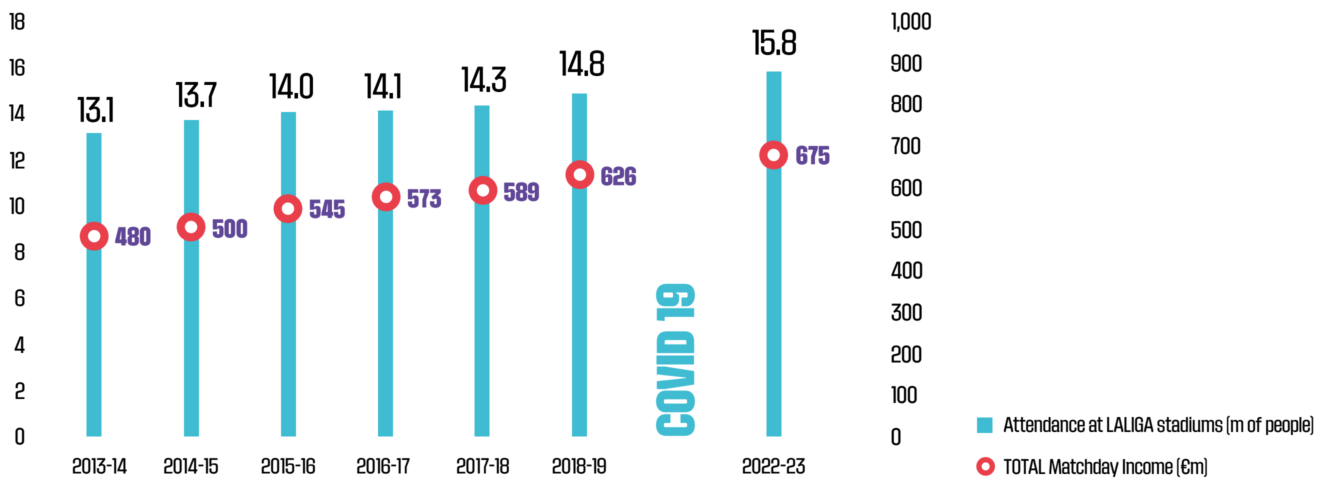
  During the course of S 22/23, several Clubs invested heavily in expanding their commercial business, mainly through the opening of new physical shops. This has had a positive impact in terms of activity already in the last closed season, but will also allow for a further increase in revenues under this heading in the future.

On the more purely digital front, the *LALIGA* Clubs social networks as a whole ended S 22/23 with 994 million followers, a growth of 182 million over the previous season's 812 million followers. In addition, the Association as an organisation also reached 200 million followers on social media, consolidating its position as the leader in digital strategy among football competitions worldwide.

- ***Matchday* (*ticketing* and season ticket revenues): €674.5m (+36.9% YoY / *$CAGR_{5y}$* +2.8%)**. An all-time high was reached in the referenced season, surpassing the €626.0m in S 18/19. In addition to full normality, with no stadium capacity restrictions as a result of the pandemic, there was a record stadium attendance in S 22/23 – more than 15 million –, a 6.8% increase compared to S 18/19, the last one with unrestricted access before COVID.

Figure 5

LALIGA – Stadium Attendance (m of people) and Matchday Revenue (€m)



The improved Matchday revenues are underpinned by record stadium attendances, with average ticket and season ticket prices remaining stable

From the revenues recorded by *LALIGA* (both *ticketing* and competition season ticket holders) and stadium attendance figures, it can be deduced that the average revenue per seat per match in the Spanish professional competition amounted to €32.2 in S 22/23, 5.9% higher than the average revenue of €30.4 in S 18/19, the last season before the pandemic. Therefore, this average amount has increased at a cumulative annual rate of 1.5% (*$CAGR_{4y}$*), a much slower pace than effective annual inflation, which since 2018 has evolved at a cumulative annual rate of +2.8%. Consequently, it is evident that the Clubs have not passed on the inflation borne by fans, but just the opposite has happened, which has helped increase the power of attracting fans to stadiums, generating a virtuous circle of increased revenues, thanks to the greater attendance and consumption of fans on matchdays.

The stadiums of the *LALIGA* Clubs showed a significant dynamism in S 22/23, the first full season without the impact of the pandemic, despite some stadiums continuing to have capacity restrictions due to ongoing infrastructure work, as was the case with Real Madrid CF, Villarreal CF, Celta de Vigo or RCD Mallorca, all with renovations that meant partial closures of stands in their facilities for at least part of the season.

- ***Broadcasting*: €1,530.8m (-5.7% YoY / *$CAGR_{5y}$* +0.9%).** This heading mainly includes broadcasting rights in domestic and international markets marketed and distributed by the Association under RDL 5/2015. S 22/23 corresponded to the first year of the current (five-year) cycle. Despite the increase in gross broadcasting revenues commercialised by *LALIGA* (+3.4%), the evolution of this revenue item showed a decrease of €93m, mainly due to the following reasons:

  - On one hand, *FCB*, a significant entity in terms of its weight in *LALIGA* as a whole, sold 25% of its national TV rights for the next 25 years (i.e., extraordinary corporate operation), showing a decrease of ~€36m in this heading compared to the previous season, as a consequence of the aforementioned assignment.

  - On the other hand, S 22/23 marked the beginning of the recording, in a full season, of the expenditure derived from the *LALIGA Impulso/CVC* strategic operation, which amounted to €53.4m, and which is being offset by the growth of other revenue sources thanks to the investments aimed at the growth of the entities.

  In other words, the analysis of this decrease must be carried out in conjunction with the evolution of *Commercial and Matchday*, given that despite the incipient nature of the investment projects for growth associated with *LALIGA Impulso/CVC*, the expenditure derived from this strategic operation is beginning to be offset by the increase in other lines of billings, which are being greatly stimulated.

  As anticipated above, this slight decrease in Clubs' net *Broadcasting* billings should not hide the year-on-year increase in broadcasting revenues commercialised by *LALIGA*, which in S 22/23 reached €1,837m, 3.4% higher than the €1,776m of S 21/22. In addition, the aforementioned growth investments are also expected to accelerate *Broadcasting* revenue growth in the medium to long term (upcoming national and international broadcasting tender cycles).

- ***UEFA*: €387.5m (-16.5% YoY / *$CAGR_{5y}$* +6.9%)**. This item represents a recurring source of revenue but is more volatile due to the direct dependence on the number of Spanish Clubs competing in European competitions, as well as its variability depending on the sporting results achieved in official continental tournaments. The decrease therefore compared to the previous season is mainly due to the success of S 21/22 (i.e., base effect), in which five Spanish teams also played in the top competition, two of which reached the semi-finals and one of which won the title. S 22/23 therefore represents a decrease compared to the previous season, mainly due to the fact that *LALIGA* was represented with one fewer team in the competition that brings in the most revenue for participating Clubs (UEFA Champions League –UCL). In any event, revenues recorded in S 22/23 are in line with the average of the last six seasons (€388.3m).

From the analysis of the different sub-items that make up the billings (*NT*) of the Clubs, it is generally observed that they are doing very well, especially thanks to the evolution of the *Commercial* and *Matchday* items, with which the beginning of a virtuous cycle in the revenues of the entities can be seen, propitiated by the profound corporate transformations / renovations, particularly with key infrastructure renovation projects, as well as investments for growth, mainly in the digital field.

Despite less than two seasons having passed since the birth of the *LALIGA Impulso/CVC* strategic project, to which 44 Clubs voluntarily became members, the results are starting to come thanks to the work of the Clubs. Since the beginning of the project, the Association has set certain aspirational objectives, adapted to the needs of each entity, and the Clubs have drawn up development plans to meet these objectives, the implementation of which is being continuously and exhaustively supported by the association.

For the current S 23/24, which will be analysed in more detail in the *Outlook* / Guidance section of this Report, billings are expected to continue evolving positively at an aggregate level, although the impact of the remodelling works of the largest *LALIGA* stadium in terms of capacity – the *FCB* stadium (Camp Nou) – will have a significant effect that will lead to a slower growth rate in the short term. Clubs that are renewing their physical and technological infrastructures will experience the greatest impact in the long-term results, so that major growth in billings in all their revenue lines over the next decade could be estimated.

Therefore, the improvement in *TI* in S 22/23 derives largely from the growth in billings or *NT*, but it is also composed of other revenue lines that have also evolved positively and merit detailed analysis:

- ***Transfers of players*[4]: €679.2m (+68.8% YoY / *CAGR*$_{5y}$ -6.2%)**. As indicated above, one of the indirect impacts of the pandemic that continues to negatively affect Clubs is the reduced activity in the transfer market, a situation that initially affected all European leagues negatively and that today continues to affect *LALIGA* and other competitions that advocate financial sustainability, and are therefore in a phase of financial recovery after the impact of COVID.

Increased revenues from player sales compared to the previous two seasons, but still far from pre-pandemic levels

Consequently, domestic demand for players remains below pre-pandemic figures and the overall transfer market was sustained in S 22/23 primarily by the investment levels of other leagues, which, like the *English Premier League (EPL)*, rely on uncontrolled systematic capital infusions by shareholders of English Clubs, and which saw their transfer market record investment last season.

Figure 6

LALIGA – Destination of player sales (€m)

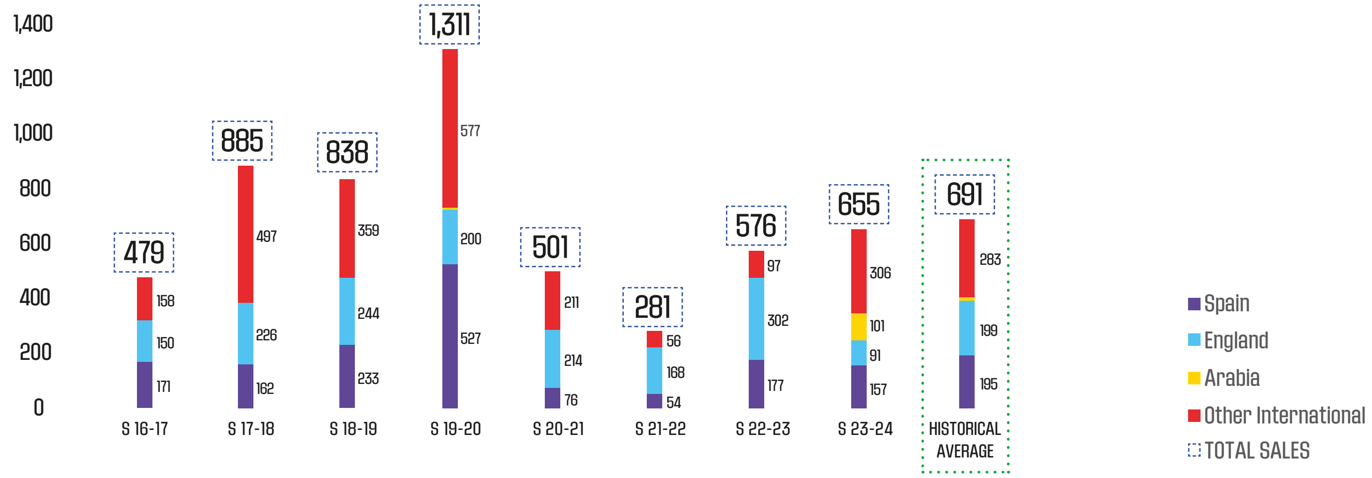
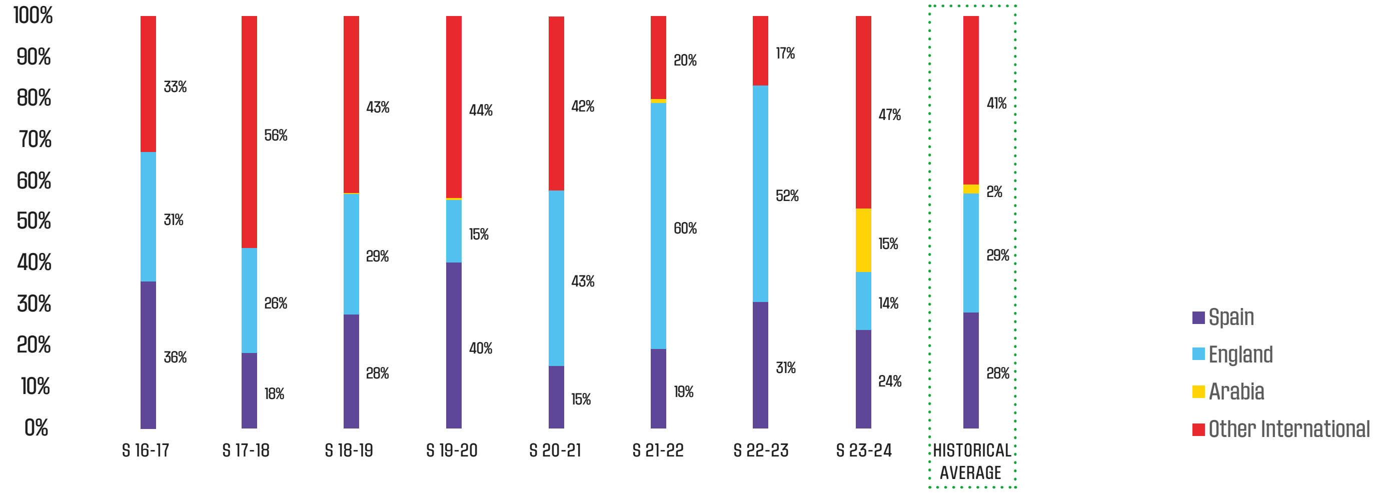


Figure 7

LALIGA – Destination of player sales (%)



In any case, this sustained – but unsustainable – increase in investment and expenditure of certain competitions, mainly the *EPL*, supported by financial resources not generated by professional football, has been producing an inflationary spiral which, together with other factors, has led to the English government intervening, announcing the creation of an independent oversight body to increase the oversight and financial control of English Clubs.

This revenue stream, which for Spanish Clubs hit a low point in S 21/22, is gradually recovering and in S 22/23 it reached the fourth best figure ever, although it still only represents 60.2% of the all-time high achieved in S 19/20, when €1,128.3m in revenues from the selling price for the transfer of players was recorded.

The excesses of Premier League Clubs could undergo a sharp correction as the British Government threatens to intervene to improve the financial sustainability of English professional football

For the current S 23/24, it is to be expected that revenues will be similar to those of S 22/23 and therefore far from pre-pandemic levels. In this sense, the scale of investment in England, which slowed to a crawl in the last season as a result of the threat of the future new oversight body created at the behest of the English government, has been replaced by a new disruptive element in the form of the Saudi Arabian League. It is too early to assess the direct and indirect effects on LALIGA Clubs, and whether this competition will repeat the levels of investment and salary expenditure of the current S 23/24.

If the English competition continues on the path of moderation and containment, this will have an impact on the English competition itself and on the other European leagues, as less money moves around in the market, so that a recovery (pre-pandemic levels) of revenue from the transfer of players (nor in terms of capital gains generated) could not be expected, and the inflationary pressure on salaries and transfer prices in recent years at a European level would also be corrected. This is also taking into account that England has traditionally been the main buying market for sporting talent, both from LALIGA and from other competitions on the continent. The correction of inflationary pressure on transfer prices will show up in the Clubs' Financial Statements over several seasons, because they are incorporated in the income statements of the entities over several years. All this will undoubtedly have a positive effect on the entire European football ecosystem and the sustainability of its finances.

This new scenario of investment in players, in any case, is in line with the thesis advocated for many seasons now by the Association regarding financial sustainability and how injections of money generated outside football, destined to spend and invest in players in an unbridled manner, cause a multiplier effect and an inflationary spiral on the entire ecosystem of European Club football. Correcting these excesses would inevitably have a positive long-term effect, reducing upwards pressure on costs, reducing the volatility of activity, and improving the financial sustainability of the entities.

- ***Other revenue*[5]: €1,227.7m (+32.8% YoY / *CAGR*$_{5y}$ +38.5%).** This heading, which includes other revenues of both an operational and financial nature, as well as certain accounting conventions, is – by its very nature – the most erratic revenue item. The last two seasons have seen exponential growth mainly as a consequence of corporate asset monetisation transactions (i.e., sale of future credit rights or impacts related to the sale of subsidiaries) carried out by the two biggest LALIGA Clubs: *FCB* and Real Madrid CF ("*RMA*"). This item, which in S 21/22 grew by 119.3% compared to S 20/21, again experienced a significant increase of 32.8% in S 22/23, accounting for 21.5% of LALIGA's *TI*, when the relative weight in the two seasons prior to the pandemic was only 5.5%.

  For the current S 23/24, this is expected to contract significantly, given that at the date of preparing this report, there have been no corporate operations similar in concept or amount to those achieved in the last two seasons.

Apart from the situation of these last two headings, which are of a more seasonal or cyclical nature, or even extraordinary in the case of 'Other Revenue', the structural condition of turnover, mainly related to billings, recurrent and stable activity, is undoubtedly positive. The current situation of *Commercial and Matchday*, together with the major infrastructure reforms and the professionalisation of non-sporting professional structures, as well as the other investments for growth (aligned with the objectives of LALIGA Impulso/CVC), leads us to foresee that revenues will continue to grow at a considerable rate in upcoming seasons – except for circumstantial/extraordinary issues that cannot be anticipated at this time.

Table 1

LALIGA – Evolution of Total Income (€m)

LALIGA	2017-18	2018-19	2019-20A	2020-21A	2021-22	2022-23	CAGR %	Abs.
Matchday	588.6	626.0	516.5	63.0	492.6	674.5	2.8%	1.15x
	-	6.4%	-17.5%	-87.8%	682.3%	36.9%	-	-
UEFA	277.4	403.4	386.2	411.6	464.0	387.5	6.9%	1.40x
	-	45.4%	-4.3%	6.6%	12.7%	-16.5%	-	-
Broadcasting	1,465.0	1,587.7	1,650.3	1,602.3	1,623.5	1,530.8	0.9%	1.04x
	-	8.4%	3.9%	-2.9%	1.3%	-5.7%	-	-
Commercial	805.0	840.1	818.6	731.4	755.0	987.0	4.2%	1.23x
	-	4.4%	-2.5%	-10.7%	3.2%	30.7%	-	-
Advertising	127.5	143.8	167.0	173.1	176.1	210.8	10.6%	1.65x
	-	12.8%	16.2%	3.6%	1.8%	19.7%	-	-
Turnover (NT)	**3,263.5**	**3,600.9**	**3,538.7**	**2,981.4**	**3,511.2**	**3,790.6**	**3.0%**	**1.16x**
	-	**10.3%**	**-1.7%**	**-15.7%**	**17.8%**	**8.0%**	**-**	**-**
Player Transfers (selling price)	936.7	1,006.7	1,128.3	542.4	402.3	679.2	-6.2%	0.73x
	-	7.5%	12.1%	-51.9%	-25.8%	68.8%	-	-
Other Income	240.6	270.0	398.5	421.6	924.2	1,227.7	38.5%	5.10x
	-	12.2%	47.6%	5.8%	119.2%	32.8%	-	-
Total Income (TI)	**4,440.8**	**4,877.7**	**5,065.5**	**3,945.4**	**4,837.7**	**5,697.6**	**5.1%**	**1.28x**
Annual % change	-	9.8%	3.8%	-22.1%	22.6%	17.8%		

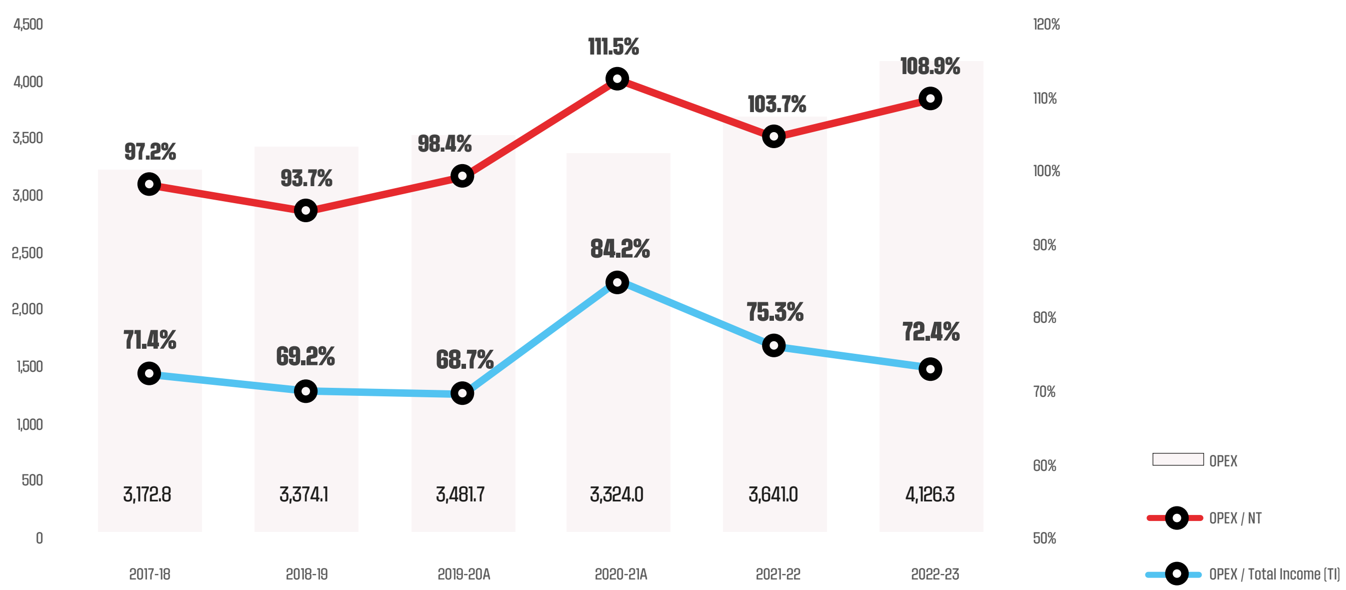
EXPENDITURE

The Clubs' aggregate ratio of total operating expenses (*OPEX*)[6] to billings (*NT*) was 108.9% in S 22/23 (vs 103.7% in S 21/22), despite the increase in the revenue base. When interpreting this indicator, it should be noted that in the last two seasons (S 21/22 and S 22/23), there was a revenue series derived from extraordinary corporate operations (*FCB* and *RMA*) that implied a higher level of expenditure, without this revenue being recognised within *NT*, thereby distorting the significance of this indicator in both seasons. Therefore, the impact of *Other Revenue* allowed for a higher absorption of the increase in *OPEX*, as *Total Income (TI)* was taken into account in the calculation, with this relative indicator (i.e., *OPEX/TI*) showing an improvement from 75.3% in S 21/22 to 72.4% in S 22/23. However, given the more volatile and extraordinary nature of these revenue sources, as well as the increase in expenses derived from the recent commercial expansion of several Clubs that opened numerous shops in S 22/23 (not yet in the maturity phase), as well as the inflation situation that impacted during S 22/23 (with hardly any margin to react/impact on revenue), caution is advised on the interpretation of this ratio. While staff costs have evolved in a controlled manner, growing at the rate of ordinary billings, the other expenses have grown at a higher rate, around 20%, due to largely exogenous elements. However, this increase would be around 10% (only half) without taking into account certain Clubs, which given the notorious expansion in commercial matters that these entities experienced in S 22/23, with the opening of numerous new shops, has logically meant a higher associated cost for them, in conjunction with other factors. Consequently, the year-on-year growth

Increased operating expenses due to the expansion of commercial activity of many Clubs and other factors such as inflation

Figure 8

LALIGA – OPEX (€m and % of Revenue)



of other expenses is not only the result of exogenous factors such as strong inflationary pressures, but has a "real" or "volume" component, intrinsically linked to the larger scale of their business operations and, ultimately, to higher structural billings.

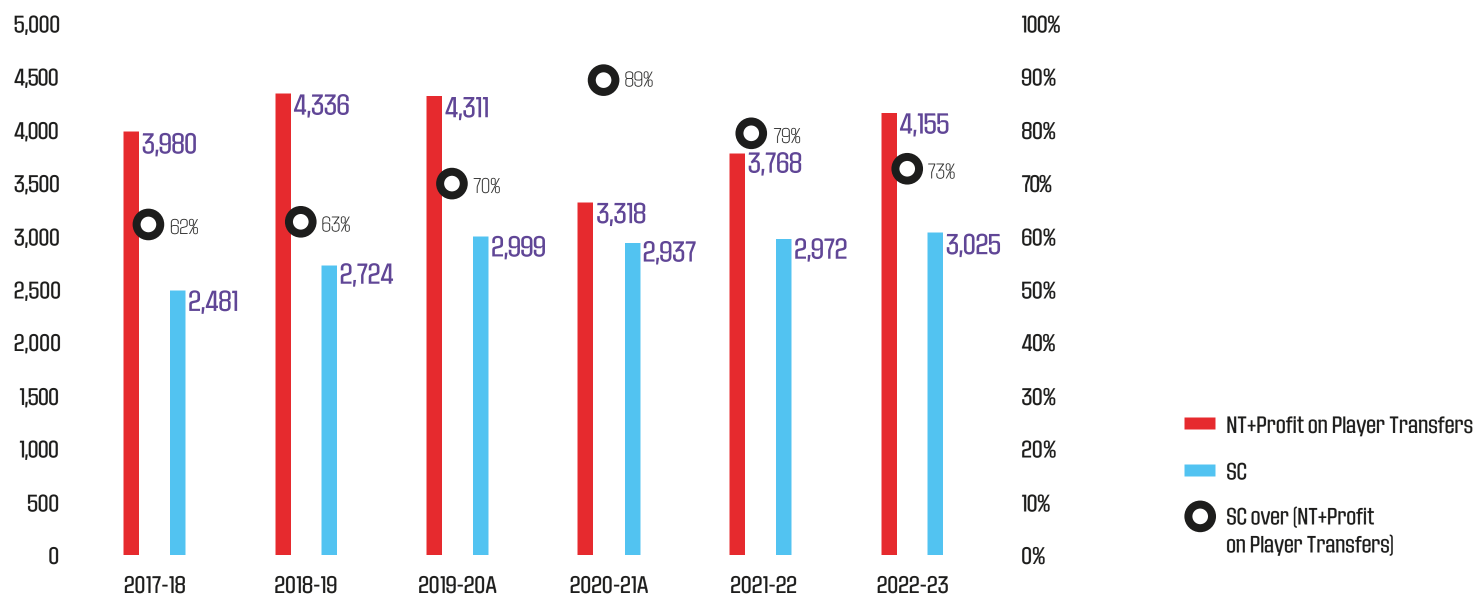
The evolution of expenses during S 22/23 presented a clear dichotomy from an analytical point of view if one compares the evolution of the expenses more related to the cost of the playing staff with the other expenses of the structure of professional football:

- **Squad cost ("*SC*")[7]: €3,024.6m (+1.8% YoY/ $CAGR_{5y}$ +4.0%).** This figure, which mainly includes the wage bill of the squad and the depreciation of players, has remained stable thanks to the effort made by Clubs to contain it and also due to the need to comply with the Financial Control regulation of *LALIGA*. Although revenues have been growing at a faster rate, as shown above, *SC* has continued to converge towards 70% (73% in S 22/23 vs 79% in S 21/22) of *NT* plus the profit from player transfers, an indicative threshold considered advisable by UEFA according to the Squad Cost Ratio for teams competing in European competitions that the European institution has just incorporated into its financial regulation. UEFA sets a transitional period for this threshold (applying 90% for S 23/24 and 80% for S 24/25). Therefore, Spanish Clubs, during S 22/23, are already below the ceiling set by the European body for the following season, and very close to the 70% target that will be applicable from S 25/26.

Staffing costs are kept under control and within the sustainable levels set by UEFA

Figure 9

LALIGA – SC evolution over *NT* + Profits from Player Transfers (€m and %)



Therefore, the extraordinary determination shown by *LALIGA* Clubs in adjusting their *SC* levels must be underlined, even more so in a European competitive environment in which there is a double cost pressure: the general increase in prices is coupled with the specific inflation of the professional football sector, which means high pressure on salaries derived from domestic competitions – particularly the *Premier League* – that have not controlled the capital contributions of shareholders to many entities artificially sustained at a financial level, and which have served to cover the growing losses that the entities generated as a result of high salary costs and huge investments.

In any case, the *SC* is mainly broken down under the following headings:

- **Sports squad wage costs: €2,438.1m (+8.3% YoY/ *CAGR*$_{5y}$ +4.1%)**, in line with the increase in *NT* (+8.0%), and far behind the growth in *TI* (+17.8%).

- **Depreciation of players: €553.0m (-19.5% YoY / *CAGR*$_{5y}$ +3.7%)**, which reflects the straight-line allocation of the depreciation of investments made by the Clubs in intangible sports assets, i.e. players. Therefore, after the lowest figures for investment in sports squad since the advent of COVID, this item, which peaked at €806.8m in S 19-20, has been gradually declining.

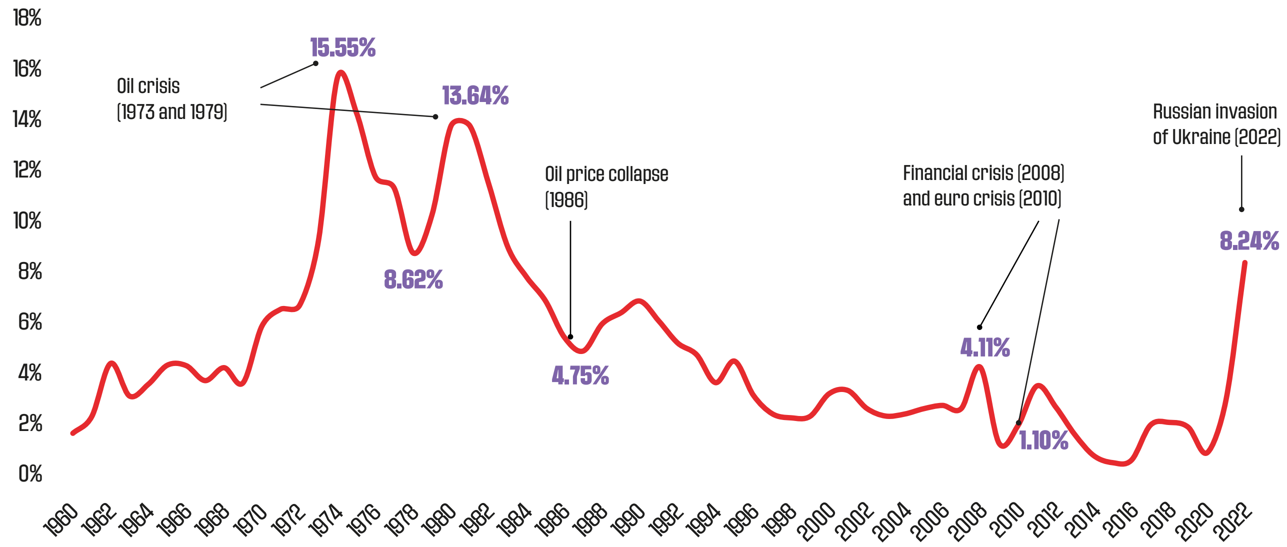
LALIGA Clubs have therefore managed to significantly reduce the relative *SC* indicator for the second consecutive season, which peaked in S 20/21 when it reached 89%, and continues to converge towards the historical threshold at which it stood before the pandemic, between 60% and 70%.

- **General and structural expenses: €1,966.1m (+20.6% YoY / *CAGR*$_{5y}$ +7.9%)**. This figure, which proportionally has a lower weight than staff costs, is nevertheless the item that is putting the greatest pressure on the cost structure, on one hand due to the strong commercial expansion derived from new expansion strategies and business diversification through the opening of new shops, which with the opening of numerous new shops during S 22/23 assumed a growth in expenses that had its direct and immediate reflection in the higher commercial revenues, but which will also continue to catalyse future growth in billings over the coming seasons. Without this impact, the heading would only increase by around 10% YoY. In addition, there were other factors such as inflation, which, as discussed above, peaked during S 22/23.

The considerable commercial expansion of some Clubs has had a strong impact on structural costs

Figure 10

LALIGA – Evolution of OECD inflation rate (%)



Therefore, during S 22/23, mainly due to the change in the Clubs' commercial strategy, but also due to other factors, including inflation, there is a negative impact on the Clubs' income statements. While commercial revenues already show significant growth in S 22/23, it is expected that, as new retail spaces and expansion strategies mature, the associated growth in billings will be higher in upcoming seasons, allowing these costs of opening new shops to naturally be absorbed (and comfortably exceeded).

An analysis of the main sub-items of structural costs shows growth in each of these items during S 22/23, above the growth of revenues and *SC*:

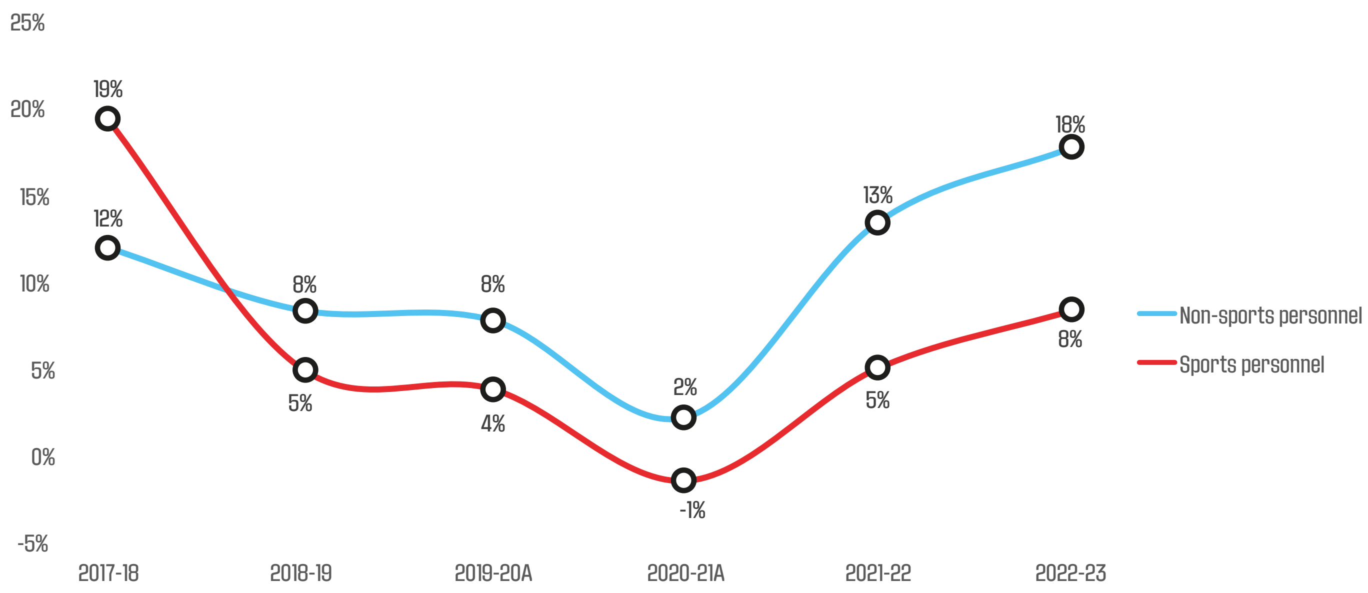
- **Procurements: €204.1m (+53.2% YoY / *CAGR*$_{5y}$ +9.6%)**, which mainly reflects the commercial growth of the Clubs in S 22/23, since the return to normality in commercial operations in terms of sales in shops, without capacity restrictions in commercial spaces, or the commercial expansion carried out by some entities, through the opening of new shops. This 53.2% increase compared to the previous season is very much in line with the actual increase (i.e., volume effect) in shop sales (which increased 60% in S 22/23 compared to S 21/22).

- **Non-sports personnel: €371.4m (+17.7% YoY / *CAGR*$_{5y}$ +9.8%)**, corresponding to salaries (fixed and variable) and social charges related to non-sports staff, i.e. the human capital structure of the Clubs other than players or coaching staff. This item, which until the outbreak of the pandemic was normally growing at a slower rate than the growth of the *SC*, in S 22/23 particularly reflects the impact of the professionalisation of entities, which in the case of Spanish entities has historically been below the other major European leagues, so this increase is justified by the need for such professionalisation of non-sporting structures.

Despite this increase, the level of non-sports expenditure remains below that of other major European leagues. In addition, to this situation must be added the factor mentioned above, regarding the increase in the Clubs' commercial income and particularly that derived from the increase in sales in shops, especially in the case of entities that have opened new spaces, and which have therefore needed to hire staff to cover these needs.

Figure 11

LALIGA – Annual change in personnel expenses, disaggregated (%)



There are two main reasons for this trend:

- On one hand, the aforementioned need for a greater professionalisation of the Clubs' structure, for which the number of employees with a 'non-sporting' profile is becoming increasingly important. So much so that in the last two seasons these employees have gone from representing 43% of the total staff for the aggregate of the entities to 46%, growing at an average annual rate of 10.3%, while the growth in the number of workers with a 'sports' profile increased at an average rate of 2.5% in the same time period, having reduced their weight (in number of people) from 55% to 52%. The remaining 2% of the number of employees are 'managerial' employees and the percentage has remained stable over the last three seasons.

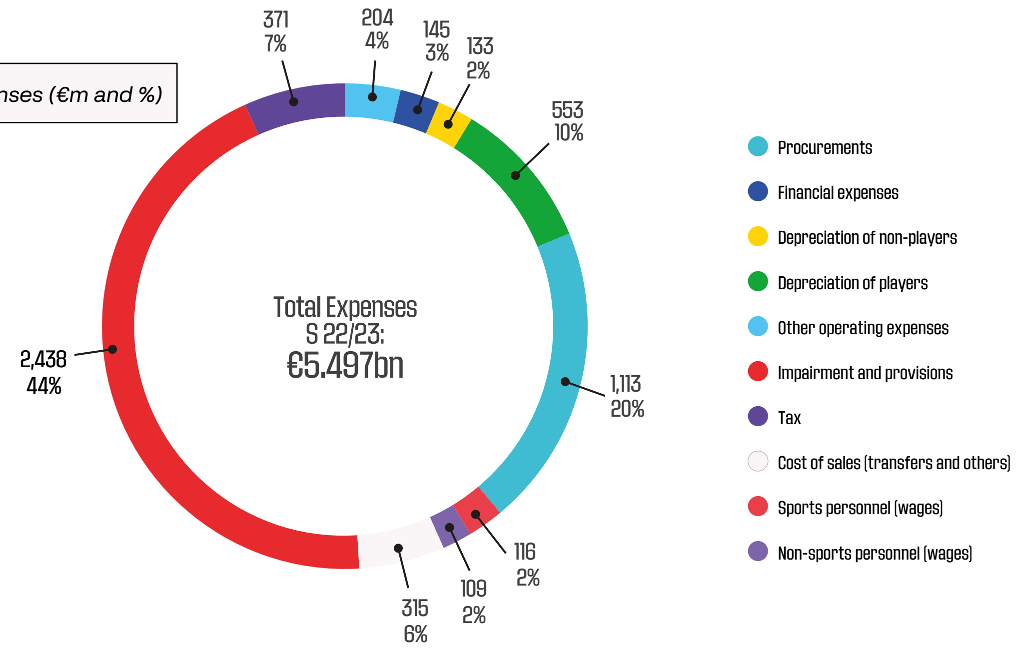
In addition, as mentioned above, this evolution has a high correlation with the growth of commercial revenues, and particularly commercial expansion (mainly new shops), which results in the hiring of staff to cover the new needs.

- On the other hand, the updating of salaries, of a much lesser magnitude than those of the sports squad, which have been increased for purely market reasons and for the Clubs' responsibility towards their employees, given a macroeconomic situation with higher levels of inflation than in previous seasons.

- **Other operating expenses: €1.112m (+18.2% YoY / *CAGR*$_{5y}$ +6.4%),** which includes a variety of items such as travel expenses, energy supplies and other expenses for external services, which have been the most exposed to the inflationary pressures that had already begun to emerge in the previous season. For the current S 23/24, these items can be expected to continue to grow, but at a slower rate and below the growth of *NT*, leading to a natural improvement in operating margins. Under this heading, the case of *FCB* should again be underlined, which shows an increase of 59% (for different reasons), whereas *Netted LALIGA* – without *RMA* and *FCB*– increased 12%.
- **Remaining depreciation (other than players): €132.7m (+11.6% YoY / *CAGR*$_{5y}$ +9.5%),** mainly reflecting increased investment in infrastructure, stadiums, as well as other growth investments in recent seasons, both from *LALIGA Impulso/CVC* and other individual initiatives. In the season under review, however, the main variation was due to an accelerated depreciation by *FCB* as a result of the start of work on remodelling its stadium(~€16m), which led to an increase in this depreciation by ~€10m compared to the previous season. Therefore, it can be expected that as these renovation projects are completed and start their commissioning and depreciation process, this heading will grow in the coming seasons.

Figure 12

LALIGA – Total Expenses (€m and %)



RESULTS AND MARGINS

As a result of the growth in structural costs due to the commercial expansion of some Clubs, in conjunction with other factors, including inflation (excluding the squad cost, which has maintained a more controlled evolution), operating margins and results continued to be far from pre-pandemic levels during S 22/23 and showed a stable evolution compared to the previous season, despite the growth in *NT*. ***Gross operating profit before transfers ("EBITDA b/T")***[9] stood at €23.8m excluding *FCB* (the impact of its extraordinary corporate operations is recognised in items below this heading in the income statement), showing stability from the €32.6m achieved in S 21/22 (also excluding *FCB* for comparison purposes). The aggregate total, considering *FCB*, would reach -€123.3m, which is somewhat worse than the positive value of €24.1m reached last season.

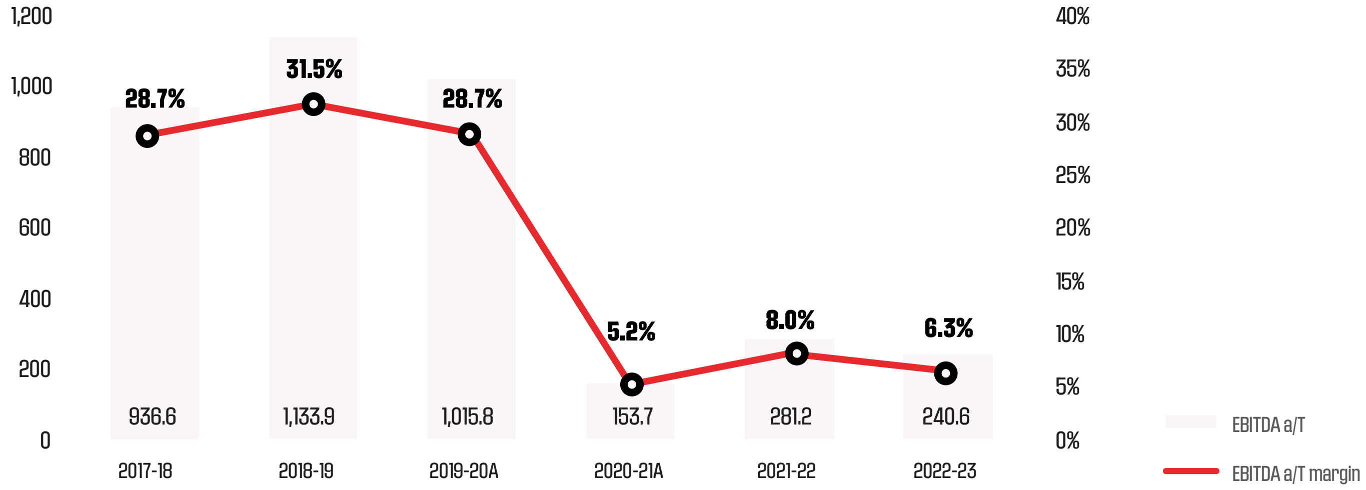
EBITDA of €240.6m, in line with the previous season, still below pre-pandemic levels due to higher operating costs and capital gains on players that remain low

Notwithstanding the above, in S 22/23 there was some improvement in the ***results from player transfers*** (i.e., sales price - cost of sale of the squad's federative rights; i.e., capital gains obtained from the divestments made), amounting to €363.9m (+41.6% YoY / $CAGR_{5y}$ -12.7%), so that the aggregate ***gross operating profit after transfers ("EBITDA a/T")***[10] of the Spanish competition in S 22/23 reached a surplus of €240.6m (-14.4% YoY / $CAGR_{5y}$ -23.8%).

The *EBITDA a/T* recorded supposes a margin on *NT* of 6.3%, down from 8.0% in the previous season, but better than in S 20/21 when it was 5.2%. This indicator, if we analyse the whole decade, until the outbreak of the pandemic, reached an average of 29.2%, while in the last three seasons it has remained well below the norm, standing at an average of 6.5%. Once again, it should be stressed that the weight of certain entities on the aggregate and how the figures recorded by one Club in particular, *FCB*, distort or worsen the overall picture. If one looks at *LALIGA's margin of EBITDA a/T* on *NT* excluding *FCB*, this reached 14.4% in S 22/23, improving from 9.1% in S 21/22 and reaching 9.3% in S 20/21. In any case, it is worth mentioning again the situation generated by the revenues derived from extraordinary corporate operations in the last two closed seasons (carried out by *FCB* and *RMA*) that implied a higher expense, without such revenues being recognised within *NT*, thus distorting this indicator in the last two seasons.

Figure 13

LALIGA – EBITDA a/T (€m and margin over NT %)



In addition, the lower activity in the player transfer market, which has led to lower profits (capital gains) compared to previous COVID seasons, together with the increase in structural costs explained above, despite the record *NT*, does not yet allow this improvement to be fully transferred to the main operating figures of margins and results.

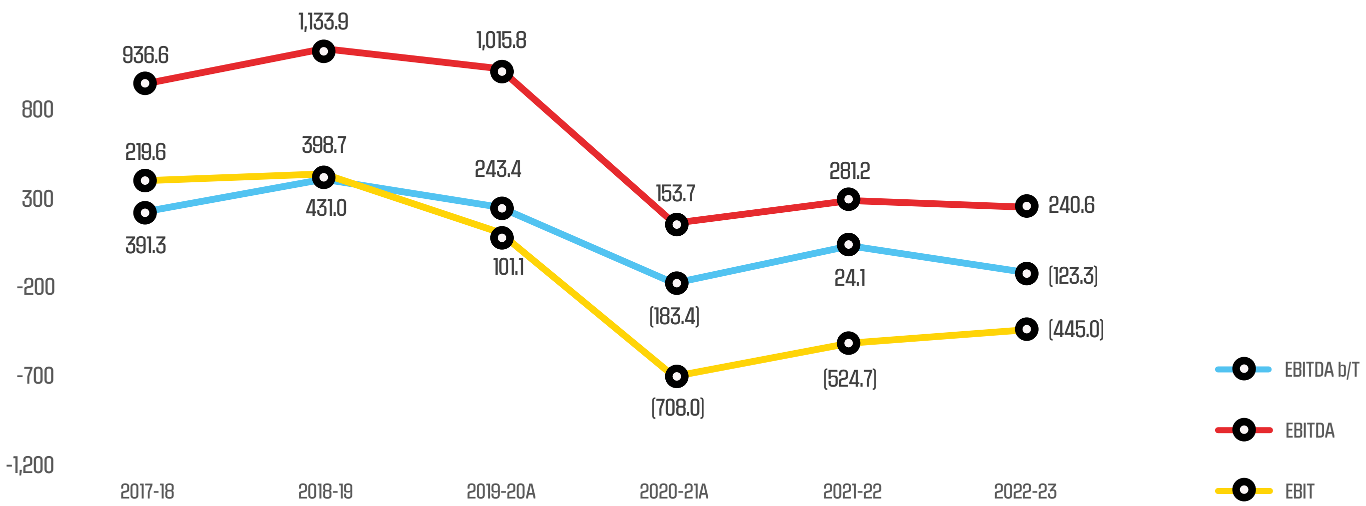
In any case, this situation is cushioned below *EBITDA* by lower depreciation of players, although this impact only partially offsets the situation described above.

Consequently, the ***organic net operating earnings ("EBIT")***[11] of the Spanish competition – excluding revenues from extraordinary corporate operations in the last two closed seasons (by *FCB* and *RMA*) – stood at -€445.0m in S 22/23, an improvement of €79.7m from -€524.7m in the previous season, but still negative for the third consecutive season. This is a reflection of the impact of the still latent pandemic on the transfer market, as well as the increase in structural costs. In any case, this should be put in context, as *FCB* alone has a negative *EBIT* of -€315.7m in S 22/23, i.e., 71% of these losses are due to a single Club, which has a key relevance on the whole.

As for the aggregate results of *LALIGA* below *EBIT*, the situation improves considerably, although mainly as a result of the exceptionality of other factors that have already been described in previous pages, such as the extraordinary corporate operations carried out by *FCB*, transactions that in the previous season also distorted the final result with other similar transactions carried out by the same Club as well as *RMA*.

Figure 14

LALIGA – Gross and net operating earnings (€m)



In S 22/23, the extraordinary operations of *FCB* had a positive impact on the income statement totalling €808m.

Given their exceptional nature, in terms of not recurring, despite these impacts representing a formal increase in earnings or capital gains, it has been decided to segregate their impact when measuring the earnings below the figures that express recurring operations, such as *EBITDA b/T, EBITDA a/T* and *EBIT*, which exclude these extraordinary events.

With part of these impacts (others are at the level of financial results), the aggregate formal ***Operating Result ("OR")***[12] of all *LALIGA* Clubs as a whole would therefore improve from €30.9m in S 21/22 to €204m in S 22/23.

Finally, and before the final result of the year, it is necessary to draw attention to the ***Financial Result ("FR")*** in the last seasons, which improved by €206.2m and is positive, reaching €104.6m in S 22/23 from -€101.6m in the previous season. This improvement, and in general almost the entire evolution of this result, as mentioned above, is mainly due to the impact of various extraordinary operations carried out by *FCB* in the last season.

Specifically, *FCB* recorded a positive impact of €208m in its financial result under "equity-accounted income". Isolating this impact, it can be concluded that the *FR* has remained stable, which must be significant as it occurred in an environment of generally rising interest rates, as mentioned above, as well as the increase in indebtedness, which will be analysed in more detail below. Taking into account all indebtedness, not only corporate but also those structured under *Project Finance* (very long-term financing with special characteristics for certain infrastructures and investments for growth), as well as the participating loans derived from the agreement with CVC, the average rate has fallen to 2.81%, from 3.20% in S 21/22 or 3.48% in S 20/21 despite the interest rate environment of recent few months. If only senior corporate debt is taken into account, the average accrued rate would be 5.40%, a level that can also be considered adequate, or reasonably adjusted, taking into account the current situation in the financial markets and the term structure of the benchmark interest rates.

Although the level of financial expenses can be expected to increase in the coming seasons, mainly due to the increase in gross indebtedness associated with major infrastructure renovation projects (mainly stadiums but also training grounds, facilities and/or other investments for growth), the average financial cost of the debt will remain stable thanks to the structuring of the operations, as mentioned above, including the *LALIGA Impulso/CVC* and others, as well as other particular initiatives, notably the financing of the *RMA* stadium redevelopment, signed on very long-term pre-interest rate conditions and on a very long-term basis. These aspects are discussed below in the section on indebtedness.

All of the above results in an aggregate ***Net Result ("NR")*** with a final net profit in S 22/23, after two seasons in the red. The positive result reached €199.8m, €399.9m better than the previous season (-€140.1m). In any case, despite the fact that these are very positive results in the historical

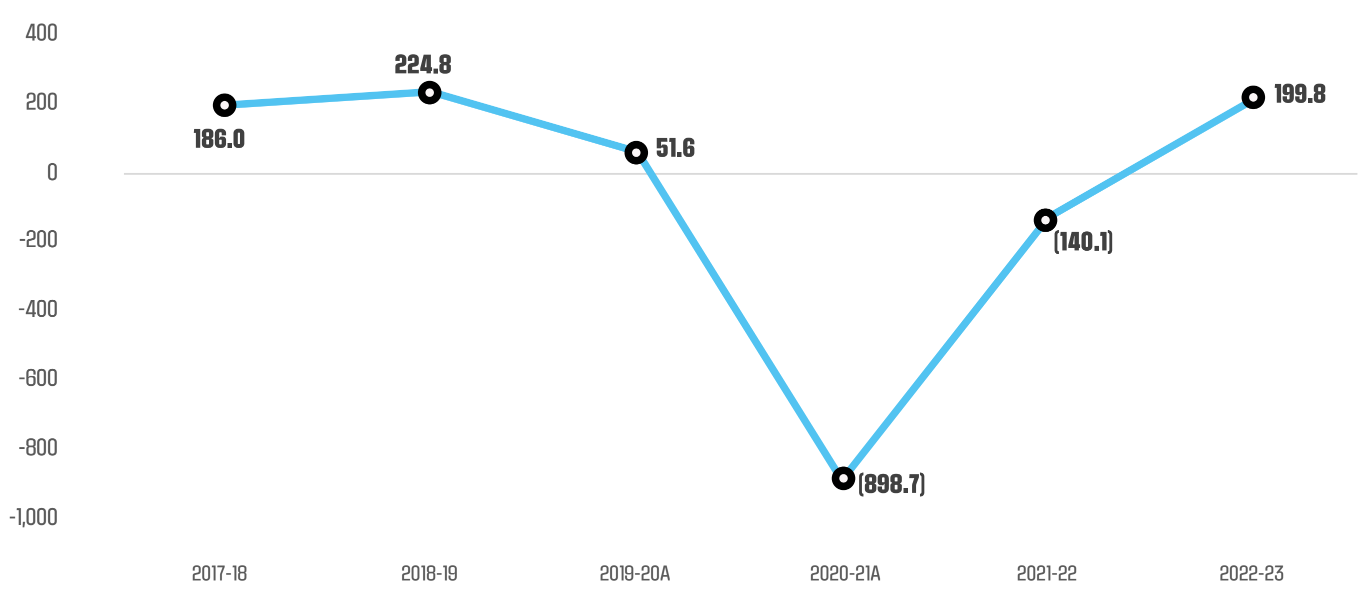
Positive net result greatly benefited by the impact of the extraordinary corporate operations carried out by a major LALIGA entity such as FCB

series (second best recorded in the last decade), and that these records are substantially better than those of other European benchmark competitions such as the English, Italian or French, it is important not to lose sight of the following characteristics that determine this level of aggregate profit:

- Extraordinary positive impact of *FCB*'s extraordinary operations (€808m in total including indirect impacts) and negative impact of the associated higher staff costs (€65m).
- Unfavourable impact of COVID still latent in the *Results of Transfers* heading, compared to seasons prior to S 20/21 (negative deviation of €377.6m compared to the average of the three seasons prior to the impact of the pandemic).
- An excess squad cost of €67m was permitted in S 22/23, derived from the 15% of the funds to be received by each Club via *LALIGA Impulso/CVC*.
- In addition, Clubs could maintain an additional increase in the squad cost limit (*"LSC"*) as a result of share capital increases in that season or previous ones for a total amount of €52m.

Figure 15

LALIGA – Net result (€m)



INVESTMENTS

The *LALIGA* Clubs are at a historic moment in terms of investment intensity, fundamentally derived from the renovation of infrastructures and other investments for growth, associated both with *LALIGA Impulso/CVC* and affecting the vast majority of the entities in the Spanish competition, as well as the remodelling work on the *RMA* stadium (currently being completed). It is foreseeable that this special investment effort will continue for at least the next five years, both for new stadium refurbishments, including *LALIGA's* largest stadium – *FCB* (execution started at the end of S 22/23) – or the refurbishment or new construction works planned for other relevant Clubs (still in the technical design phase), and other projects that have *LALIGA Impulso/CVC* funds as sources of financing and business, which not only rely on their own discretionary initiatives.

Investments at historically high levels partly due to LALIGA Impulso/CVC

In S 22-23, ***gross operating investments ("gross CAPEX")***[13] undertaken by the Spanish competition increased to €1,628.5m (+61.9% YoY / $CAGR_{5y}$ +5.4%); 48% allocated to players and 52% to infrastructures (including other operating fixed assets, as well as stadiums and facilities and other investments for growth). Despite the growth, this is still below the all-time high of S 19/20 (€1,814m). However, it is the first time in history that gross investment in infrastructure has exceeded investment in players.

- **Gross *CAPEX* in players** reached €779.9m, +37.5% more than in the previous season, although this growth was still 51% of the all-time high achieved before the outbreak of the pandemic in S 19/20 (€1,533.3m). Up to and including that season (the arrival of COVID came with the players transfer markets already closed), the levels of squad investment increased consistently year on year. As mentioned above, the lower activity of the transfer markets in recent seasons has meant an immediate decrease in the capital gains obtained from the rotation of sporting talent (divestments or player departures), but also a lower cost (investments or signings), with a more modulated positive impact over time, because it is regularised in accounting terms through player depreciation – on a spread basis.

The lower investment in players has a positive, albeit more gradual, impact on the income statement, reflecting sustained declines in depreciation and greater visibility of potential results

- On the other hand, **gross *CAPEX* on other operating assets** totalled €848.6m, +93.5% higher than the previous season, an all-time high, surpassing the previous season's record (€438.6m), as a result of the infrastructure renovation projects that Clubs are undertaking thanks to, among others, *LALIGA Impulso/CVC*, but which in S 22/23 is still mainly due to other projects to renovate facilities outside this strategic plan (e.g., *RMA*'s stadium, which accounts for 45% of the total aggregate gross investment figure).

In any case, and as already stated in last season's report, the reading of this situation is undoubtedly positive, as the investment in infrastructure and/or for growth comes at a time when, after the impact of the pandemic and the difficult financial situation, the Clubs need an additional revenue boost that will allow them to overcome the various obstacles, the contraction of revenues and the fall in profits. These structural investments necessary for sustained growth are expected to have a greater long-term impact on all revenue lines, although operating revenues are already beginning to show a positive impact from these investments, with record revenues from *Commercial and Matchday*.

Other characteristics of the gross investment registered should be underlined:

- The percentage of gross investment in infrastructures as a percentage of *LALIGA's* total gross investment reached an all-time high of 52%. This is the first time in the entire historical series that it has exceeded investment in players.
- The gross investment in infrastructure by *LALIGA Hypermotion* Clubs reached €38.6m, very similar to the previous season (€42.4m), thereby remaining well above the average of the previous four seasons (€13.8m).

Net operational investments ("net CAPEX") in S 22-23 increased 54.9% over the previous season despite lower activity in the transfer markets, reaching €910.1m. This is the highest total net investment figure ever recorded.

Table 2

LALIGA – Operating investments and divestments (€m)

CAPEX	2017-18	2018-19	2019-20A	2020-21A	2021-22	2022-23	Aggregate
Gross investments, players	1,028.6	1,298.2	1,533.3	547.0	567.1	779.9	5,754.1
Gross investments, infrastructures	223.3	249.4	280.6	295.8	438.6	848.6	2,336.2
Total gross investments *	**1,251.9**	**1,547.6**	**1,813.9**	**842.8**	**1,005.6**	**1,628.5**	**8,090.3**
Divestments, players	(936.7)	(1,006.7)	(1,128.3)	(542.4)	(402.3)	(679.2)	(4,695.7)
Divestments, infrastructures	(5.0)	(12.9)	(172.5)	(1.1)	(15.7)	(39.2)	(246.3)
Total divestments	**(941.7)**	**(1,019.6)**	**(1,300.9)**	**(543.5)**	**(418.0)**	**(718.4)**	**(4,942.0)**
Net investments, players	91.9	291.5	405.0	4.6	164.8	100.7	1,058.4
Net investments, infrastructures	218.3	236.5	108.1	294.7	422.8	809.4	2,089.8
CAPEX (net investments)	**310.2**	**528.0**	**513.0**	**299.3**	**587.6**	**910.1**	**3,148.3**
Annual % change	-	70.2%	-2.8%	-41.7%	96.3%	54.9%	

(*) The gross investment in players includes the activated renewal premiums (not classified as an intangible sporting asset, but as an anticipated expense or long-term accrual) paid by some teams on a specific basis, and whose nature in financial terms can be equated to investment in players

This brings the cumulative net investment figure for the historical series analysed to €3,148.3m, despite the sharp slowdown in the net investment in S 20-21 during the pandemic. The development of the last two seasons means that the aggregate net investment in infrastructures (€2,089.8m) of the last six seasons is higher than the net investment in players (€1,058.4m), an aspect that entails relevant considerations:

- *LALIGA's* Clubs have understood the financial situation in recent seasons in a special manner, adapting their investments to an underlying dichotomy: while on one hand the investment in players has significantly reduced, on the other hand the entities have taken the opportunity to accelerate their investment projects and infrastructures renovation – ultimately their growth potential – even though the returns on this gross capital formation are more noticeable in the long-term.
- Investment in players (i.e., purchase price) therefore continues to operate as a markedly effective and reasonably flexible "automatic stabiliser", which makes it possible to offset the high inelasticity of the *OPEX* structure. In addition, since the start of the pandemic (including the current S 23-24, 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 (more than the other four European benchmark competitions).
- *LALIGA's* Clubs continue to undergo an adjustment in the divestment of players figures (i.e., sale price). Despite the increase in the analysed S 22/23, up 68.8% compared to the previous season,

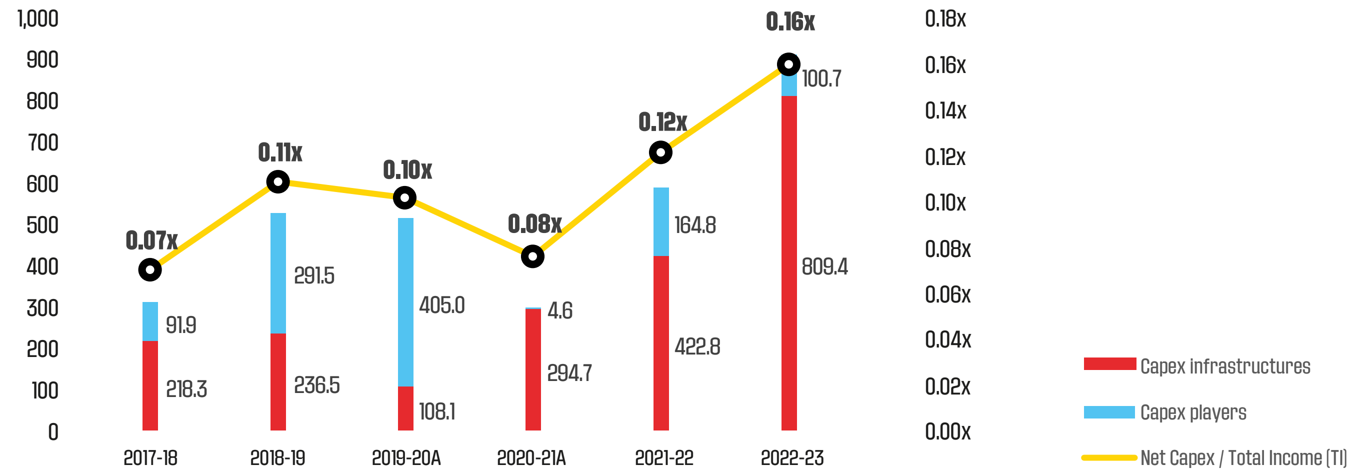
these levels are still low compared to pre-pandemic figures, specifically 39.8% lower than the historical maximum volume reached in S 19/20. This factor is differentially important for Spanish professional football, since it is the one that has had the greatest relative weight (on ordinary billings) of player divestments (and transfer earnings) during recent years. This hallmark of *LALIGA* (i.e., the ability to rotate and monetise the sporting talent created in a systematic way), is expected to continue to represent a solid source of growth, profitability and generation of financial value added in the future, but without the inflationary and distorting effect derived from other competitions – especially the *English Premier League* – which for years has maintained levels of investment and expenditure that are not sustainable at least endogenously, and therefore supported with funds not generated by professional football.

As already indicated above, the positive impact on the aggregate income statement, derived from this decrease in player investment, relies on the gradual reduction of player depreciation, which has gradually decreased since S 19/20, when it peaked at €807m, reaching €553m in S 22/23, 31% lower, and is expected to further decrease by around 10% during the current S 23/24 compared to S 22/23.

All in all, the situation of the final net investment recorded and its breakdown leads once again to underline the high level of prudence and financial soundness of the *LALIGA* Clubs which, on one hand, are significantly reducing their level of investment in players but, on the other hand, are investing more than ever in productive assets that will optimise their commercial positioning, and which, as analysed above in the revenues section, is already producing results with record revenues from *Commercial and Matchday*, an issue which can be expected to continue in the coming years, thanks to the full implementation of the investment and modernisation plans for infrastructure, as well as the planned investment in technological and digital equipment which will lead to the investment of the CVC investment fund associated with *LALIGA Impulso/CVC*, which constitutes an unprecedented strategic and financial operation in professional football worldwide. This is without forgetting, of course, the planned complete renovation of the stadiums belonging to two *LALIGA* entities: *RMA* and *FCB*. Finally, the aforementioned growth investments are expected to accelerate the growth of *Broadcast* revenues in the medium to long term (upcoming broadcasting rights tenders).

Figure 16

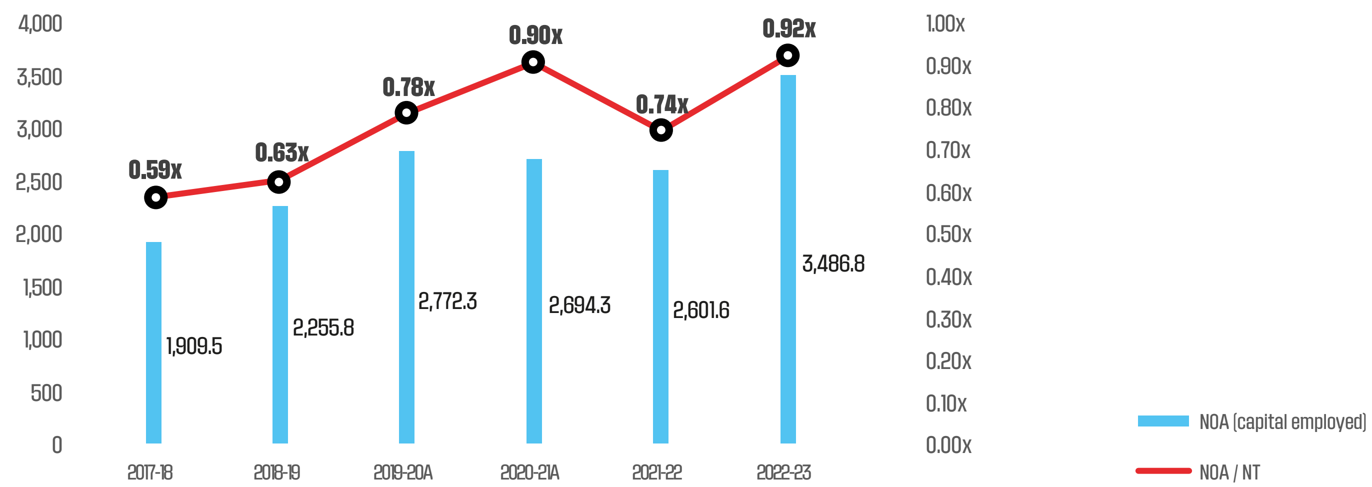
LALIGA – net CAPEX (€m)



Thanks to a rebound in investment to record levels, accompanied by investment in ***working capital ("WC")***[14] of €281.7m, capital employed – or ***net operating assets (NOA)***[15] – increased after two consecutive seasons of declines. In addition, an all-time high was reached, exceeding €3,000m for the first time and reaching €3,486.8m, 34.0% higher than the previous season (€2,601.6m). In relative terms, this level of capital employed means 0.92x the aggregate turnover of the Clubs, marking an all-time high for the decade.

Figure 17

LALIGA – Net operating assets - capital employed - (€m and x NT)



The accumulation of gross capital formation by *LALIGA* is very remarkable, and this consolidates the basis for a future of higher growth and profitability in structural terms.

CASH FLOW AND LIQUIDITY

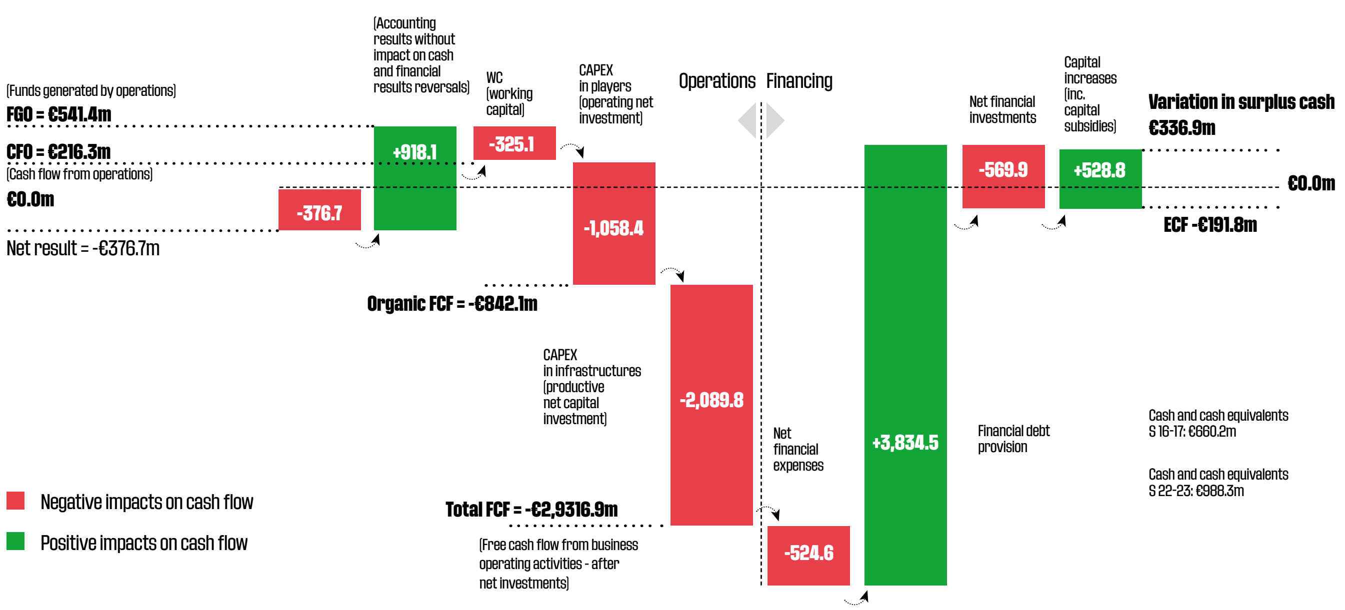
Despite the negative effects associated with the pandemic, which have affected the financial position in recent seasons, in addition to the increase in costs in the last season due to changes in the commercial expansion strategy of some entities, as well as other factors such as inflation, especially in the last financial year, at the aggregate *cash flow* level, in the accumulated series analysed in the Report, there are still positive balances in ***Funds Generated by Operations ("FGO")***[16] and ***Cash Flow from Operations ("CFO")***[17] of the *LALIGA* business, with aggregate records of €541.4m and €216.3m respectively.

However, when the impact of the operational investment dimension (players and infrastructures) is added, the cumulative situation over the series in terms of endogenous liquidity generation capacity varies ostensibly. Both ***Organic Free Cash Flow ("Organic FCF")***[18] and ***Total Free Cash Flow ("Total FCF")***[19] show accumulated deficits over the six seasons (-€842.1m and -€2,931.6m respectively). This is logical, considering that it is not usual in any sector for this type of investment to be covered by the operating surplus of the business, but that it normally requires financing in the form of debt and/or equity (i.e., share capital increases and/or use of accumulated liquidity), in order to achieve an expected structural/long-term return in the form of higher revenues and yields in a gradual manner.

LALIGA's operating cash flow remains positive in the long term, despite the contraction of recent seasons due to COVID

Figure 18

LALIGA – Aggregated cash flow for last six seasons (€m)



The accumulated net financial burden (-€524.6m) and the net financial investments (-€569.9m) are added to the*total* aggregate *FCF* deficit, so that the figure to be provided with sources of financing is reached, which logically has already been arranged to cover the existing gap.

These financing needs of *LALIGA* have been covered mainly by higher gross indebtedness (€3,834.5m), as well as from capital increases (€528.8m), always over the series of the last six seasons aggregated.

Insofar as the amounts of this financing have been higher than the liquidity needs described, the result is an increase in the aggregate cash balances ("***Cash and Cash Equivalents***") of the Spanish competition, which have gone from a balance of €660.2m in S 16/17, to €988.3m in S 22/23, i.e. an increase of €328.1M, although the effective increase is €336.9M due to a negative impact of -€8.8m that has been generated by the change of scope of Clubs (promotion/relegation of entities outside the professional competition) throughout these seasons (i.e., entities that can be consolidated in *LALIGA*).

By analysing the aggregate sources and applications of *LALIGA* funds during the series analysed, it can be seen that the gross financing needs have amounted to €5,027.2m (€3,707.3m net needs), of which ~58% is related to the *total FCF* consumed (after net investments in players and infrastructure) and ~7% of the total has been used to increase the available cash balances.

Of the financial resources mobilised, around 76% (€3,834.5m) came from recourse to debt, 11% (€528.8m) from Clubs' shareholders, while the remaining 13% (€663.9m) came from the extraordinary asset monetisation operations effectively collected to date (i.e., sale of future income).

It should also be borne in mind that of the increase in gross indebtedness recorded at the end of S 22/23, a very significant part has been closed in recent years in the form of very long-term financial operations that fundamentally finance assets (infrastructure and other investments for growth) that will reach maturity in the coming years, so it has not yet been possible to achieve profitability in many of these projects, which are still at an initial phase or even under execution, so that the revenues and returns on these investments in the coming years will improve these figures. In this respect, reference should be made to *LALIGA Impulso/CVC* as well as to other specific stadium renovation initiatives (*RMA* and *FCB* in particular).

In any case, it is worth noting that the part of the financing corresponding to *LALIGA Impulso/CVC* has been instrumented as an injection of participating loans (PLs) of *LALIGA* with its member associates and with a maturity of 50 years, including a preferential interest rate and dependent on the evolution of the business. The PLs are categorised as a subordinated debt instrument, which in Spain, both at a commercial/corporate level (for the purposes of calculating the grounds for legal dissolution due to insufficient net equity) and at a financial/credit level (due to the contingent consideration articulated in favour of the Investor), can be considered *quasi-equity*. The availability of these resources will continue to increase in S 23/24 and beyond, to the extent that the Clubs adequately justify their use, until reaching the nearly €1,900m foreseen for the *LALIGA* entities that are members of the Spanish professional football strategic project.

Table 3

LALIGA – Gross financing needs and sources accumulated in the last six seasons (or five annual increases) (€m)

LALIGA - last six season (series analysed)	€m	%
FCF (net operating cash flow after net CAPEX in infrastructures and players)	(2,931.9)	58.3%
Net financial expenses	(524.6)	10.4%
Net financial investments	(1,233.8)	24.5%
Increase in cash and cash equivalents	(336.9)	6.7%
Total financing needs	**(5,027.2)**	**100.0%**
Increase in gross indebtedness (including subordinated debt -PLs- Plan Impulso/CVC)	3,834.5	76.3%
Increase in equity (capital increases and capital grants)	528.8	10.5%
Sale of assets (monetisation of future income)	663.9	13.2%
Total funding	**5,027.2**	**100.0%**

On the other hand, if this characterisation of the sources and needs of *LALIGA's* aggregate resources throughout the series is computed in terms of net borrowing, i.e., without taking into account the drawdowns of debt that have been used to increase the liquidity available (resources not yet invested and available in the form of liquidity), the conclusions would be more in line with and closer to the underlying financial reality.

In this case, the total accumulated effective financing needs of the Spanish competition would amount to €3,707.3m, of which 67.8% would have been covered by (net) debt, 14.3% by share capital increases and 17.9% by the extraordinary sale of assets.

Table 4

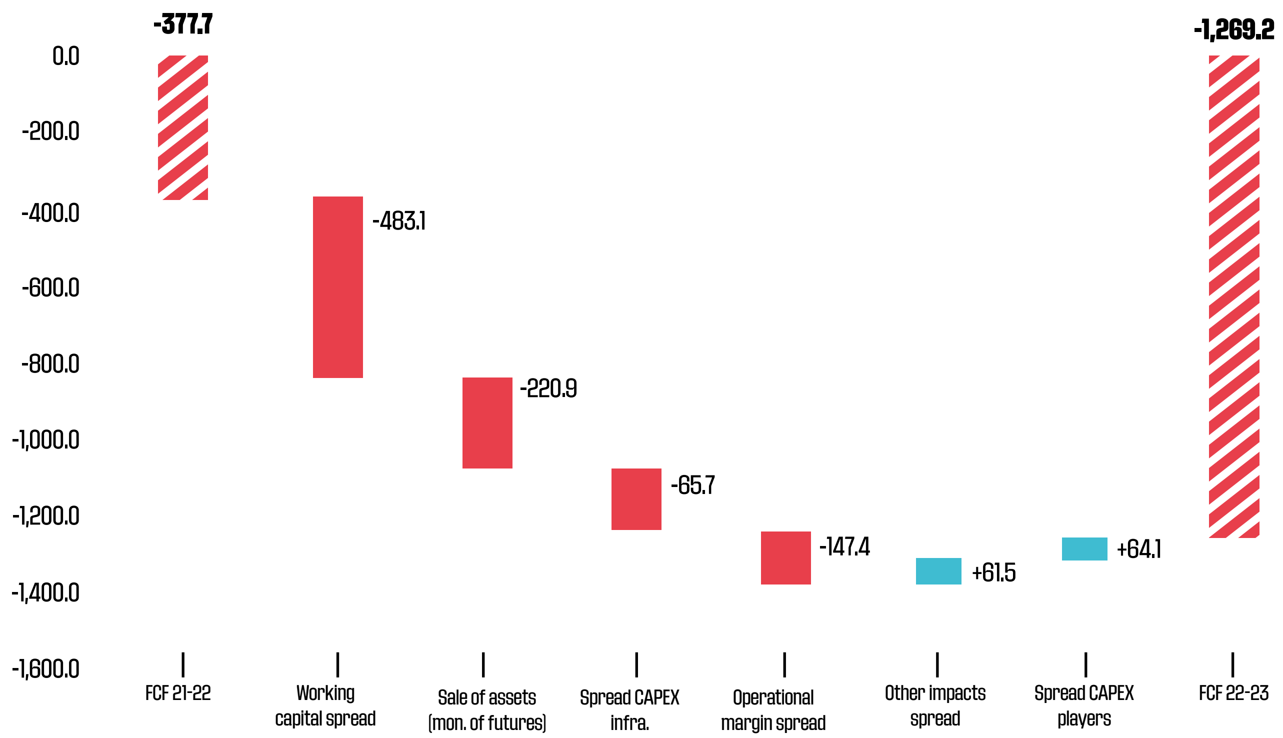
LALIGA – Net financing needs and sources accumulated in the last six seasons (or five annual increases) (€m)

LALIGA - last six season (series analysed)	€m	%
FCF (net operating cash flow after net CAPEX in infrastructures and players)	(2,931.9)	79.1%
Net financial expenses	(524.6)	14.1%
Variation in other net financial assets and liabilities	(250.8)	6.8%
Total financing needs	**(3,707.3)**	**100.0%**
Increase in net indebtedness (including subordinated debt -PLs- Plan Impulso/CVC)	2,514.7	67.8%
Increase in equity (capital increases and capital grants)	528.8	14.3%
Sale of assets (monetisation of future income)	663.9	17.9%
Total funding	**3,707.3**	**100.0%**

Finally, it is worth noting that *LALIGA's total FCF* was a deficit of -€1,269.2m in S 22/23. This situation is mainly the result of the implementation of infrastructure works, which has led to record levels of net investment. However, it should not be omitted that the investment in working capital has resulted in a cash outflow of €281.7m, which, together with the commercial effort of some Clubs – that has led to an increase in the structure of these (together with other factors such as inflation) – has resulted in an operating cash flow of -€359.1m, thus leading to a negative *total FCF* . To put it in perspective, in S 20/21 the *total FCF* amounted to -€468.5m and in S 21/22 to -€377.7m, but for quite different reasons in those seasons – loss of income due to the pandemic – than now. Thus, even excluding the investments in this last season, *organic FCF* is again in deficit at -€459.8m (€45.1m in S 21/22), as befits any business or industry in a phase of expansion through investments for growth.

Figure 19

LALIGA – Explanation of variation in FCF between seasons (€m)



It should be noted that, over the last three seasons, a *total FCF* deficit of -€2,115.5m has been accumulated, and that *RMA* (-€756.2m), mainly due to the investment in its stadium, and *FCB* (€-682.6m), as a consequence of a *mix* of operating expenses and net investments in players, account for 68% of the aggregate *LALIGA* deficit over the three-year period.

CAPITAL STRUCTURE AND SOLVENCY

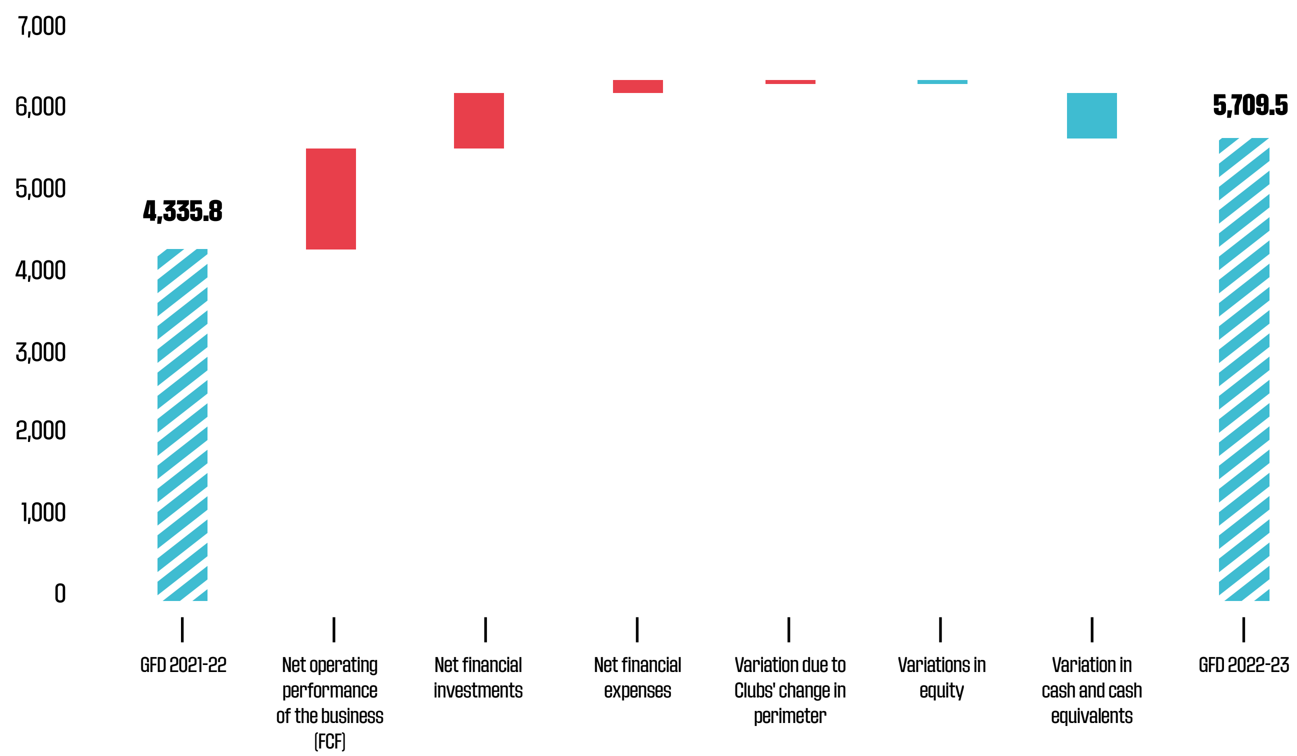
The generation of negative *total FCF* (-€1,269.2m) in S 22/23, as well as cumulatively over the last five financial years, and the fact of having to service the debt burden, is mainly (and quite comfortably) compensated by *LALIGA's* ***gross indebtedness ("GFD")***[20], which reaches €5,709.5m in absolute terms (€3,330.4m net), increasing compared to the previous season by €1,373.7m (+31.7%) – despite the senior[22] net indebtedness ("***NFD***") being only 0.7% higher than in S 18/19, the last season before the pandemic. It is noteworthy that only one Club, *FCB*, has increased its gross indebtedness by €840.7m, i.e., 61% of the increase in the Spanish professional competition's indebtedness, due to the fact that it managed to raise the financing for the construction of its stadium at the end of S 22/23. With regard to the debt associated with *LALIGA Impulso/CVC*, the total number of member entities recorded an increase in *GFD* of €263.7m in the last completed season.

Senior indebtedness remains stable, under control. Consolidated indebtedness increases only because of debt associated with infrastructure development and/or very long-term structured debt

In any case, this season, as in S 21/22, it should be noted that the application of cash and cash equivalents (€665.3m) – accumulated surplus treasury from the past – as well as the paid-up capital increases (€69.9m), have served as a source of financing and thus relieved the pressure on the increase in gross indebtedness.

Figure 20

LALIGA – Explanation of variation in gross financial debt between seasons (€m)



As already mentioned above and in line with that explained in the previous season's report, in recent years the profile or composition of the debt has changed radically, mainly due to the equally substantial change in the purpose of the financing, in this case the Clubs' main infrastructures, i.e., stadiums and training grounds, as well as other investments for growth, which has meant that the terms and conditions related to the nature, period and cost of the debt have changed significantly.

This fact, which already had an impact last season due to *LALIGA Impulso/CVC*, as well as the financing of the remodelling of *RMA*'s stadium (Santiago Bernabéu), is even more accentuated in S 22/23 with the lifting of the financing associated with the complete refurbishment of the stadium and other *FCB* facilities (Nou Camp in particular and Espai Barça in general).

While senior corporate debt represented 85% of aggregate gross indebtedness in S 20/21, this percentage has fallen in only two seasons to 47% in S 22/23.

Table 5

LALIGA – Breakdown of senior financial debt (€m)

Senior Financial Debt Breakdown	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022	30/06/2023
SENIOR GROSS FINANCIAL DEBT (GFDs)	1,978.9	2,548.8	3,223.3	2,838.5	2,669.2	2,711.8
SENIOR NET FINANCIAL DEBT (NFDs)	871.2	1,049.0	1,658.6	1,726.7	913.0	1,056.1

The debt associated with stadium refurbishment projects and the participating loans associated with *LALIGA Impulso/CVC*, together represent 53% of gross indebtedness, a disruptive element in recent seasons that deserves to be analysed in a specific section and which, as noted above, has led to a fall in the average cost of debt, thanks to the timing of when much of this financing was formalised (*LALIGA Impulso/CVC* and *RMA* mainly until the end of S 22/23), as well as the way in which it was structured.

Table 6

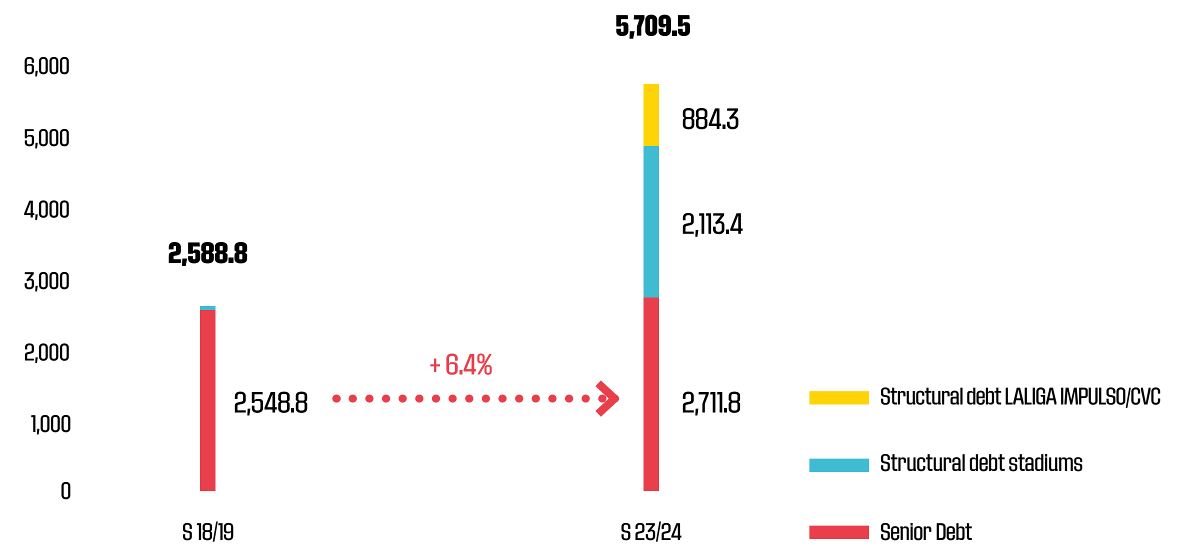
LALIGA – Breakdown of financial debt (€m)

Financial Debt Breakdown	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022	30/06/2023
Debt with financial entities	686.8	751.9	1,186.0	1,088.4	958.6	883.2
Debt with Clubs for player transfers	615.1	975.7	1,299.4	900.2	615.6	740.4
Other financial debt	535.0	718.5	836.8	1,245.5	2,080.0	3,072.2
Debt with group companies	142.0	142.6	114.0	118.5	60.9	129.4
Plan Impulso/CVC	-	-	-	-	620.6	884.3
CONSOLIDATED GROSS FINANCIAL DEBT (GFDcons)	**1,978.9**	**2,588.8**	**3,436.3**	**3,352.5**	**4,335.8**	**5,709.5**
Cash and cash equivalents	647.7	760.5	788.5	628.3	1,652.5	988.3
Short- and long-term financial assets with Clubs for player transfers	356.4	620.3	668.8	483.3	444.5	677.6
Other short-term financial assets	103.6	118.9	117.3	144.3	154.4	713.2
CONSOLIDATED NET FINANCIAL DEBT (NFDcons)	**871.2**	**1,089.0**	**1,861.6**	**2,096.7**	**2,084.3**	**3,330.4**

The reading is therefore evident and the underlying message is positive in that the change or greater diversification of funding sources entails very favourable aspects such as less dependence on traditional credit financing, or a lower financial cost. Furthermore, *LALIGA Impulso/CVC* achieves a sort of opening up of access to alternative sources of funding, which until two seasons ago was almost exclusively reserved for the largest entities in the competition due to their social dimension and income, where they had access to the capital markets thanks to their size and visibility.

Figure 21

LALIGA – Evolution of gross indebtedness (€m)



Senior ***net indebtedness ("NFD")***[21] amounted to €1,056.1m, an increase of 15.7% compared to the previous year, and only 0.7% higher than in S 18/19, the last season before COVID. The *consolidated NFD*, which includes structured debt, shows a higher variation due to the growth of investment in stadiums and other investments for growth, reaching €3,330.4m, which is 59.8% higher than in the previous year as a direct consequence of the stadium refurbishment and construction works. In this respect, it is worth highlighting the impact of a single Club, *RMA*, on the evolution of the *consolidated NFD* in S 22/23, as its net indebtedness increased €594.1m, i.e., the equivalent of 48% of the entire increase recorded in *LALIGA's NFD*. However, its *GFD* only increased by €112.9m. As explained last year, *RMA* ended S 21/22 with cash and cash equivalents of €773.3m after making large debt provisions for its stadium, but with no need, at the end of that season, to use that cash, as it would be used as the development and execution of the work progressed in subsequent months. In S 22/23 the effect was the opposite, i.e., *RMA* increased its *NFD* mainly due to the consumption of the liquidity reserve generated in the previous season, around €520.0m, which has an impact on *NFD*. Paradoxically, this is offset by *FCB*'s situation, comparable to that of *RMA* in the previous season. In this case, *FCB*'s *GFD* increased €840.7m in S 22/23 while its *NFD* only increased €304.6m, leaving a cash and cash equivalents balance at the end of S 22/23 of €310.8m and a short-term financial investments balance of €670.6m. It is understood that these balances will be made available in the coming months as the implementation of the comprehensive stadium renovation project reaches maturity, without having to resort to further *GFD* in principle.

In any case, as indicated above, the*senior NFD* at the end of S 22/23 is only 0.7% above that achieved in S 18/19, the last season prior to COVID, and in terms of the increase in *consolidated NFD*, *RMA* and *FCB* together show an increase of €898.7m, equivalent to 72% of *LALIGA's* aggregate. The remaining 40 Clubs are responsible for the €347.5m increase in net indebtedness, which largely corresponds to the debt associated with *LALIGA Impulso/CVC*.

All this undoubtedly demonstrates the maturity and increasing financial professionalisation of its structures and the solid consolidated credit profile achieved by *LALIGA*.

As for the leverage ratios that compare indebtedness to *EBITDA* (before and after player transfers), i.e., which analyse the level of leverage in relative terms, it is worthwhile disaggregating the structured debt of '*Project Finance*' and transactions instrumented as 'participating loans'. This is indebtedness associated with the financing of infrastructure and other growth or highly structured investments, and whose returns are expected in the long term (further analysis of this type of operation is provided in a specific section in the annexes to this document). In other words, when analysing these ratios, the focus should be on the situation of the underlying *senior* indebtedness, i.e. the debt that actually covers the financing needs generated by the Clubs' own operations and which involves full corporate recourse, affecting the creditworthiness of the entities (*project finance* debt or participating loans do not).

Table 7

LALIGA – Resulting credit ratios (€m and times x)

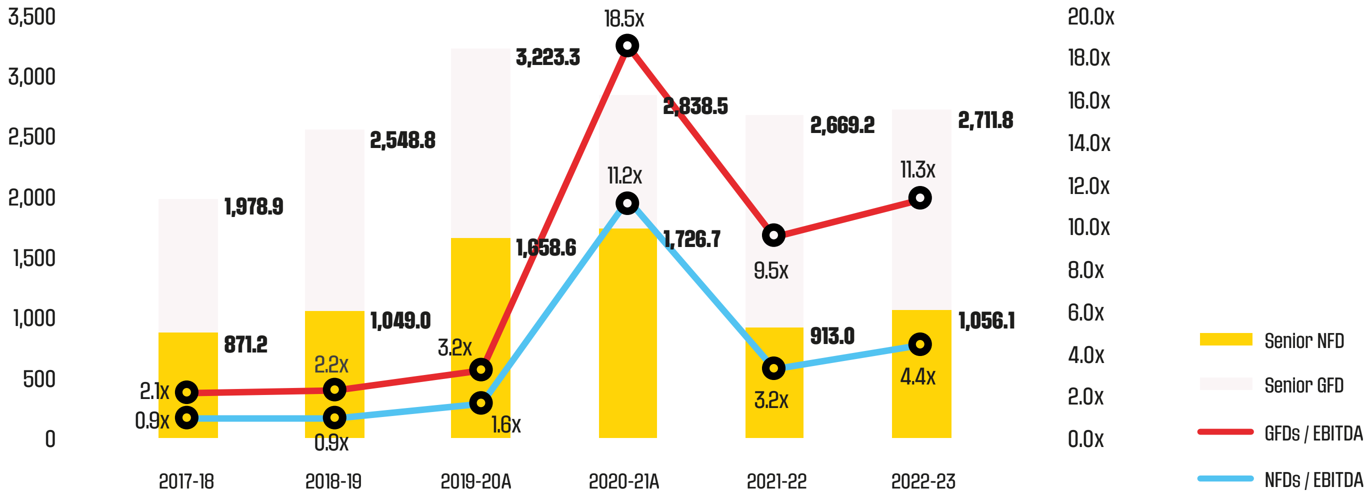
	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022	30/06/2023
SENIOR GROSS FINANCIAL DEBT (GFDs)	**1,978.9**	**2,548.8**	**3,223.3**	**2,838.5**	**2,669.2**	**2,711.8**
GFD / NT	0.61x	0.71x	0.91x	0.95x	0.76x	0.72x
GFD / EBITDA b/T	9.0x	6.4x	13.2x	EBITDA (-)	110.8x	EBITDA (-)
GFD / EBITDA a/T	2.1x	2.2x	3.2x	18.5x	9.5x	11.3x
SENIOR NET FINANCIAL DEBT (NFDs)	**871.2**	**1,049.0**	**1,658.6**	**1,726.7**	**913.0**	**1,056.1**
NFD / NT	0.27x	0.29x	0.47x	0.58x	0.26x	0.28x
NFD / EBITDA b/T	4.0x	2.6x	6.8x	EBITDA (-)	37.9x	EBITDA (-)
NFD / EBITDA a/T	0.9x	0.9x	1.6x	11.2x	3.2x	4.4x

This means the ratio of net financial debt to *EBITDA* ("***NFD/EBITDA a/T***") was 4.4x in S 22/23, compared to 3.2x in the previous season. On the other hand, the ratio of gross financial debt (*GFD*) to *EBITDA*, or gross leverage ("***GFD/EBITDA a/T***") of Spanish professional football, stood at 11.3x, which is very similar to the previous season (9.5x). These levels reached in the last completed season therefore remain somewhat degraded and below the usual levels before the pandemic, mainly as a result of not having yet recovered the full potential of *EBITDA*, and to a large extent due to the fall in the heading of *Results from Transfers*.

If the leverage ratios are analysed by relating senior corporate indebtedness to ordinary turnover (*NT*), a full recovery is nevertheless observed and the levels seen are already those reached before the pandemic, with *GFD/NT* at 0.72x and *NFD/NT* at 0.28x in S 22/23, levels already similar to those of S 18/19 (0.71x and 0.29x respectively).

Figure 22

LALIGA – Gross and net financial debt (€m and credit ratios)



However, the financial structure of the Spanish Clubs has been transformed. The change in investment profile, with a greater preponderance in the development and renovation of infrastructures and other investments for growth, will boost the potential of the business (thereby generating greater income, and higher margins and earnings) but with a longer-term return.

As indicated in previous reports, the increase in indebtedness is not the result of a structural impairment, but rather the opposite; the new debt taken on by the entities is a true reflection of the projects underway for infrastructure renewal and other investments for growth, while *senior* corporate debt is under control and with acceptable leverage levels, although revenues are still somewhat depressed by the reduced activity in the player transfer markets.

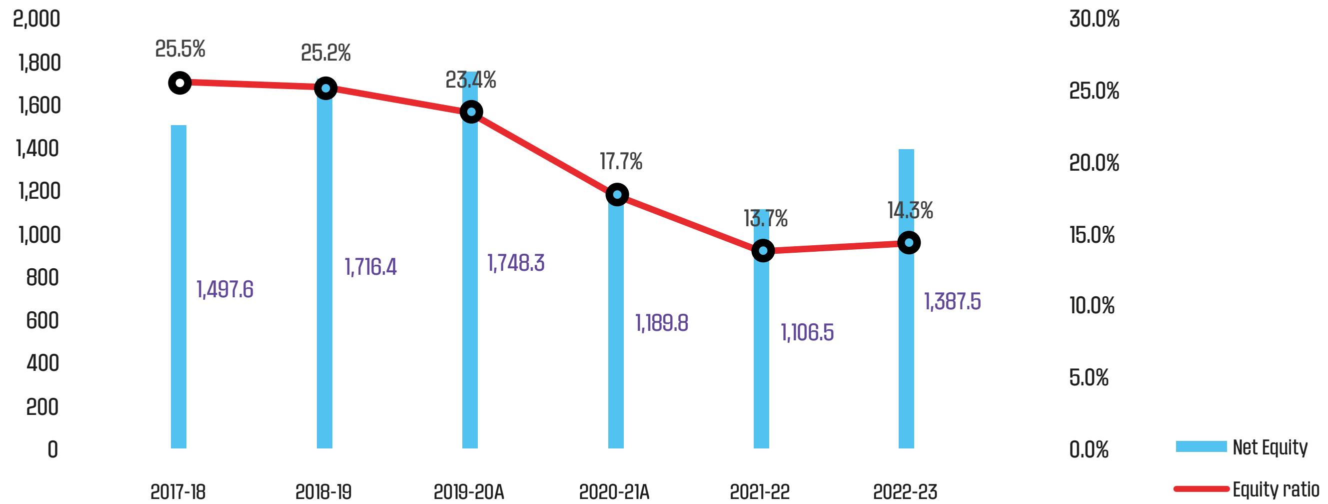
Another alternative means of confirming *LALIGA's* strong financial solvency is by analysing its capitalisation level. In this sense, in S 22/23 the ***Net Equity*** of Spanish professional football amounted to €1,387.5m (+24.5% YoY / $CAGR_{5y}$ -1.5%), thus recovering part of the capitalisation lost the previous two seasons that were severely impacted by COVID. It should be recalled that the *aggregate Equity* of the Clubs peaked in S 19/20, when it reached €1,748.3m. Even so, the impact on *LALIGA's* aggregate *Net Equity* might have been greater had it not been for the share capital increases subscribed by the shareholders **(in a total of eight entities), for an aggregate amount of €71.2m**. These commitments made it possible to partially offset the losses recorded and preserve *LALIGA's* degree of capitalisation in the short term.

High degree of capitalisation and financial solvency of LALIGA, despite the adversities of recent seasons

In addition, the ratio of *Equity* to total competition liabilities ("***Equity Ratio***"[23]) rose to 14.3%, improving from the previous season's level (13.7%) but still down from the levels achieved in the three seasons prior to the pandemic when this indicator was consistently around 25%. In any event, the impact on the *Equity Ratio* is greater due to the increase in the denominator, i.e., the competition's liabilities, due to the change in the financial structure to accommodate the large investments that are being undertaken. As mentioned above, much of the movement in gross indebtedness anticipates the effect of future actions on gross capital formation. In other words, *Equity* is only €100m lower than in S 17/18, but the indicator differs by 11 percentage points.

Figure 23

LALIGA – Capitalisation: Net Equity (€m) and Equity Ratio (%)

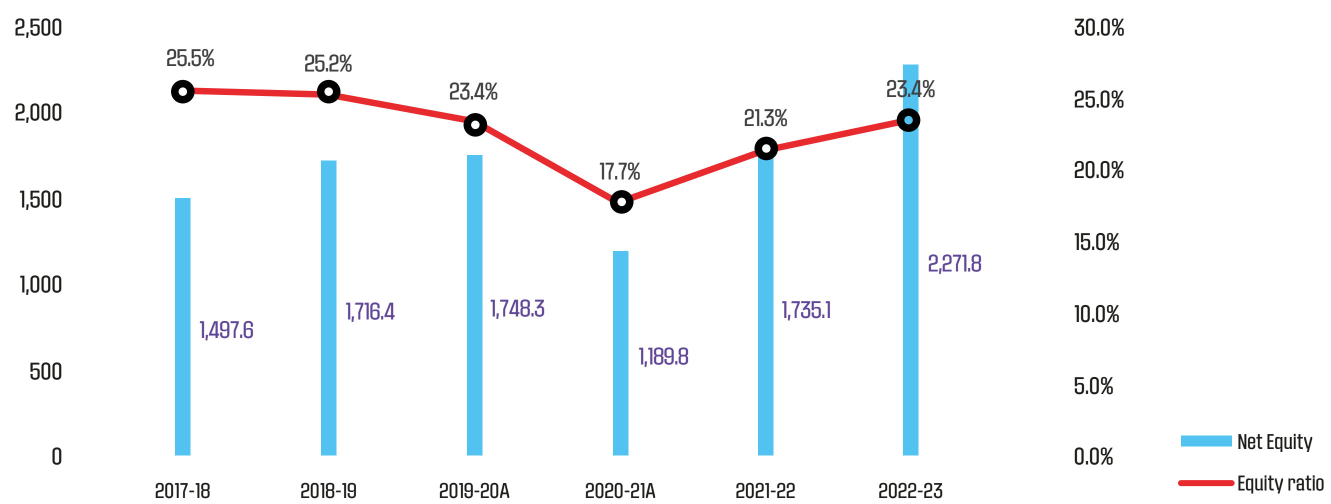


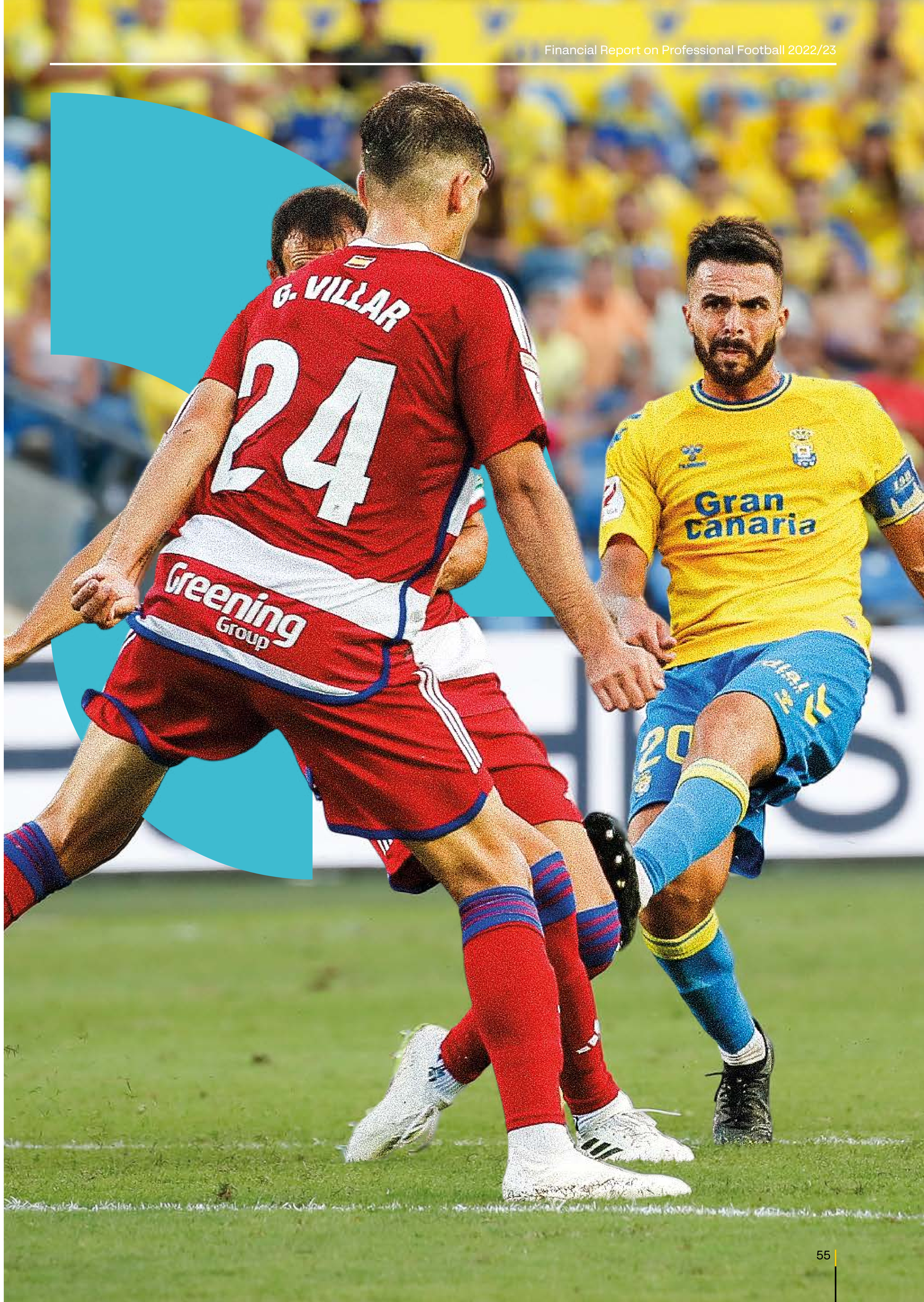
The solvency figures should now be reviewed taking into account the characteristics of the subordinated debt associated with LALIGA Impulso/CVC which is recorded on the balance sheets as participating loans, i.e., subordinated debt, a type of debt that in Spain is considered as the Clubs' *Equity* for commercial/corporate purposes, and *quasi-equity* in financial/credit terms.

Consequently, if these participating loans were included in *Equity* instead of debt (where these balances are formally reflected on the balance sheet, according to current accounting regulations), *Equity* would amount to €2,271m in S 22/23 and the *Equity* Ratio would be 23.4%. This is a significantly higher level and more representative of the adequate degree of effective capitalisation of Spanish professional football.

Figure 24

LALIGA – Capitalisation: Net Equity (€m) and Equity Ratio (%), including Plan Impulso/CVC





04 Guidance / Outlook

for the current season 2023/24

After the first round of S 23/24, the estimates for the economic and financial evolution of *LALIGA* for the current season are, on the whole, and in structural and recurrent terms, significantly better than the previous season, S 22/23.

Table 8

LALIGA – Expected results for the current S 23-24 (€m)

LALIGA	Outlook / Guidance					
	S 18-19 (pre COVID)	S 19-20A (COVID)	S 20-21A (COVID)	S 21-22 (COVID)	S 22-23 (post COVID)	S 23-24 (e)
Total Income (TI)	4,878	5,065	3,945	4,838	5,698	4,830
Turnover (NT)	3,601	3,539	2,981	3,511	3,791	3,846
SC	(2,724)	(2,999)	(2,937)	(2,972)	(3,025)	(2,867)
EBITDA b/T	399	243	(183)	24	(123)	26
Results from transfers	735	772	337	257	364	358
EBITDA a/T	1,134	1,016	154	281	241	384
EBIT	431	101	(708)	(525)	(445)	(266)
Operating result	378	156	(899)	(31)	204	(146)
RBT	309	65	(997)	(132)	309	(335)
NR	225	52	(899)	(140)	200	(348)
Comparable TI*	**4,878**	**5,065**	**3,945**	**4,255**	**4,890**	**4,830**
Comparable RBT*	**309**	**65**	**(997)**	**(715)**	**(499)**	**(335)**

* *TI* and *RBT* are provided by adjusting the revenues and results respectively derived from extraordinary asset monetisation operations carried out by *FCB* and *RMA* in S 21/22 and S 22/23.

As this report has shown, it is clear that the recovery from the pandemic is not as rapid as expected, both due to exogenous issues related to the macroeconomic and geopolitical environment, and to endogenous issues, particularly the situation of the transfer market, and it is not expected that pre-pandemic levels will be recovered in this area of activity in the short term.

Positive outlook on billings (NT), as well as improvement in recurrent earnings due to better absorption of structural costs

For the current S 23/24, a certain continuity and positive improvement in the results trend seen in S 22/23 is expected, i.e., an increase in billings (*NT*) thanks to the revenues from *Commercial* and *Matchday*, as well as a gradual improvement in results (comparable *RBT* – excluding extraordinary effects, which are difficult to forecast) thanks to the improvement in margins due to a moderation in the squad cost (*SC*), as well as the higher return expected from the operational investments made by the Clubs in S 22/23 in terms of shop openings, as well as the stabilisation of inflation.

In detail:

- New record ***NT* (€3,846m in S 23/24 vs €3,791m in S 22/23; +1.5%)**; with both *Matchday and Commercial* again the revenue items that would push to reach this new milestone in terms of ordinary billings**.** This development is also noteworthy since *FCB* is expected to lose a significant part of its operating income, due to the temporary relocation of the stadium while the remodelling work on the infrastructures associated with the Espai Barça is being carried out.

- Normalisation of ***Total Income or TI* (€4,830m in S 23/24 vs €5,698m in S 22/23; -15.2%)**, derived from the absence of extraordinary corporate operations in the current season as at the presentation date of this report. In that sense, if one compares the forecast figure for S 23/24 with the recurrent *TI* figure for S 22/23 (€4.887m), a total stabilisation is estimated, with the increase in *NT* being offset by a slightly lower amount of transfer revenues.

- Containment of the ***Squad Cost or SC* (€2,867m in S 23/24 vs €3,024m in S 22/23; -5.2%)**, still in a phase of stabilisation and adaptation to a revenue structure with lower sales prices due to player transfers and recovery of losses from previous seasons, the latter factor representing a significant impact in the case of *FCB* and accounting for 80% of the aforementioned lower *aggregate SC***.** Ultimately, this evolution of the *SC* is in line with the lower aggregate **Squad Cost Limit (*"LSC"*)** allocated to the Clubs in S 23/24 compared to S 22/23. The referred to fall in *LSC* is mainly due to the base effect caused in the 2022/23 season when a single entity – *FCB* – had a significant one-off positive impact on its *LSC* resulting from the extraordinary asset sale transactions. Therefore, in this recorded decrease of the limit, the Club accounts for about 90%.

The SC continues to converge towards self-sustainable levels, thanks to the Clubs and LALIGA's Financial Control regulations

- Return to profit in terms of ***EBITDA b/T* (€44.7m in S 23/24 vs -€123.3m in S 22/23)**, thanks to the increase in *NT* and a better containment of expenses, which means that this heading would reach its best result in the last five seasons, since the outbreak of COVID. In addition, the improvement is reflected in ***EBITDA a/T* (€403m in S 23/24 vs €241m in S 22/23; +1.5%)**, with the **result from player transfers** very similar to the previous season.

- Comparable expected results significantly better than the previous season despite the inclusion in losses, perfectly explained, with a recurrent ***RBT*** of **-€334.7m in S 23/24 vs -€502.2m in S 22/23**, an improvement of +€167m, but still in the red.

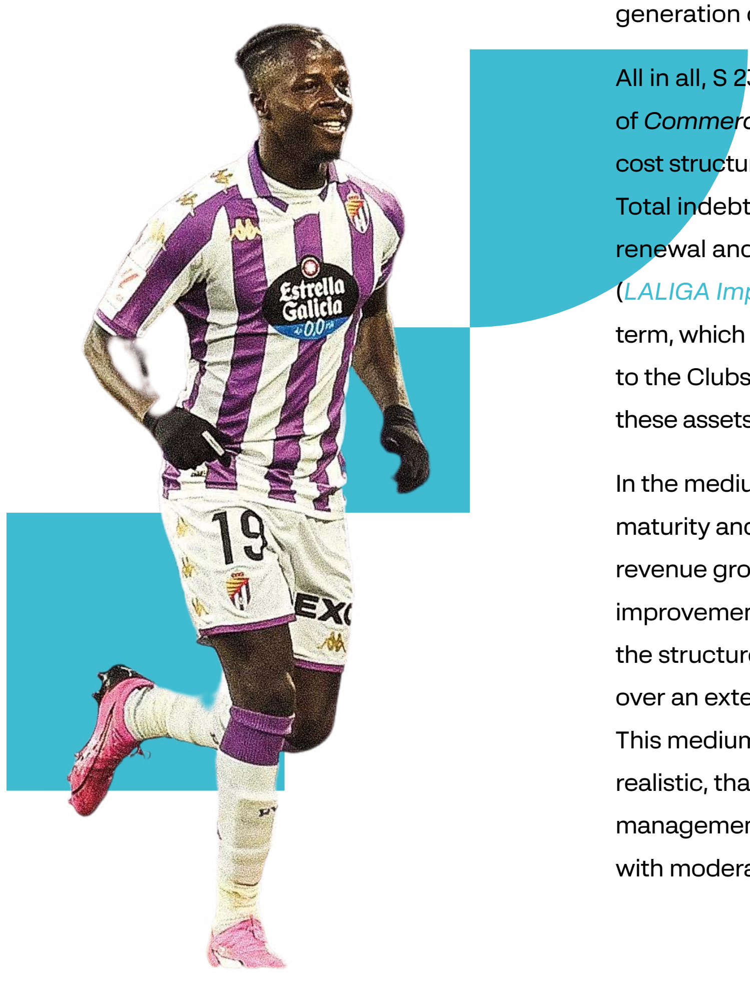
  However, in this analysis of the estimated aggregate result of the *LALIGA* Clubs, certain considerations must be taken into account regarding particularities that impact on the estimated aggregate negative *RBT* S 23/24 figure. Specifically:

  - There is excess *SC* in S 23/24 totalling €75.6m arising from the use of up to 15% of the amounts to be allocated by each member Club as *LALIGA Impulso/CVC* funds.
  - The Clubs had an additional increase in the *LSC*, resulting from capital increases subscribed in the same or previous seasons, for a total amount of €49m.
  - In addition, for those Clubs that meet certain economic-financial requirements stipulated in the Financial Control regulations, they are allowed to use net equity to increase the *LSC*. These excesses in S 23/24, on an aggregate basis, for the current S 23/24, amount to a total of €58.4m.

Neutralising these impacts, the aggregate estimated *RBT* of the *LALIGA* Clubs for S 23/24 would reach -€151.8m.

Therefore, the expected results for S 23/24 show a recovery compared to previous years, but more gradual than initially expected, mainly due to the situation of the player transfer market. A full recovery is not expected in the short term due to the increased restraint in the *English Premier League* in the face of the threat of the new regulator, which does not suggest that pre-pandemic figures will be reached immediately, in a fundamental aspect for *LALIGA* such as the sale of players (and associated capital gains).

In any case, the beginning of the return of this competition (*English Premier League*) to the path of financial sustainability is viewed positively in terms of the overall sustainability of the European football ecosystem in the medium and long term, as it will imply lower wage and transfer inflation.



In terms of *CAPEX*, infrastructure and other growth investments are expected to remain at record levels. This transformational, but cyclical, aspect of *LALIGA* will also be maintained in future seasons. In addition to the remodelling of the two largest stadiums in the Spanish competition in terms of spectator capacity, there will be other key infrastructures with comprehensive or partial remodelling projects that are beginning to be considered by different *LALIGA* teams, and for which *LALIGA Impulso/CVC* funding is a fundamental support point when considering these investment scenarios.

As a result, total **indebtedness** levels are expected to continue to grow, albeit undoubtedly under a different credit configuration to the *senior* debt traditionally used to finance the Clubs' ordinary operations. In this case, the indebtedness will consist of structured '*Project Finance*' style operations more usual in other types of financing of public infrastructure or energy projects, but which in a logical, functional and orderly manner are being proposed by the Clubs for investments in which the returns are long term, and therefore with terms and conditions modulated to the generation of income derived from these investments for growth.

All in all, S 23/24 will see continued revenue growth, with record levels of *Commercial* and *Matchday* revenues. Similarly, a certain stability in the cost structure is expected, which will lead to an improvement in results. Total indebtedness levels will continue to grow due to infrastructure renewal and other growth investments, but will be subordinated debt (*LALIGA Impulso/CVC*) or '*Project Finance*', structured for the very long term, which will entail very low credit risk and potential corporate contagion to the Clubs, and whose debt service will be addressed very gradually, as these assets generate the extra return for which they have been conceived.

In the medium to long term, once these investments reach operational maturity and begin to generate the expected return in the form of revenue growth, the operating cash flow will begin to pick up this improvement (i.e., incremental return on investment), thereby repaying the structured long-term debt (i.e., servicing its scheduled debt service) over an extended period of time without generating liquidity stress. This medium and long-term scenario is undoubtedly positive, but also realistic, thanks also to the Clubs' exercise of responsibility and financial management, which in times of a difficult financial situation have reacted with moderated spending, but at the same time investing in the future.

05 Annex I

STADIUM FINANCING (STADCO)

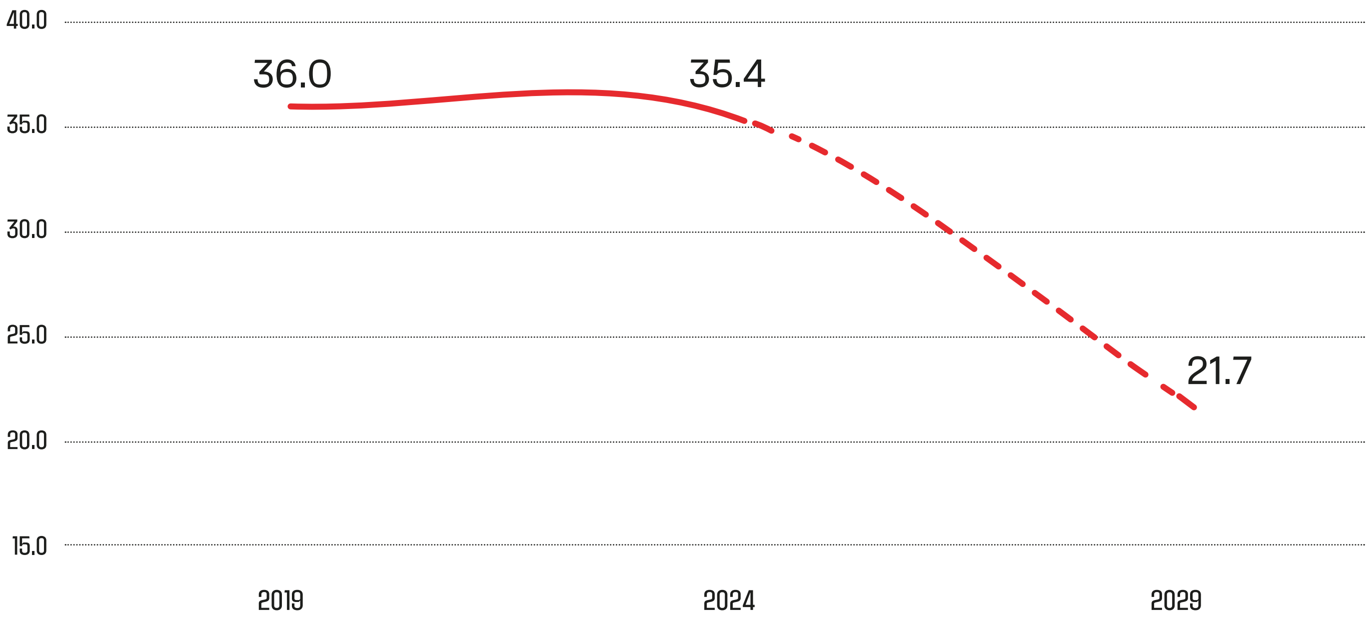
As indicated in this report, the structure of the Clubs' indebtedness is undergoing a process of adaptation due to the special situation in the field of gross fixed capital formation investments.

To put this in context, a large number of Clubs are in the process of modernising their main infrastructure (in addition to other investments for growth), i.e. stadiums, by making significant investments to maximise revenues and improve the fan experience.

Therefore, taking into account the scope of teams that played in S 22/23 in *LALIGA* (both categories), their stadiums had an "average age" of 36 years in 2019. In the last five years, five entities have undertaken comprehensive renovations, all of them partly financed with *LALIGA Impulso/CVC* funds. In the coming years, at least 11 other Clubs are expected to undertake refurbishment works or the development of new stadiums, thus significantly rejuvenating the infrastructure stock. Consequently, in 2029, the average age of the stadiums will drop to 21.7 years. In other words, by that year 54% of the *LALIGA* seats (both categories) will be newly renovated (<10 years), and with a totally different approach / conception of the stadium from the previous one, developing a dynamic approach to revenue thanks to the adaptation to the demand of the fans, but also of society in general, by allowing a maximisation of billings thanks to the exploitation of the asset on non-match days.

Figure 25

LALIGA – Evolution of the average age of LALIGA stadiums



Considering the above, it seems logical to think that the fact that there is currently a special situation of high investment intensity is not something discretionary, but rather the result of the need to adapt the stadiums to other times, while also taking advantage of the availability of resources from *LALIGA Impulso/CVC* – which have to be invested for growth – in such a way as to maximise the use of these in all senses of the word.

As explained in the Report, this investment intensity has led to a change in the capital structure, or debt profile of the Clubs, which for the first time in their history are matching financing with the generation of resources. It seems logical that if public infrastructures (e.g., motorways, airports, ports, public transport systems, energy facilities, environmental projects, etc.) use long-term debt models, or even households taking out mortgages do so with an average maturity of 24 years – according to the National Statistics Institute –, Clubs are also opting for very long-term debt structures.

In this way, 'StadCo' type financing has become widespread in recent years in professional football, constituting an effective solution, adapting the financing structures of the Clubs to the *Project Finance* technique (with some particularities). With this type of financing, the entities obtain:

- Adjusting the annual debt servicing effort in line with the incremental revenues generated.
- Not compromising its own ordinary corporate development, freeing up pockets of broadcasting or commercial revenue, which would be available for it.
- Avoid the potential (negative) contagion of the new investment/financing on the stability and solvency of the entities, by eliminating or reducing the financial risk assumed at corporate level to the maximum possible level or the extension of additional guarantees by the Clubs.

With this type of structured financing, or under the umbrella of similar structures, the two main Clubs (in terms of revenue, balance sheet size, equity or social mass) in the Spanish competition, *RMA* and *FCB*, have in recent years financed the comprehensive renovations, still in progress, of their stadiums. In addition, in the coming months, other entities are expected to close similar agreements that share the main characteristics of this type of financing. And in the years to come, there will be even more of them.

In addition to this individual financing, a significant part of the indebtedness of *LALIGA Impulso/CVC* is associated with infrastructure development.

It is therefore evident that the increase in this type of indebtedness will be a constant in the coming seasons, and that it will result in a profound renovation of the Clubs' infrastructures, adapting them to current times for better use by supporters, and also by the sports people, maximising the use of the infrastructures at all levels, which in turn will undoubtedly be a catalyst for the growth of all the Clubs' recurring revenues.

In this regard, from the preparation of this report, *senior* corporate debt, i.e. that which finances the Clubs' operations, is dissociated from structured debt under StadCo modalities, *Project Finance*-type structures or under the *LALIGA Impulso/CVC* umbrella.

06

Annex II

AGGREGATE FINANCIAL STATEMENTS

LALIGA

42 CLUBS

Table 9

LALIGA – Detailed Income Statement

Income Statement	2017 / 2018	2018 / 2019	2019 / 2020A	2020 / 2021A	2021 / 2022	2022 / 2023
Broadcasting income national comp. (RDL 5/2015)	1,462.9	1,577.0	1,636.9	1,586.4	1,594.5	1,497.2
Broadcasting income from friendlies and others	2.2	10.7	13.4	15.9	29.0	33.6
Broadcasting income	**1,465.0**	**1,587.7**	**1,650.3**	**1,602.3**	**1,623.5**	**1,530.8**
Income from official domestic competitions	160.7	164.7	136.2	20.1	126.9	202.5
Income from international official competitions	41.5	48.2	37.7	(13.9)	40.6	30.4
Income from friendly and other competitions	89.8	105.1	71.7	18.5	47.1	96.2
Income from members and season ticket holders	296.6	308.0	270.8	38.3	278.1	345.5
Matchday income	**588.6**	**626.0**	**516.5**	**63.0**	**492.6**	**674.5**
UEFA revenues (prize money + market pool)	**277.4**	**403.4**	**386.2**	**411.6**	**464.0**	**387.5**
Income from shop sales	67.9	134.7	109.7	68.2	126.6	202.1
Income from sponsorship	508.4	525.6	565.7	583.9	489.7	569.6
Income from other commercial concepts	199.5	104.3	92.7	55.4	97.3	140.1
Income from the operation of facilities	29.1	75.5	50.4	23.8	41.3	75.2
Commercial income - Sponsorship and others	**805.0**	**840.1**	**818.6**	**731.4**	**755.0**	**987.0**
Commercial income - Advertising	**127.5**	**143.8**	**167.0**	**173.1**	**176.1**	**210.8**
Net Turnover (NT)	**3,263.5**	**3,600.9**	**3,538.7**	**2,981.4**	**3,511.2**	**3,790.6**
Other operating income	**129.0**	**171.9**	**186.5**	**159.3**	**153.9**	**212.3**
Operating Income	**3,392.4**	**3,772.9**	**3,725.2**	**3,140.6**	**3,665.1**	**4,003.0**
Procurements	**(128.9)**	**(143.2)**	**(123.0)**	**(107.5)**	**(133.2)**	**(204.1)**
Non-sports personnel (wages)	**(233.2)**	**(252.7)**	**(272.3)**	**(278.2)**	**(315.5)**	**(371.4)**
LALIGA registrable sports staff	(1,802.9)	(1,870.2)	(1,923.6)	(1,843.6)	(1,958.3)	(2,141.6)
LALIGA non-registrable sports staff	(191.8)	(225.2)	(251.6)	(299.9)	(292.5)	(296.5)
Sports wage costs	**(1,994.8)**	**(2,095.4)**	**(2,175.3)**	**(2,143.4)**	**(2,250.8)**	**(2,438.1)**
Other operating expenses	**(816.0)**	**(882.9)**	**(911.1)**	**(794.9)**	**(941.4)**	**(1,112.7)**
EBITDA b/T (EBITDA before transfer of players)	**219.6**	**398.7**	**243.4**	**(183.4)**	**24.1**	**(123.3)**
Selling price for transfer of players	936.7	1,006.7	1,128.3	542.4	402.3	679.2
Selling cost for transfer of players	(219.7)	(271.6)	(355.9)	(205.3)	(145.2)	(315.3)
Result from the transfer of players	**717.0**	**735.1**	**772.4**	**337.1**	**257.1**	**363.9**
EBITDA a/T (EBITDA after transfer of players)	**936.6**	**1,133.9**	**1,015.8**	**153.7**	**281.2**	**240.6**
Depreciation of players	**(461.0)**	**(607.7)**	**(806.8)**	**(752.6)**	**(687.0)**	**(553.0)**
Business EBIT	**475.6**	**526.2**	**209.1**	**(599.0)**	**(405.8)**	**(312.4)**
Other depreciations and amortisations	**(84.3)**	**(95.2)**	**(107.9)**	**(109.0)**	**(118.9)**	**(132.7)**
EBIT	**391.3**	**431.0**	**101.1**	**(708.0)**	**(524.7)**	**(445.0)**
Allocation of grants	**21.6**	**21.6**	**21.5**	**20.9**	**20.7**	**21.3**
Excess provisions	**9.6**	**11.9**	**66.3**	**34.8**	**27.2**	**59.7**
Gains on other op. fixed assets and exc. income	3.6	6.1	(0.9)	1.7	626.5	603.4
Losses on other op. fixed assets and exc. expenses	(2.5)	(6.2)	(25.9)	(14.6)	(1.9)	(0.8)
Gains or losses on disp. other fixed op. assets	**1.1**	**(0.2)**	**(26.8)**	**(12.9)**	**624.5**	**602.6**
Other operating results	**(101.2)**	**(86.2)**	**(5.9)**	**(234.1)**	**(178.6)**	**(34.6)**
Operating profit/(loss)	**322.4**	**378.1**	**156.2**	**(899.2)**	**(30.9)**	**204.0**
Financial income	10.8	24.5	36.1	40.8	27.1	51.9
Financial expenses	(79.3)	(93.2)	(111.8)	(129.1)	(121.3)	(145.2)
Result from the equity method	-	-	-	-	-	208.2
Impairment and results from other financial instruments	(5.1)	(0.4)	(15.3)	(9.1)	(7.3)	(10.2)
FR (financial result)	**(73.6)**	**(69.1)**	**(91.1)**	**(97.4)**	**(101.6)**	**104.6**
RBT (result before tax)	**248.8**	**309.0**	**65.2**	**(996.6)**	**(132.4)**	**308.6**
Taxes on profits	**(62.8)**	**(84.2)**	**(13.6)**	**97.9**	**(7.7)**	**(108.8)**
NR (net result for the year)	**186.0**	**224.8**	**51.6**	**(898.7)**	**(140.1)**	**199.8**
Total Income (TI)	**4,440.8**	**4,877.7**	**5,065.5**	**3,945.4**	**4,837.7**	**5,697.6**
Total Expenses	**(4,254.8)**	**(4,652.9)**	**(5,013.9)**	**(4,844.1)**	**(4,977.8)**	**(5,497.8)**

Table 10

LALIGA – Detailed Balance Sheet

Balance Sheet	2017 / 2018	2018 / 2019	2019 / 2020A	2020 / 2021A	2021 / 2022	2022 / 2023
NON-CURRENT ASSETS	**4,197.7**	**4,700.7**	**5,505.2**	**5,040.6**	**5,330.2**	**6,688.6**
Intangible assets	1,979.4	2,261.1	2,786.1	2,234.0	1,930.7	1,916.4
Sports intangible assets	1,605.0	1,873.9	2,381.8	1,852.5	1,530.2	1,372.6
Non-sports intangible assets	374.5	387.2	404.3	381.5	400.5	543.8
Property, plant and equipment	1,567.2	1,727.1	1,884.2	2,035.3	2,322.0	2,876.0
Investment property	33.2	29.7	29.2	28.5	61.4	61.5
L/T investments in group comp. and assoc.	71.0	78.5	83.2	77.8	207.7	482.5
L/T financial investments	203.6	321.0	408.4	268.9	362.8	857.2
Non-current prepayments and accrued income	110.2	70.1	65.5	64.9	78.3	107.4
Deferred tax assets	232.9	213.3	248.7	331.2	367.3	387.5
CURRENT ASSETS	**1,678.6**	**2,118.8**	**1,976.7**	**1,699.3**	**2,736.9**	**3,040.6**
Non-current assets held for sale	175.7	279.8	13.8	38.4	29.3	99.7
Inventories	15.4	22.4	21.7	29.4	34.0	55.0
Trade and other receivables	447.2	461.4	575.9	473.4	532.8	694.2
S/T investments in group comp. and assoc.	12.5	18.0	8.1	8.3	16.1	9.4
S/T financial investments	356.9	538.0	521.1	484.1	416.0	1,140.8
Current prepayments and accrued income	23.2	38.6	47.6	37.4	56.1	53.2
Cash and cash equivalents	647.7	760.5	788.5	628.3	1,652.5	988.3
TOTAL ASSETS	**5,876.3**	**6,819.5**	**7,481.9**	**6,739.9**	**8,067.2**	**9,729.1**
Net Equity	**1,497.6**	**1,716.4**	**1,748.3**	**1,189.8**	**1,106.5**	**1,387.5**
Own funds	1,286.9	1,503.1	1,528.0	999.5	921.2	1,102.9
Adjustments for changes in value	(10.8)	(10.8)	(17.3)	(14.0)	(9.7)	41.1
Grants, donations and legacies received	221.5	224.1	237.6	204.3	195.1	243.5
NON-CURRENT LIABILITIES	**1,703.6**	**2,217.9**	**2,389.1**	**2,564.6**	**3,793.8**	**5,175.3**
L/T provisions	219.2	245.3	209.4	276.3	282.0	251.9
L/T debt with group comp. and assoc.	139.2	127.9	60.1	51.2	34.8	111.7
L/T debts with LALIGA for Plan Impulso/CVC	-	-	-	-	602.2	858.9
L/T debts	1,143.5	1,632.6	1,888.9	2,017.4	2,677.2	3,651.5
Deferred tax liabilities	108.0	120.1	137.7	118.8	133.8	263.1
L/T accruals and deferred income	93.7	92.0	93.0	101.0	63.8	38.2
CURRENT LIABILITIES	**2,675.1**	**2,885.1**	**3,344.5**	**2,985.4**	**3,166.8**	**3,166.3**
S/T provisions	31.3	43.0	42.4	23.4	103.2	116.4
S/T debt with group comp. and assoc.	2.8	14.6	53.9	67.2	26.1	17.8
S/T debts with LALIGA for Plan Impulso/CVC	-	-	-	-	18.4	25.4
S/T debts	693.3	813.6	1,433.4	1,216.7	977.1	1,044.3
Trade and other payables	1,434.7	1,415.5	1,309.6	1,326.5	1,576.3	1,580.7
S/T accruals and deferred income	512.9	598.4	505.1	351.6	465.7	381.7
TOTAL EQUITY AND LIABILITIES	**5,876.3**	**6,819.5**	**7,481.9**	**6,739.9**	**8,067.2**	**9,729.1**

Table 11

LIGA - Detailed flows waterfall

Cash Flow (indirect method)	2017 / 2018	2018 / 2019	2019 / 2020A	2020 / 2021A	2021 / 2022	2022 / 2023
A. Net result for the year (NR)	186.0	224.8	51.6	(898.7)	(140.1)	199.8
B. Adjustments to NR	(1.7)	168.6	95.5	784.4	148.6	(277.2)
A. + B. Funds generated by operations (FGO)	**184.2**	**393.4**	**147.1**	**(114.3)**	**8.5**	**(77.4)**
C. Net investment in working capital (WC)	102.0	27.4	(319.2)	(54.9)	201.4	(281.7)
A. + B. + C. Cash flow from operations (CFO)	**286.2**	**420.8**	**(172.2)**	**(169.2)**	**209.8**	**(359.1)**
D1. Net investment in players (CAPEX players)	(91.9)	(291.5)	(405.0)	(4.6)	(164.8)	(100.7)
- Investment in players	(1,028.6)	(1,298.2)	(1,533.3)	(547.0)	(567.1)	(779.9)
+ Divestment in players	936.7	1,006.7	1,128.3	542.4	402.3	679.2
A. + B. + C. + D1. Organic free cash flow (FCFo)	**194.3**	**129.3**	**(577.1)**	**(173.8)**	**45.1**	**(459.8)**
D2. Net investment in other operating assets (CAPEX infra.)	(218.3)	(236.5)	(108.1)	(294.7)	(422.8)	(809.4)
- Investment in other productive assets	(223.3)	(249.4)	(280.6)	(295.8)	(438.6)	(848.6)
+ Divestment in other productive assets	5.0	12.9	172.5	1.1	15.7	39.2
A. + B. + C. + D1. + D2. Total free cash flow (FCFt)	**(24.0)**	**(107.2)**	**(685.2)**	**(468.5)**	**(377.7)**	**(1,269.2)**
- Financial expenses	(80.8)	(91.5)	(118.6)	(142.8)	(126.4)	(155.5)
+/- Variation in financial debt (financial entities)	(13.4)	66.9	436.9	(38.3)	(127.1)	(77.1)
+/- Variation in financial debt (Plan Impulso/CVC)	-	-	-	-	620.6	263.7
+/- Variation in financial debt (non-financial entities)	75.7	515.8	386.6	61.2	501.9	1,161.1
+ Financial income	10.8	24.5	36.1	40.8	27.1	51.9
+/- Variation in other ST or LT financial assets and liabilities	39.3	(14.6)	(23.4)	7.6	(55.5)	(68.0)
+/- Net investment in financial assets	(74.3)	(300.5)	(94.9)	170.6	43.5	(863.6)
+ Corporate asset monetisation deals (sale of future credit rights)	-	-	-	-	442.4	221.5
A. + B. + C. + D. + E. Equity cash flow (ECF)	**(66.7)**	**93.4**	**(62.6)**	**(369.5)**	**948.7**	**(735.2)**
F. Cash flows from own resources (Equity)	60.8	14.7	92.0	214.8	76.7	69.9
+/- Variation in financial debt (Plan Impulso/CVC)	-	-	-	-	-	-
+/- Changes in capital and other equity instruments	63.1	11.0	96.0	208.0	71.2	10.8
+ Grants, donations and legacies received	-	10.3	0.6	7.2	5.5	59.1
- Dividends	(2.4)	(6.7)	(4.6)	(0.4)	-	-
A. + B. + C. + D. + E. + F. Net change in cash	**(6.0)**	**108.1**	**29.4**	**(154.7)**	**1,025.4**	**(665.3)**
Cash and cash equivalents, opening balance	**653.7**	**652.4**	**759.1**	**782.9**	**627.1**	**1,653.6**
+/- Impact of exchange rates on the cash balance	-	-	-	-	-	-
+/- Net change in cash	(6.0)	108.1	29.4	(154.7)	1,025.4	(665.3)
Cash and cash equivalents, closing balance	**647.7**	**760.5**	**788.5**	**628.3**	**1,652.5**	**988.3**

(*) 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 perimeter in each season (relegation from Second Division – professional football – to RFEF First – ex *LALIGA* –, and vice versa).

LALIGA NETTED

40 CLUBS

Table 12

Netted LALIGA – Detailed Income Statement

Income Statement	2017 / 2018	2018 / 2019	2019 / 2020A	2020 / 2021A	2021 / 2022	2022 / 2023
Broadcasting income national comp. (RDL 5/2015)	1,152.5	1,251.0	1,299.0	1,257.8	1,275.2	1,212.6
Broadcasting income from friendlies and others	0.3	0.5	4.1	4.5	5.5	8.7
Broadcasting income	**1,152.8**	**1,251.5**	**1,303.1**	**1,262.3**	**1,280.6**	**1,221.3**
Income from official domestic competitions	47.7	48.6	40.8	5.8	57.9	73.7
Income from international official competitions	6.1	11.0	19.9	(7.8)	9.4	3.3
Income from friendly and other competitions	11.4	10.1	6.1	2.4	4.9	10.8
Income from members and season ticket holders	186.7	192.9	172.0	14.4	191.7	228.5
Matchday income	**252.0**	**262.5**	**238.9**	**14.7**	**263.9**	**316.2**
UEFA revenues (prize money + market pool)	**127.3**	**197.1**	**203.4**	**220.8**	**259.2**	**194.4**
Income from shop sales	41.5	48.1	42.5	35.0	48.9	69.4
Income from sponsorship	76.0	79.2	100.1	99.6	105.6	139.3
Income from other commercial concepts	59.9	26.2	19.4	14.5	34.0	40.8
Income from the operation of facilities	0.2	0.7	0.8	0.3	1.9	2.2
Commercial income	**177.6**	**154.2**	**162.8**	**149.4**	**190.5**	**251.7**
Commercial income - Advertising	**126.8**	**143.8**	**167.0**	**173.1**	**176.1**	**210.8**
Net Turnover (NT)	**1,836.5**	**2,009.1**	**2,075.2**	**1,820.2**	**2,170.4**	**2,194.5**
Other operating income	**116.0**	**156.0**	**143.8**	**144.2**	**136.1**	**174.3**
Operating Income	**1,952.4**	**2,165.1**	**2,219.0**	**1,964.5**	**2,306.5**	**2,368.7**
Procurements	**(92.8)**	**(82.4)**	**(72.8)**	**(65.4)**	**(74.2)**	**(110.0)**
Non-sports personnel (wages)	**(147.6)**	**(155.0)**	**(167.5)**	**(176.8)**	**(199.5)**	**(238.3)**
LALIGA registrable sports staff	(1,007.0)	(1,119.3)	(1,229.8)	(1,211.8)	(1,330.3)	(1,338.9)
LALIGA non-registrable sports staff	(81.0)	(103.2)	(120.0)	(124.9)	(126.9)	(128.8)
Sports wage costs	**(1,088.0)**	**(1,222.6)**	**(1,349.8)**	**(1,336.7)**	**(1,457.2)**	**(1,467.7)**
Other operating expenses	**(459.5)**	**(497.7)**	**(518.0)**	**(500.7)**	**(537.7)**	**(599.6)**
EBITDA b/T (EBITDA before transfer of players)	**164.6**	**207.4**	**110.9**	**(115.1)**	**37.8**	**(46.9)**
Selling price for transfer of players	600.9	677.7	856.9	359.8	240.5	543.9
Selling cost for transfer of players	(145.6)	(142.0)	(254.4)	(106.8)	(73.6)	(224.5)
Result from the transfer of players	**455.4**	**535.7**	**602.5**	**253.0**	**166.9**	**319.4**
EBITDA a/T (EBITDA after transfer of players)	**619.9**	**743.1**	**713.5**	**137.9**	**204.8**	**272.5**
Depreciation of players	**(257.4)**	**(358.1)**	**(472.8)**	**(440.0)**	**(409.9)**	**(325.2)**
Business EBIT	**362.5**	**385.0**	**240.7**	**(302.2)**	**(205.1)**	**(52.7)**
Other depreciations and amortisations	**(53.1)**	**(62.9)**	**(72.6)**	**(73.1)**	**(77.6)**	**(81.8)**
EBIT	**309.5**	**322.1**	**168.1**	**(375.2)**	**(282.7)**	**(134.5)**
Allocation of grants	**21.3**	**21.3**	**21.2**	**20.4**	**20.4**	**21.1**
Excess provisions	**5.4**	**5.1**	**66.3**	**31.7**	**23.2**	**36.2**
Gains on other op. fixed assets and exc. income	2.9	5.9	(1.0)	1.0	17.4	11.1
Losses on other op. fixed assets and exc. expenses	(2.5)	(5.8)	(25.6)	(14.2)	(1.8)	(0.8)
Gains or losses on disp. other fixed op. assets	**0.4**	**0.1**	**(26.5)**	**(13.2)**	**15.6**	**10.3**
Other operating results	**(91.0)**	**(42.4)**	**(22.0)**	**(9.2)**	**11.9**	**2.4**
Operating profit/(loss)	**245.6**	**306.2**	**207.0**	**(345.5)**	**(211.6)**	**(64.5)**
Financial income	8.7	21.9	30.2	27.0	9.7	14.3
Financial expenses	(63.6)	(73.1)	(79.7)	(74.1)	(64.0)	(78.3)
Result from the equity method	-	-	-	-	-	-
Impairment and results from other financial instruments	(5.1)	(3.1)	(14.8)	3.5	(11.2)	5.6
FR (financial result)	**(59.9)**	**(54.3)**	**(64.3)**	**(43.6)**	**(65.5)**	**(58.5)**
RBT (result before tax)	**185.7**	**251.9**	**142.6**	**(389.1)**	**(277.1)**	**(122.9)**
Taxes on profits	**(43.8)**	**(70.1)**	**(35.2)**	**15.8**	**26.5**	**7.2**
NR (net result for the year)	**141.9**	**181.9**	**107.5**	**(373.2)**	**(250.6)**	**(115.8)**
Total Income (TI)	**2,655.3**	**2,919.0**	**3,221.1**	**2,465.3**	**2,679.3**	**3,059.7**
Total Expenses	**(2,513.5)**	**(2,737.2)**	**(3,113.6)**	**(2,838.5)**	**(2,929.9)**	**(3,175.5)**

Table 13

Netted LALIGA – Detailed Balance Sheet

Balance Sheet	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022	30/06/2023
NON-CURRENT ASSETS	**2,682.8**	**3,018.6**	**3,331.3**	**3,140.6**	**3,202.6**	**3,349.0**
Intangible assets	1,193.5	1,403.7	1,627.1	1,466.1	1,365.8	1,294.3
Sports intangible assets	837.3	1,035.2	1,250.4	1,110.1	990.8	797.1
Non-sports intangible assets	356.2	368.5	376.7	356.0	375.1	497.1
Property, plant and equipment	1,069.4	1,171.2	1,232.2	1,228.9	1,262.9	1,373.6
Investment property	7.9	4.6	4.5	3.2	9.6	9.4
L/T investments in group comp. and assoc.	70.0	71.7	75.9	77.6	97.2	114.7
L/T financial investments	136.9	189.7	209.8	188.9	254.4	301.5
Non-current prepayments and accrued income	6.0	5.8	7.4	4.8	13.2	32.9
Deferred tax assets	199.2	171.9	174.3	171.2	199.4	222.5
CURRENT ASSETS	**1,088.2**	**1,303.5**	**1,241.1**	**983.4**	**1,193.8**	**1,285.5**
Non-current assets held for sale	175.7	200.9	6.4	0.4	4.0	88.5
Inventories	11.7	13.4	15.3	17.8	15.6	24.6
Trade and other receivables	162.5	214.9	254.8	238.1	288.6	286.5
S/T investments in group comp. and assoc.	12.5	18.0	8.1	8.3	16.1	9.4
S/T financial investments	291.4	381.6	428.1	385.9	321.9	411.6
Current prepayments and accrued income	17.1	28.3	36.9	31.5	46.6	40.8
Cash and cash equivalents	417.2	446.4	491.4	301.4	501.0	424.1
TOTAL ASSETS	**3,771.0**	**4,322.1**	**4,572.4**	**4,124.1**	**4,396.3**	**4,634.5**
Net Equity	**874.9**	**1,051.1**	**1,184.6**	**1,106.9**	**913.3**	**829.9**
Own funds	671.1	844.4	970.8	922.7	733.8	600.1
Adjustments for changes in value	(10.8)	(10.8)	(17.3)	(14.0)	(9.7)	(8.0)
Grants, donations and legacies received	214.6	217.4	231.1	198.2	189.2	237.8
NON-CURRENT LIABILITIES	**1,364.5**	**1,545.8**	**1,498.6**	**1,223.9**	**1,783.6**	**2,113.4**
L/T provisions	179.0	214.8	168.5	143.5	132.2	104.4
L/T debt with group comp. and assoc.	139.2	127.9	60.1	51.2	34.8	111.7
L/T debts with LALIGA for Plan Impulso/CVC	-	-	-	-	602.2	858.9
L/T debts	901.8	1,055.0	1,117.6	925.9	924.7	929.3
Deferred tax liabilities	91.1	100.1	116.4	85.7	79.5	100.5
L/T accruals and deferred income	53.3	48.0	36.1	17.5	10.1	8.6
CURRENT LIABILITIES	**1,531.6**	**1,725.2**	**1,889.3**	**1,793.2**	**1,699.4**	**1,691.2**
S/T provisions	28.5	37.6	36.7	20.1	25.0	32.3
S/T debt with group comp. and assoc.	2.8	14.6	53.9	67.2	26.1	17.8
S/T debts with LALIGA for Plan Impulso/CVC	-	-	-	-	18.4	25.4
S/T debts	519.0	613.9	835.2	789.5	550.1	633.5
Trade and other payables	758.4	768.4	779.0	837.4	833.6	839.4
S/T accruals and deferred income	222.9	290.7	184.5	79.1	246.2	143.0
TOTAL EQUITY AND LIABILITIES	**3,771.0**	**4,322.1**	**4,572.4**	**4,124.1**	**4,396.3**	**4,634.5**

Table 14

Netted LALIGA – Detailed flows waterfall

Cash Flow (indirect method)	2017 / 2018	2018 / 2019	2019 / 2020A	2020 / 2021A	2021 / 2022	2022 / 2023
A. Net result for the year (NR)	141.9	181.9	107.5	(373.2)	(250.6)	(115.8)
B. Adjustments to NR	(5.8)	(3.1)	(54.9)	282.3	314.2	94.1
A. + B. Funds generated by operations (FGO)	**136.0**	**178.8**	**52.6**	**(91.0)**	**63.6**	**(21.7)**
C. Net investment in working capital (WC)	86.6	12.4	(146.0)	(24.3)	95.1	(117.2)
A. + B. + C. Cash flow from operations (CFO)	**222.6**	**191.1**	**(93.4)**	**(115.3)**	**158.7**	**(138.8)**
D1. Net investment in players (CAPEX players)	18.4	(47.4)	(45.7)	(51.1)	(129.3)	128.7
- Investment in players	(582.5)	(725.1)	(902.7)	(410.8)	(369.8)	(415.2)
+ Divestment in players	600.9	677.7	856.9	359.8	240.5	543.9
A. + B. + C. + D1. Organic free cash flow (FCFo)	**241.0**	**143.7**	**(139.2)**	**(166.3)**	**29.4**	**(10.1)**
D2. Net investment in other operating assets (CAPEX infra.)	(167.0)	(145.8)	32.5	(106.4)	(129.2)	(294.0)
- Investment in other productive assets	(171.5)	(157.7)	(139.8)	(106.6)	(144.2)	(330.6)
+ Divestment in other productive assets	4.5	12.0	172.3	0.3	15.0	36.6
A. + B. + C. + D1. + D2. Total free cash flow (FCFt)	**74.0**	**(2.0)**	**(106.7)**	**(272.7)**	**(99.8)**	**(304.1)**
- Financial expenses	(65.1)	(74.1)	(85.9)	(75.2)	(73.0)	(72.7)
+/- Variation in financial debt (financial entities)	(28.5)	70.0	74.8	(38.5)	(36.6)	(2.2)
+/- Variation in financial debt (Plan Impulso/CVC)	-	-	-	-	620.6	263.7
+/- Variation in financial debt (non-financial entities)	(4.1)	151.4	156.5	(87.8)	(249.4)	132.7
+ Financial income	8.7	21.9	30.2	27.0	9.7	14.3
+/- Variation in other ST or LT financial assets and liabilities	22.0	(12.4)	(35.7)	(9.2)	(17.4)	(27.4)
+/- Net investment in financial assets	(33.5)	(145.0)	(78.8)	57.2	(30.1)	(152.0)
+ Corporate asset monetisation deals (sale of future credit rights)	-	-	-	-	-	-
A. + B. + C. + D. + E. Equity cash flow (ECF)	**(26.4)**	**9.8**	**(45.7)**	**(399.2)**	**124.1**	**(147.8)**
F. Cash flows from own resources (Equity)	60.8	14.7	92.0	214.8	76.7	69.9
+/- Variation in financial debt (Plan Impulso/CVC)	-	-	-	-	-	-
+/- Changes in capital and other equity instruments	63.1	11.0	96.0	208.0	71.2	10.8
+ Grants, donations and legacies received	-	10.3	0.6	7.2	5.5	59.1
- Dividends	(2.4)	(6.7)	(4.6)	(0.4)	-	-
A. + B. + C. + D. + E. + F. Net change in cash	**34.4**	**24.4**	**46.3**	**(184.4)**	**200.8**	**(77.9)**
Cash and cash equivalents, opening balance	**382.9**	**422.0**	**445.1**	**485.8**	**300.2**	**502.0**
+/- Impact of exchange rates on the cash balance	-	-	-	-	-	-
+/- Net change in cash	34.4	24.4	46.3	(184.4)	200.8	(77.9)
Cash and cash equivalents, closing balance	**417.2**	**446.4**	**491.4**	**301.4**	**501.0**	**424.1**

(*) 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 perimeter in each season (relegation from Second Division – professional football – to RFEF First – ex *LALIGA* –, and vice versa).

LALIGA EA SPORTS

20 CLUBS

Table 15

LALIGA EA Sports – Detailed Income Statement

Income Statement	2017 / 2018	2018 / 2019	2019 / 2020A	2020 / 2021A	2021 / 2022	2022 / 2023
Broadcasting income national comp. (RDL 5/2015)	1,328.5	1,418.1	1,474.1	1,429.9	1,433.7	1,344.8
Broadcasting income from friendlies and others	2.0	10.5	12.8	15.2	28.3	32.0
Broadcasting income	**1,330.5**	**1,428.6**	**1,486.9**	**1,445.0**	**1,462.0**	**1,376.9**
Income from official domestic competitions	152.1	154.9	129.0	19.8	116.6	189.2
Income from international official competitions	40.7	47.5	37.5	(13.9)	40.6	30.4
Income from friendly and other competitions	89.4	104.0	71.3	18.4	46.5	95.2
Income from members and season ticket holders	266.4	267.5	235.9	30.6	251.0	305.8
Matchday income	**548.6**	**573.8**	**473.7**	**54.9**	**454.7**	**620.6**
UEFA revenues (prize money + market pool)	**276.5**	**403.4**	**386.2**	**410.8**	**464.0**	**387.5**
Income from shop sales	63.4	125.1	99.7	61.2	117.3	185.1
Income from sponsorship	499.3	507.4	537.1	556.7	461.2	536.0
Income from other commercial concepts	199.1	102.9	92.2	54.3	95.4	139.1
Income from the operation of facilities	28.9	74.9	50.0	23.7	41.0	73.9
Commercial income - Sponsorship and others	**790.7**	**810.3**	**779.0**	**696.0**	**714.9**	**934.1**
Commercial income - Advertising	**108.2**	**119.0**	**144.4**	**145.0**	**156.0**	**193.3**
Net Turnover (NT)	**3,054.4**	**3,335.1**	**3,270.2**	**2,751.7**	**3,251.7**	**3,512.3**
Other operating income	77.8	101.3	127.0	77.4	91.3	135.4
Operating Income	**3,132.2**	**3,436.4**	**3,397.2**	**2,829.2**	**3,343.0**	**3,647.6**
Procurements	(120.3)	(129.8)	(108.1)	(93.0)	(119.9)	(186.1)
Non-sports personnel (wages)	(201.5)	(208.3)	(230.3)	(237.8)	(273.1)	(314.0)
LALIGA registrable sports staff	(1,679.4)	(1,708.8)	(1,745.4)	(1,650.1)	(1,785.0)	(1,955.5)
LALIGA non-registrable sports staff	(173.7)	(199.3)	(227.0)	(269.7)	(267.0)	(266.2)
Sports wage costs	(1,853.2)	(1,908.1)	(1,972.4)	(1,919.8)	(2,052.0)	(2,221.8)
Other operating expenses	(732.1)	(760.7)	(790.6)	(682.5)	(814.0)	(966.3)
EBITDA b/T (EBITDA before transfer of players)	**225.3**	**429.5**	**295.9**	**(103.9)**	**84.0**	**(40.5)**
Selling price for transfer of players	887.2	930.6	1,003.1	461.4	364.4	617.5
Selling cost for transfer of players	(212.6)	(250.7)	(330.5)	(193.1)	(137.2)	(291.7)
Result from the transfer of players	674.6	679.9	672.7	268.3	227.2	325.8
EBITDA a/T (EBITDA after transfer of players)	**899.9**	**1,109.3**	**968.5**	**164.4**	**311.2**	**285.3**
Depreciation of players	(453.9)	(586.7)	(779.6)	(712.3)	(663.4)	(537.7)
Business EBIT	**446.0**	**522.6**	**189.0**	**(547.8)**	**(352.1)**	**(252.4)**
Other depreciations and amortisations	(71.0)	(73.4)	(87.3)	(88.0)	(96.2)	(109.9)
EBIT	**375.0**	**449.2**	**101.7**	**(635.8)**	**(448.3)**	**(362.3)**
Allocation of grants	12.5	8.1	9.3	9.7	8.9	9.3
Excess provisions	8.9	6.7	63.1	33.3	25.5	53.5
Gains on other op. fixed assets and exc. income	1.9	4.5	(0.9)	0.7	626.5	601.7
Losses on other op. fixed assets and exc. expenses	(2.1)	(5.8)	(25.5)	(13.1)	(1.0)	(0.2)
Gains or losses on disp. other fixed op. assets	(0.2)	(1.3)	(26.4)	(12.5)	625.5	601.4
Other operating results	(99.1)	(86.3)	(2.2)	(236.3)	(183.9)	(38.7)
Operating profit/(loss)	**296.9**	**376.4**	**145.4**	**(841.6)**	**27.7**	**263.3**
Financial income	10.5	23.6	35.2	38.5	25.4	47.1
Financial expenses	(75.7)	(86.9)	(105.4)	(122.3)	(115.0)	(136.1)
Result from the equity method	-	-	-	-	-	208.2
Impairment and results from other financial instruments	(4.9)	0.0	(15.3)	(13.6)	0.6	(10.3)
FR (financial result)	(70.1)	(63.3)	(85.5)	(97.5)	(89.0)	108.8
RBT (result before tax)	**226.8**	**313.1**	**59.9**	**(939.0)**	**(61.3)**	**372.1**
Taxes on profits	(59.7)	(82.5)	(6.8)	91.6	(20.3)	(111.8)
NR (net result for the year)	**167.1**	**230.6**	**53.1**	**(847.4)**	**(81.5)**	**260.3**
Total Income (TI)	**4,108.8**	**4,432.6**	**4,589.2**	**3,514.7**	**4,442.6**	**5,240.0**
Total Expenses	**(3,941.8)**	**(4,202.0)**	**(4,536.2)**	**(4,362.1)**	**(4,524.1)**	**(4,979.7)**

Table 16

LALIGA ES Sports – Detailed Balance Sheet

Balance Sheet	2017 / 2018	2018 / 2019	2019 / 2020A	2020 / 2021A	2021 / 2022	2022 / 2023
NON-CURRENT ASSETS	**3,789.1**	**4,203.5**	**4,973.0**	**4,373.5**	**4,778.2**	**6,011.1**
Intangible assets	1,754.1	1,970.5	2,532.1	1,912.9	1,688.1	1,720.7
Sports intangible assets	1,590.2	1,832.2	2,329.5	1,723.9	1,475.1	1,341.5
Non-sports intangible assets	163.9	138.3	202.6	188.9	213.0	379.2
Property, plant and equipment	1,501.2	1,604.5	1,730.7	1,831.2	2,187.1	2,621.3
Investment property	29.6	28.0	27.5	28.1	54.7	61.5
L/T investments in group comp. and assoc.	64.5	76.3	76.4	70.1	196.4	424.5
L/T financial investments	150.0	294.4	346.7	192.9	264.8	754.0
Non-current prepayments and accrued income	110.2	70.1	65.5	64.7	78.3	107.4
Deferred tax assets	179.6	159.7	194.2	273.8	308.8	321.6
CURRENT ASSETS	**1,554.1**	**1,959.2**	**1,801.2**	**1,466.9**	**2,514.6**	**2,854.0**
Non-current assets held for sale	175.7	278.2	13.8	38.4	27.5	99.5
Inventories	14.3	18.9	18.5	25.7	29.8	50.1
Trade and other receivables	408.5	417.2	536.7	417.8	478.4	638.8
S/T investments in group comp. and assoc.	8.7	4.6	2.5	5.7	13.0	3.4
S/T financial investments	320.6	498.0	470.8	394.0	370.2	1,068.2
Current prepayments and accrued income	21.8	36.1	41.4	33.0	51.5	45.4
Cash and cash equivalents	604.5	706.2	717.5	552.3	1,544.2	948.5
TOTAL ASSETS	**5,343.2**	**6,162.7**	**6,774.2**	**5,840.4**	**7,292.8**	**8,865.0**
Net Equity	**1,359.0**	**1,583.2**	**1,551.6**	**745.0**	**809.6**	**1,194.3**
Own funds	1,265.1	1,513.9	1,466.3	664.1	728.0	1,014.3
Adjustments for changes in value	(10.8)	(10.8)	(17.3)	(14.0)	(9.7)	51.9
Grants, donations and legacies received	104.7	80.0	102.6	95.0	91.3	128.1
NON-CURRENT LIABILITIES	**1,469.5**	**1,929.6**	**2,097.5**	**2,343.9**	**3,521.5**	**4,737.3**
L/T provisions	173.4	235.9	169.6	236.7	275.7	247.6
L/T debt with group comp. and assoc.	107.6	99.7	15.1	27.1	24.1	55.1
L/T debts with LALIGA for Plan Impulso/CVC	-	-	-	-	471.1	608.4
L/T debts	1,027.9	1,442.8	1,741.4	1,901.7	2,591.0	3,567.8
Deferred tax liabilities	67.3	61.3	80.2	77.6	96.0	220.5
L/T accruals and deferred income	93.3	90.0	91.2	100.8	63.7	37.8
CURRENT LIABILITIES	**2,514.8**	**2,649.9**	**3,125.1**	**2,751.5**	**2,961.6**	**2,933.5**
S/T provisions	29.3	39.0	33.7	19.4	100.1	115.1
S/T debt with group comp. and assoc.	2.0	13.1	42.9	63.3	20.7	5.4
S/T debts with LALIGA for Plan Impulso/CVC	-	-	-	-	13.2	18.2
S/T debts	648.5	744.9	1,348.3	1,120.5	913.2	981.8
Trade and other payables	1,350.4	1,301.9	1,212.8	1,204.8	1,485.6	1,467.0
S/T accruals and deferred income	484.5	551.0	487.4	343.5	428.9	365.9
TOTAL EQUITY AND LIABILITIES	**5,343.2**	**6,162.7**	**6,774.2**	**5,840.4**	**7,292.8**	**8,865.0**

Table 17

LALIGA EA Sports - Detailed flow waterfall

Cash Flow (indirect method)	2017 / 2018	2018 / 2019	2019 / 2020A	2020 / 2021A	2021 / 2022	2022 / 2023
A. Net result for the year (NR)	167.1	230.6	53.1	(847.4)	(81.5)	260.3
B. Adjustments to NR	36.6	189.2	140.7	816.7	146.9	(260.7)
A. + B. Funds generated by operations (FGO)	**203.7**	**419.8**	**193.8**	**(30.7)**	**65.4**	**(0.4)**
C. Net investment in working capital (WC)	81.9	11.5	(308.5)	(40.4)	191.3	(288.0)
A. + B. + C. Cash flow from operations (CFO)	**285.6**	**431.2**	**(114.7)**	**(71.1)**	**256.7**	**(288.4)**
D1. Net investment in players (CAPEX players)	(126.9)	(330.3)	(492.8)	(26.9)	(186.1)	(149.2)
- Investment in players	(1,014.2)	(1,260.9)	(1,495.9)	(488.3)	(550.5)	(766.6)
+ Divestment in players	887.2	930.6	1,003.1	461.4	364.4	617.5
A. + B. + C. + D1. Organic free cash flow (FCFo)	**158.7**	**100.9**	**(607.5)**	**(98.0)**	**70.6**	**(437.6)**
D2. Net investment in other operating assets (CAPEX infra.)	(216.2)	(222.5)	(97.2)	(277.1)	(380.7)	(774.1)
- Investment in other productive assets	(218.4)	(229.1)	(269.0)	(277.4)	(396.2)	(810.0)
+ Divestment in other productive assets	2.2	6.6	171.7	0.3	15.5	35.9
+ Corporate asset monetisation deals (sale of future credit rights)	-	-	-	-	-	-
A. + B. + C. + D1. + D2. Total free cash flow (FCFt)	**(57.5)**	**(121.6)**	**(704.7)**	**(375.2)**	**(310.1)**	**(1,211.7)**
- Financial expenses	(77.0)	(84.8)	(112.2)	(136.0)	(114.4)	(146.5)
+/- Variation in financial debt (financial entities)	(12.7)	67.9	432.1	(55.0)	(120.9)	(82.2)
+/- Variation in financial debt (Plan Impulso/CVC)	-	-	-	-	484.3	142.4
+/- Variation in financial debt (non-financial entities)	102.4	536.4	399.2	81.6	539.3	1,223.9
+ Financial income	10.5	23.6	35.2	38.5	25.4	47.1
+/- Variation in other ST or LT financial assets and liabilities	37.4	(12.6)	(23.5)	(1.2)	(55.3)	(66.6)
+/- Net investment in financial assets	(63.8)	(313.0)	(69.2)	199.3	25.2	(804.0)
+ Corporate asset monetisation deals (sale of future credit rights)	-	-	-	-	442.4	221.5
A. + B. + C. + D. + E. Equity cash flow (ECF)	**(60.7)**	**95.9**	**(43.0)**	**(247.9)**	**915.9**	**(676.1)**
F. Cash flows from own resources (Equity)	55.7	9.0	46.1	125.7	50.4	84.6
+/- Variation in financial debt (Plan Impulso/CVC)	-	-	-	-	-	-
+/- Changes in capital and other equity instruments	57.3	0.2	50.2	125.1	44.8	35.5
+ Grants, donations and legacies received	-	10.3	0.6	1.0	5.5	49.1
- Dividends	(1.6)	(1.6)	(4.6)	(0.4)	-	-
A. + B. + C. + D. + E. + F. Net change in cash	**(5.0)**	**104.9**	**3.1**	**(122.2)**	**966.2**	**(591.5)**
Cash and cash equivalents, opening balance	**609.5**	**601.3**	**714.3**	**674.5**	**578.0**	**1,540.0**
+/- Impact of exchange rates on the cash balance	-	-	-	-	-	-
+/- Net change in cash	(5.0)	104.9	3.1	(122.2)	966.2	(591.5)
Cash and cash equivalents, closing balance	**604.5**	**706.2**	**717.5**	**552.3**	**1,544.2**	**948.5**

(*) 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 perimeter in each season (relegation from Second Division – professional football – to RFEF First – ex *LALIGA* –, and vice versa).

LALIGA NETTED EA SPORTS

18 CLUBS

Table 18

Netted LALIGA EA Sports – Detailed Income Statement

Income Statement	2017 / 2018	2018 / 2019	2019 / 2020A	2020 / 2021A	2021 / 2022	2022 / 2023
Broadcasting income national comp. (RDL 5/2015)	1,018.1	1,092.1	1,136.2	1,101.3	1,114.4	1,060.2
Broadcasting income from friendlies and others	0.1	0.3	3.5	3.7	4.8	7.1
Broadcasting income	1,018.2	1,092.4	1,139.8	1,105.0	1,119.2	1,067.3
Income from official domestic competitions	39.1	38.8	33.5	5.5	47.6	60.4
Income from international official competitions	5.3	10.3	19.7	(7.8)	9.4	3.3
Income from friendly and other competitions	11.1	9.0	5.7	2.3	4.4	9.8
Income from members and season ticket holders	156.6	152.3	137.1	6.6	164.7	188.8
Matchday income	212.0	210.4	196.0	6.7	226.0	262.3
UEFA revenues (prize money + market pool)	126.4	197.1	203.4	219.9	259.2	194.4
Income from shop sales	37.0	38.5	32.5	28.0	39.7	52.4
Income from sponsorship	66.9	61.1	71.4	72.4	77.0	105.8
Income from other commercial concepts	59.5	24.8	18.8	13.4	32.0	39.7
Income from the operation of facilities	-	-	0.4	0.2	1.6	0.9
Commercial income - Sponsorship and others	163.3	124.4	123.2	114.0	150.4	198.8
Commercial income - Advertising	107.5	119.0	144.4	145.0	156.0	193.3
Net Turnover (NT)	**1,627.4**	**1,743.3**	**1,806.8**	**1,590.6**	**1,910.8**	**1,916.1**
Other operating income	64.8	85.3	84.3	62.4	73.6	97.3
Operating Income	**1,692.2**	**1,828.6**	**1,891.1**	**1,653.0**	**1,984.4**	**2,013.4**
Procurements	(84.2)	(69.0)	(57.8)	(50.8)	(61.0)	(92.0)
Non-sports personnel (wages)	(115.9)	(110.6)	(125.4)	(136.4)	(157.1)	(180.9)
LALIGA registrable sports staff	(883.5)	(957.9)	(1,051.5)	(1,018.3)	(1,157.0)	(1,152.8)
LALIGA non-registrable sports staff	(62.9)	(77.4)	(95.4)	(94.8)	(101.4)	(98.6)
Sports wage costs	(946.4)	(1,035.3)	(1,146.9)	(1,113.0)	(1,258.4)	(1,251.3)
Other operating expenses	(375.6)	(375.6)	(397.5)	(388.3)	(410.2)	(453.2)
EBITDA b/T (EBITDA before transfer of players)	**170.2**	**238.1**	**163.4**	**(35.6)**	**97.8**	**35.9**
Selling price for transfer of players	551.5	601.6	731.8	278.8	202.6	482.1
Selling cost for transfer of players	(138.5)	(121.2)	(229.0)	(94.5)	(65.5)	(200.8)
Result from the transfer of players	413.0	480.4	502.8	184.3	137.1	281.3
EBITDA a/T (EBITDA after transfer of players)	**583.2**	**718.6**	**666.2**	**148.6**	**234.8**	**317.2**
Depreciation of players	(250.3)	(337.1)	(445.6)	(399.7)	(386.3)	(309.9)
Business EBIT	**332.9**	**381.5**	**220.6**	**(251.1)**	**(151.5)**	**7.3**
Other depreciations and amortisations	(39.8)	(41.1)	(52.0)	(52.1)	(54.9)	(59.0)
EBIT	**293.1**	**340.4**	**168.6**	**(303.1)**	**(206.4)**	**(51.8)**
Allocation of grants	12.1	7.8	9.0	9.1	8.6	9.1
Excess provisions	4.6	0.0	63.1	30.2	21.5	30.1
Gains on other op. fixed assets and exc. income	1.2	4.3	(1.0)	0.0	17.4	9.4
Losses on other op. fixed assets and exc. expenses	(2.1)	(5.4)	(25.1)	(12.8)	(0.9)	(0.2)
Gains or losses on disp. other fixed op. assets	(0.9)	(1.1)	(26.1)	(12.8)	16.5	9.2
Other operating results	(88.8)	(42.5)	(18.4)	(11.4)	6.6	(1.7)
Operating profit/(loss)	**220.1**	**304.6**	**196.1**	**(287.9)**	**(153.1)**	**(5.2)**
Financial income	8.4	20.9	29.3	24.7	8.1	9.5
Financial expenses	(59.9)	(66.9)	(73.3)	(67.3)	(57.6)	(69.2)
Impairment and results from other financial instruments	(4.9)	(2.6)	(14.8)	(1.1)	(3.4)	5.4
FR (financial result)	(56.4)	(48.5)	(58.7)	(43.7)	(52.9)	(54.3)
RBT (result before tax)	**163.7**	**256.1**	**137.4**	**(331.5)**	**(206.0)**	**(59.4)**
Taxes on profits	(40.7)	(68.3)	(28.4)	9.6	13.9	4.2
NR (net result for the year)	**123.0**	**187.7**	**109.0**	**(321.9)**	**(192.0)**	**(55.3)**
Total Income (TI)	**2,323.4**	**2,474.0**	**2,744.8**	**2,034.6**	**2,284.1**	**2,602.1**
Total Expenses	**(2,200.4)**	**(2,286.2)**	**(2,635.9)**	**(2,356.5)**	**(2,476.2)**	**(2,657.4)**

Table 19

Netted LALIGA EA Sports – Detailed Balance Sheet

Balance Sheet	2017 / 2018	2018 / 2019	2019 / 2020A	2020 / 2021A	2021 / 2022	2022 / 2023
NON-CURRENT ASSETS	**2,274.2**	**2,521.4**	**2,799.2**	**2,473.6**	**2,650.5**	**2,671.5**
Intangible assets	968.1	1,113.1	1,373.0	1,145.0	1,123.2	1,098.6
Sports intangible assets	822.5	993.5	1,198.0	981.6	935.6	766.1
Non-sports intangible assets	145.6	119.7	175.0	163.4	187.6	332.5
Property, plant and equipment	1,003.4	1,048.5	1,078.7	1,024.7	1,128.1	1,119.0
Investment property	4.2	2.9	2.9	2.9	2.9	9.4
L/T investments in group comp. and assoc.	63.5	69.6	69.2	70.0	85.9	56.7
L/T financial investments	83.3	163.1	148.1	112.8	156.3	198.3
Non-current prepayments and accrued income	6.0	5.8	7.4	4.6	13.2	32.9
Deferred tax assets	145.8	118.3	119.9	113.7	140.9	156.6
CURRENT ASSETS	**963.8**	**1,143.9**	**1,065.6**	**751.0**	**971.4**	**1,098.9**
Non-current assets held for sale	175.7	199.2	6.4	0.4	2.1	88.3
Inventories	10.6	9.8	12.2	14.1	11.3	19.8
Trade and other receivables	123.8	170.7	215.7	182.5	234.2	231.1
S/T investments in group comp. and assoc.	8.7	4.6	2.5	5.7	13.0	3.4
S/T financial investments	255.1	341.6	377.8	295.7	276.1	339.0
Current prepayments and accrued income	15.6	25.8	30.7	27.2	42.1	33.1
Cash and cash equivalents	374.1	392.2	420.3	225.4	392.6	384.3
TOTAL ASSETS	**3,238.0**	**3,665.3**	**3,864.8**	**3,224.6**	**3,621.9**	**3,770.4**
NET EQUITY	**736.3**	**917.8**	**987.8**	**662.1**	**616.4**	**636.6**
Own funds	649.3	855.3	909.0	587.2	540.7	511.4
Adjustments for changes in value	(10.8)	(10.8)	(17.3)	(14.0)	(9.7)	2.8
Grants, donations and legacies received	97.8	73.3	96.1	88.9	85.5	122.4
NON-CURRENT LIABILITIES	**1,130.4**	**1,257.5**	**1,207.0**	**1,003.1**	**1,511.3**	**1,675.4**
L/T provisions	133.2	205.4	128.7	104.0	126.0	100.0
L/T debt with group comp. and assoc.	107.6	99.7	15.1	27.1	24.1	55.1
L/T debts with LALIGA for Plan Impulso/CVC	-	-	-	-	471.1	608.4
L/T debts	786.2	865.2	970.1	810.2	838.5	845.7
Deferred tax liabilities	50.4	41.3	58.8	44.5	41.7	58.0
L/T accruals and deferred income	52.9	46.0	34.3	17.3	9.9	8.1
CURRENT LIABILITIES	**1,371.3**	**1,490.0**	**1,669.9**	**1,559.4**	**1,494.2**	**1,458.4**
S/T provisions	26.6	33.6	28.0	16.1	21.9	31.0
S/T debt with group comp. and assoc.	2.0	13.1	42.9	63.3	20.7	5.4
S/T debts with LALIGA for Plan Impulso/CVC	-	-	-	-	13.2	18.2
S/T debts	474.2	545.3	750.1	693.2	486.2	550.9
Trade and other payables	674.1	654.8	682.2	715.7	742.9	725.7
S/T accruals and deferred income	194.5	243.2	166.8	71.0	209.4	127.1
TOTAL EQUITY AND LIABILITIES	**3,238.0**	**3,665.3**	**3,864.8**	**3,224.6**	**3,621.9**	**3,770.4**

Table 20

Netted LALIGA EA Sports – Detailed flow waterfall

Cash Flow (indirect method)	2017 / 2018	2018 / 2019	2019 / 2020A	2020 / 2021A	2021 / 2022	2022 / 2023
A. Net result for the year (NR)	123.0	187.7	109.0	(321.9)	(192.0)	(55.3)
B. Adjustments to NR	32.5	17.4	(9.7)	314.5	312.5	110.6
A. + B. Funds generated by operations (FGO)	**155.5**	**205.2**	**99.3**	**(7.4)**	**120.5**	**55.4**
C. Net investment in working capital (WC)	66.5	(3.6)	(135.3)	(9.8)	85.0	(123.4)
A. + B. + C. Cash flow from operations (CFO)	**222.0**	**201.5**	**(36.0)**	**(17.2)**	**205.5**	**(68.1)**
D1. Net investment in players (CAPEX players)	(16.6)	(86.2)	(133.5)	(73.4)	(150.6)	80.2
- Investment in players	(568.0)	(687.8)	(865.3)	(352.2)	(353.2)	(401.9)
+ Divestment in players	551.5	601.6	731.8	278.8	202.6	482.1
A. + B. + C. + D1. Organic free cash flow (FCFo)	**205.4**	**115.3**	**(169.5)**	**(90.6)**	**54.9**	**12.1**
D2. Net investment in other operating assets (CAPEX infra.)	(164.9)	(131.8)	43.3	(88.7)	(87.1)	(258.6)
- Investment in other productive assets	(166.6)	(137.5)	(128.2)	(88.2)	(101.9)	(292.0)
+ Divestment in other productive assets	1.8	5.7	171.5	(0.5)	14.8	33.4
A. + B. + C. + D1. + D2. Total free cash flow (FCFt)	**40.6**	**(16.5)**	**(126.2)**	**(179.4)**	**(32.2)**	**(246.5)**
- Financial expenses	(61.3)	(67.3)	(79.5)	(68.4)	(61.0)	(63.7)
+/- Variation in financial debt (financial entities)	(27.8)	71.0	69.9	(55.2)	(30.5)	(7.3)
+/- Variation in financial debt (Plan Impulso/CVC)	-	-	-	-	484.3	142.4
+/- Variation in financial debt (non-financial entities)	22.6	172.0	169.1	(67.4)	(211.9)	195.4
+ Financial income	8.4	20.9	29.3	24.7	8.1	9.5
+/- Variation in other ST or LT financial assets and liabilities	20.1	(10.5)	(35.7)	(18.0)	(17.2)	(26.0)
+/- Net investment in financial assets	(23.0)	(157.4)	(53.1)	85.9	(48.4)	(92.5)
+ Corporate asset monetisation deals (sale of future credit rights)	-	-	-	-	-	-
A. + B. + C. + D. + E. Equity cash flow (ECF)	**(20.4)**	**12.3**	**(26.1)**	**(277.6)**	**91.2**	**(88.8)**
F. Cash flows from own resources (Equity)	55.7	9.0	46.1	125.7	50.4	84.6
+/- Variation in financial debt (Plan Impulso/CVC)	-	-	-	-	-	-
+/- Changes in capital and other equity instruments	57.3	0.2	50.2	125.1	44.8	35.5
+ Grants, donations and legacies received	-	10.3	0.6	1.0	5.5	49.1
- Dividends	(1.6)	(1.6)	(4.6)	(0.4)	-	-
A. + B. + C. + D. + E. + F. Net change in cash	**35.4**	**21.3**	**20.0**	**(151.9)**	**141.5**	**(4.2)**
Cash and cash equivalents, opening balance	**338.7**	**370.9**	**400.3**	**377.3**	**251.1**	**388.5**
+/- Impact of exchange rates on the cash balance	-	-	-	-	-	-
+/- Net change in cash	35.4	21.3	20.0	(151.9)	141.5	(4.2)
Cash and cash equivalents, closing balance	**374.1**	**392.2**	**420.3**	**225.4**	**392.6**	**384.3**

(*) 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 perimeter in each season (relegation from Second Division – professional football – to RFEF First – ex *LALIGA* –, and vice versa).

LALIGA HYPERMOTION

22 CLUBS

Table 21

LALIGA Hypermotion – Detailed Income Statement

Income Statement	2017 / 2018	2018 / 2019	2019 / 2020A	2020 / 2021A	2021 / 2022	2022 / 2023
Broadcasting income national comp. (RDL 5/2015)	134.4	158.9	162.8	156.5	160.8	152.4
Broadcasting income from friendlies and others	0.2	0.2	0.6	0.8	0.7	1.6
Broadcasting income	**134.6**	**159.1**	**163.4**	**157.3**	**161.5**	**154.0**
Income from official domestic competitions	8.6	9.8	7.2	0.3	10.3	13.2
Income from international official competitions	0.9	0.7	0.2	0	-	-
Income from friendly and other competitions	0.4	1.1	0.4	0.1	0.5	1.0
Income from members and season ticket holders	30.2	40.6	34.9	7.7	27.0	39.7
Matchday income	**40.0**	**52.2**	**42.8**	**8.1**	**37.9**	**54.0**
UEFA revenues (prize money + market pool)	**0.9**	-	-	**0.8**	-	-
Income from shop sales	4.5	9.6	10.0	7.0	9.2	17.0
Income from sponsorship	9.1	18.1	28.7	27.2	28.6	33.6
Income from other commercial concepts	0.5	1.4	0.6	1.1	2.0	1.1
Income from the operation of facilities	0.2	0.7	0.4	0.1	0.3	1.3
Commercial income - Sponsorship and others	**14.3**	**29.8**	**39.7**	**35.4**	**40.1**	**52.9**
Commercial income - Advertising	**19.3**	**24.8**	**22.6**	**28.0**	**20.1**	**17.5**
Net Turnover (NT)	**209.0**	**265.8**	**268.5**	**229.7**	**259.5**	**278.4**
Other operating income	**51.2**	**70.7**	**59.5**	**81.8**	**62.5**	**77.0**
Operating Income	**260.2**	**336.5**	**327.9**	**311.5**	**322.1**	**355.3**
Procurements	**(8.6)**	**(13.4)**	**(14.9)**	**(14.6)**	**(13.3)**	**(18.0)**
Non-sports personnel (wages)	**(31.7)**	**(44.4)**	**(42.0)**	**(40.4)**	**(42.5)**	**(57.4)**
LALIGA registrable sports staff	(123.5)	(161.4)	(178.3)	(193.5)	(173.3)	(186.1)
LALIGA non-registrable sports staff	(18.1)	(25.9)	(24.6)	(30.1)	(25.5)	(30.2)
Sports wage costs	**(141.6)**	**(187.3)**	**(202.9)**	**(223.6)**	**(198.9)**	**(216.3)**
Other operating expenses	**(83.9)**	**(122.1)**	**(120.6)**	**(112.4)**	**(127.5)**	**(146.4)**
EBITDA b/T (EBITDA before transfer of players)	**(5.7)**	**(30.7)**	**(52.5)**	**(79.5)**	**(59.9)**	**(82.8)**
Selling price for transfer of players	49.5	76.1	125.2	81.0	37.9	61.8
Selling cost for transfer of players	(7.1)	(20.9)	(25.4)	(12.3)	(8.1)	(23.6)
Result from the transfer of players	**42.4**	**55.3**	**99.7**	**68.7**	**29.9**	**38.1**
EBITDA a/T (EBITDA after transfer of players)	**36.7**	**24.5**	**47.3**	**(10.8)**	**(30.1)**	**(44.7)**
Depreciation of players	**(7.1)**	**(20.9)**	**(27.2)**	**(40.3)**	**(23.6)**	**(15.3)**
Business EBIT	**29.6**	**3.6**	**20.1**	**(51.1)**	**(53.7)**	**(60.0)**
Other depreciations and amortisations	**(13.3)**	**(21.8)**	**(20.6)**	**(21.0)**	**(22.7)**	**(22.8)**
EBIT	**16.3**	**(18.3)**	**(0.5)**	**(72.1)**	**(76.3)**	**(82.8)**
Allocation of grants	**9.2**	**13.5**	**12.2**	**11.3**	**11.8**	**12.1**
Excess provisions	**0.8**	**5.1**	**3.2**	**1.5**	**1.7**	**6.1**
Gains on other op. fixed assets and exc. income	1.7	1.6	0.0	1.0	0.0	1.7
Losses on other op. fixed assets and exc. expenses	(0.3)	(0.4)	(0.4)	(1.4)	(0.9)	(0.5)
Gains or losses on disp. other fixed op. assets	**1.4**	**1.2**	**(0.4)**	**(0.4)**	**(0.9)**	**1.2**
Other operating results	**(2.1)**	**0.1**	**(3.7)**	**2.2**	**5.3**	**4.1**
Operating profit/(loss)	**25.5**	**1.6**	**10.8**	**(57.6)**	**(58.6)**	**(59.3)**
Financial income	0.3	0.9	0.8	2.2	1.6	4.8
Financial expenses	(3.6)	(6.3)	(6.4)	(6.8)	(6.4)	(9.1)
Impairment and results from other financial instruments	(0.2)	(0.4)	0.0	4.6	(7.9)	0.1
FR (financial result)	**(3.5)**	**(5.8)**	**(5.6)**	**0.0**	**(12.6)**	**(4.2)**
RBT (result before tax)	**22.0**	**(4.1)**	**5.2**	**(57.5)**	**(71.2)**	**(63.5)**
Taxes on profits	**(3.1)**	**(1.7)**	**(6.7)**	**6.2**	**12.6**	**3.0**
NR (net result for the year)	**18.9**	**(5.9)**	**(1.5)**	**(51.3)**	**(58.6)**	**(60.5)**
Total Income (TI)	**331.9**	**445.1**	**476.2**	**430.7**	**395.1**	**457.6**
Total Expenses	**(313.0)**	**(450.9)**	**(477.7)**	**(482.1)**	**(453.7)**	**(518.1)**

Table 22

LALIGA Hypermotion – Detailed Balance Sheet

Balance Sheet	30/06/2018	30/06/2019	30/06/2020	30/06/2021	30/06/2022	30/06/2023
NON-CURRENT ASSETS	**408.6**	**497.2**	**532.2**	**667.1**	**552.1**	**677.5**
Intangible assets	225.3	290.5	254.0	321.1	242.6	195.7
Sports intangible assets	14.8	41.7	52.3	128.5	55.2	31.1
Non-sports intangible assets	210.6	248.8	201.7	192.6	187.5	164.7
Property, plant and equipment	66.0	122.6	153.6	204.2	134.8	254.6
Investment property	3.6	1.7	1.7	0.4	6.8	-
L/T investments in group comp. and assoc.	6.5	2.1	6.8	7.7	11.3	58.0
L/T financial investments	53.7	26.6	61.7	76.1	98.0	103.2
Non-current prepayments and accrued income	-	-	-	0.2	-	-
Deferred tax assets	53.4	53.6	54.4	57.4	58.4	65.9
CURRENT ASSETS	**124.5**	**159.5**	**175.5**	**232.4**	**222.3**	**186.6**
Non-current assets held for sale	-	1.6	-	-	1.9	0.2
Inventories	1.1	3.6	3.1	3.7	4.3	4.9
Trade and other receivables	38.7	44.2	39.2	55.6	54.4	55.3
S/T investments in group comp. and assoc.	3.7	13.4	5.6	2.6	3.1	6.0
S/T financial investments	36.3	40.0	50.3	90.2	45.8	72.6
Current prepayments and accrued income	1.5	2.5	6.2	4.3	4.6	7.8
Cash and cash equivalents	43.1	54.2	71.1	76.0	108.4	39.8
TOTAL ASSETS	**533.0**	**656.8**	**707.7**	**899.5**	**774.4**	**864.1**
NET EQUITY	**138.7**	**133.2**	**196.8**	**444.8**	**296.9**	**193.3**
Own funds	21.8	(10.8)	61.7	335.5	193.2	88.7
Adjustments for changes in value	-	-	-	-	-	(10.8)
Grants, donations and legacies received	116.8	144.1	135.0	109.3	103.7	115.4
NON-CURRENT LIABILITIES	**234.1**	**288.3**	**291.6**	**220.8**	**272.3**	**438.0**
L/T provisions	45.8	9.4	39.8	39.5	6.3	4.3
L/T debt with group comp. and assoc.	31.6	28.3	44.9	24.1	10.7	56.5
L/T debts with LALIGA for Plan Impulso/CVC	-	-	-	-	131.1	250.5
L/T debts	115.7	189.8	147.5	115.7	86.2	83.6
Deferred tax liabilities	40.6	58.8	57.6	41.2	37.8	42.6
L/T accruals and deferred income	0.4	2.0	1.8	0.2	0.2	0.5
CURRENT LIABILITIES	**160.3**	**235.2**	**219.3**	**233.9**	**205.2**	**232.9**
S/T provisions	2.0	4.0	8.7	4.0	3.2	1.3
S/T debt with group comp. and assoc.	0.8	1.5	11.0	3.9	5.4	12.3
S/T debts with LALIGA for Plan Impulso/CVC	-	-	-	-	5.2	7.2
S/T debts	44.9	68.7	85.1	96.2	63.9	82.5
Trade and other payables	84.3	113.6	96.8	121.7	90.7	113.6
S/T accruals and deferred income	28.4	47.4	17.7	8.1	36.8	15.9
TOTAL EQUITY AND LIABILITIES	**533.0**	**656.8**	**707.7**	**899.5**	**774.4**	**864.1**

Table 23

LALIGA Hypermotion – Detailed flows waterfall

Cash Flow (indirect method)	2017 / 2018	2018 / 2019	2019 / 2020A	2020 / 2021A	2021 / 2022	2022 / 2023
A. Net result for the year (NR)	18.9	(5.9)	(1.5)	(51.3)	(58.6)	(60.5)
B. Adjustments to NR	(38.3)	(20.5)	(45.3)	(32.3)	1.7	(16.5)
A. + B. Funds generated by operations (FGO)	**(19.4)**	**(26.4)**	**(46.8)**	**(83.6)**	**(56.9)**	**(77.0)**
C. Net investment in working capital (WC)	20.0	16.0	(10.7)	(14.5)	10.0	6.3
A. + B. + C. Cash flow from operations (CFO)	**0.6**	**(10.4)**	**(57.5)**	**(98.1)**	**(46.9)**	**(70.7)**
D1. Net investment in players (CAPEX players)	35.0	38.8	87.8	22.3	21.4	48.5
- Investment in players	(14.5)	(37.3)	(37.4)	(58.7)	(16.6)	(13.3)
+ Divestment in players	49.5	76.1	125.2	81.0	37.9	61.8
A. + B. + C. + D1. Organic free cash flow (FCFo)	**35.6**	**28.4**	**30.3**	**(75.7)**	**(25.5)**	**(22.2)**
D2. Net investment in other operating assets (CAPEX infra.)	(2.1)	(14.0)	(10.8)	(17.6)	(42.1)	(35.3)
- Investment in other productive assets	(4.9)	(20.2)	(11.6)	(18.4)	(42.4)	(38.6)
+ Divestment in other productive assets	2.8	6.2	0.8	0.8	0.2	3.2
A. + B. + C. + D1. + D2. Total free cash flow (FCFt)	**33.5**	**14.4**	**19.5**	**(93.3)**	**(67.6)**	**(57.6)**
- Financial expenses	(3.8)	(6.7)	(6.4)	(6.8)	(12.0)	(9.0)
+/- Variation in financial debt (financial entities)	(0.7)	(1.0)	4.8	16.7	(6.1)	5.1
+/- Variation in financial debt (Plan Impulso/CVC)	-	-	-	-	136.3	121.3
+/- Variation in financial debt (non-financial entities)	(26.7)	(20.7)	(12.6)	(20.4)	(37.5)	(62.7)
+ Financial income	0.3	0.9	0.8	2.2	1.6	4.8
+/- Variation in other ST or LT financial assets and liabilities	1.9	(2.0)	0.0	8.8	(0.1)	(1.4)
+/- Net investment in financial assets	(10.5)	12.4	(25.7)	(28.7)	18.3	(59.5)
+ Corporate asset monetisation deals (sale of future credit rights)	-	-	-	-	-	-
A. + B. + C. + D. + E. Equity cash flow (ECF)	**(6.0)**	**(2.5)**	**(19.6)**	**(121.6)**	**32.9**	**(59.0)**
F. Cash flows from own resources (Equity)	5.0	5.7	45.8	89.1	26.4	(14.7)
+/- Variation in financial debt (Plan Impulso/CVC)	-	-	-	-	-	-
+/- Changes in capital and other equity instruments	5.8	10.8	45.8	82.9	26.4	(24.7)
+ Grants, donations and legacies received	-	-	-	6.2	-	10.0
- Dividends	(0.8)	(5.1)	-	-	-	-
A. + B. + C. + D. + E. + F. Net change in cash	**(1.0)**	**3.2**	**26.2**	**(32.5)**	**59.2**	**(73.7)**
Cash and cash equivalents, opening balance	**44.2**	**51.1**	**44.8**	**108.5**	**49.1**	**113.5**
+/- Impact of exchange rates on the cash balance	-	-	-	-	-	-
+/- Net change in cash	(1.0)	3.2	26.2	(32.5)	59.2	(73.7)
Cash and cash equivalents, closing balance	**43.1**	**54.2**	**71.1**	**76.0**	**108.4**	**39.8**

(*) 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 perimeter in each season (relegation from Second Division – professional football – to RFEF First – ex *LALIGA* –, and vice versa).

07 GLOSSARY

TERMS AND DEFINITIONS

1/ Historical series (seasons analysed in the Report)

From the 2017/2018 season (S 17/18) to the 2022/2023 season (S 22/23), which means a total of six seasons, or five annual increases between the last financial year and the base financial year.

2/ Total Income (TI)

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)
  - Broadcasting revenue (mainly includes broadcasting rights marketed and distributed by the Association under RDL 5/2015).
  - Income per matchday (including billing of partners, subscribers and competitions)
  - Marketing revenues (including sponsorship, advertising and *merchandising* billings)
  - UEFA revenues (including amounts received from UEFA for prizes and broadcasting *market pool*)
- 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
  - Proceeds (i.e., selling price) from disposal of other fixed assets (including corporate asset monetisation transactions / sale of future credit rights and excluding transfer of players) or positive one-off results
  - Financial income
  - Positive gains on disposal of financial instruments
  - Positive Corporation Tax

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/ Income from the Transfer of Players

It is defined as the income (selling price or derecognition) from the transfer of 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 (TI).

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 (income) minus cost of sale (expense) for transfers equals the “Result from Transfers” that formally appears in the *P&L*.

5/ 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 (selling price). For example:

- Other operating income of an accessory nature (not included in *NT*), such as income paid by the Association 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
- Proceeds (i.e., selling price) from disposal of other fixed assets (including corporate asset monetisation transactions / sale of future credit rights and excluding transfer of players) or positive one-off results
- Financial income
- Positive gains on disposal of financial instruments

6/ OPEX

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.

7/ Squad cost

It is defined as the set of expenses associated with a Club/SAD's squad, including fixed and variable salaries, social security, collective bonuses, acquisition costs (including fees for agents) and depreciation (players' purchase amount imputed annually according to the number of years of the player's contract). This cost is divided into:

- Registrable squad cost: Players linked to the Club/SAD by an employment contract attached to the first team, i.e., numbers 1 to 25, both included, and those not attached to any squad; as well as coach, assistant coach and physical trainer of the first team.
- Non-registrable squad cost: Players linked to the Club/SAD by employment contract or otherwise attached to the other teams, affiliates and dependents of any Category; coaches, assistant coaches and physical trainers of these teams.

8/ Total Expenses

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

- Procurements (OPEX)
- Non-sports wages (OPEX)
- Sports wages (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 from other non-financial fixed assets and exceptional expenses
- Other operating expenses
- Depreciation of players
- Depreciation of other assets
- Other results and accounting conventions with a negative sign (losses)
- Financial expenses
- Impairment losses and losses on disposal of financial instruments
- Corporate Tax

9/ EBITDA b/T or EBITDA before Transfers (gross operating result before transfers)

It is defined as the earnings before interests, taxes, depreciations and amortisations, excluding capital gains from the sale (divestments) 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.

10/ EBITDA a/T or EBITDA after Transfers (gross operating result after transfers)

The Association defines this expression as 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 / reversals and gains or losses on disposal of other non-financial fixed assets (infrastructures, extraordinary asset monetisation / sale of future credit rights deals 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 earnings arising from capital gains related to players transfers, 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).

11/ EBIT

The Association defines this as the normalised operating result (equivalent to EBITDA a/T plus depreciation of fixed assets), i.e., before (excluding) certain accounting conventions:

- Impairment and reversals on sports intangible assets (players)
- Results from regularisation of capital grants received for non-financial fixed assets
- Impairment / reversals and gains or losses on disposal of other non-financial fixed assets (infrastructures, corporate asset monetisation / sale of future credit rights deals 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 as well as depreciation of all fixed assets.

The acronym "EBIT" stands for "*earnings before interest and taxes*".

12/ Operating profit/(loss)

EBIT includes all net operating adjustments and accounting conventions listed under #11 of the glossary.

13/ 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.

14/ Operating fund requirements (OFR)

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 of current assets and liabilities).

15/ Net Operating Assets (NOA) or capital employed

Balance at the end of each year of net operating capital employed according to the aggregate 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 EBIT in the P&L, and ultimately *Free Cash Flow*. All assets and liabilities of a financial nature and all net 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.

16/ Funds Generated by Operations (FGO)

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

17/ Operating Cash Flow (CFO)

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

18/ Organic Free Cash Flow (FCFo)

This is organic free cash flow, equivalent to FGO plus net investment in operating working capital (WC) and net investment in players (CAPEX players). It is the effective operating return generated by the business in the year, excluding investment in other non-financial assets (basically infrastructures) and other accounting conventions.

19/ Total Free Cash Flow (FCFt)

Total free cash flow, equivalent to FGO plus net investment in operating working capital (WC) and net investment in fixed operating capital (CAPEX), including players, infrastructures and any other fixed asset. This is the final effective operating return generated by the business in the year, regardless of other accounting conventions.

20/ 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:

- 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 of 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). In addition, the substantial contribution of resources by the Association to the member entities in the form of participating loans (on the basis

of LALIGA Impulso/CVC and the agreement with CVC) is also considered, and only not included when it is expressly specified that it is senior gross financial debt.

21 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 when they are potentially translatable into liquidity, including primarily what is owed to entities for player transfers by analogy 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).

Likewise, cash and cash equivalents and financial investments from the resources of the Plan Impulso/CVC are only excluded when reference is made to senior net financial debt.

22 Senior or corporate financial debt (gross or net)

Included under this is the indebtedness that covers the ordinary financing needs generated by the Clubs' own operations and which involves a full corporate resource, affecting the creditworthiness of the entities. In other words, it excludes special debt under StadCo arrangements, Project Finance-type debt structures or participating loans/subordinated debt under the umbrella of *LALIGA Impulso/CVC*.

In senior, or corporate, net financial debt, by analogy to the GFD and NFD, cash surpluses pending application to investment associated with StadCo debt or with *LALIGA Impulso/CVC*.

23 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 net 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).

When reference is made to the Equity Ratio with *LALIGA Impulso/CVC*, it includes the total of the Clubs' participating loans with the Association from this strategic project with the investment fund CVC.

THE POWER OF OUR FÚTBOL

Torrelaguna, 60. 28043 Madrid
LALIGA.COM