

21.4. Sports organizations control ratios

Set out hereunder are the main ratios established in the Regulation on Economic Control and other obligatory Rules of the National Professional Football League (PFL). For comparison purposes, the figures for the previous year are included.

At June 30th, 2022, the Club does not meet some of the ratios and requirements established in the Regulation on Economic Control of Sports Public Limited Companies and Clubs, members of the National Professional Football League. Consequently, in accordance with the said Regulation, the Club has drawn up a viability plan.

Equilibrium Point Indicator

The difference between the relevant income and the relevant expenditure is the result of the equilibrium point. The total result of the equilibrium point shall be the sum of the results of the equilibrium point of each accounting period covered by the monitored period, i.e., accounting periods T, T-1 and T-2, T being the annual accounting period, in respect of which the audited annual accounts have been requested:

	Thousands of Euros		
	T	T-1	T-2
	06/30/2022	06/30/2021	06/30/2020
Relevant income	957,800	605,423	818,400
Relevant expenditure	737,791	1,046,536	871,874
Equilibrium point (+surplus, - deficit)	220,010	(441,113)	(53,474)
Total equilibrium point	(221,157)	(386,696)	157,886
Required equilibrium point	>0	>0	>0
Conclusion	NOT MET		

The calculation of the relevant income and the reconciliation thereof with these consolidated annual accounts are as follows:

	Thousands of Euros		
	T	T-1	T-2
	06/30/2022	06/30/2021	06/30/2020
Income			
Gate money, members and season-ticket holders	104.116	23.744	133.254
Sponsorship and advertising	139.008	195.198	196.522
Transmission rights	242.293	275.299	243.932
Commercial activities	113.452	60.351	122.093
Other operating income	8.232	11.887	17.367
Profits from sports intangible assets	21.329	28.813	50.687
Capital gain for the alienation of non-sport intangible assets	266.112	-	-
Financial income and exchange differences	2.310	4.236	2.496
Allocation of grants to exploitation operations	78	70	70
Other income not classified in the previous headings	58.430	5.825	51.979
Total relevant income	957.800	605.423	818.400
Consolidated annual accounts income			
Total exploitation operations income	1.009.907	-	-
Total financial income	5.667	-	-
Total consolidated annual accounts income	1.015.574	-	-
Difference	57.773	-	-
Reconciliation items	-	-	-
Income from operations not linked to professional football activity	57.773	-	-
Total reconciliation items	57.773	-	-

The calculation of the relevant expenditure and the reconciliation thereof with these consolidated annual accounts are as follows:

	Thousands of Euros		
	T	T-1	T-2
	06/30/2022	06/30/2021	06/30/2020
Relevant expenditure			
Cost of sales / materials	25,018	15,614	33,400
Staff remuneration expenses	369,039	396,531	415,159
Other exploitation operations expenses	145,661	156,021	177,067
Amortization / impairment of players' registration rights	141,765	312,090	211,274
Losses from the transfer of players' registration rights	13,792	27,576	3,850
Financial cost and dividends	38,589	54,599	30,721
Other expenditure not classified in the previous headings Total relevant expenditure	3,927	84,105	403
Consolidated annual accounts expenditure	737,791	1,046,536	871,874
Total exploitation operations expenditure			
Total financial expenses	879,321	-	-
Total consolidated annual accounts expenditure	38,676	-	-
Total consolidated annual accounts income	917,997	-	-
Difference	180,206	-	-
Reconciliation items			
Amortization / impairment of tangible fixed assets	29,996	-	-
Amortization / impairment of sports fixed assets	1,383	-	-
Tax expenditures (Company Tax)	26,912	-	-
Expenses in directly attributable community development activities	3,175	-	-
Other expenditure not classified in the previous reconciliation headings	118,740	-	-
Total reconciliation items	180,206	-	-

ECONOMIC REPORT

Indicator of personnel expenses for registrable sports staff

When the annual economic amount of the personnel expenses for sports staff who can be registered for football, the Club's players and trainers, exceeds 70% of the relevant income for the season, as defined in the Regulation on Economic Control of the PFL, this is deemed to indicate a potential situation of future financial economic disequilibrium.

	Thousands of Euros	
	06/30/2022	06/30/2021
Personnel expenses for the first team staff (*)	314,169	366,064
Relevant income	957,800	605,423
Indicator of personnel expenses for registrable sports staff	33%	60%
Required indicator of personnel expenses for registrable sports staff	<70%	
Conclusion	MET	

(*) Includes expenses under the heading of salaries, image companies and agents' remuneration.

The calculation and reconciliation of the income can be observed in the calculation of the above equilibrium point.

The reconciliation of the expenses for sports staff who can be registered for football with the total personnel expenses is as follows:

	Thousands of Euros	
	06/30/2022	06/30/2021
Personnel expenses for sports staff who can be registered for football (a)	304,919	336,413
Personnel expenses for non-sports football and structure staff in the first football team (b)	9,250	29,651
Total personnel expenses for the first football team	314,169	366,064
Personnel expenses for sports staff who cannot be registered for the PFL	90,823	95,745
Non-sports personnel expenses except for those contemplated in section (b) and registrable personnel expenses except for those contemplated in section (a)	58,758	49,924
Total personnel expenses	463,750	511,733

Ratio of net debt over relevant income

As defined in the Regulation, when the net debt at June 30th, each sports season exceeds 100% of the organization's relevant income, this shall indicate a potential situation of financial economic disequilibrium.

According to the Regulation, the amount the net debt corresponds to the sum of the net debt for transfers (i.e., the net of the accounts receivable and accounts payable for the transfer of players), the amounts pending payment derived from financing received from finance companies, related parties or third parties, the advance collections accruing after a period of 1 year and debt with suppliers of fixed assets, minus cash at bank, equivalent liquid assets and temporary financial investments. Net debt does not include trade debts or other accounts payable.

	Thousands of Euros	
	06/30/2022	06/30/2021
Net debt	608,089	682,694
Relevant income	957,800	605,423
Ratio net debt over relevant income	63%	112,8%
Required ratio net debt over relevant income	<100%	
Conclusion	MET	

The structure of net debt is as follows:

	Thousands of Euros	
	06/30/2022	06/30/2021
Long-term debts		
Loan stock and other negotiable instruments (Note 14.1)	(596,778)	(198,586)
Debts with banks (Note 14.1)	(68,574)	(145,877)
Debts with sports organizations for transfers and assignments (Note 14.3)	(84,424)	(115,452)
Accruals (Note 16)	(6,734)	(13,391)
Total long-term debts	(756,510)	(473,306)
Short-term debts		
Loan stock and other negotiable instruments (Note 14.2)	(3,109)	(4,633)
Debts with banks (Note 14.2)	(172,197)	(183,539)
Debts with sports organizations for transfers and assignments (Note 14.3)	(108,434)	(115,742)
Other debts	(4,972)	(5,620)
Total short-term debts	(288,712)	(309,534)
Total liabilities	(1,045,222)	(782,840)
Asset-side balancing items		
Long-term credits with sports organizations for transfers and assignments (Note 10.1)	17,734	12,452
Short-term credits with sports organizations for transfers and assignments (Note 10.3)	40,034	25,144
Short-term cash at banks and equivalent liquid assets and financial investments	379,365	62,550
Total asset-side balancing items	437,133	100,146
Total	(608,089)	(682,694)