

BUTGET 2022-2023



REAL MADRID CLUB DE FÚTBOL AND SUBSIDIARIES CONSOLIDATED BUDGET FOR THE 2022-2023 SEASON

€ THOUSAND	FY 2021/22	BUDGET 2022/23	VAR.
Membership fees, ticket sales and other stadium revenue	104,497	135,260	30,763
Revenue from international and friendly matches	142,162	112,230	(29,932)
Broadcasting revenue	178,940	182,820	3,880
Marketing revenue	295,929	339,338	43,409
Total operating income (before disposal of non-current assets)	721,528	769,648	48,120
Supplies	(27,778)	(28,465)	(687)
Sports and non-sports personnel expenses	(519,030)	(440,912)	78,118
Operating expenses	(217,180)	(246,350)	(29,170)
Provision for uncollectible receivables, and for liabilities and charges	(72,443)	0	72,443
Gains/(losses) on disposals of non-current assets	378,716	98,110	(280,606)
Impairment/derecognition of non-current assets	(60,814)	0	60,814
Profit/(loss) from operating activities before amortization and depreciation (EBITDA)	202,999	152,031	(50,968)
Depreciation and amortization	(179,702)	(144,070)	35,632
Operating profit/(loss)	23,297	7,961	(15,336)
Finance income	1,148	1,314	166
Capitalisation of finance expenses	14,749	18,128	3,379
Finance expenses arising on implied cost of deferred payment on player acquisitions	(265)	(970)	(705)
Finance expenses arising on interest on loans, guarantee expenses and other financial expenses	(3,981)	(3,336)	645
Capitalisation of finance expenses arising on the stadium loan	(14,749)	(18,128)	(3,379)
Net finance income/(expense)	(3,098)	(2,992)	106
Ordinary profit/(loss)	20,199	4,970	(15,229)
Taxes	(7,263)	(3,242)	4,021
PROFIT/(LOSS) BEFORE TAX	12,936	1,727	(11,209)

In 2022/23, budgeted revenue totals €769.6 million, an increase of €48.1 million (7%) over last year.

Competition revenue decreases due to budgeting Champions League quarter finals (Champion title in 2021/22). Stadium revenue will increase since spectator capacity restrictions established for the pandemic are not foreseen. Marketing revenue will grow thanks to the gradual recovery of business and sponsorship wins.

Despite this upturn, budgeted revenue is still €52 million lower (6%) when compared to 2019/20, prior to the pandemic, when it totaled €822.1 million.

This is due to the fact that some effects are expected to persist because of the delayed impact of the pandemic-induced economic crisis, as well as economic difficulties brought on by the war in the Ukraine.

In addition, over the course of FY 2022/23 the Club will continue to carry out the works for the stadium remodeling project, which will not be in full operation in terms of generating revenue until the project is completed.

Personnel expenses decrease by €78.1 million over last year, due to changes in contracts and the composition of teams, provisions, and sports achievement bonuses accrued last year.

Supplies and provisions increase €29.9 million due to the growth in both revenue and the Club's heightened activities, as well as the impact of inflation on the cost of external services contracted by the Club to carry out its business activities.

Last year the Club set aside provisions for liabilities and charges. The amount recognized in provisions for liabilities and charges and impairment losses on assets totaled €133.3 million. The 2022/23 budget does not envisage the need to record additional allowances, which explains the decrease in these headings over last year.

REAL MADRID CLUB DE FÚTBOL AND SUBSIDIARIES CONSOLIDATED BUDGET BY SPORT SEGMENTS FOR THE 2022-2023 SEASON

The Club's budgeted gains on disposals for 2022/23 is €98.1 million, down €280.6 million, due primarily to the capital gain arising in 2021/22 from the Sixth Street/Legends agreement.

As a result of the above, budgeted EBITDA is €152.0 million (2021/22: €203.0 million).

Budgeted amortization expense is down €35.6 million, due to the evolution in sports personnel.

Financial expenses are budgeted at €3.0 million, in line with last year.

While the works being carried out on the stadium are in their execution phase, the related finance costs are capitalized as an increase in the cost of the investment.

Moreover, the interest rate hikes being implemented have little impact on the Club's finance costs in FY 2022/23 and are expected to be marginal in the future as well, since the loan for stadium remodeling was taken out at a fixed interest rate, as well as practically all the ICO-backed bank loan facilities arranged in 2020 to mitigate the effects of the pandemic. All of this financing is being repaid on schedule.

This left profit before tax at €5.0 million (2019/20: €20.2 million), which, after applying the nominal tax rate of 25% and other tax legislation, reflects after tax profit of €1.7 million (2019/20: 12.9 million).

€ THOUSAND	MEN'S FOOTBALL	WOMEN'S FOOTBALL	BASKETBALL	TOTAL
Membership fees, ticket sales and other stadium revenue	130,612	113	4,535	135,260
Revenue from international and friendly matches	111,046	584	600	112,230
Broadcasting revenue	178,920	188	3,713	182,820
Marketing revenue	329,229	601	9,509	339,338
Total operating income (before disposal of non-current assets)	749,806	1,486	18,357	769,648
Supplies	(27,292)	(453)	(720)	(28,465)
Sports and non-sports personnel expenses	(405,161)	(3,645)	(32,106)	(440,912)
Operating expenses	(235,217)	(2,484)	(8,649)	(246,350)
Provision for uncollectible receivables, and for liabilities and charges	0	0	0	0
Gains/(losses) on disposals of non-current assets	98,116	0	(6)	98,110
Impairment/derecognition of non-current assets	0	0	0	0
Profit/(loss) from operating activities before amortization and depreciation (EBITDA)	180,252	(5,096)	(23,124)	152,031
Depreciation and amortization	(143,454)	(68)	(548)	(144,070)
Operating profit/(loss)	36,798	(5,164)	(23,673)	7,961
Finance income				1,314
Capitalisation of finance expenses				18,128
Finance expenses arising on implied cost of deferred payment on player acquisitions				(970)
Finance expenses arising on interest on loans, guarantee expenses and other financial expenses				(3,336)
Capitalisation of finance expenses arising on the stadium loan				(18,128)
Net finance income/(expense)				(2,992)
Ordinary profit/(loss)				4,970
Taxes				(3,242)
PROFIT/(LOSS) BEFORE TAX				1,727