

AFOUTEZA E CORAZÓN, S.L.U.

**Independent Auditor's Report,
Annual Accounts and Management Report
For the year ended June 30, 2021**

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation or information, views opinions, the original language version of our report takes precedence over this translation.

To the shareholder of AFOUTEZA E CORAZÓN, S.L.U.:

Opinion

We have audited the annual accounts of AFOUTEZA E CORAZÓN, S.L.U. (the Company), which comprise the balance sheet as at June 30, 2021, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at June 30, 2021, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in Note 2 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in *the Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, in our professional judgment, were considered to be the most significant risks of material misstatement in our audit of the annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

As a result of our audit process we have determined that there aren't significant risks considered in the audit that must be inform in our report.

Other information: Management report

Other information comprises only the Management Report for the financial year ending on 30 June 2021, the formulation of which is the responsibility of the Company's directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the Management Report. Our responsibility for the Management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the Management report and the annual accounts as a result of our knowledge of the Company obtained during the audit of the aforementioned financial statements, and does not include information different to that obtained as evidence during our audit. Likewise, our responsibility is to evaluate and report on whether the content and presentation of the Management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work done, as described in the previous paragraph, the information contained in the Management report is consistent with that contained in the annual accounts for the financial year ending on 30 June 2021, and its content and presentation are in accordance with the applicable regulations.

Responsibility of the directors for the annual accounts

The Company's directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of the company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Company's directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the Company's directors, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are, therefore, considered to be the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

AUREN AUDITORES SP, S.L.P.
Registered in ROAC under N° S2347

*Original signed in Spanish by
Concepción Vilaboa Martínez
Registered in ROAC under N° 15.935
30th of September of 2021*



AFOUTEZA E CORAZON, S.L.U.
Annual Accounts
at 30 June 2021

AFOUTEZA E CORAZÓN, S.L.U.
BALANCE SHEET AT 30 JUNE 2021 AND 30 JUNE 2020

ASSETS	Note	30/06/2021	30/06/2020
A) NON-CURRENT ASSETS		820,608.38	873,353.32
I. Intangible Fixed Assets	6	3,461.28	4,617.90
3. Patents, licences, trade marks and the like		2,299.64	2,792.42
5. Computer applications		1,161.64	1,825.48
III. Tangible Fixed Assets	5	769,334.99	795,236.31
1. Land and buildings		768,212.75	785,771.87
2. Technical facilities and other tangible fixed assets		1,122.24	9,464.44
V. Long-term financial investments	8.1	18,524.00	44,211.00
5. Other financial assets		18,524.00	44,211.00
VI. Deferred tax assets	11.2	29,288.11	29,288.11
B) CURRENT ASSETS		280,474.91	987,389.76
II. Inventories	9	0.00	622,048.65
1. Comerciales		0.00	622,048.65
III. Debtors	8.1	155,926.14	85,133.84
1. Customers for sales and services		149,592.89	48,262.01
b) Customers for short-term sales and services		149,592.89	48,262.01
4. Personnel		195.51	195.51
6. Other credits with the Public Administrations	11.3	6,137.74	36,676.32
IV. Short-term investments in group and associate companies	8.1 & 14.1	38,115.68	93,430.31
5. Other financial assets		38,115.68	93,430.31
VI. Accruals	8.1	3,132.63	18,084.11
VII. Cash and equivalent liquid assets	8.1	83,300.46	168,692.85
1. Cash and banks		83,300.46	168,692.85
TOTAL ASSETS		1,101,083.29	1,860,743.08
EQUITY AND LIABILITIES	Note	30/06/2021	30/06/2020
A) NET WORTH		50,664.31	163,720.86
A-1) Equity	10	50,664.31	163,720.86
I. Capital		500,000.00	500,000.00
1. Subscribed capital		500,000.00	500,000.00
V. Results of past financial years		(336,279.14)	(91,381.50)
2. (Prior periods' losses)		(336,279.14)	(91,381.50)
VII. Results of the financial year	3	(113,056.55)	(244,897.64)
B) NON-CURRENT LIABILITIES		508,736.15	561,513.95
II. Long-term debts	8.2	208,736.15	261,513.95
2. Debts with financial institutions		202,314.67	255,092.47
5. Other financial liabilities		6,421.48	6,421.48
III. Long-term debts with group companies	8.2 & 14.1	300,000.00	300,000.00
1. Long-term participating loans		300,000.00	300,000.00
C) CURRENT LIABILITIES		541,682.83	1,135,508.27
III. Short-term debts	8.2	69,599.81	72,215.83
2. Debts with financial institutions		52,777.83	52,777.83
5. Other financial liabilities		16,821.98	19,438.00
V. Commercial creditors and other accounts payable	8.2	472,083.02	1,045,918.77
1. Debts due to purchases or provision of services		619.52	75,631.19
2. Group entities, suppliers	14.1	442,936.70	921,436.74
3. Miscellaneous creditors		23,199.61	34,002.48
4. Personnel (outstanding remuneration)		1,081.92	5,721.25
6. Other debts with Public Administrations	11.3	4,245.27	9,127.11
VI. Short-term accruals		0.00	17,373.67
TOTAL EQUITY + LIABILITIES		1,101,083.29	1,860,743.08

INCOME STATEMENT AT 30 JUNE 2021 AND 30 JUNE 2020

	Note	30/06/2021	30/06/2020
A) CONTINUING OPERATIONS			
1. Revenue	12.1	1,237,210.77	1,695,824.96
a) Sales		1,237,210.77	1,695,824.96
4. Supplies	12.2	(1,029,317.16)	(1,141,100.83)
a) Goods' acquisition		(990,967.37)	(979,767.79)
b) Raw materials and other consumables acquisition		(886.36)	(14,756.11)
c) Subcontracted work		(110,203.28)	(168,163.37)
d) Goods' impairment losses		73,625.48	21,586.44
5. Other operating income	12.3	244,003.90	272,407.96
a) Ancillary and other current management income		244,003.90	272,407.96
6. Staff expenses	12.4	(74,857.50)	(262,850.67)
a) Salaries and wages		(64,698.83)	(205,665.63)
c) Social charges		(10,158.67)	(57,185.04)
7. Other operating expenses	12.5	(383,109.27)	(797,849.18)
a) External services		(380,860.45)	(794,628.98)
b) Levies		(2,248.82)	(2,930.30)
c) Impairment, losses and variation of provisions for commercial operations		0.00	(289.90)
8. Amortisation of fixed assets	5; 6	(19,870.50)	(21,468.34)
13. Other results	12.6	(105,279.72)	(59,331.89)
A.1) OPERATING PROFIT (1+2+3+4+5+6+7+8+9+10+11+12+13)		(131,219.48)	(314,367.99)
14. Financial income	12.7	146.47	0.00
b) From negotiable securities and other financial instruments		146.47	0.00
b 2) From third parties		146.47	0.00
15. Financial expenses	12.7	(10,558.73)	(10,672.26)
a) From debts with group and associate companies	14.1	(5,700.00)	(4,469.80)
b) From debts with third parties		(4,858.73)	(6,202.46)
A.2) FINANCIAL PROFIT (14+15+16 +17+18+19)		(10,412.26)	(10,672.26)
A.3) PROFIT/(LOSS) BEFORE INCOME TAX (A.1 + A.2)	11.1	(141,631.74)	(325,040.25)
20. Income tax expense	11.1	27,689.56	80,142.61
A.4) PROFIT / (LOSS) FOR THE PERIOD (A3+20)	3	(113,056.55)	(244,897.64)

STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2021 AND 30 JUNE 2020

A) STATEMENT OF RECOGNISED INCOME AND EXPENSE	Note	30/06/2021	30/06/2020
A) PROFIT/(LOSS) FOR THE PERIOD	3	(113,056.55)	(244,897.64)
B) TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		0.00	0.00
C) TOTAL AMOUNTS TRANSFERRED TO THE INCOME STATEMENT		0.00	0.00
TOTAL RECOGNISED INCOME AND EXPENSE		(113,056.55)	(244,897.64)

STATEMENT OF CHANGES IN EQUITY AT 30 JUNE 2021 AND 30 JUNE 2020

B) STATEMENT OF CHANGES IN EQUITY

	Subscribed capital	Prior periods' losses	Profit/(loss) for the period	TOTAL
A. BALANCE AT THE END OF THE 2019 YEAR (Six-monthly)	100,000.00	(88,806.50)	(2,575.00)	8,618.50
I. Adjustments due to change of criteria for the 2019 year (six -monthly)	0.00	0.00	0.00	0.00
II. Adjustments due to errors for the 2019 year (six -monthly)	0.00	0.00	0.00	0.00
B. ADJUSTED BALANCE, START OF THE 2019/2020 SEASON (annual)	100,000.00	(88,806.50)	(2,575.00)	8,618.50
I. Total recognised income and expense	0.00	0.00	(244,897.64)	(244,897.64)
II. Operations with shareholders or owners	400,000.00	0.00	0.00	400,000.00
III. Other variations in net worth	0.00	(2,575.00)	2,575.00	0.00
Other variations	0.00	(2,575.00)	2,575.00	0.00
C. BALANCE AT THE END OF THE 2019/2020 SEASON	500,000.00	(91,381.50)	(244,897.64)	163,720.86
I. Adjustments due to change of criteria for the 2019/2020 season	0.00	0.00	0.00	0.00
II. Adjustments due to errors for the 2019/2020 season	0.00	0.00	0.00	0.00
D. ADJUSTED BALANCE, START OF THE 2020/2021 SEASON	500,000.00	(91,381.50)	(244,897.64)	163,720.86
I. Total recognised income and expense	0.00	0.00	(113,056.55)	(113,056.55)
II. Operations with shareholders or owners	0.00	0.00	0.00	0.00
Increase the share capital	0.00	0.00	0.00	0.00
III. Other changes in equity	0.00	(244,897.64)	244,897.64	0.00
Other variations	0.00	(244,897.64)	244,897.64	0.00
E. BALANCE AT THE END OF THE 2020/2021 SEASON	500,000.00	(336,279.14)	(113,056.55)	50,664.31

AFOUTEZA E CORAZON, S.L.U.
CASHFLOW STATEMENT AT 30 JUNE 2021 AND 30 JUNE 2020

	Note	30/06/2021	30/06/2020
A) Cashflows from Operating Activities			
1. Pre-tax profit for the financial year		(140,746.11)	(325,040.25)
2. Adjustments to results		(43,342.72)	10,554.16
a) Depreciation of fixed assets (+)	5 & 6	19,870.50	21,468.34
b) Impairment adjustments (+/-)	10.1	(73,625.48)	(21,586.44)
g) Financial income (-)	12	(146.47)	0.00
h) Financial expenditure (+)	12	10,558.73	10,672.26
3. Changes in current capital		172,312.62	424,516.07
a) Stock (+/-)	9	695,674.13	207,879.44
b) Debtors and other accounts receivable (+/-)	8.2	(61,642.17)	(17,499.77)
c) Other current assets (+/-)	8.2	136,789.76	61,569.13
d) Creditors and other accounts payable (+/-)	8.2	(571,128.85)	168,084.52
e) Other current liabilities(+/-)	8.2	(27,380.25)	4,482.75
4. Other cashflows from operating activities		(20,838.38)	(28,720.46)
a) Payment of interest (-)		(10,558.73)	(10,672.26)
c) Receipt of interest (+)	12	146.47	0.00
d) Profit tax collections /(payments) (+/-)		(10,426.12)	(18,048.20)
5. Cashflows from operating activities (+/-1 +/-2 +/-3 +/-4)		(32,614.59)	81,309.52
B) Cashflows from investment activities			
6. Investment payments(-)		0.00	(4,741.38)
a) Group and associated companies		0.00	0.00
b) Intangible fixed assets.	6	0.00	(1,694.00)
c) Tangible fixed assets	5	0.00	(3,047.38)
8. Cashflows from investment activities (7-6)		0.00	(4,741.38)
C) Cashflows from financing activities			
10. Collections and payments for financial liability instruments		(52,777.80)	(52,777.80)
a) Issue		0.00	0.00
5. Other debts (+).		0.00	0.00
b) Return and repayment of		(52,777.80)	(52,777.80)
2. Debts with financial institutions (-).		(52,777.80)	(52,777.80)
12. Cashflows from financial activities (+/-9+/-10-11)		(52,777.80)	(52,777.80)
D) Impact of exchange rate variations			
E) Net increase/decrease of cash or equivalents (+/-A +/-B +/-C +/-D)			
		(85,392.39)	23,790.34
Cash or equivalents at the start of the financial year		168,692.85	144,902.51
Cash or equivalents at the end of the financial year		83,300.46	168,692.85

AFOUTEZA E CORAZÓN, S.L.U.

Report on the annual accounts corresponding to the financial year ending 30 June 2021.

I. ACTIVITY OF THE COMPANY.

1. Incorporation.

Afouteza e Corazón, S.L.U., was incorporated in Vigo, by means of a public deed executed before Vigo Notary Public, Mr Miguel Lucas Sánchez, on 26 January 2016, under number 165 of his official records.

It is recorded at the Commercial Registry of Pontevedra, on folio 200, volume 4097 on companies, sheet 59671, entry 1.

It holds tax ID number B-27.827.013.

The National Economic Activities Code (CNAE) of the company's main activity is 6820.

Its registered office is in the municipal district of Vigo (Pontevedra), calle Príncipe 44, postcode 36202.

2. Legal regime.

The company is governed by its Articles of Association, the Spanish Companies Act, Legislative Royal Decree 1514/07, of 16 November, Royal Decree 1159/2010, of 17 September and RD 602/2016 of 2 December which amend the GCA, Commercial Code and other applicable legal provisions.

3. Corporate object.

Its corporate object, according to the Articles of Association is “the operation of businesses in the area of accommodation and catering, whether its own or of others; lease and sale and purchase of all kinds of real estate assets; sale, distribution and marketing of promotional articles; design, creation, purchase of all kinds of materials, products, related to the corporate object; Organisation of events; Businesses and activities directed at teaching and nurseries, of an educational and leisure nature; Infants; Intermediation or coordination of health businesses; Organisation of sporting and leisure activities of any kind; Activities related to sports betting; Operation of commercial areas”.

The activities carried out by the company, at the closing date of these annual accounts, are:

1. Provision of physiotherapy and orthopaedics services as well as other services related to sports medicine (cardiology, nutrition, personalised rehabilitation, ...) through the Sports Clinic in A Sede,
2. Management of certain areas at the registered office of the dominant company, Real Club Celta de Vigo, S.A.D., A Sede, such as:
 - a. Salón Regio, which offers cultural, educational and artistic content all year round and in which events for companies, talks, concerts, etc. can be organised.
 - b. Lease of the Gambeta gastrobar, and
 - c. Lease of the Silabario restaurant.

4. Obligation to consolidate.

Afouteza e Corazón, S.L.U.'s main activity is the operation of different businesses and belongs to a group of companies in which the direct dominant company is Real Club Celta de Vigo, S.A.D.

Real Club Celta de Vigo, S.A.D. is the dominant company of a corporate group comprised of:

- Investee company Afouteza e Corazón, S.L.U. which does not perform sporting activities (Note I.3) and
- Special purpose entity Fundación Celta de Vigo, whose main activity is the promotion of grassroots sports from the lower age-grades of RCCelta.

According to the terms of Article 43.3 of the Commercial Code, Real Club Celta de Vigo, S.A.D. is exempt from the obligation to consolidate as it only holds stakes in dependent companies that do not have a significant interest, individual or on aggregate, for the true and fair picture of the wealth, financial situation and results of the group companies.

The members of the Board of Directors of Real Club Celta de Vigo, S.A.D. have decided to formulate consolidated annual accounts, as of the 2019/2020 season, including Afouteza e Corazón, S.L.U. and Fundación Celta de Vigo within the consolidation perimeter.

Moreover, Real Club Celta de Vigo, S.A.D. belongs to the corporate group of Grupo Corporativo Ges, in which the direct parent of the Company is Grupo Corporativo Ges, S.L., with company seat in Vigo (Calle Colón), and the end parent company of the group is Grupo Energético del Sureste, S.A. de C.V., with company seat in Mexico (Colonia San Román, Campeche).

2. BASIS FOR PRESENTATION OF THE ANNUAL ACCOUNTS.

The sole director has drawn up these annual accounts in accordance with the regulatory framework on financial reporting applicable to the company and which is set out in:

- Legislative Decree 1/2010 which approved the Restated Text of the Spanish Companies Act, as well as any acts subsequently amending the same,
- Legislative Royal Decree 1514/07, of 16 November, which approves the General Chart of Accounts (GCA), Royal Decree 1159/2010, of 17 September and RD 602/2016 of 2 December which amend the GCA.
- The Commercial Code and
- The other applicable legal provisions.

1. True and Fair Picture.

The Annual Accounts for the season have been drawn up using the accounting records at 30 June 2021, having applied the legal provisions in force in relation to accounts indicated above, in order to provide a true and fair picture of the wealth and the financial situation and results of the company, as well as the accuracy of the flows contained in the cashflow statement and the results of its operations.

These annual accounts, formulated by the members of the Board of Directors of the company, will be submitted for the approval of the Ordinary General Meeting of Shareholders, where it is envisaged they will be approved without any amendments. The annual accounts for the financial year ending 30 June 2020 were approved on 18 December 2020.

There are no exceptional reasons justifying the non-application of the legal provisions on accounting in providing this true and fair picture.

2. Critical aspects of the valuation and estimation of uncertainty.

These annual accounts have been formulated on the assumption that the company's activity continues on a going-concern basis, having taken into account the current COVID-19 situation as well as its possible effects on the economy in general and on the company in particular, without their being a risk regarding continuity of the activity.

As a result of the situation caused by COVID-19 in the course of the 2020/2021 financial year, lease income from the Salón Regio fell, going from 10,250.00 euros in the 2019/2020 financial year, to 350.00 euros in the 2020/2021 financial year, having already fallen in the previous year due to the lockdown.

The management of the company has assessed the uncertainties that correspond to the situation in which the company finds itself, considering that it has the equity and financial backing of the sole member.

At 30 June 2021, the company had structural negative working capital of 261,207.92 euros (at 30 June 2020, the negative working capital totalled 148,118.51 euros). This situation is due to the company's business model.

At 30 June 2021, the company's net worth was 50,664.31 euros (at 30 June 2020 it was 163,720.86 euros), nonetheless, the company has a participating loan with dominant company Real Club Celta de Vigo, S.A.D. for the amount of 300,000.00 euros (same amount as the previous year), which is considered net worth for the purposes of capital reductions and liquidation of companies envisaged in the commercial legislation (note 14.1).

Although these estimations are made by the management of the company with the best information available at the end of the season, applying their best estimate and knowledge of the market, it is possible that potential future events may oblige the company to modify them in future seasons. According to the legislation in force, the effects of any change to estimations will be prospectively acknowledged in the profit and loss statement.

Below are the main estimations and judgements used by the company:

Useful life of technical facilities and other fixed assets (Note 4.1 and 4.2):

The management of the company determines the estimated useful life and corresponding depreciation charges for fixed assets. This estimate is based on the lifecycles envisaged for the fixed assets depending on their use and on the possible impairment due to technological advances.

3. Comparison of information.

According to commercial legislation, for the purposes of comparison, together with each of the entries on the balance sheet, profit and loss account, statement of changes in net equity and cashflow statement for the financial year ending 30 June 2021, the Sole Director has presented the corresponding figures for the financial year ending 30 June 2020. Moreover, for the purposes of comparison with each of the entries of this report corresponding to the 2020/2021 season, the information for the preceding season is presented.

3. ALLOCATION OF RESULTS.

The proposal from the members of the Sole Director for the application of the results of the financial year ending 30 June 2021, and for the distribution of the results from the financial year ending 30 June 2020, approved by the Sole Member, is as follows:

Application of results	Amount at 30/06/2021	Amount at 30/06/2020
Distribution basis		
Balance of the profit and loss account	-113,056.55	-244,897.64
	-113,056.55	-244,897.64
Application		
Negative results from past financial years	-113,056.55	-244,897.64
	-113,056.55	-244,897.64

No interim dividends were distributed during the financial year.

The company is obliged to devote 10% of the profits from the financial year to provisioning the legal reserve, until it reaches at least 20% of share capital. This reserve cannot be distributed to members, until it exceeds the limit of 20% of share capital. At closing of the financial year, the legal reserve of the company did not reach 20% of share capital, meaning that there are restrictions on the distribution of dividends.

4. REGISTRATION AND VALUATION RULES.

1. Intangible Fixed Assets.

The assets comprising the intangible fixed assets are valued at acquisition price or production cost. Specifically:

Computer applications

Those computer programmes that meet the identifiability criterion are included in assets, both those acquired from third parties and those created by the company for itself, using the means at its disposal. Maintenance expenses for computer applications are never included in assets.

The amortisation of intangible fixed asset elements follows a lineal criterion, in line with the estimated useful life, which is understood to be 4 years.

Industrial property:

Amount paid for the ownership, right to use or grant of utilisation of the different manifestations of industrial property that, due to their characteristics, must be inventoried by the company. This includes, among other things, the trademarks and development of the company's corporate image. The amortisation of industrial

property elements is carried out using a lineal criterion, depending on the estimated useful life, which is considered to be 10 years.

2. Tangible Fixed Assets.

The different assets contained in this entry are measured at the acquisition price or production cost minus accumulated depreciation and, if applicable, any accumulated impairment adjustments.

The costs of renewal, extension or improvement of the tangible fixed asset elements are included in assets as an increased value of the asset insofar as they represent an increase of its capacity, productivity or extension of its useful life, withdrawing the value of the elements that have been replaced.

Depreciation is recorded according to the actual depreciation suffered by the different elements of tangible fixed assets due to operation, use, enjoyment or obsolescence, meaning that said amounts are deductible. In the case of very specific tangible fixed asset elements, the company asks the manufacturer of said element for a certificate of the useful life of the same.

Any changes that, if applicable, could affect the residual value, useful life and depreciation method of an asset, will be recorded as a change in the accounting estimation, errors excepted.

Profits and losses from the sale of tangible fixed assets are calculated comparing the income obtained from the sale with the book value and are recorded in the profit and loss account.

At the closing date of each season, the company assesses the net book value of its fixed assets in order to ascertain whether there are losses due to impairment of the assets.

When a **lease agreement is catalogued as operational**, the different investments made by the lessee that are not separable from the leased asset must be accounted for as tangible fixed assets when they comply with the definition of assets.

The amortisation of these investments depends on their useful life, which is the duration of the lease agreement, including the renewal period if there is evidence to support that the renewal will take place, when less than the economic life of the asset.

3. Leases.

The company does not have any financial leasing agreements.

The expenses derived from the operating lease agreements with dominant company, Real Club Celta de Vigo, S.A.D. (for the lease of the part of the building on Calle Príncipe, número 44, Vigo (specifically, mezzanine, first, third and sixth floors)) are charged to the profit and loss account in the financial year in which they accrue.

The income derived from the operational lease agreements, for the A Sede facilities (note 1.3), specifically for the lease of the Gambeta gastrobar and the Silabaro restaurant, as well as for the lease of the Salón Regio for various events, are recorded using the accrual method, that is, when there is an actual flow of the services that they represent.

Moreover, the company leases certain garage spaces it owns (23 spaces) to dominant company Real Club Celta de Vigo, S.A.D.

All the information on operating leases is supplied in note 7 of this report.

4. Impairment losses of non-financial assets.

Those assets subject to depreciation are subjected to impairment tests whenever there is an event or change of circumstances that indicates that the book value may not be recoverable. An impairment loss is recognised for the excess of the book value of the asset compared to its recoverable amount, the latter being understood as the fair value of the asset minus sales costs or value in use, whichever is higher. For the purposes of assessing impairment losses, assets are grouped at the lowest level for which there are separate identifiable cashflows (cash-generating units). Non-financial assets suffering impairment losses are reviewed on the date of each balance sheet in case the losses have been reversed.

5. Financial assets.

The company's financial assets are trade debtors and other accounts receivable, as well as cash and banks, related to the company's own activity.

At season close at least, the necessary value adjustments are made due to impairment if there is objective evidence that not all amounts owed will be collected.

The amount of the impairment loss is the difference between the asset's book value and the actual value of estimated future cashflows, discounted at the effective rate of interest at the moment of initial recognition. Value adjustments, and any reversals of the same, are recognised in the profit and loss account.

6. Financial liabilities.

Financial liabilities include debits due to commercial or non-commercial transactions for the purchase of goods and services by the company (suppliers, creditors, long- and short-term debt) valued at fair value which is the transaction price plus expenses classed as current liabilities, unless the company has an unconditional right to defer settlement for at least 12 months after the date of the balance sheet.

7. Profit tax.

The expense (payment) due to the tax on profits comprises the part corresponding to the expense (payment) for the current tax and the part corresponding to the expense (payment) for deferred tax.

The expenses (payment) for current and deferred tax are both recorded in the profit and loss account. However, the tax effect related to items recorded directly in net equity is recognised in net equity.

Assets and liabilities for current tax will be measured at the amount it is expected will be paid to or recovered from the tax authorities, according to the rules in force or approved and pending publication at the closing date of the season.

In accordance with the principle of prudence, deferred tax assets will only be recognised insofar as it is probable that the company will have future tax earnings that make it possible to apply these assets. In any event, it will be considered that this circumstance exists when the tax legislation contemplates the possibility of the future conversion of deferred tax assets into a credit against the tax authorities, for the assets eligible for conversion. Deferred tax assets will not be recognised when the deductible time difference has arisen due to the initial recognition of an asset or liability in a transaction that is not a combination of businesses and moreover, on the date of the transaction, was not linked to either the accounting result or the taxable base of the tax. Moreover, subsequent changes to the deferred tax asset will not be recognised unless initially recorded (for example, as the fixed asset is amortised).

In general, a deferred tax liability will be recognised for all applicable time differences, unless arising from:

- a) The initial recognition of goodwill.
- b) The initial recognition of an asset or liability in a transaction that is not a combination of businesses and moreover, on the date the operation was carried out, not linked to either the accounting result or the taxable base of the tax. Moreover, subsequent changes to the deferred tax liability will not be recognised unless initially recorded (for example, as the fixed asset is amortised).

Deferred tax assets and liabilities will be measured according to the rates expected at the time of reversal, according to the regulations in force or approved and pending publication at close of season, and according to the form in which it is rationally expected the asset or liability will be recovered or paid.

In accordance with the Resolution of 9 February 2016, from the Audit and Accounts Institute, which implements the rules on recording, assessing and preparing the annual accounts in order to account for Profit Tax, the obligations of a tax nature, whether or not derived from an inspection, must entail the recognition of a provision for the estimated amount of the tax debt in the financial period in which they arise.

As a result of the above, the company must establish a provision at the moment it estimates the corresponding amount, as the Resolution stipulates that these contingent liabilities must be considered probable, even when it is merely a proposed settlement.

Therefore, and in general terms, it is only considered a contingency and no liability will be recognised when the Administration has not yet notified the company of any amount.

The Company pays tax under the Tax Consolidation Regime, being the head of the Tax Group for Corporation Tax purposes. The application of the Tax Consolidation Regime, regulated in Chapter VI of Title VII of the Corporation Tax Act (*Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades*), implies determining jointly the tax results of the Group and the deductions and discounts to the quota, distributing the tax burden in the manner agreed by all the companies belonging to the Tax Group, respecting the terms of the ICAC Resolution of 9 February 2016, by virtue of which each company belonging to the Tax Group will quantify the Corporate Tax that corresponded to it under the individual declaration regime, corrected in accordance with the Tax Consolidation Regime.

8. Income and expenditure.

Income and expenditure are recorded on an accrual basis, that is, when the actual flow of goods and services they represent takes place, regardless of the moment at which the monetary or financial flow derived from them takes place. This income is valued at the fair value of the consideration received, after deducting discounts and taxes.

9. Provisions and contingent liabilities.

Provisions for restructuring costs and lawsuits are recognised when the company has a present obligation, be it legal or implicit, as a result of past events, it is likely that resources will have to be used to settle the obligation and the amount can be reliably estimated. Provisions for restructuring costs include penalties due to lease cancellations and payments for labour dismissals. No provisions for future operating losses are recognised.

Provisions are measured at the actual value of disbursements expected to be necessary to settle the obligation using a pre-tax rate that reflects the current market valuations of the current value of the money and the specific risks of the obligation. Adjustments to the provisions due to corrections are recognised as a financial expense as they accrue. Provisions maturing in a year or less with an insignificant financial impact are not discounted.

When it is expected that part of the disbursement necessary to settle the provision will be repaid by a third party, the repayment will be recognised as an independent asset, provided receipt thereof is practically certain.

Meanwhile, contingent liabilities are those possible obligations arising as a result of past events, the realisation of which is contingent on the occurrence of one or more future events beyond the company's control. These contingent liabilities are not recorded in the accounts, but the details thereof are supplied in the report.

10. Compensation received from an insurance entity as a result of a claim.

If the affected asset cannot be used, it and its accumulated depreciation must be cancelled by means of the recognition of an exceptional expense.

If the compensation to be received is practically certain or assured, the indemnification to be received must be recorded at the same time the asset is cancelled, leading to the recognition of the corresponding income.

Until the uncertainty associated with the indemnification ultimately established has disappeared, only income for the amount of the loss suffered will be recorded, unless the minimum insured amount is higher, in which case, the income recorded will be the latter figure, provided that the insurance entity has accepted the claim.

11. Criteria used in related-party transactions

In general, operations between related parties are initially accounted for at their fair value. Where applicable, if the price agreed is different to the fair value, the difference is recorded in accordance with the economic reality of the operation. The subsequent valuation is made in accordance with the corresponding regulations.

The information on related-party transactions is supplied in note 14.1 of this report.

5. TANGIBLE FIXED ASSETS.

1. Analysis of movements of tangible fixed assets.

The analysis of movements of tangible fixed assets is set out in the following tables:

30 June 2020			
	Land and buildings	Technical installations and other tangible fixed assets	Total
COST			
Initial balance	853,367.90	37,432.86	890,800.76
Inclusions	0.00	3,047.38	3,047.38
Removals	0.00	0.00	0.00
Transfers	0.00	0.00	0.00
Final balance	853,367.90	40,480.24	893,848.14
ACCUMULATED DEPRECIATION			
Initial balance	-50,036.91	-28,193.88	-78,230.79
Inclusions	-17,559.12	-2,821.92	-20,381.04
Removals	0.00	0.00	0.00
Transfers	0.00	0.00	0.00
Final balance	-67,596.03	-31,015.80	-98,611.83
NET BOOK VALUE			
Initial	803,330.99	9,238.98	812,569.97
Final	785,771.87	9,464.44	795,236.31

30 June 2021			
	Land and buildings	Technical installations and other tangible fixed assets	Total
COST			
Initial balance	853,367.90	40,480.24	893,848.14
Inclusions	0.00	0.00	0.00
Removals	0.00	-11,217.31	-11,217.31
Transfers	0.00	0.00	0.00
Final balance	853,367.90	29,262.93	882,630.83
ACCUMULATED DEPRECIATION			
Initial balance	-67,596.03	-31,015.80	-98,611.83
Inclusions	-17,559.12	-1,154.76	-18,713.88
Removals	0.00	4,029.87	4,029.87
Transfers	0.00	0.00	0.00
Final balance	-85,155.15	-28,140.69	-113,295.84
NET BOOK VALUE			
Initial	785,771.87	9,464.44	795,236.31
Final	768,212.75	1,122.24	769,334.99

Land and buildings entry includes several parking spaces in the building on calle Colón 28, Vigo.

Removals, at 30 June 2021, correspond mainly to the furniture of stores following the termination of the lease agreement for the premises and the operation of the business of the official RCCelta stores, which are now directly managed by dominant company Real Club Celta de Vigo, S.A.D. The additions recorded, at 30 June 2020, corresponded to furniture and cameras for the Príncipe store.

2. Other information.

Given the elements of real estate held by the company, it is not necessary to include estimated costs of dismantlement, retirement or rehabilitation of the same as increased value.

During the season, there are no changes of estimation affecting residual values, the estimated dismantlement, removal or rehabilitation costs, useful lives and methods of depreciation.

No investments have been made in tangible fixed assets acquired from group and associated companies.

The company does not possess investments in tangible fixed assets outside Spain.

The company has not capitalised financial expenses.

The company estimates that the tangible fixed asset elements are not impaired and as such no impairment loss is recorded at close of season.

The amount of the assets fully depreciated is included in the following table:

FULLY DEPRECIATED ASSETS	Amount at 30/06/2021	Amount at 30/06/2020
Furniture	24,350.60	24,350.60
Information processing equipment	863.79	863.79
Other installations	1,735.00	1,735.00
Total Fully Depreciated Assets	26,949.39	26,949.39

The company does not have assets linked to guarantees and reversion.

The company's parking spaces are subject to a guarantee, with the amount of the debt with a mortgage guarantee amounting, at 30 June 2021, to 255,092.50 euros (at 30 June 2020, the figure was 307,870.30 euros) (note 8.2).

There are no restrictions on ownership.

The company, during the financial year, has not received subsidies or donations related to tangible fixed assets.

There are no lawsuits, freezing orders or similar situations regarding the goods included in tangible fixed assets.

6. INTANGIBLE FIXED ASSETS.

I. Analysis of movements of intangible fixed assets.

The analysis of the movement of intangible sports fixed assets is set out in the following tables:

30 June 2020			
	Patents, licences, trade marks and similar items	Computer applications	Total
COST			
Initial balance	4,928.00	726.00	5,654.00
Inclusions	0.00	1,694.00	1,694.00
Removals	0.00	0.00	0.00
Transfers	0.00	0.00	0.00
Final balance	4,928.00	2,420.00	7,348.00
ACCUMULATED DEPRECIATION			
Initial balance	-1,642.80	0.00	-1,642.80
Inclusions	-492.78	-594.52	-1,087.30
Removals	0.00	0.00	0.00
Transfers	0.00	0.00	0.00
Final balance	-2,135.58	- 594.52	-2,730.10
NET BOOK VALUE			
Initial	3,285.20	726.00	4,011.20
Final	2,792.42	1,825.48	4,617.90

30 June 2021			
	Patents, licences, trade marks and similar items	Computer applications	Total
COST			
Initial balance	4,928.00	2,420.00	7,348.00
Inclusions	0.00	0.00	726.00
Removals	0.00	0.00	0.00
Transfers	0.00	0.00	0.00
Final balance	4,928.00	2,420.00	7,348.00
ACCUMULATED DEPRECIATION			
Initial balance	-2,135.58	- 594.52	-2,730.10
Inclusions	-492.84	-663.84	-1,156.62
Removals	0.00	0.00	0.00
Transfers	0.00	0.00	0.00
Final balance	-2,628.36	-1,258.36	-3,886.72
NET BOOK VALUE			
Initial	2,792.42	1,825.48	4,617.90
Final	2,299.64	1,161.64	3,461.28

The Intangible Fixed Assets of the company correspond to the activation of the “A&C” trademark and the website of the A Sede Sports Clinic.

There have been no inclusions to fixed assets at 30 June 2021. The inclusions recorded, at 30 June 2020, corresponded entirely to the development of the website of the A Sede Sports Clinic

The company does not have fully amortised assets.

There are no circumstances of a significant nature that affect intangible fixed assets.

7. LEASES AND SIMILAR OPERATIONS.

This corresponds to the data for the company’s operating leases, as both lessee and lessor.

1. Operating leases as lessee.

The amount of the leases and canons recorded under this heading in the profit and loss account, external services, totalled 277,465.21 euros corresponding to the lease of certain parts of the A Sede building (mezzanine, first, third and sixth floors) (on 30 June 2020 it was 495,329.20 euros for the least of the ground, basement, mezzanine, first, third and sixth floors), (nota 1.3) to dominant company Real Club Celta de Vigo, S.A.D. (note 14.1).

According to the terms of note 4.11, all leases are valued at market rates. The market value of the leases is revised and updated regularly.

2. Operating leases as lessor.

The amount of lease income recorded under the heading in the profit and loss account, accessory and other current management income is 107,178.66 euros (at 30 June 2020 it totalled 94,161.99 euros), corresponding essentially to:

- Lease of the premises located on the mezzanine of the A Sede building, used for catering (Gastrobar Gambeta) for the amount of 30,000.00 euros (at 30 June 2020 the amount was 25,550.79 euros), according to the agreement entered into on 21 November 2018 and updated at 22 February 2019.

At 08 August 2019, the duration of the agreement was set at ending on 30 June 2024, extendable by agreement of the parties.

The agreed rent has a fixed part (depending on the market price) and a variable one (depending on results).

- Lease of the premises situated on the sixth floor of the A Sede building, used for catering (Silabario restaurant) for the amount of 55,887.22 euros (at 30 June 2020 the amount was 37,516.71 euros), according to the agreement entered into on 13 December 2017. The company places the equipment and installations at the disposal of the lessee, including the kitchen, furniture and tableware.

On 20 August 2019 the duration of the agreement was set to end on 30 June 2024, extendable for periods of one year.

The agreed rent has a fixed part (depending on the market price) and a variable one (depending on results), in addition to the additional rent related to the depreciation of the lessor's assets.

- Lease of 23 parking spaces to the dominant company, Real Club Celta de Vigo, S.A.D. for the amount of 20,941.44 euros (at 30 June 2020 it amounted to 20,844.49 euros), and
- During the financial year income was received from the lease of Salón Regio for a variety of events totalling 350.00 euros (at 30 June 2020 the total was 10,250.00 euros).

8. FINANCIAL INSTRUMENTS.

1. Financial assets.

Non-current financial assets

At 30 June 2021 the amount of other long-term financial assets was 18,524.00 euros (44,211.00 euros at 30 June 2020) in relation to the deposits paid by Real Club Celta de Vigo, S.A.D., for the lease of certain spaces in the A Sede building.

Current financial assets

The information on **current assets** is set out in the following table:

Description	Amount 30/06/2021	Amount 30/06/2020
Stock (note 9)	0.00	622,048.65
Client sales and services	149,592.89	48,262.01
Personnel	195.51	195.51
Other credits with the Public Administrations (note 11)	6,137.74	36,676.32
Other short-term financial assets with group companies	38,115.68	93,430.31
Short-term accruals/deferrals	3,132.63	18,084.11
Cash and banks	83,300.46	168,692.85
Total Current Assets	280,474.91	987,389.76

The breakdown of **current financial assets** is set out in the following table:

Description	Amount 30/06/2021	Amount 30/06/2020
Client sales and services	149,592.89	48,262.01
Personnel	195.51	195.51
Other short-term financial assets with group companies (1)	38,115.68	93,430.31
Short-term accruals/deferrals	3,132.63	18,084.11
Cash and banks	83,300.46	168,692.85
Total Current Financial Assets	274,337.17	328,664.79

(1) Corresponds to a current account with dominant company Real Club Celta de Vigo, S.A.D. (note 14.1).

The company does not transfer financial assets that do not meet the conditions to be retired from the balance sheet.

There are no impairment adjustments of financial assets. There are no losses for non-recoverable commercial loans in the financial year (289.90 euros at 30 June 2020) (note 12.5).

The company does not have hedge accounting.

The company has not given firm undertakings to purchase financial assets or foreseeable sources of financing, nor indeed firm sale commitments.

2. Financial liabilities.

Non-current financial liabilities

The information on **long-term financial liabilities** is set out in the following table:

Description	Amount 30/06/2021	Amount 30/06/2020
Debts with financial institutions	202,314.67	255,092.47
Other financial liabilities	6,421.48	6,421.48
Long-term debts with group and associated companies	300,000.00	300,000.00
total long-term financial liabilities	508,736.15	561,513.95

The information on **non-current financial liabilities** is contained in the following table:

Description	Amount 30/06/2021	Amount 30/06/2020
Debts with financial institutions (a) (Note 8.3)	202,314.67	255,092.47
Other financial liabilities (b)	6,421.48	6,421.48
Long-term debts with group and associated companies (Note 14.1)	300,000.00	300,000.00
Total Long-Term Financial Liabilities	508,736.15	561,513.95

- (a) This corresponds to an ICO loan signed on 13 April 2016, with a principal of 475,000.00 euros maturing on 20 April 2026 and an interest rate of 1.995% per annum, with a 1-year grace period.
- (b) This corresponds to deposits for the lease of certain spaces. It includes 3,421.48 euros in deposits for the lease of the parking spaces to dominant company Real Club Celta de Vigo, S.A.D. (note 7.2).

Current financial liabilities

The information on **current liabilities** is set out in the following table:

Description	Amount 30/06/2021	Amount 30/06/2020
Short-term debt with financial institutions	52,777.83	52,777.83
Other short-term financial liabilities	16,821.98	19,438.00
Other debts and accounts payable in the short term	472,083.02	1,045,918.77
Short-term accruals/deferrals	0.00	17,373.67
Total Current Liabilities	541,682.83	1,135,508.27

The breakdown of **current financial liabilities** is set out in the following table:

Description	Amount 30/06/2021	Amount 30/06/2020
Short-term debt with financial institutions (1) (nota 8.3)	52,777.83	52,777.83
Other short-term financial liabilities	16,821.98	19,438.00
Other debts and accounts payable in the short term (2)	467,837.75	1,036,791.66
Short-term accruals/deferrals	0.00	17,373.67
Total Current Financial Liabilities	537,437.56	1,126,381.16

(1) This corresponds to the short term of the ICO loan, mentioned in non-current financial liabilities.

There is no non-payment of principal or interest in the financial year.

The company does not have current policies with any financial institution.

(2) The information on other debts and accounts payable in the short term is set out in the following table:

Description	Amount 30/06/2021	Amount 30/06/2020
Suppliers	619.52	75,631.19
Suppliers, group companies (Note 14.1) (a)	442,936.70	921,436.74
Miscellaneous creditors	23,199.61	34,002.48
Personnel	1,081.92	5,721.25
Total other debts and accounts payable in the short term	467,837.75	1,036,791.66

a. The balance corresponds in full to the dominant company, Real Club Celta de Vigo, S.A.D.

3. Classification by maturities.

The financial assets included in the classification of trade debtors and other accounts receivable mature in the short terms as they are loans to be repaid within a term of one year.

The amounts of financial liabilities which have a specific or ascertainable maturity, maturing in the next five years, are set out in the following tables:

	Financial liabilities at 30/06/2020						
	2020/21	2021/22	2022/23	2023/2024	2024/2025	Subsequent years	Total
ICO Loan Sabadell (nota 8.2)	52,777.80	52,777.80	52,777.80	52,777.80	52,777.80	43,981.27	307,870.30
Total	52,777.80	52,777.80	52,777.80	52,777.80	52,777.80	43,981.27	307,870.30

	Financial liabilities at 30/06/2021						
	2021/22	2022/23	2023/2024	2024/2025	2025/2026	Subsequent years	Total
ICO Loan Sabadell (nota 8.2)	52,777.83	52,777.80	52,777.80	52,777.80	43,981.30	0.00	255,092.50
Total	52,777.83	52,777.80	52,777.80	52,777.80	43,981.30	96,759.10	255,092.50

4. Deferrals of payments to suppliers

The deferral of payments is not within the limit of 30 days established in the Commercial Operations Prompt Payment Act (*Ley 15/2010, de 5 de julio por la que se establecen medidas de lucha contra la morosidad en las operaciones comerciales*). The regulation of the periods of payment is 30 calendar days, which may be extended by an agreement between the parties, but not exceeding 60 calendar days.

The company has debt with suppliers for commercial operations existing for over 30 days' worth 486,271.22 euros (at 30 June 2020 it totalled 988,590.57 euros), of which 442,936.70 euros correspond to dominant company Real Club Celta de Vigo, S.A.D.

5. Information on the nature and level of risk derived from financial instruments.

Risk is managed by the treasury department of the company which identifies, assesses and hedges the financial risks in accordance with the policies approved by the Sole Director:

- **Future impact of COVID-19:** the company has quantified all possible losses of income in the 2020/2021 financial year associated with COVID-19.

At the date these annual accounts are drawn up, a situation of paralysation like that of the first half of the 2020 financial year is not expected.

- **Credit risk:** This arises due to the possibility of non-recovery of financial assets in the amount recorded in the accounts and within the established term. The company currently has a procedure for carrying out all operations strictly monitoring risk and the grant of credit. The company carries out monthly reviews to identify situations of risk and delays in receiving payment.
- **Liquidity risk:** This arises due to the possibility of the company not being able to dispose of liquid funds or access them in the amount necessary in order to meet payment obligations. The company has established a procedure by virtue of which it maintains the necessary liquid funds available for both its day-to-day activity and for making different investments.

The company pays creditors in accordance with the law and the respective commercial agreements and receives payment largely in cash in the clinic, meaning that there is no liquidity risk.

- **Market risk:** this is the interest rate risk caused by uncertainty regarding the future evolution of the financial markets and of the interest rates, with the resulting possible impact on results and cashflows for the company. The company applies a prudent policy of financial indebtedness.

9. STOCK.

The company does not hold stock derived from the termination, by mutual agreement, of the lease agreement for the lease of the premises and operation of the business of the official RCCelta stores. As such, as of 1 July 2020, Real Club Celta de Vigo, S.A.D. has full use of the premises. In the previous financial year, the amount of stock at closing was 622,048.65 euros which corresponds to sporting goods and equipment, as well as multi-brand products that in the RCCelta stores managed by the company until 30 June 2020.

At 30 June 2020, the company had recognised reversal of stock impairment for the amount of 21,586.44 euros.

The company does not have any definitive purchase undertakings or future agreements regarding stock, or any firm sale commitments.

At closing, the company has made no advances to suppliers.

The company did not possess stock appearing in assets for a fixed amount and there were no restrictions on the availability of stock due to guarantees, pledges, deposits or any similar reasons.

In the previous financial year, the company had sufficient stock at sports facilities (both the shop and stores) and the method for assigning value used to value stock was FIFO.

10. EQUITY.

Share capital.

The share capital amounts to 500,000.00 euros (same amount the previous year), represented by 500,000 participations each with a face value of 1.00 euro, fully subscribed and paid in, numbered consecutively from one to five hundred thousand, both inclusive.

On 30 June 2020, the Sole Member, Real Club Celta de Vigo, S.A.D. decided to increase the share capital by 400,000.00 euros by creating four hundred thousand new participations, by offsetting credits. On 15 July 2020, this decision by the sole member was raised to public and recorded in the Pontevedra Commercial Registry on 21 July 2020. On 29 July 2020 it was published in the BORME.

The shareholding, both at 30 June 2021 and 30 June 2020, corresponds in full to Real Club Celta de Vigo, S.A.D.

At the closing date there is no intention to carry out capital increases.

Legal reserve.

The legal reserve has been provisioned in accordance with Article 274 of the Spanish Companies Act, which establishes that, in any event, a figure equal to 10% of the profits of the financial year will be allocated until the minimum figure of 20% of the share capital is reached.

Until said limit is reached, it can only be used to offset losses, in the event there are no other available reserves to that end and must be re-provisioned using future profits.

Other information.

The company does not hold own shares.

The company shares are not listed for trading.

The company does not hold options issued or other contracts issued by the company in relation to its own shares, which should be classed as own funds.

There is no specific circumstance regarding subsidies, donations and bequests granted by members or owners.

II. TAX SITUATION.

I. Reconciliation of accounting profit and taxable base.

On 28 June 2018 the sole member, Real Club Celta de Vigo, S.A.D., decided to apply the Tax Consolidation Regime for the tax period starting on 01 July 2018 and the following ones, according to the terms of Chapter VI of Title VII LIS. The company is a dependent entity in the consolidated group whose dominant company is Real Club Celta de Vigo, S.A.D.

Each company belonging to the group quantifies the tax that would have corresponded under the individual regime, corrected according to the tax consolidation regime. Moreover, the deductions and discounts applied in the assessment of the consolidated tax will be calculated in any event by the company that, according to the tax regulations, obtains the earnings or carries out the necessary activity to be able to apply the deduction or discount.

The Corporation Tax for the season is calculated on the basis of the accounting profit, obtained by applying the generally accepted accounting principles, and does not necessarily have to match the tax profit, understood as the taxable base for the purposes of said tax.

The explanation for the difference between the net tax amount and expenses for the financial year and the tax base (tax result) is:

Description	Profit and loss account		
	Increases	Decreases	Total
2019/2020 Financial Year			
Pre-tax results			-325,040.25
Permanent differences	4,469.80		
Temporary differences			
Tax Base (tax result fiscal)			-320,570.45

Description	Profit and loss account		
	Increases	Increases	Increases
2020/2021 Financial Year			
Pre-tax results			-140,746.11
Permanent differences	29,987.89		
Temporary differences			
Tax Base (tax result fiscal)			-110,758.22

Permanent differences.

The positive permanent differences originating from results for the amount of 29,987.89 euros (4,469.80 euros the previous year) correspond to the expenses accounted for by the company and the interest paid on the participation loan granted by the sole member, Real Club Celta de Vigo, S.A.D., and, by virtue of the terms of article 15.a LIS the accounting expense for this item is not considered tax deductible.

At 30 June 2021 the company has a tax base amount pending application in future financial years generated prior to its inclusion in the Tax Consolidation Group (pre-consolidation) set out in the following table:

Breakdown of negative tax bases pending application	Amount 30/06/2021	Amount 30/06/2020
2016 financial year	46,844.64	46,844.64
2017 financial year	35,780.51	35,780.51
2018 first half	34,527.27	34,527.27
Total negative tax bases	117,152.42	117,152.42

2. Deferred tax assets recorded.

At 30 June 2021, the company had deferred tax assets worth 29,288.11 euros (same amount at 30 June 2020), which correspond, in their entirety, to tax credits for negative tax bases pending set-off pre-consolidation.

Deferred tax assets have been recorded in the balance sheet as the Sole Director of the Company considers that, according to the best estimate of the future results of the Company, it is likely that these assets will be recoverable.

3. Current balances with the Public Administration.

The breakdown of other credits with the Public Administration is set out in the following table (note 8.1):

Description	Amount 30/06/2021	Amount 30/06/2020
Inland Revenue VAT credit	0.00	30,538.59
Inland Revenue CT credit	6,137.74	6,137.74
Total other credits with the Public Administrations	6,137.74	36,676.33

The breakdown of other debts with the Public Administration is set out in the following table (note 8.2):

Description	Amount 30/06/2021	Amount 30/06/2020
Inland Revenue IRPF debt	2,120.26	5,218.63
Inland Revenue VAT debt	1,648.70	0.00
Social Security owed	476.31	3,908.48
Total other debts with the Public Administrations	4,245.27	9,127.11

4. Financial years pending confirmation and inspection activities.

In accordance with the legislation in force, taxes cannot be considered finally settled until the declarations filed have been inspected by the tax authorities or the statute of limitations period of four years has passed.

At 30 June 2021, the 2021, 2020, 2019 and 2018 financial years are open for inspection with respect to all applicable taxes.

The above notwithstanding, for the tax periods starting as of 1 January 2015, the LIS establishes the right of the Administration to check or investigate deductions and negative taxable bases pending offsetting; this right expires 10 years after the day following the one on which the term established for presenting the corresponding declaration or self-assessment for the tax period in which the right to offsetting or application was generated ends.

The Sole Director of the company consider that all assessments of the above taxes were carried out correctly and, even in the event of discrepancies arising regarding the interpretation of the regulations in force on the tax treatment applied to the operations, any resulting liabilities would not have a significant effect on these annual accounts.

12. INCOME AND EXPENDITURE.

1. Net turnover.

The net turnover figure of 1,237,210.77 euros (at 30 June 2020 it totalled 1,695,824.96 euros), corresponds to:

- Sale of merchandise at the RCCelta shops worth 1,047,676.62 euros (at 30 June 2020 it totalled 1,577,279.78 euros), and
- Provision of clinical services at the A Sede Sports Clinic for the amount of 189,534.15 euros (at 30 June 2020 it totalled 118,545.18 euros).

The activity is mainly carried out domestically.

2. Provisioning.

The amount of merchandise consumption is set out in the following table:

Description	Amount 30/06/2021	Amount 30/06/2020
Purchase of merchandise	318,524.04	771,888.35
Purchase of raw materials and other consumables	886.36	14,756.11
Variation of stocks of finished products	672,443.33	207,879.44
Losses due to impairment of merchandise	0.00	2,838.96
Reversal of merchandise impairment	-73,625.48	-24,425.40
Total consumption of merchandise	918,228.25	972,937.46

The amount of work carried out by other companies totals 110,203.28 euros (at 30 June 2020 it totalled 168,163.37 euros).

3. Other operating income.

The amount of other operating income totalled 244,003.90 euros (at 30 June 2020 the total was 272,407.96 euros) corresponding to:

- Lease income totalling 107,178.66 euros (at 30 June 2020 the total was 94,161.99 euros) (nota 7.2),
- Income from commercial agreements related to advertising worth 100,000.00 euros (150,000.00 euros at 30 June 2021),
- Income from the events organised in the Salón Regio worth 0.00 euros (at 30 June 2020 the total was 9,806.21 euros), and
- Other operating income worth 36,825.24 euros (18,439.76 euros the previous season).

4. Personnel expenses.

Personnel expenses are set out in the following table:

Description	Amount 30/06/2021	Amount 30/06/2020
Salaries, wages and similar	64,698.83	205,665.63
Social charges	10,158.67	57,185.04
Total personnel expenses	74,857.50	262,850.67

The wages, salaries and similar items entry contains severance for the amount of 26,963.91 euros (0.00 the previous financial year).

The social charges entry corresponds to the cost of social security for the company for the amount 10,158.67 euros (at 30 June 2020 the figure was a social security cost for 55,902.34 euros and other social expenses worth 1,282.70 euros).

5. Operating expenses for the year.

The entry for other operating expenses totalling 383,109.27 euros (at 30 June 2020 the total was 797,849.18 euros) corresponds to:

- External services totalling 380,860.45 euros (at 30 June 2020 the total was 794,628.98 euros). This corresponds essentially to the lease of real estate totalling 277,465.21 euros (a 30 June 2020 it totalled 495,329.20 euros) (note 7.1),
- Taxes totalling 2,248.82 euros (at 30 June 2020 the total was 2,930.30 euros), and

- Losses, impairment and variation of provisions for commercial operations totalling 0.00 euros (at 30 June 2020 it totalled 289.90 euros) (note 8.1).

6. Other results.

The amount of other results total -105,279.72 euros and correspond, largely, to extraordinary expenses of the stores and 23,950.39 euros for a donation made to Solidaridade Galega co Pobo Saharaui (at 30 June 2020 the figure was -59,331.89 euros and corresponded essentially to extraordinary expenditure of the stores, derived from stock adjustments.

7. Financial income and expenditure.

The breakdown of financial income and expenditure for the financial year is set out in the following table:

Description	Amount 30/06/2020	Amount 30/06/2020
Financial income	146.47	0.00
Financial expenditure (a)	-10,558.73	-10,672.26
Total financial results	-10,412.26	-10,672.26

- (a) Financial expenditure includes interest for debts with group companies, relating to the loans granted by the dominant company, Real Club Celta de Vigo, S.A.D., totalling 5,700.00 euros (at 30 June 2020 the total was 4,469.80 euros) (Note 14.1) and interest on the ICO loan.

13. EVENTS SUBSEQUENT TO CLOSING.

At the date of formulation of these annual accounts, there are no other subsequent events in relation to circumstances that already existed at season closing but that, due to their nature, have led to the inclusion of an adjustment to the figures contained in these annual accounts.

There are no subsequent events to closing of the annual accounts that affect the application of the going concern principle.

Neither are there subsequent events that show conditions that did not exist at season closing and that, given their importance, are being supplied in these annual accounts.

14. RELATED-PARTY TRANSACTIONS.

1. Related-party transactions.

The transactions with group and associated companies correspond to:

- **Other financial assets** totalling 18,524.00 euros relating to deposits for the lease of certain spaces to Real Club Celta de Vigo, S.A.D. (note 8.1).
- **Clients and group companies**, corresponds to dominant company, Real Club Celta de Vigo, S.A.D. and Fundación Celta de Vigo, totalling 0.00 euros.

The transaction volume corresponds to:

- 20,941.44 euros corresponds to income from lease of the car park (at 30 June 2020 the total was 20,844.49 euros),
- 918,951.19 euros corresponds to the sale of merchandise (at 30 June 2020 the total was 196,059.36 euros),
- 7,187.44 euros corresponds to the sale of the real estate of the stores that are to be managed by Real Club Celta de Vigo, S.A.D. and
- 4,260.00 euros for the provision of clinical services to Fundación Celta de Vigo (at 30 June 2020 the amount was 4,200.00 euros).
- **Short-term investments in group and associated companies**, regarding a current account with dominant company Real Club Celta de Vigo, S.A.D., totalling 38,115.68 euros (at 30 June 2020 the amount was 93,430.31 euros)(note 8.1).
- **Other financial liabilities**, regarding the deposit for the lease of parking spaces to Real Club Celta de Vigo, S.A.D. totalling 3,421.48 euros (nota 8.2).
- **Debts with group and associated companies** totalling 300,000.00 euros (same amount the previous financial year) (note 8.2), corresponding to:

Description	Amount 30/06/2021	Amount 30/06/2020
Participating loan with Real Club Celta de Vigo, S.A.D (note 2.2)	300,000.00	300,000.00
Total long-term debts with group and associated companies	300,000.00	300,000.00

On 22 June 2019 the participating loan agreement, signed on 31 December 2017 and totalling 100,000.00 euros, was renewed.

On 30 June 2020, another participating loan was granted for 200,000.00 euros in order to prepay the principal debt of the loan for the amount of 134,610.07 euros and commercial debt totalling 65,389.93 euros.

Both participating loans mature on 31 December 2020. However, in the event there is no request for repayment from Real Club Celta de Vigo, S.A.D., the maturity will be automatically extended to 31 December 2022. The fixed interest rate is 1.90% per annum and the variable rate is contingent on pre-tax profits (0.2% of such profits).

This represents financial expenditure totalling 5,700.00 euros (at 30 June 2020 financial expenditure totalled 4,469.80 euros).

- **Suppliers, group and associated companies** totalling 442,936.70 euros (at 30 June 2020 the total was 921,436.74 euros), corresponding in its entirety to the dominant company Real Club Celta de Vigo, S.A.D.

The volume of transactions corresponds to:

- 302,860.59 euros corresponds to the purchase of the sporting goods and equipment sold in the RCCelta shops (at 30 June 2020 the total was 621,632.88 euros),
- 81,516.68 euros corresponds to the commission for sale of sporting goods and equipment (at 30 June 2020 the total was 97,705.80 euros),
- 250,576.42 euros corresponds to the lease of real estate (at 30 June 2020 the total was 469,831.38 euros (note 7.1), and
- 10,041.35 euros corresponds to other expenses (at 30 June 2020 the total was 181,734.38 euros).

2. Remuneration of the Management Body.

Neither in this financial year, nor in the previous one, did the sole director or its representative receive any remuneration.

The company does not have senior executive personnel.

The company does not have obligations such as pensions or life insurance premiums with regard to the sole director or its representative.

Neither the sole director nor its representative receive advances or credits granted by the company.

3. Directors' duty of loyalty and to avoid conflict of interest situations.

In accordance with the provisions of Act 31/2014, of 3 December, which amends the Spanish Companies Act in order to improve corporate governance, the members of the Board of Directors of the company state that they discharge their duties in line with the duty of loyalty, established in article 227 of said Act. Neither the Sole Director nor its representative have informed of any of any situation of direct or indirect conflict, which could affect them or their related parties in accordance with 229.3 of the Spanish Companies Act.

4. Corporate group.

As mentioned, in note 14.1 of this report, the company forms part of an international group of companies whose management is independent of the rest of the companies in the group.

5. Agreements between the sole member and the sole member company.

Both on the date these annual accounts were drawn up and in the course of the financial year ended, no agreements were entered into between the sole member and the company other than as described in the report.

15. OTHER INFORMATION.

1. Average staff levels in the financial year.

The average number of persons employed in the financial year and the number of persons employed at 30 June, broken down by categories and gender, is set out in the following tables:

2019/2020	Average personnel		Personnel at 30/06/2020	
	Men	Women	Men	Women
Attendant/cashier	3	3	1	3
Secretarial	1	2	1	2
Store coordinator	2	0	1	0
Total	6	5	3	5

2020/2021	Average personnel		Personnel at 30/06/2021	
	Men	Women	Men	Women
Attendant/cashier	0	0	0	0
Secretarial	0	1	0	1
Store coordinator	0	0	0	0
Total	0	1	0	1

Personnel at closing consisted of one woman.

2. Remuneration of auditors.

These annual accounts will be audited by Auren Auditores and its remuneration for this task in this financial year amounts to 2,420.00 euros (same amount the previous year).

Neither during this financial year nor the previous one did the auditor company or any companies linked to it invoice fees for services other than those mentioned above.

3. Company agreements.

There are no company agreements other than those appearing in the balance sheet or informed about in other notes of this report.

The annual accounts were drawn up by the Sole Director of the company in a meeting held for that purpose.

Real Club Celta de Vigo, S.A.D.

Represented by Mr Manuel Carlos Mouriño Atanes

The annual accounts were issued on 29 September 2021 and this document is a literal translation of them.

AFOUTEZA E CORAZÓN, S.L.U.

Management Report at 30 June 2021

I. Evolution of the company and future prospects.

During the 2020/2021 season, Afouteza e Corazón, S.L.U. has worked hard on the management of different businesses:

1. Provision of physiotherapy and orthopaedics services as well as other services related to sports medicine (cardiology, nutrition, personalised rehabilitation) in the A Sede Sports Clinic,
2. Management of certain spaces at the base of the dominant company Real Club Celta de Vigo, S.A.D., A Sede such as:
 - a. Salón Regio, which offers cultural, educational and artistic content all year round and where company events, talks, concerts, etc. can be organised
 - b. Lease of the Gambeta gastrobar to Panadería el Trigo Celta, S.L., and
 - c. Lease of the Silabario restaurant to Gastronomía Raiana, S.L..

The company is immersed in the process of growing its healthcare business, seeking to overcome the idea held by society in general, of exclusivity with regard to the RCCelta players and of a high cost for the provision of the services. It is committed to providing modern, highly equipped facilities together with a highly qualified professional team, based on the principle of very high quality care to ensure patient loyalty and recommendations to new patients. Even so, we are carrying out marketing activities in order to ensure greater visibility of the services we provide.

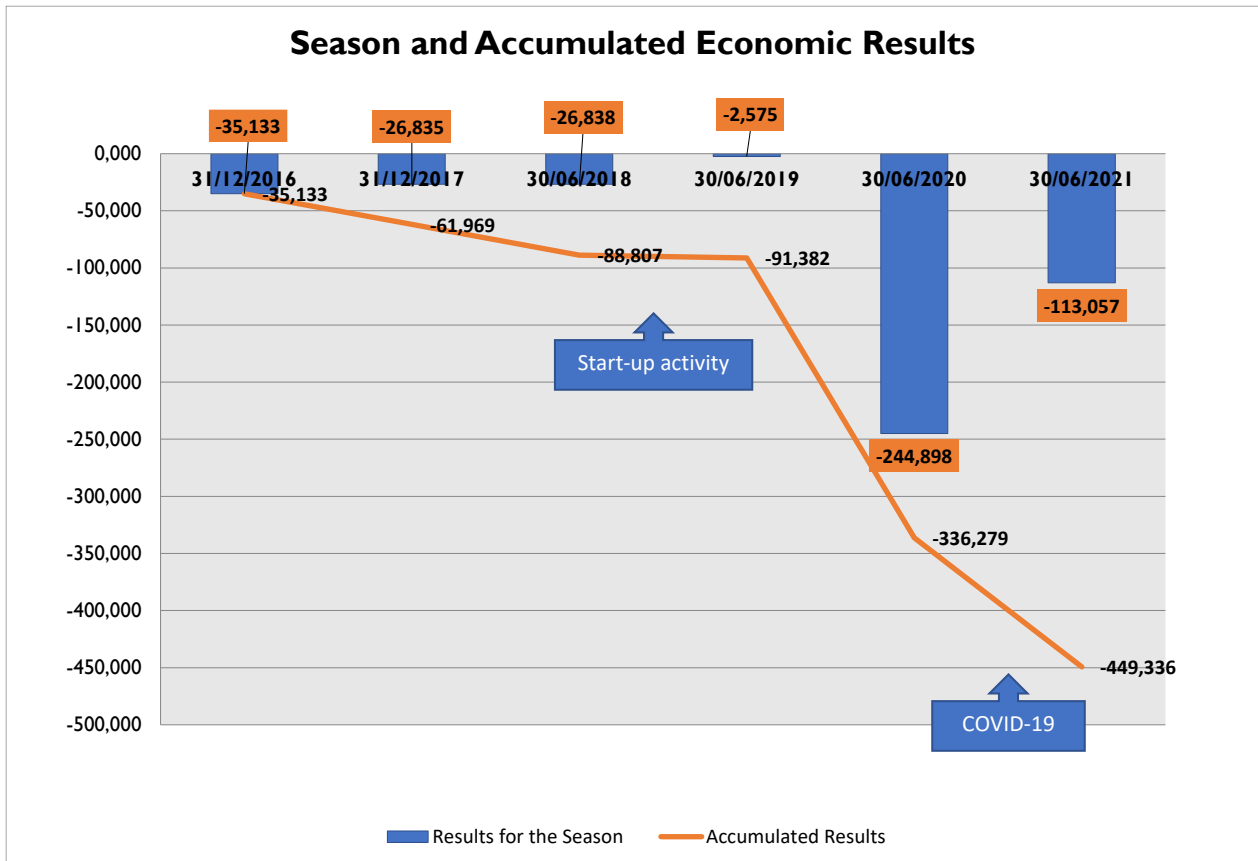
Main figures:

As in the previous year, the company has intensified efforts to prevent contagion and apply anti-covid protocols in order to guarantee the safety of not just its employees, but also of its suppliers, clients, and society in general, in its installations.

• RESULTS:

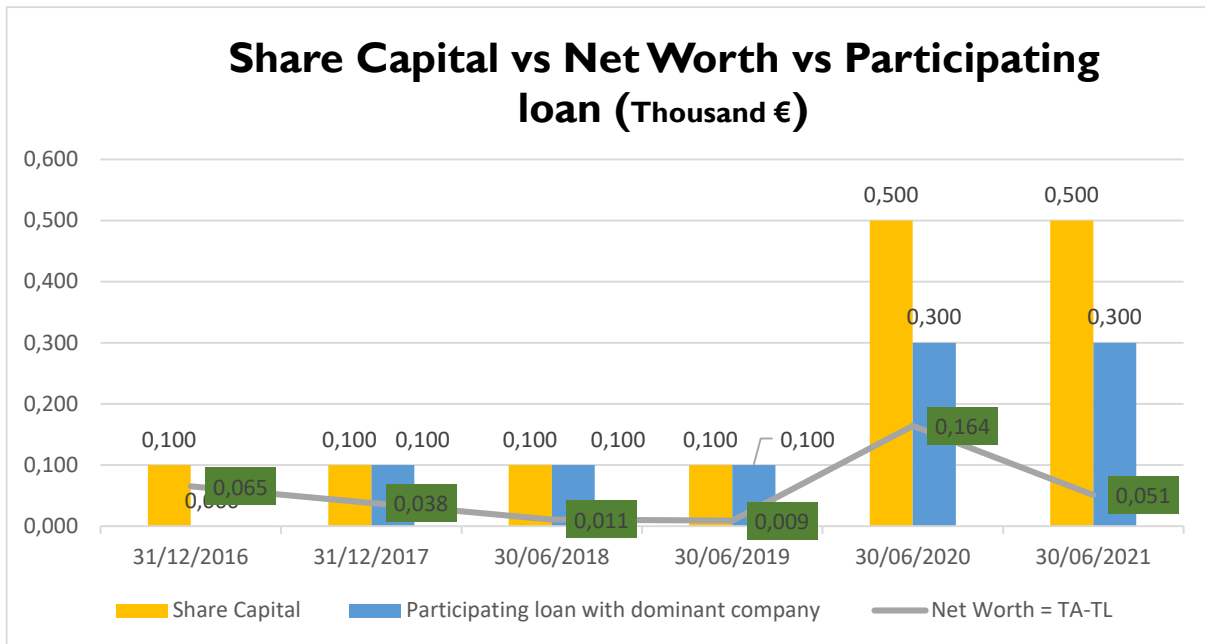
The company was incorporated on 26 January 2016 and in March 2018 it began to operate its business, which means that in its first years, the company posted negative results due to the necessary expenses involved in the launch of any business.

In the 2020/2021 period, the negative results were largely generated high fixed costs (leases).



- **NET WORTH.**

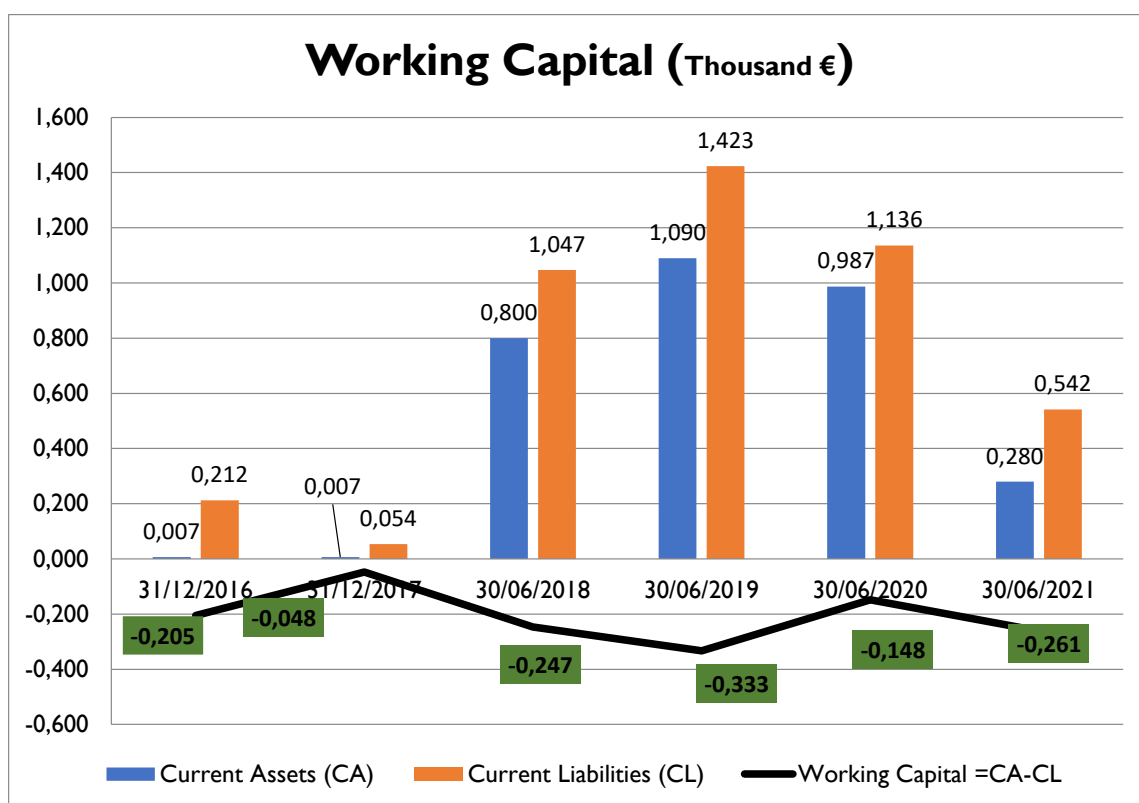
The company has a net worth of 50,664.31 euros, although it has participating loans with the dominant company, Real Club Celta de Vigo, S.A.D. and they are considered net worth for the purposes of capital reduction and the liquidation of companies pursuant to commercial legislation.



• WORKING CAPITAL.

This economic indicator offers a guarantee vis-à-vis third parties of the company's capacity to meet its commitments in the short term without causing problems to cash and banks and is calculated as the difference between current assets and current liabilities.

The company has a negative structural working capital, due to the business model as it receives payment in cash and pays suppliers according to the commercial agreements established.



2. Events subsequent to closing.

At the date of formulation of these annual accounts, there are no other subsequent events in relation to circumstances that already existed at season closing but that, due to their nature, have led to the inclusion of an adjustment to the figures contained in these annual accounts.

There are no subsequent events to closing of the annual accounts that affect the application of the going concern principle.

Neither are there subsequent events that show conditions that did not exist at season closing and that, given their importance, are being supplied in these annual accounts.

3. Research and development activities.

The company does not plan to invest in research and development.

4. Acquisitions of own shares.

The company has not acquired and does not intend to acquire treasury stock.

5. Financial instruments.

Risk management is controlled by the company, identifying, assessing and covering the financial risks in line with the policies approved by the Sole Director:

- **Future impact of COVID-19:** the company has quantified all possible losses of income in the 2020/2021 season associated with COVID-19.

At the date these annual accounts are drawn up, a scenario of paralysation such as that occurring in the first half of the 2020 financial year is not expected.

- **Credit risk:** This arises due to the possibility of non-recovery of financial assets in the amount recorded in the accounts and within the established term. The company currently has a procedure for carrying out all operations strictly monitoring risk and the grant of credit. The company carries out monthly reviews to identify situations of risk and delays in receiving payment.
- **Liquidity risk:** This arises due to the possibility of the company not being able to dispose of liquid funds or access them in the amount necessary in order to meet payment obligations. The company has established a procedure by virtue of which it maintains the necessary liquid funds available for both its day-to-day activity and for making different investments.

The company pays creditors in accordance with the law and the respective commercial agreements and receives payment largely in cash in the clinic, meaning that there is no liquidity risk.

- **Market risk:** this is the interest rate risk caused by uncertainty regarding the future evolution of the financial markets and of the interest rates, with the resulting possible impact on results and cashflows for the company. The company applies a prudent policy of financial indebtedness.

6. Securities listed for trading.

The company does not issue securities listed for trading on any of the regulated markets of the Member States of the European Union.

7. Average employment for the period.

The average number of persons employed in the financial year and the number of persons employed at 30 June, broken down by categories and gender, is set out in the following tables:

2019/2020	Average personnel		Personnel at 30/06/2020	
	Men	Women	Men	Women
Attendant/cashier	3	3	1	3
Secretarial	1	2	1	2
Store coordinator	2	0	1	0
Total	6	5	3	5

2020/2021	Average personnel		Personnel at 30/06/2021	
	Men	Women	Men	Women
Attendant/cashier	0	0	0	0
Secretarial	0	1	0	1
Store coordinator	0	0	0	0
Total	0	1	0	1

Personnel at closing consisted of one woman.

8. Deferral of payments to suppliers.

The deferral of payments is not within the limit of 30 days established by the Commercial Operations Prompt Payment Act. The regulatory term for payment is 30 calendar days, which may be extended by virtue of an agreement between the parties, but cannot exceed 60 calendar days.

The company has debts due for more than 30 days with suppliers for commercial operations amounting to 486,271.22 euros (at 30 June 2020 the total was 988,590.57 euros), of which 442,936.70 euros corresponds to dominant company Real Club Celta de Vigo, S.A.D.

This management report was drawn up by the Sole Director of the company, at a meeting held for that purpose.

Real Club Celta de Vigo, S.A.D.

Represented by Mr Manuel Carlos Mouriño Atanes

The management report was issued on September 29, 2021 and this document is a literal translation of it.



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