

REAL CLUB CELTA DE VIGO, S.A.D.

**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 shareholders of REAL CLUB CELTA DE VIGO, S.A.D.:

Opinion

We have audited the annual accounts of REAL CLUB CELTA DE VIGO, S.A.D. (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.

Player acquisition rights

Description The company has in the heading A) *1.1 Player acquisition rights*, 40.678.091,47 euros at 30th June 2021, net of amortisation and deterioration. These rights are amortised on a lineal basis according to the duration of the contracts. The company has established procedures that enable it to assess the reasonableness of the net book value assigned to these rights at any given time, as well as to periodically assess a possible impairment of such assets, verifying that their market value is higher than their net book value.

The value of the player acquisition rights has a significant impact on the valuation of the entity's total assets and on the expense of amortization of the income statement.

For all the circumstances described above it has been considered that the value corresponding to player acquisition rights, is one of the most relevant aspects of the audit.

Our Answer

In relation to this aspect, our audit procedures have included among others:

- Understanding and checking the reasonableness of the criteria used by the company for the valuation of player acquisition rights.
- We have verified the calculations made by the company in relation to the acquisition price.
- We have verified the calculations made by the company in relation to the amortisation made during the year.
- We have verified the market value of the player acquisition rights.
- We have verified that in notes 4.1 and 8 of the attached annual accounts, information is included that are appropriate to what is required by that applicable financial reporting framework.

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*



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REAL CLUB CELTA DE VIGO, S.A.D.
Annual Accounts
at 30 June 2021

BALANCE SHEET AT 30 JUNE 2021 AND 30 JUNE 2020

ASSETS	Note	30/06/2021	30/06/2020
A) NON-CURRENT ASSETS		92,162,052.54	113,589,424.56
I. Intangible Fixed Assets		56,934,132.15	71,686,010.88
1. Player acquisition rights	8	40,678,091.47	54,169,683.23
4. Rights over assets assigned for use	7.1	16,256,040.68	17,516,327.65
II. Other intangible fixed assets	7.2	73,599.10	84,666.30
III. Tangible Fixed Assets	5	24,171,591.26	15,078,251.64
1. Land and buildings		10,297,306.14	10,460,802.79
2. Technical facilities and other tangible fixed assets		2,222,153.78	1,930,934.33
3. Fixed assets under construction and advances		11,652,131.34	2,686,514.52
V. Long-term investments in group and associate companies		800,000.00	800,000.00
1. Equity instruments	11.4	500,000.00	500,000.00
2. Loans to companies	11.1	300,000.00	300,000.00
VI. Long-term financial investments	11.1	32,677.80	25,009.80
5. Other financial assets		32,677.80	25,009.80
VII. Deferred tax assets	14.4	1,219,380.63	905,389.79
VIII. Non-current trade debtors	11.1	8,930,671.60	25,010,096.15
B) CURRENT ASSETS		43,078,742.09	59,977,751.81
II. Inventories	12	487,617.68	55,495.92
1. Comerciales		487,017.68	54,895.92
6. Advances to suppliers		600.00	600.00
III. Debtors		29,655,000.22	29,978,708.58
1. Season ticket holder and member quotas	11.1	11,424.90	0.00
b) Season ticket holder and member quotas, short-term		11,424.90	0.00
2. Group entities, debtors	11.1	450,037.79	900,724.29
3. Sports entities, debtors	11.1	23,138,424.44	25,477,161.60
4. Other receivables	11.1	3,908,533.90	1,845,147.08
5. Personnel	11.1	205,100.00	205,100.00
6. Current tax assets	14.6	1,941,479.19	1,550,575.61
IV. Short-term investments in group and associate companies	11.1	2,000,000.00	2,000,000.00
5. Other financial assets		2,000,000.00	2,000,000.00
V. Short-term financial investments	11.1	2,000,180.30	2,000,180.30
5. Other financial assets		2,000,180.30	2,000,180.30
VI. Accruals		1,167,853.73	0.00
VII. Cash and equivalent liquid assets	11.1	7,768,090.16	25,943,367.01
1. Cash and banks		7,768,090.16	25,943,367.01
TOTAL ASSETS		135,240,794.63	173,567,176.37

BALANCE SHEET AT 30 JUNE 2021 AND 30 JUNE 2020

EQUITY AND LIABILITIES	Note	30/06/2021	30/06/2020
A) EQUITY		88,634,089.12	99,101,639.73
A-1) Net equity	13	76,494,209.65	86,027,923.38
I. Capital		3,770,210.00	3,770,210.00
I. Subscribed capital		3,770,210.00	3,770,210.00
III. Reserves		82,257,713.38	72,578,026.02
I. Legal and statutory		754,042.00	754,042.00
2. Other reserves		73,182,197.24	63,502,509.88
3. Capitalisation reserve		8,321,474.14	8,321,474.14
VII. Results of the financial year	3	(9,533,713.73)	9,679,687.36
A-3) Subsidies, donations and endowments received	19	12,139,879.47	13,073,716.35
B) NON -CURRENT LIABILITIES		23,819,319.94	35,233,224.06
I. Long-term provisions	16	590,919.22	475,151.37
4. Other provisions		590,919.22	475,151.37
II. Long-term debts	11.2	14,890,766.98	21,823,779.35
2. Debts with financial institutions		5,971,326.98	2,115,642.93
3. Debts with sporting entities		8,669,166.00	19,477,175.42
5. Other financial liabilities		250,274.00	230,961.00
VI. Deferred tax liabilities	14.5	8,337,633.74	12,934,293.34
C) CURRENT LIABILITIES		22,787,385.57	39,232,312.58
II. Short-term provisions	16	252,194.17	252,194.17
2. Other provisions		252,194.17	252,194.17
III. Short-term debts	11.2	1,750,318.14	1,756,594.14
2. Debts with financial institutions		1,144,315.95	1,129,672.78
5. Other financial liabilities		606,002.19	626,921.36
IV. Short-term debts with group and associated companies	11.2	38,942.43	93,430.32
V. Commercial creditors and other accounts payable	11.2	20,745,930.83	36,576,749.86
I. Advances of season ticket holder and member quotas		0.00	6,379.25
2. Debts due to purchases or provision of services		3,378,523.43	4,530,192.82
b) Short-term suppliers		3,378,523.43	4,530,192.82
3. Debts with sporting entities		11,030,326.53	24,196,857.50
4. Personnel (salaries payable)		1,174,061.93	4,802,658.68
6. Other debts with Public Administrations	14.6	4,915,830.53	3,037,505.52
6. Client advances		247,188.41	3,156.09
VI. Short-term accruals	11.2	0.00	553,344.09
TOTAL EQUITY +LIABILITIES		135,240,794.63	173,567,176.37

INCOME STATEMENT AT 30 JUNE 2021 AND 30 JUNE 2020

	Note	30/06/2021	30/06/2020
A) CONTINUING OPERATIONS			
1. Revenue	15.1	61,592,151.86	62,717,643.86
a) Income from competitions		330,267.90	561,480.63
b) Income from season ticket holders and members		744,857.10	3,505,866.97
c) Broadcast income		48,903,648.43	50,058,359.04
d) Advertising income		9,960,444.27	7,472,333.32
e) Marketing and other income		1,652,934.16	1,119,603.90
4. Supplies		(1,425,297.76)	(1,346,380.45)
b) Other consumption and external expenses		(1,308,683.01)	(1,356,068.14)
d) Impairment/Reversion of merchandise, raw materials and other provisioning	12	(116,614.75)	9,687.69
5. Other operating income		5,084,471.51	4,107,337.45
a) Ancillary and other current management income	15.4.b	4,499,066.06	3,538,290.52
b) Operating subsidies included in results for the financial year	19	585,405.45	569,046.93
6. Staff expenses		(56,043,116.65)	(50,041,361.48)
a) Playing staff salaries and wages	15.2.b	(50,161,971.74)	(44,005,079.36)
b) Non-playing staff salaries and wages	15.2.a	(4,501,415.32)	(4,652,830.36)
c) Social charges	15.2	(1,379,729.59)	(1,383,451.76)
7. Other operating expenses		(13,301,317.41)	(16,657,586.67)
a) External services		(4,530,883.20)	(5,654,395.86)
b) Levies		(24,448.17)	(18,224.92)
c) Impairment, losses and variation of provisions for commercial operations	11.1	(117,587.96)	(215,074.75)
d) Travel		(2,735,386.42)	(1,179,469.41)
e) Player acquisition expenses	15.2.b	(3,416,307.81)	(6,652,451.92)
f) Other current management expenses		(2,476,703.85)	(2,937,969.81)
8. Amortisation of fixed assets		(17,517,550.05)	(21,664,437.44)
a) Amortisation of player acquisition rights	8 & 15.2.b	(15,576,955.52)	(19,740,584.15)
b) Other amortisation	5; 7.1 & 7.2	(1,940,594.53)	(1,923,853.29)
9. Application of subsidies of non-financial fixed assets and others	19	1,245,115.80	1,245,115.80
11. Impairment and result of fixed asset sales		6,608,488.76	34,834,293.46
b) Results from the sale of players	8 & 15.4.g	6,608,488.76	34,834,293.46
13. Other results	15.4.e	449,410.79	(436,727.09)
A.1) OPERATING PROFIT		(13,307,643.15)	12,757,897.44
14. Financial income	15.4.f	236,739.61	59,699.22
a) From stakes in equity instruments	15.4.a	43,700.00	33,516.38
a.1) In group and associated companies		43,700.00	33,516.38
b) From negotiable securities and other financial instruments		193,039.61	26,182.84
b.2) From third parties		193,039.61	26,182.84
15. Financial expenses	15.4.f	(183,900.39)	(61,727.74)
b) From debts with third parties		(183,900.39)	(61,727.74)
16. Variation in fair value of financial instruments	15.4.f	0.00	18,547.75
A.2) FINANCIAL PROFIT		52,839.22	16,519.23
A.3) PROFIT/(LOSS) BEFORE INCOME TAX		(13,254,803.93)	12,774,416.67
20. Income tax expense	14.3	3,721,090.20	(3,094,729.31)
A.4) FINANCIAL YEAR PROFIT FROM CONTINUING OPERATIONS		(9,533,713.73)	9,679,687.36
A.5) PROFIT/(LOSS) FOR THE PERIOD	3	(9,533,713.73)	9,679,687.36

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	(9,533,713.73)	9,679,687.36
Income and expense charged directly in equity:			
B) TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		0.00	0.00
Transfers to the profit and loss account			
X. Subsidies, donations and endowments received	19	(1,245,115.80)	(1,245,115.80)
XIII. Tax effect	14	311,278.92	311,278.92
C) TOTAL AMOUNT TRANSFERRED TO THE INCOME STATEMENT		(933,836.88)	(933,836.88)
TOTAL RECOGNISED INCOME AND EXPENSE		(10,467,550.61)	8,745,850.48

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

B) STATEMENT OF CHANGES IN EQUITY

	Subscribed capital	Reserves	Profit/(loss) for the period	Subsidies, donations and endowments received	TOTAL
A. BALANCE AT THE END OF THE 2018-2019 SEASON	3,770,210.00	51,434,670.85	21,143,355.17	14,007,553.23	90,355,789.25
I. Adjustments due to change of criteria for the 2018-2019 season	0.00	0.00	0.00	0.00	0.00
II. Adjustments due to errors for the 2018-2019 season	0.00	0.00	0.00	0.00	0.00
B. ADJUSTED BALANCE, START OF THE 2019-2020 SEASON	3,770,210.00	51,434,670.85	21,143,355.17	14,007,553.23	90,355,789.25
I. Total recognised income and expense	0.00	0.00	9,679,687.36	(933,836.88)	8,745,850.48
II. Operations with shareholders or owners	0.00	0.00	0.00	0.00	0.00
III. Other changes in equity	0.00	21,143,355.17	(21,143,355.17)	0.00	0.00
1. Movement of the capitalisation reserve	0.00	2,114,078.02	(2,114,078.02)	0.00	0.00
2. Other variations	0.00	19,029,277.15	(19,029,277.15)	0.00	0.00
C. BALANCE AT THE END OF THE 2019-2020 SEASON	3,770,210.00	72,578,026.02	9,679,687.36	13,073,716.35	99,101,639.73
I. Adjustments due to change of criteria for the 2019-2020 season	0.00	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	0.00
D. ADJUSTED BALANCE, START OF THE 2020-2021 SEASON	3,770,210.00	72,578,026.02	9,679,687.36	13,073,716.35	99,101,639.73
I. Total recognised income and expense	0.00	0.00	(9,533,713.73)	(933,836.88)	(10,467,550.61)
II. Operations with shareholders or owners	0.00	0.00	0.00	0.00	0.00
III. Other changes in equity	0.00	9,679,687.36	(9,679,687.36)	0.00	0.00
1. Movement of the capitalisation reserve	0.00	0.00	0.00	0.00	0.00
2. Other variations	0.00	9,679,687.36	(9,679,687.36)	0.00	0.00
E. BALANCE AT THE END OF THE 2020-2021 SEASON	3,770,210.00	82,257,713.38	(9,533,713.73)	12,139,879.47	88,634,089.12

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		(13,254,803.93)	12,774,416.67
2. Adjustments to results		16,283,801.83	(12,638,015.12)
a) Depreciation of fixed assets (+)	5; 7.1; 7.2 & 8	17,517,550.05	21,664,437.44
b) Impairment adjustments (+/-)	11.1 & 12	234,202.71	(91,003.69)
c) Variation of provisions (+/-)	16	115,767.85	475,151.37
d) Allocation of subsidies (-)	19	(1,245,115.80)	(1,245,115.80)
e) Result of removals and transfers of fixed assets (+/-)		(5,400.00)	(33,443,512.96)
g) Financial income (-)		(236,739.61)	(59,699.22)
h) Financial expenditure (+)		183,900.39	61,727.74
i) Exchange rate differences (+/-)		(280,363.76)	0.00
3. Changes in current capital		(26,362,260.59)	6,600,852.12
a) Inventories (+/-)		(548,736.51)	229,790.06
b) Debtors and other accounts receivable (+/-)		3,850,208.48	24,163,989.36
c) Other current assets (+/-)		(54,487.89)	(4,760.50)
d) Creditors and other accounts payable (+/-)		(28,111,117.18)	(8,124,998.12)
e) Other current liabilities (+/-)		(1,472,440.49)	(9,663,168.68)
f) Other non-current assets and liabilities (+/-)		(25,687.00)	0.00
4. Other cashflows from operating activities		(2,724,045.11)	(303,320.91)
a) Payment of interest (-)		(183,900.39)	(61,727.74)
c) Receipt of interest (+)		236,739.61	7,284.41
d) Profit tax collections/(payments) (+/-)		(2,776,884.33)	(248,877.58)
5. Cashflows from operating activities		(26,057,307.80)	6,433,932.76
B) Cashflows from investment activities			
6. Investment payments (-)		(12,937,720.82)	(22,556,260.42)
a) Group and associated companies	11.1	0.00	(2,000,000.00)
b) Intangible fixed assets	7 & 8	(3,066,667.00)	(8,540,000.00)
c) Tangible fixed assets.	5	(9,863,385.82)	(2,018,317.16)
e) Other financial assets	11.1	(7,668.00)	(9,997,943.26)
7. Divestment receipts (+)		16,949,424.55	16,922,500.00
b) Intangible fixed assets	8	870,000.00	12,922,500.00
e) Other financial assets		16,079,424.55	4,000,000.00
8. Cashflows from investment activities		4,011,703.73	(5,633,760.42)
C) Cashflows from financing activities			
10. Collections and payments for financial liability instruments		3,870,327.22	(1,298,902.66)
a) Issue		5,000,000.00	0.00
2. Debts with financial institutions (+).		5,000,000.00	0.00
b) Return and repayment of		(1,129,672.78)	(1,298,902.66)
2. Debts with financial institutions (-).		(1,129,672.78)	(1,115,276.23)
5. Other debts (-).		0.00	(183,626.43)
12. Cashflows from financial activities		3,870,327.22	(1,298,902.66)
D) Impact of exchange rate variations			
E) Net increase/decrease of cash or equivalents		(18,175,276.85)	(498,730.32)
Cash or equivalents at the start of the financial year	11.1	25,943,367.01	26,442,097.33
Cash or equivalents at the end of the financial year	11.1	7,768,090.16	25,943,367.01

REAL CLUB CELTA DE VIGO, S.A.D.

Report on the annual accounts corresponding to the financial year ending 30 June 2021. (in euros)

I. ACTIVITY OF THE COMPANY.

I. Incorporation.

Real Club Celta de Vigo, S.A.D., was incorporated in Vigo, by virtue of a public deed executed before Mr Alejo Calatayud Sempere, Notary Public in Vigo, on 30 June 1992, by means of the transformation of the entity Real Club Celta de Vigo, founded on 23 August 1923, into a public limited sports company (*sociedad anónima deportiva* or SAD) under the “Football club restructuring plan”, created by the Sports Act.

It was recorded at Pontevedra Commercial Registry on 26 February 1993, on folio 119, volume 1218, sheet number 7073, entry 1.

Its tax identification code is A-36.609.105.

The CNAE (National Economic Activities Code) for the company’s main activity is 9319.

The registered office is Calle del Príncipe, 44, Vigo, and it performs its activity at the following facilities (note 4.1 and 4.2):

- Estadio Abanca Balaidos, the facility at which the first team plays.
- Estadio de Barreiro, the facility at which the company’s reserve team, Celta B, plays.
- A Madroa sports facilities and, since November 2020, the Ciudad Deportiva Afouteza (Mos); and
- Edificio Sede Príncipe (known as A Sede), facilities that house the General Management, Financial Management and other areas of the company, and is the registered office and tax domicile of the company. Moreover, certain parts of the building are leased to the dependent company, Afouteza e Corazón, S.L.U. for the carrying on of its business (note 10, 11.4 and 15.4.a).

2. Legal regime.

The Company is governed by its Articles of Association, the Sports Act (*Ley del Deporte 10/1990, de 15 de octubre*); Royal Decree 1251/1999 of 16 July, on Public Limited Sports Companies, Royal Legislative Decree 1/2010 which approved the Restated Text of the Spanish Companies Act (*Ley de Sociedades de Capital*), as well as subsequent laws that amended said act, the Commercial Code and other applicable legal provisions and the Order of 27 June 2000 which approved the rules for adapting the General Chart of Accounts to public limited sports companies, where not otherwise regulated by Royal Legislative Decree 1514/07, of 16 November. It is also subject to the terms of the Transparency, Public Information Access and Good Governance Act (*Ley 19/2013 de 9 de diciembre de Transparencia, Acceso a la Información Pública y Buen Gobierno*) and the decisions of the Higher Council for Sports and the National Professional Football League (LNFP).

3. Corporate object.

Real Club Celta de Vigo is a football club playing in the First Division of the Professional Football League in Spain. According to the Articles of Association, its corporate object is:

- Participation in sporting competitions of a professional nature, belonging to the category of football.
- Promotion and development of sporting activities in one or more categories of sports.
- Operation and marketing of sporting events, products and rights of all kinds linked or related to the category of sports, the professional team and the team resources.

The nature of the operation of the company corresponds to the participation in professional sports competitions, in the category of football. In the 2020/2021 Season, the first team played in the First Division National League Championship and in the King's Cup and the reserve team, Celta B, in Second Division B.

As of 1 July 2020, the operation of the official RC Celta stores, as mentioned in note 10.

4. Obligation to consolidate.

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 11.4) and
- Special purpose entity Fundación Celta de Vigo, whose main activity is the promotion of grassroots sports from the lower age-grades of RCCelta (note 15.4.a).

According to the terms of Article 43.3 of the Commercial Code, the Company 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 the company 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, the company 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 THE PRESENTATION OF THE ANNUAL ACCOUNTS.

The members of the Board of Directors formulate these annual accounts in accordance with the regulatory framework on financial reporting applicable to the company established in:

- Legislative Decree 1/2010 which approved the Restated Text of the Spanish Companies Act, as well as any acts subsequently amending the same.
- The Public Limited Sports Companies Act, Royal Decree 1251/1999 of 16 July.

- Legislative Royal Decree 1514/07, of 16 November, which approved the General Chart of Accounts, and the amendments contained in RD 1159/2010, of 17 September and RD 602/2016 of 2 December.
- The Order of 27 June 2000 which approved the rules for adapting the General Chart of Accounts to public limited sports companies, where not otherwise regulated by Royal Legislative Decree 1514/07, of 16 November.
- The Commercial Code.
- Other applicable legal provisions (specifically the Regulations on the Financial Control of Clubs and Public Limited Sports Companies belonging to the LNFP and the resolutions of the Joint Committee of the Higher Sports Council and the LNFP, which approved the new format for the Report on the Annual Accounts of Clubs and Public Limited Sports Companies belonging to the LNFP).

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 assets and the financial situation and results of the company, as well as of the veracity of the flows contained in the cashflow statement.

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 2019/2020 season were approved by the Ordinary and Extraordinary General Meeting held 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. We believe that there are not significant kinds of risks that could entail significant changes in the value of assets and liabilities or in the continuation of the activity.

As a result of the situation caused by COVID-19 in the course of the 2020/2021 season, the following were affected:

- Income from competitions, as matches were held behind closed doors.
- Income from season ticket holders and members, because of the prohibition on members of the public being in the stadium. A special season ticket holder campaign was launched, offering them the possibility to renew their season ticket for 50 euros while maintaining all the advantages associated with their status and that will be discounted from the amount of the supplements charged for entry to matches when it is possible to return to the stadium. This implied a reduction in income from season ticket holders with regard to past seasons.
- Broadcast income recognised by the company in the 2019/20 Season has been corrected by 2,348,505.65 euros, due to the negotiation with TV operators as a result of COVID-19. This means that the comparative figures corresponding to 30 June 2020 have been restated (note 2.3).

During the COVID-19 crisis, a series of measures was adopted in order to guarantee the protection of employees, suppliers and debtors:

- Given the investment made in the digitalisation of processes, it has been possible to work remotely,
- The necessary actions have been adopted in order to maintain social distancing and limit personal interaction.

The formulation of these annual accounts requires the use of certain estimations and judgements regarding the future by management that are continuously assessed and based on historical experience and other factors, including the expectations of future events that are considered reasonable under said circumstances.

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 4.2 and 5):

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.

Useful life of intangible sports fixed assets (Notes 4.1, 7.1 and 8):

The management of the company determines the useful life in the event of the acquisition rights of players in accordance with the duration of the contract of each player, the case of the participation rights in sporting competitions, normally, over a term of four years and for the rights over assets assigned in accordance with the term of the assignment agreement.

Moreover, in the case of the acquisition rights of players (note 8), at the end of the season the management of the company carries out an overall valuation of players by the market, and in the event it is determined that there is an overall loss in value of the playing staff, the corresponding loss due to impairment is provisioned.

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 2020/2021 season, the members of the Board of Directors have presented the corresponding figures for the 2019/2020 season. 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.

In December 2020 the economic department of LaLiga asked clubs for a rectification invoice corresponding to the reduction in broadcasting income from the 2019/2020 Season, in the case of the company, the amount was 2,348,505.65 euros.

Consequently, the comparative information in the profit and loss account and balance sheet for the 2019/2020 Season has been restated (note 2.2, 11.1 and 11.5).

	Restated Information 2019/2020 Season 30/06/2020	Information approved Annual Accounts 30/06/2020
I. c) Broadcast income (Revenue)	50,058,359.04	52,406,864.69
III.3. Sports entities (Current Assets)	25,477,161.60	27,825,667.25

As a result of the above and of taking into consideration the difference between the deduction activated at 30 June 2020 and the final deduction activated (when corporation tax was presented), the entity has restated the estimate of the corporation tax expense, as well as the deferred tax assets and current taxation for the 2019/2020 season:

	Restated Information T2019/2020 Season 30/06/2020	Information approved Annual Accounts 30/06/2020
A) VII. Deferred tax assets	905,389.79	983,986.52
B) III.6 Current tax assets	1,550,575.61	150,768.12
Results of the financial year	9,679,687.36	10,706,982.25

3. APPLICATION OF RESULTS.

The proposal from the members of the Board of Directors for the application of the results of the 2020/2021 season, and for the distribution of the results from the 2019/2020 season, approved by the General Meeting of Shareholders, is as follows:

Application of results	Amount at 30/06/2021	Restated Amount at 30/06/2020	Approved Amount at 30/06/2020
Distribution basis			
Balance of the profit and loss account	(9,533,713.73)	9,679,687.36	10,706,982.25
	(9,533,713.73)	9,679,687.36	10,706,982.25
Application			
To voluntary reserves		9,679,687.36	10,706,982.25
To prior periods' losses	(9,533,713.73)		
	(9,533,713.73)	9,679,687.36	10,706,982.25

The distribution envisaged in the allocation of results from the financial year meets the requirements and restrictions established in the Articles of Association and in the legal regulations.

There are no restrictions on the distribution of dividends.

4. REGISTRATION AND VALUATION RULES.

The members of the Board of Directors hereby set out the accounting criteria applied in relation to the items applicable to the company, for the formulation of these annual accounts:

1. Intangible fixed assets.

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

Intangible fixed sporting assets .

This heading includes:

Player acquisition rights corresponding to the amounts accrued due to the acquisition of certain players (domestic or foreign). It includes all commitments assumed in this regard as well as the agency and intermediation costs that are independent of the contract signed between the company and the player for the provision of his services. According to the criteria of the applicable regulations, certain assets are valued at zero cost, as there is no acquisition price for the same, which is the case of players produced by the RC Celta academy.

The amortisation of these rights is lineal in line with the period of duration of the player's contract. Any changes that may arise due to an extension to the player's contract are included in the accounts as an estimation, errors excepted.

The soundness of the net asset value assigned to each of the rights is assessed at all times using certain procedures (differences between acquisition value and market value), as well as by periodically assessing the impairment of said assets.

Participation rights in sporting competitions corresponds to the amounts paid for the acquisition of the rights to participate in official competitions. In order to activate them, they must be the result of a transaction for a consideration and not be of a periodic nature. These rights are amortised on a systematic basis in the course of their lifetime (which we understand to be four years). In the event of relegation or loss of the right to participate for whatever reason, the corresponding impairment will be recorded for the amount pending amortisation.

The rights over investments made in land or assigned facilities corresponds to investment made by the company in land or facilities that were leased, obtained via administrative concessions or any other kind of contractual assignment, when said investments are not separable from said land or facilities, provided that they increase the capacity and productivity of the same or extend their useful life.

The rights over assigned for use correspond to those assets that, assigned for use by the assignor entities, are used to perform the activity.

They are measured following the criterion established in query 6 of the Official Journal of the Spanish Accounting and Audit Institute (BOICAC) no. 77 on the accounting treatment of the assignment of public domain which entails only the right to use said assets, without the requirement for a consideration, which establishes that “the absence of a consideration means that the accounting treatment of the operation is analysed using registration and valuation rule 18 of the 2007 General Chart of Accounts as a point of reference. According to the content of said rule, the beneficiary entity of the assignment must record the right of use it receives as an intangible asset at its fair value, recording as a balancing entry any income attributed directly to the net equity, provided that the requirements envisaged in said rule are met:

- The existence of an individualised concession agreement in favour of the company,
- The conditions established for the concession have been fulfilled, and
- There is no reasonable doubt regarding receipt of the subsidy

However, if due to the special nature of the assignee, the term established for the assignment covers virtually the entirety of the financial life of the assigned assets, this circumstance must be taken into consideration in order to class the right of use in accordance with the nature of the asset received; a tangible fixed asset, as the case may be.

We believe that the rights of use assigned over the municipally-owned sports facilities, free of charge, meet the requirements to be recognised as an intangible asset, being valued at the fair value of the asset or right delivered. The company uses Balaidos Municipal Stadium, Barreiro football ground and the La Madroa sports facilities (note 1.1), the concession for use of which was approved in an agreement dated 28 March 1992, to be used until 16 May 2014 without any kind of consideration. On 30 January 2009 a new agreement was signed with Vigo City Council maintaining the authorisation to use the sports facilities granted to the company and extending the term of the 1992 Agreement until 2034.

The depreciation of these assets is in line with their useful life or the duration of the assignment agreement, if shorter.

Other intangible fixed assets.

The computer applications that meet the identifiability criterion are included in the assets, whether acquired from third parties or developed by the company itself, using the means at its disposal.

The assets do not contain the maintenance expenses of the computer applications.

The transfer rights are stated by virtue of an acquisition for a consideration of the premises used for the sale of advertising materials and marketing of RC Celta products.

The elements of intangible fixed assets are depreciated on a linear basis, in line with the estimated useful life, considered to be 5 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.

Technical installations, machinery and tools are measured at acquisition price or manufacture and construction cost until brought into operating condition.

The company's building situated on Calle del Príncipe (known as A Sede) (note 1.1), is measured at acquisition price, which also includes the amount invoiced by the vendor, after deducting any price discount or reduction and all additional expenses directly related and arising until it was brought into operating condition (following refurbishment of the property).

The **construction of Ciudad Deportiva Afouteza**, located in Mos, more detailed information on which is available in notes 5 and 10 of this report, will be valued at production cost, which will be comprised of the installations and elements of a permanent nature, the charges inherent to construction and the professional fees of the project and works management. Moreover, conditioning expenses such as fencing, earthworks, sanitation and drainage works will be included.

Fixed assets requiring a term of more than one year in order to be in a position to be used will include in the acquisition price or production cost those financial expenses accruing before they are brought into operating condition and invoiced by the supplier or corresponding to loans or other kinds of external financing, specific or generic, directly attributable to the acquisition, manufacture or construction.

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.

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.

3. Leases.

The company does not have any financial leasing agreements.

The expenses derived from the operating lease agreements are charged to the profit and loss account in the season in which they accrue.

The income derived from the operating lease agreements, for the facilities at A Sede (note 1.1) with dependent company Afouteza e Corazón, S.L.U. are recorded using the accrual method, that is, when there is an actual flow of the services that they represent.

All the information on operating leases is supplied in note 10 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 debtors, which correspond essentially to sporting entities (due to the sale or loan of players) which in the case of a term of maturity in excess of the normal operating cycle, are recognised in non-current trade debtors, other debtors due to the different collaboration agreements and arrangements for exploitation of advertising rights in accordance with the agreements signed and financial investments (loans to group companies, short-term investment funds and other financial assets).

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.

A financial asset or a part thereof will be retired when contractual rights have expired or have been assigned.

6. Financial liabilities.

Financial liabilities include debt with financial institutions and the debt derived from debits due to commercial or non-commercial transactions for the purchase of goods and services by the company (sporting goods and equipment) and for the acquisition/loan of players, measured at fair value, which is the price of the transaction, plus attributable expenses.

Financial liabilities will be retired when the obligation has expired.

7. Stock.

The goods contained in stock correspond to sporting goods and equipment at acquisition price. This includes the amount invoiced by the vendor after deducting any discount, price reduction or similar items, together with the costs necessary for marketing said sports material.

Company management checks whether the sporting goods and equipment has suffered a loss due to impairment, according to the accounting policy on stock.

At the end of each season, the company makes the provisions it deems appropriate depreciating the value of the stock if necessary, in line with best expectations.

8. Foreign currency transactions.

Foreign currency transactions have been converted into euros applying the spot exchange rate on the dates on which they occurred.

Positive and negative differences arising the liquidation of foreign currency transactions and the conversion of monetary assets and liabilities in foreign currency into euros are recognised in the results account.

9. Tax on profits.

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.

10. 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.

The company's main income is comprised of:

- **Income from competitions** (note 15.1), sporting acts recognised when League, King's Cup, UEFA, friendlies or other matches are played.
- **Income from season-ticket holders and members** (note 15.1), this refers to season and other tickets recognised as income in the corresponding period. In this regard, the corresponding accruals/deferrals will be applied (note 11.2).
- **Income from broadcasts** (note 15.1), this refers to the audio-visual rights assigned for the broadcast of matches.
- **Income from advertising** (note 15.1) recognised in accordance with the terms of the different collaboration agreements (by season and division) and from the exploitation of the static advertising rights in accordance with the agreements signed.
- **Income from marketing** (note 15.1), including sales of sporting goods and equipment in the official RCCelta stores and the sale of shirts in the season ticket holder campaign,

- **Ancillary and other current management income** (includes income from the lease of facilities, income from loans of players and the training rights of the same) (notes 10 and 15.4.b) and
- **Income from the sale of players** (notes 8 and 15.4.g).

11. 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. However, for the sake of prudence, the company includes losses at the time of the claim and income at the time it receives payment.

12. Staff expenses.

Staff expenses are adapted and interpreted according to the LNFP's Rules from the Preparation of Budgets.

- **Playing staff expenses** (playing squad), including wages and salaries, remuneration for image rights, indemnification, remuneration in kind, social security paid by the company, collective premiums and others.

Note 15.2.b. of this report contains the playing staff expenses mentioned in the foregoing paragraph, the amount of agents' fees, amortisation of player acquisition rights and the impairment of the same, in the case of players received or sent on loan, the income and expenditure derived from the loan are included.

A distinction is made between:

- Expenses of playing staff eligible for registration with the LNFP.

Playing staff eligible for registration is comprised of players linked to the company by means of a contract of employment for the first team, that is, players with shirt numbers 1 to 25, as well as the manager, assistant manager and fitness coach of the first team. The relevant circumstance for considering a person part of the playing staff eligible for registration is that he represent a cost for the company, and not the validity of his contract in the current season.

- Expenses of playing staff not eligible for registration with the LNFP.

The playing staff not eligible for registration is comprised of players linked to the company by means of a contract of employment or other arrangement, belonging to the reserve team, as well as the manager, assistant manager and fitness coach of the reserve team.

- **Expenses of non-playing staff** (note 15.2.a). A distinction is made between:
 - Technical non-playing staff: this includes the director of football, technical secretary, doctors, delegate, physiotherapists and kitmen.
 - Other non-playing staff, this includes the rest of staff linked to the company by means of a contract of employment, including area managers, administrative staff, staff responsible for marketing and communication, stores, commercial duties and ground maintenance.

13. 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.

14. Subsidies, donations and endowments.

In the case of rights of use obtained free of charge, as mentioned in note 4.1 of this report, they are generally recognised as income directly attributed to net worth. As they are subsidies of a non-monetary or in-kind nature, they are measured at the fair value of the asset received, both values being referenced to the moment they are recognised.

15. 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 notes 15.4.a and 21 of this report.

5. TANGIBLE FIXED ASSETS.

1. Analysis of movements.

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

2019/2020 SEASON				
	Land and buildings	Technical installations and other tangible fixed assets	Fixed assets under construction and advances	Total
COST				
Initial balance	10,849,109.88	4,502,072.22	606,565.99	15,957,748.09
Inclusions	0.00	192,610.96	2,079,948.53	2,272,559.49
Removals	0.00	-5,400.00	0.00	-5,400.00
Transfers	0.00	0.00	0.00	0.00
Final balance	10,849,109.88	4,689,283.18	2,686,514.52	18,224,907.58
ACCUMULATED DEPRECIATION				
Initial balance	-225,258.65	-2,306,195.44	0.00	-2,531,454.09
Inclusions	-163,048.44	-457,553.41	0.00	-620,601.85
Removals	0.00	5,400.00	0.00	5,400.00
Transfers	0.00	0.00	0.00	0.00
Final balance	-388,307.09	-2,758,348.85	0.00	-3,146,655.94
NET BOOK VALUE				
Initial	10,623,851.23	2,195,876.78	606,565.99	13,426,294.00
Final	10,460,802.79	1,930,934.33	2,686,514.52	15,078,251.64

The most significant additions of real estate at 30 June 2020 corresponded to real estate under construction at the works on the Ciudad Deportiva de Mos, as well as acquisitions of IT equipment, technical installations and machinery.

Removals of technical installations and other tangible fixed assets corresponded to due to the removals due to the removal of assets, technical installations, at the A Madroa sports facilities.

2020/2021 SEASON				
	Land and buildings	Technical installations and other tangible fixed assets	Fixed assets under construction and advances	Total
COST				
Initial balance	10,849,109.88	4,689,283.18	2,686,514.52	18,224,907.58
Inclusions	0.00	874,608.16	8,965,616.82	9,840,224.98
Removals	0.00	-135,000.00	0.00	-135,000.00
Transfers	0.00	0.00	0.00	0.00
Final balance	10,849,109.88	5,428,891.34	11,652,131.34	27,930,132.56
ACCUMULATED DEPRECIATION				
Initial balance	-388,307.09	-2,758,348.85	0.00	-3,146,655.94
Inclusions	-163,496.65	-486,008.71	0.00	-649,505.36
Removals	0.00	37,620.00	0.00	37,620.00
Transfers	0.00	0.00	0.00	0.00
Final balance	-551,803.74	-3,206,737.56	0.00	-3,758,541.30
NET BOOK VALUE				
Initial	10,460,802.79	1,930,934.33	2,686,514.52	15,078,251.64
Final	10,297,306.14	2,222,153.78	11,652,131.34	24,171,591.26

The most significant additions of real estate corresponded to real estate under construction at the works on the Ciudad Deportiva Afouteza, as well as the LED lighting for Balaidos stadium for the amount of 667,520.89 euros, acquisitions of IT equipment and technical installations.

Removals of tangible fixed assets correspond to the sale of the "A Canteira" minibus to Fundación Celta de Vigo.

2. Other information.

The company does not include estimated dismantlement, removal or rehabilitation costs as a higher value of the assets, as we do not consider that it will be necessary to carry out dismantlement, removal or rehabilitation work at the end of the useful life of the fixed assets.

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.

Investments have been made in tangible fixed assets acquired from dependent company Afouteza e Corazón, S.L.U. for the amount of 7,187.44 euros (in the previous season there were not investments in tangible fixed assets acquired from group 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:

ASSETS FULLY DEPRECIATED	At 30/06/2021	At 30/06/2020
Technical facilities	387,570.56	387,570.56
Machinery	339,021.07	325,446.21
Furniture	502,338.23	486,294.64
Information processing equipment	327,605.96	291,678.34
Transport elements	62,455.93	62,455.93
Total Fully Depreciated Assets	1,618,991.75	1,553,445.68

The company's building on Calle del Príncipe is mortgaged, with the amount of the debt with a mortgage guarantee totalling 2,115,642.93 euros at 30 June 2021 (at 30 June 2020 it was 3,245,315.71 euros) (note 11.2).

The company does not have goods subject to reversal, or any restrictions on ownership.

The company does not have final purchase undertakings in relation to tangible fixed assets or any final sale undertakings.

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

The company has not received subsidies or donations in relation to tangible fixed assets during the season.

The company does not measure the goods obtained in tournaments or competitions (trophies).

The company has taken out insurance policies that cover the sports facilities and the museum of sporting art.

The company has leases and other operations of a similar nature over tangible fixed assets whose information is supplied in note 10 of this report.

In the case of real estate, the value of the land totalled 2,784,205.40 euros and that of buildings 8,064,904.48 euros (same amount at 30 June 2020).

6. SPORTS FACILITIES ON ASSIGNED LAND.

The company carries out improvements on the sports facilities assigned to it in order to adapt them to its sporting needs, recognising the amount of the same in the profit and loss account.

7. INTANGIBLE FIXED ASSETS.

1. Intangible sports fixed assets.

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

2019/2020 SEASON				
	Sports competition participation rights (1)	Rights over investments made in assigned facilities (2)	Rights over assigned assets (3)	Total
COST				
Initial balance	265,000.00	3,759,498.25	31,279,608.09	35,304,106.34
Inclusions	0.00	0.00	0.00	0.00
Removals	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00
Final balance	265,000.00	3,759,498.25	31,279,608.09	35,304,106.34
ACCUMULATED DEPRECIATION				
Initial balance	-265,000.00	-3,759,498.25	-12,502,993.52	-16,527,491.77
Inclusions	0.00	0.00	-1,260,286.92	-1,260,286.92
Removals	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00
Final balance	-265,000.00	-3,759,498.25	-13,763,280.44	-17,787,778.69
NET BOOK VALUE				
Initial	0.00	0.00	18,776,614.57	18,776,614.57
Final	0.00	0.00	17,516,327.65	17,516,327.65

2020/2021 SEASON				
	Sports competition participation rights (1)	Rights over investments made in assigned facilities (2)	Rights over assigned assets (3)	Total
COST				
Initial balance	265,000.00	3,759,498.25	31,279,608.09	35,304,106.34
Inclusions	0.00	0.00	0.00	0.00
Removals	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00
Final balance	265,000.00	3,759,498.25	31,279,608.09	35,304,106.34
ACCUMULATED DEPRECIATION				
Initial balance	-265,000.00	-3,759,498.25	-13,763,280.44	-17,787,778.69
Inclusions	0.00	0.00	-1,260,286.92	-1,260,286.92
Removals	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00
Final balance	-265,000.00	-3,759,498.25	-15,023,567.41	-19,048,065.66
NET BOOK VALUE				
Initial	0.00	0.00	17,516,327.65	17,516,327.65
Final	0.00	0.00	16,256,040.68	16,256,040.68

1. The **sports competition participation rights** correspond to the participation rights of the reserve team in the second division B of Spanish football.
2. The **rights over investments in assigned land or facilities** correspond to works carried out on sports facilities in order to adapt them to the regulations on safety and prevention for sporting events.
3. The **rights over assets assigned for use** are derived from:
 - a) Formalisation of the agreement dated 30 January 2009, between the company and Vigo City Council in relation to the facilities we use in Balaidos, Barreiro and A Madroa, as indicated in note 19 of this report. The amount of the same totals 31,127,896.69 euros, corresponding to the market value obtained for the assignment right over the sports facilities used by the company on the basis of 25-year term (Note 4.1).

The net asset value, at 30 June 2021, amounted to 16,186,506.18 euros (at 30 June 2020, it was 17,431,622.03 euros).

- b) Relaying the pitch at Balaídos Stadium, which cost 151,711.40 euros.

The net asset value, at 30 June 2021, amounted to 69,534.50 euros (at 30 June 2020, it was 84,705.62 euros).

The company considers that the intangible sports fixed assets are not impaired.

The amount of the assets fully amortised is supplied below:

Assets fully amortised	At 30/06/2021	At 30/06/2020
Participation rights in sporting competitions	265,000.00	265,000.00
Rights over land and investments assigned	3,759,498.25	3,759,498.25
Total Fully Amortised Assets	4,024,498.25	4,024,498.25

2. Other intangible fixed assets.

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

2019/2020 SEASON				
	Transfer rights	IT Applications	Other prepaid intangible fixed assets	Total
COST				
Initial balance	30,050.61	212,946.52	0.00	242,997.13
Inclusions	0.00	5,800.00	0.00	5,800.00
Removals	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00
Final balance	30,050.61	218,746.52	0.00	248,797.13
ACCUMULATED AMORTISATION				
Initial balance	-30,050.61	-91,115.70	0.00	-121,166.31
Inclusions	0.00	-42,964.52	0.00	-42,964.52
Removals	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00
Final balance	-30,050.61	-134,080.22	0.00	-164,130.83
NET BOOK VALUE				
Initial	0.00	121,830.82	0.00	121,830.82
Final	0.00	84,666.30	0.00	84,666.30

2020/2021 SEASON				
	Transfer rights	IT Applications	Other prepaid intangible fixed assets	Total
COST				
Initial balance	30,050.61	218,746.52	0.00	248,797.13
Inclusions	0.00	19,735.00	0.00	19,735.00
Removals	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00
Final balance	30,050.61	238,481.52	0.00	268,532.13
ACCUMULATED AMORTISATION				
Initial balance	-30,050.61	-134,080.22	0.00	-164,130.83
Inclusions	0.00	-30,802.20	0.00	-30,802.20
Removals	0.00	0.00	0.00	0.00
Transfers	0.00	0.00	0.00	0.00
Final balance	-30,050.61	-164,882.42	0.00	-194,933.03
NET BOOK VALUE				
Initial	0.00	84,666.30	0.00	84,666.30
Final	0.00	73,599.10	0.00	73,599.10

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

Fully amortised assets	At 30/06/2021	At 30/06/2020
Transfer rights	30,050.61	30,050.61
IT applications	74,692.15	71,792.15
Total Assets Fully Amortised	104,742.76	101,842.76

8. PLAYER ACQUISITION RIGHTS.

The analysis of the movement of player acquisition rights is set out in the attached table:

PLAYER ACQUISITION RIGHTS		
	2020/2021 Season	2019/2020 Season
COST		
Initial balance	90,605,000.00	81,570,000.00
Inclusions	4,400,000.00	26,905,000.00
Removals	-12,290,000.00	-17,870,000.00
Transfers	0.00	0.00
Final balance	82,715,000.00	90,605,000.00
ACCUMULATED AMORTISATION		
Initial balance	-36,435,316.77	-26,668,245.58
Inclusions (note 13.2.b)	-15,574,038.86	-19,740,584.15
Removals	9,972,447.10	9,973,512.96
Transfers	0.00	0.00
Final balance	-42,036,908.53	-36,435,316.77
NET BOOK VALUE		
Initial	54,169,683.23	54,901,754.42
Final	40,678,091.47	54,169,683.23

The information on the inclusion of player acquisition rights is provided in aggregate form in the following table:

Inclusion of player acquisition rights	Acquisition price	Agency and intermediation fees	Total player acquisition rights
Inclusion of player acquisition rights at 30/06/2020 (aggregate)	26,440,000.00	465,000.00	26,905,000.00
Inclusion of player acquisition rights at 30/06/2021 (aggregate)	3,500,000.00	900,000.00	4,400,000.00

The average duration of the contracts of employment of playing staff eligible for registration with the Professional Football League corresponding to this asset entry, is approximately 5 seasons (at 30 June 2020, it was approximately 5 seasons).

The aggregate information on removal of player acquisition rights is set out in the following table:

Removal of player acquisition rights	Removal cost	Removal accumulated amortisation	Profit removal players	Profits arising from the removal of players
Removal of player acquisition rights at 30/06/2020 (aggregate)	17,870,000.00	9,973,512.96	0.00	36,696,233.63
Removal of player acquisition rights at 30/06/2021 (aggregate)	12,290,000.00	9,972,447.10	0.00	7,419,237.85

The results from the transfer of players in the 2020/2021 season was 6,608,488.76 euros (in the 2019/2020 season it was 34,834,293.46 euros) (note 15.4.g).

A breakdown of the player acquisition rights, with respect to the classification of the same by the LNFP, is set out in the following tables:

Breakdown player acquisition rights 2019/2020	Acquisition rights players eligible for registration LNFP	Acquisition rights players not eligible for registration LNFP	Total
COST			
Initial balance	81,495,000.00	75,000.00	81,570,000.00
Inclusions	26,715,000.00	190,000.00	26,905,000.00
Removals	-17,795,000.00	-75,000.00	-17,870,000.00
Transfers	0.00	0.00	0.00
Final balance	90,415,000.00	190,000.00	90,605,000.00
ACCUMULATED AMORTISATION			
Initial balance	-26,646,237.07	-22,008.51	-26,668,245.58
Inclusions	-19,691,625.97	-48,958.18	-19,740,584.15
Removals	9,938,256.58	35,256.38	9,973,512.96
Transfers	0.00	0.00	0.00
Final balance	-36,399,606.46	-35,710.31	-36,435,316.77
NET BOOK VALUE			
Initial	54,848,762.93	52,991.49	54,901,754.42
Final	54,015,393.54	154,289.69	54,169,683.23

Breakdown player acquisition rights 2020/2021	Acquisition rights players eligible for registration LNFP	Acquisition rights players not eligible for registration LNFP	Total
COST			
Initial balance	90,415,000.00	190.000.00	90,605,000.00
Inclusions	1,600,000.00	2,800,000.00	4,400,000.00
Removals	-12,100,000.00	-190,000.00	-12,290,000.00
Transfers	0.00	0.00	0.00
Final balance	79,915,000.00	2,800,000.00	82,715,000.00
ACCUMULATED AMORTISATION			
Initial balance	-36,399,606.46	-35,710.31	-36,435,316.77
Inclusions	-14,968,727.36	-605,311.50	-15,574,038.86
Removals	9,891,425.29	81,021.81	9,972,447.10
Transfers	0.00	0.00	0.00
Final balance	-41,476,908.53	-560,000.00	-42,036,908.53
NET BOOK VALUE			
Initial	54,015,393.54	154,289.69	54,169,683.23
Final	38,438,091.47	2,240,000.00	40,678,091.47

9. IMAGE RIGHTS OF PLAYERS AND MANAGERS.

Neither in the 2020/2021 season nor in the preceding one were any amounts paid as image rights of players and/or managers.

The image right assignment agreements signed do not contain any unusual features, just the right to use the image, name, of the respective players and managers for the benefit of Real Club Celta de Vigo, S.A.D.

10. LEASES AND SIMILAR OPERATIONS.

These correspond to data on operating leases of the company, both as lessor and lessee.

1. Operating leases as lessee

The amount of the leases and canons recorded under this heading in the profit and loss account, external services, totals 178,771.29 euros (on 30 June 2020 it was 354,257.40 euros) corresponding essentially to:

- **Lease of facilities for the Ciudad Deportiva Afouteza** for the amount of 150,000.00 euros (on 30 June 2020 it was 325,000.00 euros).

On 18 January 2018, an agreement was signed between the Communal Land Association of the Parish of Pereiras (Mos) and the company establishing the basis for the operation of agreed acquisition in the context of an expropriation procedure on the "Montes de Pereiras" estate for the development of a sports and commercial complex by Real Club Celta de Vigo, S.A.D.

Moreover, until the conclusion of the modification of the planning and expropriation procedure, the agreement also includes a disposal agreement (assignment, surface rights and lease) over said land for a period of 30 years. That is, the assignment of the *in rem* surface rights is agreed between the Communal Land Association of the Parish of Pereiras (Mos) and the company, in relation to the "Montes de Pereiras" estate, exclusively for the construction of buildings and facilities whose main and/or auxiliary function is the practice of sporting activities linked to the corporate object of the company.

The surface rights are valid for 30 years as of 1 February 2018. At the end of the agreed term, the surface rights will lapse completely, with the Association recovering full ownership, without the need for any prior formalities, free of any charges and encumbrances, as well as full ownership of all works, constructions or fixed-structure facilities, without any entitlement to indemnification.

The holder of the surface rights may rescind the agreement prematurely provided that it notifies the Association of its intentions two months prior to the end of the calendar year. This option can only be exercised after the first two years of the agreement have been paid for.

Real Club Celta de Vigo, S.A.D., has to pay the Communal Land Association the following fee:

- Three euros per square metre during the first two years (until 18 January 2020), plus VAT, and
- One euro per square metre as of the third year, plus VAT (as of 18 January 2020).

This fee is paid half-yearly in advance.

The amount of the investment in said land totals 11,652,131.34 euros at 30 June 2021 (2,686,514.52 euros at 30 June 2020).

- **Lease of 23 parking spaces** from dependent company, Afouteza e Corazón, S.L.U. for the amount of 20,941.44 euros (20,844.49 euros at 30 June 2020).
- **Other leases** totalling 7,829.85 euros, of which details are not provided as they are not significant expenses (they totalled 8,412.91 euros at 30 June 2020).

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 274,194.06 euros (488,048.70 euros at 30 June 2020) (note 15.4.b), corresponding essentially to:

- **The lease of certain parts of the A Sede building** (mezzanine, first, third and sixth floors) (note 1.1) to dependent company, Afouteza e Corazón, S.L.U., for an amount of 268,794.06 euros (469,831.06 euros at 30 June 2020 for the lease of the basement, ground, mezzanine, first, third and sixth floors) and
- The rest corresponds essentially to the **lease of spaces for aerials**.

On 30 June 2020, the company and the dependent company, Afouteza e Corazón, S.L.U., agreed to terminate the lease agreement for the premises and operation of the business of the official RC Celta stores. As such, as of 01 July 2020, Real Club Celta de Vigo, S.A.D. enjoyed full use of the premises. However, a two to three-month transition regime was established, in order to adapt the technology and the processes in the name of Real Club Celta de Vigo, S.A.D.

According to the terms of note 4.15, all leases are valued at market rates. The market value of the leases is revised and updated regularly.

II. FINANCIAL INSTRUMENTS.

I. Financial Assets.

Non-current financial assets.

The following table contains a breakdown of **non-current assets**;

Description	Amount S 2020/2021	Amount S 2019/2020
Intangible fixed assets (note 7.1 and 8)	56,934,132.15	71,686,010.88
Other intangible fixed assets (note 7.2)	73,599.10	84,666.30
Tangible fixed assets (note 5)	24,171,591.26	15,078,251.64
Equity instruments (note 11.4)	500,000.00	500,000.00
Loans to group companies	300,000.00	300,000.00
Other long-term financial assets	32,677.80	25,009.80
Deferred tax assets (note 14.4)	1,219,380.63	905,389.79
Non-current trade debtors	8,930,671.60	25,010,096.15
Total Non-Current Assets	92,162,052.54	113,589,424.56

The following table contains a breakdown of **non-current financial assets**:

Description	Amount S 2020/2021	Amount S 2019/2020
Loans to group companies (1)	300,000.00	300,000.00
Other long-term financial assets (2)	32,677.80	25,009.80
Non-current trade debtors (3)	8,930,671.60	25,010,096.15
Total Non-Current Financial Assets	9,263,349.40	25,335,105.95

- (1) Long-term loans to group companies corresponds entirely to two participating loans (for the amount of 200,000.00 euros and 100,000.00 euros, respectively) with group company, Afouteza e Corazón, S.L.U. (same situation in the previous financial year).

Both participating loans mature on 31 December 2020. However, because there is no request for repayment by the company, maturity is automatically extended to 31 December 2022. There is a fixed rate of interest of 1.90% per annum and variable rate of interest linked to pre-tax profits (0.2% of such profits).

(2) Long-term deposits and guarantees amounting to 32,677.80 euros (25,009.80 euros at 30 June 2020), of which 3,421.48 euros corresponds to the deposit for the lease of parking spaces to Afouteza e Corazón, S.L.U.

(3) The amount appearing in non-current trade debtors corresponds to the payment rights vis-à-vis different debtor sporting entities derived, largely, from the sale of players. The maturity of the long-term payment rights with debtor sporting entities is set out in the following table:

	2022/23	2023/24	2024/25
Sports entities, debtors	8,168,561.60	668,555.00	93,555.00
Total	8,168,561.60	668,555.00	93,555.00

Current financial assets.

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

Description	Amount S 2020/2021	Amount S 2019/2020
Stock (note 12)	487,617.68	55,495.92
Season ticket holders' and members' quotas	11,424.90	0.00
Debtor group entities	450,037.79	900,724.29
Debtor sports entities	23,138,424.44	25,477,161.60
Miscellaneous debtors	3,908,533.90	1,845,147.08
Staff	205,100.00	205,100.00
Current tax assets (note 14)	1,941,479.19	1,550,575.61
Loans to group companies	2,000,000.00	2,000,000.00
Other financial assets	2,000,180.30	2,000,180.30
Cash and banks	7,768,090.16	25,943,367.01
Total other short-term financial assets	43,078,742.09	59,977,751.81

The breakdown of **current financial assets** is supplied in the following table, together with the breakdown of the most significant parts of the same:

Description	Amount S 2020/2021	Amount S 2019/2020
Season ticket holders' and members' quotas	11,424.90	0.00
Debtor group entities (1)	450,037.79	900,724.29
Debtor sports entities (2)	23,138,424.44	25,477,161.60
Miscellaneous debtors (3)	3,908,533.90	1,845,147.08
Staff	205,100.00	205,100.00
Loans to group companies (4)	2,000,000.00	2,000,000.00
Other financial assets (5)	2,000,180.30	2,000,180.30
Cash and banks (6)	7,768,090.16	25,943,367.01
Total Current Financial Assets	39,481,791.49	58,371,680.28

(1) The amount appearing in group entities, debtors, corresponds to:

- a. dependent company Afouteza e Corazón, S.L.U., for an amount of 442,936.69 euros (921,436.74 euros at 30 June 2020) (note 15.4.a) and
- b. Fundación Celta de Vigo, for the amount of 7,101.10 euros (-20,712.45 euros at 30 June 2020) (note 15.4.a).

(2) The amount appearing in debtor sporting entities corresponds to:

- a. Credit rights held against certain sports entities, derived essentially from the sale of players, amounting to 22,159,820.27 euros (at 30 June 2020 it amounted to 26,494,228.48 euros);
- b. Credit right against Federations for the amount of 63,876.86 euros (at 30 June 2020 it totalled 349,669.81 euros); and
- c. Credit right against the LNFP for the amount of 914,727.31 euros (at 30 June 2020 it totalled -1,366,736.69 euros. This credit right against LaLiga had a credit balance due to the effect of the payment of -2,538,925.04 euros affecting the broadcast rights for the 2019/2020 season (note 2.3)).

(3) The amount appearing in miscellaneous debtors corresponds essentially to collection rights from different collaboration and static advertising right exploitation agreements in accordance with the agreements signed.

- (4) A loan, granted on 26 September 2019, to the company Grupo Corporativo Ges, S.L., for the amount of 2,000,000 euros maturing on 31 May 2022 and a fixed interest rate of 1.90%.
- (5) Other financial assets includes a short-term investment fund.
- (6) Cash and banks includes 5,000,000.00 euros in fixed-term deposits, maturing on 25 July 2021, which can be cancelled prematurely (same situation in the previous financial year).

The company has not assigned any financial assets in terms that would require their removal from the balance sheet.

The **breakdown of impairment losses and variation in provisions for trade operations** is contained in the following table:

	Amount
At 30/06/2019	4,606,741.33
Impairment	243,684.00
Application of impairment	-325,000.00
At 30/06/2020	4,525,425.33
Impairment	117,587.96
Application of impairment	0.00
At 30/06/2021	4,643,013.29

At 30 June 2021 no uncollectible accounts were retired. At 30 June 2020 uncollectible accounts worth 296,390.75 euros were retired, corresponding to a credit right against Real Murcia Club de Fútbol, S.A.D., meaning that, given the difficulties to honour the same, the receivers offered a reduction of the credits to all debtors as a form of payment, reducing the debt.

The company does not have hedge accounting.

The company does not possess final undertakings to purchase financial assets or foreseeable sources of financing and no final sale undertakings either.

2. Financial liabilities.

Non-current financial liabilities.

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

Description	Amount S 2020/2021	Amount S 2019/2020
Long-term provisions (note 16)	590,919.22	475,151.37
Long-term debts with financial institutions	5,971,326.98	2,115,642.93
Debts with sports entities	8,669,166.00	19,477,175.42
Debts related to the acquisition of players	230,000.00	185,000.00
Other financial liabilities	20,274.00	45,961.00
Deferred tax liabilities	8,337,633.74	12,934,293.34
Total non-current liabilities	23,819,319.94	35,233,224.06

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

Description	Amount S 2020/2021	Amount S 2019/2020
Long-term debts with financial institutions (1)	5,971,326.98	2,115,642.93
Debts with sports entities (2)	8,669,166.00	19,477,175.42
Debts related to the acquisition of players (2)	230,000.00	185,000.00
Other financial liabilities (3)	20,274.00	45,961.00
Total long-term financial liabilities	14,890,766.98	21,823,779.35

- (1) This corresponds to three loans, of which two are mortgage loans, with a mortgage guarantee over the company's building situated on calle del Príncipe (Vigo) (note 4.2 and 5), the characteristics of which are set out in the following tables:

Description			S 2020/2021		S 2019/2020	
Guarantee	Capital	Maturity	Short-term debt	Long-term debt	Short-term debt	Long-term debt
Mortgage (1)	2,750,000.00	01/07/2025	275,000.04	824,999.72	275,000.04	1,099,999.76
Mortgage 2 (a)	3,400,000.00	30/08/2022	869,315.91	146,327.26	854,672.74	1,015,643.17
ICO Loan (b)	5,000,000.00	30/06/2026	0.00	5,000,000.00		
Total	11,150,000.00		1,144,315.95	5,971,326.98	1,129,672.78	2,115,642.93

(a) Loan with a one-year grace period.

(b) Loan with a two-year grace period.

The maturity in the next five years, at 30 June 2020, is set out in the following table:

Loan Maturities at 30 June 2020						
Loan	2020/21	2021/22	2022/23	2023/24	2024/25	Total
Loan (1)	275,000.04	275,000.04	275,000.04	275,000.04	274,999.64	1,374,999.80
Loan (2)	854,672.74	869,315.91	146,327.26	0.00	0.00	1,870,315.91
Total	1,129,672.78	1,144,315.95	421,327.30	275,000.04	274,999.64	3,245,315.71

The maturity in the next five years, at 30 June 2021, is set out in the following table:

Loan Maturities at 30 June 2021						
Loan	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Loan (1)	275,000.04	275,000.04	275,000.04	274,999.64	0.00	1,099,999.76
Loan (2)	869,315.91	146,327.26	0.00	0.00	0.00	1,015,643.17
ICO Loan	0.00	1,217,405.05	1,238,881.35	1,260,736.54	1,282,977.06	5,000,000.00
Total	1,144,315.95	1,638,732.35	1,513,881.39	1,535,736.18	1,282,977.06	7,115,642.93

(2) The debt with sports entities worth 8,669,166.00 euros (at 30 June 2020 the figure was 19,477,175.42 euros) corresponds to:

- a. Player acquisition debt worth 7,391,666.00 euros (at 30 June 2020 the figure was 15,550,000.00 euros),
- b. Contingent liability debt derived from the sale of players worth 1,277,500.00 euros (at 30 June 2020 the figure was 3,848,750.00 euros), and
- c. Training expense and solidarity debt worth 0.00 euros (at 30 June 2020 the figure was 78,425.42 euros).

The debt related to player acquisitions was 230,000.00 euros (at 30 June 2020 the figure was 185,000.00 euros) corresponding to:

- d. Debt with agents for the acquisition of players worth 230,000.00 euros (at 30 June 2020 the figure was 135,000.00 euros), and
- e. Debt with agents for the sale of players worth 0.00 euros (at 30 June 2020 the figure was 50,000.00 euros).

The maturity of the debt related to sports entities and the acquisition of players is set out in the following tables:

Maturity of debt related to sports entities and the acquisition of players at 30 June 2020				
	2021/22	2022/23	2023/24	Total
Sports entities	11,474,675.42	8,002,500.00	0.00	19,477,175.42
Player acquisitions	105,000.00	55,000.00	25,000.00	185,000.00
Total	11,579,675.42	8,057,500.00	25,000.00	19,662,175.42

Maturity of debt related to sports entities and the acquisition of players at 30 June 2021				
	2022/23	2023/24	2024/25	Total
Sports entities	8,669,166.00	0.00	0.00	8,669,166.00
Player acquisitions	205,000.00	25,000.00	0.00	230,000.00
Total	8,874,166.00	25,000.00	0.00	8,899,166.00

- (3) The amount of other financial liabilities, corresponds mainly to the deposits for the lease of certain spaces in the A Sede building to dependent company Afouteza y Corazón, S.L.U. (note 10).

Current financial liabilities.

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

Description	Amount S 2020/2021	Amount S 2019/2020
Short-term provisions (note 16)	252,194.17	252,194.17
Short-term debt with financial institutions	1,144,315.95	1,129,672.78
Other short-term financial liabilities	606,002.19	626,921.36
Short-term debts with group and associated companies	38,942.43	93,430.32
Advances: season tickets and member quotas	0.00	6,379.25
Debts from purchases and services	3,378,523.43	4,530,192.82
Debts with sports entities	11,030,326.53	24,196,857.50
Outstanding remuneration	1,174,061.93	4,802,658.68
Other debts with public administrations (note 14)	4,915,830.53	3,037,505.52
Advances to clients	247,188.41	3,156.09
Short-term accruals/deferrals	0.00	553,344.09
Total Current Liabilities	22,787,385.57	39,232,312.58

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

Description	Amount S 2020/2021	Amount S 2019/2020
Short-term debt with financial institutions (1)	1,144,315.95	1,129,672.78
Other short-term financial liabilities (2)	606,002.19	626,921.36
Debts with group and associated companies (3)	38,942.43	93,430.32
Advances: season tickets and member quotas	0.00	6,379.25
Debts from purchases and services (4)	3,378,523.43	4,530,192.82
Debts with sports entities (5)	11,030,326.53	24,196,857.50
Outstanding remuneration (6)	1,174,061.93	4,802,658.68
Advances to clients	247,188.41	3,156.09
Short-term accruals/deferrals	0.00	553,344.09
Total short-term financial liabilities	17,619,360.87	35,942,612.89

(1) This corresponds to the mortgage loans (mentioned in the long-term financial liabilities).

- (2) The amount of other financial liabilities includes, essentially, providers of real estate.
- (3) Debts with group and associated companies corresponds to a current account with dependent company, Afouteza e Corazón, S.L.U. for the amount of 38,115.68 euros (at 30 June 2020 the figure was 93,430.32 euros) and with Fundación Celta de Vigo for 826.75 euros (at 30 June 2020 the amount was 0.00 euros).
- (4) Debts for purchases or provision of services includes
 - a. Debt with agents related to the acquisition of players totalling 623,750.00 euros (at 30 June 2020 it totalled 1,307,500.00 euros)
 - b. Debt with agents related to the sale of players worth 820,473.80 euros (at 30 June 2020 it amounted to 940,473.80 euros), and
 - c. Debt due to the normal activity of the company.
- (5) Short-term debts with sports entities corresponds essentially to:
 - a. Debt from the acquisition of players worth 7,858,167.00 euros (at 30 June 2020 it totalled 20,354,574.87 euros),
 - b. Debt for contingent liabilities derived from the sale of players worth 2,713,125.00 euros (at 30 June 2020 it totalled 2,666,500.00 euros)
 - c. Debt with Federations worth 183,392.13 euros (at 30 June 2020 it totalled 330,176.22 euros),
 - d. Debt with the LNFP worth 10,950.26 (at 30 June 2020 it was 20,000.00 euros), and
 - e. Debt for training and solidarity worth 264,692.14 euros (at 30 June 2020 it totalled 825,606.40 euros).
- (6) Outstanding remuneration corresponds essentially to the variable remuneration established in the contracts of playing staff as well as, where applicable, outstanding indemnification. This will be paid according to the conditions established in the respective agreements. (At 30 June 2020 it corresponded largely to the variable remuneration established in the contracts of playing staff).

The total amount of liabilities due with a maturity of two years or less:

- At 30 June 2021 totals 33,261,341.49 euros, with the amount corresponding to the 2021/2022 season being 22,748,443.14 euros and the amount corresponding to the 2022/2023 season being 10,512,898.35 euros.
- At 30 June 2020, totals 51,862,873.63 euros with the amount corresponding to the 2020/2021 season being 39,138,882.26 euros and the amount for the 2021/2022 season being 12,723,991.37 euros.

Liabilities due with a maturity of two years or less is understood as total current liabilities plus long-term debt maturing in the 2022/2023 season.

At the date these annual accounts are formulated, the company does not have any other debt with special characteristics (same situation in the previous season).

There were no non-payments of principal or interest on the loans during the season or the previous season.

The company holds debts with an in rem guarantee over its building, on Calle del Príncipe.

The company does not have financing guaranteed by player acquisition rights, or any financing that entails a participation in rights over future income derived from player acquisition rights.

3. Information on group, multi-group and associate companies.

At 26 January 2016, Real Club Celta de Vigo, S.A.D. incorporated the company Afouteza e Corazón, S.L. with a share capital of 100,000.00 euros, divided into one hundred thousand quota shares each with a face value of one euro. The sole director of the same is Real Club Celta de Vigo, S.A.D.

On 30 June 2020, the company as sole member of Afouteza e Corazón, S.L.U. decided to increase the share capital of the same 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 breakdown of the investment of the company in wealth elements of group, multi-group and associate companies is set out in the following table:

Company	Amount S 2020/2021	Amount S 2019/2020
Afouteza e Corazón, S.L.U.	500,000.00	500,000.00
Total investment in wealth elements	500,000.00	500,000.00

The information on the dependent company at 30 June 2021, is as follows:

AFOUTEZA E CORAZON, S.L.U.	Data at 30/06/2021	Data at 30/06/2020
%	100%	100%
Activity	(1)	(1)
Capital	500,000.00	500,000.00
Reserves	-336,279.14	-91,381.50
Results of the year	-113,056.55	-244,897.64

(1) The corporate object of this company is the operation of businesses in the hotel and restaurant sector, the lease and sale and purchase of real estate, organisation of events,....

Afouteza e Corazón, S.L.U., is domiciled at Calle del Príncipe 44, Vigo.

The investee companies have been informed of the participation held therein, in accordance with Article 155 of the Spanish Companies Act.

The group and associate companies are not listed and have not distributed dividends in the last financial year.

We consider that the value of the stake in the investee company is not impaired given that, as Sole Director of the dependent company, we consider it is possible to reverse the negative results, and decisions are being adopted in this regard.

4. Deferrals of payments to suppliers for commercial operations

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 debts due for more than 30 days with suppliers for commercial operations amounting to 21,833,322.89 euros (at 30 June 2020 the total was 44,125,239.06 euros), which corresponds largely to the acquisition of players (payment of which is carried out in accordance with the terms of the agreement signed with the different sporting entities and the long-term amount recognised is 8,899,166.00 euros (at 30 June 2020, the long-term amount recognised was 19,662,175.42 euros)) (note 11.2).

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 Board of Directors.

- **Future impact of COVID-19:** the company has not quantified all possible loss of income in the 2020/2021 season associated with COVID-19. The main impacts of the pandemic in the season are as follows:
 - Income from competitions, as the matches were held behind closed doors.
 - Income from season ticket holders and members, as no one was allowed into the stadium, the entity has launched a special season ticket campaign offering fans the possibility to renew their ticket for 50 euros, maintaining all the advantages associated with it. This entailed a reduction in come from season ticket holders compared to earlier seasons.
 - Broadcast income recognised by Real Club Celta de Vigo, S.A.D. in the 2019/2020 season was corrected by the amount of 2,348,505.65 euros, meaning that the comparative figures corresponding to 30 June 2020 have been restated (note 2.3).

At the date these financial statements were drawn up, like the rest of society in general, Real Club Celta de Vigo, S.A.D. is unaware of how the COVID-19 situation will evolve and the impact it will have.

- **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 paid the debt for purchases and provision of services and sporting entities in accordance with the law and the respective agreements, collects payments when issued and advertising rights in accordance with the terms of the respective contracts or agreements.

- **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 very prudent policy of financial indebtedness and in fact the main source of financing for the company is the net worth, with debts being relegated to a secondary plane and optimising the figure of financial expenditure.

12. STOCK.

The amount of stock at closing was 487,017.68 euros and corresponds to sporting goods and equipment for use by the first team and Celta B, as well as products from the RC Celta stores managed by the company (Balaídos, Príncipe and Web stores as well as other brand points of sale)(at 30 June 2020 the total was 54,895.92 euros and corresponded exclusively to kit and sporting goods for use by the first team and Celta B (note 10.2)).

The company recognised impairment of stock worth 116,614.75 euros at season end (at 30 June 2020 the company had recognised a reversal of impairment of stock for 9,687.69 euros).

The company does not have any definitive purchase or sale undertakings or future agreements regarding stock, with the exception of the agreement with our usual supplier of sporting goods and equipment and (prior to 30 June 2020 we had firm commitments with dependent company, Afouteza e Corazón, S.L.U.).

The amount of advances to suppliers is 600.00 euros (600.00 euros at 30 June 2020).

The company does not possess stock appearing in assets for a fixed amount.

The company does not capitalise financial expenses.

There are no restrictions on the availability of stock due to guarantees, pledges, deposits or any similar reasons.

There are no other material circumstances affecting the ownership, availability or valuation of the company's stock, such as lawsuits, freezing orders.

The company has sufficient stock at sports facilities and the shop.

The method for assigning value used by the company to value stock is FIFO.

13. EQUITY.

Share capital.

The share capital amounts to 3,770,210.00 euros, represented by 377,021 shares each with a face value of 10 euros, fully subscribed and paid in, numbered consecutively from one to three hundred and seventy-seven and twenty-one, both inclusive.

All the company shares have the same rights and there are no statutory restrictions on transferability.

On 7 February 1992, the Secretary of State – Presidents of the Higher Council for Sport, set the minimum share capital for the company for it to become a public limited sports company at 3,449,911.65 euros.

The part of the capital that is, if applicable, held by another company, either directly or through its subsidiaries, when equal to or greater than 10%, is set out in the following table:

Shareholder	% at 30/06/2021	% at 30/06/2020
Grupo Corporativo Ges, S.L.	67.92%	67.92%
	67.92%	67.92%

The information on the significant stakes regulated in Article 10 of R.D. 1251/1999, of 16 July, on Public Limited Sports Companies, is set out below:

Shareholder	% at 30/06/2021	% at 30/06/2020
Grupo Corporativo Ges, S.L.	67.92%	67.92%

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.

Capitalisation reserve.

Effective as of the tax periods following 1 January 2015, the capitalisation reserve was created, consisting of a reduction in the taxable base prior to the tax period for an amount of the profits obtained in the preceding tax period which are not distributed in the tax period in which the taxable base is reduced, provided the amount of said undistributed profits is maintained in the equity of the entity for a period of five years as of the closing of the financial year to which the tax year in which the reduction was made corresponds.

One of the requirements envisaged in Corporation Tax regulations for consolidating the reduction is the need to provision a restricted reserve with the amount of the reduction, the amount of which at 30 June 2021 is 8,321,474.14 euros (8,321,474.14 euros at 30 June 2020) (note 14). This reserve is restricted for the five-year term in which the amount of the increase in equity must be maintained.

Other information.

The company does not hold treasury stock.

The company's shares are not listed on an official market.

There are no specific circumstances regarding subsidies, donations and endowments by shareholders or owners.

14. TAX SITUATION AND BALANCES WITH PUBLIC ADMINISTRATIONS.

I. Reconciliation of accounting profit and taxable base.

On 28 June 2018, the members of the Board of Directors of Real Club Celta de Vigo, S.A.D., approved the decision to take advantage of the Tax Consolidation Regime for the tax period starting 01 July 2018 and the following ones in accordance with the terms of the Corporation Tax Act (*Ley del Impuesto sobre Sociedades - LIS*), Chapter VI, Title VII. The company is the dominant company in the Consolidated Group, which also contains, as dependent company, Afouteza e Corazón, S.L.U.

Each company belonging to the Group will quantify 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 rebate.

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 reconciliation of the accounting profit and the taxable base for Corporation Tax purposes for the 2020/2021 season and the 2019/2020 season is as follows:

Description	Profit and loss account		
2019/2020 Season	Increases	Decreases	Total
Pre-tax accounting profit			14,947,973.86
Permanent differences			
Derived from profits	2,410,05.64	-4,469.80	2,405,835.84
Derived from variations in net equity			
Temporary differences			
Derived from profits	13,207,604.25	-26,181,955.59	-12,974,351.34
Derived from variations in net equity			
Previous tax base			4,379,458.36
Capitalisation reserve			-405,888.79
Offsetting of negative tax bases from previous years			
Tax base at 30 June 2020			3,973,569.57

Description	Profit and loss account		
2020/2021 Season	Increases	Decreases	Total
Pre-tax accounting profit			-13,254,803.93
Permanent differences			
Derived from profits	2,080,888.38	-5,700.00	2,075,188.38
Derived from variations in net equity			
Temporary differences			
Derived from profits	18,947,561.10	-750,738.71	18,196,822.39
Derived from variations in net equity			
Previous tax base			4,668,701.19
Capitalisation reserve			-455,794.30
Offsetting of negative tax bases from previous years			
Tax base at 30 June 2021			4,212,906.89

Permanent differences.

Positive permanent differences originating from profits generated over the 2020/2021 season of 2,080,888.38 euros (2,410,305.64 euros at 30 June 2020) correspond to expenses recorded by the company, which are not considered tax-deductible expenses in accordance with Article 15 of the Corporation Tax Act (LIS).

Negative permanent differences arising from results generated over the 2020/2021 season for the amount of 5,700.00 euros (4,469.80. euros at 30 June 2020) correspond to the interest accrued on the participating loan granted to the dependent company of the Group. In accordance with the terms of article 21 LIS, this interest will have to be remuneration for own funds, meaning that the corresponding correction must be made. Meanwhile, 2,348,505.65 euros corresponding to the adjustment of the final settlement of broadcast rights for the 2019/2020 season were consigned as a negative adjustment, the amount of which was reduced from the initial estimate derived from the health crisis derived from COVID-19 (note 2.3).

Temporary differences.

Positive temporary differences originating in past seasons and negative temporary differences originating in the year correspond, respectively, to an increase of the accounting results of 18,829,973.14 euros (12,987,604.25 euros the previous season), and a decrease in accounting results for the amount of 443,334.64 euros (25,377,969.21 euros the previous season), both due to application of the criterion of special temporary allocation of term or deferred price operations regulated in section 4 of Article 11 of the LIS.

Positive temporary differences arising in the financial year for the amount of 117,587.96 euros (220,000.00 euros at 30 June 2020) correspond to impairment in the value of credits derived from the possible insolvency of debtors who do not meet the requirements of section 1 of article 13 of the LIS.

Negative temporary differences originating in past years correspond the reversal of impairment in the value of credits derived from the possible insolvency of debtors provisions in past financial years and the reversal of the limit of 30% of depreciation of tangible and intangible fixed assets established for the 2013 and 2014 financial years by Article 7 of Act 16/2012, of 27 December, which adopts a variety of tax measures designed to consolidate public finances and boost economic activity for the total amount of 307,404.07 euros (at 30 June 2020 the figure was 803,986.38 euros).

Capitalisation Reserve.

In accordance with the terms of Article 25 LIS, the Company has applied a reduction in the tax base at 30 June 2021 for the amount of 455,794.30 euros (405,888.79 euros the previous season).

In the 2020/2021 season, the Company generated the right to apply a capitalisation reserve on its balance sheet at 10% of the increase in equity from the previous season, calculated according to the above-mentioned rule, that is, for a total amount of 943,478.97 euros (2,114,335.52 euros the previous season).

The remaining amount of the capitalisation reserve generated in past seasons that is pending application at the start of the tax period corresponds to the following breakdown, potentially being used to reduce the tax base in tax periods concluding in the two years following closing of the season in which it was provisioned.

Season generated	Amount pending / generated	Amount applied S 2020/2021	Application deadline
2019/2020	2,114,335.52	455,794.30	Season 2021/2022
2020/2021	943,478.97	0.00	Season 2022/2023

Deductions.

In the 2014/2015 season, a deduction of 744,836.00 euros was made, in accordance with the terms of Article 42 of the Restated Text of the Corporation Tax Act, as the company took advantage of said tax incentive of 68.96% of the total income obtained from the transfer of the federative rights of a player, the amount of which was 9,000,000.00 euros.

During that season (2014/2015), the reinvestment commitments associated with the deduction, which amount to a total of 10,000,000.00 euros, were met with additions to tangible and intangible fixed assets for a total amount of 6,896,633.05 euros between June 2014 and June 2015, representing approximately 68.96% of such commitments.

In the 2015/2016 season, an additional Deduction for Reinvestment of Extraordinary Profits was credited for the amount of 335,163.63 euros, an amount that had been credited in the 2014/2015 season as not all the reinvestment commitments had been realised. The reinvestment commitments associated with the remaining deduction (for a total amount of 3,103,366.95 euros) were met with additions of intangible fixed assets in the 2016/2017 season made for a higher amount, 5,000,000.00 euros to be precise, realised in the acquisition of the federative rights of a player on 15 January 2016.

The breakdown of the income to which this tax incentive applied, as well as the dates of the reinvestments and the amount reinvested is set out below:

Income	Reinvestment date	amount
€9,000,000.00	12/08/2014	243,013.05
	09/01/2015	1,439,000.00
	24/04/2015	5,214,620.00
	15/01/2016	3,103,366.95

In accordance with the terms of section seven of article 42 TRLIS, in the event the element of fixed assets transferred on whose income the reinvestment deduction was applied, should again generate deductible expenses in the Company, there would be an incompatibility in the application of the deduction generated and applied and the possibility to deduct the expenses generated by that element of fixed assets that again generated deductible expenses. Although it is true that the federative rights of the same player were acquired during the first half of the 2019/2020 season and that a mention of the same was included in the report on the Annual Accounts for the 2019/2020 season, on the date for presentation of the tax, the company considered, on the basis of a report prepared by its advisors, that the de facto scenario envisaged in the fourth paragraph of section seven of article 42 LIS did not exist.

In addition, in the 2020/2021 season, the Company generated a deduction for donations to non-profit entities subject to the terms of Act 49/2002 for an amount of 509,390.28 euros (825,503.59 euros the previous season). It was decided to apply an amount of 143,575.20, corresponding entirely to the deduction for donations to non-profit entities generated in the 2019/2020 season, leaving 614,083.34 euros pending application in future financial years, corresponding to the 2019/2020 season and the entire deduction generated in the 2020/2021 season, for the amount of 509,390.28 euros.

Meanwhile, in the 2020/2021 season, an amount of 27,000.00 euros was applied as a deduction for the creation of employment for disabled workers generated in previous financial years.

In the 2019/2020 season, an amount of 146,549.00 euros was applied as a deduction for technological innovation activities, generated by a project that seeks to improve the efficiency, quality and productivity of the company, thanks to new technological processes that facilitate inter-modular communication between different departments related to financial management, human resources, season and match ticket sales, marketing management, etc., and that, therefore, involves highly valuable information for business decision-making in other areas.

Finally, according to the Corporation Tax Act, as of the 2015 financial year, those taxpayers who pay tax under the general rate and to whom the limitation on depreciation established in Article 7 of Act 16/2012, of 27 December was applied, will be entitled to a total quota deduction of 5% of the amounts included in the tax base derived from depreciation not deducted in the tax periods starting in 2013 and 2014. Therefore, this season we have applied a deduction in this regard for an amount of 4,370.20 euros (4,370.20 euros the previous season).

2. Reconciliation of accounting profit and corporation tax expense.

The reconciliation of the accounting profit and the Corporation Tax expense is as follows:

Reconciliation of tax profit and tax expense	Season 2020/2021	Season 2019/2020
Pre-tax accounting profit	-13,254,803.93	14,947,973.86
25%	-3,313,700.98	3,736,993.46
Impact of permanent differences derived from profits	4,480,876.28	-2,642,128.88
Deductions applied in the season	-174,945.41	-297,039.16
Impact from capitalisation reserve	-113,948.57	-101,472.20
Total expense/ (income) from tax recognised in profit and loss account	878,281.32	696,353.23

3. Breakdown of corporation tax expense.

The breakdown of the corporation tax expense is set out in the following table:

Description	Amount S 2020/2021	Amount S 2019/2020
Current tax		
For ongoing operations	878,281.32	696,353.23
Deferred tax		
For ongoing operations	-4,599,371.52	2,398,376.08
Total tax expense	-3,721,090.20	3,094,729.31

4. Deferred tax assets recorded.

The deferred tax assets have been recorded in the balance sheet as the members of the Board of Directors of the Company consider that, according to the best estimation of the future results of the Company, it is likely that these assets will be recovered.

The breakdown of the balance of this account is set out in the following table:

Description	Initial Balance	Increases	Decreases	Final balance
At 30 June 2020				
Act 16/2012 depreciation limit	157,327.33		(26,221.22)	131,106.11
Impairment of commercial credits	219,065.63	55,000.00	(179,165.58)	94,900.05
Deduction for reinvestment	141,080.59		(141,080.59)	0.00
Credit for deductions to be applied	0.00	757,658.54	(78,274.91)	679,383.63
Total deferred tax assets	517,473.55	812,658.54	(424,742.30)	905,389.79
At 30 June 2021				
Act 16/2012 depreciation limit	131,106.11		(26,221.22)	104,884.89
Impairment of commercial credits	94,900.05	29,396.99	(55,000.00)	69,297.04
Credit for deductions to be applied	679,383.63	509,390.28	(143,575.21)	1,045,198.70
Total deferred tax assets	905,389.79	538,787.27	(224,796.43)	1,219,380.63

5. Deferred tax liabilities recorded.

The breakdown of the balance of deferred tax liabilities is set out in the following table:

	Rights over assets assigned for use (note 7.1 & 19)	Term operations	Total
2019/2020 Season			
Initial balance	4,669,184.50	5,790,075.43	10,459,259.94
Increases	0.00	6,344,492.30	6,344,492.30
Decreases	-311,278.92	-3,558,179.97	-3,869,458.89
Final balance	4,357,905.58	8,576,387.76	12,934,293.34
2020/2021 Season			
Initial balance	4,357,905.58	8,576,387.76	12,934,293.34
Increases	0.00	422,112.60	422,112.60
Decreases	-311,278.92	-4,707,493.28	-5,018,772.20
Final balance	4,046,626.66	4,291,007.08	8,337,633.74

6. Current balances with the Public Administration.

The amount of assets for current taxes totals 1,941,479.19 euros (1,550,575.61 euros at 30 June 2020).

The breakdown of other debts with the Public Administration is set out in the following table (note 11.2):

Description	Amount T 2020/2021	Amount T 2019/2020
Inland Revenue IRPF debt	3,930,736.47	1,721,357.41
Inland Revenue VAT debt	780,226.43	1,164,991.61
Social Security owed	204,867.63	151,156.50
Total other debts with the Public Administrations	4,915,830.53	3,037,505.52

7. 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 the closing of the 2020/2021 season, the last four financial years are open to inspection in relation 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 members of the board of directors 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.

15. INCOME AND EXPENDITURE.

1. Net turnover.

The breakdown of the net turnover figure is set out in the following table:

Net turnover	Amount S 2020/2021	Amount S 2019/2020
Income from competitions		
League	0.00	582,761.42
King's Cup	0.00	0.00
Champions League	0.00	-104,331.20
UEFA Europa League	0.00	0.00
Other competitions and friendlies	0.00	83,050.41
Others (distribution LNFP football pools)	330,267.90	0.00
Total income from competitions	330,267.90	561,480.63
Income from Season Ticket Holders and Members	744,857.10	3,505,866.97
Broadcast income	48,903,648.43	50,058,359.04
Advertising income		
Static advertising	26,366.04	58,297.23
Dynamic advertising	9,934,078.23	7,414,036.09
Total advertising income	9,960,444.27	7,472,333.32
Marketing income		
Shop sales	1,641,057.24	1,104,963.58
Sponsorship	0.00	0.00
Other	11,876.92	14,640.32
Total marketing income	1,652,934.16	1,119,603.90
Total Net turnover	61,592,151.86	62,717,643.86

2. Staff expenses.

a. Non-playing staff expenses.

The breakdown of non-playing staff expenses according to what is mentioned in note 4.12 of this report, is set out in the following table:

Non-playing staff expenses	Salaries and wages	Social Security and others	Total
Season 2019/2020			
Non-playing technical staff (a)	1,132,463.00	175,009.33	1,307,472.33
Other non-playing staff (b)	3,520,367.36	548,419.98	4,068,787.34
Total	4,652,830.36	723,429.31	5,376,259.67
Season 2020/2020			
Non-playing technical staff (a)	1,325,724.10	181,319.14	1,507,043.24
Other non-playing staff (b)	3,175,691.22	543,105.87	3,718,797.02
Total	4,501,415.32	724,425.01	5,225,840.26

- (a) Non-playing technical staff includes: director of football, delegate, medical personnel (includes healthcare professionals and physiotherapists) and kitmen.
- (b) Other non-playing staff includes the rest of staff linked to the company by means of contracts of employment, including administrative, marketing, communication, stores, commercial and ground maintenance staff.

b. Expenditure on playing staff.

The breakdown of expenditure on playing staff, distinguishing between playing staff eligible for registration with the LNFP and those ineligible, in accordance with the provisions of note 4.12 of the report, is set out in the following tables:

Playing staff expenditure	Fixed contract	Variable contract	Image rights	Indemnification	Other remuneration	Collective premiums	Social Security	Loan income/ expenditure	Agents' fees	Amortisation acquisition rights (note 8)	Impairment/ loss
EXPENDITURE LNFP-ELIGIBLE PLAYING STAFF Season 2019/2020											
Players	32,725,917.49	2,304,595.07	0.00	2,317,121.22	1,917,842.11	0.00	317,617.29	2,359,293.82	3,253,502.05	19,691,625.97	1,822,196.55
Coaches	1,660,026.92	58,000.00	0.00	1,277,996.96	0.00	0.00	48,064.02	0.00	210,000.00	0.00	0.00
Total LNFP-eligible Staff	34,385,944.41	2,362,595.07	0.00	3,595,118.18	1,917,842.11	0.00	365,681.31	2,359,293.82	3,463,502.05	19,691,625.97	1,822,196.55
EXPENDITURE LNFP-INELIGIBLE PLAYING STAFF Season 2019/2020											
Players	1,127,436.77	104,000.00	0.00	315,034.50	5,000.00	0.00	250,465.49	30,000.00	13,875.00	48,958.18	39,743.62
Coaches	149,643.32	10,000.00	0.00	32,465.00	0.00	0.00	43,875.65	0.00	0.00	0.00	0.00
Total LNFP-ineligible Staff	1,277,080.09	114,000.00	0.00	347,499.50	5,000.00	0.00	294,341.14	30,000.00	13,875.00	48,958.18	39,743.62
TOTAL PLAYING STAFF S 2019/2020	35,663,024.50	2,476,595.07	0.00	3,942,617.68	1,922,842.11	0.00	660,022.45	2,389,293.82	3,477,377.05	19,740,584.15	1,861,940.17
Wages and salaries playing staff S 2019/2020= 44,005,079.36 euros											

Playing staff expenditure	Fixed contract	Variable contract	Image rights	Indemnification	Other remuneration	Collective premiums	Social Security	Loan income/ expenditure	Agents' fees	Amortisation acquisition rights (nota 8)	Impairment/ loss
EXPENDITURE LNFP-ELIGIBLE PLAYING STAFF Season 2020/2021											
Players	35,495,513.74	3,269,578.92	0.00	1,089,325.94	3,499,567.90	300,000.00	247,356.88	(304,349.87)	2,597,273.89	14,971,643.92	701,770.90
Coaches	1,609,178.24	518,824.28	0.00	1,779,466.65	0.00	0.00	74,761.61	0.00	536,221.29	0.00	0.00
Total LNFP-eligible Staff	37,104,691.98	3,788,403.20	0.00	2,868,792.59	3,499,567.90	300,000.00	322,118.49	(304,349.87)	3,133,495.18	14,971,643.92	701,770.90
EXPENDITURE LNFP-INELIGIBLE PLAYING STAFF Season 2020/2021											
Players	1,812,339.60	116,000.00	0.00	237,576.47	0.00	120,600.00	271,519.19	176,500.00	8,662.50	605,311.49	108,978.19
Coaches	204,000.00	110,000.00	0.00	0.00	0.00	0.00	61,666.90	0.00	0.00	0.00	0.00
Total LNFP-ineligible Staff	2,016,339.60	226,000.00	0.00	237,576.47	0.00	120,600.00	333,186.09	176,500.00	8,662.50	605,311.49	108,978.19
TOTAL PLAYING STAFF S 2020/2021	39,121,031.58	4,014,403.20	0.00	3,106,369.06	3,499,567.90	420,600.00	655,304.58	(127,849.57)	3,142,157.68	15,576,955.41	810,749.09
Wages and salaries playing staff S 2019/2020= 50,161,971.74 euros											

The company has insured certain players to cover absences due to injury or professional disability.

The breakdown of player acquisition expenses is set out in the following table:

Description	Amount 30/06/2021	Amount 30/06/2020
Player acquisition fee expenses (a)	3,142,157.68	3,477,377.05
Player loan expenses	274,150.13	3,175,074.87
Total player acquisition expenses	3,416,307.81	6,652,451.92

- (a) The agents' fees also include miscellaneous acquisition expenses and training and solidarity expenses worth 306,379.65 euros (at 30 June 2020 the figure was 624,318.720 euros).

3. Losses, impairment and variation of adjustments due to impairment for commercial operations.

The information is supplied in notes 11.1 of this report.

4. Other information.

a. Transactions with group and associate entities.

The transactions with group and associate entities correspond to:

- a. **Long-term loans to group companies**, in relation to dependent company, Afouteza e Corazón, S.L.U., for the amount of 300,000.00 euros, in relation to two participating loans (at 30 June 2020 the amount of long-term loans to group companies was 300,000.00 euros) (note 11.1). This represents financial income of 5,700.00 euros (4,469.80 euros at 30 June 2020).
- b. **Other financial assets**, relating to the deposit for the lease of parking spaces from Afouteza e Corazón, S.L.U., for the amount of 3,421.48 euros (note 11.1).

c. **Debtor group entities:**

- i. Dependent company, Afouteza e Corazón, S.L.U. for the amount of 442,936.69 euros (921,436.74 euros at 30 June 2020) for the sale of sporting goods and equipment and for the lease of space in the offices of the Company (A Sede) in which Afouteza e Corazón, S.L.U. performs its activities (note I.1, 10.2 and 11.1).

The volume of the transactions corresponds to:

- 302,860.59 euros corresponds to the sale of sporting goods and equipment (621,632.88 at 30 June 2020);
 - 90,326.08 euros corresponds to income from a commission on the sale of sporting goods and equipment (97,705.80 at 30 June 2020);
 - 250,576.42 euros correspond to income from the lease of space in A Sede (note 10.2), (469,831.06 euros at 30 June 2020);
 - 19,977.68 euros corresponds to miscellaneous income (181,734.38 at 30 June 2020);
- ii. Fundación Celta de Vigo, for the amount of 7,101.10 euros (-20,712.45 euros at 30 June 2020). The volume of transactions with the Fundación Celta de Vigo corresponds to:
- 150,820.11 to the sale of sports equipment and items for junior categories (320,742.60 euros at 30 June 2020).
 - 210,000.00 euros for accommodation services at the facilities of the Company (A Sede Residencia) (159,600.00 euros at 30 June 2020).
 - 97,380.00 euros corresponding to the sale of the “A Canteira” minibus (note 5).

- 10,700.62 corresponds to other income that includes payments, penalties and refereeing for junior categories (54,156.44 at 30 June 2020).

The company, in the 2020/2021 season, granted the Celta de Vigo Foundation a donation worth 1,455,400.81 euros for promoting the development of sport in all spheres, as well as support and promotion of sport in Vigo in different ways (in the 2019/2020 season, the amount of the donation was 1,846,749.18 euros).

- d. **Loans to Group companies**, corresponds to a loan granted to Grupo Corporativo Ges, S.L. for the amount of 2,000,000.00 euros (note 11.1 and 13). The financial interest on the same amounts to 38,000.00 euros (29,046.58 euros the previous season).
- e. **Other financial liabilities**, amounting to 18,524.00 euros relating to the deposits received from the leases from dependent company, Afouteza e Corazón, S.L.U. (at 30 June 2020, the figure was 44,211.00 euros) (note 11.2).
- f. **Short-term debts with group and associated companies**, corresponds to a current account with dependent company Afouteza e Corazón, S.L.U.
- g. **Suppliers, group companies**, corresponds to dependent company, Afouteza e Corazón, S.L.U. for the amount of 0.00 euros.

The transactions for the amount of 948,431.30 euros (217,755.46 euros at 30 June 2020) correspond to:

- i. 20,941.44 euros corresponds to expenses for the car park lease (20,844.49 euros at 30 June 2020),
- ii. 918,951.19 euros corresponds to the acquisition of sporting goods and equipment (196,059.36 euros at 30 June 2020) (note 10.2).
- iii. 7,187.44 euros corresponds to the purchase of tangible fixed assets (at 30 June 2020 the figure was 0.00 euros); and

- iv. 1,351.23 euros corresponds to other expenses (at 30 June 2020 the figure was 851.61 euros).

b. Ancillary income and other current management income.

The breakdown of ancillary income and other current management income is set out in the following table:

Description	Amount 30/06/2021	Amount 30/06/2020
Lease income (1)	274,194.06	488,048.70
Player release income (2)	403,329.53	785,781.05
Player training rights income	2,865,532.19	497,685.00
Miscellaneous service income (3)	956,010.28	1,766,775.77
Total ancillary income and other current management income	4,499,066.06	3,538,290.52

- (1) The breakdown of lease income is set out in note 10.2.
- (2) Player release income includes the amount resulting from the profits received from the UEFA for the release of players to their respective national teams for the amount of 1,329.53 euros (at 30 June 2020 the figure was 135,781.05 euros).
- (3) The amount of the income from miscellaneous services corresponds to:
- Income from stays by foreign players worth 660,073.92 euros (at 30 June 2020 the amount was 1,317,349.99 euros),
 - Sales fee income worth 83,449.75 euros corresponding to Afouteza e Corazón, S.L.U. for the amount of 90,326.08 (note 15.4.a) and a third party (at 30 June 2020 the amount was 97,705.80 euros),
 - Accommodation service income worth 210,000.00 euros (at 30 June 2020 the amount was 159,600.00 euros) (note 15.4.a),
 - Canteen operation income worth 0.00 euros as matches were played behind closed doors (at 30 June 2020 the amount was 60.500,00), and

- e. Other current management income worth 2,486.61 euros (at 30 June 2020 the amount was 131,619.98 euros).

c. Foreign currency transactions.

No foreign currency transactions were carried out either in the 2020/2021 season nor the foregoing one. There are no outstanding foreign currency amounts pending receipt or exchange rate differences.

d. Average number of persons employed at 30 June, distributed by categories.

The average number of persons employed, together with the closing staff, broken down by category and gender, is set out in the following tables:

Breakdown	Season 2020/2021		Season 2019/2020	
	Men	Women	Men	Women
Average staff				
Playing staff (players)	45	0	47	0
Other staff	61	20	61	20
Total average staff	106	20	108	20

Breakdown	Season 2020/2021		Season 2019/2020	
	Men	Women	Men	Women
Closing staff				
Playing staff (players)	38	0	46	0
Other staff	66	21	65	19
Total closing staff	104	21	111	19

e. Exceptional income and expenditure.

The breakdown of exceptional income and expenditure is set out in the following table:

Description	Amount S2020/2021	Amount S2019/2020
Exceptional expenditure (1)	-456,311.37	-864,392.93
Exceptional income (2)	905,722.16	427,665.84
Total other results	449,410.79	-436,727.09

(1) The exceptional expenditure for the season corresponds essentially to sanctions imposed by the Social Security authorities recognised in the short term as settlement of work carried out by a supplier for the amount of 107,499.99 euros and recognition of the long-term provision for work carried out by a supplier (note 16). At 30 June 2020, it corresponded to:

- a. The recognition of the long-term provision for liquidation of work carried out by a supplier for the amount of 475,151.37 euros (note 16),
- b. Donations of healthcare material to the Vigo Health District in order to meet healthcare needs resulting from the COVID-19 pandemic for a purchase price financial value of 262,335.55 euros.

(2) The exceptional income for the season corresponds essentially to insurance compensation for the amount of 260,032.77 euros and income due to the expiry of certain solidarity rights for the amount of 506,726.02 euros (at 30 June 2020 it corresponded essentially to insurance compensation).

f. Financial income and expenditure.

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

Description	Amount S2020/2021	Amount S2019/2020
Financial expenditure (1)	-183,900.39	-61,727.74
Financial income (2)	236,739.61	59,699.22
Variation in fair value of financial instruments (3)	0.00	18,547.75
Total financial results	52,839.22	16,519.23

- (1) Financial expenditure corresponds essentially to interest on loans worth 129,846.60 euros (the figure was 56,995.92 euros the previous season).
- (2) The financial income corresponds essentially to interest from the loans granted to group company Afouteza e Corazón, S.L.U. for the amount of 5,700.00 euros and Grupo Corporativo Ges, S.L.U. for the amount of 38,000.00 euros (note 15.4.a) and interest from bank deposits and active positions (at 30 June 2020, it corresponded to loans granted to group company Afouteza e Corazón, S.L.U. for the amount of 4,469.80 euros and the company Grupo Corporativo Ges, S.L.U. for the amount 29,046.58 euros (Note 15.4.a)).
- (3) Corresponds to the profit derived from the refund of an investment fund (note 11.1).

g. Results from the sale of players.

In the 2020/2021 season the company obtained a profit of 6,608,488.76 euros (34,834,293.46 euros in the previous season) from the sale of players (Note 8).

h. Accruals.

The amount of accrued income (note 11.2) in the 2019/2020 season corresponds to,

- Season tickets for the second half of the year, worth 271,383.68 euros
- Collaboration agreements worth 281,960.41 euros

i. Income from estimated compensation or compensation received from insurance entities for operating expenses and for exchange rate risks.

The amount of income from indemnification received from insurance entities totals 260,032.77 euros derived largely from the indemnification from the flooding of Estadio Abanca Balaídos (at 30 June 2020 it totalled 373,840.15 euros, derived largely from indemnification for player injuries).

5. Net turnover figures.

The breakdown of the net turnover figure is supplied in note 15.1 of this report, with the most significant income being that derived from the broadcast rights which include audio-visual rights negotiated with television operators and LaLiga and the audio-visual rights for the King's Cup.

On 1 September 2020 an assignment agreement was signed with Corporación Radio e Televisión de Galicia, S.A. (CRTVG) for 2 friendly matches played during the pre-season. The amount of the agreement was 15,000.00 euros.

On 8 August 2019 an assignment agreement was signed with CRTVG for the matches corresponding to the XXIV edition of the Memorial Quincho tournament. The amount of the agreement was 10,000.00 euros in the 2019/2020 season.

On 16 October 2020, an exclusive assignment agreement was signed with CRTVG for the rights for the Celta B matches in the 2020/2021 season in the national LaLiga championship, 2nd division B. The amount of the agreement depends on the phases reached and the audience share, with the income amounting to 74,000.00 euros.

On 17 July 2019 an exclusive assignment agreement was signed with CRTVG for the rights to the Celta B matches in the 2019/2020 season in Second Division B, including play-out and play-off matches. The amount of the agreement was 69,000.00 euros.

As for income from advertising and commercialisation, the company has entered into a sponsorship agreement with Fundación Deporte Galego, dated 17 June 2020 with the main aim of sponsoring Galician teams participating in top level competitions, Celta B to be precise. The amount of the agreement is 21,208.20 euros.

On 22 October 2019 a sponsorship agreement was signed with Fundación Deporte Galego the main aim of which is to prevent and raise awareness of gender violence in sport, for the amount of 60,000 euros.

16. PROVISIONS AND CONTINGENCIES.

Provisions.

At 30 June 2021, the company has recognised the following provisions:

- Long-term provisions for the amount of 590,919.22 euros derived from the liquidation of work carried out by a supplier by virtue of judgment 49/21 (at 30 June 2020, the figure was 475,151.37 euros) (note 15.4.e)
- Short-term provisions totalling 252,194.17 euros derived from a dispute with members of the technical staff from the 2018/2019 season (recognised at 30 June 2020 also).

Contingencies.

Contingent liabilities.

The Management Body considers that there are no significant contingencies at the date of closing of the balance sheet that could derive in future liabilities, with the exception of the variable objectives of the playing staff.

The contracts for the purchase of players establish clauses that oblige the company to pay certain economic compensation in the event they are triggered, being recognised at that moment, in line with the accrual principle.

Contingent assets.

The agreements for the sale of players contain clauses that grant the company rights to certain financial compensation in the event they are triggered, with the income being recognised at that moment, in line with the accrual principle.

In the case of termination of a player's contract by the player, the company is entitled to receive the corresponding indemnification.

Moreover, the company has players that come from the club's academy (note 4.1) who do not appear on the balance sheet and in the event of their sale the full price of such sale will appear as a profit.

17. PARTICIPATING LOANS AND SUBORDINATED DEBT.

Neither in the 2020/2021 season nor the previous one did the company have any participating loans or subordinated debt.

18. GUARANTEES PROVIDED TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES.

At 30 June 2021 there are no guarantees given to third parties. The overall amount of guarantees provided to third parties, at 30 June 2020, totals 1,950,000.00 euros, corresponding to sports entities for the acquisition of player assignment rights, with the broadcast rights held by the company as the guarantee for the same for the 2017/2018 to 2020/2021 seasons.

The members of the board of directors consider that intangible sports fixed assets are not impaired.

At 30 June 2021, the company has off-balance sheet risks totalling 236,293.43 euros (at 30 June 2020 the figure for the firm's risks was 229,418.46 euros).

19. SUBSIDIES, DONATIONS AND ENDOWMENTS.

The amount and characteristics of subsidies received and appearing in the balance sheet, as well as those stated in the profit and loss account are set out in the following table:

Concessionaire	Initial amount	Charged to results	Final amount
	Season 2019/2020		
	14,007,553.23	1,245,115.80	13,073,716.35
Vigo City Council (1)	Season 2019/2020		
	13,073,716.35	1,245,115.80	12,139,879.47

(1) At 30 January 2009, the agreements signed between Vigo City Council and the company authorising the use of the Balaidos, Barreiro and A Madroa sports facilities was amended with the validity being extended until 16 May 2034. In said agreement, Vigo City Council assigns the interior advertising (pitches, stands and scoreboards,...) of the Balaidos, Barreiro and A Madroa stadiums to the company free of charge, to be exploited by the company or a third party during any sporting competition in which the company is involved or related to it, the latter assuming the cost of the removal or covering of said advertising if so requested by the Council for other events not involving the company. The company is also responsible for the management of the advertising rights derived from the image of its players, managers, symbols... in the facilities it is authorised to use.

The company is entitled to exploit, on its own behalf, the bars and buffets existing in the facilities it is authorised to use, or any it may open without prior authorisation of the Council, while sporting events related to the company are being held.

The company will not authorise advertising beyond 16 May 2034 and will notify the Council of the circumstances of the same as soon as such authorisations are agreed.

In relation to the above, the assignment of the right of use is consider a subsidy of a non-monetary nature. The amount of the same totals 31,127,896.69 euros, corresponding to the market value obtained for the right of assignment of the sports facilities used by Real Club Celta de Vigo, S.A.D. based on a duration of 25 years.

The company has complied with all conditions related to the subsidies.

The company does not receive any donations or endowments.

In the 2020/2021 season, the company processed operating subsidies worth 1,011,066.05 euros, obtaining an amount of 585,405.45 euros in operating subsidies (in the 2019/2020 season the figure was 569,046.93 euros), with the following breakdown:

- 364,708.27 euros in a subsidy from the Spanish Football Federation under the academy with values programme (at 30 June 2020, for an amount of 370,358.30 euros),
- 181,087.60 euros in subsidies from the Professional Football League as aid for corrective/evolutive maintenance, as well as preventative maintenance of sports facilities (the figure for 30 June 2020 was 192,727.90 euros),
- 35,108.63 euros in INEGA subsidies (a body belonging to the Xunta de Galicia) for adaptation of the lighting of Balaídos stadium, and
- 4,500.95 euros correspond to the subsidy from the Xunta de Galicia for the development of sports activities (at 30 June 2020, the figure was 5,960.73 euros).

20. EVENTS SUBSEQUENT TO CLOSING.

In the summer transfer market, the company brought in players through the acquisition of their rights or on loan and sent out players on loan in order to strengthen the playing staff of the first team and Celta B.

At the date of formulation of these annual accounts, there are no 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.

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.

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

21. RELATED-PARTY TRANSACTIONS.

1. Related-party transactions.

The volume of transactions with group and associated companies is provided in note 15.4.a.

There is no link between the company, its dependent company, Fundación Celta de Vigo and the members of the board of directors or main shareholders that has led to transactions or commitments for a consideration, or of any other kind with the company, except as set out in this report.

2. Management Body Remuneration.

The members of the Board of Directors have not received any remuneration (no remuneration was received last season either).

The company has no senior executive employment contracts.

The company has taken out collective accident insurance for the members of the Board of Directors during the season, with the total amount of guarantees taken out in the event of death or complete invalidity amounting to 100,000.00 euros per insured person.

Moreover, the company has taken out a policy to cover the civil liability of Directors and Senior Executives, with an annual limit of the 3,000,000.00 euros.

The amount of both insurance premiums is not significant for the purposes of this report.

3. Participation by members of the management body in other companies.

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, and neither they nor any persons related to them are in a conflict of interest situation with the company.

Moreover, in accordance with the terms of Article 21 of Royal Decree 1251/1999, of 16 July, on Public Limited Sports Companies and Article 38 of the Articles of Association, the members of the Board of Directors and those who hold management posts in a public limited sports company cannot hold any other post in another public limited sports company participating in the same professional competition or, even where different, belonging to the same category of sport.

4. Corporate group.

As mentioned in note 1.4 of this report, the company forms part of an international group of companies in which, due to the particular nature of the activity of Real Club Celta de Vigo, S.A.D., management of the same is completely independent of the rest of the group companies.

As mentioned, in note 14.1 of this report, the company opted for the Tax Consolidation Regime for the tax period starting on 1 July 2018 and following years in accordance with the terms of the Corporation Tax Act, Chapter VI, Title VII. The company will form part of the Consolidated Group, as dominant company, which will also include dependent company Afouteza e Corazón, S.L.U.

22. OTHER INFORMATION.

1. Average staff levels in the financial year.

The average number of persons employed and the number of persons employed at closing, broken down by categories and gender, is set out in note 15.4.d.

2. Indicators established in the Economic Monitoring Regime of the LNFP.

The LNFP has exclusive responsibility for the functions of economic monitoring, control and supervision in relation to its members (Clubs and Public Limited Sports Companies), via its governing and administrative bodies, in general, and the Economic Monitoring Committee, in particular. This is all in accordance with the terms of Article 41.4.b) of the Sports Act and the Articles of Association and the General Regulations of the LNFP.

As a result, the LNFP, and subsequently in coordination with the RFEF, defined the Economic Monitoring Regime for Clubs and Public Limited Sports Companies belonging to the LNFP, inspired by the UEFA's financial monitoring regulations, and as such the members of the board of directors of the company supply information on the indicators established in said regulations.

Break-even indicators.

The members of the management body include in the calculation of the break-even indicators, in accordance with the terms of Article 20 of Volume X of the General Regulations of the LNFP or any rules that replace it.

The 2019/2020 season amounts for the balancing point indicators have been restated (both in terms of the annual account data and the data without COVID-19) derived from the terms of note 2.3 on the restatement of the comparative information in the balance sheet and profit and loss account for the 2019/2020 season caused by the reduction in broadcast income for that season, as well as the difference between the deduction activated at 30 June 2020 and the deduction finally activated when the corporation tax declaration was filed in January 2021.

ART.20 VOLUME X. (CALCULATION OF THE BREAK-EVEN POINT)
A) Breakdown of relevant income

Information in €							
	Data from these Annual Accounts	Restated Information 2019/2020 Season	Restated Information Annual Accounts				
	T 2020/21 S WITHOUT COVID-19	T 2020/21 S WITH COVID-19	T-1 2019/20 S WITHOUT COVID-19	T-1 2019/20 S WITH COVID-19	T-2 2018/19 S	T-3 2017/18 S	T-4 2016/17 S
Income from competitions	882,747	330,268	909,567	561,481	1,391,009	2,324,392	16,540,990
Income from season ticket holders and members	4,570,253	744,857	4,791,880	3,505,867	4,450,255	4,722,383	4,866,313
Broadcast income	48,903,648	48,903,648	50,058,359	50,058,359	51,632,445	48,907,931	47,573,750
Advertising income	10,028,623	9,960,444	7,472,333	7,472,333	7,399,161	4,295,380	4,333,210
Marketing and other income	1,652,934	1,652,934	1,119,604	1,119,604	2,133,862	1,820,690	1,475,074
Ancillary and other current management income	4,613,843	4,499,066	3,595,822	3,538,291	6,209,524	2,122,142	1,727,167
Income from non-football related operations (operating subsidies)	0	0	0	0	0	0	5,531
Profit from transfers of real estate	7,419,238	7,419,238	36,696,234	36,696,234	28,841,365	13,608,655	17,195,585
Other operating income	905,722	905,722	752,666	752,666	1,750,387	213,313	815
Financial income	236,740	236,740	78,247	78,247	26,334	12,537	50,722
(a.1) Total relevant income	79,213,749	74,652,918	105,474,711	103,783,081	103,834,343	78,027,423	94,583,181
(a.2) Total income in audited financial statement	76,483,439	76,483,439					
(a.3) Amount to be reconciled: (a.1) - (a.2)	2,730,310	(1,830,521)	Reconciled past financial year	Reconciled past financial year	Reconciled past financial year	Reconciled past financial year	Reconciled past financial year

Reconciliation items (examples)	Amount WITHOUT COVID-19	Amount WITH COVID-19
Income derived from non-monetary items	1,426,203	1,426,203
Income derived from debt reduction under insolvency proceedings	0	0
Income from operations not related to football nor clearly and exclusively related to the club's brands	0	0
Other income not classified in the above reconciliation entries	404,318	404,318
Estimated effect of COVID on the annual accounts for the 2019/2020 season	(4,560,832)	0
(a.4) Total reconciliation items	(2,730,311)	1,830,521

B) Breakdown of relevant expenses

	Data from these Annual Accounts	Restated Information 2019/2020 Season	Restated Information Annual Accounts				
	T 2020/21 S WITHOUT COVID-19	T 2020/21 S WITH COVID-19	T-1 2019/20 S WITHOUT COVID-19	T-1 2019/20 S WITH COVID-19	T-2 2018/19 S	T-3 2017/18 S	T-4 2016/17 S
Provisions	1,425,298	1,425,298	1,346,380	1,346,380	2,192,834	1,359,445	729,649
Staff expenses	56,043,117	56,043,117	48,793,508	50,041,361	43,084,760	34,462,375	42,689,070
Other operating expenses	12,214,440	13,757,629	16,226,064	16,982,587	14,201,587	12,659,470	11,675,635
Amortisation of player federative rights	15,576,956	15,576,956	19,740,584	19,740,584	14,803,696	10,701,524	6,604,195
Losses from the sale of fixed assets	810,749	810,749	2,726,333	2,726,333	1,334,570	1,491,693	7,980
Financial expenditure	183,900	183,900	61,728	61,728	86,616	116,612	223,947
(b.1) Total relevant expenses	86,254,459	87,797,648	88,894,598	90,898,974	75,704,063	60,791,120	61,930,477
(b.2) Total costs and expenses in audited financial statement	86,017,153	86,017,153					
(b.3) Reconciliation amount: (B.1) - (B.2)	237,307	1,780,496	Reconciled past financial year	Reconciled past financial year	Reconciled past financial year	Reconciled past financial year	

Reconciliation item (examples)	Amount WITHOUT COVID-19	Amount WITH COVID-19
Deterioration/impairment of tangible fixed assets	649,505	649,505
Amortisation/ impairment of intangible fixed assets other than player federative rights	1,291,089	1,291,089
Tax expenditure(Corporation Tax)	(3,721,090)	(3,721,090)
Other expenses not classified in the foregoing items		0
Estimated effect of COVID on the annual accounts for the 2020/2021 season	1,543,189	
(b.4) Total reconciliation items	-237,307	(1,780,496)

C) Calculation of the break-even point

Data from these
Annual Accounts

	Amount WITHOUT COVID-19	Amount WITH COVID-19	
(c.1) Break-even T (20-21 Financial year)			
Relevant income	79,213,749	74,652,918	
Relevant expenses	86,254,459	87,797,648	
Break-even result	(7,040,710)	(13,144,731)	Surplus
(c.2) Break-even T-1 (19-20 Financial year)			
Relevant income	105,474,711	103,783,081	
Relevant expenses	88,894,598	90,898,974	
Break-even result	16,580,113	12,884,107	Surplus
(c.3) Break-even T-2 (18-19 Financial year)			
Relevant income	103,834,343	103,834,343	
Relevant expenses	75,704,063	75,704,063	
Break-even result	28,130,280	28,130,280	Surplus
(C.4) Break-even for T to T-2: (C.1) + (C.2) + (C.3)			
	37,669,684	27,869,657	Surplus
(c.5) Break-even T-3 (17-18 Financial year)			
Relevant income	78,027,423	78,027,423	
Relevant expenses	60,791,120	60,791,120	
Break-even result	17,236,302	17,236,302	Surplus
(c.6) Break-even T-4 (16-17 Financial year)			
Relevant income	94,583,181	94,583,181	
Relevant expenses	61,930,477	61,930,477	
Break-even result	32,652,705	32,652,705	Surplus
(C.7) Break-even for T to T-4: (C.4) + (C.5) + (C.6)			
	87,558,690	77,758,664	Surplus

First team expenses.

The members of the management body include in the calculation of the first team expenses (note 15.2 of this report), in accordance with the terms of Article 22 of Volume X of the General Regulations of the LNFP or any rules that replace it:

ART. 22 VOLUME X. INDICATOR OF EXPENSES ASSOCIATED WITH THE FIRST TEAM

A) Expenses associated with the first team

(A) Total expenses associated with the FIRST TEAM	49,390,617
	Amount
(a.1) Cost of playing staff eligible for LFP registration (without amortisation)	47,883,574
(a.2) Staff expenses related to the first team and not reflected in the cost of playing staff eligible for registration: technical secretary/director of football, doctors, physiotherapists, kitmen, delegate.	1,507,043

B) Reconciliation with financial statements

(B) Total staff expenses set out in P&L at 30/6/2021	56,043,117
(b.1) Reconciliation amount: (A) - (B)	(6,652,499)

Reconciliation entries	Amount
Expenses of playing staff NOT eligible for LFP registration	2,933,702
Expenses of non-playing staff except for those contemplated in (a.2)	3,718,797
(b.2) Total reconciliation amounts	6,652,499
Reconciliation corrector: (b.1) + (b.2) = 0	0

C) Relevant income at 30 June 2021

(C.) Total relevant income	74,652,918
-----------------------------------	-------------------

RATIO OF EXPENSES ASSOCIATED WITH FIRST TEAM (A/C)	66%
	Complied with

Ratio of net debt to total income.

The members of the management body include in the calculation of the ratio of net debt to total income indicators, in accordance with the terms of Article 23 of Volume X of the General Regulations of the LNFP or any rules that replace it:

NET DEBT INDICATOR

A) Liability balance sheet entries to be considered for calculating net debt

(A) Total debts and loans (A.1)+(A.2) **27,710,354**

(A.1) Long-term debts	14,890,767
Debts with financial institutions	5,971,327
Debts with sporting entities	8,669,166
Other financial liabilities	250,274
Insolvency debt	0
Debts with group companies (participating loans)	0

(A.2) Short-term debts	12,819,587
Debts with financial institutions	1,144,316
Debts with sporting entities for transfers/loans	11,030,327
Other financial liabilities	606,002
Short-term debts with group and associated companies	38,942

(B) Asset balance sheet entries to be considered for calculating net debt

(B) Total asset entries considered **43,837,367**

Debtor sporting entities	32,069,096
Cash and other equivalent liquid assets	7,768,090
Short-term financial investments	4,000,180

C) Breakdown of relevant income

(C.) Total relevant income **74,652,918**

30 June 2021

Income from competitions	330,268
Income from season ticket holders and members	744,857
Broadcast income	48,903,648
Advertising income	9,960,444
Marketing and other income	1,652,934
Ancillary and other current management income	4,499,066
Income from non-football related operations (operating subsidies)	0,000
Profit from transfers of real estate	7,419,238
Other operating income	905,722
Financial income	236,740

D) Net debt figure at 30 June 2021

(D) Total Net Debt (A-B) **(16,127,012)**

DEBT RATIO (D/C) **-22%**
Complied with

3. Budget outturn for the 2019/2020 season and budget for the next season in accordance with the LNFP regulations.

BUDGET OUTTURN 2020/2021 SEASON

PROFIT AND LOSS ACCOUNT	ENVISAGED S2020/2021	ACTUAL S2020/2021
A) CONTINUING OPERATIONS		
1. Revenue	60,060,000.00	61,592,151.86
a) Income from competitions and participation in betting	650,000.00	330,267.90
b) Income from season ticket holders and members	2,600,000.00	744,857.10
c) Broadcast income	46,410,000.00	48,903,648.43
d) Advertising income	9,400,000.00	9,960,444.27
e) Marketing and other income	1,000,000.00	1,652,934.16
4. Supplies	(600,000.00)	(1,425,297.76)
5. Other operating income	2,719,244.00	5,084,471.51
a) Ancillary and other current management income	2,719,244.00	4,499,066.06
b) Operating subsidies included in results for the financial year	0.00	585,405.45
6. Staff expenses	(42,100,000.00)	(56,043,116.65)
a) Playing staff salaries and wages	(35,000,000.00)	(50,161,971.74)
b) Non-playing staff salaries and wages	(5,750,000.00)	(4,501,415.32)
d) Social charges	(1,350,000.00)	(1,379,729.59)
7. Other operating expenses	(9,443,604.22)	(13,301,317.41)
a) External services	(4,623,645.89)	(4,530,883.20)
b) Taxes	(20,000.00)	(24,448.17)
c) Impairment, losses and variation of provisions for commercial operations	0.00	(117,587.96)
d) Travel	(1,210,000.00)	(2,735,386.42)
e) Player acquisition expenses	(800,000.00)	(3,416,307.81)
f) Other current management expenses	(2,789,958.33)	(2,476,703.85)
8. Amortisation of fixed assets	(18,853,941.89)	(17,517,550.05)
a) Amortisation of fixed assets	(700,000.00)	(695,478.73)
b) Amortisation of players	(16,908,825.97)	(15,576,955.52)
c) Amortisation of rights over assets assigned for use	(1,245,115.92)	(1,245,115.92)
9. Application of subsidies of non-financial fixed assets and others	1,245,115.92	1,245,115.80
11. Profit from sale of fixed assets and extraordinary results	7,500,000.00	6,608,488.76
b) Profit from the sale of players	7,500,000.00	6,608,488.76
13. Other results	(50,000.00)	449,410.79
A.1) OPERATING PROFIT	476,813.81	(13,307,643.15)
12. Financial income	0.00	236,739.61
13. Financial expenditure and similar expenses	(300,000.00)	(183,900.39)
14. Exchange rate differences	(5,000.00)	0.00
A.2) FINANCIAL PROFIT	(305,000.00)	52,839.22
A.3) PROFIT/(LOSS) BEFORE INCOME TAX	171,813.81	(13,254,803.93)
20. Income tax expense	(42,953.45)	3,721,090.20
A.4) FINANCIAL YEAR PROFIT FROM ONGOING OPERATIONS	128,860.36	(9,533,713.73)
A.5) PROFIT/(LOSS) FOR THE PERIOD	128,860.36	(9,533,713.73)

2021/2022 SEASON BUDGET

PROJECTED BUDGET INCOME AND EXPENDITURE		2021/2022 SEASON
A) CONTINUING OPERATIONS		
1. Revenue		63,105,000.00
a) Income from competitions and participation in betting		735,000.00
b) Income from season ticket holders and members		2,940,000.00
c) Broadcast income		48,230,000.00
d) Advertising income		10,000,000.00
e) Marketing and other income		1,200,000.00
4. Supplies		(800,000.00)
5. Other operating income		300,000.00
a) Ancillary and other current management income		300,000.00
6. Staff expenses		(52,000,000.00)
a) Playing staff salaries and wages		(44,900,000.00)
b) Non-playing staff salaries and wages		(5,750,000.00)
c) Indemnification, miscellaneous		0.00
d) Social charges		(1,350,000.00)
7. Other operating expenses		(10,285,000.00)
a) External services		(4,495,000.00)
b) Taxes		(20,000.00)
d) Travel and organisation of friendlies		(1,540,000.00)
f) Other current management expenses		(4,230,000.00)
8. Amortisation of fixed assets		(19,345,115.92)
a) Amortisation of fixed assets		(1,100,000)
b) Amortisation of players		(17,000,000.00)
c) Amortisation of rights over assets assigned for use		(1,245,115.92)
9. Application of subsidies of non-financial fixed assets and others		1,245,115.92
11. Profit from sale of fixed assets and extraordinary results		7,159,000.00
b) Profit from the sale of players		7,159,000.00
13. Other results		(50,000.00)
A.1) OPERATING PROFIT		(10,671,000.00)
12. Financial income		0.00
13. Financial expenditure and similar expenses		(300,000.00)
14. Exchange rate differences		(5,000.00)
A.2) FINANCIAL PROFIT		(305,000.00)
A.3) PROFIT/(LOSS) BEFORE INCOME TAX		(10,976,000)

4. Securities listed for trading on a regulated market in the European Union

The company does not issue listed securities.

5. Remuneration of Auditors.

These annual accounts will be audited by Auren and its remuneration for this task amounts to 26,620.00 euros (26,620.00 euros last season).

The audit company has also invoiced fees for other verification services amounting to 14,865.00 euros (25,500.75 euros last season).

6. Company agreements.

There are no company agreements other than those appearing in the balance sheet or informed about in other notes of this report, except in relation to the agreements for the loan of players for the 2021/2022 season, which appear in the following season, as the players begin their contractual relationship in the 2021/2022 season.

23. SEGMENTED INFORMATION.

Being a Public Limited Sports Company, the company can only participate in official professional competitions in a single category of sports, football in this case (according to the provisions of Article 19.4 of the Sports Act).

As for the different sports sections of the company during the 2020/2021 season, these are the first team (playing in the First Division) and Celta B (playing in the Second Division B), the most significant data on the latter being as follows;

- Expenditure on playing staff not eligible for registration with the LNFP which includes remuneration (fixed and variable), indemnification, other remuneration, collective premiums, social security, loan (income)/expenditure, agents' fees, amortisation of player acquisition rights and transfer impairment/losses (note 15.2.b),

- Expenses of non-sporting technical staff for the amount of 152,369.26 euros,
- Other operating expenses for the amount of 129,149.18 euros,
- Refereeing fees of 19,867.30 euros (at 30 June 2020 the figure was 21,045.89 euros),
- Transport expenses of 83,207.89 euros (at 30 June 2020 the figure was 55,394.91 euros).
- Other expenses (mutual insurance, sporting penalties...) amounting to 40,696.64 euros (at 30 June 2020 the figure was 15,715.00 euros).
- Public attendance income of 0.00 euros (at 30 June 2020 the figure was 4,669.43 euros).
- Broadcast Income of 74,000.00 euros (at 30 June 2020 the figure was 60,000.00 euros) (note 15.5).
- Sponsorship and advertising income of 141,558.20 euros.
- Operating subsidies of 364,708.27 euros (at 30 June 2020 the figure was 370,358.30 euros) (note 19).
- Player transfer profits for the amount of 52,500.00 euros.

The annual accounts were drawn up by the members of the Management Body of the company in a meeting held for that purpose.

Mr Manuel Carlos Mouriño Atanes (Chairman)

Mr Ricardo Barros Hermida (Vice-Chairman)

Mr Pedro Posada Martínez (Vice-Chairman)

Ms Carmen Avendaño Otero (Director)

Mr Primitivo Ferro Ribadulla (Director)

Mr Jose Fernando Rodilla Martinez (Director)

Ms Maria Jose Taboas Cabral (Director)

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

REAL CLUB CELTA DE VIGO, S.A.D.

Management Report for the financial year ending 30 June 2021

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1. Evolution of the company and future prospects.

Below is our report on the evolution of the company:

1.1 Main figures:

The 2020/2021 season, despite the pandemic and its effects on an economic and social level, was characterised by a policy of sustainability both on an organisational level and in terms of social commitment and the environment

The impact of COVID-19 on our activity is entailing a fall in turnover, a reduction in profits from the transfer of players, due to the financial situation in which most of the sector finds itself. This affected our efforts to monitor the possible insolvency of clients, debtor sporting entities, as well as the search for new channels of financing, such as aid or subsidies.

As mentioned in note 2.3 to the annual accounts for the 2020/2021 season, in December 2020 the economic department of LaLiga asked the clubs for a rectification invoice corresponding to the reduction in income from broadcasting in the 2019/2020 season, for the amount of 2,348,505.65 euros in our case. As a result of the above and if we take into account the difference between the deduction activated at 30 June 2020 and the deduction finally activated at the moment of presentation of the corporation tax returns in January 2021, the comparative information for the 2019/2020 season is restated, with regard to the financial statements and, consequently, with regard to the diagrams and tables contained in this management report.

Specifically, the following balance sheet and profit and loss entries are restated:

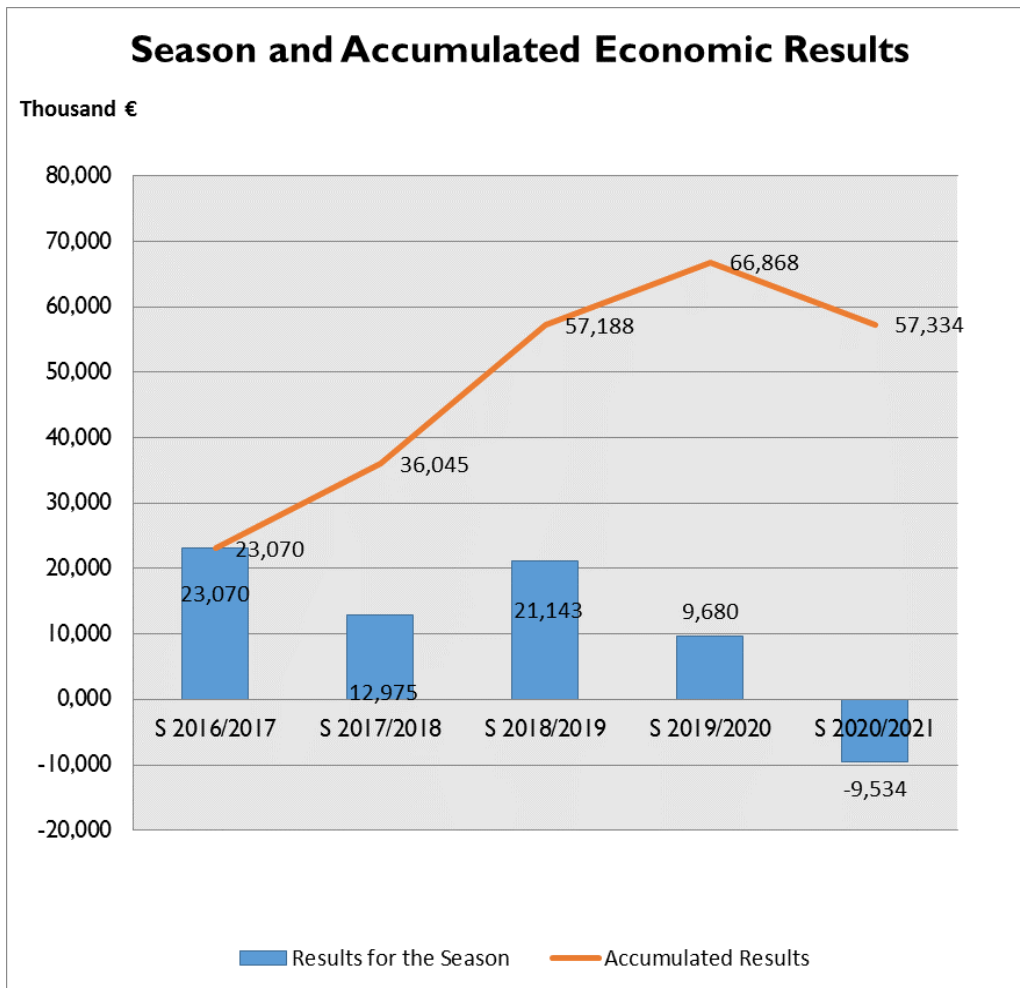
BALANCE SHEET		
ASSETS	Restated Information S2019/2020 (30/06/2020)	Information approved Annual Accounts S2019/2020 (30/06/2020)
A) NON-CURRENT ASSETS	113,589,424.56	113,668,021.29
VII. Deferred tax assets	905,389.79	983,986.50
B) CURRENT ASSETS	59,977,751.81	60,926,449.97
III. Debtors	29,978,708.58	30,927,406.74
3. Sports entities, debtors	25,477,161.60	27,825,667.25
6. Current tax assets	1,550,575.61	150,768.12
TOTAL ASSETS	173,567,176.37	174,594,471.26
EQUITY AND LIABILITIES	Restated Information S2019/2020 (30/06/2020)	Information approved Annual Accounts S2019/2020 (30/06/2020)
A) EQUITY	99,101,639.73	100,128,934.62
A-1) Net equity	86,027,923.38	87,055,218.27
VII. Results of the financial year	9,679,687.36	10,706,982.25
TOTAL EQUITY +LIABILITIES	173,567,176.37	174,594,471.26

INCOME STATEMENT		
	Restated Information S2019/2020 (30/06/2020)	Information approved Annual Accounts S2019/2020 (30/06/2020)
A) CONTINUING OPERATIONS		
I. Revenue	62,717,643.86	65,066,149.51
c) Broadcast income	50,058,359.04	52,406,864.69
13. Other results	(436,727.09)	(611,675.55)
A.1) OPERATING PROFIT	12,757,897.44	14,931,454.63
A.3) PROFIT/(LOSS) BEFORE INCOME TAX	12,774,416.67	14,947,973.86
20. Income tax expense	(3,094,729.31)	(4,240,991.61)
A.4) FINANCIAL YEAR PROFIT FROM CONTINUING OP	9,679,687.36	10,706,982.25
A.5) PROFIT/(LOSS) FOR THE PERIOD	9,679,687.36	10,706,982.25

The main figures:

RESULTS.

In the 2020/2021 season, the company suffered a reversal of the trend of good Economic Results that had been recorded in recent seasons. In the 2020/2021 season, a **net negative result of 9,533,713.73 euros was posted.**



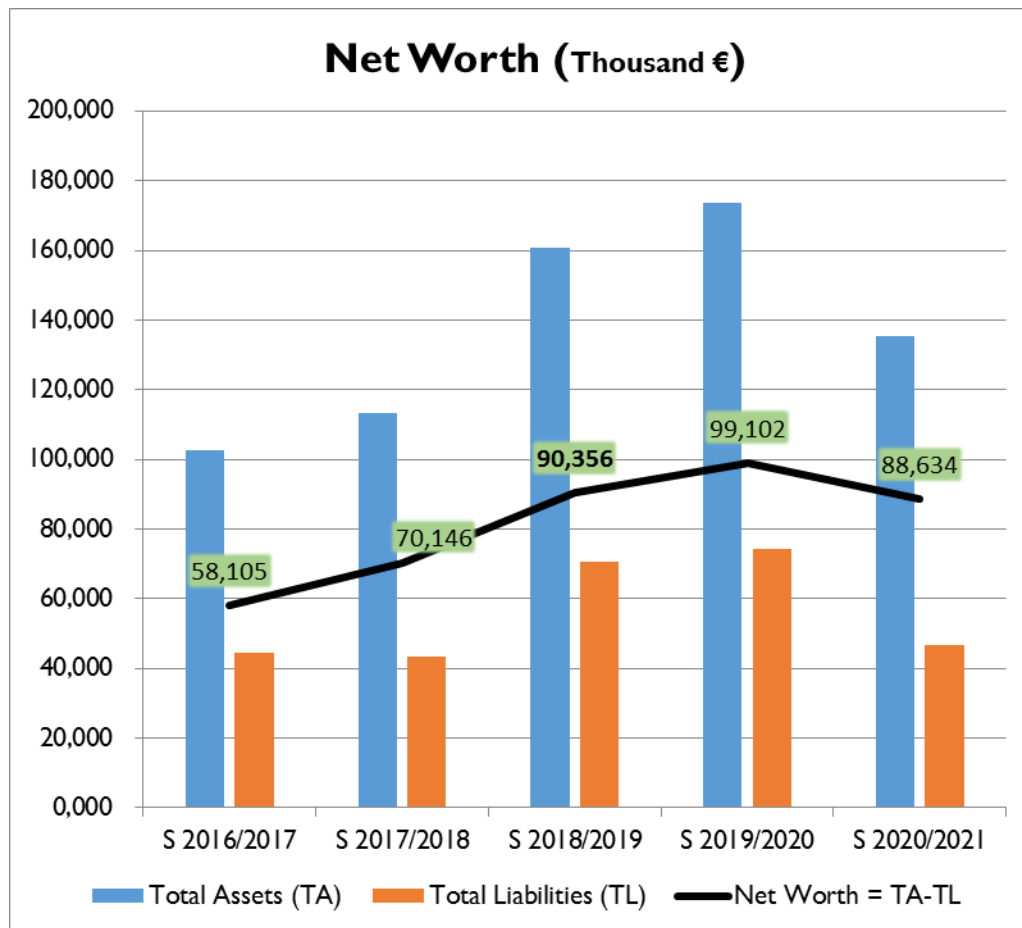
The company has been generating positive financial results for the last 5 seasons on a continuous basis.

Economic Results (Thousand €)	S 2016/2017	S 2017/2018	S 2018/2019	S 2019/2020	S 2020/2021	Total
Pre-Tax Profit	30,678	17,077	27,678	12,774	-13,255	74,953
Financial Year Profit	23,070	12,975	21,143	9,680	-9,534	57,334

These profits obtained have been capitalised in full, without distribution of dividends, allowing the company to assume ambitious future challenges with the necessary solvency to embark on them.

NET WORTH

This absence of distribution of dividends implies that ...



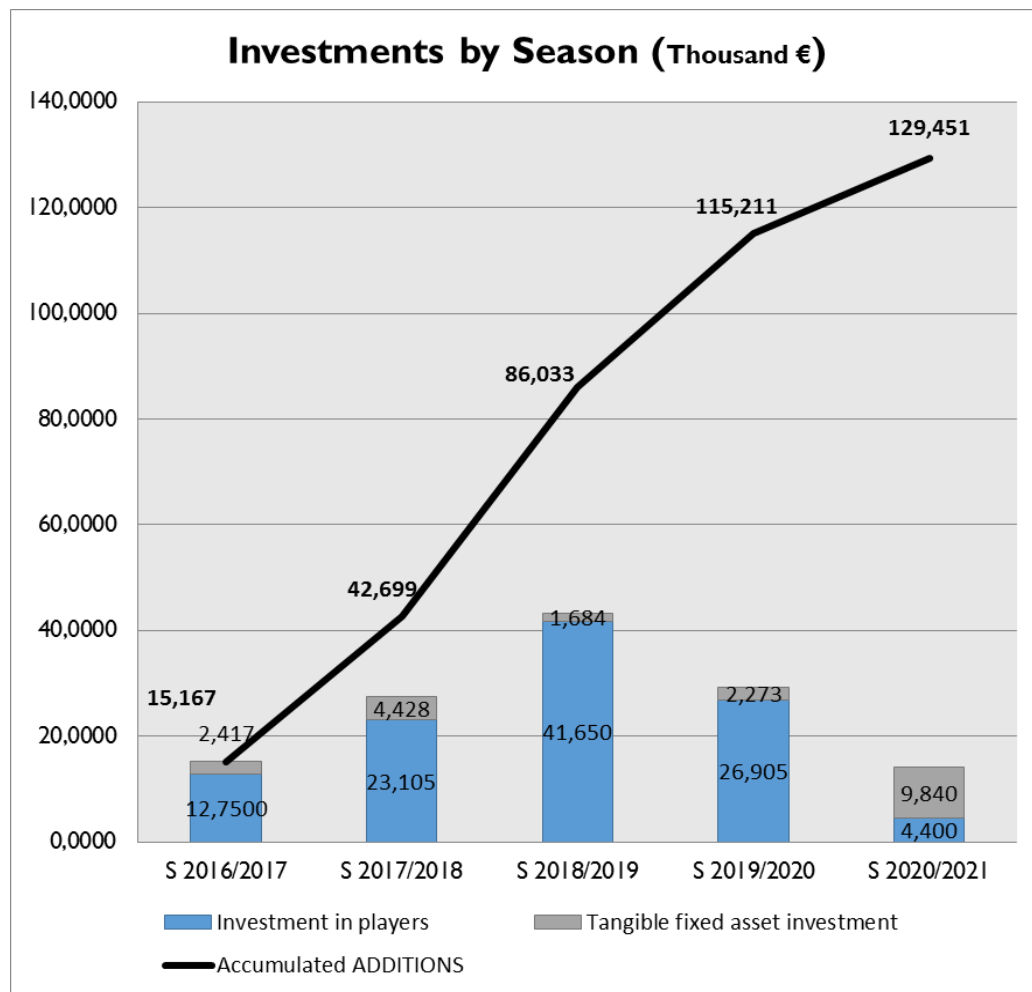
The company is highly capitalised, with net worth at 30 June 2021 of 88,634,089.12 euros (at 30 June 2020 net worth totalled 99,101,639.73 euros).

INVESTMENTS.

The company has made important investments in digitalisation projects focusing this season on creating an open ecosystem of innovation in its different areas and supported by collaboration with third parties, by means of the introduction of a new Ecommerce function, the implementation of a communication channel with shareholders and the online General Meeting of Shareholders.

With the introduction of a new Ecommerce function we have managed to improve the shopping experience of our clients, meeting their increasingly demanding and changing expectations.

Moreover, the company has made a significant investment in the Ciudad Deportiva Afouteza in the 2020/2021 season, worth 8,965,616.82 euros.



INCOME.

At present, income for the company corresponds to:

- Season tickets and gate receipts,
- Audio-visual rights,
- Advertising and marketing,
- Ancillary and other current management,
- Allocation of subsidies,
- Sale of players,
- Extraordinary, and
- Financial.

The company has seen a reversal of the trend of increasing the total income figure year on year derived from the effects of COVID-19 in terms of the reduction of:

- Income from season tickets and matchday tickets with matches being played behind closed doors,
- Income from audio-visual rights, and
- Income from player transfers, as the figures recorded in past seasons for the transfer of players in European football have fallen as a result of the profound economic crisis derived from the COVID-19 pandemic. In fact, according to a LaLiga study, carried out by PWC, the fall in income derived from the transfer of footballers in Spain in summer 2020 was 60% compared to the previous season.

BREAKDOWN OF INCOME OBTAINED IN RECENT SEASONS:

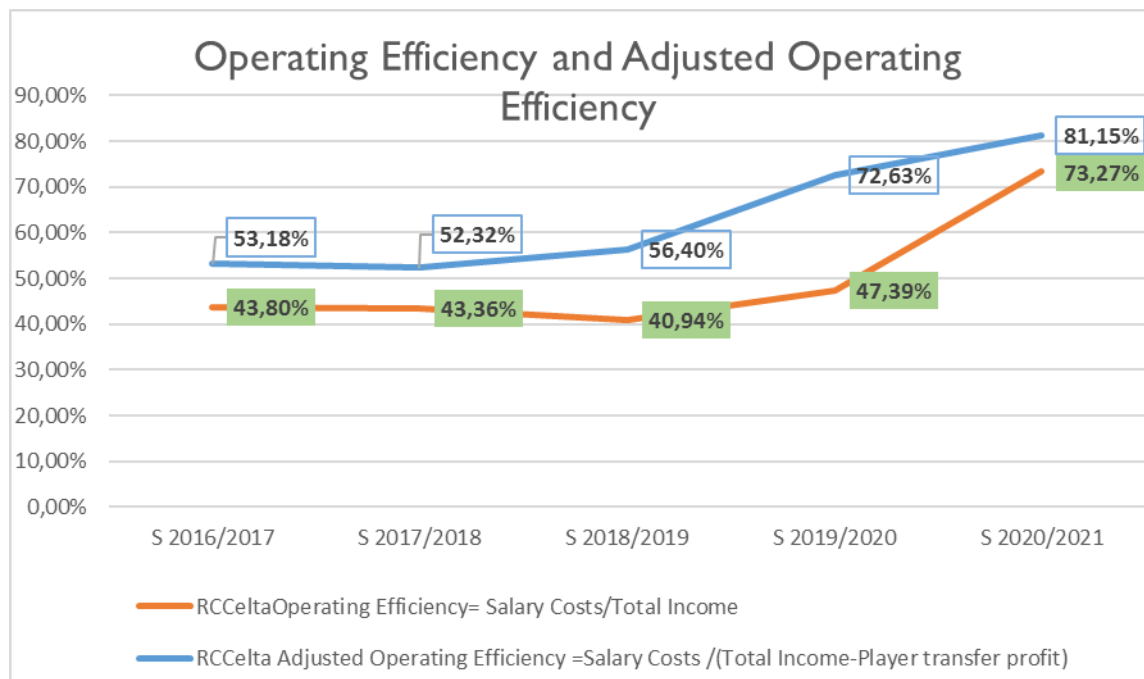
Income	UEFA				
	Season 2016/2017	Season 2017/2018	Season 2018/2019	Season 2019/2020	Season 2020/2021
Season and other tickets	21,407,303	7,046,774	5,841,264	4,067,348	1,075,125
Audio-visual	47,573,750	48,907,931	51,632,445	50,058,359	48,903,648
Advertising and shops	5,808,284	6,116,070	9,533,023	8,591,937	11,613,378
Other operating income	1,913,590	2,325,344	6,369,405	4,107,337	5,084,472
Application of subsidies	1,245,116	1,245,116	1,245,116	1,245,116	1,245,116
Players	17,195,585	13,608,655	28,841,365	36,696,234	7,419,238
Extraordinary	814,839	213,313	1,750,387	752,666	905,722
Financial	50,722	12,537	26,334	78,247	236,740
Total Income	96,009,188	79,475,740	105,239,340	105,597,244	76,483,439

OPERATING EFFICIENCY.

Operating efficiency, is the most commonly-used indicator to show the future viability of a public limited sports company or football club. This variable compares the salary costs (expenditure on playing staff, non-playing staff) incurred by the company with the total income for the season. It is usually calculated by subtracting from the total income that derived from player transfers (Adjusted Operating Efficiency).

The lower the ratio, the more efficient the company.

When the operating efficiency ratio is below 50% the company is deemed to be on the threshold of excellence. The maximum level recommended by the European Club Association is lower than 70%.



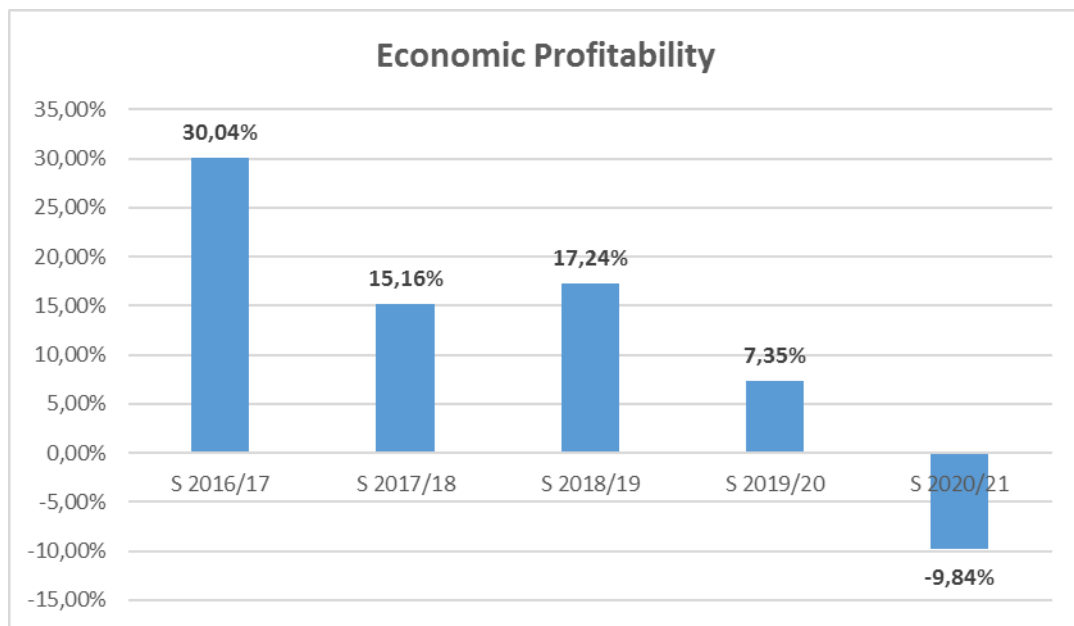
ECONOMIC AND FINANCIAL PROFITABILITY.

Due to the pandemic and its serious financial and economic impact, this season the company has exhibited a negative economic profitability, derived from the issues discussed in the point on income.

Economic profitability, is obtained by comparing the profit obtained by the activities performed by the company before interest and tax and total assets.

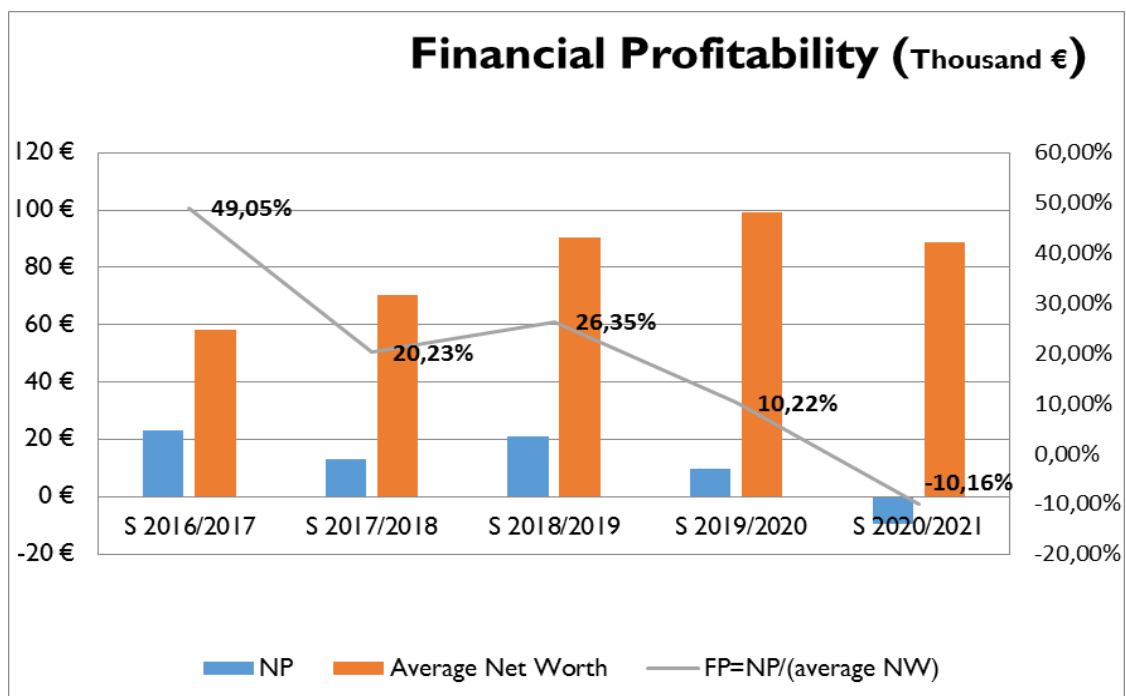
Economic profitability measures the degree of efficiency of the company when it comes to using its economic resources or assets to obtain profits.

It is clear that the higher the ratio, the better, as it will indicate higher "productivity" of assets and a more efficient company, while a lower ratio may indicate an excess of investment (assets) and other causes and, therefore indicate lower "productivity".

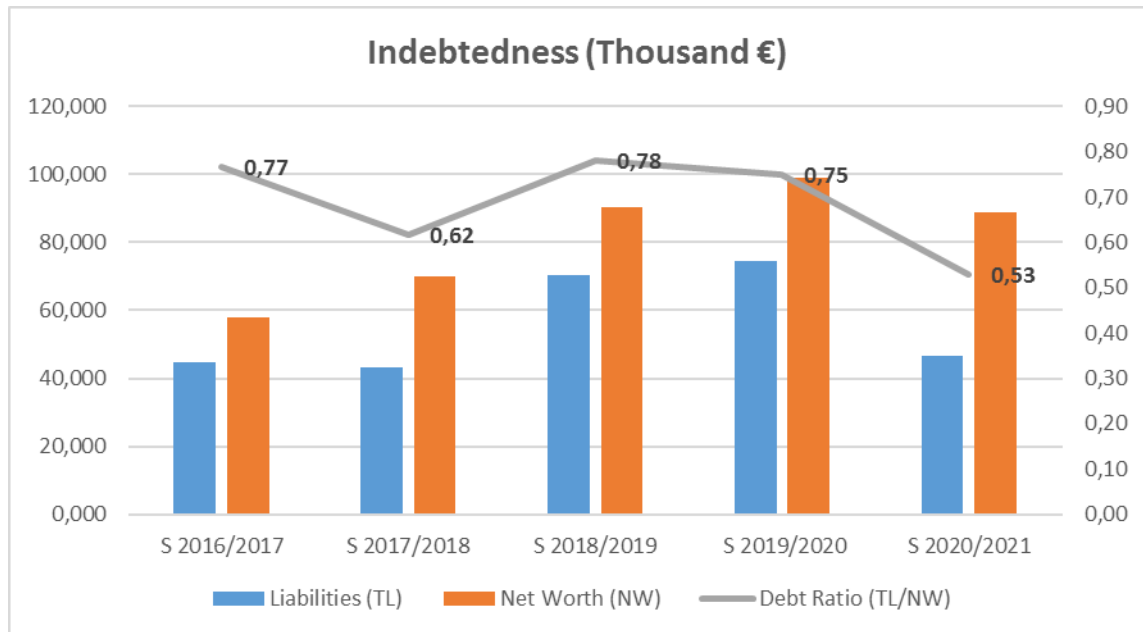


Financial profitability is obtained by comparing after-tax profits and net worth.

Financial profitability measures a company's capacity to remunerate its shareholders. In this regard, the companies that assume more risks tend to have higher financial profitability which serves to offset the investment risk assumed by the owners.



DEBT RATIO.

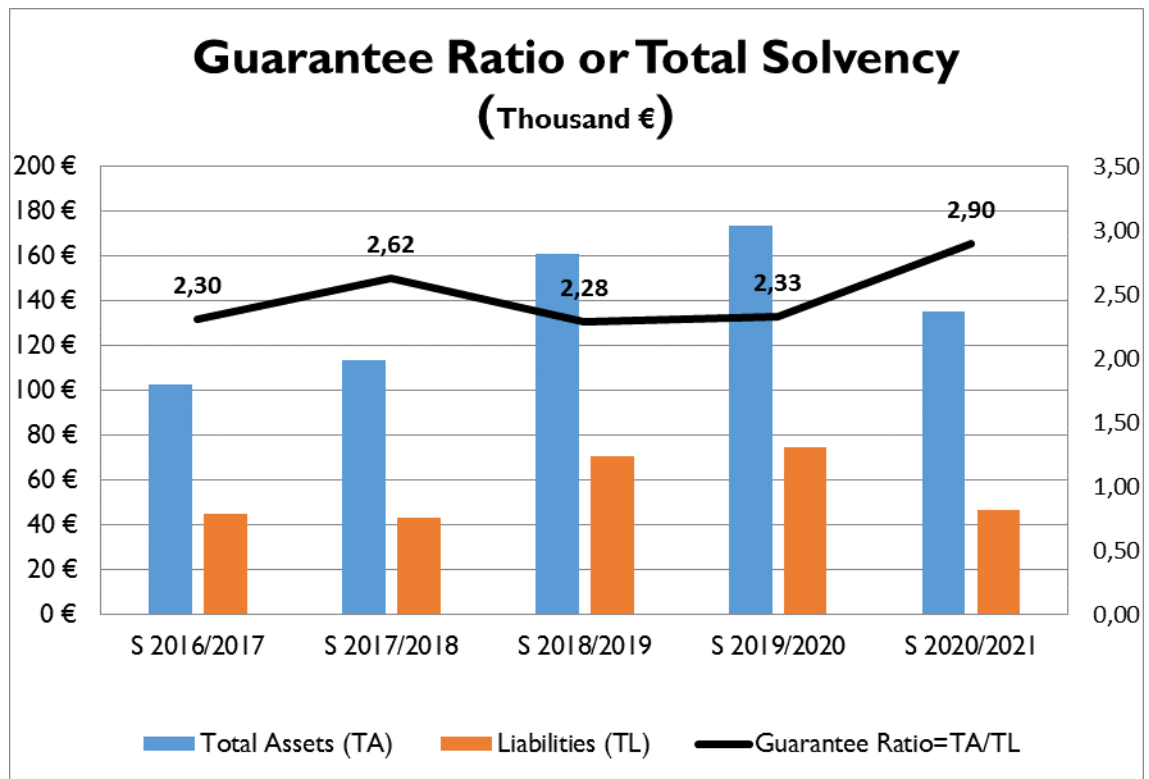


Indebtedness is of major importance when it comes to analysing the financial situation of the company in the long term. The debt ratio makes it possible to measure the degree of dependency that a company has according to the origin of the financial resources it uses. This ratio indicates, in relation to each monetary unit of own funds contributed to the activity, how much outside resources are used.

One fundamental rule is that the total debts incurred by the company should never exceed the value of the net worth. According to this, the value of the debt coefficient should never be more than one, with values of less than one being advisable. The main source of financing is the net worth, with the total debts of the company on a secondary plane and optimising the financial expenditure figure.

In view of the chart, the company maintains financial equilibrium.

GUARANTEE RATIO OR TOTAL SOLVENCY.

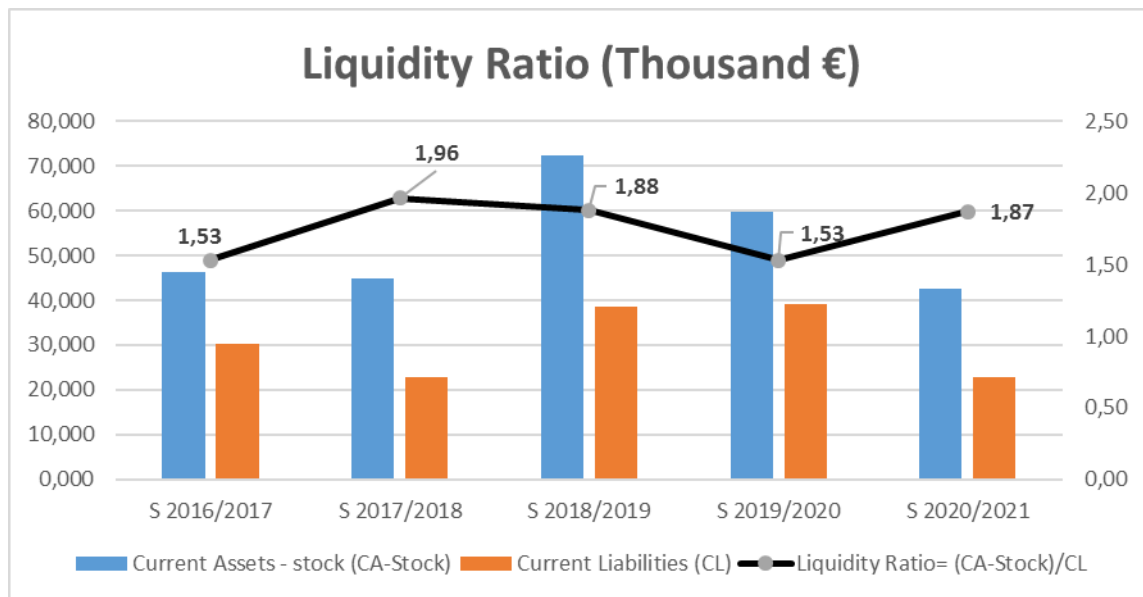


Guarantee ratio or total solvency measures the capacity of the company as a whole to honour all the obligations assumed. This financial equilibrium is obtained by comparing assets with the realisation value against all liabilities, regardless of maturity.

This ratio indicates the payment security that the company offers its creditors as informs of what is termed “distance to technical bankruptcy” and its value has to be higher than one, with a figure of between 1.5 and 2.5 being considered generally appropriate.

The higher the value of the ratio, the greater the guarantee that the company can pay all of the debts it has incurred.

LIQUIDITY RATIO.

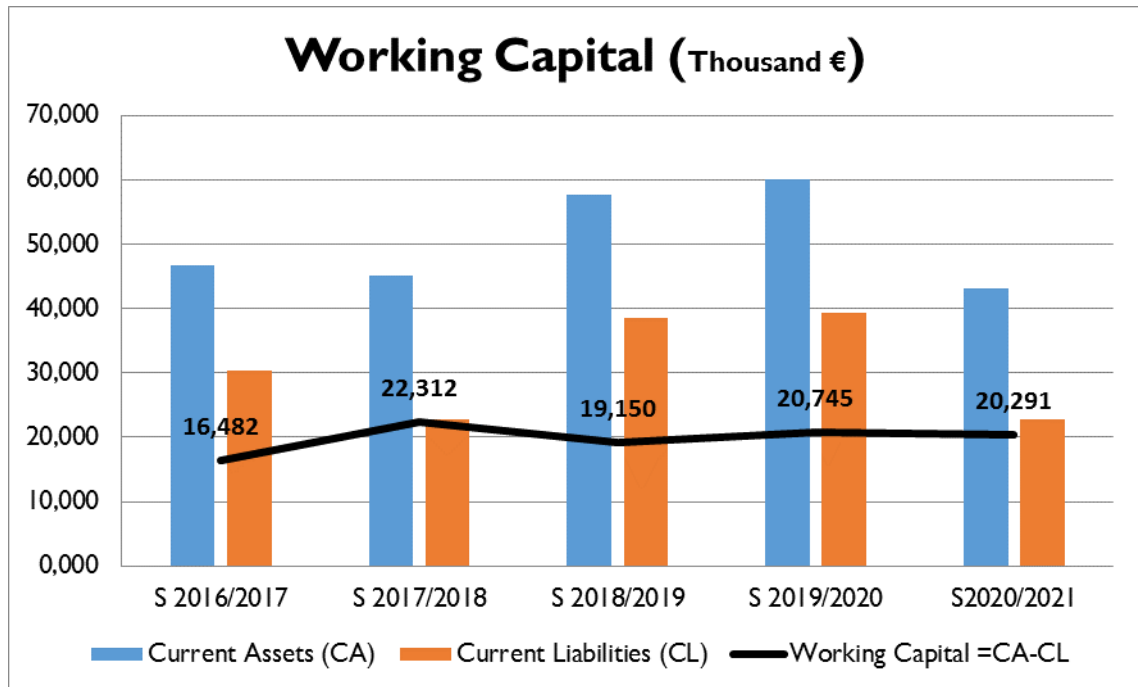


The liquidity ratio measures a company's capacity to meet its financial obligations, debts or liabilities in the short term. It shows how many current assets we will have to cover or honour the possible payables in the short term. The higher the (positive) result, the greater the company's solvency and capacity to make payment, thus constituting a short-term monetary guarantee for the company.

If the ratio is less than 1: this shows that the company has liquidity problems and is possibly facing difficulties with the obligations assumed in the short term.

If the ratio is higher than 1: it means that current assets are higher than current liabilities, which in due measure is a sign of health.

WORKING CAPITAL.



Working capital is defined as the total permanent financial resources (net worth or equity plus long-term liabilities or payables) that are invested in current assets, that is, the permanent resources that the company needs to perform its operational cycle.

This economic indicator offers a guarantee to third parties outside the company in relation to its capacity to meet its obligations in the short term without causing stress on cash and banks and is calculated as the difference between Current Assets and Current Liabilities.

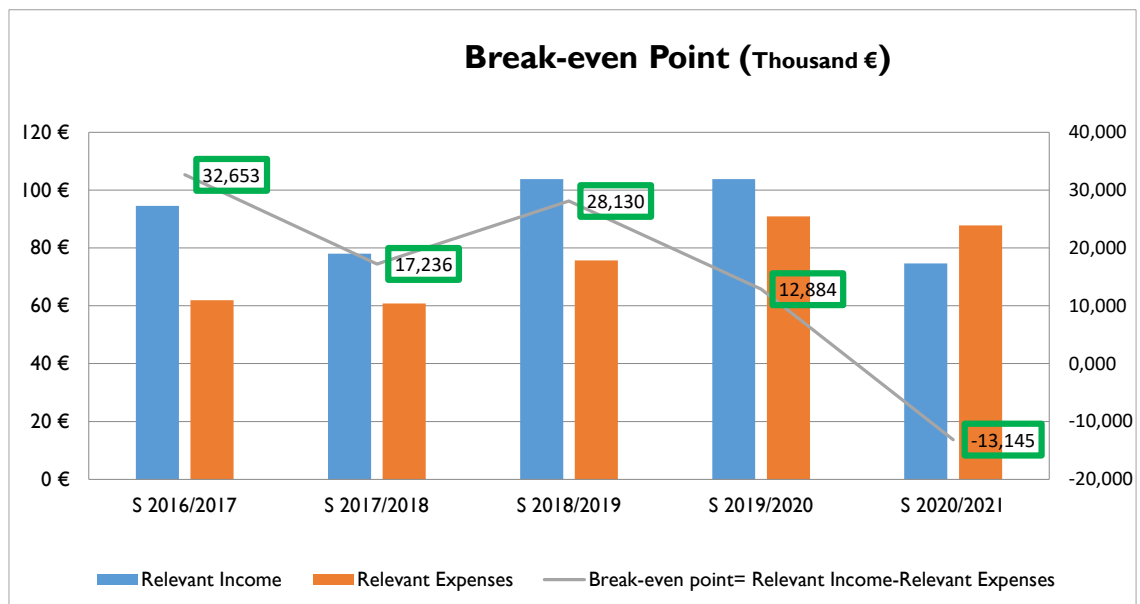
The lower the operating capital, the more complicated the situation, because in order to meet its short-term commitments, the company must sell all its stock and exercise all its collection rights, which is not always possible. However, having a positive operating capital or working capital is a guarantee of the company's stability.

1.2 Main transparency indicators for Football Clubs (INFUT):

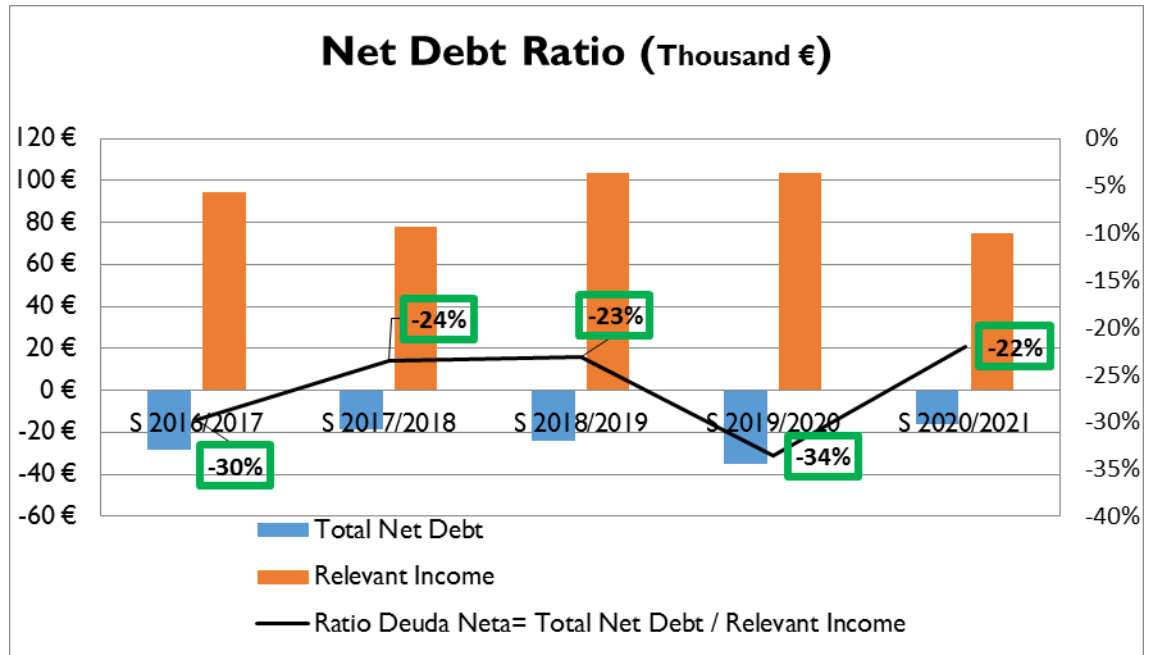
On our website, we comply with the Transparency Index for Football Clubs (INFUT) which is a collection of indicators assessed by “Transparency International Spain”. It assesses the information on the Club, relations with members, fans and the general public, the economic-financial transparency and in the contracts and suppliers and indicators of the Transparency Act.

The main transparency indicators for football clubs (INFUT), are the following:

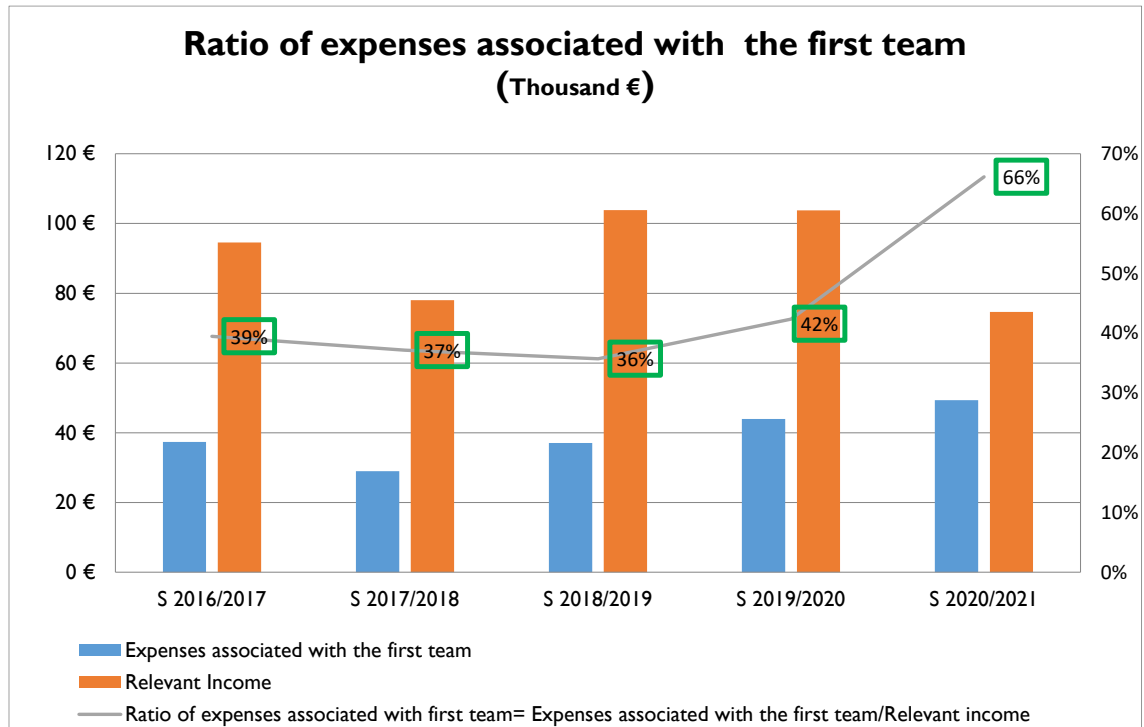
- **BALANCING POINT.**



- **NET DEBT RATIO.**

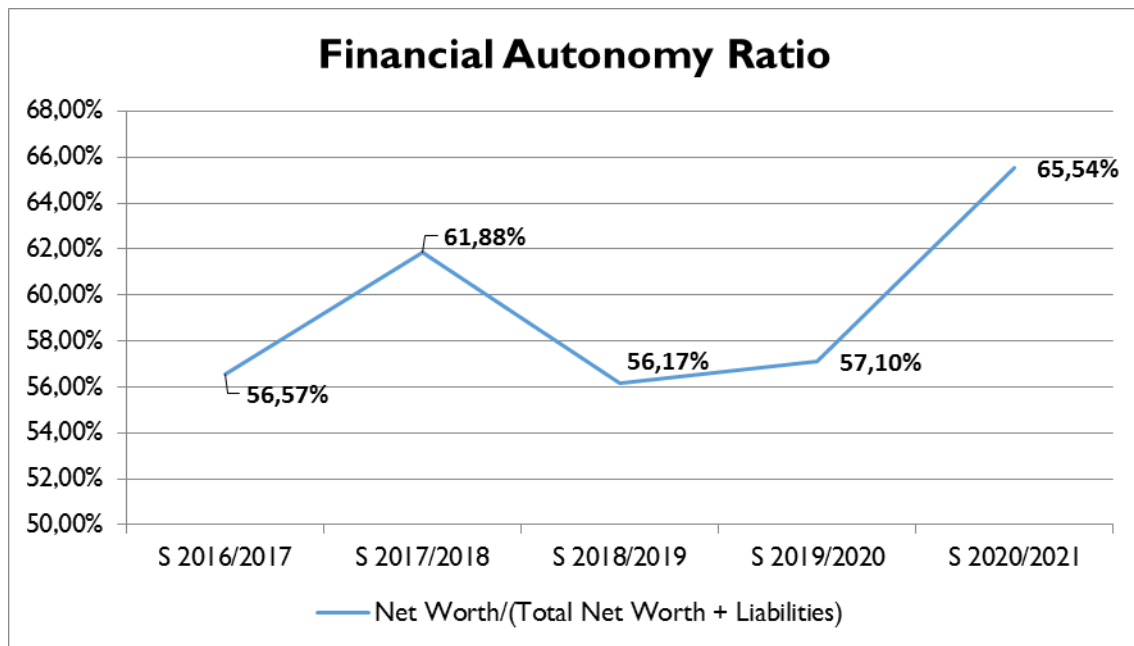


- RATIO OF EXPENSES ASSOCIATED WITH THE FIRST TEAM.**



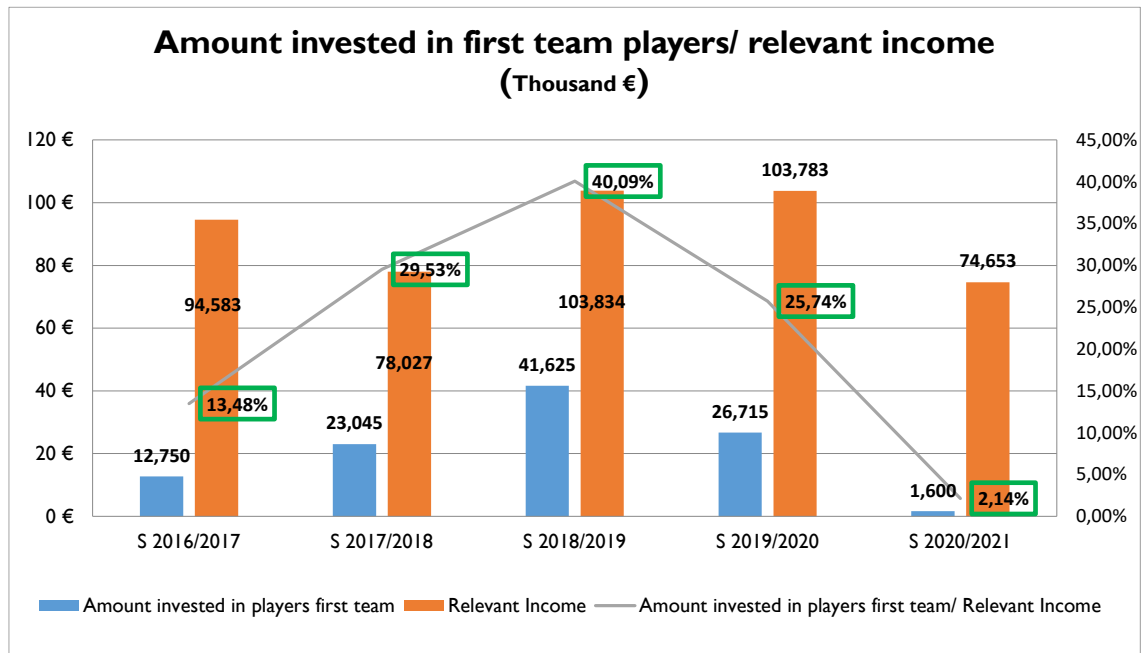
The breakdown of expenses associated with the first team includes remuneration received by first-team players and coaches, as well as non-sports technical staff linked to the first team.

- **FINANCIAL AUTONOMY.**

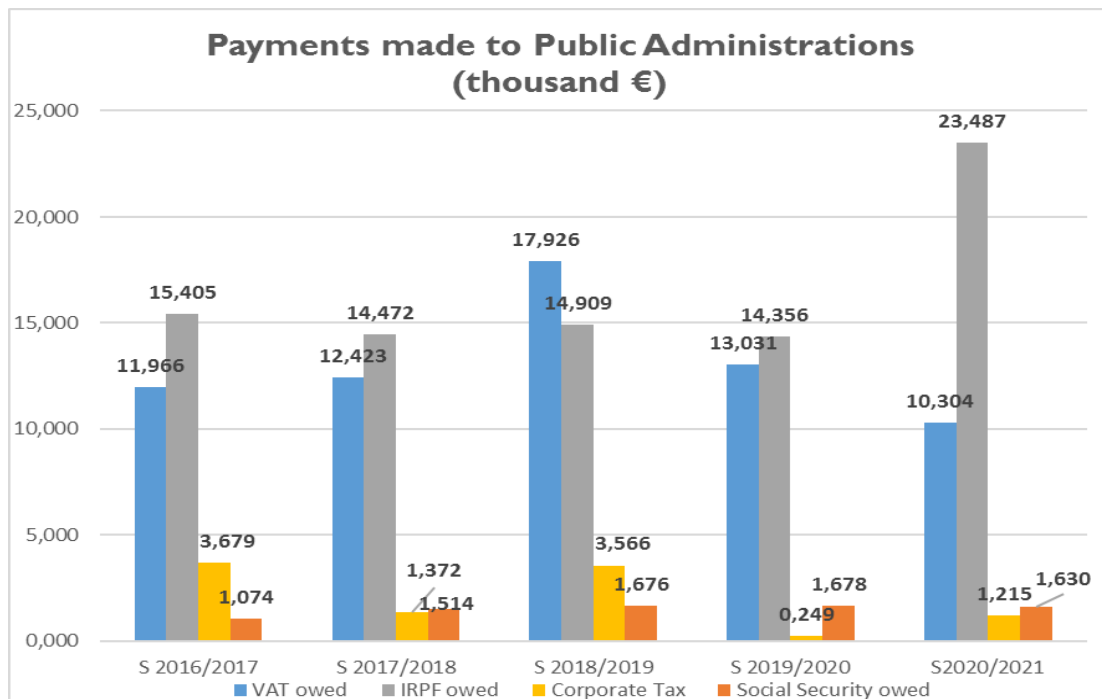


The ratio of financial autonomy is inverse to the ratio of indebtedness and makes it possible to measure the degree of independence of a company depending on the origin of the financial resources it uses. For each monetary unit of outside resources used, it shows how much own resources are employed.

- AMOUNT INVESTED IN FIRST TEAM PLAYERS / RELEVANT INCOME.**



- CONTRIBUTION AND PAYMENTS TO PUBLIC ADMINISTRATIONS.**

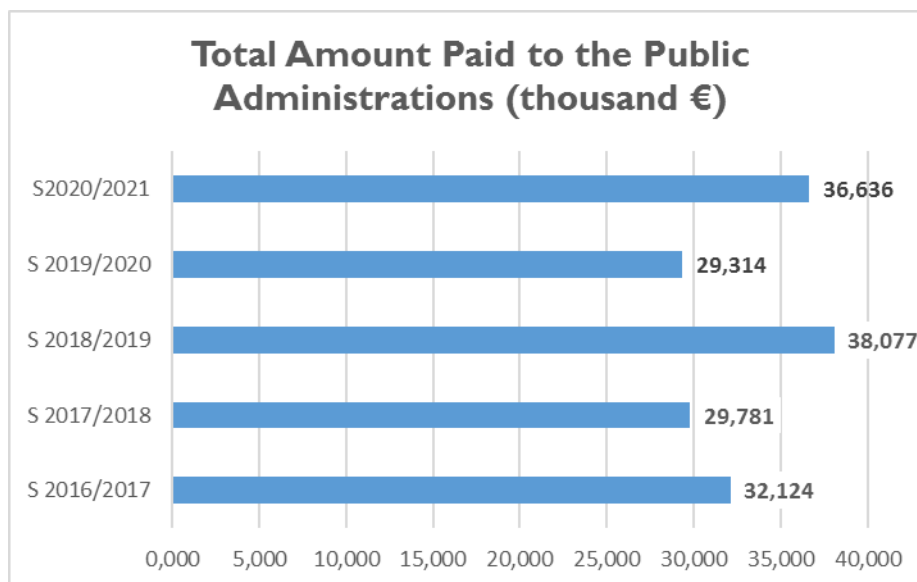


The amount of 1,215 thousand euros in the 2020/2021 season corresponds to payments on account worth 2,765 thousand euros and a corporation tax refund from the previous season worth 1,550 thousand euros.

The amount of social security mentioned correspond to the social security for which the company is responsible.

Moreover, in order to assess the overall fiscal contribution by the company, other taxes borne and linked to its activity, of a very diverse nature, and which we have not quantified as they are accounted for in other entries, would have to be considered.

- **TOTAL PAYMENTS MADE TO THE PUBLIC ADMINISTRATIONS.**

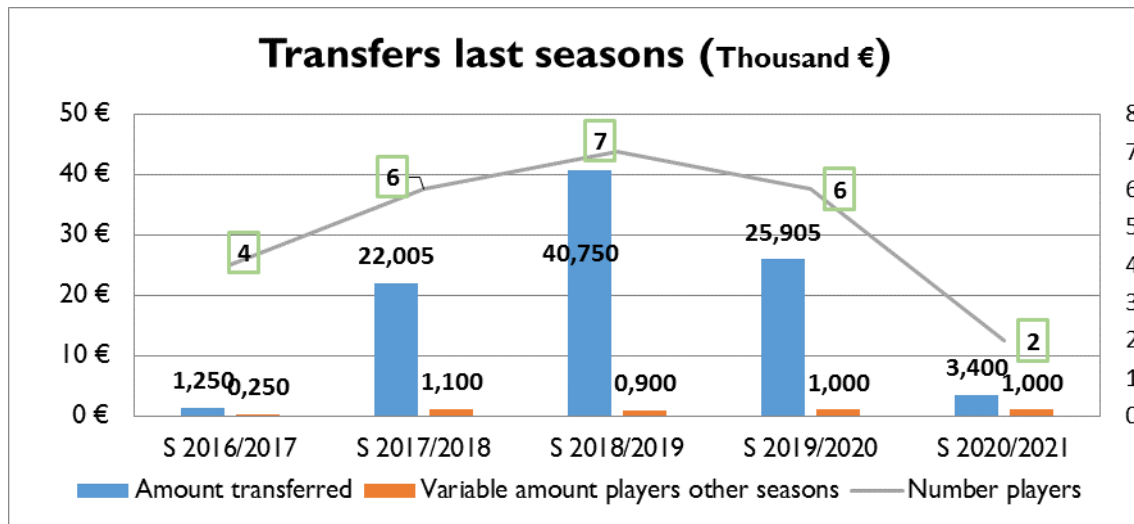


- **PLAYER TRANSFER EXPENSES.**

- In the 2020/2021 season, the signing of 12 loan players implied 274,150.13 euros in expenses
- In the 2019/2020 season, the signing of 8 loan players implied 3,175,074.87 euros in expenses.

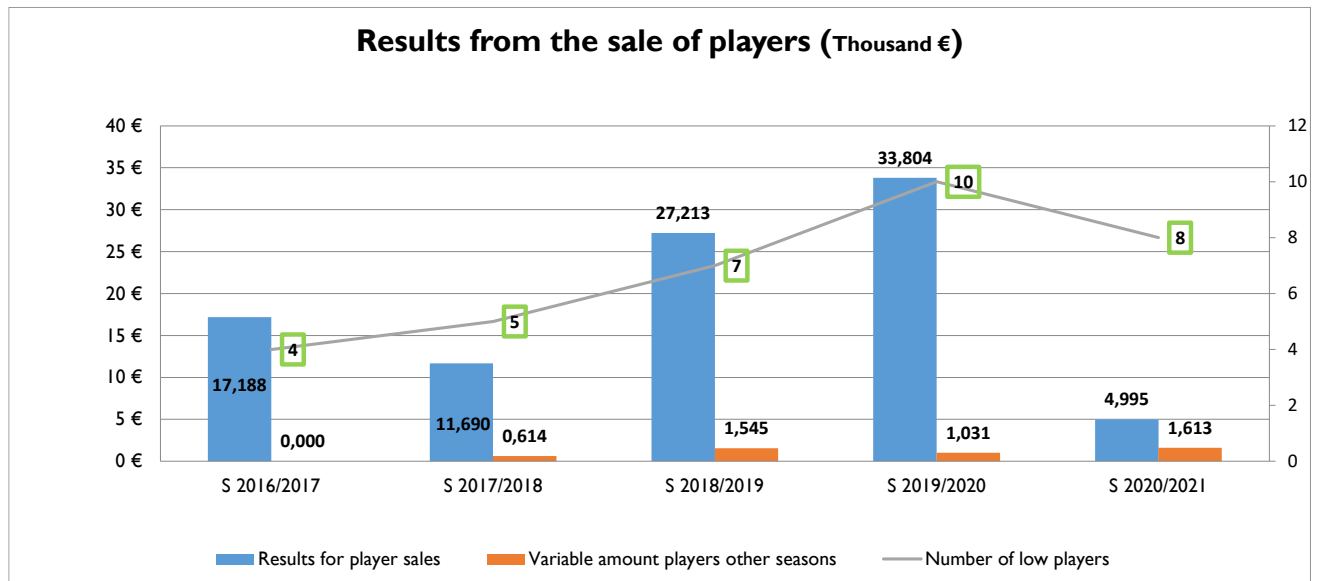
- In the 2018/2019 season, the signing of 4 loan players implied 200,000.00 euros in expenses.
- In the 2017/2018 season, the signing of one loan player implied 200,000.00 euros in expenses.

• SIGNINGS COMPLETED IN RECENT SEASONS.



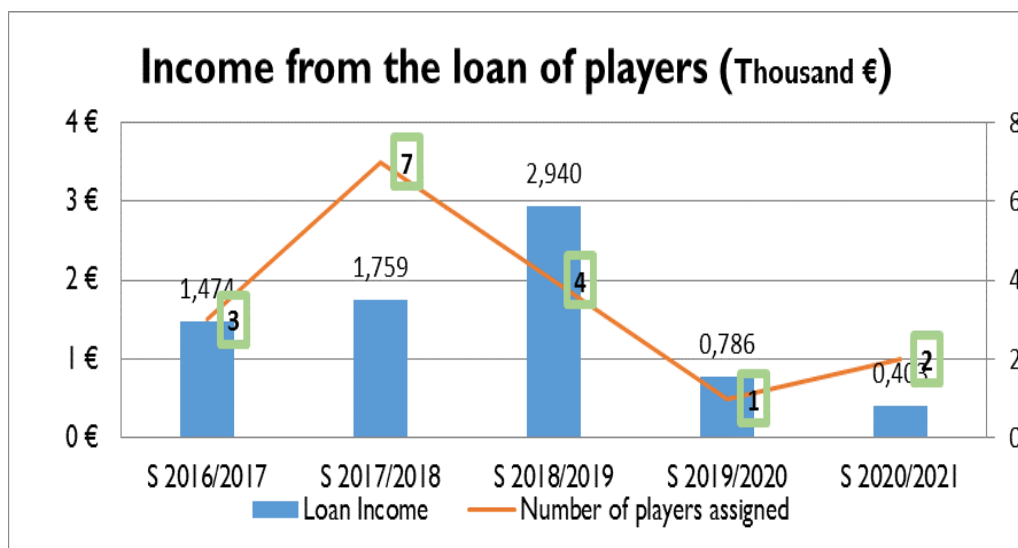
The variable amount for players in past seasons is due to the fact that, player acquisition agreements establish clauses that oblige the company to pay certain financial compensation in the event they are triggered, being recognised at that time, in line with the accrual principle.

• RESULTS FROM THE SALE OF PLAYERS.



This section includes the results from the transfer of players in the corresponding season together with the income generated in previous sales due to variable targets reached.

• INCOME FROM THE LOAN OF PLAYERS.



- SALARY CAP.**

Season	Amount thousand €		
	Limit staff cost at the start of the season	Limit staff cost at the end of the season	Cost of workforce consumed
S 2018/2019	47,475	53,975	52,274
S 2019/2020	52,123	67,323	69,783
S 2020/2021	54,019	65,112	68,536
S 2021/2022	51,169		

At the date this management report is drafted, LaLiga has authorised a cost for the playing and coaching staff of 65,350 thousand euros, as a result of LaLiga Impulso (agreement between LaLiga and the fund CVC Capital Partners)

- NUMBER OF UNDERAGE PLAYERS UNDER CONTRACT IN THE DIFFERENT LEVELS AND SECTIONS.**

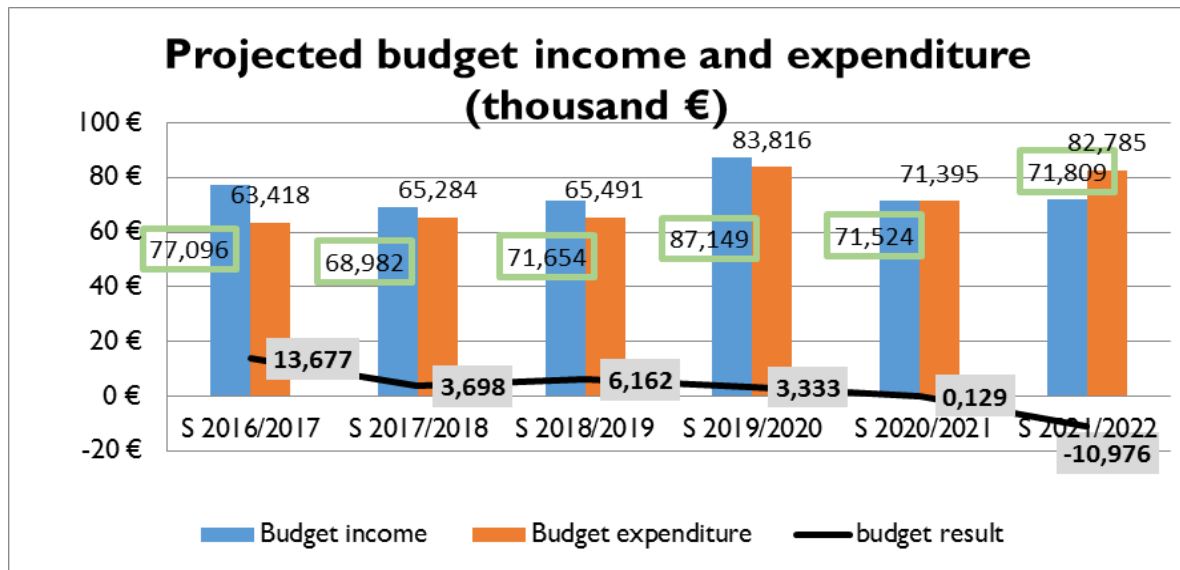
At 30 June 2021 the number of underage players under contract in the different levels and sections was 3.

At 30 June 2020 the number of underage players under contract in the different levels and sections was 7.

At 30 June 2020 the number of underage players under contract in the different levels and sections was 7.

- BUDGETARY INFORMATION**

The budgets drawn up by the Board of Directors of the company aim to guarantee the progress in economic terms of the projects that the company has underway in each season, being always positive.



1.3 Sporting Area.

The most significant sporting “milestones” in the 2020/2021 season are:

- Iago Aspas, highest number of assists in the First Division setting up 13 goals and the team’s top goal scorer for the sixth consecutive season.
- 70.9 % of goals were scored by players developed at the club: Of the 55 goals scored, 39 were scored by former academy players: Aspas, Mina, Brais, Mallo and Carreira.
- According to the International Centre for Sports Studies (CIES), an entity belonging to FIFA, across the ten main domestic championships, Celta is the team with the highest percentage of minutes played by players who have come through its youth categories.
- Seven former academy players debuted in First Division: Sergio Carreira, Miguel Rodríguez, José Fontán, Gabriel Veiga, Carlos Domínguez, Hugo Sotelo and Lautaro. 15 former academy players played in the course of the 2020/2021 League championship.
- Hugo Mallo surpassed Mostovoi’s record of the number of matches in the First Division.
- Iago Aspas became top goal scorer in the history of the First Division.
- ‘One of our own’ said goodbye: Sergio Álvarez hung up his gloves.

-Five consecutive victories for the second time in this history of the First Division. The last time was in the 2000/2001 season.

-A historic fightback: from bottom of the table to eighth.

-Celta B played its fourth play-off for promotion to the Second Division. They were two matches away from achieving it.

I.4 Institutional Area.

On 28 November 2020, the first phase of the Ciudad Deportiva Afouteza was inaugurated, the name having been chosen by the fans. It is an innovative and sustainable project, which aspires to meet the highest standards in football today. During the first phase of construction, based on bioclimatic architecture, the respect for the surrounding area was such that it was named as a finalist in the Spanish Architecture and Urban Development Awards (BEAU).

I.5 Quality Management.

The company has implemented different methodologies and processes that enable it to develop its activity in an ethical, transparent and sustainable manner, promoting the values of excellence, transparency, sustainability and proximity as the strong points of its business:

- I. **Business excellence**, implementing different quality systems under the UNE EN ISO 9001:2015 standard certified by standards entity AENOR, centring on our client focus, process management, continual improvement.

Our commitment to transparency was underlined with the **100% assessment from INFUT** in the **Football Club Transparency Index** prepared by Transparency International Spain, aimed at promoting and enhancing the increase in information offered by the company as a whole, mentioned in note I.2 of this management report.

Informa-elEconomista has awarded us the **Certificate of Excellence in Business Management**, after assessing the main parameters that define management, such as: solvency,

profitability, growth, employment, internationalisation, corporate social responsibility, client satisfaction, innovation, commercial risk management and digitalisation.



2. **Social responsibility and business ethics**, by virtue of which we voluntarily draw up a Non-Financial Information Statement for the RCCelta Group for each season with a view to promoting **transparency** with regard to the activity of the group and sustainability. We implement the Criminal Compliance management system under the UNE 19601:2017 standard.
3. **Optimise resource and waste management** which sets the company apart from its competition and positively reinforces the image it portrays to society in general. The company integrates the environment into its overall management and implements an environmental management system pursuant to the ISO 14001:2015 standard.

This optimisation in the management of resources and waste was highlighted by obtaining the **Indicador Ardan Empresa Circular 2020**, for the implementation of a circular economy strategy.



4. Following the crisis caused by COVID-19, the company has implemented measures to address the return to normality, contributing value in the business continuity processes, implementing **best practice in management of the risks derived from COVID-19** under the standard COVID-19 Protocol. And generating trust among its stakeholders (customers, employees and the general public).

I.6 Future Prospects.

In this regard, we would highlight:

Despite the situation caused by COVID-19, we have been able to advance with the **Strategic Plan** which centres on following areas of action, namely:

1. Economic and financial solvency,

The company, with a view to assuming ambitious future challenges, is seeking to strengthen its income structure by growing and diversifying its business and searching for new channels of financing and the capitalisation of all its positive economic results maintained in past seasons.

2. Strategic investment plan:

- Investments in players,
- Construction of the new Ciudad Deportiva,
- Continuation of the digitalisation project, initiating a process to become a data powered company, with an advanced data analysis system, which began with the implementation of Datawarehouse and continued with the creation of dashboards and indicators for different areas of work.

As part of the collaborative and open culture of innovation, the CeltaLab 1923 project was launched, looking to support start-ups focusing on generating new developments applied to the work of sport, with the company adopting the role of beta user of the developments.

2. Events subsequent to closing.

At the date of formulation of this management report, there are no subsequent events that indicate circumstances that already existed at the closing date of the season but that have not represented, according to their nature, the inclusion of an adjustment to the figures contained in the annual accounts and in this management report.

Neither are there any subsequent events that illustrate conditions that did not exist at closing and that, given their importance, are supplied in the annual accounts and in this management report.

No events occurred subsequent to the closing of the annual accounts and this management report that affected the application of the going concern principle.

3. Research and Development Activities.

This season, the company focussed on creating an ecosystem of direct innovation within its different areas and supported by collaboration with third parties, by means of the implementation of a new Ecommerce function, a channel for communication with its shareholders and the online General Meeting of Shareholders. With the implementation of the Ecommerce function, we managed to improve our clients shopping experience, meeting the increasingly demanding and changing expectations.

The company wants the data that the activities generates to support is strategic decisions, hence the effort in improving digitalisation in all areas of activity, using the data extracted from the Datawarehouse project to centralise the information coming from different isolated systems.

4. Acquisition of treasury stock.

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 Board of Directors.

- **Future impact of COVID-19:** the company has quantified all possible loss of income from the 2020/2021 season associated with COVID-19, the main impacts being the following:
 - Income from competitions, as matches were held behind closed doors.
 - Income from season ticket holders and members, because of the prohibition on members of the public being in the stadium. A special season ticket holder campaign was launched, offering them the possibility to renew their season ticket for 50 euros while maintaining all the advantages associated with their status. This implied a reduction in income from season ticket holders with regard to past seasons.
 - Broadcast income recognised by Real Club Celta de Vigo, S.A.D. in the 2019/20 Season has been corrected by 2,348,505.65 euros. This means that the comparative figures corresponding to 30 June 2020 have been restated.

At the date of drafting this management report, like the rest of society in general, Real Club Celta de Vigo, S.A.D. does not know how the COVID-19 situation will evolve in the future and the impact it will have on it.

- **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 paid the debt for purchases and provision of services and sporting entities in accordance with the law and the respective agreements, collects payments when issued and advertising rights in accordance with the terms of the respective contracts or agreements.

- **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 very prudent policy of financial indebtedness and in fact the main sources of financing for the company is the net worth, with debts being relegated to a secondary plan and optimising the figure of financial expenditure.

The company does not use financial derivatives.

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, as well as staff at closing, distributed by categories and gender, is set out in the following tables:

Breakdown	Season 2020/2021		Season 2019/2020	
	Men	Women	Men	Women
Average staff				
Playing staff (players)	45	0	47	0
Other staff	61	20	61	20
Total average staff	106	20	108	20

Breakdown	Season 2020/2021		Season 2019/2020	
	Men	Women	Men	Women
Closing staff				
Playing staff (players)	38	0	46	0
Other staff	66	21	65	19
Total closing staff	104	21	111	19

8. Deferral of payments to suppliers for commercial transactions.

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 21,833,322.89 euros (at 30 June 2020 the figure was 44,125,239.06 euros), which corresponds largely to the acquisition of players (payment of which is carried out in accordance with the terms of the agreement signed with the different sports entities and agents, with the amount recognised long term being 8,899,166.00 euros (at 30 June 2020 the figure was 19,662,175.42 euros).

Without taking into consideration the acquisition of players (sports entities and intermediary agencies), the list of the five most important suppliers / creditors of the company is:

- Constructora San Jose, S.A.,
- Adidas España, S.A.,
- Laziturri
- Sociedad Española de F.P., S.A.,
- Globalia Corporate Travel, S.L.U.

This management report was drawn up by the members of the Management Body of the company at a meeting held for that purpose.

Mr Manuel Carlos Mouriño Atanes (Chairman)

Mr Ricardo Barros Hermida (Vice-chairman)

Mr Pedro Posada Martínez (Director)

Ms Carmen Avendaño Otero (Director)

Mr Primitivo Ferro Ribadulla (Director)

Mr Jose Fernando Rodilla Martinez (Director)

Ms Maria Jose Taboas Cabral (Director)

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



RC**Celta**