





## REAL MADRID CLUB DE FÚTBOL AND SUBSIDIARIES CONSOLIDATED BUDGET 2023/2024 SEASON

€ THOUSAND	ACTUALS 2022/23	BUDGET 2023/24	VARIATION
Membership fees, ticket sales and other stadium revenue	152,034	317,898	165,864
Revenue from international and friendly matches	137,430	108,673	(28,757)
Broadcasting revenue	186,813	172,660	(14,153)
Marketing revenue	366,741	340,313	(26,428)
<b>Total operating income (before disposal of non-current assets)</b>	<b>843,018</b>	<b>939,544</b>	<b>96,526</b>
Cost of sales	(44,000)	(45,263)	(1,263)
Sports and non-sports personnel expenses	(452,701)	(458,269)	(5,568)
Operating expenses	(262,299)	(339,534)	(77,235)
Provision for uncollectible receivables, and for liabilities and charges	90	0	(90)
Gains/(losses) on disposals of non-current assets	104,057	87,003	(17,054)
Impairment/derecognition of non-current assets	(30,607)	0	30,607
<b>Profit/(loss) from operating activities before amortization and depreciation (EBITDA)</b>	<b>157,558</b>	<b>183,481</b>	<b>25,923</b>
Depreciation and amortization	(154,569)	(144,368)	10,201
<b>Operating profit/(loss)</b>	<b>2,989</b>	<b>39,113</b>	<b>36,124</b>
Finance income	12,754	1,111	(11,643)
Capitalization of borrowing costs	17,917	12,044	(5,873)
Finance expenses arising on implied cost of deferred payment on player acquisitions	(1,551)	(4,736)	(3,185)
Finance expenses arising on interest on loans, guarantee expenses and other financial expenses	(5,615)	(25,083)	(19,468)
Capitalized finance costs on the stadium loan	(17,917)	(12,044)	5,873
<b>Net finance income/(expense)</b>	<b>5,588</b>	<b>(28,708)</b>	<b>(34,296)</b>
<b>Profit/(loss) before tax</b>	<b>8,577</b>	<b>10,406</b>	<b>1,829</b>
Income tax expense	3,249	(4,051)	(7,300)
<b>PROFIT/(LOSS) AFTER TAX</b>	<b>11,826</b>	<b>6,354</b>	<b>(5,472)</b>

Revenue budgeted for 2023/24 is €939.5 million, an increase of €96.5 million (+11%) from 2022/23.

Stadium revenue is expected to be the main driver. Remodeling work, under way since 2019, is scheduled to largely be complete by the end of 2023. This should pave the way for steady growth in revenue throughout 2023/24, while the various business lines should be operating at full capacity in 2024/25.

Revenue from other business lines is budgeted to decrease due to:

- Competition revenue: budget has Real Madrid reaching the quarterfinals of the Champions League (compared to semifinals last year).
- TV revenue: LaLiga has approved a change in one of the criteria for determining the share of revenue because of the collective operation of TV broadcasting rights, which has an adverse impact on the Club.
- Marketing revenue: last year featured non-recurring operating income.

Budget calls for €5.6 million of personnel expenses (+1% year-on-year). Increase from last year is the result of trends in contracts and the composition of sports personnel, the impact of inflation on costs of non-sports personnel and the larger number of staff dedicated to the stadium's commercial and general operations.

Cost of sales and other operating expenses are budgeted to increase by €78.5 million from 2022/2023. This is primarily the result of higher direct costs related to revenue growth and the increase in expenses for operating the new stadium. Explaining the rest of the increase are the costs borne for the loan of 1st team football sports personnel and the inflation-induced increase in the cost of external services engaged by the Club to carry out its activities.

The Club's budgeted gains on disposals for 2023/24 is €87.0 million, down €17.1 million year-on-year.

Last year, Real Madrid recognized costs amounting to €30.6 million for player disposals and the allowance for impairment of non-current assets. According to the 2023/24 budget, no new costs will be required in this connection, resulting in a reduction in expenditure from the year before.

## REAL MADRID CLUB DE FÚTBOL AND SUBSIDIARIES CONSOLIDATED BUDGET BY SPORTS SEGMENTS FOR THE 2023/24 SEASON

As a result of the above, budgeted EBITDA is €183.5 million, up €25.9 million from the year before.

Budgeted depreciation and amortization charge is €10.2 million less than the year-earlier figure. This decrease is the result of two factors with opposite effects: the decrease in player amortization due to disposals of significant players as at June 30, 2023, which easily outstripped the increased expenditure for new hires, and the increase in depreciation of property, plant and equipment owing to the start of depreciation of the capex on the stadium remodeling, which is no longer considered work in progress for accounting purposes.

Finance expenses are budgeted at €28.7 million, compared to the net finance income of €5.6 million obtained in 2022/2023; i.e. a net increase in expenditure of €34.3 million. This increase is underpinned by the following:

- An increase in budgeted interest expenses on loans and guarantees of €19.5 million due entirely to stadium financing as the borrowing costs on the loan for the remodeling project will cease to be capitalized since the remodeling will no longer be considered work in progress for accounting purposes.
- An increase in the implied cost of deferred payment on player acquisitions of €3.2 million driven by the higher cost of discounting the deferred payments caused by hikes in interest rates (Euribor).
- A decrease in finance expenses of €11.6 million due almost exclusively to non-recurring income recognized in 2022/23 from favorable outcomes of certain legal proceedings involving the Club.

Overall, budget calls for profit before tax of €10.4 million, up €1.8 million from the year before (i.e. €8.6 million).

Income tax expense is budgeted at €4.1 million after applying a nominal tax rate of 25% to accounting profit before tax adjusted for impacts of changes in tax legislation and factoring in applicable tax credits. In 2022/23, the Club recognized a tax refund of €3.2 million due to the adjustment to non-tax-deductible income recognized that year.

This leaves budgeted profit after tax of €6.4 million, compared to €11.8 million last year.

€ THOUSAND	MEN'S FOOTBALL			BASKETBALL	TOTAL
	FIRST SQUAD	ACADEMY	WOMEN'S FOOTBALL		
Membership fees, ticket sales and other stadium revenue	310,177	99	380	7,243	317,898
Revenue from international and friendly matches	106,918	250	802	704	108,673
Broadcasting revenue	168,435	186	0	4,040	172,660
Marketing revenue	324,394	0	5,989	9,930	340,313
<b>Total operating income (before disposal of non-current assets)</b>	<b>909,923</b>	<b>535</b>	<b>7,171</b>	<b>21,916</b>	<b>939,544</b>
Cost of sales	(42,677)	(1,661)	(413)	(512)	(45,263)
Sports and non-sports personnel expenses	(397,180)	(22,798)	(6,126)	(32,165)	(458,269)
Operating expenses	(318,182)	(10,326)	(2,011)	(9,015)	(339,534)
Provision for doubtful receivables, and for liabilities and charges	0	0	0	0	0
Gains/(losses) on disposals of non-current assets	70,649	16,381	0	(27)	87,003
<b>Profit/(loss) from operating activities before amortization and depreciation (EBITDA)</b>	<b>222,533</b>	<b>(17,869)</b>	<b>(1,380)</b>	<b>(19,804)</b>	<b>183,481</b>
Depreciation and amortization	(139,242)	(4,211)	(403)	(512)	(144,368)
<b>Operating profit/(loss)</b>	<b>83,292</b>	<b>(22,080)</b>	<b>(1,783)</b>	<b>(20,315)</b>	<b>39,113</b>
Finance income					1,111
Capitalization of borrowing costs					12,044
Finance expenses arising on implied cost of deferred payment on player acquisitions					(4,736)
Finance expenses arising on interest on loans, guarantee expenses and other financial expenses					(25,083)
Capitalized finance costs on the stadium loan					(12,044)
<b>Net finance income/(expense)</b>					<b>(28,708)</b>
<b>Profit/(loss) before tax</b>					<b>10,406</b>
Income tax expense					(4,051)
<b>PROFIT/(LOSS) AFTER TAX</b>					<b>6,354</b>