

Indicator of employee benefits expense related to the registrable squad

It is considered that there is an indication of a potential future economic and financial imbalance when the annual economic amount of the employee benefits expense associated with the registrable squad, players and coaches of the Club is higher than 70% of the relevant income for the season, as defined in the Economic Control Regulations of LFP.

	Thousands of euros	
	6/30/2018	6/30/2017
Employee benefits expense related to the first and second team soccer squads (*)	473,419	304,995
Relevant income	881,714	691,083
Indicator of employee benefits expense related to the registrable squad	54%	44%
Required indicator of employee benefits expense related to the registrable squad	<70%	<70%
Conclusion	MET	MET

(*) It includes expenses for wages, image management companies and remuneration earned by agents.

The calculation and reconciliation of income is shown in the break-even point calculation above.

The reconciliation of the expenses associated with the registrable soccer squad with the total employee benefits expense is as follows:

	Thousands of euros	
	6/30/2018	6/30/2017
Employee benefits expense related to the registrable first team soccer squad (a)	456,590	299,360
Non-sporting soccer and structure employees benefit expense related to the first and second team soccer	16,829	5,635
Total employee benefits expense related to the first and second team soccer squads	473,419	304,995
Expenses Squad not registrable with LFP	47,372	59,723
Non-sporting employee benefits expense excluding those included in section (b) and registrable employee benefits expense excluding those included in section (a)	43,440	39,359
Total employee benefits expense	564,231	404,077

Ratio of net debt to relevant revenue

As defined in the Regulations there is an indication of a potential economic and financial imbalance when net debt at the end of each season is higher than 100% of the entity's relevant income.

In accordance with the regulations, the amount of net debt corresponds to the sum of the net debt for sales (that is, the net amount of accounts receivable and payable for the sale of players), of the amounts pending payment for the financing facilities received from banks, related parties and third parties, of the advance collections to be accrued in more than 1 year and of the amounts payable to assets suppliers less cash and cash equivalents and temporary financial investments. Net debt does not include trade and other payables.

	Thousands of euros	
	6/30/2018	6/30/2017
Net debt	157,449	(8,190)
Relevant income	881,714	691,083
Ratio of net debt to relevant revenue	17,9%	-1,2%
Required ratio of net debt to relevant revenue	<100%	<100%
Conclusion	MET	MET

The breakdown of net debt is as follows:

	Thousands of euros	
	6/30/2018	6/30/2017
Non-current payables		
Bank borrowings (Note 13.1)	(16,177)	(20,000)
Payables to sporting entities for sales and loans of players (Note 13.3)	(97,333)	(8,000)
Other payables	(99)	(197)
Accruals (Note 15)	(16,186)	(5,261)
Total non-current payables	(129,795)	(33,458)
Current payables		
Bank borrowings (Note 13.1)	(49,050)	(8,132)
Payables to sporting entities for sales and loans of players (Note 13.3)	(45,193)	(59,792)
Other payables	(1,333)	(22,646)
Total current payables	(95,576)	(90,570)
Total liabilities entries	(225,371)	(124,028)
Compensating assets entries		
Non-current receivables from sporting entities for sales and loans of players (Notes 10.3 and 10.1)	11,852	8,842
Current receivables from sporting entities for sales and loans of players (Notes 10.3 and 10.1)	15,723	30,562
Cash and cash equivalents	40,347	92,817
Total compensating assets entries	67,922	132,218
Total	(157,449)	8,190