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Season 21/22

Socio-economic impact study of the Pro League on the Belgian economy

June 2023

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1. Foreword

Foreword Lorin Parys

During the COVID-19 pandemic, we were all eagerly looking forward to being amongst friends and relatives, to celebrate victories together and to be united via one common goal. As the COVID-restrictions gradually eased out, Belgian football started filling that need in society once more. Clubs were able to rebound after the pandemic, bringing with them an economic force to be reckoned with and a facilitator for positive societal change.

For the season 21/22, the clubs associated with the Pro League were able to realise an economic contribution of € 1.2 billion, an uptake of 24%, wiping out the disastrous impact of COVID-19. By doing so, 642 additional jobs were created, amounting to 5,136 people employed via the organisation of professional football in Belgium. Contributions to the state treasury from our clubs increased with € 27.2 million (i.e., + 30%), resulting in a total contribution of € 117 million. This increase mainly stems from the amount of payroll taxes and social contributions paid for employing professional football players.

Besides a large uptake in economic contribution, Belgian clubs also increased their societal contributions via a total of 311 social projects for which € 2.5 million was foreseen. Part of these projects were various initiatives that supported 99 local amateur clubs with valuable insights and resources, impacting roughly 18,000 footballers. The amount of G-football teams that were supported by our clubs showcased a remarkable growth as the total amount grew to 35 teams, which is twice the amount of the season 20/21. This support provided 779 G-footballers with the opportunity to partake in the sport and to become part of a community.

Total revenue generated by our clubs reached an all-time record of € 381.5 million, showcasing the resilience of our competition. It can be noted that as of season 21/22 ticketing is no longer the most prominent revenue stream of our clubs, it has been surpassed by Broadcasting and Sponsoring & Advertisement which realised a respective revenue of nearly 100 million and 83 million. This evolution is in line with the mediatization of the football landscape, allowing clubs to further exploit our great football product without being limited by the inherent cap on Ticketing (i.e., maximum amount of attendees and matches in a season). An additional manner of exporting our football product is via outgoing transfers. Throughout the years, our clubs provided sufficient growth opportunities and consistently invested in young talent; which ultimately led to Belgium becoming the third preferred transfer partner for the 'Big Five' leagues (i.e., United Kingdom, Spain, France, Germany and Italy), excluding transfers between the 'Big Five' themselves. For the season 22/23, Belgium sold players to the 'Big Five' leagues for a total value of € 210 million, with 70% of that value originating from our G6 clubs.

In our previous report we talked about the relevance of securing a Top 10 position in the UEFA country ranking, given the sport development opportunities and fastest-growing revenue stream that come with a direct qualifying ticket for the Champions League. It's with great pride that we see our country gaining 5 places in 22/23, landing on an illustrious 8th place, only leaving the Netherlands and Portugal between us and the 'Big Five' leagues. In order to retain this position and remain competitive, thought-out and consistent investments in youth, women's football, G-football or local social programs remain needed.



Lorin Parys
CEO Pro League

Foreword Sam Sluismans

Belgian professional football experienced a significant revenue growth during the season 21/22, despite being affected by the aftermath of COVID-19 and a European campaign with limited success for the clubs. Growth was mainly driven by the rebound in both ticketing (i.e., + 149%) and commercial (i.e., + 160%) revenues, which amounted to respectively € 83 million and € 49 million. Furthermore, with the increasing mediatization and commercialization of football, ticketing has taken a backseat as the most prominent revenue stream, while broadcasting and sponsorship have emerged as dominant revenue streams. Another revenue stream that is becoming of increasing importance to Belgian clubs, mainly for G6 clubs, is UEFA prize money which was down by 11% in 21/22. This revenue stream will strongly increase for next year's report given the European success of Belgian clubs in 22/23.

In 21/22, the financial situation of professional football did not drastically improve as an aggregated loss of € 156 million was observed. When looking at the evolution of the costs, it can be noted that the rise in costs has slowed down due to overarching and club specific initiatives. Belgian clubs most prominent cost is their salary expenditure, which increased by 22%. This increase was driven by on the one hand a large increase in players under contract (i.e., + 28%) and on the other hand the fiscal reforms of January 2022 affecting social contributions and tax withholding. Despite total salary expenditure increasing by 22%, clubs were able to normalize their exceptional payroll to cost ratio of 20/21 by increasing revenues and reducing average player salary.

At the same time, the Pro League and Belgian clubs were able to further increase their social role by initiating even more meaningful social projects (i.e., + 15). Besides social investments, Belgian clubs consistently allocate a growing share of their budget to youth detection and development, which highlights the strategic value of youth players and outgoing transfers in the clubs' operating and business model.



Sam Sluismans
Partner Deloitte Belgium

2. Executive summary



Evolution of professional football: Key numbers from season 21/22

Total revenues amounted to

€ 381.5 million

a 31% increase compared to 20/21

Payroll cost / revenue ratio:

72%

decrease of 7% due to a rebound in total revenue

**Ticketing and commercial revenues
both surged respectively by**

149% and 160%

Net transfer result:

€ 42 million

+ 11%

Broadcasting revenue amounted to

€ 100 million

accounts for 26% of total revenues

Agent fees:

€ 30 million

a decrease of 12%

UEFA prize money of

€ 56 million

- 11% compared to 20/21 due to limited
European campaigns

Top 5 agents

with 26% of total commission fees,
a decrease of 3% relative share

For sponsoring revenues,

€ 94 million

+ 18% compared to 20/21

**Belgian talent transferred to
the 'Big Five' leagues**

for € 99 million

In season 21/22

Average gross annual salary of

€ 253,000

compared to € 266,000 in 20/21

Female players:

1,448 youngsters

born after 1998, active in the (youth) women teams



Key messages social impact

Amount of social project

311 social projects in 2021
up from 296 in 2021, regaining pre-COVID level

Annual budget made available for social projects

€ 2.5 million (+ 8%)

Project participants:

96,478

G-teams supported:

35
+ 17

G-football players:

779
+ 233

Number of amateur clubs supported:

99

Volunteers:

3,349

Hours of volunteering in 2022:

326,000



Belgian youth players (younger than 23 years old):

Number of minutes played:

68,440
8% of total minutes played

Number of youth contracts:

359
+ 65

Investments in youth development:

€ 58 million
+16%



Key messages economic impact

Gross output:

€ 1.2 billion
+ 24% compared to the previous season

Gross Value Added

€ 759 million
increased with 15%

Employment reached an all-time high with

5,136 jobs

Net Tax Contribution:

€ 117 million

VAT Generated:

€ 101 million



Fans:

Registered fan clubs:

467

Social media followers:

11.9 million
+ 51%



3. Introduction

This sixth report, in line with previous editions, examines the economic and social impact of Belgian professional football on the Belgian economy through thorough quantitative and qualitative assessments. The report will mainly focus on the 21/22 season with additional inter-temporal comparisons between the seasons 17/18 and 21/22 in order to identify and discuss emerging trends.

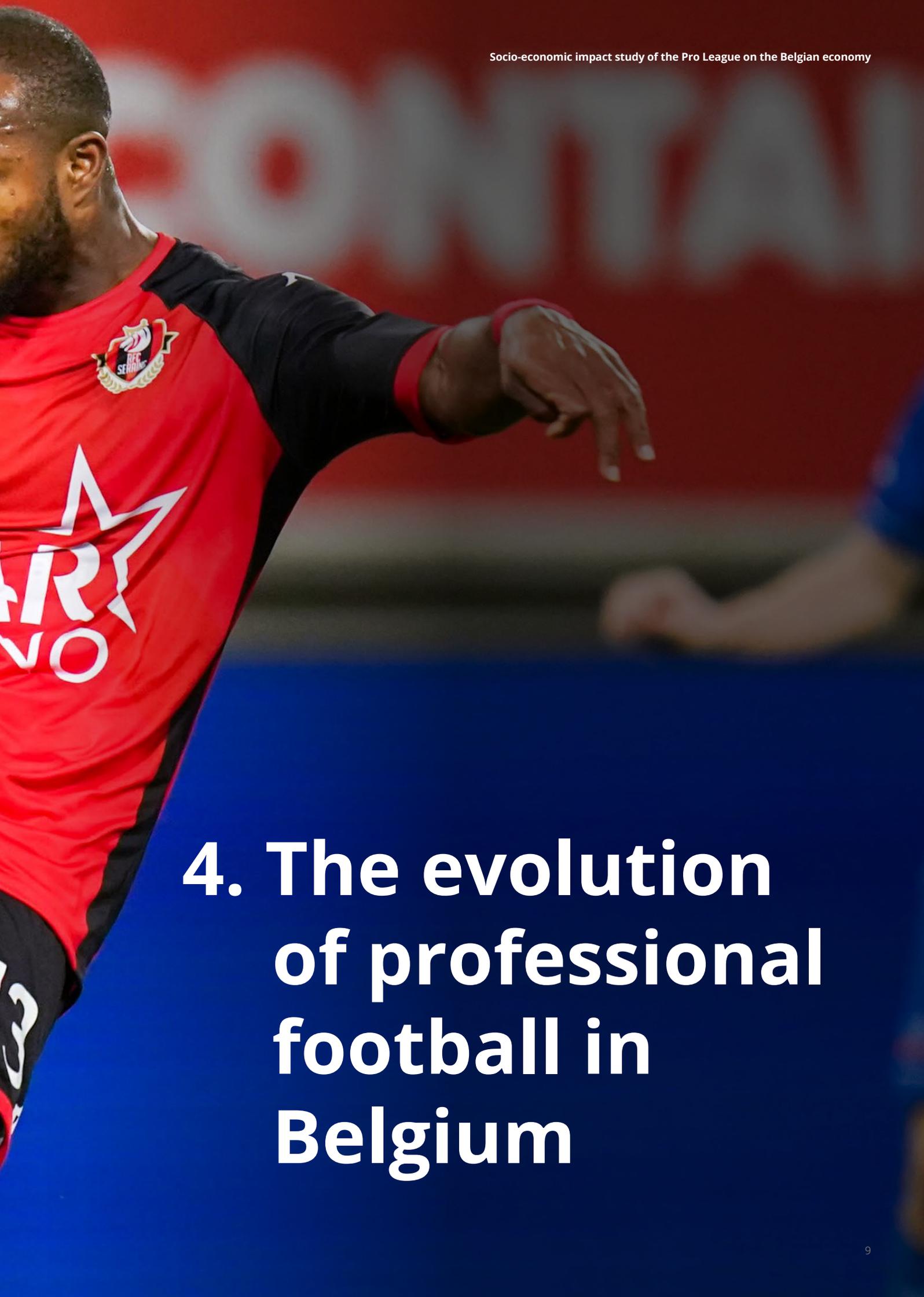
This edition marks the first occurrence of the club categorisation in G6 and K12 clubs, as the recent growth and sportive performance of RAFC caused them to align more closely with the original G5 clubs. This re-categorisation is needed to ensure accurate comparisons amongst the different categories of clubs. When making comparisons with previous seasons, ample attention was paid to the inclusion of RAFC in the G6 category to avoid false conclusions.

The report kicks off by providing a comprehensive overview of the financial figures for clubs in the Pro League, examining various factors influencing both their revenues and costs. Additional emphasis has been put on the aftermath of the COVID-19 pandemic and the fiscal reforms that occurred as of January 2022.

The second part of the analysis describes the economic impact that football realizes on the Belgian economy, while also examining its social role and contribution. The economic impact is assessed by calculating the gross output, gross value added, employment, and tax contributions of professional football to the Belgian economy. The economic relevance of professional football has strongly recovered as revenue streams rebounded and fiscal reforms have been implemented. The social impact is measured by investigating aspects such as football communities, amount of fans, social projects, and investments in youth development. The social commitment of the clubs has persisted during the financial dire situation stemming from the COVID-19 pandemic and has even increased during the season 21/22.

To conclude, the above mentioned analysis has been enriched with a case-study that delves deeper into the Belgian transfer market and its impact on the international football landscape.





4. The evolution of professional football in Belgium

Belgian football club revenues

Between 2017 and 2022, Belgian football clubs have seen their total operational revenue (excluding transfer revenues) grow steadily at an annual rate of 4%. Last year's report presented a comprehensive analysis into the profound impact of the corona pandemic on Belgian football, which amounted to a significant decline of 22% in operational revenue. The 21/22 season started with a gradual reopening of the Belgian competition, enabling Belgian football to rebound from the previous season. For 21/22, operational revenues reached € 381.5 million, an increase of 31% (i.e., + € 90.8 million), exceeding the operational revenues of all previously analysed seasons.

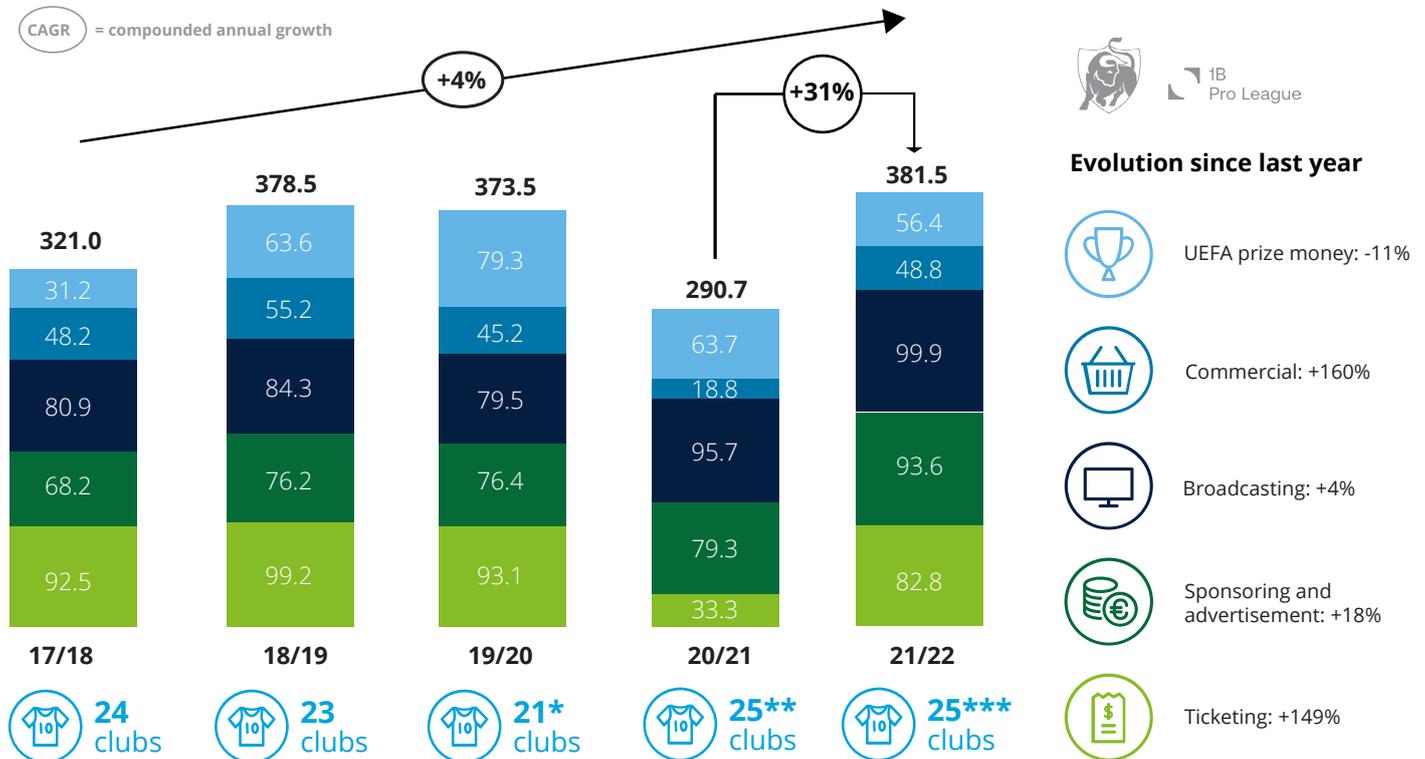
Ticketing and commercial revenues were the largest contributors to the rebound of operational revenue. Ticketing revenues showcased a remarkable recovery of 149% (i.e., + € 49.5 million) as football stadiums were gradually reopened to the fans. Commercial revenues have also surged by 160% (i.e., + € 30 million), as these are linked to ticketing and fan attendance. These numbers demonstrate a significant rebound, especially when taking into account that the beginning of the 21/22 season was marked by numerous uncertainties (e.g., COVID-safe ticketing, restrictions on away fans, etc.). During the first 6 months of the season¹, there were a limited

amount of matches at full stadium capacity, which hindered the complete recovery of ticket sales and commercial earnings to pre-pandemic levels.

Revenue streams that were not significantly hindered by these uncertainties are the UEFA prize money, sponsoring & advertising and broadcasting revenues. UEFA prize money declined by € 7.3 million (i.e., - 11%), given the reduced success of Belgian clubs during their European campaigns. Clubs were able to strengthen their commercial attractiveness as sponsoring & advertisement revenues increased by € 14.3 million (i.e., + 18%) of which € 4.6 million originates from related sponsoring². Broadcasting revenues have become the primary source of revenue for Belgian clubs with an increase of 4%, nearly reaching € 100 million in total.

Despite the aftermath of the COVID-19 crisis, the resulting restrictions and a European campaign with limited success for our clubs, Belgian professional football showcased resilience and was able to reach an all-time high in terms of operational revenues of € 381.5 million.

Figure 1: Evolution of revenue streams of Belgian professional clubs (€ million)

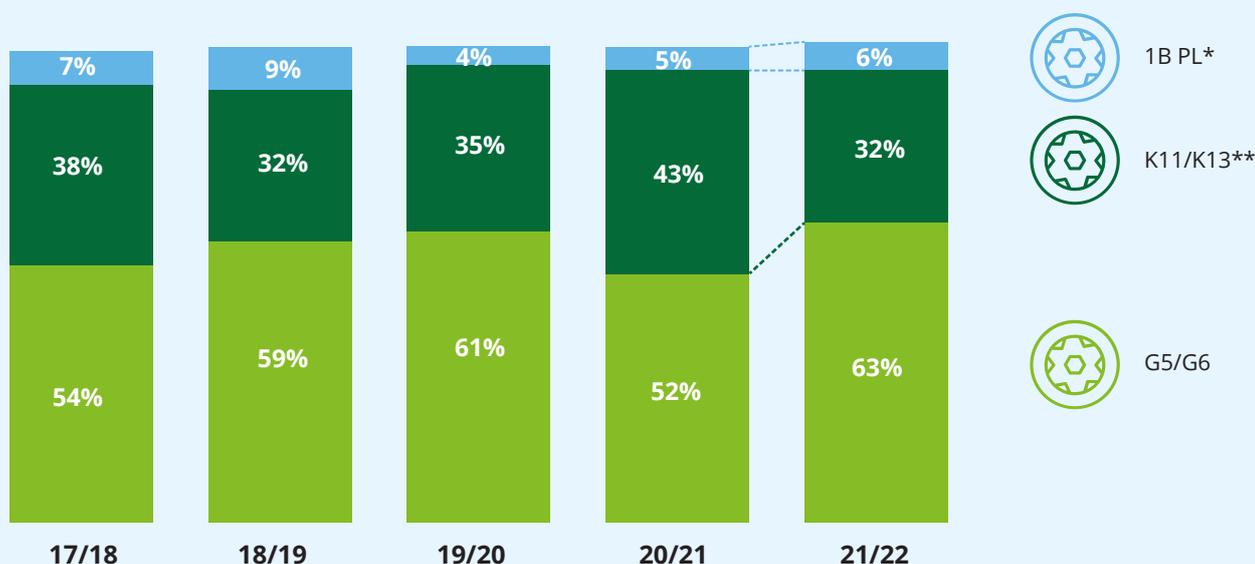


(*) Data from AFC Tubize not available in 18/19; data from Virton, Lokeren & Roeselare not available in 19/20 due to bankruptcy
 (**) 18 clubs in 1A and 7 in 1B, Club NXT not included as included in Club Brugge KV's financial statements
 (***) 18 clubs in the Jupiler Pro League, divided in G6 and K12

Looking at the relative revenue distribution between clubs, it is noticeable that G6-clubs have seen a substantial relative increase of 9 percentage points, while K12-clubs experienced a decrease of 9 percentage points. This shift is primarily driven by RAFC's transition from the K-category to the G-category. Finally, an increase in the relative revenue share of 1B, from 5% to 6%, can be observed which is mainly driven by their steep increase of sponsoring revenue (i.e., + 73%).

The following sections of the report will delve deeper into the main revenue sources in order to identify their relevant drivers and discuss trends over the past 5 seasons.

Figure 2: Evolution of the relative share of revenues per club type (relative share %)



(*) Data from AFC Tubize not available in 18/19; data from Virton, Lokeren & Roeselare not available in 19/20 due to bankruptcy

(**) 18 clubs in 1A and 7 in 1B, Club NXT not included as they are included in Club Brugge KV's financial statements

¹ Sporza: <https://sporza.be/nl/2022/02/14/code-oranje-in-de-jpl-opnieuw-bijna-volle-stadions-uitfans-en-eten-drinken~164484676,457/>

² Related sponsoring is = sponsoring by companies that are related to the club's owner or chairperson



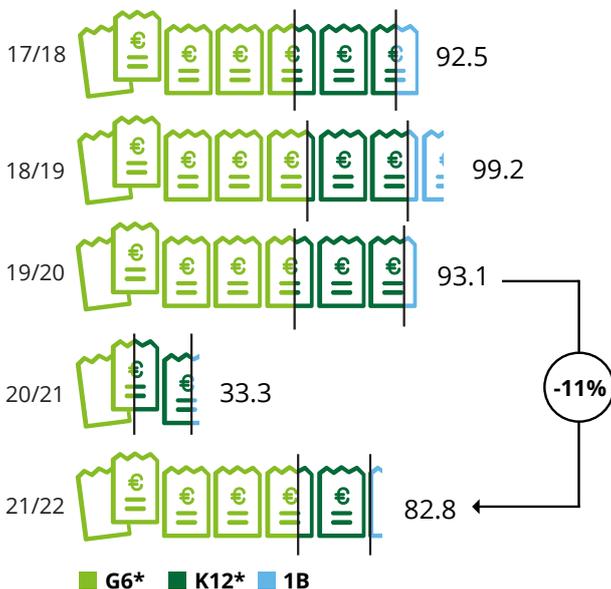
Ticketing

Ticketing revenues stem from the sale of gate receipts and season passes for both national and UEFA competitions. Ticketing has been the most significant revenue source for Belgian clubs between 2015 and 2019 with a relative average share of 28%. The COVID-19 pandemic and the trend of declining stadium attendance caused ticketing revenues to lose relevance. In season 21/22, ticketing revenue dropped to the third place with a relative revenue share of 22%, after broadcasting (i.e., 26%) and sponsoring & advertisement revenues (i.e., 25%). Although ticketing saw a significant increase of 149% in the 21/22 season, generating a total of € 82.8 million, it still fell short compared to the 18/19 season (i.e., € 99.2 million) and the 19/20 season (i.e., € 93.1 million) with a difference of -17% and -11% respectively.

The total ticketing revenue does not match the pre-pandemic levels due to the decreased stadium attendance resulting from COVID-19 restrictions still in place during the season 21/22. As predicted in last year's report, the pandemic remained a strong inhibiting factor on ticketing revenues as restrictions were only gradually phased out in the first 6 months of the season, with even a full ban on fan attendance between 26 December and 28 January. Concretely for the Jupiler Pro League, 12 match days or 107 games were played without away fans being able to attend the game and 3 match days or 32 games were organised behind closed doors. From 18 February³ onwards, clubs were allowed to utilise 80% - 100% of their stadium capacity. By then, 27 match fixtures of the regular season had been played.

The nearly € 50 million increase in season 21/22 regarding ticketing revenue was mainly driven by a steep expansion in revenues from the national competition (i.e., + 162% or + € 31.4 million) and from 'other' ticketing revenues (i.e., + 91% or + € 12.5 million).

Figure 3: Evolution of ticketing revenues (€ million)



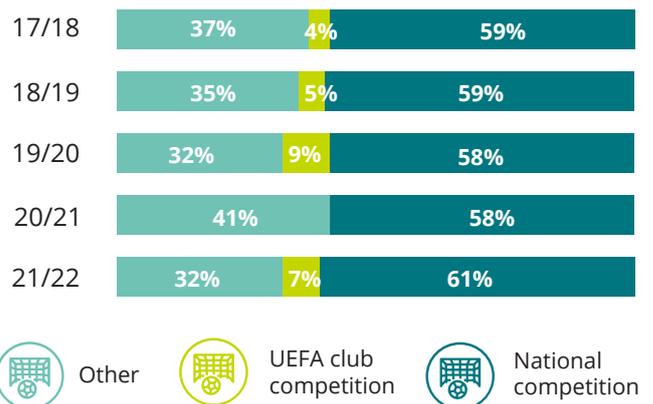
(*) K11 in season 18/19, K12 in season 19/20 and 21/22, K13 in season 20/21, and G6 as of season 21/22

Other ticketing revenues are primarily composed of VIP tickets and membership contributions. Ticketing revenues from UEFA matches increased with € 5.6 million in 21/22, since all games in European competitions were played behind closed doors in 20/21.

A central element when determining ticketing revenues, is the average price of a ticket to attend a match. When examining the changes in ticket prices for Belgian football between the 17/18 and 21/22 seasons, a noteworthy trend emerges. During this period, ticket prices in the Jupiler Pro League have on average increased by nearly 55%⁴, surpassing the growth rates observed in other European leagues. In comparison, ticket prices in the Premier League rose by 32%, while in the Eredivisie and Bundesliga, the increases were merely 18% and 10% respectively. Despite this growth, it is important to note that ticket prices in the Jupiler Pro League remain relatively affordable compared to many other European leagues. For instance, in the 21/22 season, an average seat behind the goal in the Jupiler Pro League costs around € 41, while a side-line seat was priced at € 44. In contrast, ticket prices in the Bundesliga were significantly higher, with an average of € 88 for a seat behind the goal and € 128 for a side-line seat.

Looking ahead to the 22/23 season, it is expected that ticketing revenues will rebound and reach pre-pandemic levels given the absence of COVID-19 related restrictions.

Figure 4: Evolution of ticketing revenue sources (relative share %)



³ Sporza: <https://sporza.be/nl/2022/02/14/code-oranje-in-de-jpl-opnieuw-bijna-volle-stadions-uitfans-en-eten-drinken-164484676.457/>

⁴ Sportmagazine: <https://sportmagazine.knack.be/voetbal-belgie/onderzoek-prijs-voor-belgische-voetbaltickets-in-vijf-jaar-tijd-met-meer-dan-50-gestegen/>

Broadcasting

Broadcasting revenues, totalling nearly € 100 million, continue to be highly essential for Belgian clubs and are one of their main sources of income. Broadcasting accounts for 26% of the clubs' total revenues with a yearly increase of 5% between 17/18 and 21/22. Notably, the G6 contributed more than half of the total broadcasting revenue, marking a 21% increase in relative share attributed to the inclusion of Royal Antwerp in the previous G5.

When making the distinction between G6, K12 and 1B, it can be noted that K12's business model is more dependent on broadcasting (i.e., 34% of total income) than G6's business model (i.e., 22% of total income). This difference is mostly driven by the income related to the European campaigns of the G6 clubs. The acquisition of the exclusive broadcasting rights for all Pro League competitions (i.e., Jupiler Pro League, Challenger League, the Women Super League, the Crocky Cup, the Supercup and the E-Pro League) by Eleven Sports in the season 20/21 caused a distinctive increase in broadcasting revenues of 20% or € 16.3 million. Eleven Sports' fixed contract, that lasts until 24/25, include payments that increase yearly by a predetermined percentage, explaining the improvement of € 4.2 million in broadcasting revenue in 21/22.

Figure 5: Evolution of broadcasting revenue per club type* (€ million)

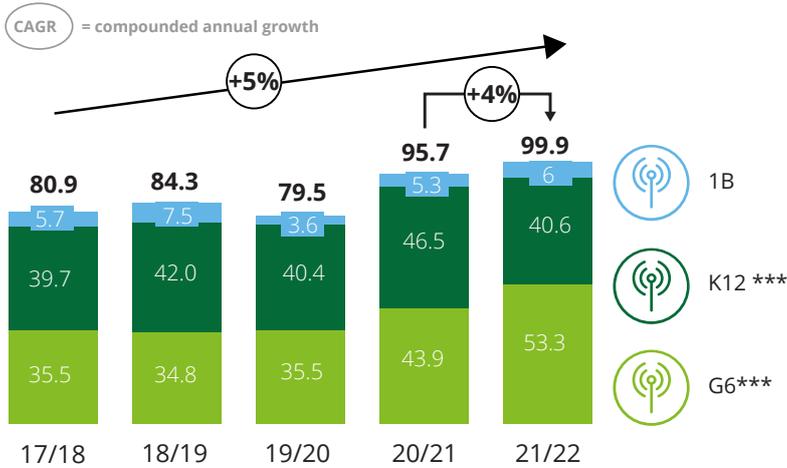
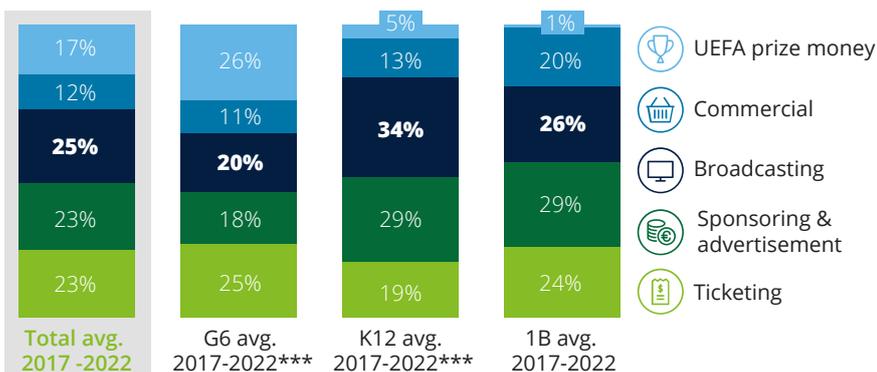
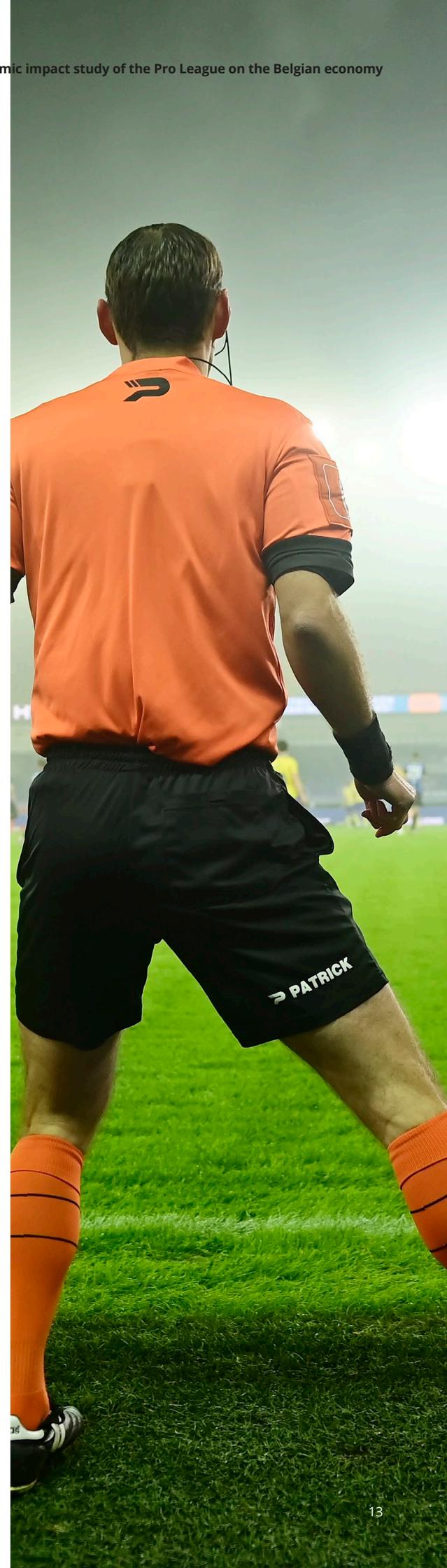


Figure 6: Average of revenue streams between 17/18 and 21/22 per club type* (€ million and relative share %)



(*) Revenues include those of the Jupiler Pro League, the 1B Pro league and the Crocky Cup
 (**) Data from RE Virton, KSC Lokeren & SV Roeselare not available in 19/20 due to bankruptcy
 (***) K11 in season 18/19, K12 in season 19/20 and 21/22, K13 in season 20/21, and G6 as of season 21/22



Sponsoring & advertisement

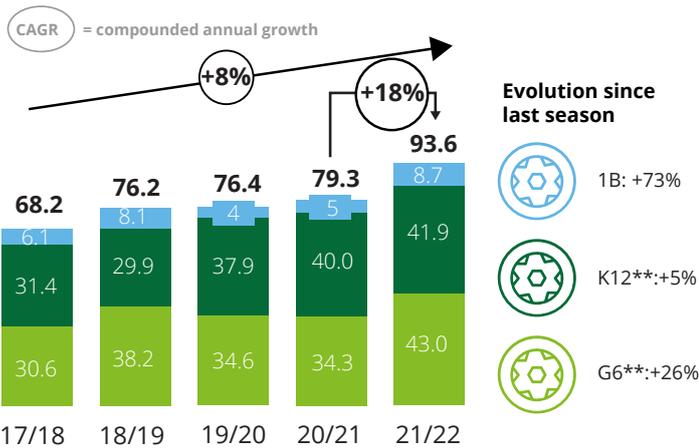
For the season 21/22, Belgian clubs were able to realise an increase in sponsorship & advertisement revenue of 18%, totalling € 93.6 million. This increase was mainly clustered within the G6 and 1B clubs and driven by sponsoring of related parties.

G6 clubs realised an additional € 8.8 million in sponsoring & advertisement revenues, whereas K12 and 1B clubs were able to up their revenues by € 1.8 million and € 3.7 million respectively. The increase for G6 clubs is mainly driven by the integration of RAFC, which left the K12 group. 1B showcased the largest increase of 73% opposed to previous season, followed by K12 (i.e., + 13%) and G6 (i.e., + 5%). The considerable growth of sponsoring & advertisement revenues for 1B clubs can for 75% be attributed to sponsoring of related parties. The influence of these related parties is not only limited to the 1B clubs but can also be noted at the K12 and G6 clubs. For the season 21/22, sponsoring of related parties accounted for 38% (K12), 37% (1B) and 5% (G6) of the total

sponsoring & advertisement revenues, amounting to € 21.4 million. For 1B, sponsoring of related parties is mainly clustered within 1 specific club. The relative share of these parties in the total revenue stream has been steadily increasing across all clubs since 17/18. A sector analysis of the sponsoring & advertisement revenue stream reveals 15 industries with a substantial contribution to the season 21/22. The industrial sector emerged as the largest contributor in 21/22, representing 12% or € 11.7 million of sponsoring revenues, surpassing the betting sector which has been the leading sector in both the 19/20 and 20/21 seasons. The betting sector follows closely behind the industrial sector with 11% or € 10.5 million in sponsoring & advertisements. The industrial and betting sectors are succeeded by the transport (i.e., 7%), banking (i.e., 6%) and clothing sector (i.e., 6%) in terms of size in the total budget.

Sponsoring & advertising revenue stemming from the industrial sector is strongly represented throughout all categories of clubs, its relative share in the clubs' overall sponsoring revenues is slightly higher for G6 (i.e., 10%) than for K12 (i.e., 9%), and substantial for teams playing in 1B (42% or € 3.7 million). Sponsoring & advertising by the betting industry is mainly of importance to the G6 and K12 clubs with relative shares of 15% and 9% respectively.

Figure 7: Evolution of sponsoring and advertisement revenue per club type (€ million)



Over the past 5 seasons (i.e., 17/18 until 21/22), the fastest growing sectors in terms of sponsoring & advertisement have been the transport (CAGR: 90%), pharmaceuticals (CAGR: 57%), and betting (CAGR: 53%) sector. Moreover, in 21/22 the transport sector has doubled its sponsoring to a total of € 6.4 million.

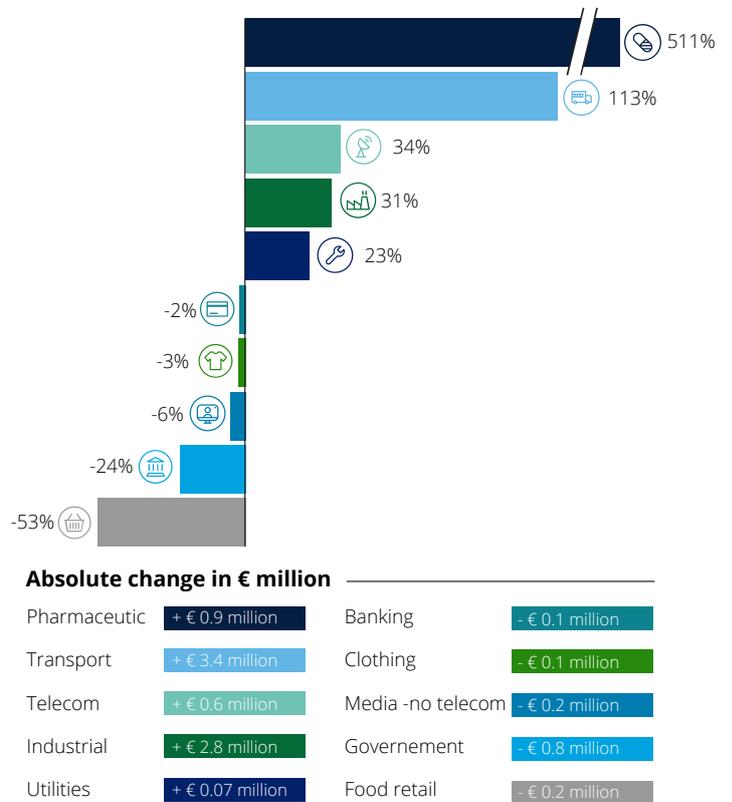
⁵ Related sponsoring= sponsoring by companies that are related to the club's owner or chairperson



Figure 8: Composition of sponsoring and advertisement revenue per sector in 21/22*** (€ million)



Figure 9: Top 5 risers and fallers of sponsoring by sector compared to season 20/21



(*) Data from RE Virton, KSC Lokeren & SV Roeselare not available in 19/20 due to bankruptcy

(**) K11 in season 18/19, K12 in season 19/20 and 21/22, K13 in season 20/21, and G6 as of season 21/22

(***) The categories 'Various' (27% of total sponsoring), 'Other' (12% of total sponsoring) and 'Pro League' (1% of total sponsoring) have been excluded from the visualisation and relative share comparison described in this section

(****) CAGR = Compound Annual Growth Rate



UEFA prize money

The UEFA utilises a distribution model to allocate prize money based on 4 key pillars: 1. Starting fees for the group stage; 2. Fixed amounts related to sportive performance; 3. Coefficient bonuses based on the ten-year club performance and; 4. Variable amounts depending on the national broadcaster's contribution to the market pool.

In 21/22, UEFA enriched the international club competition landscape with the UEFA Europa Conference League⁶, an additional football club competition for the men's league. This new structure for UEFA club competitions (i.e., the addition of the Conference League) ensures that at least 34 UEFA national associations are represented in the group stage of one or more European competitions. The Champions League group stage includes a minimum of 14 domestic champions, while the Europa League group stage typically features between 8 and 11 domestic champions. In the Europa Conference League group stage, there are usually between 9 and 12 domestic champions represented. It is important to note that all member associations can be eligible to partake in the Europa Conference League, Europa League and Champions League.

The introduction of the Europa Conference League led to a reduction in teams partaking in the Europa League group stage from 48 to 32 teams; no tangible impact on the Champions League was noted. In the group stage of the Europa League, 8 groups of 4 teams battle each other with the winners of the groups advancing directly to the round of 16. The remainder 8 teams are determined via knockout round play-offs with the 8 runners-up from the Europa League groups and the 8 third-ranked teams from the Champions League groups.

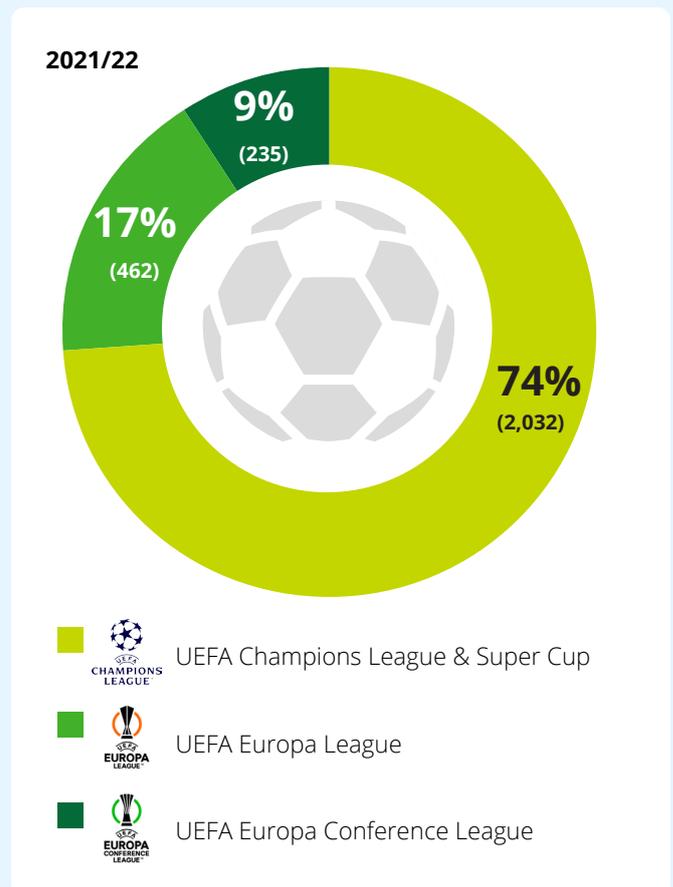
In 21/22, the UEFA⁷ increased its distributed prize money to € 2.0 billion (€ 1.9 billion in 20/21) for clubs partaking in the UEFA Champions League and the UEFA Super Cup. € 465 million was distributed to clubs who participated in the UEFA Europa League and € 235 million to clubs in the UEFA Europa Conference League (Figure 10).

The Belgian clubs have, by participating in the 21/22 European competitions, realised € 56.4 million in UEFA prize money, representing 15% of their total revenues. In comparison to last season, a € 7.3 million decline is noted (i.e., - 11%), which can be linked to a lower number of Belgian teams partaking in the group stages of the UEFA Champions League and the UEFA Europa League. Reaching the group stage of both competitions was accompanied with a significant starting fee of € 15.64 million (Champions League) and € 3.63 million (Europa League) in the season 21/22.

The UEFA prize money of 21/22 was divided between the 5 Belgian clubs participating in the 21/22 European campaigns being Club Brugge KV, KRC Genk, RSC Anderlecht, Royal Antwerp FC and KAA Gent. The Belgian champion of 20/21, Club Brugge KV, had the most successful European campaign by securing a direct

qualification to the group stage of the Champions League, hereby acquiring more than half of the distributed prize money to Belgian clubs. Whereas runner-up KRC Genk began in the qualifying rounds of the Champions League but unfortunately did not progress, resulting in their placement in the group stage of the Europa League (Figure 12). Royal Antwerp FC, finishing third in the Belgian competition of 20/21, also participated in the Europa League after successfully navigating one qualifying round. RSC Anderlecht and KAA Gent, who finished fourth and fifth respectively in the previous season, had the opportunity to qualify for the 21/22 UEFA Europa Conference League. However, only KAA Gent succeeded in qualifying (and even reached the 1/8 finals), as RSC Anderlecht was eliminated in the final qualification round.

Figure 10: UEFA club competitions total prize money in season 21/22 (in % and € million)



⁶ UEFA: <https://www.uefa.com/uefaeuropaconferenceleague/news/0264-10fe9.612aa3-37b2bc77f89e-1000-uefa-europa-conference-league-what-is-it-how-does-it-work-w/>

⁷ UEFA: https://editorial.uefa.com/resources/0269.125fde34ba54-30a4c9aeea13.1000.2021.520_circular_2021_35_en.pdf

Figure 11: European campaigns of Belgian clubs in 20/21 and 21/22

European performance of BE clubs in 20/21			
Competition	Qualifying	Group stage	Knock-out
 UEFA Champions League	 KAA GENT	 CLUB BRUGGE KV	
 UEFA Europa League	 KV OOSTENDE	  KAA GENT  KV MECHelen	  CLUB BRUGGE KV

European performance of BE clubs in 21/22			
 UEFA Champions League	 CLUB BRUGGE KV	 CLUB BRUGGE KV	
 UEFA Europa League	 KV OOSTENDE	  CLUB BRUGGE KV	
 UEFA Europa Conference League	  KAA GENT	 KAA GENT	 KAA GENT



UEFA Ranking

As illustrated in Figure 12, the UEFA coefficient is calculated on the performance of clubs representing their countries in the 5 previous UEFA Champions League, UEFA Europa League, and UEFA Europa Conference League campaigns⁸. In 22/23, Belgium occupies the 8th position in the UEFA ranking, and gained 5 places compared to the previous season. The higher ranking was obtained as the disappointing season 17/18 (with 3 of the 5 teams eliminated in the qualifying rounds) was left out of the 5 year average equation and season 22/23 (with 14,200 coefficient points, the highest coefficient ever granted to Belgium) was included. The newly obtained position only leaves the Netherlands and Portugal between Belgium and the 'Big Five' leagues.

Figure 12: UEFA Ranking 22/23

		18/19	19/20	20/21	21/22	22/23	Total
1. England		22.642	18.571	24.357	21.000	23.000	109.570
2. Spain		19.571	18.928	19.500	18.428	16.571	92.998
3. Germany		15.214	18.714	15.214	16.214	17.125	82.481
4. Italy		12.642	14.928	16.285	15.714	22.357	81.926
5. France		10.583	11.666	7.916	18.416	12.585	61.164
6. Netherlands		8.600	9.400	9.200	19.200	13.500	59.900
7. Portugal		10.900	10.300	9.600	12.916	12.500	56.216
8. Belgium		7.800	7.600	6.000	6.600	14.200	42.200
9. Scotland		6.750	9.750	8.500	7.900	3.500	36.400
10. Austria		6.200	5.800	6.700	10.400	4.900	34.000

⁸ UEFA: <https://www.uefa.com/nationalassociations/uefarankings/country/#/yr/2023>

Belgian football club costs

Player salaries

This section focuses on player salaries and how they have evolved across the years as a significant cost driver for Belgian football clubs. The competitive nature and internationalization of the sport, pushed clubs to increase their expenditure on player wages in order to retain and attract football talent. Cost incurred by employing other employees such as sportive staff and/or management are left out of the equation in this section of the report.

Comparing the payroll cost to the total revenue of Belgian clubs provides clarity regarding how substantial and significant these costs are. The payroll cost to revenue ratio⁹ has increased over the past 5 seasons with an average yearly growth of more than 6%. This growth is driven by the large increase in payroll costs, which have grown twice as fast as total revenue (i.e., CAGR of 12% and 5% respectively) between 17/18 and 21/22. In 21/22, an increment in total revenue of 31% (i.e., + € 95 million) had a reducing effect (i.e., - 7%) on the exceptional payroll cost to revenue ratio of 20/21, bringing the ratio back to nearly 72%. Notably, total payroll costs of Belgian clubs increased with 14% to an all-time high of € 374 million in 21/22.

An analysis of the different club types show that the G6-clubs have a ratio of 68%, which is below the average ratio of 72%. Their larger revenues (e.g., broadcasting, ticketing, sponsoring, UEFA prizemoney, etc.) help offset their above average payroll costs. The opposite occurs within 1B clubs, whom reported the highest ratio of 89%. 1B clubs are punching above their weight in terms of salary expenditure in order to match the requirements needed to be promoted to 1A, which comes with a substantial increase in revenues. Lastly, when excluding the exceptional season of 20/21 (i.e., strongly impacted by COVID-19), the payroll cost to revenue ratio reached an all-time high across all club types (Figure 14).

Looking towards the future, the importance of the previously mentioned ratio will increase in the light of the Financial Fair Play Rules of UEFA and the measures taken in the context of the Football First plan of the Pro League. Both organisations will link their license to play to the expenditure on wages of the sportive staff compared to the total revenue. This signifies a shift towards stricter financial controls for all European clubs in the coming years. Failing to adhere to a maximum ratio will result in both financial and sportive disciplinary measures, depending on the severity of the breach and the amount of occurrence. On an international level, the Squad Spend ratio is utilised to compare the expenditure on sportive staff and agents to the total revenue including net transfer results. For the European license, the Squad Spend ratio must not exceed 90% in 23/24, 80% in 24/25, and 70% in 25/26 of total revenue.

Figure 13: Evolution of payroll cost/revenue ratio (average) for the Belgian competition* (€ million)

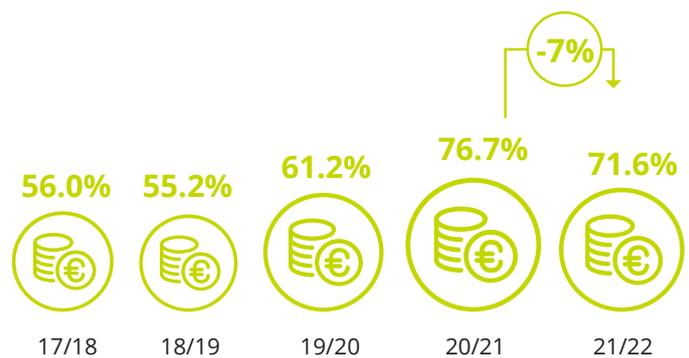


Figure 14: Average payroll cost / revenue ratio per club type* (€ million)



(*) Revenue also includes other operational income such as but not limited to gifts, contributions and revenue from non-football activities; but is without the transfer results

Data from RE Virton, KSC Lokeren & SV Roeselare not available in 19/20 due to bankruptcy

K11 in season 18/19, K12 in season 19/20 and 21/22, K13 in season 20/21, and G6 as of season 21/22

⁹ Payroll cost = total cost for player salaries (including government subsidies) / revenue = total revenue excluding transfers

¹⁰ Reuters: <https://www.reuters.com/lifestyle/sports/uefa-agree-new-financial-rules-clubs-2022-04-07/>

The total salary cost of clubs is dependent on the amount of players under contract and the average salary for each player, including group insurance. Between 17/18 and 21/22, total salaries paid by Belgian clubs increased yearly by 10%, reaching nearly € 360 million in season 20/21. In 21/22, total salaries expenditure increased by 22% (i.e., + € 64 million), which is below the 28% increase in total amount of players. Hinting that clubs are increasingly focusing on keeping their salary expenditure under control.

The substantial increase of 28% in total amount of players can be attributed to 2 distinctive elements. On the one hand, there was a reduction in transfer activity during the pandemic-affected 20/21 season. In 21/22, clubs have made up for the limited amount of transfers as COVID restrictions eased out and heaps of uncertainties regarding their revenue model were mitigated. On the other hand, clubs in 1A, and predominantly the G6 clubs, have proactively prepared for the U23 integration in 22/23. In order to ensure a position in 1B, 1A clubs (e.g., Young Genk, Club NXT, ...) have increased their transfer spending to attract young talent for their U23 teams.

As discussed, the total salary cost didn't increase as much as the amount of players under contract, which causes the average salary to drop to € 253,123 in season 21/22 (i.e., - 5%). A distinct difference between the type of clubs can be noted as well, with G6 players (i.e., € 385,117) earning nearly twice the salary of an average player in K12 (i.e., € 198,067). The fiscal reforms active of 1 January 2022, which will be discussed in length later on, also had a reducing effect on the average salary as they ended the beneficial pension scheme that players could appeal to. For players active in the Jupiler Pro League, the average yearly gross salary comprises of their salary as well as a contribution to their group insurance scheme. Before the reforms, group insurance could be paid out at a beneficiary tax rate of 20% at the age of 35, in case the athlete had ceased all professional sport activities. As of 1 January 2022, the insurance scheme falls under the regular statutory regime which entails a 10% tax rate from the statutory retirement age (i.e., 65 years as of 06/2023). Since the pension scheme is no longer advantageous, the average contribution per player decreased by 41% opposed to season 20/21, which in term had a reducing effect on the average salary.

Figure 15: Evolution of total salaries paid per type of club and total amount of players (€ million and amount of players)

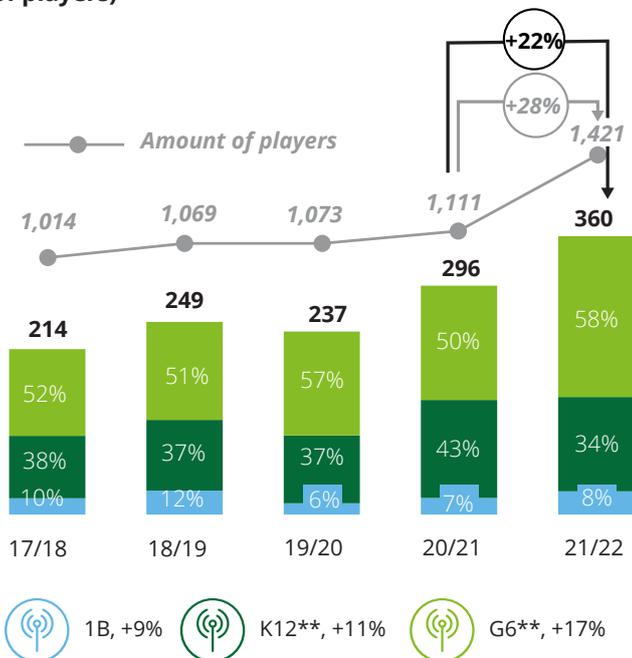
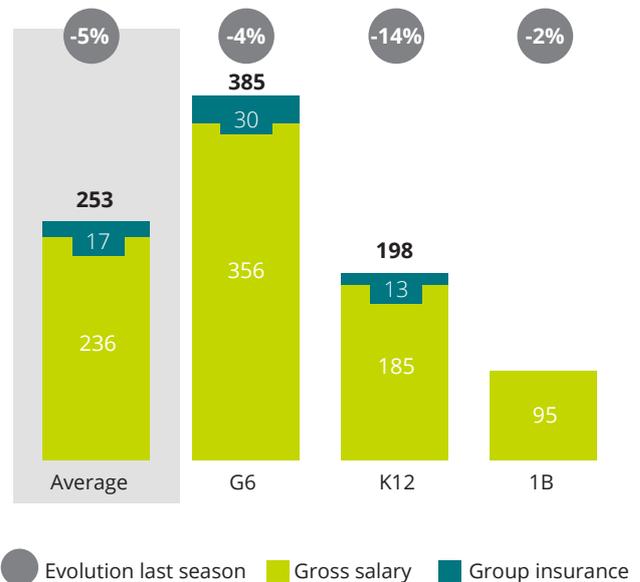


Figure 16: Average yearly salary per player in 21/22 per club type (€ thousand)



(*) Data from RE Virton, KSC Lokeren & SV Roeselare not available in 19/20 due to bankruptcy
 (**) K11 in season 18/19, K12 in season 19/20 and 21/22, K13 in season 20/21, and G6 as of season 21/22

Transfers

Transfer balance

The Belgian football league is increasingly being recognised as a fertile competition that crafts world-class athletes that 'Big Five' competitions crave¹¹. Consequently, player transfer revenues have become a substantial and non-neglectable revenue stream for Belgian clubs.

In this report, the net accounting transfer result is evaluated to assess the importance of transfer revenues; this metric takes into account the sale and purchase of players, player depreciation and agent fees. The net accounting transfer result is calculated as follows: subtract player depreciation, loss on player sales, player rental costs and agent fees from the income generated by the sale and rental of players.

Looking at the 21/22 season, Belgian clubs recorded a positive net result from transfers amounting to € 42.3 million. More G6-players that are being loaned (i.e., + 7%) and a profit increase (i.e., +27%) on outgoing transfers from K12 are the main causes for the € 4.2 million increase (i.e., + 11%) compared to the season 20/21. Profit on outgoing transfers increased by 13% or by € 18.8 million, with G6 clubs being responsible for 72% (i.e., € 119.9 million) of the total profits on outgoing transfers (i.e., € 166.3 million) followed by K12 (27.5%; € 45.8 million) and 1B (0.4%; € 0.7 million). The increase in profit on outgoing transfers was offset by a vast increase in losses on outgoing transfers for G6 (i.e., + 170%) and K12 clubs (i.e., + 316%), which can be attributed to the aftermath of COVID-19. Simultaneously, Belgian professional football clubs are strategically increasing their budgets to recruit talented players, as indicated by their value on the balance sheets. The total player value surged to € 210.3 million in the 21/22 season, a significant increase from € 179.7 million in 20/21 and € 199.9 million in 19/20. When analyzing the split among Belgian clubs, it is evident that RAFC's move to the G6 category has contributed to a decline in the total player value for K12 and serves as the primary factor driving the growth of the G6 category. The real growth of player value on the balance sheet mainly stems from 1B, which has demonstrated a yearly growth of 49% between 17/18 and 21/22. Evolving from € 3.5 million in 18/19 to € 17.3 million in 21/22.



¹¹ De Tijd: <https://www.tijd.be/ondernemen/sport/pro-league-ceo-lorin-parys-het-profvoetbal-was-soms-wereldvreemd/1040.390.html>

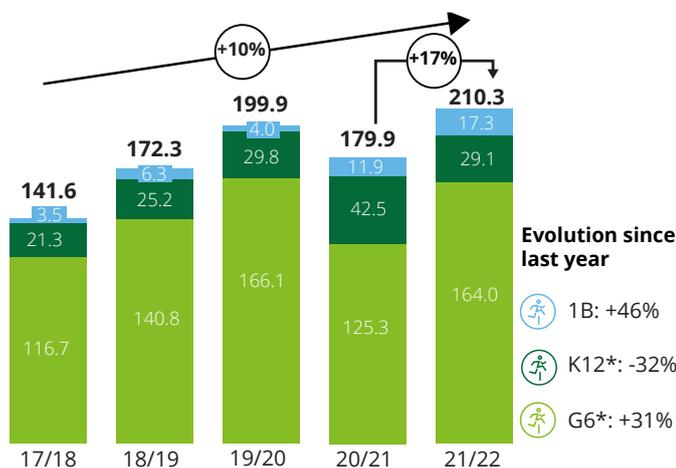
The increase in the net transfer result could not prevent Belgian clubs from reporting an aggregated loss in 21/22, which grew to nearly € 156 million. G6-clubs exhibited the lowest average profitability (i.e., - € 9.5 million per club), followed by 1B (i.e., - € 5.3 million per club) and K12 (i.e., - € 5.1 million per club). This loss surpasses the aggregated loss of € 140 million in the pandemic-affected 20/21 season by an additional € 16 million. The result of season 21/22 brings the accumulated loss of the past 5 seasons to € 488 million.

The additional loss of € 16 million needs to be evaluated in light of the fiscal reforms, active as of 1 January 2022. The fiscal reforms mainly impacted the social contributions and tax withholding of football clubs, resulting in additional recurring costs of € 14.3 million for the football clubs. It is expected that these costs will increase in season 22/23, as they were only active for 6 months of the season 21/22.

Social contributions for football players were under a favourable fiscal regime, as they were calculated on a maximum monthly salary of € 2,474. This maximum cap of salary has been halted, bringing players under the regulatory statutory regime. This reform resulted in an additional cost of € 10.5 million, purely due to the fiscal reforms and without taking into account the rise in salary costs. A second element of the reform was the tax withholding regime. Before the reform, 80% of the tax withholding was exempted from pass-through. This ratio was adjusted to 75% as of January 2022, yielding a negative impact on withholding tax recovery of € 3.8 million.

Other elements of the fiscal reform have been discussed or will be discussed in the remainder of this report but include the deductibility of agent commissions and the tax rate applicable on the group insurance scheme.

Figure 17: Evolution of player value on balance sheet per club type (€ million)



(*) K11 in season 18/19, K12 in season 19/20 and 21/22, K13 in season 20/21, and G6 as of season 21/22

Figure 18: Evolution of net transfer result of Belgian professional clubs (€ million)

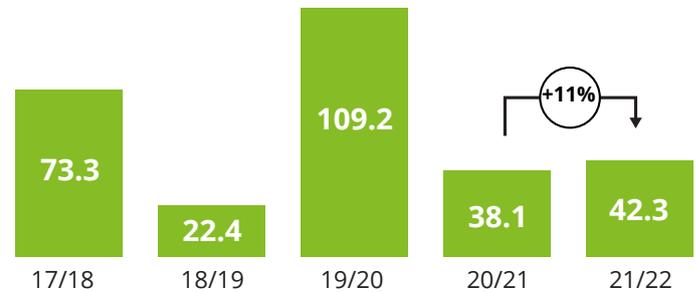


Figure 19: Evolution of profitability of the Belgian competition (€ million)

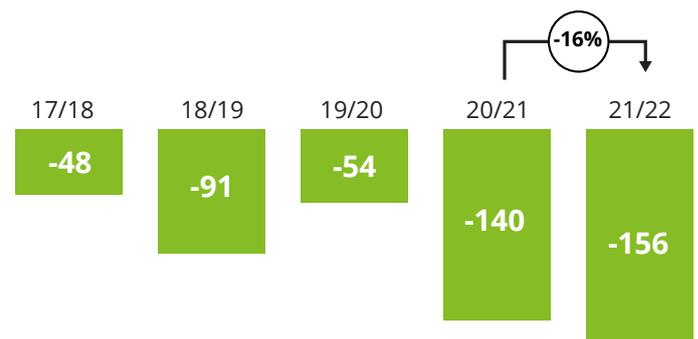


Figure 20: Average profitability per club type in 21/22 (€ million)



Agent fees

Agents, acting as intermediaries between clubs and players, are commonly compensated through commission fees, which are calculated as a percentage of the transfer amount or contract value. These fees apply to both incoming and outgoing transfers, as well as mediation during contract renewal negotiations.

During the season 21/22, tax legislators in Belgium aimed to limit excessive agent fees whilst shifting the costs from the clubs to the players. The fiscal reform, active since 1 January 2022, resulted in a maximum tax deductibility of agent fees up to 3% of the total gross annual income of the athlete in question¹². The amount exceeding this threshold is added to the minimal taxable base of the club, which entails that also loss-making clubs are obligated to pay the tax. The threshold of 3% does however not apply to the personal income tax of individuals, which nudges the responsibility of paying the agent fees from the clubs to the athletes. This shift is expected to be accompanied by higher professional standards and work ethics among agents.

Total agent commissions have dropped for the second consecutive year in the Belgian football landscape, experiencing a 12% decrease in the 21/22 season. This decrease is in line with a decline of 13.6% in transfer fees paid on FIFA level¹³. As in 20/21, the decline in agent commissions had a larger impact on the Top 5 agents, whom faced a decrease of 21% in their commissions. The commissions of the Top 6-15 and the top 15,284 agents declined with 2% and 10% respectively. As a result, the relative share of the Top 5 agents decreased from 29% in 20/21 to 26% in 21/22; benefiting the share of the smaller agents with the Top 6-15 obtaining a share of 17% (i.e., + 2 percentage points) and the top 16 – 284 of 57% (i.e., + 1 percentage point). The Top 1-5 agents are leading in terms of average total commission per agent, earning ~ € 1.6 million per agent, whereas the average commission for the Top 6-15 and the Top 16,284 is € 0.5 million and € 0.06 million per agent respectively. When examining the evolution of agent commissions per type of

transfer, there has been a notable shift in their relative importance. Outbound agent commissions saw a significant decrease of 59% (- € 4.3 million) in the 21/22 season, primarily influenced by the decline in global transfer spending. Similarly, commissions generated from inbound transfers experienced a substantial decline of 41%, reaching a total of only € 4.5 million. In contrast, mediation has become an increasingly crucial revenue source, up by 18%, accounting for 75% (€ 22.4 million) of all agent commissions in 21/22.

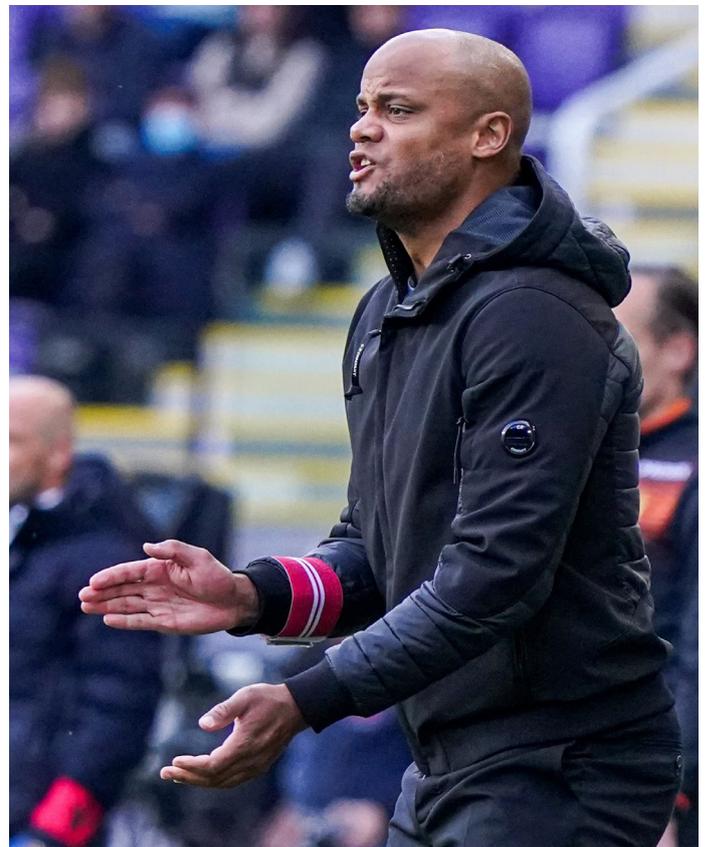


Figure 21: Evolution of agent commissions per type of transfer (€ million)

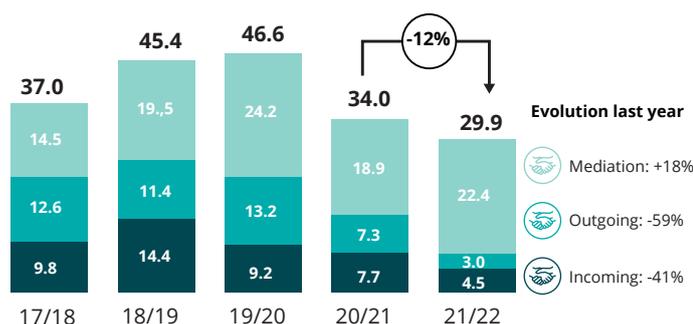
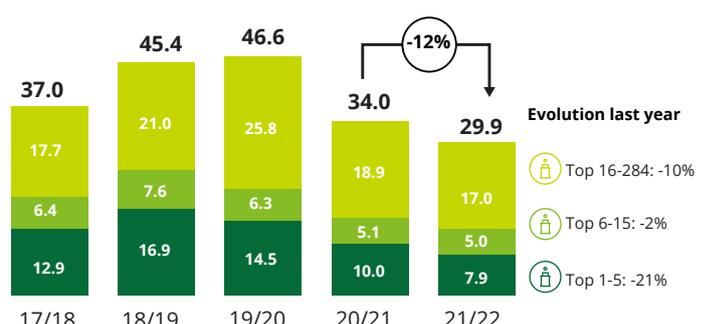


Figure 22: Evolution of agent commissions per agent type (€ million)



¹² Wolters Kluwer: <https://monkey.wolterskluwer.com/nl/home>

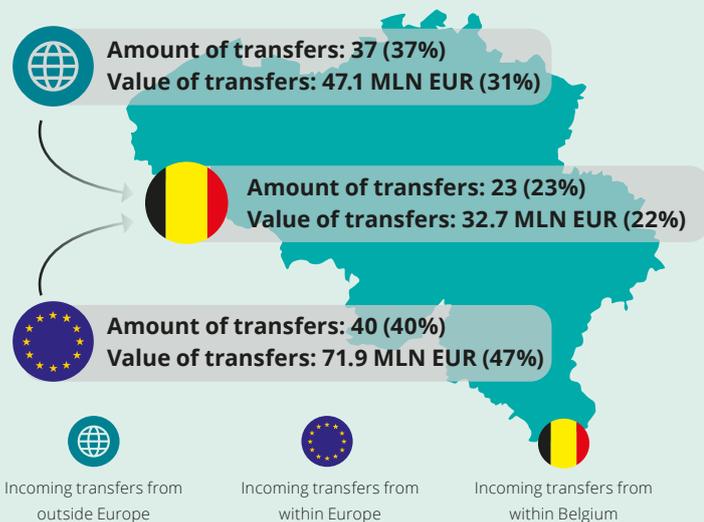
¹³ FIFA Global Transfer Report 2021

Case studies

Deep dive on the Belgian transfer market

The Belgian football league is increasingly gaining recognition on an international level for its ability to identify and develop talent, which prompted the development of a use case to delve deeper into the Belgian transfer market.

When looking at the inbound transfer market for the season 21/22, it can be noted that a large part of these transfers (both in terms of amount and value) originate from outside of Europe. This can largely be explained by the low minimal annual wage required to obtain a working permit for non-European players in Belgium. The minimal annual wage was roughly € 86,209 for Flanders in 2022¹⁴ (calculated and adjusted according to Article 78 of the Government of Flanders Order), whereas in the Netherlands the minimal wage is nearly 4 times as high (i.e., € 350,000). This enables Belgian clubs to identify undervalued international talent and bring these players to the Belgian competition in order to heighten the quality of both the players and the league.



The relevance of young talent can also be observed in the players that are under a professional contract for Belgian clubs. **As of February 2023, 54% of the players under contract in the Pro League are below the age of 23 (Figure 24), consequently Belgium ranks among the leagues with one of the youngest average ages in all UEFA countries, securing the 4th position in terms of lowest age.** Of the youngest players (i.e., aging between 18 and 21) the majority holds the Belgian nationality (i.e., 77%), showcasing that Belgian talent is still recognised and given a fair chance at development, despite the favourable regime for non-European players.

Figure 23: Players under contract by age group and nationality

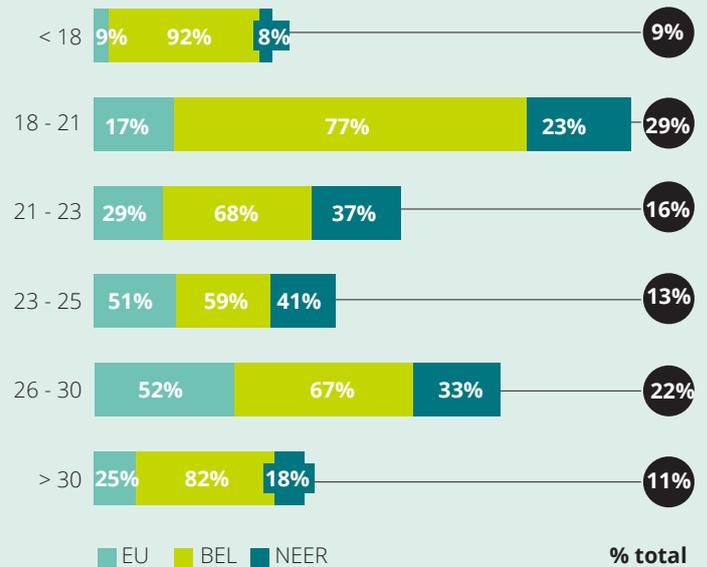
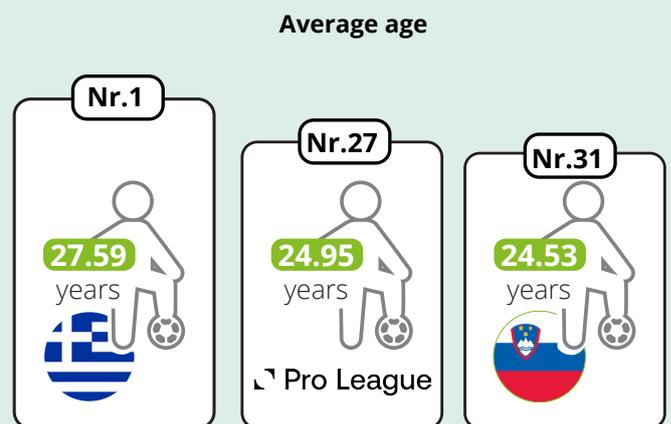
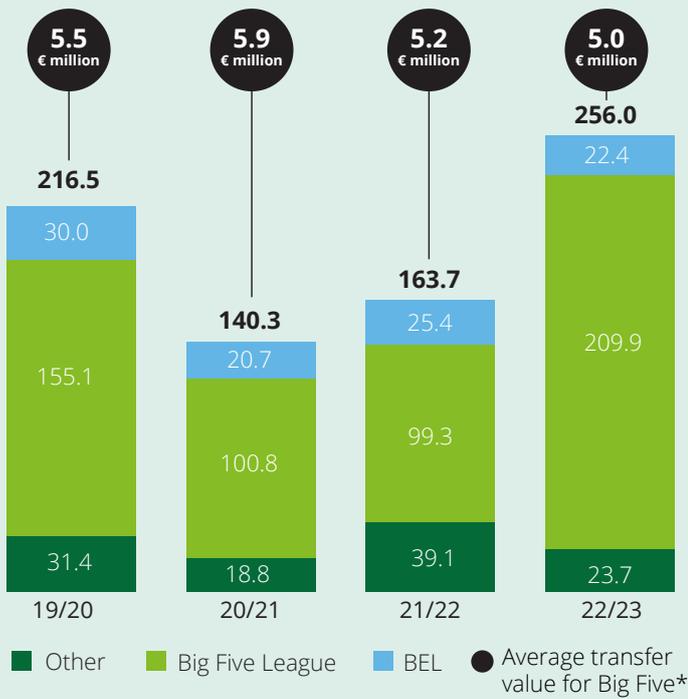


Figure 24: International comparison of player age (top 31 of UEFA ranking)



Belgian talent, in terms of value, is predominantly being sold to the 'Big Five' leagues (i.e., Premier League, LaLiga, Bundesliga, Serie A, and Ligue 1), demonstrating the quality of players stemming from the Pro League. In season 22/23, nearly € 210 million (i.e., 82%) in transfer value was being exported to the 'Big Five' leagues, with 70% of this amount originating from the G6 clubs, concluding that these leagues are of major importance to the Belgian transfer market.

Figure 25: Evolution of outgoing Belgian transfers per destination* (€ million)

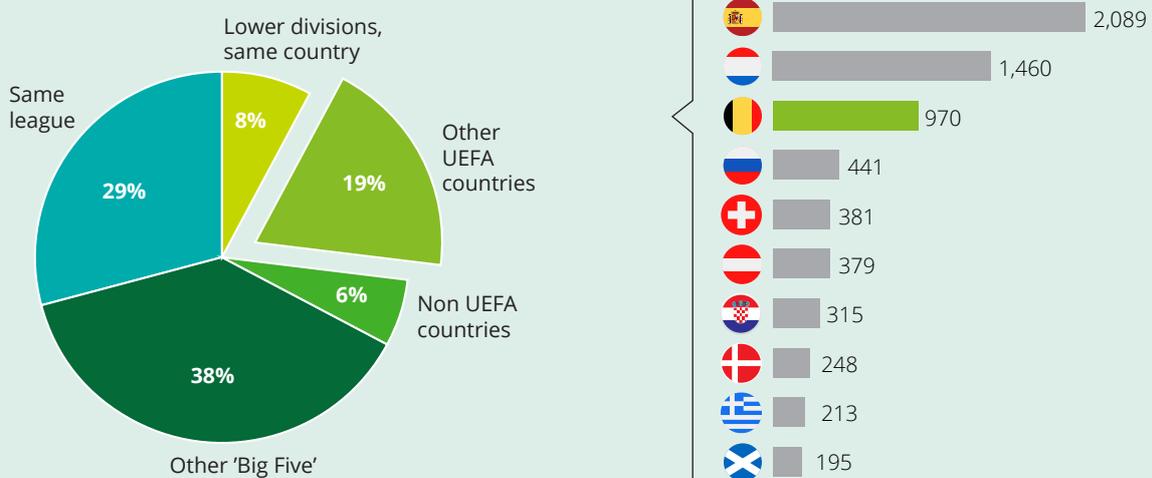


However, this relationship goes both ways; across the past 10 seasons (i.e., between 2012 and 2021), **'Big Five' leagues have increasingly looked towards Belgium as their preferred partner to acquire young talent.** The acquisition of young talent is pivotal to the sportive success of these leagues, given that 'Big Five' clubs are primarily made up of recruited players (i.e., 86%)¹⁵. Belgium stands out as the 3rd most important country for young talent (excluding transfers between the 'Big Five' themselves) with in total € 970 million of transfer fees between 2012 and 2021.

The increasing financial and sportive dominance of the 'Big Five' leagues is expected to further heighten transfer sums and player salaries in the coming years, which might make Belgian clubs more reliant on their own youth players' performance and transfer results.

(*) The outgoing average transfer value for Big Five is skewed by a few outliers that significantly inflate the average transfer value

Figure 26: Beneficiaries of transfer fees committed by 'Big Five' leagues between 2012 - 2021 (€ million)



¹⁴ Vlaanderen: <https://www.vlaanderen.be/en/work-permits-for-foreign-workers/work-permits-categories-and-procedures/work-permit-professional-athlete>

¹⁵ CIES Football Observatory

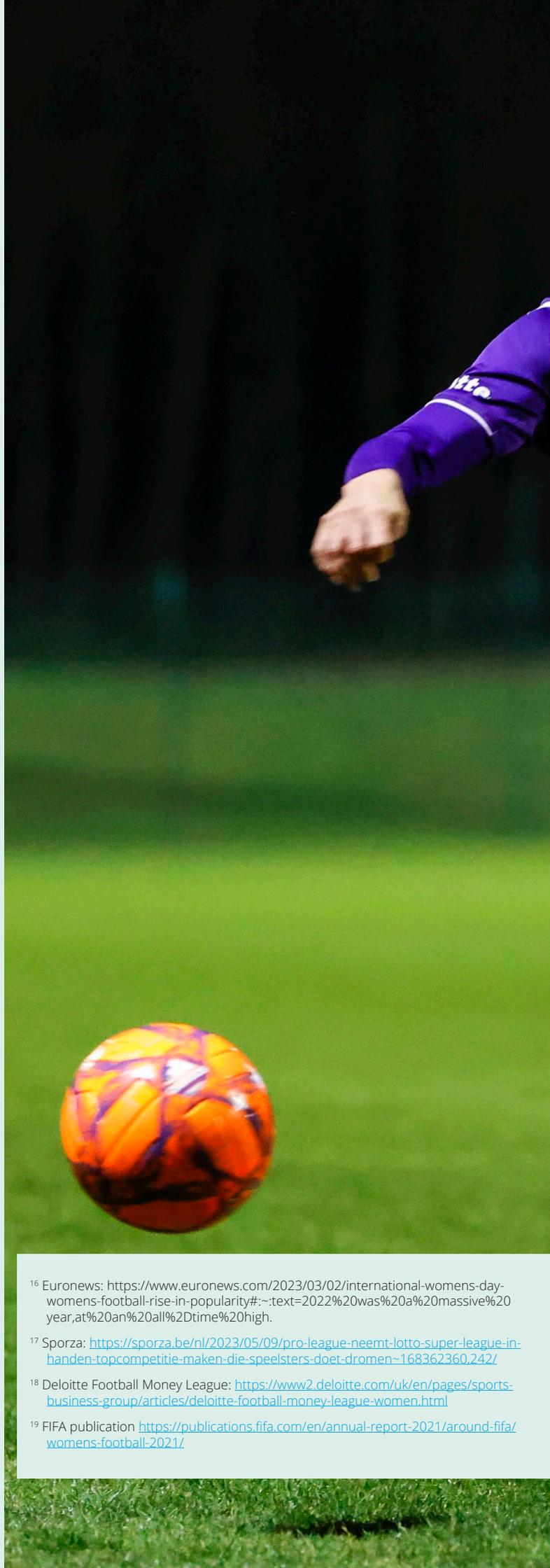
Women's football

Over the past years, the popularity of women's football has surged across the globe, with all 20 of the top clubs listed in Deloitte's Money League having a women's team today. In the 21/22 season, the average revenue for the women's teams of Money League clubs amounted to € 2.4 million. FC Barcelona leads with a revenue of € 7.7 million, thanks to their consecutive appearances in the final of the UEFA Women's Champions League and their ability to generate a significant portion of their income through marketing and advertising. Women's football is however characterized by a large disparity between clubs, with the women's team of FC Barcelona generating significantly more (€ 7.7 million) than its domestic peer Atlético de Madrid (€ 0.1 million). The same was reflected in the English league (Manchester United: € 6.0 million vs. Leicester City: € 0.4 million).

Season 21/22 witnessed remarkable and strong growth in exposure, popularity and achievements for women's football, driven by major national team tournaments (e.g., 2019 FIFA Women's World Cup¹⁹) and unprecedented global television viewership¹⁶. Furthermore, a new world-record transfer was realised with FC Barcelona buying Keira Walsh from Manchester City for a € 0.4 million fee.

The emergence of women's football is also noticeable on a national level. With over 50,000 associated members¹⁷, football is the most popular team sport for women in Belgium. The Royal Belgian Football Association aims at reaching 80,000 associated members by 2024, which would be a doubling of the amount of members since 2019. In 21/22, 1,448 youngsters (born in 1999 or later) joined the (youth) women teams of Belgian clubs, which is line with the growth of 20/21. The professional women's league, Lotto Super League, consisted out of 10 clubs in 21/22 with RSC Anderlecht Women claiming the championship titles for both the 21/22 and 22/23 season. In terms of revenue mix, there is a distinct difference between the men's league and women's league, with women's football being more dependent on commercial (i.e., 12% vs. 19%) and broadcasting revenues (i.e., 25% and 38%). Hinting that future revenue growth of the women's game will partially be dependent on robust commercial strategies¹⁸. Currently, 72% of clubs reported having negotiated commercial contracts for the women's team separate from the men's team, which led to larger commercial revenues on average¹⁸.

Looking forward, starting from season 23/24, the Pro League will be responsible for organising the Lotto Super League. In addition to the Jupiler Pro League, Challenger Pro League and Crocky Cup, the Lotto Super League will be introduced as their fourth national football competition. The competition, starting in August 2023, will serve as the official Belgian women's league, featuring 10 different teams competing for the cup. The competition, featuring quality teams and enhanced visibility, aims to inspire more girls to play football and to contribute to the development of a larger talent pool in the future. Moreover, the Pro League plans to progressively increase the number of participating teams in the upcoming years¹⁷.



¹⁶ Euronews: <https://www.euronews.com/2023/03/02/international-womens-day-womens-football-rise-in-popularity#:~:text=2022%20was%20a%20massive%20year,at%20an%20all%20time%20high>.

¹⁷ Sporza: <https://sporza.be/nl/2023/05/09/pro-league-neemt-lotto-super-league-in-handen-topcompetitie-maken-die-speelsters-doet-dromen~168362360,242/>

¹⁸ Deloitte Football Money League: <https://www2.deloitte.com/uk/en/pages/sports-business-group/articles/deloitte-football-money-league-women.html>

¹⁹ FIFA publication <https://publications.fifa.com/en/annual-report-2021/around-fifa/womens-football-2021/>

5. Socio-economic impact



Social impact

Football & Community

Introduction

Football plays an important role in society by fostering connections, bringing people together regarding a common goal and creating a sense of community. The Pro League and its clubs further increase the societal impact of football via structural projects with impactful partnerships.

The Pro League's commitment to society, known as Football & Community, revolves around 6 key pillars: sustainability, equality, fans, accessibility, diversity, and health & security. Forming partnerships and actively involving fans and clubs are essential in the creation of meaningful local and regional societal impact.

The Pro League annually grants the 'Football & Community label' upon clubs that have excelled in the development of exemplary social programs. This award serves as a testament to the clubs' commitment to creating a positive impact for their communities and highlights their dedication to promoting social well-being via football. Starting from 2022, the Football & Community label was categorised into three distinct categories (Gold, Silver and Bronze) according to the quality of the respective programs.

In 21/22, the Pro League supported clubs in their social engagement for a total amount of € 150,000²⁰, a strong increase compared to the budgets of 20/21 (i.e., € 135,000) and 19/20 (i.e., € 100,000). When looking over the course of 5 years, the Pro League has doubled its amount of monetary support, acknowledging the increasing efforts Belgian clubs have made to fulfil their important role in society.

A closer look into the number of social projects implemented by Belgian clubs reveals a clear dedication to their societal responsibility, which continues to grow each year. A total of 311 projects were implemented in 2022, up from 296 in 2021, thereby surpassing pre-pandemic levels (i.e., 300 in 2019). Altogether, the clubs have dedicated a total budget of € 2.5 million (i.e., + 8%) to these projects, involving 96,500 participants. G-football, football for people with a physical, mental, and/or intellectual disability, is one of these societal engagements. Collectively, clubs are supporting 35 G-teams (i.e., + 17 compared to 2021), which gives the opportunity to 779 G-footballers (i.e., + 233 compared to 2021) to partake in football.



311 social project

Up from 296 in 20/21



2.5 € million

Budge for social projects and solidarity payments, an 8% increase



96,479 participants

to social projects



35 G-teams with 779 G-footballers

Twice as much as in 20/21



99 amateur clubs supported

18,000 participants reached

²⁰ Pro League: <https://www.proleague.be/nl/pl/nieuwsbrief-football-community-juli-2022>

Impact on local amateur clubs

Amateur football is of great significance in Belgium, as it engages 4.3% of the population, surpassing the participation rate of France (i.e., 3.3%)²¹. Flanders plays a pivotal role with almost half (i.e., 48%) of the members, while Wallonia follows closely behind with 33%, and Brussels contributes 19% to the thriving amateur football community.

Despite their vital role in both sports and community engagement, amateur clubs are enduring financially dire times. The café near the field is the main source of revenue for 77% of the clubs, which was severely impacted by the COVID-19 restrictions²¹. Therefore, there is a distinctive need for additional support in order to ensure that the amateur clubs can maintain and further increase their societal role. The professional clubs and the Pro League are for that reason increasingly contributing to the functioning of their local amateur clubs.

Through collaborative efforts and a foreseen budget of € 540,000, professional clubs have extended their support to 99 amateur clubs involving a staggering 18,018 participants for the season 21/22. The collaboration between professional and amateur clubs signifies the unity within the football community and highlights the commitment of professional clubs to a thriving football ecosystem in Belgium.

Eleven United

In 2022, the Pro League launched their third season of the "Football & Community magazine", featuring short videos showcasing the social projects carried out by Belgian professional clubs. This magazine, known as Eleven United, provides an insight into the wide-ranging and social initiatives undertaken by the Pro League clubs and their partners. The topics covered span areas such as education, diversity, anti-racism, health, inclusion, environment, supporter engagement, and drug prevention.

²¹ Voetbal Vlaanderen: <https://www.voetbalvlaanderen.be/nieuws/negen-op-de-tien-clubs-bevestigen-de-impact-van-covid-op-hun-financien>



Fans

Enthusiastic fans remain the cornerstone of any football club, as they passionately carry the spirit and essence of their team and become the 12th player of the team. Within Belgium, football occupies a special place in the hearts of many fans, embodying a meaningful and enduring connection as the nation's most beloved sport.

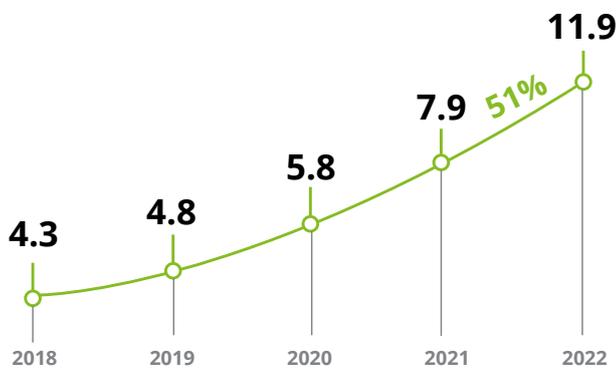
As highlighted in the previous report, Belgian professional football clubs were compelled to adapt to the challenges posed by the ongoing COVID-19 pandemic, leading to reduced opportunities to connect and interact with fans. Consequently, clubs have increased their efforts to explore digital avenues in order to engage with their fan base and keep the fervent passion for their club alive. This trend of digitalization is exemplified by the exponential expansion of social media followers among Pro League clubs.

The total number of social media followers has surged to 11.9 million in 2022, representing an increase of + 51% (i.e. + 4 million), which is significantly higher than the growth rates observed in 2021, 2020, and 2019 (i.e., 36%, 21% and 12% respectively). In today's digital landscape, clubs leverage a diverse range of digital

platforms (Facebook, Instagram, Twitter, LinkedIn, TikTok, YouTube, etc.) to effectively communicate, enabling them to tailor their content strategy and messaging to cater to their specific target fan base. Notably, the surge in the total social media followers in recent years can be attributed to the emergence of TikTok, accounting for the largest proportion of followers in 2022 (i.e., 33% of all social media followers). Moreover, these TikTok followers are mainly concentrated within 2 football clubs, RSC Anderlecht with 2.2 million followers, followed by Club Brugge with 1.1 million followers.

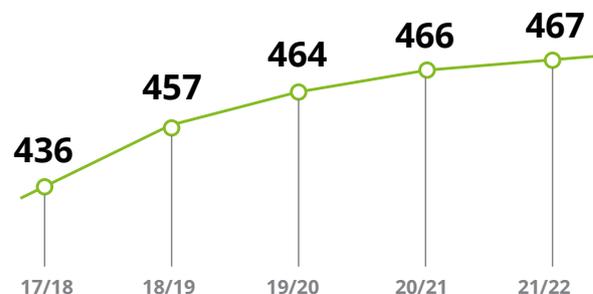
Aside from digital engagement, fans also seek out physical gatherings with fan club members that share the same club passion. The growth of new fan clubs has however stagnated over the past years, underlining the trend towards a more digital era. In the 21/22 season, the number of fan clubs stayed almost at the same level (i.e., 467) with some clubs even reporting a decline in amount of fan clubs.

Figure 27: Evolution of total followers on social media of Belgian professional football* (million)



(*) Social data from RE Virton & RE Mouscron not available in 21/22

Figure 28: Evolution of total fan clubs of Belgian professional football*



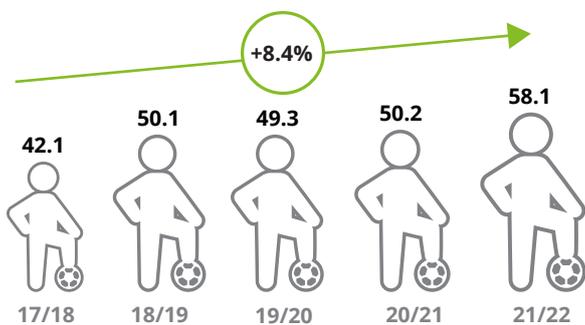
Youth

The positive social effects of introducing young people to football are manifold. It cultivates valuable life skills (e.g., discipline, teamwork, friendship, perseverance, etc.), promotes social integration, instils positive values like responsibility and leadership, and offers pathways for personal and professional growth. Besides the societal impact, there is an economical motivation for clubs to invest in youth development as the Pro League is increasingly being reputed as one of the preferred transfer partners for the 'Big Five' leagues. For the reasons mentioned above, talent identification and development have become a key enabler for the success of many Belgian clubs, both on a national and international level. Therefore, this section aims to provide insights into the investments made in youth development, the number of youth players under contract and the impact they have made on the national competition. A more detailed analysis on the relevance of youth development in the transfer policy of the Pro League can be found in our use case: Deep dive on the Belgian transfer market.

Over the past 5 seasons, total investments of Belgian clubs in youth development have gradually increased at an annual growth rate of 8.4%. This steady growth has led to a total investment of € 58.1 million in 21/22 (i.e., + € 7.9 million compared to 20/21). The invested amount needs to be offset to the legally required amount needed to recover the withholding tax for player salaries. With a total investment of € 58.1 million, clubs easily surpass the legal requirement²² of € 30.5 million and showcase their commitment to developing young talent. Moreover, it is noteworthy that despite the significant impact of the COVID-19 pandemic on club revenues in recent years, Belgian clubs have consistently increased their budget allocation for their youth players (i.e., total operational revenues have grown yearly by 4% whereas the investments in youth development have grown by 8%).

More than half (i.e., 54%) of the investments in youth development for season 21/22 stem from the G6 clubs. K12 and 1B clubs invested € 20.4 million and € 6.5 million respectively, with 1B clubs investing nearly three times more than legally required. In 21/22, more than 50% (i.e., 754) of all players under a full-time

Figure 29: Evolution of total investments of Belgian clubs in their youth (€ million)



²² Legal requirement = Starting from the income year 2022, 55% (previously 50%) of the non-transferred withholding tax must be compulsorily allocated to the training of sports practitioners under the age of 23. The remaining 45% is freely expendable by the sports clubs.

or part-time contract were under 23 years old. Of these young players, 49% or 367 players are playing for a G6 club, 36% or 269 players for a K12 club and 15% or 118 players in a 1B club. A total number of 359 young Belgian players (under 23 years) were under a full-time or part-time contract, showing a 22% increase compared to the previous season.

Young players amassed a total of 164,539 minutes for the season 21/22 or 18.9% of the total playing time. The distribution in playing minutes between the age groups remained relatively the same opposed to last season, as visualised in figure 31. Off all minutes played by players under 23 years old, 42% or 68,440 minutes were played by players bearing the Belgian nationality, which is down 24% opposed to last season.

Figure 30: Amount of young players per club type in 21/22

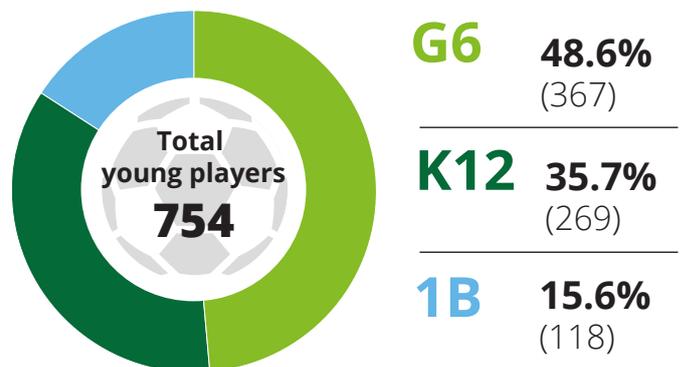
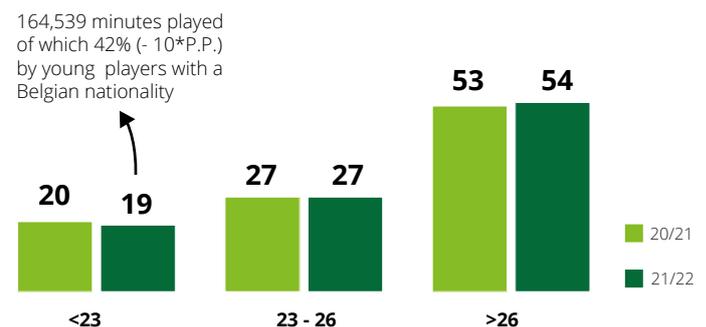


Figure 31: Percentage of minutes played per age group in 21/22



Economic impact

The comprehensive model used to assess the economic impact of the Pro League and Belgian football clubs considers direct, indirect, and induced impact across four key economic indicators: gross output, gross value added, employment, and tax contribution. This model captures the overall value generated by the football industry itself, its supply chain, and the impact on households associated with these industries. The methodology section, included in Appendix, provides a complete overview of the model and computations.

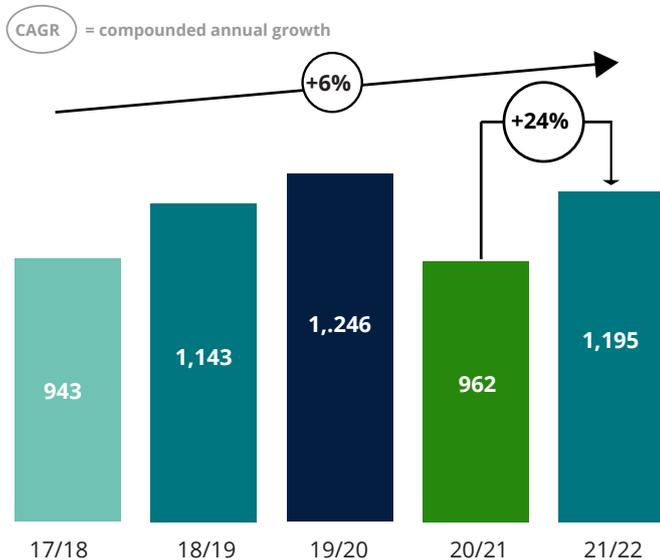
The methodology incorporates two types of multipliers as defined by the Belgian Federal Planning Bureau: input-output multipliers and National Accounting Matrix multipliers.



Gross output

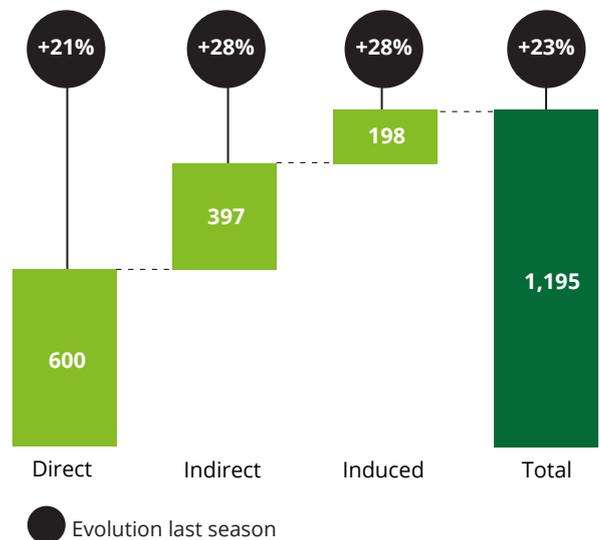
The total economic impact of professional football in Belgium, as measured by the gross output, reached nearly € 1.2 billion in season 21/22. Showcasing a strong recovery of + € 233 million (i.e., + 24%) compared to the previous pandemic season, which had heavily affected the Belgian clubs' operating model and resulting revenues. The rebound was largely driven by a substantial increase in ticketing (i.e., + 149%) and commercial (i.e., + 160%) revenue streams, but was not sufficient to match pre-pandemic levels of 19/20. The gross output has increased by 27% across the past 5 seasons, demonstrating the increasing significance of football in the Belgian economy.

Figure 32: Evolution of gross output for Belgian professional football (€ million)



The breakdown, as visualised in figure 33, illustrates the relative importance of the direct impact on the total gross output generated. The direct impact measures the revenues generated by the Belgian football clubs and Pro League, which can boost indirect and induced impact by capturing the output from the rest of the supply chain and employee/player spending back into the economy. Direct gross output amounted to € 600 million, up 21% from the season 20/21. It is important to note that this direct impact, or operational output, excludes governmental support (i.e., subsidies). An additional attention point is that transfer revenues are included in the direct impact, but not factored into the calculation of the indirect and induced gross output. The analysis of the direct gross output reveals that the largest contributors are transfer revenues (i.e., 32%), other operational revenue (i.e., 23%), and broadcasting (i.e., 17%).

Figure 33: Build-up of gross output for Belgian professional football in 21/22 (€ million and % compared to previous season)



Gross value added

Gross value added to the Belgian economy by Belgian professional football clubs reached € 759 million in 21/22, a strong increase of € 98 million (i.e., + 15%) compared to the 20/21 season. Paid salaries (i.e., + 13%) and corporate taxes (i.e., + 102%) have driven this increase in gross value added. It can be noted that Belgian professional football is not yet fully recovered to the pre-pandemic levels of 19/20, as still a difference of - 9% (i.e., - € 77 million) persists. This can primarily be attributed to, on average, a lower profitability of the clubs.

Figure 34: Evolution of gross value added for Belgian professional football (€ million)

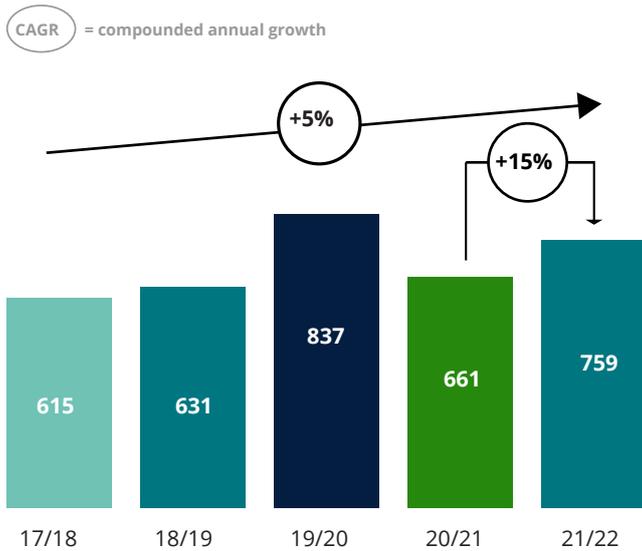
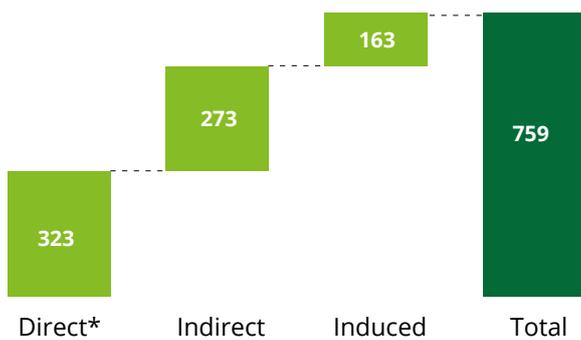


Figure 35: Build-up of gross value added for Belgian professional football in 21/22 (€ million)



(*) Direct impact is the sum of the total salary costs incl. referees, result after taxes and corporate taxes



Jobs

In the 21/22 season, the Pro League and Belgian clubs collectively provided a total of 5,136 jobs, marking an increase of 642 jobs (i.e., +14%) compared to the 20/21 season. Since 17/18, employment has consecutively grown each year by 8% on average. The only decrease in employment was reported in season 19/20, which can partially be attributed to the unavailability of data from R.E. Virton, KSC Lokeren, and SF Roeselare.

The importance of direct job creation, or the amount of employees that clubs directly employ, is highlighted by the large relative share in the total job creation of 48% or 2,490 jobs. Football players make up 41% of the direct workforce on average, slightly lower than the 20/21 season's 42%. The remaining 59% consist of all other employees working for the clubs such as bartenders, sportive staff, executives, The composition of direct employees varies according to club category, with G6 clubs having the lowest proportion of football players, accounting for 34% of their workforce. K12 and 1B clubs have less surrounding or supportive staff for their players, with football players accounting for 43% and 52% respectively.

Indirect job creation contributes 1,886 jobs (i.e., 37%), while induced job creation accounts for 15% or 759 jobs.

Figure 36: Evolution of jobs by the Pro League and Belgian clubs

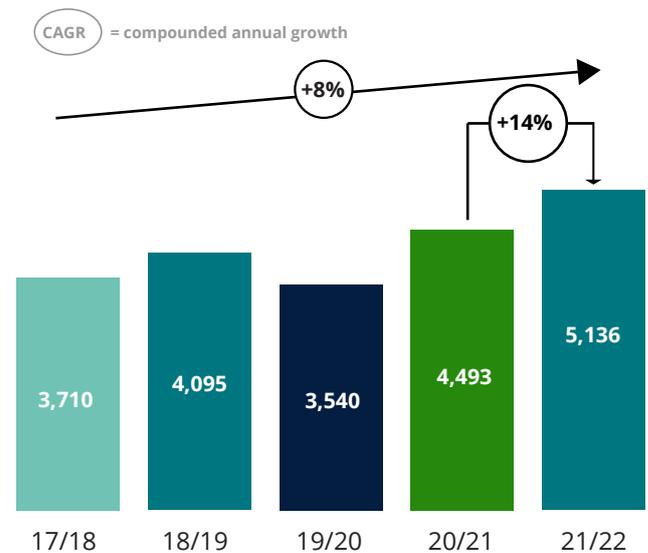
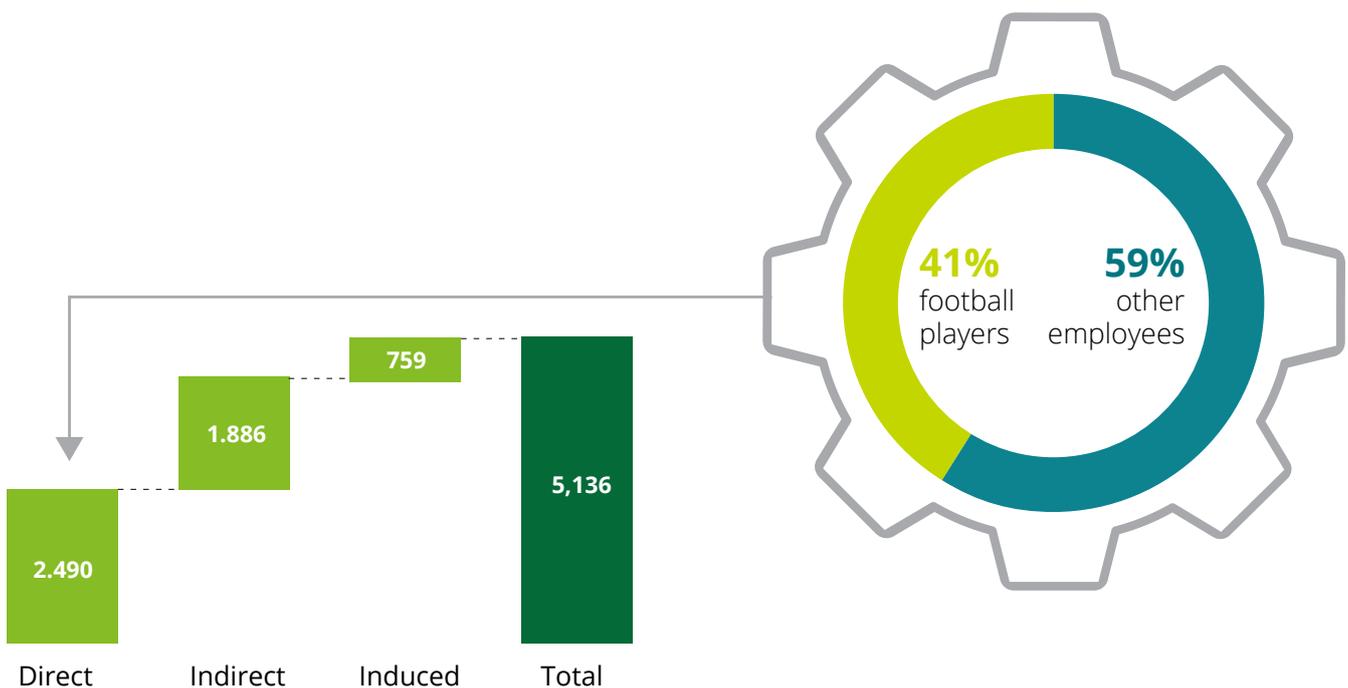


Figure 37: Build-up employment and split direct employees



Tax contribution

Belgian clubs contribute to the Federal budget via 4 distinct tax systems, being corporate income tax, payroll tax, national insurance (i.e., social contributions) and value-added tax (VAT). In season 21/22, the total combined tax amount reached € 117 million, marking a significant increase of € 27 million (i.e. + 30%). This elevation in tax contribution mainly originates from the fiscal reforms, as discussed in previous chapters of this report, which covered the span of half a season for 21/22. It is expected that these contributions will increase in 22/23, given they will affect the entire season. It's important to note that these fiscal reforms are applicable to the entire sports industry and not solely to professional football.

The corporate income tax paid by clubs reached € 5.5 million for 21/22, which is twice the contribution from season 20/21. Looking into the past 5 seasons, only 19/20 was able to realise a higher corporate tax contribution (i.e., € 15.3 million).

Both payroll taxes and social contributions had the largest absolute increase in contributions in 21/22, of respectively € 10.8 million and € 15.3 million. These contributions are positively correlated with the payroll costs of the clubs. Payroll costs were most heavily impacted by the reforms as social contributions are no longer calculated on a maximum monthly salary of € 2,474 and as the rate of the tax withholding that was exempted from pass-through was adjusted downward to 75%. Besides the reforms, the increase in players under contract also caused payroll costs to rise to a total of € 373.9 million (i.e., + 14%). These effects bring the overall amount of payroll taxes and social contributions to € 58.1 million and € 41.9 million respectively.

The VAT balance, taking into account VAT owed and VAT deductible, gives an overview on how much Belgian professional football directly contributes via their added value. For the season 21/22, VAT contributions reached € 11 million, a € 1.6 million decrease compared to the previous season. Total VAT paid, amounting to € 101 million, gives a good overview of the total VAT paid throughout the entire supply chain of professional football.

Unfortunately, it is not possible to assess the indirect and induced tax impact due to a lack of available data. Therefore, it is anticipated that the actual tax impact of the Pro League clubs on the Belgian economy exceeds the figures presented in this section.

Figure 38: Taxes paid by Belgian professional football in 20/21 and 21/22 (€ million)





Closing words

This report is the result of a fruitful and enjoyable collaboration with the Pro League, which has grown over the years. Firstly, we would like to express our sincere appreciation to the Pro League organisation for their efficient collection of the necessary financial, economic, and social data, as well as their responsiveness.

Secondly, we extend our appreciation to Royal Antwerp FC for providing an exceptional environment and facilitating the press conference.





Appendix





Scope

This report assesses the socio-economic impact of the Belgian football clubs competing in 1A (Jupiler Pro League) and 1B (Challenger Pro League), as well as the Pro League as an organisation. When making conclusions or analysis of any kind, this report refers to these beforementioned professional clubs, unless explicitly mentioned otherwise. It does not intend to show any conclusions on the economic value generated by the RBFA (i.e., Royal Belgian Football Association).

When describing the 1A (Jupiler Pro League), this report makes a distinction between the G6 and K12. The G6 refers to the top 6 teams based on their sportive result over the last 5 seasons, which, for the 21/22 season, include Club Brugge, KRC Genk, KAA Gent, RSC Anderlecht, Royal Antwerp FC, and Standard de Liège. The K12 includes the remaining twelve clubs in 1A.

The following data sources helped with building this report:

- Financial data from annual reports (balance sheets, income statements and cash flow statements)
- Employment data from social balance sheets
- Investment and community data from surveys sent out to the Belgian football clubs
- Economic indicators set forth by the Belgian Federal Planning Bureau

The data used for this report includes the previous 5 seasons (17/18, 18/19, 19/20, 20/21, and 21/22). Data on the season 21/22 includes 25 clubs (18 from 1A and 7 from 1B). The related impact of the 1B Pro League will be explained in the different sections, where applicable.

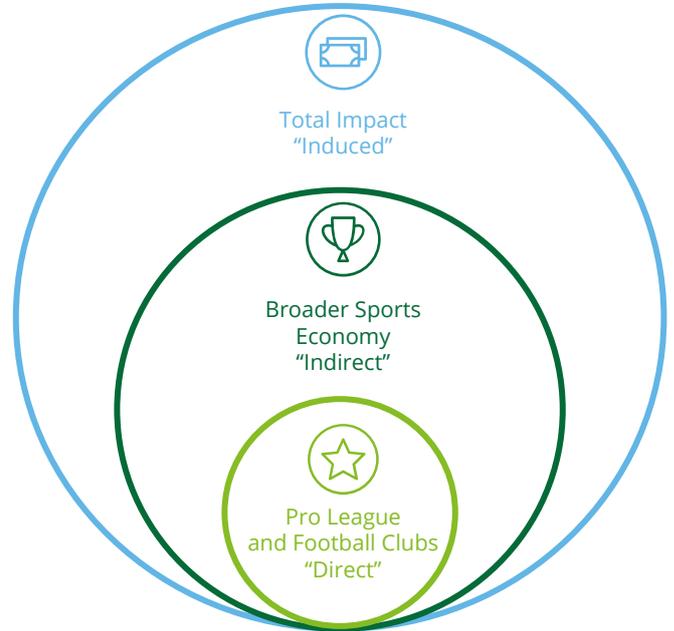
Methodology

The economic impact assessment measures three different dimensions of economic influence: the direct, indirect and induced impact.

- **Direct impact:** the industry itself produces a certain impact, by conducting business within the economy, creating gross output, value added, jobs and tax revenues.
- **Indirect impact:** the industry's supply chain generates gross output, value added, jobs and tax revenues as an indirect consequence of the industry itself.
- **Induced impact:** households benefitting from the industry and its supply chain have increased spending power which generates additional output, value added, jobs and tax revenues.

As indicated in the description above, four economic indicators make up the total economic direct, indirect and induced impact:

- **Gross Output** measures the total output generated by the existence of the Belgian professional football industry. It reflects the revenues generated over the entire supply chain, so including both the gross added value and intermediate consumption.
- **Gross Value Added** measures the value of goods and services produced, but does not include the intermediary consumption. It indicates the contribution to Gross Domestic Product (GDP). Profits, taxes and payroll costs make up the gross value added.
- **Employment** indicates the jobs provided by the Pro League and professional football clubs.
- **Tax contribution** investigates the impact of the industry on taxes from both generated sales and employment.



	Gross output	Gross value added	Employment	Tax contribution
 Direct	Club revenues from selling a beer to the fan	The club makes a profit on the beer sold and pays its employees	An employee of the club working in the stadium bar	The club paying taxes
 Indirect	Revenues for the vendor of hamburgers outside the stadium	The vendor of hamburgers makes a profit on his business and pays his employees	An employee working for the vendor of hamburgers	
 Induced	Household spending from the club employee working at the bar thanks to his/her wage	The market generates additional profits and pays additional wages thank to the club employee spending his/her wage	An employee hired due to the spending of the wage of the club employee	



To calculate the direct, indirect and induced impact of the economic indicators, the methodology makes use of two different types of multipliers defined by the Belgian Federal Planning Bureau: the input-output multipliers and the National Accounting Matrix multipliers. Applying input-output models on the direct impact quantifies this additional impact. Wassily Leontief, Nobel Prize winner, developed this input-output model. It is a quantitative technique to measure interdependencies between different sectors in an economy. National economic bureaus often use the model to calculate varying economic indicators, among them GDP. While input-output models look at the impact of companies and their supply chain within an economy, the National Accounting Matrix (NAM) takes this a step further, taking into account all economic actions taken in an economy during a certain period. It estimates household income and its effect on top of the original impact on the supply chain. The input-output multipliers were updated in 2019 in order to provide an up-to-date and accurate view of the current economic situation. The impact due to the change in multipliers was explained in the 2020-report for each economic indicator to ensure transparency and comparability with the results from the previous report (2019).

The total value of Belgian professional football exceeds the sum of its parts.

The large participation of the Pro League and its clubs in social initiatives creates an additional positive effect on the Belgian economy. However, quantification of that impact is rather difficult. Stories of the community creation, fan clubs and youth working illustrate the additional value created by the industry. The annual reports of the football clubs and Pro League deliver the data for gross output and value added, while surveys provide the necessary information on employees in their different functions. The computations in this report conform to the guidelines outlined by the Belgian Federal Planning Bureau.^{23 24} The analyses also used working papers on the theory behind input-output model.^{25 26}

Some caveats on the economic computations include:

- Multipliers are calculated based on a measured total production over the period of a year and show average relations.
- The used multipliers for NACE code 93 include industries other than professional sports, such as the fitness industry. This multiplier is used as a proxy because for the sub-industry professional sports, there is no specific multiplier.
- The multipliers only contain effects that happen up-stream. Down-stream effects are neglected. This should have minimal impact on the professional sports industry, which is generally very close to the end of the supply chain.
- A multiplier is a relationship between the initial effects on output, GVA or employment and the total effect. For this reason, a high multiplier value could indicate large total effects (numerator) or low initial effects (denominator).

²³ Belgian Federal Planning Bureau (2016). Multipliatoren: handleiding.

²⁴ Belgian Federal Planning Bureau (2016). NAM-multipliatoren: handleiding

²⁵ Avonds L., Belgian Federal Planning Bureau (2013). Working Paper 10-13. Bijdrage van de componenten van de finale vraag tot het bbp 1995,2005

²⁶ Avonds L., Hambÿe C., Hertveldt B., Michel B., Van den Cruyce B. (2016). Working Paper 5-16. Analyse van de interregionale input-puttabel voor het jaar 2010.

Direct impact

Responding to the demand for professional football, the football clubs themselves generate direct effects, the initial impact. The last available financial year 21/22 is used for gauging direct output and direct gross value added generated.

Direct gross output

The revenues of the football clubs generated by the following sources sums up to the direct gross output:

- Gate receipts & season passes revenues
- Broadcasting revenues
- Sponsoring & advertisement revenues
- Commercial revenues
- UEFA prize money

Subsidies received by the State or the benefits of the reduced payroll taxes enjoyed by athletes in Belgium, are not included, even though they appear as a revenue source.

Direct gross value added

The sum of profits before tax and total wages & salaries calculates GVA (i.e., gross value added). As such, the GVA indicates the “value added” to the economy to answer the question: “How much value does this activity bring to participants in the economy?” These participants are (1) providers of capital and the State and (2) households, in line with the common beneficiaries of profits before tax and wages & salaries. The GVA also avoids overlap with the gross output, as the cost of goods sold, which occurs as revenues for suppliers, is not taken into account.

Direct jobs

The amount of FTEs working for the football clubs account for the direct jobs created. Additionally, a questionnaire filled out by the Belgian football clubs sheds more light on the category of the FTE's.

Direct taxes

Annual reports and tax returns give an accurate estimation of the tax contribution of Belgian football clubs and the Pro League. The total sum contributed to the State includes 4 relevant buckets of tax contribution:

- Corporation tax
- Payroll and income taxes
- National health insurance contributions
- Value added tax (VAT)

As the data on payroll and income taxes of non-player employees of the football clubs is not available for the smaller clubs, we are making an estimation based on larger clubs applied taxes to wages rates for those employees, resulting in an average of 27.8%.





Indirect impact

As Belgian professional football clubs sell goods and provide services to their customers, other industries benefit by supplying the football clubs. Other occurrences such as a football supporter in need of a hotel room, generate an indirect impact. Particular industries impacted by the existence of professional football in Belgium are the hospitality, construction, retail of sportswear, media & entertainment, medical services and gambling industries

Indirect gross output

As output generated by the football industry increases, the sector will call upon its suppliers to increase production, who then turn to their suppliers for increased production. The Leontief input-output model provided by Belgium's national planning bureau in its open datasets can calculate the cumulated effect of direct and indirect revenues. The relevant sector for the professional football industry corresponds to the NACE code 93. The total effects are estimated by using the output multiplier for industry with NACE code 93, being 1.97. Concretely, this means that every € 100 generated in direct revenues in the sports industry, corresponds to € 97 of indirect revenues in the economy. An important caveat to bear in mind when considering the total output is the possibility of double counting.

Indirect gross value added

Similarly to indirect output, an increase in GVA in the football industry will lead to an increase in GVA in the overall supply chain. As the Belgian Federal Planning Bureau does not provide a precise multiplier for GVA in her 5-yearly calculations, the income multiplier for primary inputs serves as a proxy. This multiplier is very similar to GVA because of how primary inputs are calculated: GVA + Taxes & Subsidies on intermediary production. The GVA input-output multiplier of Type I for NACE code 93 is 1.84, meaning that for every € 100 in direct GVA generated in the sports industry leads to € 84 of indirect GVA generated in the economy. For economic value creation, GVA is a much more solid metric than output, as it does not include any double counting from cost of goods sold by suppliers.

Indirect jobs

The official data from the Belgian Federal Planning Bureau shows the indirect effect on employment, by looking at industry specific employment multipliers. The relative employment multiplier of Type I at 1.76 estimates that for every FTE job created by the sports industry, an additional 0.76 FTE equivalent is created.

Indirect taxes

Indirect taxes are taxes generated by the existence of the Belgian professional football clubs. This report will not attempt to estimate these effects for most taxes due to a non-availability of economic indicators, but does include the total VAT paid as an estimation of the VAT paid over the entire supply chain of the football industry. However, it is important to note that there are more taxes generated due to Belgian professional football than first meets the eye.

Induced impact

As household income rises due to the provision of labour, so does household spending. While not all household income will be spent, the National Accounting Matrix provided by the Belgian Federal Planning Bureau allows to estimate the total effect of spending of wages and capital earned from the sports industry on the economy.

Induced output

The cumulated effect of direct, indirect and induced output is located in the NAM-matrix, being 2.46 for Belgian sports industry (NACE code 93). Concretely, this means that every € 100 generated in output by the professional Belgian football clubs, corresponds to a generation of € 246 in total as a result of direct (€ 100), indirect (€ 97) and induced output (€ 49).

Induced gross value added

The same logic applies as in "Induced Output", with the multiplier for cumulative direct, indirect and induced GVA being 2.35. This means that for every € 100 generated in GVA by the professional Belgian football clubs, corresponds to a generation of € 235 in total because of direct (€ 100), indirect (€ 97) and induced GVA (€ 38). Caution is necessary when looking at induced GVA for the professional football industry, as spending patterns of high net worth professional football players may not entirely correspond to normal spending patterns.

Induced jobs

The cumulated effect of direct, indirect and induced jobs is also in the NAM-matrix of the Belgian Federal Planning Bureau. The relative employment multiplier of Type II for the Belgian sports industry (NACE code 93) at 2.06 indicates that for every FTE in the Belgian professional football clubs, an additional 0.76 FTE exists throughout its supply chain while 0.3 FTE exists as a result of the spending of disposable income.

Induced taxes

Similar to indirect taxes, no attempt is made to estimate these in the current edition.





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