

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

June 2021

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Foreword



Pierre François
CEO Pro League

Despite the COVID-19 crisis which has had a strong impact on the football world over the past year, it is important to note that clubs have continued to increase their economic impact during the 19/20 season, notably thanks to a very dynamic transfer market. Our clubs' revenues, although impacted by the crisis, remained stable thanks to a significant growth in UEFA revenues.

In these difficult times, clubs have been able to undertake a number of initiatives to support people in need during this health crisis. This year's edition sheds light on the social contribution of Belgian clubs in this particular context.

Faced with ever-increasing expenses for players' salaries and agents' commissions, clubs will certainly and without delay have to show rigour and control in order to overcome this crisis. Furthermore, the pressure of the COVID-19 crisis on transfers reinforces the need for clubs to focus more on developing young talent in national academies rather than attracting foreign talent.

The fourth edition of Deloitte's "Report on the socio-economic impact of the Pro League on the Belgian economy" provides an insight into the evolution of our business in recent seasons, as well as presenting the first effects of the COVID-19 crisis on our clubs. The impact of the crisis on the following seasons is also considered.

Pierre François
CEO Pro League



Sam Sluismans
Partner Deloitte Belgium

Belgian professional football clubs recorded (only) a slight decrease in their operational revenues in the season 19/20, despite COVID-19, thanks to the successful European campaigns of a few of our Belgian clubs. The substantial transfer result was the main driver of the increased economic impact, illustrated by the fact that more than €1,2 billion was spent in the Belgian economy thanks to the existence of Belgian professional football in 19/20.

While the lower transfer activity will accentuate the decrease in revenues for 20/21, the deal with Eleven Sports will compensate for a part of the net impact of COVID-19 for the clubs. However, in the face of declining revenues and increasing salary costs and agent fees, it will now be essential for the financial survival of clubs to control their costs.

At the same time, Belgian clubs will have to adapt to a changing European landscape. Indeed, the structure of European football is evolving significantly, with the introduction of the UEFA Europa Conference League in 21/22, and the recently announced changes to the format of the Champions League starting in 24/25. Maintaining our position in the top 10 of the UEFA club ranking will be important to not see our access to the top flight in European football restricted.

Despite the COVID-19 crisis, the Pro League and the Belgian clubs were able to play an important social role by developing meaningful social projects for people in need. Furthermore, we see that Belgian clubs continue to focus on their young players, with investment increasing over the last few years.

Sam Sluismans
Partner Deloitte Belgium

Executive Summary

Evolution of professional football: Key numbers from season 19/20

Total revenues

€373,5 million

a slight decrease compared to 18/19 (-1,3%)

Ticketing and commercial revenues decreased by

€16 million

in 19/20 compared to the previous season, due to the COVID-19 crisis

Broadcasting amounted to

€79,5 million

accounts for 21% of total revenues

Sponsoring revenues

€76,4 million

UEFA prize money

€79,3 million

(+25% increase due to successful European campaigns in 19/20)

Estimated impact of COVID-19 on Belgian professional football revenues represents a decrease of between

21% - 33 %

of one season's total revenues, i.e. a decrease of between €80 million and €120 million, spread over the seasons 20/21, 21/22 and potentially 22/23

Player salaries

€236,5 million

(average gross annual salary of €249,000)

Payroll cost / revenue ratio

61,2%

Net transfer result

€109,2 million

Agent fees

€46,6 million

Top 5 agents

31%

of total commission fees

12 clubs

with a Belgian majority shareholder
(at 15/03/2021)



Key messages economic impact

Gross output

€1,25 billion

Gross Value Added

€837 million

Jobs

3.540 jobs

Net Contribution

€100 million

VAT Generated

€122 million

Key messages social impact

Community & Social Responsibility

Social projects in 2020

191

(strongly impacted by the COVID-19 crisis)

Annual budget made available

€1,9 million

Fans

Registered fan clubs

462

Social media followers

5,8 million

Youth players

Number of minutes played

74.935

(11% of total minutes played)

Number of youth contracts

275



Introduction

In line with the previous editions, our fourth report focuses on assessing and describing the economic and social impact of football in Belgium.

We will look into the financial development of the Pro League and its professional clubs in terms of revenues and player salaries. Transfers and related agents' commissions will be investigated in order to understand the evolution of this vital element in the business model of the Belgian clubs. In the chapter on the economic impact, we will examine how these financial evolutions translate in gross output, value added, jobs and tax contributions to our Belgian economy.

The social role of football is growing in parallel with its economic impact, and our report aims to provide an overview of the social contribution from both the Pro League and the professional clubs.

Inevitably, this report will also seek to understand the impact that the COVID-19 crisis has had on the Pro League and the professional football clubs, on the various revenue and cost factors. Our report gives an overview of the financial consequences of this crisis on the Belgian professional football, which will be spread over different seasons (19/20, 20/21 and 21/22). The first effects of the COVID-19 will be seen in this year's report, which covers data from the season 19/20.

Scope

This report assesses the socio-economic impact of the following actors:

1. The Belgian football clubs in the First Division A (Jupiler Pro League)
2. The Belgian football clubs in the First Division B (1B Pro League)
3. The Pro League as an organization.

It does not intend to show any conclusions on the economic value generated by the RBFA. This report refers to the Belgian professional football clubs mentioned in (1) and (2) as the clubs, unless explicitly mentioned otherwise.

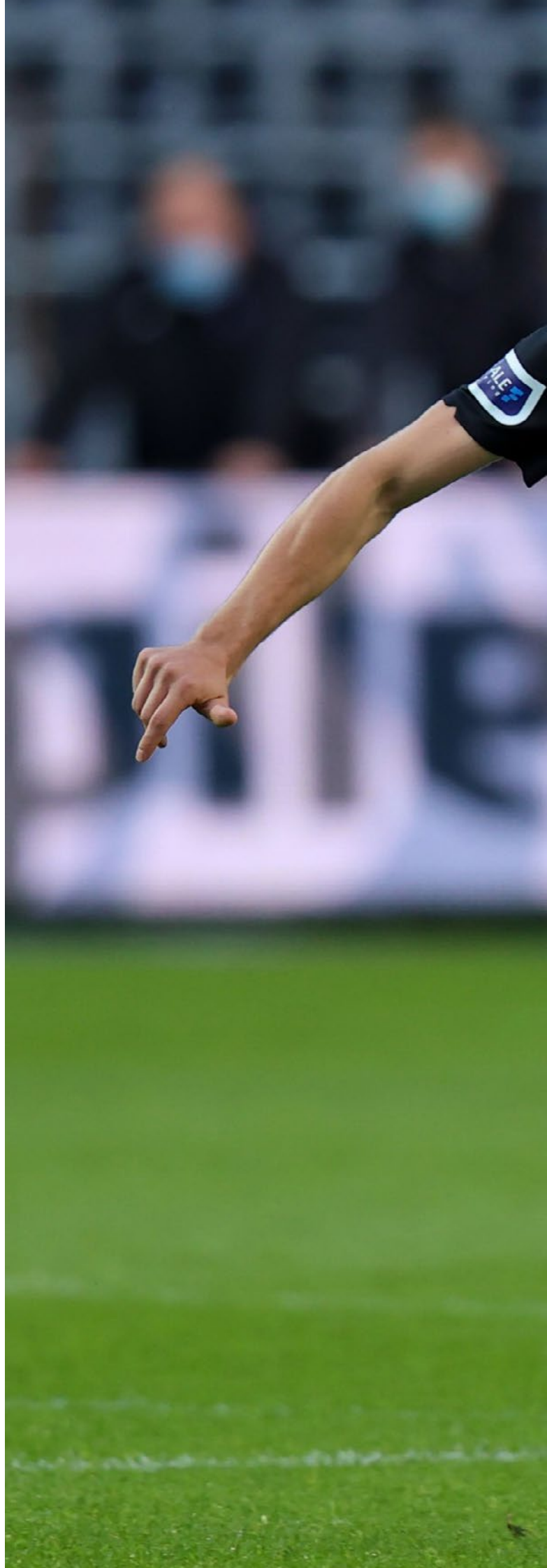
Note that at some points this report will also make a distinction in the Jupiler Pro League between the G5 and K11 clubs. The G5 clubs are the five teams that have obtained the best sportive results over the last five seasons. The clubs in question are RSC Anderlecht, Club Brugge, KAA Gent, KRC Genk and Standard de Liège. The remaining eleven clubs in the First Division A make up the K11 (based on the season 19/20).

The following data sources helped with building this report:

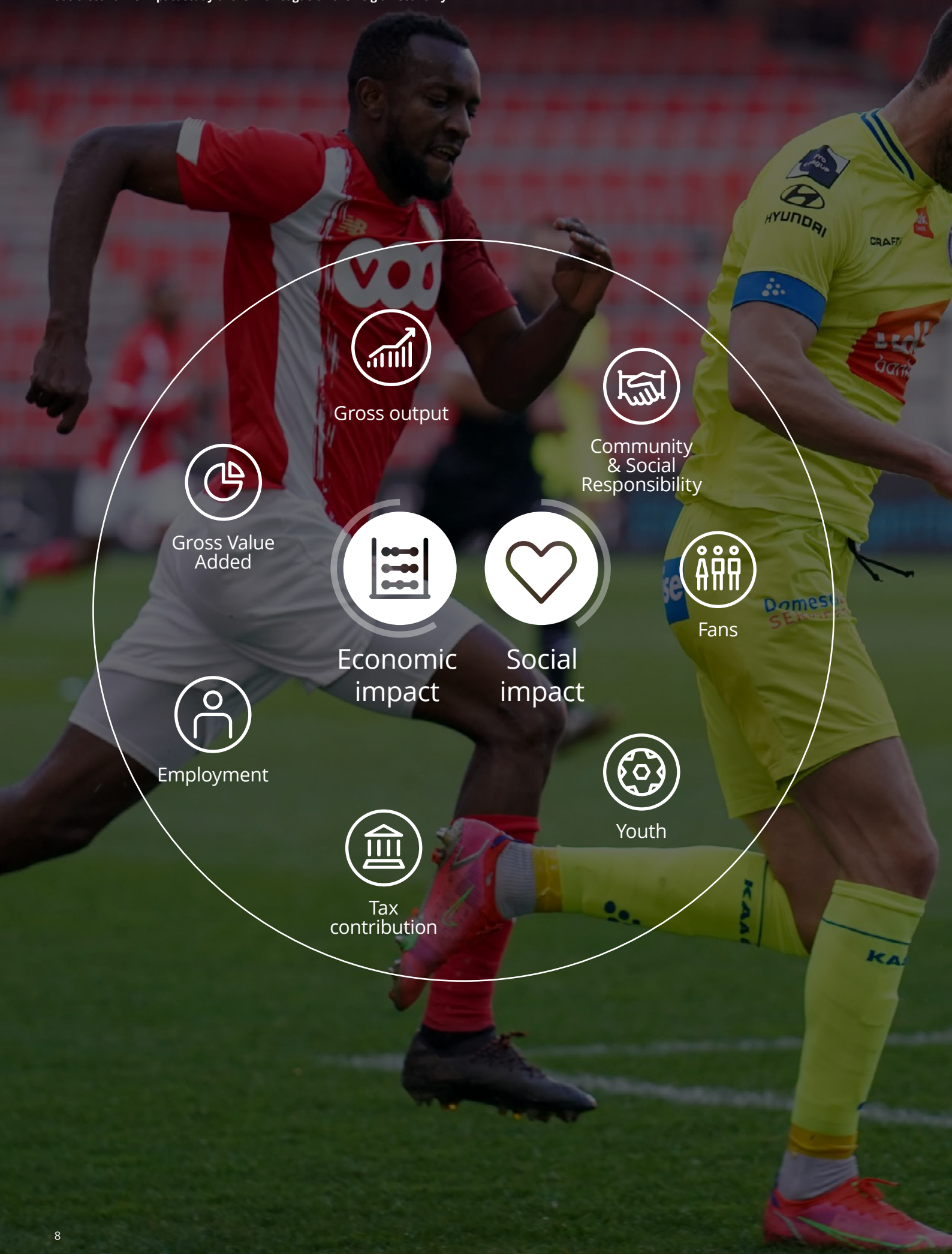
- Financial data from annual reports (balance sheets, income statements and cash flow statements)
- Employment data from social balance sheets
- Investment and community data from surveys sent out to the Belgian football clubs
- Economic indicators set forth by the Belgian Federal Planning Bureau
- In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

The data used for the report includes the previous four seasons (16/17, 17/18, 18/19, 19/20). Data on the season 19/20 only includes 21 clubs (instead of the usual 24), due to unavailable data from R.E. Virton, KSC Lokeren & SV Roeselare.

The related impact on the 1B Pro League data will be explained in the different sections, where applicable.







Methodology

This report consists of two large sections. The first section discusses the evolution of professional football in Belgium. A brief overview of the organization of the Pro League sets the scene, including a description of the decisions made on the competition format following the COVID-19 crisis. The second chapter provides key business insights on the revenues and costs of the Belgian football clubs. A deep dive on ticketing, broadcasting, sponsoring & advertisement and UEFA prize money provides insights into the breakdown and evolution of revenues. On the cost side, the main area of focus is player salaries with an increased attention on the impact of transfers.

Finally, case studies look at team ownership, at the impact of COVID-19 on Belgian professional football revenues, and at the impact of a highly demanding season with a quick follow-up of many matches.

The second section of this report provides a quantitative and qualitative assessment of the socio-economic impact of the Pro League and the clubs on the Belgian economy.

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 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 generated by the Pro League and clubs.
- **Tax contribution** investigates the impact of the industry on taxes from both generated sales and employment.

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. 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 change in multipliers was explained in last year's report (2020) for each economic indicator to ensure transparency and comparability with the results from the previous report (2019).

The total value of Belgian professional football is more than the sum of its parts. The large participation of the Pro League and clubs in social initiatives creates an additional positive effect on the Belgian economy, but is difficult to quantify exactly. Stories of the community creation, fan clubs and youth working illustrate the additional value created by the industry.

An example of the socio-economic impact model







The evolution of professional football in Belgium

Organization of the Pro League

The Pro League organizes football matches for both the Belgian First Division A and First Division B with seasons running from late July to early May the following year. The First Division A is more commonly known as the Jupiler Pro League while the First Division B is more commonly known as the 1B Pro League (previously called Proximus League). Besides this, the Pro League also organizes the Belgian Croke Cup in collaboration with the RBFA (as of the quarterfinals), the Belgian U21 Cup, the Elite Youth leagues, and the Proximus ePro League, the only official EA FIFA e-sports championship in Belgium.

In the Jupiler Pro League, 16 teams play a total of 240 matches in a regular competition before heading into play-offs, split into Play-Off 1 (PO1) and Play-Off 2 (PO2). Until the season 18/19, the top 6 teams faced each other in PO1 while ranks 7-15 went into PO2, with the clubs ranked 2-4 in the Belgian First Division B. The team finishing the regular competition in 16th place relegated to the First Division B.

In June 2019, the Pro League made the decision to change the PO2 format as of the season 19/20. While the format of the PO1 remains the same, PO2 consist of 4 pools of 4 teams, instead of 2 pools of 6 teams. The clubs ranked 7-16 in the Jupiler Pro League are joined by the top six from the First Division B. The relegated team and the First Division B champion therefore take part in the PO2, which was not the case in the previous format. The relegated team will therefore have a chance of securing a European ticket.

However, as we all know, the season 19/20 could not go ahead as planned due to the COVID-19 crisis. Following the announcement made by the National Security Council on 6 May 2020 regarding the suspension of sports competitions until 31 July, the General Assembly of the Pro League acknowledged the definitive end of the season 19/20 on 15 May 2020. The national competition was consequently stopped after its 29th matchday. The prematurely ended season caused debate among Belgian clubs on the relegation/promotion of clubs for the season 20/21.

Taking into account decisions made by the Belgian Court of Arbitration for Sport (CBAS) and the Belgian Competition Authority, the Pro League decided to move to an 18-team format for the season 20/21. It was decided that Waasland-Beveren would remain in D1A, while Beerschot and OHL would be promoted. Lierse Kempenzonen, the only remaining amateur club with a license for professional football, was promoted to the First Division B for the season 20/21. As there was still one place to be filled in the First Division B, the U23 team of Bruges was integrated, and this on a temporary basis. The total number of teams for the season 20/21 will therefore be 26, instead of the usual 24.

A mini play-off system has been introduced for the season 20/21. After the 34 days of the regular season, the top 4 will play in the Champions' play-offs for the title and the main European tickets. The clubs ranked 5-8 will face each other in the Europe play-offs; the winner of the Europe play-offs will play against the 4th of the Champions' play-offs for the last Europa Conference League ticket. The 18th and last ranked club will be relegated to 1B, the second last will play against the last ranked club in 1B. The introduction of the Europa Conference League in 21/22 (see more information in the chapter 'Case study: the evolution of the European competition landscape') will change the allocation of the European tickets for our Belgian clubs. Indeed, whereas 2 tickets were for the Champions League and 3 tickets were for the Europa League in the season 19/20, 2 tickets will be for the Champions League, 2 tickets for the Europa Conference League and only one will be for the Europa League in the season 20/21 (i.e. for the winner of the Belgian Cup).

There will therefore be two chances of promotion for 1B clubs, which will no longer be divided into two periods. The season 21/22 will follow a similar format, but with three clubs relegated from 1A and only one promoted. In this way, there will again be 16 teams in the First Division A in the season 22/23.



Season 19/20*

1 group with 6 teams. Place 1 is the Belgian champion. Places 1 & 2 join the Champions League and Place 3 the Europa League. Place 4 faces off against the PO2 winner.

Play-offs 1



Play-offs 2



4 groups of 4 teams, including 10 teams from the 1st division and 6 from the 2nd division. Group winners face off against each other to then play the 4th of PO1 for the Europa League

No play-offs



Jupiler Pro League

1B Pro League



Season 20/21

Champions' play-offs



Places 1 & 2 join the Champions League and Place 3 the Europa Conference League. Place 4 faces off against the Europe play-offs winner.

Europe play-offs



The clubs ranked 5-8 will play against each other. The winner of the Europe play-offs plays against the 4th of the Champions' play-offs for the Europa Conference League

No play-offs



Place 18 of the JPL will be directly relegated, while Place 17 will play the 2nd of the 1B PL. The leader of the 1B PL will be promoted.

Jupiler Pro League

1B Pro League

* The play-off phase of the season 19/20 could not take place due to the COVID-19 crisis

Belgian football club revenues

In recent years, Belgian football clubs have seen their total operational, non-subsidized revenue (which excludes transfer revenue) grow steadily. However, this positive trend has stopped with the season 19/20. Indeed, the season 19/20 shows a slight decrease in the total amount of revenues compared to the previous season, from €378,5 million in the season 18/19 to €373,5 million in the season 19/20 (-1,3%). The main driver was the COVID-19 crisis, which had an impact on the last months of the season 19/20, starting in March.

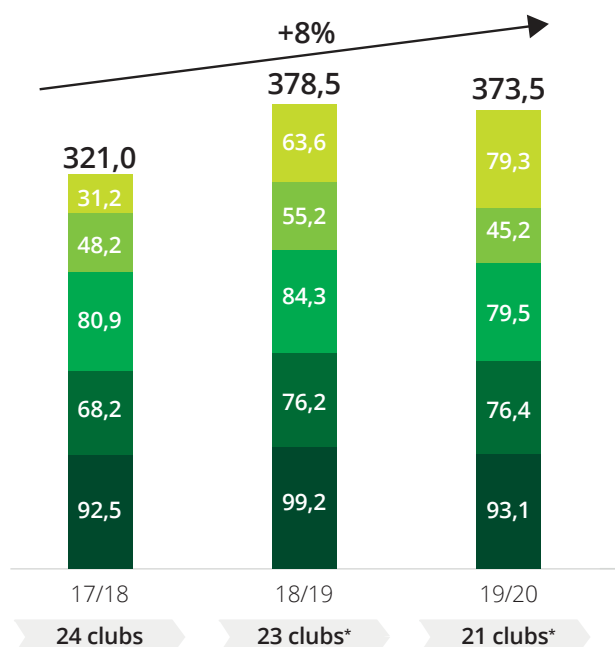
Directly linked to the number of matches played, ticketing and commercial revenues fell significantly over the last season, by 6% and 18% respectively (a drop of €16 million combined). While sponsoring & advertising and broadcasting remained stable, revenues from the UEFA prize money increased substantially, offsetting the decline in ticketing and commercial revenues. Thanks to a successful performance of our clubs in European campaigns, the UEFA prize money shows a +25% increase compared to the season 18/19, translating into a €15,6 million increase.

The share of the G5 clubs in the total revenues slightly increased to 61% in 19/20, with the rise in the UEFA prize money being the most important driver for this growth. The UEFA compensations are very volatile, and highlight the importance of successful performances at European level for our Belgian clubs to secure the revenue growth of the league as a whole.

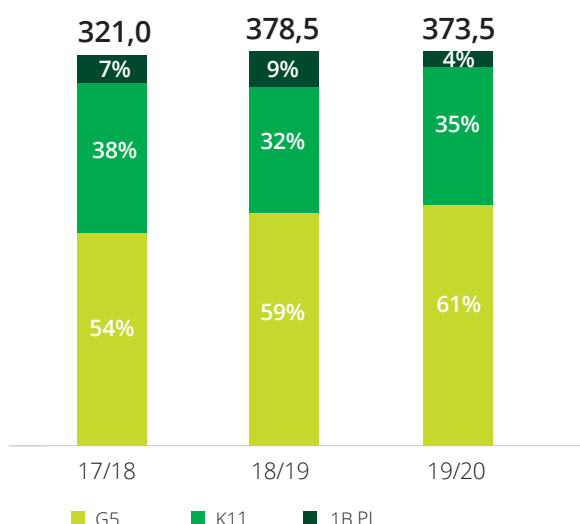
An explanation for the lower proportion of revenues allocated to the 1B clubs lies in the fact that data for 3 clubs in this division is missing.

The following sections of the report will delve deeper into each of the revenue sources to identify the relevant drivers and trends. Later in this report you will find a dedicated section which addresses the revenues from player transfers.

Evolution of BE revenues (€ million)



Evolution of BE revenues per club type (€ million and %)



- UEFA prize money
- Commercial
- Broadcasting
- Sponsoring & advertisement
- Ticketing

*Data from AFC Tubize not available in 18/19 ; data from R.E. Virton, KSC Lokeren & SV Roeselare not available in 19/20



93,1
Ticketing



76,4
Sponsoring &
advertisement



79,5
Broadcasting



45,2
Commercial



79,3
UEFA prize
money



373,5
Total



Ticketing

Ticketing revenues result from the sale of gate receipts and season passes for both national competition and UEFA competitions. Despite the fact that ticketing still represents the most significant source of revenue for Belgian clubs, the season 19/20 shows a -6% decrease compared to the previous season, due to the COVID-19 crisis and the resulting premature end of the season.

This €6 million decrease was driven by a decrease in revenues from national competition (including VIP tickets) as well as from 'other' ticketing revenues, which mainly include membership contributions. Ticketing revenues from UEFA competitions, on the contrary, increased from €5,2 million in 18/19 to €8,8 million in 19/20.

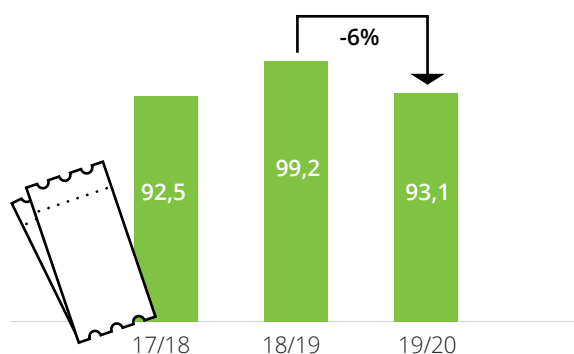
A strong performance in European campaigns not only contributes to revenues from the UEFA prize money but also translates into positive results in other revenues sources such as ticketing, by increasing the number of games in the season and the number of tickets sold or by charging higher priced tickets than for the national competition.

The impact of COVID-19 will heavily affect the seasons 20/21 and 21/22, since most games were played behind closed doors. However, the impact will be different on each club, depending on their ticketing strategy (e.g. reimbursement of tickets sold in 20/21, extension of sold season passes to the season 21/22, no reimbursement thanks to 'fan solidarity' etc.).

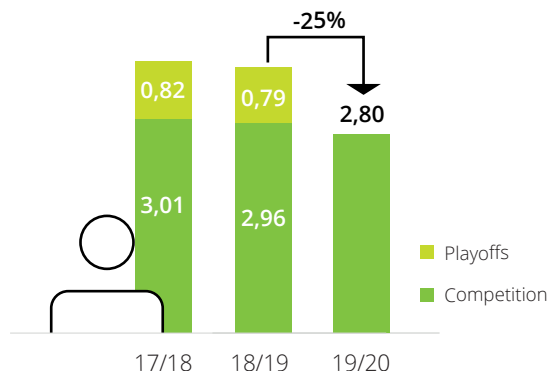
As a consequence of the premature end of the season and the cancellation of the play-offs, total match attendance significantly decreased in the season 19/20. Total attendance reached 2,8 million fans in 19/20, compared to 3,7 million in 18/19. This 25% decrease was not directly reflected in the total ticketing revenue due to the fact that season passes had already been sold.

On a different note, the average match attendance for the Jupiler Pro League and the 1B Pro League combined remained stable in the season 19/20. This can be seen as a positive result, given the absence of the play-offs, which are usually the games that attract the largest number of fans.

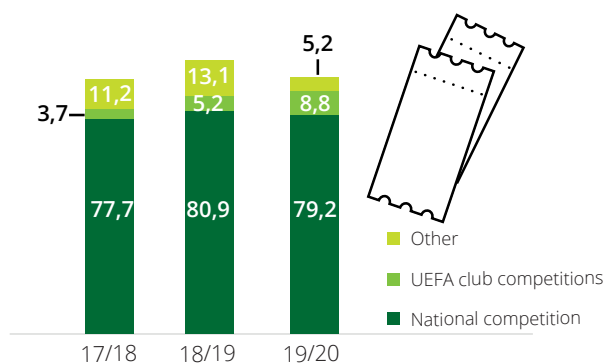
Evolution of ticketing revenues (€ million)



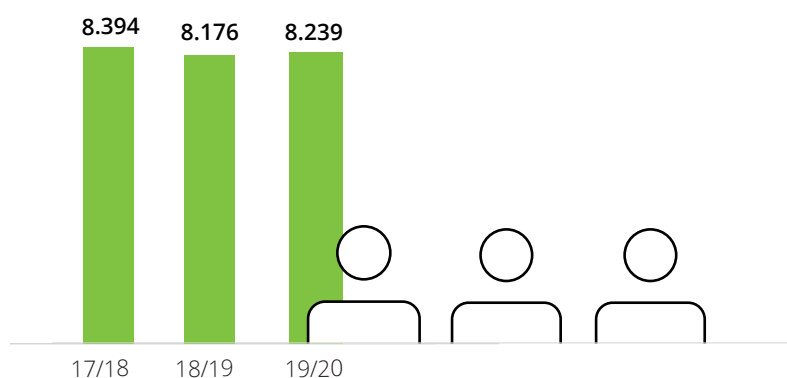
Total match attendance (JPL & 1B PL; million)



Evolution of ticketing revenue sources (€ million)



Average match attendance (JPL & 1B PL)

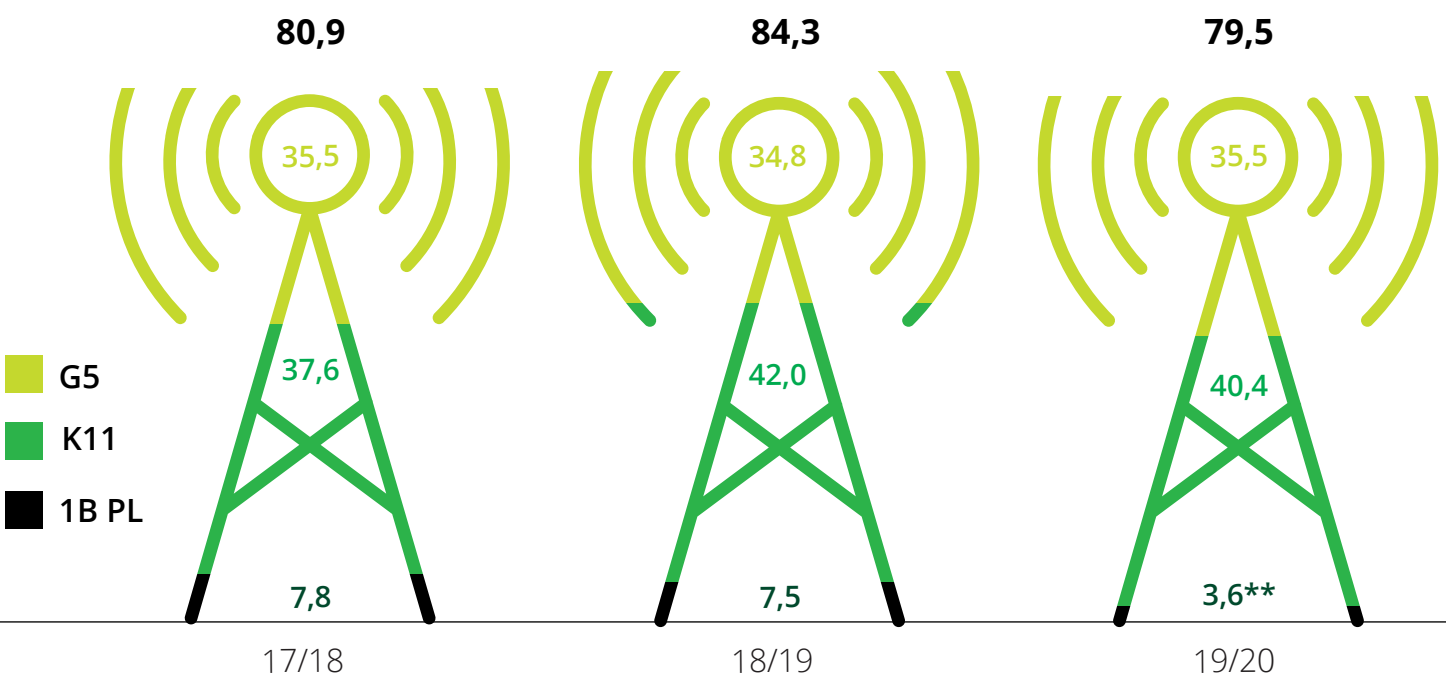


Broadcasting

Broadcasting revenues remain essential for the Belgian clubs and still represent the second most important source of revenues after ticketing, with 22% of total revenues in 19/20. Revenues remained stable and reached around €80 million in 19/20 for the third consecutive year, thanks to the renewal of the broadcasting contract in 2017 with Belgian providers Proximus, Telenet & Voo, paying €80 million for the broadcast rights until 19/20. The season 19/20 was consequently the last year of the 3-year deal with Belgian providers Proximus, Telenet & Voo. The slight decrease in the season 19/20 is due to the lack of data from R.E. Virton, KSC Lokeren & SV Roeselare.

The importance of broadcasting revenues for Belgian clubs is expected to increase with the outcome of the Eleven Sports deal from 20/21 to 24/25, which budget will be around €100 million annually.

Evolution of broadcasting revenues* (€ million)



* Revenues include those of the Jupiler Pro League, the 1B Pro league and the Crocky Cup

**Data from R.E. Virton, KSC Lokeren & SV Roeselare not available in 19/20

Sponsoring & advertisement

Sponsorship & advertisement remained stable in the season 19/20, with a total of €76,4 million compared to €76,2 million in the season 18/19.

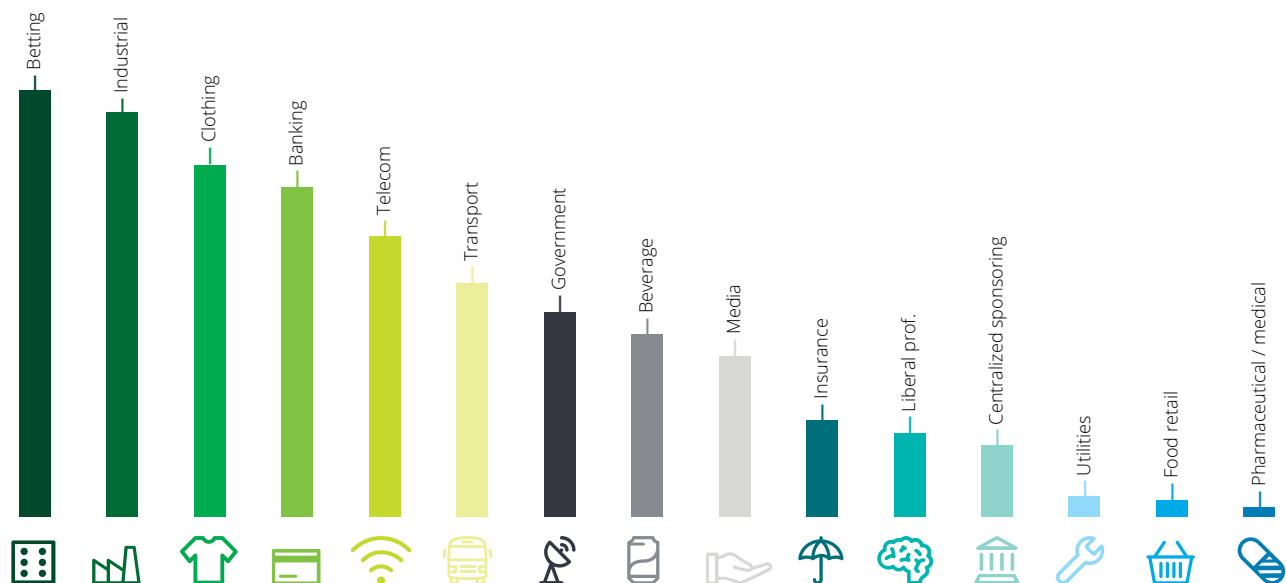
Important change to highlight is the evolution of K11 clubs' share in the sponsoring revenues, which increased from €29,9 million in 18/19 to €37,9 million in 19/20, representing ~50% of total sponsoring revenues in 19/20.

The main driver of this evolution lies in the amount invested by related parties, i.e. organizations which have an affiliation with the clubs. While this amount reached €5,7 million in 18/19 for

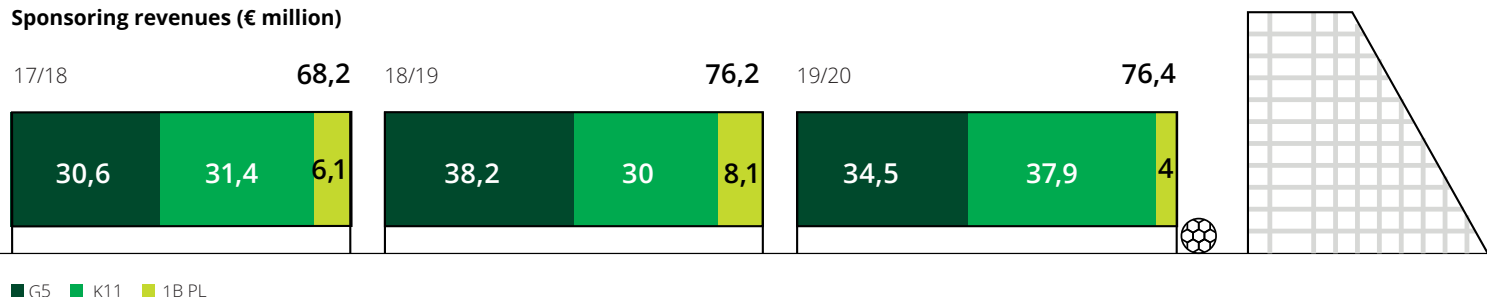
K11 clubs (20% of their total sponsoring revenues), total amount linked to related parties for K11 clubs amounted to €12,3 million in the season 19/20, representing around 33% of their total sponsoring revenues.

When considering the landscape of sponsoring companies, 15 sectors are represented. The betting sector represents the biggest contributor in the season 19/20, closely followed by the industrial sector, and the clothing, banking, telecom and transport industry.

Share of sponsoring revenue per sector in 19/20



Sponsoring revenues (€ million)



UEFA prize money

Since the season 18/19, the UEFA applies a new distribution model and defines four components in the prize money: starting fees (for participating in the group stage), performance-related fixed amounts in the UEFA Champions League (UCL) or UEFA Europa League (UEL), ten-year performance-based coefficient ranking and a variable amount depending on the national broadcaster's contribution to the market pool.

The total amount distributed by the UEFA¹ to clubs participating in European competitions (UEL, UCL, UCL play-offs) was €2,1 billion in 19/20, of which more than 77% was allocated to clubs participating to the UEFA Champions League (including the UEFA Super Cup).

Looking at Belgian clubs, the total amount of UEFA prize money reached €79,3 million in 19/20, illustrating a substantial increase compared to the previous season. This source of revenues represents around 21% of clubs' total revenues in 19/20.

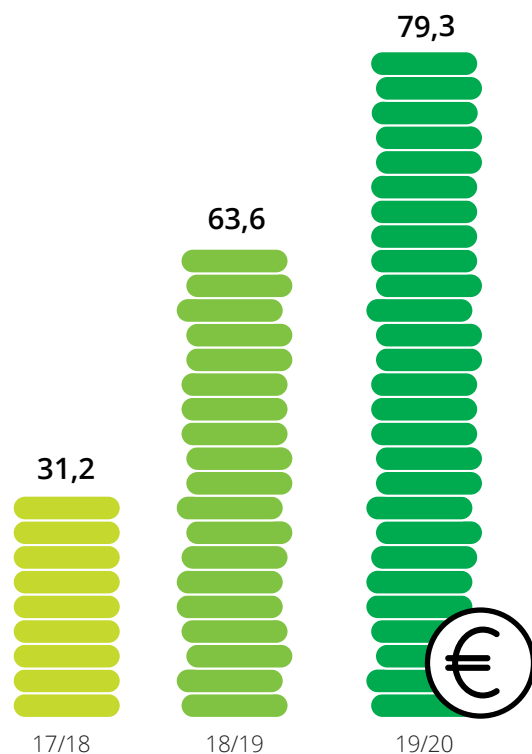
The UEFA prize money was divided between the five clubs participating in European campaigns in the season 19/20: Club Brugge, KRC Genk, KAA Gent, Standard de Liège and Royal Antwerp FC.

As shown in Figure 2, in the season 19/20, only one out of the five teams was eliminated in the qualifying rounds (Royal Antwerp FC in the UEL, compared to two teams last season). The four other teams qualified for the group stage of European competitions (Standard de Liège and KAA Gent for the UEL, Club Brugge and KRC Genk for the UCL). KRC Genk and Standard de Liège did not survive the group stage. Club Brugge lost in the UCL group stage, and was then drafted into the 1/16 finals of the Europa League, where it lost to Manchester United. KAA Gent went to the 1/16 finals of the Europa League and lost against the Italian team AS Roma.

Of the total UEFA prize money distributed to Belgian clubs in 19/20 for their participation in European campaigns, 63% were distributed for their performance in the UCL and 37% for their performance in UEL. Therefore, a greater proportion of the UEFA prize money was due to the performance in the UCL compared to the season 18/19, where 57% was due to the performance in UCL. Comparing performance between the two seasons, we observe that two clubs (Club Brugge, KRC Genk) reached the UCL group stage in the season 19/20, while only Club Brugge did so in 18/19.

The computation of the UEFA coefficient takes into consideration the performance in the five previous UCL and UEL campaigns², as it can be seen in Figure 3. Belgium reached the 9th position in the UEFA ranking in 20/21, losing one place to the Netherlands compared to 19/20. Only Portugal, the Netherlands and Russia are positioned between the 'Big Five' leagues and Belgium. However, there is a major risk for the season 21/22, since the good performance of the season 16/17 will not be included in the computation of the UEFA coefficient anymore. On the contrary, the disappointing season 17/18 (with three of the five teams eliminated in the qualifying rounds) will still be included, and will weigh heavily in the ranking calculation. Depending on the next European season, Belgium could drop below the top 10 and lose a direct ticket to the UCL group stage, a position that Belgium has not held since 2012. Countries such as Ukraine or Scotland could represent direct competitors and even overtake Belgium in the UEFA ranking. The performance of our Belgian clubs will therefore be crucial in the season 20/21 as it will determine the future of our clubs at European level for the next few years.

Evolution of UEFA prize money (€ million)



¹ UEFA Financial Report 2019/20

https://editorial.uefa.com/resources/0268-1215a6daaf78-a6ca16cd1df1-1000/04_uefa_financial_report_2019-20_en.pdf

² UEFA Association Club Coefficients <https://www.uefa.com/memberassociations/uefarankings/country/about/>

European campaigns of Belgian clubs in 18/19




Competition	Qualifying	Group stage	Knock-out
UEFA Champions League			
UEFA Europa League	 	  	 

European campaigns of Belgian clubs in 19/20

UEFA Champions League		 	
UEFA Europa League	 	  	 

UEFA ranking

	16/17	17/18	18/19	19/20	20/21	Total
1 England	14.928	20.071	22.642	18.571	22.785	98.997
2 Spain	20.142	19.714	19.571	18.928	19.071	97.426
3 Italy	14.250	17.333	12.642	14.928	16.000	75.153
4 Germany	14.571	9.857	15.214	18.714	15.214	73.570
5 France	14.416	11.500	10.583	11.666	7.916	56.081
6 Portugal	8.083	9.666	10.900	10.300	9.600	48.549
7 The Netherlands	9.100	2.900	8.600	9.400	9.200	39.200
8 Russia	9.200	12.600	7.583	4.666	4.333	38.382
9 Belgium	12.500	2.600	7.800	7.600	6.000	36.500
10 Austria	7.375	9.750	6.200	5.800	6.700	35.825
11 Scotland	4.375	4.000	6.750	9.750	8.500	33.375
12 Ukraine	5.500	8.000	5.600	7.200	6.800	33.100
13 Turkey	9.700	6.800	5.500	5.000	3.100	30.100
14 Denmark	8.500	5.250	4.875	5.125	4.125	27.875
15 Cyprus	5.500	7.000	6.125	5.125	4.000	27.750

 Less than 5.000
 Between 5.000 and 10.000
 More than 10.000

Case study: the evolution of the European competition landscape

The structure of European football has changed significantly in recent times, and we believe it is important to shed some light on these changes at European level, given that they will also impact the domestic competitions. The first major change will happen in 2021, with the introduction of the Europa Conference League, and second in 24/25, with the recently defined changes to the format of the Champions League.

The Europa Conference League, the 3rd European competition, will start as of the next season with the objective to give more clubs in more countries the opportunity to participate in European football³. In line with the Champions League and Europa league, the Conference League will exist of a group stage, followed by several knock-out rounds. Teams qualifying for the qualifying rounds will either be teams that have failed to qualify for the two higher European competitions or teams that have qualified according to the UEFA coefficient principle. However, no team can qualify directly for the 32-team group stage, which will be made up of teams from the Conference League qualifying rounds, and teams from the UCL and UEL qualifying rounds.

One risk of introducing this new competition is the potential devaluation of the mid-sized leagues. While the UCL has so far comprised 32 teams and the UEL 48 teams, the structure will change with the introduction of the Conference League: all three competitions will comprise 32 teams each. This means that 16 teams will lose a place in the Europa League to the Conference League, which is a levelling down of these teams from a sporting point of view. While most of the top leagues in the UEFA ranking will have to switch only one Europa League ticket for a Conference League ticket, the middle leagues will have to switch two Europa League tickets, which will have a greater impact as these will be deprived of more prestigious fixtures and the spectators of more interesting matches.



3 UEFA (2021) : « UEFA Conference League, pour quels clubs et quand se jouent les matches ? » <https://fr.uefa.com/uefaeuropaleague/news/0263-10fa1c01d044-613da8e36d67-1000--uefa-europa-conference-league-pour-quels-clubs-et-quand-se-joue/>

A second development which has been recently announced concerns the new format that the Champions League, European football's most important club competition, will take as of the season 24/25. These changes, approved by the Board of the European Club Association (ECA) and the UEFA Club Competitions Committee, were designed to produce better matchups, fewer meaningless games, and more excitement, according to The New York Times⁴. Indeed, the new format is expected to offer more opportunities to see European top teams compete earlier in the competition, as well as more tension and drama as every game will count, with the ranking potentially changing significantly after each match⁵.

What will concretely change is, first of all, the expansion of the current 32 teams to 36 teams. How those four additional spots will be allocated is not yet decided, but will for sure consider the historical performance of the clubs more than their current performance. These 36 teams will be divided into 4 groups of 9 teams based on their previous performances in the Champions League and Europa League. A draw will then determine the 10 opponents that each club will face. Half of these 10 matches will be played at home, the other half away. Based on their results, the teams will be ranked from 1 to 36. The top 8 teams will qualify directly for the knockout round, while the teams ranked 9 to 24 will play mini play-offs to determine the 8 play-off winners who will join the 8 teams initially qualified. As for the knockout round, the format will remain similar to the current competition.

Among the consequences of this new format is a greater economic potential for clubs due to a greater number of matches played (consequently increasing ticketing, sponsoring and broadcasting revenues). Indeed, the finalists will have played at least 17 matches, which is 4 more than in the current format. However, while the increase in exciting matches in Europe is good for European football as a whole, it puts pressure on an already packed schedule for clubs.

These evolutions will also apply to the other European competitions⁶, i.e. the Europa League and the Europa Conference League. The new format will be adapted according to the specificities of each competition (e.g. number of teams, of games etc.).

Alongside these developments, the Super League initiative is a recent upheaval that has had the whole football world in an uproar recently. The project consisted of a closed league driven by 12 top European clubs: FC Barcelona, Real Madrid, Atletico Madrid, Manchester United, Liverpool, Manchester City, Chelsea, Tottenham, Arsenal, Juventus, Inter de Milan, AC Milan. All of these clubs, except AC Milan, are in the top 15 European clubs in terms of turnover⁷. Mainly seen as a desire by the clubs to generate more money through more matches and great fixtures and consequently TV rights deals worth billions, this project has met with virulent opposition from all sides, from world and European sports authorities to governments and fans of the clubs concerned. In the face of these numerous obstacles and reactions, the Super League project was dead in the water, 48 hours after the project was announced. Indeed, faced with the reaction of their fans and their government, the 6 English clubs withdrew from the project, dragging other clubs in their wake (AC Milan, Inter de Milan and Atletico Madrid).

This project has underlined the difference in vision by a number of football club executives and owners on the one hand, and the wider football community on the other. For the former, European football is still quite traditional in the way it is organized and is composed of many national competitions. This dispersed offer and the (too) many parallel competitions make it difficult for fans in Europe and worldwide to follow. European clubs could then consider this Super League project as attractive from an economic as well as from a marketing/branding point of view. For the European football community at large, the foundation of European football has always been sporting merit. Yet, by limiting a competition to 15 clubs that, by definition, cannot be relegated, clubs are removing some of that sporting merit, which goes against the very foundations on which European football was built and has become the most popular sport in the world. Solidarity and an open pyramid for all clubs are important values.

4 The New York Times (2021) : « The Champions League Is Changing. Here's How It Will Work. » <https://www.nytimes.com/interactive/2021/03/29/sports/soccer/champions-league-new-format.html?referringSource=articleShare>

5,6 UEFA (2021) : « Tout savoir sur le nouveau format pour la Champions League après 2024 » <https://fr.uefa.com/uefachampionsleague/news/0268-1215a13d72ef-644249ce682a-1000--tout-savoir-sur-le-nouveau-format-pour-la-champions-league-apre/>

7 Deloitte Football Money League Report (2020)

Belgian football club costs

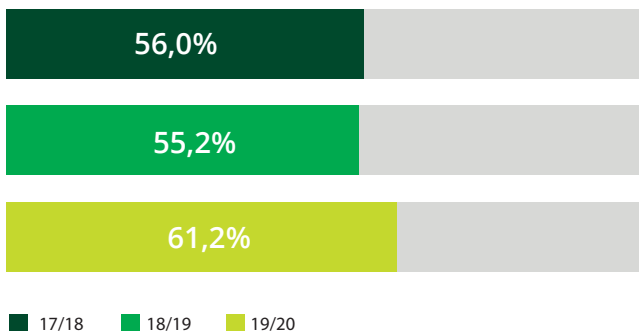
Player salaries

This section focuses on player salaries and the evolution of this key cost driver in recent years. Clubs worldwide have been increasing their salary mass to retain and attract talent, illustrated by some record transfer and salary amounts in recent years.

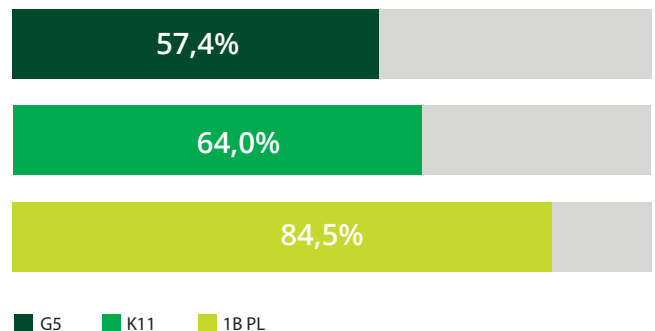
Looking at the importance of salary costs compared to the revenues of our Belgian clubs, we observe that the payroll cost/revenue⁸ ratio significantly increased in the season 19/20, from 55,2% to 61,2%. This evolution is driven by higher total costs for player salaries which outpaced the increase in total revenue (excluding transfers but including other operational revenues).

Compared to the season 18/19, G5 and 1B PL clubs increased their payroll cost/revenue ratio while K11 clubs saw a slight decrease. Despite having the highest player salaries, G5 clubs still scored below the average payroll cost/revenue ratio with 57,4%.

Payroll cost / revenue ratio (average)



Payroll cost / revenue ratio per club type in 19/20 (average)



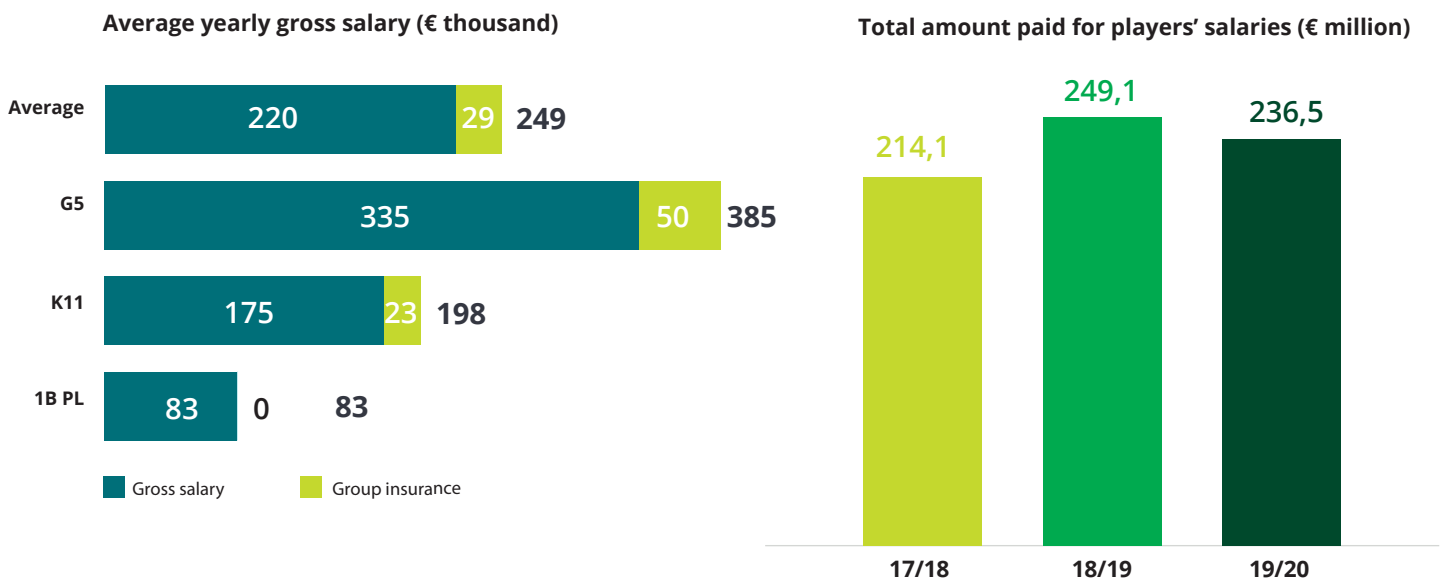
⁸ Payroll cost = total cost for player salaries (including government subsidies) ; revenue = total revenue excluding transfers

The total amount paid for player salaries reached €236,5 million in 19/20, compared to €249,1 million in 18/19, a decrease which may be explained on the one hand by the measures taken in the context of the COVID-19 crisis and on the other hand by the unavailability of data for 3 clubs of the 1B Pro League.

When looking at the average yearly gross salary, it is important to bear in mind that the gross salary of players in the Jupiler Pro League includes a contribution to a group insurance scheme, which essentially constitutes a compensation in a pension scheme. Belgium has fixed a specific “retirement age” for football players at the age of 35, with potentially advantageous tax treatment for the pay-out of the lump-sum capital, for a maximum of 40% of the gross salary. This requirement does not apply to clubs that play in the 1B Pro League.

Even though the total amount paid for player salaries decreased in 19/20, the average gross annual salary (including group insurance) increased from €233.000 to €249.000 (+ ~7%). This was driven by a higher average salary for players in G5 clubs, which represent a more important proportion of the total players than in the last seasons (mainly due to the unavailability of data for 3 clubs of the 1B Pro League). Average gross annual salary for K11 and 1B Pro League decreased in 19/20, respectively by 1,5% and 24,5%.

In the season 19/20, the average gross salary for a Jupiler Pro League player (G5 and K11 clubs combined) was €280.000, of which €35.000 was a contribution to group insurance (12,5% of total gross salary). The ratio is pretty similar to the last two seasons, during which it amounted to ~13%.



Transfers

Transfer balance

Belgium has a strong emphasis on being a training league for the 'Big Five' competitions; therefore, player transfer revenues play a crucial role in the financial well-being of Belgian clubs.

In this report, we use the net accounting transfer result, which takes into account the sale and purchase of players, player depreciation and agent fees. More concretely, the net accounting transfer result is calculated by subtracting the following from the income from the sale and rental of players: player depreciation, loss on player sales, player rental costs and agent fees.

Looking at the season 19/20, Belgian clubs recorded a positive net result from transfers amounting to €109,2 million. This represents a very strong €87 million increase compared to the season 18/19, driven by a very active transfer mercato.

Some of the big transfers in the season 19/20⁹ include players such as Wesley (from Club Brugge to Aston Villa), Sander Berge (from KRC Genk to Sheffield United), Victor Osimhen (from RSC Charleroi to LOSC Lille), Leandro Trossard (from KRC Genk to Brighton), Arnaut Danjuma (from Club Brugge to Bournemouth) etc.

Looking at the top 10 outgoing transfers for the season 19/20 (in terms of transfer value), seven players were transferred to the Premier League, one to the Ligue 1, one to the Serie A and one to the Eredivisie. This illustrates the importance of the transfer activity with the 'Big Five' competitions (Premier League, Bundesliga, Ligue

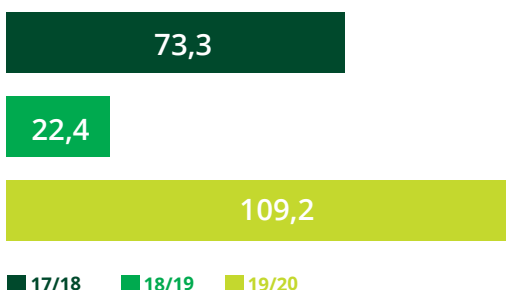
1, Serie A, La Liga) for our Belgian clubs, as it was highlighted in last year's report. Indeed, the evolution of the number or value of transfers with these competitions strongly influences our clubs' financial results, since the most valuable outgoing transfers are realised with those competitions.

In parallel, clubs keep spending an increasing amount of money to attract talented players to their teams, as it can be illustrated with the player value on the clubs' balance sheet. Total player value reached almost €200 million in 19/20, compared to €172,3 million in 18/19.

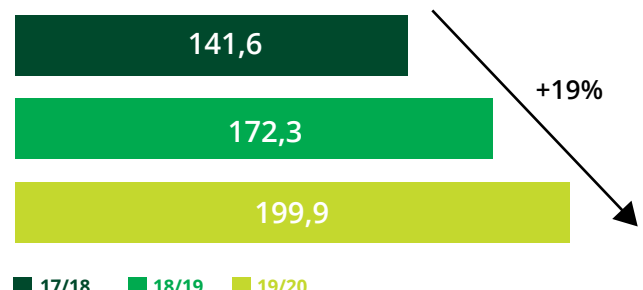
The substantial increase in the net transfer result (+€87 million) positively impacted the financial loss recorded by clubs, despite increasing salary costs. Indeed, on an aggregated level, Belgian clubs recorded a loss of €54 million in 19/20, compared to a loss of €91 million in 18/19. In 19/20, six clubs recorded profitable results (including transfers).

However, the COVID-19 crisis is expected to heavily affect the result from transfers in the season 20/21, further affecting the financial profitability of our clubs. Fortunately, some of our Belgian clubs will still be able to count on some key transfers to compensate for the effects of the crisis, such as KAA Gent which sold Jonathan David to LOSC Lille for €27 million, Anderlecht which sold Jérémy Doku to Stade Rennais FC for €26 million and Club Brugge which sold Krépin Diatta to AS Monaco for ~€20 million.

Net transfer result (€ million)



Player value on balance sheet (€ million)



⁹ Transfermarkt (2021) : « Record de transferts » https://www.transfermarkt.fr/jupiler-pro-league/transferrekorde/wettbewerb/BE1/saison_id/2019/land_id/alle/ausrichtung//spielerposition_id//altersklasse//leihe//w_s//zuab/0/plus/1

Agent fees

Agents play an important role in player transfers and are very often involved in these operations by serving as intermediaries between the players and the club. The most common remuneration for agents is a percentage on the transfer amount (commission fee) for incoming transfers, outgoing transfers or mediation (e.g. negotiation contract renewals).

In Belgium, agents' commissions have been on the rise in recent years, and this trend carries over into the season 19/20. With around 316 agents active (compared to 289 in 18/19), a total of €46,6 million was paid in agent commissions in 19/20, a €1,2 million increase compared to the previous season.

Biggest part of agent commissions still comes from contract negotiations which contribute to more than half of total commissions (52%), followed by outgoing (28%) and incoming transfers (20%). Even though the largest amounts paid are for transfers, the majority of transactions are contract renegotiations. This trend is expected to carry over into next season.

A large proportion of agents' commissions are still distributed within a limited group, as illustrated by the fact that the top 5 agents receive just under a third of the commissions. However, this translated in an average commission of €2,9 million for this group in the season 19/20, compared to €3,4 million in the season 18/19. Average commission increased for the top 16-316 (+€7,000) but decreased for the top 6-15 (-€125,000).

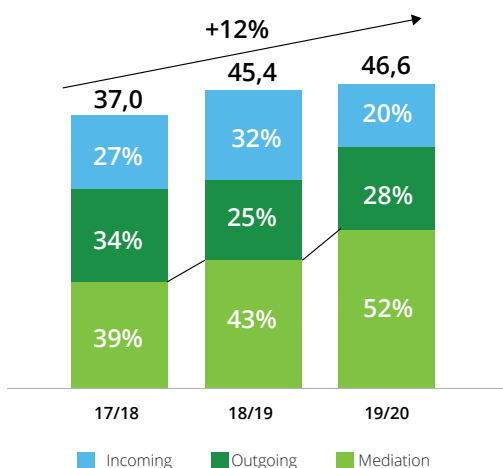
As part of the measures taken in the context of the 'Clean Hands' operation, a new regulation on intermediaries was introduced in July 2020, along with the creation of a Clearing department within the RBFA. The objectives are to ensure more control and transparency in transactions and to develop stronger regulations regarding agents.

From the summer 2020, a player agent needs to register with the Belgian Union to be able to carry out transfers in Belgium, as well as to comply with specific obligations regarding the payment of commissions. For each operation, the Clearing department will control whether the agent is registered, whether he disposes of the correct representation agreement and whether the invoice reflects services provided under the said representation agreement. Furthermore, a footballer or a club manager will no longer be able to be a player's agent at the same time. An agent may no longer wear 'two hats': either he represents the player or he represents the club. There are also rules governing the agent commissions which must be paid every six months during the length of the employment contract.

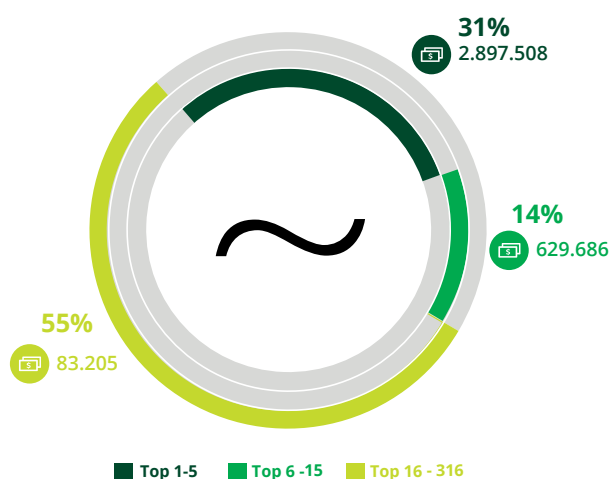
A cross-check will be carried out between the figures from the Clearing department and the figures reported by the clubs in the licensing procedure. In case of non-compliance with the rules, sanctions are foreseen, e.g. loss of license or right to play. However, the impacts may be difficult to assess for the season 20/21 as part of the operations (before July 2020) were not yet subject to the new regulation, and the same applies to contracts concluded before this period and for which payments are still being made today.

Belgium has shown its determination by going further than what exists today at European or world level. Changes in global regulation are expected from FIFA in the coming months, which should include the establishment of a global Clearing House and a global licensing process for agents.

Evolution of agent commissions (€ million)



Average commission per agent type in 19/20



Case studies

Team ownership

A trend we discussed in our last report concerns the increasing number of foreign investors who have become, over the years, majority shareholders of a Belgian club.

From the season 17/18 to the season 18/19, we had noticed an upward trend in terms of the number of clubs in foreign hands, with 12 clubs still in Belgian hands and 12 clubs having foreign ownership. When looking at the current club ownership structures, we observe that still 12 Belgian clubs are Belgian-owned, while 13 clubs are in foreign hands, meaning that foreign individuals hold over 50% of shares. When considering the current Belgian professional football clubs, we include all the clubs playing in the First Divisions except the U23 team from Club Brugge, which integrated the 1B Pro League on a temporary basis and which is already represented with Club Brugge. Total amount of teams is therefore 25, instead of the usual 24.

An interesting evolution to highlight is the growing interest of American investors in Belgian professional football clubs, as it can be illustrated with the acquisition of Waasland-Beveren and KV Oostende by American investors. American investors therefore join Middle Eastern and Asian investors in our Belgian league.

Other acquisitions made in the last year include the acquisition of Lommel SK by the owner of Manchester City (City Football Group), as well as the acquisition of Mouscron by the Luxembourger Gérard Lopez with the aim of further developing its vision around youth training.



* The analysis includes all the clubs playing currently in the First Divisions, except the U23 team from Club Brugge, which integrated the 1B Pro League on a temporary basis and which is already represented with Club Brugge

Impact of COVID-19 on BE professional football revenues

The COVID-19 crisis has affected the whole world in a very dramatic way, causing heavy economic and financial consequences for many sectors, including the world of professional football. In this section, we focus on the consequences of this crisis on the revenue factors of our Belgian clubs, drawing a parallel with our analysis from last year's report.

Last year, we estimated that the total impact of the premature end of the season 19/20 would represent a decrease of approximately 25% in total revenues, mainly due to a drop in ticketing, sponsoring and commercial revenues during the months of March, April, May and June 2020. Looking at the actual figures, we observe that ticketing revenues have decreased by 6% compared to the season 18/19, while commercial revenues have decreased by 18%. However, the increase in the UEFA prize money, which is only distributed to a few clubs, compensates for most of this drop, resulting in a total revenue amount close to that of the season 18/19.

This being said, we expect the effects of the COVID-19 crisis to be spread over several seasons, and more precisely on the seasons 19/20, 20/21 and 21/22. The effects of the crisis will be felt mainly on ticketing and commercial revenues, and potentially on sponsoring revenues. No impact on broadcasting revenues is included in our analysis, due to the new agreement with Eleven Sports from the season 20/21 onwards. Instead, the increase in broadcast revenues from the new contract will mitigate the expected impact of COVID-19 on ticketing and commercial revenue. The UEFA prize money is not considered to be impacted by the COVID-19 crisis given that the broadcast and commercials agreements made by UEFA were already in place, and are the basis for the pay-out.

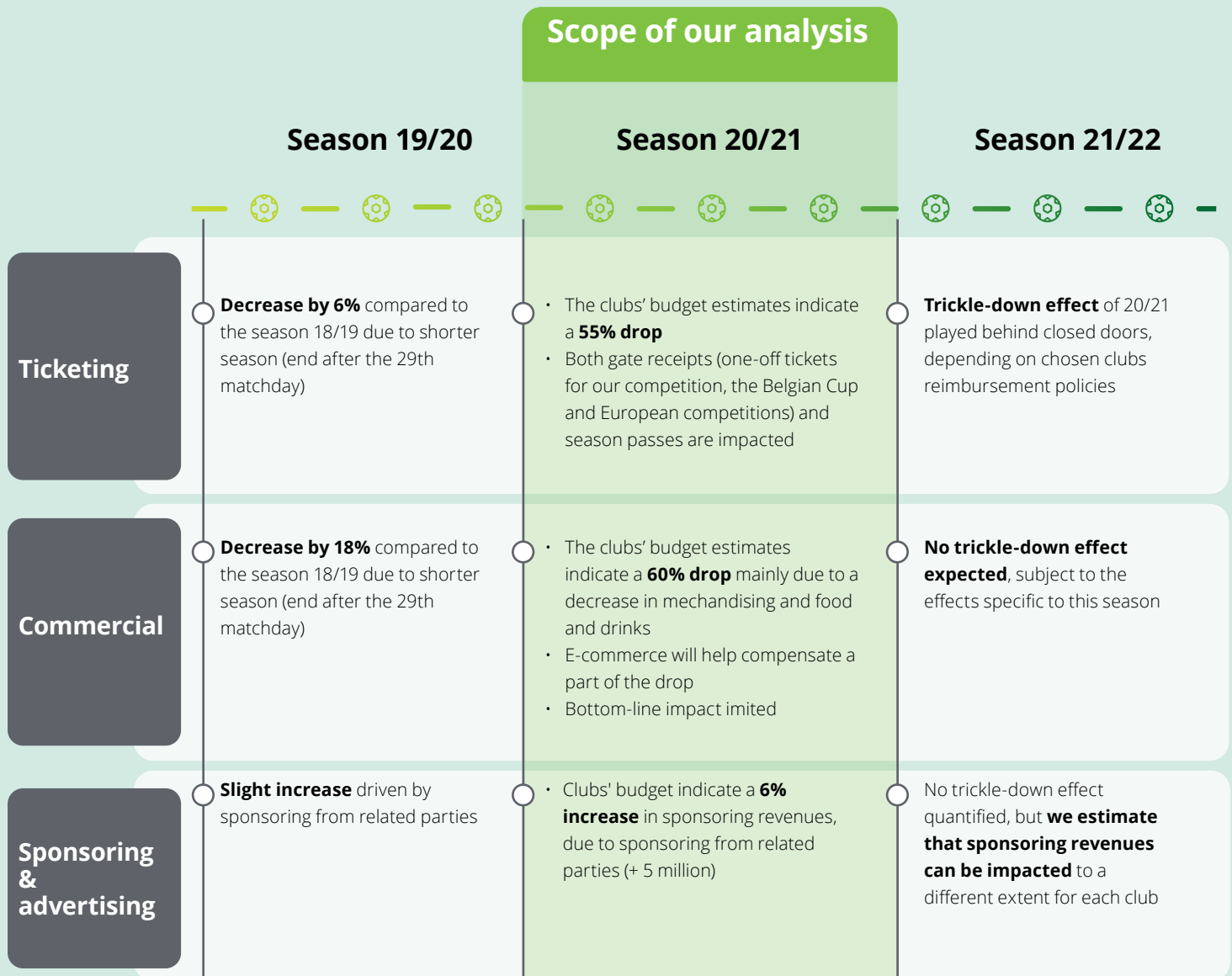
While the impact of prematurely ending the 19/20 season was still limited in terms of decrease of ticketing and sponsoring revenue, we can expect a more severe impact for the season 20/21, which was played almost entirely behind closed doors. Our analysis focuses thus on the effects for the season 20/21. The effects of the season 20/21 on subsequent seasons are also analyzed, since we believe that there will be a trickle-down effect for some of the revenue buckets, depending on the strategies chosen by the different clubs. Any distortion of the season 21/22 due to COVID-19 are not covered as part of this analysis. The effects on the season 19/20, which were presented earlier in the report, are not in the scope of this analysis.

First of all, the impact on ticketing revenues is expected to be considerable for the season 20/21. The clubs' budget indicates a 55% drop in their ticketing revenues, due to a decrease in gate receipts and season passes. With most matches being played behind closed doors, gate receipts were very limited. Revenues from season passes sales are also expected to decline significantly, depending on the clubs' ticketing strategy. Belgian clubs can offer different options to their fans: renewing season passes for free for the next season, renewing at a reduced price, not renewing and refunding the price, not renewing and keeping the revenue etc. Therefore, we expect a trickle-down effect on the season 21/22, depending on chosen clubs reimbursement policies. Although it will not materialize, we also consider a worst case, which represents a decline equivalent to 100% of one season's ticketing revenues being lost, to be spread over the seasons 20/21, 21/22 and potentially 22/23.

The second source of revenues that will be heavily affected is commercial revenues. The clubs' budget for the season 20/21 indicates a 60% drop in their commercial revenues, mainly due to a decrease in merchandising and food & beverage sales. However, e-commerce sales will help to compensate for the expected decline. The bottom-line impact may be limited, as costs (of materials, goods, merchandising etc.) will decrease significantly in parallel, offsetting the net decrease in commercial results. No trickle-down effect is expected, subject to the specific effects of this season.

As far as sponsorship revenues are concerned, the clubs' budget does not foresee a decrease for the season 20/21 but a 6% increase, mainly due to an increase in revenues from related parties, i.e. organizations which have an affiliation with the clubs. This may illustrate the relationship of the Pro League clubs with sponsors, which is closer to a partnership than to a simple business relationship. No trickle-down effect has been quantified for the season 21/22 but we estimate that sponsoring revenues can be impacted to a different extent for each club. Revenues linked to the advertising from field boarding and other sponsorship deals (like the centralized publicity deals managed by the Pro League) are expected to remain stable.

Impact of COVID-19 on Belgian professional football operational revenues



The season 20/21 will therefore suffer from an expected severe drop in ticketing (~55%) and commercial revenues (~60%).

We expect in total a decrease of 21%-33% on aggregate revenues due to the season 20/21 played almost entirely behind closed doors.

The impact will materialize in the season 20/21, 21/22 and potentially 22/23 (depending on clubs' reimbursement policies and agreements regarding sponsorship deals etc.)

The decrease in revenues would reach between €80 million and €120 million

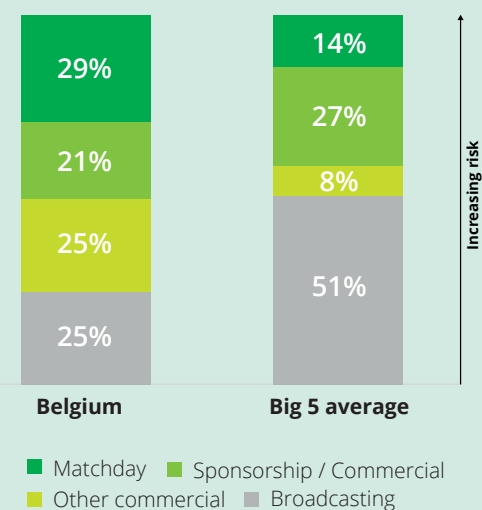
(based on figures of the season 19/20).

Looking at the expected impact of COVID-19 by club type (in the worst case), we find that the percentages are quite similar. While the G5 clubs rely heavily on UEFA revenues (which account for ~33% of their total revenues in 19/20), the other clubs rely heavily on sponsoring and broadcasting revenues, which account for ~29% and ~30% of their total revenues in 19/20 respectively. The importance of ticketing and commercial revenues combined is quite similar for G5 and non-G5 clubs (~36%), which explains the results.

It should be noted that the five-year deal with Eleven Sports, worth around €100 million annually, will compensate for a part of the net impact of COVID-19 for the clubs (up from €80 million in the previous cycle). However, the drop in revenue will be accentuated by the effects that the COVID-19 crisis will have had on the transfer market as of the season 20/21. Indeed, the pandemic has led to a series of financial difficulties for many clubs, and consequently to a sharp decrease in the volume of investment in the transfer market. Looking at the balance from Pro League clubs (i.e. the difference between the transfer income and expenditure), we see a sharp decline from €131.5 million in 19/20 to €86,2 million in 20/21, a difference of over €45 million. Transfer costs have decreased by 49%, while transfer income has decreased by 47%.

In comparison with other European leagues¹⁰, the impact of COVID-19 could be more important for our clubs, due to the importance of ticketing revenues for our Belgian clubs. Indeed, comparing the revenue split between Belgian professional football clubs and the clubs of the 'Big Five' leagues (on average), it turns out that Belgium is much more dependent on its ticketing/ matchday revenues, which account for 29% of total revenues against 14% on average for the clubs of the 'Big Five' leagues. These latter are heavily dependent on their broadcasting revenues, which represent more than half of their total revenues. Yet, revenues from broadcasting rights are expected to remain stable, while the COVID-19 crisis is expected to heavily impact ticketing, commercial and sponsoring revenues.

Revenue split for professional football



Revenues of Belgian clubs in the season 19/20 (€ million)

	G5 clubs	Other clubs	Total
Ticketing	59,1	34,0	93,1
Sponsoring & advertising	34,6	41,9	76,4
Broadcasting	35,5	44,0	79,5
Commercial	24,9	20,4	45,2
UEFA	74,8	4,5	79,2
Total	228,8	144,7	373,5

Overview of the impact of the worst-case scenario

Decrease in ticketing and commercial revenues (€ million)	-74,0	-46,2	-120,2
Impact on operational revenues (%)	-32,4%	-31,9%	-32,2%

Revenues coloured in grey are impacted by COVID-19

Impact of COVID-19 on players health

In our case study, we also looked at another dimension: the impact of COVID-19 on players' health, by examining the evolution of the number of player injuries. Data from three Belgian clubs (Standard de Liège, Royale Union Saint-Gilloise and Royal Antwerp Football Club) were analyzed in order to draw insights into the potential effects of the pandemic. We have looked at the number of players unavailable due to injury over the periods July 2019 – March 2020 (stop of competition) and July 2020 - end of March 2021.

When looking at Standard de Liège, **the number of players who suffered an injury involving temporary incapacity to work increased by 37% in the season 20/21**, from 19 players in 19/20 to 26 players in 20/21.

Regarding the situation at Royale Union Saint-Gilloise, we observe that the total number of missed games increased from 44 in the season 19/20 to 68 in the season 20/21 (+54%). Furthermore, the split of injury type has changed significantly; **In Royal Union Saint-Gilloise, injuries from overload accounted for 50% of the total of injuries in 20/21, while these represented only 5% in 19/20.**

Finally, **the evolution at Royal Antwerp Football Club also shows an increase in the number of player injuries, from 43 in the 19/20 season to 57 in the 20/21 season, a 33% increase.**

On a Belgian level, the pandemic seems to have had an impact on players' health, as evidenced by the evolution of the number of players injuries. Potential reasons for this include the frequency of games (with a shorter season comprising the same number of games), the prolonged disconnection created by the lockdown and poor physical reconstruction etc .

This trend can also be observed at European level. According to the sports website The Athletic , muscle injuries were up 42% in the Premier League in the first five weeks of the competition, reaching a total of 78 (by November 2020). The reasons put forward are a drastically reduced pre-season period and busier fixture schedule because of the impact of COVID-19.

In addition, all 'Big Five' leagues seem to have witnessed an increase in the number of injury-related exits in the season 20/21 compared to the previous season . An important element to mention is the fact that, with the exception of Ligue 1, all 'Big Five' competitions ended the season 19/20 (usually during the months of June and July), which added to the physical and mental strain on the players in those leagues.



Economic impact of the Pro League



Economic impact

The comprehensive model that describes the economic impact of the Pro League and Belgian football clubs measures the direct, indirect and induced impact across four economic indicators: gross output, gross value added, employment and tax contribution. This captures the value generated by the industry and its supply chain, as well as households benefitting from these industries. The methodology section in the beginning of this report as well as the Appendix provide a complete overview of the model and computations. 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.



Gross output

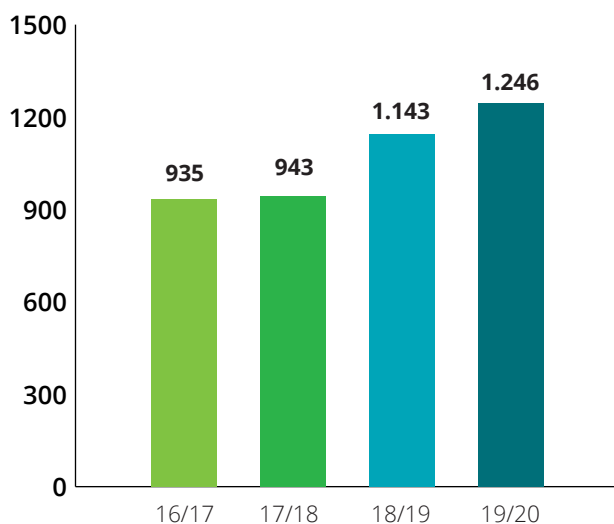
Total economic impact measured by the gross output reached €1,25 billion, representing a €103 million increase compared to the season 18/19, despite the COVID-19 crisis. This growth is driven by the substantial increase in net transfer results (+87m EUR compared to 18/19), despite a slight decrease in total operational, non-subsidized revenue.

Gross output has been steadily increasing in the last four years, with a CAGR of +10% over that period. This positive trend illustrates the growing importance football is taking in the economy, in parallel with the growing investment in the sector.

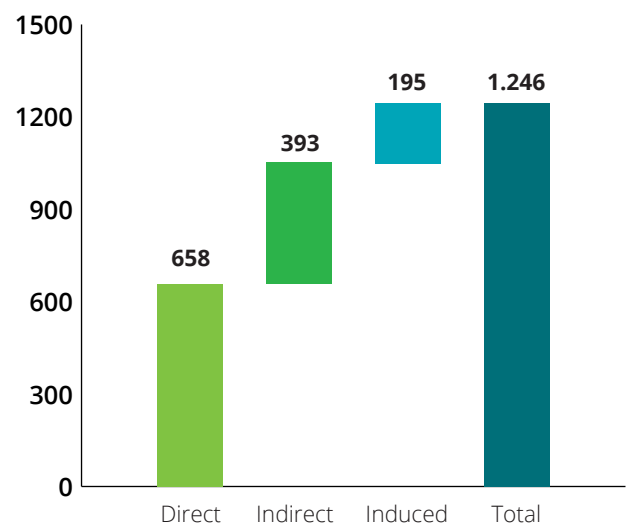
The gross output breakdown (Figure 2) illustrates the importance of the direct impact in the total gross output. The direct impact measures the revenues generated by the Belgian football clubs and Pro League, which can boost the indirect and induced impact by capturing the output from the rest of the supply chain and employee/player spending back into the economy. This is the operational output, meaning subsidies are not included.

Direct impact includes transfer revenues, although they are not included in the indirect and induced gross output. When zooming on the direct gross output, it increased from €551 million to €658 million compared to the previous season, despite declining operational revenues. Growth in transfer results compensate for this drop.

Evolution of gross output (€ million)



Gross output (€ million)

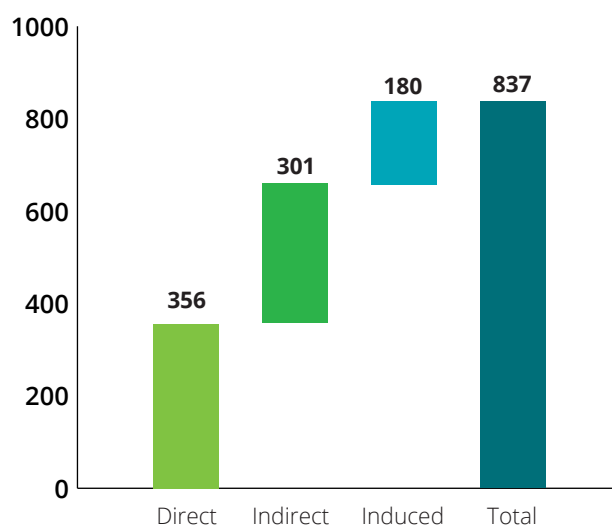




Gross value added

The gross value added to the Belgian economy by the Belgian football clubs reached €837 million in 19/20, a strong €207 million increase compared to the season 18/19. This substantial evolution is driven by strong transfers results (limiting the loss recorded by Belgian clubs) and high salary costs.

Gross value added (€ million)

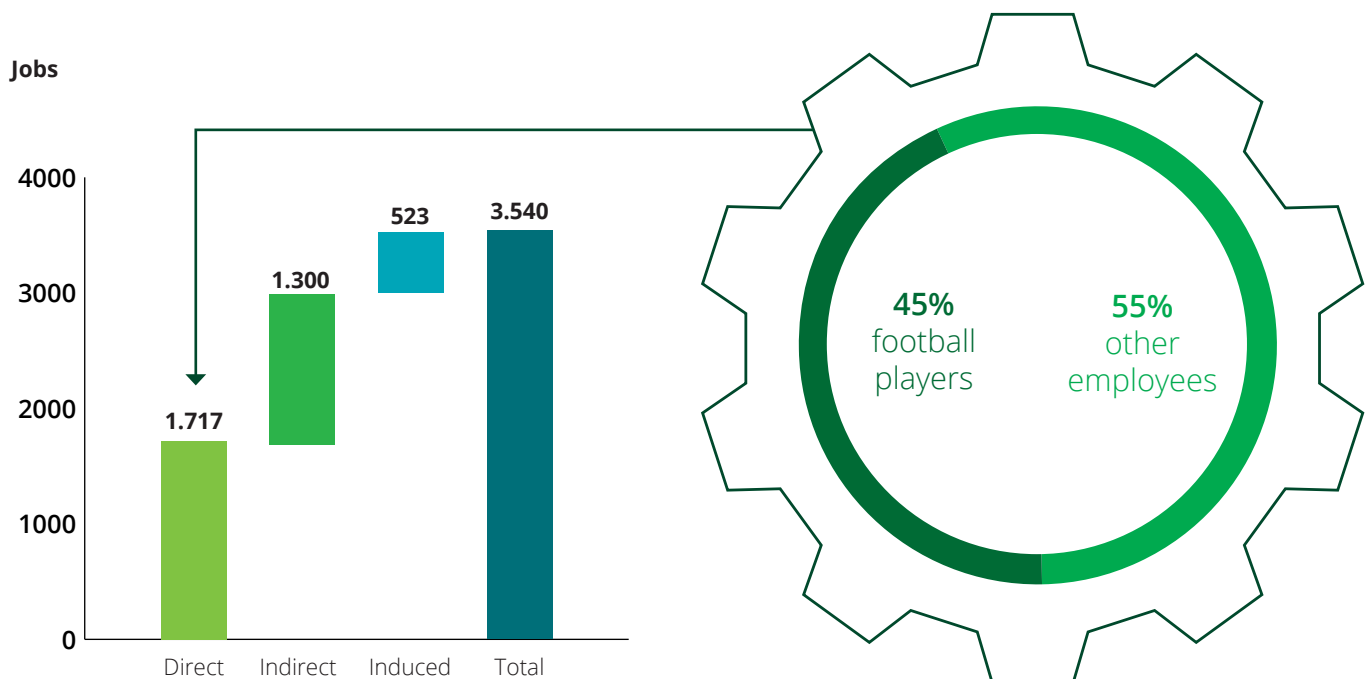


Job creation

The Pro League and Belgian clubs created a total number of 3.540 jobs in the Belgian economy in the season 19/20, a number which decreased by 555 compared to the previous season. This is driven by a decrease in direct job creation (direct employees such as players of the clubs, employees of the club working in the stadium bar etc.) from 1.986 in 18/19 to 1.717 in 19/20 due to smaller player staff and less employees. Part of the difference can also be explained by the unavailability of data from R.E. Virton, KSC Lokeren & SV Roeselare.

Direct job creation is the most substantial part, even though indirect and induced job creation account for 1.300 and 523 jobs respectively.

Among the direct employees, 45% are football players, compared to 44% in the last season. The remaining 55% are all other employees of the clubs.



Tax contribution

The Pro League clubs contribute to the State's finances through four different elements: the corporate tax, payroll tax, national insurance (social contributions) and VAT.

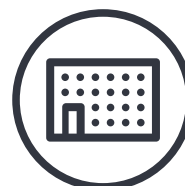
Regarding the corporate tax, the contributions of the clubs reached €15,3 million in 19/20, a significant increase compared to the previous season – total amount of corporate tax amounted to €3,5 million in 18/19. This increase can be explained by the higher pre-tax profits (i.e. the lower loss) recorded by the clubs in the season 19/20.

Payroll taxes and social contributions are influenced by the evolution of club payroll costs, which rose strongly in 19/20. This translates into a club contribution of €43,4 million on payroll tax, a 11,7% increase compared to the previous season. Social contributions remained stable, from €26,1 million in 18/19 to €25,8 million in 19/20, as a result of the technical unemployment, mainly excluding professional players following the recommendation of the Pro League.

The VAT balance shows the direct contribution of the football clubs on their added value, which reached €15,5 million in 19/20, a €4,1 million decrease compared to the previous season due to the decline in ticketing, merchandising, food and drinks. Total VAT paid, amounting to €121,9 million, gives a good overview of the total VAT paid throughout the entire supply chain due to the professional football.

We do not have data available to assess the tax impact generated by indirect and induced sources; therefore we expect the actual tax impact of the Pro League clubs to be more important than the figures reported in this section.

Tax contribution (€ million)



Corporate tax
15,3



Payroll tax
43,4



Social contributions
25,8



VAT
15,5





Social impact of the Pro League



Social impact

Community & Social Responsibility

Introduction

Football plays an important role in society by connecting people, bringing them together around a common goal, and helping to create a sense of community. The Pro League and its clubs play an important social role by developing sustainable and structural projects and partnerships that benefit their environment.

In recognition of the clubs' efforts, the Pro League annually awards the Pro League Football & Community label (previously called the Pro League+ label) for the clubs that have developed a quality community operation over the past year, leaving a significant social impact. In 2020, 17 Pro League clubs received the Pro League Football & Community label for organizing quality community activities, with attention for the local context, sustainable partnerships and the current COVID-19 situation. The Pro League provided support amounting to €135.000 in 2020, a strong increase compared to the budget of €100.000 in the previous year.

In addition, even though clubs could not carry all social projects as planned (191 social projects in 2020 compared to 300 in 2019), the total budget provided by clubs for social activities reached €1,93 million in 2020, compared to €1,82 million the previous year. This increase in the budget shows the growing importance our clubs attach to the community and social aspect of football.

In these difficult times of pandemic and lockdown, the Pro League and its clubs took the opportunity to support various causes, on which we would like to shed light in this report. Examples of initiatives include support to food banks, support to Tele-Onthaal/Télé-Accueil, the setup of Racism & Discrimination Hotline, the organization of a World Autism Day, strengthening of the collaboration with Younited Belgium etc.

At the end of 2020, the Pro League developed its own 'Football & Community magazine', through the creation of short videos on social projects undertaken by the Belgian professional clubs. This magazine, Eleven United, offers a glimpse into the daily and diverse social commitment of the Pro League clubs and partners. Topics covered include education, diversity and anti-racism, health, inclusion, environment, supporter participation, drug prevention...



Budget for social activities

€1,93 million



Support from the Pro League to clubs

€135.000



Discover the stories of
Eleven United





Donation of
50.000 meals
for food banks

Support to food banks

Due to the corona crisis, the number of vulnerable people in society is increasing sharply. This is the reason why the Pro League made a donation of 100,000 euros to food banks, which enabled them to provide no less than 50,000 meals. In addition, the Pro League launched a campaign to clubs and football supporters to contribute as well.

In April 2020, the Board of Directors of the Pro League decided to support the food banks with a gift of 100,000 euros. According to Pierre François: **"Every football fan knows that a team is more than just the starting eleven players on Sunday. To get through the difficult moments during the season, a strong bank is crucial. So it is now for society as well."**

Support to Tele-Onthaal/Télé-Accueil

In 2020, Tele-Onthaal received no less than 140.000 calls, a record number. The lines of Télé-Accueil also saw a 20% increase in the number of calls in the past year. The need for a listening ear in these times is very high. That is precisely why the Pro League decided to give all compensations for infractions of the COVID-19 guidelines to Tele-Onthaal and Télé-Accueil.

World Autism Day

For children with autism spectrum disorder, it is often impossible to attend a football match. Too many stimuli can make it particularly difficult for these children.

The current measures that oblige us to empty stadiums provide a once-in-a-lifetime opportunity for children with ASD to attend a match in a low-stimulus environment. Approved and supported by the 3 competent Ministers for Sport, Ben Weyts, Valérie Glatigny and Isabelle Weykmans, the Pro League was able, under strict conditions, to invite a few children with ASD to exceptionally experience a match live in our stadiums.

The CEO of the Pro League, Pierre François, highlighted this great opportunity: "We are delighted to be able to welcome a number of children with autism to our stadiums for a unique experience with their favourite team. The Pro League would like to thank the Ministers for their support and exceptional permission".



Racism & Discrimination Hotline Pro League

On the International Day Against Racism and Discrimination (21 March), the Pro League launched its hotline on racism and discrimination. Words that affect the identity of fans while they are living out their passion have no place in sport. Anyone who is the victim or witness of an incident in or around the stadium can now report it via a report button on the Pro League website.

Reporting via the hotline is done via a procedure that has been developed in consultation with Unia (Interfederal Centre for Equal Opportunities) and the government and guarantees a legally and procedurally correct follow-up of reports, with special attention for victims and support for all parties involved.

Oud-Heverlee Louvain – OHL in de buurt

OH Leuven launched a new social project for children near the King Power at Den Dreef stadium in February 2021. Together with the City of Leuven and Buurtsport, the club wants to encourage children and young people to play football, by focusing on fun and pleasure.

The initiative 'OHL in de buurt' brings football to children in the neighbourhoods in an accessible way. OH Leuven provides, among other things, the equipment for the players and the support for the trainers. The intention is to eventually roll out the pilot project to other locations in Leuven.



Fans

Introduction

As highlighted in our previous report, professional football is not 'just a game', but holds this special place in the heart of Belgians, and is arguably the most popular sport in the country. Football clubs need to find ways to connect and stay connected with their fan base, even more in these difficult times when most games are being played behind closed doors. Figures show that the enthusiasm, fervor and interest of fans remain strong for their clubs. Indeed, Pro League clubs count more than 5,8 million followers on social media in 2021, a number that has been strongly increasing in the last years (compared to 4,8 million followers in 2020 and 4,3 million followers in 2019), as well as 464 fan clubs, a number which remained relatively stable compared to last year. This increase in the number of followers on social media has also been driven by the rebranding operation undertaken by the Pro League in 2020 in order to further develop its digital and communication strategy.



Fan clubs
464



Followers on social media
5,8 million



Youth

Introduction

Youth academies are another major dimension to be covered in our report. In recent years, Belgian clubs have invested more and more time and money in their youth academies, with the aim of seeing some young players reach the top of the football world. While the clubs were legally required to invest €26,9 million in 2019, they invested €49,3 million in their youth, a figure close to that of the previous year. This underlines the growing importance of young players for our Belgian clubs and the choice that these teams are making to base their strategy on young players.

Our Belgian clubs need to focus more than ever on the development of their youth academies. Indeed, the continued rise in transfer prices combined with the expected decrease in transfer results linked to the COVID-19 crisis reinforces the need for clubs to focus more on developing young talent in national youth academies rather than attracting foreign talent.

A total number of 275 young Belgian players (under 23 years) had a full-time or part-time contract during the season 19/20, which shows a 5% increase compared to the previous season. These young players played a total of 74.935 minutes together, representing a 25% decrease compared to the season 18/19. This decrease is due to the early end of the season, which reduced the total playing time of the players. While the total amount of minutes played by young players decreased in terms of absolute numbers, it represents a similar proportion of the total minutes played by all players compared to the previous season. Indeed, young players played around 11% of the total minutes played by all players, a similar ratio than in the season 18/19. Belgian players aged 23 to 26 played 8% of the total minutes, while Belgian players aged over 26 years played 25% of the total minutes. Foreign players played the remaining 56%, which is in line with the situation observed in the season 18/19.



Minutes played by
young players

74.935



Young players
under contract

275





Appendix

The Belgian football clubs have a direct impact on gross output, gross value added, full-time equivalent jobs and taxes, information needed to run the economic model. 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.

As economic activities in different industries are closely related, a change in one organization will have an impact elsewhere in the economy. Applying input-output models on direct effect quantify 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.

Three types of impact exist in the socio-economic impact assessment framework:

1. **Direct impact:** the industry itself produces a certain impact, by conducting business within the economy, creating gross value added, jobs and tax revenues.
2. **Indirect impact:** the industry's supply chain generates gross output, value added, jobs and tax revenues as an indirect consequence of the industry itself
3. **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.

The computations in this report conform to the guidelines outlined by the Belgian Federal Planning Bureau.^{1 2} The analyses also used

working papers on the theory behind input-output model.^{3 4}

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)

Direct impact

Responding to the demand for professional football, the football clubs themselves generate direct effects the initial impact. The last available financial year 2020 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:

1. Gate receipts & season passes revenues
2. Broadcasting revenues
3. Sponsoring & advertisement revenues
4. Commercial revenues
5. 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 GVA

The sum of profits before tax and total wages & salaries calculates GVA. 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

1 Belgian Federal Planning Bureau (2016). Multiplicatoren: handleiding.

2 Belgian Federal Planning Bureau (2016). NAM-multiplicatoren: handleiding

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

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

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. 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 28%.

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 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 GVA

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 labor, 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 GVA

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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