CPFC 2010 LIMITED
FINANCIAL HEADLINES
FOR THE PERIOD JUNE 2019 – JULY 2020 INCLUSIVE

Crystal Palace F.C. has released the following headline financial information for the 13 month period ended 31st July 2020, a period significantly impacted by the Covid-19 pandemic.

The following is an excerpt from the Strategic Report, penned by Club Chairman Steve Parish, taken from the Annual Report, which will be published at a later date.

It is almost impossible to comment on the accounts and financial performance of the Club without immediately referencing Covid-19 and the huge impact this has had on everything and everyone associated with the Club.

At all times, we have tried to make sure that while adapting to the business conditions created by the pandemic, we acted swiftly to support our local community and stakeholders who were in need. Indeed, we are extremely proud of the way our staff and players adapted to the situation, whether it was phoning vulnerable supporters, the 'Palace Kitchen' that continues to deliver meals to the vulnerable or working with the NHS to deliver vaccines from Selhurst Park stadium, the Club has provided whatever it can to help.

Whilst the pandemic has brought immeasurable loss to the whole country with so many lives lost and also extreme financial problems for many businesses, the Premier League and its clubs have managed to mitigate the financial damage by completing the 2019/20 season. This was done with the support of Government, albeit with matches played without supporters. Over the two seasons affected, the overall income loss to the club will be around £30m. Some sound financial planning and prudence along with supportive shareholders has provided us with stability to continue to invest in the club's infrastructure.

After a strong start to the 2019/20 season and a very promising position in the spring, prior to the mid-season interruption, European qualification was a very real and exciting possibility. There's no doubt the pandemic and resulting lockdown adversely affected the Club's performance. It resulted in a relatively disappointing 14th place finish following a run of bad results after lockdown.

During the same period, we made tremendous progress with the Club's Academy development and at the time of writing the majority of upgraded facilities are open, with a target of summer 2021 to be fully operational. This will ensure we are ready for the 2021/22 season as our teams compete with EPPP Category One status. The Academy upgrades are about much more than putting in place state-of-the-art facilities and achieving Category One status. We have long known that we have access to some of the best natural talent in the country, if not the world, on our doorstep in South London.

Having elite academy status, and facilities, to match allows us to attract, retain and develop players who historically may have been lost to other clubs or never had the chance to come to Crystal Palace at all. As such, the project is a statement of intent as much as a development of infrastructure. Indeed, another positive milestone this season was the emergence of Tyrick Mitchell into the first team, having joined the club's Academy aged 16.

Our ambitious Main Stand redevelopment plans at Selhurst Park continues to move forward, with negotiations for land acquisitions being the key task to resolve, but we remain committed to the project.

In a year like no other, our supporters once again showed remarkable loyalty to the Club during these unprecedented times – supporting our various charitable initiatives, with thousands donating their Season Ticket refund towards our Foundation or Academy project, and I would like to take this opportunity to once again thank each and every one of them.

Finance Overview

The accounts have been made up to 31 July 2020, as this covers the extended timeframe to complete the season and therefore reflects a complete season's revenue. While there are 13 months' wages and overheads to deliver this, something that is clearly evident in our Operating Loss, this does accurately reflect the business reality of the situation imposed on us and we feel gives the most accurate view of the Financial performance of the Club for the 2019/20 season.

The strong results in 2018/19 allowed us to cope with the impact of Covid-19 in much better shape than might have been the case otherwise. While we did take out an external loan of £30m late in the 2019/20 financial period and defer some payments, to assist with the Club's cashflow, we still had a zero net debt position at the period end with healthy cash reserves (£58.4m) to support the Club in 2020/21 and what we knew would be a turbulent, challenging season. This has proven to be the case and those reserves have been depleted, though we are pleased to report that the Club is well placed to look forward to the 2021/22 season having seen out, what we all hope, is the worst of the economic impact of the pandemic.

Financial Performance

	2020	**2019**
Average league attendance	25,060	25,455
Final league position	14th	12th
TV matches	17	12
	£'000	**£'000**
Turnover	142,347	155,404
Staff costs / turnover ratio	93%	77%
Operating expenses (excluding depreciation, amortisation and impairment)	(154,070)	(138,889)
Operating (loss) / profit before depreciation, amortisation and impairment ("EBITDA")	(11,723)	16,505
(Loss) / profit before tax	(58,023)	5,446
Net (liabilities) / assets	(49,107)	8,735

Impact of Covid-19

The impact of Covid-19 on the business financial results was twofold. Firstly, the Premier League rebate to television broadcasters and the loss of matchday revenue had an impact on Turnover of £11.7m, meaning on a like-for-like basis our Turnover would have been £154.0m. Along with the estimated associated costs saved and exceptional costs incurred, the overall net impact of Covid-19 on the financial results was £11.0m

Secondly, the decision to extend the year end to July 31 2020 meant an extra month's operating cost is shown and this had a £10.5m impact on expenses. An EBITDA loss of £11.7m, as shown above, would have accordingly been a £9.8m profit without these two factors. Overall, when an extra month's depreciation and amortisation is factored in the loss shown of £58.0m would have still been a loss, but at the much lower level of £32.9m.

The group's Financial Position remains strong with cash balances of £58.4m as at 31 July 2020 (2019: £11.9m), though we should note this is largely supported by the borrowing taken out during the year.

Although the group is showing a net liability position this mainly compromises an intercompany loan facility from the parent company Palace Holdco UK Ltd, which charged no interest and will continue to support the group and its subsidiaries.

Principal risks and uncertainties

All our planning takes into account the inherent risks associated with running a Premier League football club. The planning for the Premier League and Championship have significant implications on the core revenue and the club ensures that it keeps within all the guidelines issued by the Premier League on cost controls.