



CROATIAN FOOTBALL FEDERATION // WORKSHOP // 17 JANUARY 2024

UEFA Club Licensing and Financial Sustainability

Aleš Zavrl
UEFA Head of Club Licensing

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Agenda

01

Introduction

04

UEFA Benchmarking:
Croatian club football benchmarks

02

UEFA Club Licensing System

05

European Women's Football & Club
Licensing

03

UEFA Club Monitoring:
*New UEFA Financial Sustainability
Rules*

06

UEFA Club Licensing Regulations:
*Key changes for the process
2024/2025*

Overview of UEFA Club Licensing System

DEFINITION

Certificate confirming fulfilment of all minimum mandatory criteria by the applicant

PRINCIPLE

UEFA licence - mandatory for entering UEFA club competitions

SCOPE

European wide - 55 UEFA member associations



UEFA REGULATIONS

Minimum mandatory standards/criteria (integration into national club licensing regulations)

LICENSOR

National associations run the system at national level for UEFA competitions

DOMESTIC

Option to implement a domestic club licensing system

Historic background

UEFA Club Licensing Manual

- Sporting
- Infrastructure
- Personal & Administrative
- Legal
- Financial



Club licensing at national level

The number of licensors that apply club licensing to the top 3 divisions or more increased since 2019



8

Top-division only



26

Top 2 divisions



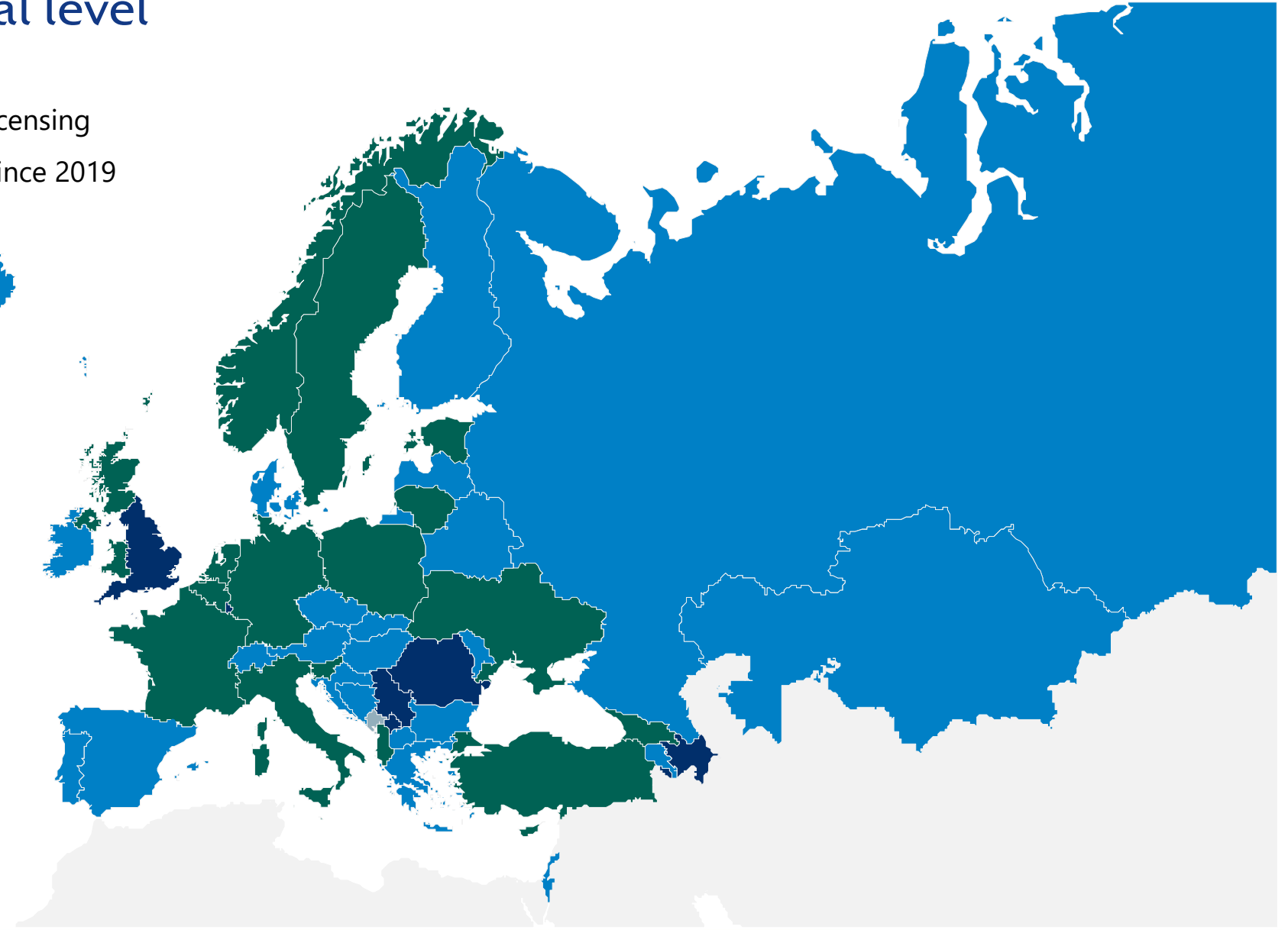
20

Top 3 divisions or more



1

UEFA club competitions only



Top-division licensing systems

Club licensing systems applied by national associations/leagues



49

Separate licences for UEFA & domestic competitions



5

Single licence for UEFA & domestic competitions



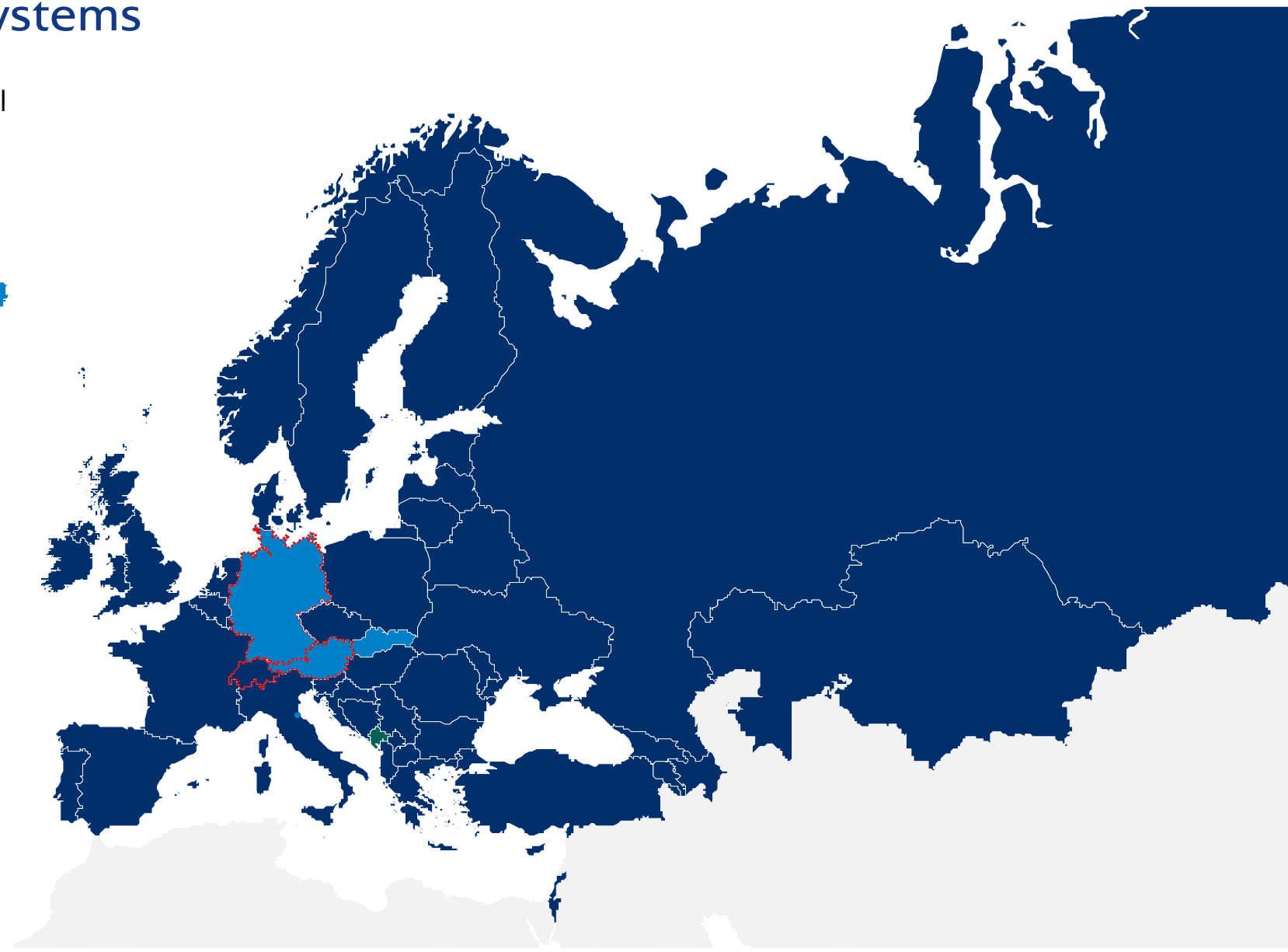
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Licensing system for UEFA club competitions only



3

Licensing system operated by the professional league



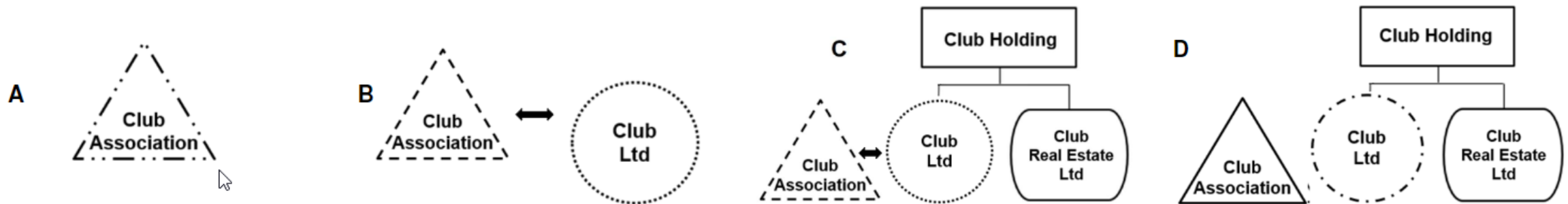


Legal structures of clubs across Europe

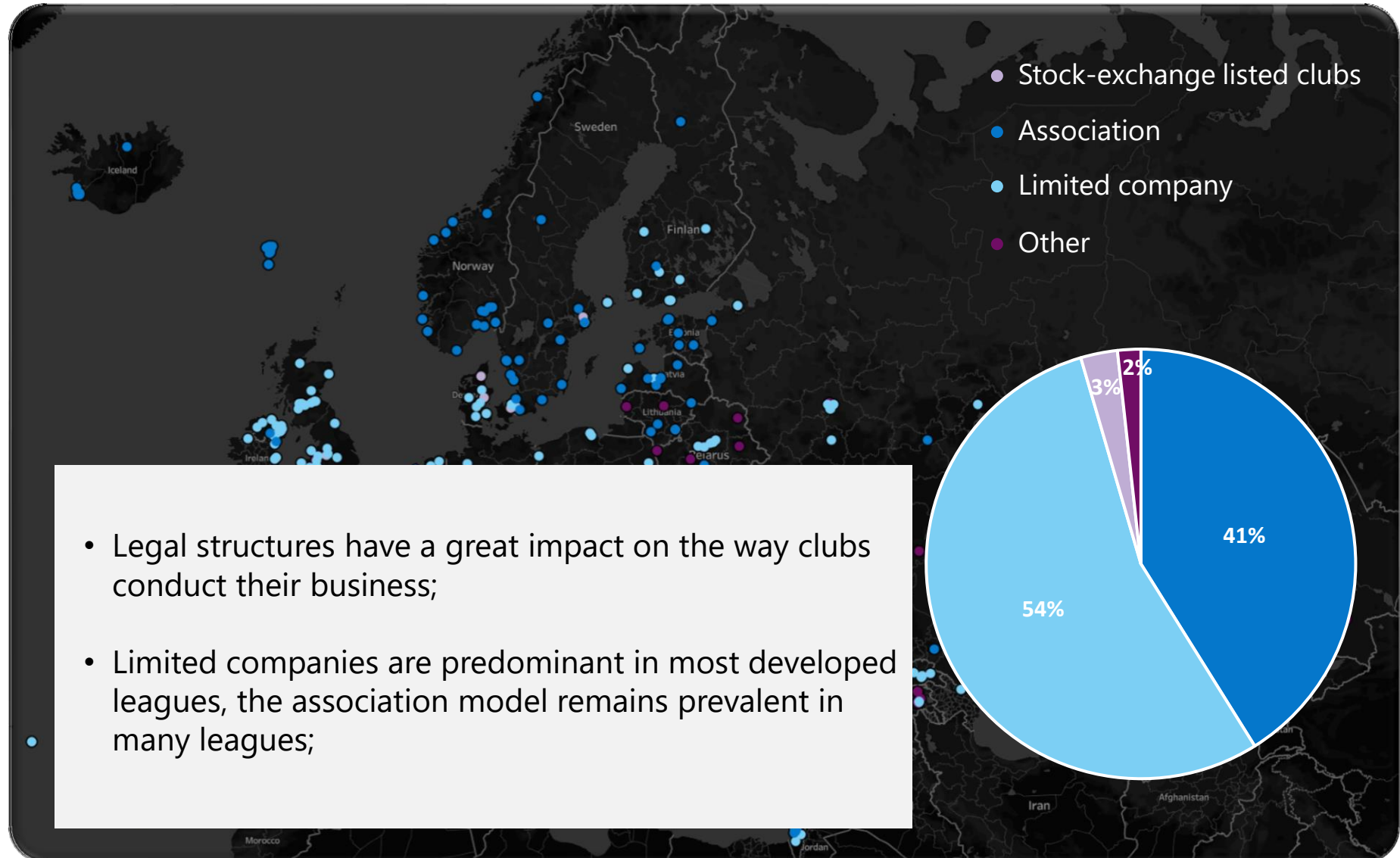
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Definition of the licence applicant

- A football club in a legal form and with membership in accordance with national statutes and legislation;
- Legal entity which is fully responsible for a football team participating in national and international competitions and responsible for operational football activities;
- The licence applicant's membership must have lasted for at least three consecutive years (3y rule);
- The status of a football club (professional, semi-professional or amateur) is not relevant for the club licensing process;



The various types of clubs' legal structures across Europe





UEFA Club Licensing Regulations

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UEFA Standard for National Associations



- UEFA Club Licensing **Quality Standard** (Edition 2022);
- **Minimum mandatory requirements** that licensors must comply with in order to operate the club licensing system as well as perform their responsibilities and duties in respect of the club monitoring process;
- Support to an effective club licensing system based on the principles of **consistency** and **equal treatment**;
- Ensure a proper and **efficient functioning** of the club licensing system and club monitoring process;
- Further promote **quality management** within the UEFA member associations;
- Compliance assessed on annual basis by **external auditors** (SGS);
- Licensors' **certification**.



National Club Licensing Regulations - Integration



- The licensor must ensure that all applicable club licensing provisions defined in the UEFA regulations are integrated into national club licensing regulations:
 - *UEFA Club Licensing and Financial Sustainability Regulations (2022) – Club Licensing;*
 - *UEFA Club Licensing Regulations for the UEFA Women's Champions League (2022);*
- The licensor is free to increase or introduce additional minimum criteria in its national club licensing regulations (to enter the UEFA club competitions);
- Any increased or additional minimum criteria apply mutatis mutandis to entry in UEFA club competitions;

UEFA Club licensing criteria and transitional period

A

**Mandatory
requirement**

The criteria must be fulfilled to be granted a licence to enter UEFA competitions

B

**Mandatory
requirement**

Non-fulfilment of B criteria does not lead to refusal of a licence but to a sanction

T

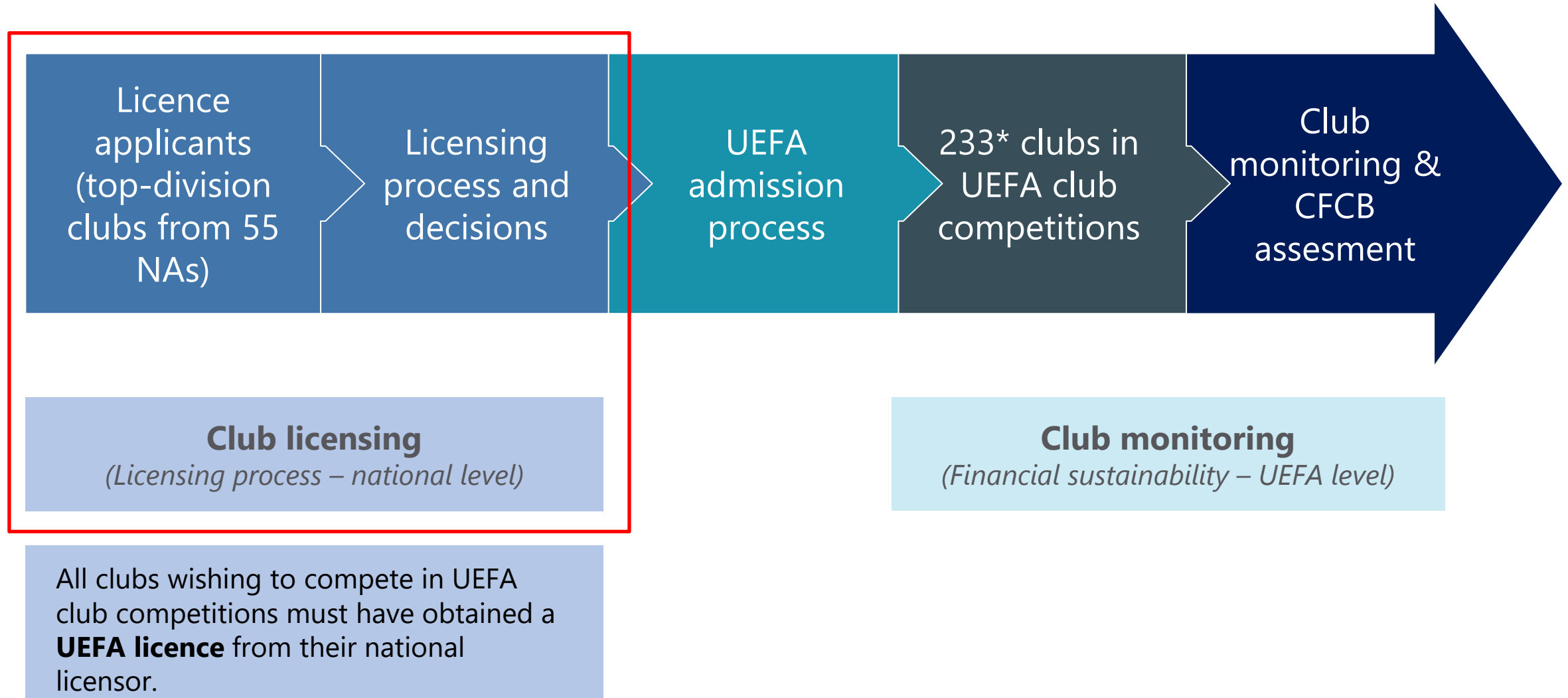
**Transitional
period**

Non-applicability of the criterion for a certain period
(transitional period)

Club licensing criteria

Sporting	Support youth development, medical care of players, football and non-football educational programmes
Infrastructure	Minimum requirements for stadiums and training facilities, suitable, well-equipped and safe football infrastructure
Personnel & Administrative	Professionalization of clubs' organization, qualified coaches, medical staff, management & administration
Legal	Transparency, continuity and integrity of competitions
Financial	Financial stability & sustainability of clubs, protection of football stakeholders (players, coaches and technical staff, other clubs etc.)
Football social responsibility	Human rights and environmental protection

UEFA club licensing & club monitoring process



* Due to exclusion of Russian clubs from UEFA club competitions;



UEFA club licensing results 2023/2024

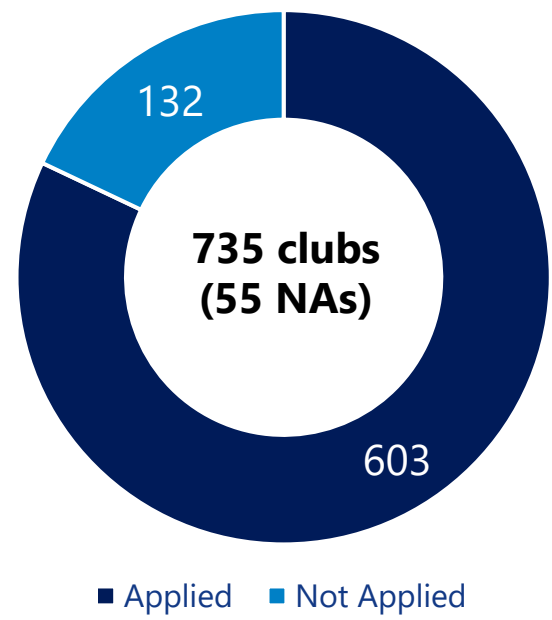
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UEFA Club licensing results 2023/2024



- An average of 81% of clubs applied for a UEFA licence in the last 3 years;

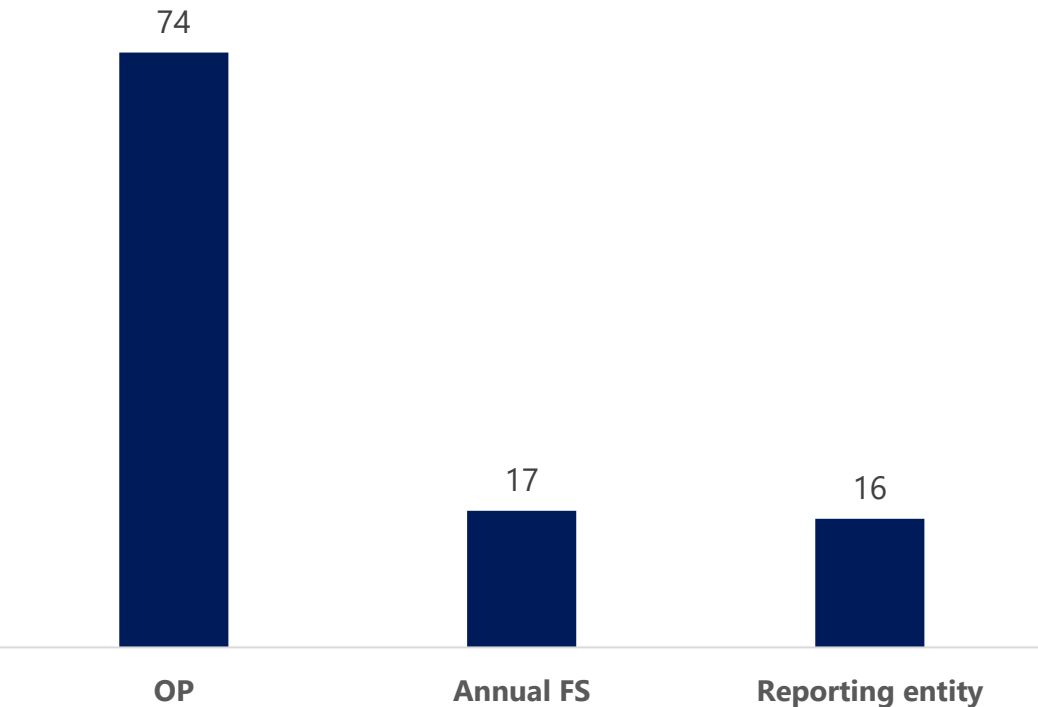
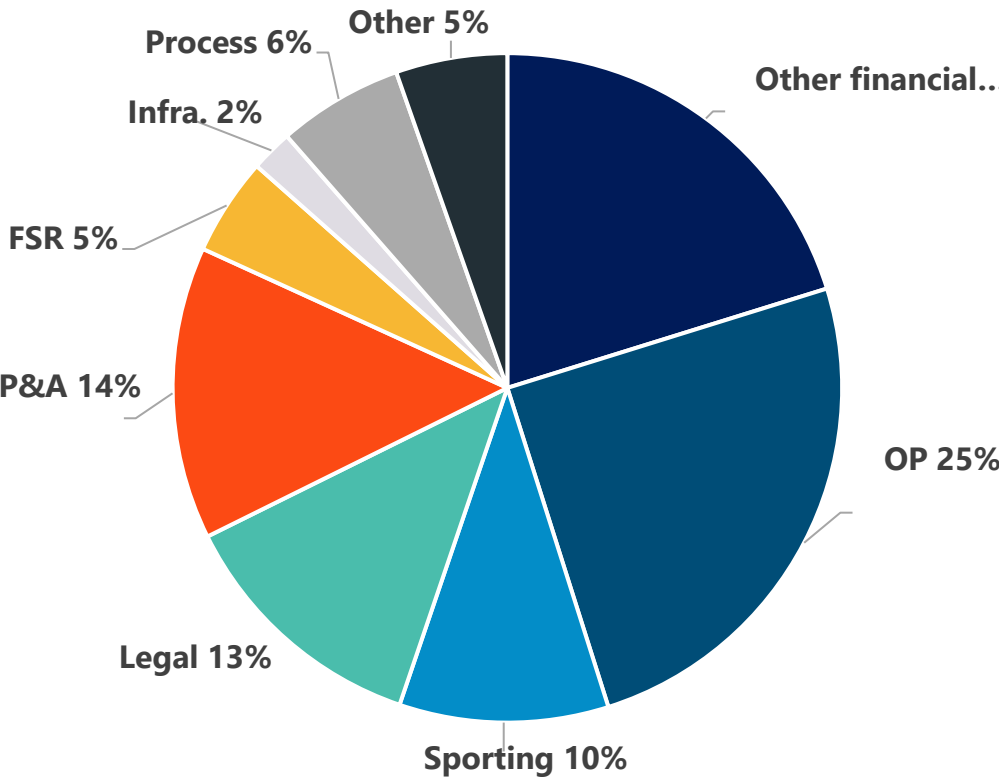
82% of clubs (603/735) applied for a UEFA licence



71% (523/735) of clubs received a UEFA licence

	2023	2022	2021
Granted	523 (71%)	502 (69%)	519 (71%)
Not granted	80	81	82
Not applied	132	149	129

Reasons for UEFA licence refusals 2023/24 (men's competitions)



UEFA Club licensing process 2023/2024 - Summary

Men's club licensing decisions (UCL / UEL / UECL)

- **55** national association;
- Licence applicants: **603** top division clubs (82%)
- Granted: **523** (71%), Not granted: 80, Not applied: 132
- Sportingly qualified clubs without UEFA licence: **3**
- Club not eligible to participate due to other matters: **5**
- Clubs in UCL/UEL/UECL: **233***



**Russian Football Union clubs are excluded from the UEFA club competitions;*

UEFA Club licensing process 2023/24 - Summary



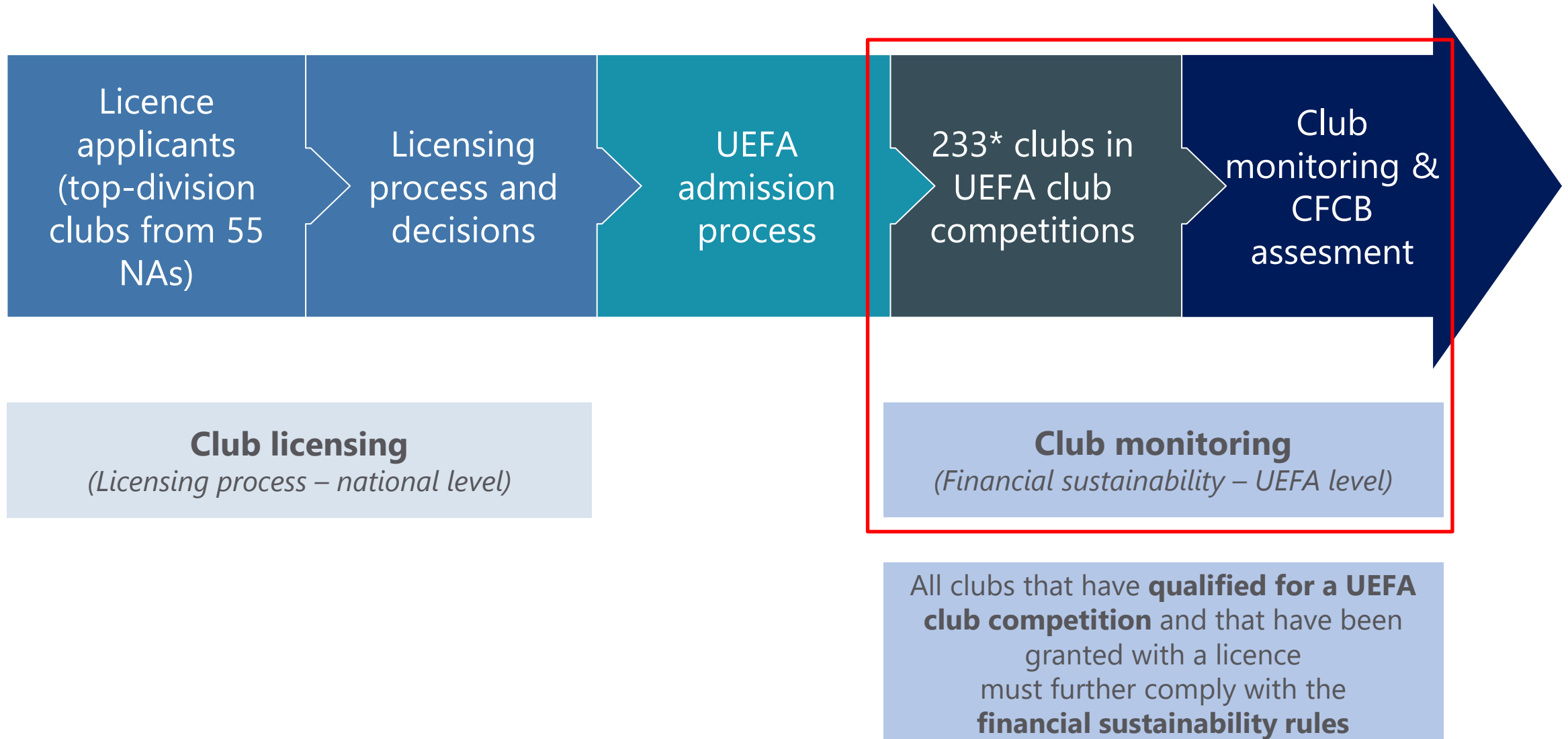
- **Men's club licensing decisions (UCL / UEL / UECL)**
 - Licence applicants: **9** (9/10 top division clubs 2022/23)
 - Granted: **8**
 - Refused: **1**
 - Not applied: **1**
 - All sportingly qualified clubs with UEFA licence
 - Clubs in UCL/UEL/UECL: **4**





UEFA Club monitoring: *New UEFA Financial Sustainability Rules*

UEFA club licensing & club monitoring process



* Due to exclusion of Russian clubs from UEFA club competitions;

UEFA Financial sustainability rules

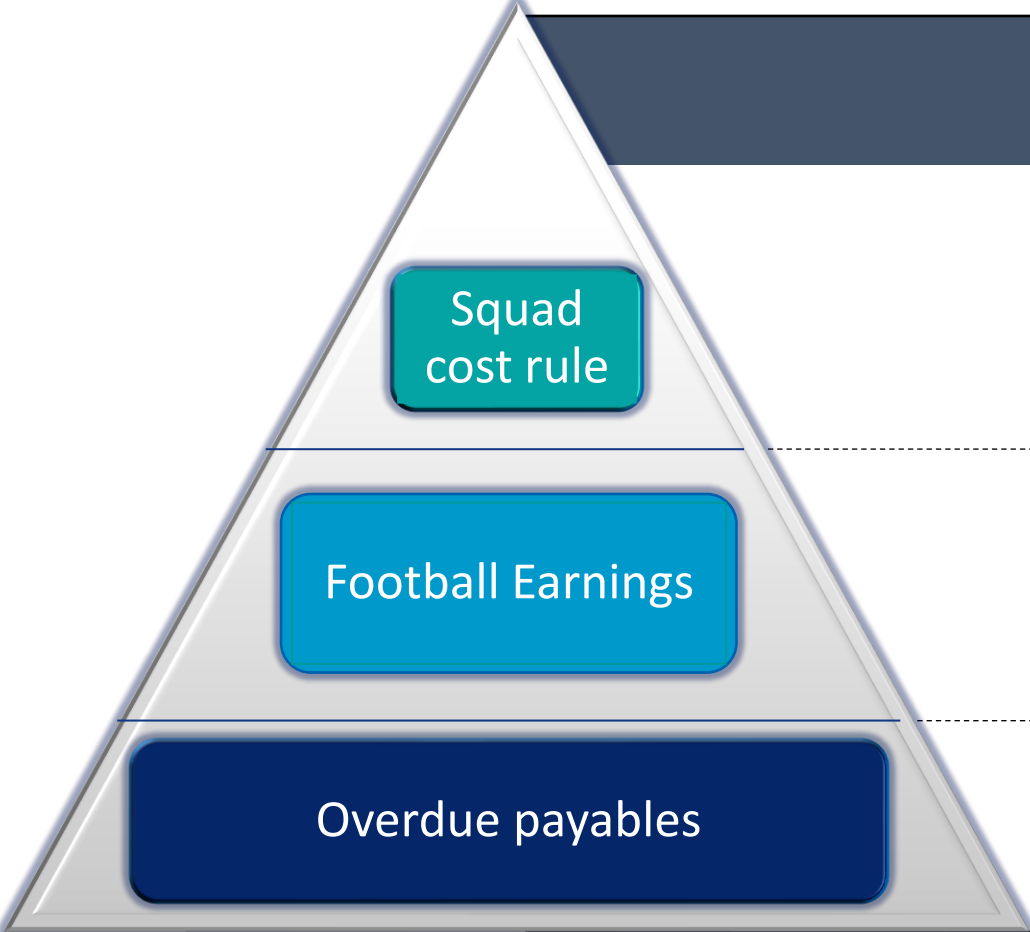
- 1) **Cost control**: Ensure rationale spending and viable business in the long term;
- 2) **Stability**: Reinforce balance sheet and stop piling up of debt;
- 3) **Solvency**: Ensure protection of creditors;



Improve the **financial sustainability** of clubs,
increasing their **transparency** and **credibility**

Financial sustainability rules – the scope

EBE: Employee Benefits Expenses

	As from	EBE < €5m	€5m < EBE < €30m	EBE > €30m
	Group stage	Exempt	Exempt	✓
	All clubs (qualification rounds)	Exempt	✓	✓
	All clubs (qualification rounds)	✓	✓	✓

Solvency requirements | No overdue payables

Enhanced no overdue payables requirements for clubs (licensees) in respect of:

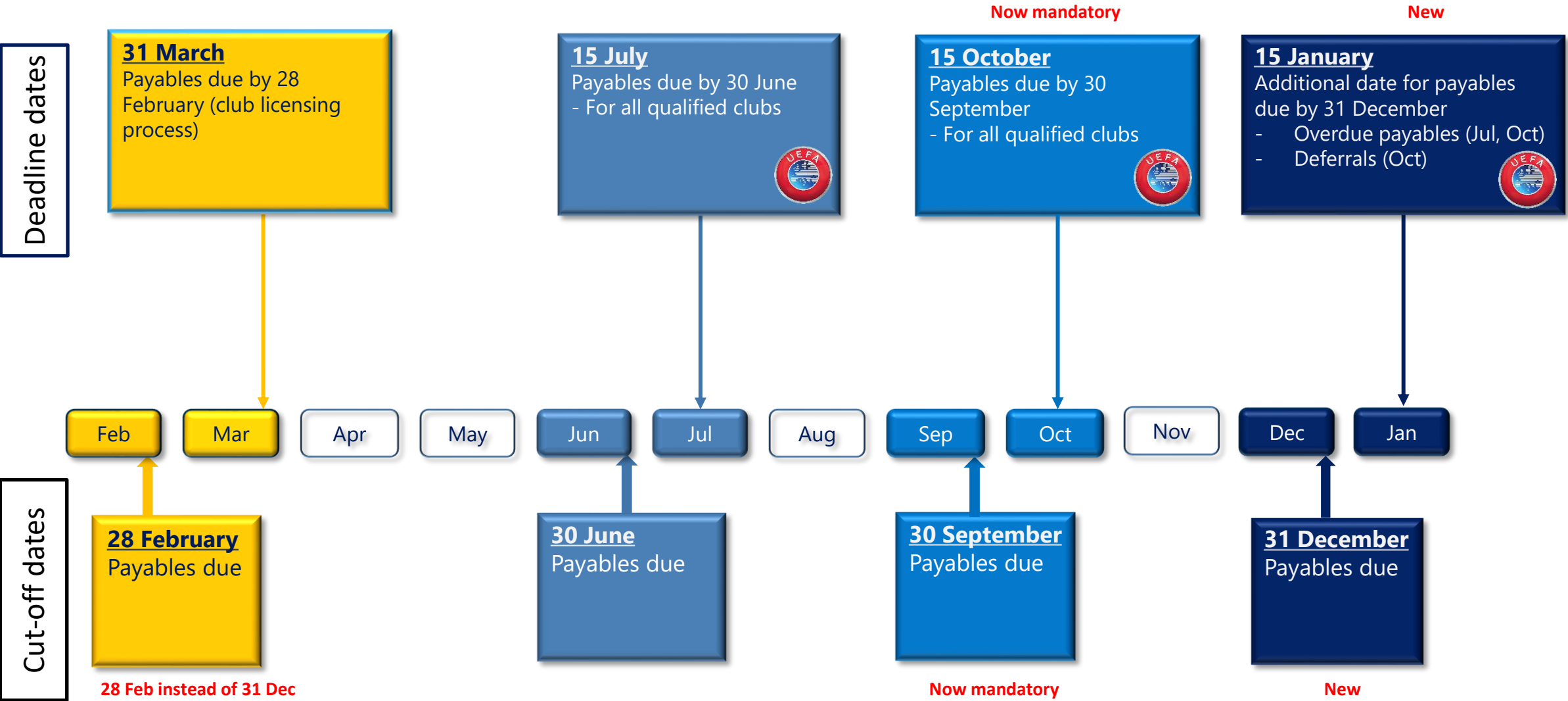
- Football clubs (player transfers);
- Employees (players, coaches, technical staff, management etc.);
- Social/tax authorities;
- UEFA;

Annual cycle of monitoring:

- 4 checks per calendar year;



No overdue payables | Annual cycle of monitoring



Stability requirements | Football earnings rule

- Enhanced version of the break-even rule;
- Football earnings are the difference between relevant income and relevant expenses (surplus or deficit);
- Assessed over a rolling period of three years (T, T-1, T-2);
- Acceptable deviation of €5m/year (without contributions);
- Possible acceptable deviation of €20M/year:
 - > Deficit to be covered either with contributions or existing equity;
- **Adjustments** possible for youth development, community development activities, women's football, investments in infrastructure;



**Football
earnings**

Cost control requirements | Squad cost rule

- Measures squad costs relatively to the operating revenues and transfer result of football clubs;
- Limits spending on wages, transfers and agent fees up to 70% of club revenues;
- Time period covered January to December including the summer transfer window just before the UEFA club competitions;
- Scope includes all senior team professional players and head coach(es);
- Revenues to be assessed at fair value;
- Timely assessment and identification of breaches;
- Strict financial and sporting sanctions;



$$SC = \frac{(\text{Employee Benefits Expenses} + \text{Amortisation} / \text{Impairment} + \text{agents})}{\text{Operating revenue} + (\text{net transfer result})} < 70\%$$

- Transitional period: **90%** -> **80%** -> **70%**

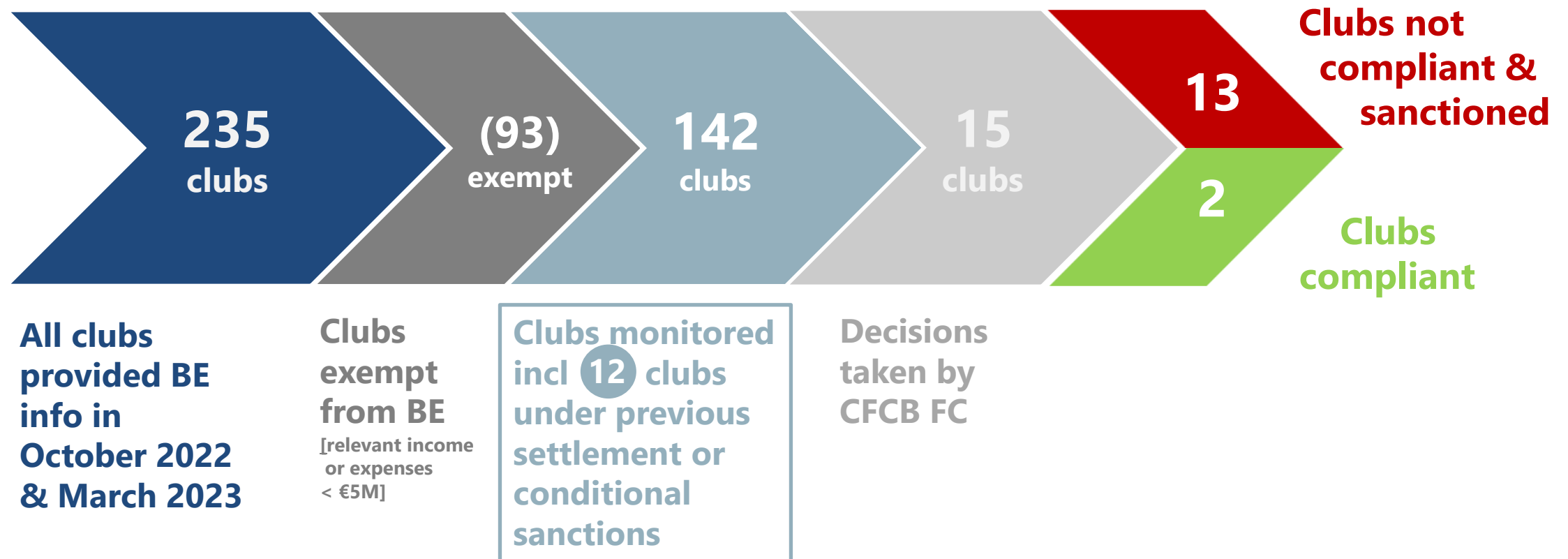
UEFA Club Monitoring | Season 2022/2023



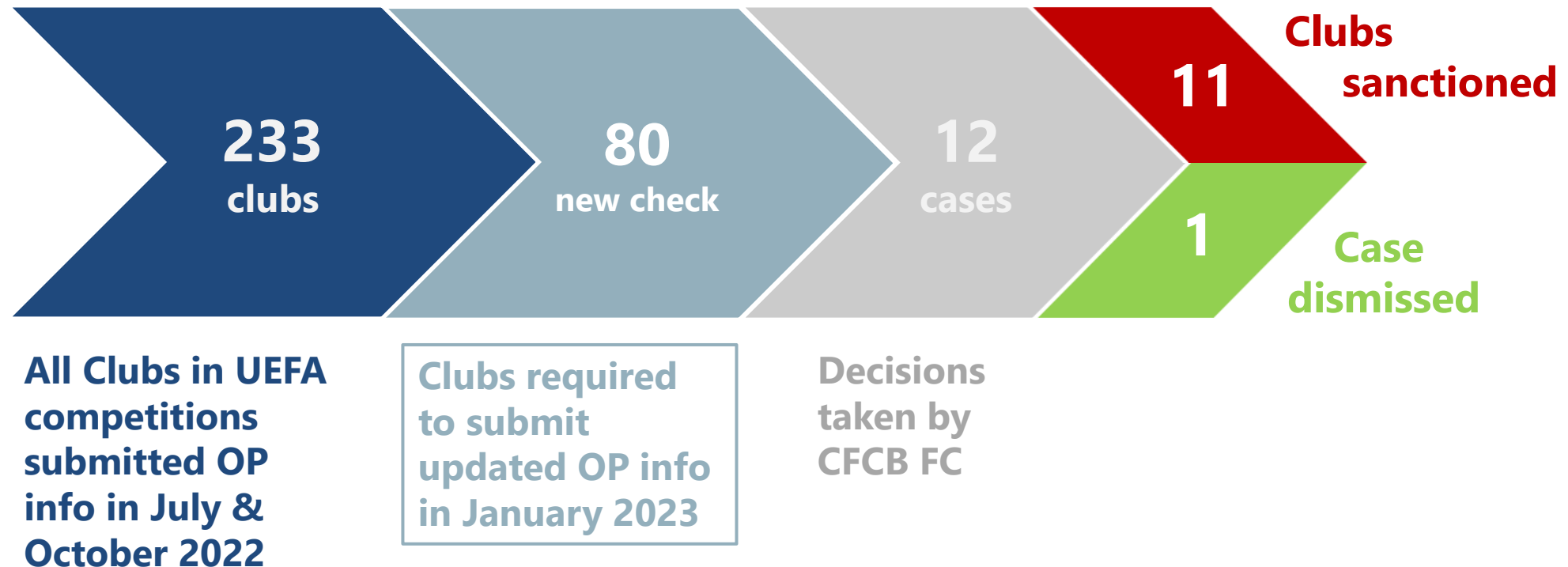
UEFA Club Financial Control Body (CFCB)

Break-even requirements | Club monitoring 2022/23

Average counts as a single period



Overdue payables | Club monitoring 2022/23





UEFA Benchmarking

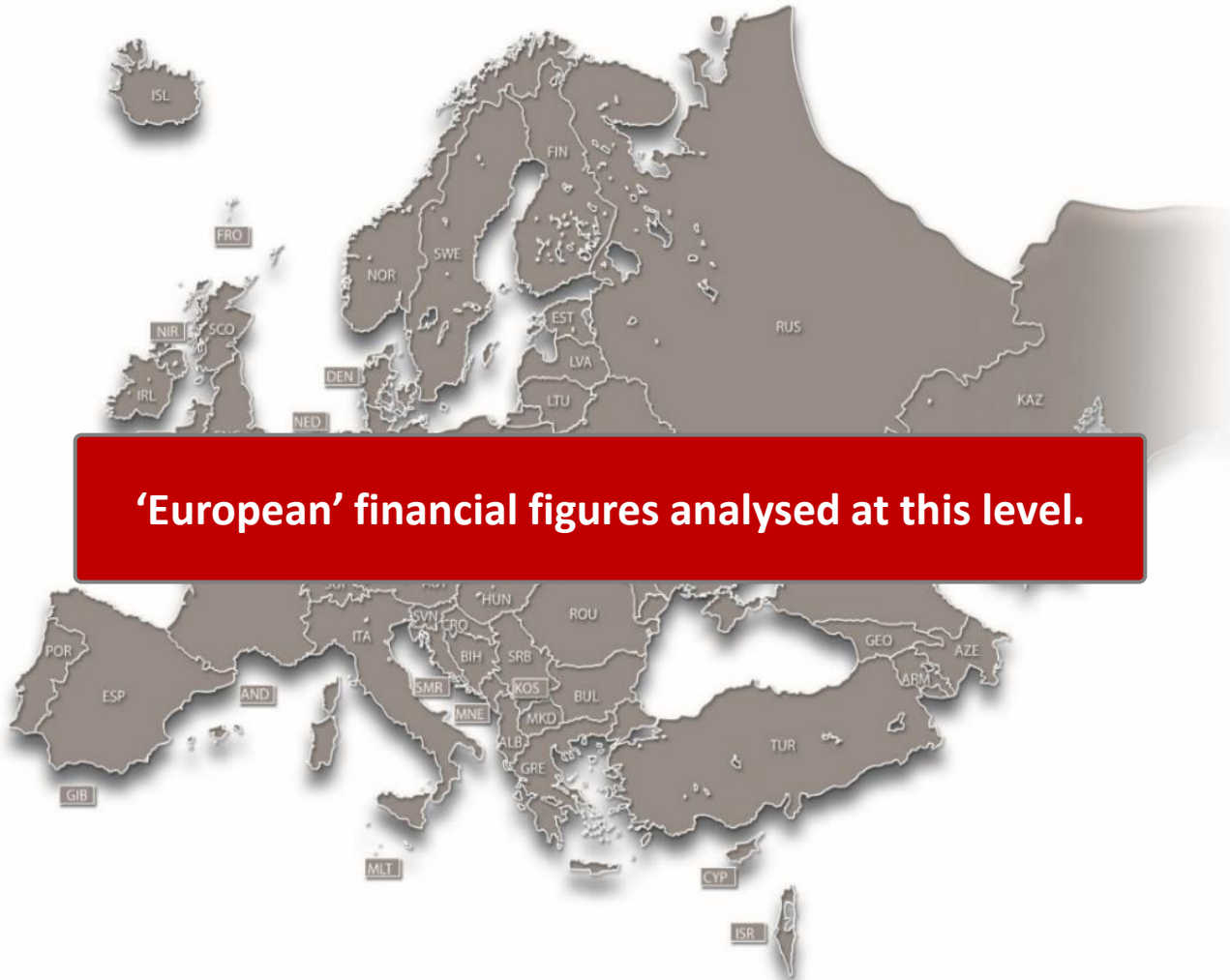
Croatian Club Football Benchmarks

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European landscape



Scope of European professional football 2023/2024



55 members associations

≈1.400 professional clubs*

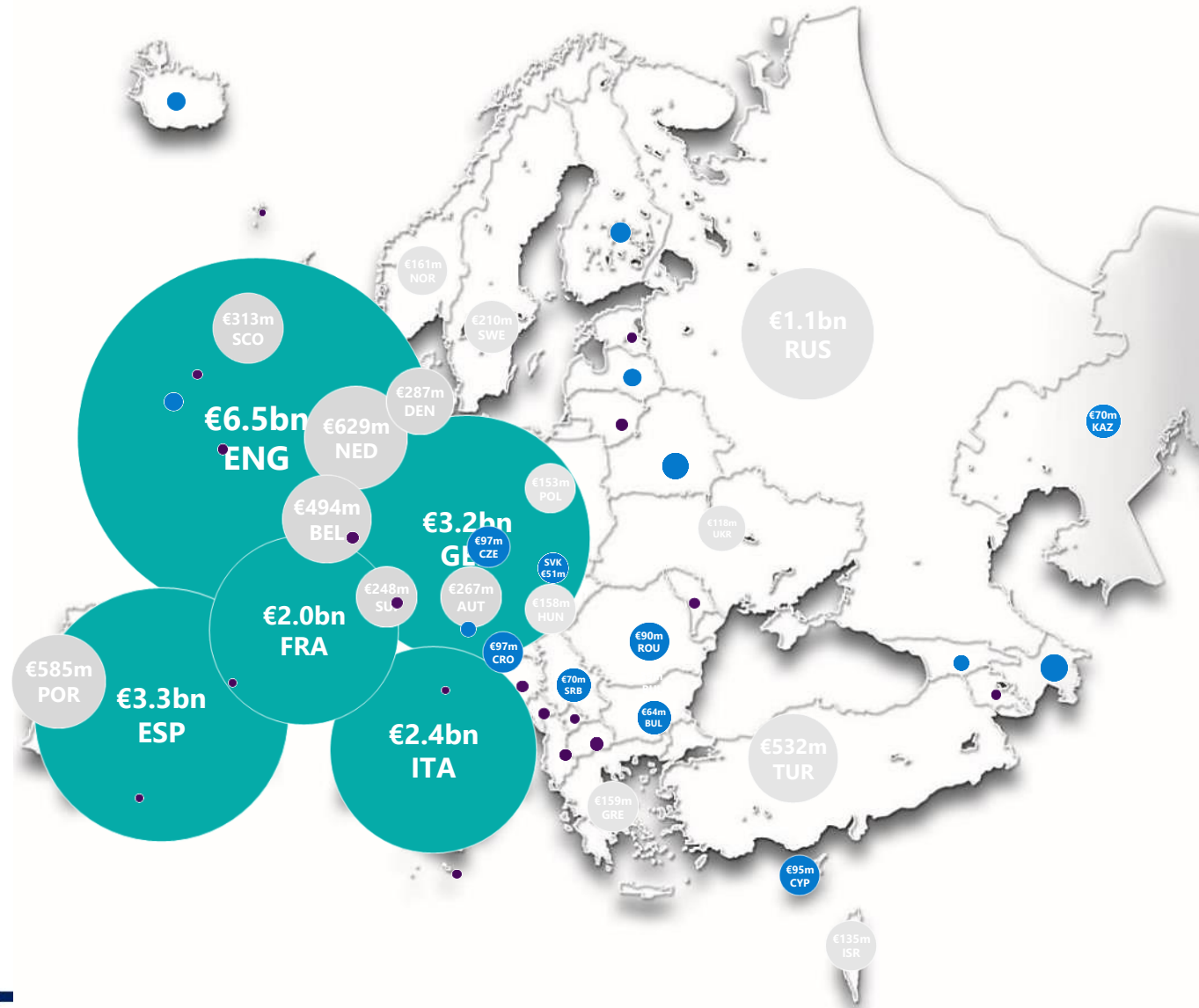
735 clubs in top divisions

523 UEFA licensees

233 clubs in UEFA competitions

*Estimate based on submissions of National Associations (NA's)

Large differences in revenue levels of European clubs and leagues (FY22)

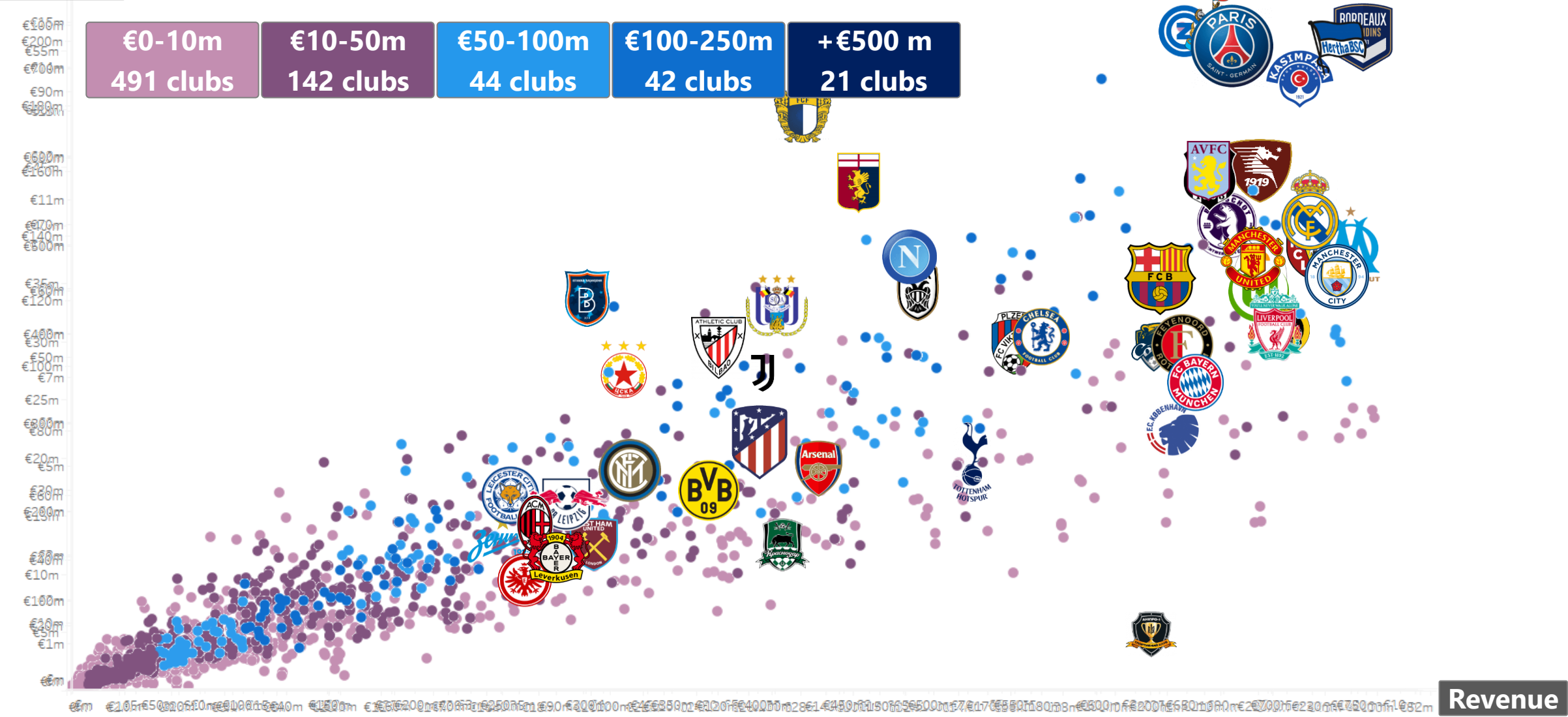


Club revenues of top divisions:	Number leagues	Number clubs	€m Total revenue
Less than €20m	18	128	192
€20m to €100m	16	204	886
€100m to €2'000m	16	241	5,503
€2'000m+	5	98	17,399

- Revenues are heavily concentrated in the big five leagues (broadcasting & commercial)
- The 20 English clubs generate almost the same revenue (€6.5bn) as the 643 clubs (€6.6bn) at leagues ranked 6-55.

European club universe

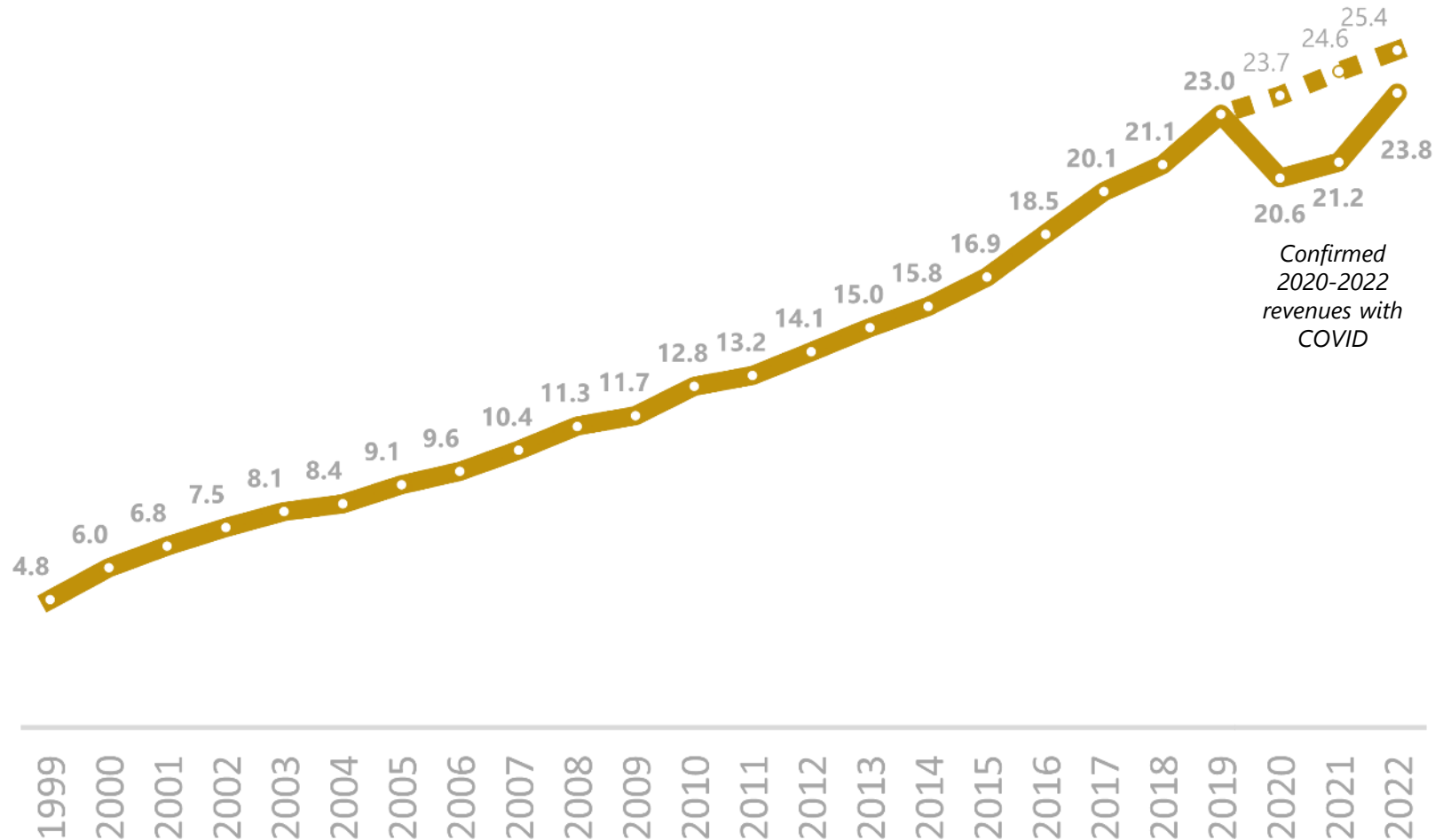
Wages



For the first time in 20 years, club football revenues decreased

20 years of revenue growth: Top division clubs revenue (€bn)

UEFA estimates
for 2020-2022
without COVID



4.8x



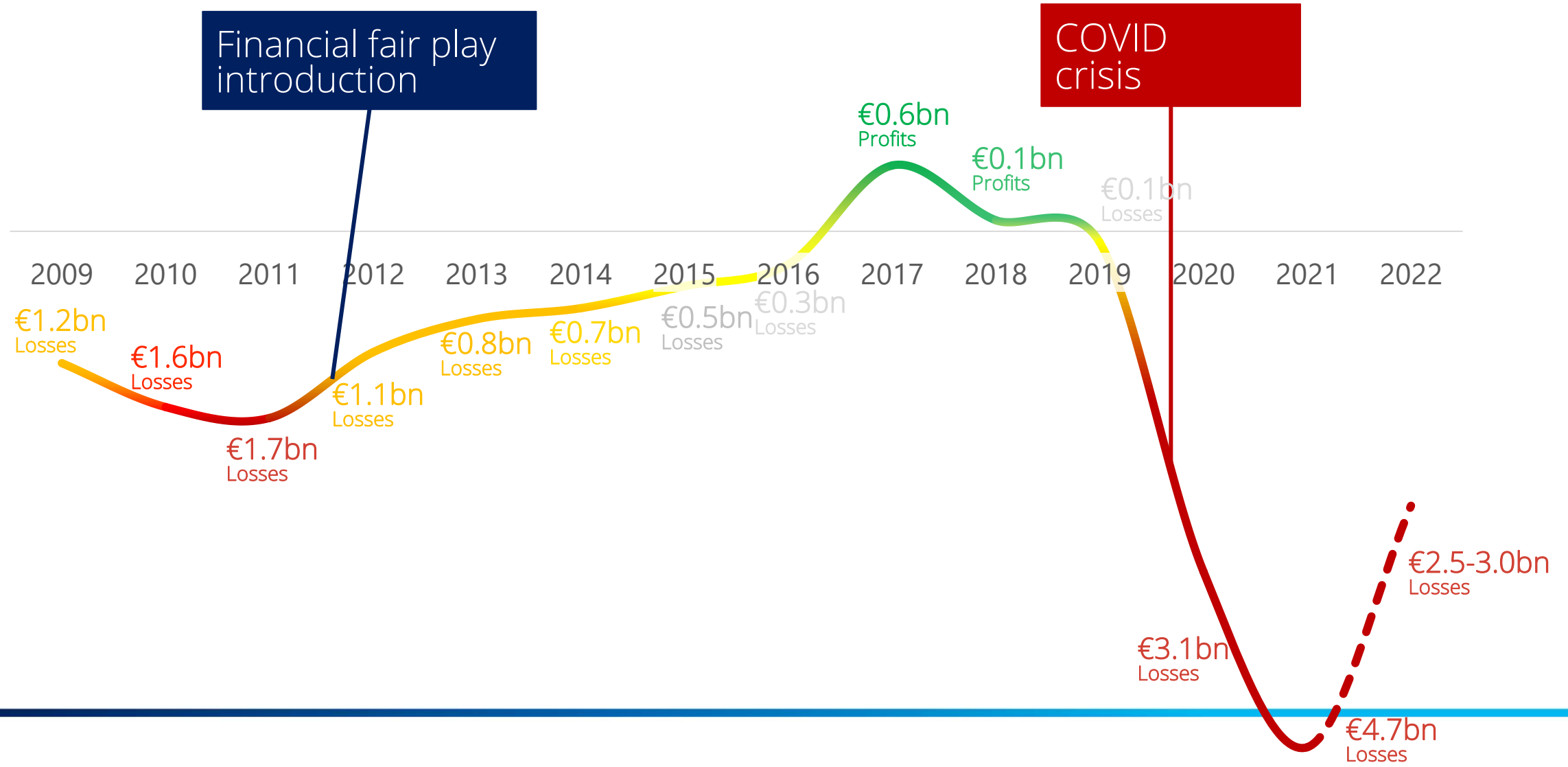
Revenue increase over
the last 20 years

+8.2%



Average annual revenue
growth across the last
20 years

Overall net profitability of European club football has collapsed during the pandemic



FY2022: Breakdown of top division clubs' revenue

Revenue groups	Domestic TV	UEFA	Kit manufacturing and merchandising	Main sponsor	Other sponsorship and commercial	Gate receipts	Other revenues
Sum of Revenue stream	€7.9bn	€2.9bn	€2.0bn	€1.9bn	€3.8bn	€3.1bn	€2.2bn
Movement FY2022 v FY2019	▼ 4%	▲ 3%	▲ 20%	▲ 17%	▲ 8%	▼ 6%	▲ 10%
Movement FY2022 v FY2021	▼ 11%	▲ 1%	▲ 15%	▲ 3%	▲ 20%	▲ 483%	▲ 30%
Share of total revenue	33%	12%	8%	9%	16%	13%	9%

€24.0bn

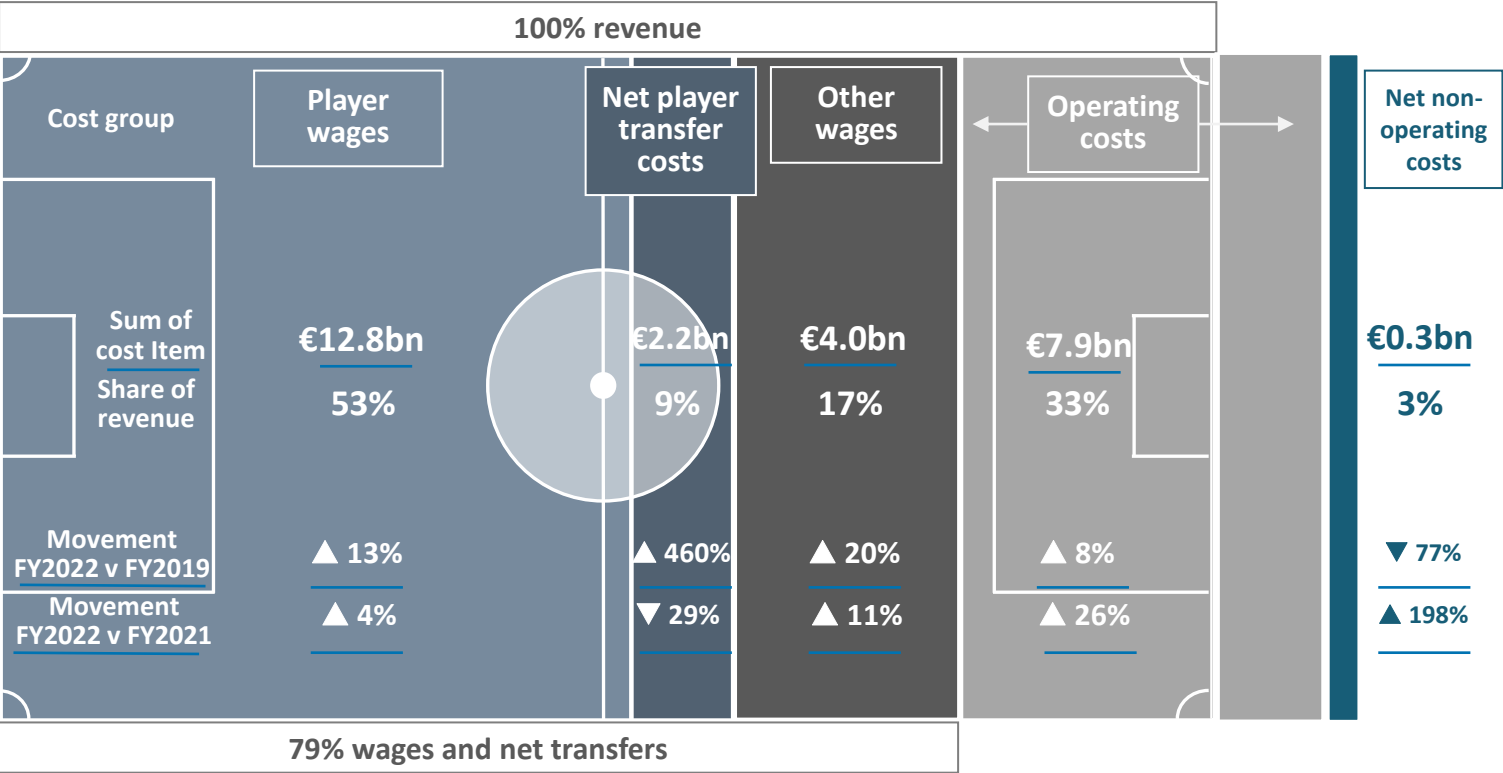
Top-division club revenues in FY2022

+4.3%

Top-division club revenue higher than pre-pandemic

FY2022: Breakdown of top division clubs costs

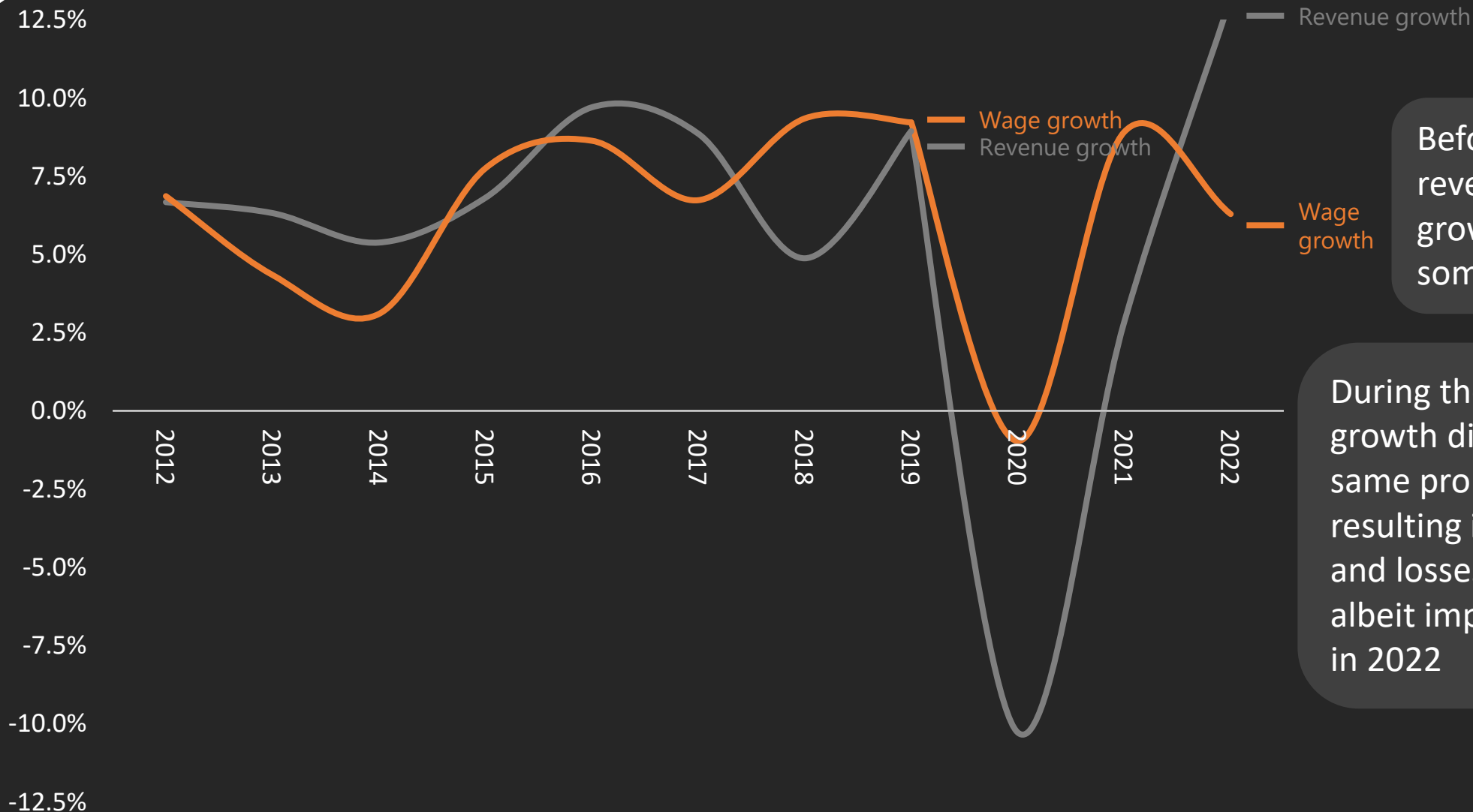
Comparison of the main FY2022 club cost groupings against revenue*



€27.2bn
Top-division clubs' total costs in FY2022

+14.3%
Top-division club wages higher than pre-pandemic

Wages growth decoupled from revenue growth during the pandemic



Before the pandemic, revenue and wage growth were close and somewhat correlated

During the pandemic, wage growth did not slow in the same proportions as revenue, resulting in growing deficits and losses for many clubs, albeit improving on average in 2022

Players' wages remain unsustainable despite revenue recovery

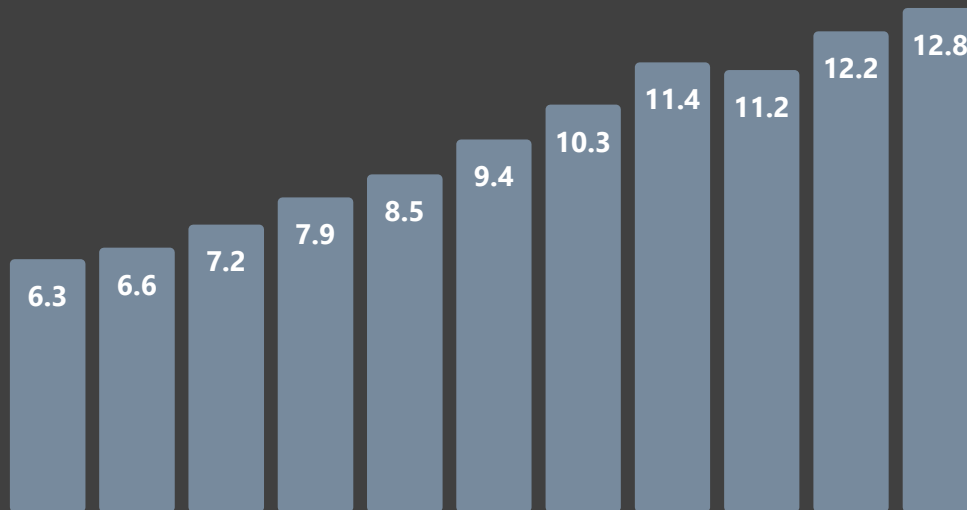
**+117%**

Increase in player wages
over the last ten years

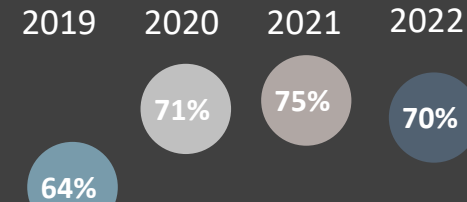
**+15%**

Increase in player & non-
player wages compared to
pre- pandemic level

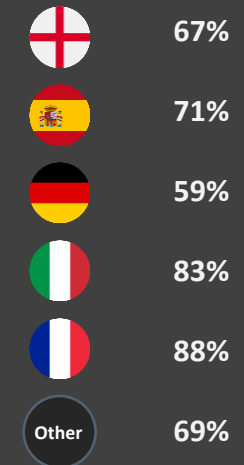
Evolution of top division clubs' player wages (€bn)



Total wages to Revenue Ratio



Wage to Revenue
Ratio FY22



Croatian club football benchmarks



Report Benchmark Analysis: Peer group

The UEFA Intelligence Centre has provided an overview and benchmarking exercise of several factors concerning the Croatian top division.

This report is primarily intended to provide background and context.

Reporting period: financial year 2022.

Our analysis includes a benchmarking analysis across a peer group of other UEFA association leagues of similar market dynamics to Croatia across various elements.

These peer group analyses are only possible due to the proprietary UEFA Intelligence Centre databases covering each and every European territory.

Peer Group analysed for report:



AUT



CZE



DEN



GRE



HUN



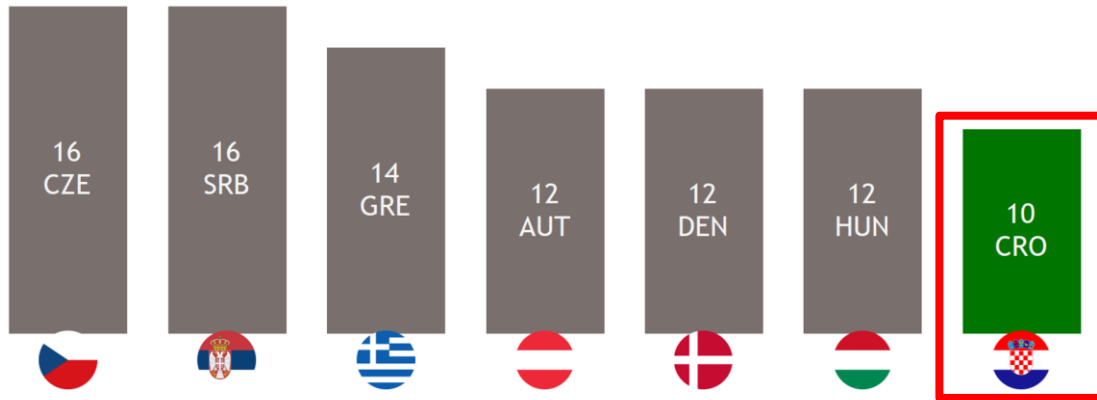
SRB

National rankings | UEFA Association Coefficient

UEFA Association Coefficient Men				
Country	Points 5y	Rank 5y	Points 1y	Rank 1y
AUT	34.000	10	4.900	24
SRB	32.375	11	5.375	22
CZE	29.050	15	6.750	12
DEN	27.825	17	5.900	18
CRO	25.400	19	3.375	30
GRE	25.225	20	2.125	39
HUN	20.625	25	5.875	19

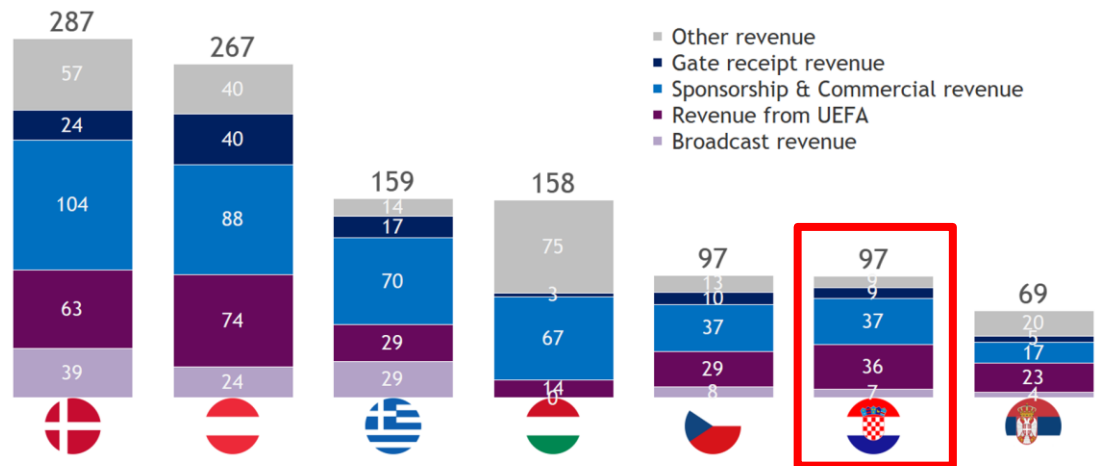
Total revenues

PEER GROUP: NUMBER OF CLUBS IN TOP DIVISION, 2022/23



Number Clubs 2022

PEER GROUP: AGGREGATE TOTAL REVENUES (€M), FY2022



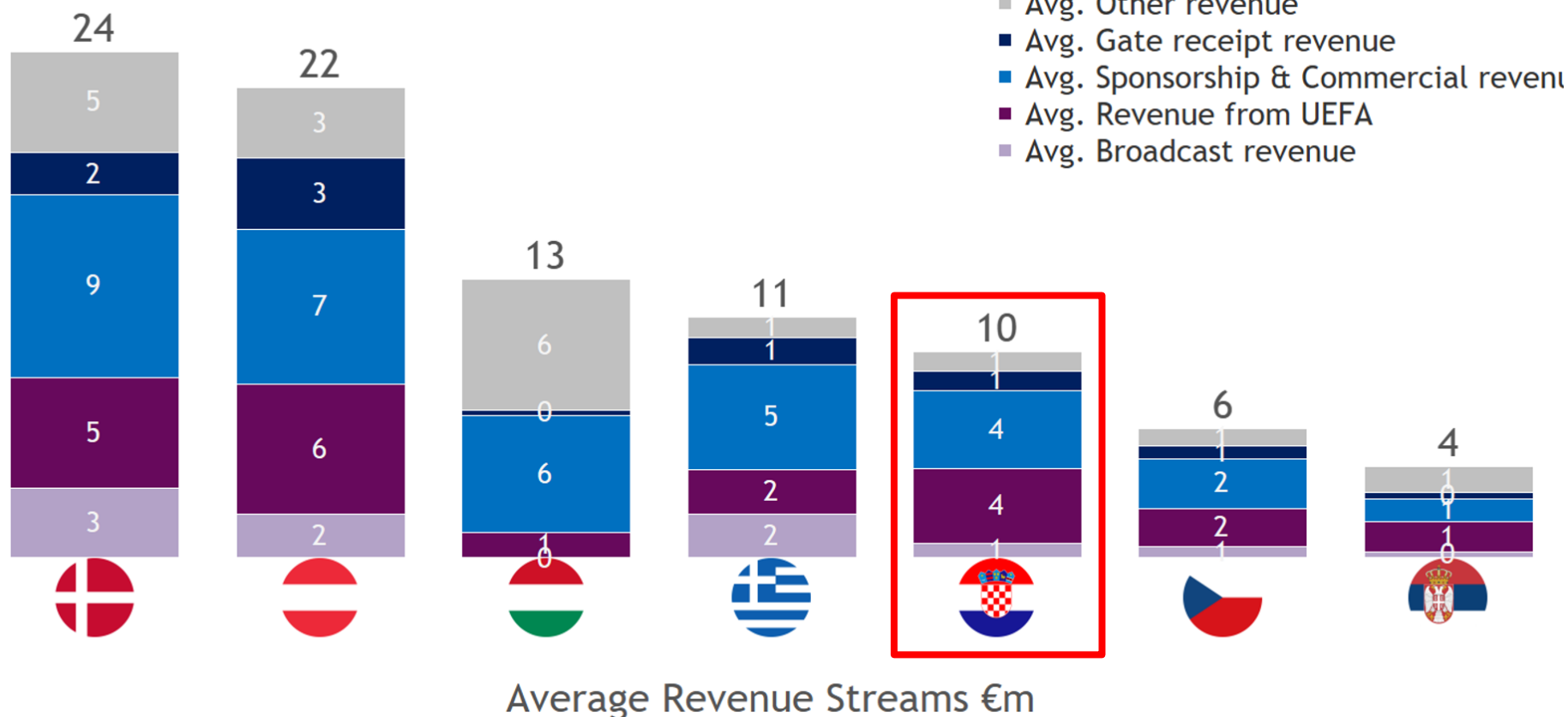
Revenue Streams €m

- Croatia currently has the smallest size of men's league (10 teams) of the peer group countries;
- Size of leagues fairly diverse, most of 2-round and split season, CRO 4 rounds, HUN 3 rounds;
- Different profiles across peer group in terms of aggregate revenues;

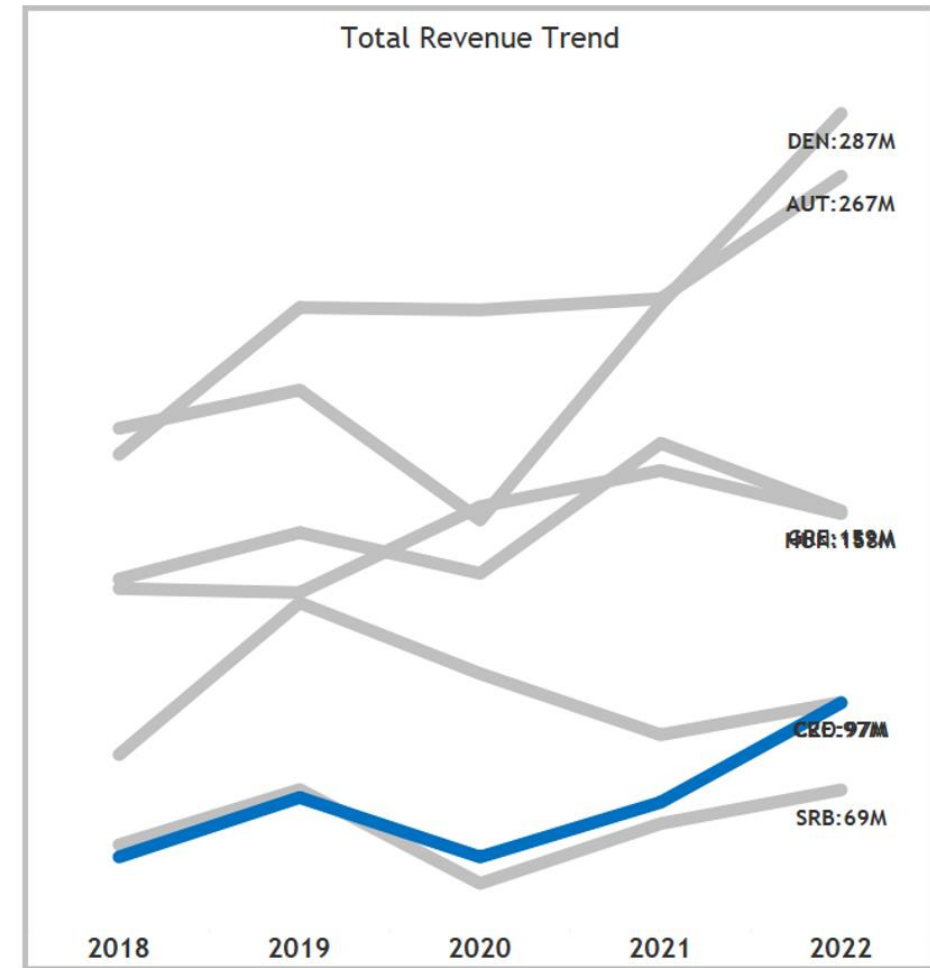
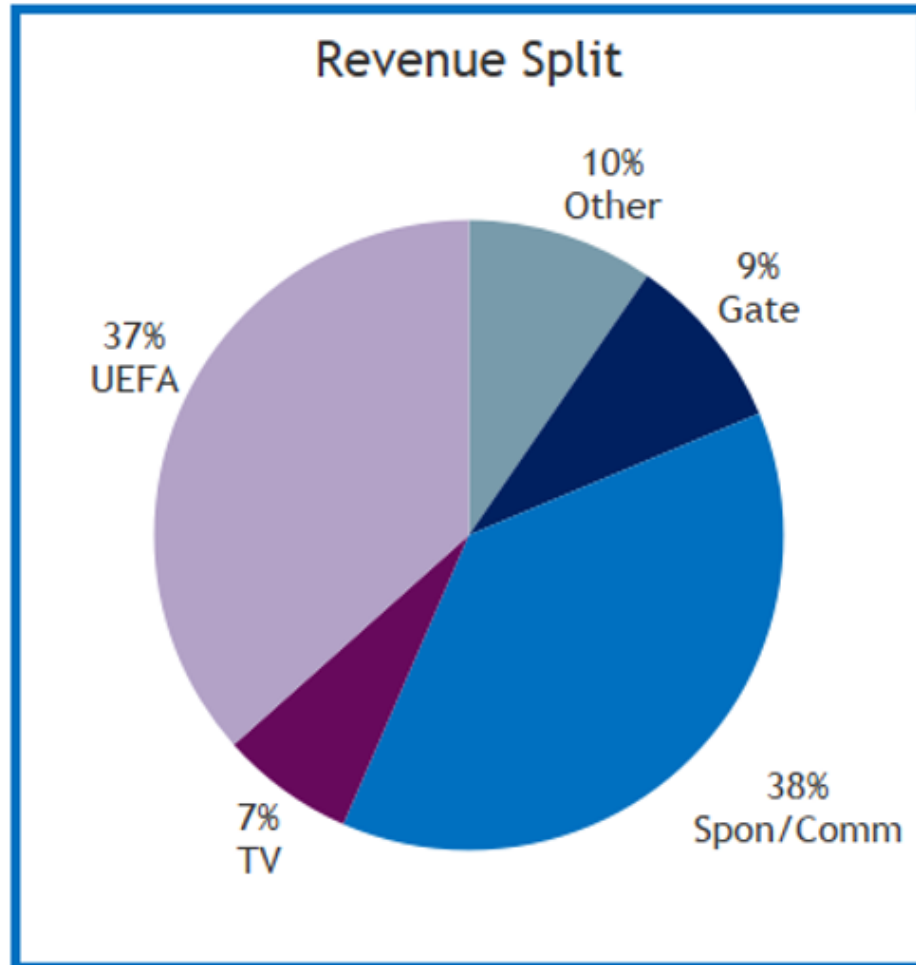
Average revenues per club

PEER GROUP: AVERAGE REVENUES PER CLUB BY SOURCE, €MIL, FY2022

- Croatian clubs had an average total revenue of €10 million in 2022;
- Peer group more evenly matched by average rather than total revenue;

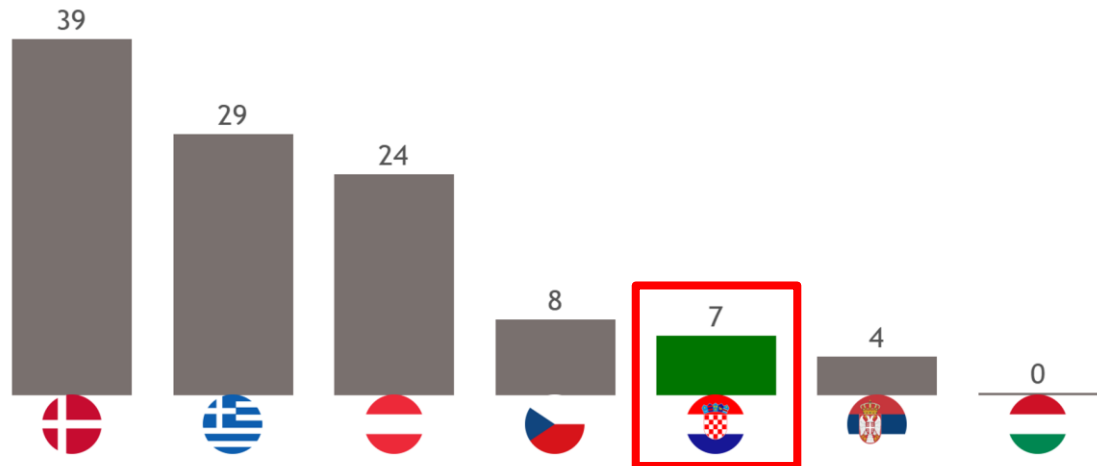


Revenue streams & Total revenue trend 2018 - 2022

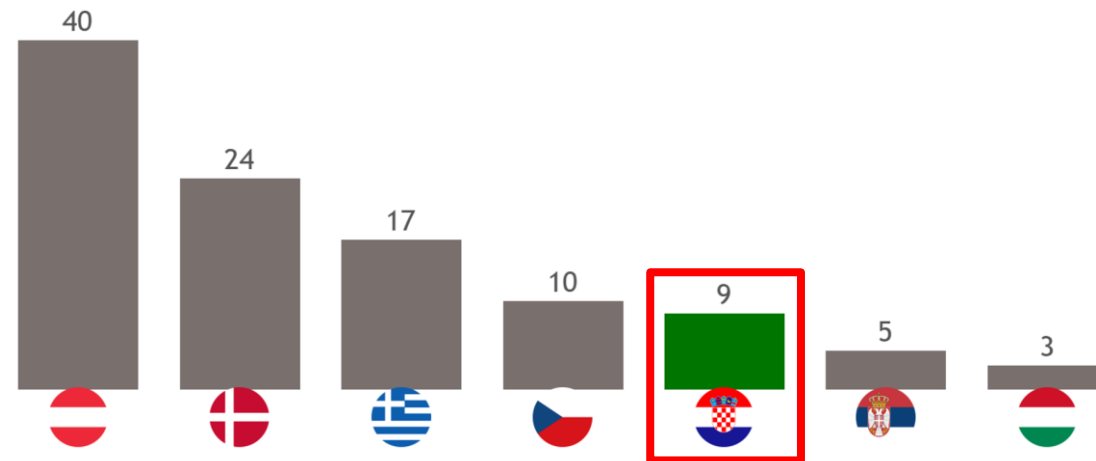


Broadcast, sponsorship & matchday revenues

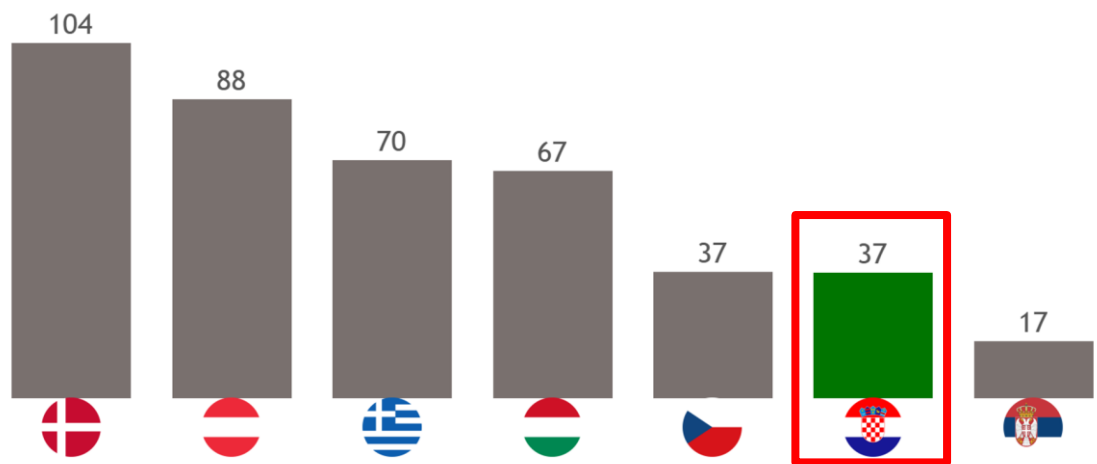
AGGREGATE BROADCAST REVENUES (€M), FY2022



AGGREGATE GATE RECEIPT REVENUES (€M), FY2022



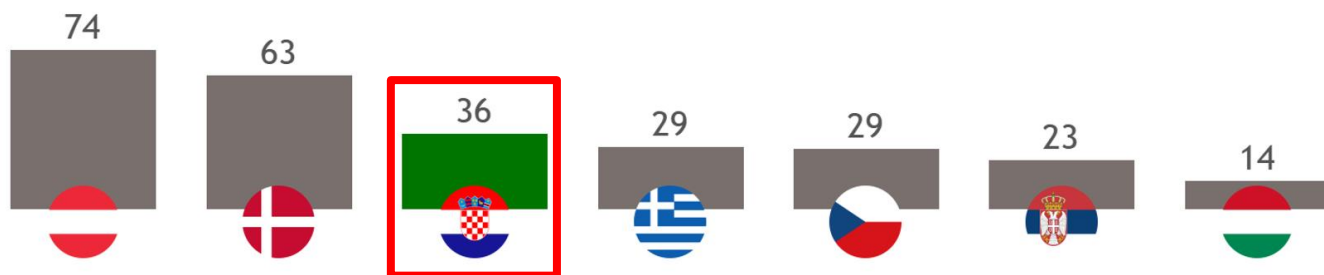
AGGREGATE SPONSORSHIP & COMMERCIAL REVENUES (€M), FY2022



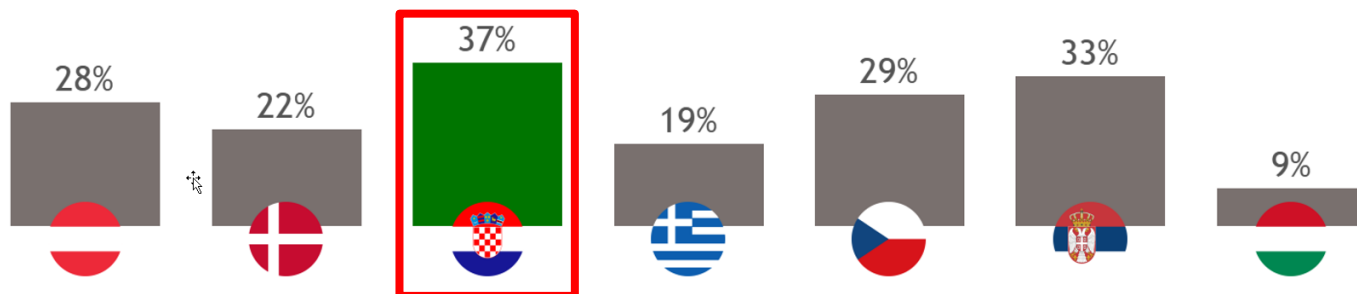
- Broadcast revenues are largely dependent on population size and competitive dynamics of national TV market;
- Commercial revenues are more determined by individual clubs than the league itself;
- Gate revenue fast recovering post pandemic – different patterns across peer group;

UEFA-sourced revenues

AGGREGATE UEFA-SOURCED REVENUES (€M), FY2022

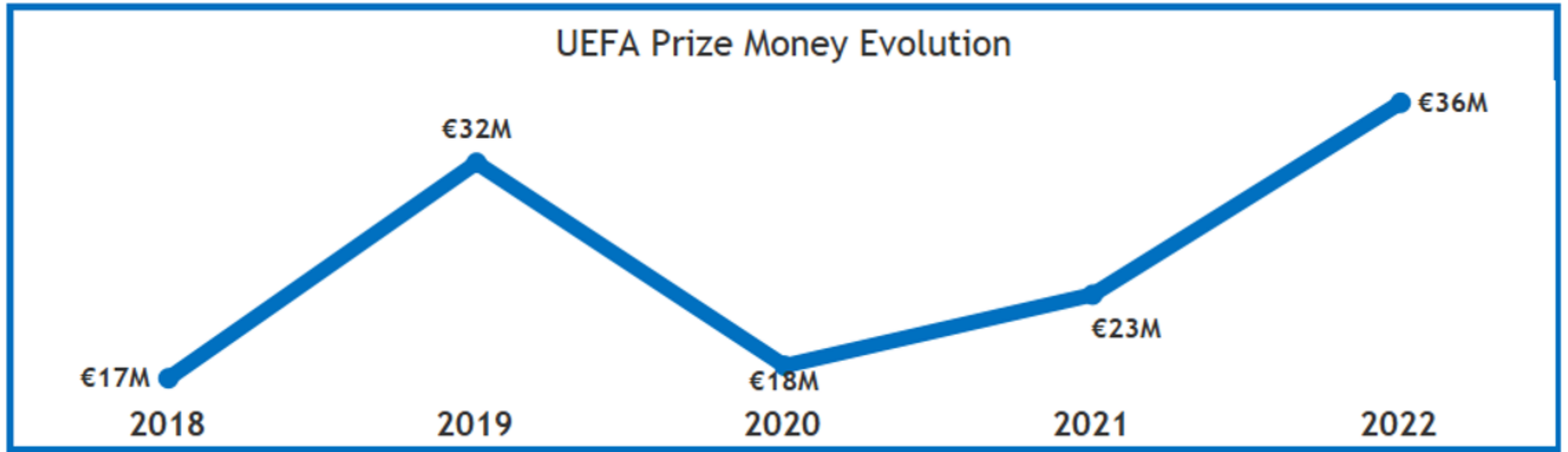


UEFA-SOURCED REVENUES AS SHARE OF TOTAL REVENUES, FY2022



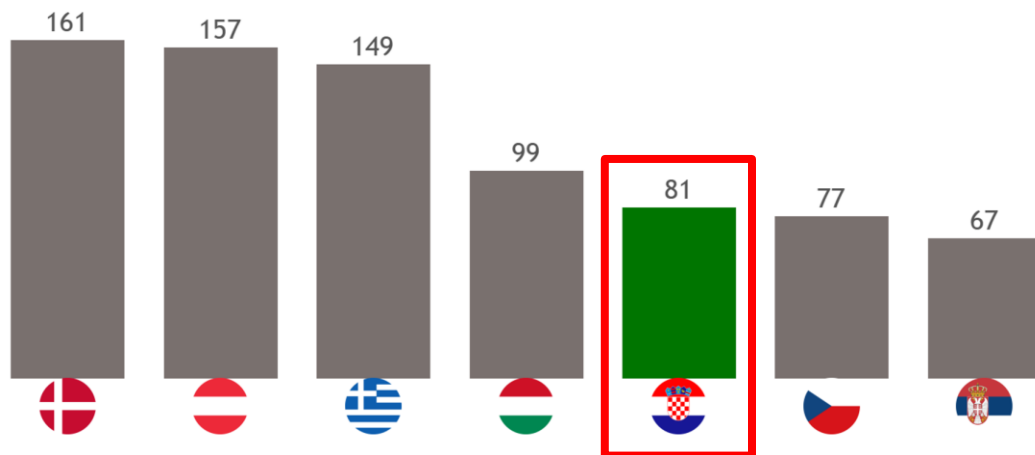
- UEFA revenues are largely dependent on individual club performances in UEFA competitions;
- Croatian club revenues currently have quite a high dependency on UEFA-sourced revenues (37%);
- UEFA performance is increasingly important for revenues;

Croatian top division | UEFA-sourced revenues

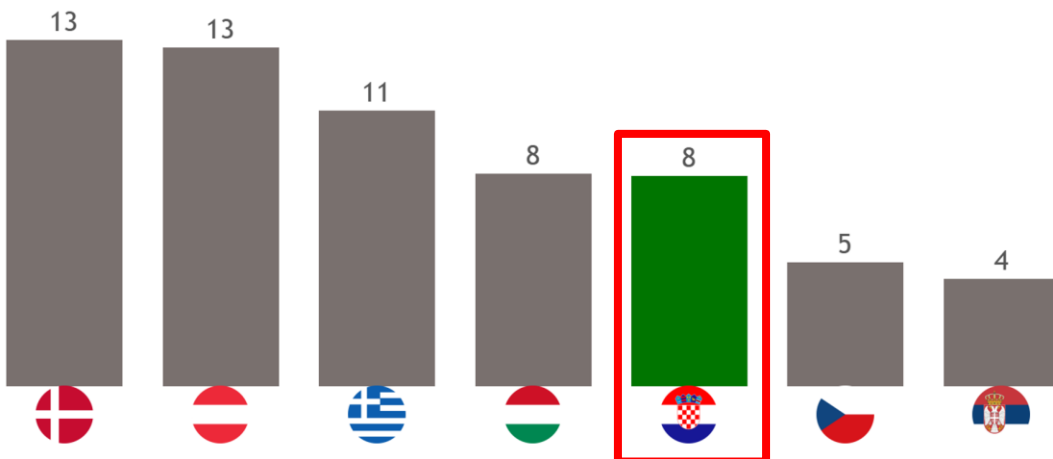


Wages

AGGREGATE CLUB WAGES (€M), FY2022



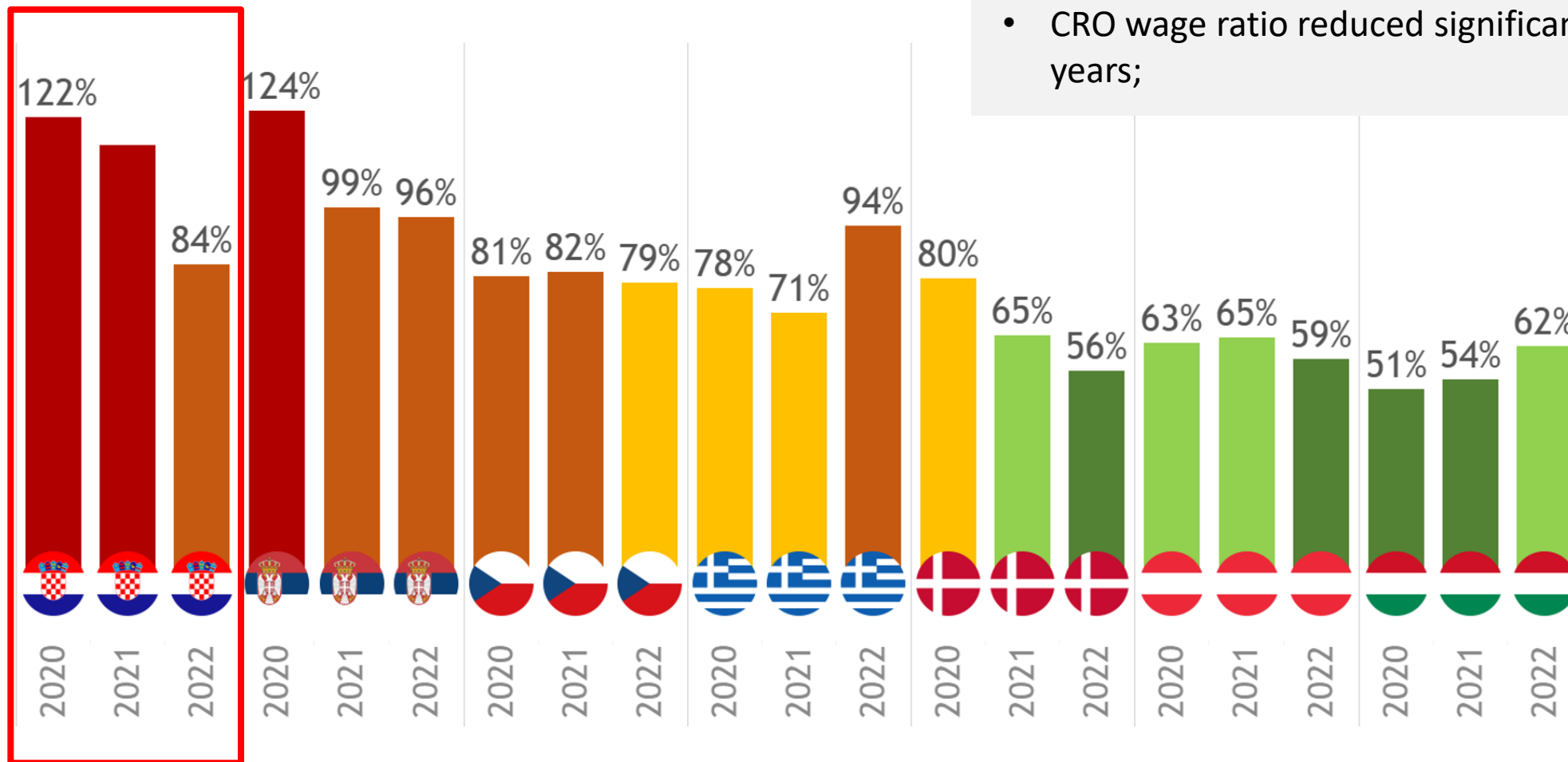
AVERAGE WAGES PER CLUB (€MIL), FY2022



- Croatian clubs had an average total wage bill of €8 million in 2022 (€7 million in 2021);
- Average wages per club represent around 80% of the average revenues per club;

Wages to revenue ratios

WAGES AS % OF REVENUES, 2020-2022

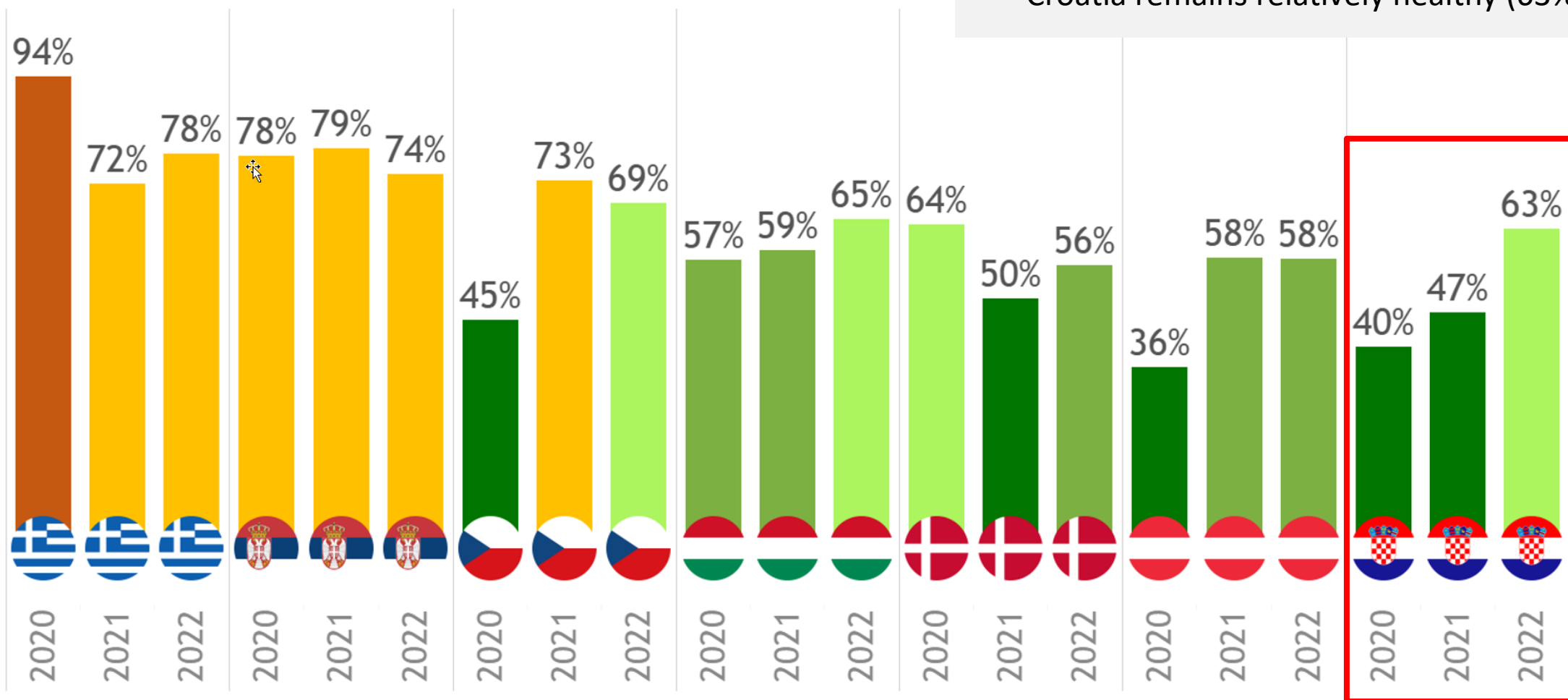


- Spend on wages, relative to the peer group, at the highest end, and have increased during the pandemic;
- CRO wage ratio reduced significantly in the last 3 years;

Wages & net transfer to revenue ratios

WAGES & NET TRANSFER AS % OF REVENUES, 2020-2022

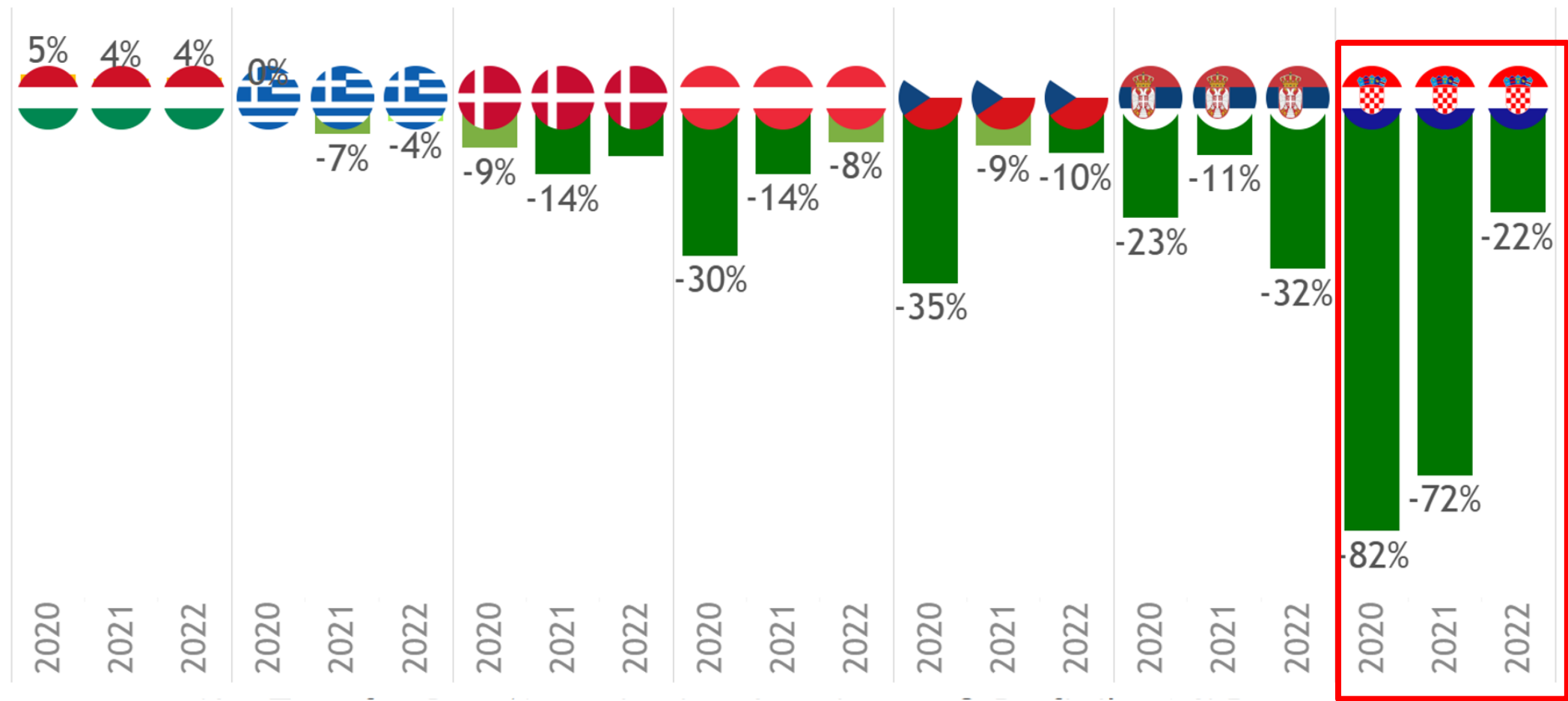
- Spend on wages and net transfer ratio in Croatia remains relatively healthy (63%);



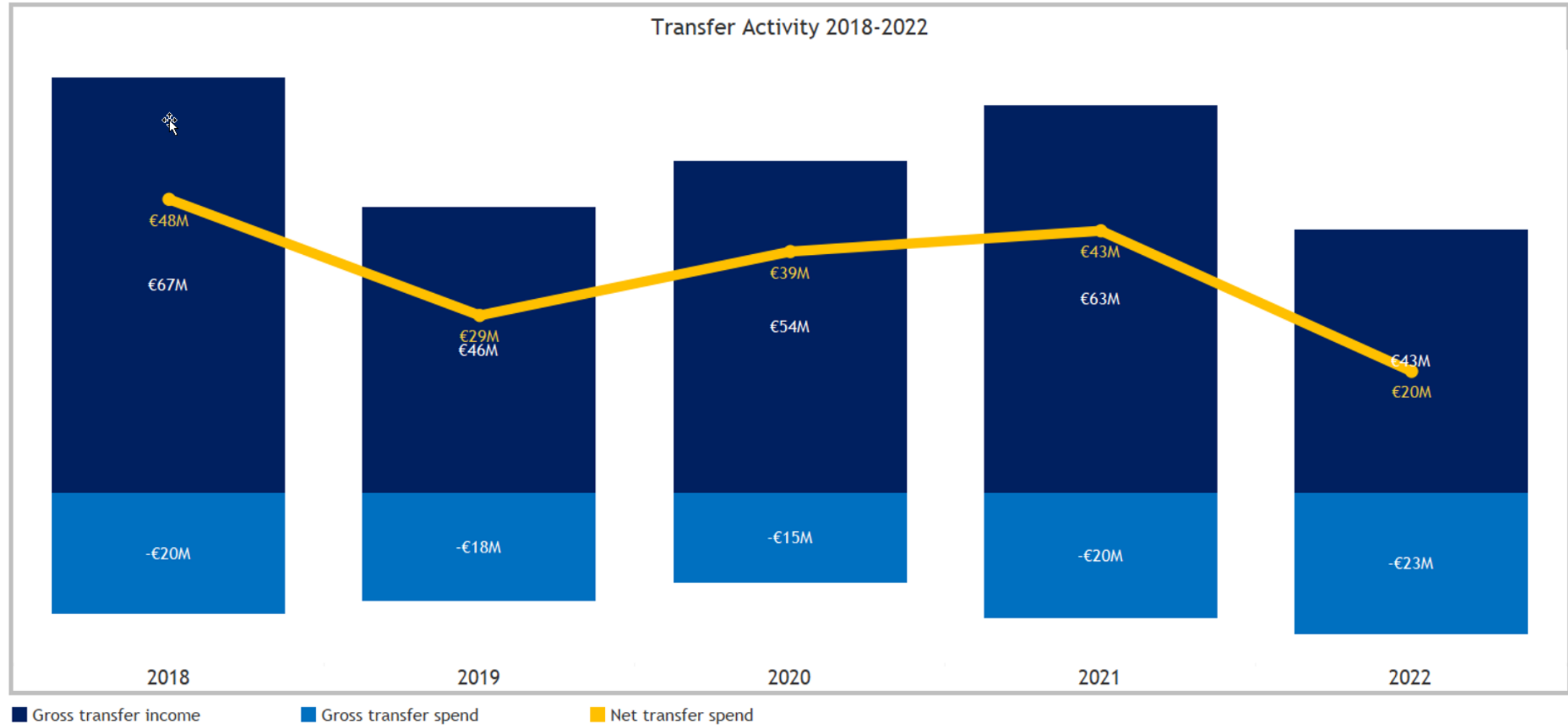
Net transfer profits

3 YEAR NET TRANSFER COSTS/PROFITS (AMORTISATION, IMPAIRMENT, P&L) AS % OF REVENUES, 2020-2022

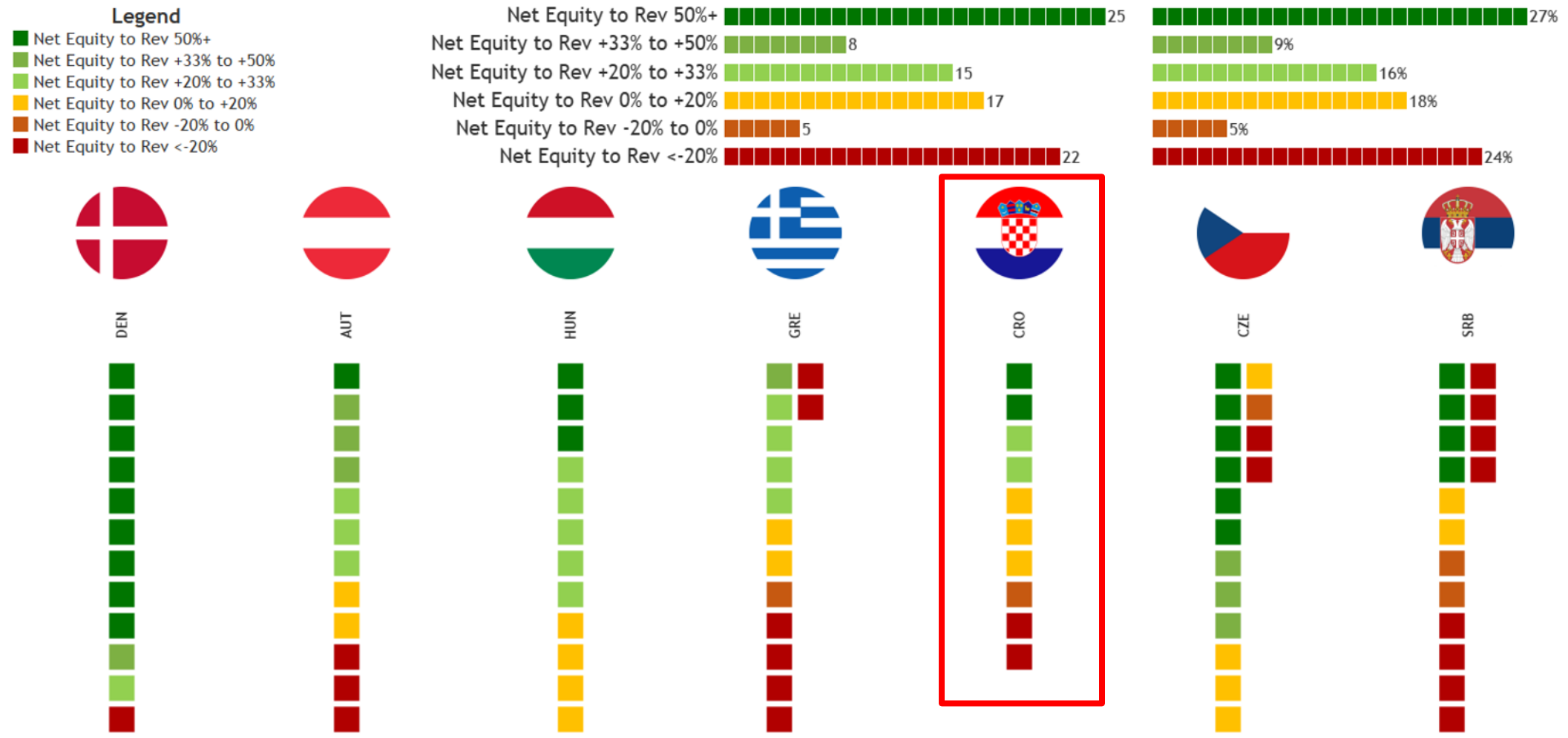
- Net transfer profits indicate talent development success. Croatia has significant levels compared to peer group.



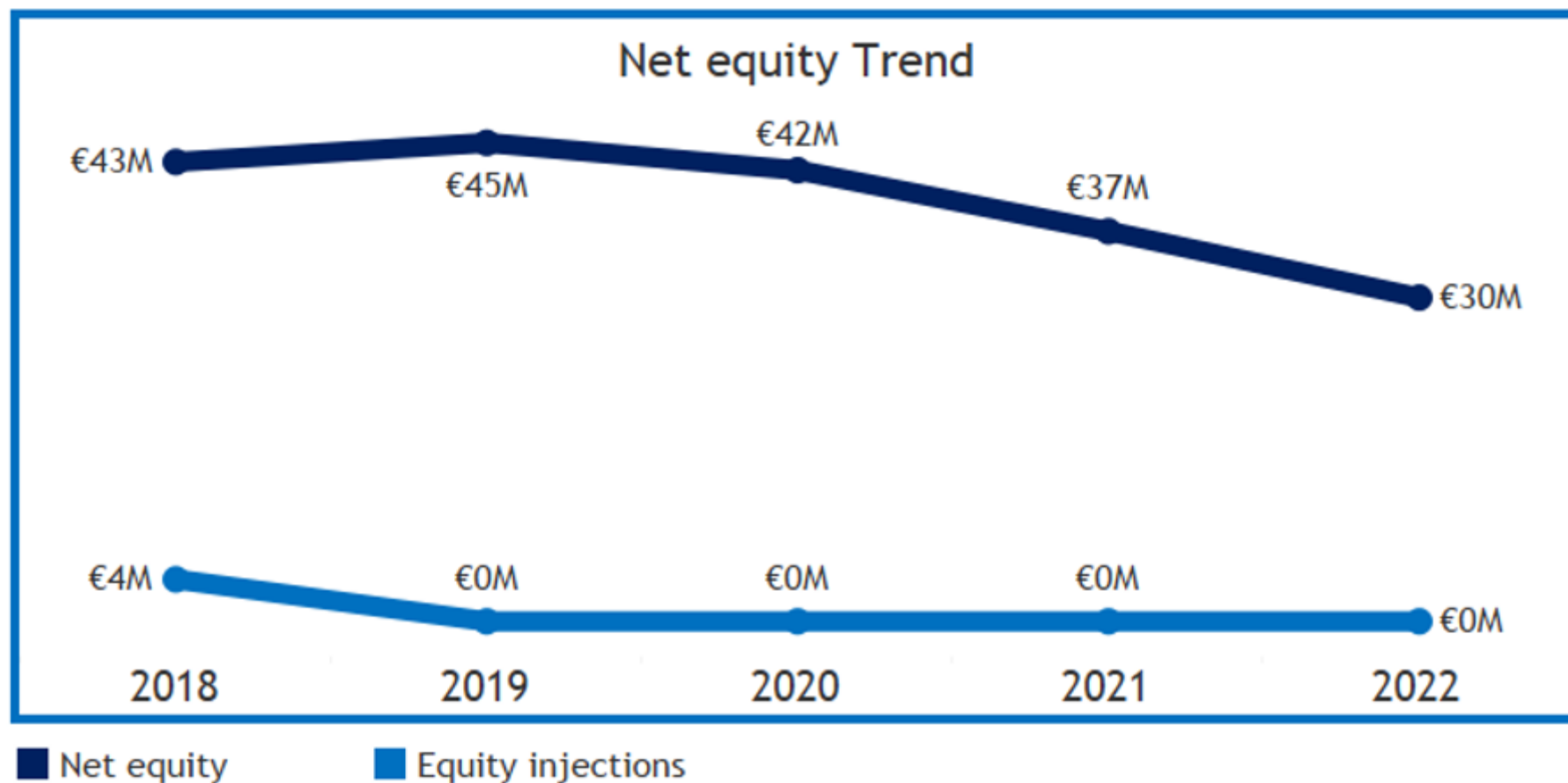
Significant transfer profits



Many club in the peer group under-capitalised with thin or negative equity: 7/10 Croatian club with positive equity



Net equity | Trend 2018 - 2022

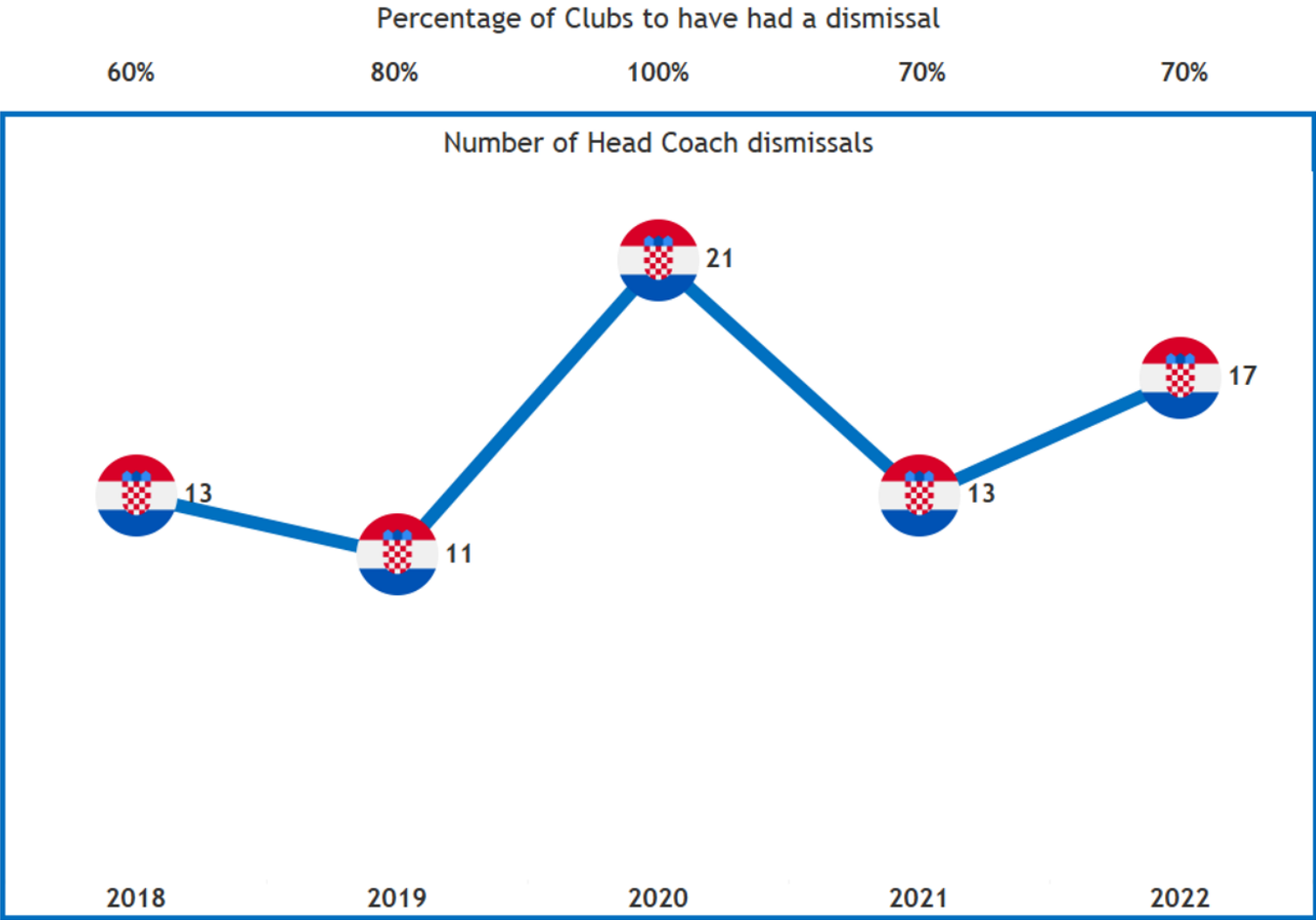
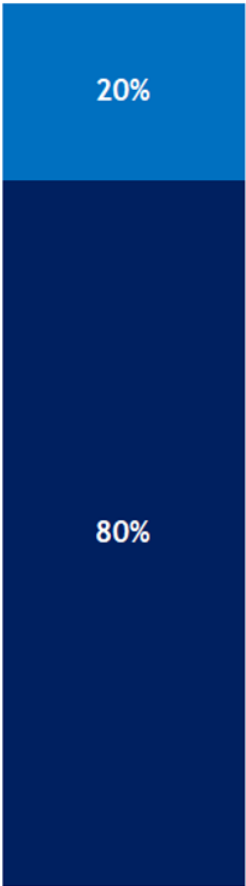




Non-Financial Benchmarks

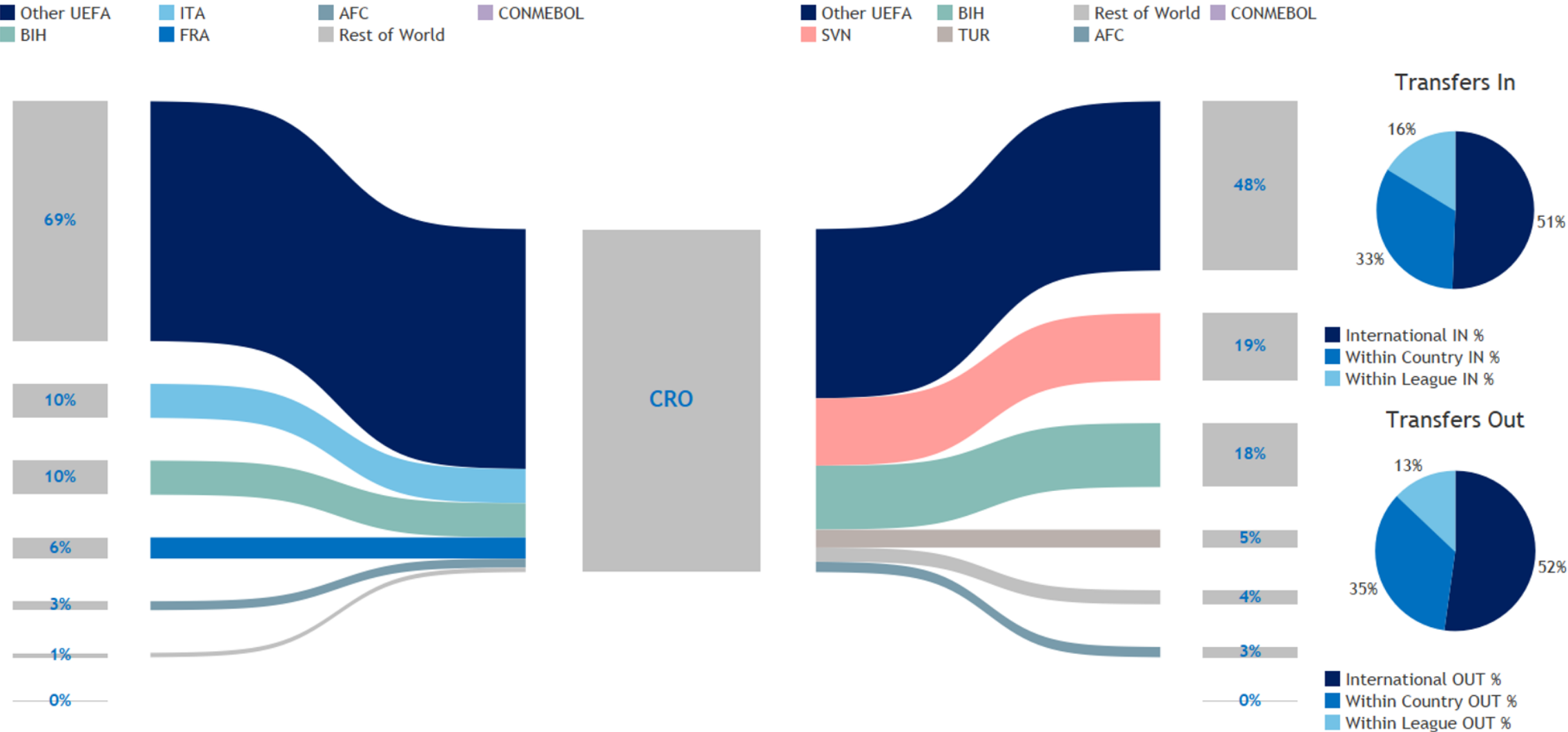
Head Coaches

■ Expatriate HC
■ National HC



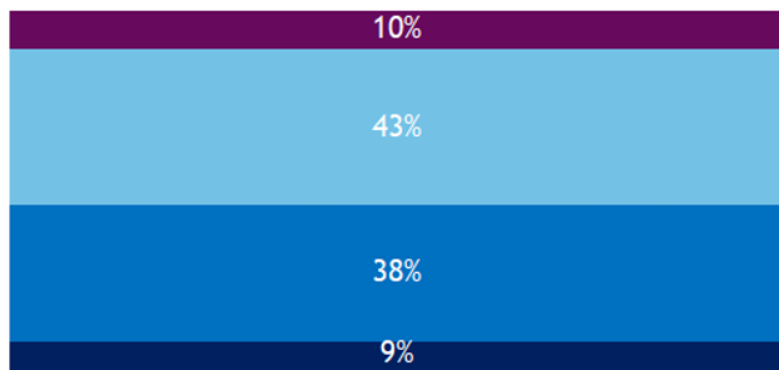
Total Dismissals last 5Y		
Country	Total 5Y	Rank
SRB	138	53
GRE	99	49
CRO	75	37
HUN	68	29
CZE	59	24
AUT	53	19
DEN	43	10

Transfer Profile: Flows in and out (number of transfers)



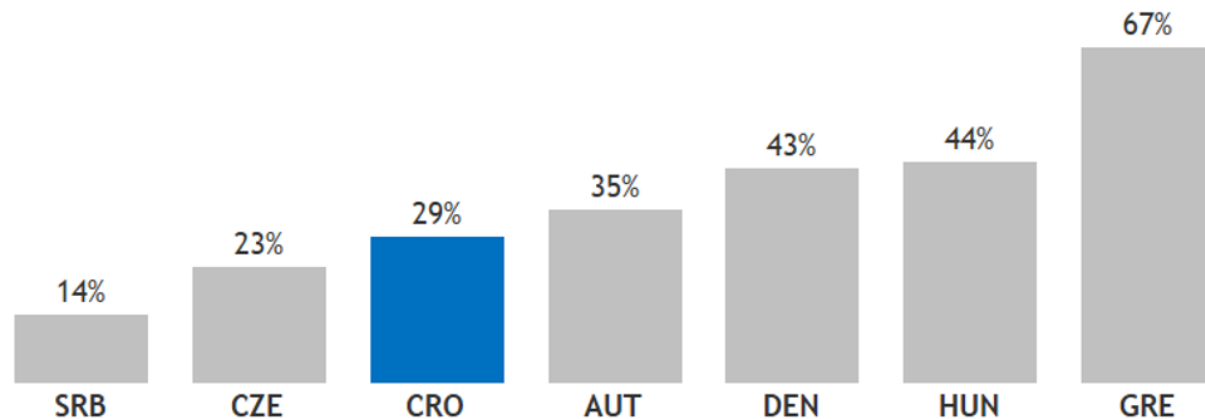
Squad Profile

Minutes Played by Age Group

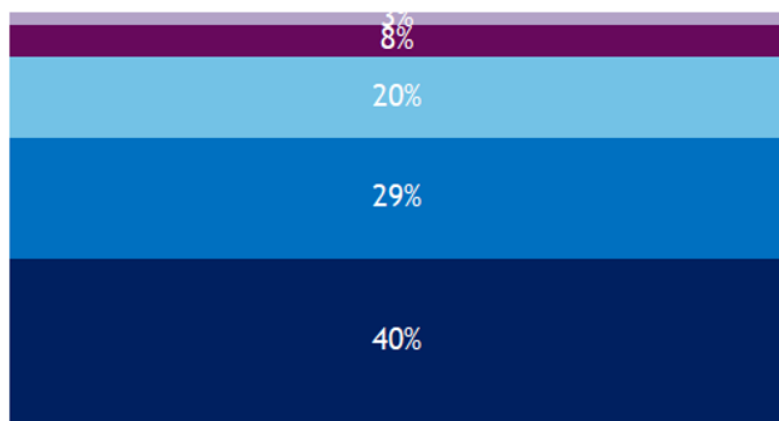


Age 30+ Age 24-29 Age 20-23 Age <20

Minutes Played by Expatriates

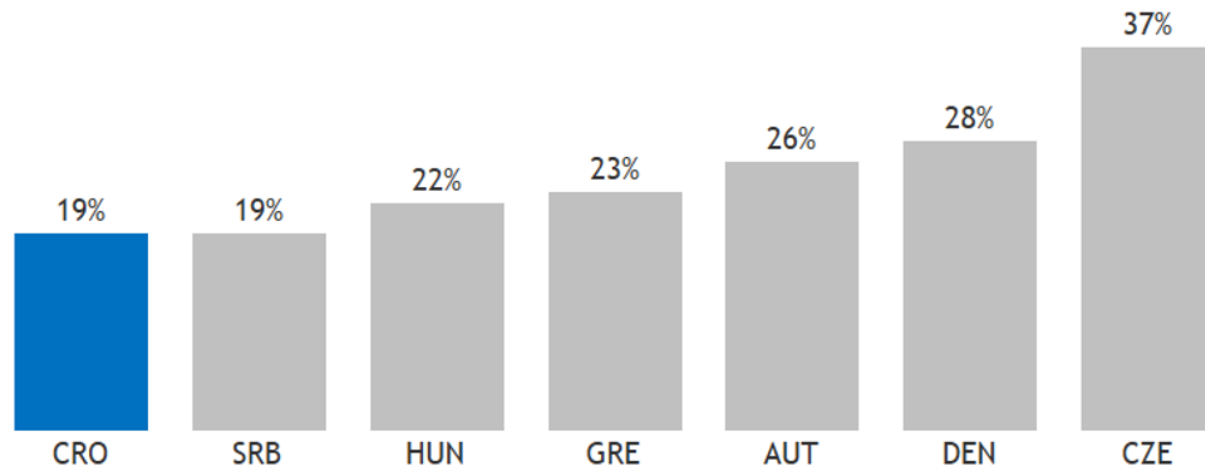


Contract Profile

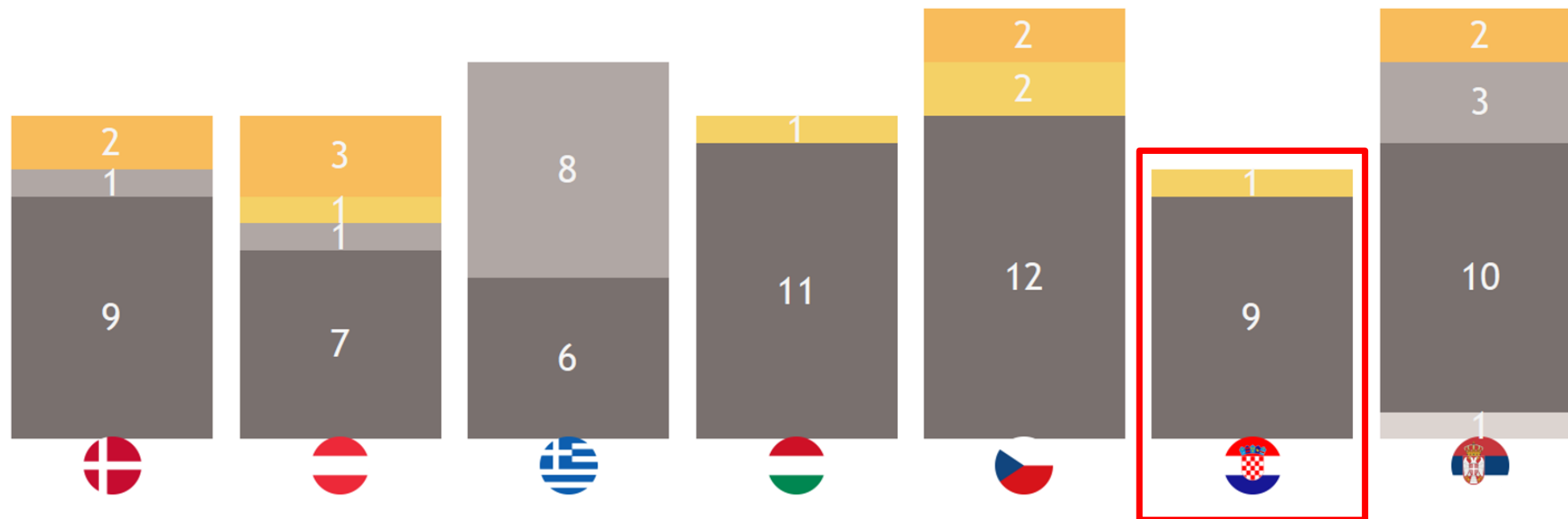


Over 4 years 3-4 years 2-3 years 1-2 years 1 year or less

Player Stability: % 25+ Months at Current Club



Stadium ownership



- Stadium Ownership
- The stadium is directly owned by the football club
 - Owned by the parent company, owner(s) of football club or other related party
 - Owned by other party
 - Municipal/state owned
 - Unknown

- Private, independent club stadium ownership rate is low (relative to other European countries) across the peer group;
- Only one club stadium is not publicly owned in the Croatian top division;



European Women's Football & Club Licensing

WE CARE ABOUT FOOTBALL

RESPECT

McDonald's

SEAT

Carlsberg

HYUNDAI

HIT MUSIC ONLY!

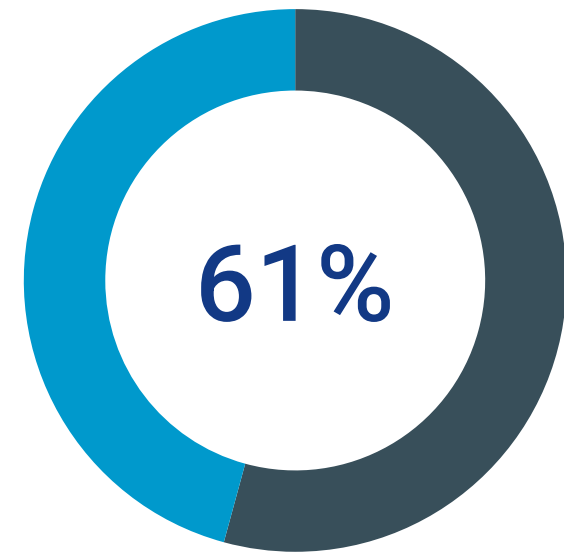
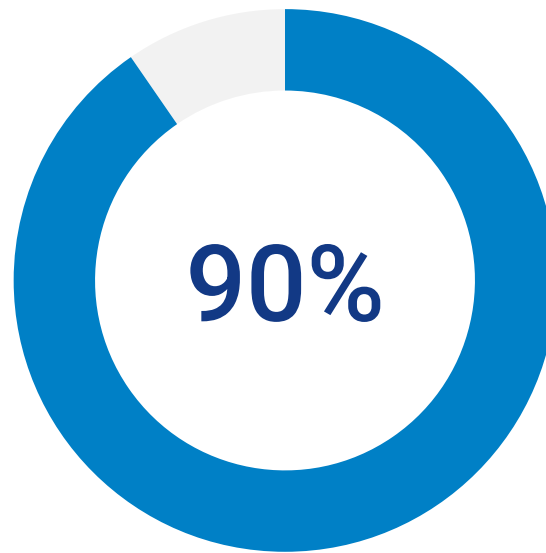
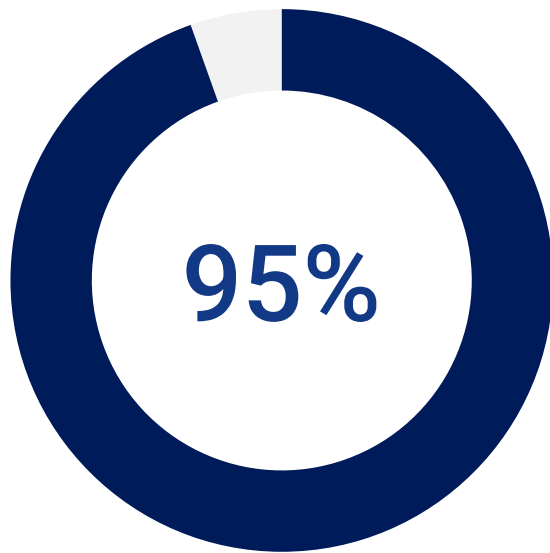
Women's football

- Women's football as a strategic priority;
- New competition format of the UEFA Women's Champions League;
- Increased financial investment by leading European clubs;
- UEFA club licensing system as a tool to raise standards:
 - Management of clubs;
 - Football infrastructure (stadiums, training facilities);
 - Care for youth football;
 - Quality of coaching;
 - Financial transparency and stability;
 - Awareness and visibility;
- Support development and progress with different sport-business models;



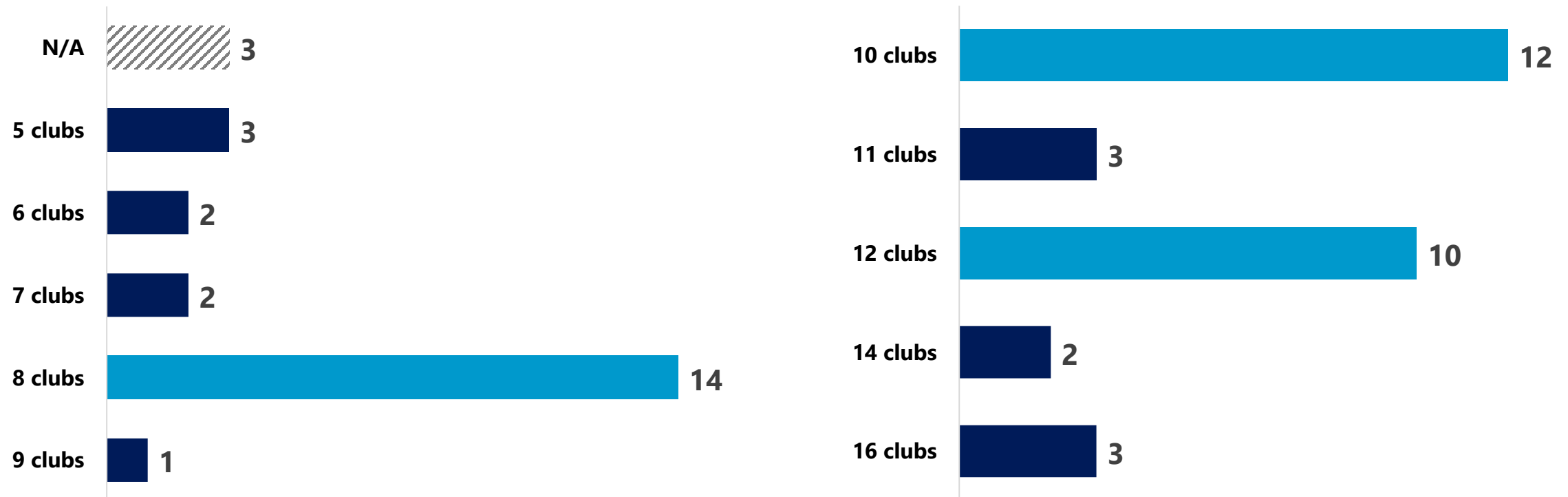
Top-tier women's football leagues

- 52 National Associations organise a women's football league (AND, LIE, SMR);
- 47 top-division leagues are managed by the National Association;
- 32 leagues with promotion/relegation system (20 leagues without);



Top-tier women's football leagues

- 510 clubs participate in top-division leagues across Europe;
- The most common league size is: 8 clubs, 10 clubs and 12 clubs.



Organisation of women's clubs across Europe

Integrated

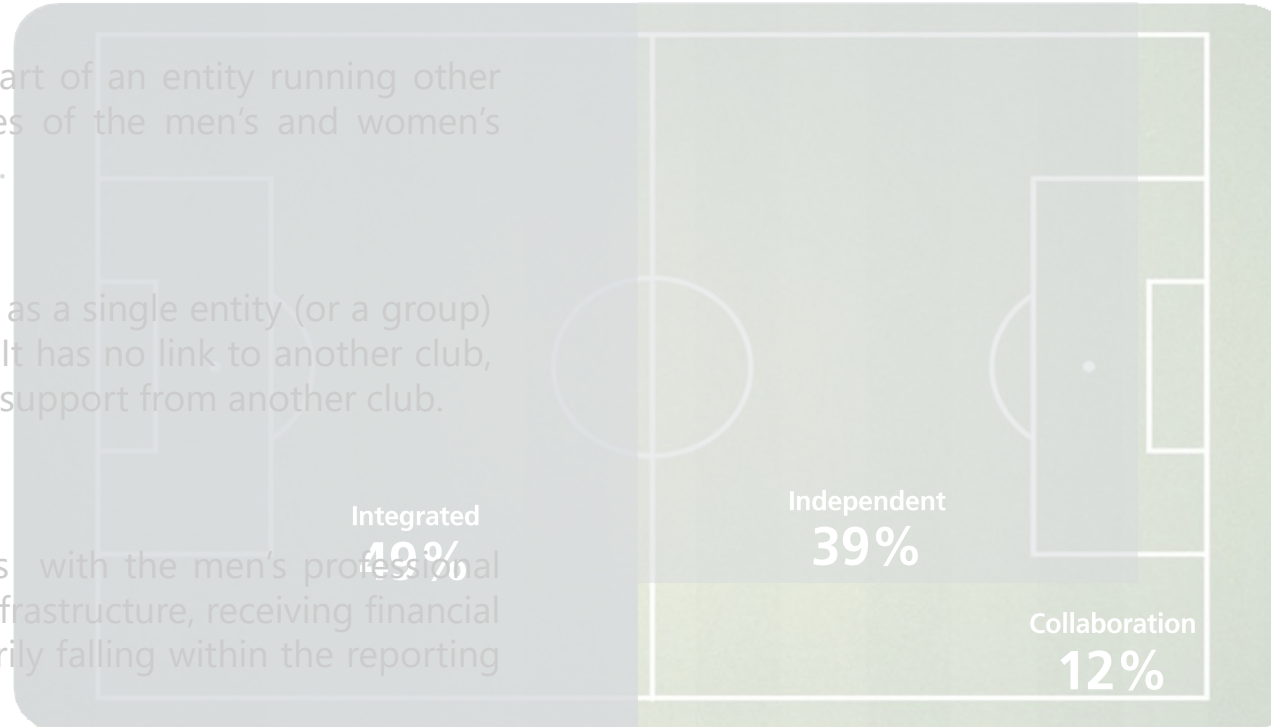
The senior women's team is part of an entity running other football activities. The activities of the men's and women's clubs are combined/integrated.

Independent

The women's club is organised as a single entity (or a group) that runs all football activities. It has no link to another club, nor does it receive any type of support from another club.

Collaboration

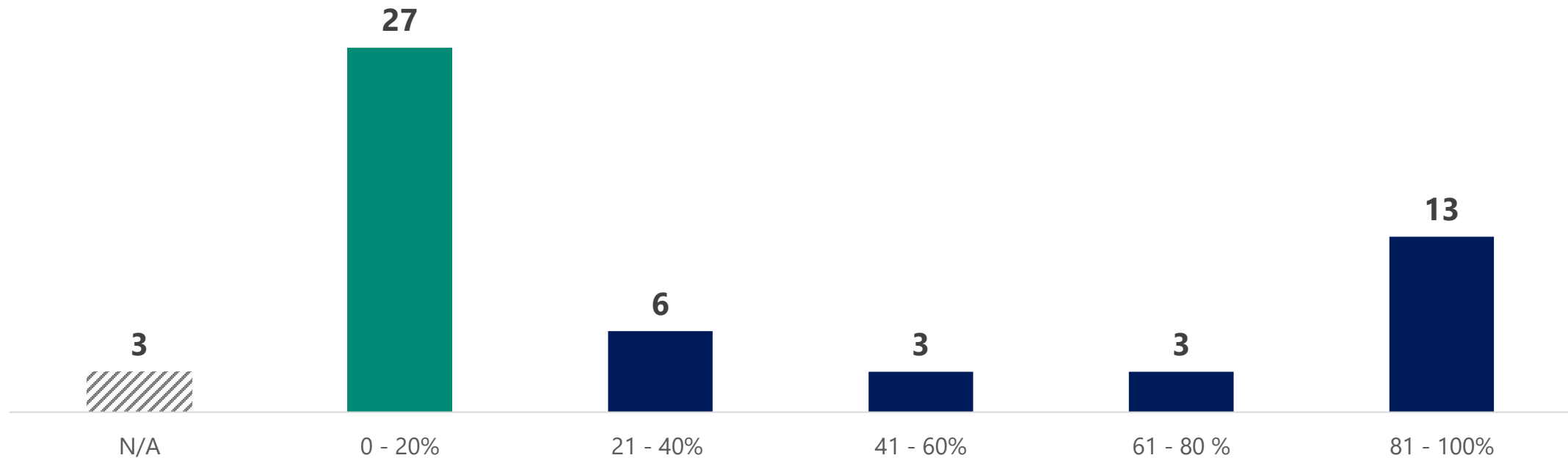
The women's club collaborates with the men's professional club (sharing its identity and infrastructure, receiving financial support, etc.), without necessarily falling within the reporting perimeter of the men's club.



Independent **46%** ↓ **39%**

Professional female players

- Most leagues have a minority of professional female players*;
- 13 leagues have between 81 – 100% of professional female players.



**FIFA RSTP definition*

UWCL

Club Licensing Regulations for the UWCL to continuously raise standards



CLUB LICENSING – MEN'S

Men's leading football clubs supporting women's football professionalisation

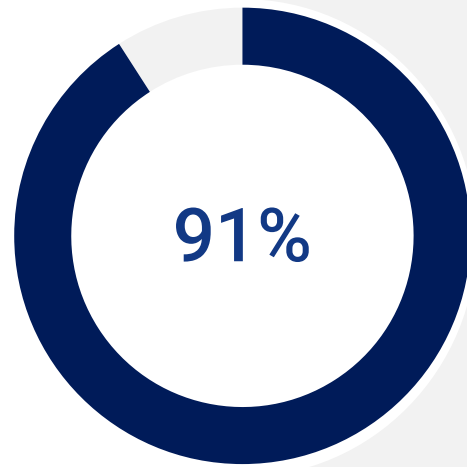


NATIONAL

Continuous support to women's football development and progress at all levels



Club licensing for the UEFA Women's Champions League



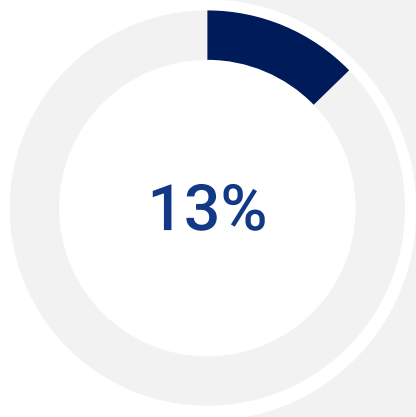
UWCL

50 licensors

implemented a club
licensing system for
participation to the
UWCL season 2023/2024

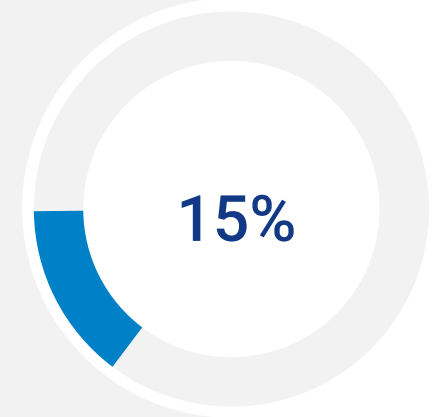
Club licensing for the UEFA Women's Champions League

Stricter criteria



7 licensors set stricter criteria in their national club licensing regulations for participation to the UWCL

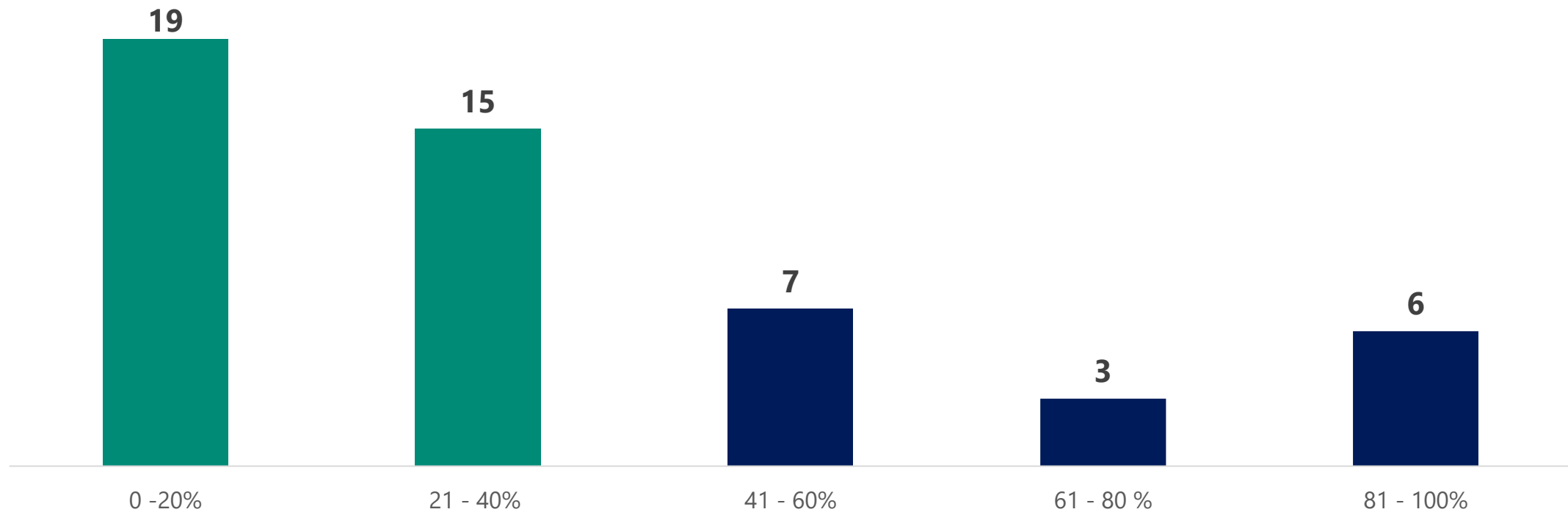
Additional criteria



8 licensors include additional criteria in their national regulations for participation to the UWCL

Club licensing for the UEFA Women's Champions League

- The average % of licence applicants remained consistent across the last 3 years (38%);
- In 40 licensors, 50% or less of clubs applied for a UEFA licence for season 2023/2024.



UWCL

Club Licensing Regulations for the UWCL to continuously raise standards



CLUB LICENSING – MEN'S

Men's leading football clubs supporting women's football professionalisation



NATIONAL

Continuous support to women's football development and progress at all levels



UEFA Club Licensing and Financial Sustainability Regulations

Article 21 | Women's football activities

The licence applicant must support women's football by implementing measures and activities aimed to further develop, professionalise and popularise women's football such as:

- a) entering a first and/or youth team in official competitions;
- b) providing support to an affiliated women's football club; or
- c) organising other women's football initiatives as defined by the licensor.

21

**Women's
football
activities**



UWCL

Club Licensing Regulations for the UWCL to continuously raise standards



CLUB LICENSING – MEN'S

Men's leading football clubs supporting women's football professionalisation



NATIONAL

Continuous support to women's football development and progress at all levels

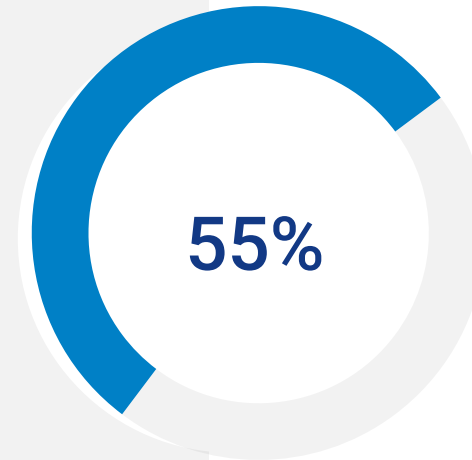


Club licensing for domestic club competitions

Domestic

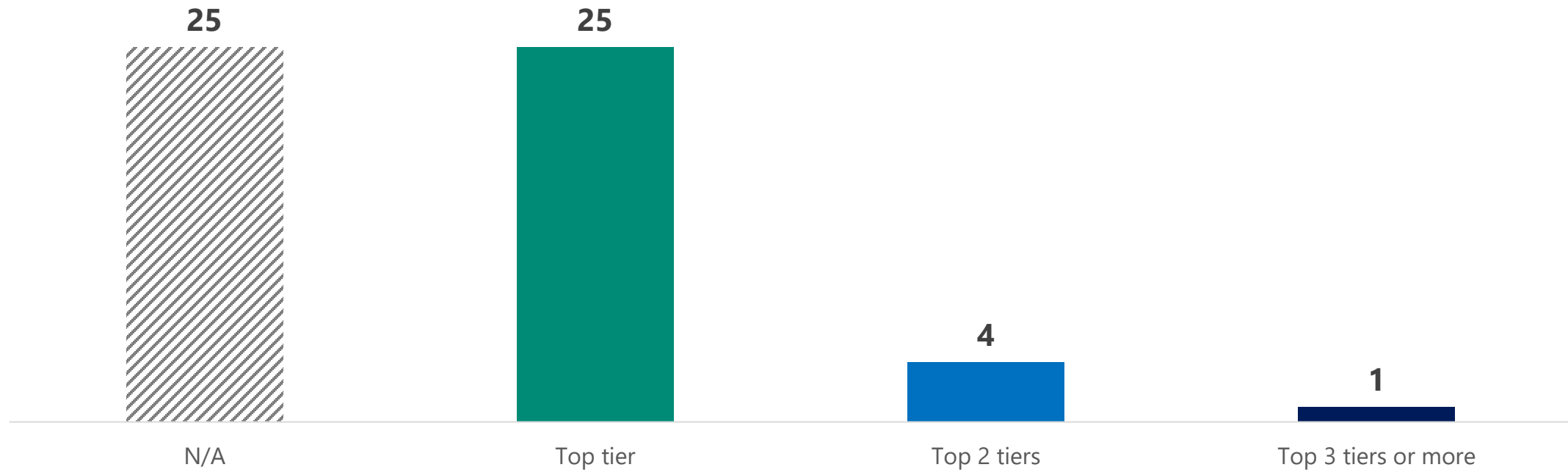
30 licensors

implement a club licensing
system applicable to
domestic club
competitions



Club licensing for domestic club competitions

- 25 (45%) licensors apply a club licensing system for their top women's football league only;
- 5 (9%) licensors apply a club licensing system for their two top tiers or more.





UEFA Club Licensing results

UEFA Women's Champions League 2023/2024

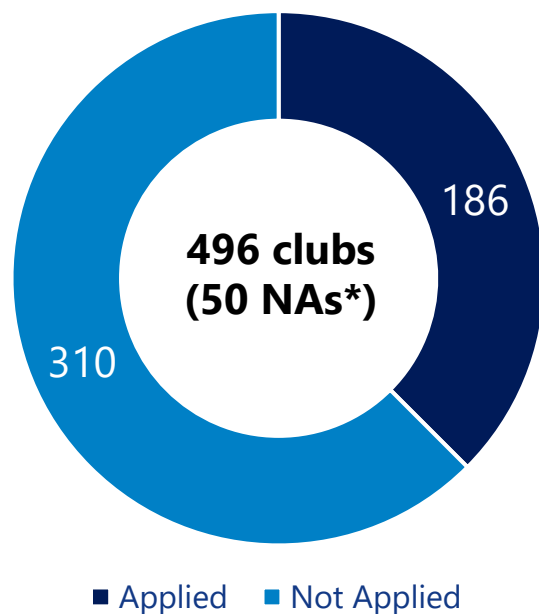
WE CARE ABOUT FOOTBALL

UEFA Club licensing results 2023/2024



- An average of 38% of clubs applied for a UEFA licence in the last 3 years;

38% of clubs (186/496) applied for a UEFA licence

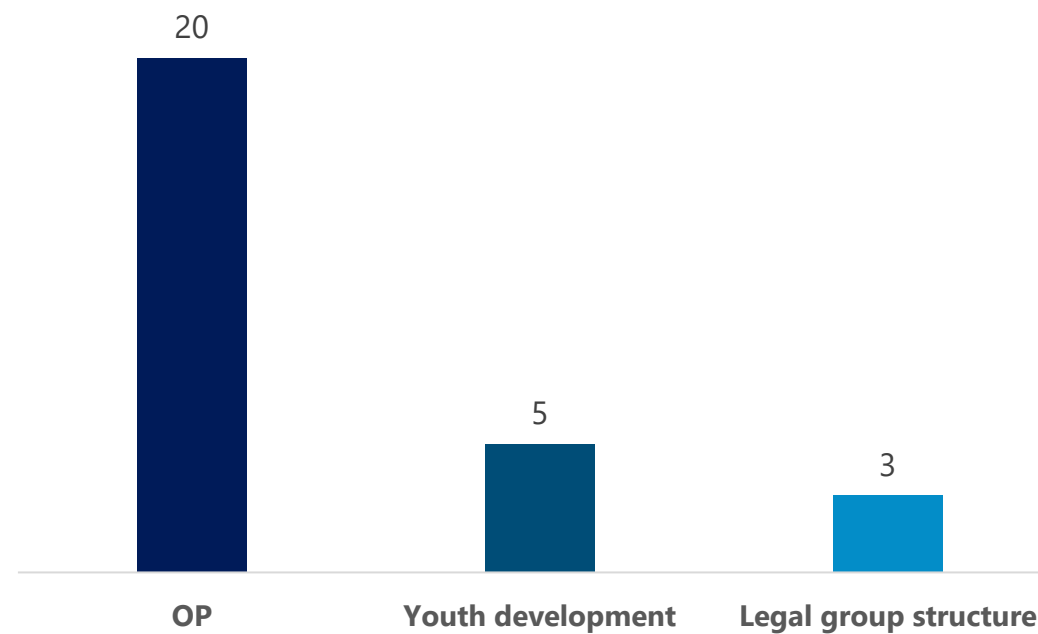
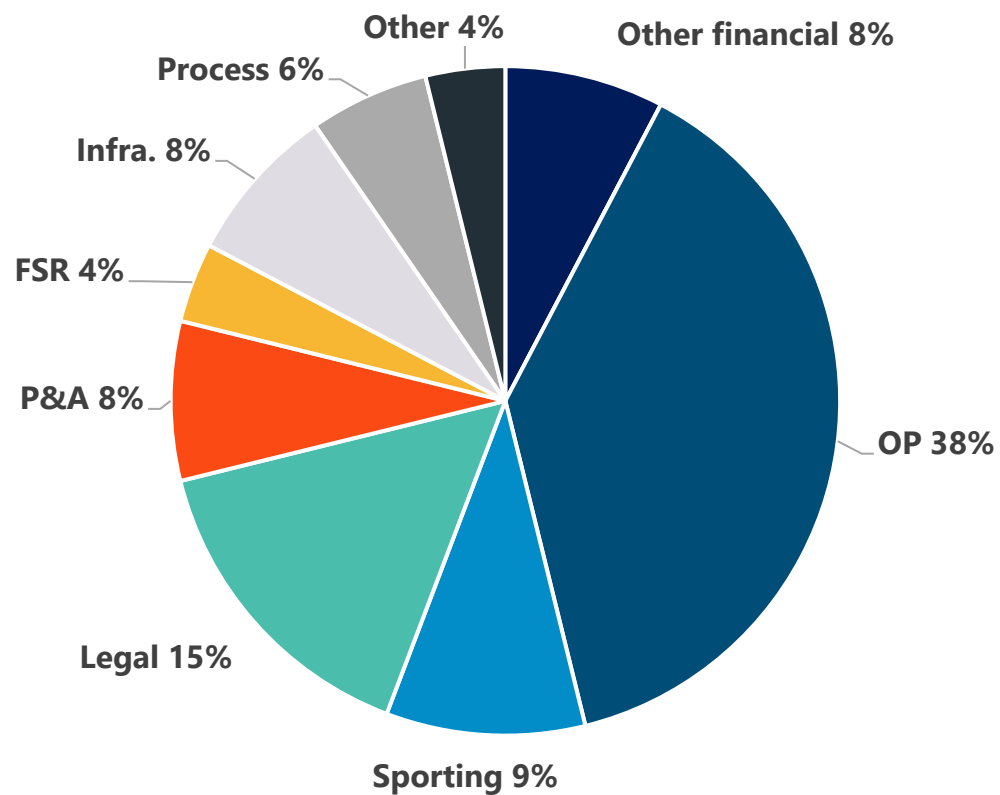


31% (153/496) of clubs received a UEFA licence

	2023	2022	2021
Granted	153 (31%)	161 (31%)	142 (32%)
Not granted	33	32	26
Not applied	310	311	269

*AND, AZE, GIB, LIE, and SMR;

Reasons for UEFA licence refusals 2023/24 (UWCL)



UEFA Club licensing process 2023/2024 - Summary

Women's club licensing decisions (UWCL)

- **50** national associations
- Licence applicants: **186** top division clubs (38%);
- Granted: **153** (31%), Not granted: 33, Not applied: 310
- Sportingly qualified club without UEFA licence: **1**
- Clubs in UWCL: **70***



UEFA Club licensing process 2023/24 - Summary



- **Women's club licensing decisions (UWCL)**
 - Licence applicants: **2** (2/8 top division clubs 2022/23)
 - Granted: **1**
 - Refused: **1**
 - Not applied / did not finish the process: **6**
 - Sportingly qualified club with UEFA licence
 - Clubs in UWCL: **1**





UEFA Club licensing regulations

Key changes for the club licensing process 2024/2025

WE CARE ABOUT FOOTBALL

SPRING RESPECT

Don't be

SACA

Don't be

Don't be

Don't be

Don't be

Don't be

Don't be

Don't be

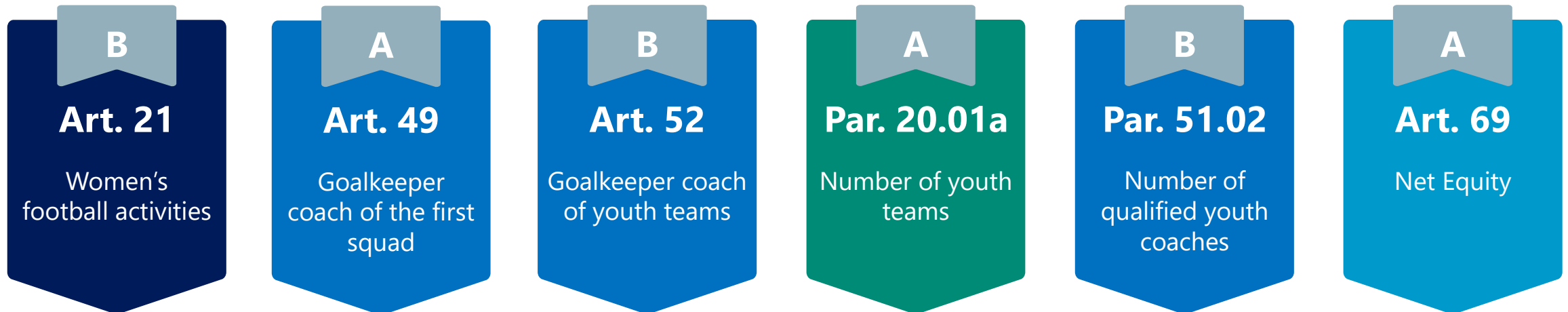
Don't be

Don't be

Don't be

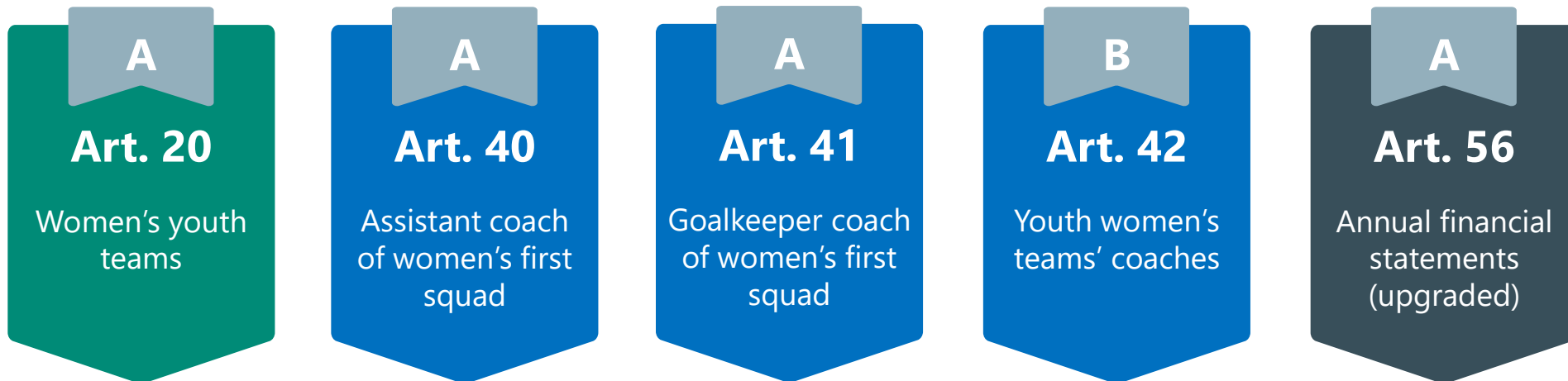
UEFA Club Licensing Regulations – men's

- Article 103 CL&FS highlights all the criteria that are implemented following a transitional period;
- **Women's football activities, goalkeeper coach of the first squad, goalkeeper coach of youth teams, youth teams** and **youth coaches** criteria are fully applicable for the coming core process (licence season 2024/25);
- All CL provisions of the CL&FS 2023 edition have been fully implemented with the exception of the **Net Equity**.



UEFA Club Licensing Regulations – women's (UWCL)

- Article 67 CLWCL highlights all the criteria that are implemented following a transitional period;
- **Women's youth teams, Assistant coach of women's first squad, Goalkeeper coach of women's first squad** and **Youth women's teams' coaches** criteria are fully applicable for the coming core process;
- All CL provisions of the CLWCL 2022 edition have been fully implemented with the exception of the **Three-year rule** and the **Annual financial statements**;





Thank you for your attention!