

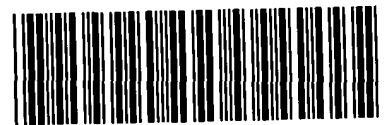
Celtic plc

ANNUAL REPORT

YEAR ENDED 30 JUNE 2022

Registered No: SC3487

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SUMMARY OF RESULTS FOR THE YEAR ENDED 30 JUNE 2022

Key Operational Items

- Winner of the SPFL cinch Premiership and qualification for UEFA Champions League group stages in season 2022/23
- Winner of the Premier Sports Cup for season 2021/22
- Qualification for the group stages of the UEFA Europa League for season 2021/22
- 31 home matches played at Celtic Park (2021: 28 games)

Key Financial Items

- Group revenue increased by 45.2% to £88.2m (2021: £60.8m)
- Operating expenses including labour increased by 23.4% to £91.7m (2021: £74.4m)
- Gain on sale of player registrations of £29.0m (2021: £9.4m)
- Acquisition of player registrations of £38.4m (2021: £13.5m)
- Profit before taxation of £6.1m (2021: Loss of £11.5m)
- Year-end cash net of bank borrowings of £30.2m (2021: £16.6m)

Celtic plc

DIRECTORS, OFFICERS & ADVISERS

DIRECTORS, OFFICERS AND ADVISERS

Directors

Ian P Bankier (Chairman)
Michael Nicholson (Chief Executive Officer)
Christopher McKay (Chief Financial Officer)
Dermot F Desmond*
Thomas E Allison*§
Sharon Brown*
Brian D H Wilson*

Company Secretary

Christopher Duffy

Company Number

SC3487

Registered Office

Celtic Park
Glasgow, G40 3RE

Directors of The Celtic Football and Athletic Company Limited

Peter T Lawwell
Christopher McKay (appointed 30 November 2021)
Michael Nicholson (appointed 10 September 2021)
Eric J Riley*
Michael A McDonald*

§ Senior Independent Director

* Independent Non-Executive Director

Auditor

BDO LLP
4 Atlantic Quay
70 York Street
Glasgow, G2 8JX

Solicitors

Pinsent Masons LLP
141 Bothwell Street
Glasgow, G2 7EQ

Bankers

The Co-operative Bank plc
29 Gordon Street
Glasgow, G1 3PF

Remuneration Committee

Thomas E Allison (Chairman)
Ian P Bankier
Brian D H Wilson

Audit Committee

Sharon Brown (Chairman)
Dermot F Desmond
Brian D H Wilson

Nomination Committee

Ian P Bankier (Chairman)
Thomas E Allison
Dermot F Desmond

Stockbroker and Nominated Adviser

Canaccord Genuity Limited
88 Wood Street
London, EC2V 7QR

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol, BS99 6ZZ

Web Site

www.celticfc.com

Celtic plc

CHAIRMAN'S STATEMENT

These results for the year ended 30 June 2022 show that revenue increased to £88.2m (2021: £60.8m) with a corresponding profit before tax of £6.1m (2021: £11.5 loss before tax). The key driver of the revenue growth was the restoration of a more normalised trading environment as we emerged from Covid-19 and were able to operate at full stadium capacity for all but five matches at the beginning of the season, where crowd restrictions remained. This, along with record gains from player trading in the year, £29.0m (2021: £9.4m), ensured the delivery of the reported profit. The contribution of player trading gains, especially in Europa League years, ensures that we maintain a healthy and sustainable financial future. In terms of funding and liquidity, our year end cash, net of bank borrowings, was £30.2m (2021: £16.6m). The increase this year was principally due to the timing of season ticket sales taking place later in the summer of 2021.

The Covid-19 surge over December 2021 to February 2022 was mitigated by the SPFL's initiative to bring forward the winter break to minimise disruption and protect vital match day ticket income for Scottish football as a whole. As a result, our supporters were able to attend two more matches and we did not suffer any revenue attrition from closed door matches. Consequently, the second half financial performance and the reduction in earnings in this period can be attributed to trading seasonality and the timing of player trading gains that were weighted towards the first half of the financial year.

As reported in my interim statement, we acquired several excellent additions to our player squad over the January transfer window. We thus entered the second half of the financial year 6 points off the top of the Premiership leader board, but with some confidence that we had the Manager and the squad to deliver our key objective of regaining the SPFL cinch Premiership title. We were delighted to win the title in May 2022 to add to the Premier Sports Cup won in December 2021.


An extremely welcome added bonus has been that the winner of the SPFL Premiership gained automatic qualification for the 2022/23 UEFA Champions League. This is the first time the champions of Scotland have achieved this in 12 years, due to an increase in Scotland's UEFA coefficient. Our Champions League draw has provided us with a suite of exciting ties involving Real Madrid, Shakhtar Donetsk and RB Leipzig.

The benefit of automatic qualification has delivered certainty over the season ahead, allowing us to back our Manager and build greater strength into the playing squad. Having signed Jota, Cameron Carter-Vickers, Alexandro Bernabei and Benjamin Siegrist in June 2022, we report a total investment in the player registrations of £38.4m for the financial year. Post year end, we completed the permanent signings of Sead Haksabanovic and Aaron Mooy alongside the temporary transfers of Moritz Jenz and Oliver Abildgaard. We continue to balance the benefits of investing in experienced players alongside younger talent with a view to developing all players' performances on the pitch and trading when conditions are right. The successful execution of this model is a challenge but is vitally important for clubs such as Celtic.

Our women's team also went on to add to the SWPL Cup win in December 2021 by winning the Women's Scottish Cup in May 2022. This cup double represents a remarkable achievement in such a short time and I congratulate Fran Alonso and his team and reaffirm our commitment to the women's game in Scotland.

The biggest influence on the financial and sporting fortunes of the Club is our ability to participate in European competition. As covered by Michael Nicholson in his report, the Champions League format will change in 2024. This will provide further opportunities and enhanced media rights. Our task is to be prepared to maximise the opportunities that will evolve by remaining financially strong and stable, whilst investing intelligently in the player squad, the football department and the sporting infrastructure and facilities.

We have every confidence in our business model that over the period of my office has demonstrated its robustness, especially in challenging times. In closing, I thank all of my colleagues at Celtic, whose enormous efforts have delivered this pleasing year of transition. I also pay tribute to our remarkable support, who have backed the Manager and the team every step of the way.



Ian P Bankier, Chairman
20 September 2022

Celtic plc

CHIEF EXECUTIVE'S REVIEW

Following the challenges and disappointments of the year to June 2021, but with Celtic Park finally back as it should be - full of our supporters - everyone at the Club wanted to reward our supporters' commitment and loyalty with entertaining and winning football. This year ended 30 June 2022 began with our Manager, Ange Postecoglou, taking on the existing squad and developing it, while introducing his attacking, high intensity style of football. The immediate priority in the 2021 summer transfer window, therefore, was to support the Manager, and the Club committed investment in players the Manager believed would contribute to our success.

In UEFA competitions, we prepared for our UEFA Champions League qualifier against FC Midtjylland with a squad in transition and lost the tie. Having overcome AZ Alkmaar, we qualified for the group stages of the UEFA Europa League, where we faced Bayer 04 Leverkusen, Real Betis and Ferencvaros TC. This was high quality opposition and, having finished third in the group, we qualified for the knock out play-offs of the newly constituted UEFA Europa Conference League, ultimately exiting the tournament to Bodo Glimt FC.

Domestically, despite losing three of our first six cinch Premiership matches, our supporters continued to believe in and support what our Manager was looking to achieve. Early success in the Premier Sports Cup fed confidence and everyone connected with the Club was delighted to see Callum McGregor lift his first trophy as Celtic captain. Following the last of the league defeats, in September 2021, we embarked upon on a remarkable 32 match unbeaten run until the end of the season; an outstanding achievement and one that led to us regaining the cinch Premiership title.

The scale of that achievement should not be underestimated, and we thank and congratulate the Manager, the Captain and all of the players and staff for a fantastic season of entertaining and winning football.

Season 2021/22 also saw us build on the success of last season for our Women's team, with the team securing a domestic cup double for the first time in the Club's history. This was an excellent achievement and demonstrated real progress for Manager Fran Alonso, Captain Kelly Clark and all of the players and staff of the Women's team. Our strategy is to continue to develop and invest in the Women's team and we are pleased that this commitment has been matched by the SPFL by incorporating the women's game into the league governing body in order to continue to develop the game in Scotland.

Celtic FC B entered the Scottish Football Lowland League as a guest team for the first time in season 2021/22. We finished third in the 34-match programme in what was a highly competitive environment. Following the success of this initiative, we were pleased to be accepted as a guest team for season 2022/23, during which Celtic FC B will also compete in the UEFA Youth League. Having aligned the B Team directly under the First Team Manager, and having appointed Stephen McManus and Darren O'Dea as our B Team coaches, we wish them and the players the best of luck for the season ahead. We see Celtic FC B as a vitally important development pathway opportunity, which directly aligns with our youth development strategy.

During the year, we continued to review and develop the technical functions supporting our football operations, making appointments in Recruitment, Medical, Sports Science and our Academy, as well as investing in the Training Centre at Lennoxtown. We are continuing to work on further infrastructure developments, in addition to the recent stadium banners update, including the development of a new viewing platform for our disabled supporters and a new match day bar for season ticket holders, with a view to improving the match day experience for our supporters. Continuous improvement remains a key part of the Club's strategy.

We are delighted to continue to work with our sponsors, including adidas, Dafabet and Magners, and we thank them and all of our partners for their continued support. Our retail and multimedia businesses continue to perform strongly and our match day attendances, including season ticket sales, and other stadium businesses all performed above expectations in the year. We are, however, mindful of the current economic headwinds. We continue to monitor the situation and factor the economic environment into key decisions.

As we look forward into the future of European football, the second half of the financial year saw UEFA confirm a number of significant developments with respect to the format of the European game and key governance matters.

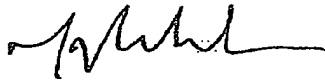
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CHIEF EXECUTIVE'S REVIEW

Firstly, in May 2022, UEFA announced that it had approved a new Champions League format post 2024, involving an expansion to 36 teams, a shift away from the traditional group stage format to a single league phase and an increase to eight matches from six in the initial phase. Similarly, under the proposals the Europa League and Conference League would also be expanded to accommodate 36 teams, with eight matches and six matches respectively in the initial phase. There is an expectation that, once implemented, this would lead to increased media rights, which would in turn benefit all participating clubs, and we would see this as a positive development for European football as a whole.

Secondly, UEFA introduced significant enhancements in financial governance by introducing new Financial Sustainability Regulations to replace the previous Financial Fair Play Regulations. These are being introduced on a phased basis from summer 2022 and have the effect of introducing more rigorous spending controls and more definitive sanctions in order to create a sustainable future for the European Club environment. Celtic played a significant role at a strategic and technical level in the development of the new regulations, continuing to demonstrate our strategy of participating and contributing to the future of the game at the highest level.

As we look to the season ahead with confidence, I would like to thank all of our colleagues for the huge part that they played in the Club's success last season. Having started the season under Covid-19 restrictions and facing into a number of challenges, our colleagues helped to create the environment in which our teams delivered that success. We will continue to work across all aspects of the Club to build on the achievements of last season and to take our Club forward. Finally, on behalf of everyone at Celtic, we thank our supporters, who got behind our Manager and the team from day one and whose contribution is crucial when it comes to our Club's success.



Michael Nicholson, Chief Executive
20 September 2022

Celtic plc

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 30 June 2022.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report. Such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information. The assumptions used do not take into account any implications of the Covid-19 pandemic due to there being a reduced effect on the business in the financial year and at the time of writing, however there remains an unknown risk in this regard which the Directors do take consideration of.

The Strategic Report discusses the following areas:

- Covid-19
 - Update on the current impact on the business (refer to pages 7)
- Strategic management
 - Strategy, the business model and objectives (refer to page 7)
 - Principal risks and uncertainties (refer to pages 11-13)
- Business performance
 - Fair review of the Group's business (refer to pages 8-10)
 - Key performance indicators (refer to page 8)
- Business environment
 - Main trends and factors (refer to pages 14-17)

COVID-19

The adverse impact of Covid-19 had been significant in the two preceding financial years but was more limited in the last financial year. At the start of the financial year under review, it was clear that the impact on the business, most notably around fan attendances, was receding and a more normalised trading environment was returning across the large scale event industry. While the business remained mindful of the ongoing threat of Covid-19, the operations and activity across the business began to reflect the position pre-Covid with all employees returning to work and full stadium attendances in place by the middle of August 2021. Despite a Covid-19 surge in late December 2021 which resulted in the re-introduction of a number of restrictions in Scotland, the business was able to avoid any significant disruption due to the timing of home matches.

At the time of writing, there are no restrictions on the Group's trading operations and there are currently no obvious indications that this situation will change throughout the financial year ahead. There remains risks around new vaccine defeating variants and we view the winter months as being where the business could be most exposed to any impact of these.

STRATEGY, THE BUSINESS MODEL AND OBJECTIVES

The Group's objective is to create a world class football club through our strategy and business model for growth focusing on three key areas:

- (i) **Core Business** – football operations with a self-sustaining financial model, relying upon: youth academy; player development; player recruitment; management of the player pool; sports science and performance analysis; and football success.
- (ii) **Development of the Celtic Brand** – incorporating the Celtic Park Masterplan and the development of international revenues.
- (iii) **Improvement in the football environment in which Celtic plays** – representation within football governance and administration at domestic and European level.

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STRATEGIC REPORT

THE BUSINESS REVIEW

The principal activity of the Group is the operation of a professional football club, with related and ancillary activities. The principal activity of the Company is to control and manage the main assets of the business whilst the majority of operating activity is carried out by a subsidiary of Celtic plc, Celtic F.C. Limited. As a result, both of these companies are managed and controlled as a single entity in order to achieve the objectives of the Group.

The operation of a professional football club encompasses a wide range of activities including: football operations and investment; operation of the Celtic FC Youth Academy; match ticketing; merchandising; partner programmes; marketing and brand protection; multimedia; stadium operations; facilities and property; catering and hospitality; public relations, supporter relations; and human resources.

The Group has three key revenue streams:

- (i) Football and Stadium Operations;
- (ii) Merchandising; and
- (iii) Multimedia and Other Commercial Activities.

A segmental analysis of these streams is reported in Note 5 to the Financial Statements. Football and stadium operations includes all revenue in relation to all football operations, ticket office, stadium and youth development. Merchandising includes all retail, wholesale and e-commerce activities. Multimedia and other commercial activities include all other revenue generating departments including sponsorship and rights sales. Given the nature of the business, all revenue streams are inextricably linked to the success of the first team.

KEY PERFORMANCE INDICATORS

The Group monitors performance against the following key performance indicators:

- Football success (refer to page 9-10 and page 42 Five Year Record);
- Match attendance statistics (refer to page 10, Stadium and Matchday Operations and page 42 Five Year Record);
- Sales performance per revenue stream (refer to The Financial Review page 14 and Note 5, Segmental Reporting);
- Wage and other costs (refer to page 14-15, Operating Expenses and page 14-15, Current Trading and Outlook);
- Capital expenditure (refer to page 15, Property Plant and Equipment);
- Profit and cash generation (refer to page 16-17, Current Trading and Outlook);
- Shareholder value (with weekly share price reporting disseminated within the business); and
- Player trading (refer to page 15, Net Player Trading).

The key components of these KPIs are discussed on the following pages.

The Group operates a 5 year plan which is updated and reviewed on an annual basis. A detailed budget is prepared and approved by the Directors in advance of each trading year. The actual performance of the Group is then monitored against the budget with particular emphasis against the key performance indicators as noted above.

Monthly management accounts are prepared highlighting performance against budget and the prior year, detailing analysis of sales performance, total cost control including total labour costs, player trading gains or losses and capital expenditure. The management accounts also include regular re-forecasts of the anticipated outturn performance for the financial year end to which they pertain.

Actual and forecast performance is fully considered at the regular Board meetings linking back to profit and cash generation. Management and departmental meetings are held on a regular basis to discuss actual and forecast performance with future action agreed accordingly. On a weekly basis, performance is reported through a series of key performance indicators, which are shared with business decision makers and managers, including by revenue stream and match attendance analysis.

A review of the performance of the Group, particularly in relation to football success and match attendance statistics, sales performance, wage and other costs, and player trading is outlined in this Strategic Report, under the sub headings which follow, as appropriate.

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STRATEGIC REPORT

(i) FOOTBALL AND STADIUM OPERATIONS

FIRST TEAM PERFORMANCE

Ange Postecoglou was appointed first team manager on 10 June 2021. The Board were delighted to secure his appointment and it was our view that he would bring a considerable degree of experience of world football to the Club.

We were able to welcome supporters back to Celtic Park on match days with the season being largely unaffected by Covid-19. The SPFL Premiership commenced on the weekend of the 31st July 2021 with restricted crowds, however by mid August, all attendance restrictions were removed. This would continue uninterrupted for the remainder of the season, with the exception of a short spell post Christmas, with the planned Winter break being brought forward to mitigate the impact of this.

Domestically, the cinch SPFL Premiership title was won on 11th May 2022 at Tannadice with a draw against Dundee United. With the Premier Sports Cup having been secured in December 2021 with a win against Hibernian in the final, this meant that the Club celebrated an impressive domestic double in the new manager's first season.

In European competition, the Club successfully qualified for the group stages of the UEFA Europa League 'UEL' meaning UEFA competition group participation was achieved for the 11th season in a row. Finishing third in the UEL group meant that the Club also participated in the knock out stage of the inaugural UEFA Europe Conference League 'UECL', exiting the competition at this point.

A significant level of investment was committed to the squad with the sales of Ajer, Christie and Edouard helping to part fund this. This demonstrates once again the importance of player trading in ensuring we can continue our strategy of maintaining a sustainable financial model, creating value in player registrations from both Academy graduates and acquisitions.

YOUTH ACADEMY

The Club continues to invest in the Academy in order to develop high potential talent who can progress to become first team regulars and provide on field success as well as potentially creating value for future transfers.

Season 2021/22 saw, for the first time, a Celtic B team compete in the Scottish Lowland League, finishing in third place. This represents an important strategic development in providing a competitive environment and player pathway for our emerging talent to develop into first team players. This arrangement also continues into season 2022/23 where we would hope to benefit further.

During the past season, Academy graduate and now first team captain Callum McGregor was pivotal to the success which was achieved with James Forrest, Anthony Ralston and Stephen Welsh all making significant contributions. Season 2021/22 also saw debuts given to other Academy graduates Owen Moffat and Dane Murray.

Barry Coffey, Kerr McInroy, Adam Montgomery and Brody Patterson were loaned out during the season to experience First Team football at various different levels and leagues, a strategy which has proved beneficial when considering the impact in recent years of players previously placed on loan.

Celtic F.C. Development Fund Limited under which 'Celtic Pools' operates, continues to provide the underlying funding for the Academy. During season 2021/22, the Paradise Windfall returned to in stadium draws while also integrating the app which was developed in the prior year. This allowed greater participation and for draws to be held for matches away from Celtic Park.

WOMEN'S FOOTBALL

Our women's first team secured a domestic cup double during the season, a tremendous achievement for manager Fran Alonso, the players, backroom staff and those behind the scenes who have worked extremely hard to bring more exposure and success for the women's team. Although the women's team finished third in the league we have continued to invest and we look forward to the coming season with optimism and hope to achieve further success in the near future.

Celtic plc

STRATEGIC REPORT

STADIUM AND MATCHDAY OPERATIONS

During season 2021/22, Celtic Park hosted 31 first team fixtures (2021: 28) consisting of 19 SPFL Premiership, 7 UEFA competition, 2 Premier Sports Cup, 1 Scottish Cup and 2 friendlies. UEFA matches returned to pre-Covid format meaning the match composition varied from that of the prior year.

Once again, our season ticket sales for season 2021/22 were significantly beyond expectations given the uncertainty which existed in regards to fan attendance. Our supporters once again showed tremendous commitment to the Club, with over 52,000 tickets and packages across all categories being purchased.

NON-MATCHDAY OPERATIONS

Season 2021/22 saw a return to normal trading conditions as lockdown restrictions eased across the country. This meant the resumption of conference & banqueting and restaurant business and the return of the popular stadium tours. This element of the business has taken time to rebuild after the adverse impact of Covid but current numbers are encouraging.

(ii) MERCHANDISING

This was the second year of the Club's 5-year kit partnership with adidas and the Merchandise division saw a continuation of the strong trading levels we had seen the previous year achieving records sales figures.

Our retail stores and online offering both continued to perform well post Covid and our Christmas campaign was met with huge positivity from our fan base which was reflected in the trading levels over the seasonal period.

(iii) MULTIMEDIA AND OTHER COMMERCIAL ACTIVITIES

COMMERCIAL PARTNERSHIPS

Our commercial partnerships continue to be an important revenue stream for the business with our front of shirt sponsorship with Dafabet remaining the most lucrative shirt sponsorship deal in Scottish football.

The Club has a range of other commercial arrangements and is proud to have a variety of partners including long standing relationships with Magners, Intelligent Car Leasing and Radio Clyde.

We continued to receive valuable commercial support in relation to our women's first team with a number of partnerships including Eleven Sports and Be Cordial which have helped the Club to invest further in the women's game. We have also secured a new front of shirt sponsor with Tayside Aviation for season 22/23.

DIGITAL MEDIA

During the year we continued to provide a 'Pass to Paradise' offering for season ticket holders as a result of the uncertainty around Covid-19. As well as our match day broadcasting we continue to invest in digital content creation to drive supporter engagement.

SUPPORTER RELATIONS

Supporter engagement and relations is an area of growing focus and attention for the football industry following the reaction to the proposed European Super League and the publication of the Tracey Crouch MP report. This was a fan led review of football governance covering English football but the issues raised are also relevant to Scottish Football.

Celtic were the first club in Scotland to constitute a fans' forum in 2017. This gives the fans the opportunity to set the agenda for meetings open to all supporters, attended by the Executive Directors and chaired by a Non- Executive Director. In light of the success of the forum and our recognition that supporter relations are becoming increasingly important, we plan to invest more time into this important communication channel going forward.

Our support liaison officer ("SLO") and disabled access officer ("DAO") continue to provide a vital match day service for all supporters. Alongside this, they also attend supporter events and regularly make themselves available for meetings on a wide range of topics.

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OUR PEOPLE

The Club reviewed its salary rates in January 2022 and as at 1 July 2022, all permanent members of staff are paid a minimum rate of at least £9.90 per hour, which is at the same level as the Living Wage currently recommended by the Living Wage Foundation.

Celtic continues to hold the prestigious Investors in People award, having first been accredited in 2007. The Club was re-assessed in January 2020 and was recognised at the Gold level of award, an improvement on the previously held Silver award. This demonstrates the continued commitment shown by the Club to invest in its people and, while we are proud of this achievement, we continue to strive for further improvement. This will be performed through the continued review and consideration of the recommendations made following our re-assessment, with the aim of ensuring employee voices are heard and acted upon.

In line with Gender Pay Gap Legislation, Group subsidiary and main trading entity Celtic F.C. Limited reported its Gender Pay Gap figures once again in April 2022, this report is available on the Club's website and also reported on the government website, <https://gender-pay-gap.service.gov.uk>

Safeguarding continues to be high on the Club's agenda. As the first club in Scotland to appoint a dedicated Safeguarding Manager, back in March 2013, we continue to lead the way in the implementation and improvement of safeguarding processes, training and communications. These continue to provide a safe environment for all children and vulnerable adults working for and engaging with the Club – employees and fans alike. To reflect this we now have two dedicated Wellbeing officers within our academies.

In addition to the above, our safeguarding team are currently producing a 5 year child and young people's wellbeing strategy to ensure children's rights are paramount and are at the heart of all of our activities.

The club are compliant with SFA directives which were implemented to improve the consistency of safeguarding children across Scottish Football. The Club has adopted and implemented such guidance including:

1. Policy Statements
2. Code of conduct for safeguarding children's wellbeing
3. Anti-bullying guidelines
4. Procedure for responding to concerns about a child
5. Procedure for responding to concerns about the conduct of an adult
6. Procedure for reviewing the management of concerns
7. Safeguards: best practice guidelines

The Club also places great importance on health and safety within the workplace. The Club appointed a new Health & Safety Manager in 2021 who leads our 'Health & Safety Steering Group', and colleague training in the area of Health & Safety continues to be a top priority.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Group and those that the Board considers to be associated with running a professional football club such as Celtic are set out below.

In addition to the uncertainties inherent in football, there are many risks associated with running any business. These risks are included within a risk matrix, which is regularly reviewed internally and with the Audit Committee on behalf of the Board, and updated as necessary. We also currently, and for the short term at least, have a further significant risk in the form of Covid-19 and this is specifically referred to below although it is inherent in almost all aspects of our business.

The risk matrix evaluation identifies types of risk, the likelihood of the identified risk occurring, the potential impact it may have on the Group if it did occur, and the steps that have been or should be taken to reduce the likelihood of occurrence or mitigate the impact if it did occur. The individuals responsible for managing these risks are identified and the steps required to be taken are subject to internal audit verification.

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Although the Group's operations are managed so as to reduce the likelihood of these events occurring and to mitigate their potential impact if they did occur, it is not possible to completely eliminate these risks.

The Directors consider that the principal risks to the performance of the business fall under the following headings:

(i) *Covid-19*

At the time of writing, our trading environment, and in particular fan attendance at matches, is unaffected by Covid-19. However, there remains a risk that a renewed Covid-19 surge could result in the re-introduction of restrictions. This risk may become more heightened in the winter months.

(ii) *Player transfer market and wages*

Due to the application of football regulations, the opportunity to acquire or dispose of player registrations occurs, subject to limited exceptions, only during two registration windows of specified duration each year. The time pressures that arise in the run-up to the closure of the windows can have an impact on the outcome of negotiations. Players are readily mobile, particularly when out of contract or nearing the end of their contracts, and have transferable skills and so the range of possible clubs willing to engage the player can be extensive, particularly where the player is very talented. Changes in football managerial appointments can also influence player demand, with certain players, or styles of play, favoured by some managers more than others. Injuries and suspensions also affect player value and the willingness of clubs to release players for sale. The availability of players can change at very short notice. In addition, there is a risk that a change in football regulations, or the application of national laws to those regulations, may affect the player registrations held by the Group.

Player wages are subject to market forces with wage levels in some countries, particularly in those leagues with lucrative broadcasting contracts, significantly exceeding those available in others.

Consequently, all transactions are affected by a series of variable factors, which result in the market being unpredictable.

(iii) *Matchday revenues*

Substantial income is derived from matchday ticket sales and the provision of various products and services on matchdays, including programmes, merchandising, hospitality and catering. Donations from Celtic F.C. Development Fund Limited, particularly in relation to a proportion of matchday lottery ticket sales, are also important.

Significant revenue is also derived from the sale of season tickets. External economic conditions can affect supporters' disposable income. The quality of the team and management, the perceived entertainment on offer, the level of success from preceding seasons, the opposition that the Club may face in the season, together with pricing all have an effect on purchasing decisions. Many of these factors are beyond the control of the Group.

Poor football results and performances, the nature and quality of opposition, changes to kick-off times and bad weather can all have an impact on attendance figures. A perception that there are empty seats also affects the purchase of future season tickets in that supporters may elect to buy a match ticket when desired and run the risk of non-availability, rather than guarantee a seat by purchasing a season ticket.

External economic conditions such as the current constraints on consumer spending brought about by the cost of living crisis could also have a further adverse effect on potential revenues. However, season ticket monies for season 22/23 are already received, central rights distributions are largely secured, sales volumes for match tickets are strong and retail sales are tracking ahead of budget, and with government assistance outlined for consumer energy bills, all of these factors would suggest that any risk at this present time is limited. The Board will however continue to monitor this situation, particularly as we approach season 23/24.

(iv) *Revenues from broadcasting contracts and football competitions*

The SPFL sells domestic broadcasting rights centrally. The Group is entitled to a share of SPFL revenues determined by reference to league position. The value of broadcasting contracts can vary, although these are generally entered into for several years at a time and may be subject to conditions over which the Group has little, if any, control.

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Participation in other competitions, such as the UCL or UEL, also leads to additional revenue being received. The extent of this revenue depends on the competition, the level of advancement in the relevant competition, the amount of UEFA coefficient points accumulated by the Club, whether there are any other Scottish participants, and the size of the UK domestic television market. The revenue available is dependent on participation and therefore determined on the basis of football results, which cannot be guaranteed.

Season 2020/21 saw the commencement of a new 5 year contract with Sky TV as the sole broadcaster for the SPFL Premiership.

(v) *Financial Risk*

The Group is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk.

These risks are managed through regular reforecasting, adopting hedges where appropriate, an assessment of key economic and market indicators and customer risk diligence. Further information is provided in Note 33 to the Financial Statements as to how the Group addresses these risks.

(vi) *Brexit*

The UK officially left the EU on 31 January 2020 and on 31 December 2020 completed its separation from the EU with the ending of the transition period.

The Group has seen some impact on administration and costs particularly in respect of our merchandising division. Further risks could be access to workers, particularly around our casual/matchday staff as there are indications of a lack of supply in the hospitality and leisure markets.

In addition to the above, the Group has also experienced the effects of Brexit in relation to player transfers. To date, this has largely been translated to a resource and cost burden as there is a requirement for visa applications for EU nationals which would not have existed previously. In addition, a governing body (the SFA) endorsement is required for such application to be successful and at present there is a discretionary panel which assesses these applications and determines whether the endorsement is appropriate. The operation of this panel was extended beyond the summer 2021 transfer window and discussions are ongoing around a long-term protocol. The extension of the panel provides us greater flexibility and is welcome.

(vii) *Stadium Safety Certificate*

Each year the Group is required to have the Celtic Park Safety Certificate renewed by the Safety Advisory Group of Glasgow City Council. Failure to achieve this could result in part, or all, of the stadium being closed. Should this ever occur it would inhibit our ability to host home matches without putting alternative arrangements in place.

The process for ensuring we are fully compliant on all aspects of health and safety is both continuous and taken extremely seriously. Our dedicated facilities management team implement a rolling preventative and reactive stadium maintenance plan and our stadium security team along with the relevant authorities implement and continue to evolve a stadium security strategy to ensure spectator safety. This topic also features as a standing item at our regular risk review meetings and at Board meetings.

We also recognise the added dimension which Covid-19 has had and will continue to bring around stadium safety. As with all other aspects mentioned above we will continue to seek the necessary advice and take the necessary steps to ensure our compliance in this area. At the time of writing, we have successfully secured our certificate for this season which will run until 30 July 2023.

Each of the risks aforementioned is influenced significantly by factors beyond the control of the Group. The failure to obtain our safety certificate, substantial increases in transfer fees or player wages, or a significant decline in ticket sales or

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attendances, or in revenues from broadcasting and football competitions could have a detrimental impact on financial performance.

THE FINANCIAL REVIEW

The Group's financial results for the year to 30 June 2022 reflect the significant impact of normalised trading conditions particularly in match ticket sales compared with 2021.

	2022	2021
	£m	£m
Revenue	88.2	60.8
Operating expenses	(91.7)	(74.4)
Exceptional operating expenses	(6.3)	(0.3)
Amortisation of intangible assets	(13.0)	(11.8)
Profit on disposal of intangibles assets	29.0	9.4
Other Income	-	5.0
Net financing charges	(0.1)	(0.2)
Profit / (loss) before tax	6.1	(11.5)

In a year where trading conditions returned to normal levels, profit before tax of £6.1m has been recorded compared to a loss of £11.5m for the prior year. This significant improvement is driven by increased revenues, which have been delivered predominately due to the sales of match tickets, a revenue stream that was unavailable in 2021, as well as an uplift in gains on player trading.

Operating expenses increased by £17.4m as costs of hosting matchday operations returned to normalised levels and the income from the Job Retention Scheme "JRS" ceased in September 2021. Net player trading increased by £18.4m compared to 2021 (see below). This was driven by the sales of Odsonne Edouard to Crystal Palace, Kristoffer Ajer to Brentford and Ryan Christie to Bournemouth.

REVENUE

	2022	2021
	£m	£m
Football and stadium operations	42.8	20.8
Merchandise	24.9	22.6
Multimedia and other commercial activities	20.5	17.4
Group Revenue	88.2	60.8

Revenue increased by £27.5m (45.2%) compared with 2021.

Revenue from Football and stadium operations increased by £22.0m (105.8%) compared with 2021. This is principally due to the return of match ticket sales and the availability of Corporate and Premium packages which were unable to be sold in 2021 owing to matches being played behind closed doors.

Merchandise revenues increased by £2.3m (10.2%) as the adidas range continues to be popular with the supporters and our stores were able to trade as normal in the year which was not the case in 2021.

Revenues from Multimedia and Commercial activities increased by £3.1m (17.8%). This was impacted by a more successful European campaign than in 2021 and increased revenues associated with winning the SPFL compared with finishing 2nd in 2021.

OPERATING EXPENSES

	2022	2021
	£m	£m
Labour	(58.8)	(49.3)
Other Operating Expenses	(32.9)	(25.1)
Operating Expenses	(91.7)	(74.4)

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Total operating expenses (before exceptional operating items and intangible asset transactions) have increased from last year by £17.4m (23.3%) to £91.7m. Labour has increased by £9.5m (19.3%) to £58.8m. In the year to 30 June 2021, the Club received £2.3m in payments under the JRS scheme, which reduced the overall labour figure that year. In 2022, this figure was £64k. There was also increased investment in the Football department as well as increased costs associated with the matchday operation.

Other operating expenses increased by £7.8m (31.1%). This was driven by increased matchday costs and additional cost of sales in relation to increased retail revenues. Travel costs also increased due to the return of two legged European qualifiers, which was not the case in 2021.

Wage inflation continues to be an area of concern throughout the worldwide football industry and now the wider UK economy. The Board recognises the need to maintain strict control over wage costs and this will continue to be closely monitored. On-going financial controls remain in place to ensure that labour costs are maintained at a manageable level, particularly in relation to revenues.

EXCEPTIONAL OPERATING EXPENSES

Exceptional operating expenses of £6.3m (2021: £0.3m) represent an impairment charge of £7.2m, an impairment reversal of £1.1m which was a previously provided for sum in relation to intangible assets deemed to be irrecoverable and severance pay of £0.1m. These events are deemed to be unusual in relation to what management consider to be normal operating conditions as the occurrence of these events is sufficiently irregular enough to warrant it as exceptional.

NET PLAYER TRADING

	2022	2021
	£m	£m
Amortisation of player registrations	(13.0)	(11.8)
Gain on sale of player registrations	29.0	9.4
Net Player Trading	16.0	(2.4)

Total amortisation costs at £13.0m represent an increase of £1.2m (10.4%) in comparison to the previous year. This is predominately due the investment in the squad across the season.

The gain on sale of £29.0m (2021: £9.4m) primarily reflects gains achieved on the sale of Odsonne Edouard to Crystal Palace, Kristoffer Ajer to Brentford and Ryan Christie to Bournemouth as well as contingent fees crystallising on previous player transfers. This compares to 2021 where the only significant disposal was Jeremie Frimpong's transfer to Bayer Leverkusen.

FINANCE INCOME & COSTS

Finance income and costs include the classification of Preference Share dividends as interest and notional interest charges/income relating to long term player trading receivables and payables, as required under IFRS reporting.

Interest income was in line with the prior year at £0.9m (2021: £0.9m). Interest costs were £1.0m (2021: £1.1m). This decrease is due to the decreased notional interest costs in relation to player transfer instalments and by the reduction in loan interest charges falling in line with the balance of the term loan decreasing.

TAXATION PROVISION

The corporation tax charge for the year ended 30 June 2022 is £0.3m (2021: £1.1m). An available capital allowance pool of £5.1m (2021: £6.2m) will be carried forward for use in future years.

PROPERTY, PLANT AND EQUIPMENT

The capital expenditure additions to property, plant and equipment in the period of £0.7m (2021: £1.2m) includes the installation of the new EPOS till system, the purchase of new grounds equipment and work relating to the new accessible viewing platform.

In addition to this, and consistent with reporting under IFRS 16, the Group also capitalised leasehold assets of £0.3m.

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INTANGIBLE ASSETS

The increase of £17.2m in the net book value of intangibles during the year to £35.5m, reflects investment in player registrations of £38.4m (2021: £13.5m), less the amortisation charge of £13.0m (2021: £11.8m), the net impairment charge of £5.7m (2021: credit of £0.3m) which includes an impairment reversal in respect of the prior year of £1.1m, and the net book value of disposals of £2.4m (2021: £3.4m). The investment in player registrations is represented by the costs associated with the permanent acquisitions of Liel Abada, Kyogo Furuhashi, Giorgios Giakoumakis, Joe Hart, Reo Hatate, Yosuke Ideguchi, Josip Juranovic, Johnny Kenny, Bosun Lawal, Matt O'Riley, Liam Scales and Carl Starfelt. It also includes the costs of the temporary acquisitions and subsequent permanent acquisitions of Cameron Carter Vickers, Jota and Daizen Maeda. Additionally, the costs associated with the renewal of player contracts and the registration of youth players are also included.

During the financial year the Group permanently disposed of the registrations of Kristoffer Ajer, Ryan Christie, Odsonne Edouard, Lee O'Connor and Marian Shved.

INVENTORIES

The level of stockholding at 30 June 2022 of £3.0m compares to £3.9m reported last year. This decrease is attributable to the timing of the arrival of stock in relation to kit and training range launches.

RECEIVABLES

Total receivables as at 30 June 2022 are £51.4m compared with £35.1m in 2021. The current year balance includes the remaining instalments due for the transfers of Odsonne Edouard, Kristoffer Ajer, Ryan Christie, Leo Hjelde, Patryk Klimala, Jack Hendry and Kieran Tierney. As at 30 June 2022 the amounts due included the remaining instalments for the transfers of Patryk Klimala, Jack Hendry and Kieran Tierney.

NON-CURRENT LIABILITIES

The increase in non-current liabilities of £11.5m since June 2021 to £24.7m is the result of investment in the playing squad, partially offset by repayments on the term loan.

CURRENT LIABILITIES

The increase in current liabilities of £25.9m in the year to £78.5m is largely due to the increase in transfer fees due which in turn is impacted by the timing of the signings of Cameron Carter Vickers, Jota and Alexandro Bernabei. This balance also includes various performance related bonuses payable to Club personnel post year end. Deferred income less than one year of £31.5m compares to the £24.1m reported last year and reflects the cash received and invoices raised predominantly in relation to 2022/23 season tickets, prior to 30 June 2022 in respect of the financial year ended 30 June 2022. The increase compared to 2021 is due to inflationary led price increases and timing of sales this year compared to a delayed sales window in the prior year.

NET ASSETS AND FUNDING

Under IFRS reporting, elements of the preference shares are required to be classified as debt and non-equity dividends to be classified as interest.

Net cash at bank is £30.2m (2021: £16.6m) and includes all cash at bank and in hand, offset by bank borrowings. The cash balance of £31.9m has increased by £12.4m owing to increased cash received in respect of season ticket revenues at the 30 June 2022 year-end relative to the prior year owing to a delay in the season ticket sales window last year.

The Group has internal procedures in place to ensure efficient cash flow and treasury management in order to maximise return and minimise risks where appropriate. Details of the Group's financial instruments and debt profile are included in Notes 21, 22, 25, 26, 27 and 33 to the Financial Statements.

BANK FACILITIES

The lending agreement with The Co-operative Bank plc as at 30 June 2022 had a combined borrowing facility of £14.6m (2021: £15.9m), which consisted of a £13.0m (2021: £13.0m) revolving credit facility ('RCF') and a £1.6m (2021: £2.9m) long-term loan. The borrowing facility is subject to net asset and interest cover covenants and the RCF is available until September 2023 and currently remains undrawn.

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For the year ended 30 June 2022 the long-term loan bore interest at the Sterling Overnight Interbank Average Rate plus 3% and a non-utilisation fee of 1.2% was payable on the RCF. The long-term loan is a floating rate loan and therefore exposes the Group to cash flow risk. Repayment of the loan is made in equal quarterly instalments of £0.3m from the commencement date until full repayment in July 2023. The Group has the option to repay the loan earlier without penalty.

The borrowing facilities noted above were secured over Celtic Park, land adjoining the stadium and at Westhorn and Lennoxton.

CURRENT TRADING AND OUTLOOK

Season 2021/22 was characterised by the introduction and integration of Ange Postecoglou as first team coach. Significant investment amounting to £38.4m was made into the playing squad with the objective of securing football success. The principal objective of winning the SPFL was achieved along with winning the Premier Sports Cup and playing in the Europa League then subsequently dropping into the Europa Conference League.

The importance of winning the league was high as this granted the winner automatic Champions League group stage qualification for season 2022/23, which results in a significant financial upside relative to the Europa League. This is the first time that a Scottish Club has achieved automatic qualification since 2010 and is a major milestone.

The immediate objective over the summer 2022 transfer window was to continue the process of structuring the first team playing squad in line with the manager's requirements. This will give us the best opportunity for participation in the Champions League group stages and to mount a defence of our SPFL title. The Champions League group stage draw took place on 25th August 2022 and we were drawn against Real Madrid, Shakhtar Donetsk and RB Leipzig. At the time of writing we have participated in two matches and have secured one point.

At the time of writing, there appears to be no current Covid-19 threat although the risk has not been eliminated. Based on the current public health climate and the prospect of lucrative Champions League group stage football, we maintain an optimistic outlook for the year ahead.

STAKEHOLDER ENGAGEMENT

During the year, the Board and its Directors confirm they have acted in good faith in a way that promotes the success of Celtic plc for the benefit of its members as a whole, and in doing so have had regard to the stakeholders and key matters set out in Section 172 of the Companies Act 2006. The Group's Company Secretary and in-house legal personnel provide support to the Board to ensure sufficient consideration is given to s172(1)(a)-(f).

The Board considers that the Group's key stakeholders are its shareholders, employees, supporters, commercial partners, suppliers, governing bodies, wider football environment and the wider environment and community. The Directors recognise that they are expected to take into account the interests of those stakeholders whilst prioritising the long-term success of the Group. This can mean that the interests of certain stakeholder groups in the short-term may need to be balanced against such long-term success.

The Board has identified the key stakeholders and principal methods of engagement as shown in the below. The level of engagement informs the Board, both in relation to stakeholder concerns and the likely impact on decisions taken by the Board.

Stakeholder Group	Principal Methods of Engagement
Shareholders	The publication of the annual report, interim report and periodic trading updates throughout the year facilitates and promotes shareholder engagement. In addition, the Annual General Meeting ('AGM') is recognised as being well attended and this gives all shareholders, many of whom are supporters of the Club, the opportunity to engage directly with the Board on a wide variety of matters. The Board views the AGM as a key event in the calendar in terms of shareholder engagement and particularly in relation to those with smaller shareholdings, many of whom use this opportunity to raise specific queries to the Board which will often result in follow up action in order to find a resolution on these issues. The Board generally also maintains very regular one to one dialogue with major shareholders

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	<p>and takes into consideration their views on a wide variety of matters. In addition, the Group's largest shareholder occupies a seat on the Board and is an active participant in key decisions.</p> <p>The 2021 AGM was once again live streamed in order to allow shareholders who were uncomfortable in attending large scale events access to the event.</p> <p>Ongoing dialogue also took place with shareholders during the year, so that meaningful discussion was able to take place with a wide range of the shareholders, notwithstanding the restrictions. Face to face meetings or calls took place with shareholders representing over 75% of the ordinary shares of the Club.</p>
Employees	<p>A number of new employee engagement initiatives were launched during the year which were aimed at bringing employees together more frequently to share ideas and giving all employees access to the senior executives in the Club.</p> <p>Quarterly colleagues meetings were re-introduced which allowed employees to gather together physically and engage with each other. The Executive Directors would deliver a business update on relevant matters and employees were given the opportunity to ask the Executive Directors questions about the business and future plans.</p> <p>A new monthly forum was also introduced whereby smaller sessions of around 20 employees from all areas of the business were invited to an informal meeting with the Executive Directors. Celtic is a diverse business with a broad range of operational activities and the objective was to allow people across all business streams to mix with each other and also engage with the Executive Directors and get to know them.</p> <p>Another newly launched initiative called the Celtic Continuous Improvement Team was introduced. The objective of this forum was for our senior managers to engage together, articulate a particular challenge facing the business or identify an area where the Club could improve operationally. The task of the team was to then develop a solution to the challenge and implement it. The solutions were then backed by the Executive Management team at the implementation phase. This initiative was aimed at making our senior employees feel engaged in the day to day running of the Club and that they had a forum to effect change for the wider good of all employees.</p> <p>As part of the regular Board meetings, the board papers contain a dedicated Human Resource report whereby all significant employee matters are brought to the attention of the Board and are actively discussed at Board meetings with follow up actions taken as appropriate.</p>
Supporters	<p>The Club's highly engaged supporter base is undoubtedly one of the Club's greatest assets. The Board continues to recognise the commitment of our supporters and the unique position the Club finds itself in this regard when compared to other businesses.</p> <p>The Club engages with supporters through a number of channels. These include regular statements and news stories through our public relations team and popular social media channels, direct one to one engagement through our dedicated Supporter Liaison Officer and Disabled Access Officer and through one to one contact through our ticketing teams. In addition, members of the Executive Management team also took the opportunity to call supporters directly to discuss specific matters of concern throughout the year and attend supporter events to support the clubs and give supporters informal access to the Executive Directors of the Club.</p> <p>Following the formal constitution of a fan forum at the AGM in 2016, the Club continued to host its fan forums during the year and these were able to be return to physical meetings. Three in person forums were convened in the year. These were attended by the Executive Directors and members of the Board and provided an opportunity to discuss a wide and varied number of issues and also to keep supporters up to date with the factors affecting the Club at the time. The minutes of the meetings are available on a dedicated fan forum page on our website at www.celticfc.com.</p>

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	<p>The Board are mindful of the increasing requirement to involve supporters in Club affairs and have plans to develop the fan forum further.</p>
<p>Commercial partners</p>	<p>The Group has a number of key commercial and sponsorship partners who the Club works alongside to promote their brands using the global reach of Celtic.</p> <p>Each partner has a dedicated member of our commercial team who maintains regular dialogue with them and fosters and builds on our relationships, many of which are long-term in nature.</p> <p>The head of the commercial team reports directly into the CEO who in turn provides the Board with an update on the status of relationships and major developments concerning our key partners.</p>
<p>Governing bodies & wider football environment</p>	<p>As a professional football club Celtic is subject to the jurisdiction and regulations of governing bodies in respect of the competitions it competes in each season and this includes the SPFL, the SFA and UEFA. Engagement with these bodies is both crucial for the efficient and effective operation of the business and also to promote and enhance the game of football.</p> <p>The CEO, the CFO and other members of the Executive Management team represent the Club on various governing body groups covering the domestic and European competitions the Club participates in. The CFO is a member of the European Club Association Finance Working Group. Our CFO was a member of the ECA Technical Panel with the objective of working alongside UEFA to agree new financial sustainability rules for European football. The panel of nine European clubs met and reached an agreement on a new series of rules to re-enforce financial governance of European football.</p> <p>During the year, the Club's Executive Management team participated in regular meetings, committees and boards to discuss and contribute ideas surrounding the various challenges facing the game with a view to promoting the long-term success of football. This was particularly relevant given the impact Covid-19 had on the industry and being at the forefront of these discussions enabled the Club to best position itself for the post pandemic recovery phase.</p>
<p>Suppliers and key partners</p>	<p>The Group is reliant on a number of key suppliers and key partners including our nominated advisers, bankers, player representatives, the emergency services, the local authority, software partners and landlords for our leased retail properties.</p> <p>The CFO maintains regular dialogue with our bankers, Co-Operative Bank and Canaccord Genuity, our nominated adviser, and provides them with regular financial information to enable them to continue to service our banking arrangements and advise the Company.</p> <p>Open and honest engagement and relationships with our suppliers and subcontractors is critical to the success of our business. The Group has a number of partners that we engage with to support our business in a number of key areas including the management of key football personnel, software, our landlords on leased property, the emergency services and Glasgow City Council. This is important in order to operate major events in a safe and compliant fashion. Engagement with the Safety Advisory Group of Glasgow City Council was regular and in-depth in the last year to ensure that the Club was able to operate matches behind closed doors in a Covid-19 secure fashion. This is also vitally important for public safety reasons and operations meetings take place with the police and relevant safety bodies in advance of all matches.</p> <p>The Group also bi-annually participates and records all relevant data with respect to supplier payment practices reporting. The statistics and reports lodged demonstrates that the Group follows good business conduct with regard to paying its suppliers in a prompt fashion. Additionally, there is a clearly defined process in place to resolve any disputes.</p> <p>Our employees interact with our strategic partners and all other suppliers on a regular basis to strengthen trading relationships and to ensure that the supply chain function continues to operate well to support the business.</p>

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Environment and wider community	<p>The Group is cognisant of its carbon footprint and in response to this switched its electricity contracts to a supply derived entirely from renewable wind sources. The Group also commissioned a Phase 2 Energy Savings Opportunity Scheme ('ESOS') report and assessed and implemented a number of recommendations around its energy usage. This follows on from a previous decision to install energy efficient LED floodlights which represented a significant capital spend. The Group also meets the requirements of the Streamline Energy and Carbon reporting (SECR) regulations (see page 25) for our SECR reporting. At the time of writing the Group is in the process of scoping an ESOS Phase 3 report.</p> <p>Celtic FC Foundation is a separate organisation set up for charitable purposes with its own independent board of trustees. Recognising its success in part depends on the generosity of many Celtic supporters, the Club provides Celtic FC Foundation with as much support as is required to assist it to fulfil its objectives. More details of the work done can be found at http://charity.celticfc.com.</p>
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The Board held six board meetings in the year to address and meet its obligations under Section 172 of the Companies Act 2006. The following table covers the key decisions made during the year and the stakeholder group(s) impacted by these decisions.

Key Event/ Decision	Actions and Impact	Key Stakeholder Group's Impacted
Returning to work	<p>The employees of the Club are vital to both the short term and long term success of the business. Recognising that Covid-19 has prompted a significant and possibly permanent shift to the workplace environment, the Club, through our HR department, consulted with our senior departmental leaders on returning to work protocols.</p> <p>After collating the results of this consultation the decision was made to introduce a hybrid working environment where employees could apply to spend part of the week working at home with the remainder in the office. Given the competitive environment for attracting and retaining the best talent along with the recognition that this affords our employees a better work life balance, this was seen as an important step to creating a more relevant workplace environment.</p>	Shareholders, Employees
Ongoing management of the Covid-19 impact	<p>The new financial year started with the Club still facing significant Covid-19 restrictions, although the environment had improved. As a result the Club made use of the UK Government Furlough scheme up until September 2021. Running alongside this the Club made the decision to continue to support its employees and continue the practice of paying all employees in full.</p> <p>The new season started under a restricted operating environment whereby attendances at matches was set at restricted numbers for the months of July and August. Given our season ticket numbers materially exceeded the reduced capacity numbers the Club put in place a ballot system to try and fairly allocate the reduced capacity seats to supporters in as fair a way as possible.</p>	Shareholders, Employees, Supporters
Appointment of new Chief Executive	Dominic McKay was appointed CEO on 1 July 2021 and decided to step down for personal reasons on 9 September 2021. Michael Nicholson was appointed to Interim CEO on this date and after consideration of all options the Board confirmed his appointment to permanent CEO on 23 December 2021.	Shareholders, Employees

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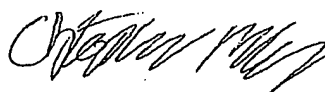
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Investment in the year	<p>Having just appointed a new manager and not having won any trophies in the prior season the Board recognised that there was a need for investment in the first team squad and that the newly appointed first team manager would wish to recruit players in order to suit the style of play that he wished to implement.</p> <p>In line with the Club's policies in place around player acquisitions, the Board sanctioned investment of £38.4m in the first team playing squad.</p>	Shareholders, Supporters, Commercial partners
Season ticket pricing for 2022/23	<p>Each year one of the key decisions that requires to be taken is that of ticket pricing. This is an emotive topic in the football industry owing to the emotional connection between supporters and their club. As a result, this requires careful consideration with the objective of balancing the business environment that the club is operating in against the wider economic environment which in turn informs affordability.</p> <p>Like many other businesses, the Club is currently operating in an inflationary environment with 2022 seeing the highest inflation rates in around 40 years and in April 2022 the UK Government increased both employer and employee National Insurance Contributions by 1.25%. Payroll is by far the largest of the Clubs expenses and along with the general inflationary environment, these costs increases had a material detrimental effect on earnings.</p> <p>Having considered the cost pressures and the fact that all prices were frozen in the prior season, the executives brought this topic to the Fan's Forum as an agenda item and engaged in discussions with a broad category of supporters. Following this, the decision was made to increase prices on average by 6%.</p>	Shareholders, Supporters, Employees

APPROVED ON BEHALF OF THE BOARD



Michael Nicholson, Chief Executive
20 September 2022



Christopher McKay, Chief Financial Officer
20 September 2022

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DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group together with the Financial Statements and auditor's report, for the year ended 30 June 2022.

DIVIDENDS

Dividends of £0.5m were paid in cash on 31 August 2022 (2021: £0.5m) to those Preference Shareholders not participating in the scrip dividend reinvestment scheme. The record date for the purpose of the Preference Share dividend was 29 July 2022.

Mandates representing 1,078,298 Preference Shares are in place for the scrip dividend reinvestment scheme. Approximately £38,277 (2021: £39,891) of dividends for the financial year to 30 June 2022 will be reinvested. 34,979 new Ordinary Shares were issued under the scheme at the beginning of September 2022.

The Directors do not recommend the payment of an Ordinary Share dividend.

The profit after tax of £5.8m has been credited to reserves.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Strategic Report sets out the Business Review (pages 8-10) and Current Trading and Outlook (page 17). As the Company and its principal subsidiary are managed and controlled as a single entity, the business review and future developments reflect the performance of the Group.

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events since the Balance Sheet date are contained in Note 34 to the Financial Statements.

SHARE CAPITAL

Details of and changes to the Company's authorised and issued share capital are set out in Note 23 to the Financial Statements.

FINANCIAL INSTRUMENTS

Details and changes to the financial instruments used by the Group are included in Note 33 to the Financial Statements.

CORPORATE GOVERNANCE

Details of the Group's Corporate Governance can be found on pages 28-35.

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DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS IN THE COMPANY'S SHARE CAPITAL

The Directors serving throughout the year and at 30 June 2022 and their interests, including those of connected persons, in the share capital of the Company were as follows:

Name	30 June 2022			1 July 2021		
	No. of Convertible Preferred Ordinary Shares of £1 each	No. of Ordinary Shares of 1p each	No. of Convertible Cumulative Preference Shares of 60p each	No. of Convertible Preferred Ordinary Shares of £1 each	No. of Ordinary Shares of 1p each	No. of Convertible Cumulative Preference Shares of 60p each
T Allison	84,875	3,357,505	-	84,875	3,357,505	-
I Bankier	-	30,000	-	-	30,000	-
S Brown	-	-	-	-	-	-
D Desmond	8,000,000	32,772,073	5,131,300	8,000,000	32,772,073	5,131,300
C McKay	-	-	-	-	-	-
B Wilson	-	3,000	500	-	3,000	500
M Nicholson	-	-	-	-	-	-

No changes in Directors' shareholdings between 30 June 2022 and 16 September 2022 have been reported to the Company.

Details of agreements that may give rise to payments to Executive Directors are set out in the Remuneration Report. Brief biographical details of the Directors serving as at 30 June 2022 are provided within the Corporate Governance Report on pages 28-35.

Policy on appointment of Non-Executive Directors

The Nomination Committee reviews potential appointments to the Board and makes recommendations for consideration by the Board. Re-appointment of Directors is not automatic. When a position becomes or is likely to become available, the Board, through the Nomination Committee, seeks high quality candidates who have the experience, skills and knowledge which will further the interests of the Company and its shareholders. The terms of reference of the Nomination Committee are published on the Company's website.

Retirement, Election, and Re-election of Directors

Thomas Allison, Dermot Desmond, Ian Bankier and Brian Wilson have each served more than 9 years as non-Executive Directors. The Company continues to be committed to high standards of corporate governance including compliance with QCA code and in particular is committed to the ongoing assessment of the independence of the non-Executive Directors of the Company. Accordingly, given their length of service as Directors, Thomas Allison, Dermot Desmond and Brian Wilson each retires and offers himself for re-election annually. Christopher McKay will also stand for re-election in line with the requirement to stand for re-election every 3 years.

On 29 July 2022, Ian Bankier intimated his desire to retire as Chairman and intends to step down from this role and his role as a Director from 1 January 2023. Consequently, he will not be seeking re-election.

The Board has reviewed the performance of each of these individuals and is satisfied that they continue to meet the high standards expected of Directors of the Company.

A statement as to the Board's view of the independence of Thomas Allison, Dermot Desmond and Brian Wilson is set out at page 33 of this Report.

The Directors recommend that Thomas Allison, Dermot Desmond and Brian Wilson be re-elected, as Directors of the Company.

The Articles of Association of the Company require that each Director stands for re-election at least every three years and that at least one third of the Board stand for re-election each year. These requirements are satisfied by the above.

Celtic plc

DIRECTORS' REPORT

During the year the Company maintained Directors' and officers' liability insurance.

SUBSTANTIAL INTERESTS

In addition to the Directors' interests set out above, the Company has been notified or is aware of the following interests of over 3% in its issued Ordinary Share capital as at 16 September 2022:

Registered Holder	Ordinary Shares of 1p each	Percentage of Issued Ordinary Share capital
The Bank of New York (Nominees) Limited	16,805,648	17.78%
Christopher D Trainer	10,336,694	10.94%
James Mark Keane	5,909,847	6.25%

In addition to the Directors' interests set out above, the Company has been notified or is aware of the following interests of over 3% in the issued Convertible Preferred Ordinary Share capital as at 16 September 2022:

Registered Holder	Convertible Preferred Ordinary Shares of £1 each	Percentage of Issued Convertible Preferred Ordinary Shares
Telsar Holdings SA Depfyffer and Associates	1,600,000	12.58%
Hanom 1 Limited	625,000	4.91%
The Bank of New York (Nominees) Limited	500,900	3.94%

DONATIONS

The Group made direct charitable donations of £20,100 (2021: £10,000), which represents donations to Celtic FC Foundation's Christmas appeal.

In addition, the Group continued to contribute in-kind support to Celtic FC Foundation, including use of stadium, management and administrative assistance together with a variety of items including match tickets, signed merchandise and stadium tours, which were used for fundraising purposes.

GENERAL GROUP AND COMPANY POLICIES

Employee Wellbeing

The Club continue to review and develop the wellbeing support in place for colleagues, the objective of which being to ensure the correct level of support continues to be available. Over the course of the last year, several new initiatives have been introduced including hybrid working, an enhanced Employee Assistance Programme, a Cycle to Work scheme, discounted gym memberships and a financial wellbeing hub.

Engagement with Employees

Information on our engagement with employees and our regard to this stakeholder on the principal decisions taken by the Company during the financial year is included in the Stakeholder Engagement report on pages 17-21.

Further to this, regular internal communication takes place with all staff providing information on developments within the Club covering major developments e.g. new commercial partners and new player signings.

The Group does not currently facilitate an employee share option scheme.

The Group encourages its employees to support Celtic FC Foundation through a payroll giving scheme and to involve themselves in the numerous charitable events organised by Celtic FC Foundation throughout the year.

Celtic plc

DIRECTORS' REPORT

Employment Policies

The Company and its subsidiaries are all equal opportunity employers and committed to positive policies in recruitment, training and career development for all colleagues (and potential colleagues) regardless of marital status, age, gender, sexual orientation, religion, race, or disability. A registration is maintained with Disclosure Scotland.

Full consideration is given to applications for employment by disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing colleagues become disabled it is the Group's policy, where reasonable, to provide continuing employment under similar terms and conditions and to provide training and career development. The Department for Work and Pensions has recognised the Club as a "Disability Confident" employer. Investors in People status continues, following the Club's re-accreditation in 2020, which resulted in the Club securing a Gold award for the first time. The Group also participates through the fully accredited "Tommy's Pregnancy at Work Scheme".

Social Responsibility

The Group is proud of its charitable origins and operates policies designed to encourage social inclusion.

Waste paper and materials are recycled where possible to the extent that the Group has a 100% recycling rate with Glasgow City Council, and efforts are being made to reduce paper use and natural resources consumption through the use of more efficient printers, improved system controls and monitoring. The Group also sources all electricity from certified renewable sources.

The Group's policies on Ethical Trading and Modern Slavery & Human Trafficking can be found on the Group's website.

Suppliers and customers

Information on our engagement with suppliers and customers along with our regard for these stakeholders is detailed further in the Stakeholder Engagement report on pages 17-21. Additionally, we recognise the importance of prompt supplier payment with all payment terms and we report on a half-yearly basis on our payment practices, policies and performances in line with the Reporting on Payment Practices and Performance Regulations 2017.

GREENHOUSE GAS EMISSIONS REPORTING

The Group seeks to minimise the impact of our operations on the environment and is committed to reducing its greenhouse gas ('GHG') emissions. Key sources of energy, primarily electricity and gas utilised in running a football stadium, are monitored by the Group to allow us to be continually mindful of our energy consumption.

The table below shows energy consumption and total gross greenhouse gas emissions in tonnes of CO₂ ("tCO₂e") in the year ended 30 June 2022 and 30 June 2021 for all UK based operations.

Celtic plc

DIRECTORS' REPORT

	unit of measureme nt	2022	2021
Energy consumption used to calculate emissions:			
Gas	kWh	6,215,256	6,824,255
Electricity	kWh	6,159,166	4,581,736
Transport fuel	kWh	<u>789,542</u>	<u>742,335</u>
Total	kWh	13,163,964	12,148,326
Emissions from combustion of gas (Scope 1)	tCO2e	1,143	1,255
Emissions from combustion of fuel for transport purposes (Scope 1)	tCO2e	0	0
Emissions from purchased electricity (Scope 2, location based)	tCO2e	1,436	1,068
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	tCO2e	<u>184</u>	<u>173</u>
Total gross CO2e based on above	tCO2e	2,763	2,496
Intensity ratios:			
per home first team fixture (2022: 31; 2021: 28)	tCO2e	89	89
per employee (2022: 841; 2021: 667)	tCO2e	3.3	3.7

Methodology:

Group locations include Celtic Park, Lennoxton and Barrowfield training facilities, and all retail stores. Scope 1 emissions from combustion of natural gas are calculated in kWh from energy supplier invoices. Scope 1 emissions from combustion of fuel from company owned vehicles are nil. Scope 2 indirect emissions from purchased electricity are calculated in kWh from energy supplier invoices. Scope 3 emissions relate to business travel in rental cars or employee owned vehicles where Celtic is responsible for purchasing the fuel. Fuel purchases (in litres) and mileage paid to employees are converted to kWh using UK Government conversion factors.

The Group uses number of first team fixtures taking place in the reporting period to calculate the intensity ratio. Recognising that Celtic Park accounts for the most significant energy consumption, this allows emissions to be monitored over time and is the most appropriate ratio to allow comparison with competitors in the sports events industry. An additional intensity ratio of emissions per employee is provided to allow comparison with companies in other business sectors.

Energy efficiency action

Celtic seeks to minimise the impact of our operations on the environment and is committed to reducing its greenhouse gas emissions.

The Club has a zero waste status with Glasgow City Council meaning that we reached a recycling rate of 100% of all our waste streams.

In addition, we are currently performing a water audit of all sites to help identify any inefficiencies in our water usage and we are in the process of scoping with a view to instructing a phase 3 Energy Savings Opportunities Survey 'ESOS'. This will include an audit of all our sites with a view to identifying opportunities and projects with a view to reducing energy consumption and whether our energy systems are fully optimised.

Celtic plc

DIRECTORS' REPORT

HEALTH AND SAFETY

All companies within the Group operate strict health and safety regulations and policies. The requirements of the Green Guide on Safety at Sports Grounds (6th Edition) are adhered to, and the Company obtains its Safety Certificate each year from Glasgow City Council only after rigorous testing and review. Celtic seeks to achieve consistent compliance at all levels with the Health and Safety at Work Act 1974 and associated regulations.

Senior executives meet regularly with employee representatives under the auspices of a Health and Safety Steering Group and with an independent external expert. The Steering Group is charged with day-to-day monitoring of health and safety and working practices and the creation and implementation of risk assessments throughout the business. Training is provided throughout the year on health and safety issues.

Accident statistics are collated and reported at management, executive and Board meetings.

INFORMATION SUPPLIED TO THE AUDITOR

So far as each of the Directors is aware at the time the Annual Report is approved:

1. there is no relevant audit information of which the Company's auditor is unaware; and
2. each Director has taken all steps that he ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

At the Annual General Meeting on 17 November 2021, BDO LLP was re-appointed as auditor to the Company.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

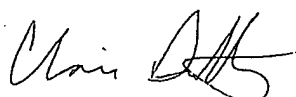
The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report. In addition, Note 33 to the Financial Statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Group has adequate financial resources available to it, including currently undrawn bank facilities, together with established contracts with a number of customers and suppliers.

Additionally, the Group continues to perform a detailed budgeting process each year which is reviewed and approved by the Board. The Group also performs regular re-forecasts and these projections, which include profit/loss and cash flow forecasts, are distributed to the Board. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully over the medium term.

In consideration of the above, the Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

BY ORDER OF THE BOARD



Christopher Duffy, Secretary
20 September 2022

Celtic plc

CORPORATE GOVERNANCE

Chairman's Introduction

As decided in May 2018, with effect from 1 June 2018 the Company has adopted the Quoted Company Code (the "QCA Code") as its recognised corporate governance code.

The QCA Code is constructed around ten broad principles and a set of accompanying disclosures and requires the Company to confirm, as part of its website AIM Rule 26 disclosures, that the Company uses the QCA Code as its adopted corporate governance code as well as providing an explanation of any departures from that code. Compliance is reviewed annually. The Board acknowledges the importance of the ten principles set out in the QCA Code and believes that the Company has established processes which demonstrate its compliance with all of these principles at this point in time. If necessary, a full explanation of any non-compliance will be provided, should this occur.

Corporate Governance Statement

As Chairman, I am responsible for leading the Board in setting and monitoring strategic objectives. It is my responsibility to ensure that the Executive Directors and non-Executive Directors work as a team to fulfil those objectives and I am responsible for setting the style and tone of Board discussions in order to create the conditions necessary for overall Board and individual Director effectiveness. I recognise that good corporate governance is vital to providing effective leadership and assisting in the efficient running of the Group. I therefore have a responsibility to ensure the Group is following best practice in corporate governance, appropriate to its size and nature, and in accordance with the regulatory framework that applies to AIM companies including the QCA code.

Business culture, values and behaviours

The primary business of the Group is the operation of a football club, which is run on a professional business basis. The Club strives to be best in class in all that we do from delivering football success, promoting our brand and improving our football environment all in a way consistent with behaving in line with the high standards expected of us by our stakeholders. The Club also has a wider role and the responsibility of being a major Scottish social institution promoting health, wellbeing and social integration. In addition, the Club continues to place great importance on our safeguarding processes and controls in order to continue to provide a safe environment for all children and vulnerable adults connected with the Club.

These core principles are captured in our policies and procedures and in turn the organisational culture and behaviours of all of our employees. To promote our values we facilitate regular employee meetings hosted by our leadership team, operate a confidential whistleblowing hotline to provide a forum for employees to raise concerns, have in place an employee assistance programme open to all staff and facilitate ongoing training and development of our employees. Senior members of the business also participate in regular risk review meetings with the key outputs from these meetings featuring as a standing item in our regular Audit Committee meetings. In addition, certain other areas such as health and safety also feature as standing items in our regular Board meetings. The Board currently assess that the measures in place have fostered a culture consistent with our objectives, strategy and one that allows us to understand and manage our principal risks and uncertainties.

The Board

The Board provides leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board set the Group's strategic aims, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and review management performance.

All Directors must act in what they consider are the best interests of the Group, consistent with their statutory duties. To this end, key decisions, including financial policies, budgets, strategy and long term planning, major capital expenditure, material contracts, risk management and controls, health and safety and the appointment of the Group's principal external advisers, Directors, football manager and senior executives, are all subject to Board approval.

Formal Board meetings are held regularly throughout the year. Occasionally decisions require to be made at a time when a meeting is not due to be held or is impractical to physically convene. In such circumstances, meetings are convened by telephone or video conference and/or proposals are circulated to the Board members for individual approval.

Celtic plc

CORPORATE GOVERNANCE

In addition to the Directors, the Board is supplemented by the Company Secretary who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. Moreover the Company Secretary has a general responsibility within the Company for ensuring compliance with the legal and regulatory framework to which the Club is subject.

As the Senior Independent Director, Thomas Allison provides a sounding board for the Chairman and where necessary acts as an intermediary for the other Directors, working with them to address concerns that are unable to be discussed through the normal channels. The Senior Independent Director is also responsible for appraisal of the Chairman's performance as part of the Board's commitment to the ongoing review of the performance of its Directors.

Matters reserved for the Board

The Board of Directors has legal and financial responsibility for the affairs of the Group and Company. The Board monitors the Group's financial performance against budgets and a rolling 5 year business plan as well as making specific decisions on key areas of the Group's business, risk management and setting future strategy. The Board operates, through the Audit Committee, a comprehensive set of internal financial controls which are reported on regularly by the Internal Auditor and reviewed as part of the annual audit by the external auditors.

The Board provides leadership of the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Group's strategic aims, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and review management performance. A list of matters reserved exclusively for decision by the Board is maintained and applied. Compliance is monitored by the Company Secretary.

Delegated authority

The Board delegates day-to-day operational responsibility to the Executive Directors. This includes authority to enter into and implement contracts authorised by the Board or otherwise falling within specified authorisation levels, conduct the Group's day-to-day operations and implement Board decisions and general strategy. Detailed written reports are provided at each Board meeting by the Chief Executive, the Chief Financial Officer and otherwise as required.

Board Committees

The Board has three standing committees to which certain responsibilities are delegated, namely: Audit, Remuneration and Nomination. Each Committee has written terms of reference. Membership of each standing Committee is restricted to non-Executive Directors. Only independent non-Executive Directors are entitled to sit on the Audit and Remuneration Committees. Executive Directors, the Company Secretary and other executives and advisers attend Committee meetings as required, but are not Committee members.

Audit Committee

The Audit Committee comprises Sharon Brown as Chairman, Dermot Desmond and Brian Wilson. The external auditor, Company Secretary, Chief Financial Officer, Internal Auditor and other members of the finance team attend routinely. Business is also conducted without Executive Directors and the external auditor being present, when appropriate.

The Audit Committee helps protect shareholders' interests and ensures all relevant financial information published presents a true and fair view. The Audit Committee has a number of key roles, which are defined in the Audit Committee Report. The Audit Committee met 3 times in the period under review and all committee members attended all meetings either in person or by proxy.

Celtic plc

CORPORATE GOVERNANCE

Remuneration Committee

The Remuneration Committee comprises Thomas Allison as Chairman, Ian Bankier and Brian Wilson. The Remuneration Committee determines the terms of engagement and remuneration of the Company's Executive Directors and Company Secretary on behalf of the Board. The objectives of the Executive Directors are approved by the Remuneration Committee and performance against these reported to the Board. The Remuneration Committee also monitors the implementation of other executive and employee incentive and bonus schemes. A detailed report is included within the Remuneration Committee Report on page 38. The Remuneration Committee met 3 times in the period under review and all committee members were in attendance at all meetings either in person or by proxy.

Nomination Committee

The Nomination Committee comprises Ian Bankier as Chairman, Dermot Desmond and Thomas Allison. The Nomination Committee meets as necessary, principally to consider and recommend new appointments to the Board and senior positions in the Company for succession purposes. The Nomination Committee met twice in the period under review and all committee members attended all meetings either in person or by proxy.

The most significant outcome from the Nomination Committee during the period was in relation to the appointment of Michael Nicholson as Chief Executive.

Evolution of governance framework

The Directors view corporate governance not just as a perfunctory exercise to serve bureaucratic expediency, but instead as a real and intrinsic part of the Group's culture and operations. The Board continues to apply the corporate governance principles set out in the QCA code in a sensible and pragmatic fashion having regard to the individual circumstances of the Group's business, with the overarching objective to create, safeguard and enhance accountability, risk management, commercial success and shareholder value.

Celtic plc

CORPORATE GOVERNANCE

The Directors

Thomas E. Allison

Non- Executive Director and Senior Independent Director (74)

Appointment Date:
September 2001

Experience:
Mr Allison is a very experienced businessman and holds directorships in large corporate and public company environments. His experience spans numerous sectors over several decades.

Committees:
Chair of the Remuneration Committee
Member of the Nomination Committee

Key Appointments:

- Chairman of Peel Ports Limited
- Chairman of Cammell Laird Shlprepairs and Shlpbuilders Limited
- Chairman of Atlantic and Peninsula Marine Services Limited
- Ambassador for The Prince and Princess of Wales Hospice in Glasgow

Number of Board Meetings Attended:
6 out of 6

Ian P. Bankier

Non-Executive Chairman (70)

Appointment Date:
June 2011

Experience:
Mr Bankier's formative career was as a solicitor and he was a partner in McGrigors for 15 years, specialising in corporate law. He moved on to become a corporate adviser and non-Executive Director of several listed companies and subsequently entered the Scotch whisky industry. He was Managing Director of Burn Stewart Distillers plc, Chief Executive of CL World Brands Limited and is currently Executive Chairman of Glenkeir Whiskies Limited.

Committees:
Chair of the Nomination Committee
Member of the Remuneration Committee

Key Appointments:

- Executive Chairman of Glenkeir Whiskies Limited, a company he co-owns

Number of Board Meetings Attended:
6 out of 6

Dermot F. Desmond

Non-Executive Director (72)

Appointment Date:
May 1995

Experience:
Mr Desmond is the Chairman and founder of International Investment and Underwriting UC, a private equity company based in Dublin. He has investments in a variety of start-up and established businesses worldwide, in the areas of financial services, technology, education, information systems, leisure, aviation, health and sport (including Celtic plc). He also promoted the establishment of a financial services centre in Dublin in 1986. Today more than 500 companies trade from the IFSC.

Committees:
Member of the Nomination Committee
Member of the Audit Committee

Key Appointments:

- Chairman of International Investment and Underwriting UC

Number of Board Meetings Attended:
6 out of 6 (attended by representative)

Celtic plc

CORPORATE GOVERNANCE

Christopher McKay

Chief Financial Officer (47)

Appointment Date:
January 2016

Experience:

Mr McKay spent 18 years in professional services, most recently in a senior position with global consultancy firm Deloitte, which he left to join the Company. He qualified as a Chartered Accountant with Deloitte in 2000 and spent the next 15 years within the Financial Advisory area. He has extensive corporate financial advisory experience in many industries across the UK and International Markets.

Key Appointments:

- Member of European Club Association Finance Working Group
- Member of the SPFL Audit Committee

Number of Board Meetings Attended:
6 out of 6

Brian Wilson

Non-Executive Director (73)

Appointment Date:
June 2005

Experience:

Formerly a Member of Parliament, Mr Wilson also held several ministerial posts during his political career. In 2011, he was named UK Global Director of the Year by the Institute of Directors. He is an experienced journalist and Privy Councillor for the UK Government and a visiting professor at the University of Strathclyde.

Committees:

Member of the Audit Committee
Member of the Remuneration Committee

External Appointments:

- Chairman of Harris Tweed Hebrides Limited
- Director of Shetland Space Centre Limited

Number of Board Meetings Attended:
6 out of 6

Sharon Brown

Non-Executive Director (53)

Appointment Date:
December 2016

Experience:

Mrs Brown has served as a Director, and chaired the Audit Committees, of a number of companies, primarily in the retail and financial sectors. Between 1998 and 2013, she was Finance Director and Company Secretary of Dobbies Garden Centres plc and, in addition to her current appointments, was previously a Director of Fidelity Special Values plc and McColl's Retail Group plc.

Committees:

Chair of the Audit Committee

External Appointments:

- Non-Executive Director of Baillie Gifford Japan Trust plc
- Non-Executive Director of CT UK Capital & Income Investment Trust plc
- Non-Executive Director of European Opportunities Trust plc
- Non-Executive Director of Circularity Scotland Ltd

Number of Board Meetings Attended:
6 out of 6

Michael Nicholson

Chief Executive Officer (46)

Appointment Date:
September 2021

Experience:

Mr Nicholson was appointed acting Chief Executive Officer on 10 September 2021, and was confirmed as Chief Executive Officer of the Company in December that year. Specialising in sports law, including 11 years as a partner at sports law firm Harper Macleod LLP, Mr Nicholson joined Celtic in 2013 as Company Secretary and Head of Legal before being promoted to Director of Legal and Football Affairs in 2019. He has previously served on various committees and working groups of the Scottish football authorities.

External Appointments:

- Non-executive Director of the Scottish Professional Football League
- Arbitrator at the Court of Arbitration for Sport
- Member of the Legal Advisory Panel of the European Club Association

Number of Board Meetings Attended:
6 out of 6

All Directors recognise that the nature of football requires significant time commitment beyond that expected in many other businesses. As well as attending all Board meetings, Directors represent the Club by attending football matches, non-matchday events associated with the Club and meetings with the shareholders and other stakeholders which frequently occur. This represents a significant time commitment beyond the duties included in their respective letters of appointment. However, the Directors view these events as opportunities for facilitating regular dialogue for the Board as well as with external stakeholders.

Celtic plc

CORPORATE GOVERNANCE

Independence

The Club has an on-going commitment to applying good corporate governance principles, and as such, the Board assesses the independence of each of the independent non-Executive Directors on an annual basis.

Dermot Desmond has completed more than nine years' service and has a substantial shareholding. However, the Board has considered whether the Director is independent in character and judgement and whether there are relationships or circumstances, which are likely to affect, or could appear to affect, the Director's judgement. Accordingly, the Board is satisfied that in his work for and support of the Group, Mr Desmond displays independence of mind and judgement and objectivity in the contribution he makes, notwithstanding the level of his shareholding and his length of service.

Thomas Allison has completed more than nine years' service and has a substantial shareholding. Again, having considered his independence and his contribution to the Board and Group throughout the year, the Board is also satisfied that Mr Allison remains independent, notwithstanding these factors.

Brian Wilson has completed more than nine years' service as a Director. Again, having considered his independence and his contribution to the Board and Group throughout the year, the Board is also satisfied that Mr Wilson remains independent, notwithstanding his length of service.

Ian Bankier has completed more than nine years' service as Non-Executive Chairman. The Board has considered whether Mr Bankier is independent in character and judgement and whether there are relationships or circumstances, which are likely to affect, or could appear to affect, his judgement. Accordingly, the Board is satisfied that in his work as Non-Executive Chairman of the Group, Mr Bankier displays independence of mind and judgement and objectivity in his contribution. Mr Bankier has announced he will be retiring on the 1 January 2023 so will not seek re-election to the Board.

The Board has therefore determined that all of the continuing non-Executive Directors were independent throughout the year and continue to be so.

Non-Executive Directors who have completed more than nine years' service, will now resign and offer themselves for re-election on an annual basis.

The independent non-Executive Directors do not participate in any Company bonus schemes. Save for individual shareholdings, none of the non-Executive Directors has a financial interest in the Company or Group.

Directors declare any conflicts of interest in advance of meetings and if such a conflict arises, the Director concerned does not participate in that element of the meeting or decisions relating to it.

Board Performance

The Board has conducted an evaluation of its performance and that of its Committees, the Chairman and each of the non-Executive Directors. This was done principally by way of individual discussions with the Chairman. The results have been considered by the Board and comments noted. The performance of the Chairman was discussed by the Board without the Chairman being present.

All non-Executive Directors were considered to have met the high standards expected of a Director of the Company. Where any training or development need arises or is identified, the Company will fund attendance at relevant seminars and courses.

The performance of Executive Directors is evaluated formally by the Remuneration Committee against specific objectives set in the financial year.

Risk Management

The principal risks and uncertainties relevant to the Group are identified within the Strategic Report on pages 11-13.

Reporting and Internal Controls

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. Risk management, compliance and internal audit programmes are approved, monitored and reviewed by the Audit Committee throughout the year on behalf of the Board. The results of these programmes are reported to the Audit Committee in detail at its meetings and then communicated to the Board at the next Board meeting.

Celtic plc

CORPORATE GOVERNANCE

The Board is satisfied that there is an ongoing and effective process for identifying, assessing and managing all significant risks facing the Group.

Internal Financial Control

The Board has ultimate responsibility for ensuring that a fair, balanced and understandable assessment of the Group's financial position and prospects is presented so that shareholders can assess the Group's performance, business model and strategy. The Annual Report and Financial Statements are an essential part of this presentation. The Directors are committed to achieving high levels of financial disclosure within the confines of preserving the Group's competitive position, maintaining commercial confidentiality and managing accompanying administrative burdens in a cost-effective manner.

The internal financial control procedures are designed to give reasonable but not absolute assurance that the assets of the Company and the Group are safeguarded against material misstatement or loss and that proper accounting records are maintained. The Group employs an Internal Auditor who attends and reports at each Audit Committee meeting.

The key features of the control environment are as follows:

- The work undertaken by the Internal Audit function covers the key risk and systems of control within the business.
- In addition to an ongoing assessment of the effectiveness of the Group's system of internal financial controls, a framework is in place to plan, monitor and control the Group's activities including an annual budget and a rolling 5 year planning process.
- An annual review process is in place to consider the financial implications of significant business risks upon the business. Regular meetings of the Business Continuity Team and Risk Register Review Team take place throughout the year.
- A comprehensive internal forecasting process is in place and updated on a regular basis. Monthly management accounts are produced and significant variances from budget and forecast are investigated.
- The maintenance and reliability of proper accounting records and financial information used within the business or where published.
- The overall mitigation of risk which could perceivably cause failure to the operation of the business strategy and model.

The effectiveness of the system of internal financial control takes account of any material developments that have taken place in the Group and in applicable rules and legislation as well as relevant guidance published from time to time to the extent the Board considers this as relevant to the Company and Group.

Governance and Communication

The Company communicates with its key stakeholders in several ways, helping to maintain a healthy dialogue. Shareholder communication is made primarily through the Annual Report, Full and Half Year announcements and the Annual General Meeting (AGM). Additionally, significant events which may affect the share price of the Company are communicated through market announcements as required.

As soon as practicable after any general meeting has concluded, the results of the meeting are released through a regulatory news service and a copy of the announcement is posted on the Company's website within the investor section.

Were there to be any significant proportion of votes cast against a resolution at any general meeting the Company would explain on a timely basis what action we would take to understand the reasons behind the vote result and any action we would intend to take as a result.

Celtic plc

CORPORATE GOVERNANCE

Supporters' Forum

Following a resolution approved at the 2016 AGM, the Company was delighted to establish a Supporters' Forum. This is a consultative body with a remit to jointly discuss matters of importance and interest to the Celtic support regarding the Company in an open and transparent environment, taking into account at all times all legal and regulatory requirements and duties of confidentiality to which the Company and its Directors are bound. The Forum comprises representatives of the Company and the Celtic support, including delegates from the recognised Celtic supporter organisations. The Forum aims to meet on at least three occasions in the course of the football season, such dates being set at the beginning of each season after fixtures have been settled.

The Supporters Forum met on 3 occasions in season 2021/22, in October, February and April.

Employee Communication

Colleagues at all levels are kept informed regularly of matters that affect the progress of the Group. Press and media announcements are circulated throughout the business. Members of senior management also meet formally with employee representatives nominated by relevant business units to consult on business development, safety and operational matters.

The Group operates a detailed annual appraisal system for all regular employees. This provides the opportunity for feedback and comment. An annual bonus scheme for eligible employees is operated in conjunction with the appraisal system. Details of this are set out in the Remuneration Report.



Ian P Bankier, Chairman
20 September 2022

Celtic plc

AUDIT COMMITTEE REPORT

Sharon Brown, Chairman of the Audit Committee

I am pleased to present this Audit Committee (the "Committee") report on behalf of the Board for the year ended 30 June 2022.

The primary responsibilities of the Committee are to ensure the integrity of the Group and Company's financial reporting, the appropriateness of the risk management and internal controls processes and the effectiveness of the independent audit process. This report details how we carry out this role.

Key responsibilities

The Committee's authority and duties are defined in its terms of reference, which were reviewed during the year and are available on the Celtic plc corporate website.

In accordance with the terms of reference, the Committee is required, among other things, to:

- Monitor the integrity of the Financial Statements of the Group;
- Review the Group's internal financial control system and risk management systems;
- Monitor and review the effectiveness of the Group's internal audit function;
- Make recommendations to the Board in relation to the appointment of the external auditor and to approve their remuneration and terms of engagement; and
- Monitor and review the external auditor's independence, objectivity and effectiveness.

Committee governance

The members of the Committee are myself as Chairman, Dermot Desmond and Brian Wilson. The members of the Committee consider that they have the requisite skills and experience to fulfil the Committee's responsibilities. The Committee meets a minimum of three times per year with representatives from the external auditors, BDO LLP ("BDO"), and the Chief Financial Officer present. In addition, the Company Secretary, Internal Auditor and other members of the finance team routinely attend meetings.

The Board conducts an evaluation of the performance of the Committee along with the individual members therein. This was done principally by way of individual discussions with the Chairman.

Significant matters considered during the financial year

The Committee considers and discusses key accounting matters raised by the external auditors and noted in the Independent Auditor's Report and, where necessary, considers other significant matters as they arise.

There were no significant audit or accounting matters to consider during the year over and above those matters generally reviewed by the committee.

External audit

BDO were first appointed in 2013 post PKF (UK) LLP merger and have acted as the Group's independent external auditor for the year ended 30 June 2022.

The Committee reviews the objectivity and independence of the auditor when considering re-appointment, taking into account the audit plan and team, the auditor's arrangements for any conflicts of interests, the extent of any non-audit services and the confirmation by the auditor that it remains independent within the meaning of the regulations and the professional standards.

BDO ceased providing non-audit services in the year ended 30 June 2020. The only non-audit related services provided by BDO relate to its interim review conducted at the half year. In the Committee's view, the nature and extent of the audit related work carried out by BDO did not impair their independence or objectivity. The fees paid to BDO for audit and non-audit services for the financial period ended 30 June 2022 are disclosed in Note 7.

The Committee is satisfied that BDO have sufficient expertise, resources and integrity to provide a high quality audit and they continue to provide evidence of a comprehensive understanding of the Group's business. As such, the Committee has recommended to the Board that the auditor be re-appointed, and there will be a resolution to this effect at the forthcoming AGM.

Celtic plc

AUDIT COMMITTEE REPORT

Risk management and internal control

The Board has overall responsibility for the system of internal controls and risk management. Risk management, compliance and internal audit programmes are approved, monitored and reviewed by the Committee throughout the year on behalf of the Board. The results of these programmes are reported to the Committee in detail at its meetings and then communicated to the Board at the next Board meeting.

The Committee ensures that the focus of the internal audit function is regularly reviewed, reflecting the current social, political and economic environment which the Group operates in. In doing so, the internal audit function maintains a risk register, updated on a real time basis, which is reviewed at risk meetings held quarterly with the CEO, the CFO and members of the senior management team. The results of these meetings, along with an ongoing assessment of the Group's risk register are presented to the Committee at each meeting. This allows the Committee to have an up to date and comprehensive assessment of the risk environment within the business and how effectively this is being managed.

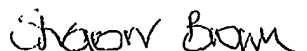
The internal audit function also performs internal audit work on a cyclical basis on specific financial, operational and regulatory areas of the business. This is directed through a plan overseen by the Committee, which is regularly reviewed and challenged in meetings to ensure the control environment is operating effectively. In the current year, the internal control environment has continued to improve through a co-ordinated assurance approach from both the internal audit function and members of the finance team.

The Committee received reports from the Internal audit function throughout the year and was satisfied with the effectiveness of internal controls and risk mitigation. It supports recommendations made by the internal audit function and is satisfied with the actions taken and plans in place by management for further improvement. The Committee seeks to continually improve and evolve the risk management and internal control framework of the Group.

Whistleblowing, Anti- Bribery and Tax Evasion

The Group has policies on whistleblowing, anti-bribery and tax evasion. These policies set out the Group's zero tolerance approach to these matters along with guidance on dealing with them. It is important to the business that any fraud, misconduct or wrongdoing is reported and dealt with properly. The Group is satisfied that these policies are operating effectively.

APPROVED ON BEHALF OF THE AUDIT COMMITTEE



Sharon Brown, Chairman of the Audit Committee
20 September 2022

Celtic plc

REMUNERATION REPORT

This Report has been approved and adopted by the Remuneration Committee (the "Committee") and the Board.

The Remuneration Committee

The Committee has formal terms of reference, which are published on the Company's website. The Committee members serving during the year are identified on page 30.

Remuneration Policy

The main objective of the Group's remuneration policy remains to attract, retain and motivate experienced and capable individuals who will make a significant contribution to the long term success of the Group whilst taking account of the marketplace. Account is taken of remuneration packages within other comparable companies and sectors, the Group's performance against budget in the year and against actual performance from year to year. Specific corporate and personal objectives are used for Executive Directors and certain senior executives. A similar appraisal system is also applied to most regular employees throughout the Group.

The Committee seeks guidance from the Company Secretary, from independent research reports and from the published accounts of a number of other companies. No external consultants were used during the financial year on remuneration matters.

The service contracts of Executive Directors can be terminated on no more than one year's notice and do not provide for pre-determined compensation on termination, or for loss of office. Compensation due, if any, is determined by reference to the applicable notice period and reason for termination.

The Group operates an annual bonus scheme for some permanent employees in order to encourage out-performance, motivate, and retain staff. The scheme is reviewed each year by the Committee, and monitored to ensure fairness and consistency in application. Changes are made when considered appropriate, or to reflect changes in the Group's performance or business plan.

Remuneration of Directors and Senior Executives

Payments made to Directors in the financial year are set out in Note 10.

There are several main elements to the Company's executive remuneration packages: basic salary, annual performance related bonus, long term incentive plans, pension contributions and other customary benefits. In the financial year ended 30 June 2017, long-term incentive plans were introduced for certain Directors and senior executives, as noted below.

Basic salary and benefits

The Committee reviews basic salaries for Executive Directors and certain senior executives annually. The salaries of senior members of the football management team and senior players are considered directly by the Board.

Benefits for Executive Directors include a fully expensed car or equivalent non-pensionable car allowance, private medical insurance, pension contributions and critical illness cover. These benefits may be, but are not automatically, extended to senior executives. Those receiving such benefits are assessed for income tax on them.

The Company allows all regular employees a discount on Celtic merchandise and certain other products.

Celtic plc

REMUNERATION REPORT

Annual Performance Related Bonus Scheme

The Group operates a bonus scheme for participating Executive Directors and some permanent employees. The scheme has the following key objectives:

- 1 Improving and sustaining the financial performance of the Group from year to year;
- 2 Delivering and enhancing shareholder value;
- 3 Enhancing the reputation and standing of Celtic;
- 4 Delivering consistently high standards of service to Celtic and its customers; and
- 5 Attracting, retaining and motivating talented individuals whose skills and services will enable Celtic to meet its strategic objectives.

Performance conditions cover corporate financial performance and personal objectives. Corporate financial performance includes performance against budget and against the previous year's results. Maximum award levels depend upon seniority and contractual entitlements, ranging from 20% of basic salary to 50% of basic salary. The Committee reviews the bonus scheme structure and the corporate performance conditions each year. Bonus payments are not pensionable.

Football players, the football management team and football backroom staff are subject to separate bonus schemes that reward on-field success.

Pension

The Company operates a group pension plan, with defined contributions, in which several senior executives and a number of other employees participate. Stakeholder arrangements are available to qualifying employees. The Company does not operate any defined benefit (final salary) schemes.

Executive Long Term Incentive Plan ("ELTIP")

An ELTIP was adopted and approved by the Board and was introduced with effect from 1 July 2016 with the objective of retaining and rewarding, through financial incentives, key executives within the Group over the medium to long term.

Under the original terms of the ELTIP, in return for these individuals remaining with the Group for a minimum of 4 years up to 30 June 2021, and during that period the Group achieving performance criteria determined by the Board ("vesting criteria"), annual awards are made. These awards accrued in each applicable financial period and were due to be paid at the end of the 4 year period. The vesting criteria determined by the Board are: (i) that the participant is employed by the Group on 30 June in the applicable financial year and at the end of the 4 year period; and, separately, (ii) that Celtic FC qualifies for and participates in the group stages of the UCL in the applicable financial year. Both conditions are exclusive of one another and attract fixed values of award on crystallisation.

As a consequence of Covid-19, the decision was taken to postpone the payment date by one year for the benefits accrued as at 30 June 2020. In addition, the individuals who participate in the scheme would be entitled to another year's benefits under the conditions noted above regarding employment and UCL qualification. In the event that an individual should part with the Company prior to 30 June 2021, the benefits accrued to 30 June 2020 would become payable at this point with no benefits payable relating to the year ending 30 June 2021. In the case of one member of the senior management team, the scheme was not extended and the accrued benefits were paid in July 2020. All other participants accrued benefits on 30 June 2021 and were paid in July 2021.

The vesting criteria were selected because the Board believes that they are consistent with the medium to longer term strategic objectives of the Group, taking account of the rolling 5 year business plan and the nature of the Group's business.

Celtic plc

REMUNERATION REPORT

Service Agreements

Executive Directors

Chief Executive

Mr Nicholson's service contract as Chief Executive commenced on 10 September 2021, initially in acting capacity and was subsequently made permanent in December 2021, and continues subject to twelve months' notice by him to the Company or by the Company to him. Mr Nicholson is entitled to a maximum payment under the Company's bonus scheme of 50% of basic salary if all performance conditions are satisfied.

In his previous role as Company Secretary, Mr Nicholson participated in the ELTIP scheme. As at 30 June 2021, Mr Nicholson had accrued £175,000 of benefits through the scheme with payment being made in July 2021.

Chief Financial Officer

Mr McKay's service contract commenced on 1 January 2016, when he joined the Board initially as Financial Director. It continues subject to twelve months' notice by him to the Company or by the Company to him. Mr McKay is entitled to a maximum payment under the Company's bonus scheme of 50% of basic salary if all performance conditions are satisfied.

Mr McKay participated in the ELTIP scheme. Payment of the accrued benefits of £175,000 as at 30 June 2021 was made in July 2021.

Termination by the Company of the contracts of these Directors on shorter notice than provided for in the contracts, other than for misconduct or material breach, would be likely to create a requirement for payment of compensation related to the unexpired element of the notice periods.

Non-Executive Directors

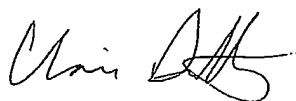
Individual letters govern the appointments of the Chairman and the non-Executive Directors. Typically, non-Executive Directors are appointed for an initial period of three years and are expected to serve for at least two three-year terms but appointments may be extended beyond that at the discretion of the Board, and are subject to re-appointment by shareholders in accordance with the Articles of Association. These appointments are terminable immediately on written notice, without requirement for payment of compensation.

Thomas Allison, Dermot Desmond, Ian Bankier and Brian Wilson each retire annually given their length of service.

Remuneration of Directors

Directors' remuneration and benefits are detailed in Note 10 to the Financial Statements. Remuneration of non-Executive Directors is for service on the Board and its Committees and is reviewed by the Board as a whole each year against fees in comparable companies of a similar size. The post of Chairman of the Audit Committee carries an additional fee of £5,000 per year, reflecting the significant additional responsibility and workload attached to that post. The non-Executive Directors have no personal financial interest other than as shareholders in some cases. They do not participate in any bonus scheme, long term incentive plan, share option or other profit schemes. All Directors are entitled to one seat in the Presidential Box without charge for each home match, to assist them in performing their duties.

BY ORDER OF THE BOARD



Christopher Duffy, Secretary
20 September 2022

Celtic plc

DIRECTORS' RESPONSIBILITIES STATEMENT

Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the *Group and Company Financial Statements in accordance with UK adopted international accounting standards*. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare Financial Statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Celtic plc

FIVE YEAR RECORD

GROUP

	2022	2021	2020	2019	2018
FINANCIAL	£000	£000	£000	£000	£000
Revenue	88,235	60,781	70,233	83,410	101,573
(Loss) / profit from trading before asset transactions and exceptional items	(3,493)	(13,572)	(10,316)	(3,494)	14,490
Profit / (loss) after taxation	5,849	(12,601)	(368)	8,738	15,423
Non equity dividends incurred	569	569	569	502	573
Total equity	74,817	68,931	81,467	81,762	72,934
Shares in issue (excl deferred) no. '000	123,005	122,953	122,859	122,812	122,606
Earnings / (loss) per ordinary share	6.19p	(13.35)p	(0.39)p	9.30p	16.47p
Diluted earnings / (loss) per share	4.69p	(13.35)p	(0.39)p	6.78p	11.72p
Number of employees	841	667	1,019	1,029	1,036
FOOTBALL	2022	2021	2020	2019	2018
League position	1	2	1	1	1
League points*	93	77	80	87	82
Scottish cup	SEMI FINAL	ROUND 4	WINNERS	WINNERS	WINNERS
League cup	WINNERS	ROUND 2	WINNERS	WINNERS	WINNERS
European ties played	7	7	8	8	7
CELTIC PARK	2022	2021	2020	2019	2018
Celtic Park Investment to date (£'000)	81,290	80,572	79,336	78,390	76,042
Stadium seating capacity (no.)	60,363	60,363	60,363	60,363	60,477
Average home league attendance (no.)	56,177	n/a	57,857	56,729	55,943
Total season ticket sales (no.)	52,562	55,320	52,457	52,520	52,229

*League curtailed in season 19/20 owing to Covid-19 with 8 games remaining.

Celtic plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC PLC

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Celtic PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2022 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Statements of Changes in Equity, Consolidated Cash Flow Statement, Company Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluation of Directors' assessment in respect to their ability to continue as a going concern for at least twelve months from the date of approval of these annual accounts. This included checking the mathematical accuracy of the models used.
- Evaluation and challenge of Directors' key assumptions and judgements made in respect of their going concern assumption. We did this by considering the reasonableness of the assumptions and judgements made by Directors based on our understanding of the business and challenging Directors as to the accuracy of these to those actually achieved and then compared these to the history of the Group. We also performed sensitivities based on our own assumptions and judgements comparing results to Directors' outcomes.
- Evaluation of Directors' cash flow and challenge of their assumptions in relation to this. Again, we considered the reasonableness of the assumptions and judgements made by Directors based on our understanding of the business and the history of the Group especially in respect to player sales and purchases and the probability of these cash flows materialising, as well as performing sensitivities based on our own assumptions and judgements and comparing results to managements outcomes.
- Stress testing the Group in order to identify key decline areas or other situations that would be needed in order for the Group to fail and the assessment of the likelihood of these.
- Ratio analysis to understand the robustness of the Group and identify key risk areas in relation to going concern.

Celtic plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC PLC

- Procedures performed in respect of identifying any unrecorded liabilities that may exist in the Group. These procedures included inspection of Director meeting minutes, post year end payments and invoice sampling, inspection of correspondence with Group's legal team including obtaining confirmation of no material claims or litigations to which the audit team were not previously aware of, as well as challenging new contracts taken out in the year in order to identify any unrecorded liabilities or conditions not otherwise met by the Group.
- Sensitivities performed in respect to plausible downside scenarios and the effect on the going concern assumption. We performed these sensitivities by identifying what key indicators such as revenue and profit would need to reduce by before the Group would no longer have the ability to repay their debts as they became due. We considered player trading to be one of the main assumptions made by management and duly sensitised this by assuming much reduced player trading profit noting that the Group had sufficient cash and reserves to absorb any such reasonable downside scenarios.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage¹	100% (2021: 100%) of Group profit before tax 100% (2021: 100%) of Group revenue 100% (2021: 100%) of Group total assets		
Key audit matters		2022	2021
	Revenue recognition	✓	✓
	Intangible assets	✓	✓
Materiality	Group financial statements as a whole £840,000 (2021: £700,000) based on 1% (2021: 1%) of normalised revenue.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group manages its operations from a single location in the UK and has common financial systems, processes and controls covering all significant components.

In assessing the risk of material misstatement in the Group financial statements, and to ensure we had adequate quantitative coverage of significant amounts in the financial statements, we determined that two significant components, Celtic plc and Celtic F.C. Limited, represented the principal business units within the Group. A full scope audit was undertaken on these components by the Group audit team. The remaining subsidiaries were all dormant throughout the period.

¹ These are areas which have been subject to a full scope audit by the Group engagement team

Celtic plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC PLC

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Revenue recognition (Notes 3 (e) and note 4):</p> <p><i>The Group's revenue is generated from football and stadium operations, merchandising, multimedia and other commercial activities.</i></p> <p><i>Each contract within multimedia and other commercial activities revenue has different characteristics and is derived from different, individual, commercial contract terms. This involves significant judgement in respect of recognising revenue at the correct value and at the right time which can be complex. Therefore, we considered there to be a significant risk over the existence and accuracy of this revenue.</i></p> <p><i>Merchandising includes revenue from the Club's kit manufacturer which also has specific characteristics and commercial contracted terms the Club needs to adhere to. This required specific auditor focus and given its complexity and importance to the users of the financial statements, we considered there to be a significant risk over the completeness, existence and accuracy of this revenue.</i></p> <p><i>Football and stadium operations revenue involves a high volume of transactions. Areas of judgement are also involved in some aspects to this revenue, especially in respect of accounting adjustments such as the deferral of revenue for future season ticket sales. Therefore, we considered there to be a significant risk over the completeness, existence and accuracy of this revenue.</i></p>	<p><i>We reviewed the revenue accounting policies and practices as well as the basis of material recognition estimates for consistency of application and whether it was in accordance with the requirements of the applicable accounting standards.</i></p> <p><i>For a sample of contracts and arrangements in multimedia and merchandising revenue, we checked that revenue was accounted for in accordance with the underlying contracted terms and the requirements of the applicable accounting standards. For areas of variable consideration, such as when the Club needs to adhere to certain conditions or have achieved agreed objectives in order to receive the revenue, we assessed the right to revenues by reviewing contracts and the Club's achievement in respect of agreed objectives and agreed samples of transactions to the financial records and receipt of cash.</i></p> <p><i>We focussed our testing on the Club's kit manufacturer by reviewing the contractual terms and performing procedures to identify any terms or conditions that were not adhered to by the Club. We recalculated revenues from the kit manufacturer based on the commercial contracted terms, agreeing inputs such as minimum order quantities and competition placements to corroborating evidence.</i></p> <p><i>For football and other stadium operations revenue, the annual season ticket reconciliation was tested to underlying reports and a sample of transactions agreed to corroborating evidence to check its existence and the report's reliability. In order to address the risk that revenue has not been recognised and deferred appropriately, we engaged our data analytics team to extract all of the season tickets sold from the Club's ticket system and establish an expectation of season ticket revenue for 2022. This was reconciled to the trial balance. We also performed data validation checks using data analytics such as looking for duplicate</i></p>

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC PLC

	<p><i>Given the nature and complexity of revenue, which includes the extensive use of journals in its recognition, and its importance to the activities of the business, it is of significant interest to the users of the financial statements. As a result, we consider revenue recognition to be a key audit matter.</i></p>	<p><i>sales, sales by type and sales to employees. A sample of other football operations revenue was also agreed to corroborating evidence in the form of contracts and third-party confirmations, evidencing its accuracy and existence. We checked for completeness by reference to matches played in the year and confirmed there has been revenue recorded for each game in line with expectations.</i></p> <p><i>For all material revenue streams we selected a sample of revenue recognised before and after the year end and agreed these to originating documentation such as signed contracts, remittances, till sales and season ticket sales to check that transactions were recorded in the correct period. We also agreed samples of revenue and corresponding cash movements in the periods before and after the year end to originating documentation and the accounting records to check that the transactions were recorded in the correct period. We specifically focussed on testing the calculation of material accrued and deferred revenue amounts by recalculating the expected amounts based on the contractual arrangements in place or confirming amounts to source information.</i></p> <p><i>We tested journals to revenue outside of our pre-determined expectations to source documentation in the form of invoices, contracts and cash, in order to check the accuracy, existence and validity of such journals and to check that there was no evidence of manipulation by management.</i></p> <p><i>Key observations</i></p> <p><i>Based on our procedures performed we found management's judgements in respect of revenue recognition to be appropriate.</i></p>
<p>Intangible assets <i>(Notes 3(c), 3(d) and 17)</i></p>	<p><i>Intangible asset transactions comprise significant individual transactions, a number of which are material to the financial statements.</i></p> <p><i>Accounting for the acquisition and disposal of intangible assets requires consideration of individual contractual terms including deferred consideration arrangements, the rights of agents, future profit sharing arrangements and the personnel involved. Judgement is required in</i></p>	<p><i>We considered the appropriateness of the intangible assets accounting policies and practices as well as the basis of any recognition estimates and whether it was in accordance with the applicable accounting standards.</i></p> <p><i>We agreed a sample of additions to acquisition agreements with football clubs and to agent contracts. We reperformed calculations of discounted purchase agreement amounts and checked that an appropriate discount rate had been used by recalculating the rate with reference to the Group's cost of borrowing and latest market information.</i></p>

Celtic plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC PLC

	<p><i>deferred consideration calculations and in the calculation and recognition of the probable cost of the acquisition or disposal.</i></p> <p><i>Due to unforeseen events during the life of intangible assets, individual assets may become impaired. These areas may require significant levels of judgement to determine whether there is an indicator of impairment of an intangible asset and the calculation of such impairment.</i></p> <p><i>Accordingly we considered the valuation of intangible assets to be an area of significant risk for our audit and a key audit matter.</i></p>	<p><i>We reviewed the amortisation rates applied to intangible assets and confirmed the amortisation charges were calculated in accordance with the stated policy and reflected the benefit to be received in respect of the asset in question by reference to the expected contractual life of the asset.</i></p> <p><i>We reviewed the entity's assessment of intangible assets for indications of impairment by reviewing football personnel's involvement in the football squads, the presence of alternative squad personnel and football transfer activity. An impairment to intangible assets, as well as a reversal of impairment have been recognised in the current year. This constitutes a significant judgement made by the Group and accordingly, we challenged this judgement by agreeing player contributions to the football squad to supporting evidence as well as holding discussions with management in order to corroborate these judgements and ensure that the players impaired have been removed from the football squad cash generating unit. We assessed the existence and accuracy of the impairment calculated by management by agreeing the estimated future operating contributions to the data underlying management's assessment of value in use, ensuring that the players can only be considered for impairment when they are removed from the single football squad cash generating unit, at which point they are considered only on a basis of net realisable value, which includes management's assessment of market value by reference to transfer window interest; the individual asset, the asset's future expected contribution to the Club and the discount rates applied.</i></p> <p><i>We checked a sample of unimpaired intangible assets for evidence of their contribution to the Club by reference to their market value compared to net book value, in order to assess the completeness of the provision. We reviewed the adequacy of disclosures in respect of impairment charges and onerous contract provisions in accordance with the relevant accounting standards.</i></p> <p><i>We agreed the disposals to supporting contract documentation to gain assurance over the accurate treatment of disposals in respect of checking these were recorded in the correct accounting period and of related receivables, costs payable and discounting adjustments and</i></p>
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Celtic plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC PLC

		<p>recalculated the profit or loss on disposal of intangible assets.</p> <p>Key observations</p> <p>Based on our procedures performed we found management's key judgements in respect of intangible assets to be reasonable.</p>
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Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Company financial statements	
	2022 £	2021 £	2022 £	2021 £
Materiality	840,000	700,000	798,000	665,000
Basis for determining materiality	1% of normalised revenue.	1% of normalised revenue averaged over a three year period.	95% of Group materiality.	95% of Group materiality
Rationale for the benchmark applied	We consider this to be the principal consideration in assessing the financial performance of the Group as the Group considers revenue to be their key performance indicator which demonstrates less volatility than other performance measures.	We consider this to be the principal consideration in assessing the financial performance of the Group as the Group considers revenue to be their key performance indicator which demonstrates less volatility than other performance measures.	Calculated as a percentage of Group materiality for Group reporting purposes given the assessment of aggregation risk.	Calculated as a percentage of Group materiality for Group reporting purposes given the assessment of aggregation risk.
Performance materiality	630,000	525,000	518,000	498,000
Basis for determining performance materiality	75% of the above materiality thresholds to adequately address the expected total value of known and likely misstatements, our	75% of the above materiality thresholds to adequately address the expected total value of known and likely misstatements, our	75% of the above materiality thresholds to adequately address the expected total value of known and likely	75% of the above materiality thresholds to adequately address the expected total value of known and likely

Celtic plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC PLC

	knowledge of the Group's internal controls and management's attitude towards proposed adjustments.	knowledge of the Group's internal controls and management's attitude towards proposed adjustments.	misstatements, our knowledge of the Group's internal controls and management's attitude towards proposed adjustments.	misstatements, our knowledge of the Group's internal controls and management's attitude towards proposed adjustments.
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Component materiality

We set materiality for each component of the Group based on a percentage of 95% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality was set at £798,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £25,000 (2021: £21,000) for the Group and £24,000 (2021: £19,000) for the Parent Company. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
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Celtic plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC PLC

Matters on which we are required to report by exception	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none">• adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or• the Parent Company financial statements are not in agreement with the accounting records and returns; or• certain disclosures of Directors' remuneration specified by law are not made; or• we have not received all the information and explanations we require for our audit.
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Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Group and its subsidiaries and the sector in which it operates we considered the risk of acts by the Group and its subsidiaries which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the Group accounting policies, UK accounting standards, the UK Companies Act 2006; those that relate to the payment of employees; and industry related such as regulations impacting football club operations including the UEFA Financial Fairplay Regulations whereby throughout our audit work we remained alert to any possible non-compliance especially in relation to player acquisitions. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work and were requested to ensure that any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the Group financial statements were brought to the attention of the engagement partner immediately. The engagement partner has assessed that collectively, the engagement team, had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate

Celtic plc

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC PLC

journal entries, management bias in accounting estimates and improper revenue recognition associated with year end cut-off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to accrued income and deferred income (refer to the key audit matters section), valuation of intangible assets (refer to the key audit matters section) and relevant provisions thereto such as impairment and the expected credit loss provision;
- At the planning stage, we engaged forensic accounting experts in our risk assessment in order to identify areas of potential manipulation or fraud based specifically on football clubs and designed targeted audit tests to address these concerns which included testing for duplicate seat purchases, remaining aware to the possibility of money laundering in seat purchases, testing the accuracy and validity of business interruption insurance claims, testing of discounts and associated gratuities as well as remaining alert to procurement payment transactions in Property, Plant and Equipment and intangible additions;
- Focus was made on revenue year end cut-off procedures and the inclusion of revenue in the correct accounting periods (refer to the key audit matters section);
- Identifying and testing journal entries, in particular any journal entries posted with specific keywords, journals to revenue and cash, journals posted by super users and journals posted at weekends;
- Discussions with management, the Audit Committee and Directors, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of Board meetings throughout the period;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations; and
- Targeted testing of payroll in order to identify any fraudulent or tax evasive payments.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Stuart Wood

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Stuart Wood (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Manchester, UK

20 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Celtic plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 £000	2021 £000
Revenue	4,5	88,235	60,781
Operating expenses (before intangible asset transactions and exceptional items)		(91,728)	(74,353)
Loss from trading before intangible asset transactions and exceptional items		(3,493)	(13,572)
Exceptional operating expenses	8	(6,262)	(333)
Amortisation of intangible assets	17	(13,045)	(11,821)
Profit on disposal of intangible assets		29,029	9,435
Other income		-	5,000
Operating profit/ (loss)	6	6,229	(11,291)
Finance income	12	876	855
Finance expense	12	(969)	(1,056)
Profit / (loss) before tax		6,136	(11,492)
Tax expense	13	(287)	(1,109)
Profit / (loss) and total comprehensive profit / (loss) for the year		5,849	(12,601)
Basic profit / (loss) per Ordinary Share for the year	15	6.19p	(13.35)p
Diluted profit / (loss) per Share for the year	15	4.69p	(13.35)p

The notes on pages 58 to 96 form part of these Financial Statements.


Celtic plc
Registered number: SC3487
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2022

	Notes	2022 £000	2021 £000
Assets			
Non-current assets			
Property, plant and equipment	16	56,265	57,939
Intangible assets	17	35,489	18,303
Trade receivables	21	13,000	11,312
		<u>104,754</u>	<u>87,554</u>
Current assets			
Inventories	19	2,987	3,860
Trade and other receivables	21	38,367	23,764
Cash and cash equivalents	22	31,869	19,459
		<u>73,223</u>	<u>47,083</u>
Total assets		<u>177,977</u>	<u>134,637</u>
Equity			
Issued share capital	23	27,166	27,166
Share premium	24	14,951	14,914
Other reserve	24	21,222	21,222
Accumulated profits	24	11,478	5,629
Total equity		<u>74,817</u>	<u>68,931</u>
Non-current liabilities			
Borrowings	25	314	1,549
Debt element of Convertible Cumulative Preference Shares	23	4,174	4,174
Trade and other payables	27	16,806	4,043
Lease liabilities	30	318	540
Provisions	28	114	99
Deferred tax liabilities	20	2,982	2,793
		<u>24,708</u>	<u>13,198</u>
Current liabilities			
Trade and other payables	26	36,758	20,223
Lease liabilities	30	539	645
Borrowings	25	1,336	1,336
Provisions	28	8,350	6,213
Deferred income	29	31,469	24,091
		<u>78,452</u>	<u>52,508</u>
Total liabilities		<u>103,160</u>	<u>65,706</u>
Total equity and liabilities		<u>177,977</u>	<u>134,637</u>

The Financial Statements were approved and authorised for issue by the Board on 20 September 2022 and were signed on its behalf by



Michael Nicholson, Director



Christopher McKay, Director

The notes on pages 58 to 96 form part of these Financial Statements.

Celtic plc
Registered number: SC3487
COMPANY BALANCE SHEET
AS AT 30 JUNE 2022

	Notes	2022 £000	2021 £000
Assets-			
Non-current assets			
Property, plant and equipment	16	55,394	56,785
Intangible assets	17	35,489	18,303
Investment in subsidiaries	18		
Trade receivables	21	13,000	11,312
		<u>103,883</u>	<u>86,400</u>
Current assets			
Trade and other receivables	21	26,211	13,495
Cash and cash equivalents	22	31,234	16,839
		<u>57,445</u>	<u>30,334</u>
Total assets		<u>161,328</u>	<u>116,734</u>
Equity			
Issued share capital	23	27,166	27,166
Share premium	24	14,951	14,914
Other reserve	24	21,222	21,222
Accumulated profits	24	929	729
Total equity		<u>64,268</u>	<u>64,031</u>
Non-current liabilities			
Borrowings	25	314	1,549
Debt element of Convertible Cumulative Preference Shares	23	4,174	4,174
Trade and other payables	27	16,806	4,043
Deferred tax liabilities	20	3,073	2,927
		<u>24,367</u>	<u>12,693</u>
Current liabilities			
Trade and other payables	26	63,040	32,531
Borrowings	25	1,336	1,336
Provisions	28	8,317	6,143
		<u>72,693</u>	<u>40,010</u>
Total liabilities		<u>97,060</u>	<u>52,703</u>
Total equity and liabilities		<u>161,328</u>	<u>116,734</u>

A separate statement of comprehensive income for the Company has not been presented as permitted by Section 408 of the Companies Act 2006. The profit for the Company is £0.2m (2021: loss of £1.23m).

The Financial Statements were approved and authorised for issue by the Board on 20 September 2022 and were signed on its behalf by



Michael Nicholson, Director



Christopher McKay, Director

The notes on pages 58 to 96 form part of these Financial Statements.

Celtic plc

STATEMENTS OF CHANGES IN EQUITY YEAR ENDED 30 JUNE 2022

Group	Share capital £000	Share premium £000	Other reserve £000	Accumulated profit £000	Total £000
Equity shareholders' funds					
as at 1 July 2020	27,166	14,849	21,222	18,230	81,467
Share capital issued	-	65	-	-	65
Reduction in debt element of convertible cumulative preference shares	-	-	-	-	-
Loss and total comprehensive loss for the year	-	-	-	(12,601)	(12,601)
Equity shareholders' funds					
as at 30 June 2021	27,166	14,914	21,222	5,629	68,931
Share capital issued	-	37	-	-	37
Reduction in debt element of convertible cumulative preference shares	-	-	-	-	-
Profit and total comprehensive profit for the year	-	-	-	5,849	5,849
Equity shareholders' funds					
as at 30 June 2022	27,166	14,951	21,222	11,478	74,817

Company	Share capital £000	Share premium £000	Other reserve £000	Accumulated profit £000	Total £000
Equity shareholders' funds					
as at 1 July 2020	27,166	14,849	21,222	1,959	65,196
Share capital issued	-	65	-	-	65
Reduction in debt element of convertible cumulative preference shares	-	-	-	-	-
Loss and total comprehensive loss for the year	-	-	-	(1,230)	(1,230)
Equity shareholders' funds					
as at 30 June 2021	27,166	14,914	21,222	729	64,031
Share capital issued	-	37	-	-	37
Reduction in debt element of convertible cumulative preference shares	-	-	-	-	-
Profit and total comprehensive profit for the year	-	-	-	200	200
Equity shareholders' funds					
as at 30 June 2022	27,166	14,951	21,222	929	64,268

The notes on pages 58 to 96 form part of these Financial Statements.

Celtic plc

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2022

	Notes	2022 £000	2021 £000
Cash flows from operating activities			
Profit / (loss) for the year		5,849	(12,601)
Taxation charge	13	287	1,109
Depreciation	16	2,736	2,494
Amortisation of intangible assets	17	13,045	11,821
Impairment of intangible assets and other prepaid costs	8	7,235	-
Reversal of prior period impairment charge	8	(1,094)	(297)
Profit on disposal of intangible assets		(29,029)	(9,435)
Loss on disposal of tangible fixed assets		-	110
Finance income	12	(876)	(855)
Finance costs	12	969	1,056
		<u>(878)</u>	<u>(6,598)</u>
Decrease / (increase) in inventories		873	(2,591)
Increase in receivables		(1,856)	(1,627)
Increase / (decrease) in payables and deferred income		12,302	(698)
Cash from / (used in) operations		<u>10,441</u>	<u>(11,514)</u>
Tax paid		-	(268)
Interest received		64	34
Interest paid		(77)	(118)
Net cash flow from / (used in) operating activities		<u>10,428</u>	<u>(11,866)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,034)	(482)
Purchase of intangible assets		(20,566)	(13,630)
Proceeds from sale of intangible assets		26,044	25,522
Net cash from investing activities		<u>4,444</u>	<u>11,410</u>
Cash flows used in financing activities			
Repayment of debt	25	(1,280)	(1,280)
Payments on leasing activities		(693)	(739)
Dividend on Convertible Cumulative Preference Shares		(489)	(472)
Net cash used in financing activities		<u>(2,462)</u>	<u>(2,491)</u>
Net increase / (decrease) in cash equivalents		12,410	(2,947)
Cash and cash equivalents at 1 July 2021		19,459	22,406
Cash and cash equivalents at 30 June 2022	22	<u>31,869</u>	<u>19,459</u>

The notes on pages 58 to 96 form part of these Financial Statements.

Celtic plc

COMPANY CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2022

	Notes	2022 £000	2021 £000
Cash flows from operating activities			
Profit / (loss) for the year		200	(1,230)
Taxation charge		245	1,247
Depreciation	16	2,108	1,960
Amortisation of intangible assets	17	13,045	11,821
Impairment of intangible assets and other prepaid costs	8	7,235	-
Reversal of prior period impairment charge	8	(1,094)	(297)
Profit on disposal of intangible assets		(29,029)	(9,435)
Loss on disposal of tangible assets		-	110
Finance income		(876)	(855)
Finance costs		904	1,009
		<u>(7,262)</u>	<u>4,330</u>
Decrease in receivables		17	1,018
Increase / (decrease) in payables		18,978	(14,682)
Cash from / (used in) operations		<u>11,733</u>	<u>(9,334)</u>
Tax paid		-	(242)
Interest received		64	34
Interest paid		(77)	(118)
Net cash flow from / (used in) operating activities		<u>11,720</u>	<u>(9,660)</u>
Cash flows from Investing activities			
Purchase of property, plant and equipment		(1,034)	(482)
Purchase of intangible assets		(20,566)	(13,630)
Proceeds from sale of intangible assets		26,044	25,522
Net cash from investing activities		<u>4,444</u>	<u>11,410</u>
Cash flows used in financing activities			
Repayment of debt	25	(1,280)	(1,280)
Dividend on Convertible Cumulative Preference Shares		(489)	(472)
Net cash used in financing activities		<u>(1,769)</u>	<u>(1,752)</u>
Net increase / (decrease) in cash equivalents		14,395	(2)
Cash and cash equivalents at 1 July 2021		16,839	16,841
Cash and cash equivalents at 30 June 2022	22	<u>31,234</u>	<u>16,839</u>

The notes on pages 58 to 96 form part of these Financial Statements.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE

The consolidated Financial Statements of Celtic plc (the 'Company') and its subsidiaries (together, the 'Group') for the year ended 30 June 2022 were approved and authorised for issue in accordance with a resolution of the Directors. The comparative information is presented for the year ended 30 June 2021.

Celtic plc is a public company limited by shares, incorporated in Scotland, U.K., and is listed on the AIM market operated by the London Stock Exchange. The registered office is detailed within the Directors, Officers and Advisers section on page 3.

The principal activities of the Group are described in the Business Review on page 8.

For the year ending 30 June 2022 the following subsidiaries of the Company were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

<i>Subsidiary Name</i>	<i>Companies House Registration Number</i>
Protectevent Limited	SC151304
The Celtic Football and Athletic Company Limited	SC153534
Glasgow Eastern Developments Limited	SC157751

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to financial years 2022 and 2021, presented, for both the Group and the Company.

The Financial Statements have been prepared in accordance with UK adopted international accounting standards.

The functional and presentational currency is GBP.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report. In addition, Note 33 to the Financial Statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Group has adequate financial resources available to it, including currently undrawn bank facilities, together with established contracts with a number of customers and suppliers.

Additionally, the Group continues to perform a detailed budgeting process each year which is reviewed and approved by the Board. The Group also performs regular re-forecasts and these projections, which include profit/loss and cash flow forecasts, are distributed to the Board. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully over the medium term.

In consideration of the above, the Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

2. BASIS OF PREPARATION (CONTINUED)

Adoption of new and revised standards

New and amended IFRS Standards that are effective for the current year

International Accounting Standards	Effective date for periods commencing
Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021

Adoption of the above standards has had no material impact on the Financial Statements of the Group.

Adoption of standards not yet effective

At the date of authorisation of these Financial Statements, the following Standards which have not been applied in these Financial Statements were in issue but not yet effective:

International Accounting Standards	Effective date for periods commencing
Amendments to IFRS 3, IAS 15, IAS 37, IFRS 1, IFRS 9, IFRS 16 and IAS 41.	1 January 2022
Amendments to IAS 1, IAS 8, IAS 12 and IFRS 17	1 January 2023

The above standards and interpretations will be adopted in accordance with their effective date and are not anticipated to have a material impact on the financial statements.

3. ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidation includes the Financial Statements of the Company and its subsidiary undertakings and is based on their audited Financial Statements for the year ended 30 June 2022.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

(b) Property, plant and equipment

Property, plant and equipment is stated at cost. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, on the following bases:

Plant and vehicles	10% - 25% reducing balance
Fixtures, fittings and equipment ('FF&E')	10% - 33% reducing balance
IT equipment and other short life assets (included in FF&E)	25% - 33% straight line
Buildings (excluding Football Stadium)	4% - 10% straight line
Football Stadium	1.33% straight line

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

3. ACCOUNTING POLICIES (CONTINUED)

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjusted if appropriate. Gains or losses on disposal are included in Operating Expenses in the Consolidated Statement of Comprehensive Income. The Group assesses at each Balance Sheet date whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value, and where impairment is present, impairment losses are recognised in the Consolidated Statement of Comprehensive Income. Freehold land is not depreciated.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(c) Intangible assets

Costs directly attributable to the acquisition and retention of football personnel are capitalised and treated as intangible assets. Subsequent amounts are capitalised upon crystallisation of all contingent events relating to their payment and where the value of the asset is enhanced by the underlying event. All of these amounts are amortised to the Consolidated Statement of Comprehensive Income over the contract period remaining from their capitalisation to £nil residual values, or earlier if there is an option to terminate present within the contract. Where a new contract life is renegotiated, the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract.

(d) Impairment policy

The Group and Company assesses intangible assets for indicators of impairment at each Balance Sheet date by assessing each individual player's carrying value in respect of their contribution to the cash generating business activities.

In determining whether an intangible asset is impaired, the following is considered:

- (i) management's intentions in terms of each specific player being part of the plans for the coming football season;
- (ii) the evidence of this intention such as the level of a player's participation in the previous football season and involvement in playing and training squads;
- (iii) the player's injury and or sickness record;
- (iv) the level of interest from other clubs in paying a transfer fee for the player;
- (v) market knowledge of transfer appetite, activity and budgets in the industry through discussion with agents and other clubs;
- (vi) the financial state of the football industry;
- (vii) the level of appetite from clubs for football personnel from Scotland;
- (viii) levels of 'cover' for each playing position;
- (ix) the football personnel's own career plans and personal intentions for the future; and
- (x) post Balance Sheet transactions relevant to the football personnel in question e.g. contract termination, subsequent transfer of the player for a sum lower than the amortised value.

An impairment loss is recognised where the asset's carrying value is deemed to be not fully recoverable. The carrying value is then written off to the Consolidated Statement of Comprehensive Income as an impairment loss. To the extent a previous impairment loss has been charged, and the basis of assessment is changed, based on the factors above, the impairment charge is reversed in the current period.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

3. ACCOUNTING POLICIES (CONTINUED)

(e) Revenue

Revenue, which is exclusive of value added tax, represents match receipts and other income associated with the continuing principal activity of running a professional football club. Revenue is analysed between Football and Stadium Operations, Merchandising and Multimedia and Other Commercial Activities.

Football and Stadium Operations revenue arises from all ticket sales, standard, premium and corporate, derived from matches played at Celtic Park. Other revenues arise from matchday and non-matchday catering and banqueting, visitor centre revenues, soccer school revenues, donations received from Celtic FC Development Fund Limited, UEFA participation fees and revenues derived from the hiring of Celtic Park for football and non-football events. All such revenues are recognised in line with the completion of the matches or events to which they relate as the performance obligation associated with the ticket/ package is satisfied with the right to attend the matches or events.

Merchandising revenue includes the revenues from Celtic's retail partners and outlets including e-commerce, wholesale revenues and other royalty revenues derived from the use of the Celtic brand and is recognised when goods or services have been delivered to our customers. These revenue streams include revenues earned from the Group's kit manufacturer (as noted above) and outlets including e-commerce and wholesale revenues.

Multimedia and Other Commercial Activities revenues are generated through the sale of television rights, sponsorship revenues and joint marketing and partnership initiatives. The following revenue forms part of Multimedia and Other Commercial Activities.

Media rights revenues, which also include an element of centrally negotiated sponsorship, are recognised either on a match-by-match basis in a specific competition or evenly over the course of a football campaign. Where there is a clear performance obligation of competing in a specified number of matches in a specific competition where all matches are broadcast live (e.g. SPFL, domestic cups, UCL or UEL), the revenues are recognised in line with these matches being completed. Final distributions from such competitions may include elements of variable consideration, however, an estimate of such revenues cannot be used as a basis for revenue recognition once the performance obligation has been completed because, until notification has been received from the relevant body, it cannot be said that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Sponsorship revenues are recognised based on the nature of the sponsorship such that kit and shirt sponsorship revenue, which relates to a particular football season is recognised evenly throughout the financial year. Event specific sponsorship is recognised when the relevant event takes place.

Each of the contracts has a number of identifiable performance obligations, which include but are not limited to, branding on Club merchandise, provision of matchday hospitality, social media activity and, in the case of kit manufacture, the ability to sell Club merchandise. The primary value within sponsorship contracts is the brand exposure which is experienced by the sponsor. This exposure can take place at various times and locations and is not limited purely to the exposure on a matchday. With regards to the kit manufacture partnership, the performance obligations are also performed throughout the term of the agreement with both parties gaining from the economic benefits of the partnership.

Joint marketing and partnership initiative revenue is recognised evenly over the period of the partnership / marketing agreement/ contract. These frequently consist of fixed licence fees or guaranteed minimum royalties.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2022

3. ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments

The Group and Company classify financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are initially recognised on the Balance Sheet at fair value when the Group becomes a party to the contractual provisions of the instrument.

After initial recognition, the Group values financial instruments using the income approach. The income approach converts future cash flows to a single current amount. Such measurement reflects current market expectations using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating cash flows over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Cash flows are then recognised on an effective interest basis over the life of the asset or liability.

i) Financial assets

All purchases of financial assets are recognised and derecognised on a trade date basis. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- All other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Amortised cost

For financial assets the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2022

3. ACCOUNTING POLICIES (CONTINUED)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "finance income - interest receivable on bank deposits" line item (Note 12).

Cash and cash equivalents: Cash and cash equivalents include cash in hand, deposits held at call or on deposit with banks, other short-term highly liquid investments with original maturities of three months or less from inception.

Trade receivables: Trade receivables are stated at their amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. They are recognised on the trade date of the related transactions.

Financial Assets at fair value through profit and loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortised cost (see above) are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial asset and is included in the 'other gains and losses' line item (Note 12).

Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses (ECL) on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL in full for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
 - (b) a breach of contract, such as a default or past due event;
 - (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

3. ACCOUNTING POLICIES (CONTINUED)

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

ii) Financial Liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is held for trading. Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss.

The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item (Note 12) in profit or loss.

Financial liabilities measured subsequently at FVTPL

Foreign Exchange Forward Contracts: Foreign Exchange Forward Contracts are recognised at fair value. They are held for trading with any subsequent gains or losses on changes in fair value recognised in the profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not held-for-trading are measured subsequently at amortised cost using the effective interest method.

Interest bearing borrowings: Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings on an effective interest rate basis.

Convertible Cumulative Preference Shares: The debt element of Convertible Cumulative Preference Shares is recognised as a financial liability. At the point of conversion, the relevant part of this financial liability is derecognised. The derecognised liability forms part of the consideration paid for the ordinary shares issued on conversion.

Trade payables: Trade payables are stated at their amortised cost. Interest expenses are recognised by applying the effective interest rate, except for short-term payables when the recognition of interest would be immaterial. They are recognised on the trade date of the related transactions.

(g) Leasing obligations

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

3. ACCOUNTING POLICIES (CONTINUED)

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case an estimate of the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Right of use assets are initially measured at the amount of the lease liability, reduced for any impairments for loss making rental properties previously recognised in onerous lease provisions.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

3. ACCOUNTING POLICIES (CONTINUED)

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is re-measured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease.

A dilapidations provision is recognised where there is reasonable evidence to suggest that costs will be incurred in bringing leasehold properties to a satisfactory condition on completion of the lease. The dilapidations provision is calculated based on the discounted cash flows at the end of each applicable lease contract.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis.

(i) Pension costs

The Group operates defined contribution schemes providing benefits for employees additional to those from the state. The pension cost charge includes contributions payable by the Group to the funds in respect of the year and also payments made to the personal pension plans of certain employees.

(j) Foreign exchange

The Individual Financial Statements of each Group company are presented in the currency of the primary economic environment in which it operates (GBP). For the purpose of the Consolidated Financial Statements, the results and financial position of each Group company are expressed in GBP (£), which is the functional currency of the Company, and the presentation currency for the consolidated Financial Statements.

In preparing the Financial Statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the year end. Non-monetary items denominated in foreign currency are translated at the date of the transaction.

Any resulting exchange gain or loss is dealt with in the Consolidated Statement of Comprehensive Income in the period in which they arise.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2022

3. ACCOUNTING POLICIES (CONTINUED)

(k) Taxation

Current taxation

The tax currently payable is based on taxable profit/loss for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

(l) Exceptional operating expenses

It is the Group's policy to categorise the impairment of property, plant and equipment, the impairment of intangible assets (and any subsequent reversal of a previous impairment of property, plant and equipment or intangible assets), onerous contract costs, employee settlement payments and non-recurring expenditure as exceptional operating expenses in the Consolidated Statement of Comprehensive Income. Items for which disclosure would be deemed to be seriously prejudicial by the Directors, are not included within exceptional items.

(m) Provisions

Provisions are recognised when a present obligation (legal or constructive) as a result of a past event exists at the Balance Sheet date and it is probable that a settlement of that obligation will be paid and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimates required to settle that obligation, at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. Where appropriate, management take independent expert advice to determine the quantum and expected timing associated with settling provisions. With respect to legal and employee related provisions, where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. No separate disclosure is made of the detail of sums recoverable from third parties as to do so could seriously prejudice the position of the Group.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The Group is occasionally in receipt of claims or actions. In such cases, each item is reviewed at the relevant reporting date, in order to assess the need for provisions and disclosures in the Financial Statements.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2022

3. ACCOUNTING POLICIES (CONTINUED)

Among the factors considered in making decisions on provisions are the nature of the action; the existence of insurance; the agreement or settlement process and its potential value in the jurisdiction in which the action is brought; its progress; the opinions or views of relevant expert advisers; and any decision of the Group and counterparties as to how they respond.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(n) Critical accounting estimates and judgements

The areas where management consider the more complex estimates, judgements and assumptions are required are those in respect of:

(i) Impairment and intangible asset net book value

IFRS requires companies to carry out an impairment assessment on any assets that show indications of impairment at the Balance Sheet date. This assessment includes exercising management judgement and considering the Balance Sheet carrying value as noted at 3(d) above. The carrying value of the intangible assets as at 30 June 2022 equates to £35.5m (2021: £18.3m) with an impairment charge in the year of £6.79m (2021: £nil). Within the carrying value, 10 players account for 84% of the overall balance and management is comfortable that the level of risk of further impairment within this amount is minimal. Given the nature of the assets, management judgement on the carrying value is sensitive to factors out with management control, as laid out in Note 3 (d) above.

Events subsequent to this initial assessment may also give rise to a reversal of any impairments, such as a transfer or a significant turnaround in performance, in which case an impairment reversal would be recognised. Therefore, an element of uncertainty exists in relation to recognition of impairment as to whether any of the indications of impairment which exist will continue to do so in the future or economic value is generated from the intangible asset.

(ii) Provisions

Management judgement is used to determine whether a contract is onerous and, if so, the amount of provision required. This is assessed by comparing the future cost of contractual obligations against the projected income or economic benefit for the item in question using future forecasts. Judgement is required to assess the projected income or economic benefits achievable and in determining that no future changes in circumstances will result in a reversal of the provision as has been the case this year. This can occur where settlement agreements take place or economic value is generated from the intangible asset. This is assessed on a case by case basis.

With regards to other provisions, these are measured at the best estimates required to settle the obligations given the information available at that time. Where necessary, management will take independent expert valuations in order to determine the best estimate for the provision.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

3. ACCOUNTING POLICIES (CONTINUED)

(iii) Revenue

In respect of revenue where there is an element of variable consideration or potential uncertainty over the performance obligations being fulfilled, management will determine the value to be recognised on the best information available. For changes to contracts or arrangements management have recognised revenue based on the best information available at the balance sheet date to ensure there is no significant reversal of revenue in future periods.

In the case of centrally distributed rights revenues where there is an element of variable consideration, the Group does not make estimates and instead relies on confirmation of revenues from third parties during the year before these are recognised to ensure there is no significant reversal of revenue in future periods. Where there are separate performance obligations to consider, for example in the issuing of discounts or vouchers, the revenue will only be recognised at the point where the obligation is fulfilled.

(o) Long Term Incentive Plans

The Group and Company operate long term incentive plans for certain employees (as described in the Remuneration Report). The costs in relation to these schemes are calculated based on the agreements in place and are accrued as and when the likelihood of payment is deemed as probable over time with payment being made when the vesting conditions are met in full.

(p) Contingent Liabilities

Contingent liabilities are not recognised in the Balance Sheet on the basis they are either;

(i) possible obligations, as it has yet to be confirmed whether the entity has a present obligation that could lead to an outflow of resources embodying economic benefits; or

(ii) present obligations that do not meet the recognition criteria in accordance with IAS 37 (because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made).

(q) Other income

Other income represents incoming cash or receivable to the business which is not deemed to generate from the normal course of business and does not meet the definition of revenue under IFRS 15. In the prior financial year, this is represented by the receipt of insurance proceeds in relation to business interruption. The amount of income is only recognised when the likelihood and value of any receipt is certain i.e. the cash or confirmation of payment have been received.

Government grant income is offset against the relevant operating cost as permitted under IFRS.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2022

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group has disaggregated revenue into various categories in the following table which provides further understanding around the nature of the revenue and the timing of when this is recognised:

Revenue by category	2022 £000	2021 £000
Ticketing	36,314	21,675
Merchandise vouchers for season ticket holders	347	(2,775)
Commercial / sponsorship	11,513	12,425
Retail outlets and E-commerce	18,511	15,117
Media rights	13,308	11,253
Stadium operations	6,397	1,924
Other	1,845	1,162
	<u>88,235</u>	<u>60,781</u>

The merchandise vouchers of £2.78m noted in the table above for the year ended 30 June 2021, were issued to season ticket holders in relation to season 20/21 only and did not form part of the season ticket sales for season 2021/22. Therefore, in line with IFRS 15, these have been offset against revenue for the year ended 30 June 2021. Where vouchers have been utilised in the financial year this is recognised within 'Retail outlets and E-Commerce' revenues.

Timing of transfer of goods and services	2022 £000	2021 £000
Point in time (delivery to the customer at the point of sale)	45,876	24,165
Revenue recognised over time	42,359	36,616
	<u>88,235</u>	<u>60,781</u>

5. SEGMENTAL REPORTING

Management information is provided at revenue level for each of the three key revenue streams with specific cost information focusing on significant items. This is the only information provided on a segmented basis to management. The three key revenue streams are: Football and Stadium Operations, Merchandising and Multimedia and Other Commercial Activities. The Group operates in the UK and, as a result, does not have any geographical segments.

The Group's revenue comprised:	2022 £000	2021 £000
Football and Stadium Operations	42,782	20,825
Merchandising	24,925	22,609
Multimedia and Other Commercial Activities	20,528	17,347
	<u>88,235</u>	<u>60,781</u>

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

6. OPERATING PROFIT / (LOSS)

	2022	2021
	£000	£000
Operating profit / (loss) is stated after charging / (crediting):		
Staff costs (Note 9)	58,883	51,710
Depreciation of property, plant and equipment (Note 16)	2,736	2,494
Impairment of intangible assets and other prepaid costs (Note 8)	7,235	-
Reversal of prior period impairment charge (Note 8)	(1,094)	(297)
Amortisation of intangible assets (Note 17)	13,045	11,821
Foreign exchange loss	311	124
Cost of inventories recognised as expense	13,989	10,279
Short term and variable lease expense for leases not recognised under IFRS16	<u>37</u>	<u>60</u>

7. AUDITOR'S REMUNERATION

	2022	2021
	£000	£000
Fees payable to the Company's auditor and its associates in respect of:		
Audit of the Company's Financial Statements	38	33
Audit of the Financial Statements of the Company's subsidiaries	22	20
Audit related services	<u>15</u>	<u>12</u>
	<u>75</u>	<u>65</u>

Details of the Company's policy on the use of the auditor for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity was safeguarded are set out in the Audit Committee Report on pages 36-37. The audit related services provided in the current and prior year were for the Interim Results review and no services were provided pursuant to contingent fee arrangements.

8. EXCEPTIONAL OPERATING EXPENSES

The exceptional operating expenses of £6.3m (2021: £0.3m) can be analysed as follows:

	2022	2021
	£000	£000
Impairment of intangible assets and other prepaid costs	7,235	-
Reversal of prior period impairment charges	(1,094)	(297)
Settlement agreements on contract termination	<u>121</u>	<u>630</u>
	<u>6,262</u>	<u>333</u>

The impairment of intangible assets in the current year relates to adjustments required as a result of management's assessment of the carrying value of certain player registrations relative to their current market value. The carrying value of intangible assets are reviewed against criteria indicative of impairment, laid out in Note 3 (d) and, where the carrying value exceeds their current market value, impairment is recognised. Where events subsequent to this initial assessment give rise to a reversal of any impairments, such as a transfer or a significant turnaround in performance, an impairment reversal is recognised.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2022

8. EXCEPTIONAL OPERATING EXPENSES (CONTINUED)

Settlement agreements on contract termination are costs in relation to exiting certain employment contracts.

These events are deemed to be unusual in relation to what management consider to be normal operating conditions as the occurrence of these events is sufficiently irregular enough to warrant it as exceptional.

9. STAFF PARTICULARS

	2022 £000	2021 £000
Group		
Wages and salaries	52,081	44,881
Social security costs	5,985	5,985
Other pension costs	817	844
	<u>58,883</u>	<u>51,710</u>

Included in the above wages and salaries is £1.7m (2021: £0.55m) paid to agency staff.

Employee numbers (Group)

	2022 Number	2021 Number
Players and football administration staff	181	160
Administration and retail staff	660	507
Average number of employees	<u>841</u>	<u>667</u>

	2022 £000	2021 £000
Company		
Wages and salaries	4,657	2,770
Social security costs	757	665
Other pension costs	182	195
	<u>5,596</u>	<u>3,630</u>

Included in the above wages and salaries is £0.05m (2021: £0.05m) paid to agency staff.

Employee numbers (Company)

	2022 Number	2021 Number
Players and football administration staff	89	79
Administration and retail staff	38	35
Average number of employees	<u>127</u>	<u>114</u>

All employee numbers above include all part time employees and casual workers.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

10. DIRECTORS' EMOLUMENTS

	Salary/ Fees £	Bonus £	ELTIP £	Benefits in kind £	Total Excl pension costs £	Pension Costs £	2022 Total £
T Allison	25,000	-	-	-	25,000	-	25,000
I Bankier	80,000	-	-	-	80,000	-	80,000
D Desmond	25,000	-	-	-	25,000	-	25,000
C McKay	214,583	30,938	175,000	13,044	433,565	32,188	465,753
B Wilson	25,000	-	-	-	25,000	-	25,000
S Brown	30,000	-	-	-	30,000	1,200	31,200
M Nicholson	307,462	31,875	175,000	11,893	526,230	46,119	572,349
D McKay	99,021	-	-	2,914	101,935	13,295	115,230
	806,066	62,813	350,000	27,851	1,246,730	92,802	1,339,532

	Salary/ Fees £	Bonus £	Benefits in kind £	Total Excl pension costs £	Pension Costs £	2021 Total £
T Allison	24,583	-	-	24,583	-	24,583
I Bankier	78,667	-	-	78,667	-	78,667
D Desmond	24,583	-	-	24,583	-	24,583
P Lawwell	1,148,563	-	17,682	1,166,245	-	1,166,245
C McKay	162,250	-	13,169	175,419	24,750	200,169
B Wilson	24,583	-	-	24,583	-	24,583
S Brown	29,500	-	-	29,500	900	30,400
	1,492,729	-	30,851	1,523,580	25,650	1,549,230

The aggregate emoluments and pension contributions of the highest paid Director were £526,230 (2021: £1,166,245) and £46,119 (2021: £nil) respectively. During the year, contributions were paid to defined contribution money purchase pension schemes in respect of 4 (2021: 2) Directors. The Employer's NIC on Directors' remuneration during the year amounted to £160,133 (2021: £199,851). No Directors received share options during the year (2021: £nil).

In the year to 30 June 2021, the Directors took the decision to temporarily reduce their salaries/fees in response to the impact of Covid-19.

An ELTIP was introduced in the financial year ended 30 June 2017 with the objective of retaining and rewarding, through financial incentives, key executives within the Group over the medium to long term.

Mr Christopher McKay participated in the ELTIP. The Remuneration Committee was satisfied that Mr McKay met the applicable criteria for the financial year to 30 June 2021 and subsequently paid in July 2021. Accordingly, the awards set out on page 40 includes the benefit paid to Mr McKay in July 2021.

Included in the above table are emoluments and pension contributions of £242,094 and £4,926 respectively, which were earned by Mr Nicholson in his role as Company Secretary. This included an award under the ELTIP scheme, noted above, of £175,000 which was paid in July 2021.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

11. RETIREMENT BENEFIT OBLIGATIONS

The Group and Company pension arrangements are operated through a defined contribution money purchase scheme. The assets of the pension scheme are held separately from those of the Group and Company by The Standard Life Assurance Company. Contributions made by the Group and Company to the scheme during the year amounted to £747,092 (2021: £728,088) and £182,887 (2021: £131,342) respectively. Group and Company contributions of £67,063 (2021: £59,717) and £18,144 (2021: £11,444) respectively were payable to the fund at the year-end. In addition to this, the Group and Company also contributed to the personal pension plans of certain employees.

12. FINANCE INCOME AND EXPENSE

	2022	2021
	£000	£000
Finance income:		
Notional interest receivable on deferred consideration	812	821
Interest receivable on bank deposits	64	34
	876	855
Finance expense:		
Interest payable on bank and other loans	74	108
Notional interest payable on deferred consideration	326	379
Dividend on Convertible Cumulative Preference Shares (Note 14)	569	569
	969	1,056

13. TAX ON ORDINARY ACTIVITIES

The corporation tax receivable as at 30 June 2022 was £0.5m (2021: £0.6m). The current year tax charge was £0.3m and total tax payments in the year were nil (2021: £0.3m). The available capital allowances pool is approximately £5.1m (2021: £6.2m). These estimates are subject to the agreement of the current year's corporation tax computations with H M Revenue and Customs.

The standard rate of corporation tax for the year in the United Kingdom is 19% (2021: 19%).

	2022	2021
	£000	£000
Current tax expense		
UK corporation tax	99	(609)
Adjustments in respect of prior periods	-	290
Total current tax expense	99	(319)
Deferred tax expense		
Origination of temporary timing differences (Note 20)	143	827
Adjustments in respect of prior periods	-	(69)
Effects of changes in tax rates	45	670
Total deferred tax	188	1,428
Total tax expense	287	1,109

The difference between the actual tax expense for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year is as follows:

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2022

13. TAX ON ORDINARY ACTIVITIES (CONTINUED)

	2022	2021
	£000	£000
Profit / (loss) on ordinary activities before tax	6,136	(11,492)
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	1,166	(2,183)
Effects of:		
Fixed asset differences	(45)	226
Expenses not deductible for tax purposes	421	67
Dividends reclassified as interest	-	108
Income not taxable for tax purposes	(251)	(121)
Adjustments in respect of prior periods	-	221
Tax rate changes	45	670
Amounts not recognised/(losses utilised)	(1,049)	-
Utilisation of previously unrecognised deferred tax assets	-	2,121
Total tax expense	287	1,109

An explanation regarding the movement in deferred tax is provided at Note 20.

14. DIVIDEND ON CONVERTIBLE CUMULATIVE PREFERENCE SHARES

A 6% non-equity dividend of £0.53m (2021: £0.53m) was paid on 31 August 2022 to those holders of Convertible Cumulative Preference Shares on the share register at 29 July 2022. A number of shareholders elected to participate in the Company's scrip dividend reinvestment scheme for the financial year to 30 June 2022. Those shareholders have received new Ordinary Shares in lieu of cash. No dividends were payable or proposed to be payable on the Company's Ordinary Shares.

During the year, the Company reclaimed £nil (2021: £nil) in respect of statute barred preference dividends in accordance with the Company's Articles of Association.

15. EARNINGS / (LOSS) PER SHARE

Reconciliation of basic earnings / (loss) to diluted earnings / (loss):	2022	2021
	£000	£000
Basic earnings / (loss)	5,849	(12,601)
Non-equity share dividend	569	569
Diluted earnings / (loss)	6,418	(12,032)
	No.'000	No.'000
Reconciliation of basic weighted average number of ordinary shares to diluted weighted average number of ordinary shares:		
Basic weighted average number of ordinary shares	94,457	94,366
Dilutive effect of convertible shares	42,252	42,286
Diluted weighted average number of ordinary shares	136,709	136,652

Earnings per share of 6.19p (2021: loss per share of 13.35p) has been calculated by dividing the total comprehensive profit for the period of £5.8m (2021: loss of £12.6m) by the weighted average number of Ordinary Shares of 94.5m (2021: 94.4m) in issue during the year.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

15. EARNINGS / (LOSS) PER SHARE (CONTINUED)

Diluted earnings per share of 4.69p has been calculated by dividing the diluted earnings for the period of £6.4m by the weighted average number of Ordinary Shares, Convertible Cumulative Preference Shares and Convertible Preferred Ordinary Shares in issue, assuming conversion at the Balance Sheet date, if dilutive. When considering a loss per share scenario, no adjustment is made for the preference share dividend and therefore the diluted loss per share is equal to the basic loss per share, as was the case in the prior year.

16. PROPERTY, PLANT AND EQUIPMENT

Group	Land and Buildings £000	Plant and Vehicles £000	Fixtures, Fittings and Equipment £000	Total £000
Cost				
At 1 July 2021	57,500	3,676	25,223	86,399
Right of use assets at 1 July 2021	1,770	544	-	2,314
Additions	68	105	544	717
Right of use assets additions	256	89	-	345
Disposals	-	-	(158)	(158)
Disposals of right of use assets	(597)	(206)	-	(803)
At 30 June 2022	58,997	4,208	25,609	88,814
Accumulated Depreciation				
At 1 July 2021	8,116	3,103	18,395	29,614
Right of use assets at 1 July 2021	912	248	-	1,160
Charge for year	894	86	1,128	2,108
Right of use assets charge for the year	478	150	-	628
Disposals	-	-	(158)	(158)
Disposals on right of use assets	(597)	(206)	-	(803)
At 30 June 2022	9,803	3,381	19,365	32,549
Net Book Value				
At 30 June 2022	49,194	827	6,244	56,265
At 30 June 2021	50,242	869	6,828	57,939

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YEAR ENDED 30 JUNE 2022

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Land and Buildings £000	Plant and Vehicles £000	Fixtures, Fittings and Equipment £000	Total £000
Cost				
At 1 July 2021	57,500	3,676	25,223	86,399
Additions	68	105	544	717
Disposals	-	-	(158)	(158)
At 30 June 2022	57,568	3,781	25,609	86,958
Accumulated Depreciation				
At 1 July 2021	8,116	3,103	18,395	29,614
Charge for year	894	86	1,128	2,108
Disposals	-	-	(158)	(158)
At 30 June 2022	9,010	3,189	19,365	31,564
Net Book Value				
At 30 June 2022	48,558	592	6,244	55,394
At 30 June 2021	49,384	573	6,828	56,785

17. INTANGIBLE ASSETS

Group and Company	2022 £000	2021 £000
Cost		
At 1 July	49,559	49,845
Additions	38,357	13,455
Disposals	(20,405)	(13,741)
At 30 June	67,511	49,559
Amortisation		
At 1 July	31,256	30,017
Charge for year	13,045	11,821
Provision for impairment	6,789	-
Reversal of prior period impairment	(1,094)	(258)
Disposals	(17,974)	(10,324)
At 30 June	32,022	31,256
Net Book Value		
At 30 June	35,489	18,303

	2022 No.	2022 £000	2021 No.	2021 £000
The number of players with a book value in excess of £1m by contract expiry date is as follows:				
Contract expiry within 1 year	-	-	1	1,326
Contract expiry within 2 years	1	1,906	4	9,570
Contract expiry within 3 years	2	5,727	2	5,685
Contract expiry within 4 years	7	16,700	-	-
	10	24,333	7	16,581

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17. INTANGIBLE ASSETS (CONTINUED)

No individual intangible asset included above accounted for more than 18% of the total net book value of the intangible assets (2021: 21%).

The impairment provision in the current year within the football segment reflects the Directors' view that the recoverable amount of the intangible asset is lower than the carrying value, as per Note 3(d) above, and recognises a write down to nil value. The impairment reversal in the current and prior years relate to previously impaired assets where some of the value was subsequently recovered.

18. INVESTMENTS

Subsidiaries

The Company's wholly owned subsidiary undertaking continues to be Celtic F.C. Limited, the main activity of which is the operation of a professional football club.

In turn, Celtic F.C. Limited holds 100% of the issued ordinary share capital in each of the following companies:

Subsidiary undertaking	Activity	Year End	No. of shares held
Protectevent Limited	Dormant	30 th June	500
Glasgow Eastern Developments Limited	Dormant	30 th June	2
The Celtic Football and Athletic Company Limited	Dormant	30 th June	2

These companies are registered in Scotland and are all included in the Consolidated Financial Statements. The companies are all registered at Celtic Park, Glasgow, G40 3RE.

Other investments

The Company also holds an investment of 2.38% in the equity share capital of The Scottish Professional Football League Limited, a company registered in Scotland.

19. INVENTORIES

	2022 Group £000	2021 Group £000	2022 Company £000	2021 Company £000
Raw materials	56	31	-	-
Finished goods	2,931	3,829	-	-
	<u>2,987</u>	<u>3,860</u>	<u>-</u>	<u>-</u>

Inventories written down during the year amounted to £0.38m (2021: £0.23m).

20. DEFERRED TAX

Group

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing Covid-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were enacted in the Finance Act 2021 on 10 June 2021. Therefore, deferred taxes on the Balance Sheet have been measured at 25% (2021: 25%) which represents the future corporation tax rate that was enacted at the Balance Sheet date.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

20. DEFERRED TAX (CONTINUED)

The movement on the deferred tax account is as shown below:

	2022	2021
	£000	£000
At 1 July	2,793	1,366
<i>Recognised in Consolidated Statement of Comprehensive Income</i>		
Origination of temporary timing differences	189	1,496
Adjustments in respect of prior periods	-	(69)
At 30 June	2,982	2,793

Deferred tax assets have been recognised in respect of all temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered in the foreseeable future. A deferred tax asset of £1.4m (2021: £2.1m) has not been recognised as it is not probable, at this time, that there will be sufficient taxable profits for this asset to be received against in the foreseeable future.

Details of the deferred tax asset and liability, and amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

	Asset	Liability	Net	Charged/(credited) to Consolidated Statement of Comprehensive Income
	2022	2022	2022	2022
	£000	£000	£000	£000
Accelerated capital allowances	-	(3,073)	(3,073)	206
Short term temporary differences	91	-	91	(17)
Tax assets/(liabilities)	91	(3,073)	(2,982)	189
Net tax assets/(liabilities)	91	(3,073)	(2,982)	189
	Asset	Liability	Net	Charged/(credited) to Consolidated Statement of Comprehensive Income
	2021	2021	2021	2021
	£000	£000	£000	£000
Accelerated capital allowances	-	(2,867)	(2,867)	1,142
Short term temporary differences	74	-	74	285
Tax assets/(liabilities)	74	(2,867)	(2,793)	1,427
Net tax assets/(liabilities)	74	(2,867)	(2,793)	1,427

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2022

20. DEFERRED TAX (CONTINUED)

Company

The movement on the deferred tax account is as shown below:

	2022	2021
	£000	£000
At 1 July	2,927	1,701
<i>Recognised in Company Statement of Comprehensive Income</i>		
Origination of temporary timing differences	146	1,034
Adjustments in respect of prior periods	-	192
At 30 June	3,073	2,927

Details of the deferred tax asset and liability, and amounts recognised in the Consolidated Statement of Comprehensive Income are as follows:

	Asset	Liability	Net	Charged/(credited) to Statement of Comprehensive Income
	2022	2022	2022	2022
	£000	£000	£000	£000
Accelerated capital allowances	-	(3,094)	(3,094)	163
Short term temporary differences	21	-	21	(17)
Tax assets/(liabilities)	21	(3,094)	(3,073)	146
Net tax assets/(liabilities)	21	(3,094)	(3,073)	146

	Asset	Liability	Net	Charged/(credited) to Statement of Comprehensive Income
	2021	2021	2021	2021
	£000	£000	£000	£000
Accelerated capital allowances	-	(2,931)	(2,931)	1,151
Short term temporary differences	4	-	4	75
Tax assets/(liabilities)	4	(2,931)	(2,927)	1,226
Net tax assets/(liabilities)	4	(2,931)	(2,927)	1,226

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

21. TRADE AND OTHER RECEIVABLES

	2022 Group £000	2021 Group £000	2022 Company £000	2021 Company £000
Trade receivables	38,627	25,624	30,367	18,662
Provision for doubtful debts (see below)	(350)	(494)	-	-
	<u>38,277</u>	<u>25,130</u>	<u>30,367</u>	<u>18,662</u>
Prepayments and accrued income	2,528	2,010	154	321
Other receivables	10,052	7,327	8,690	5,824
Corporation Tax	510	609	-	-
	<u>51,367</u>	<u>35,076</u>	<u>39,211</u>	<u>24,807</u>

Amounts falling due after more than one year included above are:

	2022 Group £000	2021 Group £000	2022 Company £000	2021 Company £000
Trade receivables	<u>13,000</u>	<u>11,312</u>	<u>13,000</u>	<u>11,312</u>

The movement in the provision for doubtful debts was as follows:	2022 Group £000	2021 Group £000	2022 Company £000	2021 Company £000
Opening balance	494	329	-	20
Balances written off	(109)	(34)	-	(20)
Change in provision	(35)	199	-	-
Closing balance	<u>350</u>	<u>494</u>	<u>-</u>	<u>-</u>

For the sale of goods that are subject to credit terms, the average credit period offered to customers is 30 days. No interest is charged on outstanding trade receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime Expected Credit Loss in full using the simplified model. The expected credit losses on trade receivables are estimated by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor is subject to insolvency proceedings.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience shows significantly different loss patterns for different transactions, the provision for loss allowance based on past due status is presented for regular trade receivables excluding amounts due in relation to the disposal of intangible assets due to the specific nature of these transactions and the timing of the associated cash flows. Note that in each of the tables below the total receivables balance considered under IFRS9 has been adjusted to strip out football debts and any other significant material items which are not yet due as at the year end and are not considered to be of any risk of non-recovery.

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2022

21. TRADE AND OTHER RECEIVABLES (CONTINUED)

At 30 June 2022 the lifetime expected loss provision for trade receivables is as follows:

	Trade receivables – days past due					Total
	Not past due	<30	31-60	61-90	>90	
Expected Credit Loss Gross Carrying Amount (£000)	0.00%	0.00%	1.91%	1.76%	72.59%	
Loss Provision (£000)	2,172	5,278	147	25	477	8,099
	-	-	3	1	346	350

At 30 June 2021 the lifetime expected loss provision for trade receivables is as follows:

	Trade receivables – days past due					Total
	Not past due	<30	31-60	61-90	>90	
Expected Credit Loss Gross Carrying Amount (£000)	0.00%	0.01%	8.48%	4.31%	73.78%	
Loss Provision (£000)	2,885	3,525	23	104	660	7,197
	-	-	2	5	487	494

The expected loss rates are based on the Group's historical credit losses on receivables, excluding those for the disposal of intangible assets and other balances deemed to be not applicable to the calculation, experienced over the three year period prior to the period end. Receivables greater than 30 days are considered past due and all non-current receivables are due within 3 years of 30 June 2022. None of those receivables has been subject to a significant increase in credit risk since initial recognition and, consequently, there are no lifetime expected credit losses for non-current receivables.

As at 30 June 2022 trade receivables of £0.25m (2021: £0.30m) had lifetime expected credit losses of the full value of the receivables. These relate to various customers where the receivable is not expected to be recoverable based on specific factors such as past default experience, general economic conditions of the industry and companies in administration.

22. CASH AND CASH EQUIVALENTS

	2022 Group £000	2021 Group £000	2022 Company £000	2021 Company £000
Cash at bank	31,848	19,437	31,234	16,839
Cash on hand	21	22	-	-
Cash and cash equivalents	<u>31,869</u>	<u>19,459</u>	<u>31,234</u>	<u>16,839</u>

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

23. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid			2021 £000
	2022 No. '000	2021 No. '000	2022 No. '000	2022 £000	2021 No. '000	
Group and Company						
Equity						
Ordinary Shares of 1p each	223,714	223,680	94,490	945	94,421	944
Deferred Shares of 1p each	677,846	676,246	677,846	6,778	676,246	6,762
Convertible Preferred Ordinary Shares of £1 each	14,706	14,722	12,718	12,718	12,734	12,734
Non-equity						
Convertible Cumulative Preference Shares of 60p each	18,297	18,298	15,797	9,478	15,798	9,479
Less reallocated to debt under IAS 32:						
Initial debt				(2,753)		(2,753)
	934,563	932,946	800,851	27,166	799,199	27,166

The Convertible Preferred Ordinary Shares ("CPO") may be converted into Ordinary Shares and Deferred Shares on the election of the shareholder. Each Convertible Preferred Ordinary Share converts into 2.08 Ordinary Shares and 97.92 Deferred Shares. During the year to 30 June 2022 16,039 CPOs were converted to 33,361 Ordinary Shares. Since 30 June 2022 and up to 16 September 2022, the last practicable date before publication, no request for conversion of Convertible Preferred Ordinary Shares have been received.

Each CCP of 60p carries the right, subject to the availability of distributable profits, to the payment of a fixed cumulative preference dividend equal to 6% (less tax credit deduction) of its nominal value. This dividend right started accruing from 1 July 1996, approximately six months after the CCPs were issued, with the first dividend payment made on 31 August 1997. Holders of CCPs are also entitled to convert each share into one Ordinary Share of 1p and 59 Deferred Shares of 1p each. On 31 August 2021, 35,938 new Ordinary Shares of 1p each were issued in respect of mandates received from holders of Convertible Cumulative Preference Shares ("CCPs") to reinvest their dividends. During the year ended 30 June 2022, there were 500 CCPs conversions. Since 30 June 2022 and up to 16 September 2022, the last practicable date before publication, no request for conversion of CCPs have been received. The Ordinary Shares of 1p each, arising on conversion rank pari passu in all respects with the existing Ordinary Shares of 1p each. The Deferred Shares are non-transferable, carry no voting rights, no class rights and have no valuable economic rights.

On 31 August 2022, 34,979 new Ordinary Shares of 1p each were issued in respect of mandates received from holders of CCPs to reinvest their dividends.

As the CCPs are compound financial instruments, on initial recognition, an amount equivalent to the present value of the future cash dividend payments (calculated by reference to the Company's then incremental borrowing rate of 23.98%) was recognised as a financial liability. That financial liability was subsequently measured at amortised cost using the effective interest rate of 23.42%. The current carrying value of the financial liability element of the CCPs in the Balance Sheet is £4.17m (2021: £4.17m). The difference between that liability and the amount initially recognised as debt arose as a result of interest expense charged during the initial period before dividends became payable.

As the CCPs are converted, the carrying amount of the financial liability related to that share is transferred between the CCP liability and share capital.

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YEAR ENDED 30 JUNE 2022

23. SHARE CAPITAL (CONTINUED)

Reconciliation of number of Ordinary Shares in issue:	2022	2021
	No. '000	No. '000
Opening balance	94,421	94,292
Shares issued re scrip dividend scheme	36	56
Shares issued re Convertible Preferred Ordinary Share conversions	33	73
Shares issued re Preference Share conversions	-	-
Closing balance	<u>94,490</u>	<u>94,421</u>

Reconciliation of number of Deferred Shares in issue:	2022	2021
	No. '000	No. '000
Opening balance	676,246	672,833
Shares issued re Convertible Preferred Ordinary Share conversions	1,570	3,413
Shares issued re Preference Share conversions	30	-
Closing balance	<u>677,846</u>	<u>676,246</u>

Reconciliation of number of Convertible Preferred Ordinary Shares in issue:	2022	2021
	No. '000	No. '000
Opening balance	12,734	12,769
Convertible Preferred Ordinary Share conversions to Ordinary and Deferred Shares	(16)	(35)
Closing balance	<u>12,718</u>	<u>12,734</u>

Reconciliation of number of Convertible Cumulative Preference Shares in issue:	2022	2021
	No. '000	No. '000
Opening balance	15,798	15,798
Convertible Cumulative Preference Share conversions to Ordinary and Deferred Shares	(1)	-
Closing balance	<u>15,797</u>	<u>15,798</u>

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2022

24. RESERVES

In accordance with Resolution No 8 at the 2002 Annual General Meeting and the Court Order obtained on 9 May 2003, the previous Share Premium Account balance was cancelled and transferred to the Other Reserve. Included in this reserve is an amount equal to three times the Executive Club loans, currently equal to £300,000 (2021: £300,000) which will remain non-distributable until such loans are repaid by the Company.

On issue, the CPOs also had rights to fixed dividend for a set period, which has now expired. In consequence, they were treated as a compound financial instrument with a proportion of the share capital being recognised as a liability, measured at the present value of the fixed dividend. As the initial liability amount remained capital of the Company, an amount equivalent to the initially recognised liability was transferred to the Capital Reserve from retained earnings.

As the rights to dividend have now expired and the liability has been eliminated, the Capital Reserve was transferred to Share Capital in 2017. The amount recognised within share capital in respect of the CPOs now represents the full nominal value of the shares that remain unconverted at the Balance Sheet date. There has been no impact on the overall capital position of the Company following this conversion.

The Share Premium account represents the accumulation of the premium recognised on the issue of Ordinary Shares. The increase in the year from £14.91m to £14.95m reflects the premium on the issue of Ordinary Shares arising from the scrip dividend.

Accumulated profits or losses represents the accumulated profits or losses of the Group or Company, net of distributions made.

25. BORROWINGS – Group and Company

	2022 £000	2021 £000
Current portion of interest bearing liabilities	1,236	1,236
Other current borrowings	100	100
Non current portion of interest bearing liabilities	314	1,549
	1,650	2,885

The interest bearing liabilities as at 30 June 2022 are represented by loans from The Co-operative Bank. These loans bear interest at the Sterling Overnight Interbank Average Rate plus 3%. The loans are floating rate loans and therefore expose the Group to cash flow risk. The Group has the option to repay the loans earlier than the maturity dates without penalty. The bank loans are secured over Celtic Park, land adjoining the stadium and at Westhorn and Lennoxton.

26. TRADE AND OTHER PAYABLES (CURRENT)

	2022 Group £000	2021 Group £000	2022 Company £000	2021 Company £000
Accrued expenses	13,242	12,511	4,022	5,288
Trade and other payables	23,516	7,712	17,975	5,705
Leasehold liabilities (Note 30)	539	645	-	-
Corporation tax	-	-	99	-
Amounts owing to Group companies	-	-	40,944	21,538
	37,297	20,868	63,040	32,531

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

27. TRADE AND OTHER PAYABLES (NON CURRENT)

	2022 Group £000	2021 Group £000	2022 Company £000	2021 Company £000
Trade and other payables	16,806	4,043	16,806	4,043
Leasehold liabilities (Note 30)	318	540	-	-
	17,124	4,583	16,806	4,043

28. PROVISIONS

Group

	Total £000
Cost	
At 1 July 2021	6,312
Provided during the year	2,332
Release of provision	(120)
Utilised during the year	(60)
At 30 June 2022	8,464
Due within one year or less	8,350
Due after more than one year	114
At 30 June 2022	8,464

Company

	Total £000
Cost	
At 1 July 2021	6,143
Provided during the year	2,332
Release of provision	(98)
Utilised during the year	(60)
At 30 June 2022	8,317
Due within one year or less	8,317
Due after more than one year	-
At 30 June 2022	8,317

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

28. PROVISIONS (CONTINUED)

The Group provides for dilapidations on retail outlets and certain commercial contracts. The opening balance on dilapidations was £0.2m and the closing balance was £0.1m with £0.02m released during the year due to the closure of the Dublin store. These provisions in respect of dilapidations are expected to unwind over the terms of the contracts associated with them.

In addition, and in common with businesses who undertake the breadth of activities conducted by the Group and Company, the Group and Company are periodically subject to disputes and claims and as such, provisions have been recognised in respect of employer and public liability claims for amounts which, as assessed at the Balance Sheet date, may be payable in the future and can be reliably estimated. The Group and Company carry appropriate insurance and recognise the relevant corresponding sums within debtors. No separate disclosure is made in relation to such claims, proceedings or matters as to do so could seriously prejudice the position of the Group and Company.

29. DEFERRED INCOME

	2022 Group £000	2021 Group £000	2022 Company £000	2021 Company £000
Income deferred less than one year	31,469	24,091	-	-

Deferred income comprises season ticket, sponsorship and other elements of income, which have been received prior to the year-end in respect of the following football season. The opening balance of £24.1m has been fully recognised in the Statement of Comprehensive Income for the year ended 30 June 2022 and the closing balance of £31.5m will be recognised in the year ended 30 June 2023.

30. LEASES

All leases are accounted for by recognising a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Nature of Leasing activities

The Group leases various retail units located in the UK and Ireland and includes high street stores and units within shopping centres. As at 30 June 2022 there were 9 such leases in place with end dates ranging from December 2022 to January 2025. Some of the agreements have extension options as described below and the Group will consider whether to exercise these on individual basis, taking into account industry conditions at the relevant point in time, and determine whether to exercise the options under current terms, re-negotiate for more favourable conditions or terminate. The lease agreements currently in place do not impose any covenants and leased assets may not be used as security for borrowing purposes.

In addition the Group also leases a fleet of vehicles as well as some individual vehicles which cover the provision of contracted employee cars and general usage for Club activities. The end dates vary across the different categories of vehicles included.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

30. LEASES (CONTINUED)

The corresponding balances and movements for the year ended 30 June 2022 are as below. The right of use assets are included within 'Land and Buildings' and 'Plant and Vehicles' respectively in Note 16 with the Lease Liabilities shown within Note 26 'Trade and Other Payables'.

At 30 June 2022:

Right of Use Assets

	Land & Buildings £000	Plant & Vehicles £000	TOTAL £000
At 30 June 2021	858	296	1,154
Additions	256	89	345
Disposals – Cost	(597)	(206)	(803)
Depreciation on disposals	597	206	803
Depreciation	(478)	(150)	(628)
At 30 June 2022	636	235	871

Lease Liabilities

	Land & Buildings £000	Plant & Vehicles £000	TOTAL £000
At 30 June 2021	891	294	1,185
Additions	256	89	345
Interest expense	57	8	65
Lease payments	(577)	(161)	(738)
At 30 June 2022	627	230	857
Lease liabilities < 1 year	380	159	539
Lease liabilities > 1 year	247	71	318
Total lease liabilities	627	230	857

At 30 June 2021:

Right of Use Assets

	Land & Buildings £000	Plant & Vehicles £000	TOTAL £000
At 30 June 2020	1,095	35	1,130
Additions	190	368	558
Depreciation	(427)	(107)	(534)
At 30 June 2021	858	296	1,154

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

30. LEASES (CONTINUED)

Lease Liabilities

	Land & Buildings £000	Plant & Vehicles £000	TOTAL £000
At 30 June 2020	1,206	35	1,241
Additions	298	367	665
Interest expense	41	5	46
Lease payments	(654)	(113)	(767)
At 30 June 2021	891	294	1,185
Lease liabilities < 1 year	500	145	645
Lease liabilities > 1 year	391	149	540
Total lease liabilities	891	294	1,185

At 30 June 2022

	Up to 3 months £000	Between 3 – 12 months £000	Between 1 – 2 years £000	Between 2 – 5 years £000	Over 5 years £000
Leases	1	176	249	431	-

At 30 June 2021

	Up to 3 months £000	Between 3 – 12 months £000	Between 1 – 2 years £000	Between 2 – 5 years £000	Over 5 years £000
Leases	198	447	398	142	-

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2022

31. NOTES TO THE CASH FLOW STATEMENT – Group and Company

Analysis of change in debt

	Non-current loans and borrowings £000	Current loans and borrowings £000	Debt element of Convertible Cumulative Preference Shares £000	Total £000
At 1 July 2021.	1,600	1,380	4,174	7,154
Cash flows	-	(1,280)	-	(1,280)
Non-cash flows:	-	-	-	-
-Loans and borrowings classified as non-current at 30 June 2021 becoming current during 2022	(1,280)	1,280	-	-
At 30 June 2022	320	1,380	4,174	5,874

	Non-current loans and borrowings £000	Current loans and borrowings £000	Debt element of Convertible Cumulative Preference Shares £000	Total £000
At 1 July 2020	2,880	1,380	4,174	8,434
Cash flows	-	(1,280)	-	(1,280)
Non-cash flows:	-	-	-	-
-Loans and borrowings classified as non-current at 30 June 2020 becoming current during 2021	(1,280)	1,280	-	-
At 30 June 2021	1,600	1,380	4,174	7,154

Cash flows represent the repayment of loans.

The Group's non-equity Convertible Cumulative Preference Shares are convertible to equity shares on or any time after 1 July 2001 at the discretion of the shareholder. Non-cash flows in relation to these represent the transfer of non-equity Convertible Cumulative Preference Shares to equity shares (Ordinary and Deferred) in the year.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

32. CAPITAL AND OTHER FINANCIAL COMMITMENTS

a. Capital commitments

	2022	2021
Group and Company	£000	£000
Authorised and contracted for	<u>406</u>	<u>85</u>

b. Other commitments

Lease payments recognised in the Consolidated Statement of Comprehensive Income for the period which have not been accounted for under IFRS 16 amounted to £0.04m (2021: £0.06m).

c. Contingent transfer fees payable/receivable

Under the terms of certain contracts with other football clubs in respect of the transfer of player registrations, additional amounts would be payable and/or receivable by the Group if specific future conditions are met. Such future conditions could include first team competitive appearances, football success in specified competitions, international appearances and contracts continuing beyond existing break-clauses which the Group has the ability to exercise. Amounts in respect of such contracts at 30 June 2022 are noted below:

	2022	2021
Group and Company	£000	£000
Conditions for triggering additional amounts payable:		
Appearances	798	1,706
Success achievements	8,635	2,987
Registered at a future pre-determined date	930	381
	<u>10,363</u>	<u>5,074</u>
 Number of players contingent transfer fees payable relates to:	 <u>40</u>	 <u>33</u>
 Group and Company	 £000	 £000
Conditions for triggering additional amounts receivable:		
Appearances	5,617	3,076
Success achievements	13,198	4,029
	<u>18,815</u>	<u>7,105</u>
 Number of players contingent transfer fees receivable relates to:	 <u>17</u>	 <u>11</u>

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

33. FINANCIAL INSTRUMENTS – Group and Company

Classes and categories of financial instruments and their fair values

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments; and
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value).

30 June 2022	Fair Value through Profit and Loss £000	Amortised Cost £000	Total £000
	Cash	-	31,869
Trade Receivables	-	49,278	49,278
Trade Payables	-	54,199	54,199
Bank Borrowings	-	1,549	1,549
Other Creditors	-	100	100
Lease Liabilities	-	857	857
Convertible Cumulative Preference Shares	-	4,174	4,174
Foreign Exchange Forward	69	-	-

30 June 2021	Fair Value through Profit and Loss £000	Amortised Cost £000	Total £000
	Cash	-	19,459
Trade Receivables	-	33,575	33,575
Trade Payables	-	24,266	24,266
Bank Borrowings	-	2,785	2,785
Other Creditors	-	100	100
Lease Liabilities	-	1,185	1,185
Convertible Cumulative Preference Shares	-	4,174	4,174
Foreign Exchange Forward	-	-	-

Fair value of financial assets and financial liabilities

The fair value of the Group and Company's financial assets and liabilities, as defined above, are not materially different to their book value with the exception of the debt element of the Convertible Cumulative Preference Shares, the fair value of which is considered to be £9.08m (2021: £9.08m). The fair value of the debt element of the compound financial instruments has been calculated by reference to the discounted value of future cash flows.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

33. FINANCIAL INSTRUMENTS – Group and Company (CONTINUED)

Financial risk management objectives & policies

The main purpose of these financial instruments is to finance the Group's operations.

The principal risks arising from the Group's and the Company's financial instruments are market rate risk, credit risk and liquidity risk. The majority of the volume of transactions undertaken in the year are in Sterling; however a small number of high value transactions related to UEFA payments are denominated in Euro and the Group and Company is therefore exposed to foreign exchange risk for these transactions. Where appropriate, the Group and Company may hedge their position utilising forward contracts. In the Directors' assessment, the principal risks remain unchanged from 2021.

The Group has exposure to the following risks from its use of financial instruments:

- (i) Market risk;
- (ii) Credit risk; and
- (iii) Liquidity risk.

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risk.

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3(f).

(i) Market Risk

The Group's activities expose it primarily to the financial risk of changes in interest rates.

Interest Rate Risk

The Group is exposed to interest rate risk because the working capital of the Group and Company is funded largely by a combination of existing cash reserves and bank borrowings. As at 30 June 2022 the Group and Company has a £14.6m (2021: £15.9m) facility with The Co-operative Bank PLC, of which £13.0m (2021: £13.0m) is in the form of a Revolving Credit Facility ("RCF") and £1.6m (2021: £2.9m) in long-term loans. While the nature of the RCF results in the application of a floating rate, the loans offer the possibility to lock into a longer-term interest rate.

During 2021/22, fixed rate periods were for three months and the average balance on the loans was £2.1m (2021: £3.5m). During the course of the year, the average balance on the RCF was £nil (2021: £nil) as no draw downs were made.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

33. FINANCIAL INSTRUMENTS – Group and Company (CONTINUED)

Interest rate sensitivity analysis

Based on the average levels of debt in the year to 30 June 2022 it is estimated that a 1% increase in interest rates would result in a net increase in finance costs, and thus reduction in profit and equity of £0.02m (2021: £0.03m). The calculation in both years incorporates the terms and conditions of the agreement with The Co-operative Bank at that time.

In times of interest rate volatility, executive management take advice as to the various instruments that may protect the Group and Company against increased costs, whether this be an interest rate cap, collar or other mechanisms. No such mechanisms were utilised during the year nor in 2021.

(ii) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

Trade receivables

Trade receivables are subject to standard payment terms and conditions. The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ('ECL'). The expected credit losses on trade receivables are estimated by reference to past default experience of the debtors and an analysis of debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Although the vast majority of individual transactions entered into with customers are low value, business objectives rely on maintaining a high quality customer base and place strong emphasis on good credit management. Prior to entering into significant contracts extensive credit checks on potential customers are carried out with the results having a strong bearing on the selection of trading partner. Executive management are responsible for most day-to-day aspects of credit management although contracts of significance, in terms being in excess of a predetermined value, are referred to the Board.

Trade receivables, where the credit terms extend beyond the Group's standard credit terms, are recorded at fair value using the discounted cash flow method.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

As at 30 June 2022, £0.60m representing 1.55% of trade receivables of the Group of £38.74m (2021: £25.06m) were past due but not impaired (2021: £0.10m, 0.42%). For the Company, there are no balances past due but not impaired (2021: £nil) from the total receivables of £31.09m (2021: £18.68m). Group trade receivables of £0.25m (2021: £0.30m) were considered to be impaired at the year-end due to the aging profile of the balances and management's assessment of the likely outcome. Details of trade receivables are included in Note 21.

The Group deposits surplus funds in a number of banks in accordance with the Group's treasury management policy based on internal credit limits aligned with Moody's ratings in order to restrict credit risk to financial assets in the form of monetary deposits.

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2022

33. FINANCIAL INSTRUMENTS – Group and Company (CONTINUED)

(iii) Liquidity Risk

The financial liabilities of the Group and Company, principally trade payables and bank borrowings, are repayable in accordance with the respective trading and lending terms entered into by the Group. Trade and other payables are payable monthly in arrears where undisputed or alternatively in accordance with particular contract terms. As at 30 June 2022, 22% of trade payables of the Group were due to be paid within one month (2021: 19%) and 2% of trade payables of the Company were due to be paid within one month (2021: 3%). The nature of other payables is such that amounts due will crystallise within a 3 month period.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The cash flow related to the maturity of the bank borrowings (inclusive of interest) of the Group and Company is as set out below.

	2022 Group £000	2022 Group £000	2022 Group £000	2022 Group £000	2022 Group £000
	Due between 0 to 3 months	Due between 3 to 12 months	Due between 1 to 5 years	Due after 5 years	Total
Non-current borrowings	9	27	274	-	310
Current portion of borrowings	333	1,000	-	-	1,333
Total	342	1,027	274	-	1,643

	2021 Group £000	2021 Group £000	2021 Group £000	2021 Group £000	2021 Group £000
	Due between 0 to 3 months	Due between 3 to 12 months	Due between 1 to 5 years	Due after 5 years	Total
Non-current borrowings	21	64	1,594	-	1,679
Current portion of borrowings	332	997	-	-	1,329
Total	353	1,061	1,594	-	3,008

Other loans held by the Company of £0.10m (2021: £0.10m) are repayable on demand.

The Company's financial liabilities include the annual payment of £0.57m (2021: £0.57m) in respect of the Convertible Cumulative Preference Share dividends. At the Balance Sheet date, based on the available information, the future cash flows of this liability are £0.57m in perpetuity.

Celtic plc

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

33. FINANCIAL INSTRUMENTS – Group and Company (CONTINUED)

The Group and Company prepare annual budgets including a cash flow forecast. Monthly management accounts are produced which report performance against budget and provide a forecast of the annual financial performance and cash flow. This is monitored closely by the executive management and corrective action taken where appropriate.

The bank loans and RCF in existence as at 30 June 2022 bear interest at SONIA plus 3% (2021: 3%) and base rate plus 3% (2021: 3%) respectively. The other loans of the Group and Company are interest free. It is the Group and Company policy to secure funding at the most cost-effective rates of interest available to the Group.

The available bank facilities as at 30 June 2022 were £14.6m (2021: £15.9m), of which £1.6m is represented by long-term loans and £13.0m by RCF (2021: £2.9m).

Compound financial instruments

The Company's non-equity Convertible Cumulative Preference Shares are convertible to equity (Ordinary and Deferred) shares on or any time after 1 July 2001 at the discretion of the shareholder. Until these shares are converted to equity, the holders are entitled to a fixed dividend of 6%.

Capital management

The Group and Company's capital base is as set out in the Statement of Changes in Equity and in Notes 23 and 24 (Share Capital and Reserves respectively). It is the policy of the Board that trading plans should result in cash positive results, providing shareholder value and satisfying all dividend requirements. The Board consider carefully all significant capital projects and where necessary ensures that the funding of such is achieved through utilisation of the most appropriate funding mechanism whether borrowings or additional equity.

The Board considers all these things by reference to projected costings and budgets, taking into account funding structures and sources and its overall objectives and policies to mitigate risk. Neither the Group nor Company is subject to any regulatory capital requirements.

34. POST BALANCE SHEET EVENTS

Since the Balance Sheet date, the Group secured the permanent registrations of Sead Haksabanovic, Aaron Mooy alongside the temporary transfers of Moritz Jenz and Oliver Abildgaard.

The registration of Christopher Jullien and Boli Bolingoli-Mbombo was disposed of on a permanent basis. The registrations of Ismaila Soro, Albian Ajeti, Mikey Johnston, Vasilis Barkas, Liam Scales, Osaze Urhoghide, Liam Shaw, Adam Montgomery and Johnny Kenny were temporarily transferred to other clubs.

35. RELATED PARTY TRANSACTIONS

Celtic plc undertakes related party transactions with its subsidiary company Celtic F.C. Limited which are governed by a management services agreement. This agreement covers the recharge of certain direct expenditure and income, where applicable, from Celtic plc to Celtic F.C. Limited as well as the rental of certain properties at Celtic Park to Celtic F.C. Limited. The amount recharged in the year by Celtic plc to Celtic F.C. Limited was £30.03m (2021: £14.62m) with £40.9m (2021: £21.54m) owed from the Parent Company at the Balance Sheet date.

Key management personnel are deemed to be the Directors and the salaries paid to them have been disclosed in Note 10.