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Risk in the activities of football companies on the example of Olympique Lyonnais and GKS Katowice

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Abstract:

Purpose: The aim of the paper is to present the economic situation of two publicly listed companies: GKS Katowice (Poland) and Olympique Lyonnais (France). Both enterprises have different ownership models: Olympique Lyonnais is a privately owned club, and GKS Katowice belongs to a municipal government. However, both clubs operate in the realities of different market economic system (Poland and France) and also at a different level of economic development. It is common that football companies function under uncertainty and risk. This is heightened by additional characteristic factors for this type of activity such as uncertainty of outcome in sports competition. The adoption of professional sport activities also automatically runs to the risk, but this is not the only problem that the company has to face. In addition, both clubs had to deal with new challenges: COVID-19 pandemic and lockdowns. The paper presented the functioning of both football companies during the COVID-19 pandemic and lockdowns.

Design/methodology/approach: The first part of this research study discusses some particular points of the business strategy and risk management in the context of football companies' management. The economic and financial situation of two football companies is presented, namely: Olympique Lyonnais and GKS Katowice. The focus is on sports, economic and financial criteria to assess the standing of football companies. This paper combines the conclusions from secondary data analysis, content analysis of websites as well as qualitative and quantitative analysis. The study also employs a comparative analysis.

Findings: The COVID-19 pandemic and lockdowns have become a new reality for all football companies in Europe. It is thought that limiting basic financial sources of football companies might be a good lesson for future. Football companies need greater organizational efficiency and the search for modern forms to reach new fans with their message. The paper verifies positively hypothesis: the private model of ownership of a football club is more effective than the model of public ownership (municipal government).

Research and practical limitations/implications: Football companies are in the need to take several actions: a) continuously search for new sources of financing and diversification of

activities, b) conclude long sponsorship agreements. Building a solid financial foundation and looking into the future can help football companies get through times of various crises and the COVID-19 pandemic.

Originality/value: Contemporary football companies need recommendations and guidance in the area of business management. The conducted research provides material that may be helpful in better understanding the risk and uncertainty for football companies.

Keywords: competition, financial situation, football companies, revenue, risks.

Introduction

In the economic research literature, we can find references to the COVID-19 pandemic and professional football in Europe. There are discussed various issues, e.g., the great social importance of football in England and the subordination of health protection over sports competitions [Moore 2021], or the demand for public events – football matches [Reade, Singleton 2020]. There are also pointed out hurdles to the operation of the personal and business networks in the global football ecosystem [Parnell, Bond, Widdop, Cockayne 2021]. Furthermore, [Beiderbeck, Frevel, von der Gracht, Schmidt, Schweitzer 2021] carried out a Delphi-based scenario analysis and identified three different clusters of projections. The publicly traded football clubs, which focus on product diversification, fared well during the COVID-19 pandemic. At the same time, geographic diversification of football clubs brought some negative effects, e.g., it referred to the large share of international sponsors and conducting overseas marketing tours [Fühner, Schmidt, Schreyer 2020]. The development of sport entrepreneurship turned out to be an important phenomenon for football clubs during COVID-19 [Hammerschmidt, Durst, Kraus, Puumalainen, 2021]. The effects of the COVID-19 pandemic and lockdowns will be felt by football companies from Europe for a long time to come [Grabowski 2021].

The total revenues of football clubs amounted to €23 billion in Europe in 2021. According to UEFA forecasts, with the ongoing COVID-19 pandemic, the turnover would drop to €20.7 billion in 2020 and to €20.4 billion in 2021. The structure of revenues was as follows: domestic broadcasting – €8.3 billion, sponsorship – €5.1 billion, gate receipts – €3.3 billion, revenue from UEFA – €2.8 billion, commercial – €1.8 billion, other – €1.7 billion. The following are the top Leagues in Europe by revenue: 1) England Premier League €5.864 billion, 2) Germany 1. Bundesliga €3.454 billion, and 5 place France Ligue 1 €1.892 billion. From January to July 2020, 27 (6 top division and 21 second division) football clubs experienced financial difficulties [UEFA 2021].

Sports enterprises are part of the service sector in their respective countries. They compete with other enterprises and institutions that offer the society various forms of spending free time. They are faced with the dilemmas of reconciling short-term and long-term goals as well as sports and economic goals. They are also certainly associated with the occurrence of risk and uncertainty. The former can be calculated using statistical methods, while the uncertainty is immeasurable [Akrelof, Shiller, 2009]. First of all, it should be assumed that a specific economic entity is dealing with a specific risk, and there is also a systematic risk on the market. They both together constitute a total risk. The company has no control over the risks that are shaped by the market or monetary authorities (central banks). The specific risk affects the company in question. One can protect oneself against these types of risk. In the case of the former, it can be done on the market, and in the case of the latter, as part of the company's internal activities [Borkowski, 2008]. This type of activity is characterized by the phenomenon of uncertainty (the final result of sports competition), as well as the problem of maintaining competitive balance within a given football league [Groot, 2008, Késenne, 2007].

The uncertainty of the game result is the factor that generates the most attention and the reason for watching matches directly in the stadium or on TV or through new media. Meanwhile, the balance

of enterprises competing with each other in sport is important for the course of the entire competition in the sports season. The domination of a small number of sports enterprises, with economic potential significantly different from other competitors, reduces the uncertainty as to the final result and the level of interest of fans [Borland, Macdonald, 2003].

The sports (football) companies discussed in this paper are at uneven stages of development and operate in different markets. Their structure of goals shows similarities and concerns sports and economic aspects, such as sporting success (on a national or international scale, consisting in being the most competitive, which is confirmed by the title of national or pan-European champion, being a champion in Champions League games) or increasing the number of audiences of a sporting event or own presence in the media. As a result, all of these factors can lead to an increase in revenues (and even profits).

The development of sports (football) companies depends on the degree of exploration of the sources of financing available to them. In this economic field, the main ones are the income obtained from the sale of: media rights, tickets and passes, merchandising, advertising space and sponsorship as well as fees for transferring players to other clubs. There is, however, a risk in the winding paths of development of a sports (football) company. This risk has its sources inside, in the closer and macro environment of the enterprise. The football companies in focus were studied to identify and analyze the risk and uncertainty of their operations. The outcomes provide classification of risk and uncertainty factors. The research took into account the content of reports published by sports companies .

Material & methods

The objective of this paper is to present the impact of risk and uncertainty on the European football companies from two different countries: France and Poland. There is a research gap that concerns the impact of the COVID-19 pandemic and lockdowns on the functioning and economic situation of football companies. The paper presents a case study about two stock companies from two different markets and countries in Europe: Olympique Lyonnais (France) and GKS Katowice (Poland).

The research problem, solving of which will allow the researcher to attain the study goal, is to find an answer to the following questions: *What is the economic and financial impact of the COVID-19 pandemic and lockdowns on football companies? What were the new risks and uncertainties encountered by the football companies of Olympique Lyonnais and GKS Katowice?*

The sources of research data are reports from the mentioned football companies, interviews and press releases. In addition, some data originated from scientific journals and online sources. The research process was conducted in two major stages. The first stage was a search query and an analysis of available data on the economic, financial, and sports situation of football companies in the period of the 2018/2019 – 2020/2021 season. The second stage comprised an analysis of the present condition of football companies in Europe and a presentation of statistical methods adopted for the analysis and results.

Results

The activity cycle of football companies consists of factors influencing competitiveness which, in turn, exerts influence on the risk of running the business. The sports result depends on the risk, and the economic result of football companies depends on it [Grabowski, 2014]. The outbreak of COVID-19 pandemic and the subsequent lockdowns were the phenomena that have not taken place to such an extent so far. They put great strain on the functioning of the football industry in Europe. The negative effects were visible, among others, on the European transfer market of football players. The COVID-19 pandemic impacted the value of players' transfers in European football. Total aggregate player transfers decreased in: France from €755 million to €474 million; and increase in Poland from PLN 157 million to PLN 206 million.

Changes in the financial situation of the individual football companies are presented below.

Olympique Lyonnais:

OL Groupe's shares are listed on Euronext Paris (Segment C) under ICB classification 40501030 (recreational services). The Group is composed of a holding company (OL Groupe), whose shares are listed on Euronext Paris. OL Groupe controls Olympique Lyonnais SASU (a single shareholder simplified share company), the entity that manages the Olympique Lyonnais football club, as well as owns and operates Groupama Stadium. The Group has six principal sources of revenue: ticketing; media and marketing rights; sponsoring and advertising; brand-related revenue (derivative products, video, etc.); events and player trading. The shareholders of Olympique Lyonnais (% of voting rights) are: Holnest (29.75%), IDG ¹(25.21%), Pathé²(24.59%), free float (20.46%). [OL Report 2020/2021].

The business profile has been determined and is based on the organization of sports events with the participation of Olympique Lyonnais and on the activity in the media market and in the entertainment industry. The holding consists of several entities that deal with merchandising (distribution and sale of OL products), travel agency services, production of sports equipment, production of television programs, hospitality, acquisition on the food service market (bars, cafes, restaurants, pubs), running beauty and hair salons, and managing a youth academy and advisory services on the real estate market.

Risk is divided into five main categories: 1) risk related to the COVID-19 pandemic, 2) risk related to the company's business, 3) risk related to the legal environment, 4) financial risks, 5) insurance and risk coverage.

Risk related to the company's business included such detailed categories as: a) the impact of sporting results on the Group, b) dependency on revenue from marketing and media rights and uncertainty surrounding the future number of such rights, c) dependence on the cancellation and non-renewal of sports sponsorship agreements, d) player's transfers, e) the loss of a key player's license, f) operation of Groupama Stadium and safety at Groupama Stadium, g) damage to the OL brand, h) the influence of the main shareholders or the departure of key personnel from the Group's activities and strategy.

Risk related to the legal environment included such detailed categories as: a) legal and regulatory constraints applicable to football activities and oversight of the Club by the national and European sporting authorities, b) illegal sporting practices. Financial risks included such detailed categories as: a) interest-rate risk, b) liquidity risks, c) exchange-rate risks.

Ligue de Football Professionnel (LFP) made a decision to halt the championship on the 28th matchday (no other major premier league in Europe has done it). Consequently, depriving all clubs, and particularly the biggest among them, of TV revenue (€300 million in 2019/20). The opportunity cost for Olympique following this decision amounted to over €110 million. Revenue and earnings went down in all financial sources: ticketing (from €41.8 million in 2018/2019 season to €35.5 million in 2019/2020 season), media and marketing rights (from €122 million to €97.6 million), sponsoring – advertising (from €31.3 million to €27.2 million), brand-related revenue (from €16 million to €13.6 million), events (from €9.7 million to € 6.7 million). The only increase occurred in sale of players from €88.2 million in 2018/2019 season to €90.9 million in 2019/2020 season (OL Group, Press Release, October 6, 2020).

In order to improve the cash position and strengthen shareholders equity, OL implemented an innovative program for players, coaches and staff of men's and women's professional teams. They

¹ IDG Capital (China) is a investment firm, focusing on developing extraordinary companies through their expertise in private equity, venture capital and mergers and acquisitions. IDG Capital bought 20% stake from OL for € 100 million in 2016. On March 9, 2017 there was created Beijing OL FC company (the OL Group owns 45% of the share capital and IDG European Sports Investment Ltd holding has 55%). Its purpose is to raise Olympique Lyonnais' profile, increase its brand value and exploit its know-how (particularly in player's training) in the People's Republic of China, Hong Kong, Macao, and Taiwan.

² Pathé is a film production and distribution company which owns a number of cinema chains and television networks across Europe.

converted part of their remuneration into Olympique Lyonnais Groupe share from 5% to 25% of salary for the period from February to June 2021. The planned size of the program predicted the minimum of €0.7 million and the maximum of €6.5 million in savings [OL Groupe, Press Release, April 1, 2021].

Financial results from the first 9 months of 2020/2021 season (period from July 1, 2000 to March 31, 2021) showed the direct and indirect impact of the Covid-19 pandemic on Olympique Lyonnais. The total revenue came down to €150 million by 44% from €265.7 million in the first nine months of 2019/2020. The financial losses included: a) ticketing of which French Ligue 1 and other matches (-92%) and of which European competitions (-100%) b) UEFA media rights (-61%); c) brand related revenue (-16%); d) major events (-100%), and seminars and stadium tours (-89%). Olympique Lyonnais estimated the negative financial impact of the pandemic on its total revenue at €135 million (excluding players' trading). The revenue from the sale of player registration recorded a shortfall of 39%. Only (domestic League) media rights showed an increase of 10%. OL has taken two PGE government guaranteed loans: the first loan of €92.6 million was arranged on July 23, 2000 and the second one of €76.4 million was arranged on December 18, 2020 [OL Groupe, Press Release, May 12, 2021].

Table 1. Financial situation of Olympique Lyonnais (2018/2019 season to 2020/2021season)

Indicators	2019	2020	2021
Revenue ^a	309	271,6	177,4
Net income/loss ^a	6.2	-36.5	-107
Equity ^a	266.4	230.1	121.8
Liabilities ^a	363.251	473.176	576.45
Intangible assets ^a	89.478	179.204	136.364
Cash flow from operations activities ^a	2.6	-43.386	-16.074
Cash flow from investing activities ^a	20.221	81.93	-34.26
Cash flow from financing activities ^a	-19.965	-17.604	87.394
Employment (in Person)	490	552	547

Source: own study based on Annual Reports of Olympique Lyonnais, ^aAmounts in EUR millions.

The financial results of the 2018/2019 season show decrease of total revenue from € 309 million to € 177,4 million. After reaching the net income in the 2018/2019 season, the two seasons to follow generated a net loss of € 36.5 million and € 107 million respectively. OL's equity recorded a decline as well as its liabilities (non-current and current) decreased from € 363.251 million (2019/2020season) to € 576.45 million (2020/2021season). Interestingly, employment was not adversely affected by the pandemic due to the continuation of infrastructural investments.

The COVID-19 pandemic has impacted on the OL Group's activities. Public health restrictions halted activities at Groupama Stadium (ticketing and events). First, there were no spectators allowed to sports events from October 2020 onwards and then the number of spectators was restricted. As a result of restrictions on access to matches by spectators, the Group also faced a drop in revenue from merchandising as physical stores were closed for a month during the lockdown period. Furthermore, event business was in a total standstill as a result of public health restrictions implemented by the French government. In addition, there were still problems with the performance of Mediapro broadcaster connected with the payments of media rights, while the media rights for Ligue 1 matches become Amazon (Prime Video) from 2021 to 2024. The financial impact of the pandemic on OL Group amounted to a €63 million fall in revenues (compared to the 2019/2020 season) with the breakdown to: €33.5 million in ticketing, €28.5

million in media rights, €5.6 million in events, and €1.6 million in brand-related revenue. As a positive aspect, it should be noted that OL Group managed to sign new partnerships (sponsoring arrangement) with Emirates Airline, Adidas, Groupama, and Ali Express. OL Group also benefited from the government aid in deferring and spreading social security payments. The 2020/2021 financial brought OL Group a net loss of €107 million. [OL Group Financial Year 2020/2021].

Chairman of Olympique Lyonnais Jean-Michel Aulas about 2020/2021 Season: “Before Covid-19 struck, we

had delivered record financial results. But the public health crisis brought on other crises, such as the premature halt to the Ligue 1 championship in France and a broadcaster’s default on domestic media right payments. We do not intend to rehash here the mistakes made by various parties, but instead to point out that our model has adapted and moved forward, reconnecting with our fans and with Lyon. We have turned these difficulties into new opportunities by revisiting everything we do, safeguarding our business model and protecting our cash holdings”[Olympique Lyonnais Group, Financial Year 2020/2021].

Investment: “The Metropolitan Lyon authorities recently approved the amended land-use plan, clearing the way for a project such as the indoor arena to go ahead at the brownfield site. We have tweaked the plans considerably to fit contemporary concerns and future challenges. The building’s size has been scaled down by 11%, with unbuilt spaces set to account for 30% of the plot. The indoor arena’s rooftop will feature space for both greenery and photovoltaic panels. Working with the metropolitan authorities, we are considering additional environmental features to support the development of the entire OL ecosystem. The venue will be purpose-built for sport, hosting ASVEL’s Euroleague matches among other sporting events, for eSport and for concerts. Delivery is scheduled for late 2023. Lastly, we recently signed a major contract that will help secure our project’s future. The non-exclusive, 15-year commercial agreement with Live Nation, the world’s premier entertainment group, will bring a packed line-up of international stars to the indoor arena, supporting its busy schedule of sporting events”[Olympique Lyonnais Group, Financial Year 2020/2021].

Future: “The pandemic has shown that we have the right business model, and our ability to adapt and to innovate has kept us right on track. We will not drop our guard – we are cautious by nature, after all – but there’s now the prospect of our business model firing up again and delivering its full potential. We expect things to gradually turn around in 2021/22, and we plan to launch a new three-year plan for 2022 to 2025, which, I firmly believe, will produce first-class performance both on the pitch and on the bottom line”[Olympique Lyonnais Group, Financial Year 2020/2021].

GKS GieKSa Katowice S.A.

GKS GieKSa Katowice S.A. is a multi-section sports club. The club runs professional football teams for women (Ekstraliga) and men (I Liga), volleyball (Plus Liga) and ice hockey (Polish Hockey League). One of the key sources of financing the club's activities are public funds which are received through participation in tenders for offers for the implementation of a public task called "organization of sports."

The GieKSa Katowice company is an economic enterprise whose shares are listed on the stock exchange - the New Connect market (debut on July 25, 2011). The shareholders comprise: City of Katowice (87.01%), Trust Trading sp. z o.o. (7.2%), other (5.79%).³

The risk of losing liquidity has been identified by GKS GieKSa Katowice S.A. as the key risk due to the impact of sports results and related revenues on the financial situation of the club. The risk of losing liquidity, i.e., the ability to meet liabilities on time, is indicated by the Management Board. The risk is mitigated by obtaining external financing – recapitalization from the City of Katowice

³ As of January 28, 2022.

(main shareholder) and participation in grant competitions announced by the City of Katowice, as well as from commercial revenues. In addition, the Management Board takes steps to optimize the costs of its operations. The report stated that there is no risk of: currency, credit, interest rate and prices of goods. On the other hand, the financial results are influenced by the implementation of the assumed goals: a) remodeling the Business Club and the GieKSa Friend project, b) searching for the club's strategic sponsor, c) continuing the current sponsorship agreements and acquiring new sponsors[Sprawozdanie Zarządu GKS GieKSa Katowice S.A. za rok 2020].

Table 2. Financial situation of GKS Katowice S.A. (2018/2019 season to 2020/2021 season)

Indicators	2019	2020	2021
Revenue (Net revenues from the sale of products, goods and materials) ^a	4 408 907.71	1 622 239	3 135 712.22
Net loss ^a	- 5 786 075.93	-4 422 255.24	-134 587.28
Equity ^a	-1 652 309.8 5	-3 074 565.09	5 790 847.63
Current Liabilities ^a	4 206 342.37	7 499 029.41	817 662.53
Intangible assets ^a	492 971.27	559 141.39	561 529.73
Cash flow from operations activities ^a	-24 111 625.34	-14 115 552.4 9	-18 396 149.0 4
Cash flow from investing activities ^a	-149 650.68	-241 772.62	-362 633.69
Cash flow from financing activities ^a	23 263 236.5 9	16 220 182.08	20 882 552.25
Employment (Person):			
Contract of employment	21	20	15
Contract for specific work, order, other	291	152	158
Management contract	1	1	0

Source: own study based on Annual Reports of GKS Katowice S.A. Amounts in PLN millions.

GKS Katowice S.A. has reduced its net loss from PLN 5.8 million (2018/2019 season) to PLN 0.135 million (2020/2021). Especially in the 2019/2020 season, there was a considerable drop in revenues of GKS Katowice S.A. due to the Covid-19 pandemic and lockdowns in Poland.

Over the past three seasons, equity has moved from negative to positive, and the current liabilities have significantly decreased. This situation had a lot to do with the fact that GKS GieKSa Katowice S.A. is a club whose majority shareholder is the City of Katowice.

It is worth paying attention to the wording of the financial statements regarding the capital increase of April 22, 2020 and the signing of an agreement with the City of Katowice for the acquisition of 3 million shares, PLN 1 per share: "(...)The funds obtained in this way were used to secure the operation of GKS GieKSa Katowice S.A. The City's financial assistance in this regard is necessary and constitutes the basis for positive forecasts regarding the company's future operation"[Sprawozdanie finansowe GKS GieKSa Katowice S.A. za 2020 rok].

This is a very clear confirmation of the financial dependence of the professional sports club GKS GieKSa Katowice on public funds - from the city budget. Although the management board of the company makes efforts to obtain funds from other sources of financing – private, its existence still depends directly on the favor of the local government authorities of the City of Katowice. The profit and loss account for the 2020 financial year and the year of 2019 brings further evidence that the club is slowly improving its financial situation.

The club managed to reduce cost from PLN 22.849 million (2019) to PLN 16.493 million (2020), the gross loss on sales was decreased from PLN 18.44 million (2019) to PLN 14.87 million (2020) as well as the operating loss from PLN 5.682 million (2019) to PLN 4.138 million (2020). Thus, the loss from previous years at the end of the period increased to PLN 69.882 million. On the other

hand, as a result of the pandemic, revenues depreciated from PLN 4.408 million (2019) to PLN 1.622 million (2020). In 2020, the rights to players were purchased for the amount of PLN 0.225 million, and in the following year, the management board announced that it would not acquire any intangible fixed assets.

In 2016-2021, the City of Katowice transferred PLN 53.9 million to GKS GieKSa Katowice S.A. The second form of financial support is the capital injection of the company through the issue of new shares, which are bought back by the City of Katowice (the majority shareholder in the joint-stock company GKS GieKSa Katowice). In 2011-2021, the City of Katowice acquired shares for the worth of PLN 67.8 million in the company's share capital. In total, the City of Katowice transferred PLN 121.7 million to the joint stock company GKS GieKSa Katowice in period of 2011-2021. The justification for the support from the local government budget was as follows: the research carried out for the purpose of creating the "Strategy for the Development of Sport of the City of Katowice until 2022" showed that "GKS Katowice is by far the most recognizable club in the city, and the fans feel a particularly strong relationship with it. Thus, GKS Katowice was also recognized as the sports brand of Katowice. Creating a new, equally strong brand would be very difficult, costly and time-consuming. As part of the strategy, support for GKS was considered necessary"[Wydział Edukacji i Sportu, Urząd Miasta Katowice, informacja publiczna z dnia 8 marca 2022r.].

The development of modern sports infrastructure necessary for GKS GieKSa Katowice S.A. to increase competitiveness on a national scale is certainly of key importance for the further development of the club. The first stage of the investment, including the construction of a stadium, a sports hall, two training pitches, parking spaces and the necessary road infrastructure - should be completed by the end of August 2024 according to the schedule. As part of the second stage of construction of the complex, the existing facilities will be expanded, among others, by four additional training pitches. The first phase of the investment will cost approximately PLN 205 million, while the second phase, estimated on the basis of the investor's cost estimate, will cost approximately PLN 42 million. The financing of the construction of the sports complex will come from the budget of the City of Katowice (PLN 98.8 million) and the issue of municipal bonds (PLN 150 million). The long-term financial forecast for 2022 has been budgeted for PLN 80.9 million, PLN 69.7 million for 2023, and PLN 85.3 million for 2024.

Comments on the current situation of the joint stock company GKS GieKSa Katowice S.A.

Marek Szczerbowski (Chairman of GKS GieKSa Katowice S.A.):

"The past year was a period of challenges and the club had to function in a difficult market environment. As a company, we used this time to strengthen our market position and implement the necessary changes. We have carried out optimization and restructuring of some areas of our activity. As I mentioned, the past year was a period of challenges and a difficult market environment due to the outbreak of the coronavirus pandemic" [GKS GieKSa Katowice S.A., Raport roczny za 2020 rok].

Robert Góralczyk (Sports Director by Football Section of GKS GieKSa Katowice S.A.): "As a club playing at the central level of the play offs in Poland, we are a subject to procedures introduced and modified on an ongoing basis by the Medical Team of the Polish Football Association (PZPN), which are an obligatory determinant for us how to proceed from March 2020. As part of the procedures, rules have been created that clearly specify the requirements for actions in specific situations, e.g., a) when and to what extent players and members of the training staff should be tested, b) how to deal with people infected with COVID-19, c) what rules apply to vaccinated and unvaccinated people, d) how to report health status to the PZPN Medical Team, e) which recommendations and requirements are applicable when league and cup matches are played, f) when and in which cases it is possible to cancel, and thus postpone the match deadline, etc. As for our pandemic experiences, the most significant ones concerned: a) the need to organize online training - during the first suspension of the league games - using the available platforms and

communicators, b) return to training after lockdown, according to very precise requirements, i.e., despite the collective nature of the discipline, first return to individual training, then in small groups, and finally in team groups, c) infection in one period (March 2021) of a group of a dozen or so players and staff members, which required the need to quarantine the entire team, and then gradually return to training and matches. At the first stage, it significantly reduced the fitness capacity of the players, which resulted in a weaker performance of the entire team. At one point, the players found it difficult to achieve the set goal, which, however, was finally reached by advancing to the 1st league. Taking into account the rules of conduct and the previous experience with the pandemic, it can be concluded that the procedures applied have turned out to be so effective that despite the period of almost two years and general difficulties in the functioning of the entire country and society, affecting also the world of sport, the central level football games have not been disturbed in a way that would not allow any of them to be completed, according to the applicable rules of the tournament”[reply to an email enquiry].

Discussion

One main goal of increasing sports competitiveness has been undertaken, but various paths lead to its achievement by Olympique Lyonnais and GKS GieKSa Katowice S.A. The French sports company has been diversifying its activities for many years, expanding to new areas (especially entertainment and various forms of spending free time). Olympique Lyonnais is a private economic enterprise with two private shareholders (a domestic entertainment company and a Chinese financial investment company). OL carries out new investments from its own and external capital. Thus, it is subjected to a greater number of risks.

OL's activity is aimed not only at the French market, but also at the international market. In the case of the club from Katowice, its activity is urban and regional, however, by running, for example, a volleyball section (in one of the most popular sports disciplines among fans and with a large media coverage), it gives nationwide promotional ranges. GieKSa is a club that belongs to the City of Katowice who is also the majority shareholder. The club benefits from financial support from the city (capital injection, participation in tenders from the city budget) and uses municipal sports facilities. The new investment in a stadium, training pitches and a sports hall is financed exclusively from the municipal budget and will benefit GKS Katowice S.A. The management of the club from Katowice is taking steps to improve the economic and financial situation of the club. The diversification of activities mainly covers the area of sport, as the club is multi-sectional. Football Women players, volleyball players and hockey players participate in the highest league in Poland. The men's football team, on the other hand, is at the second level of the competition. The risk of losing financial liquidity is considered to be the main risk in the business.

Conclusions

European football companies operate in different kinds of market economy. The basic risk resulting from the nature of the conducted activity is related to the unpredictability of the effects of sports competition within the framework of national and pan-European tournaments.. It is a permanent phenomenon, therefore the main effort of the management boards of sports companies is to reduce its size by making decisions about acquiring unique personnel resources (coaching and medical staff, players) so that their talents, skills and knowledge are at the highest level, which would give opportunities for competing with other entities, e.g., for winning the title of the champion of a given country or winning the European cup. Acquiring unique resources is associated with the need to make investments that generate costs (e.g., transfer fees, insurance, a contract with a system of individual bonuses). The financing of the activities of sports enterprises is done not only with their own funds, but also with external funds (loans). Their availability and the cost of obtaining them constitute the most serious risks. In the period of unstable situation on

international markets, it has become more difficult to reconcile sports and economic goals while maintaining liquidity by sports entities. Thus, both the number of types and the possibility of risk significantly increased. Therefore, it seems necessary to strengthen the departments responsible for controlling and risk management in sports companies and to conduct further diversification of their activities. The events of the COVID-19 pandemic, economic slowdown, lockdowns have expanded the number of risks related to the activities of football companies. These events were reflected in the financial results, especially of Olympique Lyonnais. On the other hand, mainly thanks to the support from public funds, GKS GieKSa Katowice S.A. was not so heavily exposed to various risks, because, for example, the City of Katowice took on the responsibility of carrying out infrastructural investments. The access to capital in Poland may be limited in the coming years due to the constantly increasing inflation, increasing costs of electricity and gas payments, as well as the introduction of new government regulations (e.g., taxes, social security contributions). However, further development of the sports sections held by GKS GieKSa Katowice S.A. (football, volleyball, hockey) gives the opportunity for a continuous improvement of the economic situation of the entire club.

Conflicts of interest: none

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