



A new dawn

Annual Review of Football Finance 2022

Sports Business Group
August 2022

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A new dawn

Welcome to the 31st edition of the Annual Review of Football Finance, the definitive football finance publication tracking the financial trends in, and prospects for, the football industry.

In the aftermath of a record-breaking UEFA Women's EURO, and as we enter a landmark football season that will include the first ever FIFA World Cup to be hosted in the Middle East and a winter break across all 'big five' leagues, this report considers the financial performance and position of European clubs during the 2020/21 season and the future outlook.

Empty seats

The 2020/21 European football season was unprecedented as the impact of COVID-19 continued to cause significant disruption. Most notably for clubs' financial results:

- There was virtually no matchday revenue generated across European football due to the almost complete absence of fans from stadia; the result of government imposed restrictions; and

- The 2019/20 Premier League, Serie A and La Liga seasons and the UEFA club competitions were completed during the 2020/21 financial year. As a result, a portion of broadcast revenue related to the 2019/20 season was instead actually recognised in the 2020/21 financial year.

Despite the absence of fans for the vast majority of the 2020/21 season the size of the European football market in revenue terms actually grew by 10% to €27.6 billion, boosted by the UEFA EURO 2020 tournament belatedly hosted across European cities in summer 2021. This indicates a significant recovery in revenue terms and the bounce back to pre-COVID revenue levels for the 'big five' in aggregate is now projected to be achieved in the 2021/22 season.

The 'big five' European leagues recorded total revenue of €15.6 billion in 2020/21 an increase of 3% from 2019/20. More concerningly though, when excluding the Premier League the 'big five' reported increased total operating losses during the year, increasing from €461m to €901m. At the club level there were examples of significant increases in pre-tax losses and while revenue may be recovering, significant losses are being incurred by many clubs.

The need to meet ongoing cash requirements of operations has seen a range of actions taken across the European game to help safeguard

the clubs. The EFL agreed a collective facility to give member clubs access to debt funding, some major European clubs have acted individually to generate cash flow and two of the 'big five' have agreed deals with CVC Capital Partners. Whilst the management of football club finances has always been focused on cash management, now more than ever clubs need well thought through financial decisions to be taken to ensure the recovery from COVID-19 is as effective as possible.

30 years of growth

As the Premier League celebrates 30-years since its first ever 1992/93 season, Deloitte has charted its success throughout, tracking remarkable growth in the financial scale and global appeal of the competition. Total revenue generated by the 22 clubs in the inaugural Premier League season was slightly over £200m, less than the average club's revenue in the 2020/21 season and compared to total revenues of £4.9 billion.

As the Premier League enters its fourth decade, it seemingly will remain as the leading football league throughout that time.

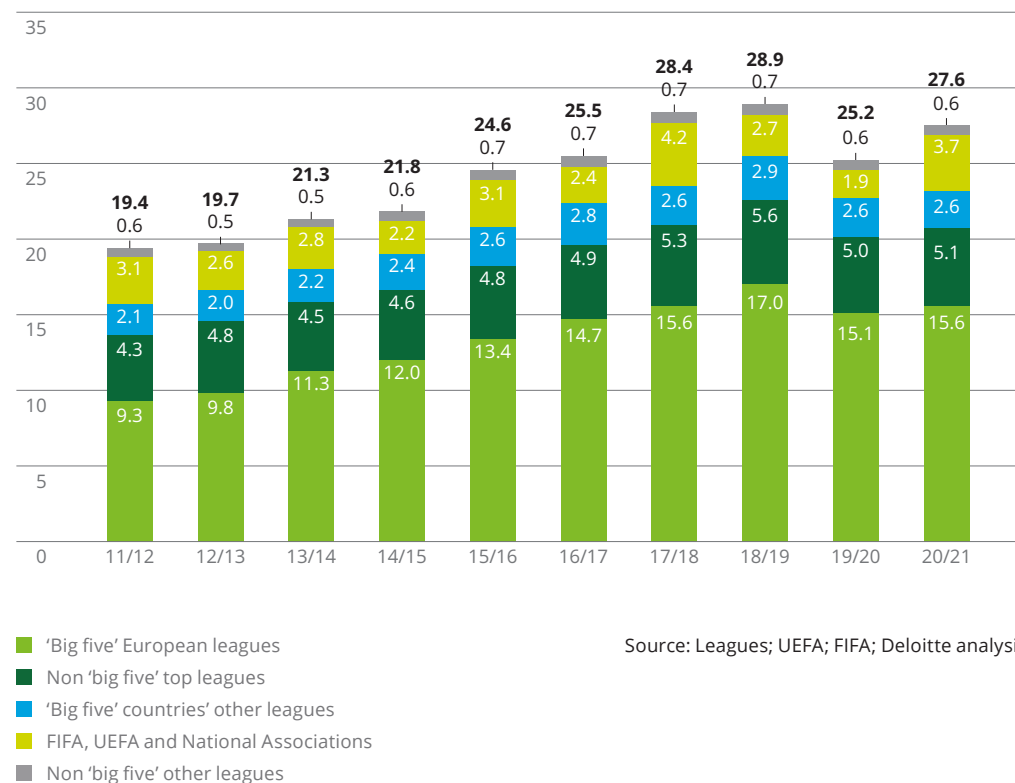
New foundations

The theme of polarisation has been ever present in European football and has been exacerbated now by the impact of COVID-19. For example, clubs outside of the top tiers are typically more reliant on matchday revenue and so were impacted more significantly by the lack of fans in stadia across the season. Premier League clubs' revenue grew by 8% to £4.9 billion in 2020/21 compared to the Championship clubs' revenue decline of 12% to £600m. The Premier League today is further ahead of the competition than ever before.

Overall Premier League clubs' operating profits bounced back over the course of the season cumulatively increasing from £49m to £479m, Serie A was the only other 'big five' league to improve its operating results although this was only a marginal decrease in significant losses. However, Premier League pre-tax losses remained significant albeit decreasing from £991m to £669m. It is vital that these losses are addressed through good governance and sustainable financial planning as the league should aim to move back to break-even last seen in 2017/18.

As the Premier League enters its fourth decade and, it seemingly will remain as the leading football league throughout that time, its further growth should now help build financial sustainability throughout the domestic game. It's vital that this is a collaborative effort, working as an industry to improve governance and sustainability for the long-term.

Chart 1: European football market size – 2011/12 to 2020/21 (€ billion)



A new generation

Whilst we focus on the financial performance of European football, the fallout from the failed European Super League venture highlighted beyond doubt that fans remain clubs' most important stakeholders. This was underlined by the UK government's commissioning of, and findings from, the Independent Fan Led Review of Football Governance; a reaction to a general sense that the game is at a point where its long-term future should be considered.

The key recommendations from the Fan Led Review included the introduction of Shadow Boards that would consist of fans, the requirement for Equality Diversity and Inclusion Action Plans, and for the introduction of an Independent Regulator for English Football. The findings are further explored in the article ***"Independent fan led review of football governance"*** later in this report. With research undertaken in the **2022 Deloitte Football Money League** highlighting that the top 20 revenue-generating clubs in world football had boards that on average consisted of only 11% and 15% respectively of females or individuals that identify as an ethnic minority, the need to build a more inclusive industry both on and off the pitch is clearly work in progress.

Efforts to propel growth in the women's game has been clear to see from the 2020/21 season and the recent UEFA Women's EURO. Fan and commercial interest has continued to grow, evidenced by the Women's Super League

announcing a landmark broadcast deal with Sky and the BBC in March 2021 worth c.£8m per season. We're excited to see how the women's game grows from here and to continue to chart its progress. ***"A whole new level for the women's game"*** later in this report further explores the commercial performance of and prospects for the women's game over the coming seasons.

Long-term plays or short-term noise

With all these factors considered, at Deloitte we now see an unprecedented interest from institutional investors, high net worth individuals and organisations wishing to invest in the game. Sport is now considered by investors as a standalone asset class and the growth of football and the industries that service it (e.g. media, technology, hospitality etc.) are at the heart of this development.

European football is emerging from one its most challenging periods in history as the live, unscripted drama has drawn fans back to stadia and continues to be unmissable content for broadcasters.

The result of investment will now be a need for improved governance and, in particular, a focus on the financial sustainability of clubs and leagues. UEFA are in the process of replacing Financial Fair Play with the modernised Financial Sustainability Regulations, the EFL has introduced two new club monitoring bodies, and discussions in respect of an Independent Regulator for English football are ongoing. Now is the time for those governing the game to drive focus around responsible ownership and management of clubs. If those investing have done so for the right reasons, they will welcome this, as it will drive value and growth for all parties.

The desire for continual growth in value has already resulted in further disruption in the professional sports landscape. The disruption of the status-quo in men's and potentially ladies' golf as new investors seek to provide an alternative product and format, and the on-going introduction of new leagues and formats in the cricket world including The Hundred in England are examples of a desire to drive commercial growth and access new fans. As investors seeking a return continue to invest in the global sports landscape, there is undoubtedly still the potential for disruption to impact European football. It would now be naïve of those responsible for the day-to-day running of the game to not recognise that the status-quo may be challenged further.

We go again

European football is emerging from one its most challenging periods in history as the live, unscripted drama has drawn fans back to stadia and continues to be unmissable content for broadcasters. It is testament to the resilience of the industry that it is now well on the road to recovery and the same tenacious attitude should continue to build strength for the long term. Those responsible for promoting and regulating the sport have the opportunity to ensure that they now create a sustainable and inclusive environment for the next generation of clubs, players, owners, investors and fans. It is an exciting period ahead, but one to be well prepared for.

I'd like to say a huge thanks to the team for the time and effort in compiling what remains an incredibly impactful industry report and for those working in the industry who provide us with the access to the data to make it possible.

Whilst the football industry enjoys the opportunity of a new dawn, then I'd also like to wish Dan Jones, the former Partner in Charge of the Sports Business Group a happy and healthy retirement. A man who has helped shape the industry that we report on today leaves Deloitte with all of our best wishes. Thanks for everything Dan.

**Tim Bridge, Lead Partner of
Deloitte's Sports Business Group**
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The leading advisor to the sports business market

Deloitte's Sports Business Group provides clients with specialist sports industry knowledge and insight that enables change, resolves significant challenges, enhances value and fuels opportunities for growth.

Its client roster includes club and franchise operators; leagues and international bodies; national and local governments; as well as private and institutional investors.

Its work includes:

- Partnering with sports club and franchise operators, leagues and international bodies to facilitate change and to resolve key challenges through its knowledge and expertise;
- Building a vision for economic development and growth through sport, advising national and local governments around the world on the impact of sport as a driver of growth;
- Supporting major global sports transactions, facilitating client investment through M&A to create future value for private and institutional investors.

Over the past year, the Group has:



Shaped a vision for the commercialisation of women's football with FIFA

Publishing 'Setting the Pace' with FIFA, the first-ever comprehensive analysis of the elite women's football landscape. The report, compiled by Deloitte, guides key decisions shaping the future development and professionalisation of the women's game.



Built a platform for growth in motorsport

Supporting the FIA's development and implementation of financial regulations, to promote financial sustainability and enhance competition in Formula 1 and Formula E.



Launched digital platforms to 'open up tennis' with the LTA

Developing digital platforms and tools to make tennis more accessible and appealing. End-to-end delivery of digital portals, analytics and a new LTA website have improved how existing players and fans, as well as first timers, experience tennis.



Advised investors on major global sports transactions

Providing end-to-end M&A support and services to private and institutional investors, in order enable acquisitions that facilitate the growth of world-leading sports brands.

The Sports Business Group has advised clients in over 40 countries, across more than 30 different sports.

For more information on how it can drive value, growth and innovation in your business, visit www.deloitte.co.uk/sportsbusinessgroup or email: sportsteamuk@deloitte.co.uk

Europe's premier leagues

In 2020/21 the 'big five' European leagues generated €15.6 billion in aggregate revenue, up 3% relative to the prior season, but significantly below revenues observed prior to COVID-19 (€17 billion in 2018/19).

'Big five' leagues overview

The 2020/21 season saw European football continue to be impacted by COVID-19 as clubs across the continent were required to play the majority of matches behind closed doors or with reduced stadia capacity, resulting in low levels of matchday revenue generation (which represented less than 1% of revenue). Commercial revenue remained relatively stable in 2020/21, as clubs were generally able to meet contractual obligations.

Broadcast revenues rebounded in the 2020/21 season, as revenue related to matches postponed in 2019/20 was recognised in clubs' financial year ending in 2021 in England, Italy and Spain. Serie A deferred the greatest proportion of revenue (98 matches played post-June 2020), whereas Ligue 1 (2019/20 season cancelled) and Bundesliga (completed the 2019/20 season in June 2020) deferred no broadcast revenue into financial year 2020/21.

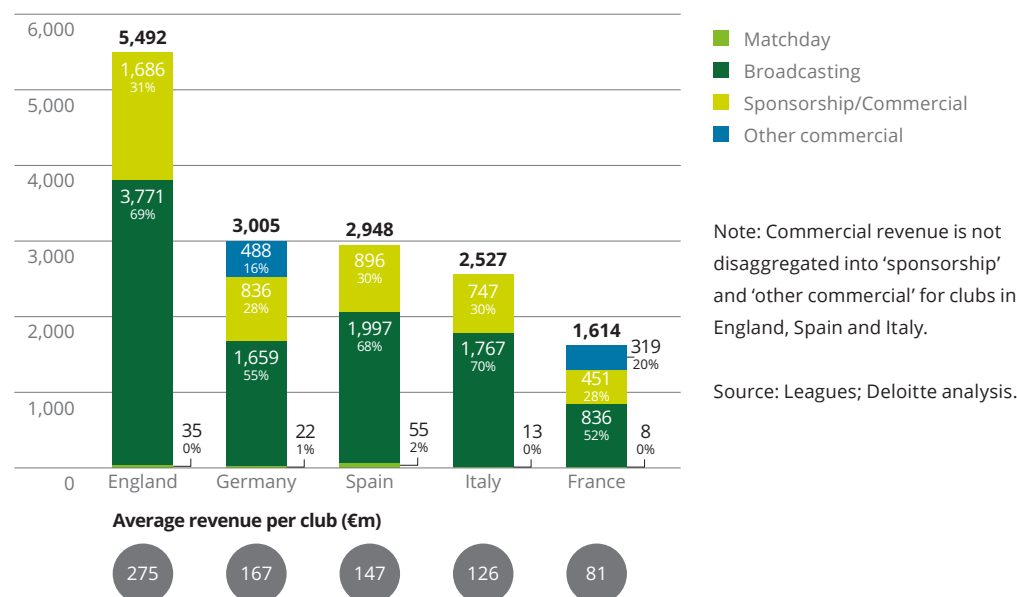
As noted in the 2022 Deloitte Football Money League, disruption caused by COVID-19 has resulted in European clubs' revenue falling to 2017/18 levels, when aggregate 'big five' revenues were €15.6 billion. This has been a contributory factor in some leagues and clubs exploring deals with external investors, with some willing to forego future revenues to help meet immediate cash flow needs.

LaLiga (excluding FC Barcelona, Athletic Bilbao, and Real Madrid) and Ligue 1 each announced deals with private equity firm CVC in 2022. Serie A clubs were reported to have rejected a possible deal with CVC in 2021 and the Bundesliga is reported to be considering revisiting a process to source external investment.

'Big five' leagues projections

There is a brighter outlook for the 'big five' leagues as clubs welcome back fans to stadia, UEFA's new broadcasting cycle for 2021/22 to 2023/24 brings increased revenues to participating clubs, and new broadcast deals provide uplifts for clubs in some leagues. The 2022/23 season is forecast to see the 'big five' leagues generate a record level of €18.6 billion aggregate revenue. The Premier League is expected to extend its revenue advantage over its peers, whilst both Serie A and Ligue 1 are projected to generate revenues still below 2018/19 levels.

Chart 2: 'Big five' European league clubs' revenue – 2020/21 (€m)



LaLiga is also expected to experience a significant uplift in revenue, largely attributable to growth of commercial revenues at individual clubs, including the commencement of FC Barcelona's wide-ranging partnership with Spotify that includes stadium naming rights, and a significant new shirt front sponsorship for Atlético de Madrid with cryptocurrency trading platform Whalefin.

Bundesliga clubs' revenues, in 2021/22, are projected to remain at the 2020/21 levels. The Bundesliga was the first of the 'big five' leagues to go to market for new broadcast rights agreements since the start of the pandemic, tendering for the four-year rights cycle from 2021/22 to 2024/25 and ultimately achieving a value that was 5% lower than that of the previous cycle for domestic rights.

Serie A went to market shortly after and the result was a significant decline in the value of its international media rights, as it was unable to secure an arrangement in the MENA region for 2020/21 (where previous partner beIN Sports opted not to bid for rights, in part due to ongoing piracy concerns in the region) and matches were instead streamed on YouTube. Rights were eventually sold to Abu Dhabi Media for 2021/22 to 2023/24 but reported to be at a much lower value than prior agreements.

New financial regulations for Europe

The development, introduction and evolution of club licensing and financial regulations is one of UEFA's most ambitious and successful governance projects. Since the financial regulations were first introduced in 2010, the results and balance sheets of European clubs improved significantly up until suffering the negative impact of the pandemic in 2020 and 2021, which has also disrupted the final years of the break-even requirement.

Working together with stakeholders, UEFA has now developed new measures which aim to achieve financial sustainability through strengthening clubs' balance sheets and more directly controlling wages and transfer costs relative to revenues:

- Enhanced disclosure requirements about a club's legal group structure and parties with control or significant influence will provide greater transparency and help protect the integrity of competitions;
- Strengthened requirements for no overdue payables from the 2022/23 season will be performed every quarter, with lower tolerance towards late-payers;
- Effective from 31 December 2024, clubs must report positive or improved net equity ahead of each season to obtain a licence to enter UEFA competitions;

- The new football earnings requirements from 2023/24 are an evolution of the existing break-even requirement. A club's aggregate football earnings over three years must be positive or within an acceptable deviation of up to €60m if covered by contributions; and
- Transitional implementation of the squad cost rule from 2023/24 will limit the wages, transfer and agent costs of a club's players and first team coach in each calendar year to 70% of revenue. Compliance will be assessed during the licence season and breaches will result in pre-defined financial penalties.

Effective enforcement of these new measures will be aided by significant changes to UEFA's procedural rules including reformulation of the roles and responsibilities of the two tiers of the Club Financial Control Body, avoiding situations of legal uncertainty, and amendments concerning case evidence and clubs' obligations to cooperate. Clubs will now need to adapt to the new regulatory regime being established and we expect to see some challenging cases in the years to come.

Deloitte has assisted UEFA throughout the lifetime of club licensing and the financial regulations.

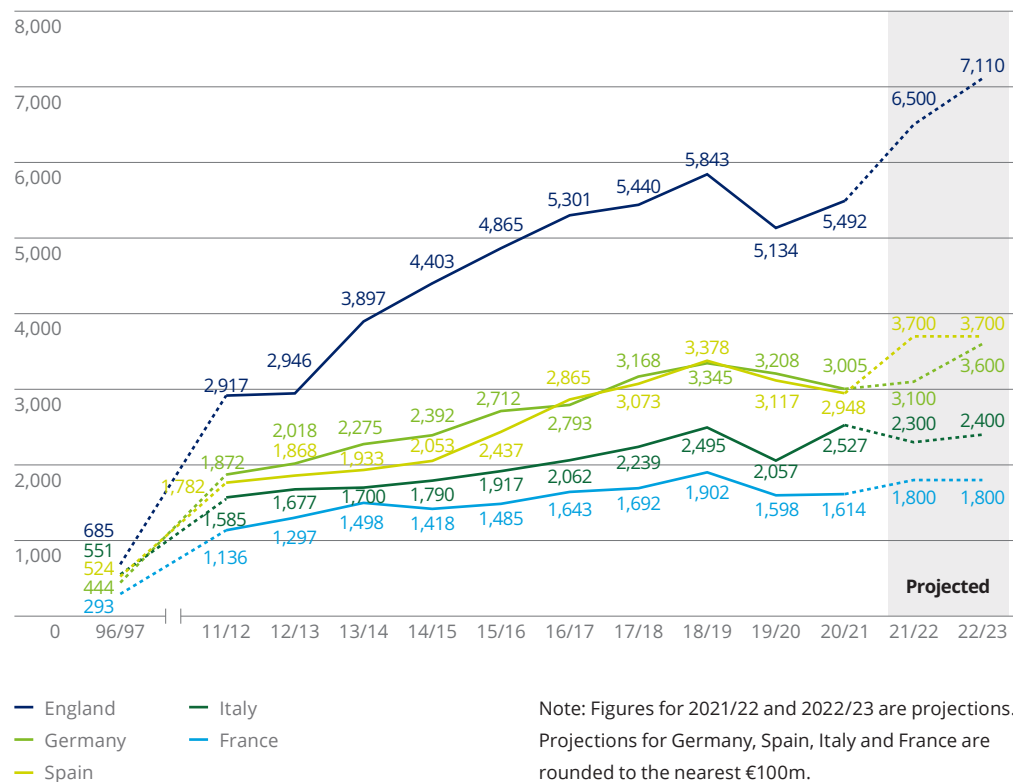


Germany

Since 2016/17, the Bundesliga and LaLiga have closely contested second place in total revenue terms. The Bundesliga experienced the lowest uplift in aggregate broadcast revenue of the 'big five' in 2020/21 (up 11% to €1.7 billion). This was largely due to it being the only 'big five' league to complete its full calendar of fixtures for the 2019/20 season before the end of June 2020 which limited the impact of any deferral of revenue to the following financial year or rebates to broadcasters, with the uplift largely attributable to those clubs competing in the latter stages of the UCL (RB Leipzig reached the semi-final and Bayern Munich won the 2019/20 competition in August 2020).

The Bundesliga, along with the Premier League, remain the only 'big five' leagues to have reported aggregate operating profitability every year for over 20 years, facilitated by long-standing culture and regulations encouraging restraint of clubs' wage costs (wages/revenue ratio of 65% was again the lowest of the 'big five' leagues). Some concerns about the possible response of fans to a break of tradition influenced some clubs' decision to vote against private equity investment in May 2021.

Chart 3: 'Big five' European league clubs' revenues – 1996/97 and 2011/12 to 2022/23 (€m)



Note: Figures for 2021/22 and 2022/23 are projections. Projections for Germany, Spain, Italy and France are rounded to the nearest €100m.

Source: Leagues; Deloitte analysis.

Spain

In 2020/21, LaLiga clubs generated €2.9 billion of revenue, a reduction of 5% relative to the prior year. Whilst the aggregate league totals were similar, LaLiga clubs generated an average revenue of €147m, compared with €167m for Bundesliga clubs.

Growth in Spanish clubs' broadcast revenue has been underpinned by the international broadcast arrangements that LaLiga has delivered in recent years, where it has capitalised on its international appeal to a greater extent. International broadcast rights totalled €897m in 2020/21, well below the Premier League (€1.6 billion) and well above Serie A (€340m).

LaLiga clubs generated around €100m less commercial revenue relative to prior year, with the decline largely attributable to FC Barcelona and Real Madrid. These two clubs also each recorded around €100m reductions in matchday revenues due to stadia restrictions, c.60% of the league's total decline.

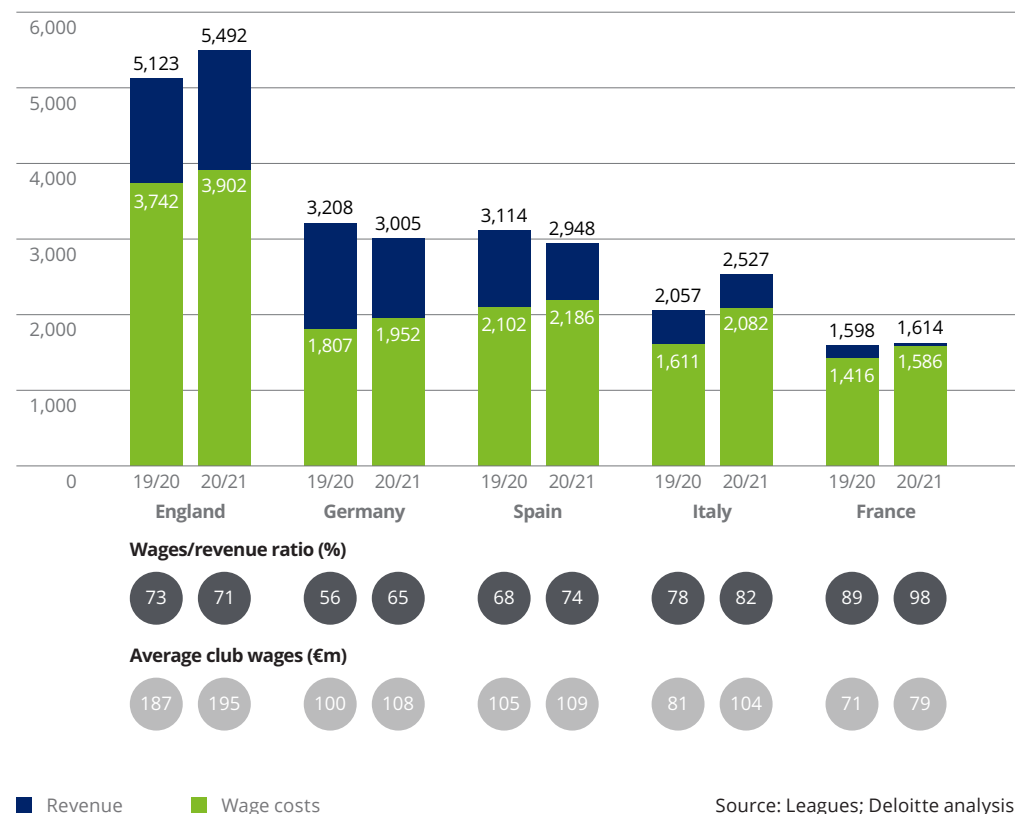
In December 2021, LaLiga and CVC entered a strategic agreement worth a reported €2.0 billion, that entitles the private equity firm to a proportion of the league's revenues for 50 years. Conditions of the sale were voted on by the majority of the clubs, although notably excluding the El Clásico rivals, who have pursued their own third-party investment

opportunities. Most of the investment (70%) is to be used for strategic initiatives, with 15% able to be used for player purchases and to reduce clubs' debts.

In 2020/21 LaLiga clubs were loss-making at an operating level for the first time since we reported on LaLiga clubs' profitability (2013/14), but this was largely driven by the operating loss incurred by FC Barcelona (€208m). Despite financial regulations at both European and domestic levels, FC Barcelona suffered an overall pre-tax loss of €0.6 billion in 2020/21 and their reported net debt climbed to €0.7 billion. In striving to address their financial tribulations, there has since been significant churn of the playing squad and significant cash inflows generated from new partnership arrangements with investment firm Sixth Street and blockchain-powered fan engagement and rewards platform socios.com.



Chart 4: 'Big five' European league clubs' revenue and wage costs – 2019/20 and 2020/21 (€m)



Source: Leagues; Deloitte analysis.

Italy

Serie A clubs experienced the greatest percentage growth in aggregate revenues of any 'big five' league in 2020/21, increasing 23% to a record high of €2.5 billion. It was also the only league in 2020/21 that reported more revenue than in 2018/19.

Growth was predominantly driven by broadcast revenue (up 48%), as many clubs recognised a significant amount of revenue in 2020/21 deferred from the 2019/20 season. There was also an uplift in commercial revenue (of €113m) with 14 of the 17 consistent clubs participating in Serie A in both 2019/20 and 2020/21 reporting increased commercial revenue, a result of new commercial deals and some deferrals of revenue from 2019/20.

Serie A clubs' wage costs increased to €2.1 billion (up 29%) – again a record high for the league. All but one club reported an increase and with some doubling costs there was an unsustainable rise in the wages/revenue ratio to 82%, the second highest ratio of the 'big five' leagues (behind Ligue 1 at 98%).

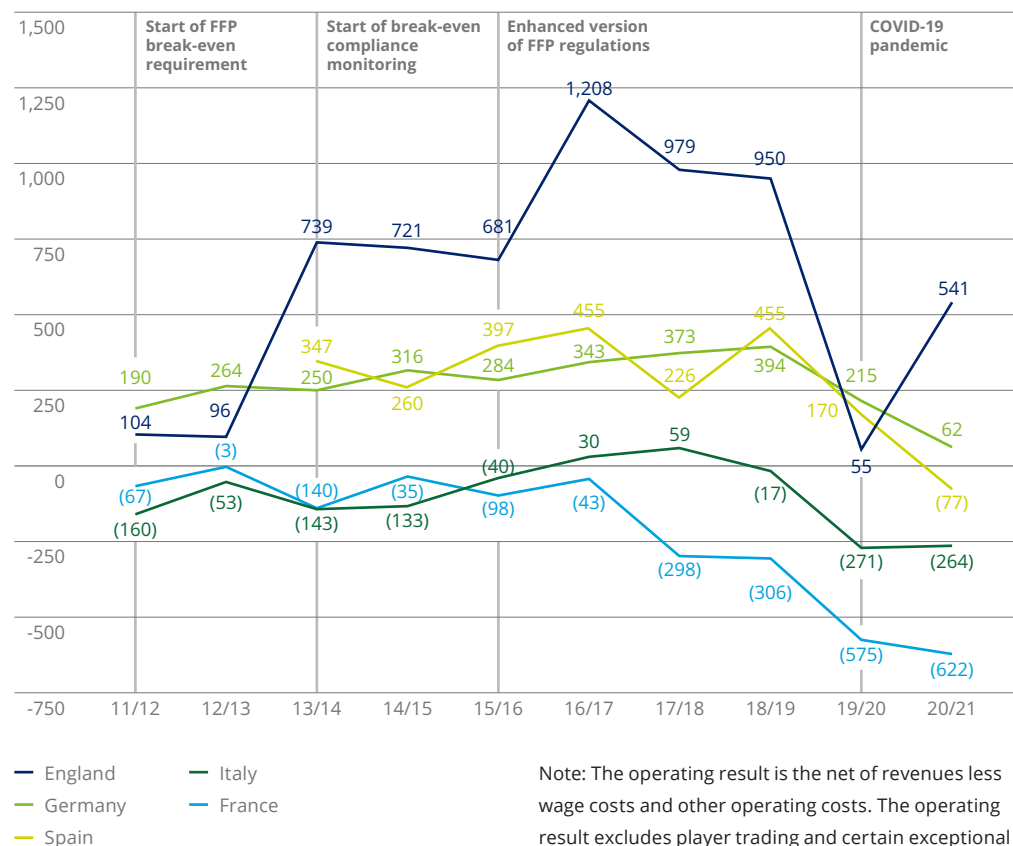
Since 2015/16 Serie A has been ranked fourth (across the 'big five') in terms of operating profit/loss (outperforming Ligue 1 only). The league briefly achieved profits in 2016/17 and 2017/18, but in 2020/21, for a second successive season, the clubs' operating losses (€264m) exceeded €200m. All but four clubs generated an operating loss in 2020/21, with the most significant operating losses incurred by AS Roma (€58m), Genoa (€55m), Parma (€41m) and AC Milan (€31m) – all of which were under new ownership from 2020.

€0.9bn

Total 'big five' operating losses excluding Premier League.



Chart 5: 'Big five' European league clubs' profitability – 2011/12 to 2020/21 (€m)



Note: The operating result is the net of revenues less wage costs and other operating costs. The operating result excludes player trading and certain exceptional items. Aggregate operating results for Spanish clubs were not available prior to 2013/14.

Source: Leagues; Deloitte analysis.

France

In 2020/21, Ligue 1 clubs' revenue (€1.6 billion) fell further behind nearest rival Serie A (€2.5 billion), as the divide between the two leagues doubled to over €0.9 billion. Ligue 1 clubs failed to achieve significant growth in 2020/21, with just a 1% revenue increase from the pandemic-hit 2019/20 season as the cancellation rather than postponement of the competition meant there was no deferral of revenue into 2020/21 like some other leagues.

Loss of matchday revenue was negated by an increase of over 20% in broadcast revenue, despite the league's collapsed Mediapro deal for domestic rights. Rights were subsequently re-tendered and awarded to other broadcast partners, including Amazon for the first time, for total average annual value of €670m, a significant decrease on the original deal value of €1.2 billion per annum and similar to the average annual value of rights 10 seasons ago in the 2008/09 cycle.

Significant revenues from UEFA for the disrupted 2019/20 season were recognised in 2020/21 for Olympique Lyonnais (semi-finalists) and Paris Saint-Germain (runners-up). Paris Saint Germain generated more than a third of Ligue 1 clubs' total revenue, despite failing to secure their fourth consecutive league title.

2020/21 was the 14th consecutive year of combined operating losses for Ligue 1 clubs, as each Ligue 1 club recorded an operating loss for the season, with total losses more than doubling in the last two disrupted seasons. The league's wages/revenue ratio increased to 98%, the highest of all 'big five' leagues. In general Ligue 1 clubs will need to reduce their costs relative to revenues to satisfy cost control regulations and operate more sustainably in future.

The operating losses were highly concentrated, with PSG (€99m), Lyon (€96m), AS Monaco (€92m), Bordeaux (€53m) and Lille (€53m) responsible for over 60% of the league's total operating loss of €0.6 billion. A proportion of CVC's investment into the league in 2022 was immediately ringfenced to pay off the LFP-secured government guarantees which had been introduced to mitigate COVID-19-related losses.

Value from UEFA competitions

Qualifying for and achieving success in UEFA club competition has always been a key differentiator in club revenues, with the aggregate value from the UCL worth well in excess of €100m for winners in recent years.

This is set to increase further, with the total value of UEFA's broadcast rights in the 2021/22 to 2023/24 cycle worth a reported €10.8 billion over the period, an increase of 13% on the previous cycle, as strong demand from some markets (e.g. Germany, the US, and the Nordics) more than offsets declines in others (e.g. MENA and Italy). This increased revenue is expected to reach further into the football ecosystem, with more clubs across the continent expected to benefit from the new UEFA Conference League (UECL).

Reforms from the 2024/25 season will see UEFA implement new competition formats. In the UCL, this will mean the number of competing clubs increasing to 36 (from the current 32 clubs at the Group Stage), which will enable clubs to generate revenues from a greater number of games than under the current system.

32 clubs will qualify through existing structure, with the additional four slots allocated according to three criteria:

- The club ranked third in the championship of the association in fifth position in the UEFA national association ranking (Ligue 1, at the time of writing); and
- An additional club qualifying through the UEFA 'Champions Path'; and
- Two clubs qualifying from associations with the best collective performance by their clubs in the previous season.

Similar format changes will be implemented for the UEL and UECL, with the new formats aiming to provide more opportunities for Europe's top teams to play each other earlier in the competitions, but may pose challenges for domestic competitions with additional matches in the autumn period.

UEFA's initial deals for the 2024 to 2027 cycle signify significant uplift, including Amazon securing the UK live rights alongside BT Sport.

A whole new level for the women's game

The women's game experienced another year of major growth with records broken in attendances, revenues and viewership. The buzz isn't going unnoticed; increased exposure has triggered an explosion of commercial opportunity which is set to take the women's game to a new level.

A year of growth

Since 2019 the Annual Review of Football Finance has tracked the developments in the women's game. In last year's edition, we outlined the virtuous investment cycle of women's football, whereby increased professionalisation is driving improvements in on-field and off-field standards, resulting in increased exposure, commercial interest, and revenue inflows.

Across the past season we have witnessed this cycle in action, with the second edition of the soon-to-be-released **'FIFA Women's Football benchmarking report'** highlighting that, across clubs in the top global women's leagues, the key revenue lines of matchday, broadcast and commercial have all grown in the 2020/21 season.

Across these women's leagues commercial was the largest revenue stream for clubs (over 50% of total revenue) and experienced the strongest growth in 2020/21, with clubs reporting an uplift of c.30% overall. Broadcast revenue grew by over 20% and yet arguably remains in its relative infancy, as leagues consider the trade-off

between the increased exposure that free-to-air offers, over the financial benefits offered by pay-TV operators. This careful balance will likely be required for a number of years to come in key markets.

Beyond this financial growth, the women's game is increasingly capturing mainstream global attention, and over the last year we have witnessed a series of landmark moments as the sport enters a new dawn:



- The 2022 UEFA Women's EURO took the international game to new heights, with over 500,000 tickets sold throughout the tournament, including a record – for both a women's and men's European championship – 87,192 attending the final at Wembley. TV audiences in key markets were captured more than ever before; the final vastly exceeded previous records for women's football with 17.9m viewers in Germany and 17.4m tuning in to the BBC's coverage;
- The English WSL brokered a rights deal with the BBC and Sky Sports, reported to be worth £8m p/a. Thanks in part to many matches being broadcast free-to-air on the BBC, the league experienced a 285% increase in viewership during its first year;
- EA Sports announced that FIFA 23 will feature the WSL (England) and Division 1 Féminine (France) clubs for the first time – introducing the latest cast of female superstars to a new digital medium and segment of football and gaming fans;
- Following a legal case, the US women's team successfully won the right to pay parity (for international duty) with the men's team – a significant step in the right direction. Salaries from here should not be constrained by what either the men's or women's players earn, but rather be representative of the value that those playing the game generate, with the opportunity unrestricted.

Breaking the mould

As the women's game enters a likely rapid growth era, in certain markets we are witnessing women's football clubs and leagues breaking the mould, forging an ecosystem of unique identities, fanbases, and business models. The women's game must continue to forge its own identity, avoiding the mistakes made by the men's game in some markets during its rapid growth phase.

The seismic growth in women's football exposure has triggered a surge in commercial interest, with leading brands such as Barclays, Visa, and Nike recently seizing the opportunity to align with a sport that is increasingly recognised as a compelling product in its own right with significant untapped growth potential. Sponsors should be attracted by a differentiated partnership proposition which can be, and should be in our opinion, consciously 'unbundled' from the men's game and defined by empowerment, inclusivity, and far-reaching societal impact.

The women's game has an opportunity to address the market in an innovative way, pioneering an approach that connects brands with an engaged and untapped female audience through powerful story-driven partnerships right through from grassroots to the professional leagues, leveraging those partnerships to deliver tangible change that addresses accessibility and inclusivity on a global scale. For instance, Angel FC requires



Four key learnings.

its partners to allocate 10% of the deal value to local causes via community programmes, marrying sponsorship with community impact.

Meanwhile, the future of broadcast is a hot topic in the sports industry, with the rapid adoption of new technologies driving increased consumption of on-demand content. This could be perceived as a threat to properties which have traditionally relied heavily on linear content but now presents a major opportunity to the women's game to pioneer non-traditional consumption of football content.

This opportunity for the women's game was illustrated during the 2019 FIFA Women's World Cup where 43% (482m) of the record 1.12 billion viewers were digital (a five-fold increase from the previous World Cup). Following this, we have seen a sustained push towards OTT, with leading leagues such as the WSL (FA Player) and NWSL (CBS All Access and Twitch) creating offerings, whilst 'Whited' (a platform dedicated to streaming women's football to international audiences) was launched in 2020.

On a club level, teams are also harnessing the power of digital, leveraging the reach of social media to unlock and engage new audiences. Social platforms offer clubs and individuals the opportunity to develop their own narratives and engage with fans in a personal way. Chelsea FC women's Instagram interactions in 2021 grew by 77% year-on-year and were higher than 12 of the men's teams that played in the Premier League. This is powerful of how engaged fans of the women's game are and therefore the commercial opportunity presented by the women's game, and the fact that it may be significantly undervalued and overlooked by many in the industry. There are still too many instances where commercial assets associated with women's team are simply bundled into the men's deal with no, or limited value attached and we believe that this should, and will, change over the coming years.

Beyond Broadcast and Commercial the women's game is redefining the matchday experience, bringing a new football fan to the turnstiles. In January 2022 a survey undertaken by Durham University¹ found, based on online activity that two thirds of male fans hold

"hostile, sexist or misogynistic attitudes towards women's sport" and whilst efforts have been made to tackle sexist hate through campaigns such as "Not Her Problem" by EE Hope United, football has a reputation for not always being a welcoming place for women. The contrast to the men's game day is stark. Match-goers consist of a wider-range of society including families and young children – somewhat owing to more affordable ticketing – with a much more equal gender split, and fan violence is practically non-existent. Furthermore, the visibility of the LGBTQ+ community in the women's game is sending a strong statement on inclusion to the wider football community and bringing about positive change which reaches beyond football.

Inclusivity is equally championed off the pitch in the women's game; at the start of the 2022/23 season, 50% of WSL managers are female, and 6 out of 16 (38%) head coach positions were held by women during the 2022 UEFA Women's EURO. In a world where women make up only 11% of board members in the top 20 revenue generating clubs, the acceleration of women's football and the visibility of women within the game is mounting pressure to deliver real change at the highest level.

The surging interest and subsequent commercial uplift in the women's game will push the virtuous

cycle, but it will require the commitment of key stakeholders from across the sport to ensure that this opportunity is not missed and the women's game, both professional and grassroots, is taken to a whole new level.

Looking forward, we anticipate the record-breaking success of the 2022 UEFA Women's EURO will lead to further commercial growth and potentially be the point where the value of women's football is realised. The game's stakeholders are poised to benefit from a windfall that will facilitate further investment in professionalisation, strengthening the ecosystem and creating new career opportunities for women and girls, and ultimately can deliver long-term financial sustainability if appropriately capitalised on.

As we move into this new dawn, the women's game now stands on its own as a proudly differentiated product; and we look forward to continually reporting on its progress. We anticipate that the time where the Annual Review of Football Finance can accurately demonstrate the scale of the women's game is close and we predict that it won't be long before the men's game is seeking inspiration from the women's.

Deloitte's Sports Business Group regularly works with the game's key stakeholders to develop strategies, optimise operations and organisational structures, and facilitate investment in the sport.

Note 1: Durham University / The Guardian
<https://www.durham.ac.uk/research/current/research-news/study-reveals-misogynistic-attitudes-towards-womens-sport/>
<https://www.theguardian.com/football/2022/jan/20/misogyny-towards-womens-sport-common-among-male-football-fans-study-finds>

Premier League clubs

Premier League clubs' revenue increased by 8% to £4.9 billion in 2020/21 following the previous season's first drop in the Premier League's history. This increase is largely attributable to the reported broadcast rebate of £330m which suppressed 2019/20 revenue, and the deferral of some broadcast income from the 2019/20 season into the 2020/21 financial period. Nevertheless, there is an optimistic outlook for future growth as Premier League clubs' revenue may exceed £6 billion in the 2022/23 season as a result of the new broadcast deals, the return to full stadia and improved commercial deals.

Premier League clubs' revenue

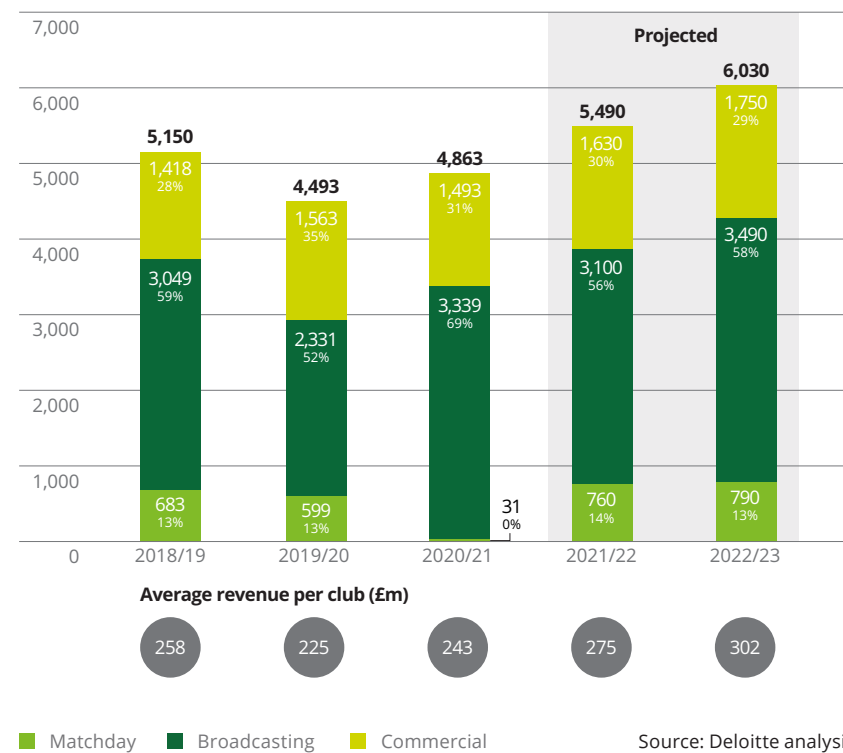
Broadcast revenue increased by £1 billion (43%) to £3.3 billion in 2020/21 which is largely a result of revenue recognition in the financial year 2020/21 in respect of some postponed matches of the 2019/20 season, no repeat of the 2019/20 £330m rebate to broadcasters, and strong performances in European competitions from English teams with Chelsea winning the Champions League. From the 2022/23 season, the new domestic and international broadcast rights deals will commence for three seasons, with the Premier League reportedly generating a significant uplift in value from the international rights.

The majority of games played during the 2020/21 season were played behind closed doors, with fans only able to attend games

in stadia for the final two rounds of Premier League matches, with capacity capped at 10,000. This resulted in lost revenue of over £0.5 billion, as matchday revenue in 2020/21 collapsed to only £31m. With the lifting of restrictions during the 2021/22 season, average attendances were a record 39,989 with average stadium utilisation of 97.7%, compared to 38,484 (95.1%) in 2018/19. Premier League clubs' matchday revenues (estimated to be over £700m from 2021/22) now exceed their pre-pandemic levels.

The negative impact of the COVID-19 pandemic meant clubs' commercial revenue decreased in 2020/21 (£71m, 5%) to £1.5 billion, which is the first drop since 2008/09, as the majority of clubs reported reductions in commercial revenue. As reflected by the return of fans to

Chart 6: Premier League clubs' revenues 2018/19-2022/23 (£m)



Source: Deloitte analysis.

stadia and strong television audiences, the appetite for live football has been retained following COVID-19 that will help clubs generate increased value from commercial activity that is expected to result in commercial revenue reaching record levels in 2021/22 as will be profiled in next year's edition.

The 'big six' account for 78% of Premier League clubs' aggregate commercial revenue, highlighting the global appeal and economic supremacy of those clubs as the rest strive to close the gap. Arsenal, the sixth highest revenue generating club (£325m) had a revenue gap of £99m to Leicester City, the seventh highest revenue generating club (£226m). Whilst the revenue gap between the 'big six' and the rest actually decreased by £56m in 2020/21, it is expected to grow again in the near future as matchday revenue bounces back and the central distributions from the new international broadcast rights cycle kicks in.

£418m

Revenues from UEFA
for seven clubs in
UEFA competitions
in 2020/21.



Premier League clubs' wage costs

Premier League clubs' wage costs increased 5% to £3.5 billion in 2020/21, with only seven of the 17 consistent clubs reporting a reduction in wages, despite widespread media reporting that many more clubs had agreed to wage reductions with players for the seasons impacted by COVID-19. As a result of revenue growth outstripping the increase in wages, the division's wages/revenue ratio has reduced slightly from 73% to 71% in 2020/21.

The 'big six' clubs increased wages by 7% on average as they competed for UEFA Champions League qualification, but six into four does not go well and Arsenal and Tottenham finished outside of the top six despite having increased their wage spend by 4% and 13% respectively.

Outside the 'big six' there were also some significant increases as Wolverhampton Wanderers (47%) looked to push on from achieving European qualification in the previous season, and Leicester City (22%) became the biggest spenders outside of the 'big six' and finished 5th, thereby qualifying for the Europa League, subsequently enjoying a spirited run to the semi-finals in 2021/22.

The 'big six' accounted for 51% of Premier League clubs' wage costs in 2020/21 as they also did in 2019/20. The wage gap between the 'big six' and the rest is considerably smaller than the revenue gap, as the gap between Tottenham



Value of promotion to Premier League

AFC Bournemouth, Fulham and Nottingham Forest earned promotion to the Premier League ahead of the 2022/23 season. Broadcast revenues will provide a minimum uplift compared to 2021/22 of £90m for Nottingham Forest, and uplift of about £50m for each of AFC Bournemouth and Fulham, given they were in receipt of parachute payment whilst playing in the Championship in 2021/22. Should a club suffer immediate relegation, under existing arrangements the parachute payments from the Premier League will continue to provide an uplift over the following two seasons of at least £80m.

Through competing in the Premier League, clubs are also able to raise their commercial profile and serve as a better value proposition for sponsors and boost matchday revenues from general admission and/or hospitality spectators. Considering the impact of promotion on all revenue streams, for a Championship club not otherwise in receipt of parachute payments, the value of promotion will be at least £170m over next three seasons, and if a club survives their first season in the Premier League, they will be entitled to three seasons of parachute payments and the incremental revenue will be over £300m across five years.

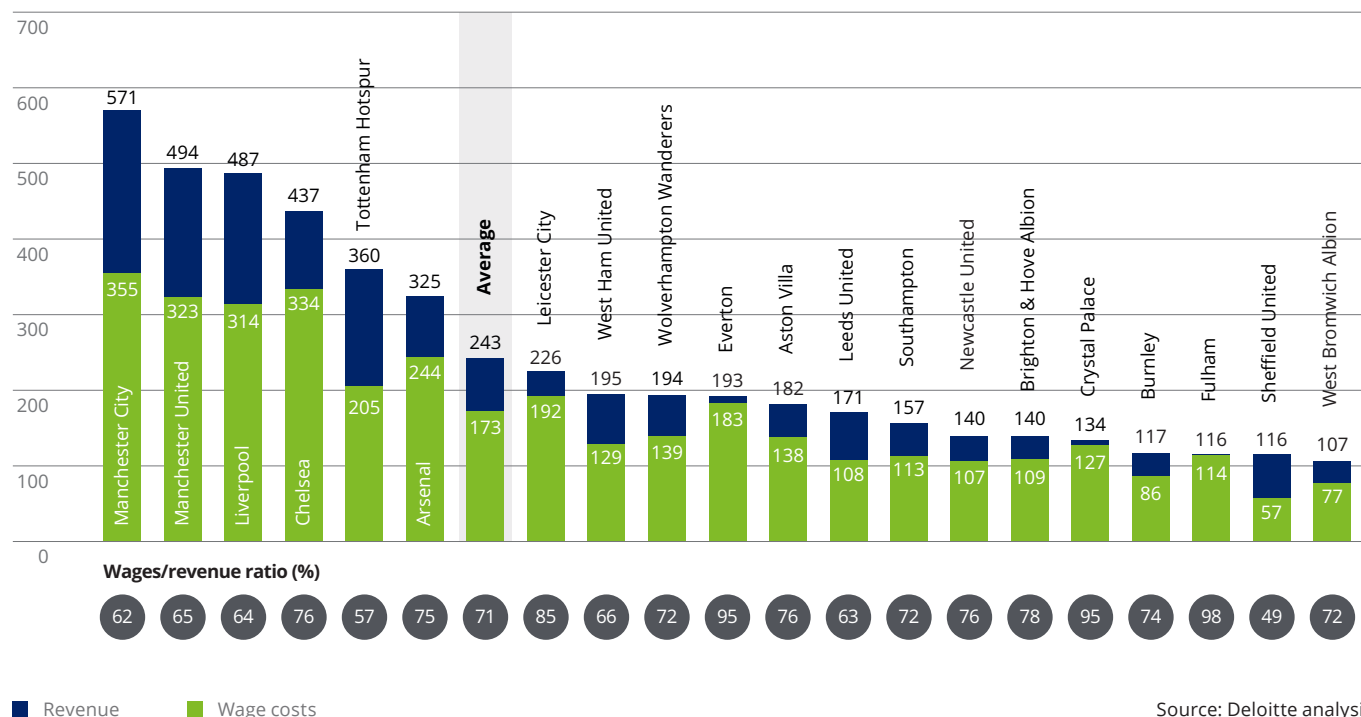
Future international broadcast

The Premier League has long been the market leader in global football for international broadcast rights revenues. In 2020/21 the Premier League's average annual value of international broadcast rights arrangements was £1.4 billion, far in excess of La Liga (c.£760m per season) and Bundesliga, Serie A and Ligue 1 each less than £225m per season.

The gap between the Premier League and other 'big five' European leagues is set to expand further as the new three-year cycle begins from 2022/23 season. The international broadcast rights for the Premier League have reportedly increased by 26% to £5.3 billion (c. £1.8 billion per season) and, for the first time, will outweigh the value of the domestic broadcast rights (£5.1 billion). The growth in value is primarily driven by competition between broadcasters in the American and European markets, such as NBC acquiring the rights for North America, an increase of 125% (c.£397m per season), and NENT Group acquiring the Scandinavian rights, an increase of 116% (£344m).

From 2019/20, Premier League clubs agreed to a new international revenue sharing model which continued to distribute the existing levels of international revenue equally, but any increase is distributed based on their finishing position in the league. In 2020/21 the clubs received between £48m and £56m from the pot of £1,038m distributed from international broadcast rights. Therefore, the incremental annual distributions from 2022/23 will skew towards those that finish higher up the table, with the clubs finishing in the top six expected to receive more than half of the increased distribution.

Chart 7: Premier League clubs' revenues and wage costs – 2020/21 (£m)



Source: Deloitte analysis.

Hotspur (£205m, ranked 6th) and Leicester City (£192m, ranked 7th) was £13m in 2020/21 (£10m in 2019/20).

The relationship between league position and wage cost ranking was stronger in 2020/21, as the Spearman's rank correlation coefficient increased from 0.66 in 2019/20 to 0.87.

Unfortunately the two lowest spenders on wage costs – West Bromwich Albion (£77m) and Sheffield United (£57m) – were both relegated at the end of the 2020/21 season, along with Fulham (£114m) who were amongst a group of nine Premier League clubs spending in the range of £107m to £139m. Newly promoted Leeds United finished a credible 9th whilst

ranked 17th in terms of wage costs (£108m), and subsequently also held on to their Premier League status in 2021/22 season.

Premier League clubs' profitability

Premier League clubs' operating profits bounced back to £479m in 2020/21 following three successive years of decline, as revenue growth exceeded the growth of wage costs. The 'big six' generated a substantial increase in operating profits of 67% to £297m in 2020/21. All six clubs reported an operating profit, the largest being Manchester City (£106m) which was greatly assisted by their run to the Champions League final and timing from 2019/20.

Premier League clubs reported pre-tax losses for the third consecutive year in 2020/21. However, losses of £669m in 2020/21 were a significant improvement from the record pre-tax losses in 2019/20 of close to £1 billion.

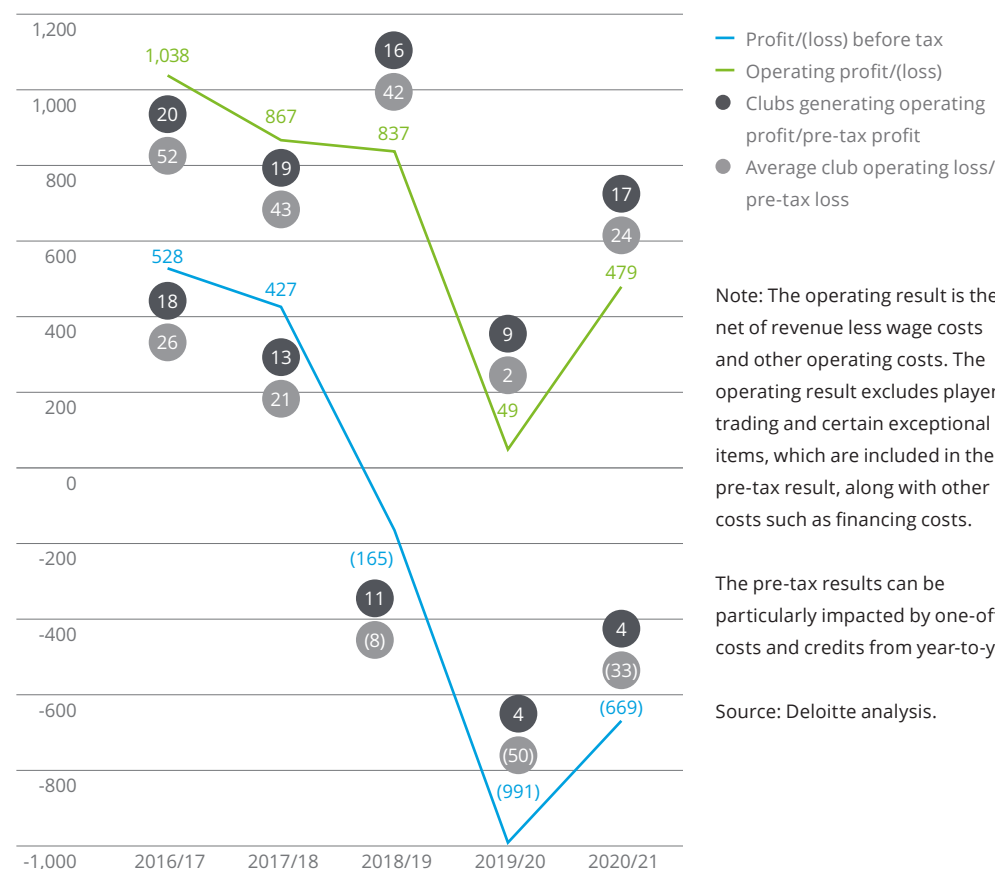
The predominant reason has been the increase in operating profit which outweighed the increased amortisation of player registrations (up £60m to £1.5 billion) and the reduction in profit generated from the sale of players (down £191m to £353m) as the summer 2020 player transfer market was less vibrant, when many clubs across Europe limited their cash outflows.

In 2020/21 only four clubs reported a pre-tax profit – Sheffield United being the only club to report a pre-tax profit in both 2019/20 and 2020/21, indicating commendable careful cost control during their two-year stint in the Premier League.

Chelsea generated the largest pre-tax loss of £169m in part due to a reduction in profits achieved on sale of players (from £143m to £28m) and increased amortisation of player registrations (from £127m to £180m). Whilst in part impacted by some exceptional costs, by stretching to meet their owner's on-pitch ambitions, Everton (£121m) suffered a third consecutive pre-tax loss of over £100m.



Chart 8: Premier League clubs' profitability – 2016/17-2020/21 (£m)



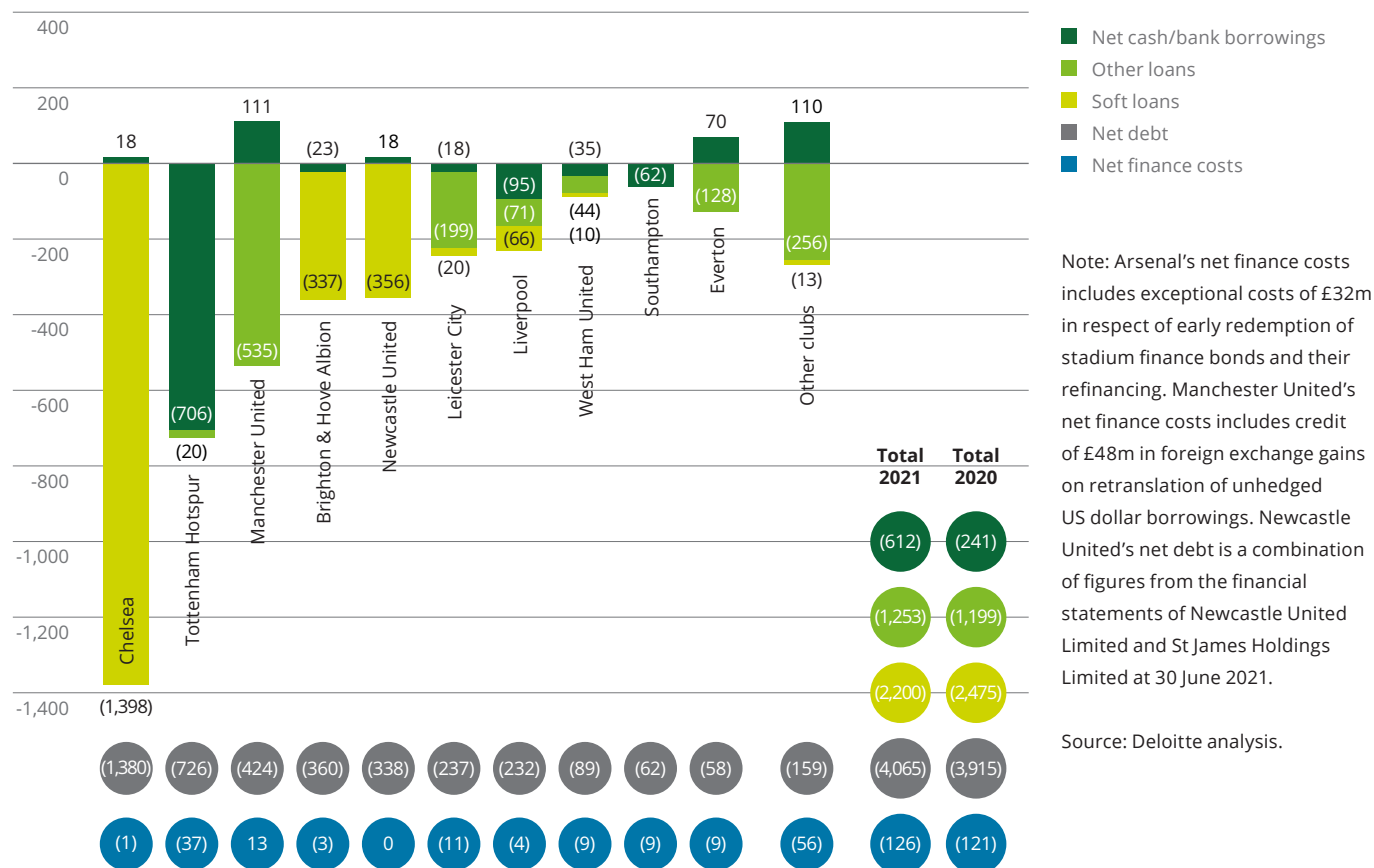
Premier League clubs' net debt

Premier League clubs have had to contend with funding aggregate losses of £1.7 billion over the pandemic disrupted 2019/20 and 2020/21 seasons, which they have addressed in a variety of ways. Equity injections from owners in 2020/21 of £460m (2019/20: £226m) boosted cash for some clubs such as Everton (£100m) and Aston Villa (£97m), and Fulham's balance sheet also benefited from a debt-to-equity conversion (£151m). In addition or instead, clubs' losses have needed to be funded through a combination of their working capital management and utilising existing cash balances and, in some cases, by obtaining additional debt financing.

Premier League clubs' net debt at the end of the 2020/21 season increased 4% to £4.1 billion (2020: £3.9 billion). Only four Premier League clubs reported positive net funds (rather than net debt) and each of those was below £15m.

The net of cash (£734m) and bank borrowings (£1,346m) of £612m was a significant deterioration as during 2020/21 clubs utilised their cash reserves to help fund operations and investment in players and facilities. Tottenham Hotspur continue to have the highest level of bank borrowings (£854m; net of cash £706m) in relation to the financing for their magnificent new stadium.

Chart 9: Premier League clubs' net debt – 2021 (£m)



The amount of soft loans of £2.2 billion actually decreased compared to summer 2020 (£2.5 billion), primarily due to the £127m parent loan written off for Wolverhampton Wanderers and the change of club mix.

Whilst there were some significant movements at individual clubs, the overall balance of the category of interest-bearing other loans of £1.3 billion was similar to the previous year. The most significant constituent clubs were Manchester United (£535m), Leicester City (£199m) and Everton (£128m). Excluding exceptional items, Premier League clubs' annual net finance costs climbed to £141m, and Manchester United remained the only Premier League club to pay dividends (£35m).

£4.1bn

Premier League clubs' net debt at the end of the 2020/21 season.



£236m

Premier League clubs' investment in stadia and training ground facilities in 2020/21.



Whilst it has been more of a struggle for some than others, many Premier League clubs have been able to in part draw on their accumulated cash reserves to ease their way through the crisis, and the funding requirements from owners through injections of equity and soft loans have been lower than some people may have expected.

The new financing structures in respect of Chelsea and Newcastle United will have a significant impact on the net debt profile of Premier League clubs at summer 2022 in next year's report. Owners' future funding strategies will also impact the net debt profile in the coming years, influenced by UEFA's new Financial Sustainability Regulations which encourage equity rather than debt to cover tolerable losses.

Varying approaches for financial survival

Clubs in the Premier League have been contending with financial pressures due to COVID-19 during both 2019/20, with deferred matches, and 2020/21, with minimal attendances, which had an impact on the balance sheet for all clubs. There was a varying approach taken by clubs as they had to deploy resources differently than planned to ensure financial survival, which will result in an element of catch-up for some.

Some clubs such as Crystal Palace, Newcastle United and Southampton relied on cash reserves to meet their financial obligations, with a cumulative fall of £168m in cash reserves, representing 78% of their reserves at the end of 2019/20. In contrast, Brighton and Hove Albion increased their bank loans by £37m and soft loans by £33m respectively whilst Everton decreased their bank loans by £70m and raised £100m of new equity from their majority shareholder. Meanwhile, Arsenal and Tottenham Hotspur availed the COVID Corporate Financing Facility from the Bank of England to secure low interest loans of £120m and £175m respectively, which have since been repaid. Among the promoted clubs, Leeds United issued new shares to raise £33m of funds and Fulham converted shareholder loans of £151m into equity.

Whilst there is not a 'one size fits all' approach for clubs tackling the economic impact of the pandemic, the difference in approach to financial management by clubs may be reflected both on-pitch and off-pitch as normality returns during the 2021/22 and 2022/23 seasons when revenues and profitability are expected to return to and exceed pre-pandemic levels, as reflected in Premier League clubs' transfer spend in Summer 2022 already exceeding that of Summer 2021.

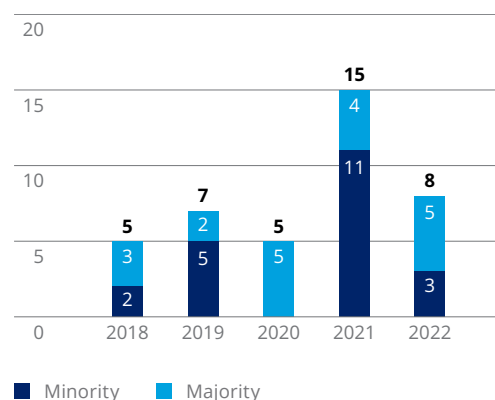
Responsible investment in sport

The 2022 Deloitte Annual Review of Football Finance highlights the resilience of football clubs following two turbulent years. This resilience and the greater need for, and reception to, private investment, alongside a renewed focus on financial sustainability, has led to significant investment into football at both league and club levels.

Investment into the ownership of football clubs is not a new phenomenon, but the volume and investor profile has evolved in recent years. In 2021 there were investments in respect of 15 clubs across the 'big five' leagues, mostly comprising minority investments (11 clubs). In 2021, the number of transactions was more than the prior two years combined. 2022 has seen a continuation of this uplift of activity, with investments in eight 'big five' clubs taking place so far, including the high-profile takeovers of Chelsea FC and AC Milan (subject to completion) – both of which have been reported to be the first European football club takeover transactions exceeding a valuation in excess of £1 billion. The structure of club investments has also evolved, with some limited to specific income streams, such as Sixth Street Partners' minority investment into a special purchase vehicle holding only FC Barcelona's LaLiga media rights revenue.

Over the past five years the majority of club investments across the 'big five' has come from high net worth individuals (46%) and an influx of private equity interest (41%). The United States has been the source of over two-thirds of the investments.

Investments in 'big five' football clubs – 2018 to 2022 (to 12 August 2022)



The economic rondo

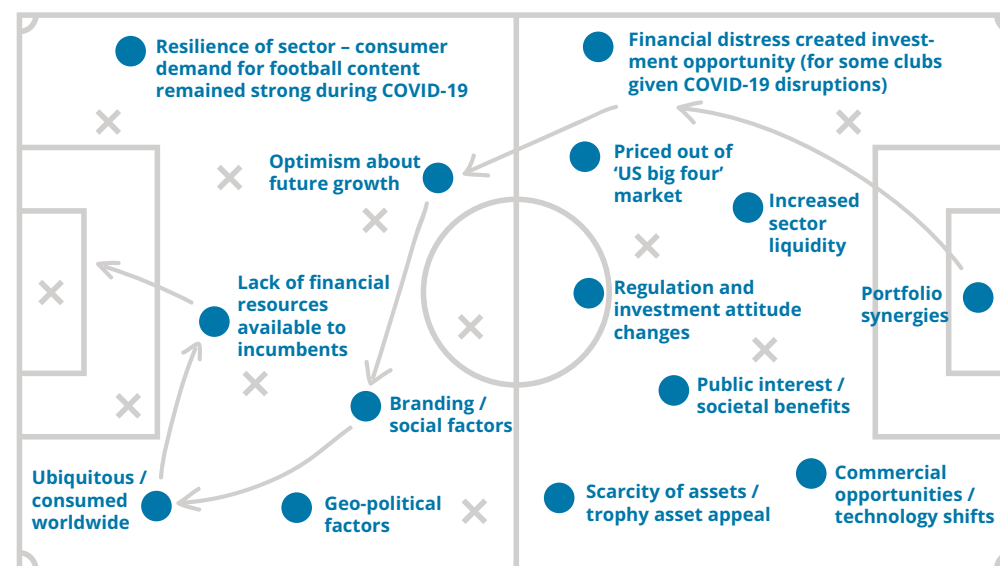
The increased level of investment is not a surprise given the resilience of the sector (shown by its ability to bounce back from COVID-19 disruption) and the strong fundamentals of European club football.

The graphic below highlights some of the key factors that have contributed to the high level of investor interest in European football.

Multi-club ownership model

Multi-club ownerships (MCO) particularly emerged in the early 2000s. Recent years have seen a surge in the adoption of this model with over 70 MCOs now in existence, more than double the amount five years ago.

MCOs are typically set up with the intention of trying to unlock synergies from operating multiple clubs across both sporting and more commercial operations. MCOs typically comprise a 'star club' which it aims to grow while promoting the financial sustainability of the group and each individual club. A key pillar also



commonly cited to underpin a MCO model is a successful player trading model, with player flow and development between a 'star club' and other clubs within the same group considered important.

As the 2022/23 season commences, nine of the 20 Premier League clubs operate within a MCO model, most notably City Football Group which holds investments in 11 clubs around the world.

League of their own

2021 saw the emergence of private equity investment into the 'big five' European leagues, with some of these competitions and their member clubs becoming more receptive to external funding in exchange for a share of future commercial rights. CVC Capital Partners moved first, reportedly purchasing a 10% stake in Spain's LaLiga (reportedly valuing the rights at €24 billion). This was followed by the purchase of a 13% stake in French Ligue 1 (valuing the rights at €11.5 billion)

The topic of league investments has also been reportedly discussed or secured in respect of Serie A (Italy), Bundesliga (Germany), FA Women's Super League (UK), Campeonato Brasileiro Série A (Brazil), Australian Professional Leagues (Australia), and Liga MX (Mexico).

League investments don't possess some of the unique risks associated with club football, such as reputational damage of

poor performance on-pitch, the financial consequence of relegation and potential need for cash injections to fund player acquisitions. An investor at league level can typically have greater certainty of revenues due to the contractual nature of its commercial rights deals and this has attracted certain investors. Typical arrangements involve allocating the majority of the investment (in phases) to clubs, with spending criteria focused on infrastructure improvement, player trading and commercial initiatives to help grow the commercial value of the league and its member clubs.

Do the right thing

The influx of investment and changes of ownership in sport has received a mixed response from fans and other stakeholders. Concerns can relate to reputational issues, expectations of future sporting performance, and risks surrounding a club's financial sustainability. For example, 2021 saw:

- Derby County (England) enter administration following long-running financial issues;
 - Bordeaux (France) administratively relegated to Ligue 2 following financial issues; and
 - Chievo Verona (Italy) excluded from professional football in Italy due to outstanding tax payments.
- As long-standing advisers in the football (and broader sports) industry, we recognise that responsible and sustainable investment into sport is of paramount importance. We believe responsible investment into football clubs is defined by an ownership strategy that protects long-term financial and operational viability, whilst also balancing the desire to be competitive on-pitch.
- We believe this is achieved by investors entering the sector in a risk-focused manner, considering all the factors that may impact their future ability to be responsible custodians of a football club, including factors such as:
- What is driving your interest in sport?
 - What is your level of risk appetite?
 - How does it fit in your current portfolio?
 - Minority versus majority stake?
 - What level of participation do you expect in the management of the football club?
 - Does the time horizon for exit align with the strategy of the club?
 - Do you have the current expertise to make an informed decision?

- Is a club's management team critical to success of investment, and will they stay post-acquisition?
- Have financial forecasts been stress-tested?
- Have you identified the level of initial and subsequent investment required?
- What is the interest from other parties that might bid-up the acquisition price?
- Have you completed the appropriate depth and breadth of due diligence to understand the investment opportunity?
- Have you communicated with and received comfort from critical stakeholders in respect of the direction of the league and club?
- Have you stress tested and considered the appropriateness and reasonableness of the club's valuation?

Deloitte is unique in our approach to M&A work in the sports sector. We offer a bespoke end-to-end service to clients considering investment into, or divestment from, the industry. We are flexible to client needs depending on the stage at which they might be at on the lifecycle of a potential investment opportunity.

Football League clubs

The clubs in the EFL's three divisions suffered an aggregate drop in revenue of 13% to £823m as the COVID-19 pandemic continued to impact in 2020/21. Whilst the football authorities helped guide the clubs through the turbulent times, now is the time for financial reformulation and stronger control to ensure a sustainable future.

Football League clubs' revenue

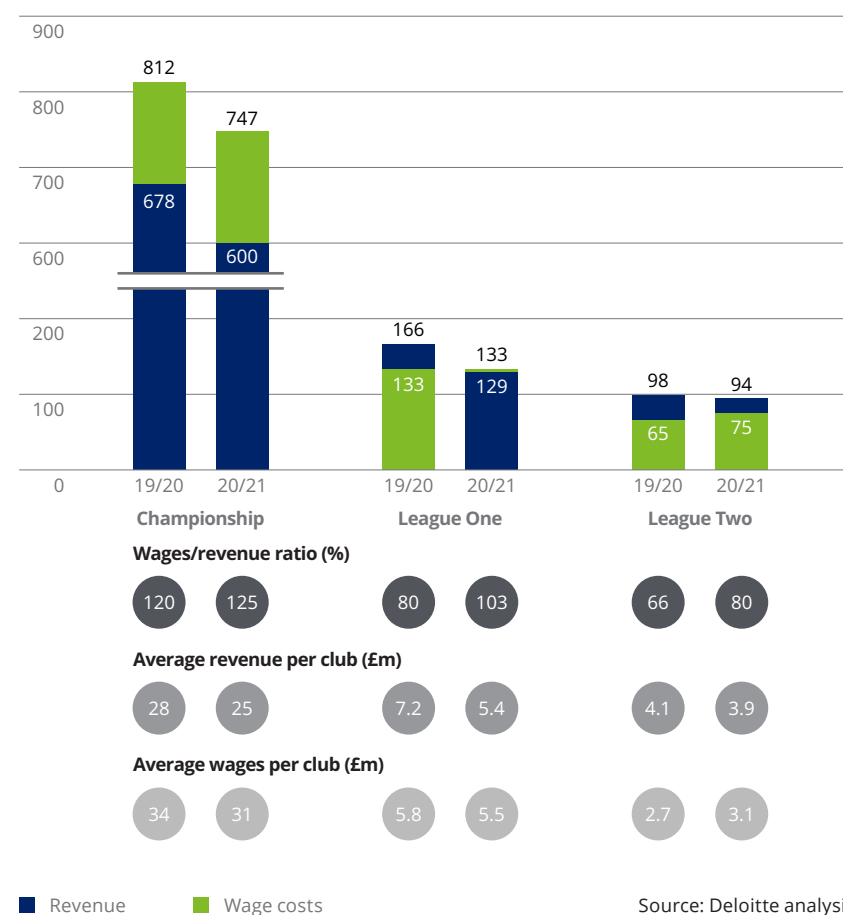
Championship clubs' revenue of £600m in 2020/21 was down by £78m (12%) compared to 2019/20. This was largely due to a £101m fall in clubs' matchday revenue, as the majority of matches in the 2020/21 season were played behind closed doors or with restricted attendances. Championship clubs' matchday revenue of just £16m in 2020/21 compares to £166m in the 2018/19 season before the negative impact of the COVID-19 pandemic.

2020/21 was the second season of the EFL's broadcast arrangements with Sky Sports which had provided a crucial revenue uplift for clubs in the previous season. Championship clubs' broadcast revenue rose 19% to £456m in 2020/21, the largest proportion of total revenue (76%). After the 2019/20 season was halted in March 2020, matches resumed in June and culminated with the Play-Off Final on 4 August 2020, won by Fulham. As a result, broadcast revenue in the financial year for 2020/21 was boosted by the recognition of revenue in respect of some matches of the 2019/20 season.

Broadcast revenue includes £236m of parachute payments from the Premier League received by seven Championship clubs ranging from £16m to £44m (2019/20: £228m for six clubs). Five of the clubs that received parachute payments finished in the Championship's top eight for the 2020/21 season, with Norwich City and Watford achieving promotion to the Premier League. In the nine seasons since the significant uplift in parachute payments in 2013/14, 48% of clubs promoted to the Premier League have been in receipt of parachute payments (compared to 33% in the ten seasons up to 2012/13).

Championship clubs' commercial revenue of £128m in 2020/21 was down £51m (28%) compared to the previous season, although this should bounce back in the aftermath of the seasons negatively impacted by the pandemic for revenue streams such as sponsorship, merchandising and non-matchday use of stadia.

Chart 10: Football League clubs' revenues and wage costs – 2019/20 and 2020/21 (£m)



Source: Deloitte analysis.

Note: 2019/20 figures exclude Bury FC.

In addition, EFL's arrangements with broadcasters enabled fans to watch matches and clubs generated significant additional revenue from subscriptions to the iFollow streaming service.

In 2020/21, League One clubs' revenue fell by 22% to £129m (average £5.4m) and League Two clubs' revenues fell by 4% to £94m (average £3.9m). Clubs' matchday revenue from attendees was virtually wiped out, albeit the cashflow impact was softened by revenue generated from iFollow subscriptions for match streaming and a relief package from the Premier League, comprising a £30m grant distributed across all 48 clubs and a further £20m 'monitored loans' for clubs in need. League One revenue was also depressed as Sunderland's revenue reduced significantly in 2020/21 as they no longer benefited from a parachute payment (2019/20: £15m).

£236m

Total of parachute payments to seven Championship clubs in 2020/21.



Football League clubs' wage costs

Despite the Profitability and Sustainability Rules in place, Championship clubs' wage costs exceeded their revenues for the fourth consecutive year with a record high wages/revenue ratio of 125%. Whilst in aggregate Championship clubs managed to reduce wage costs by 8% to £747m, these savings were exceeded by the loss of revenue. Fixed term contracts with players limited the clubs' ability to cut their costs in the short term.

Wage costs of clubs achieving promotion are increased by bonuses which will be covered by the rewards of participating in the Premier League. In 2020/21, the clubs achieving promotion were Norwich City (wage costs £67m and wages/revenue ratio 117%), Watford (£70m/127%) and Brentford (£41m/258%). Otherwise, the worst wages/revenue ratios were Reading (£34m/214%), Birmingham City (£32m/211%), and relegated Sheffield Wednesday (£24m/209%), a marker of how reliant a number of clubs are on external funding to enact their operations.

Revenue exceeded wage costs for just five clubs in 2020/21 (2019/20: five clubs). The lowest wages/revenue ratios were Huddersfield Town (55%), Cardiff City (61%) and ultimately relegated Rotherham United (69%).





Reformation of distributions across English football

In light of the COVID-19 pandemic and the UK government's Independent Fan Led Review of Football Governance, the stark financial reality of EFL clubs is laid bare in this section.

One of the key strategic recommendations of the Fan Led Review is a reassessment of the distribution across English football of the monies generated by the Premier League. In particular, the EFL is seeking to achieve greater redistribution of monies down the pyramid, with key objectives to reform the system of parachute and solidarity payments and to reduce the financial gap between clubs in the top two divisions. This would reduce the clamour of clubs that financially overstretch to chase their dream of promotion to the riches of the Premier League, and to reduce perceptions of parachute payment clubs having an unfair competitive advantage in the Championship division. In return the Premier League may seek certain commitments from the EFL and its member clubs on matters such as enhanced player development pathways and robust cost control regulations to help ensure that funds are channelled in a financially sustainable manner.

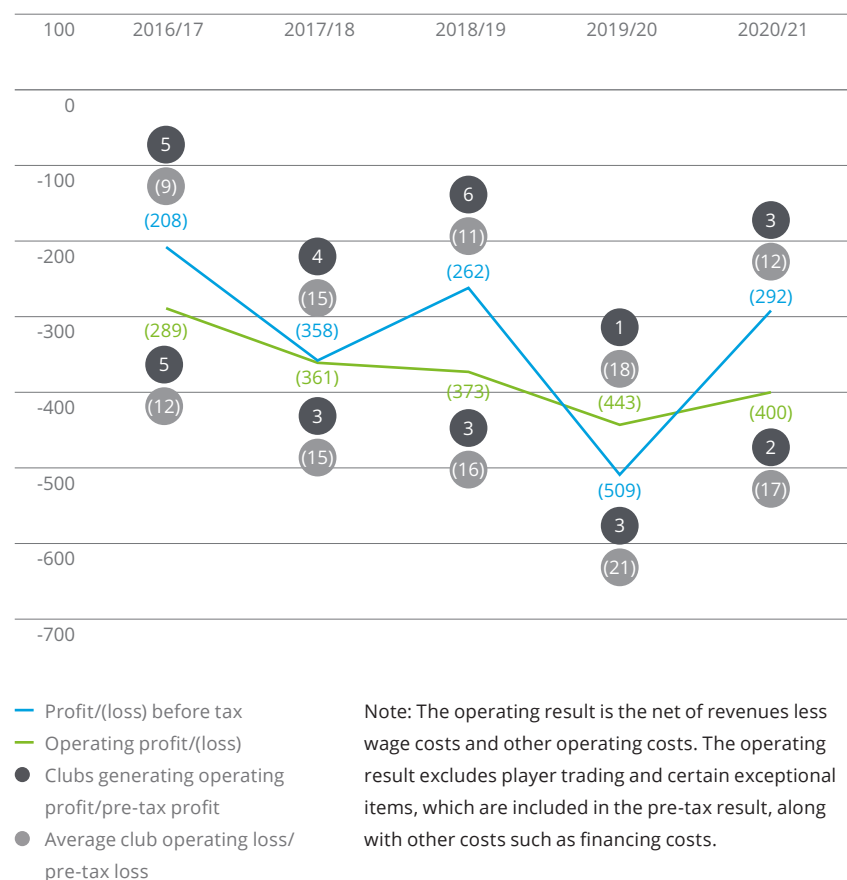
Whilst there is still some distance to travel, it appears that the football authorities are stepping closer towards addressing one of the most significant challenges in English football to promote a more financially sustainable future for EFL clubs.

The negative financial impact of the COVID-19 pandemic meant that the average of League One clubs' wage costs of £5.5m just surpassed their revenue for the first time with a wages/revenue ratio of 103%, exacerbated by Sunderland's loss of parachute payments and several other 'big clubs' vying for promotion including Charlton Athletic, Hull City and Ipswich Town. For League Two clubs the average wage cost of £3.1m relative to average revenue of £3.9m (a wages/revenue ratio of 80%) was particularly pushed-up by higher wage bills at a few clubs such as Bolton Wanderers and Salford City.

Championship clubs' losses

Championship clubs' operating losses of £400m in 2020/21 was a slight improvement on the previous season (2019/20: £443m). There were 13 clubs with larger operating losses than the average of £17m – contributing 91% to the overall operating loss of £400m.

The improvement in Championship clubs' pre-tax losses to £292m (2019/20: £509m) besides the £43m change in operating losses is largely driven by player trading. Championship clubs' player acquisitions were significantly down in 2020/21 and in the previous year some clubs had recognised significant one-off impairment write-downs. Profit on disposal of player registrations increased as clubs sought to manage their finances in the midst of the pandemic. Collectively this resulted in an £85m

Chart 11: Championship clubs' losses – 2016/17 to 2020/21 (£m)

decrease (to £231m) of amortisation and impairment of player registrations and a £69m increase (to £330m) of profit on disposal of player registrations in 2020/21, largely driven by those clubs relegated from the Premier League – Norwich City, AFC Bournemouth and Watford combined generated £173m profit from player sales (52% of the total for the division) largely in the summer 2020 transfer window. In addition, there were credits for clubs in 2020/21 for furlough grants received, insurance claims and Blackburn Rovers' sale of their training ground.

The Championship clubs promoted at the end of the 2020/21 season will have the opportunity to recover their losses through the substantial rewards of Premier League membership. For the other Championship clubs which chased the dream but failed to get promotion (aggregate pre-tax losses in 2020/21 of £283m), in general their financial future is more fragile. Many Championship clubs will need to improve the future balance between their costs and their revenues, encouraged by the EFL's regulations and clubs' obligations under the loan schemes initiated in 2020. There now can be no doubt that significant change is required to drive long-term sustainability, without the need for continual owner funding at this level.

EFL's enhanced governance

As part of its continuing commitment to enhance the governance of its member clubs and application of its financial regulations, the EFL has recently set up a Club Financial Review Unit and approved the establishment of a Club Financial Review Panel.

The new Panel will comprise independent persons with relevant financial, legal and/or football business expertise. The Panel will be responsible for providing independent review and decision-making based on information provided by the Financial Reporting Unit (responsible for administering the regulations) for the monitoring and enforcement of the EFL's financial regulations (including the current HMRC reporting requirements, the Championship Profitability and Sustainability Rules, and the Salary Cost Management Protocol in Leagues One and Two). This will include determining appropriate outcomes in respect of the enforcement of the regulations within the boundaries of the regulatory framework.

The establishment of the Panel and the Financial Reporting Unit better aligns the EFL's regulatory framework with best practice principles of good governance, with aims of providing greater robustness, consistency, efficiency and independence of decision making. To help deliver greater financial sustainability for the future, some of the financial regulations themselves will also require reform. Regardless of the level of revenues generated by clubs and distributions received, effectively designed and implemented cost control measures are essential for the EFL's member clubs to significantly reduce their losses in future.

Championship clubs' net debt

Championship clubs' net debt at the end of the 2020/21 season of £1.8 billion was up £429m (32%) compared to the end of the previous season. Only two Championship clubs (Wycombe Wanderers and Barnsley) reported positive net funds (rather than net debt) at the end of the 2020/21 season.

Soft loans increased over £100m to £1,277m as a few Championship clubs obtained additional funding from their owners during 2020/21, in particular Reading (£47m) and Stoke City (£29m). Such owner funding is typically only repayable in whole or in part in the future if a club gains promotion to the Premier League or as part of the arrangements for change of ownership. Whilst there have been several instances of debt to equity conversions over the pandemic impacted seasons, there has been relatively little new equity injected.

£91m

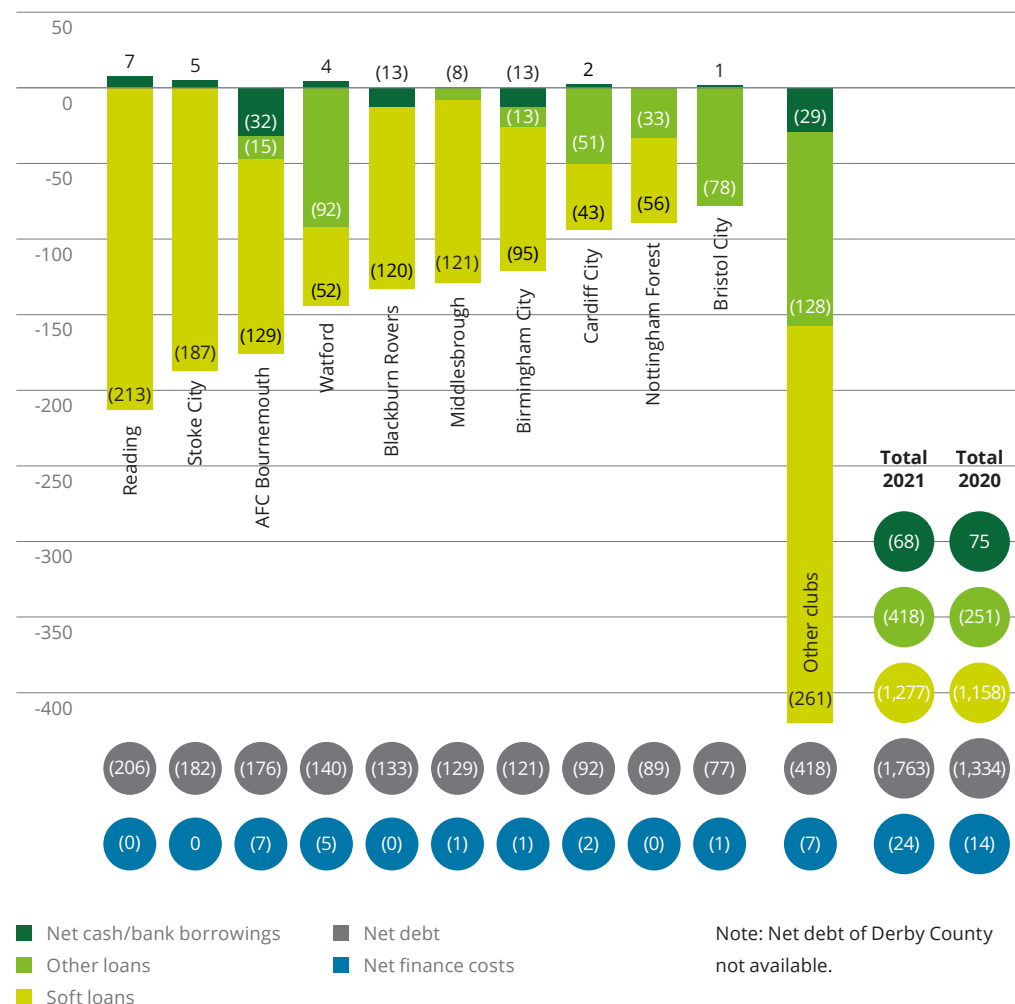
Championship clubs' capital expenditure in 2020/21, including £55m for Brentford's new stadium.



There was a significant increase in the category of other loans to £418m, as the majority of Championship clubs obtained interest-free loans in 2020/21 from drawdown of the EFL's £118m debt raise with MetLife. The loan schemes and relief package for EFL clubs have helped support the clubs' cashflows and settlement of PAYE liabilities during the disruption of 2020 and 2021. Loans will be repayable by clubs in stages through to 2023/24, or more promptly if a club gains promotion to the Premier League. Despite the crisis, Derby County has been the only EFL club to enter insolvency arrangements since 2019; a situation exacerbated by legacy financial issues under the club's previous owner.

For many years we have reported on the perilous cumulative financial position of the Championship. The pandemic meant that cash was required, and quickly. The actions of the EFL helped safeguard the short-term future of its member clubs, but without sustained and collaborative consideration for the English football system from this point, the gap to the Premier League, the competitive advantage of clubs with parachute payments, and the cycle of clubs gambling on promotion will now only increase.

Chart 12: Championship clubs' net debt – 2021 (£m)



Independent fan led review of football governance

In November 2021 Tracey Crouch MP delivered her report as Chair of the Independent Fan Led Review of Football Governance (the Review), fulfilling a Conservative Party 2019 Election manifesto commitment.

This was followed by a promise in the Queen's Speech to Parliament in May 2022 to bring forward proposals to establish an independent regulator for English football (IREF). The pledge to introduce substantial change was welcomed by all political parties and the vast majority of the game's stakeholders. Set out below are some considerations regarding why this happened, what is proposed and the potential impact it may have.

The cause

The case for a review and regulation has been mooted for some time, but the momentum on this occasion was accelerated by the demise of Bury, the crisis at Macclesfield and the recognition of the threat of similar situations at many other clubs. Additionally, the overwhelmingly negative reaction to the ill-conceived and short-lived European Super League proposals made the calls for change deafening.

The proposal

After 100+ hours of evidence and 20,000+ online survey responses allowing fans and other stakeholders to articulate the issues and proposed solutions, the Review produced 10 core, and 47 more detailed, recommendations.

At the heart of these was the need for an IREF to set rules to govern the business of English football with appropriate licensing, investigatory and enforcement powers. Independence was deemed essential to address the perceived inherent conflicts and governance shortcomings of self regulation in English football.

The IREF's mandate to protect heritage assets of football clubs (team name, badge, colours, ground location) seems uncontroversial. Similarly the need for regular assessment of committed equality, diversity and inclusion plans and stronger and consistent Owners and Directors Tests to ensure the custodians of that heritage have the requisite character and integrity, were widely welcomed.

The aspects attracting some criticism were the proposals for stronger financial regulation to control costs, enforce prudence and ensure sustainability. The details are for an IREF to determine from here but the fundamental aim is to prevent future financial crises at clubs often caused by intense on field ambition and competition between clubs leading to individual or collective off field financial recklessness. The Review also recognised that the distribution of monies within English football needs to be reassessed and if the game cannot resolve this itself, the IREF will have back stop powers to do so. It is also clearly accepted and evidenced by history that redistribution without first setting appropriate cost control regulation will not solve the financial sustainability issue. This should give those who criticise the findings some cause for comfort that any next steps will be taken with a holistic view.

The potential impact

There is now a golden opportunity for English football to put its financial house in order. The last 30 years have seen huge growth in revenue helping English professional club football attain a world leading position in many respects. Continued political will to appoint and empower the regulator and hard work in collaboration with English football's key stakeholders on the details of regulation could enable the game to also address its biggest challenges and retain and build upon its undoubted success.

Deloitte Sports Business Group is committed to supporting improved governance and regulation in football. Dan Jones, the former Partner in charge of the Sports Business Group at Deloitte, was a member of the Panel of Experts on the Review.



Appendices

Chart 1: Premier League clubs' revenues – 1991/92 and 2011/12 to 2022/23 (£m)

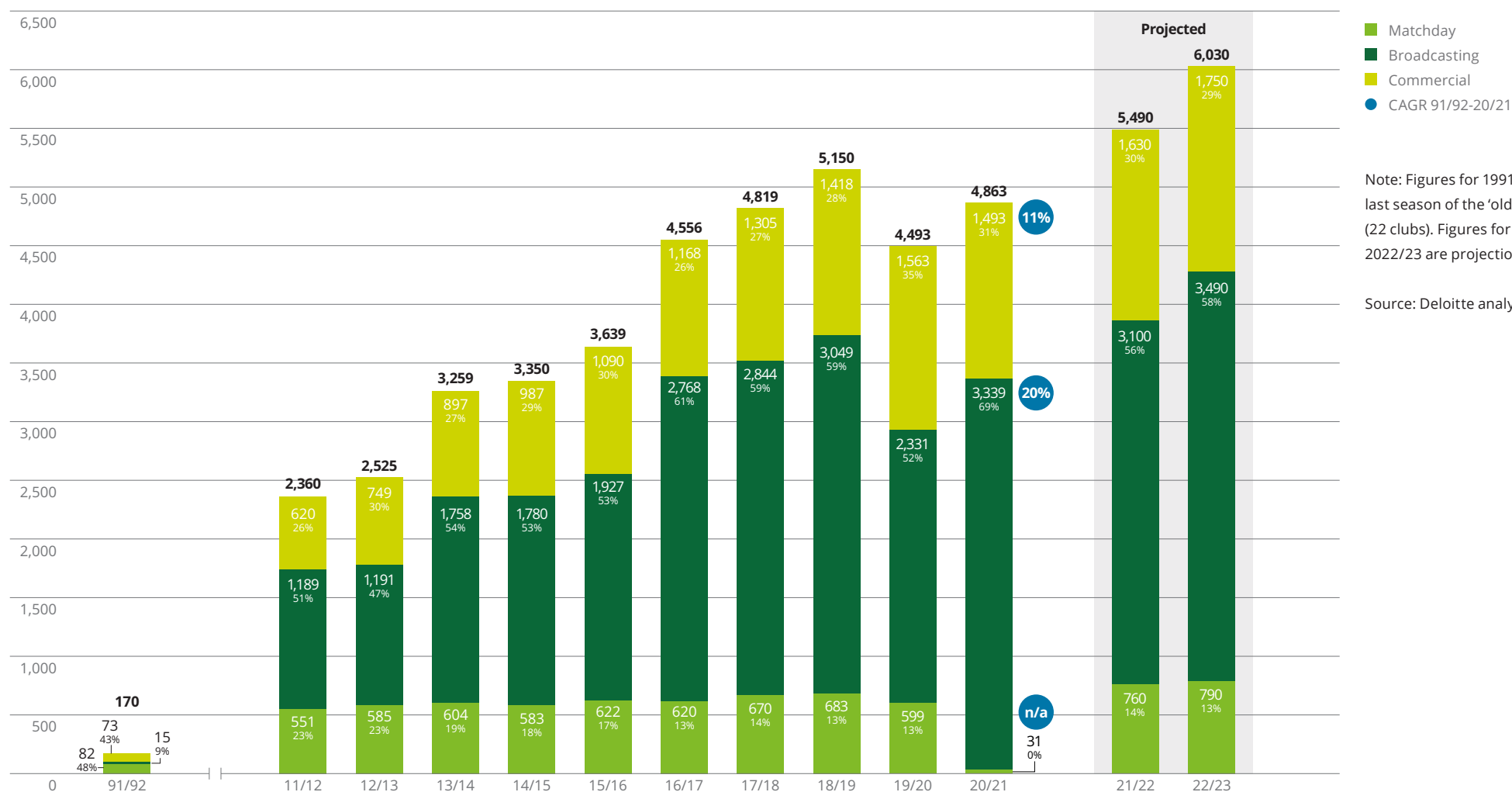


Chart 2: Premier League clubs' net debt – 2017 to 2021 (£m)

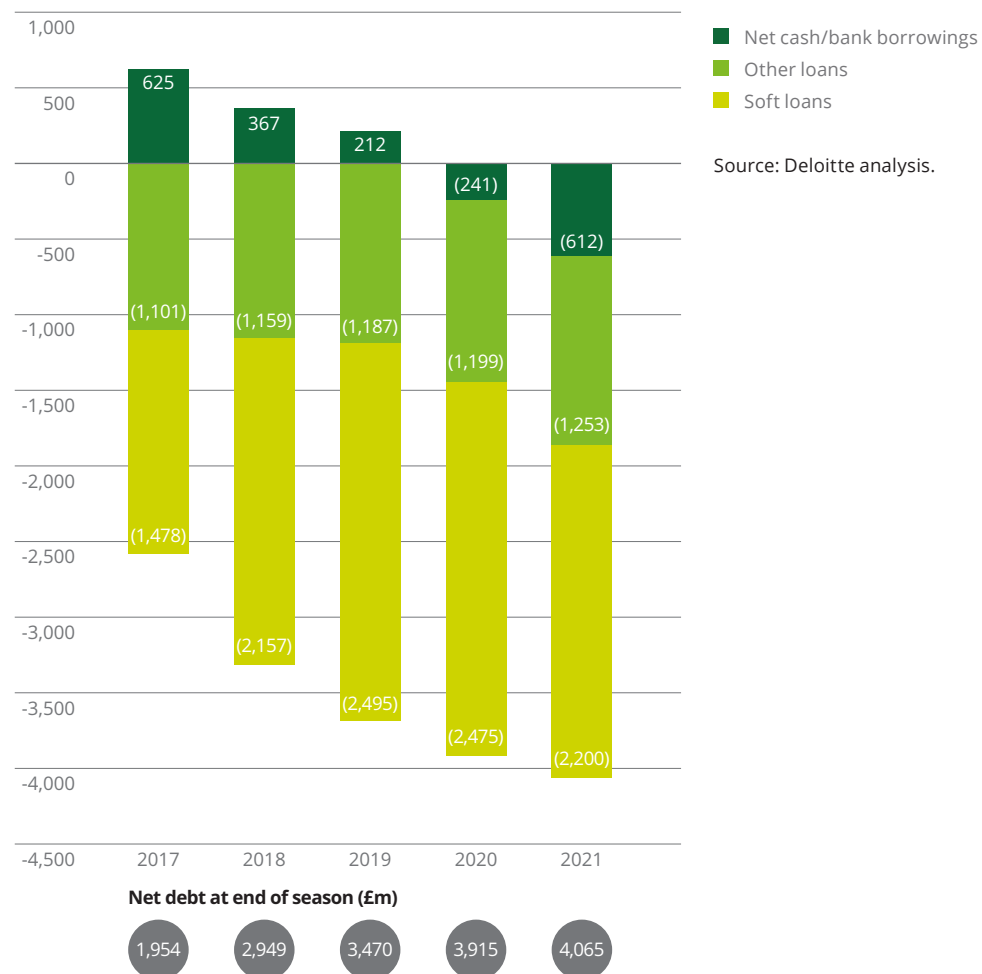


Chart 3: Championship clubs' net debt – 2017 to 2021 (£m)



Chart 4: 'Big five' European league clubs' wage costs – 1996/97 and 2011/12 to 2020/21 (€m)

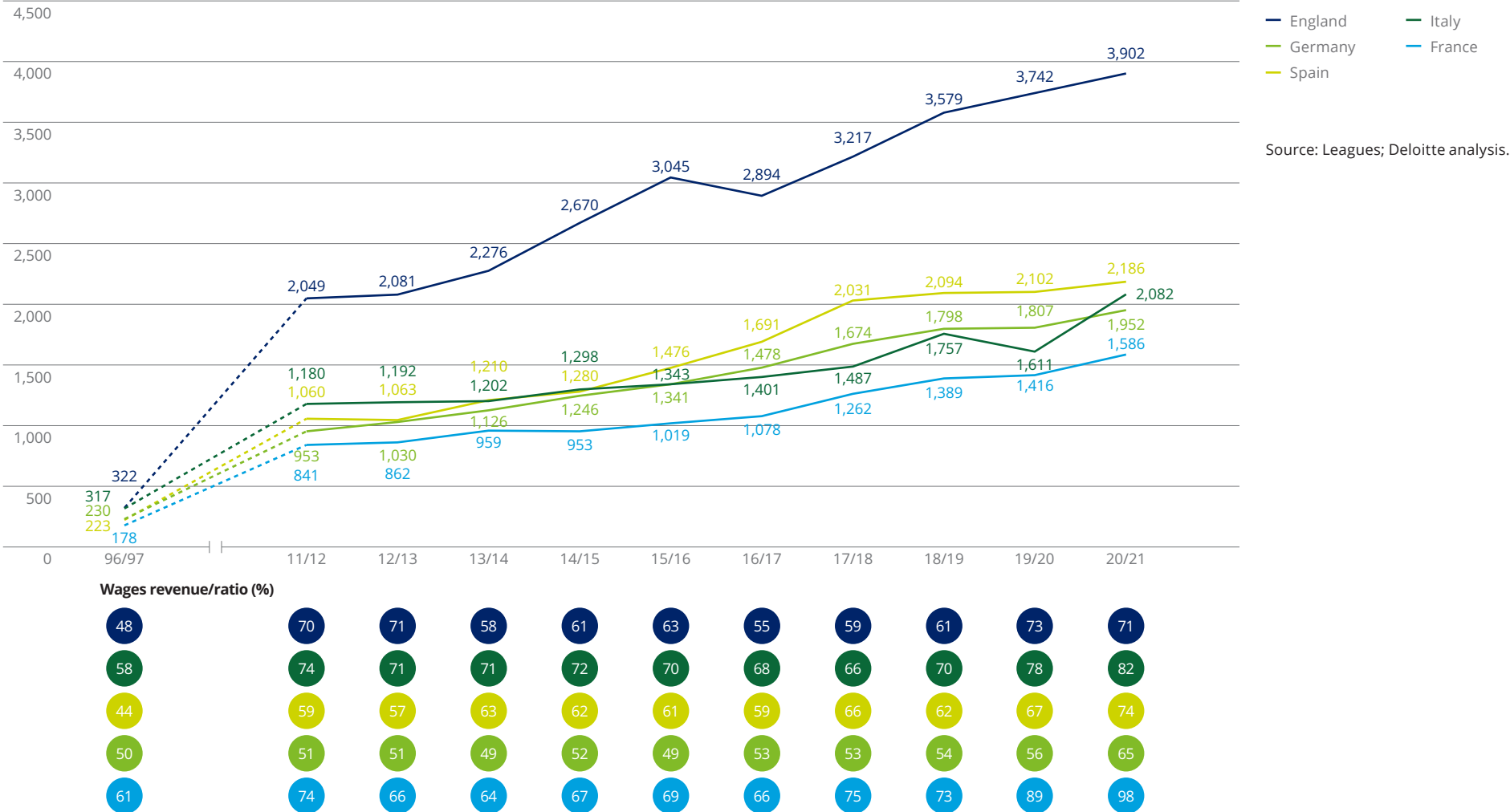


Chart 5: Premier League clubs' revenue and wage costs – 1991/92 and 2010/11 to 2020/21 (£m)

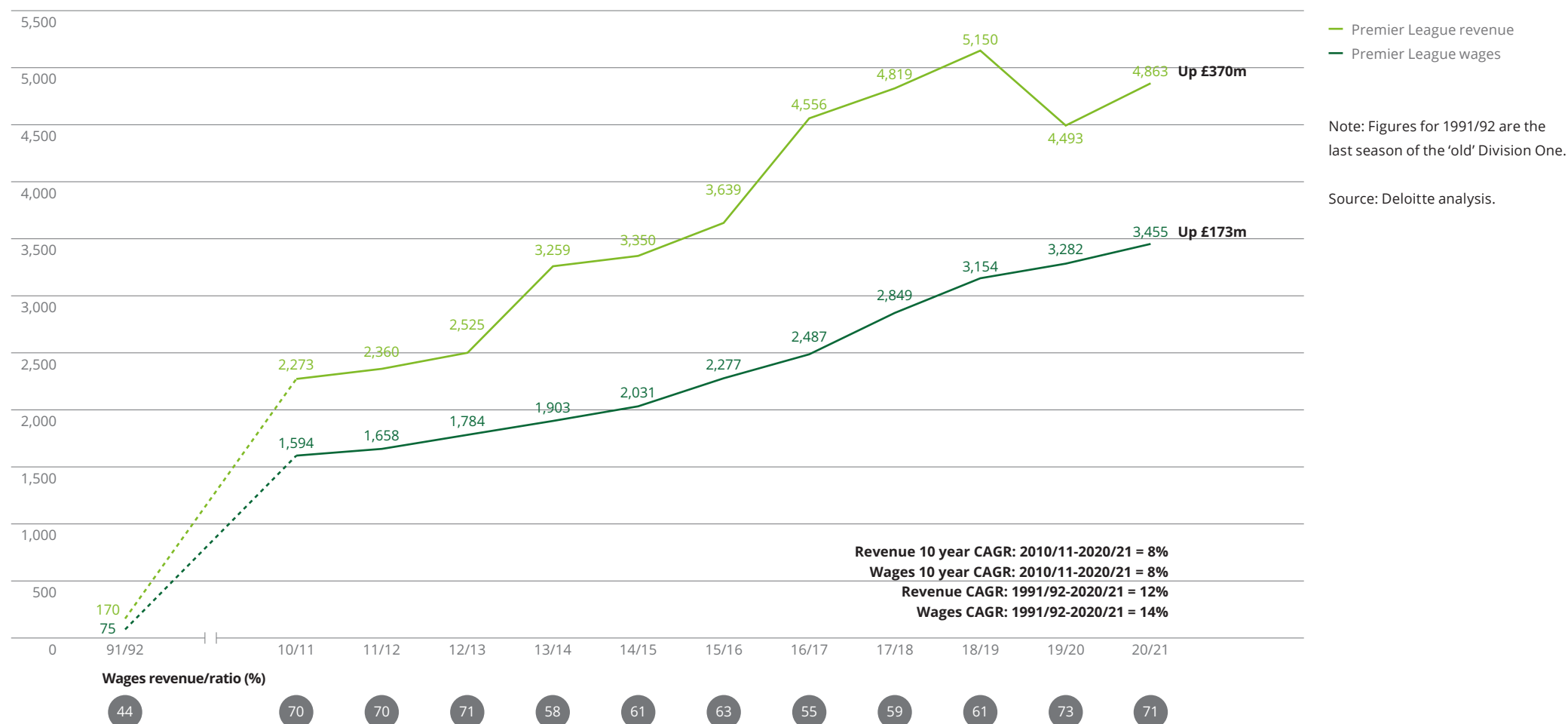


Table 1: Premier League clubs' financial information – 2019/20 and 2020/21

Club	Year end	2021 League position	2021 UEFA competition	2021 Revenue £'000	2020 Revenue £'000	2020/21 Percentage increase/ (decrease) %	2021 Wage costs £'000	2020 Wage costs £'000	2020/21 Percentage increase/ (decrease) %	2021 Op. profit/ (loss) before plyr trdg £'000	2020 Op. profit/ (loss) before plyr trdg £'000	2020/21 Increase/ (decrease)
Arsenal	May 21	8	UEL (SF)	325,066	340,357	(4%)	244,438	234,478	4%	18,429	13,440	4,989
Aston Villa	May 21	11	n/a	182,382	110,307	65%	137,799	108,807	27%	14,340	(32,488)	46,828
Brighton & Hove Albion ¹	June 21	16	n/a	140,036	114,770	22%	108,884	103,178	6%	378	(17,126)	17,504
Burnley	July 21	17	n/a	116,813	134,990	(13%)	85,934	100,094	(14%)	16,082	17,489	(1,407)
Chelsea ²	June 21	4	UCL (W)	436,643	411,882	6%	334,387	287,051	16%	6,386	(1,607)	7,993
Crystal Palace	June 21	14	n/a	134,383	142,347	(6%)	127,002	132,643	(4%)	(11,478)	(14,305)	2,827
Everton ³	June 21	10	n/a	193,143	185,882	4%	182,570	171,307	7%	(21,878)	(18,884)	(2,994)
Fulham	June 21	18	n/a	116,086	57,877	101%	113,871	72,626	57%	(16,298)	(32,904)	16,606
Leeds United	June 21	9	n/a	171,028	56,685	202%	108,253	78,290	38%	42,282	(54,169)	96,451
Leicester City	May 21	5	UEL (R32)	226,204	149,950	51%	192,088	157,479	22%	4,623	(42,121)	46,744
Liverpool	May 21	3	UCL (QF)	487,365	489,860	(1%)	314,354	325,572	(3%)	65,802	30,561	35,241
Manchester City	June 21	1	UCL (RU)	571,093	481,598	19%	354,689	351,412	1%	105,683	(11,965)	117,648
Manchester United	June 21	2	UEL (RU)	494,117	509,041	(3%)	322,600	284,029	14%	80,091	113,593	(33,502)
Newcastle United	June 21	12	n/a	140,192	152,626	(8%)	106,829	121,146	(12%)	16,859	4,674	12,185
Sheffield United	June 21	20	n/a	115,582	143,879	(20%)	57,418	78,511	(27%)	34,866	35,535	(669)
Southampton	June 21	15	n/a	157,245	126,636	24%	113,426	114,368	(1%)	17,785	(19,823)	37,608
Tottenham Hotspur	June 21	7	UEL (R16)	359,691	390,857	(8%)	205,028	181,319	13%	20,563	33,785	(13,222)
West Bromwich Albion	June 21	19	n/a	106,934	53,745	99%	76,897	66,888	15%	20,741	(27,113)	47,854
West Ham United	May 21	6	n/a	194,799	140,877	38%	129,425	134,331	(4%)	29,280	(25,278)	54,558
Wolverhampton Wanderers ⁴	May 21	13	n/a	194,096	132,609	46%	139,262	94,701	47%	34,537	7,131	27,406

Notes:

1. Brighton & Hove Albion – The results of the class of business described as 'New Monks Farm development project' have been excluded from revenue (2021: £11.6m, 2020 £9.4m) and operating result (2021: £1.6m, 2020: £0.6m).

2. Chelsea – Pre-tax result for 2019/20 includes £18m in respect of profit on disposal of shareholding in Chelsea Digital Ventures Limited.

3. Everton – Pre-tax result for 2020/21 includes £0m (2019/20: £19.9m) in respect of costs of the new stadium project.

4. Wolverhampton Wanderers – Pre-tax result for 2020/21 includes an exceptional item of £127m in respect of the write-off of a parent company loan.

Some clubs have changed their accounting reference date in 2020 and/or 2021 such that not all reporting periods are 12 months: Burnley 2020/21: 12 months (2019/20: 13 months), Crystal Palace 2020/21: 11 months (2019/20: 13 months), Leeds United 2020/21: 11 months (2019/20: 13 months), Newcastle United 2020/21: 11 months (2019/20:

13 months), Sheffield United 2020/21: 11 months (2019/20: 13 months), and West Bromwich Albion 2020/21: 11 months (2019/20: 13 months).

n/a means not available or not applicable.

Source: Company/Group financial statements; Deloitte analysis.

2021 Amortisation of players' registrations £'000	2020 Amortisation of players' registrations £'000	2021 Net pft/(loss) sale of players' registrations £'000	2020 Net pft/(loss) sale of players' registrations £'000	2021 Pre-tax profit/ £'000	2020 Pre-tax profit/ £'000	2020/21 Increase/ (decrease) £'000	2021 Net assets/ (liabilities) £'000	2020 Net assets/ (liabilities) £'000	2021 Players' registrations NBV £'000	2020 Players' registrations NBV £'000	2021 Net funds/ (debt) £'000	2020 Net funds/ (debt) £'000	2021 Stadium/ facilities expenditure £'000
(117,413)	(113,288)	11,770	60,050	(127,204)	(54,022)	(73,182)	237,755	345,078	294,241	303,547	2,466	(66,794)	1,412
(56,125)	(70,599)	1,237	(393)	(37,318)	(99,452)	62,134	175,016	114,991	172,115	134,229	14,991	10,496	4,168
(55,750)	(45,616)	6,601	(599)	(53,402)	(67,225)	13,823	(174,640)	(121,238)	73,597	108,819	(360,127)	(301,816)	18,316
(21,411)	(32,315)	5,102	14,746	(2,984)	4	(2,988)	78,996	81,548	34,331	40,451	(14,775)	80,606	5,371
(179,739)	(127,302)	27,940	142,645	(168,915)	42,503	(211,418)	(902,345)	(736,486)	432,928	395,270	(1,379,860)	(1,360,737)	9,756
(36,454)	(43,386)	9,571	539	(40,261)	(58,023)	17,762	(89,368)	(49,107)	35,202	49,368	(91,889)	(18,456)	15,430
(96,580)	(125,556)	13,226	40,455	(120,934)	(139,863)	18,929	49,749	70,932	209,849	227,568	(58,244)	(2,303)	22,081
(77,358)	(40,676)	146	25,310	(93,483)	(48,112)	(45,371)	241,476	182,146	77,117	103,979	14,353	15,312	59,851
(37,794)	(11,342)	(1,440)	10,128	25,920	(62,422)	88,342	(12,675)	(69,402)	116,397	55,939	(25,821)	(5,880)	9,822
(72,635)	(79,805)	43,861	63,088	(33,097)	(67,284)	34,187	39,469	72,566	174,305	192,088	(236,778)	(177,948)	38,502
(108,272)	(106,034)	39,340	26,915	(10,131)	(52,208)	42,077	182,002	196,906	314,321	290,037	(232,423)	(184,787)	10,696
(164,371)	(145,820)	68,545	39,803	5,048	(125,120)	130,168	656,303	630,707	452,267	448,578	(19,613)	(47,333)	6,019
(120,280)	(122,761)	7,381	18,384	(24,027)	(20,818)	(3,209)	272,512	351,232	327,987	346,872	(423,918)	(478,469)	5,607
(32,277)	(58,696)	1,701	26,288	(13,622)	(25,972)	12,350	8,200	20,392	101,830	93,696	(94,470)	(44,524)	99
(25,778)	(19,968)	1,134	4,110	10,484	18,803	(8,319)	2,501	(7,228)	69,277	51,655	(51,264)	(17,464)	1,188
(47,350)	(63,071)	16,034	13,933	(22,777)	(76,120)	53,343	17,386	32,148	79,928	97,578	(62,172)	(4,830)	2,763
(82,348)	(75,350)	18,399	17,072	(80,189)	(67,724)	(12,465)	256,007	339,808	204,759	180,689	(726,426)	(625,442)	22,024
(25,391)	(26,140)	4,159	29,416	(498)	(23,815)	23,317	34,246	34,349	50,337	36,118	2,716	14,297	154
(67,633)	(59,856)	17,584	24,933	(26,916)	(65,335)	38,419	(77,678)	(84,777)	94,127	147,091	(89,127)	(104,898)	1,411
(71,549)	(51,917)	60,760	9,520	144,885	(39,957)	184,842	100,404	(44,481)	162,823	163,446	(25,101)	(125,156)	1,325

Table 2: Championship clubs' financial information – 2019/20 and 2020/21

Club	Year end	2021 League position	2021 Revenue £'000	2020 Revenue £'000	2020/21 Percentage increase/ (decrease) %	2021 Wage costs £'000	2020 Wage costs £'000	2020/21 Percentage increase/ (decrease) %	2021 Op. profit/ (loss) before plyr trdg £'000	2020 Op. profit/ (loss) before plyr trdg £'000	2020/21 Increase/ (decrease) £'000	2021 Amortisation of players' registrations £'000
AFC Bournemouth	June 21	6	72,334	95,380	(24%)	57,376	107,871	(47%)	(602)	(27,635)	27,033	(35,894)
Barnsley	May 21	5	12,476	14,219	(12%)	14,374	11,120	29%	(4,751)	(298)	(4,453)	(2,823)
Birmingham City	June 21	18	14,923	23,554	(37%)	31,561	33,052	(5%)	(23,734)	(21,246)	(2,488)	(7,178)
Blackburn Rovers ¹	June 21	15	14,488	13,522	7%	25,652	25,599	0%	(18,901)	(20,718)	1,817	(4,142)
Brentford	June 21	3 (P)	16,059	13,579	18%	41,441	25,862	60%	(42,022)	(23,340)	(18,682)	(13,343)
Bristol City	May 21	19	18,258	27,856	(34%)	35,339	33,480	6%	(30,659)	(23,479)	(7,180)	(12,380)
Cardiff City	May 21	8	54,779	45,580	20%	33,497	35,640	(6%)	6,038	(6,426)	12,464	(18,569)
Coventry City	May 21	16	11,848	5,103	132%	13,174	6,535	102%	(2,630)	(4,022)	1,392	(1,803)
Derby County	June 21	21	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Huddersfield Town	June 21	20	44,818	53,299	(16%)	24,637	30,254	(19%)	9,173	5,759	3,414	(15,239)
Luton Town	June 21	12	14,992	15,671	(4%)	14,109	13,998	1%	(3,397)	(4,850)	1,453	(1,327)
Middlesbrough	June 21	10	18,428	20,670	(11%)	26,963	30,964	(13%)	(20,608)	(19,483)	(1,125)	(13,844)
Millwall	June 21	11	12,457	16,427	(24%)	20,835	18,934	10%	(13,537)	(8,797)	(4,740)	(2,138)
Norwich City	June 21	1	57,180	119,356	(52%)	66,623	88,925	(25%)	(26,551)	11,239	(37,790)	(10,712)
Nottingham Forest ²	June 21	17	18,970	24,483	(23%)	37,223	38,218	(3%)	(31,552)	(28,751)	(2,801)	(5,101)
Preston North End	June 21	13	11,919	12,562	(5%)	23,359	20,474	14%	(14,594)	(13,111)	(1,483)	(3,858)
Queens Park Rangers	May 21	9	14,005	17,994	(22%)	24,141	20,010	21%	(20,229)	(16,763)	(3,466)	(1,432)
Reading	June 21	7	15,635	19,677	(21%)	33,507	38,846	(14%)	(32,344)	(38,588)	6,244	(8,293)
Rotherham United	June 21	23	11,838	7,452	59%	8,214	5,767	42%	(897)	(3,404)	2,507	(485)
Sheffield Wednesday	July 21	24	11,644	20,861	(44%)	24,287	33,541	(28%)	(21,546)	(24,318)	2,772	(4,723)
Stoke City	May 21	14	40,284	49,848	(19%)	47,893	52,663	(9%)	(28,683)	(18,800)	(9,883)	(14,756)
Swansea City	July 21	4	27,775	50,505	(45%)	28,507	41,252	(31%)	(12,069)	(4,019)	(8,050)	(4,672)
Watford	June 21	2	55,523	119,903	(54%)	70,302	104,518	(33%)	(40,520)	(7,679)	(32,841)	(34,392)
Wycombe Wanderers	July 21	22	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes:

1 Blackburn Rovers – Pre-tax result for 2020/21 includes £13m in respect of the disposal of the club's training ground.

2 Nottingham Forest – Pre-tax result for 2020/21 includes £5m (2019/20: £5m) in respect of a loan waiver.

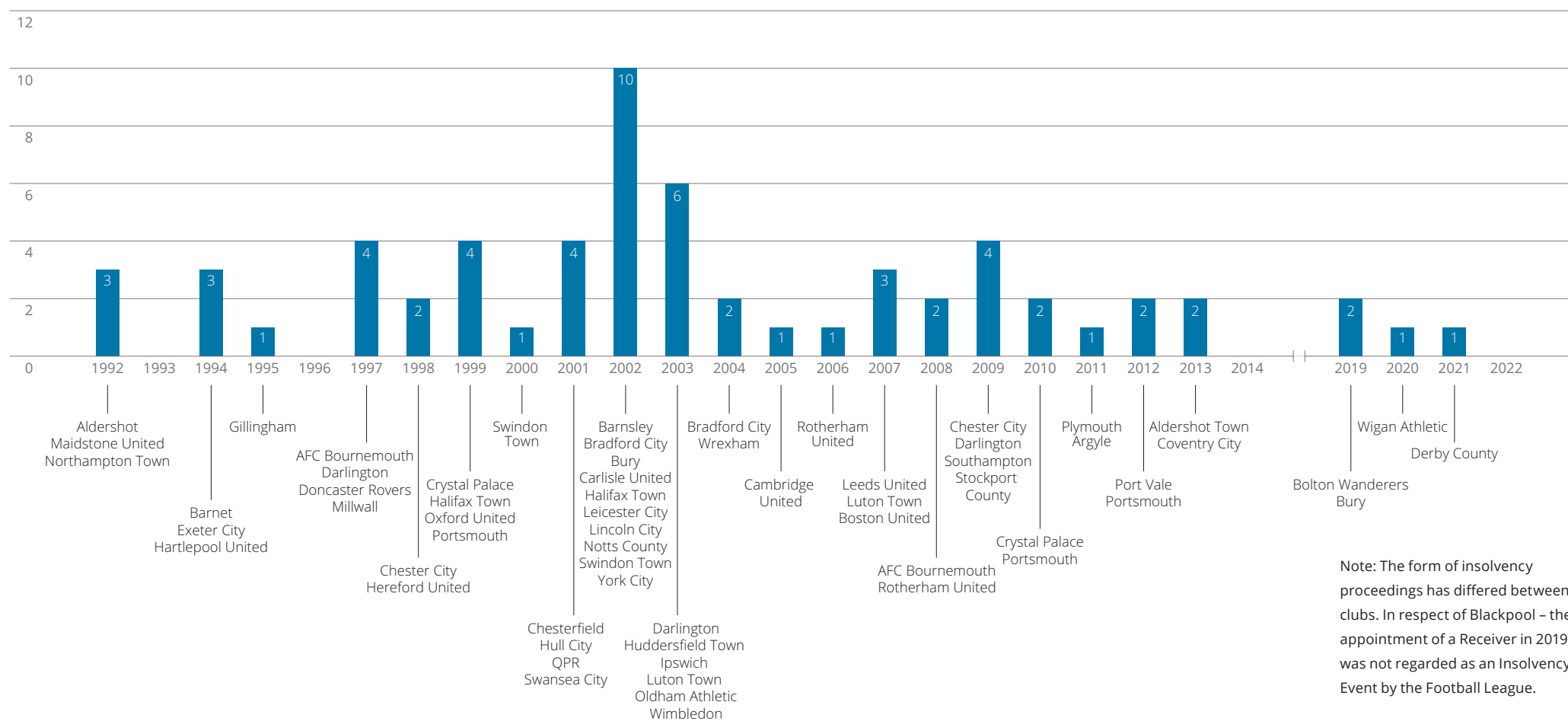
Some clubs have changed their accounting reference date in 2020 and/or 2021 such that not all reporting periods are 12 months: Luton Town 2020/21: 12 months

(2019/20: 13 months), Nottingham Forest 2020/21: 13 months (2019/20: 12 months), and Norwich City 2020/21: 11 months (2019/20: 13 months).

n/a means not available or not applicable.

Source: Company/Group financial statements; Deloitte analysis.

2020 Amortisation of players' registrations £'000	2020/21 Increase/ (decrease) £'000	2021 Net pft/(loss) sale of players' registrations £'000	2020 Net pft/(loss) sale of players' registrations £'000	2021 Pre-tax profit/ (loss) £'000	2020 Pre-tax profit/ (loss) £'000	2020/21 Increase/ (decrease) £'000	2021 Net assets/ (liabilities) £'000	2020 Net assets/ (liabilities) £'000	2021 Players' registrations NBV £'000	2020 Players' registrations NBV £'000	2021 Net funds/ (debt) £'000	2020 Net funds/ (debt) £'000	2021 Stadium/ facilities expenditure £'000
(47,131)	11,237	57,631	22,922	16,951	(60,090)	77,041	(97,263)	(117,964)	77,043	119,919	(175,107)	(142,656)	212
(3,002)	179	491	2,780	(4,261)	(281)	(3,980)	1,397	5,657	4,921	4,792	3,473	767	25
(8,415)	1,237	26,507	11,542	(4,755)	(18,168)	13,413	(86,518)	(81,763)	11,832	14,074	(121,243)	(104,624)	132
(4,340)	198	622	3,144	(6,591)	(21,951)	15,360	(110,985)	(133,986)	6,152	8,697	(133,201)	(155,472)	174
(11,455)	(1,888)	45,995	24,961	(8,499)	(9,061)	562	21,617	24,039	38,007	31,756	(68,176)	(59,450)	55,112
(11,125)	(1,255)	6,211	25,588	(38,433)	(10,074)	(28,359)	(19,132)	5,078	14,123	25,120	(77,854)	(71,789)	13,497
(17,836)	(733)	2,864	13,666	(11,151)	(12,260)	1,109	(35,968)	(24,005)	10,507	24,202	(92,378)	(90,289)	86
(888)	(915)	1,870	3,819	(4,731)	(3,385)	(1,346)	(56,703)	(51,972)	2,607	915	(35,982)	(37,474)	65
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
(34,195)	18,956	10,147	18,079	2,559	(8,497)	11,056	(21,464)	(26,894)	1,425	25,747	(43,120)	(46,965)	338
(1,418)	91	2,200	9,163	(1,944)	3,357	(5,301)	674	2,618	2,844	1,493	(4,772)	638	66
(18,422)	4,578	4,271	3,487	(30,827)	(35,571)	4,744	(116,609)	(91,631)	10,087	16,867	(128,370)	(115,732)	234
(2,180)	42	665	76	(13,810)	(10,861)	(2,949)	(6,105)	(625)	2,329	3,204	(18,543)	(11,405)	1,243
(8,565)	(2,147)	59,552	1,552	21,476	2,139	19,337	20,554	4,841	27,299	23,141	(11,220)	29,453	4,151
(5,961)	860	14,882	12,537	(17,189)	(17,542)	353	(69,408)	(52,219)	16,969	18,614	(88,765)	(72,213)	363
(4,015)	157	725	7,018	(17,718)	(10,098)	(7,620)	(28,468)	(12,016)	4,452	4,501	(60,663)	(49,823)	2,276
(598)	(834)	17,648	5,994	(4,526)	(16,393)	11,867	(36,364)	(50,201)	6,897	42	(37,853)	(51,715)	6,373
(9,208)	915	1,436	3,177	(39,217)	(45,033)	5,816	(134,706)	(95,489)	12,031	18,057	(205,394)	(162,931)	2,575
(379)	(106)	-	(46)	(868)	(1,244)	376	(770)	(64)	698	734	(1,043)	(314)	26
(6,041)	1,318	565	6,203	(25,780)	(24,084)	(1,696)	(58,191)	(32,411)	919	4,264	(58,069)	(60,959)	50
(72,790)	58,034	895	3,139	(42,507)	(88,336)	45,829	(194,742)	(152,397)	10,760	21,027	(181,898)	(149,749)	41
(10,658)	5,986	12,482	17,996	(4,510)	2,790	(7,300)	10,664	13,815	3,752	6,629	(10,366)	16,810	1,333
(39,752)	5,360	55,719	18,082	(21,757)	(35,628)	13,871	(15,164)	6,577	82,013	111,588	(139,119)	(96,085)	881
n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Chart 6: Member clubs of The Football League and Premier League that have entered insolvency proceedings – 1992 to August 2022 (number of clubs)

Source: Deloitte analysis.

Basis of preparation

Sources of information

The financial results and financial position of English football clubs for 2020/21, and comparisons between them, has been based on figures extracted from the latest available company or group statutory financial statements in respect of each club – which were either sent to us by the club or obtained from Companies House. In general, if available to us, the figures are extracted from the annual financial statements of the legal entity registered in the United Kingdom which is at, or closest to, the ‘top’ of the ownership structure in respect of each club. The vast majority of English clubs have an annual financial reporting period ending in May, June or July. Some clubs have changed their accounting reference date in 2020 and/or 2021 such that not all reporting periods are 12 months. We have not made any adjustments to these figures and they are included in the divisional totals as reported.

The financial results and financial position of clubs in various non-English leagues, and comparisons between them, has been based on figures extracted from the company or group financial statements in respect of each club, or from information provided to us by national associations/leagues.

If financial statements were not available to us for all clubs in a division, then aggregate divisional totals have been estimated for comparison purposes (from year to year or between divisions).

This publication contains a variety of information derived from publicly available or other direct sources, other than financial statements.

We have not performed any verification work or audited any of the financial information contained in the financial statements or other sources in respect of each club for the purpose of this publication.

Comparability

Clubs are not wholly consistent with each other in the way they record and classify financial transactions. In some cases we have made adjustments to a club's figures to enable, in our view, a more meaningful comparison of the football business on a club by club basis and over time. For example, where information was available to us, significant non-football activities or capital transactions have been excluded from revenue.

Some differences between clubs, or over time, may arise due to different commercial arrangements and how the transactions are recorded in the financial statements (for example, in respect of merchandising and hospitality arrangements), due to different financial reporting perimeters in respect of a club, and/or due to different ways in which accounting practice is applied such that the same type of transaction might be recorded in different ways.

Each club's financial information has been prepared on the basis of national accounting practices or International Financial Reporting Standards (“IFRS”).

The financial results of some clubs have changed, or may in the future change, due to the change in basis of accounting practice. In some cases these changes may be significant.

The number of clubs in the top division of each country can vary over time. In respect of the ‘big five’ leagues for 2020/21, each division had 20 clubs except for Germany (18 clubs).

The figures for some comparative years have been re-stated compared to previous editions of this report due to changes in estimates arising from additional information available to us and/or due to the actual restatement by clubs of their annual financial statements.

Financial projections

Our projected results are based on a combination of upcoming figures known to us (for example, central distributions to clubs) and other, in our view, reasonable assumptions.

In relation to estimates and projections actual results are likely to be different from those projected because events and circumstances frequently do not occur as expected, and those differences may be material. Deloitte can give no assurance as to whether,

or how closely, the actual results ultimately achieved will correspond to those projected and no reliance should be placed on such projections.

Key terms

Revenue includes matchday, broadcast, sponsorship and commercial revenues. Revenue excludes player transfer and loan fees, VAT and other sales related taxes.

Matchday revenue is largely derived from gate receipts (including general admission and premium tickets). Broadcast revenue includes distributions received from participation in domestic league and cups and from European club competitions. Unless sponsorship revenue is separately disclosed, commercial revenue includes sponsorship, merchandising and other commercial operations. Where identifiable from a club's disclosures, distributions received in respect of central commercial revenues are included in commercial revenue, or otherwise included in broadcast revenue.

Wage costs includes wages, salaries, signing-on fees, bonuses, termination payments, social security contributions and other employee benefit expenses. Unless otherwise stated, wage costs are the total for all employees (including, players, technical and administrative employees). Where identified in the financial statements, for some clubs,

exceptional costs relating to staff have been added to wage costs. Operating profit/loss is the net of revenue less wage costs and other operating costs, excluding amortisation of player registrations and other intangible assets, profit/loss on player disposals, certain disclosed exceptional items, and finance income/costs.

Pre-tax profit/loss is the operating result plus/minus amortisation of player registrations and other intangible assets, profit/loss on player disposals, certain disclosed exceptional items, and finance income/costs.

Under UK GAAP and IFRS, the costs to a club of acquiring a player's registration from another club should be capitalised on the balance sheet within intangible fixed assets and subsequently amortised to zero residual value over the period of the respective player's contract with the club. The potential market value of ‘home-grown’ players is excluded from intangible fixed assets as there is no acquisition cost. Amortisation of player registrations is as disclosed in a club's accounts, increased by any provisions for impairment of the value of player's registrations.

Net debt/funds is as disclosed in financial statements (where shown) or is an aggregation of certain figures from the balance sheet. The net debt/funds figure in the financial statements has been adjusted in some cases to aid comparability, such as the inclusion

of related party debt. Net debt/funds includes net cash/ bank borrowings, other loans, and soft loans. Bank borrowings is debt advanced by lenders in the form of term loans, overdrafts or hybrid products, net of any positive cash balance. Other loans includes securitisation and player finance monies, bonds and convertible loan stock, intercompany loans and loans from related parties that are not otherwise soft loans. Soft loans includes amounts from related parties with no interest charged.

Exchange rates

For the purpose of the international analysis and comparisons we have converted the figures for 2020/21 into euros using the average exchange rate for the year ending 30 June 2021 (£1 = €1.13); for years prior to 2020/21 comparative figures as extracted from previous editions of this report; and the figures for years since 2020/21 converted into euros using the average exchange rate for the 12 months ending 30 June 2022 (£1 = €1.18).



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