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A balancing act

Annual Review of Football
Finance 2023

Deloitte's Sports Business Group
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DELOITTE'S ANNUAL REVIEW OF FOOTBALL FINANCE IS THE LEADING INDEPENDENT REVIEW OF THE BUSINESS AND FINANCES OF EUROPEAN PROFESSIONAL FOOTBALL. THE 2023 EDITION CHRONICLES THE 2021/22 SEASON, A PERIOD FRAMED BY SIGNIFICANT REGULATORY CHANGE.

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A BALANCING ACT

Welcome to the 32nd edition of the Annual Review of Football Finance, the definitive football finance publication analysing the trends in, and prospects for, the football industry. Set between the crossroads of some of the most pivotal regulatory changes that the game has ever seen and a wave of investment into global football in an attempt to challenge the established system, this report analyses the financial performance and position of Europe's leading clubs during the 2021/22 season and includes projections for the future outlook of the global industry.

For those clubs competing in England, the prospect of significant regulatory change has framed the periods covered by this year's Annual Review of Football Finance. With the potential result being fundamental shifts in the future financial position of the whole system, it is an extremely interesting time for the game and one which we will watch with significant interest.

In excellent news, for the first time, following growth in the women's game and an increase in the availability of data, we are able to analyse the financial performance and outlook of England's Women's Super League (WSL) and hope this is a first step that allows us to report in future editions in the same way as we do across the men's game.

A balancing act

The 2021/22 season focussed more eyes on football, as new nations, funds and entertainment producers turned to football for growth. This, alongside the lifting of COVID-19 restrictions, resulted in record matchday and commercial revenues across Europe. Led by the 'big five' leagues, the improvement of financial performance across all European leagues resulted in a 7% growth in revenue terms of the European football market to €29.5 billion over the 2021/22 season (albeit the previous year was impacted by the pandemic).

The Premier League continued to entrench itself as the market leader, with growth in the English top-tier outpacing the rest of Europe's 'big five' leagues, as both matchday and commercial revenues reached an all-time high. Emerging from their most challenging period to date in the 2021/22 season, Premier League clubs achieved record crowds of 39,950 (utilisation of 98%) on average.

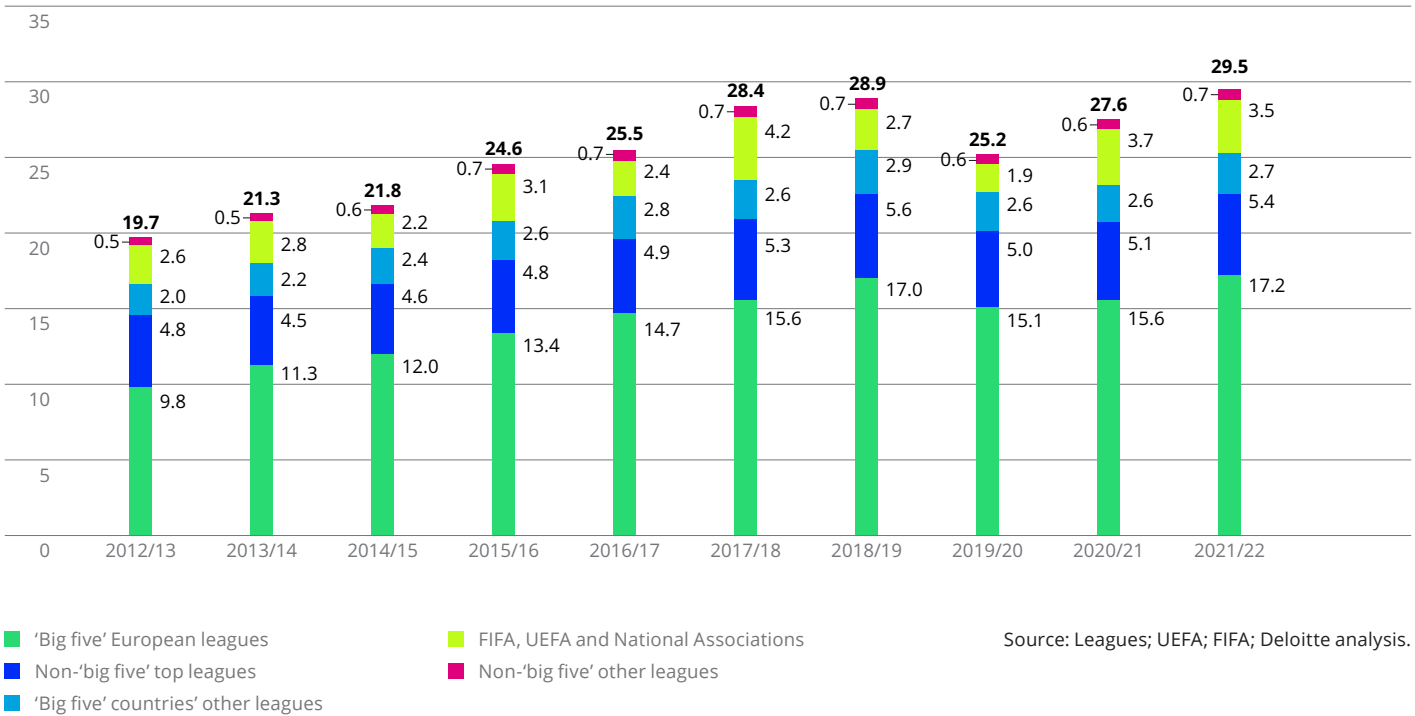
Fan influence continued to be felt across the English football system in the 2022/23 season, with the fifth tier also recognising record attendances (3,418), largely driven by the star-power pull of Wrexham AFC. Driven by growing international interest and the commercial prowess that comes with playing in the top-tier of English football, the Premier League reported a 12% rise in overall revenues in the 2021/22 season, culminating in a record aggregate revenue of £5.5 billion.

As polarisation between the Premier League and the rest of the 'big five' continued to grow, the gap also increased between clubs and leagues at a domestic level, despite the three English Football League divisions reporting total revenue of over €1bn.

With a new international broadcast cycle commencing at the kick off of the 2022/23 season, it's likely that the Premier League's financial dominance will continue to expand. However, whilst the traditional 'big six' clubs attracted the lion's share of revenues within England's top-tier in the 2021/22 season, accounting for 66% and 76% of Premier League clubs' aggregate matchday and commercial revenue respectively, we've seen on-field results of those clubs vary during the current season. This variance provides incentive to the rest of the Premier League clubs looking to achieve European qualifications with ambitions of challenging the 'big six' in the coming years, both on the pitch and financially in the **Deloitte Football Money League** rankings.

Clubs throughout the football system want to better their respective performance, whether that is for league titles, European qualification, play-offs, or to avoid relegation. However, it is worth noting that whilst they strive for

Chart 1: European football market size – 2012/13 to 2021/22 (€ billion)



success on the pitch, there are a number of clubs who have still not managed to come out of their worsened loss-making positions following the pandemic. As such, there is now a balancing act in play as English football now

THE INTRODUCTION OF NEW REGULATIONS ACROSS ENGLAND AND EUROPE ARE MORE APPROPRIATELY TIMED THAN EVER DUE TO THE CHALLENGE OF EMERGING LEAGUES.

Ground control

As polarisation is a growing challenge, there are increasing calls to seek ways to promote strong competitions to help protect and build fan interest and value for clubs, leagues

and governing bodies alike. Working together with the key stakeholders, UEFA are now considering developing supplementary requirements to their financial regulations for clubs in UEFA competitions, which includes the prospect of an absolute cap in respect of a club's spending on players. Such a pan-European restriction could also facilitate future measures at a national level to promote both financial and competitive balance.

In England, a new financial regulator is laying legal lines to bind every men's club to financial sustainability. The government has been tasked with shielding heritage, vetting hands of ownership and protecting one of the country's 'greatest exports'. We explore the impact that the new government regulations will have on clubs in

'Financial sustainability and good governance' and detail how the Independent Regulator for English Football (IREF) can achieve its objectives in ensuring financial regulation is successful, whilst simultaneously avoiding burdening clubs with cumbersome administration. It will be essential that any additional regulation, and the impact of the regulator, is appropriate to the scale of the challenge but also reflects the capacity of the clubs within the system to suitably comply.

The introduction of new regulations across England and Europe are more appropriately timed than ever due to the challenge of emerging leagues, such as the Saudi Pro League, in the player trading market who are looking to disrupt the European elite. It is imperative that whilst clubs across Europe continue to compete for the world's best talent, they are able to do so in a sustainable manner.

Change is also afoot in the women's football landscape as well, with the Future of Women's Football Review setting foundations for growth in England's elite women's game.

Following a successful European Championship campaign at the international level, women's football in England has experienced surging levels of viewership, attendance, and revenues. In the 2021/22 season, the Barclays WSL clubs recognised a 60% growth in revenue compared to the prior season and we expect this to increase further in the coming seasons as the league and clubs attract new investment through lucrative commercial partnership deals.

THERE IS A BALANCING ACT IN PLAY AS ENGLISH FOOTBALL NOW SITS AMIDST ITS OWN REVOLUTION IN DEFINING AND BUILDING A FINANCIALLY SUSTAINABLE AND SUFFICIENTLY COMPETITIVE STRUCTURE ACROSS THE SYSTEM.

As leagues, clubs and partners look to capitalise on the growth tailwinds of women's football globally, ensuring sustainable growth as well as competitive balance across the leagues will be critical to leagues' development and success.

Green shoots

We continue to see a greater emphasis on external influencers – such as regulators, investors and commercial partners – shaping the decisions of clubs and organisations as they look to extract greater revenues and create new opportunities for growth.

For new stakeholders in the game there is now often one key tool that they believe will maximise revenue growth off-pitch: data. As reported in **'The next signing for transformation in football'**, to create marginal advantages and generate additional revenue, clubs are swiftly building digital and data capabilities to gain new audience insights, generate engaging content that attracts and retains their loyalty, while opening the purse strings of an increasingly global fan and sponsor base. Whilst the hypothesis appears sound, it remains unclear whether the structure of club operations, the centralised nature of broadcast arrangements and the fragmented way in which fans engage with the industry truly allows the clubs themselves to maximise the opportunities presented by engagement with their fanbases.

We're also seeing that a wave of investor interest is bringing in a new focus on ownership standards. Investors are increasingly looking beneath the bonnet of football clubs, as discussed in **'Football M&A'** by completing due diligence practices across environmental, social and governance (ESG) topics to ensure they have the entire picture of the organisation, including both the risks and commercial advantages. As leagues across Europe implement sustainability standards and a new generation of fan brings fresh demands for clubs to adopt sustainable and inclusive practices, future owners will factor clubs' ESG policies into the core of their decision making.

Fever pitch

The global appeal of European football has reached a new high, as the line of demarcation between sport, entertainment and media continue to blur. New fans are being drawn to the game through comedies, documentaries, Hollywood-stars, not to mention the increasing popularity of the women's sides. While this presents opportunities for growth looking ahead to the 2023/24 season, every league faces new challenges brought by increased competition, regulation, and the strain of a challenging macroeconomic climate.

The one certainty is that fans, investors and commercial partners will continue to be gripped by football. And, in a time of both economic and social division, clubs and leagues will play a key role in drawing people from a diaspora of backgrounds and ideologies together.

A plethora of organisations around the world are now invested in the success of clubs and leagues both on and off the pitch and the result is that a balancing act is required as investors, owners and governments all seek success.

Whatever that success looks like, it is critical to remember that financial sustainability will underpin arguably Europe's largest cultural property – those administering the game have an ongoing responsibility to remember the impact they do and can make. The introduction of an IREF in England will aid this in setting new criteria for clubs to track and report to, including new Fan Engagement standards and licensing criteria, and if appropriately designed and implemented should be welcomed across the English football system.

Finally, I would like to thank the team for their time and effort contributing to this year's edition of the Annual Review of Football Finance. I am grateful to the organisations and those working in the industry for providing us access to the data to make this report possible, and I look forward to seeing our ability to report on the women's game grow in future editions.

**Tim Bridge, Lead Partner of
Deloitte's Sports Business Group**

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EUROPE'S PREMIER LEAGUES

In 2021/22, the 'big five' European leagues generated record aggregate revenues of €17.2 billion, outperforming the pre-pandemic benchmark of €17 billion set in 2018/19, driven by €815m growth in commercial revenues across that period.

'Big five' leagues overview

The 2021/22 season saw European football begin its recovery from the impacts of the COVID-19 pandemic, at least operationally, with restrictions on match-going fans easing across the continent as the season progressed. Whilst more broadly clubs and leagues may still be working through the consequences of the pandemic, the return of fans to stadia resulted in a significant improvement in matchday revenues (representing 12% of 'big five' clubs revenues in 2021/22).

Aggregate commercial revenue grew 17% to €6.3 billion in 2021/22, buoyed by the trend in sponsorship interest towards premium sports properties with global reach, notably the Premier League. Contrastingly, broadcast revenues in 2021/22 declined 12% to €8.9 billion, largely resulting from the reversal of inflated 2020/21 revenues caused by deferrals from the previous, COVID-19 impacted season.

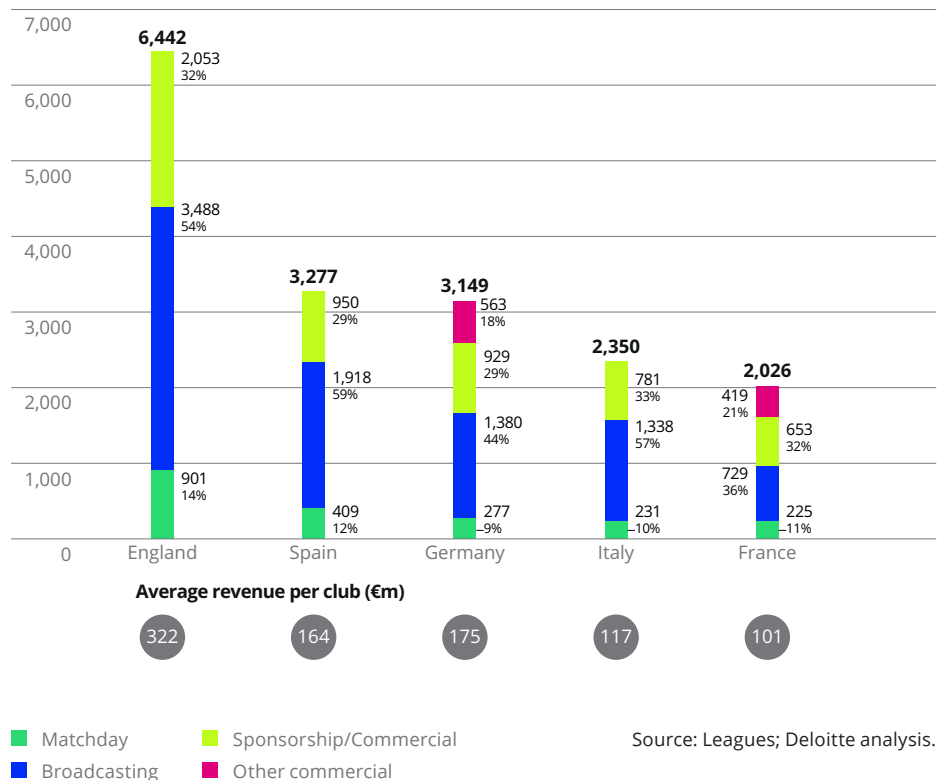
2021/22 marked the introduction of the UEFA Europa Conference League, broadening access to European club football, and also saw the start of a new commercial cycle for UEFA's club competitions, which will reportedly see UEFA distribute c.€3.2 billion per season to participating clubs in what will be the last cycle of competitions under the traditional group stage format.

These broader themes – the impact of the COVID-19 pandemic on club finances, historic stability of key revenue streams and increasing attractiveness of premium content to sponsors and advertisers – have been reflected in the increased focus from

investors on premium sporting assets in recent years, as covered in our **Outlook for sports investment in 2023**. At a league level, during 2021/22, private equity firm CVC Capital Partners announced plans to invest in the commercial operations of both the French and Spanish league bodies, with the majority

of funding to be put towards improving clubs' infrastructure, digital and commercial operations and in growing the value of international broadcast rights. However, the threat of the 'European Super League' still looms over Europe as the specifically formed entity, A22, now operates with the

Chart 2: 'Big five' European league clubs' revenue – 2021/22 (€m)



Source: Leagues; Deloitte analysis.

Note: Commercial revenue is not disaggregated into 'sponsorship' and 'other commercial' for clubs in England, Spain and Italy.



backing of Spanish clubs, Real Madrid and FC Barcelona. Quite how that saga ends is still the topic of debate, but it would be naive of any stakeholders in European football to think that the threat of a new competition or established clubs driving significant change has disappeared.

While 2021/22 aggregate 'big five' revenues outperformed pre-pandemic levels, this growth was outpaced by the growth in wage costs (up 15% from 2018/19 to €12.3 billion), especially outside of the Premier League, causing aggregate operating profits to decline by €1.8 billion since 2018/19. It is hoped that the gradual introduction of UEFA's Financial Sustainability Regulations from 2022/23, increasing involvement of private equity at a league and club level, and government involvement in the regulation of some leagues, will encourage clubs to operate more sustainably in the future.

'Big five' leagues projections

The 2022/23 season is forecast to see the 'big five' leagues generate a record level of €18.2 billion in aggregate revenues. The Premier League is set to extend its dominant position, due to the commencement of new domestic and international broadcast deals in 2022/23, and the continuing commercial appeal of its member clubs, which will see the gap to La Liga increase to €3.3 billion.

The German and Spanish leagues' revenues are forecast to rise marginally, with matchday revenues returning to pre-pandemic levels despite Real Madrid and FC Barcelona's ongoing and planned stadium redevelopments affecting the latter, and continued commercial growth across the largest clubs.

The removal of all restrictions on attending matches, close competition at the top of the table and Italian clubs' progress in

The evolution and growth of sports sponsorship

Sponsorship revenue remains critical to the financial performance of clubs and leagues across the football industry. In 2021/22, commercial revenue represented c.37% of total revenue generated by clubs across the 'big five' football leagues, unchanged from 2012/13 and having grown at a 6.5% CAGR across the ten-year period.

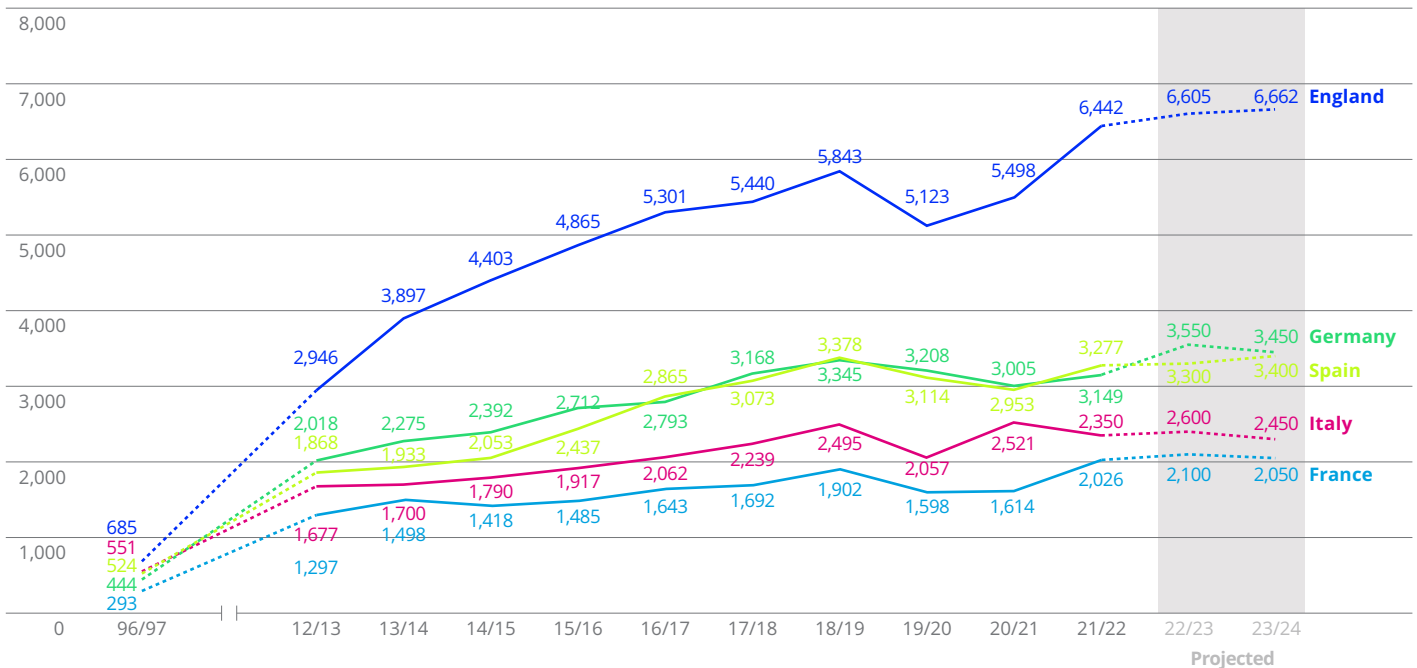
Mass adoption of digital and social media platforms has enabled sports rights owners to expand their commercial inventory and allowed buyers to make more data-driven decisions. Improved access to content has spurred demand for sponsorship assets with global appeal, skewed towards 'premium sports' properties that attract a large, passionate fanbase. Broader geopolitical and macroeconomic trends continue to deliver interest from new markets, such as the Middle East, and from new sectors, such as cryptocurrency, looking to enhance brand awareness and association.

There are select market dynamics that will continue to shape the future of sports sponsorship, including:

- **Polarised interest:** Sponsor interest is increasingly focused on 'premium sports' (and within sports, to leading teams/leagues), resulting in major properties attracting an increasing share of sponsors' spend;

- **Investor networks:** Sports rights owners benefitting from private equity and sovereign wealth fund investment can leverage their networks to drive mutually-beneficial partnerships;
- **Enhanced brand expectations:** Sponsors are demanding that rights owners develop a deeper understanding of their audiences, provide key performance metrics, and demonstrate return on investment;
- **Flexibility and commitment of rights owners:** Commitment from rights owners to understand a sponsor's objectives and tailor their approach accordingly is crucial to optimising value;
- **Increased regulation:** Increased regulation of certain sectors (e.g. betting) may limit rights owners' ability to achieve commercial uplifts, particularly for non-premium rights owners that can be less selective; and
- **Social responsibility and integrity:** Rights owners and sponsors are more cautious in entering into commercial agreements, seeking to reflect the increased expectations from fans around social responsibility. For instance, rights owners may charge a premium if they believe that a particular sponsor might expose them to greater reputational risk.

Chart 3: 'Big five' European league clubs' revenues – 1996/97 and 2012/13 to 2023/24 (€m)



Note: Figures for 2022/23 and 2023/24 are projections. Projections for Germany, Spain, Italy and France are rounded to the nearest €50m.

Source: Leagues; Deloitte analysis.

European competitions are all contributors to the forecast increase in Serie A clubs' aggregate revenues in 2022/23, buoyed by the commercial attractiveness of the leading clubs. Nonetheless, the reduction in value of domestic and international broadcast deals in the 2021/22 cycle means that Serie A clubs' aggregate revenues in 2023/24 will be on par with those prior to the pandemic.

In June 2021, the Ligue de Football Professionnel (LFP) took its first steps towards more comprehensive reform by announcing that, from the 2023/24 season, Ligue 1 will consist of 18 teams, returning to a competition size last used between 1997 and 2002, and aligning with the German Bundesliga.

By the time that we put pen to paper on next year's edition, LaLiga aside, each of the other 'big five' leagues will have gone to market with a domestic media rights tender for forthcoming rights cycles, each hoping that creativity in packaging of rights can stimulate competition amongst broadcasters and prevent a decline in media rights values.

Spain

The relaxation of COVID-19 restrictions towards the end of 2021 helped LaLiga clubs generate total matchday revenues of €409m in 2021/22, a €353m increase on the prior season and the main growth driver behind LaLiga clubs' total revenues increasing by 11% to €3.3 billion. However, aggregate LaLiga revenues remain at approximately half that of Premier League clubs, modestly outperforming the Bundesliga by €128m.

Aggregate broadcast revenues fell by €83m (4%) in 2021/22, the first to be partially impacted by the investment from CVC Capital Partners. The 2022/23 season marks the beginning of LaLiga's new five-year domestic rights deals with DAZN and Telefonica, which, together with certain rights sold on a non-exclusive basis, are estimated to be worth c.€1 billion per season. These deals now require LaLiga to cover production and marketing costs, reflecting LaLiga's desire to take greater control over its broadcast production quality and narrative.

In 2021/22, LaLiga clubs recorded aggregate operating losses of €82m, driven by Real Madrid (€133m) and FC Barcelona (€53m); 12 of the other 18 clubs were operationally profitable with an average operating profit of €6m per club. Having opted out of any involvement in the investment by CVC Capital Partners into LaLiga's commercial rights subsidiary, their financial positions, combined with LaLiga's stringent salary cost controls, led both clubs to seek external investment to improve pre-tax profitability. In 2021/22, Real Madrid recognised €316m of exceptional income after agreeing a 20-year deal with investment firm Sixth Street Partners, and premium experience company Legends, in exchange for the transfer of operational management of certain new businesses of the renovated Santiago Bernabéu stadium. FC Barcelona recognised exceptional income worth €267m in relation to the sale of 10% of its LaLiga broadcast rights to Sixth Street Partners for 25 years. In July 2022, the investment firm acquired a further 15% of these rights.

Germany

Total revenue generated by Bundesliga clubs grew 5% to €3.1 billion in 2021/22, a result of improved matchday revenues (€254m increase) and commercial revenues (€169m increase). These were partly offset by a €279m contraction in aggregate broadcast revenues, thanks largely to the weaker performance of German teams in the UEFA Champions League, and the delayed recognition of 2019/20 UEFA distributions in 2020/21.

There is a strong bond between German clubs and their fans, one that is underpinned by established community outreach programmes, lower-priced standing sections at stadia, and supporter voting control via the '50+1' rule. As a result, the Bundesliga consistently boasts leading attendance numbers, attracting 42,837 persons (92%

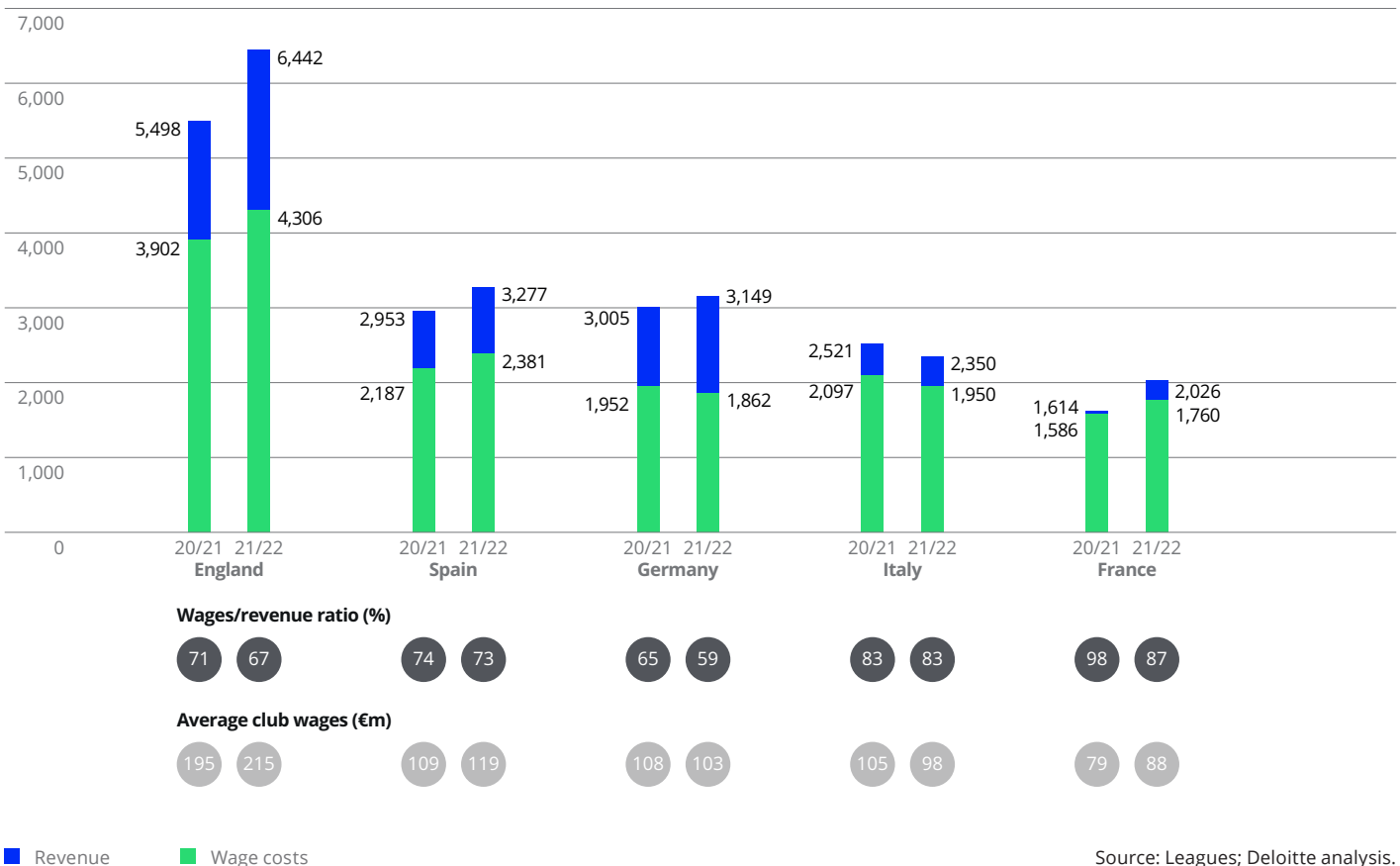
stadium utilisation) on average during the 2022/23 season, the most recent complete season not impacted by COVID-19 restrictions. German clubs' prioritisation of the fan experience is best exemplified by second tier Fortuna Düsseldorf, who have announced that they will offer free tickets to all fans for three matches in the 2023/24 season, with the intention to expand this to all home games in the future in the hope that it improves fan engagement and make the club more appealing to commercial partners.

The Bundesliga's long-standing focus on financial sustainability is reflected in German clubs' healthy average wages to revenue ratio, which has been no higher than 59% over the past decade (excluding the 2020/21 COVID-19-impacted season). This prudence helped to deliver €227m of aggregate operating profitability in 2021/22.

Despite the domestic appeal of the Bundesliga, its international appeal (measured by the value of international media rights deals, at c.€230m for the 2021/22 season) continues to trail the Premier League (c.€1.6 billion) and La Liga (c.€897m). German clubs are relying on the Deutsche Fußball Liga's ability to secure substantial increases in forthcoming negotiations, having recently voted to once again suspend talks with external investors and debt providers.

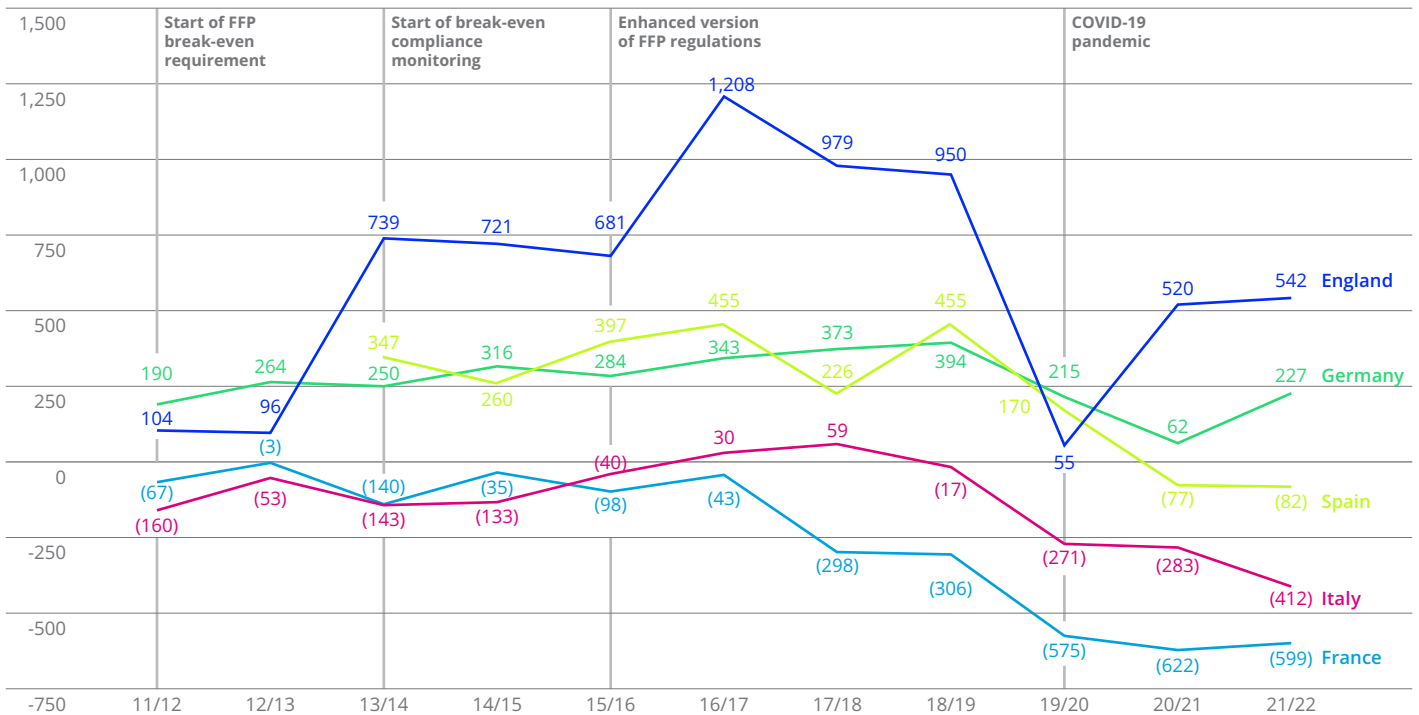
59%
AVERAGE WAGES TO REVENUE RATIO OF BUNDESLIGA CLUBS IN 2021/22.

Chart 4: 'Big five' European league clubs' revenue and wage costs - 2020/21 and 2021/22 (€m)



Source: Leagues; Deloitte analysis.

Chart 5: 'Big five' European league clubs' profitability – 2011/12 to 2021/22 (€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.

Italy

Serie A was the only 'big five' league to record a decrease in aggregate revenues in 2021/22, as total revenue fell 7% (€171m) to €2.4 billion. This decrease was driven by lower broadcast revenue (down 24% to €1.3 billion) a result of lower value domestic and international rights deals commencing in 2021/22, poorer performances in European competitions and the COVID-19-induced delayed recognition of 2019/20 broadcast revenue in 2020/21.

The reduction in broadcast revenues was partially offset by an increase in matchday revenues, as the relaxation of COVID-19 restrictions during the season saw average attendances increase to 18,236 (47% utilisation) in 2021/22. However, Serie A matchday audiences continue to be limited by the longstanding under-investment into stadia.

Serie A clubs' average wages/revenue ratio remained fairly consistent, at 83% in 2021/22, as aggregate wages fell (7%) to €2 billion, in line with the decline in total revenues (7%). For the fifth consecutive season, Serie A recorded the second-highest wages/revenue ratio amongst the 'big five' leagues, with 14 clubs exceeding a wages/revenue ratio of 80% in 2021/22.

This saw Serie A clubs' aggregate operating losses reach a record high of €0.4 billion in 2021/22. Only two clubs – Atalanta and AC Milan – recorded an operating profit, with modest wages/revenue ratios of 62% and 64% respectively. The 18 other Serie A clubs generated operating losses in 2021/22, with the most significant incurred by Roma (€105m), Genoa (€80m) and Juventus (€57m).



€0.4bn
RECORD AGGREGATE
OPERATING LOSS
OF SERIE A CLUBS IN
2021/22.

France

Ligue 1 clubs experienced the greatest percentage growth in aggregate revenues of the 'big five' leagues in 2021/22, increasing 26% (€412m). Despite generating a record high €2 billion, Ligue 1 still had the lowest total revenue amongst the 'big five' leagues.

Growth was predominantly driven by commercial revenues (an increase of €301m, (39%)), with Marseille (€97m) and Paris Saint-Germain (€45m) responsible for 47% of this growth, a result of new commercial deals struck in 2021/22. There was also an uplift in matchday revenue (up €217m), as COVID-19 restrictions were lifted across the season, and stadium attendances returned to those similar to pre-COVID-19 seasons (average attendance of 20,890 in 2021/22).

Contrastingly, broadcast revenue decreased 13% to €729m in 2021/22, reflecting a full season's impact of the domestic media rights deals agreed in December 2020, and the delayed recognition of 2019/20 UEFA distributions in 2020/21.

Despite reducing to 87% in 2021/22, Ligue 1 recorded the highest wages/revenue ratio of the 'big five' leagues for the fifth consecutive season, as aggregate wage costs increased by 11% to €1.8 billion. Worryingly for the league's sustainability, 11 clubs had a wages/revenue ratio of more than 80%, including five that exceeded 100%. PSG's wages alone grew 45% to a record €729m in 2021/22, representing 41% of the league total. Excluding PSG, Ligue 1's wages/revenue ratio was 77%, emphasising the disparity in revenue and spending power across the league.

2021/22 was the 15th consecutive year of combined operating losses for Ligue 1 clubs. Operating losses were highly concentrated, with PSG (€254m), AS Monaco (€77m) and Bordeaux (€65m) responsible for 66% of the league's total operating loss. From the 2022/23 season, the Directorate of Control of Management (DNCG), an independent body that regulates all financial and legal matters associated with professional football in France, has introduced two financial indicators as part of its annual compliance checks on Ligue 1 clubs to encourage the financial sustainability and solvency of clubs.



Good governance key for Saudi Pro League to challenge Europe's 'big five'?

The Middle East's recent investment in marquee sporting events has accelerated the beginning of a new chapter for the region with nations such as the Kingdom of Saudi Arabia (KSA) and Qatar aiming to become global hubs for sports and entertainment. The 2022 Qatar FIFA World Cup™ signalled the region's shared vision of investment, infrastructure, and social development policies.

Like Qatar, KSA has positioned sport as a key pillar of its Vision 2030 Programme to diversify its economy.

KSA's domestic league, the Saudi Pro League (SPL) is a core part of the nation's ambitions with the Ministry of Sport recently approving the privatisation of clubs to drive development. The marquee signing of Cristiano Ronaldo to Riyadh-based club Al-Nassr FC has been a catalyst to kick-start the league's transformation, creating a ripple effect of growth across the league including:

- Increased stadium utilisation and attendance (the 22/23 season had its highest total attendance ever with more than 2.2m fans);
- Increased fan engagement, positioning clubs to attract new commercial investment and interest (Al-Nassr's Instagram following has grown from c.860k to c.15m, a c.1640% increase since Ronaldo's signing announcement. For context, their following is now higher than 14 Premier League team

Instagram accounts, from the 2022/23 season); and

- New international broadcast deals (the SPL has sold its international broadcasting rights to 36 territories globally).

On-pitch talent is the cornerstone of any successful league. However, to maximise the opportunity and achieve its long-term ambitions of challenging the world's biggest leagues, the SPL must grow sustainably, learning from the approaches of other challenger leagues that have made expensive mistakes.

The SPL will have to put governance at its core as it seeks to elevate the professionalisation of clubs to create an environment that will enhance its credibility, attract high-calibre foreign players, and develop an engaged fan base, both domestically and internationally. The SPL appears to have the resources to be a credible challenger to Europe's elite in terms of playing talent. To legitimately challenge the 'big five' in the long run both on and off the pitch, the SPL must focus on maximising its commercial potential by building appropriate governance to allow the league to flourish.

In March this year, the Sports Business Group practice was launched in the Middle East to attend to client needs in the region.

FINANCIAL SUSTAINABILITY AND GOOD GOVERNANCE: THE POTENTIAL IMPACT OF AN INDEPENDENT REGULATOR TO THE ENGLISH FOOTBALL SYSTEM

The government's White Paper, 'A Sustainable Future – Reforming Club Football Governance', was released in February 2023, following publication of the Fan-Led Review of Football Governance in November 2021 and the government's response in April 2022.

The White Paper states that the government will introduce a new Independent Regulator for English Football, with the primary strategic purpose to ensure that English football is sustainable and resilient, for the benefit of fans and the local communities football clubs serve.

Two key facets within the White Paper are financial regulations, as the Regulator's core focus, and the establishment of a compulsory 'Football Club Corporate Governance Code', aiming to combat three core underlying problems within the English football pyramid:

- 1** The structure and dynamics of the market give rise to incentives for reckless financial overreach by owners of clubs;
- 2** The financial and operational management at many clubs is deemed inadequate, exacerbated by poor corporate governance; and
- 3** The existing self-regulatory structures have proved ineffective at addressing issues.

Financial regulations

For the Regulator to ensure the financial regulations are successful and achieve their objectives, whilst simultaneously avoiding unnecessary regulatory burden on clubs, they should be designed with reference to the following characteristics:

-  **Outcomes-based**, meaning a greater focus on core financial principles, such as financial planning and monitoring, that support long-term financial sustainability for football clubs;
-  **Collaboration with key stakeholders**, including the football bodies (and their existing regulations) and clubs, to deliver an effective and efficient regulatory mechanism; and
-  **Adaptive, risk-based approach**, meaning the regulations should be tailored based on differing degrees of risk across the top five divisions and facilitate a flexible, real-time monitoring approach which can identify changing risk profiles of clubs, as macro factors evolve and individual circumstances change.

From a football club's perspective, the establishment and application of core financial principles and compliance with the financial regulations is an important part of practicing good corporate governance.

Corporate governance

English football has some inherent complexities and is subject to the challenges of the macro-economic, societal and football environments. Football clubs are expected to satisfy the varying demands of a broad range of stakeholders, from their own passionate fans to broadcasters and sponsors and their local communities. Furthermore, there is often a broader expectation, alongside enhanced public scrutiny, for football clubs to be at the forefront of societal change, particularly on key issues such as diversity, equality and inclusion, health and wellbeing and environmental sustainability. Having core structures in place, alongside good governance principles, is critical for football clubs to navigate this challenging environment.

The core principles of good corporate governance can be established and adapted to different scales of clubs in the top five divisions of English football with reference to the key elements of Deloitte's Governance Framework, being:

- **Governing bodies:** an appropriate board and/or committee structure and composition, with due consideration given to expertise and independence of personnel, overseeing the strategic direction and critical activities of the organisation;
- **Leadership and culture:** clearly defined purpose and strategic goals enhancing stakeholder (both internal and external) confidence and understanding of a club's direction;

- **Setting up for success:** an operating model with clear roles and responsibilities aligned to the purpose and strategic goals promoting accountability, consistency and collaboration across all departments of the club;
- **Establishing boundaries:** clearly defined policies and processes with an associated control and risk monitoring framework to help mitigate and prevent risks to the organisation; and
- **Managing and reporting:** appropriate information availability and reporting promoting accountability through assessment of performance and facilitating effective and efficient decision-making critical to the successful management of the club.

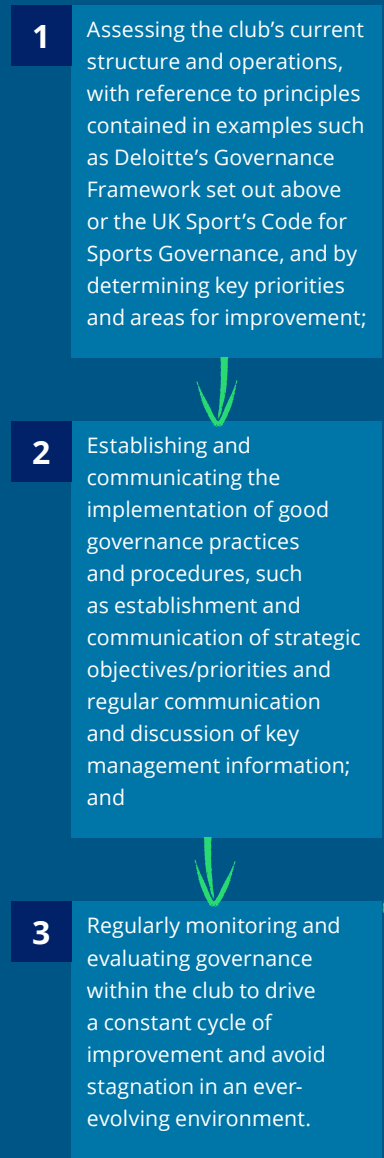
Each of the elements above are important for a club to maintain and build stakeholder confidence and value, provide the foundations for success (both on and off-pitch), create alignment and accountability and enhance a club's ability to respond in a rapidly evolving environment. Having said that, by its very nature, sport has winners and losers, and good governance is not a guarantee of on-pitch success. For many fans, on-pitch performance will override concerns about the governance and finances of their club, and this will be one of the challenges that the Regulator's communications strategy should seek to manage.

Recent examples of poor corporate governance practices within football clubs and the wider sports industry include the financial collapse of Bury FC and recent racism/sexism scandals in rugby and cricket. Such instances have had considerable adverse implications, including facilitating inappropriate behaviours causing significant harm to key stakeholders' wellbeing and ultimately, the reputation and value of clubs.

As established within the White Paper, instances of poor governance have "allowed owners to act unilaterally, pursuing short-term interests with little accountability or scrutiny", which has led to situations of reputational damage or financial failure of clubs. The introduction of a specific corporate governance code for football clubs can help clubs to practically implement minimum levels of governance, and could also be designed to encourage them to go beyond such levels to further protect and enhance a club's reputation and value.

Looking ahead

Ahead of the introduction of a 'Football Club Corporate Governance Code', clubs looking to improve their corporate governance can make tangible progress by:



Recent examples of poor corporate governance practices within football clubs and the wider sports industry include the financial collapse of Bury FC and recent racism/sexism scandals in rugby and cricket.

Financial sustainability and good governance are core pillars for the wellbeing and growth of football in England and globally. The impact of the Regulator will empower clubs to establish solid foundations and recognise how practical good governance can help transform their organisation and support long-term financial sustainability. Fundamentally, the devil will be in the detail and considerable resource, effort and collaboration will be required to ensure the Regulator's operational success and the achievement of its strategic purpose.

Deloitte's Sports Business Group has helped to design and establish financial regulations and functions in sport and work with football clubs and other sports organisations to assess and enhance their corporate governance.

PREMIER LEAGUE CLUBS

In the 2021/22 season, Premier League clubs' revenue increased by 12% (£586m) to an all-time high of £5.5 billion. This improvement is largely attributable to record matchday revenue as fans returned to stadia without restriction for the first time since the COVID-19 pandemic, and commercial revenue also reached an all-time high. Looking ahead, the 2022/23 season is expected to be another record year with revenue expected to reach just shy of £5.8 billion as the league's new and lucrative international broadcasting rights deals commence.

Chart 6: Premier League clubs' revenues – 2019/20 to 2023/24 (£m)



Premier League clubs' revenue

Matchday revenue increased to £763m in 2021/22, an increase of £732m on the 2020/21 season, which was played behind closed doors. This surpasses pre-pandemic levels of £684m in the 2018/19 season, with average league attendance at an all-time high (39,950) and average stadium utilisation of 98%. This increase was largely driven by strong average attendances at those clubs which participated in the 2021/22 season but not the 2018/19 season. With fans back supporting their clubs on matchdays and the COVID-19 pandemic hopefully behind us, matchday revenues are expected to stabilise moving forward with projected revenues largely driven by changes in club mix, and therefore changes in stadium capacities and attendances.

Commercial revenue also benefitted from fans' heightened appetite for the game after enforced time away, increasing by £245m (16%) to reach a new high of £1.7 billion. Of the 17 consistent Premier League clubs, only two, Southampton and Burnley, generated less commercial revenue in 2021/22 than in 2020/21. The 'big six' drove a majority of the aggregate commercial revenue increase (£156m) with the five largest increases, ranging from £43m (Manchester City) to £22m (Chelsea). West Ham United and Brighton & Hove Albion, ranked sixth and seventh in absolute growth terms commercially, experienced the largest relative increases in

Source: Deloitte analysis.

commercial revenues of 61% (£19m) and 67% (£11m), respectively. Both clubs attributed this improvement to improved spend in club stores and corporate hospitality areas, with West Ham United's impressive run in the Europa League also providing an additional boost.

Broadcast revenue reduced by 12% (£391m) to £3 billion in 2021/22. This was expected due to the postponement of matches related to the 2019/20 season into the 2020/21 financial year, which resulted in a deferral of associated broadcast revenues. Clubs' distributions from UEFA club competitions were also £26m lower (£392m) due to a decline in performance in these competitions compared to 2020/21. Broadcast revenues are expected to increase to £3.2 billion in the 2022/23 season, due in large part to a significant uplift in value on commencement of the new international broadcast rights deals, but also bolstered by Manchester City's and West Ham United's respective runs to UEFA club competition success.

The Premier League's 'big six' clubs generated 66% and 76% of Premier League clubs' aggregate matchday and commercial revenue respectively, demonstrating the continued financial advantage they enjoy relative to peers. The gap between Arsenal (£368m) and West Ham (£255m), the sixth and seventh highest revenue generating clubs respectively, was £113m in 2021/22, a £14m increase relative to the prior season (between Arsenal and Leicester). Widening of this gap is expected to continue as the 'big six' stand to benefit from a new, more lucrative, international broadcast rights cycle that commences at the start of 2022/23 season, for which a proportion of distributions to clubs is based on league performance (prior to 2019/20 this had been distributed on an equal-share basis to clubs).

£763m
IN MATCHDAY REVENUE
FOR PREMIER LEAGUE
CLUBS IN 2021/22.



Value of promotion to Premier League

Burnley, Sheffield United and Luton Town earned promotion to the Premier League for the 2023/24 season. Relative to the 2022/23 season, revenue from broadcasters is expected to provide a minimum uplift of more than £90m for Luton Town, and approximately £84m for Sheffield United and £54m for Burnley, with both clubs in receipt of parachute payments whilst participating in the Championship.

Should a club suffer immediate relegation, assuming they are not in receipt of parachute payments at that point, 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.

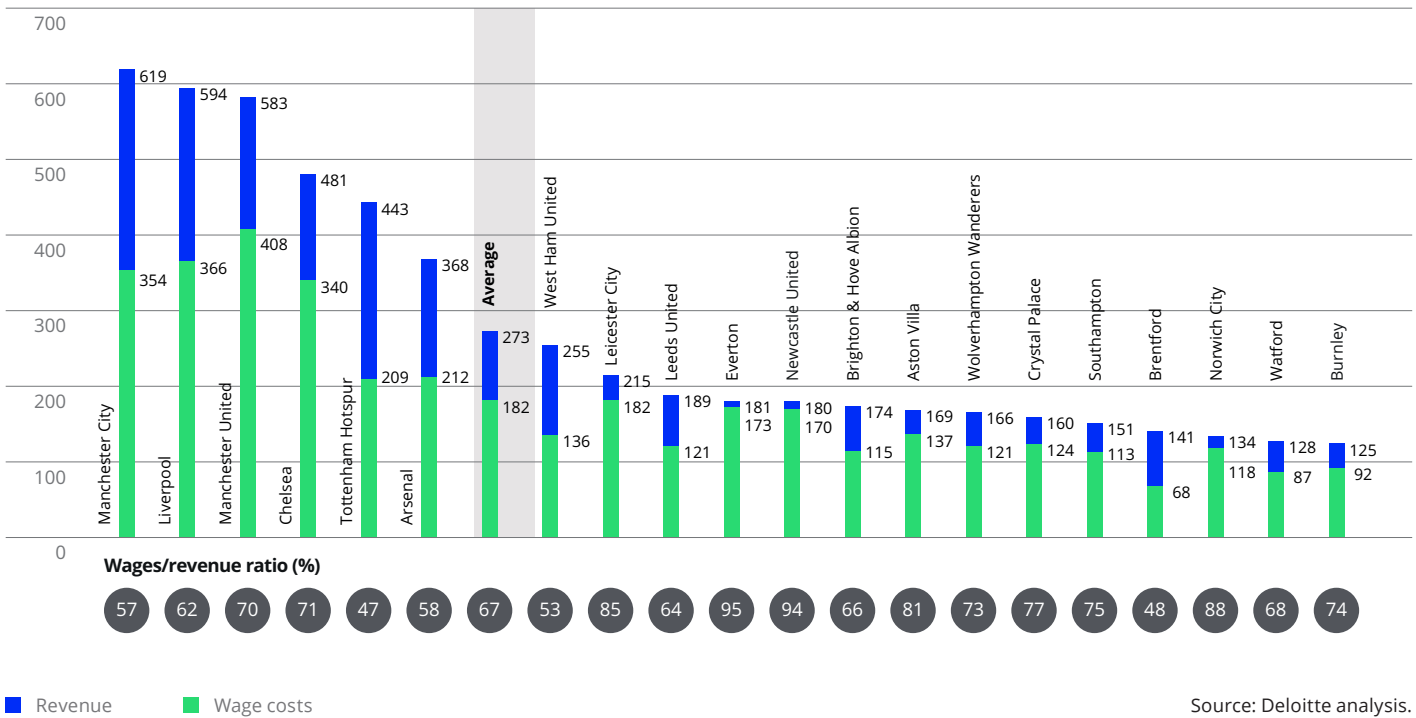
Luton Town has not participated in the highest professional football league in England since the 1991/92

season. Investment is expected to be necessary into the stadium and training ground infrastructure to meet Premier League standards.

Considering the impact of promotion on revenue streams as clubs have the opportunity to raise their commercial profile, provide a better value proposition to sponsors and boost matchday revenues, the investment required will more than likely pay for itself.

For a Championship club not otherwise in receipt of parachute payments, the value of promotion will be at least £170m across the 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 £290m across five years.

Chart 7: Premier League clubs' revenues and wage costs – 2021/22 (£m)



Source: Deloitte analysis.

Premier League clubs' wage costs

Total wage costs increased for the third consecutive year in 2021/22, rising 6% to £3.6 billion. As in 2020/21, seven of the 17 consistent clubs reported a reduction in wages, but only one club (Crystal Palace) fell into this category in both seasons.

This wage growth (£192m) was outpaced by the increase in revenue (£586m), resulting in the league's wages/revenue ratio (67%) falling for the second consecutive season. Although a sizeable reduction (4%) on the previous season (71%), the Premier League's wages/revenue ratio remains above pre-pandemic levels (2016/17 to 2018/19 average: 58%).

The 'big six' share of total wage costs increased by 1% to 52%. Notable increases for Liverpool (16%) and Manchester United (26%) were offset by a reduction for Arsenal (13%), whilst things remained relatively constant elsewhere (Chelsea: 2%; Manchester City: 0%; Tottenham Hotspur: 2%).

This did not stunt the growth of the gap between the 'big six' and their Premier League peers though. The gap between Tottenham Hotspur (£209m, ranked sixth) and Leicester City (£182m, ranked seventh) was £27m, an increase of £14m relative to the gap last year between the same clubs. The highest spender outside of the 'big six' was Leicester City (£182m), followed by Everton (£173m) and then Newcastle United (£170m) whose wage costs increased by 59% in the first season under new ownership, having made multiple new player signings.

The relationship between league position and wage cost ranking was weaker in 2021/22 than in 2020/21, with the Spearman's rank correlation coefficient reducing from 0.87 to 0.78. The Premier League's lowest spenders, newly promoted Brentford (£68m), finished 13th, whilst the highest spenders, Manchester United (£408m) missed out on Champions League football after finishing sixth.

The three clubs relegated from the Premier League – Norwich (£118m), Watford (£87m) and Burnley (£92m) – were all among the six lowest spenders, each spending significantly less than the league average (£182m).

£3.6bn
IN TOTAL WAGE COST
FOR PREMIER LEAGUE
CLUBS IN 2021/22,
AN INCREASE FOR THE
THIRD CONSECUTIVE
YEAR.

Premier League clubs' profitability

Clubs' operating profits (excluding player trading) totalled £459m in 2021/22, a marginal (£1m) drop on the previous season which had seen an increase for the first time in four years. Despite aggregate revenue growth (£586m) outpacing wage increases (£192m), escalation of wider operating expenses (an increase of £395m) contributed to a net reduction in operating profits. This was primarily due to increased variable costs associated with fans returning to stadia in the 2021/22 season and continued inflationary pressure on general expenses (e.g. energy costs, matchday concession and hospitality costs, etc.) over the course of the season.

Despite a reduction in aggregate operating profits, the 'big six' increased their profitability by 17% to £341m, with only Chelsea reporting an operating loss (£3m). Eight of the remaining 11 consistent Premier League clubs reported a decrease in operating profits compared to 2020/21 and four of these clubs saw operating profits in the prior year turn to losses.

For the fourth consecutive year Premier League clubs reported aggregated pre-tax losses (£607m), but these are £100m lower than in 2020/21 (£707m). A £296m increase in profit generated from player sales and a £64m decrease in amortisation were key enablers of reduced losses.

This significantly improved net player trading position for Premier League clubs was facilitated by high transfer fees for a small number of players with small (or no) carrying value – three of the four highest reported transfer receipts in the 2021/22 season involved players (Grealish, White and Abraham) who had represented their respective clubs' youth teams, demonstrating the potential financial reward on offer from investment into talented younger players through a club's academy system.



European dominance

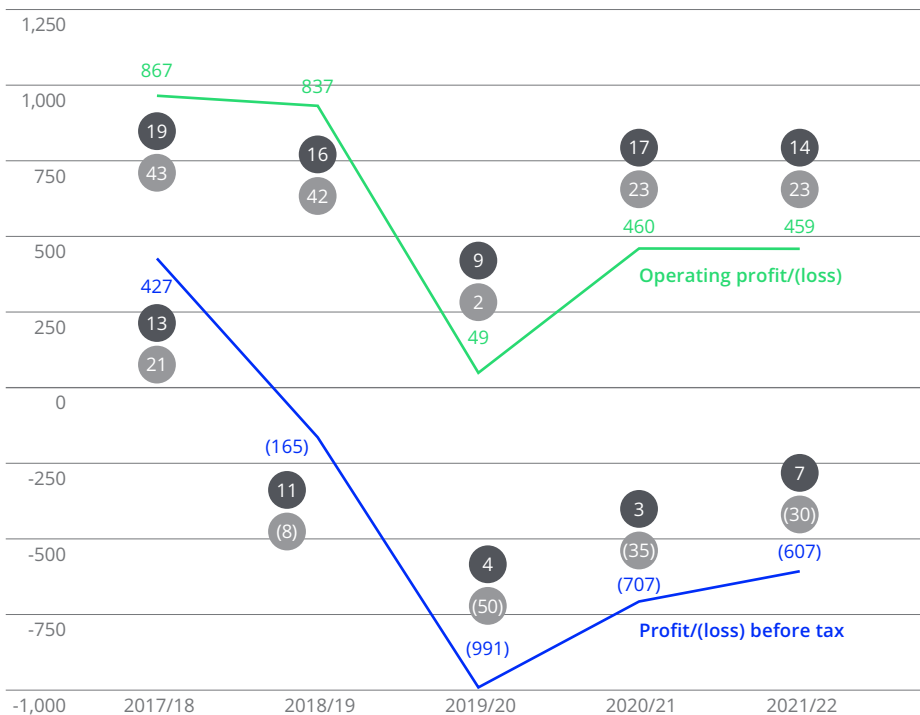
Just as countries across Europe have emerged from the pandemic with different approaches and at different rates, so too have their top football leagues. The majority of Europe's 'big five' leagues have shown restraint in transfer expenditure subsequent to COVID-19, spending considerably less than was typical prior to the pandemic. This is not the case for the Premier League.

Premier League clubs recorded an aggregate gross spend of £2.8 billion across the summer 2022 and January 2023 windows, setting new records for both. This exceeds the previous record (£1.9 billion) set in 2017/18 by £900m.

Net spend also reached new heights, surpassing £1 billion for the first time in the 2022 summer transfer window (£1.1 billion) and quadrupling the previous January record (2021/22: £180m) in the second window of the season (£720m). These record levels of spend saw Premier League clubs responsible for 49% and 79% of spending across the 'big five' leagues in the 2022/23 summer and January transfer windows, respectively. The former was the largest proportion reported since 2007/08, while the latter was an all-time high.

With a new and more lucrative international broadcasting rights cycle commencing during the 2022/23 season, coupled with continued growth of the Premier League's global appeal, its clubs are expected to continue to dominate the transfer market and spend more than their peers to consistently attract some of the best players in world football.

Chart 8: Premier League clubs' profitability – 2017/18 to 2021/22 (£m)

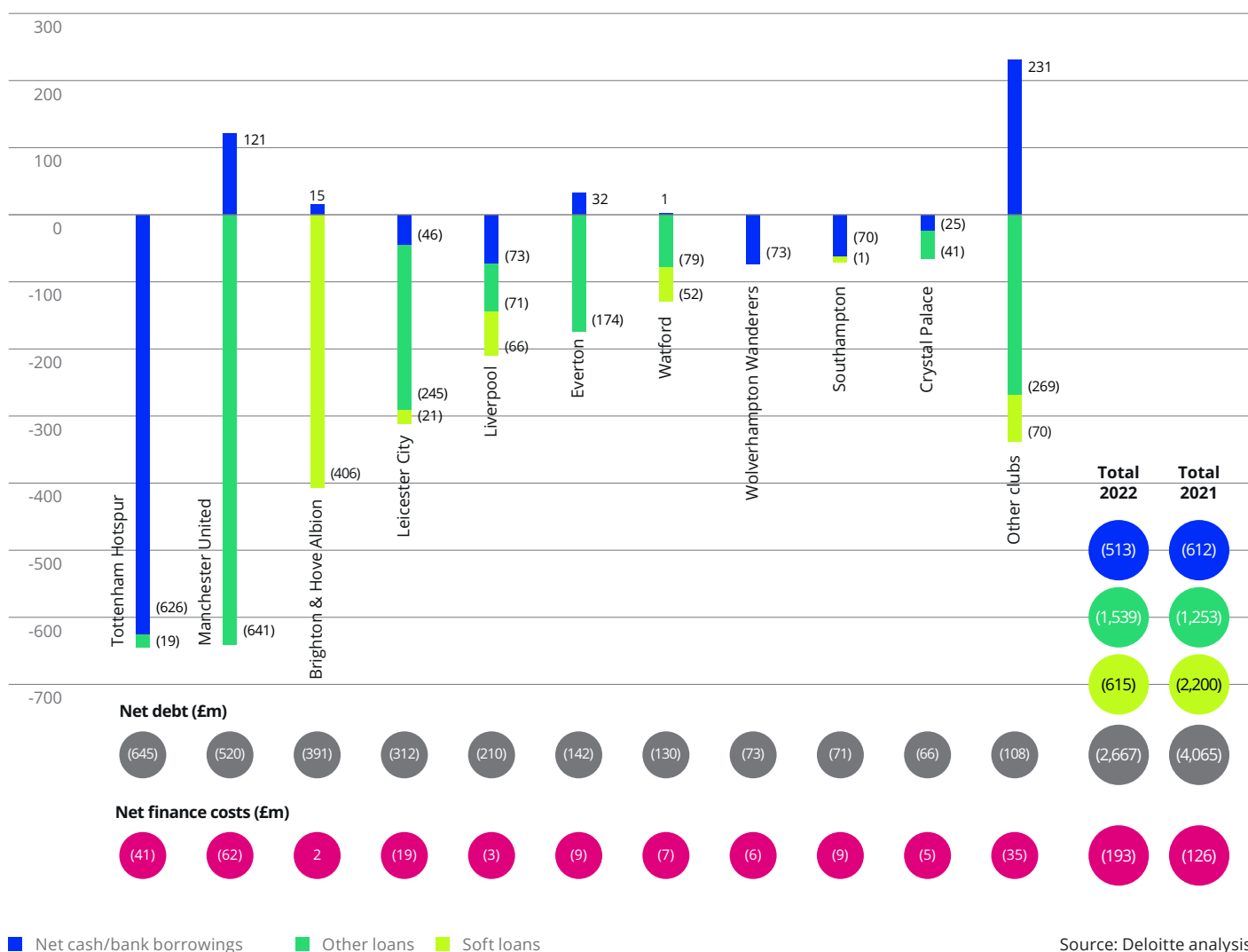


- Clubs generating operating profit/pre-tax profit
- Average club operating loss/pre-tax loss

Note: The operating result is the net of revenue less wage costs and other operating costs. The operating result excludes player trading and certain exceptional items, which are included in the pre-tax result, along with other costs such as financing costs. The pre-tax results can be particularly impacted by one-off costs and credits from year-to-year.

Source: Deloitte analysis.

Chart 9: Premier League clubs' net debt – 2022 (£m)



Source: Deloitte analysis.

Seven clubs reported a pre-tax profit in 2021/22, up from three in 2020/21. Manchester City were the only club to do so in both seasons, while Brentford were the only promoted side to avoid a pre-tax loss.

Manchester City also reported the highest pre-tax profit (£42m) in 2021/22, which was a £37m increase compared to 2020/21 (£5m). Across the city, Manchester United generated the largest pre-tax loss (£150m), a £126m increase on the prior year. This was largely driven by an unfavourable change in foreign exchange rates resulting in an increase in finance costs on US dollar-denominated borrowings.

Premier League clubs' net debt

Premier League clubs' net debt decreased 34% to £2.7 billion (2021: £4.1 billion) at the end of 2021/22, with the acquisitions of Chelsea (£1.4 billion) and Newcastle United (£344m) by new owners driving this reduction.

Eliminating the impact of these takeovers, which primarily impacted the decrease in soft loans (£1.6 billion), aggregate net debt increased £380m. This comprised a £213m increase due to changes in club mix with promoted clubs increasing the aggregate net debt balance (£247m), offset by a decrease from relegated clubs (£34m), and £167m of additional net debt across the 15 remaining consistent Premier league clubs.

Aggregate net debt of the 'big six' (excluding Chelsea) reduced by £51m during the year, and much of the aggregate increase was due to challenger clubs continuing to

Notes:

1. Manchester United's 2022 net finance costs include £59m (2021: £48m) in unrealised foreign exchange losses on retranslation of unhedged US dollar borrowings.
2. Arsenal's 2021 net finance costs include exceptional costs of £32m in respect of early redemption of stadium finance bonds and their refinancing.
3. The reporting entity used for Chelsea for the 2020/21 financial year is Fordstam Limited and for the 2021/22 financial year is Chelsea Holdings Limited. Newcastle United's 2021 net debt is a combination of figures from the financial statements of Newcastle United Limited and St James Holdings Limited at 30 June 2021. Newcastle's 2022 net debt is from the financial statements of Newcastle United Limited at 30 June 2021. The change in reporting entity used is as a result of the change in ownership.
4. Totals may not sum due to rounding.

invest in talent (players and coaches) and infrastructure to maintain, and improve, competitiveness with the 'big six'. This investment was observed through increasing levels of debt, utilisation of existing cash reserves and equity injections.

Only five Premier League clubs reported positive net funds (rather than net debt), two of which were Chelsea and Newcastle United. Aside from Chelsea, West Ham United reported the highest net fund balance of £41m, which can be attributable to the cash injection into the club from a minority equity transaction.

The net of cash (£812m) and bank borrowings (£1.3 billion) of £513m was an improvement of £99m relative to the 2020/21 season. Tottenham Hotspur continue to have the highest level of bank borrowings (£853m; net £227m of cash £626m) in relation to the financing for their new stadium.

Other interest-bearing loans increased by 23% to £1.5 billion in 2021/22. The increase was predominantly driven by the change in club mix (£151m) with promoted clubs carrying higher loan balances than relegated clubs, and an increase of £106m in Manchester United's interest-bearing loans. Excluding exceptional items, Premier League clubs' annual net finance costs fell slightly to £134m (from £141m in 2020/21), and Manchester United remained the only club to pay dividends (£34m).

With the effects of COVID-19 largely behind us, Premier League clubs are now back to full operational strength and some clubs have been more successful than others in managing funding requirements through the crisis. Premier League clubs now appear to have shifted focus back to funding investments that contribute towards their strategies (such as players and infrastructure), whilst balancing the risks and financial pressures associated with external debt funding.

As new ownership for Chelsea and Newcastle United implement their respective business and investment plans, including each spending record amounts on player transfers respectively during their first 12 months in charge, it will be interesting to observe the funding strategies implemented and the impact on the net debt profile of Premier League clubs in next year's report.



Sustainable funding and operating models

With an unprecedented level of investment interest in Premier League clubs observed over recent years and a number of recent, high-profile takeovers (e.g. Chelsea and Newcastle United), the ownership mix continues to evolve across the league. With a continuously evolving ownership base, new ownership groups will continue to bring new ideas and implement new operating and funding models.

Vital in these funding and operating decisions is a thoughtful and sustainable approach to balancing the financial and non-financial incentives that come from strong on-pitch performance with the ongoing funding capacity (both debt and equity) available to club owners and subsequently, the chosen funding structure between debt and equity.

Ownership circumstances can change quickly, which could impact the future funding available to clubs. Therefore, an operating model that relies on continuous ownership funding, or one that carries a high debt burden, can put significant financial pressure on clubs that have pushed their limits on on-pitch and off-pitch spending. This can ultimately prove to be unsustainable.

As new owners join the Premier League and financial regulations continue to evolve, sustainable operating and funding models should continue to be top of mind for not only club owners, but all stakeholders to ensure the longevity and ultimate success of the Premier League and its member clubs.

THE NEXT SIGNING FOR TRANSFORMATION IN FOOTBALL: INVESTING IN DATA

We've seen how data can enhance on-pitch performance and drive player recruitment strategies. Now it's time to replicate this success off-pitch. Organisations that optimise data management and activation will be well placed to grow and diversify revenue streams, appeal to the next generation of fans and navigate a changing regulatory environment.

The backdrop

Football is constantly evolving. From record growth and viewership in the women's game, to a global pandemic and the impending introduction of an independent regulator and minimum fan engagement standards for the Premier League, football organisations must be dynamic. But it's not just the Premier League, UEFA are considering supplementary requirements to existing financial regulations for clubs in UEFA competitions which includes the prospect of an absolute cap in respect of a club's spending on players.

We are also seeing a fundamental shift in the way sport is being consumed by the next generation of fans, a heightened focus on diversity, equity & inclusion across the industry and an increasing precedent where sport organisations are expected to compete as entertainment and media companies.

The impact

This cumulative change, spearheaded by COVID-19, exposed an overreliance on broadcast and matchday revenues across the industry. During the 2019/20 season, Premier League matchday and broadcast revenues fell by 12% and 23%, respectively. As a result, total revenues dropped by 13% to £4.2bn, from a record high figure of £5.2bn in 2018/19. This placed club-controlled commercial revenue streams, such as merchandising and club sponsorships in the spotlight like never before.

In 2023, the top five highest revenue generating clubs in the Deloitte Football Money League reported a combined £1.7bn in commercial revenue - almost five times more than those placed 16th - 20th. As the world's largest clubs entrench their position as commercial powerhouses, smaller clubs will also need to seek new ways to diversify revenue streams and appeal to the next generation of fan.

The solution

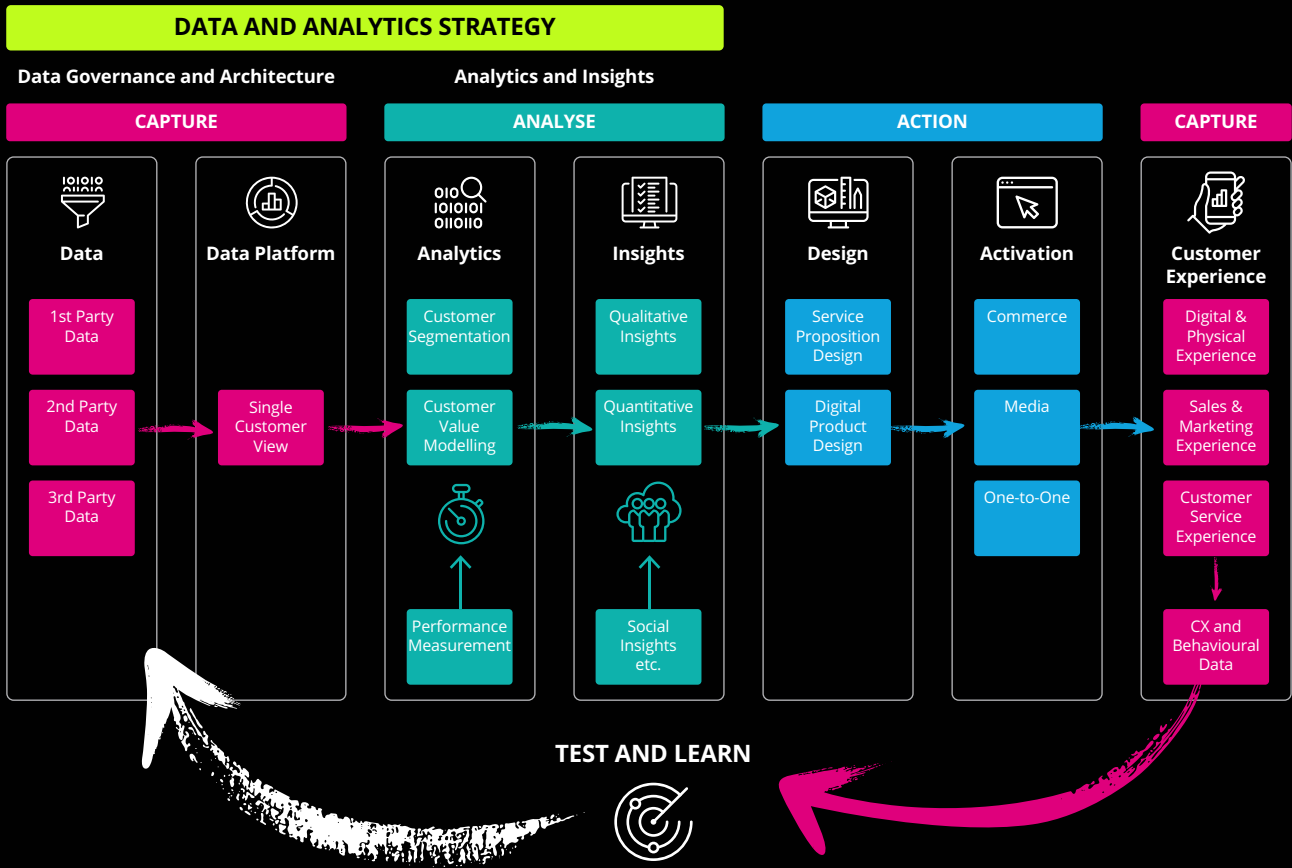
Data is becoming an increasingly strategic asset, and you don't need to top the Deloitte Football Money League to activate it. In 2022, Greek club PAOK FC generated a hyper-targeted marketing campaign tailored to their fanbase offering t-shirts of one their star players - Jasmin Kurtic ("the sniper") following his 95th minute equaliser. E-store sales went up 91% from the day prior, and the campaign performed 66% better than any the club had previously created.

What's the secret? Truly understanding and having control of your data. To effectively drive business and commercial insights through data, you need capability, speed of access and control. This typically means having an in-house team managing your own data platforms who not only understand your data, but also your business and crucially - your fans.

But it's not just about selling more t-shirts, there are financial consequences at stake. Sponsors are increasingly looking for a value exchange, and metrics such as total number of fans, and corresponding demographic won't suffice - particularly if these don't paint the full picture. Ahead of the 2022/23 season, Spotify agreed a shirt and stadium sponsorship deal with FC Barcelona rumoured to be worth c.€280m. Whilst the deal appears significant, and still is when considering the c. €15m annual uplift compared to the previous deal with Rakuten - it is rumoured Spotify were prepared to pay even more if a greater share of the alleged 350 million-strong fan base could be reached. It is believed that only 1% of the fan base were actually "registered" and consented to the sharing of their personal information. This drastically limited the true "reach" of the club, impacted the perceived value received by Spotify, and ultimately is believed to have reduced the deal price.

Getting to the end-goal need not seem daunting - the data lifecycle feeds itself. Once you have a clear strategy in place, the capture, analysis and action (informed by data) leads to the capture of more data. Put simply, high-quality data leads to the generation of better, more meaningful insights. Better insights lead to improved business and commercial decisions. Improved decisions open up new opportunities - both on and off the pitch.

Chart 1: Data lifecycle



What's next?

The impending introduction of an independent regulator and minimum fan engagement standards for the Premier League underlines the importance of controlling your data. Whilst the impact of an independent regulator is not yet fully known, the requirements placed on Premier League clubs to meet the new fan engagement standards are. From next season, clubs will be required to meet minimum standards around how they Listen, Collaborate, Share and Learn from fans and their approach to engaging them. To do this effectively, clubs will need to utilise data to understand who their fans are, what matters most to them, how to engage them and how to utilise data to drive more effective fan engagement.

Competition for sponsors

Earlier this year, Premier League football clubs collectively agreed to withdraw gambling sponsors from the front of matchday shirts. Whilst existing contracts are permitted to run their course, and the collective agreement will not come into effect until the 2025-26 season, nearly half of Premier League clubs and a quarter of Championship clubs will be looking for new sponsors. Clubs that can demonstrate their value and reach, backed by data, will be best placed to fill the gap left by gambling sponsors and attract meaningful, value aligned partnerships.

Women's football

The rise of women's football provides an unprecedented opportunity for clubs and leagues to use data to engage, retain and grow their fanbase from the ground-up, away from the complexity of the men's game.

Taking a data first approach can help drive enhanced commercial returns and identify new revenue streams.



DATA IS BECOMING AN INCREASINGLY STRATEGIC ASSET, AND YOU DON'T NEED TO TOP THE DELOITTE FOOTBALL MONEY LEAGUE TO ACTIVATE IT.



FOOTBALL LEAGUE CLUBS

As fans returned to stadia in 2021/22, EFL clubs reported total revenue of over £1 billion. However, the wages/revenue ratio for a majority of the clubs – particularly Championship clubs, remains unsustainably high, as do the losses incurred – underpinning the EFL’s calls for substantial changes to the financial distribution of the English game’s funds.

Football League clubs' revenue

In 2021/22, Championship clubs recorded a cumulative revenue of £676m, an increase of £76m (13%) since the 2020/21 season. This was predominantly a result of a changing club mix, with the six clubs joining the division from the Premier League and League One having an average revenue of £41m in 2021/22, replacing clubs with an average revenue of £27m. Excluding these clubs, the revenue of the 18 consistent clubs actually fell by £5m (1%).

This is in part due to broadcast revenue falling to £382m from a record peak of £456m in 2020/21, when revenue from the deferred matches from the 2019/20 season was recognised. A similar level of broadcast revenue is expected to be recognised in 2022/23, as the current five-year domestic

deal between the EFL and Sky, reported to be worth c.£120m per annum, completes its penultimate year. A new broadcast deal has since been agreed between the parties, due to commence in 2024/25, which will now see over half (56%) of EFL matches broadcast (compared to c.13% in the previous deal) and is worth a reported annual value of £179m per annum. The EFL tendered for their broadcast rights by inviting broadcasters to propose new and innovative solutions and the outcome both in terms of exposure and value should be welcomed.

The commercial revenue of Championship clubs increased to £164m in 2021/22 (up 28%), as merchandising, in-stadia sponsorship sales and the hosting of non-football events bounced back following the pandemic, which saw 13 of the 18 consistent clubs report an

uplift of at least £1m from these sources. The increased exposure from the new broadcast deal should provide increased commercial opportunity for clubs across the three divisions in the coming years. Additionally, the EFL have recently agreed a renewal of its title sponsorship with Sky Bet until 2028/29, representing a 50% increase, which will boost the commercial revenues of EFL clubs further from 2024/25 onwards. Under the agreement, Sky Bet have agreed to put £6m into the EFL's Community Fund to invest in local communities where EFL clubs are located.

Similarly, matchday revenue generated by Championship clubs improved to £130m (2020/21: £16m) as football stadia across the EFL welcomed fans back. However, this is still behind pre-pandemic levels (2018/19: £166m). Matchday revenue for 2022/23 is expected

A new deal?

Despite revenues across the three EFL divisions improving in the 2021/22 season, predominantly due to a return of fans to matchday stadia, the financial sustainability of many clubs remains a concern.

There is a growing acknowledgement that the financial gap between the Premier League and the Championship can be bridged on promotion, but drives some clubs to financially overstretch. A change in the distribution mechanism of revenues between the Leagues and clubs, accompanied by appropriate governance and financial controls, would be a critical step in addressing this issue.

Any new distribution mechanism should be based on the following key principles:

- i) Clarity and alignment on the objectives and desired outcomes between key stakeholders;

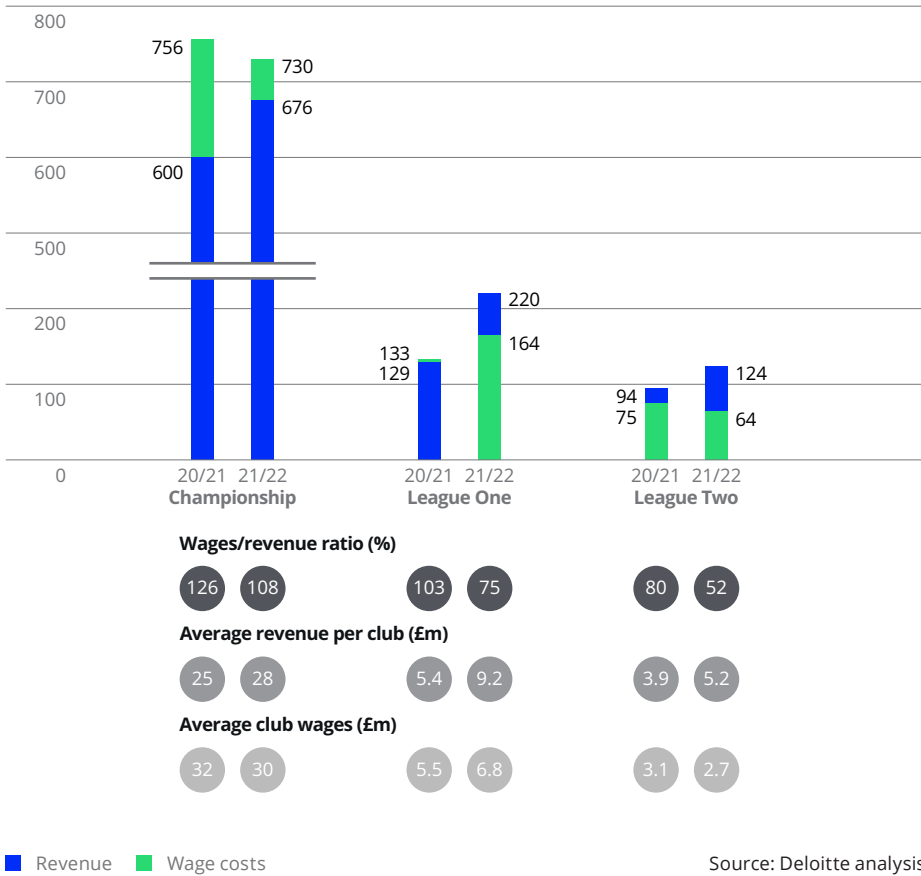
- ii) A fair and equitable solution which is free from manipulation;
- iii) Durability (i.e. not just a short-term fix); and
- iv) A balanced approach to different objectives.

The government's White Paper proposes that the new Independent Regulator for English Football will have powers of intervention if the football bodies fail to overcome their differences and agree on a revised distribution model.

An English football landscape with the objective of financial sustainability for the entire pyramid is much more likely to be successful when united and working together towards a common goal and aligned behind the principles that make English football so appealing.



Chart 10: Football League clubs' revenues and wage costs – 2020/21 and 2021/22 (£m)



Source: Deloitte analysis.

£130m

MATCHDAY REVENUE GENERATED BY CHAMPIONSHIP CLUBS IN 2021/22.

to increase further, as clubs enjoy the post – pandemic resurgence in attendances. In 2022/23, EFL clubs welcomed 19.8m fans to league matches, an increase of 13% over 2021/22.

Clubs in both League One and League Two reported an increase in revenue in 2021/22. League One clubs reported an increase of 71% to £220m, with the average club generating £9m in revenue. Meanwhile, League Two clubs reported an increase of 32% to £124m (an average revenue of £5m per club). While part of the increase in League One revenue may be attributed to the changing club mix as Sheffield Wednesday and Bolton Wanderers returned to the league, the primary driver of revenue was the return of c.5.6m fans, thus highlighting the critical nature of matchday income to the finances of clubs in the third and fourth tiers of the English football system.

Football League clubs' wage costs

The wage costs of Championship clubs fell for a second consecutive year (£730m). However, despite the decrease, the wages remained higher than the revenue earned by clubs in the division for the fifth consecutive year with a wages/revenue ratio of 108% (2020/21: 126% – record high).

The relative stabilisation of overall wage costs could indicate an effort to comply with the league's Profitability and Sustainability Rules. Over half (10) of the 18 clubs that competed in the Championship in both the 2020/21 and 2021/22 reported a decrease in their wage cost, with Stoke City and Reading reducing their wages by 39% and 20%, respectively.

There was a relatively weak relationship between the finishing position and wage cost ranking (Spearman's rank correlation of 0.45). As anticipated, the three clubs promoted to the Premier League reported the three highest wage costs in the division, partly due to bonuses for promotion (Fulham: £90m, AFC Bournemouth: £61m and Nottingham Forest: £59m). Additionally, relegated Barnsley recorded a wages/revenue ratio of 87% – significantly below the league average. Whilst wage levels clearly influenced the top and bottom of the league, it appears that wider factors determined the positions of mid-table clubs, where competitive performance is less predictable.

The average wage cost in League One increased to £6.8m in 2021/22, (however, the wages/revenue ratio fell to 75% from 103% in 2020/21 on account of increasing revenues). In League Two, the average wage cost fell to £2.7m (2020/21: £3.1m), and accounting for the increase in revenue, the wages/revenue ratio fell to 52% (2020/21: 80%).



The fifth dimension

Interest in the National League has spiked since the February 2021 acquisition of Wrexham AFC by Ryan Reynolds and Rob McElhenney, culminating in a record 111 points in 2022/23 to gain promotion alongside the Play-off Winners Notts County. During 2022/23, clubs in the fifth tier achieved record average attendances of 3,418 (72% growth compared to 2018/19), in a season where live streaming was introduced.

The increase in popularity since the Hollywood takeover is demonstrated by 44% of Wrexham's £5.9m revenue being derived from matchday sources in 2021/22, and in 2022/23 attracting higher average attendances (9,973) than 23 of the 24 League Two clubs. Its elevated profile has seen the club partner with brands such as TikTok and Disney+ which has helped grow commercial revenue and its social media following, increasing 20% in the six weeks after the release of the 'Welcome to Wrexham' docuseries in August 2022 and subsequently more than tripling since then.

With planned expansion of their stadium, soon to be known as STÖK Racecourse, increased attendances will continue to significantly contribute to the club's revenue, alongside the boost from further sponsorship deals and distributions from the EFL. Furthermore, the club's profile is expected to strengthen following their upcoming pre-season tour in the United States against the likes of Chelsea and Manchester United.

According to the latest available accounts, in 2021/22 Wrexham AFC incurred overall losses of £2.9m, in a division for which the average net loss for clubs was in the region of £1.1m. Promotion to the fourth tier brings with it greater financial regulations. Under the Salary Cost Management Protocol, a League Two club's player related expenditure is restricted to 50% of Relevant Turnover plus 100% of Football Fortune Income which includes cash and equity injections from owners.

Unsustainable financial disparity leads to competitive imbalances, as clubs which are not relentlessly funded can struggle to compete. Growing calls for the National League to have three promotion places also requires consideration of the financial sustainability of clubs, and the government's proposed Independent Regulator sets out some regulatory alignment between the top five divisions.

The club's profile is expected to strengthen following their upcoming pre-season tour in the United States against the likes of Chelsea and Manchester United.

Championship clubs' losses

Operating losses reported by Championship clubs decreased by 10% to £361m in 2021/22 (2020/21: £400m), to an average loss of £15m per club. However, the improved financial performance is attributed to the changing club mix, accounting for a £89m decrease in operating loss.

Clubs that participated in the Championship in both 2020/21 and 2021/22 reported operating losses of £322m, an increase of 17%, led by Cardiff City and AFC Bournemouth who reported an increase of £28m and £25m respectively, primarily due to the reduction in parachute payments received by both clubs.

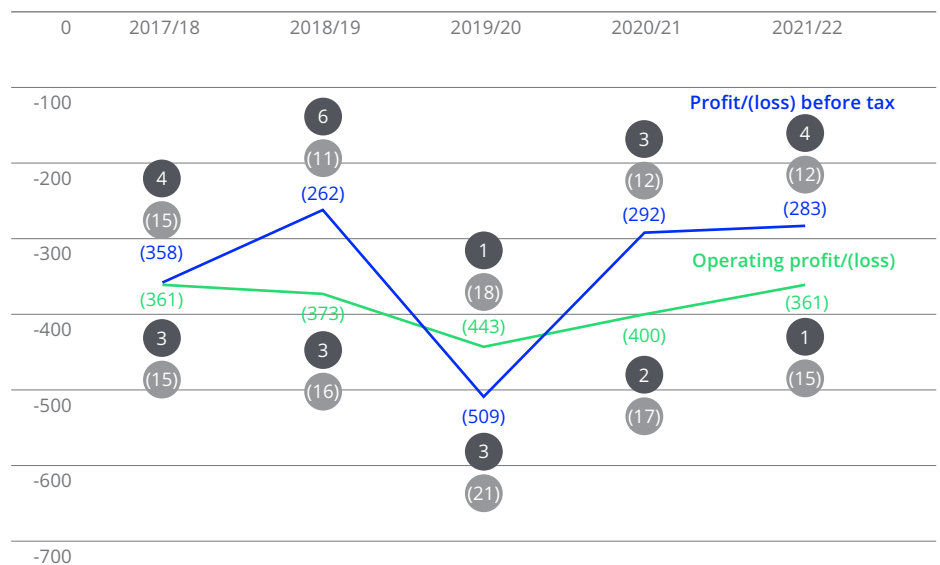
The pre-tax loss reported by Championship clubs in 2021/22 was £283m, a decrease of £9m on 2020/21. However, this loss would have been significantly higher without Stoke City and Coventry City, who recognised profit from loan write-offs of £120m and £29m respectively. Writing-off loans from owners highlights a degree of financial commitment from the club owners, however, the reliance on such loans implies an inability to cover the expenses through club generated revenue.

Excluding these two clubs, the pre-tax loss for Championship clubs increased 66% to £406m (2020/21: £245m). This increase in loss was partially driven by a significant fall in profit from player trading, which decreased to £126m in 2021/22 (2020/21: £330m). A key driver of this was a reduction in the profits generated by clubs relegated from the Premier League in the last season (2021/22: £41m compared 2020/21: £173m).

Historically, in addition to owner funds, a key financial pillar for Championship clubs has been the profit from player sales to the Premier League. However, in the 2021 summer window, Premier League clubs' spending on EFL players fell to c.£65m – the lowest since 2013 (£40m). Whilst this spending increased in 2022, Premier League clubs continue to outspend continental European clubs, predominantly acquiring top-flight players from around Europe. Should this trend continue, EFL clubs may need to consider an alternative approach to player development and train players that are attractive to continental clubs and explore player trading opportunities outside of England.



Chart 11: Championship clubs' losses – 2017/18 to 2021/22 (£m)



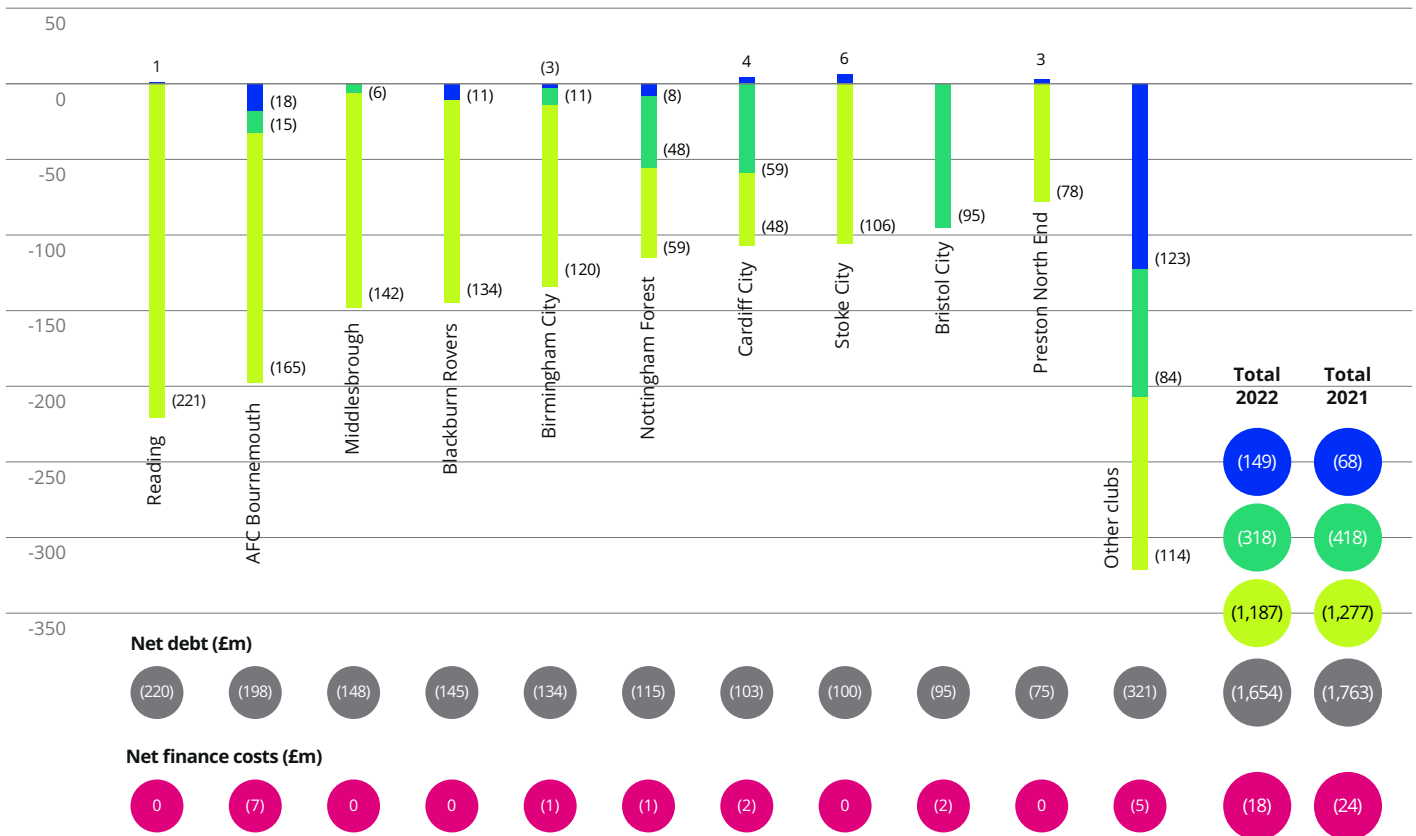
- Clubs generating operating profit/pre-tax profit
- Average club operating loss/ pre-tax loss

Note: The operating result is the net of revenue less wage costs and other operating costs. The operating result excludes player trading and certain exceptional items, which are included in the pre-tax result, along with other costs such as financing costs. The pre-tax results can be particularly impacted by one-off costs and credits from year-to-year.

Number of clubs recording an operating profit is based on the 20 clubs we have disclosures for.

Source: Deloitte analysis.

Chart 12: Championship clubs' net debt – 2022 (£m)



Note: Net debt of Derby County, Huddersfield Town, Peterborough and Sheffield United not available.

Source: Deloitte analysis.

As Championship clubs emerge from the pandemic, and a number of club owners continue to invest significantly to subsidise club operations, a continuous spotlight on the financial sustainability of clubs remains a necessity to ensure their long-term future. In recognition of this, the EFL has in place a full-time team responsible for reviewing the position of its clubs in a continuous manner.

£1.7bn

CHAMPIONSHIP CLUBS' NET DEBT IN 2021/22.

A DECLINE OF c.£110m.

Championship clubs' net debt

Championship clubs' net debt in 2021/22 was £1.7 billion (2020/21: £1.8 billion), a decline of c.£110m. Eight clubs reported net debt in excess of £100m, with just three reporting net funds, i.e., cash levels greater than outstanding loans (Fulham: £27m, West Bromwich Albion: £7m and Barnsley: £1m).

While the changes in net debt can be partly attributed to the club mix, with £274m in outgoing net debt compared to £59m in incoming net debt, the net debt for the 18 consistent clubs increased by c.£106m (7%) to £1.6 billion.

The consistent clubs reported an increase to cumulative net debt, despite a significant fall in the net debt of Stoke City and Coventry City through the aforementioned loan write-offs. However, 13 of the other 16 consistent clubs reported an increase in their net debt during the year, with 10 Championship clubs

reporting an increase of over £10m in loans (bank loans, soft loans and other loans).

With the significant net debt of Championship clubs and vast number of clubs who significantly increased their loans, it is clear that the glamour of promotion to the Premier league is spearheading the drive to continually invest in clubs, often in an unsustainable manner. It also emphasises the continued requirement for appropriate regulations that foster growth in a sustainable manner to be implemented as soon as possible.



FOOTBALL M&A: THE INCREASING IMPORTANCE OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS

In 2022 there were more than 200 M&A transactions in sport, including a number of landmark European football club takeovers such as Chelsea, AC Milan and Olympique Lyonnais.

M&A in football

Whilst **Deloitte's M&A market outlook** observed that general M&A activity across most sectors had slowed during the first half of 2023 relative to a buoyant 2022, deal activity within football has remained strong. Multiple transactions reported to involve clubs in Europe's 'big five' leagues continue to progress, notably the exploration of strategic investment options by both Manchester United and Liverpool FC.

As noted in **Deloitte's outlook for sports investment in 2023**, the plurality of investor types continues to drive competitive deal dynamics in football. Private equity funds have deployed capital into premium football assets (at both club and league level), and sports focused funds are successfully raising capital from institutional players such as pension plans and insurance companies. Other investment structures such as family offices remain active in the sector and the prominence of sovereign wealth fund ownership is increasingly apparent.

As the investor profile broadens, there remains a consistent theme of investors placing greater significance on financially sustainable ownership, as well as the emergence of a relatively new consideration in the context of football transactions – the environmental, social and governance ('ESG') profile of the target business.

The importance of ESG factors

There is increased pressure from multiple stakeholder groups towards sporting organisations to act in an ESG-conscious manner. Some examples of stakeholder engagement on this topic in football include:

- **Governing bodies:** UEFA launched its Sustainable Infrastructure Guidelines in late 2022;
- **Leagues:** In late 2021, the Bundesliga and 2. Bundesliga announced that mandatory sustainability criteria would be introduced into its licensing regulations;
- **Regulators:** who have penalised clubs for failures of governance; and
- **Fans:** who have voiced concerns with sponsorship arrangements tied to certain industries.

Investors are increasingly considering ESG performance of their portfolio and due diligence on this topic has been commonplace in other sectors for some time. The core objectives of such diligence is to identify:

1. Sources of ESG risk and mitigations: non-compliance with regulation or underperformance compared to peers and the ability of an organisation to adapt to reduce these risks to an acceptable level; and
2. Opportunity: including commercial advantages, cost savings (such as energy efficiency initiatives), and cost of capital savings.

It also critically assesses the ability of an organisation, right through its value chain (from its own operations to that of suppliers and fans), to respond to ESG expectations.

Per **Deloitte's Future of Sport** publication, we believe that ESG metrics will soon be a more common feature in football's licensing criteria, as they are in other sports such as SailGP (Impact League) and Formula 1 (via its net zero target). This adds to the increasing number of voluntary pledges seen in sport, such as the United Nation's Sports for Climate Action Framework (which counts many football clubs as signatories). Beyond sport, ESG reporting requirements are already prevalent for listed companies and financial institutions.

ESG due diligence metrics include greenhouse gas emissions (and plans to decarbonise), diversity of workforce, affordability and accessibility, any gender pay gap and occupational health & safety concerns. ESG due diligence will also critically evaluate a target's ESG strategy and its ability to achieve stated objectives – often, in a sporting context, these relate to the expectations of the governing body or leagues.

To ensure an informed bid can be made, ESG due diligence is required to gain a deep understanding of key suppliers and partners, identify the extent to which any historical controversies may exist that could impact the future reputation of the organisation and the quantum of investment may be required post-transaction – all of which can be material considerations for sports businesses.

11%
**REVENUE GROWTH
OVER 3-5 YEARS FOR
RIGHTS HOLDERS WITH
A SUSTAINABILITY
AGENDA.**

(NIELSEN SPORTS, 2021)

WOMEN'S SUPER LEAGUE CLUBS

In 2021/22, amidst an evolving global landscape for women's football, WSL clubs generated £32m in aggregate revenue, up 60% relative to the prior season, whilst wage costs grew by 37% to £25m.

WSL club revenues

In a record-breaking year for women's football, aggregate revenue for the 12 WSL clubs increased by 60%, from £20m to £32m in 2021/22. As highlighted in the **Deloitte Football Money League**, there is significant disparity between clubs across the WSL. Revenues for the four highest revenue-generating clubs, Arsenal (£6.9m), Chelsea (£6.4m), Manchester United (£5.1m), and Manchester City (£4.1m) account for 70% of the leagues' total revenue.

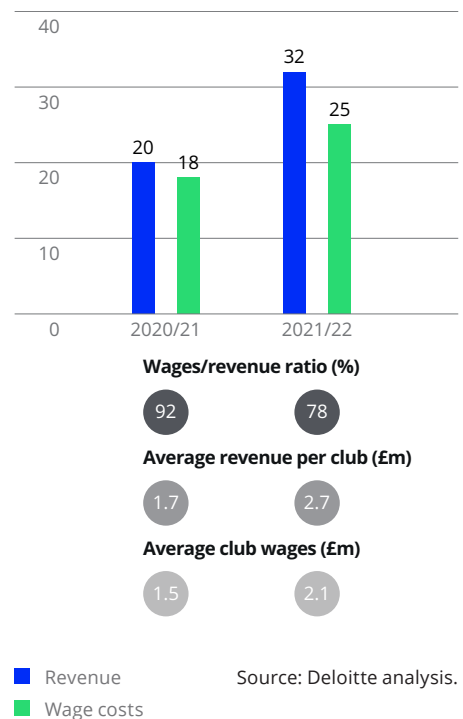
The current limitations of the WSL clubs' available financial information and different accounting treatments limit the more detailed financial analysis of revenue streams at this stage.

Matchday revenues throughout the league account for less than 10% of WSL clubs' revenues in 2021/22, with average league attendance of 1,923. However, the success of the Lionesses in the UEFA Women's EURO 2022 has prompted a significant uplift in attendances, nearly a 200% increase to an average of 5,616 in 2022/23, which will likely provide a boost to matchday revenue for future seasons and will hopefully be

the starting point for more significant and consistent matchday attendances – the signs are certainly positive.

In its nascent phase of growth, women's football clubs across England are utilising a test and learn culture when it comes to ticketing and stadia. We are seeing more clubs host matches in their main stadia throughout the season, recognising the need to expand their matchday offerings to a growing fanbase. As demonstrated by Arsenal, who generated £532k in matchday revenue during the 2021/22 season including four games held at the Emirates, there is greater opportunity for matchday revenue generation at main stadia, but clubs must carefully balance stadium utilisation, the cost of hosting and scheduling concerns. Arsenal has found great success adapting the main stadium to be fit for purpose for a new audience as well, swiftly utilising the test and learn strategy after dozens of fans attended their first match at the Emirates with prams and had to be turned away. Through adjustments to matchday communications, fans were adequately prepared to attend the following matches held at the main stadium.

Chart 13: Women's Super League clubs' revenue and wage costs – 2020/21 and 2021/22 (£m)



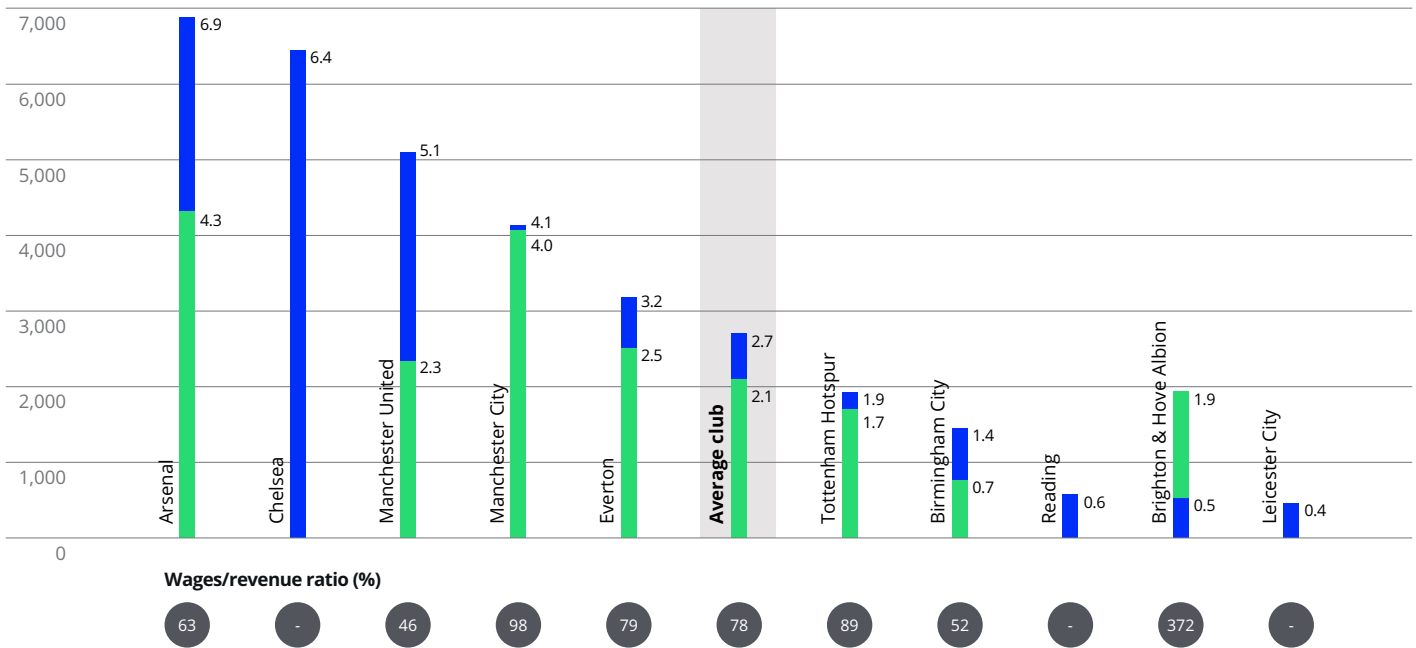
Source: Deloitte analysis.



192%

INCREASE IN AVERAGE
ATTENDANCE IN 2022/23
SEASON.

Chart 14: Women's Super League clubs' revenue and wage costs – 2021/22 (£m)



■ Revenue ■ Wage costs

Note: Revenue and wage costs of Aston Villa and West Ham United not available. Wage costs of Chelsea, Leicester City and Reading not available.

Source: Deloitte analysis.

Achieving sustainable growth: Future governance and structures in the women's game

Women's football has reached a point of divergence, where it is establishing its own distinguished and unique brand. In September 2022, following a recommendation from the Fan Led Review of Football Governance, the UK government announced an independent review of women's football. Chaired by former Lioness, Karen Carney, the Future of Women's Football Review is looking at how to deliver "bold and sustainable growth of the women's game at elite and grassroots levels" across three key themes:

1. Audience and growth;
2. Financial health and long-term financial sustainability; and
3. Structures and governance.

Alongside the Review, The Football Association is exploring the establishment of a standalone company for the WSL and Women's Championship. This shift would increase the league's ability to negotiate its own broadcast and commercial deals, as well as enable the exploration of new financial distribution models to promote long-term financial sustainability. This separation also provides the potential for new investment to supercharge the growth of women's football.

The key challenge will be for clubs to reimagine their women's team strategy in a way that optimises the freedoms granted by the new structure, capitalising on the rapidly changing women's football landscape, whilst securing the investment required to achieve sustainable growth.



Broadcast revenues increased as The Football Association's deal with Sky Sports and the BBC commenced in the 2021/22 season representing a reported £8m per year. Recognised as the largest broadcast deal of any professional women's football league, this was the first time that broadcast rights to the WSL have been auctioned separately from the men's game, resulting in an uplift in broadcast distributions to be shared amongst WSL and Women's Championship clubs (who receive 75% and 25% respectively, which includes an equal fixed amount per club, plus a share based on league position).

Arsenal and Chelsea, the two WSL clubs who progressed past the group stage in the UEFA Women's Champions League (UWCL), received a combined c.£1.2m in distributions from the competition. The value of competing in the UWCL has increased since UEFA's overhaul of the competition structure from the 2021/22 season with the introduction of a new financial distribution mechanism, a 16-team group stage and the centralisation of broadcast and sponsorship rights, including UEFA's four-year global broadcast deal with streaming platform DAZN. DAZN's UWCL coverage will move behind a paywall from the 2023/24 season, as the organisation pivots to focus on revenue maximisation following a period of increased exposure and audience growth through the previous free-to-air arrangement.

Commercial revenue was a major revenue driver for both the league and WSL clubs, a key theme of the women's game that we expect will continue in future seasons. At the league level, Barclays extended their title sponsorship agreement to include a new £30m investment into the WSL and Women's Championship from 2022-2025. This is nearly triple their initial sponsorship of the WSL, which commenced in 2019 for around £10m over three years.

At the club level, commercial revenue can be captured separately from the men's team, or as part of a bundled deal across all of a club's teams. For example, 10 out of 12 WSL clubs had the same front of shirt sponsor as their men's team in the 2021/22 season, allowing clubs to tap into wider sponsorship agreements (which include some of the highest revenue-generating deals in European football). Whilst bundled agreements remain the norm (for now) in the WSL, it is becoming more common across European football



The new wave of investment rolling into women's football

As women's football reaches new heights of viewership, attendance, and revenues, valuations have risen significantly. For example, in the National Women's Soccer League (NWSL), the latest franchise in the San Francisco Bay Area attracted a \$53m franchise fee committed by Sixth Street Capital, the first private equity company to hold a majority stake in a women's team in the US. The incentive to invest in women's football is not secluded to the US, as the global opportunity is growing as well.

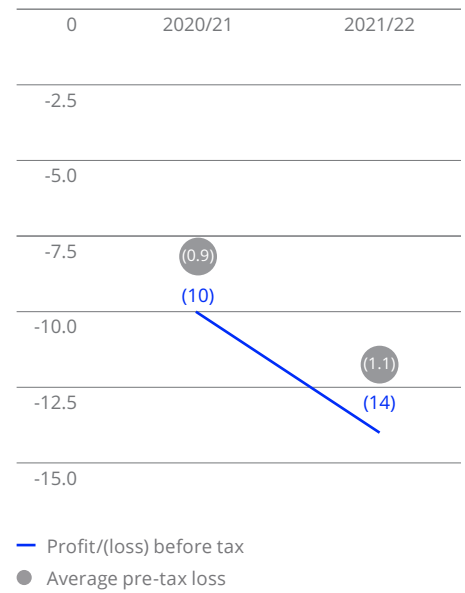
Michele Kang, who became majority owner of the NWSL's Washington Spirit in 2022 for \$35m, recently announced that she will acquire a 52% stake in eight-time UWCL winners Olympique Lyonnais Féminin.

This represents a landmark transaction creating the first global multi-club model dedicated to women's football and demonstrates the ability to invest into a women's football club which is affiliated with a men's club.

The goal of this acquisition is to create a shared services model of excellence, that leads to successful women's clubs in the top leagues across the world. Kang believes that centralising resources and creating synergies across clubs will prove the commercial viability of women's football, encouraging others to invest. This wave of interest will be significant in driving the growth of the game forward as innovative investment models begin to take shape.



Chart 15: Women's Super League clubs' profitability – 2020/21 and 2021/22 (£m)



Source: Deloitte analysis.

WSL clubs' wage costs

In 2021/22, aggregate wage costs totalled £25m for the 12 WSL clubs, up 37% on the previous season. Bolstered by increased revenues and support from group income, the aggregate wages/revenue ratio fell from 92% to 78%. Arsenal had the largest wage costs of any WSL club (£4.3m in 2021/22) resulting in a 63% wages/revenue ratio, supported by group income of £5.1m (otherwise, the club's wages/revenue ratio would have been 242%). Owner funding is commonplace across the football industry and financial support for the women's team is simply an extension of this practice. The investment of group income remains a significant tool for growth, allowing clubs to sign, retain and build talent for the future.

The range in wage costs across the WSL clubs increased from £2.8m in 2020/21 to £3.6m in 2021/22. As wage costs increase for the bigger clubs, there is a risk that the performance gap widens across the WSL, impacting competitive balance which may ultimately have an adverse effect on the leagues' future growth. As with any growing league, it is important for the women's game that financial sustainability sits at the heart of new regulations, which carefully consider investment incentives alongside competitive balance across the pyramid.

to agree separate principal sponsors, with Olympique Lyonnais Féminin, FC Barcelona Femení and FC Bayern Frauen all having separate front of shirt sponsors from the men's team in the 2021/22 season.

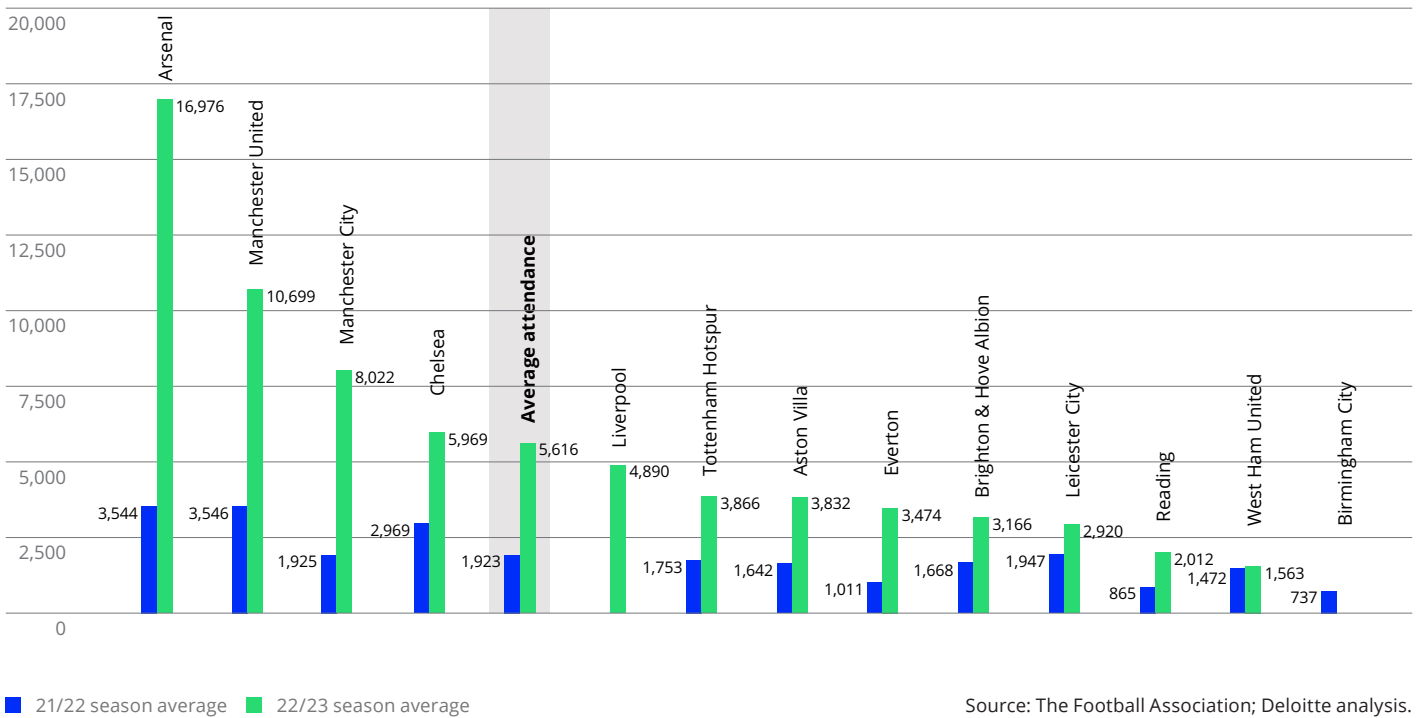
Additionally, women's teams are agreeing to new and distinguished partnership deals that reach their core audience, such as Manchester City Women who recently announced an "Official Family Partner" with baby-gear manufacturer Joie. These commercial deals enable clubs to create unbundled revenue streams that are solely attributable to the women's side and also provide a diversified offering to potential commercial partners, who perhaps wouldn't otherwise seek to associate with professional football. It is our view that not being shy about the commercial opportunity within the women's game is now critical – affiliation for commercial partners gives access to a potentially different audience to the men's game, allowing them to achieve a whole different set of objectives. Whilst the bundling

of rights to date may have been a tactic to ensure that affiliation with a club's brand is protected, we are fast reaching the point where clubs can seek to maximise the value associated with the women's game.

Whilst WSL clubs' revenues from each of matchday, broadcast and commercial revenue streams are growing, there is also significant investment from the wider organisation as group income accounts for around 40% of revenue across all WSL clubs.

The Women's Championship clubs provided limited financial disclosures for the 2021/22 season, with just four of the 12 clubs publishing financial statements (Bristol City, Crystal Palace, Lewes and Liverpool). Of the reporting clubs, Liverpool's revenue of £2.8m is close behind that of the top five WSL clubs.

Chart 16: Women's Super League clubs' average attendances – 2021/22 and 2022/23



Source: The Football Association; Deloitte analysis.

Note: Average attendances are included only for clubs participating in the WSL in each season.

Average attendances relate to home league matches of each club (excluding domestic and international cup matches and friendlies) in the 2021/22 and 2022/23 seasons.

WSL clubs' profitability

Currently, each WSL club receives financial support from their associated men's club by way of injections to revenue (c.£13m in 2021/22) and/or loans and equity funding to cover annual losses. In 2021/22, the WSL clubs' aggregate pre-tax losses of £14m will be supported by the group income. Whilst these losses can be expected during this nascent phase of growth, we hope that the reliance on group income will begin to wane over the coming seasons. Additionally, it is important to note that a WSL club's affiliation with the men's team creates complexity in attributing revenues and costs, and approaches vary from club to club across aspects such as sponsorship, facilities costs, group income, non-player wages and other operating costs.

An increase in available data and consistent reporting patterns will benefit women's football clubs in approaching new sponsors with attributable values, give greater insights to clubs across the league, and provide a benchmark for competitive balance.

Data that propels global growth across women's clubs and leagues

In October 2022 FIFA published its second annual Women's Football Benchmarking Report 'Setting the Pace', with support from Deloitte. From governance and finances to fans and players, the report outlines significant benchmarks of the global game, whilst providing additional insights into the success of leagues and clubs around the world.

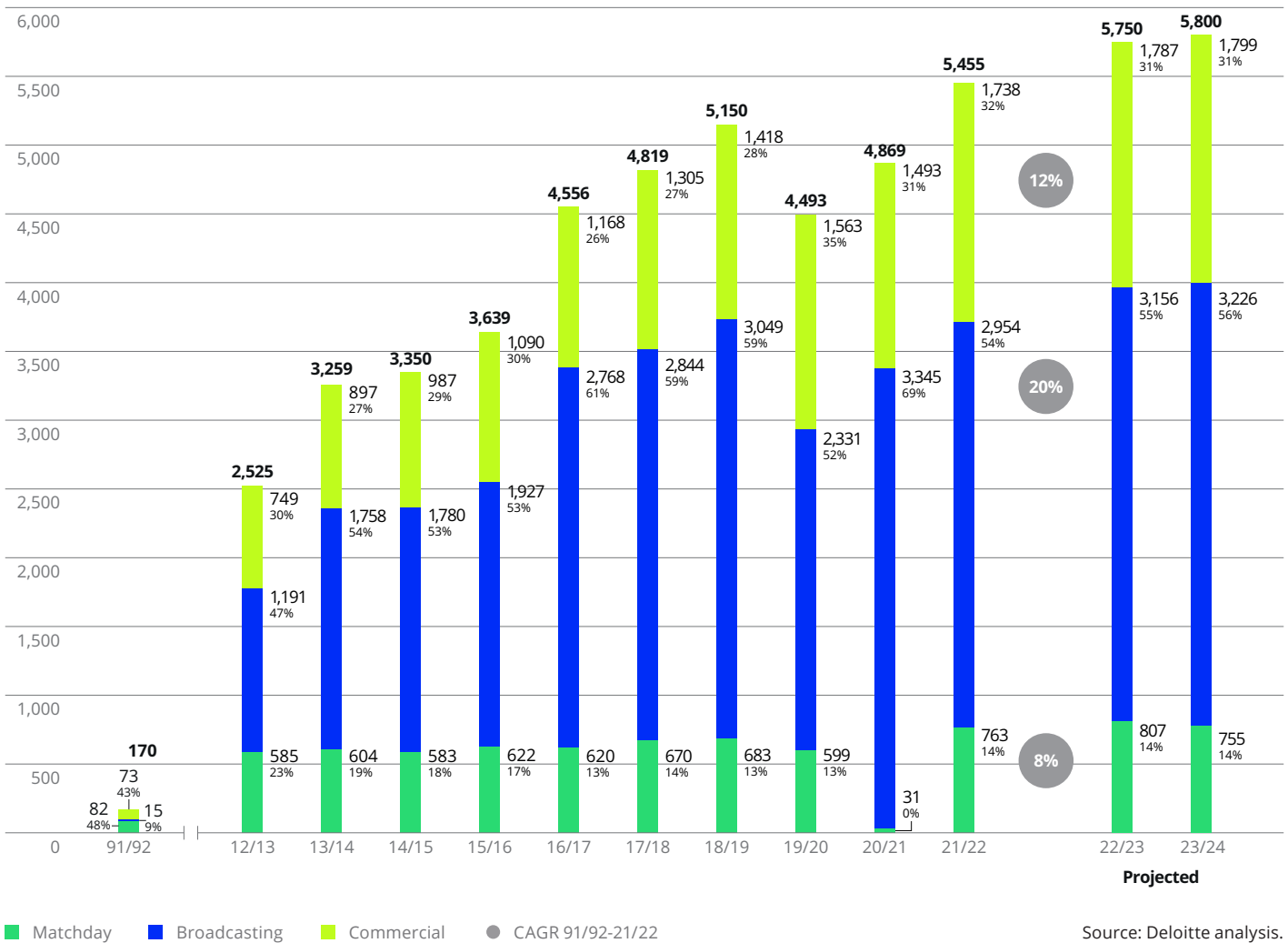
Through consultations with key stakeholders across 30 leagues and 294 clubs, the report assesses the factors driving the success of women's football globally. The data gathered shows the leaps women's football has made over the course of a year, as the second edition of the report proved growth on a

multitude of levels. For example, 90 per cent of leagues surveyed had a written strategy for the women's game in 2022, up from 79 per cent in 2021, while 77 per cent of leagues had a title sponsor, up 11 per cent in 2021.

The data evidences the increased commercialisation and professionalisation of women's football across the globe. As we approach the FIFA Women's World Cup in July 2023, WSL clubs will be presented with another great opportunity to capture new interest, create distinctive brands for the women's team, and engage the next generation of footballers.

DATA APPENDICES

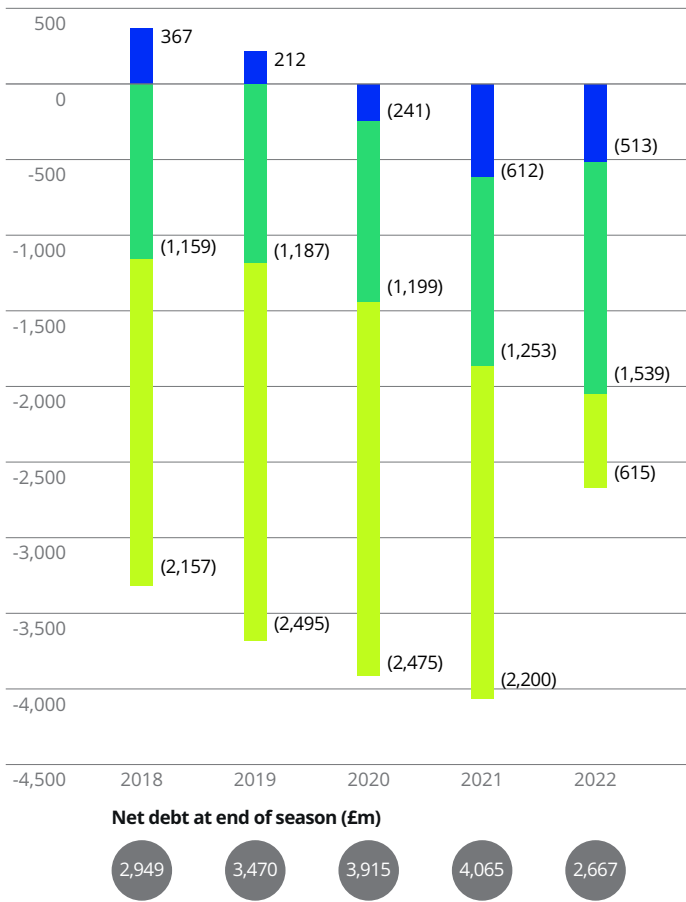
Chart 1: Premier League clubs' revenues – 1991/92 and 2012/13 to 2023/24 (£m)



Source: Deloitte analysis.

Note: Figures for 1991/92 are the last season of the 'old' Division One (22 clubs). Figures for 2022/23 and 2023/24 are projections.

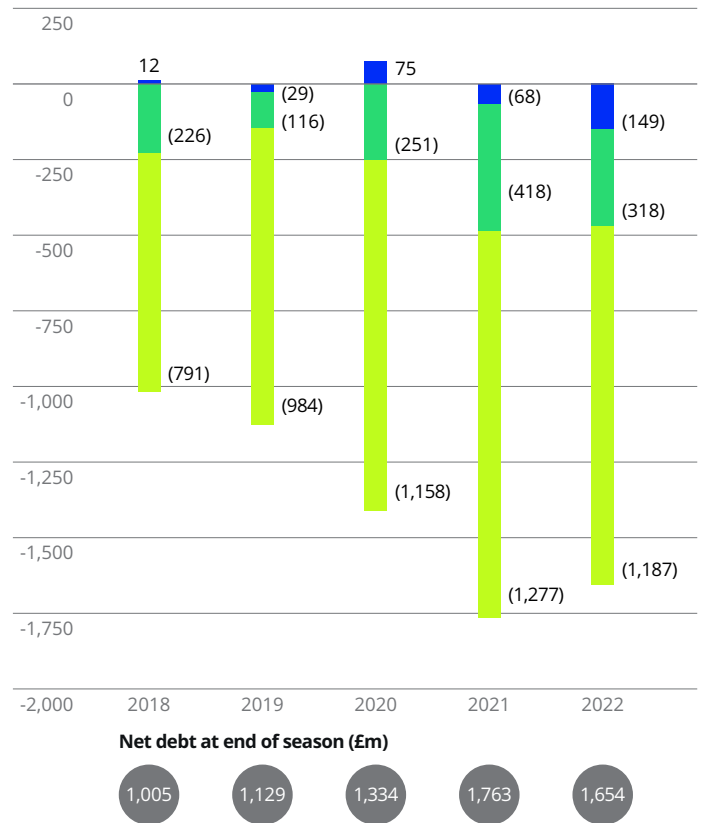
Chart 2: Premier League clubs' net debt - 2018 to 2022 (£m)



■ Net cash/bank borrowings
 ■ Other loans
 ■ Soft loans

Source: Deloitte analysis.

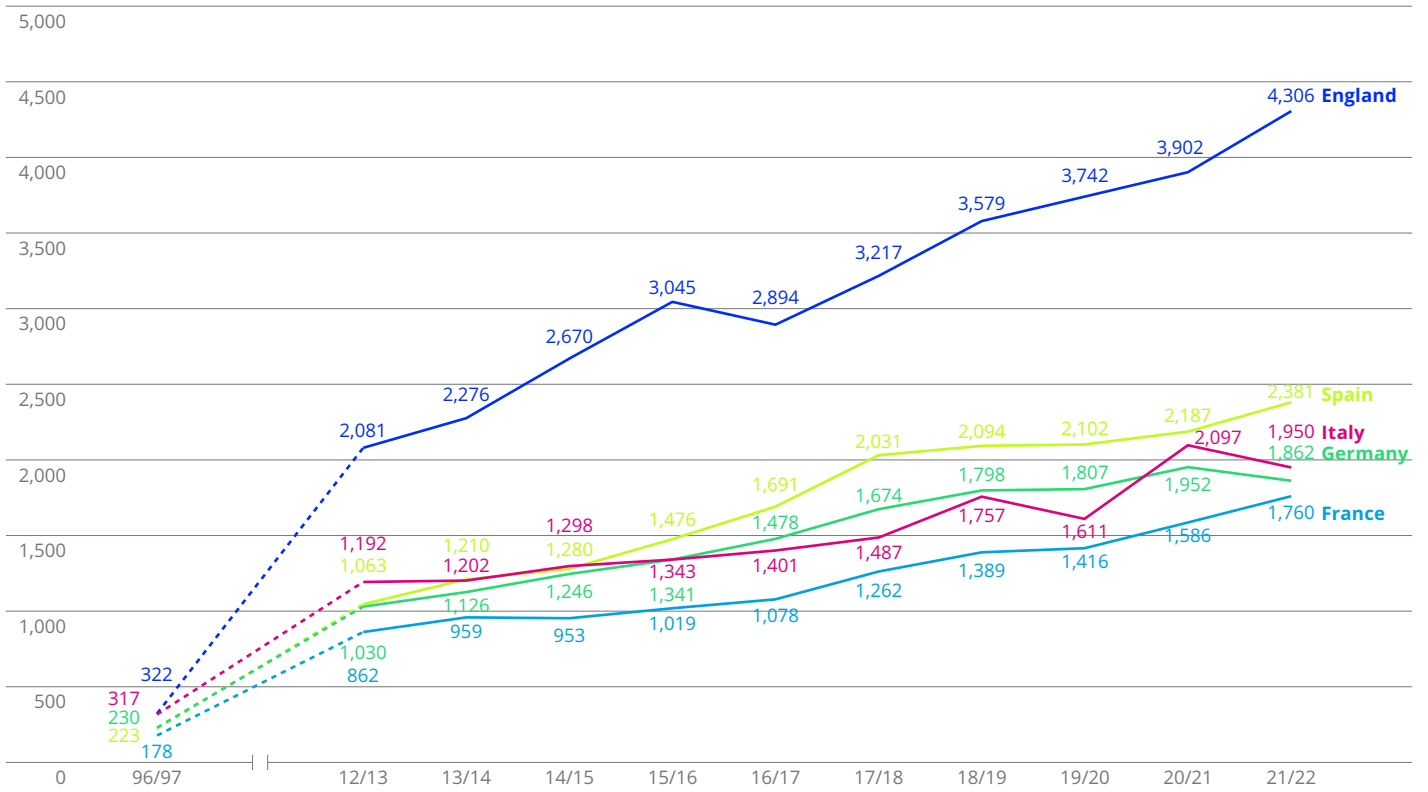
Chart 3: Championship clubs' net debt - 2018 to 2022 (£m)



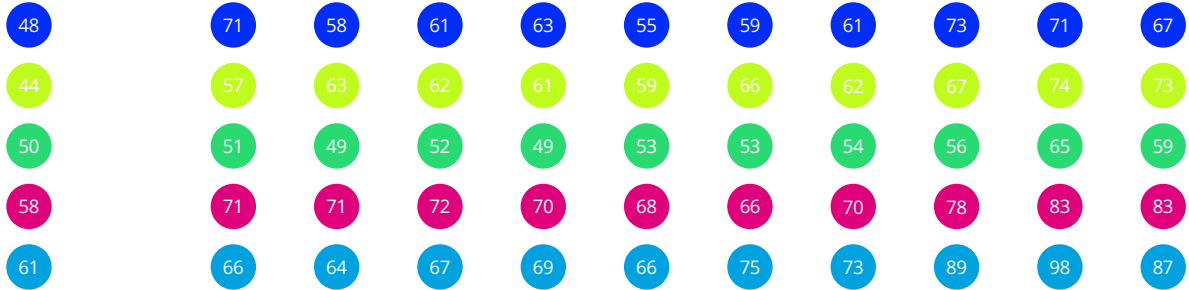
■ Net cash/bank borrowings
 ■ Other loans
 ■ Soft loans

Source: Deloitte analysis.

Chart 4: 'Big five' European league clubs' wage costs – 1996/97 and 2012/13 to 2021/22 (€m)

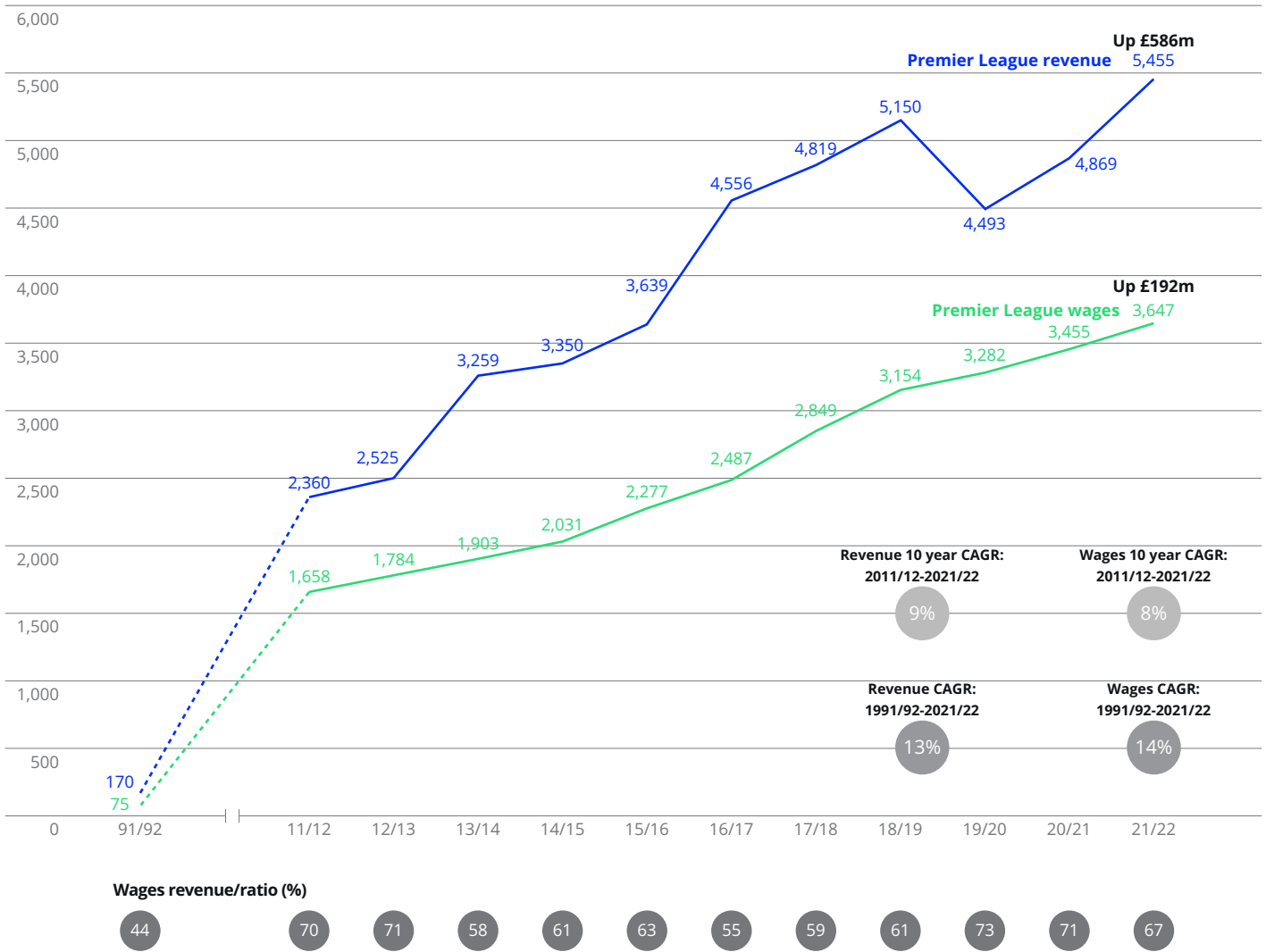


Wages revenue/ratio (%)



Source: Leagues; Deloitte analysis.

Chart 5: Premier League clubs' revenue and wage costs - 1991/92 and 2012/13 to 2021/22 (£m)



Note: Figures for 1991/92 are the last season of the 'old' Division One.

Source: Deloitte analysis.

Table 1: Premier League clubs' financial information – 2020/21 and 2021/22

Club	Year end	2022 League pos.	2022 UEFA comp.	2022 Revenue £'000	2021 Revenue £'000	2021/22 % + / (-)	2022 Wage costs £'000	2021 Wage costs £'000	2021/22 % + / (-)	2022 Op result £'000	2021 Op result £'000	2021/22 + / (-)	2022 Amort- isation £'000
Arsenal	05/22	5	n/a	367,554	325,066	13%	212,345	244,438	(13%)	60,582	15,362	45,220	(127,023)
Aston Villa ¹	05/22	14	n/a	169,123	182,382	(7%)	137,044	137,799	(1%)	(3,948)	14,340	(18,288)	(82,535)
Brentford	06/22	13	n/a	141,277	16,061	780%	68,152	41,442	64%	46,422	(42,022)	88,444	(22,851)
Brighton & Hove Albion	06/22	9	n/a	174,461	145,919	20%	115,264	108,884	6%	12,357	378	11,979	(53,507)
Burnley	07/22	18	n/a	124,639	116,813	7%	91,978	85,934	7%	11,161	16,082	(4,921)	(22,703)
Chelsea ²	06/22	3	UCL (QF)	481,278	436,643	10%	340,249	334,387	2%	(3,272)	6,386	(9,658)	(162,457)
Crystal Palace ³	06/22	12	n/a	159,999	134,383	19%	123,835	127,002	(2%)	12,741	(11,478)	24,219	(34,151)
Everton ⁴	06/22	16	n/a	181,007	193,143	(6%)	172,524	182,570	(6%)	(35,050)	(21,878)	(13,172)	(68,327)
Leeds United ⁵	06/22	17	n/a	189,207	171,028	11%	121,406	108,253	12%	23,256	26,727	(3,471)	(57,517)
Leicester City	05/22	8	UECL (SF)	214,590	226,204	(5%)	181,973	192,088	(5%)	(8,582)	4,623	(13,205)	(74,793)
Liverpool	05/22	2	UCL (RU)	594,271	487,365	22%	366,092	314,354	16%	82,537	65,802	16,735	(102,912)
Manchester City	06/22	1	UCL (SF)	619,082	571,093	8%	353,881	354,689	(0%)	119,302	105,683	13,619	(140,708)
Manchester United ⁶	06/22	6	UCL (R16)	583,201	494,117	18%	407,968	322,600	26%	42,143	80,091	(37,948)	(148,949)
Newcastle United ⁷	06/22	11	n/a	179,986	140,192	28%	170,204	106,829	59%	(26,357)	16,859	(43,216)	(51,139)
Norwich City	06/22	20	n/a	133,869	57,180	134%	117,992	66,623	77%	2,953	(26,551)	29,504	(23,414)
Southampton	06/22	15	n/a	150,628	157,245	(4%)	113,449	113,426	0%	(2,023)	17,785	(19,808)	(35,134)
Tottenham Hotspur	06/22	4	UECL (G)	442,833	359,691	23%	209,205	205,028	2%	40,061	20,563	19,498	(81,069)
Watford ⁸	06/22	19	n/a	127,595	55,523	130%	86,776	67,610	28%	4,756	(37,829)	42,585	(29,183)
West Ham United ⁹	05/22	7	UEL (SF)	255,126	194,799	31%	135,709	129,425	5%	70,513	29,280	41,233	(48,825)
Wolverhampton Wdrs ¹⁰	05/22	10	n/a	165,659	194,096	(15%)	120,591	139,262	(13%)	9,639	34,537	(24,898)	(65,119)

- Notes:
- Aston Villa – Pre-tax result for 2021/22 includes an exceptional item of £10m in respect of impairment of amounts due to the Company relating to liabilities arising on retention of premier league status.
 - Chelsea – The reporting entity used for the 2020/21 financial year is Fordstam Limited. The reporting entity used for the 2021/22 financial year is Chelsea Holdings Limited. The change in reporting entity used is as a result of the change in ownership.
 - Crystal Palace – The reporting entity used for the 2020/21 financial year is CPFC 2010 Limited. The reporting entity used for the 2021/22 financial year is Palace Holdco UK Limited. The change in reporting entity used is as a result of the change in ownership.
 - Everton – Wage costs for 2021/22 include £10.5m related to changes in the Men's first team management and coaching staff.
 - Leeds United – Amended accounts for the 2020/21 financial year were published on Companies House in April 2023. The information within this report for the 2020/21 season agrees to those accounts for comparative purposes. Wage costs for 2021/22 include £3.5m related to changes in the Men's first team management and coaching staff.
 - Manchester United – Wage costs for 2021/22 include £23.8m related to changes in the Men's first team management and coaching staff.
 - Newcastle United – Newcastle United's 2021 net debt is a combination of figures from the financial statements of Newcastle United Limited and St James Holdings Limited at 30 June 2021. Newcastle's 2022 net debt is from the financial statements of Newcastle United Limited at 30 June 2021. The change in reporting entity used is as a result of the change in ownership.
 - Watford – Wage costs for 2021/22 include £7.8m related to changes in the Men's first team management and coaching staff.

2021 Amort- isation £'000	2022 Net pft/ (loss) on sale of ply reg. £'000	2021 Net pft/ (loss) on sale of ply reg. £'000	2022 Pre-tax profit/ (loss) £'000	2021 Pre-tax profit/ (loss) £'000	2021/22 + /(-) £'000	2022 Net assets/ liabs £'000	2021 Net assets/ liabs £'000	2022 Players' regs NBV £'000	2021 Players' regs NBV £'000	2022 Net funds/ (debt) £'000	2021 Net funds/ (debt) £'000	2022 Facilities spend £'000	2022 Average league attend	2022 % of capacity %
(117,413)	24,216	14,837	(45,481)	(127,204)	81,723	192,293	237,755	333,490	294,241	13,188	2,466	7,062	59,776	98%
(56,125)	97,445	1,237	421	(37,318)	37,739	175,352	175,016	287,502	172,115	(23,105)	14,991	7,093	41,703	98%
(13,342)	6,090	45,995	29,888	(8,499)	38,387	47,285	21,618	55,168	38,007	(52,121)	(68,176)	8,002	16,907	98%
(55,750)	62,356	6,601	24,099	(53,402)	77,501	(150,541)	(174,640)	83,677	73,597	(391,230)	(360,127)	7,474	30,988	98%
(21,411)	54,719	5,102	36,080	(2,984)	39,064	104,892	78,996	38,743	34,331	(35,970)	(14,775)	3,416	19,268	89%
(179,739)	123,213	27,940	(121,355)	(168,915)	47,560	440,827	(902,345)	302,868	432,928	54,184	(1,379,860)	7,084	37,875	99%
(36,454)	-	9,571	(27,588)	(40,261)	12,673	(6,770)	(89,368)	89,585	35,202	(65,964)	(91,889)	7,872	24,226	95%
(96,580)	67,684	13,226	(44,732)	(120,934)	76,202	234,365	49,749	148,932	209,849	(141,709)	(58,244)	150,880	39,123	99%
(37,794)	890	(1,440)	(36,710)	(11,945)	(24,766)	(59,951)	(29,240)	144,681	116,397	(57,285)	(25,822)	5,967	36,463	97%
(72,635)	9,206	43,861	(92,496)	(33,097)	(59,399)	(44,858)	39,469	162,380	174,305	(311,990)	(236,778)	8,954	31,941	99%
(108,272)	28,124	39,340	1,887	(10,131)	12,018	178,849	182,002	275,626	314,321	(210,692)	(232,423)	26,323	53,017	99%
(164,371)	67,699	68,545	41,726	5,048	36,678	698,029	656,303	442,126	452,267	13,450	(19,613)	9,599	52,460	98%
(120,280)	21,935	7,381	(149,623)	(24,027)	(125,596)	127,508	272,512	316,211	327,987	(519,329)	(423,918)	7,887	73,219	99%
(32,277)	5,832	1,701	(72,867)	(13,622)	(59,245)	106,138	8,200	198,975	101,830	5,057	(94,470)	4,612	51,487	98%
(10,712)	(51)	59,552	(23,576)	21,476	(45,052)	2,705	20,554	49,920	27,299	(65,428)	(11,220)	3,223	26,810	98%
(47,350)	31,203	16,034	(15,410)	(22,777)	7,367	4,176	17,386	82,440	79,928	(70,750)	(62,172)	2,937	29,897	92%
(82,348)	20,620	18,399	(61,328)	(80,189)	18,861	177,244	256,007	278,372	204,759	(645,531)	(726,426)	31,335	62,671	100%
(34,392)	15,337	55,719	(16,153)	(19,139)	2,986	(37,661)	(20,514)	64,472	82,013	(129,462)	(139,193)	3,034	20,618	93%
(67,633)	709	17,584	12,277	(26,916)	39,193	56,441	(77,678)	107,383	94,127	40,892	(89,127)	2,263	59,801	100%
(71,549)	14,977	60,760	(46,100)	144,885	(190,985)	54,304	100,404	123,744	162,823	(73,020)	(25,101)	2,269	30,746	96%

9. West Ham United – Pre-tax result for 2021/22 includes an exceptional item of £2.6m in respect of a Stadium lease penalty clause.

10. 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.

In 2021, some clubs changed their accounting reference date such that not all reporting periods were 12 months: Crystal Palace 2020/21: 11 months, Leeds United 2020/21: 11 months, Newcastle United 2020/21: 11 months, and Norwich City 2020/21: 11 months.

Average attendances relate to home league matches of each club (excluding domestic and international cup matches and friendlies) in the 2021/22 season.

n/a means not available or not applicable.

Source: Company/Group financial statements; Deloitte analysis.

Table 2: Championship clubs' financial information – 2020/21 and 2021/22

Club	Year end	2022 League position	2022 Revenue £'000	2021 Revenue £'000	2021/22 % +/-	2022 Wage costs £'000	2021 Wage costs £'000	2021/22 % +/-	2022 Op result £'000	2021 Op result £'000	2021/22 +/-	2022 Amort- isation £'000
AFC Bournemouth	06/22	2	53,857	72,334	(26%)	61,381	57,376	7%	(25,897)	(602)	(25,295)	(29,786)
Barnsley ¹	05/22	24	14,966	12,476	20%	13,064	14,374	(9%)	(3,855)	(7,574)	3,719	(2,946)
Birmingham City	06/22	20	19,350	14,923	30%	32,107	32,441	(1%)	(23,743)	(24,578)	835	(6,282)
Blackburn Rovers ²	06/22	8	16,650	14,488	15%	24,356	25,652	(5%)	(17,689)	(18,902)	1,213	(4,041)
Blackpool	06/22	16	15,290	5,412	183%	11,579	7,672	51%	(593)	(4,931)	4,338	(797)
Bristol City	05/22	17	30,002	18,258	64%	30,325	35,339	(14%)	(19,205)	(30,659)	11,454	(7,450)
Cardiff City	05/22	18	20,038	54,779	(63%)	29,215	33,497	(13%)	(21,796)	6,038	(27,834)	(7,492)
Coventry City ³	05/22	12	18,088	11,848	53%	15,674	13,174	19%	(2,820)	(2,631)	(189)	(2,764)
Derby County	06/22	23	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fulham	06/22	1	67,092	116,086	(42%)	90,360	113,871	(21%)	(42,940)	(16,331)	(26,609)	(31,028)
Huddersfield Town	06/22	3	n/a	44,818	n/a	n/a	24,637	n/a	n/a	9,173	n/a	n/a
Hull City ⁴	06/22	19	15,373	6,864	124%	12,697	8,443	50%	(6,244)	(7,641)	1,397	(1,624)
Luton Town	06/22	6	17,671	14,992	18%	17,825	14,109	26%	(5,779)	(3,397)	(2,382)	(1,686)
Middlesbrough	06/22	7	28,112	18,428	53%	28,427	26,963	5%	(12,789)	(20,608)	7,819	(7,997)
Millwall	06/22	9	18,593	12,457	49%	22,316	20,835	7%	(11,051)	(13,537)	2,486	(1,771)
Nottingham Forest ⁵	06/22	4	29,334	18,970	55%	58,606	37,223	57%	(44,614)	(31,552)	(13,062)	(6,887)
Peterborough	06/22	22	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Preston North End	06/22	13	13,843	11,919	16%	24,573	23,359	5%	(17,101)	(14,594)	(2,507)	(3,374)
Queens Park Rangers	05/22	11	22,121	14,005	58%	27,561	24,141	14%	(27,790)	(20,160)	(7,630)	3,552
Reading	06/22	21	19,011	15,634	22%	26,650	33,507	(20%)	(30,292)	(32,345)	2,053	(6,863)
Sheffield United	06/22	5	n/a	115,582	n/a	n/a	57,418	n/a	n/a	34,866	n/a	n/a
Stoke City ⁶	05/22	14	31,167	40,284	(23%)	35,560	58,306	(39%)	(22,669)	(28,683)	6,014	(6,426)
Swansea City	07/22	15	20,122	27,775	(28%)	27,624	28,507	(3%)	(20,472)	(12,069)	(8,403)	(2,663)
West Bromwich Albion ⁷	06/22	10	65,416	106,934	(39%)	42,382	76,897	(45%)	4,120	20,741	(16,621)	(16,244)

Notes:

1. Barnsley – Pre-tax result for 2021/22 includes legal settlement of £3m relating to outstanding sums due for the purchase of the club, and the terms of a call option regarding the purchase of Oakwell stadium.
2. Blackburn Rovers – Pre-tax result for 2020/21 includes £13m in respect of the disposal of the club's training ground.

3. Coventry City – Pre-tax result for 2021/22 includes £29m exceptional income, mostly represented the write back of intercompany loans (£29m).
4. Hull City – Pre-tax result for 2021/22 includes £20m exceptional income, relating to write down of loan from previous owners.

5. Nottingham Forest – Pre-tax result for 2020/21 includes £5m in respect of a loan waiver.
6. Stoke City – Pre-tax result for 2021/22 includes £120m in respect of intercompany loans waived.
7. West Bromwich Albion – 2021/22 operating result excludes, and pre-tax result includes loan impairment charges totalling £7m.

Some clubs changed their accounting reference date in 2021 such that not all reporting periods were 12 months: Nottingham Forest 2020/21: 13 months and West Bromwich Albion 2020/21: 11 months.

Average attendances relate to home league matches of each club (excluding domestic and international cup matches and friendlies) in the 2021/22 season.

2021 Amort- isation £'000	2021/22 +/-) £'000	2022 Net pft/ (loss) on sale of ply reg. £'000	2021 Net pft/ (loss) on sale of ply reg. £'000	2022 Pre-tax profit/ (loss) £'000	2021 Pre-tax profit/ (loss) £'000	2021/22 +/-) £'000	2022 Net assets/ liab £'000	2021 Net assets/ liab £'000	2022 Players' regs NBV £'000	2021 Players' regs NBV £'000	2022 Net funds/ (debt) £'000	2021 Net funds/ (debt) £'000	2022 Facilities spend £'000	2022 Average league attend. £'000
(35,894)	6,108	6,934	57,631	(55,510)	16,951	(72,461)	(148,159)	(97,263)	54,927	77,043	(197,962)	(175,107)	310	10,641
(2,823)	(123)	2,708	3,314	(7,034)	(4,261)	(2,773)	(4,828)	1,397	2,584	4,921	1,006	3,473	85	12,984
(7,178)	896	3,194	26,507	(25,028)	(5,599)	(19,429)	(112,390)	(87,362)	6,383	11,832	(133,811)	(121,243)	1,191	16,166
(4,142)	100	10,051	622	(11,241)	(6,591)	(4,649)	(122,226)	(110,985)	2,865	6,152	(145,979)	(133,203)	393	13,504
(568)	(229)	1,958	411	568	(5,090)	5,658	(7,551)	(8,404)	1,554	766	(10,692)	(7,897)	837	11,985
(11,634)	4,185	1,261	6,211	(28,528)	(38,433)	9,905	(32,051)	(19,132)	7,940	14,123	(95,254)	(77,854)	412	19,141
(18,569)	11,077	4,225	2,864	(26,639)	(11,151)	(15,488)	(55,965)	(35,968)	2,521	10,507	(103,407)	(92,378)	163	18,057
n/a	n/a	494	1,870	21,836	(4,731)	26,568	(34,621)	(56,703)	2,830	2,607	(12,930)	(35,982)	300	19,541
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	23,000
(77,358)	46,330	12,479	146	(57,017)	(93,516)	36,499	208,425	149,552	60,797	77,117	26,934	14,353	33,028	17,782
(15,239)	n/a	n/a	10,147	n/a	2,559	n/a	n/a	(21,464)	n/a	1,425	n/a	(43,120)	n/a	17,370
(2,085)	461	2,326	2,867	13,943	(8,151)	22,094	(8,024)	(22,200)	1,348	1,897	(5,694)	(40,043)	56	12,462
(1,327)	(359)	1,075	2,200	(6,380)	(1,944)	(4,436)	(5,706)	674	3,532	2,844	(2,243)	(4,772)	80	9,865
(13,844)	5,847	1,350	4,271	(19,459)	(30,827)	11,368	(131,924)	(116,609)	10,553	10,087	(148,154)	(128,370)	264	21,739
(2,138)	367	(106)	665	(12,597)	(13,810)	1,213	(5,129)	(6,105)	2,125	2,329	(17,706)	(18,543)	1,558	12,997
(5,101)	(1,786)	4,557	14,882	(47,712)	(17,189)	(30,523)	(116,513)	(69,408)	11,660	16,969	(114,785)	(88,765)	1,727	27,137
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	10,090
(3,858)	484	302	725	(20,154)	(17,718)	(2,436)	(45,303)	(28,468)	3,297	4,452	(74,877)	(60,663)	362	12,623
(1,432)	4,984	221	17,648	(24,667)	(4,114)	(20,553)	(49,619)	(35,952)	6,186	6,897	(44,419)	(37,853)	8,778	14,433
(8,293)	1,429	16,161	1,437	(20,997)	(39,217)	18,220	(155,703)	(134,706)	6,788	12,032	(219,615)	(205,395)	1,264	14,249
(25,778)	n/a	n/a	1,134	n/a	10,484	n/a	n/a	2,501	n/a	69,277	n/a	(51,264)	n/a	26,874
(14,756)	8,330	10,936	895	101,935	(42,507)	144,442	(92,788)	(194,742)	6,471	10,760	(99,446)	(181,898)	179	20,921
(4,672)	2,009	10,888	12,482	(13,122)	(4,510)	(8,612)	(1,760)	10,664	6,282	3,752	(23,219)	(10,366)	186	17,428
(25,391)	9,147	16,916	4,159	(2,172)	(498)	(1,674)	32,074	34,246	33,926	50,337	7,455	2,718	320	21,952

n/a means not available or not applicable.

Source: Company/Group financial statements; Deloitte analysis.

Table 3: League One clubs' financial information – 2020/21 and 2021/22

Season	2022	2021	2021/22	2022	2021	2021/22	2022	2021	2022	2021
	Revenue	Revenue	Percentage change	Wage costs	Wage costs	Percentage change	Op. loss	Op. loss	Pre-tax loss	Pre-tax loss
	£m	£m	%	£m	£m	%	£m	£m	£m	£m
Total	220	129	70%	164	133	23%	(43)	(64)	(56)	(48)
Average club	9.2	5.4	70%	6.8	5.6	23%	(1.8)	(2.7)	(2.3)	(2.0)

- Notes:
1. Bolton Wanderers – Pre-tax result for 2021/22 includes £8m amounts released relating to intercompany balances.
 2. Charlton Athletic – Operating result for 2020/21 includes £8m profit on disposal of leasehold assets.
- Source: Company/Group financial statements; Deloitte analysis.

Table 4: League Two clubs' financial information – 2020/21 and 2021/22

Season	2022	2021	2021/22	2022	2021	2021/22	2022	2021	2022	2021
	Revenue	Revenue	Percentage change	Wage costs	Wage costs	Percentage change	Op. loss	Op. loss	Pre-tax loss	Pre-tax loss
	£m	£m	%	£m	£m	%	£m	£m	£m	£m
Total	124	94	32%	64	75	(15%)	(20)	(12)	(17)	1
Average club	5.2	3.9	32%	2.7	3.1	(15%)	(0.8)	(0.5)	(0.7)	0.0

- Note:
1. Bolton Wanderers – Pre-tax result for 2020/21 includes £11m amounts released relating to intercompany plus £3m exceptional income relating to write-off of secured loans by previous shareholder.
- Source: Company/Group financial statements; Deloitte analysis.

BASIS OF PREPARATION

Sources of information

The financial results and financial position of English football clubs for 2021/22, 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 except for Women’s Super League clubs for which we use available financial statements of the entity for the women’s football activities. The vast majority of English clubs have an annual financial reporting period ending in May, June or July.

Some clubs changed their accounting reference date in 2020 and/or 2021 such that not all reporting periods are 12 months. The reporting periods ending in 2020 and 2021 were also impacted by the COVID-19 pandemic. 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 2021/22, each division had 20 clubs except for Germany (18 clubs). All three divisions of the English Football League had 24 clubs, whilst the Women’s Super League had 12 clubs for 2021/22.

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 2021/22 into euros using the average exchange rate for the year ending 30 June 2022 (£1 = €1.18); for years prior to 2021/22 comparative figures as extracted from previous editions of this report; and the figures for years since 2021/22 converted into euros using the average exchange rate for the 11 months ending 31 May 2023 (£1 = €1.15).



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