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THE ANNUAL SURVEY OF FOOTBALL CLUB FINANCE DIRECTORS 2022

FOOTBALL FINANCE 2.0

WILL WE LOOK BACK ON 2022 AS A PIVOTAL YEAR FOR THE DIRECTION OF THE SPORT?

FOOTBALL FINANCE 2.0
THE ANNUAL SURVEY OF FOOTBALL CLUB FINANCE DIRECTORS 2022

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A WORD FROM IAN CLAYDEN

PARTNER
HEAD OF PROFESSIONAL SPORTS, BDO

For football finance, as for the sport itself, it is not the setback that defines a club, it is the response.

Two years ago, in the midst of an unprecedented lockdown, our report speculated on how long it might take football to bounce back from COVID-19. I had a concern that, in a worst-case, COVID-19 could put the development of the football industry back five years.

This time last year, I had mixed feelings. The UK Government had demonstrated its commitment to sport; Governing Bodies had facilitated a fast return to professional competition; Clubs had embraced new media channels, and demand for content, heightened by social restrictions, was fuelling Private Equity interest, now appraising sport as a genuine asset class. All of this was, of course, good for the outlook for football as the UK's leading sport.

However, football's response to the pandemic was principally funded by shareholders (feeling the pinch but, for the time being, remaining resistant to their clubs being someone else's bargain purchase) and debt (rather than grants) with repayments terms that many clubs would find restrictive. All the while, player wages were not, and were never going to be, a lever that clubs could pull to take meaningful levels of pressure out of the system.

Fast forward 12 months and we now have a slightly clearer picture of what the post-COVID-19 football sector might look like.

Within this report, our football sector specialists have focussed on four key areas of interest:

- The financial position and performance of football clubs
- Ownership
- Developments in corporate governance
- Representation of a wider demographic within the game

Each section of this report suggests that, for the larger clubs within the English Premier League (EPL), the opportunities for growth outweigh the current financial threats. However, the opposite may be the case for clubs in Football Leagues 1 and 2 (FL1&2), and Football League Championship (FLC) clubs continue to remind me of a ball-bearing suspended between two magnets!

At the top end, so long as clubs are proactive in investing in strong corporate governance and regulatory compliance, they will be able to retain and attract 'good money' investors and exploit global markets through sophisticated media channels and value-add consumer engagement. However, a more diverse and socially-conscious target audience will not only demand the right content delivered in the right way, they will also expect the right corporate and social behaviours from clubs and their owners.

Below the EPL, and indeed at the lower end of the EPL, clubs looking up at the largest clubs, pulling away from the pack somewhat, may miss out on investment and consumer demand due to the greater growth opportunities presented by Women's football and other emerging sports. Our recent joint report with The Sport Consultancy, "Catching the Rising Tide: Investing In Women's Sport" identified many reasons why these present a strong investment case.

Unless Football League clubs with constrained resources can position themselves as 'fast followers', and well they might, employing a strategy of making investment decisions only where others have demonstrated an acceptable ROI, they risk becoming more marginalised – less bankable than the larger clubs and less exciting than new and emerging investment opportunities that, in some cases, are capturing close to 50% of entry level youth audiences.

So, we absolutely expect the fast response at the top-end to continue; we absolutely expect continued investor appetite (in a variety of forms), and, optimistically, this could pave the way for less lucrative clubs to invest in new revenue streams. However, new and emerging investment opportunities are a reality so, for football, the growth of 'super-clubs'(?), Women's football and other emerging sports may present a real challenge for lower league clubs.

FINANCING THE CLUB

Football finances are undoubtedly in a better place following the disruption caused by COVID-19, but have all Clubs across the leagues rebounded in the same way, or are we seeing a further parting of the ways?

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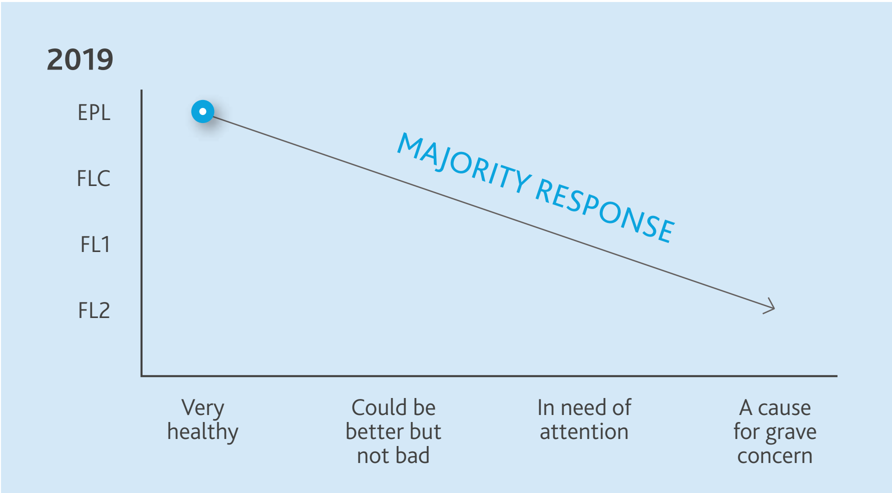
ASSISTANT MANAGER
Audit

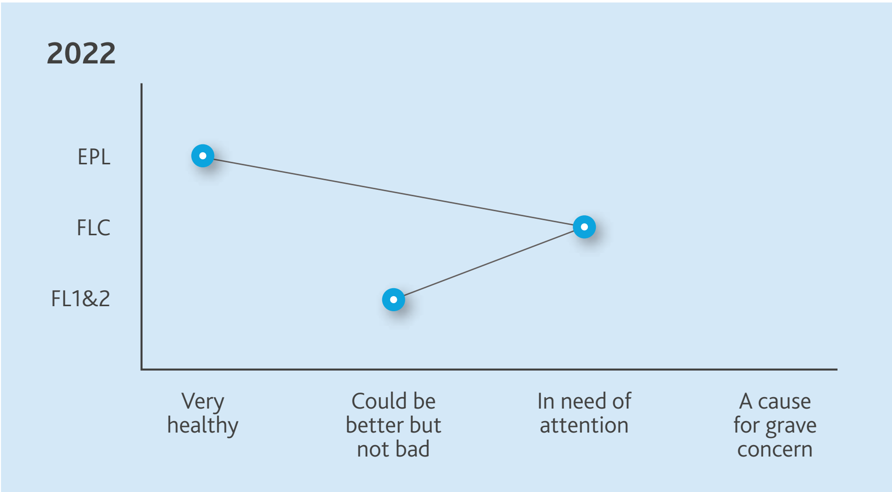
HAS FINANCIAL HEALTH BEEN RESTORED TO PRE-COVID-19 LEVELS?

Back in 2019, in our last pre-COVID-19 report, there was a clear pattern of financial health, with most EPL Clubs reporting their position to be "very healthy", and most FL2 Clubs reporting finances "a cause for grave concern".

Since this time, we have had halted leagues and 'behind closed doors' football, with 2021/22 the first "normal" season since 2018/19. In 2020/21, with games without fans and financial support from the EFL, the most common response across all leagues was that their financial health "could be better but not bad".

Fast-forward to 2022, and as we see clubs emerge from those unprecedented times, we see that there have been good opportunities for clubs in the top-flight of football to improve their position – all EPL Clubs responded that the financial position was either "very healthy" (71%) or "could be better but not bad" (29%). The biggest change from previous years was in FLC Clubs which perceive their position to have worsened (55% "in need of attention" up from 27% in 2021) perhaps spending above their means in search of the holy grail of the EPL or to avoid tumbling down the leagues.





FINANCING THE CLUB
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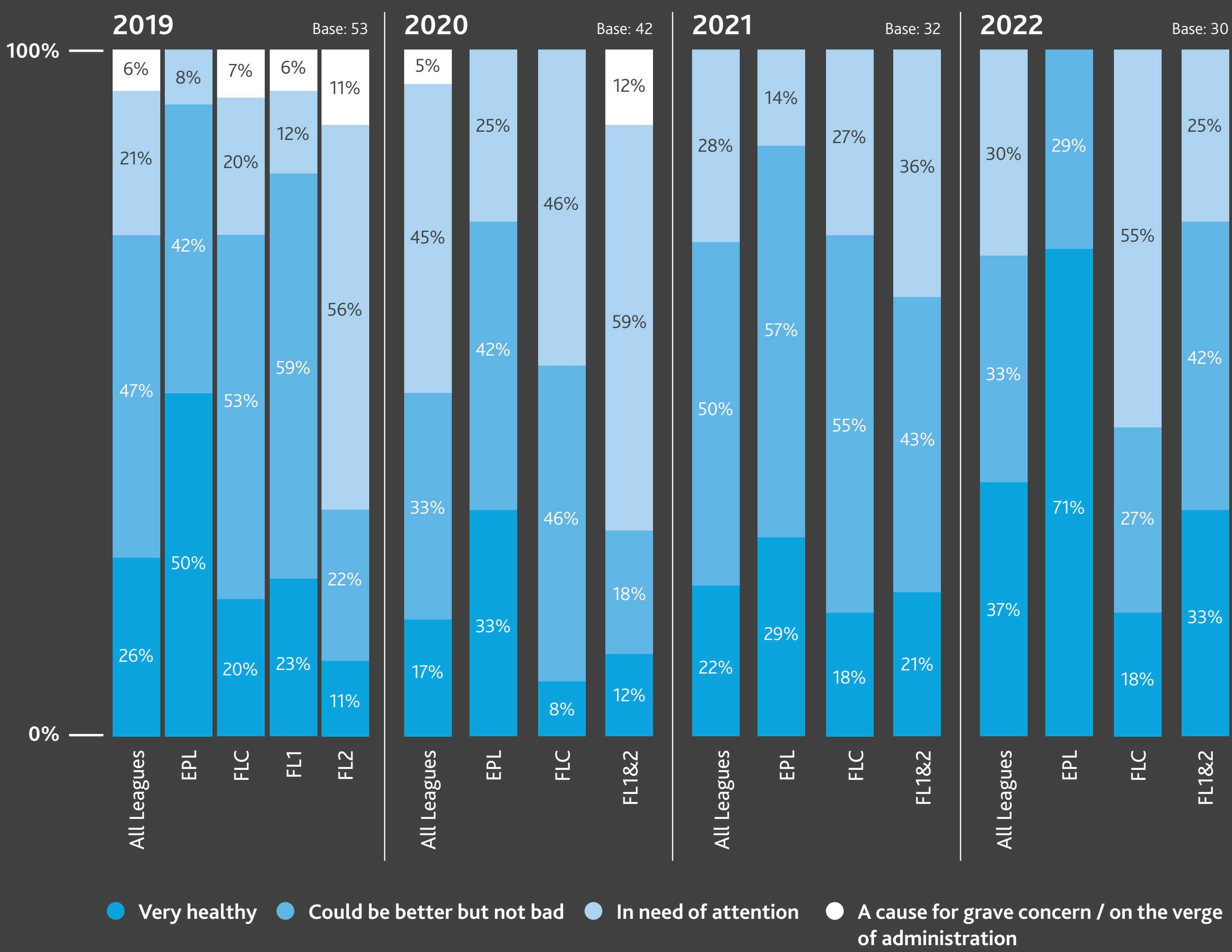
HOW WOULD YOU RATE YOUR CLUB'S CURRENT FINANCIAL POSITION?



In line with the data on financial health of football clubs, FLC Clubs are seeing an increased reliance on owners to finance operating losses with this now reaching 100% of the data sample (up from 71% last year). EPL Clubs are seeing less of a reliance on owners to cover shortfalls, compounding the attractiveness of the EPL for FLC Club owners.

FINANCING THE CLUB

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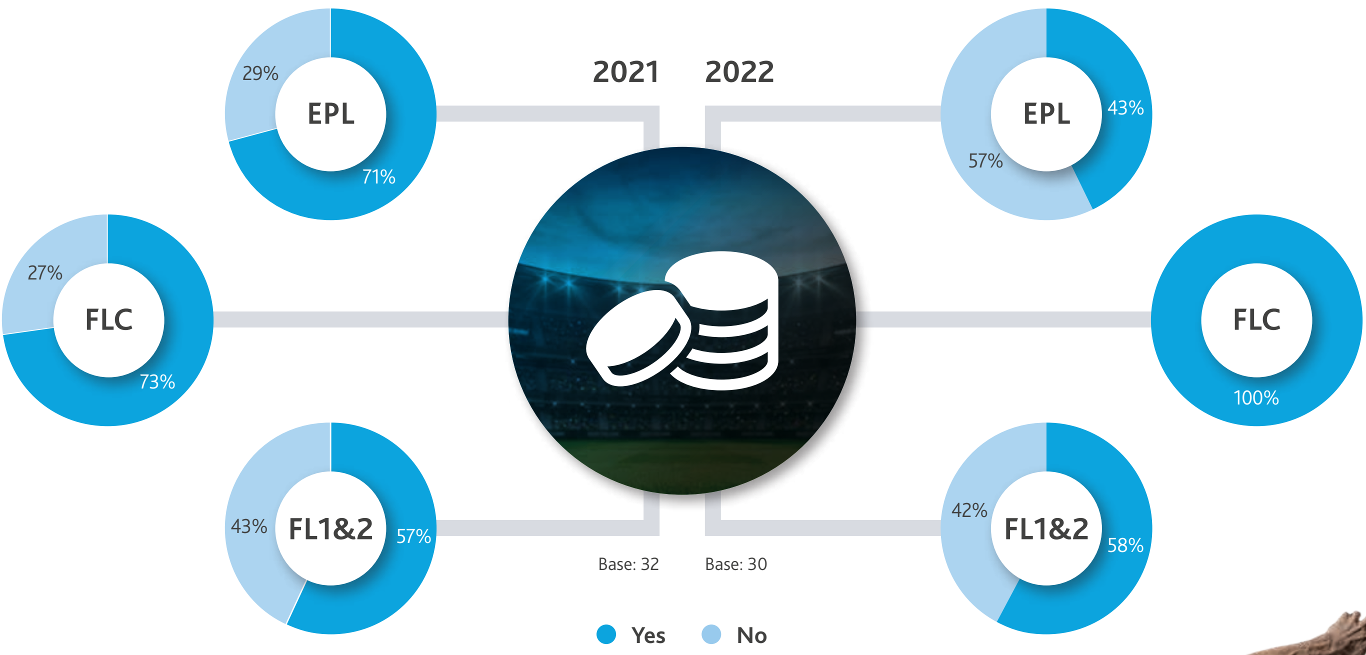
IS YOUR CLUB DEPENDENT ON THE PRINCIPAL SHAREHOLDER(S) TO FINANCE ANNUAL REVENUE SHORTFALLS OR OPERATING LOSSES?

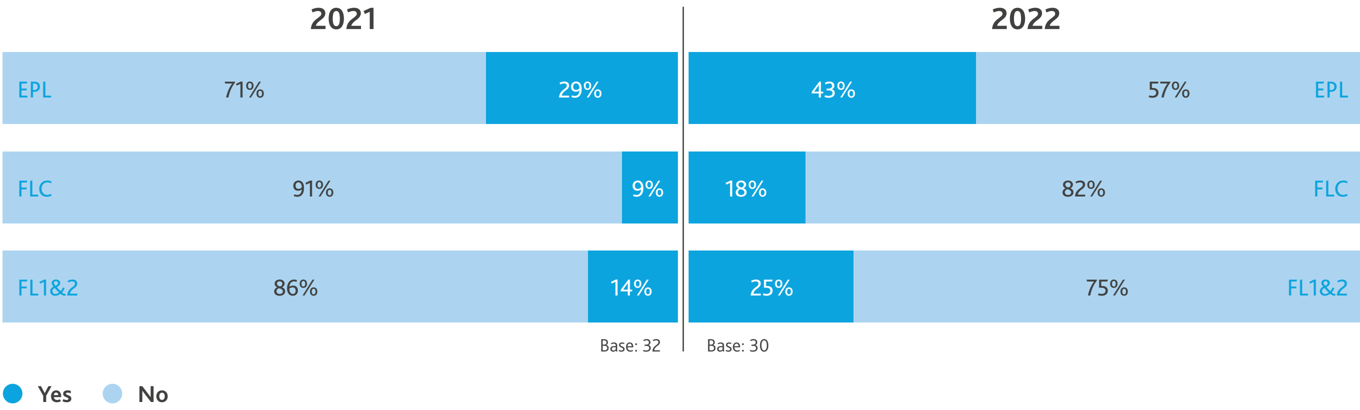


Operating losses before player transfers follow historic year on year trends (with approximately three quarters of Clubs across all leagues expecting to make a loss before player trading) and emphasise the benefits of operating within the EPL rather than the FLC and lower leagues. There is a significantly lower proportion of clubs expecting to make pre-transfer losses in the EPL than other leagues. Again, we see that the FLC has the most clubs expecting to make a pre-transfer loss which highlights the imbalance between player costs and revenue generation.

FINANCING THE CLUB

CONTINUED

DO YOU EXPECT TO MAKE A PROFIT BEFORE PLAYER TRADING AND AMORTISATION IN YOUR 2021/22 ACCOUNTING PERIOD?

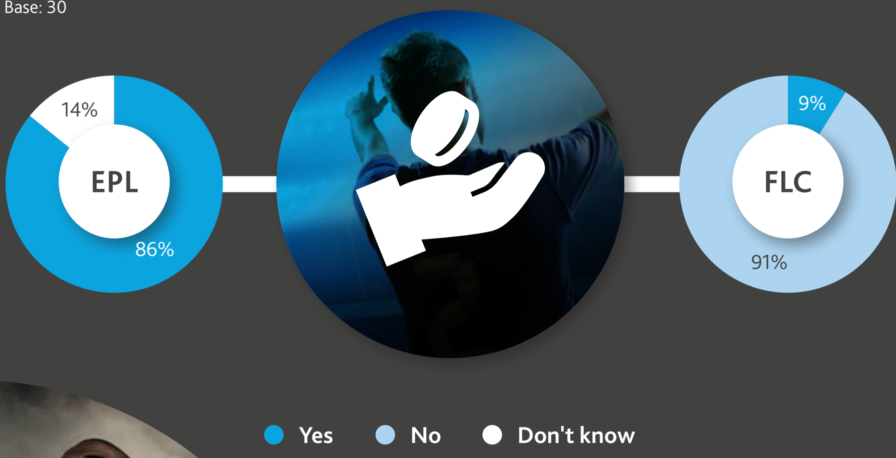


This is even clearer when we review post-player trading profits with EPL and FLC expectations being completely contrasted.

There is a common, and predictable theme here: EPL Clubs, with a broader pool of revenue streams, are able to generate disproportionately higher levels of revenue to offset the comparably higher player costs in comparison to the lower leagues. The main source of which is broadcasting income, that ultimately has made the EPL the most attractive for owners and potential investors. Furthermore, EPL Clubs also find it easier to source appropriate sponsorship arrangements from suitable partners as there is demand for these sponsors to have a relationship with these clubs with their vast, often global, fanbases.

DO YOU EXPECT TO MAKE A PROFIT AFTER PLAYER TRADING AND AMORTISATION IN YOUR 2021/22 ACCOUNTING PERIOD?

Base: 30



FINANCING THE CLUB

CONTINUED

TAKING FINANCES FORWARD

When surveyed regarding their biggest concerns over the next 12 months, we found that Clubs in the FLC and FL1&2 in particular expressed concern about the impact on attendances as a result of the current economic environment. Attendances at live events are likely to be impacted and one of the first items cut from household budgets as the cost of living increases. This is an increased concern for smaller clubs who have fewer sources of revenue and are heavily reliant on matchday income, as opposed to EPL Clubs with massive TV revenue.

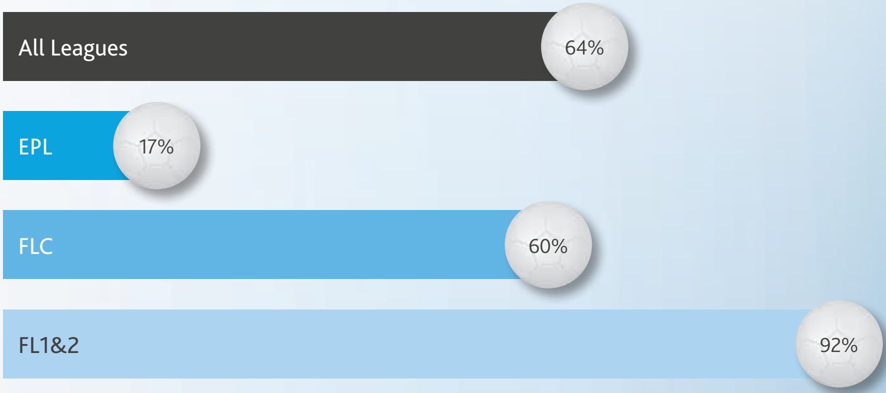
It is still too early to make reliable predictions, but as we write this report, it is conceivable that demand for live events (and related hospitality income) could be impacted by as much as 25% over the coming year or two. For lower league clubs match-day revenues may represent over 60% of total revenue.

This fear goes a long way to explain the focus on fan engagement and growing the fanbase as a key goal for the majority of football clubs across all leagues. However, the focus for EPL Clubs is towards the international fanbase, whereas for FLC and FL1&2 Clubs the focus is on the domestic fanbase. This suggests that:

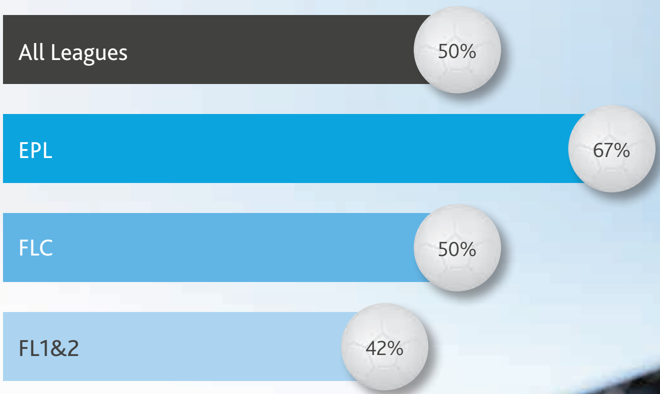
1. EPL clubs have potentially saturated domestic fans
2. EPL Clubs have such strong brands that meaningful international growth is a realistic proposition. New investors certainly seem to hold this view (see below).

WHAT ARE YOUR BIGGEST CONCERNS FOR YOUR CLUB OVER THE NEXT 12 MONTHS?

Impact on attendances due to the current economic environment



Flexibility/inflexibility of players' salaries



FINANCING THE CLUB

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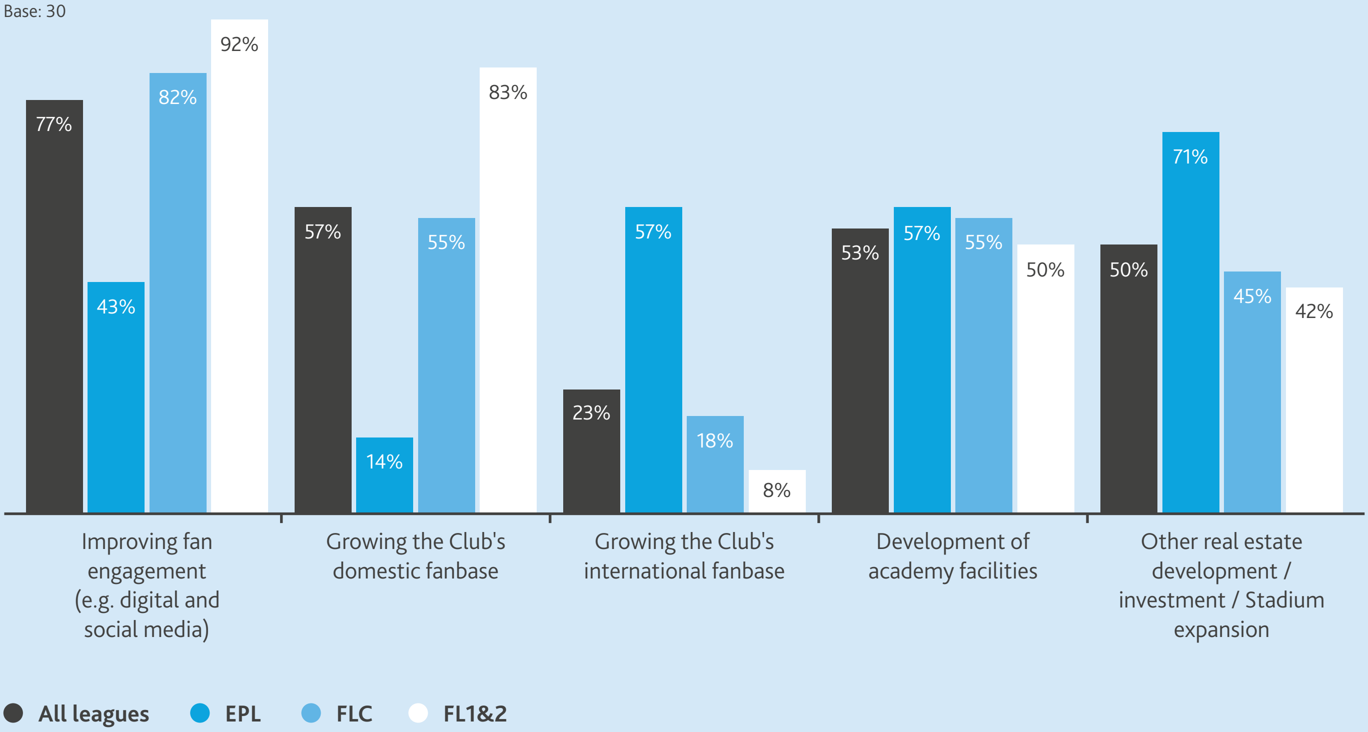
WHAT ARE YOUR KEY STRATEGIES OTHER THAN PROMOTION AND AVOIDING RELEGATION, FOR DEVELOPMENT / GROWTH IN ORDER TO FURTHER STRENGTHEN THE FOOTBALL CLUB?



EPL clubs are also the most intent on real estate development and stadium expansion, albeit this was a common response amongst Clubs across all leagues.

The one strategy favoured by Clubs across all leagues is the development of academy facilities, showing the importance of developing talent at all levels of the football pyramid: growing assets being financially preferable to buying them.

The most significant concern for EPL Clubs was lack of control over player costs. As the largest expenses for football clubs, and with a darkening economic outlook on the horizons, this comes as no surprise. It seems to be an accelerating trend that high profile players are running down their contract, often in a bid to earn moves to other clubs on lucrative terms. Notwithstanding relegation clauses, clubs relegated from the EPL often go down with large wage bills accumulated trying to compete in the EPL. These Clubs then find themselves having to sell key players to get unsustainable wage bills down.

It is not surprising that player wages are a key concern for EPL teams, with 58% of EPL respondents reporting a wages/turnover ratio over 70%, and 29% reporting a ratio over 90%. What is slightly surprising, perhaps, is that player wages were slightly less of a concern for FCL Clubs, despite 45% of FLC Clubs reporting wages in excess of 110% of revenue!

FINANCING THE CLUB

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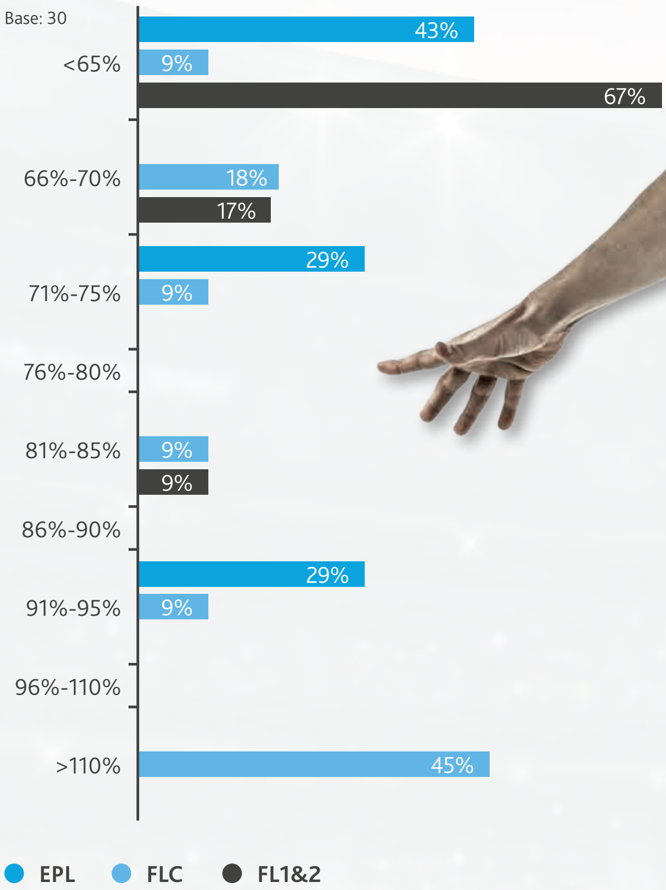
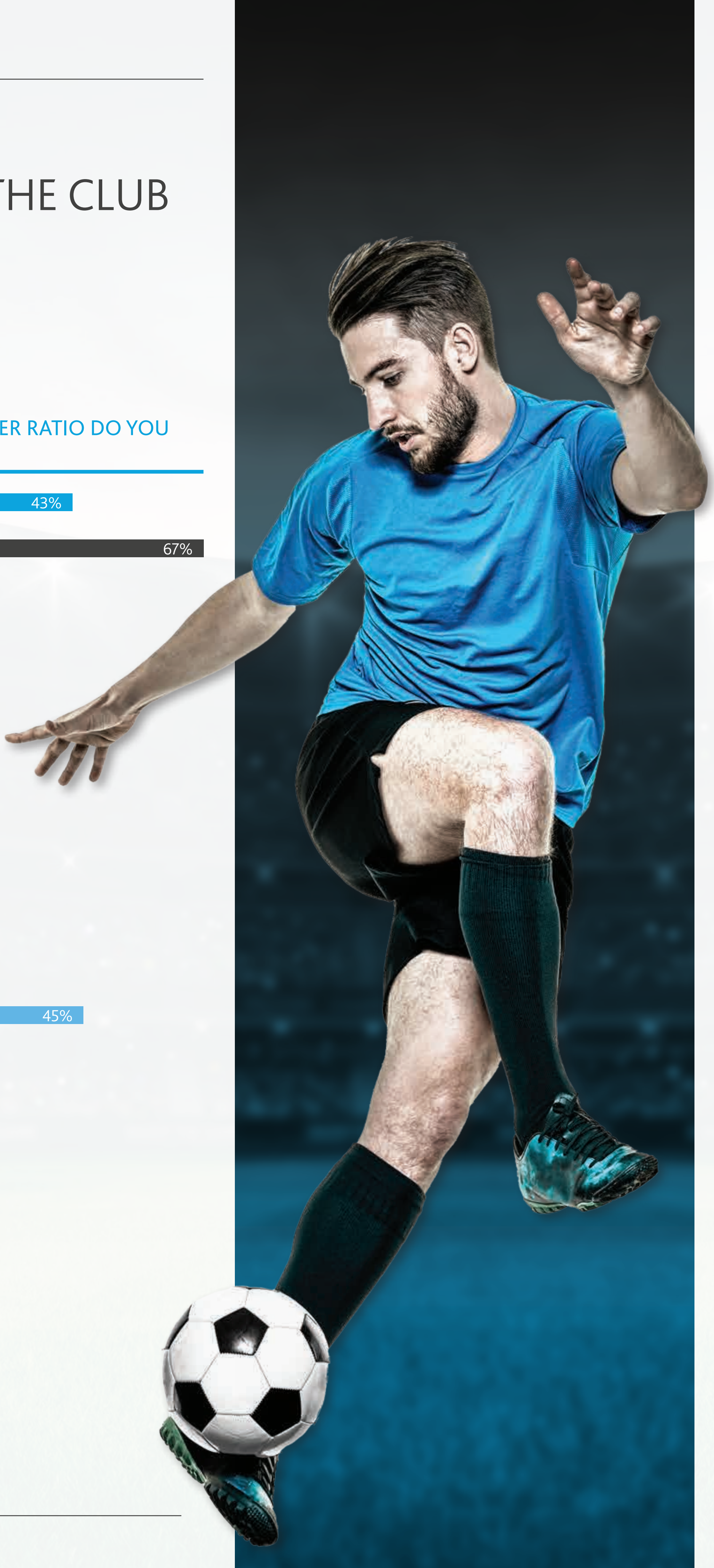
WHAT WAGES TO TURNOVER RATIO DO YOU CURRENTLY OPERATE IN?





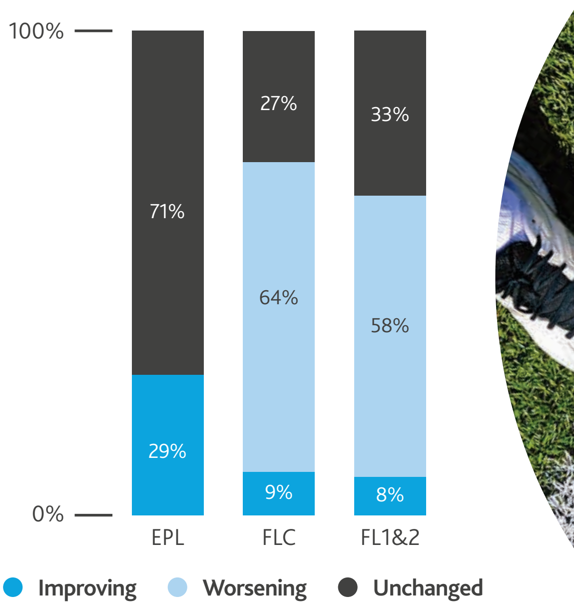
FINANCING THE CLUB

CONTINUED

When asked for comment on whether there was a belief that player wages could increase further, this prompted a mixed response. One Club tied any potential increase to 'TV revenue in the Premier league' but caveated this by saying that TV revenue for the FLC remained static. Other Clubs cited regulatory cost control from UEFA as being a reason why they did not expect player wages to increase. Those in the lower leagues often felt that without significant restructuring and increased income distribution, wage increases in their respective leagues were unlikely to materialise.

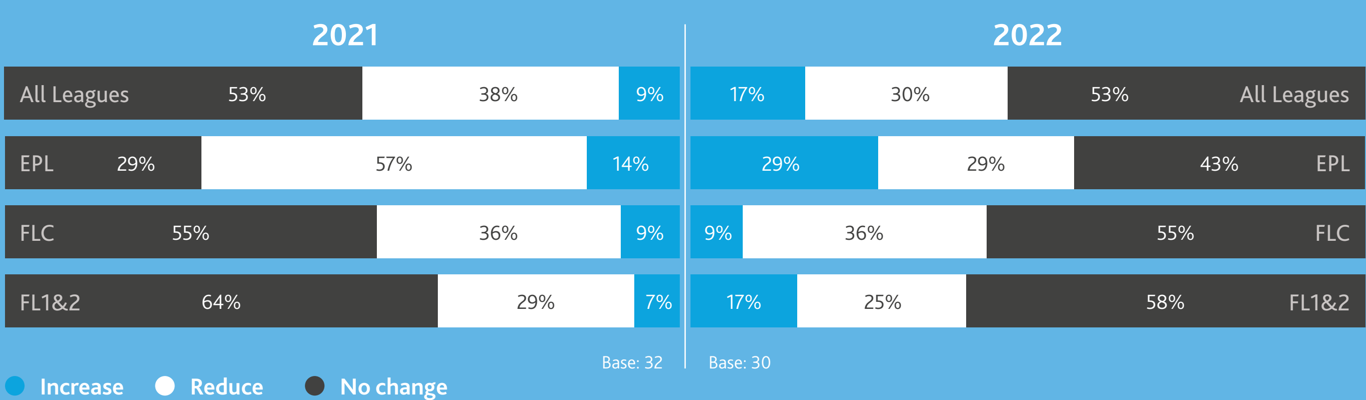
And when it comes to signing new players, there were significant differences in views between the different leagues. The view from the EPL was that liquidity in the transfer market was either unchanged (71%) or improving (29%), whereas the majority of FLC and FL1&2 Clubs saw liquidity worsening.

IS LIQUIDITY IN THE TRANSFER MARKET:



Similarly, when asked about their transfer budgets, last year only 9% expected their budgets to improve whereas this year we see 17% of Clubs stating that they are likely to increase transfer budgets. Once again, this points to a fairly strong recovery within football finances in the EPL compared to the Football League. In 2021, 57% of EPL Clubs reported a likely reduction in transfer budgets, but in 2022 this was only 29%. FLC and FL1&2 reported very similar results to 2021, with the majority of Clubs reporting "no change" in their transfer budget.

ARE YOU LIKELY TO INCREASE OR REDUCE YOUR TRANSFER BUDGET FOR 2022/23?



The loan market is an area where those lower down the pyramid can benefit by loaning players from further up, or temporarily fill a need without a significant transfer fee outlay. However, there seems to be no real change between this year and last year in terms of how clubs view the loan market, with fairly similar percentages stating that they expect the level of player loans in and out to stay the same.

FINANCING THE CLUB

CONTINUED

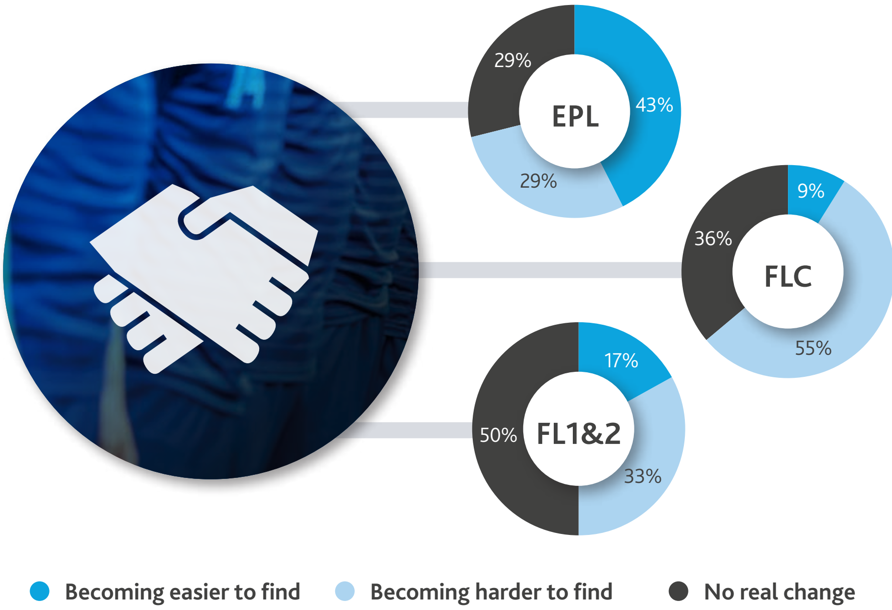
WHAT IMPACT MIGHT CHANGES IN SPONSORSHIP RULES HAVE?

The number of sponsorship deals continue to grow within the game, with clubs now having commercial partners in a variety of categories. This can range from having official partners for tyres, coffee, and fan tokens just to name a few. As this continues to be a pivotal source for clubs' revenues, the majority of football league clubs report that revenues from key commercial contacts have either increased (43% in 2022, compared to 22% in 2021) or remain largely unchanged (53%).

The issue around whether or not some sponsorship deals involve parties deemed to be ethical also remains topical. Whilst there is a possibility that gambling sponsorships on the front of football shirts will not be permitted in the future, the question around which type of firms would fill the gap and whether these will be perceived to be any more ethical arises. High profile EPL clubs tend not to have difficulty in finding commercial partners. However, lower down the leagues there is a reality that suitable sponsors and commercial partners are hard to find.

DO YOU THINK SUITABLE SPONSORS AND OTHER COMMERCIAL PARTNERS ARE:

Base: 30

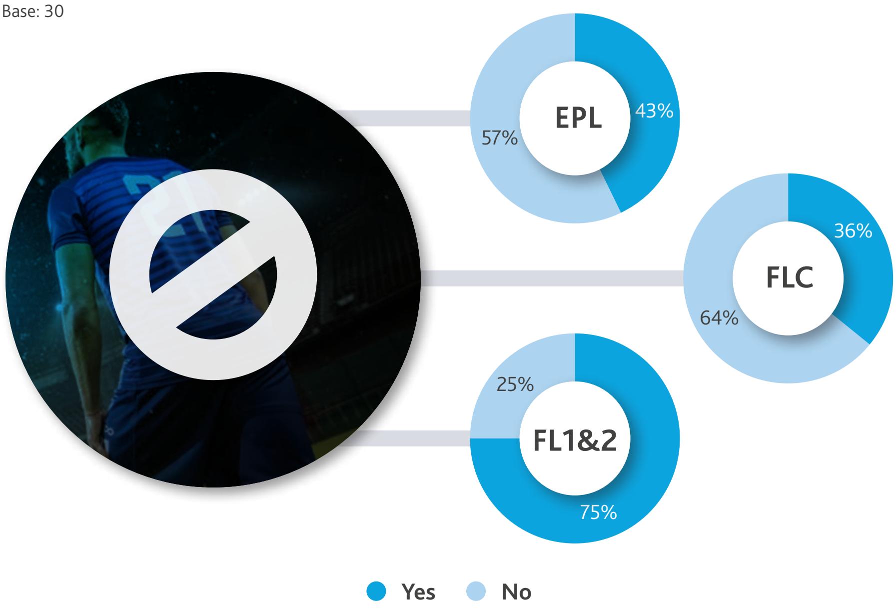


FINANCING THE CLUB
CONTINUED

As for the possible prohibition on gambling sponsors on the front of football shirts, sentiment towards this is split. With those in the EPL and FLC tending to disagree with the prohibition and those in FL1&2 supporting it. Many lower league clubs tend to have sponsorship deals with more local companies and so may be less impacted. Lower league clubs may be less impacted by gaming legislation but may be more impacted by the impact that a protracted recession might have on sponsorship renewals.

In terms of filling the gap, Crypto related sponsors are viewed by many clubs as being the ones likely to fill this gap and certainly their presence in the EPL is noted alongside various NFT and fan token projects. Again, due to the somewhat volatile nature of some of the cryptocurrency industry, and with values of NFT and fan tokens dropping, there has been some backlash from fan groups with regards to clubs taking on these sponsorship deals.

DO YOU AGREE WITH THE PROHIBITION OF GAMBLING SPONSORS ON THE FRONT OF ALL FOOTBALL SHIRTS?



CAN REGULATION HELP KEEP FOOTBALL FINANCES SUSTAINABLE?

On the subject of regulation, when asked whether they expected to comply with Profitability & Sustainability (P&S) rules for the period 2021/22 all respondents said yes, albeit some (24% in total) cited the need for net positive income from player trading in order to comply and others suggested that a significant one-off non player trading transaction would be key to achieving compliance.

On the subject of whether the current P&S regulations were meeting their principal objective of promoting sustainability, only 3% said yes, whilst 37% felt that they could if enforced properly. However, a total of 54% felt that the current system either needed adjusting or that a new system needed to be put in place.

When asked if P&S sanctions were appropriately enforced, only 33% of respondents said yes. 43% said that sanctions were not enforced strongly enough, with a further 20% suggesting that enforcement powers at present do not allow the league to ensure consistency within the spirit of the regulations. One common theme that emerged was that many clubs believe that penalties or sanctions need to occur in a timely manner so as to penalise the offending club within the season to which their non-compliance relates. Others simply believed that clubs were able to bend the rules and get away with it!

When asked if P&S and other regulations were essentially preventing owners from investing in clubs fully, 60% disagreed that this was an obstacle. 37% suggested that the amount investors had permitted for investments was sufficient whilst a further 23% suggested there wasn't anything further to invest. 33% responded that their owners would seek to invest further if it weren't for P&S regulations with a fairly even split across the leagues in terms of agreement.

There is a dichotomy within football between clubs for and against further regulation. Of all respondents, 73% agreed that football club finances should be subjected to further scrutiny. It may come as no surprise that 92% of FL1&2 clubs and 73% of FLC Clubs agreed with this statement, compared to only 43% of those in the EPL.

Interestingly when asked which measures might improve financial sustainability of football league clubs, many suggested the establishment of an independent body to regulate football club finances whilst the majority favoured salary caps (especially in amongst FLC and FL1&2 Clubs). Given the previously mentioned concerns on salaries it is perhaps unsurprising that many clubs believe regulating salaries will improve sustainability within football finances.

FINANCING THE CLUB

CONTINUED

SO, IN SUMMARY...

Overall financial health is improving with fewer losses, although the majority of Clubs below the EPL still expect to make losses and are heavily reliant on owner support, especially FLC Clubs.

The speed of recovery is not even across the leagues. The EPL, with its vast revenue (and ability to grow this further), has recovered to (and perhaps even exceeded) pre-COVID-19 levels, with FLC Clubs in the least favourable position. This may be a reflection of how clubs are operated – EPL Clubs are huge enterprises with revenue covering all manner of sins. FL1&2 Clubs are closely controlled as every penny matters, whereas FLC Clubs find themselves caught in the middle, trying to swim in the deep end and sometimes struggling to tread water.

So what does this mean for football? Clubs (like their on-field teams) need to play to their strengths and operate in a way that works for them. For EPL teams this is a focus on revenue and expanding this as far as possible on an international level. For lower league teams, this might be a focus on growing revenue or it might be a focus on cutting costs to ensure financial sustainability.

The biggest EPL teams are international brands, and so can operate at a national and international level in terms of fan engagement and revenue growth. The smaller the clubs get, the smaller the circle of recognition. So much so, that the smallest Clubs in FL1&2 may be focussed only on their immediate community.

OWNERSHIP

A SHARPER FOCUS ON HIGHER LEAGUE CLUBS, PRINCIPALLY FROM US INVESTORS…

The impact of the pandemic was felt across the English footballing pyramid with 73% of Clubs expecting to post a net trading loss in 2021/22. As a result, 70% of Clubs are now reliant on their owners to finance operating losses in the form of additional debt or equity.

This is perhaps why shareholders seeking full or partial exits is significantly higher than last year (43% in 2022 versus 22% in 2021) and why potential investors are circling, with 27% of Clubs receiving more investment approaches than in the previous year. Most M&A activity has been focused on partial divestment, a continuation of a trend seen in last year's report. Owners are seeking capital to protect their investments for the medium to long term, seeking new capital to fund infrastructure projects, squad development and to re-finance existing debt.

English football is continuing to attract overseas interest with 75% of enquirers being non-domestic, two-thirds of which have been from the US (derived from 71% in the FLC and 75% in the EPL).

Potential investors have predominantly focussed on targeting EPL and FLC Clubs where Clubs are of a scale where there is a firm base from which to exploit post-COVID-19 commercial opportunities. US investors clearly see value in entry pricing (in part due to favourable exchange rates) and commercial up-scaling through application of the US brand and media led model.

Clearly, a US model thrives on the power of the brand. As such, the disproportionate level of US interest favours the higher leagues.

US private equity, institutions and franchises have both the funds and expertise to make them a good fit for UK sport. Many have dedicated teams, with transferable skills, leading advance marketing and fan engagement strategies, often making hundreds of millions in revenue from brand and commercial rights. Investors know the value of importing these strategies to the UK, and even exporting content back to the US spectator, can drive positive returns on investment.

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ASSOCIATE DIRECTOR
Corporate Finance

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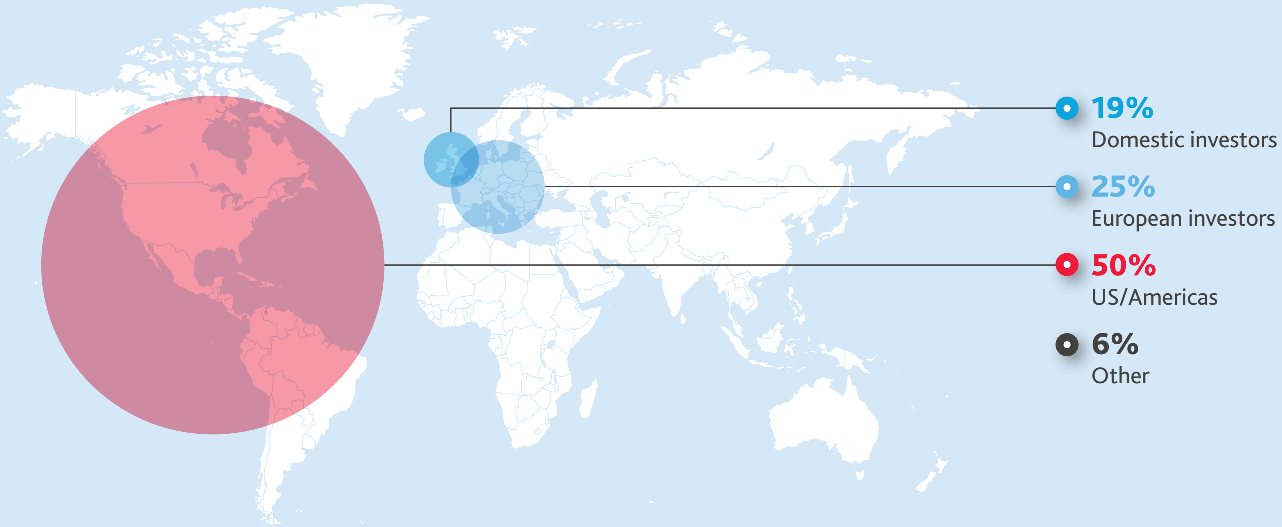
MANAGER
Corporate Finance

BRADLEY ALIS
MANAGER
Corporate Finance

HAVE THE PARTIES INTERESTED IN A EQUITY STAKE IN THE CLUB BEEN:

Base: 16



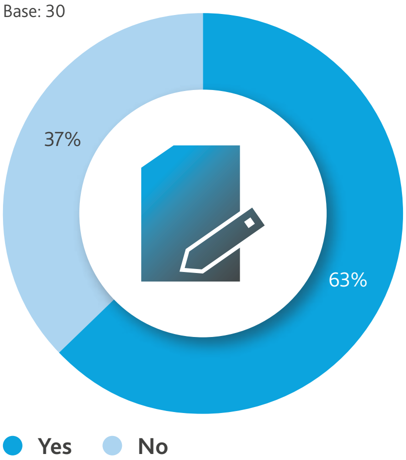
OWNERSHIP

CONTINUED

...IN A HIGHER REGULATORY ENVIRONMENT

DO YOU AGREE WITH THE CREATION OF AN INDEPENDENT FOOTBALL REGULATOR THAT GOVERNS ACROSS ALL ENGLISH FOOTBALL LEAGUES?

Base: 30



The independent Fan-Led Review of Football Governance report was published in November 2021 – see overleaf. The main recommendation was the establishment of an independent regulator for English football to address issues including cost controls, real time financial monitoring, minimum governance requirements and revised separate tests for owners and directors of clubs.

The majority (63%) of Clubs agree with the creation of an independent regulator that governs across all English football leagues, consistent with supporter held views. However, there is disparity amongst Clubs dependant on the league being competed in. Premier League clubs mainly disagree with the creation of an independent regulator, instead advocating for greater powers for the FA and a regulator that is **not** civil service led or Government-appointed. Below the Premier League, there is a strong consensus for the introduction of an independent regulator to create a level playing field with consistent and independent judgements.

Either way, proposals for increased regulation will not deter, and may even play into the hands of, US investors.

It is now 20 years since the Sarbanes-Oxley Act (SOX) was passed so it makes sense that US investors are not put off by regulated governance frameworks. The US financial markets are shrouded in regulation and US sport, with draft-pick arrangements and salary caps for example, are evidence of private ownership business models working within a framework of central control.

FAN-LED REVIEW

The government launched the Fan Led Review of Football Governance ("the Review") to support and explore our analysis of the issues in the game, and to provide views on what might be done about them. The formal part of the Review was announced on 19 April 2021 and the final report published on 24 November 2021. The trigger for launching the Review was the short-lived proposal for a breakaway league (the 'European Super League') which was set to include six English clubs, and the significant effect that the COVID-19 pandemic had on football. However, the origins of the Review go back further to the collapse of historic clubs such as Bury, on the back of which this government included a commitment to action in the 2019 manifesto. The aim was to "explore ways of improving the governance, ownership and financial sustainability of clubs in English football, building on the strengths of the football pyramid".

*Extract from **Executive Summary of Government Response to Fan Led Review*** Government Response to the Fan Led Review of Football Governance – CP 658 (publishing.service.gov.uk)

FAN-LED REVIEW RECOMMENDATION	GOVERNMENT RESPONSE (22 APRIL 2022)
(A) To ensure the long-term sustainability of football, the government should create a new independent regulator for English football (IREF).	Accept the recommendation to introduce an independent regulator.
(B) To ensure financial sustainability of the professional game, IREF should oversee financial regulation in football.	Accept, with further detail on the precise model to follow in the White Paper.
(C) New owners' and directors' tests for clubs should be established by IREF replacing the three existing tests and ensuring that only good custodians and qualified directors can run these vital assets.	Accept, with further detail to follow on a strengthened Owners' and Directors' Test.
(D) Football needs a new approach to corporate governance to support a long-term sustainable future of the game.	Accept.
(E) Football needs to improve equality, diversity and inclusion in clubs with committed EDI Action Plans regularly assessed by IREF.	Accept the need for action, and support clubs' commitment to improving equality, diversity and inclusion focusing on improving outcomes while remaining flexible on plans for action.
(F) As a uniquely important stakeholder, supporters should be properly consulted by their clubs in taking key decisions by means of a Shadow Board.	Support, with further consideration of the mechanism.
(G) Football clubs are a vital part of their local communities, in recognition of this there should be additional protection for key items of club heritage.	Support, with further detail on options to follow.
(H) Fair distributions are vital to the long term health of football. The Premier League should guarantee its support to the pyramid and make additional, proportionate contributions to further support football.	Support, with an expectation of further action from the football authorities ahead of the White Paper.
(I) Women's football should be treated with parity and given its own dedicated review.	Accept.
(J) As an urgent matter, the welfare of players exiting the game needs to be better protected — particularly at a young age.	Support as a matter for the football authorities.

...WITH MORE SOPHISTICATED INVESTMENT MODELS BASED ON ACTUAL TARGET RETURNS (THAT FANS WILL NEED TO GET USED TO)

Fans of clubs are typically not fans of (or at least find it harder to relate to) ownership with short to medium term exit strategies. Fans will likely support a club from a very early age and for life. There are many fans who would say their support of a club is trans-generational, going to games with grandparents and parents and likely taking their children then grandchildren.

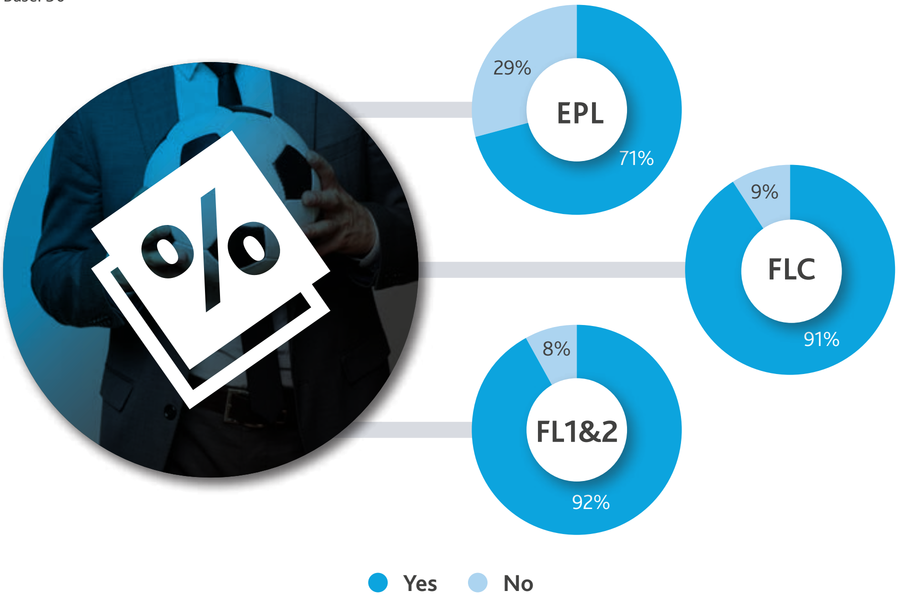
Investors however, particularly private equity style backers, have investment cycles with exit strategies. The funds being operated out of are typically ten years, with the majority of investments only in place for between three and five years. Whilst the majority of interests are aligned between investors and fans - success on the pitch, commercial success and operating efficiently - there are inevitably decisions which an owner of a football club will make that fans may disagree with but are made in the name of financial returns. An investor will not shy away from making ongoing investment in the club but from their perspective they must be supported by an acceptable ROI.

Fans will also need to get used to a departure from a single omnipotent owner model, which is likely to increase the focus on returns on investment as the club becomes answerable to it's shareholders rather then being the product of what its shareholder's want. West Ham, Wolves, Crystal Palace and Leeds in the EPL have all sold minority shareholdings since 2019.

Despite the greater demand and appetite from owners and investors for minority investments, the current ownership tests (or the recommendations included in the Fan Led Review) do not extend to ownership tests for minority owners (>5% but less than 25%) or boutique and non-high street lenders. Given the higher valuations of EPL and FLC clubs, it is no surprise to see most Clubs in these leagues agree with there being more scrutiny due to the values of the amounts invested, as well as the prevalent usage of non-high street lenders. In FL1&2, most Clubs (75%) disagree with ownership tests for <25% owners.

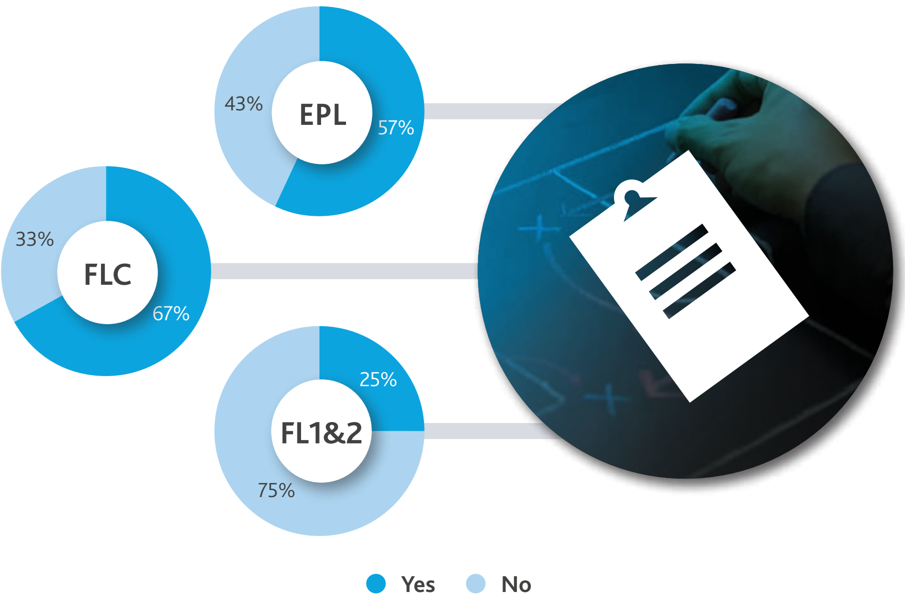
A KEY RECOMMENDATION (RECOMMENDATION 10) IS THAT THE OWNERS AND DIRECTORS TEST IS SPLIT INTO SEPARATE TESTS FOR OWNERS (WHO OWN A MINIMUM OF 25%) AND DIRECTORS (INCLUDING EXECUTIVE MANAGEMENT). DO YOU AGREE WITH THIS APPROACH?

Base: 30



DO YOU THINK THERE SHOULD BE OWNERSHIP TESTS FOR MINORITY OWNERS >5% BUT LESS THAN 25% AND/OR BOUTIQUE OR NON-HIGH STREET LENDERS>?

Base: 30



OWNERSHIP
CONTINUED

SO, IN SUMMARY...

Clubs with strong brands, who emerged from COVID-19 in a position of reasonable financial stability, in the sports market that has proven to have digital solutions to physical constraints, are of particular interest to new investors including, importantly, US investors.

If current owners of larger clubs (that meet the above definition) need additional capital, find a part-exit appealing, or don't fancy a more highly regulated future, there are investors with appetite who are ready to take these clubs to the next level. It's a cliché, but with the growth opportunities available in a digital world, that need some underlying investment, there is every chance that the *gap between the top-tier of English football and the rest will widen*.

However, the new reality is that these investors will want a return on their investment and will come to the table with an exit strategy.

This will represent a level of change for fans but if they want their clubs to thrive and be the right side of "the gap", they will have to refrain from using their collective power to provide unreasonable barriers.

Clubs and fans should be mindful of other recent developments in the sports investments market. Recent investment activity shows that there are an increasing array of options for investors to make returns, outside of traditional club/team ownership. For example, private equity and investment advisory firm CVC Capital Partners has made investments in Formula 1 and Rugby Union, by targeting investments at media rich assets at the heart of the sport rather than individual clubs, and thereby investing in the growth of the sport as a whole without the volatility that comes with competing within the sport.

Equally, with fast growth investment opportunities, with lower entry level pricing and the potential for higher proportionate returns, including but not limited to Women's Sports, men's football in the lower tiers may find themselves competing with a new wave of sports assets.

On balance, the current market suggests that the top-tier of English football has a future dominated by opportunity, whereas the lower tiers, once again, may be right to be focussing on mitigating the threats.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

Whilst there is little doubt of the importance of Environmental, Social and Governance (ESG), football clubs to date have demonstrated little in the way of positive commitment.

But, ESG is not going away and the football community is starting to wake up to the importance of this issue with clubs, players and fans becoming more vocal about the need for affirmative action.

ESG continues to grow in importance and rise up the Board agenda. We have seen from the annual BDO Global Risk Landscape Report that 22% of businesses surveyed ranked climate change and natural disasters as a significant or high priority and there is an acknowledgment these issues will dramatically affect all businesses' supply chain resilience if not taken seriously, both now and in the future.

MATT BROOKLAND
MANAGER
Digital and Risk Advisory Services

In many ways, investors and consumers alike have raised their expectations and are demanding that those responsible for governance get ahead of this. Neither will necessarily expect an immediate step-change, but both need to see the right direction of travel and positive momentum.

A REMINDER – WHAT IS ESG?

Environmental

- Climate change
- Environmental risks
- Energy use and alternative energy
- Pollution, waste and recycling
- Natural resource conservation and sustainability
- GHG emissions
- Biodiversity
- Raw materials.

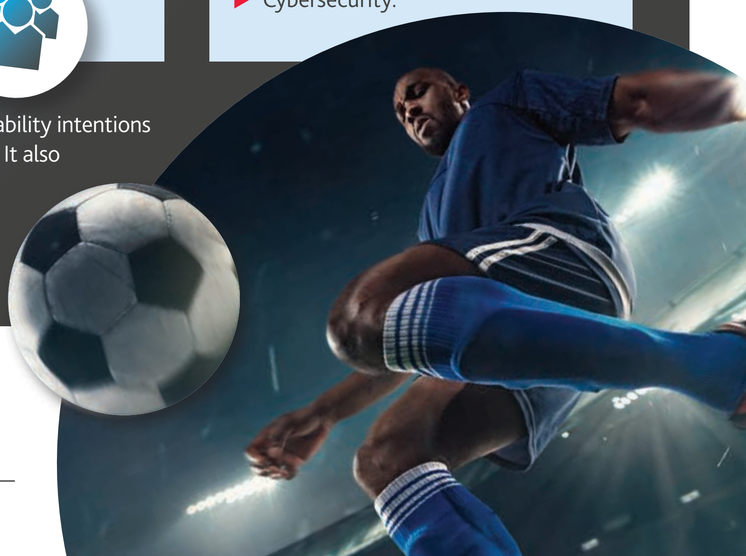
Social

- Workplace safety
- Human rights
- Workforce diversity and inclusion
- Working conditions
- Wellbeing
- Impact on community
- Charity donations and volunteer work.

Governance

- Accurate and transparent accounting
- Anti-corruption
- Executive pay
- Board diversity, structure and independence
- Shareholder voting rights
- Ethics
- Political donations
- Cybersecurity.

Setting an ESG strategy and goals helps make a company's ethical and sustainability intentions and actions accountable, quantifiable and easier to compare with competitors. It also makes it clear to shareholders, customers, employees and other stakeholders that the organisation is socially and environmentally sound.



ENVIRONMENTAL, SOCIAL & GOVERNANCE

CONTINUED

IMPORTANCE OF FRAMEWORKS AND REPORTING

Gone is the concept of financial reporting being simply for shareholders. Football clubs, like all companies, need to consider the needs of wider stakeholder groups and this is now very much reflected in the Financial Reporting Council's (FRC) requirements for annual reports; and in IFRS amalgamating standards bodies to create the International Standards Board (ISSB) to regulate the frameworks and standards that exist to streamline reporting and, importantly, understanding in this area. The FRC continues to set the UK's Corporate Governance and Stewardship Codes and promote transparency and integrity in business.

With ESG genuinely impacting on an organisations brand value, this must be taken seriously by football clubs looking to attract and retain younger audiences, new investors and employees.

From an ESG perspective we are seeing layers of regulation and framework be overlaid on the Sustainable Development Goals (SDGs), which remain important and are considered the basis to the real world ESG agenda; used to explain what we need to do as a society.

For football clubs, the Environmental aspect appears to be the focal point at present. It remains important for clubs to report carbon footprints in line with SECR (Streamlined Energy and Carbon Reporting) and TCFD (Task Force on Climate-related Financial Disclosures). However, there is also now a drive to have a Net Zero strategy in place; over and above a carbon neutral statement i.e. offsetting emissions. Net Zero includes scope,1, 2 and scope 3 (the different types of emissions created by a company through its own operations and its entire value chain). Best practice dictates that these strategies should be approved by the Science Based Targets initiative (SBTi) and include both a near term and longer-term targets, to a max of 2050.

However only 4% of the clubs that responded have Net Zero goals in place, which means there is a long way for clubs to go to fall into line with other large organisations in other sectors. Although SBTi is rolling out a stricter process – with organisations having undergone a pilot scheme recently – pressure to have science backed targets will only grow.

From a social perspective, there are important regulations in place, although these are not seeing the rapid change that the Environmental aspect is, with the most common and important within the UK being the Modern Slavery Act 2015 and The Equality Act 2010 Gender Pay Gap Information Regulations 2017.

Therefore, coupled with the other changes that clubs need to focus on, sorting out internal data collection, systems, and developing the ability to report is of paramount importance with regards to ESG compliance. Otherwise, strategies will not work in the longer term, and certainly from an environmental perspective the period to 2050 is important. As Alok Sharma has said, we are 3-0 down at half time, but we can turn it around.

UN Sports for Climate action Framework

There have been a number of new initiatives that have started this year, for example at the UN Climate Change Conference (COP26), held in November 2021, FIFA presented its climate strategy and pledged to the UN Sports for Climate Action Framework.

The key initiative that clubs can sign up to is the Sport for Climate Action Initiative, although only 4% of clubs surveyed have signed up to this. The participants in this initiative will commit to adhere to the following five principles:

PRINCIPLE 1

Undertake systematic efforts to promote greater environmental responsibility

PRINCIPLE 2

Reduce overall climate impact

PRINCIPLE 3

Educate for climate action

PRINCIPLE 4

Promote sustainable and responsible consumption

PRINCIPLE 5

Advocate for climate action through communication

The first green EPL matches have now been played, and the EPL's Sustainability Table is taking on more precedence with each passing year. Southampton FC, for example, have used this as a call to action within the club, and moved to joint third place in the latest iteration.

The EPL is setting the pace for ESG so far, but this is not surprising given regulations based on size criteria and the financial means of these clubs. However, further investment is required in order to meet ongoing regulatory requirements.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

CONTINUED

GRASSROOTS ACTION

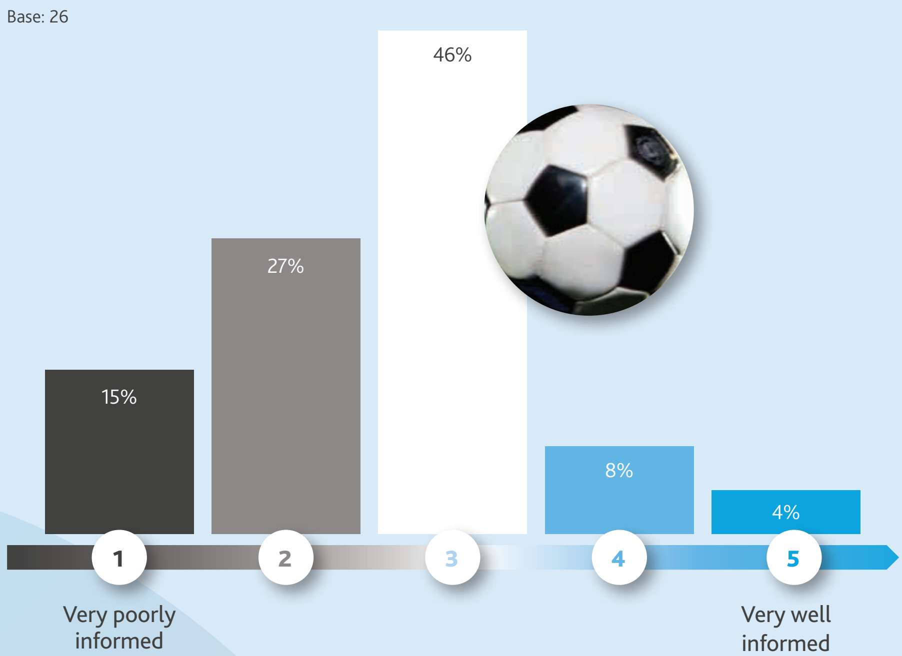
Although the stewards of the game are slowly coming to realise the effect of climate on our national sport, it remains slow to acknowledge the real-world impacts on our national game; prompting a number of grassroots initiatives and charities starting to address climate issues in football.

In May 2022, three organisations, Football for Future, Pledgeball, and the British Association for Sustainable Sport (BASIS) alongside the Greenest Football club in the world (as certified by FIFA), Forest Green Rovers, launched a group to ask the Government to include climate change in the fan led review since this was considered an oversight. These organisations are working alongside a growing number of the large stakeholders in the game to raise awareness in important issues. It is these organisations that are driving the agenda forward, and require further support and engagement to tackle these topics.

EDUCATION & STRATEGY

Only 4% of clubs across the leagues felt well informed on climate change, with 15% feeling very poorly informed. There is clearly a requirement for more education within the game (though football is not the only industry with a gap-analysis in this regard) and without widespread training it is unlikely that football will catch up with, and then keep pace with, ongoing developments. The EPL, despite having the ability to invest in training, had no “well informed” respondents.

HOW WELL-INFORMED DO YOU FEEL ABOUT THE INTERRELATIONSHIP BETWEEN CLIMATE CHANGE AND FOOTBALL? (1 = VERY POORLY INFORMED. 5 = VERY WELL INFORMED)



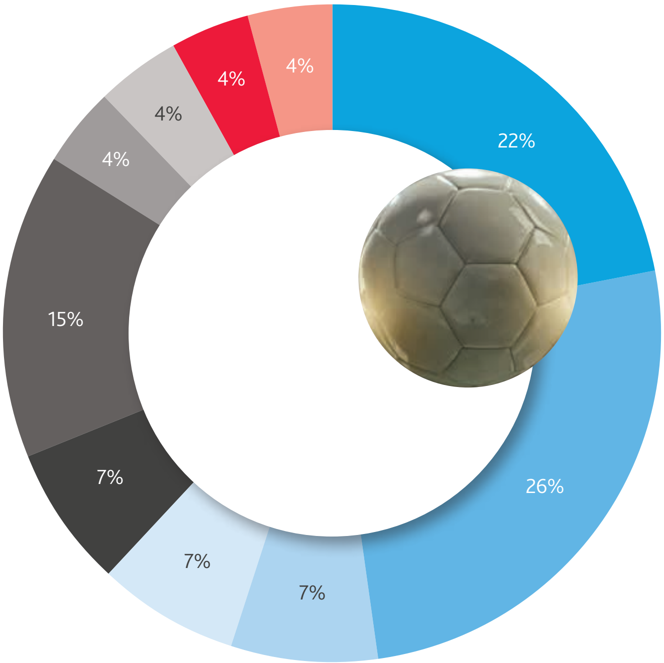
Our survey has shown that there remains some ambiguity as to which stakeholder should lead the climate change agenda within football; with football clubs (22%), leagues (26%) and the UK Parliament (15%) coming as the most likely. This ambiguity could lead to industry wide ineffective leadership. However, with the EPL imminently releasing is sustainability strategy and hiring a sustainability officer, we hope this is about to change.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

CONTINUED

WHO DO YOU THINK IS PRIMARILY RESPONSIBLE FOR EMBEDDING A MORE ENVIRONMENTALLY SUSTAINABLE CULTURE IN FOOTBALL?

Base: 27



- Football clubs
- Football leagues
- The FA
- International governing bodies (UEFA, FIFA)Local government
- Local government
- UK Parliament
- Football broadcasters
- Non-profit organisations (E.g. Football for Future)
- Football fans
- Other

There is clearly a need for leadership and development, because when asked what measures have been implemented to tackle climate change, only 26% of clubs said that they have an environmental sustainability strategy in place, with 56% responding that whilst they did not have a sustainability strategy, they had conducted environmental initiatives.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

CONTINUED

MOVING FORWARD

The main areas of focus for clubs moving forward are:

- Increasing the equality, diversity and inclusion of the club – 63% of Clubs reported this as a top priority
- Increasing staff wellbeing – 52% of Clubs
- Understanding and raising awareness of ESG within the club – 44% of Clubs
- Reducing environmental impact i.e. energy, water, waste – 41% of Clubs.

These certainly show that Clubs are aware of, and focused on, improvements across the ESG agenda, and making strides to make real improvement. However, valuable time is being lost by those Clubs who have not yet started on their ESG journey, which may cause reputational issues.

Only 19% of Clubs that are receiving assistance to become more environmentally sustainable, and so the majority of Clubs may look to third party consultancy to assist in developing their ESG strategies. There are some key steps that can be taken to ensure Clubs don't get left behind:

- Define your value proposition
- Build a program including development of a clear strategy with materiality assessment of key areas of consideration
- Identify the data that will be used to measure and track agreed areas
- Monitor and report
- Governance risk management – design the optimum framework to manage and horizon scan for evolving ESG related risks.

SO, IN SUMMARY...

Aside from the obvious regulatory lecture above, the ESG agenda will have a genuine commercial impact on Clubs.

- At an investor level the interest is 3-fold: (i) brand value, insofar as a positive commitment to ESG being brand enhancing and inaction being brand damaging, (ii) fan attraction and retention, and (iii) regulatory compliance
- At the spectator level, brand and values alignment is increasingly important to sports fans. In-keeping with a trend towards more purpose-led partnerships, YouGov data suggests that 67% of sports fans are 'socially conscious'. Almost half of sports fans like brands that are willing to get involved in social issues (49% of YouGov's sample). The Sport Innovation Labs' research on women's sport supported this, finding that societal topics not only drove conversation but increased viewership of the sport itself. This should be considered in the context of younger generations making commitments to sports and sports clubs based on a broader range of factors than ever before.

Given the investment required in ESG, we see this as yet another competitive advantage for the larger clubs over the smaller clubs, but only if they get it right!

Our BDO team of ESG experts can help you throughout all stages of this journey including ESG materiality assessments, strategic advisory projects and assurance.

EXPANDING HORIZONS – NEW OPPORTUNITIES FOR CLUBS

SANDI DOSANJH
PARTNER
Digital

DAVID ROGERS
ASSOCIATE DIRECTOR
Forensic and Valuation Services

Football, in its current state, faces some of the challenges of wider society: the need for diversity and inclusion. Recently, sport has been the subject of scandals in relation to discrimination against women, transgender athletes, the LGBTQ+ community and ethnic minorities.

Whilst there are several political, moral and social angles that could be explored, given the subject matter of this report, we have focused on two issues where these intersect with club finances and commerciality:

- Women's football; and
- Expansion to a more diverse fanbase.

Clubs increasingly have audiences that want to consume content in a different way, which means that Clubs need to expand their offering to meet this. It is an issue of representation – providing content that represents what a more diverse audience wants. This may be in the form of social media content, digital/streaming offering, club merchandise or the matchday experience (including offering both men's and women's football) - making sure that everyone who wants to follow football feels able to.

Euro 2022 broke audience and attendance records, and reached a glorious conclusion at Wembley for England. The final had a peak audience in excess of 17 million, making it not only the most-watched women's football match ever in the UK, but also the most watched programme of 2022. England's victory was not just hailed as a success in the here-and-now, but there was much acknowledgement of how long the journey has been to get to this point, recognising the foundations laid by past generations of players, as well as how much further there was to go.

EXPANDING HORIZONS – NEW OPPORTUNITIES FOR CLUBS

CONTINUED

WOMEN'S FOOTBALL

In April 2022, the Department for Digital, Culture, Media and Sport announced details of an in-depth review of domestic women's football to be launched in the summer. The aim of the review is to help close the gap with the men's game, looking at commercialisation, spectator support and media interest, and seeking to develop the women's game at both elite and grassroots levels.

So, where is the women's game at present?

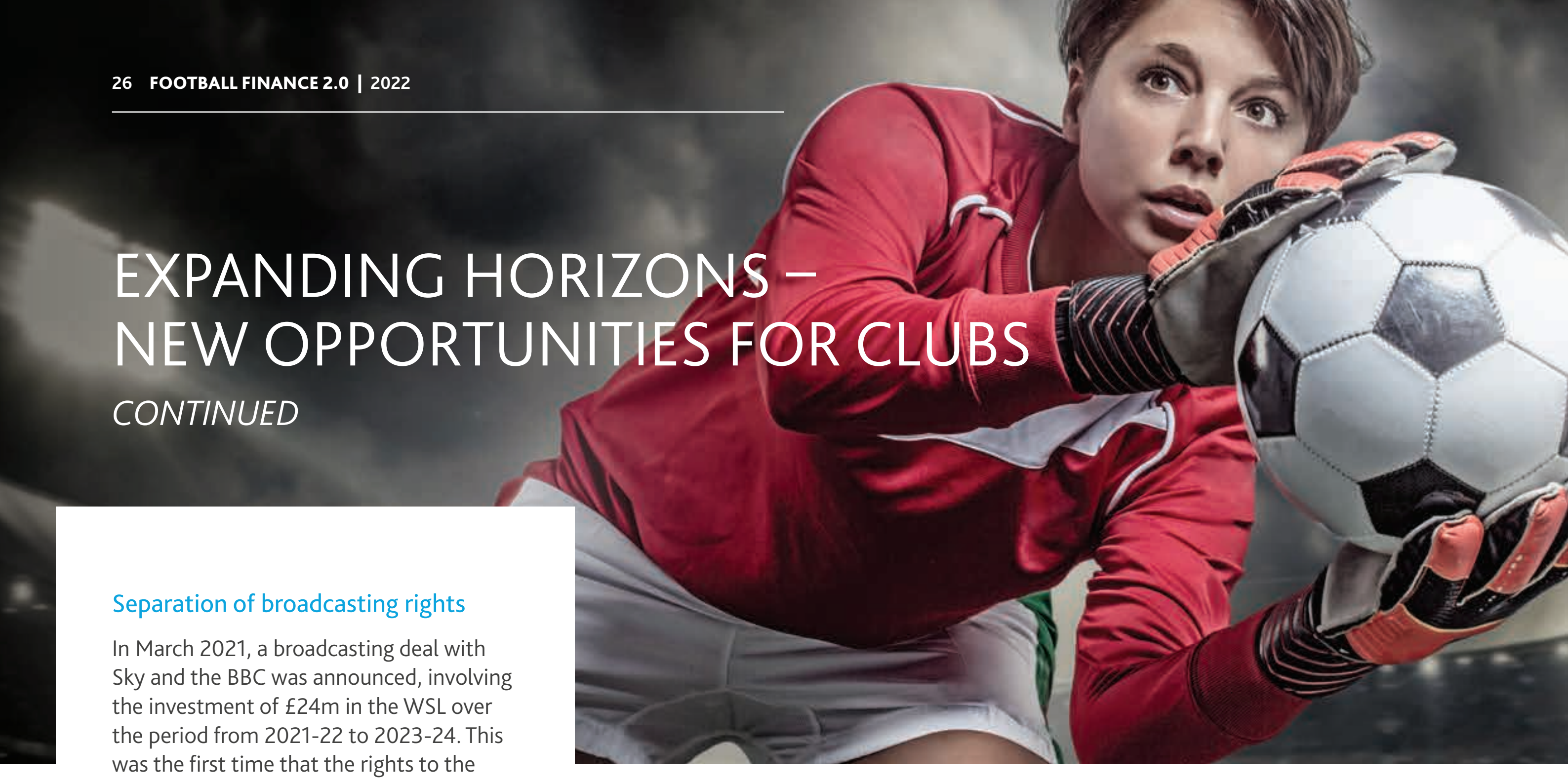
The Women's Super League (WSL) was established in 2011, becoming fully professional from the 2018/19 season. The FA Women's Championship (FAWC) includes some professional teams, including four teams with no tie-in with a professional men's team: Coventry United, Durham, Lewes and London City Lionesses.

The teams in each of the leagues are as follows, along with the league that the men's team is in:

LEAGUE (2022/23)	TEAM	MEN'S TEAM LEAGUE (2022/23)
WSL	Arsenal	EPL
WSL	Aston Villa	EPL
WSL	Brighton & Hove Albion	EPL
WSL	Chelsea	EPL
WSL	Everton	EPL
WSL	Leicester City	EPL
WSL	Liverpool	EPL
WSL	Manchester City	EPL
WSL	Manchester United	EPL
WSL	Reading	FLC
WSL	Tottenham Hotspur	EPL
WSL	West Ham United	EPL
FAWC	Birmingham City	FLC
FAWC	Blackburn Rovers	FLC
FAWC	Bristol City	FLC
FAWC	Charlton Athletic	FL1
FAWC	Coventry United	N/A
FAWC	Crystal Palace	EPL
FAWC	Durham	N/A
FAWC	Lewes	N/A
FAWC	London City Lionesses	N/A
FAWC	Sheffield United	FLC
FAWC	Sunderland	FLC
FAWC	Southampton	EPL

The WSL teams are almost exclusively made up from clubs with a men's EPL team, correlating with financial resources.

The only winners of the WSL since its inception have been Arsenal, Liverpool, Chelsea and Manchester City. Again, these are part of the EPL's traditional "big 6" so can it be argued that it is pre-ordained that these clubs will be the most successful? These clubs that have dominated women's domestic football are now under pressure to win the Champions League, requiring greater international player investment which in turn could impact the progression of English footballers.



EXPANDING HORIZONS – NEW OPPORTUNITIES FOR CLUBS

CONTINUED

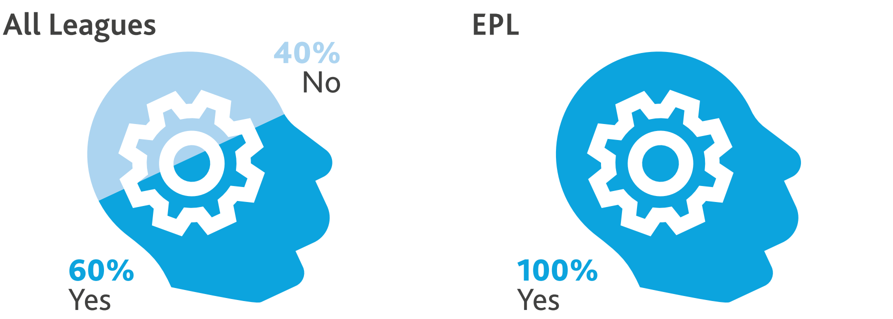
Separation of broadcasting rights

In March 2021, a broadcasting deal with Sky and the BBC was announced, involving the investment of £24m in the WSL over the period from 2021-22 to 2023-24. This was the first time that the rights to the WSL were sold separately from the men's game, and represented a separate and larger income stream for women's teams. The terms of the deal meant that a minimum of 35 matches a season will be broadcast on Sky and 22 on the BBC. The Women's Sport Trust reported that there was a near four-fold increase in viewing hours of the WSL, up from 9m in 2020-21 to 34m in 2021-22. The revenue from this deal is allocated 75% to WSL Clubs and 25% to FAWC Clubs, with no trickle down to Clubs further down the football ladder, though the lower leagues have seen investment from the EPL in developing women's football at the National League level.

The predominant impact reported by Clubs as a result of this broadcast deal and the increased number of games shown on TV, is an increase in awareness and attendances. Whilst some Clubs also highlighted the increased in broadcast revenues to clubs, this was not reported as being a significant impact on Clubs, albeit will have been a significant step towards self-sustainability. All Clubs surveyed responded that women's football was loss-making and the general consensus was that revenue from the women's team was less than 2% of the revenue from the men's team.

IS WOMEN'S FOOTBALL PROFITABLE AT YOUR CLUB?

DOES YOUR CLUB HAVE A SEPARATE STRATEGY (AND KPIs) FOR WOMEN'S FOOTBALL?



At the time of our survey, before the tournament kicked off, the expected impact of Euro 2022 being held in England was also based around increased awareness and attendances (reflected by growth of over 100% in season ticket sales for some WSL clubs in the week following the final), as well as an increase in grassroots participation. Prior to the Euros, no Club expected this to turn into significant increases in revenue, at least not immediately.

So, the big challenge for Clubs is how to monetise this increased awareness and sustain this in the medium-long term.

60% of Clubs responded that they have a separate strategy for women's football with reported KPIs including self-sustainability and a target IRR (Internal Rate of Return) - demonstrating that the women's team is viewed as a financial investment.

There have been highly publicised commercial/sponsorship arrangements within women's football, but these have tended to be at a more macro-level, rather than at the Club level.

For example, in December 2021, Barclays and the FA announced a new sponsorship deal, under which Barclays will invest more than £30 million in women's and girls' football over the period from 2022-2025, doubling its existing investment. Under this deal Barclays continues as the title sponsor of the WSL and becomes the first title sponsor of the FAWC. Barclays will also increase its investment in girls' grassroots development, extending its sponsorship of The FA Girls' Football School Partnerships.

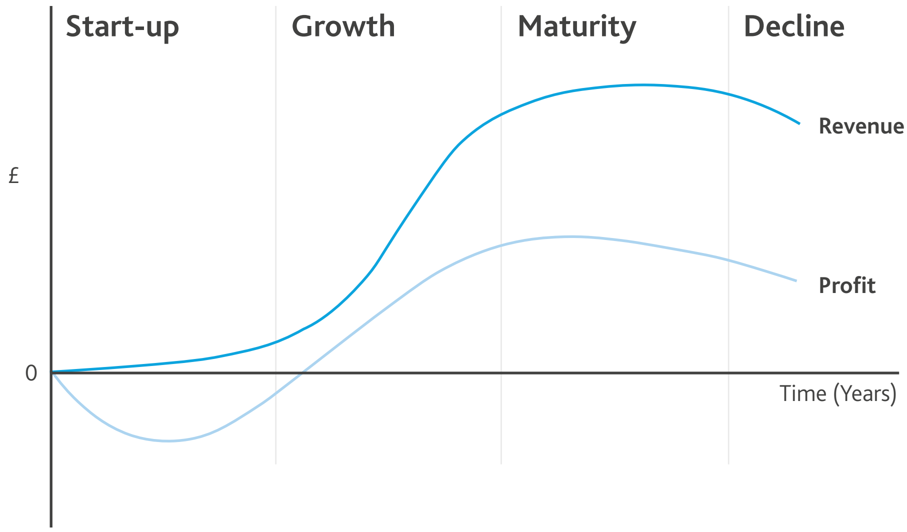
So, is the lack of profitability of women's football a problem? Yes and no.

Yes, it is a problem in the very short term because the majority of women's teams are run as part of the wider men's football club, and a lack of profitability (along with significantly lower levels of revenue) means that there is a danger that the women's team is treated as the poor relation and is not given the required level of care and attention. Conversely, the link to the men's will mean a greater level of seed funding that may not be available to independent clubs like Lewes.

EXPANDING HORIZONS – NEW OPPORTUNITIES FOR CLUBS

CONTINUED

No, it is not a problem as women's football in its newly professional condition is a new business. Like almost all new businesses, revenues and profitability do not come without investment. Businesses go through stages in their life cycles and as women's football goes through its growth phase, fuelled by investment from sponsors and owners and by fans, it will reach a level where it is financially sustainable, if not profitable. It is worth re-confirming here that the majority of men's Clubs outside the EPL are not profitable, so women's football is not alone here, but it is on the way up whereas men's football is firmly in the maturity stage. Although that's not to say that a further growth phase for men's football is not in the horizon!



In our recent joint report with TSC, "Catching the Rising Tide: Investing In Women's Sport", that is structured around 'best practice strategies for women's sport' (see below) we highlight the virtuous growth cycle for women's sport. Investment can be targeted towards:

- Improving the content: nurturing participation, supporting athlete pathways and increasing professionalism and, alongside this,
- Increasing exposure: connecting directly with audiences through linear and digital channels, growing fan avidity through direct connection and creating more stories around leagues.

BEST PRACTICE STRATEGIES FOR WOMEN'S SPORT

While women's sport has a lot in common with men's sport, fans of women's sport are different. Research conducted by the Sports Innovation Lab that used 10 million data points to understand fans of women's sport found that:

- Their consumption habits are more fluid, consuming through multiple channels and connecting with others while doing so
- Their fandom is rooted in purpose and social consciousness
- They want to represent their community
- They are prepared to pay to consume their sport.

Understanding the way that fans consume women's sport, and sport in general, sets the foundation for strong, positive growth generated by targeted investment.

We have outlined below some of the critical success factors to driving growth and ROI within women's sport.

Central to this are strategies to cut through to new audiences, to increase monetizable engagement and to innovate around the propositions of the sport.

1. Be fan-first
2. Build an aspirational brand
3. Invest in your talent
4. Prioritise impactful scheduling
5. Embrace digital & content
6. Be pioneering

EXPANDING HORIZONS – NEW OPPORTUNITIES FOR CLUBS

CONTINUED

EXPANSION TO MORE DIVERSE FANBASES

Outside of media income, the biggest revenue sources for football clubs are matchday income and commercial revenues.

In order to increase these latter two (without the creation of whole new service offerings), there are broadly two methods:

1. Sell more to the existing fanbase; or
2. Sell to a new fanbase.

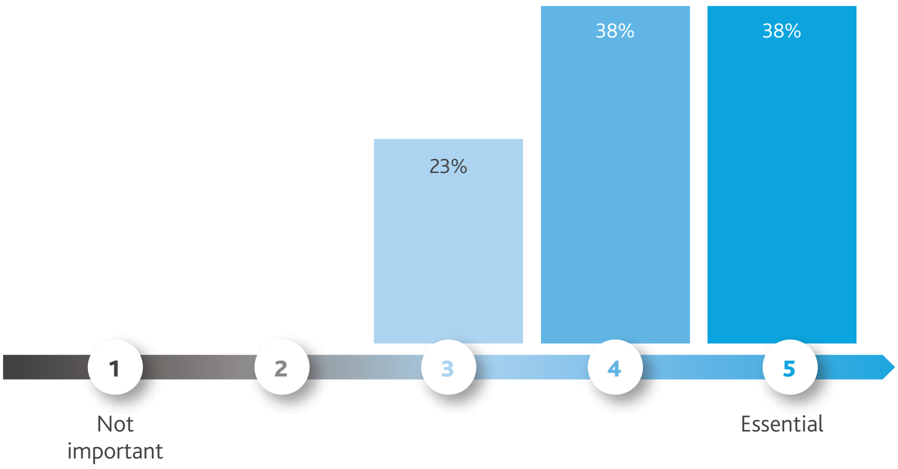
Option 2 creates a significantly wider opportunity for Clubs to significantly increase their revenues.

When asked how important a diverse fanbase is to Clubs, unsurprisingly no Clubs responded that it was not important, but perhaps surprisingly only 38% of Clubs responded that it was essential.

And when asked whether they were targeting specific demographics or global regions, only 23% of Clubs said that they were. Interestingly within this 23% there was an even split between Clubs that said they were focused on specific demographics within their local communities and Clubs that were targeting overseas regions.

HOW IMPORTANT IS A DIVERSE FANBASE TO YOU AS A CLUB? (1 = NOT IMPORTANT. 5 = BEING ESSENTIAL)

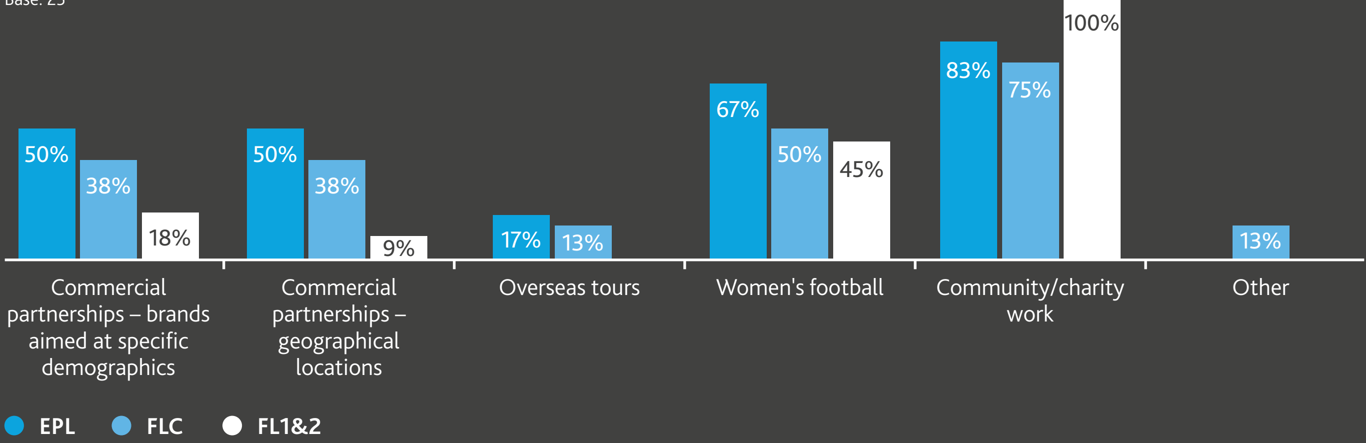
Base: 26



The most common strategy employed by Clubs to increase the diversity of the fanbase was community work, which was universally popular across all leagues.

MAIN STRATEGIES TO INCREASE DIVERSITY OF FANBASE

Base: 25



EXPANDING HORIZONS – NEW OPPORTUNITIES FOR CLUBS

CONTINUED

Amongst EPL clubs, the next most common strategy was women's football. This is not surprising, given that over half of the EPL clubs have a women's team in either the WSL or FAWC. And women's football represents a way for clubs to target a wider demographic of fans, notably women and girls who have not previously been interested in men's football.

Much less common, in general, were the largely financially focused strategies such as targeting strategic commercial partnerships aimed at specific demographics or global regions, although these were of significant importance to EPL clubs.

This again shows the different reach and focus (essentially responding to opportunities) for EPL clubs, compared to those in the Football League. Whilst EPL clubs do have a strong community/charity focus, they are also very focused on expanding their global brand and, in turn, using this to grow revenues even further. This is not an option as readily available to lower league clubs, who tend to be rooted much closer to home.

If they get it right, having representation at the heart of a future digital marketing and media strategy, will enable these clubs to exploit untapped domestic audiences and replicate this on a global scale. 'United' in it's truest and broadest sense!

SANDI DOSANJH
BDO Partner Digital and with active roles in women's football

SO, IN SUMMARY…

Improved representation provides a genuine opportunity for football as an industry and for individual Clubs. Once again, of most relevance to Clubs is enhancing brand value, attracting and retaining new consumers (fans), and presenting a more holistic investment proposition to new investors. However, it would be folly to assume this is as simple as hosting a WSL/FAWC match every fortnight and broadcasting in China! Successfully targeting these new audiences requires a deep understanding of what they want – which is definitely not the same as what traditional audiences want. Who will be breaking new ground? Well, arguably this should have been a past-tense question, with the answer being that the largest of the EPL clubs have already created a competitively advantageous platform for the future. An indication of the speed at which this will provide financial returns is the unprecedented demand for tickets to future England Women's games – their World Cup qualifier in September has already sold out and a proposed friendly with the USA at Wembley in October sold out within 24 hours, making it the fastest selling women's game in history. FLC and FL1&2 Clubs will be hoping that this filters through to an increase in new fans to perhaps mitigate some of the impacts of the increase in the cost of living.

FOOTBALL 2.0 – WHAT DOES THE FUTURE HOLD?

SHAWN HEALY
PRINCIPAL
Employment Tax

The world has seen unprecedented socio-economic change over recent years and we have given some thought to whether this, along with football's own sector specific issues (some of which are discussed above), could be the trigger for a reset in football. Is this the dawn of Football 2.0?

Investor appetite will be key, and with increased corporate and governing body regulatory requirements being a given, it seems inevitable that clubs whose investors (such as those with a US pedigree) and appointed executives who are most comfortable in a highly regulated market, will be the ones that thrive in the top tier. Clubs as diverse as Chelsea and Ipswich have recently joined the growing list of US owned clubs. However, this type of investor is more likely to employ a 'brand-led' strategy. So, expect the larger clubs to up the ante in appealing to new and more diverse audiences.

With LIV Golf gaining traction at the PGA Tour's expense, is a European Super League, or similar, just a matter of time (or more importantly, timing)?

Will the tiers in football be defined by those with a national or global footprint in contrast to those reliant on, and essential to, their local fan-base?

As the women's game continues to grow, and its audience becomes better understood, will progressive investors see this as an integral part of investing in existing English men's clubs or prefer to create new, independent clubs. The former is currently more practicable, given the existing club infrastructure, and there is much to be said for having a 1st team match in a stadium every weekend. However, women's teams appeal to a different fan base who are likely to continue to demand different forms of engagement. Investors should be identifying different brand development opportunities in the women's game and, in these earlier stages, may perceive growth opportunities, with a clean slate, to be more readily available. And if there is increased US appetite in the women's game as well as the men's, then could we see the establishment of new women's only clubs (a la the US National Women's Soccer League with new teams like Angel City FC) or extension of US franchises?

Will this mean clubs in the lower leagues will be starved of future investment, or will the investor population simply widen in line with the opportunities?

We are yet to see the medium to long-term impact that the 2022 Euros will have on the women's game, especially with victory for the Lionesses being linked to the changes the women's game has gone through over the last few decades. We don't yet know quite how fast broadcasting reviews will increase, and as a result how player salaries will augment. We may be a way off parity, but the gap will narrow in line with revenues. Who would have predicted a female player on the front cover of a football game a few years ago?

Will we also see a change in the way agents participate in the game? With c.£270m being spent on agents in the last EPL season, can and will this continue, or will clubs start to shun dual representation (irrespective of whether FIFA decides to change existing regulations)? Given the intense HMRC focus on this matter, and financial constraints from the pandemic, we predict a diminishing of agent influence.

And what of clubs themselves? The regulators are hardening their approach to P&S so some significant cost restructuring may be required, else sadly we may see more clubs really struggle with financial compliance and therefore sustainability. For those more dependent on footfall, this may well be accelerated with increases in cost of living and some softening in the market for live events.

So, if we are in the advent of Football 2.0, it may well be characterised by:

- Global, brand-led, Super-clubs
- Localised, fan-centric, community focussed clubs, maximising available low-investment media channels for incremental revenues
- First mover advantaged women's teams (or clubs), paving the way for fast-followers, driving significant engagement and media revenue growth
- All in a highly regulated environment, of course!

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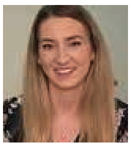

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