

Annex G – Profitability and External Financing

State of the Game

In this annex, we assess clubs' current profitability, losses and financing before discussing recent trends and the relationship with competition organisers' financial rules.

Profitability

There are multiple ways to measure the profitability of football clubs, each of which considers different aspects of a club's profit and loss account. Commonly used measures include:

- **EBITDA** (Earnings before interest, tax, depreciation and amortisation) measures a club's underlying cash-generating performance before non-cash accounting changes, player trading and financing costs are considered.
- **EBIT** (Earnings before interest and tax) deducts any depreciation and amortisation, including player amortisation, from EBITDA, providing a better indication of profitability after accounting for changes to long-term assets and player investments.¹ As a result, EBIT tends to be lower than EBITDA.
- **Profit before tax** starts with EBIT, deducts financing costs and accounts for other non-operating items such as profits or losses on player sales, other asset sales and exceptional items. In most cases, profit before tax is higher than EBIT because it includes profits from player and other asset sales. However, it can sometimes be lower than EBIT depending on a club's financing arrangements and other exceptional items.

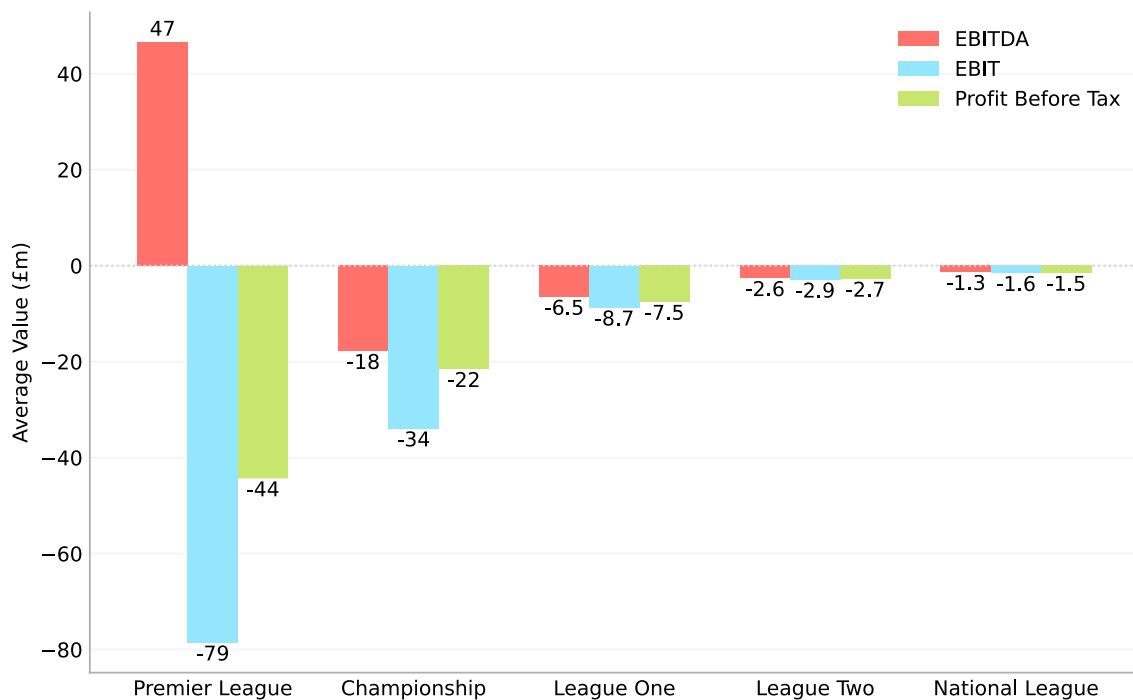
Chart G.1 shows the average EBITDA, EBIT and profit before tax in each division in 2025/26. In every division, average EBIT was lower than average EBITDA but higher than average profit before tax. **Premier League EBITDA was the only positive average measure, at £47 million. All other measures across all divisions reflected losses.** Part of the reason for this is that clubs are not typically run as profit-making businesses but are instead focused on achieving sporting success.

The rest of this annex focuses on profit before tax as the primary measure of profitability because it captures not only operating performance but also the impact of player amortisation, depreciation and financing costs. As such, it reflects the full economic consequences of a club's business model and investment decisions.

¹ Note that there can be different approaches to calculating EBIT. For the purposes of this report, EBIT is calculated by deducting all depreciation, amortisation and impairment of intangible assets from EBITDA. EBIT does not include profit/loss on player sales or other assets.

Average profitability is negative across most measures and divisions.

Chart G.1: Average measures of profitability by division, 2025/26



Source: IFR analysis of data received from the Premier League, EFL, and National League in response to IFR requests for information.

A more detailed evaluation of profit before tax across the pyramid reveals that **94% of clubs across the top five tiers were loss-making in 2025/26**. Chart G.2 shows profit before tax for all clubs across the pyramid, both in absolute terms and as a proportion of total revenue. For most clubs, losses are between 0% and 75% of revenue, although a small number of clubs incur substantially larger losses.

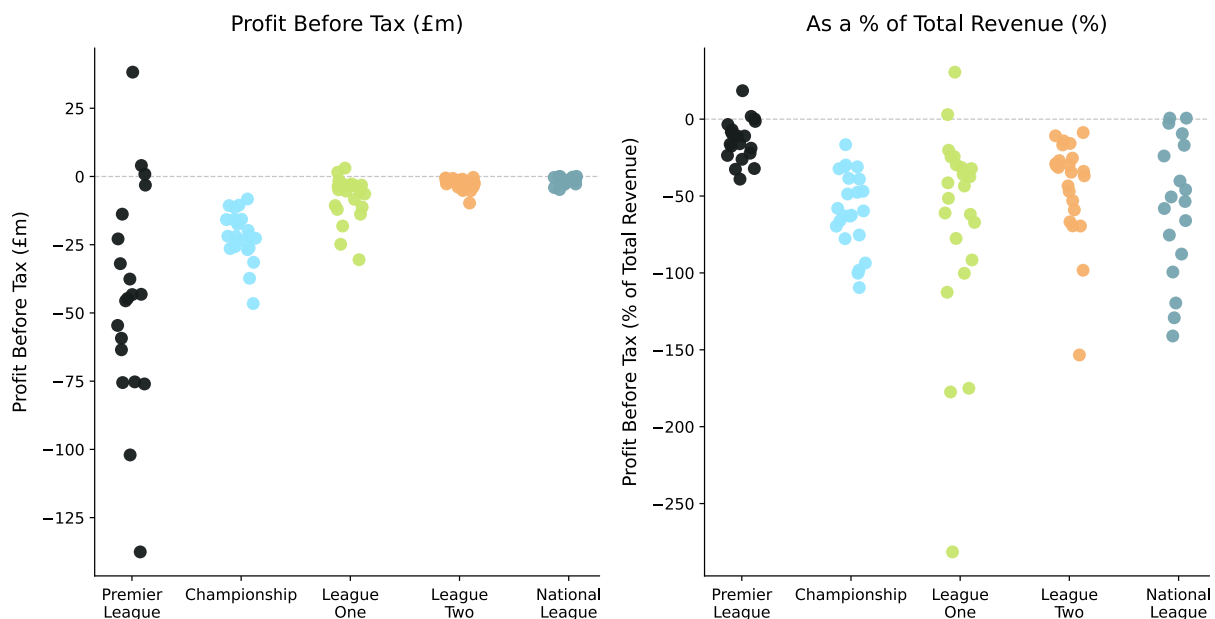
- In the Premier League, only three clubs made a profit before tax. Other clubs incurred losses ranging from £3 million to £138 million. However, compared with the rest of the pyramid, these losses are a smaller proportion of revenue, ranging from 1% to 39%.
- In the Championship, all clubs were loss-making and non-parachute clubs incurred significant losses. Losses ranged from £8 million to £47 million, which constituted 17% to 110% of revenue.
- Almost all League One clubs were loss-making, and only two made a profit. Loss-making clubs incurred losses of £2 million to £30 million, which constituted 20% to 281% of revenue.

- All League Two clubs were loss-making. These clubs incurred losses of £0.3 million to £9 million, which constituted 9% to 153% of revenue.
- In the National League, only two clubs made a profit before tax. Other clubs incurred losses of £0.01 million to £5 million, which constituted 3% to 141% of revenue.

On average, for every £1 of revenue earned, a non-parachute Championship club loses 59p, a League One club loses 67p, a League Two club loses 43p and a National League club loses 57p.² For some non-parachute Championship and League One clubs, these losses reach up to £1.10 and £2.81 for every £1 of revenue earned.³ These losses mean that clubs are not self-sustaining and, as discussed in the next section, create a reliance on external financing.

Almost all clubs are loss-making, with clubs below the Premier League incurring the largest proportional losses.

Chart G.2: Profit before tax by club, 2025/26



Source: IFR analysis of data received from the Premier League, EFL, and National League in response to IFR requests for information.

Note: The dot plots show profit before tax by division, with each dot representing a club during the 2025/26 season. The chart on the right presents the values as a % of revenue.

² IFR analysis of data received from the EFL and National League in response to IFR requests for information.

³ IFR analysis of data received from the EFL and National League in response to IFR requests for information.

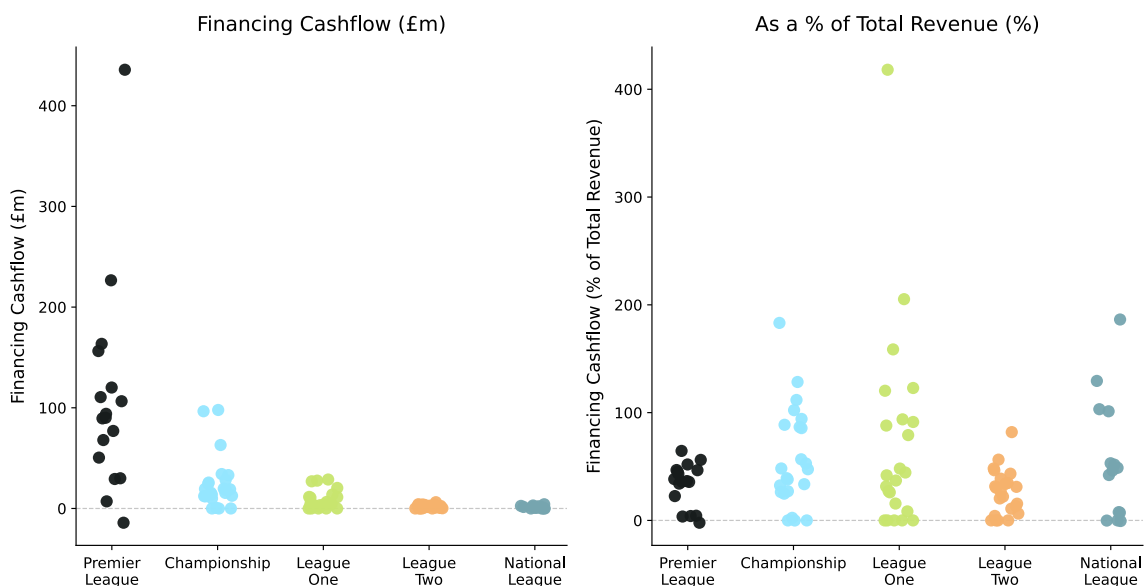
External financing

Given the prevalence of losses across the pyramid, many clubs rely on external financing. Chart G.3 shows net financing cashflow - calculated as cash inflows from owner loans, bank loans and equity injections, less any dividends or loan repayments - both in absolute terms and as a percentage of a club's revenue. Higher values indicate a greater reliance on external financing.

- In the Premier League, net financing cashflow ranges from 0% to 64% of revenue, equivalent to between -£14 million and over £400 million in absolute terms.
- In the Championship, net financing cashflow ranges from 0% to 183% of revenue, equivalent to between £0 and £98 million in absolute terms.
- In League One, net financing cashflow ranges from 0% to over 400% of revenue, equivalent to between £0 and £29 million in absolute terms.
- In League Two, net financing cashflow ranges from 0% to 82% of revenue, equivalent to between £0 and £6 million in absolute terms.
- In the National League, net financing cashflow ranges from 0% to 186% of revenue, equivalent to between £0 and £4 million in absolute terms.

Many clubs are heavily reliant on external financing to fund losses.

Chart G.3: Financing cashflow by club, 2025/26



Source: IFR analysis of data received from the Premier League, EFL, and National League in response to IFR requests for information.

Note: The dot plots show net financing cashflow by division, with each dot representing a club during the 2025/26 season. The chart on the right presents the values as a % of revenue, with a higher value representing a greater reliance on external financing.

On average, for every £1 of revenue earned, a Premier League club requires 33p in external financing, a Championship club requires 57p, a League One club requires 72p, a League Two club requires 26p and a National League club requires 55p. Across the top five divisions, there are at least 30 clubs for which external financing represents over 50% of revenue. Such reliance creates a significant risk if the required external financing does not materialise – for instance, if an owner is unwilling or unable to continue funding the club.

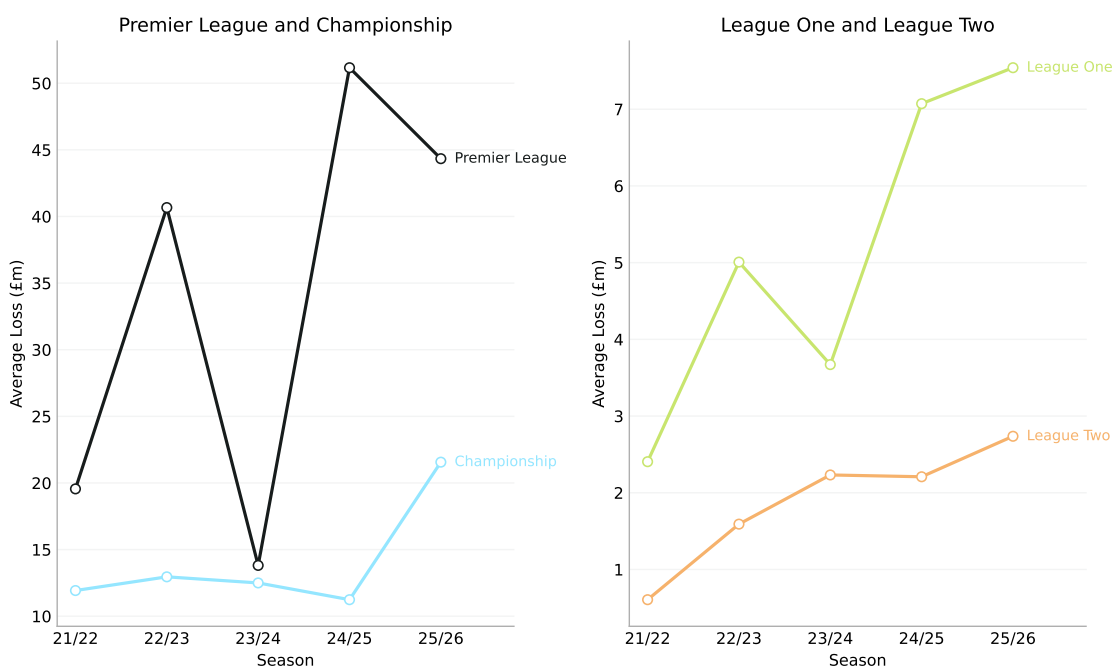
Recent trends in profitability and financing

The competitive nature of the industry incentivises clubs to spend heavily on players, while non-player operating costs have also increased in recent years.⁴ These dynamics have contributed to growing losses across the pyramid. Chart G.4 shows:

- Average losses in the **Premier League** have more than doubled, from £20 million in 2021/22 to £44 million in 2025/26.
- Average losses in the **Championship** remained relatively stable between £11 million and £13 million until 2024/25, before increasing to £22 million in 2025/26.
- Losses in **League One** have more than trebled, from £2.3 million in 2021/22 to £7.5 million in 2025/26.
- Average losses in **League Two** have increased fourfold, from £0.6 million in 2021/22 to £2.7 million in 2025/26.

Average losses across all divisions have grown in the last few years, particularly in League One and League Two.

Chart G.4: Average losses by division, 2021/22 – 2025/26



Source: IFR analysis of data received from the Premier League and EFL in response to IFR requests for information.

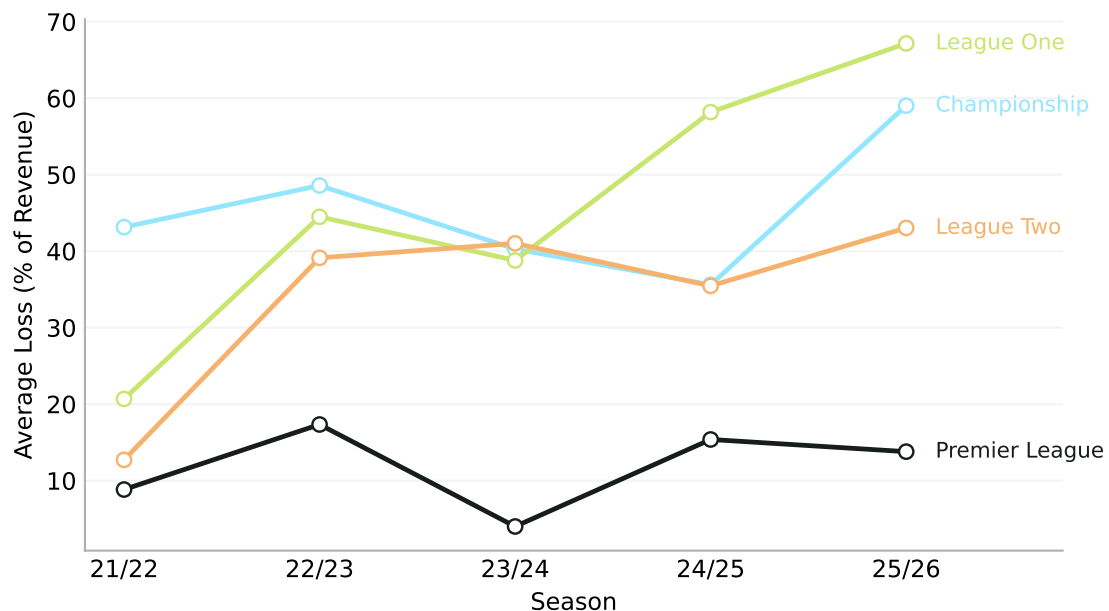
Note: The charts show average losses before tax by division between 2021/22 and 2025/26. Premier League and Championship losses are on the left-hand side, with League One and League Two losses on the right-hand side. Each chart uses a different scale on the y-axis.

⁴ See Annex D - Players and agents, and Annex F – Stadia and non-player operating costs.

Chart G.5 shows that losses as a proportion of revenue have increased in line with absolute losses for most leagues. The changes have been greatest for League One and League Two clubs, where average proportional losses have more than trebled between 2021/22 and 2025/26. Proportional losses also increased by 1.4 times for Championship clubs and 1.6 times for Premier League clubs over the same period.

Proportional losses have also increased, with the largest increases occurring in League One and League Two.

Chart G.5: Average losses as a percentage of revenue by division, 2021/22 – 2025/26



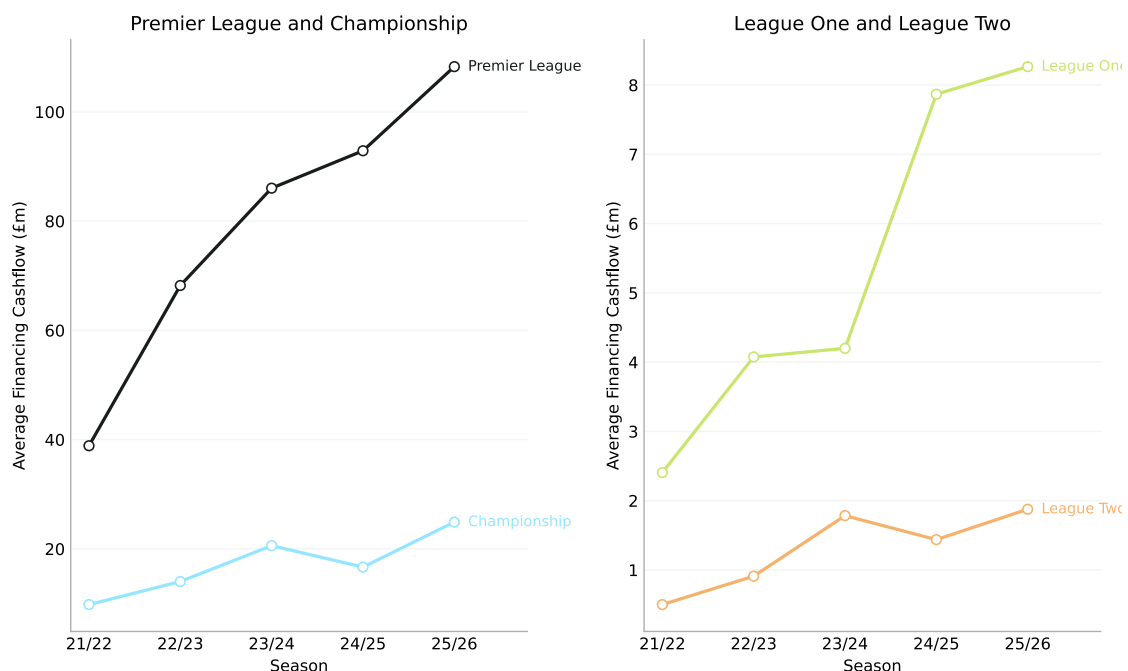
Source: IFR analysis of data received from the Premier League and EFL in response to IFR requests for information.

Note: The chart shows average losses before tax as a percentage of revenue by division between 2021/22 and 2025/26.

Growing losses across the divisions have resulted in clubs becoming increasingly dependent on external financing over the last five seasons, particularly among clubs in League One and League Two. Chart G.6 shows that external financing has more than doubled in the Premier League and Championship between 2021/22 and 2025/26. Over the same period, external financing more than trebled in League One and League Two.

Absolute levels of external financing have increased significantly across all divisions in recent years.

Chart G.6: Average financing cashflow by division, 2021/22 - 2025/26



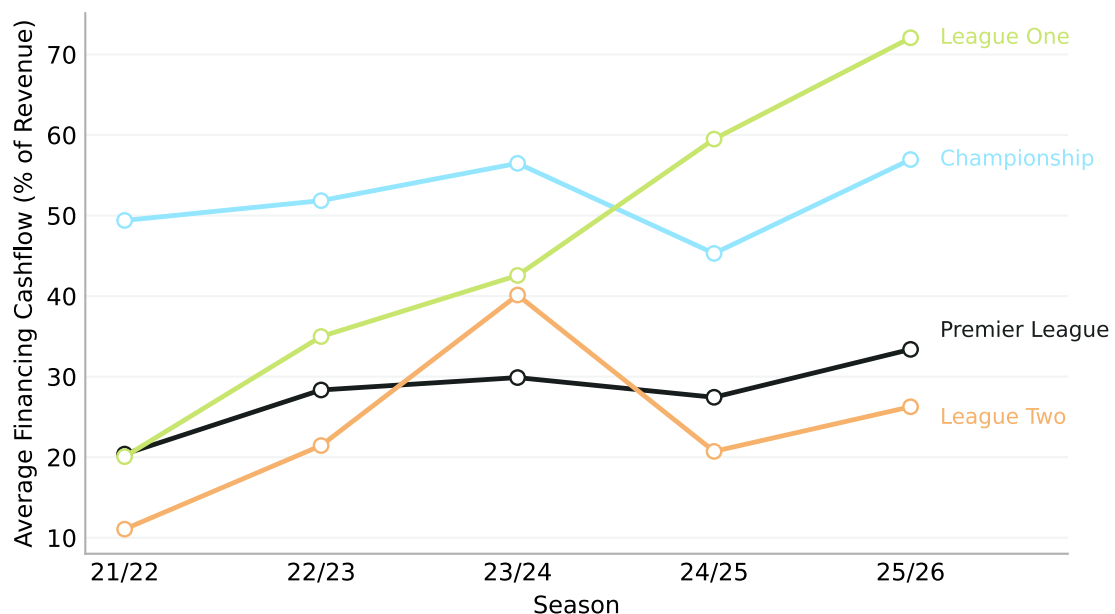
Source: IFR analysis of data received from the Premier League and EFL in response to IFR requests for information.

Note: The charts show average financing cashflow by division between 2021/22 and 2025/26. The Premier League and Championship are shown on the left-hand side, with League One and League Two financing on the right-hand side. The charts use different scales on their y-axis.

External financing as a proportion of revenue has also increased. Chart G.7 shows that proportional external financing more than doubled in League Two and more than trebled in League One between 2021/22 and 2025/26. Levels in the Premier League and Championship rose by 1.6 and 1.2 times, respectively, between 2021/22 and 2025/26, representing comparatively modest increases.

External financing as a proportion of revenue has also increased, particularly in League One and League Two.

Chart G.7: Average financing cashflow as a percentage of revenue by division, 2021/22 to 2025/26



Source: IFR analysis of data received from the Premier League and EFL in response to IFR requests for information.

Note: The chart shows average financing cashflow as a percentage of revenue by division between 2021/22 and 2025/26.

Impact of competition organiser rules

Competition organisers have introduced financial rules, outlined in Box G.1, partly to constrain spending and losses across the pyramid. While losses may have been greater without these rules, both losses and reliance on external financing have nevertheless increased considerably.

Recent changes to these rules, also outlined in Box G.1, are unlikely to materially constrain spending or reverse these trends and, in the Championship, may exacerbate them:

- **Premier League:** The 85% squad cost ratio limit, introduced in 2026/27, does not directly constrain losses or external financing. Based on 2025/26 squad costs, it would have been binding for only three clubs.⁵ No club spent above the theoretical 115% limit permitted under the new rules.⁶
- **Championship:** SCR rules introduced in 2026/27 (outlined in Box G.1) may significantly loosen financial constraints. IFR analysis shows that if clubs used all available headroom under the new rules:⁷
 - total squad cost expenditure could increase by £460 million, from £1.02 billion to £1.48 billion
 - the average non-parachute club could increase its squad cost ratio from 86% to 125%
 - this would allow an additional £15.8 million of spending per club, from £34.7 million to £50.5 million
- **League One:** The SCMP cap has fallen from 60% to 50% of turnover in 2026/27.⁸ While this may constrain some clubs' spending, clubs will also be permitted to use 50% of additional equity injections to fund wages above the turnover-based cap.⁹
- **League Two and National League:** No new rules have been announced or approved, so existing spending constraints will remain unchanged.

⁵ IFR analysis of data received from the Premier League in response to IFR requests for information.

⁶ IFR analysis of data received from the Premier League in response to IFR requests for information.

⁷ IFR analysis of data received from the EFL in response to IFR requests for information.

⁸ See Box 5.1 of EFL, '[Championship and League One Clubs approve changes to financial control rules](#)', 15 May 2026, accessed 1 October 2026, for more detail on League One SCMP rules.

⁹ The League One SCMP rules for 2026/27 will allow 50% of all equity injections to be spent on wages. As an example, this means that if an owner invests £500,000 into a club, a maximum of £250,000 (in addition to that already permitted as a percentage of turnover) can be spent on wages. EFL, '[Championship and League One Clubs approve changes to financial control rules](#)', 15 May 2026, accessed 1 October 2026, for more detail on League One SCMP rules.

Box G.1: League profitability and spending rules

Each set of competition organiser rules uses slightly different terminology. See references for specific methodologies and definitions.

UEFA

- UEFA's 'Financial Sustainability Regulations' have three pillars: solvency, relating to clubs' outstanding payables; stability, limiting the losses clubs can incur; and cost control, **limiting squad costs to 70% of revenue** from 2025/26 onwards.¹⁰

Premier League

- **The previous Profitability and Sustainability Rules (PSR) limited adjusted losses to £105 million over a rolling three-year period.**
- In 2026/27, **PSR** was replaced by the **Squad Cost Ratio (SCR)**.¹¹ This limits spending on player and head coach wages, transfer fee amortisation and agents' fees to 85% of football revenue. Clubs also have a multi-year allowance permitting spending above 85% up to a maximum of 115%, subject to league rules.¹²

Championship

- **The EFL's previous Profitability and Sustainability Rules (EFL P&S) limited adjusted losses to £39 million over a rolling three-year period.**¹³ Certain expenditure was excluded from the loss calculation, including spending on infrastructure, academies and women's football.
- In 2026/27, the Championship moved to an **SCR system**. As in the Premier League, clubs can spend up to 85% of income on player- and manager-related costs, including transfer fees.¹⁴ Clubs also have a permitted top-up allowance of £33 million over three years, capped at £15 million in any one season.

League One and League Two

- League One and League Two clubs must meet the **EFL Salary Cost Management Protocol (SCMP)**. In 2025/26, SCMP capped League One player wages and agents' fees at 60% of turnover (75% for clubs relegated from the Championship) and limited the extent to which equity injections could contribute to wages.¹⁵ For League Two, it capped player wages, agents' fees and manager-related expenditure at 50% of turnover.¹⁶
- In 2026/27, **the League One cap fell to 50% of turnover** (65% for relegated clubs) with manager costs now included. Clubs can also spend 50% of equity injections on wages in addition to spending already permitted as a percentage of turnover.¹⁷ **The League Two SCMP remains unchanged.**¹⁸

National League

- While **the National League does not enforce financial controls such as PSR, SCR or SCMP**, clubs are required to submit financial reports in line with League Two SCMP requirements.¹⁹

¹⁰ UEFA, 'UEFA Club Licensing and Financial Sustainability Regulations', 2025.

¹¹ Premier League, 'Premier League Handbook 26/27', July 2026.

¹² Premier League, 'Premier League Handbook 26/27', July 2026.

Summary

Overall, the evidence suggests that most clubs across the football pyramid are persistently loss-making and depend on external financing to sustain their operations. Despite league organisers' financial regulations designed to constrain spending, both losses and reliance on external funding have increased in recent years. Looking ahead, the new financial rules introduced in some divisions in 2026/27 are unlikely to materially alter these underlying dynamics and, in the case of the Championship, may increase spending and further reinforce reliance on external financing.

¹³ EFL, '[EFL Regulations 2025/26](#)', 2025.

¹⁴ EFL, '[EFL Regulations 2026/27](#)', 2026.

¹⁵ EFL, '[EFL Regulations 2025/26](#)', 2026.

¹⁶ EFL, '[EFL Regulations 2025/26](#)', 2025.

¹⁷ EFL, '[EFL Regulations 2026/27](#)', 2026.

¹⁸ EFL, '[EFL Regulations 2026/27](#)', 2026.

¹⁹ National League, '[National League Financial Reporting Initiative](#)'.