

21 November 2023, Mexico City (MEX)

FEI PROFIT & LOSS STATEMENT

		2019 ACTUAL	2022 Actual	2023 BUDGET	2024 BUDGET
		Audited	Audited	GA Approved	
ACC No	REVENUES				
60	COMMERCIAL REVENUE				
600 6000-19	SPONSORSHIP REVENUE	27'021'941	22'824'096	23'107'699	26'047'643
602 6020-30	BROADCAST REVENUE	3'014'406	1'238'863	1'018'100	918'542
604 6040-50	DIGITAL CAMPAIGNS/SERVICES/LICENSES	10'296	519'252	828'280	1'104'550
	TOTAL COMMERCIAL REVENUE	30'046'642	24'582'212	24'954'079	28'070'735
61	OPERATIONAL REVENUE				
610 6100-09	ANNUAL SUBSCR & GA, SF REGISTRATIONS	816'939	810'944	797'500	802'500
611 6110-20	CALENDAR FEES & ORGANISING DUES	7'274'910	6'529'978	6'500'000	6'600'000
613 6130-32	HOSTING FEES	1'198'500	1'321'999	1'393'400	763'400
614 6140-43	HORSE & RIDER REGISTRATIONS FEES	1'322'340	1'602'357	2'075'000	2'305'000
615 6150	PASSPORTS & CHANGE OF NAMES	4'573'281	4'663'985	4'000'000	4'500'000
616 6160-63	FINES & OTHER LEGAL CONTRIB.	388'098	1'292'295	910'000	400'000
617 6170	ANTI-DOPING & WELFARE	4'472'120	4'442'768	4'300'000	4'600'000
	TOTAL OPERATIONAL REVENUE	20'046'187	20'664'325	19'975'900	19'970'900
62	NON-OPERATIONAL REVENUE				
620 6200	IOC CONTRIBUTION	2'830'895	3'000'000	3'500'000	3'200'000
630 6300	IOC/IF DEVELOPMENT PROGRAMME	70'000	68'600	70'000	70'000
640 6400	RENTAL REVENUES	628'712	511'572	500'000	520'000
660 6610-19	OTHER REVENUE	90'465	227'979	55'000	95'000
670 6700	CONTRIBUTION FROM FUNDS	532'927	2'293'043	3'130'139	3'300'375
6701	PROVISION RELEASE	202'641	3'257'115	2'026'378	770'000
	TOTAL NON-OPERATIONAL REVENUE	4'355'639	9'358'308	9'281'517	7'955'375
	TOTAL NET REVENUES	54'448'469	54'604'845	54'211'496	55'997'010
ACC No	EXPENSES				
50	COMMERCIAL EXPENSE				
500 5000-09	SPONSORSHIP EXPENSE	17'686'911	14'919'022	15'178'880	14'940'170
502 5020-49	BROADCAST EXPENSES	4'835'078	4'472'491	4'981'490	5'211'827
505 5050-54	OTHER MARKETING EXPENSES	430'412	208'133	290'000	1'660'130
506 5060-62	DIGITAL	0	136'174	281'210	1'574'208
	TOTAL COMMERCIAL EXPENSE	22'952'401	19'735'820	20'731'580	23'386'335
51	OPERATIONAL EXPENSES				
510 5100-09	PROFESSIONAL FEE/CONSULTING	4'265'323	4'636'956	5'091'712	4'638'374
520 5200-02	EDUCATION	553'030	693'728	818'225	723'479
525 5251-59	PRINTING EXPENSES	93'813	63'906	145'000	164'000
530 5300	INTEGRITY UNIT	299'915	266'951	350'000	250'000
534 5357	VETERINARY RESEARCH	187'439	37'873	395'000	466'200
535 5351-56	ANTI-DOPING & WELFARE	3'633'504	4'088'557	4'380'000	4'010'000
536 5361-65	SOLIDARITY	1'009'144	1'402'557	1'820'139	2'030'873
	TOTAL OPERATIONAL EXPENSE	10'042'169	11'190'529	13'000'076	12'282'926
54	GENERAL & ADMINISTRATION EXPENSES				
540 5400-29	STAFF CHARGES	14'817'920	15'498'337	16'830'760	17'113'804
550	TRAVEL & EXPENSES				
5500	-FEI Staff	758'664	687'371	873'025	783'050
5501	-Others	1'309'558	1'121'786	1'256'206	1'164'090
560 5600-50	FACILITIES CHARGES	478'561	424'451	464'000	463'000
570 5700-02	GENERAL SERVICES	292'609	190'579	222'000	216'000
575 5750-52	TROPHIES & MEDALS	170'945	149'638	197'350	184'419
577 5770	INSURANCE	94'856	114'349	115'000	130'000
580 5800-05	DEPRECIATION	119'308	202'122	217'000	285'000
591 5910-11	TAX	55'895	126'879	55'000	100'000
595 5950	ALLOCATION TO FUNDS	2'930'188	556'588	70'000	95'000
597 5970-79	OTHER EXPENSES	659'155	292'596	19'500	19'500
597 5980	SPECIAL PROJECTS	638'780	693'492	310'000	315'000
	TOTAL GENERAL & ADMINISTRATION EXPENSE	22'326'438	20'058'189	20'629'841	20'868'863
	TOTAL EXPENSES	55'321'008	50'984'538	54'361'496	56'538'125
## 6500-35	FINANCIAL REVENUES NET	3'070'358	-6'117'735	150'000	150'000
	NET RESULT	2'197'819	-2'497'428	0	-391'115

Comments to 2024 FEI budget

(all numbers in '000 CHF unless otherwise specified)

Dear President, Members of the Board, Secretary General,

Please find attached the 2024 Budget for the FEI. Establishing this budget was particularly challenging this year for several reasons. The economic situation in Europe is still very fragile with inflation not yet under control and a slowdown in economic conditions due to the rise of interest rates by central banks to try to rein inflation in. Fuel, electricity and gas prices are still very high. It required us to plan the use of some reserves to put a budget together that is close to being balanced. With these challenges in sight, a deeper structural analysis of our expenses will have to be done in the first semester of 2024 to redefine priorities at the FEI.

- **Total commercial revenues:** On the sponsorship, we budgeted according to our contracts with our sponsors. However, expenses in that section are mainly related to prize money and sponsorship contributions to Organisers. Therefore, these are neutral to the p&l.
Planned revenues in that section are in line with 2023 with of course the adaptations to the Longines League of Nations.
- **Total operational revenues:** The operational revenues have been planned at pre-covid historical levels and in line with the 2023 budget. Fines and registrations are reduced for 2024 because of a reduction in the volume of bio-security fines. Their implementation has led to a change in the behaviour of our community and we see in 2023 a strong reduction of the revenue for these fines, demonstrating their effectiveness.
- **Total non-operational revenues:**
 - IOC Contribution: For the budget, we are proposing a yearly release to the p&l an amount of 3'200. 2024 is the beginning of the new Olympic cycle and we will bring to revenues 2'800 from the new cycle. We based this amount on the estimation of the contribution we will receive from IOC for the Paris 2024 Games. The first instalment of the IOC contribution will be paid in the last quarter of 2024. 400 are brought to revenues from reserves left from the previous Olympic cycle (Tokyo).
 - Contribution from funds: This section includes the portion of expenses paid by various funds: Solidarity (1'490), FEI online Campus (125), IT-Fund (532), VET research Fund for Footing Research and sustainability (173) and various other projects (293), IOC fund for travel expenses, course designer and communications related to Paris 2024 (520), Dressage Handbook fund for Para classification (75), IPC Fund usage (50), Building Renovation (40).
 - Provision release: In this section, in 2024 we are proposing to release the following:
 - 200 from the EADMCP provision. As you know, the anti-doping program is designed to cover its costs. We are releasing this amount to cover the indirect costs of the program such as staff charges, legal, finance and human anti-doping costs that are not covered by the difference between revenues and testing expenses.

- We are proposing to release 500 from the operation risks provision to partially cover the deficit of the budget. The decision to use this amount will only be taken once we have the actual figures of 2024 and will also depend on the strategic review that will happen in the first semester of 2024.
- **Total commercial expenses** budget is mirroring the assumptions indicated in the commercial revenues.
 - Sponsorship expenses: They have been lined up with the sponsorship revenues. They reflect the additional expenses agreed on the Longines League of Nations but are covered by additional revenues and contributions from Longines. Please note that the total expenses in that section do not reflect that increase when compared to 2023, because at the same time, there has been some reclass of other expenses that were included in sponsorship expenses in 2023 and are now in marketing, broadcast and digital expenses, i.e., the broadcast, time-buy and marketing for the Longines League of Nations, the marketing and branding Longines Western European League new cycle. Support for the World Cup Dressage (400) is included in that section as it was in the previous years.
 - Broadcast expenses: In that section, there is a slight increase in 2024 compared to 2023 due to the additional costs for production and time buy for the Longines League of Nations. FEI Media House expenses are stable compared to 2023 reflecting our good collaboration with ClipMyHorse. The main items in that section are the production agreement with CMH-TV (1'300) which is 1'000 less than what we had with IMG; the contractual amount we have to pay for the production of the NAL (920), TV cooperation and time-buy for the NAL (460) for which we have revenues from Longines; also included in that section for the Longines League of Nations are (815) for the host broadcast and (725) time-buy.
 - Marketing expenses: That section consists mainly of a reclass of expenses that were lodged in to sponsorship expenses in the past. Longines League of Nations (582), NAL (455), WEL (268), other non-allocated marketing expenses (291).
 - Digital: We are maintaining budgets for digital developments as we see this being the area of future growth in this new media environment, concentrating on social media platforms (Facebook, YouTube, Instagram, TikTok etc....).
- **Total operational expenses**. This section is planned with saving of (800) compared to 2023. We are planning to use 532 from the IT Fund to develop the digital passport.
 - Professional fee/consulting consists mainly of:
 - IT consulting (1'676) related to software, apps and further improvements to online schedules. We have reduced this budget by (500) compared to 2023. Releasing additional budget for that section will be decided after the strategic review of the first semester of 2024.
 - IT hardware maintenance / servers (852), this amount is a very stable and can be considered as routine maintenance of our systems.
 - Various journalistic support, corporate photos, PR expenses, awards (797)
 - Legal fees (200)
 - FEI campus development, paid by fund (125)
 - GA contribution (200) and Legal clerks' services (225)

- Eventing equiratings, audit, GA and SF outside services, Communications outsourcing, (448).
 - Footing advisor for Paris 2024 (115) which will be paid by the IOC Fund.
- Anti-doping and Welfare: Expenses there reflect the revenues generated by that program, they have been adjusted to the volume of testing we are expecting in 2024 and they include (600) for human anti-doping.
The difference between revenues and expenses in that section amount to 600. We remind you that we have about 800 of indirect expenses for the administration of the anti-doping program in legal, vet department, finance etc. That is why we are proposing to release 200 from the EADMCP provision to cover the missing amount. The FEI maintains its policy not to generate any profit from that program.
 - Solidarity: The spending reflects the drawing from Solidarity fund explained above in contribution from funds. Also note that the FEI is contributing yearly 500 to the operations of Solidarity.

- **Total General & Administrative expenses**

- Staff charges: Compared to 2023, this number increases by 283. All requests for new positions have been frozen. The increase represents salary adjustments for the staff. Instead of increasing salaries across the board and given the difficulties of balancing our budget, we have decided to cap the salary level at which an increase will be given to concentrate on the lower tier of the FEI salaries where inflation hits the hardest. We did not compensate inflation in 2022 (2.8%). In 2023 inflation is expected to reach 1.6%. The above amount represents a compensation of inflation on that category of salaries.
- Travel & Expenses: This section has been slightly reduced for the staff considering that there are no championships next year and that the Olympics will be in Paris. We will closely monitor staff travel and ensure to limit them as much as possible. Airfares have gone up in the last 2 years and have remained high. We are encouraging the use of the conferencing tools wherever possible when it comes to committee meetings.
- Allocation to funds: This represents the IF contributions from IOC and IPC (90).

All together, we are presenting a budget with a slight deficit of (391). It highlights the need for the FEI to perform a closer analysis of its priorities, expenses and revenues going forward, and to ensure that the structure is adequate and in line with the spending capacities of the FEI. This work will be performed during the first semester of 2024 and proposals on the way forward will be made to the FEI-Board meeting in June 2024.

Claude Praz – CFO
29.09.2023