

23 November 2020

FEI PROFIT & LOSS STATEMENT

		2018 ACTUAL	2019 ACTUAL	2020 BUDGET	2020 BUDGET	2021 BUDGET
		Audited	Audited	GA Approved	Revised	
ACC No	REVENUES					
60	COMMERCIAL REVENUE					
600 6000-19	SPONSORSHIP REVENUE	27'767'331	27'021'941	27'096'625	18'471'642	24'745'525
602 6020-30	BROADCAST REVENUE	3'544'658	3'014'406	3'135'745	1'146'476	1'611'149
604 6040-50	OTHER MARKETING REVENUE/LICENSEING/ONLINE SHOWS	91'882	10'296	0	0	0
	TOTAL COMMERCIAL REVENUE	31'403'871	30'046'642	30'232'370	19'618'119	26'356'675
61	OPERATIONAL REVENUE					
610 6100-09	ANNUAL SUBSCR & GA, SF REGISTRATIONS	760'792	816'939	768'000	373'500	453'500
611 6110-20	CALENDAR FEES & ORGANISING DUES	7'073'232	7'274'910	6'880'000	1'111'290	4'368'000
613 6130-32	HOSTING FEES	4'173'670	1'198'500	766'000	436'500	653'750
614 6140-42	HORSE & RIDER REGISTRATIONS FEES	1'357'320	1'322'340	1'330'000	629'000	1'177'000
615 6150	PASSPORTS	4'478'199	4'573'281	4'300'000	1'274'725	2'700'000
616 6160-62	FINES & OTHER LEGAL CONTRIB.	292'752	388'098	200'000	233'500	190'000
617 6170	ANTI-DOPING & WELFARE	4'408'567	4'472'120	4'300'000	1'075'000	1'612'500
	TOTAL OPERATIONAL REVENUE	22'544'532	20'046'187	18'544'000	5'133'514	11'154'750
62	NON-OPERATIONAL REVENUE					
620 6200	IOC CONTRIBUTION	2'685'436	2'830'895	15'425'000	2'600'000	12'825'000
630 6300	IOC/IF DEVELOPMENT PROGRAMME	70'000	70'000	70'000	70'000	68'600
640 6400	RENTAL REVENUES	626'864	628'712	608'000	608'000	481'344
660 6610-19	OTHER REVENUE	417'875	90'465	85'000	5'000	35'000
670 6700	CONTRIBUTION FROM FUNDS	606'359	532'927	2'461'957	553'962	2'680'500
6701	PROVISION RELEASE	4'228'000	202'641	995'000	388'000	300'000
	TOTAL NON-OPERATIONAL REVENUE	8'634'535	4'355'639	19'644'957	4'224'962	16'390'444
	TOTAL NET REVENUES	62'582'938	54'448'469	68'421'327	28'976'595	53'901'869
ACC No	EXPENSES					
50	COMMERCIAL EXPENSE					
500 5000-09	SPONSORSHIP EXPENSE	21'526'770	17'686'911	16'776'370	8'302'060	15'097'409
502 5020-49	BROADCAST EXPENSES	5'104'546	4'835'078	5'941'292	4'353'205	3'910'642
505 5050-60	OTHER MARKETING EXPENSE/LICENSEING/ONLINE SHOWS	950'715	430'412	491'000	150'000	138'000
	TOTAL COMMERCIAL EXPENSE	27'582'031	22'952'401	23'208'662	12'805'265	19'146'050
51	OPERATIONAL EXPENSES					
510 5100-09	PROFESSIONAL FEE/CONSULTING	3'445'593	4'265'323	4'717'100	3'328'588	3'554'954
520 5200-02	EDUCATION	505'431	553'030	1'113'500	491'439	779'500
525 5251-59	PRINTING EXPENSES	126'489	93'813	145'000	100'840	95'750
530 5300	INTEGRITY UNIT	319'043	299'915	350'000	200'000	200'000
534 5357	VETERINARY RESEARCH	191'697	187'439	333'360	74'648	160'500
535 5351-56	ANTI-DOPING & WELFARE	3'368'002	3'633'504	4'244'800	1'210'000	1'638'200
536 5361-65	SOLIDARITY	894'551	1'009'144	1'737'245	690'988	2'760'500
	TOTAL OPERATIONAL EXPENSE	8'850'807	10'042'169	12'641'005	6'096'503	9'189'404
54	GENERAL & ADMINISTRATION EXPENSES					
540 5400-29	STAFF CHARGES	13'982'984	14'817'920	15'385'953	13'633'256	13'608'922
550	TRAVEL & EXPENSES					
5500	-FEI Staff	835'915	758'664	1'069'775	374'326	738'180
5501	-Others	1'385'886	1'309'558	1'440'090	462'002	1'046'400
560 5600-50	FACILITIES CHARGES	369'681	478'561	434'000	401'000	391'000
570 5700-02	GENERAL SERVICES	297'494	292'609	262'000	236'500	193'000
575 5750-52	TROPHIES & MEDALS	185'528	170'945	190'774	86'597	88'668
577 5770	INSURANCE	116'607	94'856	86'000	70'000	125'000
580 5800-05	DEPRECIATION	284'865	119'308	204'500	126'000	126'000
591 5910-11	TAX	55'891	55'895	70'000	0	55'000
595 5950	ALLOCATION TO FUNDS	1'483'656	2'930'188	13'045'000	220'000	10'490'000
597 5970-79	OTHER EXPENSES	141'868	659'155	13'000	6'438	12'000
597 5980	SPECIAL PROJECTS	3'276'385	638'780	233'500	188'216	166'000
	TOTAL GENERAL & ADMINISTRATION EXPENSE	22'416'762	22'326'438	32'434'591	15'804'336	27'040'170
	TOTAL EXPENSES	58'849'600	55'321'008	68'284'258	34'706'104	55'375'624
650 6500-35	FINANCIAL REVENUES NET	-3'009'190	3'070'358	150'000	-2'500'000	150'000
	NET RESULT	724'148	2'197'819	287'068	-8'229'510	-1'323'755

Comments to 2021 FEI budget

(all numbers in '000 CHF unless otherwise specified)

Dear President, Members of the Board, Secretary General,

Please find attached the 2021 Budget for the FEI. This budget was prepared with the latest situation of the COVID-19 pandemic in mind and the short (6 months) history behind us. The main assumption we made in preparing this budget was to estimate that the equestrian activities will pick up again in the spring of 2021. We still foresee a difficult indoor season for 2020/2021 in light of the restrictions imposed for mass gathering competitions.

It is the goal to prepare a long range plan (3-4 years) during the spring of 2021 to be presented at the June 2021 board meeting. Given that we are only 6 months into this pandemic, we feel it is important to see how things will develop after the winter to better assess adjustments to the FEI structure for the next 3 to 4 years.

As usual, we have been conservative in preparing this budget, i.e. with a bias to underestimate revenues and to make sure all foreseen expenses are accounted for.

- **Total commercial revenues:** On the sponsorship, we budgeted a “normal” year. In the event that more events are to be cancelled in the spring, we will have to reimburse the sponsor. However, expenses in that section are mainly related to prize money and sponsorship contributions to organizers. Therefore these are neutral to the p&l. The reduction in total commercial revenue compared to 2019 comes mainly from TV revenues. These have been aligned with 2020 revised budget. Also note that 2021 will be the first full year of our collaboration with our partner ClipMyHorse TV and 672 are included in the revenues, reflecting the license agreement. Our contract with Boehringer Ingleheim expires in 2020 and discussions are ongoing for a renewal and revenues have been reduced accordingly for 2021 pending the results of these discussions.
- **Total operational revenues:** This was the trickiest section to assess as it is directly related to the competition calendar. We are proposing the board to accept for 2021 as well a 50% reduction of the annual subscription for the NFs in view of the pandemic that will continue in 2021. As to the other positions in that section, as mentioned in the introduction, with the difficult situation foreseen for the indoor season, we are projecting competitions at 60% of a normal year for 2021 and have hence aligned these revenues accordingly.
- **Total non-operational revenues:** This section is mainly affected in 2021 by the postponement of the Olympic Games to 2021.
 - IOC Contribution: For the budget we took the same amount we had received in 2016 for the Rio Games. The IOC usually pays the contribution in 2 instalments: A bigger amount the year of the Games and a smaller amount the year after. We only budgeted the amount that is paid the year of the Games, i.e. in this budget this represents 12'825.
 - Contribution from funds: In this section are included the portion of expenses paid by various funds: Solidarity projects (2'340), Campus expenses + the initial set-up of education courses (300), Vet research fund (150). The increase in contributions from the Solidarity fund are coming from Recovery Plan after Covid-19 for 1'000 and the catch-up in 2021 of all deferred 2020 projects in addition to

normal allocation for 2021 projects proposed by the Solidarity committee during the September 2020 meeting.

- **Total commercial expenses** budget is mirroring the assumptions indicated in the commercial revenues.
 - Sponsorship expenses: They have been reduced to the bare minimum, reflecting spending mainly in prize money and OC contributions and the related travel needed to provide visibility for our sponsor at competitions. Activation expenses have been reduced by another 650 compared to 2020 original budget. Since 2019, the reduction in that section amounts to 1'600.
 - Broadcast expenses: In that section, the reduction represents 450 compared to the 2020 original budget and 925 compared to 2019. FEI_TV expenses on the platform will now be absorbed by our partner ClipMyHorse. As the collaboration rolls out, we are also expecting savings in production expenses, although as 2021 will be a transition year, they are difficult to assess at this stage for budget purposes, we budgeted the same amount for production costs as in the 2020 revised budget. As 2021 rolls out, we will revise this budget if needed in the spring 2021.

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 etc....) where we have seen a strong increase in traffic numbers the past 2 years. The performance of our digital channels is also important to provide compensation in visibility for our commercial partners in a period with less live events. We see also a growing interest from the IOC for these figures as in view of the Paris 2024 Games programme they asked for our digital figures and for the Tokyo 2020 (2021) Games evaluation also the performance of the digital channels of the IF's will now be considered.

- **Total operational expenses.** Taking into account the uncertain times ahead of us, we have reduced these expenses by 853 compared to 2019. The main variances come from:
 - Professional fee/consulting: The reduction that section (711) compared to 2019 comes from:
 - a) IT consulting (573) where we will concentrate only on essential developments at this stage, mainly pursuing development of already engaged projects. The rest of the reduction (138) comes from reducing consulting agreement from various departments, such as Equiratings (80), photography (20), Sports Forum and GA organization (21).
 - Anti-doping and Welfare: Expenses there reflect the revenues generated by that program, they have been adjusted to the volume of competitions we are expecting in 2021 and they include 300 for human anti-doping. Also note that the total expenses in this section do not exceed the revenues generated by the anti-doping and welfare taxation and the FEI does not 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 2019, this number is reduced by 1'200 and aligned on 2020 revised budget. It reflects the savings we will get by continuing partial unemployment measures through the end of May 2021. The partial unemployment measures granted by the government are foreseen to continue in 2021. However, we have to apply for these measures every 3 months, the next time being at the end of November 2020. The measures consist of the government paying 80% of the unemployed hours provided the total unemployed hours reach 10% of the total working hours for the month. Accounts are submitted on a monthly basis. Right now, about 70% of FEI staff is affected by these measures for an average 30% of the total hours.
- Travel & Expenses: This section has been adapted to the volume of expected competitions for next year including travels for the Tokyo Olympic Games and to South Africa for the General Assembly.
- Allocation to funds: This is the allocation to IOC fund of the projected amount to be received from the IOC for the Tokyo2020 Games minus 2'600 which will be retained in the p&l for 2021 operations.

All together, we are planning for a loss of 1'323 for 2021. While this is still an important loss, it can be absorbed by the level of reserves of the FEI without endangering the existence of the FEI.

Claude Praz / CFO – 7.10.20