



ANNEX Pt 7

17 November 2021, Antwerp (BEL)

COMMENTS TO FEI FINANCIAL RESULTS
FOR THE FISCAL YEAR 2020

(Numbers in '000 CHF unless specified)

Due to the extraordinary year we had under the COVID-19 pandemic, numbers are compared to the revised budget issued on 12 June 2020.

1. REVENUES 1

Commercial revenue 1

Operational revenue..... 1

Non-operational revenue..... 2

2. EXPENSES..... 2

Commercial expenses..... 2

Operational expenses 3

Anti-doping and welfare programs 3

G&A expenses 3

Net financial results..... 3

1. REVENUES

Commercial revenue

- Sponsorship revenue
Sponsorship revenue amounted to 10'443 vs a budget of 18'471 due to the cancellation of Nations Cup competitions in the second part of the year and the first part of 2020/2021 World Cup season. Due to the exchange of invoices we make with our top partner to allow him to recover the VAT on the value in kind sponsorship (718), the real number is even lower. This invoice is mirrored by a cost invoice in the same amount in Sponsorship Expense. The impact on the FEI books is neutral. The difference with the budgeted number is due to reimbursements to, and/or absence of payments from our sponsors due to the cancelled events in 2020.
- Broadcast revenues were slightly better than budget due to the implementation of our partnership with ClipMyHorse TV.

Operational revenue

- Calendar Fees & Organising Dues amounted to 2'671 vs a budget of 1'111. The difference comes from the fact for the revised budget we accounted for a complete stop of all competitions for the second part of the year. However, the summer saw an improving situation with the pandemic and there were a few lower level competitions throughout the summer.

ANNEX Pt 7

17 November 2021, Antwerp (BEL)

- Horse & Rider registration is above the revised budget by 400 for the same reasons mentioned above.
- Passports number came out 1'970 better than the budget, highlighting a resilience of the industry during the pandemic with horse trading and passport issuance carrying on, although at a slower pace compared to 2019.
- Fines & legal contribution was positively affected by the payment of the fine awarded by the CAS in the litigation with the UAE (887).
- The Anti-doping and welfare programme generated revenues of 2'540 in 2020, higher than the revised budget, the reasons being the same as for the Organising dues.

Non-operational revenue

- We are proposing to the board not to release the usual increment from the IOC fund (2'600) for 2020. There are several reasons for this proposal:
 - 2020 results while being a loss are smaller than expected, so there is no "need" to release these funds in 2020.
 - 2021 still bears uncertainties for the games. While we are confident they will be running, we'd prefer keeping this amount just in case.
 - Due to the sanitary situation there could be additional costs around these games such as increased online communications/campaign to ensure the visibility of the sport. We know already travel costs to Tokyo will increase.
- Contribution from funds represents how much was used from the various funds from the FEI balance sheet in 2020 to cover expenses financed by funds. These items are listed in note 14 of the audit report. The main ones are:
 - 934 for Solidarity projects including 420 from the Covidrelief fund.
 - 129 for Online Campus (E-hoof project with Zurich University and payments for authors of online courses) and Clean Sport projects.
 - 41 from the IT fund for a project revolving around electronic organisation of our pictures.
- The provision release section (note 13a) amounts to 76. It relates to pony measuring for which the FEI agreed to absorb the costs for the first year of implementation. This provision was created in previous years to pay for various Vet projects.

2. EXPENSES

Commercial expenses

- Sponsorship expenses amounted to 4'601. Once the value in kind invoice from our top partner is deducted (718), the balance represents mainly the contribution to OC during the first 4 months of the year.
- TV expenses are sensibly below budget, reflecting the absence of live events, hence a much reduced production expenses.

ANNEX Pt 7

17 November 2021, Antwerp (BEL)

Operational expenses

- The total operational expenses are in line with the revised budget.

Anti-doping and welfare programs

You will notice that the revenues for that section amount to 2'450 and the expenses amount to 1'879. Please don't forget that there are expenses related to this programs in other sections of the P&L such as Legal expenses, 50% of Integrity Unit and staff charges to administer the program, representing about 800.

G&A expenses

- Staff charges are 955 below budget. This savings comes from the government payments regarding partial unemployment that was implemented in April 2020. About 70% of the staff were affected by it for on average 25% of the total working hours. The directors were not eligible for partial unemployment and participated in the savings by cutting their salaries by 10% from July until the end of 2020.
- Allocations to fund amounting to 725 are listed in note 18 of the financial statements. The main items are:
 - 461 unused balance of the FEI allocation of 500 to Solidarity operations.
 - 100 allocation of Boehringer sponsorship to the Campus fund.
- Other expenses are detailed in note 19 of the audited financial statements. The one particular item to mention in that section is the provision for doubtful receivables impacted by the provision of 192 in relation with the GCL/GCT team registrations cost for 2020 that remained unpaid, due to the pandemic situation.
- Special projects consist mainly of the Vet Projects (76 - Pony measuring), Para (45 impairment functional ability program) & Dressage (22 - Global dressage analytics).

Net financial results

Back in May 2020 our portfolio had accumulated 2'500 loss following the markets' reaction to the pandemic. Financial markets slowly recovered in the remainder of the year and our portfolio ended 2020 with a slight loss of 182. This section includes the following items:

- (182) loss on the portfolio.
- (380) foreign exchange variations not related to the portfolio.
- (33) banking fees
- 73 various interests income coming from late interests charges to the NF's and interests generated on short term deposits on US-dollars.

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23 March 2021.